

VIRGINIA OIL AND GAS CONSERVATION

FORCED POOLING HEARING

WELL P-474

EQUITABLE RESOURCES INCORPORATED

DICKENSON COUNTY, VIRGINIA

FEBRUARY 7, 1989

Attendees

Mr. Joe Johnson, Chairman, Conservation Board
Mr. Benny Wampler, Member, Conservation Board
Dr. Russell Wayland, Member, Conservation Board
Dr. Robert Whisonant, Member, Conservation Board
Mr. Jim Bunn, Member, Conservation Board
Mr. Mike Lepchitz, Assistant Attorney General
Mr. Tom Fulmer, State Oil & Gas Inspector
Ms. Diane Davis, Recorder
Mr. Richard Counts, Attorney, EREX
Mr. Don Hall, EREX
Mr. Brint Camp, EREX
Mr. Jerry Garland, EREX

Mr. Johnson Ladies and gentlemen, if we are ready we will proceed with a hearing request made by Equitable Resources for forced pooling on well number P-474 as requested by Mr. Counts their attorney. For the record, let me get Ms. Davis to state whether or not the parties involved in this have been properly notified?

Ms. Davis Yes, I notified everybody that they outlined in their permit application and in their application for forced pooling.

Mr. Johnson Let me also get in the record those members of the Board present. I think this is the first time in some while that we have had all members present. Dr. Whisonant on my right, Mr. Wampler, Mr. Bunn and Dr. Wayland on the end down here. All right Mr. Counts, if you are ready.

Mr. Counts Thank you Mr. Chairman and members of the Board. In the matter of forced pooling for P-474, I would like to call Mr. Don Hall please. Mr. Hall would you state your full name for the record?

Mr. Hall Don C. Hall

Mr. Counts Who are you employed by and in what capacity?

Mr. Hall Equitable Resources as a landman in Virginia.

Mr. Counts Mr. Hall has your testimony as a landman been accepted before the Oil and Gas Conservation Board as an expert witness?

Mr. Hall Yes sir

Mr. Counts Do your responsibilities include the lands involved here and the surrounding area?

Mr. Hall Yes sir

Mr. Counts Are you familiar with the proposed exploration and development of the unit involved here under applicant's proposed plan of development?

Mr. Hall Yes

Mr. Counts Are you familiar with the application in this matter?

Mr. Hall Yes

Mr. Counts Mr. Hall does Equitable Resources seek to force pool the drilling rights in an approximate 112.5 acre drilling and spacing unit in the Nora Field for the Ravencliff, Maxon, Big Lime, Weir, Berea and other formations?

Mr. Hall Yes

Mr. Counts Are you familiar with the ownership of drilling rights in the lands involved herein?

Mr. Hall Yes

Mr. Counts Does the applicant own drilling rights in the lands involved herein?

Mr. Hall Yes

Mr. Counts What is the interest of applicant in these lands?

Mr. Hall We have a lease from Pine Mountain Oil and Gas on the drill site and we have leases on other tracts in the drilling unit.

Mr. Counts Mr. Hall does Equitable wish to dismiss any of the respondents?

Mr. Hall We would like to dismiss Gary Willis, James Barton, Myra Barton, Rebecca Willis, Godfrey Owens and Geneva Owens, Bobby Owens and Ruby Owens and Stewart Owens and Edith Owens.

Mr. Lepchitz Would you go through those again please?

Mr. Johnson Yes please.

Mr. Hall Gary Willis, James Barton

Mr. Johnson James and Myra?

Mr. Hall Yes, James and Myra Barton, Rebecca Willis

Mr. Johnson And Sue Willis, oh that is in care of Sue Willis.

Mr. Hall Yes, Godfrey and Geneva Owens, Bobby Owens and Ruby Owens, Stewart Owens and Edith Owens.

Mr. Counts Mr. Hall, what are the interests that Equitable Resources is seeking to force pool?

Mr. Hall The interests of Matthew Willis, a minor, Adam Willis, a minor, Mary Jean Willis a minor, Rebecca Susan Woods a minor, Bill Patton and Janice Patton and Gorman Wood, incompetent.

Mr. Counts Mr. Hall, for those minors....

Mr. Hall And Jean Willis

Mr. Counts And Jean Willis, for the minor interests, has Equitable initiated guardianship proceedings?

Mr. Hall Yes sir

Mr. Counts Mr. Chairman, I have copies of those which I will provide the Commission with.

Mr. Johnson All right sir.

Mr. Counts Mr. Hall, approximately how many net mineral acres are owned by these respondents in the proposed units?

Mr. Hall Eight and one half.

Mr. Counts These unleased interests represent what percentage of the proposed unit?

Mr. Hall Approximately 7 1/2.

Mr. Counts Does the applicant seek to force pool the drilling rights of each individual respondent, if living, and if deceased the unknown successor or successors to any deceased individual respondent?

Mr. Hall Yes sir

Mr. Counts Does the applicant request that pursuant to Virginia Code 45.1-321 the Board's written order establish and specifies the boundary of the unit the 1250' spacing area depicted on Equitable's well plat accompanying the application?

Mr. Hall Yes sir.

Mr. Counts I have no further questions at this time of Mr. Hall.

Mr. Johnson Gentlemen, any questions of Mr. Hall.

Mr. Lepchitz Mr. Hall, those parties that you dismissed, have they subsequently leased with you?

Mr. Hall Yes sir

Mr. Johnson Any thing further?

Mr. Counts Mr. Chairman, if it pleases the Board I would like to call Mr. Jerry Garland. Mr. Garland would you state your full name for the record please?

Mr. Garland Jerry A. Garland

Mr. Counts Would you state also who you employed by and in what capacity?

Mr. Garland Equitable Resources as a contract landman.

Mr. Counts Mr. Garland have you previously testified before the Department of Mines, Minerals and Energy and have your qualifications been accepted?

Mr. Garland Yes

Mr. Counts Were any efforts made to determine if the individual respondents were living or deceased or their whereabouts, and if deceased, were efforts made to determine the names and addresses and whereabouts of the successors to any deceased individual respondent?

Mr. Garland Yes they were.

Mr. Counts Mr. Garland what efforts were made and what sources were checked?

Mr. Garland Everyone was identified using deed records, probate records, assessor's records, treasurer's records, telephone directories, family, friends and other reasonable leads.

Mr. Counts Are the addresses set out in Exhibit B to the application the last known addresses for the respondents?

Mr. Garland Yes

Mr. Counts In your opinion, was due diligence exercised to locate each of the respondents named herein?

Mr. Garland Yes

Mr. Counts Mr. Garland prior to filing the application, were efforts made to contact each of the respondents and attempt to work out an agreement regarding the development of the units involved herein?

Mr. Garland Yes every party was located and contacted more than once either by phone or in person, or by mail return receipt requested and offered to lease their oil and gas interests for \$2 per acre per year for a primary term of five years and for a 1/8 royalty.

Mr. Counts What were the results of these efforts?

Mr. Garland Title searches were made in the deed room and assessors office and we also made personal, telephone and mail contacts with the respondents. Offers to lease were then made to each of them.

Mr. Counts Were proposal letters also sent?

Mr. Garland Yes, we hand delivered or mailed certified return receipt requested an oil and gas lease to each of the respondents.

Mr. Counts I would like to recall Mr. Hall. Does the Board have any questions of Mr. Garland?

Mr. Lepchitz Is \$2 fee standard for this area?

Mr. Garland Yes

Mr. Lepchitz As a mineral bonus?

Mr. Garland Yes

Mr. Lepchitz That is what is being paid to Dickenson County at this point?

Mr. Garland To the best of my knowledge.

Mr. Counts Mr. Hall do you recommend the following option in lieu of a cash bonus and one eighth of eight/eighths royalty that respondents share in the operation of the well on a carried basis as carried operators under the following conditions: that each carried operator be entitled to their share of production from the tracts pooled accruing his interest, exclusive of any royalty or over riding royalty reserved in any leases, assignments thereof or assignments relating thereto of such tracts, but only after the proceeds allocable to his share equal 200% of the share of such costs allocable to the interests of the carried operator of an unleased tract or portion thereof.

Mr. Hall Yes

Mr. Counts Do you recommend that the order provide that elections by respondent be in writing and sent to the applicant at the address set forth in paragraph 1.1 of the application?

Mr. Hall Yes sir

Mr. Counts Should this be the address for all communications with applicant concerning the forced pooling order?

Mr. Hall Yes sir

Mr. Counts Do you recommend that the forced pooling order provide that if no written election is properly made by a respondent, then such respondent should be deemed to have elected to be a carried operator in lieu of participation?

Mr. Hall Yes

Mr. Counts How much time from the date of the order should respondent have to file a written election?

Mr. Hall Ten days

Mr. Counts If respondent elects to participate, how much time from the date of the order should respondent have to pay to applicant respondent's share of well costs?

Mr. Hall Twenty-five days.

Mr. Counts Does applicant expect party electing to participate to pay in advance that party's share of completed well costs?

Mr. Hall Yes

Mr. Counts How much time from the date of the order should applicant have to pay or tender any cash bonus becoming due under any forced pooling order?

Mr. Hall Thirty days

Mr. Counts Mr. Hall do you recommend that the forced pooling order provide that if respondent elects to participate but fails to pay or furnish security satisfactory to applicant for payment of well costs, then respondents election to participate should be treated as having been withdrawn and void and such respondent should be treated just as if no initial election had been filed under the forced pooling order.

Mr. Hall Yes

Mr. Counts Do you recommend that the forced pooling order provide that where a respondent elects to participate but is more than 30 days in defaults in regard to payment of well cost, any cash sum becoming payable to such respondent be paid instead towards respondents pro rata cost of such well costs within 10 days after the last date on which such respondent could have paid or made satisfactory arrangements for the payment of well costs?

Mr. Hall Yes

Mr. Counts Do you recommend that the forced pooling order provide that if respondent elects to lease his interest but refuses to accept the cash bonus or the cash bonus cannot be paid to a party for any reason or there is a title defect in a respondent's interest, that operator create an escrow account under the appropriate provisions of the Virginia Code or otherwise to hold the money in the account for the owner's benefit until the money can be paid to the party or until the title defect is cured to operator's satisfaction?

Mr. Hall Yes sir

Mr. Counts Who should be named operator under the pooling order?

Mr. Hall Equitable Resources Exploration Incorporated

Mr. Counts Does applicant have on file with the Department of Mines, Minerals and Energy a plugging agreement and proper security for such agreement?

Mr. Hall Yes we have a blanket bond that covers plugging and reclamation.

Mr. Counts Thank you Mr. Hall. Mr. Chairman I have no further questions of Mr. Hall.

Mr. Johnson Thank you Mr. Hall. Gentlemen, any questions for Mr. Hall? I don't know if this is the proper time or not but at the last pooling hearing there was some question about the ten day provision for respondents on this. I have expressed my feeling on it that I do have some concerns or not as to whether or not that is a long enough time. So I think when the order is prepared on these wells, that the Board will have to take that into consideration.

Mr. Counts Certainly sir.

Mr. Johnson All right, gentlemen anything?

Mr. Lepchitz The correspondence or inquiries to Equitable Resources, the applicant indicates in his petition that A. George Mason, who is he and what is his connection to Equitable?

Mr. Counts He is general counsel, or assistant general counsel.

Mr. Lepchitz Should all correspondence and elections be directed to him specifically or to the corporation?

Mr. Counts Probably to him specifically, I would think.

Mr. Fulmer I just wanted to note that.

Mr. Johnson Thank you Mr. Hall. Mr. Counts...

Mr. Counts Mr. Chairman, I would now like to call Mr. Camp please. Mr. Camp would you state your full name for the record please.

Mr. Camp George Brinton Camp

Mr. Counts And who are you employed by and in what capacity?

Mr. Camp I am employed by Equitable Resources as a petroleum geologist.

Mr. Counts Have you ever testified before the Virginia Department of Mines, Minerals and Energy and have your qualifications as an expert witness been accepted?

Mr. Camp Yes

Mr. Counts Mr. Camp, what is the projected total depth of the proposed initial well under applicant's plan of development?

Mr. Camp It is projected to be 4,640' deep.

Mr. Counts Mr. Camp, will this be sufficient to penetrate and test the formations involved herein?

Mr. Camp Yes

Mr. Counts Are you familiar with the well costs for the proposed initial unit well under applicant's plan of development?

Mr. Camp Yes I am.

Mr. Counts Has an AFE been prepared or reviewed and revised within the last 90 days?

Mr. Camp Yes

Mr. Counts Was the AFE prepared by an engineer knowledgeable in the preparation of AFE's and knowledgeable in regard to well costs in this area?

Mr. Camp Yes it was.

Mr. Counts Does the AFE represent a reasonable estimate of the reasonable well costs for the proposed initial unit well under applicant's plan of development?

Mr. Camp Yes it does. It's t dry hole costs are approximately \$118,380 and a completed well cost would be approximately \$217,880.

Mr. Counts Does the AFE include a reasonable charge for supervision?

Mr. Camp Yes it does.

Mr. Counts In your opinion, will granting of the application be in the best interests of conservation, prevention of waste and protection of correlative rights?

Mr. Camp Yes

Mr. Counts Mr. Chairman I have no further questions.

Mr. Johnson Is a copy of that AFE on file with us?

Ms. Davis Yes it is.

Mr. Johnson Gentlemen, any questions from Mr. Camp? Thank you Mr. Camp. Nothing further, Mr. Counts?

Mr. Counts No sir

Mr. Johnson Seeing that there isn't anyone else here other than your people, I assume that there is no opposition to this request. Mr. Bunn you have a question?

Mr. Bunn What about the days.

Mr. Johnson Yes, I called that to Mr. Count's attention a moment ago and I think the Board will have to consider the number of days when it prepares an order.

Mr. Counts Certainly

Mr. Johnson All right Mr. Counts, you have anything further?

Mr. Counts No sir.

Mr. Johnson Any member of the Board have anything further, Mike, Mr. Fulmer? Thank you Mr. Counts and we will have an order prepared. This hearing is concluded.

Exhibit Number 1 Guardianship Papers

Exhibit Number 2 P-474 AFE

I certify that this is a true and accurate transcript of the hearing to
the best of my ability

Diane Davis
3/7/89

AFE APPROVAL SHEET

AFE		Description	Drill and complete new production well P-474.	Amount	\$217,880
Alternate AFE	N/A			Company	EREX
Operator	10200	Name	EREX Peco Resources Division	Clrg CC	N/A
Cost Center Type	AW			Ledger Type	CN
Approved by	3097	Name	GARDNER, H.E.	Status	PND
Approved Date	11/02/88	In Service Date		Closed Date	

SCOPE OF WORK

Drill and complete new production well P-474 in the Berea and Brown Shale formations, located in Dickenson county, Virginia.

Working Interest = 100%

Gross Producing Cost = \$217,880

Gross Dry Hole Cost = \$118,380

REPORTING CODES

Company/Division	200	EREX	Primary Formation	251	BEREA
Joint Venture	N/A		Responsible Mgr	MC	MARTIN, C.
Partnership	N/A		Operator	200	EREX
State	VA	VIRGINIA	Acquisition	N/A	
County	051	DICKENSON	Committed	N/A	
District/Township	N/A		Capital Budget Category	831	88-DEV. WELL
Field	N/A	NORA	Blanket AFE	N/A	
Prospect	N/A		Division	PEC	PECO RESOURCES DIV.
AFE/Lease/Well Type	ADW	AFE-DEV WELL	Old Company	020	PEC
Primary Product	7C5	GAS	Undesignated	N/A	

SIGNATURE

DATE

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PROJECT OR WELL DESCRIPTION

DRILL AND COMPLETE NEW
PRODUCTION WELL P-474.
(UPPER SHALE/BEREA)

DATE PRINTED

02-Nov-88

PROJECT OR WELL LOCATION (INCLUDE STATE & COUNTY) DICKENSON COUNTY, VIRGINIA

TYPE WELL (DEVELOPMENT, EXPLORATORY) DEVELOPMENT

TOTAL DEPTH 4760'

SUBSIDIARY W.I.

1

ACCOUNT CODES

B

1610.0001

1610.100000

1610.10020

DESCRIPTION

AFE - WELL DRILLING AND COMPLETION

LEASEHOLD COSTS

LEASE ACQUISITION COSTS

Assignments

LEASE ACQUISITION COSTS

INTANGIBLE DRILLING COSTS

IDC-DRILLING

Contract Footage

Daywork

Contractor Setup

Abstracts

Curative and Title

Survey Location and Plat

Directional Survey

Permits and Bonds

Right of Way - Bonds

Location/Roads

Location Fees

Fuel and Power

Drilling Mud and Chemicals

Bits

Reamers and Stabilizers

Drilling Hammer

Drilling Water

Open Hole Logging

Mud Logging

Coring

Core Analysis

Drill Stem Test

Surface Casing Cementing

Intermediate Casing Cementing

Misc Cementing

Power Tongs for Casing/Tubing

Floats,Baffles,Centralizer

Equipment Rental

Dozer

Transportation

Fishing Expenses

Sidetracking Expenses

Plugging Expenses

Surface Damages

Supervision

Well Control Insurance

Operator Overhead

Other

PAGE 1

GROSS
AMOUNTNET
AMOUNT

0

0

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0

61,880

61,880

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1,000

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1,000

FILE NO.

IDC DRILLING

99,180

99,180

PROJECT OR WELL DESCRIPTION

DRILL AND COMPLETE NEW
PRODUCTION WELL P-474.
(UPPER SHALE/BEREA)

DATE PRINTED

02-Nov-88

PROJECT OR WELL LOCATION (INCLUDE STATE & COUNTY) DICKENSON COUNTY, VIRGINIA

TYPE WELL (DEVELOPMENT, EXPLORATORY)

DEVELOPMENT

TOTAL DEPTH 4760'

SUBSIDIARY W.I.

1

ACCOUNT CODES

DESCRIPTION

GROSS
AMOUNTNET
AMOUNT

PAGE 2

1630.20000	IDC-COMPLETION		
1630.20010	Daywork	0	0
1630.20020	Service Rig and Per Diem Charge	4,500	4,500
1630.20030	Fuel and Power	0	0
1630.20040	Drilling Mud and Chemicals	0	0
1630.20050	Bits	0	0
1630.20060	Floats,Baffles,Centralizer	600	600
1630.20070	Cased Hole Logging	1,800	1,800
1630.20080	Perforation	1,600	1,600
1630.20090	Open Flow Test	200	200
1630.20100	Production Casing Cementing	5,000	5,000
1630.20110	Misc. Cementing	0	0
1630.20120	Acidize - Frac	23,000	23,000
1630.20130	Squeeze	0	0
1630.20140	Tank Rental	800	800
1630.20150	Completion Fluid (Water)	1,100	1,100
1630.20160	Frac Valves and Lines	0	0
1630.20170	Power Tongs for Casing/Tubing	700	700
1630.20180	Carbon Dioxide/Nitrogen	6,000	6,000
1630.20190	Completion Service	1,200	1,200
1630.20200	Contract Labor	3,500	3,500
1630.20210	Location Restoration	10,000	10,000
1630.20215	Drilling/Frac Fluid Disposal	500	500
1630.20220	Right of Way Pipeline	0	0
1630.20230	Equipment Rental	0	0
1630.20240	Dozer	2,500	2,500
1630.20250	Transportation	1,500	1,500
1630.20260	Plugging Expense	0	0
1630.20700	Supervision	500	500
1630.20710	Well Control Insurance	0	0
1630.20720	Operator Overhead	0	0
1630.20750	Other	1,000	1,000
		<hr/>	<hr/>
	IDC COMPLETION	66,000	66,000
1650.1950	Salaries & Wages - Allocated	0	0
1650.2950	Other Employee Compensation - Allocated	0	0
1650.3950	Payroll Taxes - Allocated	0	0
1650.4950	Workmen's Compensation - Allocated	0	0
1650.5950	Employee Benefits - Allocated	0	0
1650.600	PER DIEM AND TRAVEL EXPENSES		
1650.6000	Per Diem Expenses	0	0
1650.6100	Travel Expenses	0	0
1650.6200	Personal Auto Mileage Reimb	0	0
1650.6900	Other	0	0
1650.6950	Allocated	0	0
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	PER DIEM AND TRAVEL EXPENSES	0	0
1657	Interest Expense	0	0
		<hr/>	<hr/>
	TOTAL INTANGIBLE DRILLING COSTS	165,180	165,180

PROJECT OR WELL DESCRIPTION

DRILL AND COMPLETE NEW
PRODUCTION WELL P-474.
(UPPER SHALE/BEREA)

DATE PRINTED

02-Nov-88

PROJECT OR WELL LOCATION (INCLUDE STATE & COUNTY) DICKENSON COUNTY, VIRGINIA

TYPE WELL (DEVELOPMENT, EXPLORATORY) DEVELOPMENT

TOTAL DEPTH 4760'

SUBSIDIARY W.I.

1

ACCOUNT CODES	DESCRIPTION	GROSS AMOUNT	NET AMOUNT
1660	LEASE AND WELL EQUIPMENT		
1660.10000	LEASE & WELL EQUIPMENT - DRILLING		
1660.10010	Drive Pipe	0	0
1660.10020	Conductor Pipe (16" or 20")	200	200
1660.10030	Surface Casing (200'-11 3/4", 42.00/FT.)	3,500	3,500
1660.10040	Intermediate Casing (2130'-8 5/8", 240/FT.)	15,500	15,500
1660.10050	Other	0	0
1660.10055	Valves, Fittings, Line Pipe	0	0
	LEASE AND WELL EQUIPMENT - DRILLING	19,200	19,200
1670.20000	LEASE & WELL EQUIPMENT - COMPLETION		
1670.20010	Production Casing (4730'-4 1/2", 10.50/FT.)	16,500	16,500
1670.20020	Liner	0	0
1670.20030	Tubing (4450'-2 3/8", 4.60/FT.)	8,800	8,800
1670.20040	Packers and Retainers	0	0
1670.20050	Wellhead Equipment	1,400	1,400
1670.20055	Valves, Fittings, Line Pipe	2,500	2,500
1670.20060	Gathering Lines	0	0
1670.20070	Royalty Meters	2,800	2,800
1670.20080	Master Meters	0	0
1670.20090	Consumer Meters	0	0
1670.20100	Separators	1,100	1,100
1670.20110	Drips	400	400
1670.20120	Heater Treaters	0	0
1670.20130	Tank Battery	0	0
1670.20140	Well Testing Facilities	0	0
1670.20150	Pumping Unit	0	0
1670.20160	Sucker Rods	0	0
1670.20170	Downhole Pump	0	0
1670.20180	Other	0	0
	LEASE AND WELL EQUIPMENT - COMPLETION	33,500	33,500
	TOTAL LEASE AND WELL EQUIPMENT	52,700	52,700
	TOTAL COMPLETED WELL COST	217,880	217,880



Teddy Bailey, Clerk

Circuit Court Clerk's Office

Dickenson County
P.O. Box 190
Clintwood, Virginia 24228

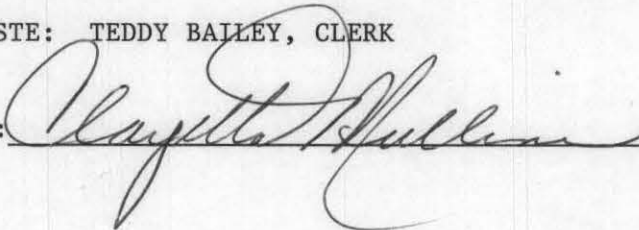
Telephone
(703) 926-4691

VIRGINIA: DICKENSON COUNTY, to-wit:

I, Teddy Bailey, Clerk of the Circuit Court for Dickenson County, do hereby certify that the attached are true and correct photo-static copies of the "BILL FOR LEASE OF LAND OF INFANT OWNERS"; "ANSWER BY GUARDIAN AD LITEM" of ADAM WILLIS; "ANSWER BY GUARDIAN AD LITEM" of MATTHEW WILLIS; "ORDER AMENDING BILL FOR LEASE OF LAND OF INFANT OWNERS"; and "ORDER APPOINTING GUARDIAN AD LITEM" as appear in my office in that certain chancery matter styled SUE WILLIS, MOTHER AND NATURAL GUARDIAN OF REBECCA WILLIS, MATTHEW WILLIS AND ADAM WILLIS, ALL OF WHOM ARE UNDER 18 YEARS OF AGE. V. REBECCA WILLIS, INFANT, ET ALS. Given under my hand and seal this the 6th day of February, 1989.

TESTE: TEDDY BAILEY, CLERK

BY:

 DEPUTY CLERK

VIRGINIA:

IN THE CIRCUIT COURT OF DICKENSON COUNTY

SUE WILLIS, Mother and Natural Guardian *
of Rebecca Willis, Matthew Willis and *
Adam Willis, all of whom are under *
18 years of age, *

Plaintiff *

v. *

Chancery No. 6439

REBECCA WILLIS, an Infant *
c/o Sue Willis *
P. O. Box 1 *
Haysi, Virginia 24256, *

MATTHEW WILLIS, an Infant *
c/o Sue Willis *
P. O. Box 1 *
Haysi, Virginia 24256, *

ADAM WILLIS, an Infant *
c/o Sue Willis *
P. O. Box 1 *
Haysi, Virginia 24256, and *

SUE WILLIS, in her own right *
P. O. Box 1 *
Haysi, Virginia 24256 *

Defendants *

BILL FOR LEASE OF LAND OF INFANT OWNERS

TO THE HONORABLE DONALD A. MCGLOTHLIN, JR., JUDGE OF SAID COURT:

Your plaintiff, Sue Willis, mother and natural guardian
of Rebecca Willis, Matthew Willis and Adam Willis, respectfully
represents as follows:

(1) This is a proceeding by which Sue Willis, mother
and natural guardian of Rebecca Willis (DOB November 8, 1970),

RECEIVED AND FILED, THIS THE 16
DAY OF November, 1988
[Signature] CLERK
TIME: 10:00 am

Matthew Willis (DOB May 1, 1972), and Adam Willis (DOB April 17, 1975), all of whom are under 18 years of age, seeks authority to lease to Equitable Resources Exploration, Inc. the interests of her said children in the oil and gas in two tracts of land, containing 15 acres and 10 acres, more or less, both of which are situated in Dickenson County, Virginia, on the waters of Laurel Branch of McClure River.

(2) All of the infant owners derive their interest in said two tracts of land as children and heirs of their father, Victor Willis, the former owner of a one-half undivided interest in said land.

(3) By deed dated May 9, 1946, of record in the Clerk's Office of the Circuit Court of Dickenson County, Virginia, in Deed Book No. 92, page 37, Earl and Versie Barton, husband and wife, conveyed to Victor and Nola Willis, husband and wife, a 15 acre tract of land in Dickenson County, Virginia, on the waters of Laurel Branch of McClure River. By this deed Victor and Nola Willis acquired the surface, oil, gas and all other minerals in the 15 acre tract except coal. A certified copy of the record of said deed is herewith filed as Exhibit A.

(4) By deed dated December 14, 1956, of record in said Clerk's Office in Deed Book No. 111, page 548, Verlin Baker and his wife, Voniece Baker, conveyed to the said Victor and Nola Willis, husband and wife, a 10 acre tract of land situated in Dickenson County, Virginia, on Laurel Branch of McClure River. By this deed Victor and Nola Willis also acquired the surface,

oil, gas and all minerals in the 10 acre tract except coal. A certified copy of the record of said deed is herewith filed as Exhibit B.

(5) Nola Willis died in 1960, and after her death, Victor Willis married the plaintiff, Sue Willis, by whom he had six children, including the three infants whose interest in real estate is the subject of this proceeding.

(6) Victor Willis died intestate June 11, 1984, survived by his wife, the said Sue Willis, and by nine children, including the three infant defendants, and by the heirs of two predeceased children. A list of the heirs of Victor Willis is herewith filed as Exhibit C.

(7) The said Rebecca, Matthew and Adam Willis each owns a 1/33rd undivided interest in the oil and gas in said two tracts of land, and the said Sue Willis owns a 1/6th undivided interest therein.

(8) If the infant owners, Rebecca Willis, Matthew Willis and Adam Willis, had died at the commencement of this suit, their only heir would be their mother, the defendant Sue Willis.

(9) All persons who have any interest in the oil and gas in the property involved in this suit are parties hereto.

(10) Equitable Resources Exploration, Inc., a Pennsylvania corporation duly authorized to transact business in Virginia, has offered to lease the interests of the infant owners, Rebecca, Matthew and Adam Willis in the oil and gas in

the Victor and Nola Willis 10 acre and 25 acre tracts of land. A blank form of the proposed oil and gas lease is filed herewith as Exhibit D.

(11) The execution of the proposed lease would promote the interest of Rebecca Willis, Matthew Willis, and Adam Willis. The two tracts of land involved in this proceeding will be combined with the land of other owners to form a drilling unit for the proposed well, which will be located on land other than the 10 acre and the 25 acre tracts involved in this suit. These two tracts of land now produce no income; the extraction of oil and gas from the property will cause no permanent damage or injury to such property; the well, access road and all other facilities will be located on the land of other owners rather than the land involved in this suit; all the adult owners have executed leases of their interest in the oil and gas to Equitable; and no person's rights will be violated by the execution of the proposed leases.

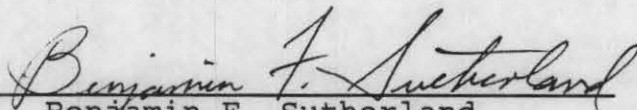
(12) The income of Rebecca, Matthew and Adam Willis consists of \$ 272⁰⁰ each per month. None of the infants owns any real estate except their interest in the two tracts of land involved in this proceeding, and the infant owners have no assets other than personal belongings of nominal value.

~~WHEREFORE,~~ plaintiff prays that a guardian ad litem be appointed to represent, protect and defend the interest of Rebecca Willis, Matthew Willis, and Adam Willis; that the Court authorize the lease to Equitable Resources Exploration, Inc. of

the interests of said infants in said lands; that the proceeds of the lease in which the infant owners have an interest be paid to the plaintiff as guardian of the infants for their support, maintenance and welfare; and that a special commissioner be appointed to execute such lease on behalf of the infant owners.

SUE WILLIS, etc.

By Counsel



Benjamin F. Sutherland
Attorney-at-Law
Baker Professional Building
P. O. Box 676
Clintwood, Virginia 24228

Counsel for Sue Willis, etc.

VIRGINIA:

IN THE CIRCUIT COURT OF DICKENSON COUNTY

SUE WILLIS, MOTHER AND NATURAL
GUARDIAN OF MATTHEW WILLIS
AND ADAM WILLIS, INFANTS

PLAINTIFF

V.

ANSWER BY GUARDIAN AD LITEM

REBECCA WILLIS, et al.

DEFENDANT

RE: ADAM WILLIS, an infant

FOR ANSWER to the Bill for Lease of Land of Infant Owners
filed in this proceeding, Adam Willis, by his duly appointed
Guardian ad litem, answers and says:

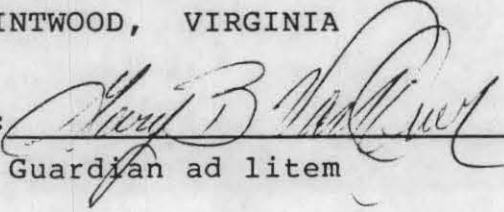
That by reason of him being of young and tender years he is
incapable of understanding the nature of this proceeding, and
hereby submits his interests to the protection of the Court and
prays that no order or decrees be entered to his prejudice.

ADAM WILLIS

- By Counsel -

LAW OFFICE OF DONALD A. ASKINS, P. C.
P.O. BOX 715
CLINTWOOD, VIRGINIA 24228

BY:


Guardian ad litem

RECEIVED AND FILED, THIS THE

DAY OF December, 1988

TIME 2:05 PM

VIRGINIA:

IN THE CIRCUIT COURT OF DICKENSON COUNTY

SUE WILLIS, MOTHER AND NATURAL
GUARDIAN OF MATTHEW WILLIS
AND ADAM WILLIS, INFANTS

PLAINTIFF

V.

ANSWER BY GUARDIAN AD LITEM

REBECCA WILLIS, et al.

DEFENDANT

RE: MATTHEW WILLIS, an infant

FOR ANSWER to the Bill for Lease of Land of Infant Owners
filed in this proceeding, Matthew Willis, by his duly appointed
Guardian ad litem, answers and says:

That by reason of him being of young and tender years he is
incapable of understanding the nature of this proceeding, and
hereby submits his interests to the protection of the Court and
prays that no order or decrees be entered to his prejudice.

MATTHEW WILLIS

- By Counsel -

LAW OFFICE OF DONALD A. ASKINS, P. C.
P.O. BOX 715
CLINTWOOD, VIRGINIA 24228

BY: Mary B. Campbell

Guardian ad litem

RECEIVED AND FILED, THIS THE 19th

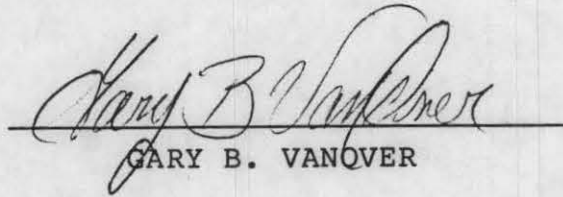
DAY OF September, 1988

Lula Lunge, CLERK

TIME: 12:45 P.M.

Certificate of Service

I certify that on December 16, 1988, I mailed a true copy of the foregoing answer to Benjamin F. Sutherland, Esquire, P. O. Box 676, Clintwood, Virginia, 24228, counsel of record, pursuant to the provisions of Rule 1:12 of the Rules of the Supreme Court of Virginia.


GARY B. VANOVER

-----00000-----

VIRGINIA:

IN THE CIRCUIT COURT OF DICKENSON COUNTY

SUE WILLIS, Mother and Natural Guardian *
of Matthew Willis and Adam Willis, *
both of whom are under 18 years *
of age, *

Plaintiff *

v. *

Chancery No. 6439

REBECCA WILLIS, et al., *

Defendants *

ORDER AMENDING
BILL FOR LEASE OF LAND OF INFANT OWNERS

On motion of plaintiff, by counsel, it appearing that Rebecca Willis became 18 years of age on November 8, 1988, prior to the filing of this suit, it is ORDERED that the designation of Rebecca Willis as an infant defendant be, and is hereby amended by designating her as an adult defendant; that the issuance on November 29, 1988 of new process against Rebecca Willis as an adult defendant be, and is hereby approved and confirmed; that said process be served upon Rebecca Willis and that this cause proceed with Rebecca Willis as an adult defendant; that the style of this cause is hereby amended to read as follows, "Sue Willis, Mother and Natural Guardian of Matthew Willis and Adam Willis, both of whom are under 18 years of age, Plaintiff v. Rebecca Willis, Matthew Willis, an Infant, Adam Willis, an Infant, and

Copy to Counsel
12-2-88

Sue Willis, in her own right, Defendants;" and that Rebecca Willis take such action as she shall be advised to protect her interest, without the appointment of a guardian ad litem in her behalf.

And this cause is continued.

ENTER this 1st day of December, 1988.

Donald A. McStoll
J U D G E

REQUESTED:

Benjamin F. Sutherland
Benjamin F. Sutherland

VIRGINIA:

IN THE CIRCUIT COURT OF DICKENSON COUNTY

SUE WILLIS, MOTHER AND NATURAL
GUARDIAN OF MATTHEW WILLIS
AND ADAM WILLIS, INFANTS,

Plaintiff

v.

REBECCA WILLIS, et al.,

Defendants

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Chancery No. 6439

ORDER APPOINTING GUARDIAN AD LITEM

On motion of plaintiff, it is ORDERED that
Gary Vanover, Esq., a discreet and competent
attorney-at-law practicing before this Court, be and hereby is
appointed as guardian ad litem for Matthew Willis and Adam
Willis, infants, whose interest in the oil and gas in certain
lands is the subject matter of this suit, to protect the interest
of said infants.

ENTER this 1st day of December, 1988.

Donald A. McStothard
J U D G E

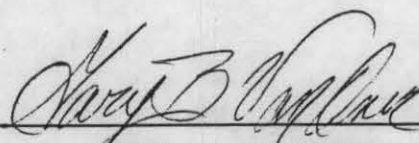
REQUESTED:

Benjamin F. Sutherland
Benjamin F. Sutherland

Copy to Counsel
12-2-88

Certificate of Service

I certify that on December 16, 1988, I mailed a true copy of the foregoing answer to Benjamin F. Sutherland, Esquire, P. O. Box 676, Clintwood, Virginia, 24228, counsel of record, pursuant to the provisions of Rule 1:12 of the Rules of the Supreme Court of Virginia.



GARY B. VANOVER

VIRGINIA OIL AND GAS CONSERVATION BOARD

FORCED POOLING HEARING

WELL P-478

EQUITABLE RESOURCES, INCORPORATED

FEBRUARY 7, 1989

DICKENSON COUNTY, VIRGINIA

ATTENDEES

Mr. Joseph Johnson, Chairman, Conservation Board
Mr. Benny Wampler, Member, Conservation Board
Mr. James Bunn, Member, Conservation Board
Dr. Robert Whisonant, Member, Conservation Board
Dr. Russell Wayland, Member, Conservation Board

Mr. Mike Lepchitz, Assistant Attorney General
Mr. Tom Fulmer, State Oil & Gas Inspector
Ms. Diane Davis, Recorder

Mr. Richard Counts, Attorney, EREX
Mr. Don Hall, EREX
Mr. Brint Camp, EREX
Mr. Jerry Garland, EREX

Mr. Johnson Ladies and gentlemen this is a hearing of the Oil and Gas Conservation Board to consider an application from Equitable Resources Exploration, Incorporated for forced pooling on well P-478. If Ms. Davis would record those members present and others for the record we will proceed. Ms. Davis if you would for the record state whether or not, if the persons involved in this were properly notified of the hearing, time and place?

Ms. Davis Yes they were properly notified all people outlined in their permit application and in their application for forced pooling.

Mr. Johnson All right Mr. Counts, if you are ready.

Mr. Counts Thank you Mr. Chairman. In regards to the forced pooling of P-478, I would like to call Mr. Don Hall please. Mr. Hall would you state your full name for the record please?

Mr. Hall Don C. Hall

Mr. Counts Who are you employed by and in what capacity?

Mr. Hall Equitable Resources as a landman in Virginia.

Mr. Counts Mr. Hall have you ever testified before the Department of Mines, Minerals and Energy and have your qualifications been accepted?

Mr. Hall Yes sir

Mr. Counts Do your responsibilities include the lands involved here and the surrounding area?

Mr. Hall Yes sir

Mr. Counts Are you familiar with the proposed exploration and development of the unit involved here under applicant's proposed plan of development?

Mr. Hall Yes

Mr. Counts Are you also familiar with the application in this matter?

Mr. Hall Yes

Mr. Counts Mr. Hall does Equitable Resources seek to force pool the drilling rights in an approximate 112.5 acre drilling and spacing unit in the Nora Field for the Ravencliff, Maxon, Big Lime, Weir, Berea and other formations?

Mr. Hall Yes

Mr. Counts Are you familiar with the ownership of drilling rights in the lands involved herein?

Mr. Hall Yes

Mr. Counts Does the applicant own drilling rights in the lands involved herein?

Mr. Hall Yes

Mr. Counts What is the interest of applicant in these lands?

Mr. Hall We have a drill site tract leased from Pine Mountain Oil and Gas and we have other tracts in the drilling units leased from other individuals.

Mr. Counts Mr. Hall does Equitable wish to dismiss any of the respondents?

Mr. Hall We would like to dismiss Diane M. Gilbert and Erma Cronk.

Mr. Johnson Wait a minute, have I got the wrong list here?

Mr. Counts These interests were not listed on the application as submitted to the Department, they were however notified by the Division of Gas and Oil as a result of the practice of the Department's notification of all people that are listed on the application as royalty owners within the surrounding area. It would have been Diane M. Gilbert and Erma Cronk.

Mr. Counts Thank you Mr. Hall. What are the interests that Equitable Resources is seeking to force pool?

Mr. Hall We would like to pool the interests of Junior McGhee and Arbrites McGhee, Este Chapman and Leon Chapman, John McGhee and Letha McGhee, Dolly Wyatt, William E. Guess and Barbara Guess, Betty Jean Arrell and Ray Arrell, Hazel Keen and Artemus Keen, John D. Elkins and Mary Ann Elkins, Goldie M. Tool and William F. Tool, Ivy L. Nance and William E. Nance, Tony J. Stancato, Artha Davis, Gaynell Davis, John James Davis, George Ratliff, Jr. Georgia Ann Arrington, Mary Maglene Macconi, Lina Lou Jones and Lois June Barton.

Mr. Fulmer Mr. Chairman, can I ask a question?

Mr. Johnson Yes sir, Mr. Fulmer.

Mr. Fulmer The two names you mentioned prior to that, Cronce and Gilbert, were they the only two people who you intend to pool?

Mr. Counts Mr. Fulmer there is one additional interest we would like to force pool as well and that is the interest of Britton E. McGhee. This was another interest that was omitted from the

application itself. I believe you will find that the notification served by Ms. Davis, notification was sent to Mr. McGhee as well.

Mr. Hall Britton E. McGhee

Mr. Fulmer Britton McGhee is to be added to this list of people forced pooled.

Mr. Counts That is correct.

Mr. Fulmer Do you know what tract that is to be?

Mr. Hall That is part of the, let me find the plat here.

Mr. Bunn We have it listed here.

Mr. Counts That is the list I believe that the Department sends out from names that are listed on the drilling application itself. They were not listed however on the forced pooling application. But fortunately we are using both lists to provide notice on so they did receive notice.

Mr. Hall Tom that is part of the Geneva McGhee heirs tract.

Mr. Counts In otherwords the only interest that Equitable is seeking to force pool that was not listed in the forced pooling application is that of Britton E. McGhee and that interest was served by notice as a result of Ms. Davis' list because they were listed on the drilling application as a royalty owner. Therefore, to the best of our knowledge all parties that Equitable is seeking to force pool were served notice.

Mr. Counts Mr. Hall, approximately how many net mineral acres are owned by these respondents in the proposed units?

Mr. Hall Four

Mr. Counts These unleased interests represent what percentage of the proposed unit?

Mr. Don Hall Approximately 3 1/2 percent.

Mr. Counts Does the applicant seek to force pool the drilling rights of each individual respondent, if living, and if deceased the unknown successor or successors to any deceased individual respondent?

Mr. Hall Yes sir

Mr. Counts Does the applicant request that pursuant to Virginia Code 45.1-321 the Board's written order establish and specifies the boundary of the unit the 1250' spacing area depicted on Equitable's well plat accompanying the application?

Mr. Hall Yes sir.

Mr. Counts I have no further questions at this time of Mr. Hall.

Mr. Johnson Gentlemen, any questions of Mr. Hall.

Mr. Counts Mr. Chairman I would like to call Mr. Jerry Garland. Mr. Garland would you state your full name for the record please?

Mr. Garland Jerry A. Garland

Mr. Counts Would you state also who you employed by and in what capacity?

Mr. Garland Equitable Resources as a contract landman.

Mr. Counts Mr. Garland have you previously testified before the Department of Mines, Minerals and Energy and have your qualifications been accepted?

Mr. Garland Yes

Mr. Counts Were any efforts made to determine if the individual respondents were living or deceased or their whereabouts, and if deceased, were efforts made to determine the names and addresses and whereabouts of the successors to any deceased individual respondent?

Mr. Garland Yes

Mr. Counts Mr. Garland what efforts were made and what sources were checked?

Mr. Garland Everyone was identified and we used the following sources deed records, probate records, assessor's records, treasurer's records, telephone directories, family, friends and other reasonable leads.

Mr. Counts Are the addresses set out in Exhibit B to the application the last known addresses for the respondents?

Mr. Garland Yes

Mr. Counts Was due diligence exercised to locate each of the respondents named herein?

Mr. Garland Yes

Mr. Counts Mr. Garland prior to filing the application, were efforts made to contact each of the respondents and attempt to work out an agreement regarding the development of the units involved herein?

Mr. Garland Yes every party was located and contacted more than once either by phone or in person, or by mail return receipt requested and offered to lease their oil and gas interests for \$2 per acre per year for a primary term of five years and for a 1/8 royalty.

Mr. Counts Were proposal letters also sent Mr. Garland?

Mr. Garland Yes they were. We hand delivered or mailed certified mail return receipt requested an oil and gas lease to each of the respondents.

Mr. Counts Mr. Garland in your opinion was a bona fide effort made to reach an agreement with the respondents?

Mr. Garland Yes

Mr. Counts No further questions of Mr. Garland.

Mr. Johnson Any questions of Mr. Garland. Thank you.

Mr. Counts I would like to recall Mr. Hall. Mr. Hall do you recommend the following option in lieu of a cash bonus and one eighth of eight/eighths royalty that respondents share in the operation of the well on a carried basis as carried operators under the following conditions: that each carried operator be entitled to their share of production from the tracts pooled accruing his interest, exclusive of any royalty or over riding royalty reserved in any leases, assignments thereof or assignments relating thereto of such tracts, but only after the proceeds allocable to his share equal 200% of the share of such costs allocable to the interests of the carried operator of an unleased tract or portion thereof.

Mr. Hall Yes

Mr. Counts Do you recommend that the order provide that elections by respondent be in writing and sent to the applicant at the address set forth in paragraph 1.1 of the application?

Mr. Hall Yes sir

Mr. Counts Should this be the address for all communications with applicant concerning the forced pooling order?

Mr. Hall Yes sir

Mr. Counts Do you recommend that the forced pooling order provide that if no written election is properly made by a respondent, then such respondent should be deemed to have elected to be a carried operator in lieu of participation?

Mr. Hall Yes

Mr. Counts How much time from the date of the order should respondent have to file a written election?

Mr. Hall Ten days

Mr. Counts If respondent elects to participate, how much time from the date of the order should respondent have to pay to applicant respondent's share of well costs?

Mr. Hall Twenty-five days.

Mr. Counts Does applicant expect party electing to participate to pay in advance that party's share of completed well costs?

Mr. Hall Yes

Mr. Counts How much time from the date of the order should applicant have to pay or tender any cash bonus becoming due under any forced pooling order?

Mr. Hall Thirty days

Mr. Counts Do you recommend that the forced pooling order provide that if respondent elects to participate but fails to pay or furnish security satisfactory to applicant for payment of well costs, then respondents election to participate should be treated as having been withdrawn and void and such respondent should be treated just as if no initial election had been filed under the forced pooling order.

Mr. Hall Yes

Mr. Counts Do you recommend that the forced pooling order provide that where a respondent elects to participate but is more than 30 days in default in regard to payment of well cost, any cash sum becoming payable to such respondent be paid instead towards respondents pro rata cost of such well costs within 10 days after the last date on which such respondent could have paid or made satisfactory arrangements for the payment of well costs?

Mr. Hall Yes

Mr. Counts Do you recommend that the forced pooling order provide that if respondent elects to lease his interest but refuses to accept the cash bonus or the cash bonus cannot be paid to a party for any reason or there is a title defect in a respondent's interest, that operator create an escrow account under the appropriate provisions of the Virginia Code or otherwise to hold the money in the account for the owner's benefit until the money can be paid to the party or until the title defect is cured to operator's satisfaction?

Mr. Hall Yes sir

Mr. Counts Mr. Hall Who should be named operator under the forced pooling order?

Mr. Hall Equitable Resources Exploration Incorporated

Mr. Counts Does applicant have on file with the Department of Mines, Minerals and Energy a plugging agreement and proper security for such agreement?

Mr. Hall Yes we have a blanket bond that covers plugging and reclamation.

Mr. Counts No further questions of Mr. Hall.

Mr. Johnson Thank you Mr. Hall. Gentlemen, any questions for Mr. Hall?

Mr. Lepchitz I have a question, in looking at your plat Mr. Hall I notice a what appears to be a state route or two state routes 670 and 607 appear on the plat. Has that acreage been included in your calculations?

Mr. Hall Those acreage is included in the tracts within that the road is within because these right of ways came out of the Pittston property.

Mr. Lepchitz Were they deeded in fee to the highway?

Mr. Hall No, Pittston doesn't deed in fee they only give a right of way.

Mr. Johnson Mr. Counts I think we will state this time as before that the Board has some problems with this 10 days and 30 days and I think the Board will consider that at the time it prepares an order.

Mr. Counts Yes sir.

Mr. Johnson All right thank you

Mr. Counts Mr. Chairman, I would now like to call Mr. Camp please. Mr. Camp would you state your full name for the record please.

Mr. Camp George Brinton Camp

Mr. Counts Who are you employed by and in what capacity?

Mr. Camp I am employed by Equitable Resources as a petroleum geologist.

Mr. Counts Have you ever testified before the Virginia Department of Mines, Minerals and Energy and have your qualifications as an expert witness been accepted?

Mr. Camp Yes

Mr. Counts Mr. Camp, what is the projected total depth of the proposed initial well under applicant's plan of development?

Mr. Camp It is projected to be 4,800' deep.

Mr. Counts Mr. Camp, will this be sufficient to penetrate and test the formations involved herein?

Mr. Camp Yes

Mr. Counts Are you familiar with the well costs for the proposed initial unit well under applicant's plan of development?

Mr. Camp Yes, the cost for a producing well would be \$220,800 and the approximate cost for a dry hole would be \$120,900.

Mr. Counts Mr. Camp was the AFE that you make reference to prepared or reviewed and revised within the last 180 days?

Mr. Camp Yes it was.

Mr. Counts Was the AFE prepared by an engineer knowledgeable in the preparation of AFE's and knowledgeable in regard to well costs in this area?

Mr. Camp Yes

Mr. Counts Does the AFE represent a reasonable estimate of the reasonable well costs for the proposed initial unit well under applicant's plan of development?

Mr. Camp Yes

Mr. Counts Does the AFE include a reasonable charge for supervision?

Mr. Camp Yes it does.

Mr. Counts In your opinion, will granting of the application be in the best interests of conservation, prevention of waste and protection of correlative rights?

Mr. Camp Yes

Mr. Counts Mr. Chairman I have nothing further of this witness.

Mr. Johnson I think the records will show that this AFE is part of the records and each member of the Board has a copy. Any questions gentlemen, thank you sir. Mr. Counts do you have anything further?

Mr. Counts No sir

Mr. Johnson Any member of the Board have any comments or questions? Mike, Tom? Mr. Counts, thank you very much sir and that

concludes this hearing. The Board will take your request under consideration and an order will be prepared. If there is nothing further that concludes this hearing.

Exhibits

Exhibit No. 1 AFE

I certify that this is a true and accurate transcript of the proceedings

Diane Davis
3/7/89

Exhibit

AFE APPROVAL SHEET

AFE		Description	Drill and complete new production well P-478.	Amount	\$220,800
Alternate AFE	N/A			Company	EREX
Operator	10200	Name	EREX Peco Resources Division	Clrg CC	N/A
Cost Center Type	AW			Ledger Type	CN
Approved by	3097	Name	GARDNER, H.E.	Status	PND
Approved Date	11/02/88	In Service Date		Closed Date	

SCOPE OF WORK

Drill and complete new production well P-478 in the Berea and Brown Shale formations, located in Dickenson county, Virginia.
Working Interest = 100X
Gross Producing Cost = \$220,800
Gross Dry Hole Cost = \$120,900

REPORTING CODES

Company/Division	200	EREX	Primary Formation	251	BEREA
Joint Venture	N/A		Responsible Mgr	MC	MARTIN, C.
Partnership	N/A		Operator	200	EREX
State	VA	VIRGINIA	Acquisition	N/A	
County	051	DICKENSON	Committed	N/A	
District/Township	N/A		Capital Budget Category	831	88-DEV. WELL
Field	N/A	NORA	Blanket AFE	N/A	
Prospect	N/A		Division	PEC	PECO RESOURCES DIV.
AFE/Lease/Well Type	ADW	AFE-DEV WELL	Old Company	020	PEC
Primary Product	7C5	GAS	Undesignated	N/A	

SIGNATURE

DATE

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File No.

PROJECT OR WELL DESCRIPTION

DRILL AND COMPLETE NEW
PRODUCTION WELL P-478

DATE PRINTED

02-Nov-88

PROJECT OR WELL LOCATION (INCLUDE STATE & COUNTY) DICKENSON COUNTY, VIRGINIA

TYPE WELL (DEVELOPMENT, EXPLORATORY) DEVELOPMENT

TOTAL DEPTH 4800'

SUBSIDIARY W.I.

1

ACCOUNT CODES	DESCRIPTION	GROSS AMOUNT	NET AMOUNT
B	AFE - WELL DRILLING AND COMPLETION		
1610.0001	LEASEHOLD COSTS		
1610.100000	LEASE ACQUISITION COSTS		
1610.10020	Assignments	0	0
	LEASE ACQUISITION COSTS	0	0
1620	INTANGIBLE DRILLING COSTS		
1620.10000	IDC-DRILLING		
1620.10010	Contract Footage	62,400	62,400
1620.10020	Daywork	0	0
1620.10030	Contractor Setup	0	0
1620.10040	Abstracts	1,000	1,000
1620.10050	Curative and Title	1,000	1,000
1620.10060	Survey Location and Plat	2,800	2,800
1620.10070	Directional Survey	0	0
1620.10080	Permits and Bonds	100	100
1620.10090	Right of Way - Bonds	1,000	1,000
1620.10100	Location/Roads	20,000	20,000
1620.10110	Location Fees	0	0
1620.10120	Fuel and Power	0	0
1620.10130	Drilling Mud and Chemicals	0	0
1620.10140	Bits	0	0
1620.10150	Reamers and Stabilizers	0	0
1620.10160	Drilling Hammer	0	0
1620.10170	Drilling Water	0	0
1620.10180	Open Hole Logging	2,000	2,000
1620.10190	Mud Logging	0	0
1620.10200	Coring	0	0
1620.10210	Core Analysis	0	0
1620.10220	Drill Stem Test	0	0
1620.10230	Surface Casing Cementing	2,000	2,000
1620.10240	Intermediate Casing Cementing	5,000	5,000
1620.10250	Misc Cementing	0	0
1620.10260	Power Tongs for Casing/Tubing	500	500
1620.10270	Floats,Baffles, Centralizer	300	300
1620.10280	Equipment Rental	0	0
1620.10290	Dozer	0	0
1620.10300	Transportation	1,800	1,800
1620.10310	Fishing Expenses	0	0
1620.10320	Sidetracking Expenses	0	0
1620.10330	Plugging Expenses	0	0
1620.10340	Surface Damages	1,500	1,500
1620.10700	Supervision	300	300
1620.10710	Well Control Insurance	0	0
1620.10720	Operator Overhead	0	0
1620.10750	Other	1,000	1,000
FILE NO.	IDC DRILLING	102,700	102,700

PAGE 1

PROJECT OR WELL DESCRIPTION

DRILL AND COMPLETE NEW
PRODUCTION WELL P-478

DATE PRINTED

02-Nov-88

PROJECT OR WELL LOCATION (INCLUDE STATE & COUNTY) DICKENSON COUNTY, VIRGINIA

TYPE WELL (DEVELOPMENT, EXPLORATORY) DEVELOPMENT

TOTAL DEPTH 4900'

SUBSIDIARY W.I.

1

ACCOUNT CODES	DESCRIPTION	GROSS AMOUNT	NET AMOUNT
1630.20000	IDC-COMPLETION		
1630.20010	Daywork	0	0
1630.20020	Service Rig and Per Diem Charge	4,500	4,500
1630.20030	Fuel and Power	0	0
1630.20040	Drilling Mud and Chemicals	0	0
1630.20050	Bits	0	0
1630.20060	Floats,Baffles,Centralizer	600	600
1630.20070	Cased Hole Logging	1,800	1,800
1630.20080	Perforation	1,600	1,600
1630.20090	Open Flow Test	200	200
1630.20100	Production Casing Cementing	5,000	5,000
1630.20110	Misc. Cementing	0	0
1630.20120	Acidize - Frac	23,000	23,000
1630.20130	Squeeze	0	0
1630.20140	Tank Rental	800	800
1630.20150	Completion Fluid (Water)	1,100	1,100
1630.20160	Frac Valves and Lines	0	0
1630.20170	Power Tongs for Casing/Tubing	700	700
1630.20180	Carbon Dioxide/Nitrogen	6,000	6,000
1630.20190	Completion Service	1,200	1,200
1630.20200	Contract Labor	3,500	3,500
1630.20210	Location Restoration	10,000	10,000
1630.20215	Drilling/Frac Fluid Disposal	500	500
1630.20220	Right of Way Pipeline	0	0
1630.20230	Equipment Rental	0	0
1630.20240	Dozer	2,500	2,500
1630.20250	Transportation	1,500	1,500
1630.20260	Plugging Expense	0	0
1630.20700	Supervision	500	500
1630.20710	Well Control Insurance	0	0
1630.20720	Operator Overhead	0	0
1630.20750	Other	1,000	1,000
	IDC COMPLETION	66,000	66,000
1650.1950	Salaries & Wages - Allocated	0	0
1650.2950	Other Employee Compensation - Allocated	0	0
1650.3950	Payroll Taxes - Allocated	0	0
1650.4950	Workmen's Compensation - Allocated	0	0
1650.5950	Employee Benefits - Allocated	0	0
1650.600	PER DIEM AND TRAVEL EXPENSES		
1650.6000	Per Diem Expenses	0	0
1650.6100	Travel Expenses	0	0
1650.6200	Personal Auto Mileage Reimb	0	0
1650.6900	Other	0	0
1650.6950	Allocated	0	0
	PER DIEM AND TRAVEL EXPENSES	0	0
1657	Interest Expense	0	0
	TOTAL INTANGIBLE DRILLING COSTS	168,700	168,700

PAGE 2

PROJECT OR WELL DESCRIPTION

DRILL AND COMPLETE NEW
PRODUCTION WELL P-478

DATE PRINTED

02-Nov-88

PROJECT OR WELL LOCATION (INCLUDE STATE & COUNTY) DICKENSON COUNTY, VIRGINIA

TYPE WELL (DEVELOPMENT, EXPLORATORY) DEVELOPMENT

TOTAL DEPTH 4800'

SUBSIDIARY W.I.

1

ACCOUNT CODES	DESCRIPTION	GROSS AMOUNT	NET AMOUNT
1660	LEASE AND WELL EQUIPMENT		
1660.10000	LEASE & WELL EQUIPMENT - DRILLING		
1660.10010	Drive Pipe	0	0
1660.10020	Conductor Pipe (16" or 20")	200	200
1660.10030	Surface Casing (200'-11 3/4", 42.00/FT.)	3,300	3,300
1660.10040	Intermediate Casing (2030'-8 5/8", 248/FT.)	14,700	14,700
1660.10050	Other	0	0
1660.10055	Valves, Fittings, Line Pipe	0	0
	LEASE AND WELL EQUIPMENT - DRILLING	18,200	18,200
1670.20000	LEASE & WELL EQUIPMENT - COMPLETION		
1670.20010	Production Casing (4750'-4 1/2", 10.50/FT.)	16,600	16,600
1670.20020	Liner	0	0
1670.20030	Tubing (4630'-2 3/8", 4.60/FT.)	9,100	9,100
1670.20040	Packers and Retainers	0	0
1670.20050	Wellhead Equipment	1,400	1,400
1670.20055	Valves, Fittings, Line Pipe	2,500	2,500
1670.20060	Gathering Lines	0	0
1670.20070	Royalty Meters	2,800	2,800
1670.20080	Master Meters	0	0
1670.20090	Consumer Meters	0	0
1670.20100	Separators	1,100	1,100
1670.20110	Drips	400	400
1670.20120	Heater Treaters	0	0
1670.20130	Tank Battery	0	0
1670.20140	Well Testing Facilities	0	0
1670.20150	Pumping Unit	0	0
1670.20160	Sucker Rods (3600'-5/8")	0	0
1670.20170	Downhole Pump	0	0
1670.20180	Other	0	0
	LEASE AND WELL EQUIPMENT - COMPLETION	33,900	33,900
	TOTAL LEASE AND WELL EQUIPMENT	52,100	52,100
	TOTAL COMPLETED WELL COST	220,800	220,800