

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

**VIRGINIA GAS & OIL BOARD HEARING**

**AUGUST 17, 1993**

**9:00 A. M.**

**AT THE RHODODENDRON RESTAURANT**

**BREAKS INTERSTATE PARK**

**BREAKS, VIRGINIA**

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

INDEX

ITEM

PAGE

I	2, 22
II	3
III	14
IV	35
V	48
VI	63

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

August, 1993 before the Virginia Gas -  
Rhododendron Restaurant, Breaks Interstate Park, Breaks,  
Virginia pursuant to Section 45.1-361.19.B and 45.1-361.22.B  
of the Code of Virginia.

MR. CHAIRMAN: Good morning. My name is Benny Wampler and I'm  
Deputy Director for the Virginia Department of Mines,  
Minerals and Energy. I'll ask the Board members to  
introduce themselves starting with Kevin.

(MEMBERS INTRODUCED.)

ITEM I

MR. CHAIRMAN: The first item on today's agenda is a petition from Pocahontas Gas Partnership for modification of the Board order VGOB-92/04/21-0216. That is today's docket number VGOB-92/08/17-0392. We'd ask the parties that wish to address the Board in this matter to come forward at this time and identify yourself for the record.

MS. McCLANNAHAN: Elizabeth McClannahan for Pocahontas Gas Partnership. One of your witnesses for South Longwall 8 isn't here which is docket number 392. We can actually do the next two without him.

MR. CHAIRMAN: Is there anyone else here regarding the docket number I just called? The record will show there are none. We will pass over Item I and go to Item II.

ITEM II

MR. CHAIRMAN: Item II is a petition from Pocahontas Gas Partnership for modification of VGOB-92/08/18-0248. That is today's docket number VGOB-93/08/17-0393. We'd ask the parties that wish to address to come forward and identify yourself for the record.

MS. McCLANNAHAN: Elizabeth McClannahan for Pocahontas Gas Partnership.

MR. CHAIRMAN: Are there any others? The record will show there are none. You may proceed.

MS. McCLANNAHAN: This application for South Longwall 11 which has previously been force pooled by this Board. What we're requesting is that the Board approve the entry of our supplemental order which indicates a change in the percentage of ownership of the parties who were force pooled since the date of the original order. If you'll recall, the Board decided with regard to these supplemental orders that the Chairman could actually enter the supplemental orders if they were consistent with the orders that were entered on the date of the hearing. Unfortunately PGP's land department has determined that the percentage of ownership for some of the individuals in this particular pooled unit are different than what we reported at the original hearing. So we're back before

1 the Board just to request that those changes be made as  
2 to the supplemental order. The first witness I would  
3 like to call is Les Arrington.

4 COURT REPORTER: (Swears witness.)

5  
6 LESLIE K. ARRINGTON

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

9  
10 DIRECT EXAMINATION

11  
12 BY MS. McCLANNAHAN:

13 Q. Les, would you please state your full name for the  
14 record?

15 A. Leslie K. Arrington.

16 Q. Could you please identify the exhibit that's marked for  
17 identification as Exhibit 1?

18 A. Yes. That's my work resume and educational background.

19 Q. Does the resume at Exhibit 1 reflect your qualifications  
20 and work history?

21 A. Yes, it does.

22 Q. Have you previously qualified as an expert witness before  
23 the Gas and Oil Board?

24 A. Yes, I have.

25 MS. McCLANNAHAN: Mr. Chairman, I submit Mr. Arrington as an

4



1 expert witness in this matter.

2 MR. CHAIRMAN: We accept Exhibit 1.

3 Q. (Ms. McClannahan continues.) Have you given notice as  
4 required by Virginia Code Section 45.1-361.19 to each  
5 person or entity identified on Exhibit C-1 of the motion  
6 for entry of supplemental order as a potential owner of  
7 the methane gas underlying the unit?

8 A. Yes, I have.

9 Q. Could you please identify the exhibit marked for identifi-  
10 cation as Exhibit 2?

11 A. That's the hearing notice I mailed by certified mail,  
12 return receipt requested.

13 MS. McCLANNAHAN: Mr. Chairman, I move the introduction of  
14 Exhibit 2.

15 MR. CHAIRMAN: It will be introduced.

16 Q. (Ms. McClannahan continues.) Was this notice of hearing  
17 at Exhibit 2 mailed to the parties listed on Exhibit C-1  
18 in the motion for entry of supplemental order?

19 A. Yes, it was.

20 Q. Was this notice mailed by certified mail, return receipt  
21 requested?

22 A. Yes, it was.

23 Q. Are copies of those return receipts at Exhibit 3?

24 A. Yes, they are.

25 Q. Do you have those returned receipts?

1 A. Yes. They've previously been supplied to the Chairman.  
2 Q. Were there any persons whose names and/or addresses were  
3 unknown?  
4 A. No.  
5 Q. Did you publish this notice in the Bluefield Daily  
6 Telegraph?  
7 A. Yes, we did.  
8 Q. On what date? Do you remember?  
9 A. I'm not sure what the date was on that.  
10 Q. Have copies of those proofs of publication been previous-  
11 ly submitted to the Board?  
12 A. Yes, they have.  
13 Q. What percentage of the coal rights in the tracts that  
14 comprise South Longwall 11 does PGP control?  
15 A. 96.324 percent of the coal below drainage less the  
16 Pocahontas #3 seam. 96.819 percent of the Pocahontas #3  
17 seam.  
18 Q. What percentage of the oil and gas rights in the tracts  
19 that comprise the South Longwall 11 unit does PGP  
20 control?  
21 A. 76.03316 percent.  
22 Q. What percentage of the coalbed methane gas lease hold  
23 rights?  
24 A. 98.401 percent.  
25 Q. Are the unleased owners and the lease hold owners listed



1 on Exhibit D-1 of the South Longwall 11 unit motion for  
2 entry of supplemental order application with their  
3 percentages of ownership in their respective tracts?  
4 A. Yes, they are.  
5 Q. Is the information on Exhibits C-1, D-1 and E-1 still  
6 correct as submitted?  
7 A. Yes, it is.  
8 Q. Is that true with the exception of the fact that Cabot  
9 Oil and Gas Corporation has submitted a stipulation of no  
10 coalbed methane interest?  
11 A. Yes, it is.  
12 Q. So the exhibits have been changed so that Cabot Oil and  
13 Gas Corporation is not listed as a conflicting claimant,  
14 is that correct?  
15 A. Yes, it is.  
16 Q. Are you requesting that Cabot be dismissed then as a  
17 conflicting claimant?  
18 A. Yes, we are.  
19 Q. Please identify the exhibit marked for identification as  
20 Exhibit 4.  
21 A. Exhibit 4 is the corrected Exhibit E-1 conflicting  
22 ownership claimants removing Cabot Oil and Gas.  
23 MS. McCLANNAHAN: Mr. Chairman, I move the introduction of  
24 Exhibit 4.  
25 MR. CHAIRMAN: It's accepted. Exhibit 4 is now the amended

1 Exhibit E-1.

2 MS. McCLANNAHAN: Right.

3 Q. (Ms. McClannahan continues.) Are the conflicting  
4 claimants whose funds are to be escrowed listed on the  
5 revised Exhibit E-1 submitted herein as Exhibit 4?

6 A. Yes, they are.

7 Q. Is this the same unit for which the force pooling order  
8 was entered under docket number VGOB-92/08/18-0248?

9 A. Yes, it is.

10 Q. Were the parties listed on Exhibit D of the South  
11 Longwall 11 order notified of their right to make  
12 elections in the South Longwall 11 unit?

13 A. Yes, they were.

14 Q. Did any of these parties make an election?

15 A. No.

16 Q. Was the order mailed within seven days of receipt to all  
17 the parties affected by the order?

18 A. Yes, it was.

19 Q. Did PGP submit an affidavit of mailing to the Board as  
20 required in the South Longwall 11 order?

21 A. Yes.

22 Q. Has the period for elections under that order expired?

23 A. Yes, it has.

24 Q. Has PGP filed the affidavit of elections in the supple-  
25 mental order regarding elections as required by Regula-

1           tion 4800522.2 Section 7-C?

2   A.    No, we have not.

3   Q.    Could you explain the reason that that supplemental order  
4       has not been filed?

5   A.    Yes. That was the time when we noticed that there was a  
6       partition of the Lucy Wade heirs tract. And we're back  
7       before the Board to change the percentages.

8   Q.    Could you identify the exhibit that's marked for identif-  
9       ication as Exhibit 5?

10  A.    Yes. This is a chart showing the changes to the interest  
11       to the Lucy Wade heirs.

12  Q.    So there are no additional owners included in the South  
13       Longwall 11 order, is that correct?

14  A.    No, there are not.

15  Q.    You've just changed the percentages of ownership of the  
16       Lucy Wade heirs?

17  A.    Yes.

18  Q.    Is that correct?

19  A.    Yes, ma'am.

20  Q.    Could you explain what you're highlighting on this  
21       Exhibit 5 is?

22  A.    Yes. That's the tract acreage that did change.

23  Q.    Are the revisions that are shown on Exhibit 5 reflected  
24       on Exhibits C-1 and D-1 of the motion for entry of  
25       supplemental order application and on the revised Exhibit

1 E-1 submitted as Exhibit 4?

2 A. Yes, they are.

3 Q. Are you requesting that the Board provide that all  
4 elections previously made under the South Longwall 11  
5 order be incorporated into this motion for entry of  
6 supplemental order including the acreage and percentage  
7 revisions of the tracts as reflected on the revised  
8 exhibits?

9 A. Yes, we are.

10 MS. MCCLANNAHAN: Those are all the questions I have for Mr.  
11 Arrington.

12 MR. CHAIRMAN: Questions, members of the Board?

13 MR. MCGLOTHLIN: Mr. Arrington, on your Exhibit 5 and the K.B.  
14 Cook heirs at 2.505 acres and in the next column there's  
15 -- in the next VGOB number there's no numbers there?

16 MR. ARRINGTON: Correct. At the time this was filed my  
17 information was it was -- Carrie B. Cook was one of the  
18 heirs of Lucy Wade. I had those backwards. I had all  
19 the parties correct. It's just that I had Carrie B. Cook  
20 heirs instead of Lucy Wade heirs. All the parties were  
21 listed correctly.

22 MR. MCGLOTHLIN: In the Lucy Wade heirs Carrie B. Cook --  
23 we've gone from the column over here in VGOB-93/08/17-  
24 0393. The next one down is Lucy Wade heirs.

25 MR. ARRINGTON: Yes.

1 MR. McGLOTHLIN: Should that figure -- is that the same  
2 acreage as the Carrie B. Cook heirs?  
3 MR. ARRINGTON: Well, nearly. What they done is they parti-  
4 tioned their property.  
5 MR. McGLOTHLIN: Mine's coming up to two acres less.  
6 MR. ARRINGTON: It did. After we got the partition map and  
7 their survey of it and I put that on my map it did change  
8 some.  
9 MR. McGLOTHLIN: If you did your survey on your title work  
10 before and you came up with 2.505 how do we loose two  
11 acres on --  
12 MR. ARRINGTON: They actually had a survey of the partition.  
13 MS. McCLANNAHAN: Who is they?  
14 MR. ARRINGTON: The Lucy Wade heirs which was on file in the  
15 courthouse.  
16 MR. McGLOTHLIN: How did you come up with 2.505 acres?  
17 MR. ARRINGTON: That was (Inaudible.) acres.  
18 MR. McGLOTHLIN: It bothers me that you've gone through your  
19 research -- somebody did your title search and the deeds  
20 should be -- as they pass on from one person to the next  
21 it should pretty well work out the same.  
22 MS. McCLANNAHAN: Well, the deed acreage are, in many  
23 instances, not consistent. But the survey acreage should  
24 be the most accurate. Is that not true, Les?  
25 MR. ARRINGTON: That's correct. I didn't have that partition



1 map at the time I done the original one. That's one of  
2 the reasons we're back here. I did acquire that later.

3 MR. MCGLOTHLIN: Now, the Lucy Wade heirs at the bottom of the  
4 page, could you explain that a little bit?

5 MR. ARRINGTON: Yes. The Lucy Wade heirs was part of the --  
6 let's go back to the mineral severance. Lucy Wade was  
7 the heir of the Jeff Short estate. When she received it  
8 it went to Lucy Wade, Sue Elkins, Paul Short and Sandra  
9 Whited. Lucy Wade -- when she passed on then her heirs  
10 which were Curtis Wade, Mag Dillon, Anna Bohime, Phyllis  
11 Estep, Dorothy Lowe and Ruth Stump.

12 MR. MCGLOTHLIN: These figures on the first page ploy somehow  
13 to the second page, right? Am I correct there?

14 MR. ARRINGTON: I'm sorry?

15 MR. MCGLOTHLIN: The figures on the first page are the same as  
16 the figures on the second page, just divided?

17 MR. ARRINGTON: Right. It's just a divisional interest.

18 MR. MCGLOTHLIN: I'm starting to make heads and tails out of  
19 it.

20 MR. CHAIRMAN: Has the total acreage within the unit been  
21 reduced by two or has it changed?

22 MR. ARRINGTON: No. It just changed. The acreage in the unit  
23 stayed the same. It's just the tract boundaries did  
24 change some.

25 MS. McCLANNAHAN: The tract boundaries within the unit.



1 MR. ARRINGTON: Uh-huh.  
2 MR. CHAIRMAN: Any other questions?  
3 MR. MCGLOTHLIN: The acreage is now being attributed to Yukon  
4 Pocas Coal in the first two?  
5 MR. ARRINGTON: Yes. That was the change.  
6 MR. CHAIRMAN: Other questions, members of the Board?  
7 (Witness stands aside.)  
8 MR. CHAIRMAN: Do you have anything further?  
9 MS. MCCLANNAHAN: No.  
10 MR. EVANS: Mr. Chairman, I make a motion that we approve the  
11 petition as submitted.  
12 MR. CHAIRMAN: We have a motion to approve the petition.  
13 MR. KELLY: Second.  
14 MR. CHAIRMAN: A motion and a second. Further discussion?  
15 If not, all in favor signify by saying yes. (ALL  
16 AFFIRM.) Opposed say no. (NONE.) Unanimous approval.  
17  
18  
19  
20  
21  
22  
23  
24  
25

1 ITEM III

2  
3 MR. CHAIRMAN: The next item on the agenda is a petition from  
4 Pocahontas Gas Partnership for modification of VGOB-  
5 92/08/18-0249. This is today's docket number VGOB-  
6 93/08/17-0394. We'd ask the parties that wish to address  
7 the Board in this matter to come forward at this time.

8 MS. McCLANNAHAN: Elizabeth McClannahan for Pocahontas Gas  
9 Partnership.

10 MR. CHAIRMAN: Are there any others? The record will show  
11 there are none. You may continue.

12 MS. McCLANNAHAN: The witness I'd like to call is Les  
13 Arrington.

14  
15 LESLIE K. ARRINGTON

16 a witness who, after having been previously sworn, was  
17 examined and testified as follows:

18  
19 DIRECT EXAMINATION

20  
21 BY MS. McCLANNAHAN:

22 Q. Les, could you please state your full name and address  
23 for the record?

24 A. Leslie K. Arrington, 26 Mountain Top Drive, Princeton,  
25 West Virginia.

1 MR. CHAIRMAN: I'll just remind him he remains under oath.  
2 Q. (Ms. McClannahan continues.) Could you please identify  
3 the exhibit marked as Exhibit 1?  
4 A. Yes. That's my work resume and educational background.  
5 Q. Have you previously qualified as an expert witness before  
6 the Gas and Oil Board?  
7 A. Yes, I have.  
8 MS. McCLANNAHAN: Mr. Chairman, I submit Mr. Arrington as an  
9 expert witness.  
10 MR. CHAIRMAN: We accept him.  
11 Q. (Ms. McClannahan continues.) Have you given notice as  
12 required by Virginia Code Section 45.1-361.19 to each  
13 person or entity identified on Exhibit C-1 of the motion  
14 for entry of supplemental order as a potential owner of  
15 the methane gas underlying the unit?  
16 A. Yes, we have.  
17 Q. Could you please identify Exhibit 2?  
18 A. Yes. That's the hearing notice mailed to each of the  
19 parties  
20 MS. McCLANNAHAN: Mr. Chairman, I move the introduction of  
21 Exhibit 2.  
22 MR. CHAIRMAN: It's accepted.  
23 Q. (Ms. McClannahan continues.) Was this notice of hearing  
24 mailed to each party listed on Exhibit C-1?  
25 A. Yes, it was.

1 Q. By certified mail, return receipt requested?  
2 A. Yes, it was.  
3 Q. Are copies of those return receipts at Exhibit 3?  
4 A. Yes, they are.  
5 MS. McCLANNAHAN: Mr. Chairman, I move the introduction of  
6 Exhibit 3.  
7 MR. CHAIRMAN: It's accepted.  
8 Q. (Ms. McClannahan continues.) Were there any persons  
9 whose names and/or addresses were unknown?  
10 A. No. However, we still published it in the Bluefield  
11 Daily Telegraph.  
12 Q. Was that proof of publication previously submitted to the  
13 Board?  
14 A. Yes, it was.  
15 Q. What percentage of the coal rights in the tracts that  
16 comprise South Longwall 12 does PGP control?  
17 A. 92.107 percent of all coal below drainage less the  
18 Pocahontas #3 seam. 96.489 percent of the Pocahontas #3  
19 seam.  
20 Q. What percentage of the oil and gas rights in the tracts  
21 that comprise the South Longwall 12 unit does PGP  
22 control?  
23 A. 61.329 percent.  
24 Q. What percentage of the coalbed methane gas lease hold  
25 rights?



1 A. 99.188 percent.

2 Q. Are the unleased owners and the lease hold owners listed  
3 on Exhibit D-1 of the South Longwall 12 unit motion for  
4 entry of supplemental order application with the percent-  
5 ages of ownership in the respective tracts?

6 A. Yes, it is.

7 Q. Is the information on Exhibits C-1, D-1 and E-1 still  
8 correct?

9 A. No.

10 Q. Could you explain why?

11 A. Yes. Since the filing we do have an affidavit of no  
12 claim to the coalbed methane from Cabot Oil and Gas.

13 Q. And they've indicated that they do not wish to be listed  
14 as a conflicting claimant, is that correct?

15 A. Yes.

16 Q. Are you requesting that Cabot be dismissed as a conflict-  
17 ing claimant from the original application?

18 A. Yes, we are.

19 Q. Could you identify the exhibit marked for identification  
20 as Exhibit 4?

21 A. Yes. That's a revised Exhibit E-1, conflicting ownership  
22 claimants which removed Cabot Oil and Gas.

23 Q. Are the conflicting claimants whose funds are to be  
24 escrowed listed on the revised Exhibit E-1 submitted in  
25 as Exhibit 4?

1 A. Yes, it is.

2 Q. Is this the same unit for which a force pooling order  
3 was previously entered under docket number VGOB-92/08/18-  
4 02497

5 A. Yes, it is.

6 Q. Were the parties listed on Exhibit D of the South  
7 Longwall 12 order notified of their right to make  
8 elections in the South Longwall 12 unit?

9 A. Yes, they were.

10 Q. Have any of these parties made an election?

11 A. No.

12 Q. Was the order mailed within seven days of receipt to all  
13 parties affected by the order?

14 A. Yes.

15 Q. Did PGP submit an affidavit of mailing to the Board as  
16 required in the South Longwall 12 order?

17 A. Yes, we did.

18 Q. Has the period for elections under the South Longwall 12  
19 order expired?

20 A. Yes, it has.

21 Q. Did PGP file the affidavit of elections in the supplemen-  
22 tal order regarding elections as required by Regulation  
23 4800522.2 Section 7-C?

24 A. No, we have not.

25 Q. Could you explain why?



1 A. Yes. Since the entry of the order, during the work on  
2 it, we discovered that there was a partition of the Lucy  
3 Wade heirs tract. Their percentages have changed  
4 somewhat.

5 Q. Are there any additional owners that were not included in  
6 the South Longwall 12 order as it was previously filed?

7 A. No.

8 Q. Could you please explain the changes in the percentages  
9 as shown on your Exhibit 5?

10 A. Yes. This chart also shows the changes that we discover-  
11 ed from the partition. The original percentages shown on  
12 the first columns, which was VGOB-92/08-18-0249, and the  
13 new percentages are shown on the right hand side of this  
14 docket.

15 MS. McCLANNAHAN: Mr. Chairman, I move the introduction of  
16 Exhibit 5.

17 MR. CHAIRMAN: With no objection it's admitted.

18 Q. (Ms. McClannahan continues.) The revisions that you've  
19 listed on Exhibit 5 only pertain to the acreage and  
20 percentages amounts of certain of the owners in the South  
21 Longwall 12 unit, is that correct?

22 A. Yes.

23 Q. Are the revisions now reflected on Exhibits C-1 and D-1  
24 of the motion for entry of supplemental order application  
25 and on the revised Exhibit E-1 submitted?

1 A. Yes, they are.

2 Q. Are you requesting that the Board provide that all  
3 elections previously made under the South Longwall 12  
4 order be incorporated into this motion for entry of  
5 supplemental order including the acreage and percentage  
6 revisions of the tracts as reflected on Exhibits C-1 and  
7 D-1 and the revised exhibit E-1 submitted herein?

8 A. Yes, we are.

9 MS. McCLANNAHAN: Those are all the questions I have for Mr.  
10 Arrington.

11 MR. CHAIRMAN: Questions, members of the Board?

12 MR. EVANS: I've just got one quicky. Your affidavit from  
13 Cabot, did you supply the copy of that or is it just for  
14 your own protection?

15 MS. McCLANNAHAN: Right. We have not submitted that to the  
16 Board. Do we have a confidentiality stipulation from  
17 Cabot?

18 MR. ARRINGTON: No. We could supply that to the Board.

19 MS. McCLANNAHAN: So we can submit that to the Board.

20 MR. EVANS: If you wouldn't mind.

21 MS. McCLANNAHAN: Okay.

22 MR. CHAIRMAN: Anything further?

23 MR. EVANS: Ms. McClannahan, for the last docket -- Item II,  
24 one shot fits all, I understand.

25 MS. McCLANNAHAN: Okay.

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

2 (Witness stands aside.)

3 MR. CHAIRMAN: Do you have anything further?

4 MS. McCLANNAHAN: No.

5 MR. EVANS: Mr. Chairman, I move that we grant the petition as  
6 submitted with the provision that we get the affidavit  
7 from Cabot on their denial of conflicting claimant  
8 status.

9 MR. McGLOTHLIN: Second.

10 MR. CHAIRMAN: A motion and a second. Further discussion? If  
11 not, all in favor signify by saying yes. (ALL AFFIRM.)  
12 Opposed say no. (NONE.) Unanimous approval.

13

14

15

16

17

18

19

20

21

22

23

24

25

ITEM I

1  
2  
3 MR. CHAIRMAN: Are you ready to go to Item I?

4 MS. McCLANNAHAN: Yes.

5 MR. CHAIRMAN: I'll turn to Item I and recall. Item I is a  
6 petition from Pocahontas Gas Partnership for modification  
7 of VGOB-92/04/21-0216. That is docket number VGOB-  
8 92/08/17-0392. We'd ask the parties that wish to address  
9 the Board in this matter to come forward at this time and  
10 identify yourself for the record.

11 MS. McCLANNAHAN: Elizabeth McClannahan for Pocahontas Gas  
12 Partnership. For this South Longwall 8 unit additional  
13 owners were actually identified since the date of the  
14 first pooling. So this is an application to force pool  
15 this unit including those additional owners.

16 MR. CHAIRMAN: Are there any others here today that wish to  
17 address the Board in this matter? The record will show  
18 there are none.

19 MR. MCGLOTHLIN: Just a moment, Mr. Chairman. There might be  
20 a person here.

21 (AFTER A BRIEF DISCUSSION OFF THE RECORD, THE HEARING  
22 CONTINUED AS FOLLOWS:)

23 MR. CHAIRMAN: As we are into the hearing if you'll just let  
24 me know if you would like to address any particular  
25 matter we'll be happy to allow you to come forward and

1 say whatever you like.  
2 MR. WADE: I might could help you on those heirs of Lucy Wade.  
3 You left one out. Kenneth Wade.  
4 MR. ARRINGTON: Yes, but his interest was purchased by Ruth.  
5 MR. WADE: Oh, okay.  
6 MR. CHAIRMAN: You may proceed.  
7 MS. McCLANNAHAN: The first witness I'd like to call is Les  
8 Arrington.

9  
10 LESLIE K. ARRINGTON  
11 a witness who, after having been previously sworn, was  
12 examined and testified as follows:

13  
14 DIRECT EXAMINATION

15  
16 BY MS. McCLANNAHAN:  
17 Q. Les, could you please state your full name and address  
18 for the record?  
19 A. Leslie K. Arrington, 26 Mountain Top Drive, Princeton,  
20 West Virginia.  
21 Q. Les, I'll just remind you that you've previously been  
22 sworn. Could you please identify the exhibit marked as  
23 Exhibit 1?  
24 A. Yes. That's my work resume and educational background.  
25 Q. Have you previously qualified as an expert witness before



1 the Gas and Oil Board?

2 A. Yes, I have.

3 Q. Have you given notice as required by Virginia Code  
4 Section 45.1-361.19 to each person or entity identified  
5 on Exhibit C-1 of the force pooling application as a  
6 potential owner of the methane gas underlying the unit?

7 A. Yes, I have.

8 Q. Could you please identify Exhibit 2?

9 A. Exhibit is the hearing notice that was mailed to each  
10 party.

11 MR. CHAIRMAN: Let me stop you for just a second. Do they  
12 have a copy of this? You might provide them with that.  
13 (Pause.) Thank you.

14 MS. McCLANNAHAN: Mr. Chairman, I move the introduction of  
15 Exhibit 2.

16 MR. CHAIRMAN: It's admitted.

17 Q. (Ms. McClannahan continues.) Is this the notice of  
18 hearing that mailed to the party listed on Exhibit C in  
19 the modification application?

20 A. Yes, it was.

21 Q. How was this accomplished?

22 A. By certified mail, return receipt requested.

23 Q. Are copies of those return receipts at Exhibit 3?

24 A. Yes, they are.

25 MS. McCLANNAHAN: Mr. Chairman, I move the introduction of



1           Exhibit 3.

2   MR. CHAIRMAN: It's admitted.

3   Q.   (Ms. McClannahan continues.) Were there any persons  
4       whose names and/or addresses were unknown?

5   A.   No. However, it still published it in the Bluefield  
6       Daily Telegraph.

7   Q.   Has that proof of publication been previously submitted  
8       to the Board?

9   A.   Yes, it was.

10   Q.   What percentage of the coal rights in the tracts that  
11       comprise South Longwall 8 does PGP control?

12   A.   92.107 percent of all coal below drainage less the  
13       Pocahontas #3 seam. 96.489 percent of the Pocahontas #3  
14       seam.

15   Q.   What percentage of the oil and gas rights in the tracts  
16       that comprise the South Longwall 8 unit does PGP control?

17   A.   61.329 percent.

18   Q.   What percentage of the coalbed methane gas lease hold  
19       rights?

20   A.   99.188 percent.

21   Q.   Are the unleased owners and the lease hold owners listed  
22       on Exhibit D of the South Longwall 8 modification  
23       application with the percentages of ownership in the  
24       respective tracts?

25   A.   Yes, it was.

1 Q. Is the information on Exhibits C, D and E still correct  
2 as submitted?  
3 A. No.  
4 Q. Has it changed as a result of the stipulation of no  
5 coalbed methane interest from Cabot Oil and Gas Corpora-  
6 tion?  
7 A. Correct.  
8 Q. Can you please explain that change?  
9 A. Yes. We received affidavit of no interest in the coalbed  
10 methane from Cabot.  
11 Q. Are you then requesting that Cabot Oil and Gas Corpora-  
12 tion be dismissed as a conflicting claimant?  
13 A. Yes, we are.  
14 Q. Please you identify the exhibit at Exhibit 4.  
15 A. Yes. That's a revised page of Exhibit E removing Cabot  
16 Oil and Gas.  
17 Q. Are the conflicting claimants whose funds are to be  
18 escrowed listed on Exhibit A of the South Longwall 8  
19 modification application as revised on Exhibit 4?  
20 A. Yes.  
21 Q. Is this the same unit for which a force pooling order  
22 was entered under docket number VGOB-92/04/22-0216?  
23 A. Yes.  
24 Q. Were the parties listed on Exhibit E of South Longwall 12  
25 order notified of their right to make elections in the

1 South Longwall 8 unit?

2 A. Yes, they were.

3 Q. Have any of these parties made an election?

4 A. No.

5 Q. Why does PGP need to modify the South Longwall 8 order?

6 A. Within one of the tracts after going through the title

7 opinions we discovered that two small tracts that we

8 originally felt did not need to be in there -- we decided

9 we better put them in there just for protection, I guess.

10 Q. And you have discovered these two additional tracts since

11 the period for elections and the filing of the affidavit

12 of elections and supplemental order, is that correct?

13 A. Yes.

14 Q. Who are the owners of these tracts?

15 A. Orpha Deskins and Tracy and Viney Keene.

16 Q. Are they listed on the ownership comparison chart at

17 Exhibit 5?

18 A. Yes, they are.

19 Q. Could you please explain those changes to the Board?

20 A. Yes. The changes that were made are shown at Earnest

21 Keene heirs. You can see the change. It was about a

22 half an acre difference which went to Orpha Deskins and

23 Tracy and Viney Keene in the oil and gas interest.

24 Q. Is there only one tract that's affected by the revision?

25 A. Yes, it is.

1 Q. What is that tract acreage?

2 A. The original tract acreage was 15.710. That was for the

3 Earnest Keene heirs. It's changed to 15.210. Now the

4 half acre difference, .38 acres, goes to Orpha Deskins

5 and .12 acres goes to Tracy and Viney Keene.

6 Q. The original tract as it was listed, though, was the

7 55.975 acre tract, is that correct?

8 A. The coal tract, yes.

9 Q. And these tracts fit inside that?

10 A. Yes, they do.

11 Q. Other than the acreage and percentage revisions are there

12 any other differences between the original South Longwall

13 8 and the modification application?

14 A. Yes. The DWEs are changed to reflect the actual costs of

15 the wells.

16 Q. At the time that you previously submitted this force

17 pooling application you only had estimated costs, is that

18 correct?

19 A. That is correct.

20 Q. Have the well work permits been issued for the South

21 Longwall 8 unit?

22 A. Yes, they have.

23 Q. For what type of wells were the permits issued?

24 A. Coalbed methane gas wells.

25 Q. Are these DWEs with actual costs listed at Exhibit H

1 through K on the revised motion for supplemental order?

2 A. Yes, they are.

3 Q. Are you requesting that the Board pool the interests of  
4 the owners listed at Exhibit C on the modification  
5 application?

6 A. Yes, we are.

7 Q. Are you requesting that the Board provide that only the  
8 parties listed on Exhibit D of the modification applica-  
9 tion be given the right to make elections on the South  
10 Longwall 8 unit?

11 A. Yes.

12 Q. And that the Board provide that all elections previously  
13 made under the South Longwall 8 order be incorporated  
14 into the modification order for the South Longwall 8 unit  
15 including the ownership provisions of the 55.975 acre  
16 tract reflected on Exhibit C?

17 A. Yes.

18 MS. McCLANNAHAN: Those are all the questions I have for Mr.  
19 Arrington.

20 MR. CHAIRMAN: Questions, members of the Board?

21 MR. McGLOTHLIN: Mr. Arrington, what was the difference  
22 between your estimated DWE and your actual costs?

23 MR. ARRINGTON: I don't actually have the costs of the -- the  
24 estimated costs with me.

25 MS. McCLANNAHAN: We can tell you from the original applica-







1 COURT REPORTER: (Swears witness.)

2  
3 RON WOOD

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

6  
7 DIRECT EXAMINATION

8  
9 BY MS. McCLANNAHAN:

10 Q. Could you please identify the exhibit that's marked for  
11 identification as Exhibit 6?

12 A. It is my work resume.

13 Q. Does this Exhibit 6 reflect your work history and  
14 qualifications?

15 A. Yes, it does.

16 Q. Have you been qualified as an expert witness before the  
17 Gas and Oil Board?

18 A. Yes.

19 MS. McCLANNAHAN: Mr. Chairman, I submit Mr. Wood as an expert  
20 witness.

21 MR. CHAIRMAN: Exhibit 6 is accepted.

22 Q. (Ms. McClannahan continues.) Where has your experience  
23 in obtaining mineral leases been concentrated?

24 A. New York and Pennsylvania, West Virginia, Virginia and  
25 Tennessee.

1 Q. In your experience in obtaining leases in Southwest  
2 Virginia are you familiar with the fair market value for  
3 coal leases, oil and gas leases, and coalbed methane  
4 leases?  
5 A. Yes.  
6 Q. How many acres have you leased in Buchanan County  
7 approximately?  
8 A. 5,000 to 6,000.  
9 Q. What are the fair market value terms for a coal lease in  
10 the area?  
11 A. Three and a half to five percent royalty with an advance-  
12 ment of royalty payment between \$1 and \$10 an acre.  
13 Q. And for a coalbed methane lease in the area?  
14 A. \$1 per acre per year with a one-eighth royalty.  
15 Q. The \$1 per acre per year is a --  
16 A. Rental.  
17 Q. -- rental? No bonus, is that correct?  
18 A. Correct.  
19 Q. And for an oil and gas lease?  
20 A. \$5 per acre per year rental with an extended one-eighth  
21 royalty.  
22 Q. What would be the standard primary term for a coal lease?  
23 A. Ten years.  
24 Q. An oil and gas lease?  
25 A. Ten years.

1 Q. And for coalbed methane?  
2 A. Ten years.  
3 Q. With regard to Tracy and Viney Keene and Orpha Deskins  
4 listed on the South Longwall 8 modification application  
5 have you contacted these landowners or tried to contact  
6 them to obtain a lease?  
7 A. Yes, we have.  
8 Q. What kind of a lease have you offered each of them?  
9 A. An oil and gas or coal seam gas lease.  
10 Q. By what method did you contact them and offer the lease?  
11 A. Verbal, personal or certified mail.  
12 Q. Were there any unknown owners or owners whose addresses  
13 were unknown at the time that you filed this?  
14 A. No.  
15 MS. McCLANNAHAN: Those are all the questions I have.  
16 MR. EVANS: Did you obtain a lease when you contacted these  
17 people?  
18 MR. WOOD: We've offered them a lease.  
19 MR. EVANS: Did they sign it?  
20 MR. WOOD: No.  
21 MR. CHAIRMAN: Other questions?  
22 (Witness stands aside.)  
23 MR. CHAIRMAN: Do I have a motion?  
24 MR. KELLY: Mr. Chairman, I move that the application be  
25 approved as submitted.

1 MR. CHAIRMAN: A motion to approve as submitted.

2 MR. EVANS: Second.

3 MR. CHAIRMAN: A motion and a second. Further discussion?

4 Let me just clarify -- did you folks have anything?

5 MRS. WADE: I don't have anything to say.

6 MR. CHAIRMAN: If nothing further, all in favor signify by

7 saying yes. (ALL AFFIRM.) Opposed say no. (NONE.)

8 It's unanimously approved.

9 (AFTER A BRIEF RECESS, THE HEARING CONTINUED AS FOLLOWS:)

10 MR. CHAIRMAN: The record will show that the Board has  
11 received from PGP the stipulation and waiver of interest  
12 that we had requested on Cabot Oil and Gas. I'll  
13 circulate that for you to review and it will become part  
14 of the record on the last cases that we heard.

15

16

17

18

19

20

21

22

23

24

25

1  
2  
3 ITEM IV

4 MR. CHAIRMAN: The next item on the agenda is a petition for  
5 force pooling of a drilling unit from Equitable Resources  
6 Exploration for V-2706. This is docket number VGOB-  
7 93/08/17-0395. We'd ask the parties that wish to address  
8 the Board in this matter to come forward at this time.

9 MR. KAISER: Jim Kaiser of Hunter, Smith and Davis on behalf  
10 of Equitable Resources Exploration. Our witnesses in  
11 this matter will be J.W. Griffin and Bob Dahlin. I'd  
12 ask that they be sworn in.

13 COURT REPORTER: (Swears witnesses.)

14 MR. CHAIRMAN: We'll ask if there are any others that wish to  
15 address the Board in this matter? The record will show  
16 there are none. You may proceed.

17 MR. KAISER: Mr. Chairman, our first witness in this matter  
18 will be Mr. Griffin.

19  
20 J.W. GRIFFIN

21 a witness who, after having been duly sworn, was examined and  
22 testified as follows:  
23  
24  
25



DIRECT EXAMINATION

1  
2  
3 BY MR. KAISER:

4 Q. Mr. Griffin, would you state your name for the record,  
5 please?

6 A. J.W. Griffin.

7 Q. State who you're employed by and in what capacity?

8 A. Equitable Resources Exploration as a land man.

9 Q. Do your responsibilities include the lands involved here  
10 and in the surrounding area?

11 A. They do.

12 Q. Have you been accepted by this Board before as an expert  
13 witness?

14 A. I have.

15 MR. KAISER: Mr. Chairman, we move that Mr. Griffin be  
16 accepted as an expert witness in this matter.

17 MR. CHAIRMAN: He's accepted.

18 Q. (Mr. Kaiser continues.) Are you familiar with Equit-  
19 able's application for the establishment of a drilling  
20 unit and pooling order for EREX well V-2706 dated July  
21 16th, 1993?

22 A. Yes, I am.

23 Q. Has EREX applied for a permit and is a permit now pending  
24 before the DMME?

25 A. The permit has been applied for.

1 Q. What date was that applied for?  
2 A. July 29th of this year.  
3 Q. Is Equitable seeking to force pool the drilling rights  
4 underlying the drilling and spacing unit as depicted at  
5 Exhibit A of this application?  
6 A. Yes.  
7 Q. Does Equitable own drilling rights in units involved  
8 here?  
9 A. Yes, they do.  
10 Q. Does the proposed unit depicted at Exhibit A include all  
11 acreage within a 2,640 or 1,320 radius of proposed well  
12 V-2706?  
13 A. Yes.  
14 Q. What is the interest of Equitable in this unit?  
15 A. 99.82 percent.  
16 Q. Are you familiar with the ownership of drilling rights or  
17 parties other than Equitable underlying this unit?  
18 A. I am.  
19 Q. What is the percent of the unleased acreage?  
20 A. .18 percent.  
21 Q. Are all unleased parties set out in Exhibit B?  
22 A. Yes, they are.  
23 Q. Prior to filing this application were efforts made to  
24 contact each of the respondents and an attempt made to  
25 work out an agreement regarding the development of the

1 units involved?

2 A. Yes.

3 Q. Subsequent to the filing of the application have you  
4 continued to attempt to reach an agreement with the  
5 respondents listed at Exhibit B?

6 A. We have.

7 Q. I believe in this particular case the only unleased  
8 respondent is an unknown heir or Robert D. Buchanan, is  
9 that correct?

10 A. That's correct.

11 Q. And they received notification by a publication in the  
12 Bristol Herald?

13 A. That's right.

14 Q. So there is no revised Exhibit B in this matter?

15 A. No, there is not.

16 Q. Were any efforts made to determine if the individual  
17 respondents were living or deceased or their whereabouts,  
18 and if deceased were efforts made to determine the names  
19 and addresses and whereabouts of the successors to any  
20 deceased individual respondents?

21 A. Yes.

22 Q. Were reasonable and diligent efforts made and sources  
23 checked to identify and locate these unknown heirs to  
24 include primary sources such as deed records, probate  
25 records, assessors records, treasurers records and

1 secondary sources such as telephone directories, city  
2 directories, family and friends?  
3 A. Yes, they were.  
4 Q. In your professional opinion was due diligence exercised  
5 to locate each of the respondents named herein?  
6 A. Yes.  
7 Q. Are the addresses set out in Exhibit B to the application  
8 the last known addresses for the respondents?  
9 A. Yes, they are.  
10 Q. Are you requesting this Board to force pool all unleased  
11 interests listed at Exhibit B?  
12 A. Yes.  
13 Q. Does Equitable seek to force pool the drilling interest  
14 of each individual respondent if living and if deceased  
15 the unknown successor or successors to any deceased  
16 individual respondent?  
17 A. Yes.  
18 Q. Is Equitable seeking to force pool the drilling rights of  
19 the person designated as trustee if acting in capacity of  
20 trustee, and if not acting in such capacity is Equitable  
21 seeking to force pool the drilling rights of the succes-  
22 sor of such trustee?  
23 A. Yes.  
24 Q. Are you familiar with the fair market value of drilling  
25 rights in units here and the surrounding area?

1 A. Yes, I am.

2 Q. Could you advise the Board as to what those are?

3 A. \$5 per acre, five years, one-eighth royalty.

4 Q. Did you gain your familiarity with these lease terms by  
5 acquiring oil and gas leases and other agreements  
6 involving transfer of drilling rights in units involved  
7 here and in the surrounding area?

8 A. Yes.

9 Q. In your opinion do the terms you have testified to  
10 represent the fair market value of and a fair and  
11 reasonable compensation to be paid for drilling rights  
12 within this unit?

13 A. Yes, they do.

14 Q. Do you recommend that the respondents listed at Exhibit B  
15 who remain unleased be allowed the following options  
16 with respect to their ownership interest within the unit;  
17 1: Participation 2: A cash bonus of \$5 per net mineral  
18 acre plus a one-eighth of eight-eighths royalty 3: In  
19 lieu of cash bonus and one-eight of eight-eighths royalty  
20 a share in the operation of the well on a carried basis  
21 as a carried operator under the following conditions;  
22 Such carried operator shall be entitled to the share of  
23 production from the tracts pooled accruing to his  
24 interest exclusive of any royalty or over riding royalty  
25 reserved in any leases, assignments thereof or agreements



1 related thereto of such tracts, but only after the  
2 proceeds allocable to his share equal A: 300 percent of  
3 the share of such cost allocable to the interest of the  
4 carried operator of a leased tract or portion thereof.  
5 B: 200 percent of the share of such cost allocable to  
6 the interest of the carried operator of an unleased tract  
7 or portion thereof?

8 A. Yes.

9 Q. Do you recommend that the order provide that the elect-  
10 ions by the respondents be in writing and sent to the  
11 applicant at Equitable Resources Exploration, P.O. Box  
12 1983, Kingsport, Tennessee, 37662-1983, attention Dennis  
13 R. Baker, Regulatory?

14 A. Yes.

15 Q. Should this be the address for all communications with  
16 applicant concerning the force pooling order?

17 A. Yes.

18 Q. Do you recommend the force pooling order provide that if  
19 no written election is properly made by a respondent then  
20 such respondent should be deemed as to have elected to  
21 cash royalty option in lieu of participation?

22 A. Yes.

23 Q. Should the unleased respondents be given 30 days from the  
24 date of the order to file written elections?

25 A. Yes.

1 Q. If an unleased respondent elects to participate should  
2 that respondent be given 45 days to pay applicant for  
3 respondents proportionate share of well costs?

4 A. Yes.

5 Q. Does the applicant expect the party electing to particip-  
6 ate to pay in advance that party's share of completed  
7 well costs?

8 A. Yes.

9 Q. Should the applicant be allowed 60 days following the  
10 recordation date of the order and thereafter annually on  
11 that date until production is achieved to pay or tender  
12 any cash bonus becoming due under the force pooling  
13 order?

14 A. Yes.

15 Q. Do you recommend that the force pooling order provide  
16 that if a respondent elects to participate but fails to  
17 pay respondent's proportionate share of well costs  
18 satisfactory to applicant for payment of well costs the  
19 respondent's election to participate should be treated as  
20 having been withdrawn and void and such respondent should  
21 be treated just as if no initial election had been filed  
22 under the force pooling order?

23 A. Yes.

24 Q. Do you recommend that the force pooling order provide  
25 that where a respondent elects to participate but

1 defaults in regard to the payment of well costs any cash  
2 sum becoming payable to such respondent be paid within 60  
3 days after the last date on which such respondent could  
4 have paid or made satisfactory arrangements for the  
5 payment of well costs?

6 A. Yes.

7 Q. Do you recommend that the force pooling order provide  
8 that if a respondent refuses to accept any payment due  
9 including any payment due under said order or any  
10 payment of royalty or cash bonus or said payment cannot  
11 be made to a party for any reason where is a title  
12 defect in respondent's interest that the operator create  
13 an escrow account for the respondent's benefit until the  
14 money can be paid to the party or until the title defect  
15 is cured to the operator's satisfaction?

16 A. Yes.

17 Q. Who should be named the operator under this force pooling  
18 order?

19 A. Equitable Resources Exploration.

20 MR. KAISER: Mr. Chairman, I have no further questions of  
21 this witness.

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

23 (Witness stands aside.)

24 MR. CHAIRMAN: Call your next witness.

25 MR. KAISER: Our next witness will be Mr. Dahlin.

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

ROBERT DAHLIN

a witness who, after having been previously sworn, was  
examined and testified as follows:

DIRECT EXAMINATION

BY MR. KAISER:

Q. Mr. Dahlin, would you state your name for the record?

A. Robert A. Dahlin, II.

Q. And you're employed by whom and in what capacity?

A. I'm employed by EREX as an operations specialist.

Q. Have you testified before the Virginia Gas and Oil Board  
and have your qualifications been previously accepted as  
an expert witness?

A. Yes, I have.

MR. KAISER: Mr. Chairman, we move that Mr. Dahlin be accepted  
once again as an expert witness.

Q. (Mr. Kaiser continues.) Do your responsibilities include  
the lands involved here and the surrounding area?

A. They do.

Q. Are you familiar with the proposed exploration and  
development of units involved here under the applicant's  
proposed plan of development?

A. Yes, I am.

1 Q. What's the total depth of the proposed initial well under  
2 applicant's plan of development?  
3 A. Approximately 5,625 feet.  
4 Q. What formations will this include?  
5 A. It will be penetrating the Devonian Shell, Berea, Weir,  
6 Big Lime, Raven Cliff, Maxon, Cleveland and Sunberry  
7 Shells.  
8 Q. Will this be sufficient to penetrate and test the common  
9 sources of supply in the subject formations?  
10 A. Yes, it will.  
11 Q. Is the applicant requesting the force pooling of conven-  
12 tional gas reserves not only to include the designated  
13 formations but any other formations excluding coal  
14 formations which may be between those formations design-  
15 ated from the surface to the total depth drilled?  
16 A. We are.  
17 Q. Will the initial well be at a legal location?  
18 A. It will.  
19 Q. What are the estimated reserves of this unit?  
20 A. We estimate approximately 750 million cubic foot of gas  
21 to be assigned to this drilling unit.  
22 Q. Are you familiar with the well costs for the proposed  
23 initial unit well under applicant's plan of development?  
24 A. Yes, I am.  
25 Q. Has an AFE been reviewed, signed and submitted to the



1 Board?

2 A. It has.

3 Q. Was the AFE prepared by an engineering department  
4 knowledgeable in the preparation of AFEs and knowledge-  
5 able in regard to well costs in this area?

6 A. It was.

7 Q. In your opinion does this AFE represent a reasonable  
8 estimate of the well costs for proposed unit well under  
9 applicant's plan of development?

10 A. Yes.

11 Q. What are those dry hole costs and completed well costs?

12 A. The estimated dry hole costs being \$136,350 and a  
13 completed well cost of \$248,750.

14 Q. Do these costs anticipate a multiple completion?

15 A. They do.

16 Q. Does the AFE include a reasonable charge for supervision?

17 A. Yes, sir.

18 Q. In your professional opinion will the granting of this  
19 application be in the best interest of conservation,  
20 prevention of waste and protection of correlative rights?

21 A. It would.

22 MR. KAISER: I have no further questions of this witness, Mr.  
23 Chairman.

24 MR. CHAIRMAN: Are you requesting the Board to approve a unit  
25 and pool that unit specifically --

1 MR. KAISER: Yes.

2 MR. CHAIRMAN: -- in addition to what you've stipulated in  
3 your application? Other questions, members of the Board?

4 (Witness stands aside.)

5 MR. CHAIRMAN: Do you have anything further?

6 MR. KAISER: Nothing further.

7 MR. EVANS: I move that we grant the petition.

8 MR. MCGLOTHLIN: Second.

9 MR. CHAIRMAN: We have a motion and a second. Further  
10 discussion? If not, all in favor signify by saying yes.  
11 (ALL AFFIRM.) Opposed say no. (NONE.) It's approved  
12 unanimously.

13

14

15

16

17

18

19

20

21

22

23

24

25

1 ITEM V

2  
3 MR. CHAIRMAN: The next item on the agenda is a petition for  
4 force pooling of a drilling unit from Equitable Resources  
5 Exploration for V-2707. This is docket number VGOB-  
6 93/08/17-0396. We'd ask the parties that wish to address  
7 the Board to come forward at this time.

8 MR. KAISER: Jim Kaiser on behalf of Equitable Resources  
9 Exploration. Our witnesses in this matter will once  
10 again be Mr. Griffin and Mr. Dahlin. I will remind them  
11 that they are under oath.

12 MR. CHAIRMAN: Are there any others that wish to address the  
13 Board? The record will show there are none. You may  
14 proceed.

15 MR. KAISER: My first witness in this matter will be Mr.  
16 Griffin.

17  
18 J.W. GRIFFIN

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

21  
22 DIRECT EXAMINATION

23  
24 BY MR. KAISER:

25 Q. Mr. Griffin, could you once again state your name for

1 the record, please?

2 A. J.W. Griffin.

3 Q. And you're employed by whom and in what capacity?

4 A. Equitable Resources as a land man.

5 Q. Do your responsibilities include the lands involved here

6 and in the surrounding area?

7 A. Yes, they do.

8 Q. And you've been accepted by this Board as an expert

9 witness?

10 A. I have.

11 MR. KAISER: Mr. Chairman, we once again move that Mr.

12 Griffin be accepted.

13 Q. (Mr. Kaiser continues.) Are you familiar with Equit-

14 able's application for the establishment of a drilling

15 unit and pooling order for EREX well V-2707 dated July

16 16th, 1993?

17 A. I am.

18 Q. Has EREX applied for a permit and is a permit now pending

19 before the DMME?

20 A. It has been applied for on July 25th of this year.

21 Q. Is Equitable seeking to force pool the drilling rights

22 underlying the drilling and spacing unit as depicted at

23 Exhibit A of this application?

24 A. Yes, they are.

25 Q. Does Equitable own drilling rights in units involved

1 here?

2 A. Yes, they do.

3 Q. Does the proposed unit depicted at Exhibit A include all  
4 acreage within a 2,640 feet and a 1,320 foot radius of  
5 proposed well V-2707?

6 A. Yes.

7 Q. What is the interest of Equitable in this unit?

8 A. The interest at this time is 91.8806 percent.

9 Q. Are you familiar with the ownership of drilling rights of  
10 parties other than Equitable underlying this unit?

11 A. Yes, I am.

12 Q. What is unleased interest at this time?

13 A. 8.1184 percent.

14 Q. Are all unleased parties set out at amended Exhibit B?

15 A. Yes, they are.

16 Q. Prior to filing this application were efforts made to  
17 contact each of the respondents and an attempt made to  
18 work out an agreement regarding the development of the  
19 units involved?

20 A. Yes.

21 Q. Subsequent to the filing of the application have you  
22 continued to attempt to reach an agreement with the  
23 respondents listed at Exhibit B?

24 A. Yes, we have.

25 Q. And as a result of these efforts have you acquired other



1 leases from any of these respondents listed at Exhibit B  
2 as unleased owners?

3 A. Yes, we have.

4 MR. KAISER: I'll give you the revised Exhibit B which will  
5 reflect those additional leases. (Pause.)

6 MR. CHAIRMAN: This will be marked as amended Exhibit B.

7 Q. (Mr. Kaiser continues.) Mr. Griffin, could you identify  
8 for the Board those respondents that have been leased  
9 since the time of the application?

10 A. On Page 3 of 3 Nell Mason Barr and John M. Barr, wife and  
11 husband. On Page 3 of 3 C&K Coal Company, Inc.

12 Q. Were any efforts made to determine if the individual  
13 respondents were living or deceased or their whereabouts,  
14 and if deceased were efforts made to determine the names  
15 and addresses and whereabouts of the successors to any  
16 deceased individual respondents?

17 A. Yes.

18 Q. Were reasonable and diligent efforts made and sources  
19 checked to identify and locate these unknown heirs to  
20 include primary sources such as deed records, probate  
21 records, assessors records, treasurers records and  
22 secondary sources such as telephone directories, city  
23 directories, family and friends?

24 A. Yes, they were.

25 Q. In your professional opinion was due diligence exercised

1 to locate each of the respondents named herein?

2 A. Yes.

3 Q. Are the addresses set out in amended Exhibit B to the  
4 application the last known addresses for the respondents?

5 A. Yes.

6 Q. Are you requesting this Board to force pool all unleased  
7 interests listed at Exhibit B?

8 A. I am.

9 Q. Does Equitable seek to force pool the drilling interest  
10 of each individual respondent if living and if deceased  
11 the unknown successor or successors to any deceased  
12 individual respondent?

13 A. Yes.

14 Q. Is Equitable seeking to force pool the drilling rights of  
15 the person designated as trustee if acting in capacity of  
16 trustee, and if not acting in such capacity is Equitable  
17 seeking to force pool the drilling rights of the success-  
18 or of such trustee?

19 A. Yes.

20 Q. Are you familiar with the fair market value of drilling  
21 rights in the units here and the surrounding area?

22 A. Yes, I am.

23 Q. Could you advise the Board as to what those are?

24 A. \$5 per bonus, five years and one-eighth royalty.

25 Q. Did you gain your familiarity by acquiring oil and gas

1 leases and other agreements involving transfer of  
2 drilling rights in units involved here and in the  
3 surrounding area?

4 A. Yes, I did.

5 Q. In your opinion do the terms you have testified to  
6 represent the fair market value of and a fair and  
7 reasonable compensation to be paid for drilling rights  
8 within this unit?

9 A. Yes.

10 MR. KAISER: Mr. Chairman, I'd ask that we incorporate Mr.  
11 Griffin's testimony from the prior hearing this morning,  
12 VGOB-93/08/17-0395, as to the election options presented  
13 to the force pooled parties.

14 MR. CHAIRMAN: Any objection? Okay. It will be incorporated.

15 Q. (Mr. Kaiser continues.) Do you recommend that the order  
16 provide that the elections by the respondents be in  
17 writing and sent to the applicant at Equitable Resources  
18 Exploration, P.O. Box 1983, Kingsport, Tennessee, 37662-  
19 1983, attention Dennis R. Baker, Regulatory?

20 A. Yes.

21 Q. Should this be the address for all communications with  
22 applicant concerning the force pooling order?

23 A. Yes, it should.

24 Q. Do you recommend the force pooling order provide that if  
25 no written election is properly made by a respondent then

1 such respondent should be deemed as to have elected to  
2 cash royalty option in lieu of participation?

3 A. Yes.

4 Q. Should the unleased respondents be given 30 days from the  
5 date of the order to file written elections?

6 A. Yes.

7 Q. If an unleased respondent elects to participate should  
8 that respondent be given 45 days to pay applicant for  
9 respondent's proportionate share of well costs?

10 A. Yes.

11 Q. Does the applicant expect the party electing to particip-  
12 ate to pay in advance that party's share of completed  
13 well costs?

14 A. Yes.

15 Q. Should the applicant be allowed 60 days following the  
16 recordation date of the order and thereafter annually on  
17 that date until production is achieved to pay or tender  
18 any cash bonus becoming due under the force pooling  
19 order?

20 A. Yes.

21 Q. Do you recommend that the force pooling order provide  
22 that if a respondent elects to participate but fails to  
23 pay respondent's proportionate share of well costs  
24 satisfactory to applicant for payment of well costs the  
25 respondent's election to participate should be treated as

1       having been withdrawn and void and such respondent should  
2       be treated just as if no initial election had been filed  
3       under the force pooling order?

4       A.    Yes.

5       Q.    Do you recommend that the force pooling order provide  
6       that where a respondent elects to participate but  
7       defaults in regard to the payment of well costs any cash  
8       sum becoming payable to such respondent be paid within 60  
9       days after the last date on which such respondent could  
10      have paid or made satisfactory arrangements for the  
11      payment of well costs?

12      A.    Yes.

13      Q.    Do you recommend that the force pooling order provide  
14      that if a respondent refuses to accept any payment due  
15      including any payment due under said order or any  
16      payment of royalty or cash bonus or said payment cannot  
17      be made to a party for any reason or title defect in  
18      respondent's interest that the operator create an escrow  
19      account for the respondent's benefit until the money can  
20      be paid to the party or until the title defect is cured  
21      to the operator's satisfaction?

22      A.    Yes.

23      Q.    Who should be named the operator under this force pooling  
24      order?

25      A.    Equitable Resources Exploration.



1 MR. KAISER: Mr. Chairman, that's all questions I have for  
2 this witness.

3 MR. CHAIRMAN: Mr. Griffin, are you asking the Board to create  
4 this unit and to pool this unit?

5 MR. GRIFFIN: Yes, I am.

6 MR. CHAIRMAN: On your original Exhibit B under the percent-  
7 ages leased and percentages unleased you had 96.0236 as  
8 leased and 3.9764 percent unleased. We have the amended  
9 Exhibit B and it shows the percentage leased as 91.8806  
10 percent and 8.1184 percent unleased.

11 MR. GRIFFIN: That's correct. I think at the time of applica-  
12 tion the percentage leased was 86.85 percent and at this  
13 time I think -- well, it's 91.8806.

14 MR. MCGLOTHLIN: If I can follow-up on that. Where is your  
15 other .001 percent?

16 MR. GRIFFIN: You may have a mathematical problem here.

17 MR. CHAIRMAN: That could have been what happened on the  
18 original exhibit because what we had showed 96 percent  
19 and now that you have additional leased parties it  
20 actually dropped.

21 MR. GRIFFIN: Yeah. It should have been 86 percent on the  
22 original.

23 MR. CHAIRMAN: Are you representing that the amended Exhibit B  
24 is accurate in percentages?

25 MR. GRIFFIN: Yes, sir.

1 MR. KAISER: Exhibit B that was submitted with the application  
2 shows 96?

3 MR. CHAIRMAN: The original shows 96 percent leased.

4 MR. KAISER: Anyway, the amended Exhibit B would be the  
5 correct representation of interest leased.

6 MR. GRIFFIN: Well, the original may have been correct. It  
7 would take some looking at because we added some people  
8 and --

9 MR. CHAIRMAN: In the amended --

10 MR. GRIFFIN: Right.

11 MR. CHAIRMAN: I just want to make sure that if there was any  
12 discrepancy here we get it resolved. Any other ques-  
13 tions?

14 MR. MCGLOTHLIN: In the error -- my question is are you going  
15 to go back and recalculate and submit a 100 percent or  
16 find your other -- your missing party?

17 MR. GRIFFIN: Yes.

18 MR. KAISER: I think that's probably a computer calculation.  
19 We can certainly redo that. Mr. Chairman, at this time  
20 while I still have Mr. Griffin if I could go back for the  
21 record and ask him an additional question which would be  
22 applicable to both the earlier matter and this matter  
23 which may clear up something that you've been asking of  
24 both myself and Mr. Griffin.

25 MR. CHAIRMAN: That's fine.

1 Q. (Mr. Kaiser continues.) Mr. Griffin, with the exception  
2 of those parties that you are hereby dismissing from this  
3 proceeding are you requesting this Board to force pool  
4 the unleased interests listed at Exhibit B?

5 A. Yes, I am.

6 MR. KAISER: Thank you. I have no further questions of this  
7 witness, Mr. Chairman.

8 MR. CHAIRMAN: Other questions of this witness?

9 (Witness stands aside.)

10 MR. CHAIRMAN: You may call your next witness.

11 MR. KAISER: Our next witness will be Mr. Dahlin.

12  
13 ROBERT DAHLIN

14 a witness who, after having been previously sworn, was  
15 examined and testified as follows:

16  
17 DIRECT EXAMINATION

18  
19 BY MR. KAISER:

20 Q. State your name for the record, please.

21 A. My name is Robert A. Dahlin, II.

22 Q. And you're employed by whom and in what capacity?

23 A. I'm employed by EREX as an operations specialist.

24 Q. Have you testified before the Board and have your  
25 qualifications been previously accepted as an expert

1 witness?

2 A. I have.

3 MR. KAISER: Mr. Chairman, we move that Mr. Dahlin once again  
4 be accepted once again as an expert witness.

5 Q. (Mr. Kaiser continues.) Do your responsibilities include  
6 the lands involved here and in the surrounding area?

7 A. Yes, they do.

8 Q. Are you familiar with the proposed exploration and  
9 development of units involved here under the applicant's  
10 proposed plan of development?

11 A. I am.

12 Q. What is the total depth of the proposed initial well  
13 under applicant's plan of development?

14 A. Approximately 5,500 feet.

15 Q. What formations would this include?

16 A. It would penetrate the Devonian Shell, Berea, Weir, Big  
17 Lime, Raven Cliff, Maxon, Cleveland and Sunberry Shells.

18 Q. Will this be sufficient to penetrate and test the common  
19 sources of supply in the subject formations?

20 A. It would.

21 Q. Is the applicant requesting the force pooling of convent-  
22 ional gas reserves not only to include the designated  
23 formations but any other formations excluding coal  
24 formations which may be between those formations design-  
25 ated from the surface to the total depth drilled?

1 A. We are.  
2 Q. Will the initial well be at a legal location?  
3 A. It will a legal location.  
4 Q. What are the estimated reserves of this unit?  
5 A. We estimate 750 million cubic foot of gas to be assigned  
6 to the drilling unit.  
7 Q. Are you familiar with the well costs for the proposed  
8 initial unit well under applicant's plan of development?  
9 A. I am.  
10 Q. Has an AFE been reviewed, signed and submitted to the  
11 Board?  
12 A. It has.  
13 Q. And was the AFE prepared by an engineering department  
14 knowledgeable in the preparation of AFEs and knowledge-  
15 able in regard to well costs in the area?  
16 A. It was.  
17 Q. In your opinion does this AFE represent a reasonable  
18 estimate of the well costs for proposed unit well under  
19 applicant's plan of development?  
20 A. It does.  
21 Q. What are those dry hole costs and completed well costs?  
22 A. Dry hole costs would be \$153,950 and a completed well  
23 cost of \$270,650.  
24 Q. By way of further explanation for the Board, Mr. Dahlin,  
25 this wells are both in the same field and there is some



1           noticeable difference in both the dry hole costs and  
2           completed well costs between them. Could you -- for  
3           their information could you further explain why those  
4           differences exist?

5       A.    The differences are relative to an estimated location  
6           construction cost and the associated reclamation differ-  
7           ences. The lower cost well utilizes existing roads  
8           where timbering has been done, some mining's been done.  
9           27-7 is a much more topographically challenging location.  
10          We anticipate blasting and entirely constructing new  
11          location roads.

12       Q.   And those would be the reasons for the difference in the  
13           costs?

14       A.    Yes, sir.

15       Q.    Do these costs anticipate a multiple completion?

16       A.    It does.

17       Q.    Does the AFE include a reasonable charge for supervision?

18       A.    Yes, sir.

19       Q.    In your professional opinion will the granting of the  
20           application be in the best interest of conservation,  
21           prevention of waste and protection of correlative rights?

22       A.    Yes, it would.

23       MR. KAISER: I have no further questions of this witness, Mr.  
24           Chairman.

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

(Witness stands aside.)

1  
2 MR. CHAIRMAN: Do you have anything further?

3 MR. KAISER: Nothing further.

4 MR. EVANS: I move that we grant the petition as submitted.

5 MR. CHAIRMAN: We have a motion to approve.

6 MR. MCGLOTHLIN: Second.

7 MR. CHAIRMAN: A motion and a second. Further discussion?

8 All in favor signify by saying yes. (ALL AFFIRM.)

9 Opposed say no. (NONE.) We have a unanimous approval.

ITEM VI

1  
2  
3 MR. CHAIRMAN: The final item on today's agenda is a petition  
4 from Virginia Gas Company for modification of order VGOB-  
5 92/07/21-0233. This is docket number VGOB-93/08/17-0397.  
6 We'd ask the parties that wish to address the Board in  
7 this matter to come forward at this time.

8 MR. EDWARDS: Good morning. My name is Michael L. Edwards.  
9 I'm president of Virginia Gas Company. I've previously  
10 testified before the Gas and Oil Board and would respect-  
11 fully request being admitted as an expert witness.

12 MR. CHAIRMAN: Are there any others here today that wish to  
13 address the Board in this matter? The record will show  
14 there are none. You may address the Board.

15 COURT REPORTER: (Swears witness.)

16 MR. EDWARDS: Beginning June 1st we've been in the process of  
17 testing the Early Grove Gas Field and stuff in Washington  
18 County, Virginia for its suitability for a conversion to  
19 a gas storage facility. This is part of a larger project  
20 that our company is undertaking of developing natural gas  
21 distribution systems in Southwest Virginia. Simultane-  
22 ously with the development on the storage field we've  
23 received certificate of public convenience and necessity  
24 from the Virginia State Corporation Commission for our  
25 first Russell County area. This area will be served --

1 assuming that the field responds as we anticipate it will  
2 our Russell County area will be served by the gas stored  
3 in the Early Grove Field. The response of the field to  
4 date has been encouraging. We still don't know how well  
5 the field will work and we probably won't know that until  
6 we've gone through multiple injection and withdrawal  
7 cycles. Beginning June 1st we've injected about 170  
8 million cubic feet of gas up through the 15th of August.  
9 We would like to -- I believe in our original order we  
10 were given 120 day period in which to test the field. We  
11 would like to be able to expand that by 30 days until  
12 November 1st. The main reason why we feel we need that  
13 is to obtain additional information regarding the  
14 performance of the field at higher injection pressures.  
15 We began injecting in early June and the pressures in  
16 most of the wells were approximately in the 300 pound  
17 range. Those are surface pressures. We're currently up  
18 to about 800 pounds shut-in pressures. The performance  
19 of the field -- the original pressures in the field were  
20 approximately 1,400 pounds. Since gas is compressible  
21 more gas fits into the reservoir at higher pressures than  
22 it does at lower pressures. So we're just starting to  
23 get to the truly critical part of the injection cycle.  
24 One other development that's occurred, we've noticed and  
25 we believe that there may be communication between one of

1 the wells that was originally included in the order and  
2 one of the wells that was not included in the order.  
3 We're requesting that the EH-96 well be added as a fifth  
4 well to the testing order. Pursuant to applicable laws  
5 and regulations we've notified all of the interest owners  
6 in the field by certified mail, return receipt requested.  
7 We've provided proof of this to the Board. I've got an  
8 extra copy of the certified requests if it's necessary.  
9 We've also published in the Bristol Herald Courier.  
10 There are a small number of unknown and unlocatable  
11 interest owners in the field. I didn't really have a lot  
12 of other prepared testimony. If there's any questions  
13 I'd be more than happy to entertain those.

14 MR. CHAIRMAN: The essence of what you're asking us to do  
15 today is to extend the testing period to November 1st,  
16 1993?

17 MR. EDWARDS: Yes, sir.

18 MR. CHAIRMAN: And to add one additional well, is that  
19 correct?

20 MR. EDWARDS: That's correct.

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

22 MR. KELLY: Mike, were your intentions to go ahead and bring  
23 the field up to the original field pressures with your  
24 test or --

25 MR. EDWARDS: I don't think we'll get that high before



1 November. The cooler on the compressor is only good to  
2 about 1,250 pounds. Now, we may be able to -- we're  
3 talking to the Tidewater people right now about possibly  
4 bypassing that so we can get up to maybe -- see, we're  
5 losing about 50 to 80 pounds from the compressor to the  
6 field. I think the highest injection pressures we've  
7 gotten up to are in the 1,000 to 1,100 range. We may be  
8 able to get it up to 1,200 or so, but that's bumping the  
9 limit of the current compressor we've got.

10 MR. KELLY: By November 1st you hope to be up to that  
11 pressure --

12 MR. EDWARDS: Yes. We don't really know.

13 MR. KELLY: -- or sometime before that?

14 MR. EDWARDS: Yes. That's what we're hoping will be the  
15 outcome. Now, it's to be expected that the more gas we  
16 put in there the more difficult it will be to put in  
17 additional gas because the pressure is higher. But  
18 that's the current plan. Part of what we're trying to do  
19 here is to assess or compression requirements as to what  
20 will be required. We already know that we don't have  
21 enough horsepower out there to operate the thing commerc-  
22 ially.

23 MR. KELLY: Are you adding compression or just utilize that  
24 existing --

25 MR. EDWARDS: We have not as of yet. That's correct, we're

1 using the existing Ajax DPC280 and we've had to rebuild  
2 it once this summer already.

3 MR. CHAIRMAN: For clarification, this addition well is EH-967

4 MR. EDWARDS: Yes, sir.

5 MR. CHAIRMAN: Miller #1?

6 MR. EDWARDS: The Miller #1.

7 MR. EVANS: And it's in communication with?

8 MR. EDWARDS: We believe it's in communication with the H-89  
9 unit, the Dure. The pressures have been tracking pretty  
10 closely. And we did a three day withdrawal test in early  
11 June when the East Tennessee line was down for repairs  
12 between Knoxville and Sevierville. They wanted additional  
13 volumes from this area and the Miller well was the best  
14 producer from the group. The well which had previously  
15 been producing at rates of 40 to 50 MCF a day for 100/180  
16 day production period during the heating seasons all of a  
17 sudden went up to 600,000 a day. We're pretty sure of  
18 this. But that's what we know so far. We are planning a  
19 second withdrawal test in August, I think the 24th  
20 through the 26th. So we'll have some additional data  
21 there.

22 ME. EVANS: But even with the communications you believe you  
23 still do have containment within the reservoir?

24 MR. EDWARDS: Oh, yes. The pressures are continuing to  
25 climb. There appears to be particularly good perme-

1 ability between those two wells. This is almost certain-  
2 ly an unconventional fractured reservoir and that's part  
3 of what we're learning here. We've gotten the injection  
4 rates up a couple of days as high as four million cubic  
5 feet a day. I don't think we're going to be able to  
6 sustain that through the rest of the test period. We  
7 may, but we would almost certainly need additional  
8 compression to be able to do that. But that's a good --  
9 we started off in June at least than one million a day  
10 and we've been stair-stepping it up to try and see how  
11 high we can get the --

12 MR. EVANS: In your withdrawal testing what kind of volumes  
13 have reached there?

14 MR. EDWARDS: We were withdrawing in June, this was only after  
15 -- we had only put 50 million feet in in June prior to  
16 beginning the withdrawal. We got about two million a  
17 day. Two plus million a day from four wells as opposed  
18 to the entire field with twenty-one wells which was  
19 producing at a rate of less than a million a day during  
20 the last heating season. That was only a three day test,  
21 you know, but we're sufficiently encouraged that we want  
22 to proceed with -- we think we're going to want to  
23 proceed with full scale field development. This fall or  
24 winter we're planning to apply to the Board for full  
25 scale conversion of the field. We're not ready to do

1           that today, but I would anticipate before the end of the  
2           year that we'll be wanting to put the thing on a perman-  
3           ent --

4   MR. CHAIRMAN:   Just for the Price or including Little Valley?

5   MR. EDWARDS:   Probably including Little Valley.   It's a  
6           different animal than the Price Formation.   My guess is  
7           that you're real reservoir there is an inner connected  
8           lattice work of fractures and that you'll probably want  
9           to include both of them.   Again, I don't know that yet  
10          but I would think that for -- if nothing else, for  
11          administrative simplicity it would be easier.   It will  
12          probably take us 60 to 90 days to put together a proposal  
13          on that.

14   MR. CHAIRMAN:   Any other questions?

15   MR. MCGLOTHLIN:   Mr. Edwards, I understood you to say that you  
16           are getting some communication between one well and  
17           another well that has not been -- we've not allowed or  
18           stipulated that you can use for the test.   My question is  
19           after it communicates to a different area who now owns  
20           the gas?   Is it native gas now because it wasn't in the  
21           original order?

22   MR. EDWARDS:   Well, we would propose to -- I think that  
23           there's strong engineering evidence for the fact that gas  
24           we have injected into the field since the 1st of June has  
25           migrated into the fifth unit, the H-96 unit, and that the



1 appropriate way to handle production from that unit would  
2 be the way that we've provided in the original order to  
3 where that the native gas that was originally in there  
4 would be paid to the royalty owners as production gas.

5 MR. MCGLOTHLIN: How do you know how much gas was in 96?

6 MR. EDWARDS: Originally?

7 MR. MCGLOTHLIN: Yes, sir.

8 MR. EDWARDS: There's two methods that are traditionally used  
9 in reservoir engineering analysis to determine volumes --  
10 actually three. The volumetric method is typically used  
11 in early stages of field development before there's much  
12 production or pressure data. That is not applicable in  
13 this case. The two other methods that are used are a  
14 decline curve analysis and the P versus C pressure  
15 decline technique. With both of those measurements you  
16 can determine with 90 plus percent accuracy and precision  
17 what the remaining gas in that particular unit was prior  
18 to the commencement of injection.

19 MR. MCGLOTHLIN: Prior to your injection did you test 96 for  
20 the pressures?

21 MR. EDWARDS: Yes, sir. We produced the well for about 180  
22 days from last fall until about March 31st. So we had a  
23 very accurate determination of the production volumes  
24 that were coming out of that well. We've regularly  
25 monitored pressures from that. So it's --



1 MR. MCGLOTHLIN: That was my concern. I wasn't aware that you  
2 had done that.

3 MR. EDWARDS: No, no. We have been checking weekly and once  
4 we saw the pattern we began checking and paying pretty  
5 close attention. It's fairly compelling data.

6 MR. CHAIRMAN: Other questions? Do you have anything further?

7 MR. EDWARDS: No, sir.

8 MR. MCGLOTHLIN: I move that we accept the petition as filed.

9 MR. CHAIRMAN: A motion to approve.

10 MR. KELLY: Second.

11 MR. CHAIRMAN: A motion and a second. Any further discussion?

12 All in favor signify by saying yes. (ALL AFFIRM.)

13 Opposed say no. (NONE.) Unanimous approval.

14 MR. EDWARDS: Thank you, ladies and gentlemen.

15 MR. CHAIRMAN: That concludes the hearing.

16 MR. KAISER: I have a question on the September docket. I've  
17 heard that there's going to be some discussion of the  
18 supplemental order process. Could you elaborate on that.

19 MR. CHAIRMAN: On the September docket we plan to have a  
20 report by the escrow agent. I'm not aware of anything  
21 further than that report to the Board. The escrow agent,  
22 we anticipate, will report to the Board on the supplemen-  
23 tal orders that he's received and ones that he hasn't and  
24 what his account balances are and any kind of problems  
25 he's encountered and those kinds of things. Anything

1 further?

2 MR. FULMER: Also I'll be reporting on Mr. McGlothlin's  
3 request on the costs. Actual costs and estimated costs.

4 MR. CHAIRMAN: Right.

5 MR. DAHLIN: I didn't catch what he said.

6 MR. CHAIRMAN: He said that the Gas and Oil Inspector will be  
7 reporting to the Board on the differences between the DWE  
8 and the actual well costs.

9 MR. FULMER: Per request by Mr. McGlothlin at the last  
10 hearing.

11 MR. DAHLIN: Is that based on some requests that are going to  
12 be forthcoming or --

13 MR. FULMER: It gives us a chance to take a look at your DWES.

14 MR. DAHLIN: We discussed this the last time and I believe you  
15 were going to identify the wells and --

16 MR. FULMER: I'm going to do a random selection of wells. As  
17 I told Mr. McGlothlin, due to some -- I'm going to give a  
18 random cost -- average cost not using or comparing one  
19 company to another one. The cost of coalbed methane and  
20 plus conventional to see how they are -- in relationship  
21 to an estimated or -- estimated DWES. That average to  
22 the average of the actual costs.

23 MR. MCGLOTHLIN: I believe I requested that we have specific  
24 wells and specific numbers on wells, not averages.

25 MR. DAHLIN: My question from that is are there going to be

1 requests for evidence to support those?

2 MR. FULMER: Yes. Evidence coming from me to the operators  
3 asking for the costs.

4 MR. CHAIRMAN: Anything further? That concludes our meeting.  
5 Thank you.

6  
7 (End of Proceedings for  
8 August 17, 1993.)  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

**CERTIFICATE**

**COMMONWEALTH OF VIRGINIA**

**COUNTY OF WASHINGTON**

I, Marsha D. Sharp, 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 August 17, 1993 at the Rhododendron Restaurant, 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 3rd day of September, 1993.

\_\_\_\_\_  
MARSHA D. SHARP  
NOTARY PUBLIC

My commission expires February 28, 1995.