

Virginia Department of Mines, Minerals and Energy

Virginia Gas and Oil Board

Minutes and results of hearing, August 16, 2005

Board members present: Ms. Barber, Mr. Brent, Mr. McIntyre, Ms. Quillen, Mr. Ratliff, Mr. Wampler

1. The Virginia Gas and Oil Board heard a petition from EOG Resources, Inc. for pooling of conventional gas unit PK L-15, well Plum Creek #15-05, North Grundy District, Buchanan County, Virginia. Docket Number VGOB-05-0719-1484. Carried forward from July.

In the PK L-15 Plum Creek #15-05 180-acre conventional gas unit, the applicant controls 79.2% of the oil and gas interests, and seeks to pool the remaining 20.8% of the interests. Unleased acreage subject to pooling totals 37.4 net acres in two tracts having eight owners who are not leased to the applicant. There are no unlocated owners subject to escrow. A permit application has been submitted. Pooling was approved.

2. The Board, on its own motion, received testimony concerning a requested amendment to the Beatrice Mine Sealed Gob Area Field Rules in the Garden District of Buchanan County, Virginia. The Proposed amendment has been requested in order to clarify an internal inconsistency within the current Field Rules applicable to production of non-gob gas from overlying coal zones. Docket Number VGOB-96-0618-0545-01.

The Beatrice Sealed Gob Area Field Rules were approved by the Board in August of 1996. The rules govern production of gas from the mined-out area of the sealed and abandoned Beatrice mine works, and provide for allocation of produced gas to individual units. While the order only addresses gas from the gob, it lists all coal zones, even those not affected by the mining. At issue is whether to modify this inconsistency in the order to allow for development of non-gob gas in the mine area. Modification of the order so as to allow for development of non-gob gas from above the mined zone under Oakwood Field Rules was approved.

3. The Virginia Gas and Oil Board heard a petition from EOG Resources, Inc. appealing the decision of the Director of the Division of Gas and Oil denying permit application No.7908 for operations in the Garden District of Buchanan County, Virginia subsequent to Informal Fact Finding Conference 17105. Docket Number VGOB-05-0816-1485.

Island Creek Coal Company filed objections to permit application 7908 under Section 45.1-361.12.A of the Gas and Oil Act which, paraphrased, states that if a coal owner and a gas operator cannot agree to a new well location within 2500 feet of an existing or permitted well, the permit shall be denied. The permit was denied by decision of the Director. The director's decision was upheld.

4. The Board will receive corrective testimony from CNX Gas Company, LLC regarding previously pooled Unit I-16, South Grundy District, Buchanan County, Virginia. Docket Number VGOB-04-0316-1272.

The I-16 80-acre unit was originally pooled by decision of the Board on March 16, 2004. Inconsistencies between the application, testimony and a draft order were subsequently found, and the applicant is appearing to provide testimony to correct the record. Corrected testimony was given and approved.

5. The Board will receive corrective testimony from CNX Gas Company, LLC regarding previously pooled Unit I-17, South Grundy District, Buchanan County, Virginia. Docket Number VGOB-04-0316-1273.

The I-17 80-acre unit was originally pooled by decision of the Board on March 16, 2004. Inconsistencies between the application, testimony and a draft order were subsequently found, and the applicant is appearing to provide testimony to correct the record. Corrected testimony was given and approved.

6. The Virginia Gas and Oil Board heard a petition from CNX Gas Company, LLC for pooling of coalbed methane unit BG-118, New Garden District, Russell County, Virginia. Docket Number VGOB-05-0816-1486.

In the BG-118 58.74-acre unit, the applicant controls 96.0% of the coal interests and 95.6% of the gas interests, and seeks to pool the remaining 4.0% of the coal interests and 4.4% of the gas interests. Unleased coal acreage subject to pooling totals 2.3 net acres in two tracts with three unleased owner, and gas acreage subject to pooling totals 3.3 net acres in two tracts with nine unleased owners. There are conflicting claimants and unlocated owners subject to escrow. A permit application has been submitted. Pooling was approved.

7. The Virginia Gas and Oil Board heard a petition from CNX Gas Company, LLC for pooling of coalbed methane unit U-4, Prater District, Buchanan County, Virginia. Docket Number VGOB-05-0816-1487.

In the U-4 80-acre unit, the applicant controls 100% of the coal interests and 44.1% of the gas interests, and seeks to pool the remaining 55.9% of the gas interests. Unleased gas acreage subject to pooling totals 44.7 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 was issued on 7/19/05. Pooling was approved.

8. The Virginia Gas and Oil Board heard a petition from CNX Gas Company, LLC for pooling of coalbed methane unit V-3, Prater District, Buchanan County, Virginia. Docket Number VGOB-05-0816-1488.

In the V-3 80-acre unit, the operator controls 98.4% of the coal and gas interests, and seeks to pool the remaining 1.6% of the interests. Unleased acreage subject to pooling totals 1.3 net acres in one tract having 30 unleased owners. There are no conflicting owners but there are unlocated owners subject to escrow. There are conflicting owners subject to existing royalty split agreements. A permit to drill was issued on 7/12/05. Pooling was approved.

9. The Virginia Gas and Oil Board heard a petition from CNX Gas Company, LLC for pooling of coalbed methane unit V-4, Prater District, Buchanan County, Virginia. Docket Number VGOB-05-0816-1489.

In the V-4 80-acre unit, the applicant controls 99.5% of the coal interests and 63.9% of the gas interests, and seeks to pool the remaining 0.4% of the coal interests and 36.1% of the gas interests. Unleased coal acreage subject to pooling totals 0.4 net acres in one tract with 30 unleased owner, and gas acreage subject to pooling totals 28.9 net acres in four tracts with 56 unleased owners. There are conflicting claimants and unlocated owners subject to escrow, and conflicting claimants subject to existing royalty split agreements. A permit to drill the unit was issued 7/19/05. Pooling was approved.

10. The Virginia Gas and Oil Board heard a petition from CNX Gas Company, LLC for pooling of coalbed methane unit W-8, Prater District, Buchanan County, Virginia. Docket Number VGOB-05-0816-1490.

In the W-8 80-acre unit, the applicant controls 100% of the coal interests and 55.7% of the gas interests, and seeks to pool the remaining 44.3% of the gas interests. Unleased gas acreage subject to pooling totals 35.5 net acres in seven tracts with four unleased owners. There are conflicting claimants subject to escrow and conflicting claimants subject to existing royalty split agreements. A permit to drill was issued on 6/27/05. Continued to October hearing.

11. The Virginia Gas and Oil Board heard a petition from CNX Gas Company, LLC for pooling of coalbed methane unit X-8, Prater District, Buchanan County, Virginia. Docket Number VGOB-05-0816-1491.

In the X-8 80-acre unit, the applicant controls 100% of the coal interests and 79.8% of the gas interests, and seeks to pool the remaining 20.2% of the gas interests. Unleased gas acreage subject to pooling totals 16.1 net acres in three tracts with three unleased owners. There are conflicting claimants and unlocated owners subject to escrow and conflicting claimants subject to existing royalty split agreements. A permit to drill was issued on 6/27/05. Continued to October hearing.

12. The Virginia Gas and Oil Board heard a petition from Equitable Production Company for creation and pooling of conventional gas unit V-502028, Kenady District, Dickenson County, Virginia. Docket Number VGO-05-0816-1492.

In the V-502028 112.69-acre conventional gas unit, the applicant controls 79.2% of the oil and gas interests, and seeks to pool the remaining 20.8% of the interests. Unleased acreage subject to pooling totals 23.4 net acres in seven tracts having 16 unleased owners. There are unlocated owners subject to escrow. A permit application has been submitted. Pooling was approved.

13. The Virginia Gas and Oil Board heard a petition from Equitable Production Company for a well location exception for proposed well V-536393, Ervinton District, Dickenson County, Virginia. Docket Number VGOB-05-0816-1493.

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 862 feet closer to existing Equitable gas well V-505371 than the 2500 feet mandated by spacing. The exception is needed because of topographic constraints and proximity to dwellings. No permit application has been submitted. The location exception was approved.

The deadline for filing of petitions to the Board for the September hearing is 5 p.m., Friday, August 19, 2005 with the hearing scheduled for 9 a.m. on Tuesday, September 20, 2005 at the Southwest Virginia Higher Education Center, Abingdon, Virginia.

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