

COMMONWEALTH OF VIRGINIA
VIRGINIA GAS AND OIL BOARD HEARINGS
Minutes for January 18, 2011
December 14, 2010 Docket

Because of a Winter Storm, the December 14, 2010 Board hearings were canceled and the December docket was heard on January 18, 2011.

Pursuant to Sections 45.1-361.9B and 45.1361.22.B of the Code of Virginia, the Virginia Gas and Oil Board will held its regularly scheduled meeting commencing at 9 a.m. on Tuesday, January 18, 2011, at the Russell County Office Complex, Conference Center, Lebanon, Virginia. The hearing scheduled for December 14, 2010 was cancelled due to inclement weather. All items which appear on the December 14th docket have been reset for hearing on January 18, 2011. The January docket will be heard by the Board on January 25, 2011.

Board members present included: Mr. Bradley (Butch) Lambert, Chairman, Ms. Mary Quillen, Mr. Bruce Prather, Mr. Bill Harris and Ms. Katie Dye.

Also present were Sharon M. B. Pigeon, Sr. Assistant Attorney General and David Asbury, Principal Executive to the Staff of the Board.

1. The board will receive public comments.

[Comments were received from Shirley Keene and Juanita Sneeuwjagt.](#)

2. A petition from CNX Gas Company, LLC requesting **disbursement of funds** and **authorization of direct payment** of royalties from coalbed methane gas unit Buchanan No. 1 SGU1 for Tract 52, Buchanan County, Virginia. Docket Number VGOB-98-1117-0697-02. (Tract 52 was excluded from the November 2010 approval and continued to December 2010 for consideration.)

[Jay Woods, Donna Woods, Delores Estep and Ralph Keen were present. These parties appeared to dispute the split agreement. The petition to disburse tract 52 was denied and the monies is to remain in escrow until the dispute is resolved by the aforementioned parties.](#)

3. A petition from CNX Gas Company, LLC requesting **disbursement of funds and authorization of direct payment** of royalties from coalbed methane gas unit Buchanan No. 1, SGU1, Tract 27, Buchanan County, Virginia. Docket Number VGOB-98-1117-0697-03.

[At the request of the Applicant the petition will be continued to March 2011 with Mr. Keene and Ms. Anna Lambert being removed. Only revised exhibits will be submitted.](#)

4. A petition from CNX Gas Company, LLC requesting **disbursement of funds and authorization of direct payment** of royalties from coalbed methane gas unit V36, Tract 2C, Garden District, Buchanan County, Virginia. Docket Number VGOB-98-0324-0638-04.

Approval for disbursement for Tract 2C to Hurt McGuire and to Martha Stilwell and the Trustees of Wilderness Tabernacle. Two spreadsheets included with the disbursement with the first one to disburse an exact dollar amount and then disbursement by percentage to Ms. Stillwell first and then to Wilderness Tabernacle and Hurt McGuire.

5. A petition from CNX Gas Company, LLC requesting **disbursement of funds** from coalbed methane gas unit SLW9, Tracts 68, 68A, 68B, 68C and 69, Buchanan County, Virginia. Docket Number VGOB-92-0421-0217-03.

The petition to disburse Ms. Sarah Wade based on court order was approved. The board allowed for the remainder of the disbursement based on split agreements with the exception of Ralph Keen and Anna Lambert and the proportionate share for Coal Mountain Mining.

6. A petition from CNX Gas Company, LLC for **disbursement of funds** from coalbed methane gas unit SLW8, Tracts 49, 50 and 51 Buchanan County, Virginia. Docket Number VGOB-92-0421-0216-03.

The petition to disburse Ms. Sarah Wade based on court order was approved. The board allowed for the remainder of the disbursement based on split agreements with the exception of Ralph Keen and Anna Lambert and the proportionate share for Coal Mountain Mining.

7. A petition from CNX Gas Company, LLC for **disbursement of funds** from coalbed methane gas unit SLW7, Tract 31, Buchanan County, Virginia. Docket Number VGOB-92-0218-0185-04.

The petition to disburse was approved based on split agreements with the exception of Ralph Keen and Anna Lambert.

8. A petition from CNX Gas Company, LLC for **disbursement of funds** from coalbed methane gas unit SLW 6, Tract 21, Buchanan County, Virginia. Docket Number VGOB-92-0218-0184-03.

The petition for disbursement per court order was approved by the Board.

9. A petition from CNX Gas Company, LLC for **disbursement of funds and to vacate order** from coalbed methane gas unit V-12, for Tract 1, South Grundy District, Buchanan County, Virginia. Docket Number VGOB-91-0618-0134-01.

The petition for disbursement was approved based on a deed which makes a 50/50 split. The account will be closed as the unit is 100% leased.

10. A petition from CNX Gas Company, LLC for **disbursement of funds** from coalbed methane gas unit W10, Tracts 1, 2, 4 and 7, Buchanan County, Virginia. Docket Number VGOB-91-0430-0109-02.

The disbursement was approved by the Board. The account is to be closed.

11. A petition from CNX Gas Company, LLC for **disbursement of funds and to vacate order** from coalbed methane gas unit U-12, Tracts 2 and 4, Grundy District, Buchanan County, Virginia. Docket Number VGOB-91-0430-0107-01.

The disbursement was approved by the Board.

12. A petition from CNX Gas Company, LLC for **disbursement of funds and to vacate order** from coalbed methane gas unit X-11, Tracts 3A, 3B and 3C, South Grundy District, Buchanan County, Virginia. Docket Number VGOB-90-0906-0017-01.

The disbursement was approved by the Board with the account closed and the order dismissed.

13. A petition from CNX Gas Company, LLC for **disbursement of funds** from coalbed methane gas unit X-10, Tracts 2A, 2D and 2E, South Grundy District, Buchanan County, Virginia. Docket Number VGOB-90-0905-0014-01.

The disbursement was approved by the Board based on royalty split agreements.

14. The Board, on its own motion, will receive testimony and reconsider its prior approval of a petition for establishment of unit and pooling horizontal coalbed methane unit CC38, Maiden Springs and Garden Districts, Buchanan and Tazewell County, Virginia. Docket Number VGOB-10-1019-2825.

Mark Swartz provided testimony offering three scenerios for consideration in unit size interest payment. The petition was continued to March 2011.

15. A petition from Southeast Land & Mineral, LLC for the **establishment of provisional 160 acre conventional drilling unit**, C7, Tyler District, Washington County, Virginia. Docket Number VGOB-10-1019-2837. Continued from November. **The petition was stricken from the docket.**

16. A petition from Southeast Land & Mineral, LLC for the **pooling** of Conventional Gas Well Hutton #1, Unit C7, Tyler District, Washington County, Virginia. Docket Number VGOB-10-1019-2838. Continued from November. **The petition was stricken from the docket.**

17. A petition from Southeast Land & Mineral, LLC for the **establishment of provisional 160 acre conventional drilling unit**, C8, Tyler District, Washington County, Virginia. Docket

Number VGOB-10-1019-2839. Continued from November. **The petition was stricken from the docket.**

18. A petition from Southeast Land & Mineral, LLC for the **pooling** of Conventional Gas Well Carroll #1, Unit C8, Tyler District, Washington County, Virginia. Docket Number VGOB-10-1019-2840. Continued from November. **The petition was stricken from the docket.**

19. A petition from Southeast Land & Mineral, LLC for the **establishment of provisional 160 acre conventional drilling unit**, D4, Tyler District, Washington County, Virginia. Docket Number VGOB-10-1019-2841. Continued from November. **The petition was stricken from the docket.**

20. A petition from Southeast Land & Mineral, LLC for the **pooling** of Conventional Gas Well Smith#1, Unit D4, Tyler District, Washington County, Virginia. Docket Number VGOB-10-1019-2842. Continued from November. **The petition was stricken from the docket.**

21. A petition from CNX Gas Company, LLC for re-pooling of coalbed methane unit EE-14, Hurricane District, Buchanan County, Virginia. Docket Number VGOB-04-0921-1334-02.

The petition was approved by the Board.

22. A petition from CNX Gas Company, LLC for pooling of coalbed methane unit O-80, Rocklick District, Buchanan County, Virginia. Docket Number VGOB-10-1116-2849. Continued from November 2010.

The petition was approved by the Board.

23. A petition from Range Resources-Pine Mountain, Inc. for a well location exception for proposed conventional gas well V-530299, Kenady District, Dickenson County, Virginia. Docket Number VGOB-10-1116-2852. Continued from November 2010.

The petition was approved by the Board.

24. A petition from Range Resources-Pine Mountain, Inc. for a well location exception for proposed conventional gas well V-530218, Sandlick District, Dickenson County, Virginia. Docket Number VGOB-10-1116-2853. Continued from November 2010.

The petition was approved by the Board.

25. A petition from Range Resources-Pine Mountain, Inc. for a well location exception for proposed conventional gas well 900012, Sandlick District, Dickenson County, Virginia. Docket Number VGOB-10-1116-2854. Continued from November 2010.

The petition was approved by the Board.

26. A petition from Range Resources-Pine Mountain, Inc. for establishment of a 112.69 acre drilling unit and pooling of proposed well 900012, Sandlick District, Dickenson County, Virginia. Docket Number VGOB-10-1116-2855. Continued from November 2010.

The petition was approved by the Board with escrowing required.

27. A petition from EQT Production Company for modification of the Nora Coalbed Gas Units AT82, AT81, BH45, BI44, BI45, BJ43, BJ44, BJ45, BK43, BK44, BK45, BL41, BL42, BL43, BL44, BL45, BK50, BM41, BM43, BM45, BN45, BO44, BO45, Dickenson and Buchanan County, Virginia. Docket Number VGOB-89-0126-0009-73. Continued from November 2010.

The petition was revised to include only 82AT, 81AT, 45BH, 44BK, 45BK, 41BL, 43BL, 44BL, 45BL, 45BM, 45BN and 50BK. The remaining units were withdrawn for consideration. The petition was approved by the Board.

28. A petition from EQT Production Company for pooling of coalbed methane unit VC-356552, Ervinton District, Dickenson County, Virginia. Docket Number VGOB-10-1116-2856. Continued from November 2010.

The petition was approved by the Board with escrowing required.

29. A petition from EQT Production Company for pooling of coalbed methane unit VC-537796, Ervinton District, Dickenson County, Virginia. Docket Number VGOB-10-1116-2857. Continued from November 2010.

The petition was approved by the Board with escrowing required.

30. A petition from EQT Production Company for pooling of coalbed methane unit VC-537194, Kenady District, Dickenson County, Virginia. Docket Number VGOB-10-1116-2858. Continued from November 2010.

The petition was approved by the Board with escrowing required.

31. A petition from EQT Production Company for pooling of coalbed methane unit VCI-538311, Prater District, Buchanan County, Virginia. Docket Number VGOB-10-1116-2859. Continued from November 2010.

The petition was approved by the Board with escrowing required.

32. A petition from EQT Production Company for pooling of horizontal conventional gas unit VH-539983, Gladeville District, Wise County, Virginia. Docket Number VGOB-10-1116-2860. Continued from November 2010.

The petition was approved by the Board with escrowing required.

33. A petition from EQT Production Company for pooling of horizontal conventional gas unit VH-531527, Gladeville District, Wise County, Virginia. Docket Number VGOB-10-1116-2861. Continued from November 2010.

The petition was approved by the Board with no escrowing required.

34. A petition from EQT Production Company for pooling of horizontal conventional gas unit VH-539976, Lipps District, Wise County, Virginia. Docket Number VGOB-10-1116-2862. Continued from November 2010.

The petition was approved by the Board with escrowing required.

35. A petition from EQT Production Company for pooling of horizontal conventional gas unit VH-531555, Gladeville District, Wise County, Virginia. Docket Number VGOB-10-1116-2863. Continued from November 2010.

The petition was approved by the Board with no escrowing required.

36. A petition from EQT Production Company for pooling of horizontal conventional gas unit VH-531519, Gladeville District, Wise County, Virginia. Docket Number VGOB-10-1116-2864. Continued from November 2010.

The petition was approved by the Board with no escrowing required.

37. A petition from EQT Production Company for pooling of horizontal conventional gas unit VH-531531, Gladeville District, Wise County, Virginia. Docket Number VGOB-10-1116-2865. Continued from November 2010.

The petition was approved by the Board with no escrowing required.

38. A petition from EQT Production Company for pooling of coalbed methane unit VC-536325, Prater District Buchanan County, Virginia. Docket Number VGOB-10-1116-2866. Continued from November 2010.

The petition was approved by the Board with escrowing required.

39. A petition from EQT Production Company for pooling of coalbed methane unit VC-537303, Prater District Buchanan County, Virginia. Docket Number VGOB-10-1116-2867. Continued from November 2010.

The petition was approved by the Board with escrowing required.

40. A petition from EQT Production Company for the establishment of a 320 acre provisional drilling unit (EQT2868) for the drilling of horizontal conventional gas wells, Roberson District, Wise County, Virginia. Docket Number VGOB-10-1116-2868. Continued from November 2010.

The petition was approved by the Board.

41. A petition from EQT Production Company for the establishment of a 320 acre provisional drilling unit (EQT2869) for the drilling of horizontal conventional gas wells, Gladeville District, Wise County, Virginia. Docket Number VGOB-10-1116-2869. Continued from November 2010.

The petition was approved by the Board.

42. A petition from EQT Production Company for the establishment of a 320 acre provisional drilling unit (EQT 2870) for the drilling of horizontal conventional gas wells, Richmond District, Wise County, Virginia. Docket Number VGOB-10-1116-2870. Continued from November 2010.

The petition was approved by the Board.

43. A petition from EQT Production Company for the establishment of a 320 acre provisional drilling unit (EQT 2871) for the drilling of horizontal conventional gas wells, Gladeville District, Wise County, Virginia. Docket Number VGOB-10-1116-2871. Continued from November 2010.

The petition was approved by the Board.

44. A petition from EQT Production Company for a well location exception for proposed well VH-531482, Gladeville District, and Wise County, Virginia. Docket Number VGOB-10-1116-2872. Continued from November 2010.

The petition was approved by the Board.

45. A petition from EQT Production Company for a well location exception for proposed well VH-531531, Gladeville District, and Wise County, Virginia. Docket Number VGOB-10-1116-2873. Continued from November 2010.

The petition was approved by the Board.

46. A petition from EQT Production Company for a well location exception for proposed well VH-531519, Gladeville District, and Wise County, Virginia. Docket Number VGOB-10-1116-2874. Continued from November 2010.

The petition was approved by the Board.

47. A petition from EQT Production Company for a well location exception for proposed well VH-531555, Gladeville District, and Wise County, Virginia. Docket Number VGOB-10-1116-2875. Continued from November 2010

The petition was approved by the Board.

48. A petition from EQT Production Company for establishment of a provisional drilling unit consisting of 63,172 acres for the drilling of horizontal conventional gas wells, Wise and Lee Counties, Virginia. Docket Number VGOB-10-1116-2876. Continued from November 2010.

The petition was withdrawn by the applicant.

49. A petition from EQT Production Company for re-pooling of coalbed methane unit VC-536630, Prater District, Buchanan County, Virginia. Docket Number VGOB-09-1117-2633-01. Continued from November 2010.

The petition identified additional tracts/owners and the re-pooling was approved by the Board.

50. A petition from GeoMet Operating Company, Inc. for pooling of coalbed gas unit 419VA Unit F-36, Garden District, Buchanan County, Virginia. Docket Number VGOB-10-1116-2877. Continued from November 2010.

The petition was approved by the Board with no escrowing required.

51. A petition from GeoMet Operating Company, Inc. for pooling of coalbed gas unit 418 VA Unit F-35, Garden District, Buchanan County, Virginia. Docket Number VGOB-10-1116-2878. Continued from November 2010.

The petition was approved by the Board with no escrowing required.

52. The Board will receive an update of business activities from Staff.

Three contractors are working on the audit. Diane Davis was instructed to get a final quote from OMIS for the PDF searchable viewer and report out on Tuesday, January 25, 2011. David Asbury updated the Board regarding the three people hired to work on the audit. Monday, January 24, Robinson, Farmer and Cox will at DGO to review the accounting process. Butch Lambert and David Asbury met with gas operators and asked that they start providing additional years of audit information beginning with 2008 by March 1, 2011. The APA audit will be placed on the February docket for discussion by the Board. David Asbury distributed the year-end escrow account update.

53. The Board will review the November minutes for approval.

The November minutes were approved.

54. An update from First Bank and Trust for the Virginia Gas and Oil Board Escrow Account.

Debbie Davis and Karen McDonald were present to address the Board. Debbie Davis updated the Board regarding the account and brought two issues for consideration to the board (1) pursuing ACH (2) reconciliation process for disbursement accounts. Karen McDonald reviewed the investments of the money being held by the Board.

The meeting was adjourned by the Chairman.