

Virginia Department of Mines, Minerals & Energy

Virginia Gas and Oil Board

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Minutes and results of hearing, August 15, 2006

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

1. The Virginia Gas and Oil Board heard a petition from Equitable Production Company for re-pooling of coalbed methane unit VC-536616, Prater District, Buchanan County, Virginia. Docket Number VGOB-05-1115-1532-01. Continued from July 2006.

In the VC-536616 58.77-acre unit, the applicant controls 99.5% of the coal interests and 0.0% of the gas interests, and seeks to pool the remaining 0.5% of the coal interests and 100% of the gas interests. Unleased coal acreage subject to pooling totals 0.3 net acres in one tract with one unleased owner. Unleased gas acreage totals 58.77 acres in three tracts having one unlocated owner (99.5%) and one owner leased to a third party. There are conflicting claimants and unknown owners subject to escrow. A permit to drill the unit was issued on 12/16/05. Continued to September.

2. The Virginia Gas and Oil Board heard a petition from Equitable Production Company for re-pooling of coalbed methane unit VC-536474, Sandlick District, Dickenson County, Virginia. Docket Number VGOB-05-1115-1533-01. Continued from July 2006.

In the VC-536474 58.77-acre unit, the operator controls 89.6% of the coal and gas interests, and seeks to pool the remaining 10.4% of the interests. Unleased acreage subject to pooling totals 6.1 net acres in one tract with one owner who is not leased to the applicant. There are no conflicting claimants or unknown owners subject to escrow. The unit was originally pooled in November, 2005. No permit application has been submitted. Continued to September.

3. The Virginia Gas and Oil Board heard a petition from Equitable Production Company for re-pooling of coalbed methane unit VC-536475, Sandlick District, Buchanan County, Virginia. Docket Number VGOB-05-1115-1537-01. Continued from July 2006.

In the VC-536475 58.77-acre unit, the operator controls 42.1% of the coal and gas interests, and seeks to pool the remaining 57.9% of the interests. Unleased acreage subject to pooling totals 34.0 net acres in two tracts with two owners who is not leased to the applicant. There are no conflicting claimants but there are unknown owners subject to escrow. The unit was originally pooled in November, 2005. No permit application has been submitted. Continued to September.

4. The Virginia Gas and Oil Board heard a petition from Equitable Production Company for pooling of coalbed methane unit VC-536622, Prater District, Buchanan County, Virginia. Docket Number VGOB-06-0321-1608. Continued from July 2006.

In the VC-536622 58.77-acre unit, the applicant controls 94.1% of the coal interests and 0.0% of the gas interests, and seeks to pool the remaining 5.9% of the coal interests and 100% of the gas interests. Unleased coal acreage subject to pooling totals 3.3 net acres in one tract with one unleased owner.

Unleased gas acreage totals 58.77 acres in Two tracts having one unlocated owner (94.6%) and one owner leased to a third party. There are conflicting claimants and unknown owners subject to escrow. A permit was issued on 4/25/06. Continued to September.

5. The Virginia Gas and Oil Board heard a petition from CNX Gas Company, LLC for pooling of coalbed methane unit O-76, Rock Lick District, Buchanan County, Virginia. Docket Number VGOB-06-0620-1647. Continued from July 2006.

In the O-76 58.65-acre unit, the applicant controls 93.5% of the coal interests and 58.5% of the gas interests, and seeks to pool the remaining 6.5% of the coal interests and 41.5% of the gas interests. Unleased coal acreage subject to pooling totals 3.8 net acres in two tracts with 29 unleased owner. Unleased gas acreage totals 24.3 net acres in four tracts having 44 unleased owners. There are conflicting claimants and unknown owners subject to escrow. A permit application has been submitted and was subject to objection by royalty owners. The objections were referred to the Board. Continued to September.

6. The Virginia Gas and Oil Board heard a petition from CNX Gas Company, LLC for pooling of coalbed methane unit A-19, North & South Grundy Districts, Buchanan County, Virginia. Docket Number VGOB-06-0718-1666. Continued from July.

In the A-19 106.48-acre unit, the operator controls 99.2% of the coal and gas interests, and seeks to pool the remaining 0.8% of the interests. Unleased acreage subject to pooling totals 0.9 net acres in two tracts having one unleased owner. There are no conflicting claimants or unknown owners subject to escrow. A permit to drill the unit was issued on 3/7/05. Pooling was approved.

7. The Virginia Gas and Oil Board heard a petition from CNX Gas Company, LLC for pooling of coalbed methane unit G-9, South Grundy District, Buchanan County, Virginia. Docket Number VGOB-06-0718-1667. Continued from July.

In the G-9 80-acre unit, the operator controls 98.2% of the coal and gas interests, and seeks to pool the remaining 1.8% of the interests. Unleased acreage subject to pooling totals 1.5 net acres in two tracts having one unleased owner. There are no conflicting claimants or unknown owners subject to escrow. An application for permit to drill the unit has been submitted. The application was subject to objections by the mineral owners who are respondents to this pooling application. The objections were referred to the Board. Continued to September.

8. The Virginia Gas and Oil Board heard a petition from Equitable Production Company for pooling of coalbed methane unit VC-536596, Kenady District, Dickenson County, Virginia. Docket Number VGOB-06-0718-1678. Continued from July.

In the VC-536596 58.77-acre unit, the applicant controls 100% of the coal interests and 96.6% of the gas interests, and seeks to pool 3.4% of the gas interests. Unleased gas acreage totals 2.1 acres in four tracts having 14 unleased owners. There are conflicting claimants and unknown owners subject to escrow. A permit to drill the unit was issued on 7/17/06. Pooling was approved.

9. The Virginia Gas and Oil Board heard a petition from CNX Gas Company, LLC for pooling of coalbed methane

unit BL-111, New Garden District, Russell County, Virginia. Docket Number VGOB-06-0815-1690.

In the BL-111 58.74-acre unit, the operator controls 92.0% of the coal and gas interests, and seeks to pool the remaining 8.0% of the interests. Unleased acreage subject to pooling totals 4.7 net acres in two tracts with three unleased owners. There are no conflicting claimants or unknown owners subject to escrow. A permit to drill the unit was issued on 7/5/06. Pooling was approved.

10. The Virginia Gas and Oil Board heard a petition from CNX Gas Company, LLC for pooling of coalbed methane unit G-12, South Grundy District, Buchanan County, Virginia. Docket Number VGOB-06-0815-1691.

In the G-12 80-acre unit, the operator controls 64.4% of the coal and gas interests, and seeks to pool the remaining 35.6% of the interests. Unleased acreage subject to pooling totals 28.5 net acres in one tract with six owners who are not leased to the applicant. There are no conflicting claimants or unknown owners subject to escrow. A permit to drill the unit was issued on 6/21/06. Pooling was approved.

11. The Virginia Gas and Oil Board heard a petition from CNX Gas Company, LLC for pooling of coalbed methane unit N-74, Rock Lick District, Buchanan County, Virginia. Docket Number VGOB-06-0815-1692.

In the N-74 58.66-acre unit, the applicant controls 100% of the coal interests and 99.4% of the gas interests, and seeks to pool the remaining 0.6% of the gas interests. Unleased gas acreage totals 0.4 net acres in three tracts having three unleased owners. There are conflicting claimants subject to escrow. A permit to drill the unit was issued on 5/30/06. Pooling was approved.

12. The Virginia Gas and Oil Board heard a petition from CNX Gas Company, LLC for pooling of coalbed methane unit N-76, Rock Lick District, Buchanan County, Virginia. Docket Number VGOB-06-0815-1693.

In the N-76 58.66-acre unit, the operator controls 94.4% of the coal and gas interests, and seeks to pool the remaining 5.6% of the interests. Unleased acreage subject to pooling totals 3.6 net acres in one tract with 20 unleased owners. There are conflicting claimants and unknown owners subject to escrow. A permit to drill the unit was issued on 5/23/03. Pooling was approved.

13. The Virginia Gas and Oil Board heard a petition from CNX Gas Company, LLC for pooling of coalbed methane unit N-77, Rock Lick District, Buchanan County, Virginia. Docket Number VGOB-06-0815-1694.

In the N-77 58.66-acre unit, the operator controls 94.4% of the coal and 94.3% of the gas interests, and seeks to pool the remaining 5.6% of the coal interests and 5.4% of the gas interests. Unleased coal acreage subject to pooling totals 3.7 net acres in one tract with 20 unleased owners. Unleased gas acreage subject to pooling totals 3.7 net acres in two tracts with 32 unleased owners. There are conflicting claimants and unknown owners subject to escrow. A permit to drill the unit was issued on 5/23/03. Pooling was approved.

14. The Virginia Gas and Oil Board heard a petition from CNX Gas Company, LLC for pooling of coalbed methane unit O-74, Rock Lick District, Buchanan County, Virginia. Docket Number VGOB-06-0815-1695.

In the O-74 58.65-acre unit, the operator controls 99.99% of the coal and gas interests, and seeks to pool the remaining 0.01% of the interests. Unleased acreage subject to pooling totals 0.001 net acres in one tract with one unleased owner. There are conflicting claimants subject to escrow. A permit to drill the unit was issued on 6/15/06. The application was withdrawn.

15. The Virginia Gas and Oil Board heard a petition from CNX Gas Company, LLC for pooling of coalbed methane unit O(-2), Prater District, Buchanan County, Virginia. Docket Number VGOB-06-0815-1696.

In the O(-2) 80-acre unit, the operator controls 79.8% of the coal and gas interests, and seeks to pool the remaining 20.2% of the interests. Unleased acreage subject to pooling totals 16.1 net acres in three tracts with three unleased owners. There are conflicting claimants subject to escrow. No permit application has been submitted. Pooling was approved.

16. The Virginia Gas and Oil Board heard a petition from CNX Gas Company, LLC for modification of the Oakwood I Field Rules to allow drilling of an additional well in units S-55 to S-58, T-55 to T-58, U-53 to U-58, V-52 to V-58, W-52 to W-58, X-53 to X-58, Y-53 to Y-58, Z-53 to Z-58, AA-53 to AA-58, BB-54 to BB58, CC-55 to CC-58, DD-55 to DD-58, EE-54 to EE-58, FF-50 to FF-58 in the Maiden Springs District, Tazewell County, Virginia. Docket Number VGOB 93-0216-0325-10.

The Oakwood Field Order currently allows one fraced coalbed methane well in each 80-acre unit, and that well is to be drilled within the drilling window which is 300 feet inside the boundary of the unit. The applicant seeks to modify the order to allow for drilling of more than one frac well in each included unit. The Board has previously approved several similar requests for drilling of multiple wells in each unit in other areas of the Oakwood field. Increased density drilling was approved.

17. The Virginia Gas and Oil Board heard a petition from EOG Resources, Inc. for pooling of conventional gas unit PK M-25, Big Vein Well #41, Garden District, Buchanan County, Virginia. Docket Number VGOB-06-0815-1697.

In the PK M-25 180-acre conventional gas unit, the applicant controls 99.99% of the oil and gas interests, and seeks to pool the remaining 0.01% of the interests. Unleased acreage subject to pooling totals 0.01 net acres in one tract with one unleased owner. There are no unlocated owners subject to escrow. A permit to drill the unit was issued on 7/14/06. Pooling was approved.

18. The Virginia Gas and Oil Board heard a petition from Equitable Production Company for a well location exception for proposed well V-504594, Gladeville District, Wise, County, Virginia. Docket Number VGOB-06-0815-1698.

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 557 feet closer to existing Equitable gas well V-504020 than the 2500 feet mandated by spacing. The exception is needed because of topographic constraints. An application for permit to drill the unit has been submitted. The location exception was approved.

19. The Virginia Gas and Oil Board heard a petition from Equitable Production Company for a well location exception for proposed well V-501836, Lipps District, Wise, County, Virginia. Docket Number VGOB-06-0815-1699.

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 392 feet closer to Equitable gas well P-348, and 423 feet closer to existing Equitable gas well P-347 than the 2500 feet mandated by spacing. The exception is needed to prevent loss of resource (no legal location available). An application for permit to drill the unit has been submitted. The location exception was approved.

20. The Virginia Gas and Oil Board heard a petition from Equitable Production Company for pooling of coalbed methane unit VC-537060, Prater District, Buchanan County, Virginia. Docket Number VGOB-06-0815-1700.

In the VC-597060 58.77-acre unit, the applicant controls 92.7% of the coal interests and 0.0% of the gas interests, and seeks to pool the remaining 7.3% of the coal interests and 100% of the gas interests. Unleased coal acreage totals 4.3 net acres in one tract. Unleased gas acreage totals 58.77 acres in one tract having one unleased and unlocated owner. There are conflicting claimants and unknown owners subject to escrow. No application for permit to drill the unit has been submitted. Pooling was approved.

21. The Virginia Gas and Oil Board heard a petition from Equitable Production Company for establishment and pooling of conventional gas unit V-536798, Kenady District, Dickenson County, Virginia. Docket Number VGOB-06-0815-1701.

In the V-536798 112.69-acre conventional gas unit, the applicant controls 89.4% of the oil and gas interests, and seeks to pool the remaining 10.6% of the interests. Unleased acreage subject to pooling totals 12.0 net acres in one tract with 13 unleased owners. There are no unlocated owners subject to escrow. No permit application has been submitted. Pooling was approved.

22. The Virginia Gas and Oil Board heard a petition from Equitable Production Company for pooling of coalbed methane unit VC-536664, Lipps District, Wise County, Virginia. Docket Number VGOB-06-0815-1702.

In the VC-536664 58.88-acre unit, the operator controls 99.98% of the coal and gas interests, and seeks to pool the remaining 0.02% of the interests. Unleased acreage subject to pooling totals 0.01 net acres in one tract with three unleased owners. There are no conflicting claimants subject to escrow. No permit application has been submitted. Pooling was approved.

23. The Virginia Gas and Oil Board heard a petition from Equitable Production Company for establishment and pooling of conventional gas unit V-536778, Kenady District, Dickenson County, Virginia. Docket Number VGOB-06-0815-1703.

In the V-536778 112.69-acre conventional gas unit, the applicant controls 95.9% of the oil and gas interests, and seeks to pool the remaining 4.1% of the interests. Unleased acreage subject to pooling totals 4.7 net acres in two tracts with 20 unleased owners. There are unlocated owners subject to escrow. No permit application has been submitted. Pooling was approved.

24. The Virginia Gas and Oil Board heard a petition from Chesapeake Appalachia, LLC for establishment and pooling of conventional gas unit 825947, Rocklick District, Buchanan County, Virginia. Docket Number VGOB-06-0815-1704.

In the 825947 112.69-acre conventional gas unit, the applicant controls 94.1% of the oil and gas interests, and seeks to pool the remaining 5.9% of the interests. Unleased acreage subject to pooling totals 6.6 net acres in one tract with one unleased owner. There are no unlocated owners subject to escrow. No permit application has been submitted. Pooling was approved.

25. The Virginia Gas and Oil Board heard a petition from Chesapeake Appalachia, LLC for re-pooling of conventional gas unit 825524, Rocklick District, Buchanan County, Virginia. Docket Number VGOB-06-0516-1641-01.

In the 825524 112.69-acre conventional gas unit, the applicant controls 88.6% of the oil and gas interests, and seeks to pool the remaining 11.4% of the interests. Unleased acreage subject to pooling totals 12.8 net acres in two tracts with 15 unleased owners. There are unlocated owners subject to escrow. A permit to drill the unit was issued on 7/28/06. The unit was originally pooled on 5/16/06. The application was withdrawn.

26. The Virginia Gas and Oil Board heard a petition from Appalachian Energy, Inc. for pooling of coalbed methane unit AE-166, Garden District, Buchanan County, Virginia. Docket Number VGOB-06-0815-1705.

In the AE-166 80.24-acre unit, the applicant controls 90.0% of the coal interests and 89.2% of the gas interests, and seeks to pool the remaining 10.0% of the coal interests and 10.8% of the gas interests. Unleased coal acreage totals 8.0 net acres in four tracts having 12 unleased owners, and unleased gas acreage totals 8.6 net acres in one tract having 13 unleased owners. There are conflicting claimants subject to escrow. No permit application has been submitted. Pooling was approved.

27. The Virginia Gas and Oil Board heard a petition from Appalachian Energy, Inc. for pooling of coalbed methane unit AE-169, Garden District, Buchanan County, Virginia. Docket Number VGOB-06-0815-1706.

In the AE-169 80.2-acre unit, the applicant controls 87.9% of the coal interests and 84.4% of the gas interests, and seeks to pool the remaining 12.1% of the coal interests and 15.6% of the gas interests. Unleased coal acreage totals 9.7 net acres in four tracts with 25 unleased owners, and gas acreage totals 12.5 net acres in four tracts having 16 unleased owners. There are conflicting claimants subject to escrow. No application for permit to drill the unit has been submitted. Pooling was approved.

28. The Virginia Gas and Oil Board heard a petition from Daugherty Petroleum, Inc. for establishment and pooling of conventional gas unit DPI 1772, Rocky Station District, Lee County, Virginia. Docket Number VGOB-06-0815-1707.

In the DPI 1772 112.69-acre conventional gas unit, the applicant controls 68.4% of the oil and gas interests, and seeks to pool the remaining 31.6% of the interests. Unleased acreage subject to pooling totals 35.6 net acres in three tracts with one unleased owner. There are no unlocated owners subject to escrow. No permit application has been submitted. Continued to September.

29. The Virginia Gas and Oil Board heard a petition from Daugherty Petroleum, Inc. for establishment and pooling of conventional gas unit DPI 1773, Rocky Station District, Lee County, Virginia. Docket Number VGOB-06-0815-1708.

In the DPI 1773 112.69-acre conventional gas unit, the applicant controls 79.1% of the oil and gas interests, and seeks to pool the remaining 20.9% of the interests. Unleased acreage subject to pooling totals 23.6 net acres in three tracts with one unleased owner. There are no unlocated owners subject to escrow. No permit application has been submitted. The application was withdrawn.

30. The Virginia Gas and Oil Board heard a petition from Daugherty Petroleum, Inc. for establishment and pooling of conventional gas unit DPI 1774, Rocky Station District, Lee County, Virginia. Docket Number VGOB-06-0815-1709.

In the DPI 1774 112.69-acre conventional gas unit, the applicant controls 99.7% of the oil and gas interests, and seeks to pool the remaining 0.3% of the interests. Unleased acreage subject to pooling totals 0.4 net acres in one tract with one unleased owner. There are no unlocated owners subject to escrow. No permit application has been submitted. Pooling was approved.

31. The Virginia Gas and Oil Board heard a petition from Daugherty Petroleum, Inc. for establishment and pooling of conventional gas unit DPI 1775, Rocky Station District, Lee County, Virginia. Docket Number VGOB-06-0815-1710.

In the DPI 1775 112.69-acre conventional gas unit, the applicant controls 60.3% of the oil and gas interests, and seeks to pool the remaining 39.7% of the interests. Unleased acreage subject to pooling totals 44.7 net acres in two tracts with two unleased owners. There are no unlocated owners subject to escrow. No permit application has been submitted. Pooling was approved.

32. The Virginia Gas and Oil Board heard a petition from Daugherty Petroleum, Inc. for a well location exception for proposed well DPI 1773, Rocky Station District, Lee County, Virginia. Docket Number VGOB-06-0815-1711.

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 88 feet closer to existing Daugherty gas well 1741 than the 2500 feet mandated by spacing. The exception is needed because of topographic constraints. No application for permit to drill the unit has been submitted. The application was withdrawn.

33. The Virginia Gas and Oil Board heard a petition from Geomet Operating Company appealing a decision by the Director of the Division of Gas and Oil to deny permit issuance subsequent to Informal Fact Finding Conference 18606. Docket Number VGOB 06-0815-1712.

The applicant is appealing a decision of the Director in which a request for issuance of a permit to drill was denied. Denial of permit issuance was based on the absence of a consent to stimulate coals for the production of coalbed methane. Applicant maintains that the consent is not necessary due to language contained in the original coal lease. The decision of the director was upheld.

The deadline for filing of petitions to the Board for the September 2006 hearing is 5 p.m., Friday, August 19, 2006 with the hearing scheduled for 9 a.m. on Tuesday, September 19, 2006 at the Southwest Virginia Higher Education Center, Abingdon, Virginia.

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