

# **VIRGINIA GAS AND OIL BOARD**

## **MONTHLY BOARD TRANSCRIPT**

**SEPTEMBER 1997**

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5 **VIRGINIA OIL AND GAS BOARD**

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7 **HEARING OF SEPTEMBER 16, 1997**

8 **9:00 A.M.**

9  
10 **AT THE SOUTHWEST VIRGINIA 4-H CENTER**

11 **HILLMAN HIGHWAY**

12 **ABINGDON, VIRGINIA**

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22 **APPALACHIAN COURT REPORTING SERVICES, INC.**  
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September 16, 1997

This matter came on to be heard on this the 16th day of September, 1997 before the Virginia Gas and Oil Board at the Southwest Virginia 4-H Center, Hillman Highway, Abingdon, 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. I'm Deputy Director for the Virginia Department of Mines, Minerals and Energy and Chairman of the Gas and Oil Board. I'll ask the Board members to introduce themselves.

MR. BRENT: I'm Mason Brent from Richmond. I represent the gas and oil Industry.

MR. GARBIS: My name is Dennis Garbis from Fairfax County. I'm a public member.

MR. LEWIS: Max Lewis from Buchanan County. Public member.

MR. GILLIAM: Richard Gilliam, Coal industry representative.

MR. HARRIS: Bill Harris, Wise County, public representative.

MR. FULMER: Tom Fulmer, Department of Mines, Minerals and Energy.

MR. CHAIRMAN: On the agenda today, our Item Number Ten is continued with Document Number VGOB-97-09/16-0608. That will be continued until the October hearing at the request of Ashland Exploration.



ITEM I. II. III

1  
2  
3 MR. CHAIRMAN: The first item on today's agenda is a  
4 petition from Pocahontas Gas Partnership for pooling of  
5 a coalbed methane unit identified as Z-35. This is  
6 Docket Number VGOB-97-09/16-0600. We'd ask the parties  
7 that wish to address the Board in this matter to come  
8 forward at this time.

9 MR. SWARTZ: Mark Swartz and Les Arrington. We're here on  
10 behalf of the applicant Pocahontas Gas Partnership.

11 MR. CHAIRMAN: Let the record show there are no others. You  
12 may proceed.

13 MR. SWARTZ: We would like you, if you would find this an  
14 acceptable way to proceed, to also call Docket Items  
15 Two and Three. If you look at the map that's the last  
16 page of the Z-35 application, these three units are  
17 really just in a row effected by the same longwall  
18 panels and it might make sense to consolidate them.

19 MR. CHAIRMAN: All right. As long as we keep our records  
20 straight. If you'll help do that, we'll also go ahead  
21 and call the next two items; a petition from Pocahontas  
22 Gas Partnership for pooling of a coalbed methane unit  
23 identified as Y-35, Docket Number VGOB-97-09/16-0601,  
24 and coalbed methane unit identified as AA-35, Docket  
25 Number VGOB-97-09/16/0602. We'd ask the parties that

1 wish to address the Board in this matter to come  
2 forward at this time.

3 MR. SWARTZ: Mark Swartz and Les Arrington also for PGP on  
4 both of those.

5 MR. CHAIRMAN: All right. And the record will show there  
6 are no others. You may proceed.

7 MR. SWARTZ: Les, you want to be sworn here.

8 COURT REPORTER: (Swears witness.)  
9

10 LESLIE K. ARRINGTON

11 a witness who, after having been duly sworn, was examined  
12 and testified as follows:  
13

14 DIRECT EXAMINATION  
15

16 BY MR. SWARTZ:

17 Q. Do you want to state your name for the record, please?

18 A. Yes. Leslie K. Arrington.

19 Q. And who do you work for?

20 A. Consol.

21 Q. And what relationship do you have in your job to these  
22 three applications that we're going to be dealing with  
23 today?

24 A. I'm the Print Specialist. I drafted the applications.

25 Q. Consol is one of the partners in Pocahontas Gas



1 Partnership, correct?

2 A. Yes, they are.

3 Q. Pocahontas Gas Partnership is the applicant in all  
4 three of these applications?

5 A. Yes, they are.

6 Q. And Pocahontas Gas Partnership is a Virginia General  
7 Partnership?

8 A. Yes, it is.

9 Q. And the partners in that partnership are Consolidation  
10 Coal Company and Conoco, Inc.?

11 A. Yes.

12 Q. And who are you requesting that the designated operator  
13 be with regard to each of these three units?

14 A. Pocahontas Gas.

15 Q. Has Pocahontas -- is Pocahontas Gas Partnership author-  
16 ized to do business in the Commonwealth?

17 A. Yes, they are.

18 Q. And has that partnership registered with the DMNR and  
19 does it have a blanket bond on file with regard to its  
20 gas and oil operations?

21 A. Yes, we do.

22 Q. Now the names of the people that you're seeking to pool  
23 are listed in the notice of hearing that's sort of the  
24 first page of each packet, correct?

25 A. Yes, they are.



1 Q. Do you want to make any changes? Do you want to add  
2 any respondents or drop any respondents?  
3 A. No, we do not.  
4 Q. Okay. In the Z-35 and the AA-35 unit, there's just one  
5 respondent; a Mr. Charles Davidson?  
6 A. That's correct.  
7 Q. And in the Y-35 there are three respondents; Anna  
8 Bohan, William Larry Angardio and Danny Hinkle,  
9 correct?  
10 A. That's correct.  
11 Q. Did you mail or cause a copy of the notice and the  
12 application to be mailed to the respondents?  
13 A. Yes, we did.  
14 Q. Did you send it certified mail as is required?  
15 A. Yes, we did.  
16 Q. And on what date did you mail on?  
17 A. August 20th.  
18 Q. Of?  
19 A. '97.  
20 Q. Okay. Did you also publish in a newspaper?  
21 A. Yes, we did on August 22nd in the Bluefield Daily  
22 Telegraph.  
23 Q. And was it the notice of hearing that was published?  
24 A. Yes, it was.  
25 Q. And do you have today, that you can share with the

1 Board, proof of publication, if you haven't already  
2 filed that with Mr. Fulmer, and proof of mailing?

3 A. Yes, we did. And it has been filed with Mr. Fulmer.

4 Q. Has PGP and Consol exercised due diligence to try and  
5 identify and locate all persons that have record title  
6 to the tracts at question here -- at issue here?

7 A. Yes, they have.

8 Q. Okay. And to the extent that you have not obtained  
9 leases from those people, are all of the unleased  
10 parties listed as respondents in the three applica-  
11 tions?

12 A. Yes, they are.

13 Q. These units are -- you're seeking to pool under both  
14 the Oakwood I and Oakwood II Rules. Is that correct?

15 A. That's correct.

16 Q. And all of them are eighty-acre units?

17 A. That's correct, they are.

18 Q. And do all of them -- do you seek to pool from the  
19 Tiller down to the Pocahontas Number Three seam?

20 A. Yes, we do.

21 Q. And is there a map attached at the end of each of the  
22 exhibits which depicts the three units that we're  
23 talking about in relationship to a mine?

24 A. Yes, it is.

25 Q. And this is the Buchanan Number One mine?



1 A. Yes, it is.

2 Q. And it's in the Pocahontas Three seam?

3 A. Yes, it is.

4 Q. And each of these units; the Y-35, Z-35 and AA-35, are  
5 effected by three of the longwall panels in that mine?

6 A. Yes, they are.

7 Q. Basically, those panels are thirteen east, fourteen  
8 east and fifteen east?

9 A. That's correct. It is.

10 Q. Fourteen is the panel that kind of runs down through  
11 the center of these units?

12 A. Yes, it is.

13 Q. And fifteen just catches a sliver of that panel on the  
14 right-hand side?

15 A. Yes, it does.

16 Q. Okay. And have you prepared an Exhibit G, Page 1?

17 A. Yes, we have.

18 Q. And it's the same for all three of these units?

19 A. Yes, it is.

20 Q. And it is a spreadsheet disaster, isn't it?

21 A. Yes, it is.

22 Q. Okay. Well, let's indicate what needs to be changed so  
23 that when we file an amended exhibit, we've got it  
24 straight, but we need to get in the record today.

25 A. Okay.



1 Q. At the beginning, the five frack wells, there is a well  
2 cost of 135,801.70?  
3 A. That's correct. It is.  
4 Q. And is that number correct?  
5 A. Yes, it is.  
6 Q. Okay. And have you filed Exhibit C in each of the  
7 applications which is a drilled well estimate?  
8 A. Yes, we have.  
9 Q. And that's where that number comes from?  
10 A. Yes, it is.  
11 Q. And that does not need to be revised?  
12 A. The drilled well cost?  
13 Q. Correct.  
14 A. No.  
15 Q. Okay.  
16 A. The drilled well cost does need to be revised on  
17 Exhibit G. These are frack wells.  
18 Q. Okay. So what would be an appropriate estimate here  
19 with regard to Exhibit G?  
20 A. Okay. The drilled well cost will be \$228,339.00.  
21 Q. And that's the number or the cost that is reported in  
22 Exhibit C?  
23 A. Yes, it is.  
24 Q. How many frack wells per panel are we dealing with?  
25 A. Five.

1 Q. Okay. So that is correct?  
2 A. That is correct.  
3 Q. To get the total cost, the Math then is to take five  
4 times the frack well cost?  
5 A. Yes, it is.  
6 Q. And when we revise that Exhibit, that will be the  
7 number that's reported?  
8 A. That's correct. It will be.  
9 Q. Now, with regard to the longwall panels thirteen east,  
10 fourteen east and fifteen east, are the allocation  
11 percentages to the various panels for the various units  
12 as reported on Exhibit G, Page 1, correct?  
13 A. I'm not -- let me check just a second here. (Pause.)  
14 I believe those percentages are correct.  
15 Q. Okay. So what needs to be done to correct this is to  
16 carry the total frack well cost and allocate it using  
17 the percentages that are reported?  
18 A. Yes, it is.  
19 Q. And will you undertake to do the Math correctly and  
20 prepare and submit a revised Exhibit G, Page 1?  
21 A. Yes, we are.  
22 Q. So it can be attached to the order?  
23 A. Yes.  
24 MR. SWARTZ: Okay.  
25 MR. BRENT: Could I back up here a second? Explain to me



1 the difference between Exhibit C and Exhibit G.

2 Exhibit C is the estimated cost per well?

3 THE WITNESS: Yes, it is.

4 MR. BRENT: Okay. And G is estimated allowable cost by  
5 panel.

6 Q. (Mr. Swartz continues.) If you look at the last page,  
7 the wells are shown on Exhibit G in each of the panels,  
8 correct?

9 A. Yes, they are.

10 Q. And some of them, apparently, have been drilled?

11 A. Yes, they have.

12 Q. What's the difference in the symbols?

13 A. The difference in the symbols is just indicating the  
14 different stages of where the wells are.

15 Q. Okay. Meaning?

16 A. Drilled, proposed.

17 Q. Okay. Are the ones that have the spikes coming off,  
18 wells that have been drilled?

19 A. Actually, it's a different type of frack well. I mean,  
20 it's just -- that we haven't gotten it done yet.

21 Q. Okay. And with regard to allocation of costs, you were  
22 proposing to allocate the cost of five frack wells to  
23 each of these three panels?

24 A. Yes, we are. Yes.

25 Q. And then the further allocation takes the percentages



1 on Exhibit G which is the percentage of the panel in  
2 each of the units, correct?  
3 A. That's correct. It does.  
4 Q. And multiply that times the total cost to get an  
5 allocated cost?  
6 A. That's correct.  
7 Q. And the problem with your Exhibit G is you haven't done  
8 that Math?  
9 A. That's correct.  
10 Q. Okay. With regard to the depth of the Pocahontas Three  
11 seam here -- if you look at your Exhibit C -- what is  
12 the projected depth of these wells?  
13 A. Projected depth of these wells is approximately 1,880  
14 feet -- 84 feet -- I'm sorry.  
15 Q. Which would vary slightly depending on surface topo-  
16 graphy?  
17 A. That's correct.  
18 Q. All right. And you tried to take an average?  
19 A. They are averages, yes.  
20 Q. So your Exhibit C number is an average?  
21 A. Yes, it is an average.  
22 Q. Now, initially, these wells would produce frack gas?  
23 A. Yes, they will.  
24 Q. And that would have to be allocated under the Oakwood  
25 II Rules?

1 A. Yeah. Oakwood I.  
2 Q. I'm sorry. The Oakwood I Rules?  
3 A. Yes.  
4 Q. Now, on your Exhibit B-3 -- if you would turn to that  
5 in any one of the applications -- have you set forth on  
6 Exhibit B-3 the percentage in the unit for allocation  
7 of frack well production?  
8 A. Yes, we have. As you can see, the columns farthest to  
9 the right indicate the individual interest within  
10 those longwall panels.  
11 Q. And then there's an interest in unit which indicates  
12 the total interest in the unit as opposed to the  
13 longwall panels?  
14 A. That's correct.  
15 Q. And that would -- the interest in unit would be the  
16 percentage to allocate, for example, royalty or frack  
17 costs to a given owner?  
18 A. Yes, it does.  
19 Q. And once production converts from frack production to  
20 active gob production, then we would use the division  
21 of interest in the various panels to allocate royalty  
22 or to allocate cost?  
23 A. That's correct.  
24 Q. And that's done -- you've done that Math in that  
25 Exhibit for each of the three units?



1 A. Yes.

2 Q. Turning again to the Exhibit G at the end, this Exhibit  
3 depicts a portion of the Buchanan Number One mine,  
4 correct?

5 A. Yes, it does.

6 Q. And it essentially shows the proposed longwall develop-  
7 ment for the area that's shown here?

8 A. Yes, it does.

9 Q. Is it your opinion that this is a reasonable plan  
10 that's depicted in these three applications to develop  
11 the coalbed methane that you anticipate extracting from  
12 the Buchanan Number One mine and the seams above that  
13 mine when the longwall panels gob?

14 A. Yes, we do.

15 Q. And is it your opinion that this is a reasonable plan  
16 for development that protects correlative rights that  
17 effectively uses resources and does not overspend costs  
18 to extract the gas in question?

19 A. Yes, we do feel that.

20 (Witness stands aside.)

21 MR. SWARTZ: That's all I have subject only to submitting  
22 revised Exhibits.

23 MR. WAMPLER: Questions from the Board?

24 MR. HARRIS: Could we just get a summary of the revised  
25 Exhibit? In other words, there's, what, two -- three?



1           In other words, this is complete except for those --  
2   THE WITNESS: Exhibit G.  
3   MR. HARRIS: Okay. Exhibit?  
4   MR. SWARTZ: Exhibit G.  
5   MR. CHAIRMAN: You're going to file an amended Exhibit G?  
6   THE WITNESS: Yes.  
7   MR. SWARTZ: It will be the same for all three because  
8           they're all effected by the same panel, so, essential-  
9           ly, it will be one sheet of paper that will track all  
10          those numbers, but we'll submit one in regard to each  
11          application. And, basically, I -- I didn't mean to  
12          confuse you unnecessarily, but the total costs were  
13          wrong and, you know, that resulted -- and when you  
14          started to allocate costs -- the wrong number. So we  
15          need to get the right number which is five times the  
16          Exhibit C and then use the percentages to allocate  
17          those costs. And we will file, in writing, Exhibits  
18          that Sandy can use to attach to the order so it gets  
19          squared away.  
20   MR. CHAIRMAN: Any other questions from Members of the  
21                  Board?  
22   MR. HARRIS: I do have a question. I don't have a problem  
23                  with the cases. How often do we approve these when we  
24                  have, you know, the bottom line wrong? In other words,  
25                  is that a problem or is it something that we should be

1 concerned with? I mean, we're told it's forthcoming,  
2 but I don't know what -- have we set any precedent in  
3 the past of approving these without having that? I  
4 guess that's what I'm asking.

5 MR. CHAIRMAN: Well, that's a good question. I think the  
6 answer to that is no. You're getting at approving  
7 something here that we don't have the bottom line.  
8 That might be allocated back to the individuals that  
9 make their choices.

10 MR. SWARTZ: Well, we can calculate that pretty quickly.  
11 What I was trying to do was to save time. But, I mean,  
12 we could figure out real quickly because the per-  
13 centages are all here.

14 MR. GARBIS: Well, your Exhibit C is correct, isn't it?

15 MR. SWARTZ: That's correct. It's just five times that.

16 MR. GARBIS: Well, if your Exhibit C is correct, I think  
17 we'd be able to logically, you know, figure that out.

18 MR. CHAIRMAN: You see what he's saying?

19 MR. HARRIS: Yes.

20 MR. CHAIRMAN: The number is not going to change. The  
21 percentage of allocation will not change.

22 MR. SWARTZ: The percentage will not change.

23 THE WITNESS: It's just we didn't merge the two. I used the  
24 same form.

25 MR. CHAIRMAN: It's just that when they merged the two, the



1 numbers are not accurate. And he's going to have to  
2 file an amended G to make that accurate.

3 MR. HARRIS: Okay.

4 MR. SWARTZ: If you looked at -- Mr. Harris, it's a legit-  
5 mate question. If you looked, for example, at Z-35,  
6 just to take a simple -- there's one respondent there a  
7 Mr. Davidson. His percentage for each of the three  
8 panels is reported on Exhibit B-3. In the thirteen  
9 east panel, he has 2.67834 percent. You would take  
10 that percent times five times the Exhibit C well cost  
11 and that's how you literally would calculate his  
12 interest. So, it's all on the table. We just booted  
13 the Math when we did the Exhibit.

14 MR. HARRIS: Thank you.

15 MR. CHAIRMAN: Any other questions?

16 (Pause.)

17 MR. BROWN: Mr. Chairman, I'd move that we grant these three  
18 applications. I'd also like to ask that in the future,  
19 if you would, make sure you've got your numbers right  
20 before you --

21 THE WITNESS: Yeah, I know. That's not --

22 MR. GARBIS: I second the motion.

23 MR. CHAIRMAN: A motion and second. Any further discussion?  
24 All in favor signify by saying yes. (ALL AFFIRM.)  
25 Opposed say no. (NONE.) It's a unanimous approval.

ITEM IV

1  
2  
3 MR. CHAIRMAN: The next item on the agenda is a petition  
4 from Buchanan Production Company for pooling of a  
5 coalbed methane unit identified as P-13. This is  
6 Docket Number VGOB-97-09/16-0603. We'd ask the parties  
7 that wish to address the Board in this matter to come  
8 forward at this time.

9 MR. SWARTZ: Mark Swartz and Les Arrington.

10 MR. CHAIRMAN: Let the record reflect there are no others.  
11 You may proceed.

12 MR. SWARTZ: The only respondent here is the Buchanan County  
13 School Board. Les, have you been in touch with them  
14 from time to time and tried to lease this?

15 MR. ARRINGTON: Yes. Yes, we have.

16 MR. SWARTZ: And I take it you have been unsuccessful?

17 MR. ARRINGTON: That's correct.  
18

19 LESLIE ARRINGTON

20 a witness who, after having been previously sworn, was  
21 examined and testified as follows:  
22

23 DIRECT EXAMINATION  
24

25 BY MR. SWARTZ:



1 Q. Please state your name again for the record.  
2 A. Leslie K. Arrington.  
3 Q. You are already under oath. You need to remember that.  
4 A. Okay.  
5 Q. Who are you employed by?  
6 A. Consol, Inc.  
7 Q. What was your participation in preparing the notice of  
8 hearing, application, and exhibits?  
9 A. I'm the Print Specialist and I have prepared and signed  
10 both the notice of hearing and application.  
11 Q. Did you mail this to the respondent?  
12 A. Yes, we did.  
13 Q. When did you do that?  
14 A. August 20th, I believe is the correct date. (Examin-  
15 ing.) August 15th. I'm sorry.  
16 Q. Okay. And was the mailed signed for by the respondent?  
17 A. Yes, it was.  
18 Q. And when was that?  
19 A. August 19th.  
20 Q. Did you also publish?  
21 A. Yes, we did.  
22 Q. When and in what paper?  
23 A. The Bluefield Daily Telegraph on August the 22nd.  
24 Q. And when you published, did you publish the notice of  
25 hearing?

1 A. Yes, we did.

2 Q. Is this an application under both the Oakwood I and II

3 Rules?

4 A. Yes, it is.

5 Q. Do you have an Exhibit G attached which shows the

6 proposed development?

7 A. Yes, we do.

8 Q. And is there something unusual about the development

9 here? A little unusual?

10 A. A little different here. Actually there's only one

11 well allocated per panel for this unit -- and there's

12 two longwall panels involved; three east and four east

13 -- longwall panel in the VP-1 mine.

14 Q. And in this particular instance, you're going to be

15 using just one well in each panel to drain the panels?

16 A. That's correct, we are.

17 Q. Okay. And have you estimated the cost of that well in

18 Exhibit C?

19 A. Yes, we have.

20 Q. And what cost have you assigned to that?

21 A. \$135,801.70.

22 Q. So this is not a frack well?

23 A. No, it is not.

24 Q. Just a gob well?

25 A. It's a gob well.



1 Q. Okay. And is Exhibit G, as part of this application,  
2 correct?  
3 A. Yes, it is.  
4 Q. Okay. So we've got at the top, we're allocating the  
5 cost of one well?  
6 A. One well per panel. That's correct.  
7 Q. And then with regard to P-13 we have the appropriate  
8 percentages and the two panels and the Math is correct  
9 and the cost allocated to the P-13 unit is \$77,017.13?  
10 A. That's correct, it is.  
11 Q. Okay. Who is the applicant in this application?  
12 A. Buchanan Production.  
13 Q. And who is that the application seeks to have appointed  
14 as the designated operator?  
15 A. Consol, Inc.  
16 Q. Buchanan Production is a Virginia General Partnership?  
17 A. Yes, it is.  
18 Q. And its partners are Appalachian Operators, Inc. and  
19 Appalachian Methane, Inc.?  
20 A. Yes, it is.  
21 Q. And both of those corporate partners are wholly owned  
22 indirect subsidiaries of a company by the name of MCN  
23 Corporation?  
24 A. That's correct, it is.  
25 Q. Is BPC authorized to do business in the Commonwealth?

1 A. Yes, it is.

2 Q. And BPC is requesting that Consol be the designated  
3 operator?

4 A. Yes.

5 Q. And is Consol a Delaware corporation?

6 A. Yes.

7 Q. Is Consol authorized to do business in the Common-  
8 wealth, has it registered with the DMME and does it  
9 have a blanket bond on file?

10 A. Yes, it does.

11 Q. In essence, has Buchanan Production Company delegated  
12 responsibility for the management of its affairs and  
13 assets to someone else?

14 A. Yes, it has. And that's listed in the Exhibit booklet  
15 as Exhibit Four, Five and Six with Claude Morgan shown  
16 as General Manager, William Gillenwater as Land  
17 Manager, and Randy Albert as Regularity Manager.

18 Q. I take it you do not want to dismiss the Buchanan  
19 County School Board as a respondent?

20 A. No.

21 Q. Do you want to add anybody?

22 A. No.

23 Q. Okay. If we go to Exhibit B-3 here, that would show  
24 the School Board's interest in the unit, correct?

25 A. Yes, it does.



1 Q. And it has an interest -- apparently a fee interest?  
2 A. Yes, it does.  
3 Q. And the acres in the unit are in what amount?  
4 A. The acres within the unit is 0.9115 acres.  
5 Q. And the percent of the acre?  
6 A. Is 1.13938 percent of the unit.  
7 Q. Okay. This is an eighty-acre unit?  
8 A. Yes, it is.  
9 Q. And what seams are you seeking to pool?  
10 A. All seams beginning below the Tiller down through the  
11 Pocahontas Number Three seam.  
12 Q. And what is the projected depth of the well and of the  
13 three seam in this area?  
14 A. Projected average depth of these wells -- the average  
15 depths is approximately 2,185 feet.  
16 Q. Is this plan which is depicted on Exhibit G, in your  
17 opinion, a reasonable plan to develop the coalbed  
18 methane from the two longwall panels in question?  
19 A. Yes, it is.  
20 Q. And is it your further opinion that it is a reasonable  
21 use of resources in relation to the gas to be recovered  
22 as well?  
23 A. Yes, it is.  
24 MR. SWARTZ: That's all I have.  
25 MR. CHAIRMAN: Questions, Members of the Board?

1 MR. HARRIS: Mr. Chairman?

2 MR. CHAIRMAN: Mr. Harris.

3 MR. HARRIS: Mr. Swartz said that this was unusual in that  
4 there's one gas -- in this case, gas well per panel.  
5 What's unusual about that? Why is that the case?  
6 Because we've seen some that have two and three.

7 THE WITNESS: That's correct, you have. We are actually --  
8 this mine is not actually sealed or completely sealed,  
9 so these wells are just the ones that are active within  
10 those longwall panels. The other wells that are within  
11 those panels are either plugged or inactive wells at  
12 this point. So, we're only seeking the cost for the  
13 one well that we are going to produce from.

14 MR. FULMER: I assume that these are vertical ventilation  
15 holes?

16 THE WITNESS: They were vertical. Yes, that's correct. We  
17 only permitted the number of wells that you see here.  
18 The rest are the ventilation holes.

19 MR. HARRIS: Right. I understand.

20 Q. (Mr. Swartz continues.) Well, and also, is this mine  
21 -- is there any mining at all in this mine?

22 A. No, none active.

23 Q. Okay. And most of the pooling that the Board sees is  
24 in active mines?

25 A. Yes, it is.



1 Q. Where the ventilation -- mine safety issues are more  
2 acute and you would be hooked up to more VVH -- well,  
3 hooked up to more wells in each panel?

4 A. That's correct, it would be.

5 Q. That's the basic difference here. This is an idle mine  
6 that has not been sealed. Otherwise, safety concerns  
7 would dictate more. Is that --

8 A. That's correct.

9 (Witness stands aside.)

10 MR. CHAIRMAN: Other questions?

11 (Pause.)

12 MR. HARRIS: Mr. Chairman, I move that we accept the  
13 petition as presented.

14 MR. SWARTZ: Excuse me. Les, has reminded me of one other  
15 thing. If we could possibly make this effective today  
16 if the application is approved because it's ready to  
17 go, we would appreciate that.

18 MR. HARRIS: Can we do that?

19 MR. CHAIRMAN: We can do that.

20 MR. HARRIS: Well, I still make the motion that we approve  
21 the petition as presented effective today.

22 MR. CHAIRMAN: Tom, have you got any problem with that --  
23 the effective date?

24 MR. FULMER: I'd have to go back and look and see what he  
25 has approved and the permits.

1 MR. SWARTZ: Do you have a permit?  
2 THE WITNESS: Yes.  
3 MR. FULMER: I can't tell right off the bat. I'd have to go  
4 back, but I don't have much of a problem with that.  
5 MR. CHAIRMAN: Subject to those approvals?  
6 MR. HARRIS: Yes. I'll add that to the motion -- subject to  
7 the paper work being in order.  
8 MR. CHAIRMAN: Okay.  
9 MR. BROWN: I second.  
10 MR. GARBIS: Second.  
11 MR. CHAIRMAN: Second. Any further discussion? All in  
12 favor signify by saying yes. (ALL AFFIRM.) Oppose say  
13 no. (NONE.) Unanimous approval.  
14 MR. CHAIRMAN: Before we call Equitable Resources, I see Mr.  
15 Mullins is here. Do you mind, just for a few minutes?  
16 If this starts into something, we'll back them down and  
17 let them wait. I'm going to go ahead and call for  
18 discussion purposes and if the Board will indulge me  
19 for a minute, maybe we can work something out here.  
20  
21  
22  
23  
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ITEM IX

1  
2 MR. CHAIRMAN: The Board next will consider request for  
3 further hearings filed by Penn Stuart on behalf of Hugh  
4 MacRae Land Trust and Garden Realty Corporation.  
5 Docket Numbers VGOB-197-04/15-0576 and 0577 and 0578.  
6 So we'd ask the parties that wish to address the Board  
7 in this matter to come forward at this time.

8 MR. MULLINS: May it please the Board, I'm Tom Mullins. I  
9 have been substituted as counsel for Penn Stuart in  
10 this matter due to a conflict that arose with that law  
11 firm.

12 MR. CHAIRMAN: I confirm that we received official notifica-  
13 tion of that for the Board. Do you want to go ahead,  
14 Mark?

15 MR. SWARTZ: I appear for Pocahontas Gas Partnership who is  
16 involved in three of the four and Buchanan Production  
17 Company who is involved in the R-25 unit.

18 MR. MULLINS: It's basically my request for the Board that  
19 this matter be continued at this time and here are the  
20 reasons for my request. My first reason is a practical  
21 matter. I got involved rather late in this matter.  
22 This has been going on -- the agreements and then the  
23 agreed order and all the things that have been in the  
24 background have been going on for months and months and  
25 I've been involved since the first or second of this

1 month. Second, there are additional wells or units  
2 that are going to be effected in this same type of  
3 application that's going to be coming before the Board  
4 on four other units or four other wells. There's no  
5 need to litigate these issues twice. It would seem to  
6 me both practically for the Board's expediency to get  
7 the full information so we can get all the relevant  
8 issues before the Board and all the information before  
9 the Board and not do it twice. That this matter be  
10 continued so we can adequately prepare and adequately  
11 get the information before the Board and get adequate  
12 and accurate information and testimony before the  
13 Board. So that's my request.

14 MR. CHAIRMAN: Mr. Swartz.

15 MR. SWARTZ: I filed some pleadings with the Board which may  
16 or may not be in your packets with regard to each of  
17 these four applications. I have no objection to a  
18 continuance if the Board and my clients are told what  
19 the issues are that are going to be addressed when we  
20 come back. These applications that were filed here are  
21 peculiar. I mean, when you look at them, all they ask  
22 for is a hearing. They don't say "These are the issues  
23 that we're going to be considering and this is the  
24 relief that we want." And the Board regulations, for  
25 example, the regulations with regard to miscellaneous



1 petitions to the Board specifically say that there has  
2 to be a statement of the issues of the petition, a  
3 statement of the specific relief requested. And you'll  
4 notice when we show our pooling applications, I mean,  
5 we do that. And just in fairness to my clients and in  
6 fairness to the Board and from a due process stand-  
7 point, I think we're entitled to know what issues are  
8 going to be on the table so I know what witnesses to  
9 bring, what exhibits to put together, so I'm prepared.  
10 And I understand and I talked to Tom -- I mean, we've  
11 dealt in the past -- that he needs time to prepare. I  
12 don't quarrel with that. He was dragged in at the last  
13 minute. But I would like any continuance, which I  
14 don't object to, to be conditioned on -- you know, if  
15 it's continued for two months, twenty days prior to  
16 whatever the continued date is, you know, file some-  
17 thing in writing with the Board telling us what we're  
18 going to be talking about. That's all. That's my only  
19 desire here this morning in terms if it's going to be  
20 continued, I feel we need to have that kind of a  
21 limitation.

22 MR. CHAIRMAN: Mr. Mullins.

23 MR. MULLINS: As far as my response to that, it depends on  
24 what the perimeters of that is. If we're going into a  
25 discovery kind of mode of particulars, then I have no

1 objection to that as long as it works both ways. I  
2 don't mind discovery and I don't mind -- in fact, I  
3 would prefer it if it's going to get into the detailed  
4 kind of information about what's going on. I don't  
5 mind that as long as that flows both ways to both  
6 parties.

7 MR. SWARTZ: I have no issues. I have no agenda. Okay.  
8 I'm being dragged here for reasons that I don't  
9 understand. And this is not discovery. This is  
10 procedural due process telling a respondent "This is  
11 what we're planning to talk about."

12 MR. CHAIRMAN: Is it also correct to say that this in  
13 litigation?

14 MR. MULLINS: Right.

15 MR. SWARTZ: Oh, we've got all kinds of hidden agendas here,  
16 right, but, you know, they've got a right to bring this  
17 petition, but my -- but I think they need to tell us  
18 why we're here.

19 MR. MULLINS: Well, I think basically -- it's my understand-  
20 ing -- and, again, I'm not a hundred percent up to  
21 speed and I apologize to the Board for that. But, it's  
22 my understanding that this is an appeal from an order  
23 or a prior order of the Board which granted the  
24 petitioner's here the right to I guess file an objec-  
25 tion before the Board to the accounting. I believe



1           that's sort of self-explanatory. That's where we are.  
2           I don't know what further information needs to be  
3           provided. But, again, if you're wanting a fact  
4           statement of saying, you know, "This is what we're  
5           doing, this is what our evidence is going to be, this  
6           is the way we're going to proceed," then I object to  
7           that unless both sides are obligated to do that. If  
8           we're just saying, you know, "This is the issues before  
9           the Board in broad terms," I don't have a problem with  
10          that.

11       MR. SWARTZ: That's all I'm asking for. "This is the issue  
12          and this is what we want the Board to do if we win."

13       MR. MULLINS: Then I don't have a problem with that.

14       MR. CHAIRMAN: Okay. Any problems for the continuance?  
15          (Pause.) This will be a continuance until the case is  
16          aright for hearing.

17       MR. SWARTZ: Do you want six -- I mean, how much time do you  
18          want, Tom?

19       MR. MULLINS: Well, the other four just came out and we'll  
20          be filing our objections by the end of the month. I  
21          think we have until --

22       MR. SWARTZ: So you want till November?

23       MR. MULLINS: Probably November --

24       MR. SWARTZ: That's fine. I don't have any problem with  
25          that.

**VIRGINIA DEPARTMENT OF MINES, MINERALS AND ENERGY  
VIRGINIA GAS AND OIL BOARD**

Pursuant to Section 45.1-361.19.B and 45.1-361.22.B of the Code of Virginia the Virginia Gas and Oil Board will conduct hearings commencing at 9 a.m. on Tuesday, September 16, 1997, at the Southwest Virginia 4-H Center, Hillman Highway, Abingdon, Virginia. The following items are on the agenda:

1. The Virginia Gas and Oil Board will consider a petition from Pocahontas Gas Partnership under Section 45.1-361.22 for pooling of a coalbed methane unit identified as Z-35 located in the Oakwood Coalbed Methane Gas Field, under Oakwood I & II Rules, in the Garden District, Keen Mountain Quadrangle, Buchanan County, Virginia. Docket Number VGOB-97-09/16-0600.
2. The Virginia Gas and Oil Board will consider a petition from Pocahontas Gas Partnership under Section 45.1-361.22 for pooling of a coalbed methane unit identified as Y-35 located in the Oakwood Coalbed Methane Gas Field, under Oakwood I & II Rules, in the Garden District, Keen Mountain Quadrangle, Buchanan County, Virginia. Docket Number VGOB-97-09/16-0601.
3. The Virginia Gas and Oil Board will consider a petition from Pocahontas Gas Partnership under Section 45.1-361.22 for pooling of a coalbed methane unit identified as AA-35 located in the Oakwood Coalbed Methane Gas Field, under Oakwood I & II Rules, in the Garden District, Keen Mountain Quadrangle, Buchanan County, Virginia. Docket Number VGOB-97-09/16-0602.
4. The Virginia Gas and Oil Board will consider a petition from Buchanan Production Company under Section 45.1-361.22 for pooling of a coalbed methane unit identified as P-13 located in the Oakwood Coalbed Methane Gas Field, under Oakwood I & II Rules, in the South Grundy District, Vansant Quadrangle, Buchanan County, Virginia. Docket Number VGOB-97-09/16-0603.
5. The Virginia Gas and Oil Board will consider a petition from Equitable Resources Energy Company under Section 45.1-361.21 for pooling of a coalbed methane unit identified as VC-3683 located in the Nora Coalbed Gas Field in the Hurricane District, Big A Mountain Quadrangle, Buchanan County, Virginia. Docket Number VGOB-97-09/16-0604.
6. The Virginia Gas and Oil Board will consider a petition from Equitable Resources Energy Company under Section 45.1-361.21 for pooling of a conventional gas unit identified as V-3550 located in the Willis District, Haysi Quadrangle, Dickenson County, Virginia. Docket Number VGOB-97-09/16-0605.
7. Petition from Equitable Resources Energy Company for a well location exception under Section 45.1-361.17 for proposed well V-2705. That



proposed well V-2705 is located 2480 feet South of the Latitude Line 37 degrees 57 minutes 30 seconds and 4930 feet West of the Longitude Line 82 degrees 25 minutes and 00 seconds (Virginia State Plane S. Zone Coordinates North 246,469.22 and East 853,255.91) in the Coeburn Quadrangle, Lipps District, Wise County, Virginia. That EREC well P-342 lies 2331.00 feet south 86 degrees 27 minutes 00 seconds West from proposed well V-2705. Docket Number VGOB-97-09/16-0606.

8. The Virginia Gas and Oil Board will consider a petition from Equitable Resources Energy Company under Section 45.1-361.21 for pooling of a conventional unit identified as V-2705 in the Lipps District, Coeburn Quadrangle, Wise County, Virginia. Docket Number VGOB-97-09/16-0607.
9. The Virginia Gas and Oil Board will consider requests for further hearings filed by Penn Stuart on behalf of Hugh MacRae Land Trust and Garden Realty Corporation of Dockets VGOB 197-04/15-0576 (SLW7), VGOB 97-04/15-0577 (SLW8) and VGOB 97-04/15-0578 (R-25) in accordance with Paragraph 8 of the previously issued board orders authorizing disbursement of escrowed funds pursuant to settlement agreements for the above referenced dockets heretofore heard by the Board.
10. The Virginia Gas and Oil Board, on its own motion, will address the need for designation of a new unit operator for previously issued board pooling orders which originally designated Ashland Exploration as the unit operator, due to a voluntary change of the permittee authorized to conduct operations of the wells located within said drilling units and will include units identified in dockets 93-09/21-0405, 93-09/21-0407, 94-04/19-0438. Docket Number VGOB-97-09/16-0608.

Information concerning the above docket items can be viewed from 8 a.m. to 5 p.m. Monday through Friday at the Virginia Division of Gas and Oil, 230 Charwood Drive, Abingdon, Virginia. All questions concerning the agenda should be directed to the Division of Gas and Oil by telephoning (540) 676-5423.

Special accommodations for the disabled will be made available at the hearing on request. Anyone needing special accommodations for the September hearing should contact the Department of Mines, Minerals & Energy by calling the Virginia Relay Center TTY/TDD 1-800-821-1120 or 1140 by September 8, 1997.

The deadline for filing of petitions to the Board for the October 1997 hearing is 5 p.m. September 19, 1997 with the October hearing being held on October 21, 1997 at the Breaks Interstate Park, Breaks, Virginia.



**DEPARTMENT OF MINES, MINERALS AND ENERGY  
VIRGINIA GAS AND OIL BOARD**

Pursuant to Section 45.1-361.19.B and 45.1-361.22.B of the Code of Virginia the Virginia Gas and Oil Board will conduct hearings commencing at 9 a.m. on Tuesday, December 21, 1993 in the Conference Center at the 4-H Center, Hillman Highway, Abingdon, Virginia.

The following items are on the the agenda for consideration by the Board.

- Appealed*  
1. Petition from Equitable Resources Exploration for voluntary transfer of right to operate unit known as VP-133805 (RF P3#1) located in the Roberson District, Flat Gap Quadrangle, Wise County, Virginia. Docket Number VGOB-93/11/16-019. This item was scheduled for November but was continued to the December docket as no hearing was held in November.
- Cont'd*  
2. Petition for appeal from Ratliff Gas Company, Inc. from the decision of the Virginia Gas and Oil Director entered the 25th day of October, 1993, in the case of Ratliff Gas Company, Inc., Permit Number 2567 in the Hurricane magisterial district of Buchanan County, Virginia. Docket Number VGOB-93/12/21-0421.
- Approved*  
3. Petition from Pocahontas Gas Partnership for entry of a supplemental order for unit PKE-26 located on the Keen Mountain and Jewell Ridge Quadrangles in the Pilgrim's Knob Gas Field, Buchanan County, Virginia. Docket Number VGOB/93/12/21-0422.

Information concerning the above docket items can be viewed from 8 a.m. to 5 p.m. Monday through Friday at the Division of Gas and Oil, 230 Charwood Drive, Abingdon, Virginia. All questions concerning the agenda should be directed to the Division of Gas and Oil by telephoning (703) 676-5423.

Special accommodations for the disabled will be made available at the hearing on request. Anyone needing special accommodations for the December hearing should contact the Department of Mines, Minerals & Energy by calling the Virginia Relay Center TTY/TDD 1-800-821-1120 or 1140 by December 13, 1993.

The deadline for filing of petitions to the Board for the January 1994 docket is December 20, 1993 at 5 p.m. with the January hearing being held on January 18, 1994 commencing at 9 a.m. 4-H Center, Abingdon, Virginia.

*Hearing held 2/22/90*

*OGCB 2-90 - Recorded 4/4/90 - WISE Co.*



1 MR. MULLINS: -- would be my thought. Might as well get  
2 them all done at one whack instead of --

3 MR. SWARTZ: Makes sense.

4 MR. CHAIRMAN: Is that agreeable for the Board?

5 (ALL AFFIRM.)

6 MR. CHAIRMAN: They're continued until November. Thank you.

7 MR. BRENT: At what point will they submit what the issue is  
8 and what relief --

9 MR. MULLINS: Twenty days? Is that agreeable with the  
10 Board?

11 MR. BRENT: Twenty days is fine.

12 MR. MULLINS: Thank you.

13 MR. CHAIRMAN: Thank you. We'll take five while you're  
14 getting ready.

15 (AFTER A BRIEF RECESS, THE HEARINGS CONTINUED AS  
16 FOLLOWS.)

ITEM V

1  
2  
3 MR. CHAIRMAN: The next item on the agenda is a petition  
4 from Equitable Resources Energy Company for pooling of  
5 a coalbed methane unit identified as VC-3683. This is  
6 Docket Number VGOB-97-09/16-0604. We'd ask the parties  
7 that wish to address the Board in this matter to come  
8 forward at this time.

9 MR. KAISER: Mr. Chairman, Members of the Board, Jim Kiser  
10 on behalf of Equitable Resources Energy Company. At  
11 this time I would request that we'd be allowed to  
12 withdraw this petition based on the fact that we have  
13 obtained a voluntary lease from everyone within the  
14 unit. So we have a voluntary unit and no need for  
15 force pooling.

16 MR. CHAIRMAN: No other parties here to object? Any  
17 problem with Members of the Board? Withdrawn. Fine.  
18 Very good.



ITEM VI

1  
2  
3 MR. CHAIRMAN: The next item on the agenda is a petition  
4 from Equitable Resources Energy Company for pooling of  
5 a conventional gas unit identified as V-3550. This is  
6 Docket Number VGOB-97-09/16-0605. We'd ask the parties  
7 that wish to address the Board in this matter to come  
8 forward at this time.

9 MR. KAISER: Mr. Chairman, Members of the Board, once again  
10 Jim Kiser on behalf of Equitable Resources Energy  
11 Company. Our witnesses in this matter will be Mr.  
12 Dennis Baker and for today, taking the place of Mr.  
13 Dahlin who is at a three-day well review meeting, will  
14 be Mr. Michael Stamper. When it comes time for his  
15 testimony, I will qualify him, but at this time I'd  
16 like to pass out his resume for the Board Members.

17 MR. CHAIRMAN: Let the record show there are no others.

18 MR. KAISER: Could you swear the witnesses at this time,  
19 please?

20 COURT REPORTER: (Swears witnesses.)

21 MR. KAISER: Mr. Baker will be our first witness.

22  
23 DENNIS BAKER

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

**DIRECT EXAMINATION**

**BY MR. KAISER:**

Q. Mr. Baker, could you please state your name and who you're employed by and in what capacity?

A. My name is Dennis R. Baker, employed by Equitable Resources Energy Company as Senior Landman.

Q. And do your responsibilities with Equitable include the land involved in the unit here and the surrounding area?

A. Yes, they do.

Q. And are you familiar with Equitable's application for the establishment of a drilling unit and pooling of the unleased interest for well number V-3550 dated August 15, 1997?

A. Yes, I am.

Q. And does Equitable own drilling rights in the unit here?

A. Yes, we do.

Q. Does the proposed unit depicted in Exhibit A to the application include all acreage within twenty-five hundred feet of proposed well V-3550?

A. Yes, it does.

Q. And what is the interest of Equitable within the unit?



1 A. The leased interest to Equitable in the unit is 84.82  
2 percent.  
3 Q. And are you familiar with the ownership of drilling  
4 rights of parties other than Equitable underlying this  
5 unit?  
6 A. Yes, I am.  
7 Q. And what is the unleased interest at this time?  
8 A. The unleased interest is 15.18 percent.  
9 Q. And does that represent just one tract within the unit;  
10 that being tract two ownership being the Nancy Baker  
11 heirs who are unknown?  
12 A. That's correct.  
13 Q. And are the Nancy Baker heirs set out in Exhibit B as  
14 being an unleased party?  
15 A. Yes.  
16 Q. And prior to filing the application, were efforts made  
17 to contact all the respondents and an attempt made to  
18 work out an agreement regarding the development of the  
19 unit?  
20 A. Yes, there was.  
21 Q. And as a result of these efforts, you've not required  
22 any other leases and that the only unleased tract is  
23 owned by some unknown heirs?  
24 A. That's correct.  
25 Q. And were efforts made to determine if individual

1 respondents were living or deceased or their wherea-  
2 bouts and, if deceased, were efforts made to determine  
3 the names and addresses and whereabouts of the succes-  
4 sors to any deceased individual respondents?

5 A. Yes.

6 Q. And were reasonable and diligent efforts made and  
7 sources checked to identify and locate unknown heirs  
8 including primary sources such as deed records, probate  
9 records, assessors records, treasurers records and  
10 secondary sources such as telephone directories, city  
11 directories, family and friends?

12 A. That's correct.

13 Q. In your professional opinion, was due diligence  
14 exercised to locate each of the respondents named  
15 herein?

16 A. Yes.

17 Q. And are the addresses set out in Exhibit B to the  
18 application the last known addresses for the respon-  
19 dents?

20 A. Yes.

21 Q. Are you requesting the Board to force pool all unleased  
22 interest listed in Exhibit B?

23 A. Yes, we are.

24 Q. And does Equitable seek to force pool the drilling  
25 rights of each individual respondent if living and if



1       deceased the unknown successors or successors to any  
2       deceased individual respondent?

3   A.   Yes.

4   Q.   And is Equitable seeking to force pool the drilling  
5       rights of the person designated as trustee if acting in  
6       such capacity, or, if not acting in such capacity, is  
7       Equitable seeking to force pool the drilling rights of  
8       the successor of such trustee?

9   A.   Yes, we are.

10  Q.   Are you familiar with the fair market value of drilling  
11       rights in the unit involved here and in the surrounding  
12       area?

13  A.   Yes, I am.

14  Q.   Would you advise the Board as to what those are?

15  A.   A five dollar per acre consideration, a five-year term  
16       and a one-eighth royalty.

17  Q.   And did you gain this familiarity by acquiring oil and  
18       gas leases and other agreements involving the transfer  
19       of drilling rights in the unit involved here and in the  
20       surrounding area?

21  A.   Yes, sir.

22  Q.   Mr. Baker, in your professional opinion, do the terms  
23       you have testified to represent the fair market value  
24       of and a fair and reasonable compensation to be paid  
25       for drilling rights within this unit?

1 A. Yes.

2 Q. As to the respondents who have not voluntarily agreed  
3 to lease, do you recommend that the respondents listed  
4 in Exhibit B who remain unleased be allowed the  
5 following options with respect to their ownership  
6 interests within the unit; 1) Participation. 2) A  
7 cash bonus of five dollars per net mineral acre plus a  
8 one-eighth of eight-eighths royalty. 3) In lieu of a  
9 cash bonus and one-eighth of eight-eighths royalty share  
10 in the operation of the well on a carried basis as a  
11 carried operator?

12 A. Yes.

13 Q. Do you recommend that the order provide that any  
14 elections by respondents be in writing and sent to the  
15 applicant at Equitable Resources Energy Company,  
16 Eastern Region, P. O. Box 1983, Kingsport, Tennessee,  
17 Attention Dennis R. Baker?

18 A. That's correct.

19 Q. And should this be the address for all communications  
20 with the applicant concerning the force pooling order?

21 A. Yes.

22 Q. Do you recommend the force pooling order provide that  
23 if no election is properly made by a respondent, then  
24 such respondent shall have deemed to have elected the  
25 cash royalty option in lieu of participation?



1 A. Yes.

2 Q. Should the unleased respondents be given thirty days  
3 from the date of the recordation of the Board order to  
4 file a written election?

5 A. Yes.

6 Q. If an unleased respondent elects to participate, should  
7 they be given forty-five days to pay the applicant for  
8 the respondent's proportionate share of well costs?

9 A. Yes.

10 Q. Does the applicant expect the party electing to  
11 participate to pay in advance that party's share of  
12 completed well costs?

13 A. Yes, we do.

14 Q. Should the applicant be allowed 120 days following the  
15 recordation of the Board order and thereafter annually  
16 on that date until production is achieved to pay or  
17 tender any cash bonus becoming due under the force  
18 pooling order?

19 A. Yes.

20 Q. Do you recommend the force pooling order provide that  
21 if respondent elects to participate but fails to pay  
22 the proportionate share of well costs satisfactory to  
23 the applicant for payment of such cost, the respon-  
24 dent's election to participate be treated as having  
25 been withdrawn and void?

1 A. Yes.

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

9 A. Yes.

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

19 A. That's correct.

20 Q. And who should be named the operator under any force  
21 pooling order?

22 A. Equitable Resources Energy Company.

23 MR. KAISER: Nothing further of this witness at this time,  
24 Mr. Chairman.

25 MR. CHAIRMAN: Any questions, Members of the Board, of this



1 witness? (Pause.)

2 (Witness stands aside.)

3 MR. CHAIRMAN: Call your next witness.

4 MR. KAISER: At this time I'd like to call Mr. Michael  
5 Stamper.

6  
7 MICHAEL STAMPER

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

10  
11 DIRECT EXAMINATION

12  
13 BY MR. KAISER:

14 Q. Mike, would you please state your full name for the  
15 Board, who you're employed by and in what capacity?

16 A. Okay. My name is Michael Edward Stamper. I'm employed  
17 by Equitable Resources Energy Company and I currently  
18 hold the position of Senior Geologist.

19 Q. And before we get into -- I'm going to have you go  
20 through your educational background and your work  
21 experience and your specific areas of work experience  
22 with the Board in order to qualify you as an expert  
23 witness in production and operation matters. But  
24 before we go into that, I guess just to provide a  
25 little background, maybe -- I don't know -- maybe even

1 Mr. Wampler was around then, but did you not back in  
2 the mid 80s -- I think specifically 1985 -- testify  
3 before what was then the Well Review Board?

4 A. Yes, I did.

5 Q. At this time, Mr. Stamper, if you could, please for the  
6 Board go through both your educational background, your  
7 work experience and your specific areas of expertise  
8 that you deal with at Equitable.

9 A. I have a Bachelor of Science Degree in Geology from  
10 Moorehead State University. I received that in 1981.  
11 During the last three years of undergraduate, I worked  
12 as a Research Assistance with a Doctor David Gilbert on  
13 coal mine roof support problems. After that, I got a  
14 job with Ashland Coal. I worked there for approximate-  
15 ly one year. And then in October of '80 -- I'm sorry.  
16 In October of '82, I sought employment with Kentucky  
17 West Virginia Gas Company. And I've been under the  
18 Equitable umbrella, so to speak, ever since I've been  
19 with this system. In 1984, came to the Kingsport area  
20 under Equitable Resources. I've been working the  
21 Appalachian basin during all this time; basically  
22 Eastern Kentucky, Southwestern Virginia and East  
23 Tennessee, working both mapping regional and develop-  
24 ment mapping of conventional reservoirs which we  
25 address here and also coalbed methane.



1 MR. KAISER: Mr. Chairman, I'd move that the Board accept  
2 Mr. Stamper as an expert witness in the matters of  
3 production and operations.

4 MR. CHAIRMAN: Without objection, he's accepted.

5 MR. KAISER: Thank you.

6 Q. (Mr. Kaiser continues.) Mr. Stamper, do your respon-  
7 sibilities include the land involved in the unit here  
8 and in the surrounding area?

9 A. Yes, it does.

10 Q. And are you familiar with the proposed exploration  
11 development of the unit involved here under applicant's  
12 proposed plan of development?

13 A. Yes, I am.

14 Q. And what is the total depth of proposed well under the  
15 plan of development?

16 A. It would be forty-two hundred feet or 4,200 feet and  
17 this would include all the formations that are consis-  
18 tent with the work permit.

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

21 A. Yes, it will.

22 Q. And is the applicant requesting the force pooling of  
23 conventional gas reserves not only to include the  
24 designated formations but any other formations exclud-  
25 ing coal formations which may be between those forma-

1 tions designated from the surface to the total depth  
2 drilled?

3 A. Yes, it is.

4 Q. And will this initial well be at a legal location?

5 A. Yes.

6 Q. What are the estimated reserves of the unit?

7 A. The estimated reserves are 550 million cubic feet.

8 Q. And are you familiar with the well costs for the unit  
9 well under the applicant's plan of development?

10 A. Yes, I am.

11 Q. And has an AFE been reviewed, signed and submitted to  
12 the Board?

13 A. Yes, it has.

14 Q. And was this AFE prepared by an Engineering Department  
15 knowledgeable in preparation of AFEs and knowledgeable  
16 in regard to well costs in this area?

17 A. Yes, it was.

18 Q. Does this AFE represent a reasonable estimate of well  
19 costs for proposed well under the applicant's plan of  
20 development?

21 A. Yes, it does.

22 Q. At this time could you state for the Board both the  
23 dry hole cost and the completed well cost for V-3550?

24 A. Dry hole cost for this well will be \$125,750.00. The  
25 completed well cost will be \$252,850.00.



1 Q. And do these costs anticipate a multiple completion?  
2 A. Yes, it does.  
3 Q. Does AFE include a reasonable charge for supervision?  
4 A. Yes, it does.  
5 Q. And, Mr. Stamper, in your professional opinion, will  
6 the granting of this application be in the best  
7 interest of conservation, the prevention of waste and  
8 the production of correlative rights?  
9 A. Yes, it does.  
10 MR. KAISER: Nothing further of this witness at this time,  
11 Mr. Chairman.  
12 MR. CHAIRMAN: Any questions from Members of the Board?  
13 (Pause.) Did you have any trouble leasing (Inaudible.)  
14 land?  
15 THE WITNESS: Well, it's a long drawn out process, but it is  
16 something that can be accomplished.  
17 (Witness stands aside.)  
18 MR. KAISER: Mr. Chairman, we'd ask that the application be  
19 approved as submitted.  
20 MR. BRENT: I'd move that we grant the application.  
21 MR. GARBIS: I second.  
22 MR. CHAIRMAN: Second. Any further discussion? (Pause.)  
23 In all favor signify by saying yes. Oppose say no.  
24 (ALL AFFIRM.) Unanimous approval.  
25

1 ITEM VII

2  
3 MR. CHAIRMAN: The next item on the agenda is a petition  
4 from Equitable Resources Energy Company for a well  
5 location exception for proposed well V-2705. This is  
6 Docket Number VGOB-97-09/16-0606.

7 MR. KAISER: Mr. Chairman, Jim Kiser on behalf of Equitable  
8 Resources. Our witnesses in this matter will be Mr.  
9 Don Hall who will need to be sworn in and then Mr.  
10 Stamper again. While you're swearing him in, I will  
11 pass out an exhibit.

12 COURT REPORTER: (Swears witnesses.)

13 MR. KAISER: Our first witness in this matter will be Mr.  
14 Hall.

15  
16 DON HALL

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

19  
20 DIRECT EXAMINATION

21  
22 BY MR. KAISER:

23 Q. Mr. Hall, would you please state your full name for the  
24 record, who you're employed by and in what capacity?

25 A. My name is Don Hall. I'm employed by Equitable



1 Resources as District Land Man.

2 Q. And have your qualifications on many occasions previ-  
3 ously been accepted as an expert witness?

4 A. Yes, I have.

5 Q. And do your responsibilities include the land involved  
6 in the unit for V-2705 and the surrounding area?

7 A. They do.

8 Q. And are you familiar with the application that we filed  
9 for location exception for well V-2705 and the relief  
10 that we're requesting here today?

11 A. Yes, I am.

12 Q. And have all interested parties been notified that's  
13 required by Section 4-B of Virginia Gas and Oil Board  
14 Regulations?

15 A. They have.

16 Q. Does Equitable have the right to operate the reciprocal  
17 well from which we're seeking the exception?

18 A. Yes, we do.

19 Q. Mr. Hall, have you personally been on the -- physically  
20 been on the site for the location for well V-2705?

21 A. Yes, I have.

22 Q. And could you, in conjunction with the exhibit that you  
23 have provided that you have made up for the Board and  
24 provided to the Board here this morning, explain the  
25 reasons for which we are seeking this variance or

1 location exception?

2 A. As you can see on the Exhibit, I've highlighted 2705 in  
3 yellow and the excess road to it. We're seeking an  
4 exception from P-342, but I've also shown two other  
5 wells on the exhibit to the northeast and to the  
6 southeast of that well which will come into play as far  
7 as where the legal location would be. And as you can  
8 see on the exhibit, the legal location area is what  
9 I've highlighted in green. And, basically, this area  
10 in green is just fifty percent grade or better. It's  
11 almost straight up and down. It would be a definite  
12 problem to build a location there. It's extreme  
13 topographic problems and we would have problems with  
14 erosion -- containing erosion, sediment control, in  
15 that area.

16 Q. So there would be safety concerns involved in trying to  
17 build a location in that green triangle area?

18 A. It would be difficult to hold it on that steep a slope.

19 Q. And that's about a fifty percent grade?

20 A. Yeah. Probably averages that.

21 MR. KAISER: No further questions of this witness at this  
22 time, Mr. Chairman.

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

24 (Pause.)

25 MR. LEWIS: Yes. Who owns the surface on this?



1 THE WITNESS: John Markham is the primary surface owner.

2 MR. KAISER: And we have a voluntary lease, Max. This is --  
3 we're going to have a hearing on a force pooling for  
4 this well immediately following the location exception.

5 MR. GARBIS: Is there already an existing trail going up to  
6 that location?

7 THE WITNESS: Yes. We have -- if you'll see to the north-  
8 west of that location, the road, we have an existing  
9 permitted road going into 342 and other wells to the  
10 southwest of 2705 off the exhibit area.

11 MR. GARBIS: The question I have is, in light of the fact  
12 that, you know, there have been some past considera-  
13 tions of -- I guess, when putting in wells or areas  
14 surrounding that, there's been some adverse publicity  
15 surrounding that. So would this be a better, more  
16 suitable location as opposed to -- again, we were out  
17 there and we saw some of the examples of some of those  
18 trees cut down on the sides of the slopes there. I  
19 mean, it appears -- I guess making your case for you  
20 -- it looks like there's a house to the east of this  
21 green triangle. And, of course, I guess the road goes  
22 there. So if you would put it there, there would be  
23 more adverse astatic effects. I mean, you'd be more  
24 visual, I suppose, on the other side?

25 THE WITNESS: Well, actually, that house doesn't exist there

1 anymore -- the one you're seeing to the northeast --  
2 but there are houses in the hollow to the southeast  
3 there still in existence. But this is back on top of  
4 the hill a little bit and off to the side of the hill.

5 MR. KAISER: I guess, then, to sort of elaborate on Mr.  
6 Garbis' question, the location that we're seeking here  
7 that we're attempting to get permission to drill the  
8 well at would, I think, cause significantly less  
9 surface disturbance than drilling it in the green  
10 triangle.

11 THE WITNESS: And the reason I only highlight the short  
12 section of the access road into it is because since we  
13 have an existing road into other wells, they're  
14 permitted under the other well. I mean, we show on  
15 each permit leaving either an existing permitted road  
16 or a highway or whatever and this is all we had to show  
17 from the permit standpoint.

18 MR. CHAIRMAN: And that property you're moving it from is  
19 property that is owned by Equitable Resources Energy  
20 Company?

21 THE WITNESS: Oil and Gas, yes, sir.

22 MR. CHAIRMAN: Oil and Gas?

23 THE WITNESS: Yes, sir.

24 MR. CHAIRMAN: Who owns that surface, do you know?

25 THE WITNESS: Where the well is?



1 MR. KAISER: John Markham.

2 MR. CHAIRMAN: What about where it's moved from?

3 THE WITNESS: I think maybe the Highway Department owns that  
4 if I'm not mistaken.

5 MR. CHAIRMAN: Other questions? (Pause.)

6 (Witness stands aside.)

7 MR. CHAIRMAN: Call your next witness.

8 MR. KAISER: Our next witness is Mr. Stamper. I'll remind  
9 him that he's under oath.

10

11 MICHAEL STAMPER

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

14

15 DIRECT EXAMINATION

16

17 BY MR. STAMPER:

18 Q. Could you again please state your name for the Board  
19 and who you're employed by and in what capacity?

20 A. My name is Michael Edward Stamper. I'm employed by  
21 Equitable Resources Energy Company and I hold the  
22 position of Senior Geologist.

23 Q. And did the Board just accept at the previous hearing  
24 accept your qualifications as an expert witness?

25 A. Yes, it did.

- 1 Q. And are you familiar with the application for the  
2 location exception filed by Equitable Resources Energy  
3 Company for well number V-2705?
- 4 A. Yes, I am.
- 5 Q. And in the event this location exception is not  
6 granted, would you project the estimated loss of  
7 reserves resulting in waste?
- 8 A. About 700 million cubic feet.
- 9 Q. And what is the total depth of proposed well on the  
10 applicant's plan of development?
- 11 A. 5,490 feet.
- 12 Q. And will this be sufficient to penetrate and test the  
13 common sources of supply in the subject formations?
- 14 A. Yes, it will.
- 15 Q. And is the applicant seeking this location exception to  
16 cover conventional gas reserves to include the desig-  
17 nated formations from the surface to the total depth  
18 drilled?
- 19 A. Yes.
- 20 Q. In your professional, Mr. Stamper, will the granting of  
21 this location exception be in the best interest of  
22 preventing waste, protecting correlative rights and  
23 maximizing the recovery of the gas reservoirs underly-  
24 ing the unit for V-2705?
- 25 A. Yes, it will.



1 MR. KAISER: Nothing further of this witness at this time,  
2 Mr. Chairman.

3 MR. CHAIRMAN: Any questions, Members of the Board?  
4 (Pause.)

5 (Witness stands aside.)

6 MR. KAISER: We'd ask that the application be approved as  
7 submitted.

8 MR. GARBIS: Mr. Chairman, I make a motion that we approve  
9 the application as presented.

10 MR. HARRIS: Second.

11 MR. CHAIRMAN: Motion seconded. Any further discussion?  
12 All in favor signify by saying yes. (ALL AFFIRM.)  
13 Oppose say no. (NONE.) Unanimous approval.

14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

1 ITEM VIII

2 MR. CHAIRMAN: The next item on the agenda is a petition  
3 from Equitable Resources Energy Company for pooling o a  
4 conventional unit identified as V-2705. This is Docket  
5 Number VGOB-97-09/16-0607. We'd ask the parties that  
6 wish to address the Board in this matter to come  
7 forward at this time.

8 MR. KAISER: Mr. Chairman, Board Members, Jim Kiser on  
9 behalf of Equitable Resources Energy Company. We have  
10 Mr. Baker and Mr. Stamper as our witnesses. We do have  
11 a revised Exhibit B which I'll submit to you before we  
12 begin our testimony.

13  
14 DENNIS BAKER

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

17  
18 DIRECT EXAMINATION

19  
20 BY MR. KAISER:

21 Q. Mr. Baker, could you please state your name for the  
22 Board and who you're employed by and in what capacity?

23 A. My name is Dennis R. Baker. I'm employed by Equitable  
24 Resources Energy Company as Senior Landman.

25 Q. And your responsibilities include the land involved



1 here and in the surrounding area?

2 A. Yes, they do.

3 Q. And are you familiar with Equitable's application for  
4 the establishment of a drilling unit in seeking the  
5 pooling of unleased interest for well number V-2705  
6 dated August the 15th, 1997?

7 A. Yes, I am.

8 Q. Does Equitable own drilling rights in the unit involved  
9 here?

10 A. Yes, we do.

11 Q. Does proposed unit depicted in Exhibit A to the  
12 application include all acreage within twenty-five  
13 hundred feet of proposed well V-2705?

14 A. Yes, it does.

15 Q. What is the interest under -- well, let me see. Let me  
16 rephrase that. We have the revised Exhibit. What was  
17 the leased interest of Equitable in the unit at the  
18 time of application?

19 A. The leased interest at the time of application was  
20 93.458 percent.

21 Q. And what was the percentage of unleased interest within  
22 the unit at the time of application?

23 A. Unleased portion was 6.542 percent.

24 Q. And, subsequent to the filing of the application, have  
25 you continued to exercise due diligence and attempted

1 to reach voluntary lease agreements with the unleased  
2 parties?

3 A. Yes, we have.

4 Q. And, as a result of those efforts, have you obtained  
5 additional leases since the time of the filing of the  
6 application?

7 A. Yes.

8 Q. And could you, at this time, in conjunction with our  
9 revised Exhibit B, please, point those additional  
10 leases out to the Board?

11 A. Yes. On the revised Exhibit B, page three, under tract  
12 number 12, Mr. Clonny Lawson and Mary Lawson are now a  
13 leased interest. On page four, tract number 16, Leon  
14 and Sarah Collins are now leased interest. Tract  
15 number 17, on the application Exhibit B, there were  
16 three individuals listed, a title report was received  
17 in our Kingsport office that indicated a gas severance  
18 in the early 1900s. The revised Exhibit B for tract 17  
19 now shows Wiley Smith and the E. C. Smith heirs and  
20 those individuals remain unknown to us at this time.

21 Q. Okay. In conjunction with that testimony, could you  
22 please state for the Board the current leased and  
23 unleased percentages within the unit?

24 A. Yes. Part of that -- on page six, tract number 26,  
25 Gary Sanders and Judy Sanders are now a leased inter-



1           est. The leased interest at the time of the hearing is  
2           94.168 percent. The unleased portion of the unit at  
3           the time of the hearing is 5.832 percent.

4       Q.   And, Mr. Baker, were reasonable and diligent efforts  
5           made and sources checked to identify and locate any  
6           unknown heirs including primary sources such as deed  
7           records, probate records, assessors records, treasurers  
8           records and secondary sources such as telephone  
9           directories, city directories, family and friends?

10      A.   Yes, it was.

11      Q.   In your professional opinion, was due diligence  
12           exercised to locate and attempt to reach each of the  
13           respondents herein?

14      A.   Yes.

15      Q.   And are the addresses set out in revised Exhibit B to  
16           the application the last known addresses for the  
17           respondents?

18      A.   Yes, it is.

19      Q.   Are you requesting the Board to force pool all unleased  
20           interests listed in revised Exhibit B?

21      A.   Yes, we are.

22      Q.   And are you familiar with the fair market value of  
23           drilling rights in the unit herein and the surrounding  
24           area?

25      A.   Yes, I am.

1 Q. Would you advise the Board as to what those are?

2 A. A five-dollar per acre consideration, five-year term,  
3 one-eighth royalty.

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

8 A. Yes, I did.

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

13 A. Yes.

14 MR. KAISER: Mr. Chairman, at this time, as to testimony  
15 regarding the election options afforded, the unleased  
16 parties and the various time constraints involved in  
17 carrying out those election options, I'd ask that we  
18 adopt the testimony that was previously heard in VGOB  
19 Docket Number 97-09/16-0605.

20 MR. CHAIRMAN: That'll be incorporated.

21 Q. (Mr. Kaiser continues.) Mr. Baker, do you recommend  
22 that the force pooling order provide that if respondent  
23 refuses to accept any payment due, including any  
24 payment due under the order or any payment of royalty  
25 or cash bonus or said payment cannot be paid to a party



1 for any reason or there is a title defect in the  
2 respondent's interest, that the operator create an  
3 escrow account for the respondent's benefit until the  
4 money can be paid to the party or until the title  
5 defect is cured to the operator's satisfaction?

6 A. Yes, we do.

7 Q. And who do you request be named the operator under the  
8 force pooling order?

9 A. Equitable Resources Energy Company.

10 MR. KAISER: Nothing further of this witness at this time,  
11 Mr. Chairman.

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

13 (Witness stands aside.)

14 MR. CHAIRMAN: Call your next witness.

15  
16 MICHAEL STAMPER

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

19  
20 DIRECT EXAMINATION

21  
22 BY MR. KAISER:

23 Q. Mr. Stamper, could you again state your name, who  
24 you're employed by and in what capacity?

25 A. Michael Stamper, employed by Equitable Resources Energy

1           Company and I hold the position of Senior Geologist.

2   Q.   And you've previously been accepted today as an expert

3       witness before the Gas and Oil Board?

4   A.   Yes, I have.

5   Q.   And do your responsibilities include the land involved

6       here and in the surrounding area?

7   A.   Yes, it does.

8   Q.   Are you familiar with the proposed exploration and

9       development of the unit involved here under the

10      applicant's proposed plan of development?

11   A.   Yes, I am.

12   Q.   What is the total depth of the well under the plan of

13      development?

14   A.   5,490 feet. And this would include all the formations

15      that are consistent with the work permit.

16   Q.   Will this be sufficient to penetrate and test the

17      common sources of supply in the subject formation?

18   A.   Yes, it will.

19   Q.   And is the applicant requesting the force pooling of

20      conventional gas reserves not only to include the

21      designated formations but any other formations exclud-

22      ing coal formations which may be between those forma-

23      tions designated from the surface to the total depth

24      drilled?

25   A.   Yes.



1 Q. What are the estimated reserves of this unit?  
2 A. 700 million cubic feet.  
3 Q. And are you familiar with the well costs for the  
4 proposed well under the applicant's plan of develop-  
5 ment?  
6 A. Yes, I am.  
7 Q. Has an AE been reviewed, signed and submitted to the  
8 Board?  
9 A. Yes, it has.  
10 Q. Was this AE prepared by an engineering department  
11 knowledgeable in the preparation of AFEs and knowledge-  
12 able in regard to well costs in this area?  
13 A. Yes, it has.  
14 Q. In your opinion, does this AE represent a reasonable  
15 estimate of the well costs for the proposed well under  
16 the applicant's plan of development?  
17 A. Yes, it does.  
18 Q. Could you state at this time for the Board both the dry  
19 hole costs and the completed well costs for V-2705?  
20 A. The dry hole cost will be \$164,700. The completed well  
21 cost will be \$307,700.  
22 Q. And do these costs anticipate a multiple completion?  
23 A. Yes, it does.  
24 Q. Does the AFE include a reasonable charge for super-  
25 vision?

1 A. Yes, it does.

2 Q. Mr. Stamper, in your professional opinion, will the  
3 granting of this application be in the best interest  
4 for conservation, the prevention of waste and the  
5 protection of correlative rights?

6 A. Yes, it will.

7 MR. KAISER: Nothing further of this witness at this time,  
8 Mr. Chairman.

9 MR. CHAIRMAN: Let me ask you one question on the AFE.

10 You've got road location restoration charge \$23,000.

11 And in the previous map -- is most of the road already  
12 developed? I was just wondering on that.

13 MR. BAKER: I'm not quite sure of the length of the road,  
14 but on the map submitted with the location exception,  
15 it would be new construction is what we're --

16 MR. KAISER: I think he's probably talking about Don's mine.  
17 Now that includes, obviously, building of the location,  
18 roads and restoration. You'll see the slashes in  
19 there.

20 MR. BRENT: But the road is -- you said previously the road  
21 is there now, so that would be in restoration mostly?

22 MR. KAISER: Well, and building the location. In other  
23 words, that cost includes the building of location,  
24 construction of any roads and all restoration. It's  
25 all within that one charge.



1 MR. HALL: Could I elaborate on that just a second? The  
2 road that's shown on the Exhibit is not constructed.  
3 There's -- I don't know exactly the distance of it, but  
4 that portion that's shown on the first Exhibit is not  
5 constructed.

6 MR. CHAIRMAN: Okay.

7 MR. HALL: Just the portion that ties into this.

8 MR. CHAIRMAN: I misunderstood you. I thought it was --

9 MR. KAISER: The part that's in yellow on the Exhibit to the  
10 location exception hearing is not constructed.

11 MR. HALL: That's correct. The highlighted area.

12 MR. CHAIRMAN: Any other questions? Do you have anything  
13 further?

14 MR. KAISER: No, Mr. Chairman.

15 (Witness stands aside.)

16 MR. KAISER: We'd ask that the application be approved as  
17 submitted.

18 MR. LEWIS: I make a motion to approve the application.

19 MR. GARBIS: Second.

20 MR. CHAIRMAN: Motion and a second. Any further discussion?

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

22 Oppose say no. (NONE.) Unanimous approval.

23 MR. KAISER: Mr. Chairman, are we going to definitely  
24 convene at 9:00 a.m. in October?

25 MR. CHAIRMAN: Yes.

1 MR. KAISER: And November is going to be up at the new Law  
2 School?

3 MR. CHAIRMAN: That's right.

4 MR. FULMER: The only thing I want to mention to the Board  
5 at this point in time, we're going back and what's  
6 included on this new spreadsheet is those done prior to  
7 '90. We have a few on here before, but as we are  
8 finding them and seeing what the situation was, these  
9 are -- you'll see some of them was in '88 and '89,  
10 prior to the '90 law. Right now the Board has, except  
11 for today, there are 333 orders sitting out there the  
12 Board has so far that we know of. And of those, in  
13 October we should have the Board considering 31  
14 dismissals.

15 MR. CHAIRMAN: You'll discuss that with the Board next  
16 month?

17 MR. FULMER: We'll discuss that with the Board. I just  
18 wanted to let the Board know that I'll be requesting  
19 that these be dismissed. The only other thing is our  
20 meeting in October will be at the Breaks Interstate  
21 Park. I need a confirmation of whether people will be  
22 there on Monday night. It would be the night of the  
23 20th. The reason I'm asking is we've got a certain  
24 amount of rooms reserved.

25 MR. CHAIRMAN: What we'll try to do Monday evening -- I



1 don't know what time people plan to arrive -- but let's  
2 say that people get in there by 7:00 or so and have  
3 dinner and we'll try to do some of the orientation we  
4 talked about earlier. There's some video on fracking  
5 operations and things like that that we could show. It  
6 wouldn't take a lot of time, but it might be instruc-  
7 tive to the Board and we could just have an opportunity  
8 to talk about a few things that might be on your mind  
9 about the operations. Very good. Anything further.  
10 Thank you.

11 (End of Proceedings for  
12 September 16, 1997.)  
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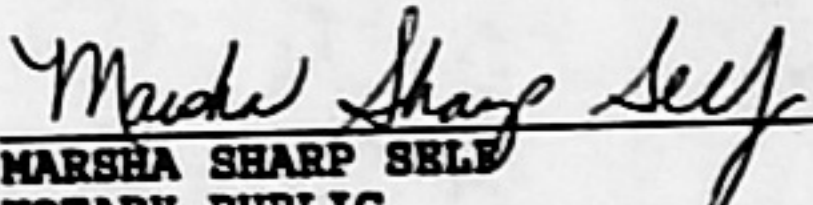
CERTIFICATE

COMMONWEALTH OF VIRGINIA  
COUNTY OF WASHINGTON

I, Marsha Sharp Self, 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 September 16, 1997, at the Southwest Virginia 4-H Center, Hillman Highway, Abingdon, 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 September, 1997.

  
MARSHA SHARP SELF  
NOTARY PUBLIC

My commission expires February 28, 1999.