

Virginia Department of Mines, Minerals and Energy

Virginia Gas and Oil Board

Minutes and results of hearing, April 20, 2004

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

1. The Board will received a quarterly report on the board escrow account as administered by Wachovia Bank, Escrow Agent for the Virginia Gas and Oil Board.

The escrow had a first quarter opening balance of \$8,156,166.54 and received deposits of \$451,957.10 and interest in the amount of \$16,874.14. Disbursements of \$17,926.84 and contract fees of \$30,000.00 were debited leaving a closing balance of \$8,577,070.94. Fees, assessed at \$5,000 per month, are withdrawn on a semi-annual basis. Interest rate for the quarter varied from 0.89% to 0.92%.

2. 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. Continued from March.

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. A permit application has been submitted. The location exception was approved.

3. 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. Continued from March.

In the proposed V-503809 conventional gas unit, the applicant controls 71.8% of the oil and gas interests, and seeks to pool the remaining 28.2% of the interests. Unleased acreage subject to pooling totals 31.8 net acres in 25 tracts having 41 unleased owner. There are unlocated owners subject to escrow. A 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 I-16, South Grundy District, Buchanan County, Virginia. Docket Number VGOB-04-0316-1272. Continued from March.

In the I-16 unit, the applicant controls 78.2% of the coal and gas interests, and seeks to pool the remaining 21.8% 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. Pooling was approved.

5. 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. Continued from March.

In the I-17 unit, the applicant controls 88.1% of the coal and gas interests, and seeks to pool the remaining 11.9% 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. Pooling was approved.

6. The Virginia Gas and Oil Board considered a petition from CNX Gas Company, LLC for pooling of coalbed methane unit M-56, Garden District, Buchanan County, Virginia. Docket Number VGOB-04-0420-1274.

In the M-56 unit, the applicant controls 97.8% of the coal and gas interests, and seeks to pool the remaining 2.2% of the interests. Acreage subject to pooling totals 1.75 net acres in one tract with one unleased owner. There are no unlocated owners or conflicting claimants subject to escrow. A permit was issued on 9/5/03, and a well has been drilled and completed. Pooling was approved.

7. The Virginia Gas and Oil Board considered a petition from CNX Gas Company, LLC for pooling of coalbed methane unit M-57, Garden District, Buchanan County, Virginia. Docket Number VGOB-04-0420-1275.

In the M-57 unit, the applicant controls 95.3% of the coal and gas interests, and seeks to pool the remaining 4.7% of the interests. Acreage subject to pooling totals 3.8 net acres in one tract with one unleased owner. There are no unlocated owners or conflicting claimants subject to escrow. A permit was issued on 9/5/03, and a well has been drilled and completed. Pooling was approved.

8. The Virginia Gas and Oil Board considered a petition from CNX Gas Company, LLC for pooling of coalbed methane unit M-58, Garden District, Buchanan County, Virginia. Docket Number VGOB-04-0420-1276.

In the M-58 unit, the applicant controls 99.1% of the coal and gas interests, and seeks to pool the remaining 0.9% of the interests. Acreage subject to pooling totals 0.7 net acres in one tract with one unleased owner. There are no unlocated owners or conflicting claimants subject to escrow. A permit was issued on 8/29/03, and a well has been drilled and completed. Pooling was approved.

9. The Virginia Gas and Oil Board considered a petition from CNX Gas Company, LLC for pooling of coalbed methane unit N-56, Garden District, Buchanan County, Virginia. Docket Number VGOB-04-0420-1277.

In the N-56 unit, the applicant controls 99.998% of the coal and gas interests, and seeks to pool the remaining 0.002% of the interests. Acreage subject to pooling totals 0.0015 net acres in one tract with one unleased owner. There are no unlocated owners or conflicting claimants subject to escrow. A permit was issued on 9/5/03, and a well has been drilled and completed. Pooling was approved.

10. The Virginia Gas and Oil Board considered a petition from CNX Gas Company, LLC for creation of CNX Longhole Unit 2 for the production of coalbed methane gas, Garden District, Buchanan County, Virginia. Docket Number VGOB-04-0420-1278.

The applicant seeks authorization for a 1280-acre production unit to be created by combining sixteen existing 80-acre Oakwood Field units. After mine entries are completed, horizontal holes spudded in the subsurface will be drilled into the

remaining coal block for purposes of de-gasification and production. Production will be piped to and produced from one or more wells. The longhole unit was approved.

11. The Virginia Gas and Oil Board considered a petition from Equitable Production Company for creation and pooling of conventional gas unit V-535657, Ervinton District, Dickenson County, Virginia. Docket Number VGOB-04-0420-1279.

In the proposed V-535657 conventional gas unit, the applicant controls 93.9% of the oil and gas interests, and seeks to pool the remaining 6.1% of the interests. Unleased acreage subject to pooling totals 6.8 net acres in two tracts having two unleased owner. There are no unlocated owners subject to escrow. A permit application has been submitted. Pooling was approved.

12. The Virginia Gas and Oil Board considered a petition from Equitable Production Company for creation and pooling of coalbed gas unit VC-535625, Ervinton District, Dickenson County, Virginia. Docket Number VGOB-04-0420-1280.

In the VC-535625 unit, the applicant controls 100% of the coalbed methane interests and 91.3% of the gas interests, and seeks to pool the remaining 8.7% of the gas interests. Unleased gas acreage subject to pooling totals 5.1 net acres in two tracts with two unleased and unknown owners. There are conflicting claimants and unlocated owners subject to escrow. No permit application has been submitted. Pooling was approved.

13. The Virginia Gas and Oil Board considered a petition from Equitable Production Company for creation and pooling of coalbed methane gas unit VC-535872, Ervinton District, Dickenson County County, Virginia. Docket Number VGOB-04-0420-1281.

In the VC-535872 unit, the applicant controls 100% of the coalbed methane interests and 54.8% of the gas interests, and seeks to pool the remaining 45.1% of the gas interests. Unleased gas acreage subject to pooling totals 26.6 net acres in one tract with two unleased claimants. There are conflicting claimants and unlocated owners 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 creation and pooling of coalbed methane gas unit VC-535907, Ervinton District, Dickenson County County, Virginia. Docket Number VGOB-04-0420-1282.

In the VC-535907 unit, the applicant controls 100% of the gas interests and 91.6% of the coal interests, and seeks to pool the remaining 8.4% of the coal interests. Unleased gas acreage subject to pooling totals 4.9 net acres in two tracts with five unleased owners. There are conflicting claimants and unlocated owners subject to escrow. A permit was issued on 10/23/03, but no well has been drilled. Pooling was approved.

15. The Virginia Gas and Oil Board considered a petition from Equitable Production Company for creation and pooling of coalbed methane gas unit VC-503308, Ervinton District, Dickenson County County, Virginia. Docket Number VGOB-04-0420-1283.

In the VC-503308 unit, the applicant controls 100% of the gas interests and 92.5% of the coal interests, and seeks to pool the remaining 7.5% of the coal interests. Unleased gas acreage subject to pooling totals 4.4 net acres in one tract with five unleased owners. There are conflicting claimants and unlocated owners subject to escrow. A permit was issued on 10/15/03, but no well has been drilled. Pooling was approved.

16. The Virginia Gas and Oil Board considered a petition from Equitable Production Company for creation and pooling of conventional gas unit V-502025, Kenady District, Dickenson County, Virginia. Docket Number VGOB-04-0420-1284.

In the proposed V-502025 conventional gas unit, the applicant controls 71.7% of the oil and gas interests, and seeks to pool the remaining 28.3% of the interests. Unleased acreage subject to pooling totals 31.9 net acres in 11 tracts having 27 unleased owner. There are unlocated owners subject to escrow. No permit application has been submitted. Carried forward to May hearing.

17. The Virginia Gas and Oil Board considered a petition from Equitable Production Company for creation and pooling of conventional gas unit V-536034, Lipps District, Wise County, Virginia. Docket Number VGOB-04-0420-1285.

In the proposed V-536034 conventional gas unit, the applicant controls 69.0% of the oil and gas interests, and seeks to pool the remaining 31.0% of the interests. Unleased acreage subject to pooling totals 34.9 net acres in three tracts having five unleased owner. There are no unlocated owners subject to escrow. No permit application has been submitted. Pooling was approved.

18. The Virginia Gas and Oil Board considered a petition from Columbia Natural Resources, LLC for creation and pooling of conventional gas unit 825398, Rocklick District, Buchanan County, Virginia. Docket Number VGOB-04-0420-1286.

In the proposed 825398 conventional gas unit, the applicant controls 93.1% of the oil and gas interests, and seeks to pool the remaining 6.9% of the interests. Unleased acreage subject to pooling totals 7.8 net acres in two tracts having five unleased owner. There are no unlocated owners subject to escrow. No permit application has been submitted. Carried forward to May hearing.

19. The Virginia Gas and Oil Board considered a petition from prevailing plaintiffs for disbursement of funds escrowed on their behalf, Unit U-16, Garden District, Buchanan Co. Docket Number 93-0622-0381-01.

This unit contains tracts that are subject to a recent Virginia Supreme Court decision determining ownership of coalbed methane gas. Disbursement of funds was approved, and the item was carried forward for consideration of disbursement from other tracts.

20. The Virginia Gas and Oil Board considered a petition from prevailing plaintiffs for disbursement of funds escrowed on their behalf, Unit U-17, Garden District, Buchanan Co. Docket Number 93-0420-0363-01.

This unit contains tracts that are subject to a recent Virginia Supreme Court decision determining ownership of coalbed methane gas. Disbursement of funds was approved.

21. The Virginia Gas and Oil Board considered a petition from prevailing plaintiffs for disbursement of funds escrowed on their behalf, Unit U-18, Garden District, Buchanan Co. Docket Number 93-0420-0355-01.

This unit contains tracts that are subject to a recent Virginia Supreme Court decision determining ownership of

coalbed methane gas. Disbursement of funds was approved.

22. The Virginia Gas and Oil Board considered a petition from prevailing plaintiffs for disbursement of funds escrowed on their behalf, Unit U-19, Garden District, Buchanan Co. Docket Number 94-1024-0475-01.

This unit contains tracts that are subject to a recent Virginia Supreme Court decision determining ownership of coalbed methane gas. Carried forward to May hearing.

23. The Virginia Gas and Oil Board considered a petition from prevailing plaintiffs for disbursement of funds escrowed on their behalf, Unit V-16, Garden District, Buchanan Co. Docket Number 95-0818-0511-02.

This unit contains tracts that are subject to a recent Virginia Supreme Court decision determining ownership of coalbed methane gas. Disbursement of funds was approved, and the item was carried forward for consideration of disbursement from other tracts.

24. The Virginia Gas and Oil Board considered a petition from prevailing plaintiffs for disbursement of funds escrowed on their behalf, Unit V-17, Garden District, Buchanan Co. Docket Number 95-0718-0509-01.

This unit contains tracts that are subject to a recent Virginia Supreme Court decision determining ownership of coalbed methane gas. Disbursement of funds was approved.

25. The Virginia Gas and Oil Board considered a petition from prevailing plaintiffs for disbursement of funds escrowed on their behalf, Unit V-18, Garden District, Buchanan Co. Docket Number 96-1016-0556-01.

This unit contains tracts that are subject to a recent Virginia Supreme Court decision determining ownership of coalbed methane gas. Disbursement of funds was approved.

26. The Virginia Gas and Oil Board considered a petition from prevailing plaintiffs for disbursement of funds escrowed on their behalf, Unit V-20, Garden District, Buchanan Co. Docket Number 92-0721-0243-01.

This unit contains tracts that are subject to a recent Virginia Supreme Court decision determining ownership of coalbed methane gas. Disbursement of funds was approved, and the item was carried forward for consideration of disbursement from other tracts.

27. The Virginia Gas and Oil Board considered a petition from prevailing plaintiffs for disbursement of funds escrowed on their behalf, Unit W-17, Garden District, Buchanan Co. Docket Number 95-0718-0508-01.

This unit contains tracts that are subject to a recent Virginia Supreme Court decision determining ownership of coalbed methane gas. Disbursement of funds was approved.

28. The Virginia Gas and Oil Board considered a petition from prevailing plaintiffs for disbursement of funds

escrowed on their behalf, Unit W-18, Garden District, Buchanan Co. Docket Number 95-0815-0510-01.

This unit contains tracts that are subject to a recent Virginia Supreme Court decision determining ownership of coalbed methane gas. Disbursement of funds was approved.

29. The Virginia Gas and Oil Board considered a petition from prevailing plaintiffs for disbursement of funds escrowed on their behalf, Unit W-19, Garden District, Buchanan Co. Docket Number 92-1215-0305-01.

This unit contains tracts that are subject to a recent Virginia Supreme Court decision determining ownership of coalbed methane gas. Disbursement of funds was approved.

30. The Virginia Gas and Oil Board considered a petition from prevailing plaintiffs for disbursement of funds escrowed on their behalf, Unit VP8SGU1, Garden District, Buchanan Co. Docket Number 95-1024-0526-02.

This unit contains tracts that are subject to a recent Virginia Supreme Court decision determining ownership of coalbed methane gas. Disbursement of funds was approved, and the item was carried forward for consideration of disbursement from other tracts.

31. The Virginia Gas and Oil Board considered a petition from prevailing plaintiffs for disbursement of funds escrowed on their behalf, Unit VP8SGU2, Garden District, Buchanan Co. Docket Number 97-0617-0587-01.

This unit contains tracts that are subject to a recent Virginia Supreme Court decision determining ownership of coalbed methane gas. Disbursement of funds was approved, and the item was carried forward for consideration of disbursement from other tracts.

The deadline for filing of petitions to the Board for the May hearing is 5 p.m., Friday, April 16, 2004, with the hearing scheduled for 9 a.m. on Tuesday, May 18, 2004 at the Southwest Virginia Higher Education Center, Abingdon, Virginia.

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