

VIRGINIA OIL AND GAS CONSERVATION BOARD

HEARING OF JUNE 16, 1992

9:00 A. M.

**AT THE RHODODENDRON RESTAURANT AT BREAKS INTERSTATE PARK
BREAKS, VIRGINIA**

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1 June 16, 1992

2 This matter came on to be heard on this the 16th day of
3 June, 1992 before the Virginia Gas and Oil Board in the
4 Rhododendron Restaurant at the Breaks Interstate Park, Breaks,
5 Virginia, pursuant to Section 45.1-361.19.B and 45.1-361.23.B.

6 Cleadya D. Griffin, Court Reporter, was duly sworn in the
7 manner provided by law.

8 MR. CHAIRMAN: Good morning. My name's Benny Wampler and I'm
9 Assistant Director for Mining for the Virginia Department
10 of Mines, Minerals and Energy and Chairman of the Gas and
11 Oil Board. I'll ask the Board members to introduce
12 themselves starting on my extreme right.

13 (MEMBERS INTRODUCED.)

14 MR. CHAIRMAN: Thank you. Tom, do you have material to
15 present to the Board?

16 MR. FULMER: Yes. Mr. Chairman, when we finished with the
17 last hearing the Board adopted the civil charge procedur-
18 al rules. We've completed that and I'd like to hand out
19 to the Board members the documents that we have on record
20 -- the signed documents. We'll be distributing this out.
21 They're our new printed, I guess, laws and regulations
22 when it's finished so that it will be incorporated in
23 those to be distributed to the operators. We hope to get
24 that out this week to them.

25

ITEM I

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3 MR. CHAIRMAN: The first item on the agenda today is docket
4 number VGOB-92/06/16-0231. It was a notice from Edwards
5 and Harding Petroleum Company of voluntary transfers to
6 Virginia Gas Company for the right to operate units
7 established by the Board and listing several Board orders
8 that that would effect. Are there any representatives
9 for Edwards and Harding here today to address the Board
10 in this matter? We'll move to Item II and we'll just
11 hold that open on Item I to see before the day's over if
12 any representatives appear.
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ITEMS II, III, IV

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3 MR. CHAIRMAN: The second item on the agenda is docket number
4 VGOB-92/06/16-0228. It is a petition for a well location
5 exception by Equitable Resources Exploration for V-2437
6 located on the Appalachia Quadrangle. Mr. Counts.

7 MR. COUNTS: Thank you, Mr. Chairman. Before we get started I
8 would like to make reference to a fact that I think the
9 Board will find of interest. Approximately three weeks
10 ago I attended an International Coalbed Methane Confer-
11 ence in Lebanon and I think the Board would find it of
12 interest know that the Virginia Oil and Gas regula-
13 tions were discussed at that conference and indicated as
14 being the forerunner of coalbed methane regulations in
15 the U.S. the European community is discussing coalbed
16 methane regulations because a lot of coalbed methane
17 development is being looked at internationally and
18 particularly in Europe with respect to benefiting them on
19 terms of mine safety, environmental considerations, and
20 also energy independence. So I think the Board is to be
21 commended for the efforts that -- the sometime's diffi-
22 cult efforts, I'm sure, that you all have put into the
23 act and also the orders which have been promulgated by
24 the Board with respect to coalbed methane operations of
25 Virginia and as far as I'm concerned in terms of being
the leading act in the Eastern United States from a

1 standpoint of conservation. With respect to this docket
2 number, I would like to provide the Board initially with
3 exhibits we'll be using and I will move shortly for a
4 consolidation. This is Exhibit A which will involve the
5 Imboden mine works which actually involve each of the
6 three location exception wells. And also each of the
7 three location exception wells are on this plat. The
8 next exhibit which I'll be providing is the Imboden works
9 which are also involved in each three of these location
10 exception requests. They are maps of the same area, just
11 different mine workings, and you will find denoted in a
12 red aspect the proposed location exception well. And as
13 Exhibit C we would like to introduce a stratigraphic
14 chart which will indicate the various coal and oil which
15 we'll be discussing today. Mr. Chairman, the purpose for
16 these requests for location exceptions are consistent
17 with Virginia Section 361.17 where each of these wells is
18 less than 2,640 feet from at least one other reciprocal
19 well. These location exceptions are necessary due to
20 existing, abandoned, and proposed mine operations in the
21 Dorchester, Imboden, and other seams. There also
22 necessary due to the prevention of waste, necessary due
23 to topographic considerations, and they're also necessary
24 as a result of adjacent wells which pretty much dictate
25 along with mining works and topography the locations of
these wells. Mr. Chairman, specifically, Penn-Virginia

1 COURT REPORTER: (Swears witness.)
2

3 LEE TALBOT

4 a witness who, after having been duly sworn, was examined and
5 testified as follows:
6

7 DIRECT EXAMINATION
8

9 BY MR. COUNTS:

10 Q. Mr. Talbot, who are you employed by and in what capacity?

11 A. Land Administrator, Equitable Resources Exploration.

12 Q. Mr. Talbot, have you previously testified as an expert
13 witness before this Board and have your qualifications
14 been accepted?

15 A. I have.

16 MR. COUNTS: Mr. Chairman, I move that Mr. Talbot's testimony
17 as an expert witness be accepted -- his credentials?

18 Thank you, sir.

19 Q. (Mr. Counts continues.) Mr. Talbot, are you familiar
20 with the application for location exceptions for 2437,
21 2434, and 2438 and the relief requested?

22 A. Yes, sir.

23 Q. Would you indicate for the Board who is the owner of the
24 oil and gas within 2,640 feet of each of these locations?

25 A. The owner is Penn-Virginia Resources Corporation on wells
2434, 2437, and 2438.

1 Q. And is Penn-American Resources Corporation the only
2 royalty owner within 2,640 feet of each of these loca-
3 tions?
4 A. Yes, sir.
5 Q. Is it a fair statement to say then, Mr. Talbot, that the
6 only party that will have rights impacted with respect to
7 these locations exceptions will be Penn-Virginia Resourc-
8 es Corporation?
9 A. It is.
10 Q. And that waste would be the primary component and that no
11 correlative rights issues are present?
12 A. That's true.
13 MR. COUNTS: Thank you, sir. I have no further questions of
14 this witness. Mr. Chairman, members of the Board, I'll
15 also be using as witnesses Mr. Bob Dahlin on the engi-
16 neering standpoint and Mr. Keith Horton with respect to
17 coal operations in Penn-Virginia Resources Corporation's
18 interests in these locations exceptions.
19 MR. CHAIRMAN: Okay. Any questions of Mr. Talbot? Thank you.
20 (Witness stands aside.)
21 MR. COUNTS: The next witness I would like to call is Mr. Bob
22 Dahlin.
23 COURT REPORTER: (Swears witness.)
24
25

1 ROBERT ALEX DAHLIN, II

2 a witness who, after having been duly sworn, was examined and
3 testified as follows:

4
5 DIRECT EXAMINATION

6 BY MR. COUNTS:

7 Q. Mr. Dahlin, would you state your full name for the record
8 and who you are employed by?

9 A. Robert Alex Dahlin, II and an Operations Specialist for
10 EREX.

11 Q. And have you previously testified before the Virginia Gas
12 and Oil Board and have your qualifications as an expert
13 witness been accepted by this Board?

14 A. Yes, I have.

15 MR. COUNTS: Mr. Chairman, I move Mr. Dahlin's testimony and
16 his credentials be accepted by the Board as an expert
17 witness.

18 MR. CHAIRMAN: Okay.

19 Q. (Mr. Counts continues.) Mr. Dahlin, would you summarize
20 briefly for the Board from Equitable's prospective the
21 purpose of these applications?

22 A. If we're to economically develop our mineral resources
23 and prevent waste in the Roaring Fork field.

24 Q. Does that also include maximizing recovery of the natural
25 gas within this area?

A. That's correct.

1 Q. In the event that these location exception wells are not
2 drilled can you project the estimated loss of economical-
3 ly recoverable reserves for each well?

4 A. Currently it's assigning about a half of BCF -- or gas --
5 natural gas from the Weir Formation.

6 Q. Mr. Dahlin, should all formations from the surface of the
7 ground to the total depth drilled be covered by any
8 order issued by the Board for the three wells for which
9 Equitable is seeking a location exception?

10 A. Yes, they should.

11 Q. In your professional opinion, is there any other feasible
12 location on these tracts which would allow V-2437, 2434,
13 and 2438 to be drilled without requiring location
14 exceptions?

15 A. There would not with considerations from the mining and
16 various --

17 Q. In other words, considering mine operations, both active,
18 abandoned and proposed topography, prevention of waste,
19 in your opinion there are no other locations which would
20 be acceptable for these wells?

21 A. That's an accurate statement.

22 Q. In your opinion will the granting of these location
23 exceptions be in the best interest of prevention of
24 waste, protecting correlative rights, and maximizing
25 recovery of gas reserves underlying each of these three
wells?

1 A. Yes, sir.

2 MR. COUNTS: Mr. Chairman, I have no further questions of this
3 witness.

4 (Witness stands aside.)

5 MR. CHAIRMAN: Any questions, members of the Board? I'm
6 assuming before you leave that when Mr. Horton testifies
7 that he's going to go more into the mine works?

8 MR. COUNTS: Yes, sir. Really, Mr. Chairman, these location
9 exceptions -- these are all in-field locations and
10 they're really dictated by the surrounding wells which
11 have already been drilled obviously in the most desirable
12 locations or the easiest locations to drill with respect
13 to -- obviously those locations also had to consider mine
14 works, topography, etcetera. A lot of these wells are
15 drilled on strip (Inaudible.) But now in terms of the
16 in-field wells coal becomes the predominant factor in
17 terms of trying to location these wells. I'd like to
18 call now Mr. Keith Horton.

19 COURT REPORTER: (Swears witness.)

20

21 KEITH DOUGLAS HORTON

22 a witness who, after having been duly sworn, was examined and
23 testified as follows:

24

25 DIRECT EXAMINATION

1 BY MR. COUNTS:

2 Q. Mr. Horton, would you state your full name and who you
3 are employed by, please?

4 A. Keith Douglas Horton. I'm employed by Penn-Virginia
5 Resources Corporation.

6 Q. And what area of operations are you responsible for and
7 what's your job title?

8 A. I'm Vice-President of Coal. I'm responsible for coal
9 leasing, lease administration, operation management of
10 our coal resources, coordination of those operations with
11 other land use practices such as timber and other
12 resource management, oil and gas, also involved in the
13 sighting of Roaring Fork gas wells.

14 Q. Mr. Horton, would you also state your educational
15 background and any degrees acquired?

16 A. Bachelor of Science degree in Mine Engineering from West
17 Virginia University.

18 MR. COUNTS: Mr. Chairman, I move that Mr. Horton's testimony
19 be accepted and his credentials as an expert witness be
20 accepted by this Board.

21 MR. CHAIRMAN: Okay.

22 Q. (Mr. Counts continues.) Mr. Horton, are you familiar
23 with the applications for these location exceptions and
24 the well permit applications filed by Equitable?

25 A. Yes, I am.

Q. You've heard the testimony of Mr. Talbot with respect to

1 the ownership of the oil and gas underlying units 2434,
2 2437, and 2438. What is Penn-Virginia's interest in
3 these subject wells? Is it that of a royalty owner?

4 A. Penn-Virginia is a royalty owner here as well as a
5 working interest owner in these wells.

6 Q. In other words, Penn-Virginia has a significant interest
7 at stake in the drilling and development of these wells?

8 A. That is correct.

9 Q. Is Penn-Virginia also involved in the process of select-
10 ing locations for wells which Equitable will operate in
11 this field?

12 A. Yes, we are.

13 Q. Would you explain that for the Board and how that process
14 works?

15 A. Basically, the process is submitted by Equitable as an
16 area which they wish to explore and develop the natural
17 gas within the Roaring Fork prospect on our ownership
18 area. Basically, they submit that location to Penn-
19 Virginia. At that time we review the proposed location
20 for siting with respect to underground mine works that
21 are previously existing, abandoned, future mine plans as
22 well as active mine plans, and the safety as to the
23 relationship to the gas well may be to the active mine
24 works. And we also evaluate topography, surface compet-
25 ing land uses, surface mine permit areas, applications,
things of that nature.

1 Q. Mr. Horton, would you characterize this review process
2 as a proforma review or are there often substantial
3 problems associated in terms of reviewing these post-
4 site locations?

5 A. There are substantial problems in trying to situate the
6 well sites where they're acceptable both to mining and to
7 avoiding the existing mine works.

8 Q. Is it fair to say that these locations when proposed are
9 based upon the primary considerations of the oil and gas
10 company with respect to recovery of the reserves and then
11 they're submitted to Penn-Virginia in terms of how those
12 locations may interfere with or have a relationship upon
13 both mine safety and upon the protection of the coal
14 reserve?

15 A. Yes, that's correct.

16 Q. Mr. Horton, would you also explain some of the factors
17 that Penn-Virginia considers in approving these loca-
18 tions?

19 A. Well, the factors are principally coal related resources
20 in trying to maximize recovery of both the coal reserves
21 on our property and the oil and gas reserves as well and
22 along with the timber operations, etcetera, and maximize
23 drainage reserves, of course, and eliminate conflict
24 between competing land uses for effective land management
25 purposes.

Q. In other words, Penn-Virginia is concerned not only with

1 it's coal recovery but also with regard to the recovery
2 of it's natural gas and also timber and effectively --
3 just simply effective land management practices?

4 A. That is correct.

5 Q. Would you also characterize this in terms of this propose
6 as a combination of interest between the coal and the oil
7 and gas?

8 A. That is correct, yes.

9 MR. COUNTS: We've been working on that for about seven years.
10 And that's probably the least qualified statement we've
11 had today.

12 Q. (Mr. Counts continues.) Mr. Horton, starting with Item
13 II on the docket which is well 2437, would you start with
14 regard to Exhibit A concerning the Imboden works, what
15 considerations Penn-Virginia looked at with regard to
16 locating this particular well?

17 A. 2437 is situated in Loony Creek of the Powell River
18 drainage. The mine works in the Imboden seam were
19 developed in the 1920s and 1930s. The mine is (In-
20 audible.) or flooded by water and has been long abandon-
21 ed. We attempted to find a barrier block in this mine
22 work to avoid which was coordinated with a barrier block
23 in the underlying Dorchester Seam reserves below. None
24 was found, so we have to penetrate it, abandon, or what
25 we refer to as gob area the mine workings in the Imboden
Seam.

1 effected by this, principally the Wilson and Taggard?

2 A. Not active mine works, but there are reserves which
3 currently have plans for development within the next
4 three to four years. In both seams all of the coal
5 reserves are under lease to Westmoreland Coal Company and
6 there are active plans to develop those reserves.

7 Q. So with respect to 2437 is it correct to indicate that
8 with respect to the Imboden workings that those have been
9 abandoned and are not active at this point in time?

10 A. That's correct.

11 Q. The Dorchester is existing mine works --

12 A. Correct.

13 Q. -- and the Wilson and Taggard would be future reserves
14 planned for development and all those impact the location
15 for this particular well?

16 A. That is correct.

17 MR. COUNTS: Mr. Chairman, I think it would appropriate,
18 although we've consolidated each of these, to on a well
19 by well basis when we've gone through the various
20 exhibits to open it up for questions for the Board with
21 respect to each individual well. I would like to do that
22 at this point in time.

23 MR. CHAIRMAN: All right. Any questions, members of the
24 Board?

25 MR. EVANS: I have one question. Those are the only seams --
 the Imboden worked out obviously. Dorchester's being

1 worked. And the Wilson and Taggard, did you say, are the
2 two other seams?

3 MR. HORTON: That's correct.

4 MR. EVANS: Are there any plans for any of the other seams to
5 be mined, either stripped or deep mined?

6 MR. HORTON: Not in the near -- no, sir, not in the short
7 term.

8 MR. EVANS: I was just wondering if there was any other
9 plans -- you own all the rights to all the seams, top to
10 bottom?

11 MR. HORTON: Yes, sir, we do. We own this property in feet,
12 all seams, all oil and gas, surface.

13 MR. COUNTS: Mr. Chairman, if there are no further questions I
14 would like to proceed now to well V-2434.

15 MR. CHAIRMAN: Any other questions? Okay.

16 MR. COUNTS: Thank you, Mr. Chairman.

17 Q. (Mr. Counts continues.) Mr. Horton, would you indicate
18 the considerations with respect to the location for
19 V-2434?

20 A. The primary consideration is the active Prescott #2 mine
21 in the Imboden Seam owned by Westmoreland Coal Company.
22 The mine is active and we have attempted to penetrate a
23 barrier block in this area where we can penetrate the
24 coal seam in solid coal. We have also looked at surface
25 considerations and fortunately for this particular site
 there is a strip bench available here. There are other

1 constraints in overlying seams and in the low splint
2 seam the Wilson and the Marker Seam are concerned here.
3 The Marker Seam is mined out and abandoned. It is also
4 full of water. And one of the principle concerns here
5 with going through the Marker Seam is there is not solid
6 coal to penetrate with the well bore and as a safety
7 precaution this well would have to go through the Imboden
8 Seam in a substantially large block of Imboden coal for
9 safety purposes -- to keep water migration down a well
10 bore as a safety factor.

11 Q. Would you specifically indicate for the Board using
12 Exhibit B with respect to the Imboden mine works where
13 specifically this well bore has been located with respect
14 to those mine workings?

15 A. It is situated in a barrier block that is roughly 230
16 feet wide and 435 feet long.

17 Q. Can you envision any direction at all that this well
18 could be moved that would not be dictated by mine
19 workings, topographic considerations, or other existing
20 wells?

21 A. The mine workings completely surround this particular
22 area. There is no other area that we can penetrate the
23 Imboden Seam in solid coal.

24 Q. One other question, Mr. Horton. You've already testified
25 in terms of the difficulty in terms of locating each of
these well bores. Would you indicate for the Board also

1 the time period required to make all your evaluations and
2 determine an acceptable location?

3 A. We basically review the site on much large scale maps
4 than these to try to evaluate it on close proximity to
5 the surface. Typically that involves one inch equal to
6 one-hundred and one inch equal to four-hundred scale
7 maps. As an example, one inch equal to one-thousand. We
8 examine the site -- the proposed site in the field to try
9 to attempt to find an acceptable surface location
10 topographically and situated in a position as to conflict
11 with a minimal number of other coal seams. These
12 sites -- the surface considerations and the mining
13 consideration typically take us a week to ten days per
14 site to complete an evaluation.

15 Q. And that does include an on-site inspection?

16 A. That is correct. And often times because of the proxim-
17 ity of the mine works we actually have to run a survey to
18 spot the well close enough to determine the surface
19 location.

20 MR. COUNTS: MR. Chairman, with respect to 2434, I would like
21 to open that up to the Board for any questions the Board
22 may have concerning that request for location exception.

23 MR. CHAIRMAN: Any questions, members of the Board?

24 MR. EVANS: I've got one question.

25 MR. CHAIRMAN: MR. Evans.

MR. EVANS: It regards 2434 in particular -- and all the wells

1 for that matter. Are there plans to drill more wells
2 such that -- to kind of fill in the spaces here? The
3 reason I ask that is in order to penetrate a block of
4 coal for 2434 there is other coal obviously that's still
5 solid, particularly to the south and to the east.

6 MR. COUNTS: I'd like to, if I may, bring Mr. Dahlin back up
7 to address that question.

8 MR. CHAIRMAN: Okay.

9 MR. DAHLIN: To the south and to the east of 2434. Okay.
10 Currently there is reserves in there that we would desire
11 to develop. Currently that is the existing mine work
12 longwall area.

13 MR. HORTON: That void area you see between 2432 and V-133598
14 shown on the exhibit, that's basically a 6,000 foot zone.
15 It's currently slated for longwall mining in the next two
16 years. The active Bullet mine works are actually
17 progressing from the southwest toward the northeast in
18 that direction of those wells.

19 MR. DAHLIN: Our plans would be to develop that probably
20 after that mine work occurs.

21 MR. EVANS: Okay. That's what I was asking, which way we're
22 headed on the --

23 MR. HORTON: That basic block or void you're referring to is
24 the longwall designated area, yes.

25 MR. EVANS: While we're at it, I might ask you, 2438 going
north and west, is that also scheduled for development?

1 MR. HORTON: Yes, it is. It's not scheduled for longwall
2 development. It's scheduled for room and pillar develop-
3 ment.

4 MR. EVANS: All right. I thought I'd just ask the question
5 while we were on that.

6 MR. CHAIRMAN: In well 2434, that's still in the Bullet Mine
7 works?

8 MR. HORTON: No. 2434 is not associated with the Bullet
9 reserve -- the seam. This is situated in an area where
10 the Dorchester Seam is un-minable by current economic
11 standards.

12 MR. CHAIRMAN: Okay.

13 MR. HORTON: This basically hinges around the Prescott #2 mine
14 workings and overlying seams, Mr. Wampler, in coal
15 reserves that are not developed today in the Wilson and
16 the Low Splint seams.

17 Q. (Mr. Counts continues.) Would you mind indicating for
18 the Board also, Mr. Horton, on the strat chart where
19 those seams lie with respect to each other?

20 A. You'll note on your stratigraphic column, Exhibit C, the
21 Imboden Seam is the fourth seam from the bottom and it's
22 basically 400 feet above the Dorchester Seam where the
23 Bullet mine works lie. The Imboden Seam contains the
24 Prescott #2 mine works. Roughly 320 feet above that is
25 the Wilson Seam. Approximately 70 feet above that is the
Marker Seam. And another 250 feet above that is the Low

1 Splint -- there is multiple benches of the Low Splint
2 Seam. So that's basically the interval we're referring
3 to. Typically there's about -- in any given area there
4 could be as many as six to eight minable seams in this
5 area.

6 MR. COUNTS: Mr. Chairman, if there are no further questions
7 -- go ahead.

8 MR. CHAIRMAN: I have a couple other ones. What depth do you
9 plan to drill the 2434?

10 MR. HORTON: Beg your pardon?

11 MR. CHAIRMAN: What depth do you plan to drill this well?

12 MR. HORTON: We're currently evaluating the potential of the
13 shell production. The total depth is undetermined in my
14 opinion at this point. We will be at minimum penetration
15 in the Weir Formation --

16 MR. COUNTS: Approximately what depth?

17 MR. HORTON: Approximately less than 5,000 feet, I would say.

18 MR. CHAIRMAN: And you don't plan any production of the coal
19 seam gas in any of these wells at this time?

20 MR. HORTON: Not at this time.

21 MR. CHAIRMAN: Mr. Horton, did you represent to the Board that
22 you -- I know you made these evaluations or you done
23 this in conjunction with Westmoreland Coal Company who
24 you've said has the lease on the coal in this area. I
25 don't see any of them represented here today. And I
 assume that there's been no objection to these, that

1 these have all been carefully worked out with them in
2 accordance with their mine plan, is that correct?

3 MR. HORTON: That is correct. Basically our procedure once
4 we complete a review and tentatively spot a location we
5 then, in fact, return the tentative location to EREX for
6 their review and we also submit it to Westmoreland for
7 their review of mine plan and in coordination with their
8 mine plans. They have, in fact, responded by letter to
9 me stating that these locations are acceptable to them
10 in their future plans for the area.

11 MR. CHAIRMAN: What kind of coordination do you have with the
12 company to insure safety in any active area regarding the
13 drilling?

14 MR. HORTON: Basically we will submit dimensions or distances
15 to any active mine works that may be immediately adjacent
16 to the well bore, any mined out zones. We also submit
17 that same information to Westmoreland and certainly they
18 check that information as a part of their evaluation to
19 determine acceptability.

20 MR. CHAIRMAN: When the actual drilling starts, is there
21 coordination with the date that it will start and
22 approximately the length of time that the activity will
23 take place?

24 MR. HORTON: Yes, there is. We notify Westmoreland's
25 engineering department. I personally do that and tell
them approximately how long they'll be on a site.

1 the mine works as it stands right now. Again, it's
2 pinched between Highway 160 and the Dorchester longwall
3 operation. Basically this location is the only area we
4 could find where we could accommodate both the mining
5 interest and the gas interest for development and still
6 avoid the safety factors of Highway 160.

7 Q. Are there also other considerations with regard to other
8 potential mine works, most specifically the Wilson and
9 Low Splint?

10 A. That is correct. These seams are higher stratigraphic-
11 ally than the well location and this particular location
12 avoids wasting those two seams.

13 MR. COUNTS: Mr. Chairman, are there questions from the Board
14 with regard to V-2438?

15 MR. CHAIRMAN: Questions, members of the Board? Is any part
16 of this or all of this part of the Dorchester Mine
17 sealed? Has it been sealed?

18 MR. HORTON: No, it has not.

19 MR. CHAIRMAN: Okay. Any other questions?

20 Q. (Mr. Counts continues.) Mr. Horton, has PVRC approved
21 these locations exceptions as designated being location
22 exceptions for 2437, 2434, and 2438 and does PVRC support
23 Equitable's applications for these location exceptions?

24 A. Yes, we do.

25 Q. In your professional opinion are these the only possible
locations which would allow these wells to be drilled

1 considering the combination of interest, topography and
2 the other considerations which you've enumerated before
3 the Board today?

4 A: Yes, they are.

5 Q: In your professional opinion will the granting of these
6 location exceptions by the Board prevent waste, protect
7 correlative rights, protect the coal deposits of the
8 Commonwealth, promote mine safety, and promote effective
9 land management practices?

10 A: Yes, they will.

11 (Witness stands aside.)

12 MR. COUNTS: Mr. Chairman, the Board's sort of heard testimony
13 today as to the fact that these location exceptions are
14 necessary due to mine safety considerations, the preven-
15 tion of waste of the coal reserve and the natural gas
16 reservoir, topography, efficient land management practic-
17 es, and by the oil and gas operators attempting an
18 accommodation of the interest of the resources underlying
19 the Commonwealth. Based upon the testimony presented I
20 would request that the Board approve the applications for
21 location exceptions on V-2434, V-2437, and V-2438.

22 MR. EVANS: I make a motion that we accept ERBX's proposed
23 location exceptions for the three wells just mentioned.

24 MR. KELLY: Second.

25 MR. CHAIRMAN: A motion and a second. Any further
discussion? All in favor signify by saying yes. (ALL

1 AFFIRM.) Opposed say no. (NONE.) It's unanimous.
2 MR. COUNTS: Thank you, Mr. Chairman and members of the Board.
3 (AFTER A BRIEF RECESS, THE PROCEEDINGS CONTINUED AS
4 FOLLOWS:)

ITEM I

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3 MR. CHAIRMAN: The first item on the agenda that we skipped
4 earlier is docket number VGOB/92/06/16-0231. We would
5 ask if there are any representatives here from Edwards
6 and Harding Petroleum Company to please come forward and
7 address the Board.

8 MR. RASNICK: James Rasnick here on behalf of Virginia Gas
9 Company, formally the Edwards and Harding Petroleum
10 Company.

11 MR. CHAIRMAN: Okay. Do you want to tell us what you've
12 presented to us?

13 MR. RASNICK: From my understanding, Mr. Chairman, this was an
14 item that the Board brought forward on it's own motion.
15 Is that correct, Tom?

16 MR. FULMER: Mr. Chairman, this involved a name change on unit
17 operatorship that was addressed by the Board at the last
18 hearing involving OXY. We also have in the next month
19 another name change involving some unit operators
20 involving the EREX situation with ANR. We can't transfer
21 those wells until those unit operators are transferred.
22 We presented this to the Board on it's own motion to
23 change the unit operatorship from Edwards and Harding to
24 Virginia Gas Company.

25 MR. CHAIRMAN: Okay. All the docket numbers and unit
operators are --

1 MR. FULMER: These are the orders issued by the Board. The
2 previous Board plus this Board that we have on file of
3 record that we need the unit operator name changed to.
4 MR. CHAIRMAN: Any questions, members of the Board?
5 MR. KELLY: Mr. Chairman, does this include all? This is a
6 blanket change for all --
7 MR. FULMER: These are all blanket changes for --
8 MR. KELLY: Previous orders for this operator?
9 MR. FULMER: -- for this operator.
10 MR. CHAIRMAN: What caused the change to take place?
11 MR. RASNICK: The name change?
12 MR. CHAIRMAN: Uh-huh.
13 MR. RASNICK: I think Mr. Harding decided to leave the company
14 and we were no longer a small family company and it
15 prompted the name change.
16 MR. CHAIRMAN: Okay. Other questions?
17 MR. EVANS: You are requesting that this change be made -- you
18 are requesting the Board to make this change from Edwards
19 and Harding to Virginia Gas?
20 MR. RASNICK: Yes, sir.
21 MR. EVANS: In that case, Mr. Chairman, I make a motion that
22 we accept the name change of Edwards and Harding Petro-
23 leum to Virginia Gas Company for those orders and docket
24 numbers so effected as listed on agenda Item I.
25 MR. CHAIRMAN: Okay. I have a motion.
MR. MCGLOTHLIN: Second.

1 MR. CHAIRMAN: Okay. A motion and a second. All in favor
2 signify by saying yes. (ALL AFFIRM.) Opposed say no.
3 (NONE.) It's unanimous. Thank you.

4 MR. CHAIRMAN: For informational purposes, I want to --

5 MR. EVANS: Do you want to read those off, the docket numbers
6 that were effected that by that last decision?

7 MR. CHAIRMAN: No, thank you.
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1 MR. CHAIRMAN: I want to advice the Board that the Department
2 is notified interested parties, and you'll get copies of
3 all this, at the initiation of regulation that will be
4 promulgated under the House Bill 11:46 which is replace-
5 ment of water supplies effected by injection wells. We
6 are sending out notice. We're accepting public comment
7 until July 14th after which time we will form the
8 committees from the previously existing work groups that
9 we had. And if the Board certainly has any comments to
10 make on that we will entertain those as well. Also on
11 another matter, as you know, we have an escrow agent that
12 has been selected and contracted to service for the
13 purposes of escrowing funds under coalbed methane
14 development. And there's a section in the Board regula-
15 tions -- Section 7-C, I believe -- that deals with after
16 the time of election -- I'll just read it. "After the
17 time of election provided in any pooling order has
18 expired the unit operator shall file an affidavit with
19 the Board stating whether or not any elections were made.
20 If any elections were made, the affidavit shall name each
21 respondent making an election and describe the election
22 made. If no elections were made or if any response was
23 untimely the affidavits shall so state. The affidavit
24 shall be accompanied by a proposed supplemental order to
25 be made and recorded to complete the record regarding the
elections. The affidavit and proposed supplemental

1 orders shall be filed by the unit operator within twenty
2 days after the last day on which a timely election could
3 have been delivered or mailed or within twenty days
4 after the last date for payment set forth in the pooling
5 order, which ever occurs last. The applicant shall mail
6 a true copy and correct copy of any supplemental order to
7 all persons identified in the supplemental order."
8 Calling your attention specifically to the supplemental
9 order itself, that obviously is the election provision
10 where the respondents decide if they want to be force
11 pooled or if they elect to participate or what have you.
12 I would propose for the Board's consideration that you
13 invest in me the authority after the operator files the
14 affidavit of election with the Gas and Oil Inspector that
15 the Gas and Oil Inspector check that back to the Board
16 order -- all the parties to make certain that they have
17 made their election and then represent that to me in a
18 transmittal memo that they, in fact, have so complied
19 and that I would enter that order without that coming
20 back before the Board for rehearing or re-decision. It
21 is a supplemental order that simply carries out an order
22 that we've already entered.

23 MR. EVANS: Do you need a motion to that effect?

24 MR. CHAIRMAN: I would prefer that. I think that would be
25 cleaner.

MR. EVANS: I make a motion that we allow you that latitude

1 in that instance. In the interest of keeping records and
2 keeping it timely I think that would probably be the
3 most efficient -- or an efficient of doing it.

4 MR. KELLY: I would second that.

5 MR. CHAIRMAN: Any further discussion?

6 MR. MCGLOTHLIN: Mr. Chairman, in a nutshell, could you tell
7 me what again?

8 MR. CHAIRMAN: What they're doing, the operator is filing an
9 affidavit saying that John Q. Public and Jane Q. Public
10 who you ordered to have the opportunity of election have
11 now elected and John Q. elected to participate and Jane
12 Q. made no election. Therefore, it's deemed to have
13 elected and they file that affidavit certifying that
14 that's true. The Inspector checks and sees that John Q.
15 Public and Jane Q. Public were a part of the order as
16 ordered to have that opportunity of election and gives me
17 a memo saying that that's complied in accordance with the
18 regulation and then I sign it as a Board order --
19 supplemental order to be recorded as part of the original
20 order for the public domain.

21 MR. MCGLOTHLIN: Thank you.

22 MR. CHAIRMAN: All in favor signify by saying yes. (ALL
23 AFFIRM.) Opposed say no. (NONE.) It's unanimous. any
24 other items? Thank you all. I hope you have enjoyed
25 your stay. Kevin, thank you for suggesting that we do
this. This is a very nice setting.

1 MR. FULMER: Mr. Chairman, I would like to do one thing before
2 we adjourn here and that is to give to the Board advance
3 copies of the 1991 report. Believe it or not, this is
4 the most requested document in the State of Virginia, I
5 believe, right now. I do have some copies here if you
6 wish to have a copy of it. We're very proud of that
7 document. I am. We're trying to make it an all en-
8 compassing report. There's a lot of information that's
9 generated through the years by the operators, by us, and
10 I think we've put out a good report. Thank you, Mr.
11 Chairman.

12 MR. CHAIRMAN: Anything else? Thank you. We're adjourned.

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14 (End of Proceeding for
15 June 16, 1992.)
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CERTIFICATE

COMMONWEALTH OF VIRGINIA
COUNTY OF WASHINGTON

I, Cleadys D. Griffin, Notary Public in and for the Commonwealth of Virginia, at Large, do hereby certify that the foregoing proceedings of the Virginia Gas and Oil Board meeting held on June 16 21, 1992 at Breaks Interstate Park, Breaks, Virginia, were taken by me and that the foregoing is a true and correct transcript of the proceedings had as aforesaid to the best of my ability.

I further certify that I am not a relative, counsel, or attorney for either party, or otherwise interested in the outcome of this action.

GIVEN under my hand this 25th day of June, 1992.


CLEADYS D. GRIFFIN
NOTARY PUBLIC



My commission expires March 31, 1993.

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