

1 VIRGINIA:

2 IN THE COUNTY OF WASHINGTON

3 VIRGINIA DEPARTMENT OF MINES, MINERALS AND ENERGY

4 VIRGINIA GAS AND OIL BOARD

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9 MAY 16, 2000

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12 BOARD MEMBERS:

13 RICHARD GILLIAM, COAL INDUSTRY REPRESENTATIVE

14 SANDRA RIGGS, ASSISTANT ATTORNEY GENERAL

15 BENNY WAMPLER, CHAIRMAN

16 MAX LEWIS, PUBLIC MEMBER

17 MASON BRENT, GAS & OIL INDUSTRY REPRESENTATIVE

18 BOB WILSON, DIRECTOR OF THE DIVISION OF GAS & OIL

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BENNY WAMPLER: Good morning. My name is Benny Wampler. I'm Deputy Director for the Department of Mines, Minerals and Energy, and Chairman of the Gas and Oil Board; and I'll ask the Board members to introduce themselves, starting with Mr. Gilliam.

RICHARD GILLIAM: Richard Gilliam, a coal industry representative of Abingdon, Virginia.

SANDY RIGGS: I'm Sandy Riggs, Assistant Attorney General and I'm here to advise the Board.

MAX LEWIS: Max Lewis from Buchanan County, a public member.

MASON BRENT: My name is Mason Brent. I'm from Richmond and I represent the Gas and Oil Industry.

BOB WILSON: I'm Bob Wilson. I'm the Director of the Division of Gas and Oil, and the Principal Executive to the staff of the Board.

BENNY WAMPLER: The first item on the agenda is a petition from Dominion Appalachian Development, Incorporated for a well location exception for proposed well Blackwood #9.

1 This is docket number VGOB-00-05/16-0801. We'd ask the  
2 parties that wish to address the Board in this matter to come  
3 forward at this time.

4 SANDRA FRALEY: Are you ready?

5 BENNY WAMPLER: Introduce yourselves, if you will.

6 JOE AUSTIN: Would you read that number again?

7 BENNY WAMPLER: Yes, sir. It's VGOB-00-05/16-0801.  
8 If you'd just introduce yourselves, please.

9 SANDRA FRALEY: Good morning. I'm Sandra Fraley  
10 with Penn, Stuart & Eskridge. I'm here today on behalf of  
11 Dominion Appalachian Development on its application for  
12 exception to spacing...spacing limitations. I have with me  
13 Mr. Steve Lockard and Mr. Jesse Shell who are here and  
14 present and will testify on behalf of Dominion. For  
15 convenience, we've provided the Board with a notebook with  
16 the exhibits to which we will be referring today. At this  
17 time, I would ask that our witnesses be sworn.

18 (Witnesses are duly sworn.)

19 BENNY WAMPLER: Are there any others that wish to  
20 address the Board in this matter in this case?

21 (No audible response.)

22 BENNY WAMPLER: The record will show there are none.  
23 You may proceed.

24

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1                    SANDRA FRALEY: Okay. Steve will be our first  
2 witness.

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7

STEVEN R. LOCKARD

8 having been duly sworn, was examined and testified as  
9 follows:

10

DIRECT EXAMINATION

11 QUESTIONS BY MS. FRALEY:

12                    Q.        So, would you please state your full name  
13 and address for the record?

14                    A.        Steven R. Lockard, Rt. 4, Box 250J-1,  
15 Weston, West Virginia.

16                    Q.        Are you currently employed by Dominion, the  
17 applicant in this matter?

18                    A.        Yes.

19                    Q.        In what capacity?

20                    A.        Landman.

21                    Q.        And how long have you been employed in that  
22 capacity?

23                    A.        Two years.

24

--

1 Q. Prior to your employment with Dominion, have  
2 you been employed in various capacities related to the  
3 acquisition of rights for and the permitting of gas and oil  
4 wells?

5 A. Yes.

6 Q. Is the document that has been provided to  
7 the Board as Exhibit One a true and complete copy of your  
8 resume?

9 A. Yes.

10 Q. And does your resume reflect your  
11 educational background and work experience?

12 A. Yes.

13 SANDRA FRALEY: At this time, I would ask that his  
14 resume be placed in the record as Exhibit One and ask that he  
15 be accepted as an expert witness?

16 BENNY WAMPLER: Okay, it's accepted.

17 Q. Are you currently responsible for  
18 coordinating all records for the permitting of wells in  
19 Virginia for Dominion?

20 A. Yes.

21 Q. And does that responsibility include the  
22 lands involved in this application and in the surrounding  
23 areas?

24

--

1 A. Yes.

2 Q. Are you familiar with the application for  
3 the location exception for the Blackwood #9 well and the  
4 relief that we have requested?

5 A. Yes.

6 Q. Has Dominion given notice as required by  
7 regulation to each person, or entity, identified on Exhibit B  
8 to our location exception application?

9 A. Yes.

10 Q. And is the exhibit marked as number two in  
11 the materials provided to the Board and the Notice of Hearing  
12 that was mailed along with a copy of the application to the  
13 parties listed on Exhibit B?

14 A. Yes.

15 SANDRA FRALEY: I would request that Exhibit B be  
16 placed in the record at this time also, being our Notice of  
17 Hearing.

18 BENNY WAMPLER: It's accepted.

19 Q. How was your notice sent?

20 A. It was sent by certified mail/return  
21 receipts requested.

22 Q. And do you have copies of those receipts?

23 A. Yes.

24

25

1 Q. And are the documents identified as Exhibit  
2 Three in the materials provided a true and correct copy of  
3 the return receipts for those notices?

4 A. Yes, they are.

5 SANDRA FRALEY: I would request that Exhibit B, or  
6 Exhibit Three, also be placed in the record at this time.

7 BENNY WAMPLER: It's accepted.

8 Q. Did you have persons or entities who...whose  
9 names or addresses were unknown or who were unlocateable?

10 A. No.

11 Q. Are Blackwood Land Company, Penn Virginia  
12 Coal and Delta Resources the coal owners underlying the  
13 proposed Blackwood #9 well unit?

14 A. Yes, they are.

15 Q. Did...and...did...to your knowledge, do they  
16 have any objections to the location of this well?

17 A. No.

18 Q. Has a well work permit been filed for this  
19 well?

20 A. Yes, it has.

21 Q. And when was that filed?

22 A. March the 9th of this year.

23 Q. Okay.

24

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1 A. Of 2000.

2 Q. Does the plat attached to the well location  
3 exception application filed by Dominion indicate the acreage  
4 to be embraced within the well unit?

5 A. Yes, it does.

6 Q. Are all of the existing wells immediately  
7 surrounding the proposed Blackwood well shown on that plat?

8 A. Yes, ma'am.

9 Q. A Virginia statute provide that wells  
10 drilled in search of gas are not to be located closer than  
11 2,500 feet to any other well completed in the same pool. Is  
12 the Blackwood #9 well located closer than 2,500 feet to any  
13 other wells completed in the same pool?

14 A. Yeah. The proposed well is closer to an  
15 Equitable Production well 193. It's 2,287 feet away from  
16 that well.

17 Q. And has Equitable Production Company  
18 approved the proposed location of this well?

19 A. Yes, they have.

20 Q. Is the letter that's provided in the  
21 materials to the Board and marked as Exhibit Four a true and  
22 accurate copy of Equitable's approval of this well location?

23 A. Yes, ma'am.

24

--



1 Q. Could you please state your full name and  
2 address for the record?

3 A. Jessee A. Shell. I live at One Swizzer  
4 Street, Buchanan, West Virginia.

5 Q. Are you currently employed by Dominion at a  
6 geologist?

7 A. Yes, I am.

8 Q. And how long have you been employed as a  
9 geologist?

10 A. Five years.

11 Q. Prior to your employment with Dominion, were  
12 you employed as a geologist by other entities in the oil and  
13 gas industry?

14 A. Yes, for eleven years.

15 Q. Is the document that has been provided to  
16 the Board as Exhibit Five a true and complete copy of your  
17 resume?

18 A. Yes, it is.

19 Q. Which reflects your educational background  
20 and work experience?

21 A. Yes.

22 SANDRA FRALEY: At this time, I would ask that  
23 Exhibit Five be placed in the record and we submit Mr. Shell

24

25

1 as an expert witness.

2 BENNY WAMPLER: It's accepted.

3 Q. In your capacity as a geologist with  
4 Dominion, do your responsibilities include selecting well  
5 locations?

6 A. Yes.

7 Q. In selecting these locations, do you attempt  
8 to identify locations to maximize the recovery of gas  
9 reserves and the most economical and efficient manner?

10 A. Yes.

11 Q. Are you familiar with the proposed Blackwood  
12 #9 well?

13 A. Yes, I am.

14 Q. And where is it located?

15 A. It's in the Roaring Fork Field located near  
16 Norton, Virginia. It's on our Blackwood Land Company lease.

17 Q. And how many wells are currently drilled on  
18 that lease?

19 A. Since 1998, we've drilled seven wells on  
20 this lease.

21 Q. And will those wells adequately produce the  
22 existing gas reserves?

23 A. No.

24

--

1           Q.       The well plat for Blackwood #9 shows that  
2 it's located near the center of an area which is surrounded  
3 by existing wells. Will these existing surrounding wells  
4 adequately produce the gas reserves underlying the proposed  
5 unit for Blackwood #9 well?

6           A.       No, they will not.

7           Q.       Will the drilling of Blackwood #9 maximize  
8 the recovery of these existing reserves and eliminate waste  
9 of these resources?

10          A.       Yes, it will.

11          Q.       What are the main target formations that you  
12 expect to produce gas from this well?

13          A.       We plan to produce the Devonian Shell, the  
14 Berea interval, the Weir Sandstone, the Big Lime and possibly  
15 Maxon Sand.

16          Q.       And what's the target depth of the well?

17          A.       It will be approximately 5,900 feet.

18          Q.       Mr. Lockard has stated, and the well plat  
19 indicates, that Equitable's well is the only well located  
20 within 2,500 feet of the proposed Blackwood well. Is it your  
21 understanding that Equitable's well was also completed in the  
22 same formation that you expect to complete except for  
23 possibly the Big Lime formation?

24

--

1 A. Yes, that's true.

2 Q. What are the estimated amount of recoverable  
3 reserves from the proposed Blackwood #9 well?

4 A. We estimate that we should...get  
5 approximately 300,000,000 cubic feet of reserves by drilling  
6 the well.

7 Q. And would this same amount of reserves be  
8 lost if the Blackwood #9 well is not drilled and produced?

9 A. Yes, that's true.

10 Q. Are you asking for this well location  
11 exception in order to prevent waste and provide for maximum  
12 safe recovery of the mineral resources on this property?

13 A. Yes.

14 SANDRA FRALEY: I have no further questions for this  
15 witness.

16 BENNY WAMPLER: Any questions from members of the  
17 Board?

18 (No audible response.)

19 BENNY WAMPLER: Do you have anything further?

20 SANDRA FRALEY: I have nothing further at this time.

21 If the Board has no questions, I would certainly request  
22 that the Board grant our application as submitted.

23 MASON BRENT: Mr. Chairman, I'd move that we grant  
24

1 the application.

2 BENNY WAMPLER: I have a motion to grant the  
3 application. Is there a second?

4 RICHARD GILLIAM: I second.

5 BENNY WAMPLER: Second. Any further discussion?

6 (No audible response.)

7 BENNY WAMPLER: All in favor, signify by saying yes.

8 (All members signify yes.)

9 BENNY WAMPLER: Opposed, say no.

10 (No audible response.)

11 BENNY WAMPLER: You have approval. Thank you.

12 SANDRA FRALEY: Thank you very much.

13 JESSE SHELL: Thank you.

14 BENNY WAMPLER: The next item on today's agenda is a  
15 petition from Columbia Natural Resources, Incorporated for  
16 pooling of a gas unit identified as CNR-21671. This is  
17 docket number VGOB-00-05/16-0802. We'd ask the parties that  
18 wish to address the Board in this matter to come forward at  
19 this time.

20 MASON BRENT: Mr. Chairman, I must recuse myself  
21 from this hearing.

22 BENNY WAMPLER: All right. Thank you.

23 BOB WILSON: Mr. Chairman, we, at the Division of  
24

1 Gas and Oil, received a letter addressing this docket number  
2 from Katie D. Blankenship and Alvin Blankenship. Their  
3 concern addresses a regulatory matter, but I will distribute  
4 a copy of this letter to the Board members and the reply that  
5 we sent to them.

6 BENNY WAMPLER: Okay.

7 (Bob Wilson distributes copies of the letters.)

8 JIM KISER: Mr. Chairman and members of the Board,  
9 Jim Kiser on behalf of Columbia Natural Resources. Our  
10 witnesses in this matter will be Ms. Mary Ann Fox and Ms.  
11 Becky Barnes. I'd ask that they be sworn at this time.

12 (Witnesses are duly sworn.)

13 BENNY WAMPLER: The record will show there are no  
14 others. You may proceed.

15

16 MARY ANN FOX

17 having been duly sworn, was examined and testified as  
18 follows:

19 DIRECT EXAMINATION

20 QUESTIONS BY MR. KISER:

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

23 A. I'm Mary Ann Fox. I'm employed by Columbia  
24

25

1 Natural Resources, and I work in the legal department as a  
2 land and law services coordinator.

3 Q. And do your responsibilities include the  
4 land involved here and in the surrounding area?

5 A. Yes, it does.

6 Q. And your qualifications as a expert witness  
7 in land matters have previously been accepted by the Virginia  
8 Gas and Oil Board?

9 A. Yes.

10 Q. And are you familiar with CNR's application  
11 for the establishment of a drilling unit and the seeking of a  
12 pooling order for CNR well number 21671, which was dated  
13 April the 13th of 2000?

14 A. Yes.

15 Q. And does CNR own drilling rights in the unit  
16 involved here?

17 A. Yes.

18 Q. Now, prior to filing the application, were  
19 efforts made to contact each of the respondents listed in  
20 Exhibit B in an attempt to work an agreement with each of  
21 these respondents made?

22 A. Yes.

23 Q. And what is the leased interest of CNR  
24

1 within the unit?

2 A. 99.22%.

3 Q. Okay, and are you familiar with the  
4 ownership of drilling rights of parties other than CNR  
5 underlying this unit?

6 A. Yes.

7 Q. And what is the percentage that remains  
8 unleased within the unit?

9 A. .78....78%.

10 Q. 0.78?

11 A. 0.78.

12 Q. And that is represented by the interest in  
13 Tract 7 and Tract 8, which is Katie and Alvin Blankenship?

14 A. Correct.

15 Q. And was an attempt made to obtain a  
16 voluntary lease from them?

17 A. Yes.

18 Q. Okay. And were...we don't have any unknown  
19 heirs in this case. In your professional opinion, was due  
20 diligence exercised to locate each of the respondents named  
21 in Exhibit B?

22 A. Oh, yes.

23 Q. And are the addresses set out Exhibit B to  
24

1 the application the last known addresses for the respondents?

2 A. Yes.

3 Q. Are you requesting this Board to force pool  
4 all unleased interest listed in Exhibit B?

5 A. Yes.

6 Q. Now, are you familiar...familiar with the  
7 fair market value rights in the unit here and in the  
8 surrounding area?

9 A. Yes.

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

12 A. We usually pay \$5 delay rental, we usually  
13 have a five year term and we provide a one-eighth royalty.

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

18 A. Yes.

19 Q. In your professional opinion, do the terms  
20 you have testified to represent the fair market value of, and  
21 the fair and reasonable compensation to be paid for, drilling  
22 rights within this unit?

23 A. Yes.

24

--

1           BENNY WAMPLER: Can I interrupt you for just a  
2 second? You probably just in your conversation are saying  
3 usually. But for this unit---

4           JIM KISER: Yeah, we need to establish a market  
5 rate. So, your testimony would be---

6           BENNY WAMPLER: If you'll back and---

7           A.       \$5.

8           Q.       So, it would be a \$5 per acre delay rental,  
9 a five year term and a one-eighth royalty, is that correct?

10          A.       Yes.

11          Q.       Okay, now in basis to the respondents who  
12 remain unleased in Exhibit B, do you state that they be  
13 allowed the following options with respect to their ownership  
14 interest within the unit - one, participation; two, a cash  
15 bonus of \$5 per net mineral acre plus a one-eighth of eight-  
16 eighths royalty; three, in lieu of a cash bonus and one-  
17 eighth of eight-eighths royalty share in the operation of the  
18 well on a carried basis, as a carried operator under the  
19 following conditions: Such carried operator shall be  
20 entitled to the share of production from the tracts pooled  
21 accruing to his interest exclusive of any royalty or  
22 overriding royalty reserved in any leases, assignments  
23 thereof or agreements relating thereto of such tracts, but

24

1 only after the proceeds applicable to his share equal, (A) -  
2 300% of the share of such costs applicable to the interest of  
3 the carried operator of a leased tract or portion thereof; or  
4 (B) - 200% of the share of such costs applicable to the  
5 interest of a carried operator of an unleased tract or  
6 portion thereof?

7 A. Yes.

8 Q. Do you recommend the order provide that any  
9 elections by a respondent be in writing and sent to the  
10 applicant at Columbia Natural Resources, Inc., 900  
11 Pennsylvania Avenue, P. O. Box 6070, Charleston, West  
12 Virginia 25302, Attention: Mary Ann Fox, Regulator?

13 A. Yes.

14 Q. And should this be the address for all  
15 communications with the applicant concerning the force...any  
16 force pooling order?

17 A. Yes.

18 Q. Do you recommend that the force pooling  
19 order provide that if no written elections is properly made  
20 by a respondent, then such respondent shall be deemed to have  
21 elected the cash royalty option, in other words, deemed to  
22 have leased, in lieu of participation?

23 A. Yes.

24

25

1           Q.       And should any unleased respondents be given  
2 thirty days from the date of the execution of the order to  
3 file written elections?

4           A.       Yes.

5           Q.       If an unleased respondent elects to  
6 participate, should they be given forty-five days to pay  
7 their proportionate share of well costs?

8           A.       Yes.

9           Q.       Does the applicant expect that party  
10 electing to participate to pay in advance that parties share  
11 of well costs?

12          A.       Yes.

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

18          A.       Yes.

19          Q.       Do you recommend that the order provide that  
20 if a respondent elects to participate, but fails to pay  
21 respondents proportionate share of well costs satisfactory to  
22 the applicant for payment of said costs, then respondents  
23 election to participate should be treated as having been  
24

1 withdrawn and void?

2 A. Yes.

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

10 A. Yes.

11 Q. Okay. Now, we do not have any unknown or  
12 unlocateable interest within this unit, is that correct?

13 A. That's correct.

14 Q. Therefore, there's no reason for the Board  
15 to establish an escrow account for this particular unit under  
16 their order, right?

17 A. That's correct.

18 Q. And who should be named the operator under  
19 any force pooling order?

20 A. Columbia Natural Resources, Inc..

21 JIM KISER: Nothing further of this witness at this  
22 time, Mr. Chairman.

23 BENNY WAMPLER: Any questions from members of the  
24

1 Board of this witness?

2 (No audible response.)

3 BENNY WAMPLER: Call your next witness?

4

5 BECKY BARNES

6 having been duly sworn, was examined and testified as

7 follows:

8 QUESTIONS BY MR. KISER:

9 Q. Ms. Barnes, could state your name for the  
10 Board, who you are employed by and in what capacity?

11 A. Becky Barnes. I'm employed by Columbia  
12 Natural Resources as Senior Prospect Engineer.

13 Q. And your qualifications as a expert witness  
14 in the area of engineering and operations have previously  
15 been...previously been accepted by the Virginia Gas and Oil  
16 Board?

17 A. Yes, they have.

18 Q. And do your responsibilities include the  
19 land involved here and in the surrounding area?

20 A. Yes.

21 Q. And you're familiar with the proposed plan  
22 of exploration?

23 A. Yes.

24

--

1 Q. And what is the total depth of the proposed  
2 well under the plan of development?

3 A. 5,655 feet.

4 Q. And is the applicant requesting the force  
5 pooling of conventional gas reserves, not only to include the  
6 designated formations, but any other formations excluding  
7 coal formations which may be between those formations  
8 designated from the surface to the total depth drilled?

9 A. Yes.

10 Q. And what are the estimated reserves of the  
11 unit for well number 21671?

12 A. 360,000,000 cubic feet.

13 Q. Now, are you familiar with the well costs  
14 for the proposed well under the plan of development?

15 A. Yes.

16 Q. And has an AFE been reviewed, signed and  
17 submitted to the Board as Exhibit C to the force pooling  
18 application?

19 A. Yes.

20 Q. And was this AFE prepared by an engineering  
21 department knowledgeable in the preparation of AFEs and  
22 knowledgeable in regard to well costs in this area?

23 A. Yes.

24

--

1 Q. In your professional opinion, does this AFE  
2 represent a reasonable estimate of the well costs for the  
3 proposed well under the plan of development?

4 A. Yes.

5 Q. Could you at this time state for the Board  
6 both the dry hole costs and completed well costs for this  
7 well?

8 A. The dry hole costs are \$156,730 and the  
9 completed well costs are estimated at \$276,621.

10 Q. And do these costs anticipate a multiple  
11 completion?

12 A. Yes.

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

15 A. Yes.

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

20 A. Yes.

21 JIM KISER: Nothing further of witness at this  
22 time, Mr. Chairman.

23 BENNY WAMPLER: The AFE that we have is not signed.  
24

1 You're...you'll need to do that and supplement the record.

2 If you have that with you, we'll accept it.

3 (Jim Kiser consults with his clients.)

4 JIM KISER: Can we just supplement the hearing with  
5 a signed one?

6 BENNY WAMPLER: Yes, you can.

7 JIM KISER: The person who's supposed to sign it is  
8 Mr. Jack White, I guess, and he's not here. So---

9 BENNY WAMPLER: Okay. Any other questions from  
10 members of the Board of this witness?

11 (No audible response.)

12 BENNY WAMPLER: Do you have anything further?

13 JIM KISER: No. Mr. Chairman, we'd ask that the  
14 application be approved as submitted with the caveat that  
15 we'll be sending you a signed AFE to be attached to the  
16 application.

17 BENNY WAMPLER: Do I have a motion to approve?

18 MAX LEWIS: I make a motion that we approve it as  
19 presented.

20 BENNY WAMPLER: A second? We have a motion to  
21 approve. Is there a second?

22 RICHARD GILLIAM: I second.

23 BENNY WAMPLER: The motion and second. Any further  
24

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1 discussion?

2 (No audible response.)

3 BENNY WAMPLER: All in favor, signify by saying yes?

4 (All members signify yes.)

5 BENNY WAMPLER: Opposed, say no.

6 (No audible response.)

7 BENNY WAMPLER: You have approval. Thank you. The  
8 next item on the agenda is a petition from Columbia Natural  
9 Resources for pooling of a gas unit identified as CNR-23795.  
10 This is docket number VGOB-00-05/16-0803. We would ask the  
11 parties that wish to address the Board in this matter to come  
12 forward at this time.

13 JIM KISER: Mr. Chairman and members of the Board,  
14 Jim Kiser on behalf of Columbia Natural Resources. Our  
15 witnesses in this matter will once again be Ms. Fox and Ms.  
16 Barnes. I'll remind them that they have previously been  
17 sworn.

18 BENNY WAMPLER: The record will show there are no  
19 others. You may proceed.

20 MASON BRENT: Mr. Chairman, I must recuse again.

21 BENNY WAMPLER: Thank you.

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MARY ANN FOX

having been duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

QUESTIONS BY MR. KISER:

Q. Now, Ms. Fox, if you'd again state your name for the Board, who you're employed by and in what capacity?

A. I'm Mary Ann Fox. I'm employed by Columbia Natural Resources as a land and law services coordinator in our legal department.

Q. And you're familiar with CNR's application for the establishment of a drilling unit and the seeking of a pooling order for CNR well number 23795, which was dated April the 13th of 2000?

A. Yes.

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

A. Yes.

Q. Now, prior to filing of the application, was an attempt made to obtain a voluntary lease from each of the parties identified as having an interest within the unit?

A. Yes.

Q. And what is the interest of CNR within the

1 unit at this time?

2 A. 95.43% of the unit is under lease.

3 Q. And are you familiar with the ownership of  
4 drilling rights of parties other than CNR underlying this  
5 unit?

6 A. Yes.

7 Q. And what is the percentage of the unit that  
8 remains unleased at this time?

9 A. 4.57%.

10 Q. Now, are all unleased parties set out at  
11 Exhibit B?

12 A. Yes.

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

18 A. Yes.

19 Q. In your professional opinion, was due  
20 diligence exercised to locate each of the respondents named  
21 in Exhibit B?

22 A. Yes.

23 Q. Now, are the addresses set out in Exhibit B  
24

1 to the application, the last known addresses for the  
2 respondents?

3 A. Yes.

4 Q. And are you requesting this Board to force  
5 pool all unleased interest listed in Exhibit B?

6 A. Yes.

7 Q. Now, are you familiar with the fair market  
8 value of drilling rights in the unit here and in the  
9 surrounding area?

10 A. Yes.

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

13 A. \$5 delay rental per acre, a five year term  
14 and a one-eighth royalty.

15 Q. And in your opinion, do these terms you have  
16 testified to represent the fair market value of and the fair  
17 and reasonable compensation to be paid for drilling rights  
18 within this unit?

19 A. Yes.

20 JIM KISER: At this time, Mr. Chairman, I'd ask that  
21 the testimony that we previously took in the prior hearing,  
22 which was VGOB docket number 00-05/16-0802, regarding the  
23 election options afforded unleased parties and their  
24

1 different time lines in which to make these elections be  
2 incorporated into this hearing.

3 BENNY WAMPLER: That will be incorporated.

4 Q. And, Ms. Fox, do we have any unknown or  
5 unlocateable interest within this unit?

6 A. No.

7 Q. And therefore, we do not need to establish  
8 an escrow account under the Board order?

9 A. That's correct.

10 Q. And who should be named the operator under  
11 any force pooling order?

12 A. Columbia Natural Resources.

13 JIM KISER: Thank you. That's all of this witness  
14 at this time, Mr. Chairman.

15 BENNY WAMPLER: Any questions of this witness from  
16 members of the Board?

17 (No audible response.)

18 BENNY WAMPLER: Call your next witness.

19

20 BECKY BARNES

21 having been duly sworn, was examined and testified as  
22 follows:

23 QUESTIONS BY MR. KISER:

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1 Q. Ms. Barnes, if you'd again state your name,  
2 who you are employed by and in what capacity?

3 A. Becky Barnes. I'm employed by Columbia  
4 Natural Resources as a Senior Prospect Engineer.

5 Q. And do your responsibilities include the  
6 land involved here and in the surrounding area?

7 A. Yes.

8 Q. And you're familiar with the proposed plan  
9 of exploration for well 23795?

10 A. Yes.

11 Q. And what's the total depth of the proposed  
12 well under the plan of development?

13 A. 6,078 feet.

14 Q. And are we requesting the force pooling of  
15 conventional gas reserves not only to include the designated  
16 formations, but any other formations, excluding coal  
17 formations, which may be between those formations designated  
18 from the surface to the total depth drilled?

19 A. Yes.

20 Q. Now, when we filed our application, we  
21 listed the reserves for the life of the well at 285,000,000  
22 cubic feet. Is that correct?

23 A. That's correct.

24

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1           Q.       We have since had your department relook at  
2 that and we want to amend that figure through this testimony  
3 and the figure that we actually want to have included in the  
4 Board order would be estimated reserves as 350,000,000 cubic  
5 feet, is that correct?

6           A.       That's correct.

7           Q.       Okay, you're familiar with the well costs  
8 for the...for this particular well under the plan of  
9 development?

10          A.       Yes.

11          Q.       An AFE been reviewed and submitted to the  
12 Board, but again in this case, it hasn't been signed, is that  
13 correct?

14          A.       That's correct.

15          JIM KISER: Okay. Again, Mr. Chairman, we'd ask  
16 that we caveat any approval of this application with the fact  
17 that we'll get you a...an AFE signed as quickly as possible.

18          BENNY WAMPLER: Okay. Let me question...I don't  
19 mean to interrupt you, bu on the estimated total depth, I  
20 have 5,725 and I believe you said 6,078.

21          JIM KISER: My application is 6,078. Are you  
22 getting it off the AFE?

23          BENNY WAMPLER: Yeah, I know it has it in there, but  
24  
25

1 it's on the AFE.

2 (Jim Kiser confers with his client.)

3 BENNY WAMPLER: Here's what I'm going on. The AFE  
4 is...the application says 6,078.

5 JIM KISER: Okay.

6 BENNY WAMPLER: The AFE says 5,725 on my copy, over  
7 to the right.

8 BECKY BARNES: Oh, it sure does. But they have---.

9 MARY ANN FOX: It's estimated.

10 BECKY BARNES: They have 6,065 down as the footage  
11 on the contract drilling costs section.

12 JIM KISER: So, we've got three different depths.

13 BENNY WAMPLER: Anyway...I mean, I...you know, I'm  
14 willing to accept...you know, we'll take 6,078 as your  
15 estimated...it's in your application. When you do this, you  
16 probably need to just keep the numbers the same.

17 BECKY BARNES: I understand. We'll revise it.

18 (Jim Kiser confers with his client.)

19 Q. Okay, so, the estimated total depth, the TD  
20 on the well is 6,078?

21 A. That's correct.

22 Q. Now, was your AFE prepared by an engineering  
23 department knowledgeable in the preparation of AFEs and

24

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1 knowledgeable in regard to well costs in this area?

2 A. Yes.

3 Q. In your professional opinion, does this AFE  
4 represent a reasonable estimate of the well costs under the  
5 plan of development?

6 A. Yes.

7 Q. Could you state for the Board both the dry  
8 hole costs and completed well costs for 23795?

9 A. The dry hole costs are \$161,434 and the  
10 completed well costs are \$297,531.

11 Q. Now, do these costs anticipate a multiple  
12 completion?

13 A. Yes.

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

16 A. Yes.

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

21 A. Yes.

22 JIM KISER: Nothing further of witness at this  
23 time, Mr. Chairman.

24

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1           BENNY WAMPLER: Any questions from members of the  
2 Board of this witness?

3           (No audible response.)

4           BENNY WAMPLER: Do you have anything further?

5           JIM KISER: We'd ask that the application be  
6 approved as submitted with the addition of the new AFE  
7 signed.

8           BENNY WAMPLER: Do I have a motion to approve?

9           RICHARD GILLIAM: I make that motion.

10          MAX LEWIS: I make a motion that we approve.

11          BENNY WAMPLER: Motion to approve. Is there a  
12 second? I believe Richard made a motion. Do you second?

13          MAX LEWIS: Second.

14          BENNY WAMPLER: Any further discussion?

15          (No audible response.)

16          BENNY WAMPLER: All in favor, signify by saying yes?

17          (All members signify yes.)

18          BENNY WAMPLER: No? Any nos?

19          (No audible response.)

20          BENNY WAMPLER: You have approval. Thank you. The  
21 next item on the agenda is a petition from Equitable  
22 Production Company for pooling of a gas unit identified V-  
23 2135. This is docket number VGOB-00-05/16-0804. We'd ask  
24

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

3           JIM KISER: Mr. Chairman, Jim Kiser on behalf of  
4 Equitable Production Company. Our witnesses in this matter  
5 will be Don Hall as to land and Mr. Martin Puskar as to  
6 operations. We do have a revised Exhibit B, which I'd like  
7 to pass out at this time.

8           (Jim Kiser distributes an exhibit.)

9           BENNY WAMPLER: The record will show there are no  
10 others. You may proceed. Are your witnesses sworn?

11           JIM KISER: Oh, no. Could you please swear the  
12 witnesses?

13           (Witnesses are duly sworn.)

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DON HALL

having been duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

QUESTIONS BY MR. KISER:

Q. Mr. Hall, could you state your name for the Board, who you're employed and in what capacity?

A. Don Hall. I'm employed by Equitable Production Company as District Landman.

Q. And do your responsibilities include the land involved here in the unit for V-2135 and in the surrounding area?

A. Yes, sir.

Q. Are you familiar with Equitable's application for the establishment of a drilling unit and seeking of a pooling order for EPC well number V-2135, dated April the 13th of 2000?

A. Yes, I am.

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

A. We do.

Q. Now, prior to filing of the application, were efforts made to contact each of the respondents named in

1 Exhibit B and an attempt to work out a voluntary lease with  
2 each of them made?

3 A. Yes, there were.

4 Q. Okay. Now, what was the interest of  
5 Equitable...the leased interest of Equitable within the unit  
6 at the time of the application?

7 A. At the time of the application, it was  
8 97.14%. But since then we've...we have acquired another  
9 interest.

10 Q. Okay. We've acquired an additional lease  
11 since the time of the filing of the application and that  
12 interest is represented in Tracts 3, 4, 5, 6 and 7. Is that  
13 correct?

14 A. Yes, that's correct.

15 Q. And that is the interest of Beverly Robinson  
16 Hooker and Joseph Scott Hooker?

17 A. That's correct.

18 Q. Okay. Now, what does that...after having  
19 acquired that lease, what does that bring the total lease  
20 percentage to?

21 A. 97.19%.

22 Q. Okay. And are you familiar with the  
23 ownership of drilling rights of parties other than Equitable

24

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1 within this unit?

2 A. Yes.

3 Q. And what is the percentage of the interest  
4 that remains unleased?

5 A. 2.81%.

6 Q. Now, are all unleased parties set out in  
7 Revised Exhibit B?

8 A. Yes.

9 Q. Now, were efforts made to determine if any  
10 individual respondents were living or deceased or their  
11 whereabouts, and, if deceased, were efforts made to determine  
12 the names and addresses and whereabouts of the successors to  
13 any deceased individual respondents?

14 A. Yes, there were.

15 Q. Okay, now, in your professional opinion, was  
16 due diligence exercised to locate each of the respondents  
17 named in the Revised Exhibit B?

18 A. Yeah, it is.

19 Q. And are the addresses set out in Revised  
20 Exhibit B to the application the last known addresses for the  
21 respondents?

22 A. They are.

23 Q. Are you requesting the Board to force pool  
24

1 all unleased interest listed in Revised Exhibit B?

2 A. Yes.

3 Q. Are you familiar with the fair market value  
4 of drilling rights in the unit here and in the surrounding  
5 area?

6 A. Yes, I am.

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

9 A. It's a \$5 bonus, a five year term and one-  
10 eighth royalty.

11 Q. Did you gain your familiarity by acquiring  
12 oil and gas leases and other agreements involving the  
13 transfer of drilling rights in the unit involved here and in  
14 the surrounding area?

15 A. I did.

16 Q. In your opinion, do the terms you have  
17 testified to represent the fair market value of and the fair  
18 and reasonable compensation to be paid for drilling rights  
19 within this unit?

20 A. They do.

21 Q. Now, as to the respondents listed in Revised  
22 Exhibit B who remain unleased, do you...do you agree that  
23 they be allowed the following options with respect to their  
24

1 ownership interest within the unit - one, participation; two,  
2 a cash bonus of \$5 per net mineral acre plus a one-eighth of  
3 eight-eighths royalty; three, in lieu of a cash bonus and  
4 one-eighth of eight-eighths royalty share in the operation of  
5 the well on a carried bases as a carried operator under the  
6 following conditions: Such carried operator shall be  
7 entitled to the share of production from the tracts pooled  
8 accruing to his interest exclusive of any royalty or  
9 overriding royalty reserved in any leases, assignments  
10 thereof or agreements relating thereto of such tracts, but  
11 only after the proceeds applicable to his share equal 300% of  
12 the share of such costs applicable to the interest of the  
13 carried operator of a leased tract or portion thereof; or  
14 200---?

15 A. Yes.

16 Q. ---- or of 200% such costs applicable to the  
17 interest of a carried operator of an unleased tract or  
18 portion thereof?

19 A. Yes.

20 Q. Now, do you recommend that any elections by  
21 respondents be in writing and sent to the applicant at  
22 Equitable Production Company...are we going to need a new  
23 address?

24

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1 A. I guess we'll need to change that address.  
2 Q. Okay. And what would the new address be?  
3 A. It will be Cloverleaf Square, Building G,  
4 Kingsport, Tennessee.  
5 MARTIN PUSKAR: Big Stone Gap.  
6 A. I'm sorry. Big Stone Gap.  
7 Q. Cloverleaf Square?  
8 A. Cloverleaf Square, Building G.  
9 Q. Building G.  
10 A. Big Stone Gap.  
11 Q. Big Stone Gap, Virginia.  
12 A. 24219.  
13 Q. 24219.  
14 A. Attention: Rita.  
15 Q. Attention Rita McGlothlin-Barrett?  
16 A. That's correct.  
17 JIM KISER: Did you get that, Sandy?  
18 SANDRA RIGGS: Uh-huh.  
19 Q. And should this be the address now for all  
20 communications with the applicant concerning any force  
21 pooling order?  
22 A. Yes.  
23 Q. Okay. Now, do you recommend that the order  
24

1 provide that if no written election is properly made by a  
2 respondent, then such respondent shall be deemed to have  
3 elected the cash royalty option, in other words, deemed to  
4 have leased in lieu of participation?

5 A. I do.

6 Q. And should any unleased respondents be given  
7 thirty days from the date of the order to file written  
8 elections?

9 A. Yes.

10 Q. If an unleased respondent elects to  
11 participate, should they be given forty-five days to pay the  
12 applicant for their proportionate share of well costs?

13 A. Yes.

14 Q. Does the applicant expect the party electing  
15 to participate to pay those costs in advance?

16 A. Yes.

17 Q. And should the applicant be allowed a  
18 hundred and twenty days following the recordation date of the  
19 Board order, and thereafter, annually on that date, until  
20 production is achieved to pay or tender any cash bonus  
21 becoming due under the order?

22 A. Yes.

23 Q. Do you recommend that the order provide that  
24

1 if the respondent elects to participate, but fails to pay  
2 their proportionate share of well costs satisfactory to the  
3 applicant for payment of those costs and their election to  
4 participate be treated as having been withdrawn and void?

5 A. Yes.

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

13 A. Yes.

14 Q. Okay. Now, we do not have any unlocateables  
15 or unknown within this unit, do we?

16 A. No.

17 Q. So, therefore, we do not need to establish  
18 an escrow account under the order, correct?

19 A. Correct.

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

22 A. Equitable Production Company.

23 JIM KISER: Nothing further of this witness at this

24

--

1 time, Mr. Chairman.

2 BENNY WAMPLER: Any questions of this witness from  
3 members of the Board?

4 (No audible response.)

5 BENNY WAMPLER: Call your next witness.

6

7 MARTIN PUSKAR

8 having been duly sworn, was examined and testified as  
9 follows:

10 QUESTIONS BY MR. KISER:

11 Q. Mr. Puskar, if you'd state your name for the  
12 Board, who you are employed by and in what capacity?

13 A. Martin Puskar. I'm employed by Equitable  
14 Production Company and I'm a petroleum engineer.

15 Q. And your qualifications as an expert witness  
16 in operations have previously been accepted by the Board?

17 A. Yes, they have.

18 Q. And do your responsibilities include the  
19 land involved for the unit V-2135?

20 A. Yes.

21 Q. And are you familiar with the proposed plan  
22 of development for this unit?

23 A. Yes, I am.

24

--

1 Q. And what is the total depth of the proposed  
2 well?

3 A. The total depth is 5,043 feet.

4 Q. And is the applicant requesting this force  
5 pooling of conventional gas reserves not only to include  
6 designated formations, but any other formations excluding  
7 coal formations which may be between those formations  
8 designated from the surface to the total depth drilled?

9 A. Yes.

10 Q. And what are the estimated reserves of this  
11 unit?

12 A. We've estimated reserves at 550,000,000  
13 cubic feet.

14 Q. And are you familiar with the well costs for  
15 the proposed well?

16 A. Yes, I am.

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

19 A. Yes, it has.

20 Q. And was this AFE prepared by an engineering  
21 department knowledgeable in the preparation of AFEs and  
22 knowledgeable in regard to well costs in this area?

23 A. Yes.

24

--

1 Q. In your professional opinion, does this AFE  
2 represent a reasonable estimate of the well costs for the  
3 proposed well under the applicant's plan of development?

4 A. Yes.

5 Q. At this time, could you state for the Board  
6 both the dry hole costs and the completed well costs for V-  
7 2135?

8 A. The dry hole costs are \$148,320 and the  
9 completed well costs is \$252,270.

10 Q. And do these costs anticipate a multiple  
11 completion?

12 A. Yes, it does.

13 Q. And does your AFE include a reasonable  
14 charge for supervision?

15 A. Yes.

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

20 A. Yes.

21 JIM KISER: Nothing further of the witness at this  
22 time, Mr. Chairman.

23 BENNY WAMPLER: Any questions from members of the  
24

1 Board?

2 (No audible response.)

3 BENNY WAMPLER: Do have anything further?

4 JIM KISER: We'd ask that this application be  
5 approved as submitted, Mr. Chairman.

6 BENNY WAMPLER: Is there a motion?

7 MAX LEWIS: I make a motion we approve it.

8 MASON BRENT: Second.

9 BENNY WAMPLER: Motion and second. Any further  
10 discussion?

11 (No audible response.)

12 BENNY WAMPLER: All in favor, signify by saying yes.

13 (All members signify yes.)

14 BENNY WAMPLER: Opposed, say no.

15 (No audible response.)

16 BENNY WAMPLER: You have approval. Thank you. The  
17 next item on the agenda is a petition from Equitable  
18 Production Company for pooling of a coalbed methane unit  
19 identified as VC-3968. This is docket number VGOB-00-05/16-  
20 0805. We'd ask the parties that wish to address the Board in  
21 this matter to come forward at this time, please.

22 JIM KISER: Mr. Chairman, Jim Kiser on behalf of  
23 Equitable Production Company. I think there are some other

24

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1 folks here. We've...we got a letter from some of the  
2 interest owners regarding the, if I can find it here,  
3 regarding the...our Exhibit B on our initial application in  
4 the way that we had the interests represented. I think, at  
5 least the letter I have in front of me, came from the  
6 Austins.

7 JOE AUSTIN: Right. It would have been (inaudible)  
8 Austin.

9 JIM KISER: All right. And it was dated...well, it  
10 was timely, whenever it was dated. Anyway,  
11 we've...we've...in fact, I think one of our Equitable people  
12 went out and talked with the Austins and we have sent a  
13 letter to all the affected parties seeking a continuance and  
14 we would formally ask the Board for a continuance at this  
15 time for this matter until the June docket so that we can  
16 meet with them and make sure we've got out Exhibit B correct.

17 BENNY WAMPLER: Okay. So, you're...you're going to  
18 correct your Exhibit B based on the information as submitted?

19 JIM KISER: Right.

20 BENNY WAMPLER: And you understand that they're  
21 requesting---?

22 JOE AUSTIN: Yes that is two issues we had from the  
23 heirs and the church.

24

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1           JIM KISER: Right. We've corrected as to both  
2 issues.

3           JOE AUSTIN: Okay.

4           LOUVENIA AUSTIN: Do you want me to read it?

5           JIM KISER: Ma'am?

6           LOUVENIA AUSTIN: Do you want me to read the  
7 objection?

8           JOE AUSTIN: No, he said there was---.

9           LOUVENIA AUSTIN: Okay.

10          BENNY WAMPLER: Well, the Board members have your  
11 objection.

12          LOUVENIA AUSTIN: Okay.

13          BENNY WAMPLER: He's asking for a continuance to  
14 next month until they can get their application approved?

15          LOUVENIA AUSTIN: Until June. Okay. So, you all  
16 have all your information that you need?

17          JOE AUSTIN: Wait a minute. They is...they is  
18 another issue that came up---.

19          BENNY WAMPLER: I need you to state your name for  
20 the record. If you will, come over here and lets get you on  
21 the record.

22          JOE AUSTIN: Do you just want me to state my name  
23 and address?

24

--

1           BENNY WAMPLER: Yes, please.

2           JOE AUSTIN: Joe Austin. 809 Afton Street,  
3 Kingsport, Tennessee 37660.

4           BENNY WAMPLER: All right. Now, you may tell us  
5 your---.

6           JOE AUSTIN: We met with Rita McGlothlin-Bennett and  
7 she tells us that they're two Wills that we don't know  
8 anything about. So, if anybody has them, we would like to  
9 have a copy of the...I mean, the number of the deed and page  
10 on both Wills till we can go pick them up. Is that  
11 agreeable, Mr. Hall?

12           DON HALL: Yes, sir. I'll have to get with Ms.  
13 McGlothlin to find out, or Ms. Barrett, to find out which  
14 Wills she's talking about.

15           JOE AUSTIN: Well, she's talking about...well, on  
16 (inaudible).

17           DON HALL: Did you say Wills or wells?

18           DONNA WHITEHEAD: Wills.

19           JOE AUSTIN: Sir.

20           DON HALL: Did you say wells or Wills?

21           JOE AUSTIN: Well, she said Will. Said there was  
22 two Wills out on this place that we didn't know anything  
23 about.

24

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1           JIM KISER: Well, she...I guess, she's probably  
2 talking about the...maybe the Lula Ramsey Brandum Will.

3           JOE AUSTIN: Well, that's all the church....

4           JIM KISER: Right.

5           DON HALL: She's...she's on vacation this week. I  
6 can have her get in contact with you as soon as she gets back  
7 and give you that information.

8           JIM KISER: Yeah.

9           JOE AUSTIN: Yeah, we would like to have the number.  
10 You know what I mean---

11          DON HALL: Yeah.

12          JOE AUSTIN: ---of the...of the deeds or Wills.

13          JIM KISER: Where it's recorded?

14          DON HALL: Yeah.

15          JIM KISER: Right.

16          JOE AUSTIN: Or the copies, or anything like that.

17          DON HALL: I'll...I'll have her get in contact with  
18 you early next week.

19          JOE AUSTIN: Thank you.

20          JIM KISER: Correct me if I'm wrong, but I think  
21 that our last meeting on this matter, we'd come to the  
22 conclusion that your representation of the ownership was  
23 correct.

24

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1           DON HALL: Right.

2           JOE AUSTIN: Oh, thank you.

3           JIM KISER: So, I don't think there' going to be any  
4 more issues there.

5           JOE AUSTIN: On the church and the---?

6           JIM KISER: Right.

7           DON HALL: Correct.

8           JIM KISER: Yeah.

9           JOE AUSTIN: It is. It's correct.

10          JIM KISER: And we have the interest right. We just  
11 didn't really have them laid out right.

12          JOE AUSTIN: Right.

13          JIM KISER: At least on the...on the Elbert Ramsey  
14 part.

15          DON HALL: It was the---.

16          JIM KISER: On the Lula Ramsey part, that needs to  
17 be changed to the church.

18          DON HALL: The way the exhibit was---.

19          JOE AUSTIN: So, now will we get copies on...showing  
20 us---?

21          DON HALL: Yeah.

22          JIM KISER: You'll...we'll...we'll...I'll file a  
23 revised Exhibit B no later than Friday of this week.

24

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1           JOE AUSTIN: Uh-huh.

2           JIM KISER: And you'll get that.

3           JOE AUSTIN: And on...on well 3968, do we meet here,  
4 or somewhere, June the 20th?

5           JIM KISER: June the 20th at this same place.

6           JOE AUSTIN: And then on this well 312...3212  
7 we...we---.

8           JIM KISER: That will be the same day.

9           JOE AUSTIN: Same day?

10          JIM KISER: Yeah.

11          JOE AUSTIN: And this one will be the same thing?

12          JIM KISER: 3621?

13          JOE AUSTIN: Where you failed to give us notice?

14          DON HALL: Yes, that will be on the same date. You  
15 should---.

16          JOE AUSTIN: It will be June the 20th?

17          DON HALL: Yeah.

18          JIM KISER: Right. All three of those wells will be  
19 on June the 20th.

20          JOE AUSTIN: Okay.

21          BENNY WAMPLER: All right. This matter will be  
22 continued to next month then without any objections.  
23 The next item on the agenda is the petition from  
24

1 Equitable Production Company for a well location exception  
2 for proposed well VAD-4327. This is docket number VGOB-00-  
3 05/16-0806. We'd ask the parties that wish to address the  
4 Board in this matter to come forward at this time.

5 (Pause while parties exit the room.)

6 JIM KISER: Now, Mr. Chairman, Jim Kiser on behalf  
7 of Equitable Production Company. Our witnesses in this  
8 matter again be Mr. Hall and Mr. Puskar.

9 BENNY WAMPLER: The record will show there are no  
10 others. You may proceed.

11 JIM KISER: And I'll remind them that they have  
12 previously been sworn.

13

14

15

DON HALL

16 having been duly sworn, was examined and testified as  
17 follows:

18

DIRECT EXAMINATION

19 QUESTIONS BY MR. HALL:

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

22 A. Don Hall, Equitable Production Company as  
23 District Landman.

24

25

1 Q. And your qualifications in the area of  
2 seeking of variances have been previously accepted by the  
3 Board?

4 A. They have.

5 Q. And your duties include the land involved in  
6 the unit for VAD-4327 and the surrounding area?

7 A. Yes, they do.

8 Q. And have all interested parties been  
9 notified as required by Section 4B of the Virginia Gas and  
10 Oil Board regulations?

11 A. They have.

12 Q. Would you indicate for the Board the  
13 ownership of the oil and gas underlying well number VAD-4327,  
14 and could you kind of explain---. This is a fairly unique  
15 situation in that it's a dual well. I know you've filed the  
16 permit application and you will be, in the next couple of  
17 days, seeking a variance for the CBM portion of this well  
18 under separate letter and that we're here before the Board  
19 today seeking a variance for the conventional gas. If you  
20 can just kind of walk the Board both through ownership of the  
21 oil and gas underlying the unit and sort the history of this  
22 well.

23 A. Well, for the benefit of the location  
24

1 exception that we're getting today which would be for  
2 the...again, as Jim said, this is going to be a dual  
3 producing well, which...which means that we'll have...we'll  
4 produce coalbed methane gas from it and also conventional gas  
5 and we have two separate units in that regard. We have the  
6 conventional gas unit and the coalbed unit. This exception  
7 that we're seeking here today is for the...for the  
8 conventional portion of that unit and the percentage of  
9 interest relative to that unit is Pine Mountain Oil and Gas.  
10 We have leased from them 55.23% of the unit and Worton Land  
11 & Mineral Company owns 44.77% of that unit. Again, this is a  
12 dual producing well. So, I...my exhibit only indicates the  
13 information for the conventional portion of that well. But  
14 if you'll look at your application, I think there's a  
15 permit...there's a plat in that application that shows how  
16 the unit...the coalbed methane unit is set forth. That unit  
17 will also require a location exception, which we've...are  
18 able to get through the application through Mr. Wilson.

19 Q. Okay. So, today we're only...we're only  
20 dealing today with the...with a variance for the conventional  
21 gas?

22 A. That's correct.

23 Q. Now, does Equitable Production Company have  
24

1 the right to operate the reciprocal wells, that being the  
2 wells from which we're seeking the exception, being V-3576  
3 and another dual well VAD-3625?

4 A. Yes, we do.

5 Q. Now, are there any correlative right issues?

6 A. No, sir.

7 Q. So, Equitable has got all of the acreage  
8 leased?

9 A. Yes, we do.

10 Q. And...and under production in the  
11 surrounding units?

12 A. Yes.

13 Q. Okay. Now, if you'll...if you'll explain  
14 for the Board in conjunction with the Exhibit that you've  
15 prepared, why we want to drill this well where we're drilling  
16 it; and therefore, why we're seeking a variance on a  
17 conventional gas?

18 A. The two wells highlighted in red are the two  
19 wells we're seeking exception from. The subject well is  
20 highlighted in blue and the area that's highlighted in yellow  
21 would be the area that would be a legal location from those  
22 two wells in addition to 3106 to the South you see, which  
23 is...if we moved it much, we'd be too close that one also.

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1 But the yellow area that you see highlighted would be where  
2 we could legally put that well from those wells. That area  
3 has about a 45% average grade and it's real steep and we'd  
4 have problems. It's right...almost in the creek and we'd  
5 have problems with erosion sediment control containments in  
6 there. We feel...in addition, the well, where it is located,  
7 is just outside the interior window of the coalbed well and  
8 the...if we had gone to the yellow area, the legal location  
9 area with a conventional well, we'd been that much farther  
10 out of the unit for the coalbed location exception. So, it's  
11 sort of a compromise here in that regard, I guess. But  
12 basically the topographics there preclude us from drilling.  
13 And in addition, the well is located on the Worton Land &  
14 Mineral lease that we have and they have...they have surface  
15 location approval rights and this is where they approved the  
16 well.

17 JIM KISER: Nothing further of this witness at this  
18 time, Mr. Chairman?

19 BENNY WAMPLER: Any questions from members of the  
20 Board?

21 MASON BRENT: The status of the CBM well has not  
22 been permitted?

23 DON HALL: The application has been made. It's a  
24

1 dual application for CBM and for conventional. The  
2 application has been made. I think it was made Friday. I  
3 haven't...I haven't filed the...the request for a location  
4 exception for the CBM portion of this, but I will soon.

5 BENNY WAMPLER: Any other questions?

6 (No audible response.)

7 BENNY WAMPLER: Do you have anything further?

8 JIM KISER: Not of this witness, Mr. Chairman.

9 BENNY WAMPLER: Call your next witness.

10

11

MARTIN PUSKAR

12 having been duly sworn, was examined and testified as  
13 follows:

14

DIRECT EXAMINATION

15 QUESTIONS BY MR. KISER:

16 Q. Mr. Puskar, if you'd again state your name  
17 to the Board, who you're employed by and in what capacity?

18 A. Martin Puskar. I'm employed by Equitable  
19 Production Company and I'm Petroleum Engineer.

20 Q. And are you familiar with the application  
21 that was filed seeking a location exception for EPC well  
22 number VAD-4327?

23 A. Yes.

24

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1 Q. And in the event this location exception  
2 were not granted, would you project the estimate loss of  
3 reserves resulting in waste for this unit?

4 A. 400,000,000.

5 Q. And that's on the conventional side?

6 A. Yes.

7 Q. And what is the total depth of the proposed  
8 well under the applicant's plan of development?

9 A. The total depth is 5,110 feet.

10 Q. And will this be sufficient to penetrate and  
11 test the common sources as supplied in the subject formations  
12 as noted in the permit application?

13 A. Yes, it will.

14 Q. And are you seeking, or requesting, for this  
15 location exception cover conventional gas reserves to include  
16 designated formations from the surface to the total depth  
17 drilled?

18 A. Yes.

19 Q. In your opinion, will the granting of this  
20 location exception be in the best interest of preventing  
21 waste, protecting correlative rights and maximizing the  
22 recovery of conventional gas reserves underlying VAD-4327?

23 A. Yes, it would.

24

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1                   JIM KISER: Nothing further of this witness at this  
2 time, Mr. Chairman.

3                   BENNY WAMPLER: Any questions from members of the  
4 Board of this witness?

5                   (No audible response.)

6                   BENNY WAMPLER: Do you have anything further?

7                   JIM KISER: We'd ask that the application seeking a  
8 location exception for this well be approved as submitted.

9                   BENNY WAMPLER: Is there a motion?

10                  MAX LEWIS: I make a motion we approve.

11                  BENNY WAMPLER: I have a motion to approve. Is  
12 there a second?

13                  MASON BRENT: Second.

14                  BENNY WAMPLER: Motion and second. Any further  
15 discussion?

16                  (No audible response.)

17                  BENNY WAMPLER: All in favor, signify by saying yes.

18                  (All members signify yes.)

19                  BENNY WAMPLER: Opposed, say no.

20                  (No audible response.)

21                  BENNY WAMPLER: You have approval. The next item on  
22 the agenda is a petition from Equitable Production for a well  
23 location exception for proposed well for V-4077. This is  
24

1 docket number VGOB-00-05/16-0807. We'd ask the parties that  
2 wish to address the Board in this matter to come forward at  
3 this time.

4 JIM KISER: Mr. Chairman and members of the Board,  
5 Jim Kiser again on behalf of Equitable Production Company.  
6 Our witnesses will be the same in this matter. What I'm  
7 handing you now is a revised application. I'll explain that  
8 here in just a second.

9 (Jim Kiser hands out a revised application.)

10 BENNY WAMPLER: The record will show there are no  
11 others. You may proceed.

12 JIM KISER: This particular application is seeking a  
13 location exception for V-4077 which was originally filed, I  
14 believe, on April the 13th. Yes. Thursday of last  
15 week...was it Thursday?

16 DON HALL: Yes, I believe it was.

17 JIM KISER: We were...Equitable's people were on the  
18 well site with the Forest Service folks, you know, looking  
19 ...going through the location and what time...at such time,,  
20 they discovered that under the environmental assessment and  
21 archaeological aspects of that, that the site that we  
22 originally had...that they had...they had originally  
23 approved, under which we had filed this application, may have

24

1 been an Indian camp site. They found apparently some  
2 evidence of chips from arrow heads or, you know, whatever  
3 particular thing it is they look for there. So, Don called  
4 me and said that they were on the grounds, that they were  
5 probably going to seek...ask that we move the well slightly  
6 to the northwest, which what we have done. We redrafted the  
7 application to... and got a new plat to...to address that  
8 issue and show the new location and got it to all the  
9 affected parties on Friday and I have a new set of signed  
10 green cards from all three of them. So, they've gotten  
11 notification of this and I know this is a little bit  
12 unconventional, but since we don't have any objection and  
13 this is something that's essentially dictated by the Forest  
14 Service and Penn Virginia, we'd ask that we be allowed to go  
15 forward with the application.

16 BENNY WAMPLER: Any objection to them going forward  
17 with the application?

18 (No audible response.)

19 BENNY WAMPLER: Mr. Wilson, do you have any  
20 concerns?

21 BOB WILSON: No.

22 BENNY WAMPLER: If you'll put the...put in to  
23 testimony as well the green cards from one of your witnesses.

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JIM KISER: Okay.

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DON HALL

having been duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

QUESTIONS BY MR. KISER:

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

A. Don Hall. I'm employed by Equitable Production as District Landman.

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

A. They do.

Q. And you're familiar with the application that we filed seeking a location exception for this well?

A. Yes, I am.

Q. And have all interested parties been notified and accepted the application and signed green cards, the green cards that I have in my hand and will enter into the record now. I think they were personally delivered by one of your land personnel out of Big Stone Gap, is that correct?

A. That is correct.

Q. Okay. And would you indicate for the Board

1 the ownership of the oil and gas underlying the unit for V-  
2 4077?

3 A. Penn Virginia Oil and Gas.

4 Q. They own 100%?

5 A. Yes.

6 Q. And 100% of the coal?

7 A. Yes.

8 Q. And does Equitable have the right to operate  
9 all reciprocal wells?

10 A. We do.

11 Q. And those reciprocal wells are V-2733 and V-  
12 3240?

13 A. That's correct.

14 Q. And are there any correlative rights issues?

15 A. There is none.

16 Q. Could you, in conjunction with the exhibit  
17 that you've again prepared for the Board, and in conjunction  
18 the...you know, the prior approval of the location by both  
19 U.S. Forest Service and Penn Virginia, state essentially why  
20 we're seeking this location exception?

21 A. As you can see from the exhibit V-4077 is  
22 highlighted in yellow. The location that we had prior to  
23 this most recent move was just...just a little bit to the

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1 northeast to where this one is now and we did an  
2 archaeological survey on this some time ago. In their spot  
3 checking of this, the Forest Service spot checking, they  
4 discovered that the archaeological area, the site there  
5 extended a little beyond where we initially thought it did  
6 and they asked us to move this location on down this point  
7 another...I think it was something like a 130 or 40 feet.  
8 But regardless of that situation, the two reciprocal wells  
9 are highlighted in blue. We're too close to them, but as you  
10 see there's three other wells highlighted in red and there's  
11 really no legal location within that area. We can't get  
12 2,500 feet or greater from...from any of the wells.  
13 We're...you know, anywhere we put the well, we're going to  
14 have...we'd have to have a location exception. So, we  
15 basically tried to center this as closely as we can and with  
16 respect to also dealing with the Forest Service and  
17 their...their wishes.

18           MASON BRENT: It looks to me like you only moved it  
19 64 feet.

20           DON HALL: Are you calculating the coordinates?

21           MASON BRENT: I'm just going by the distance from  
22 the existing wells.

23           DON HALL: Oh. Well, we could have moved it a 130

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1 feet, but the distance from the wells may only have moved  
2 that much, but we moved the well location itself about a 130  
3 feet and, you know, the tangents moved less. But it was  
4 moved down a point. I think I calculated 134 feet if I'm not  
5 mistaken.

6 JIM KISER: Nothing further of this witness at this  
7 time, Mr. Chairman.

8 BENNY WAMPLER: Any questions from members of the  
9 Board of this witness?

10 (No audible response.)

11 BENNY WAMPLER: Call your next witness.

12

13

MARTIN PUSKAR

14 having been duly sworn, was examined and testified as  
15 follows:

16

DIRECT EXAMINATION

17 QUESTIONS BY MR. KISER:

18 Q. Mr. Puskar, if you'd state your name, who  
19 you're employed by and in what capacity?

20 A. Martin Puskar with Equitable Production  
21 Company and I'm a petroleum engineer.

22 Q. And you're familiar with the application we  
23 filed seeking this location exception?

24

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1 A. Yes.

2 Q. In the event this exception were not  
3 granted, would you project the estimated loss of reserves for  
4 this unit?

5 A. We've estimated at 400,000,000 cubic feet.

6 Q. And what is the total depth of the proposed  
7 well under the plan of development?

8 A. The total depth is 4,000 feet.

9 Q. And this would be sufficient to penetrate  
10 and test common sources as supplied in the subject formations  
11 as listed in the permit application?

12 A. Yes, it does.

13 Q. And are we requesting that this location  
14 exception cover conventional gas reserves to include the  
15 designated formations from the surface to the total depth  
16 drilled?

17 A. Yes.

18 Q. In your professional opinion, will the  
19 granting of this location exception be in the best interest  
20 of preventing waste, protecting correlative rights and  
21 maximizing the recovery of gas reserves underlying V-4077?

22 A. Yes, it would.

23 JIM KISER: Nothing further of this witness at this  
24

1 time, Mr. Chairman.

2 BENNY WAMPLER: Any questions of this witness from  
3 members of the Board?

4 (No audible response.)

5 BENNY WAMPLER: Do you have anything further?

6 JIM KISER: We'd ask that the application as  
7 presented to you today be accepted.

8 BENNY WAMPLER: Is there a motion to approve?

9 MASON BRENT: So moved.

10 BENNY WAMPLER: A motion. Is there a second?

11 RICHARD GILLIAM: Second.

12 BENNY WAMPLER: Motion and second. Any further  
13 discussions?

14 (No audible response.)

15 BENNY WAMPLER: All in favor, signify by saying yes.

16 (All members signify yes.)

17 BENNY WAMPLER: Opposed, say no.

18 (No audible response.)

19 BENNY WAMPLER: You have approval. Thank you.

20 JIM KISER: Thank you.

21 BENNY WAMPLER: That concludes our agenda items. I  
22 wanted to...Mr. Wilson was going to give us an update on our  
23 escrow agent in just a couple minutes and we'll finish here.

24

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1 Bob, if you will, tell us...tell us about some things you're  
2 dealing with there.

3 BOB WILSON: Very briefly. If you'll remember from  
4 last month, that First Union representatives reported on the  
5 status of the escrow account and if you will remember, we had  
6 some problems that were pointed out at that time. There  
7 were...some requests had been made from one of the operators  
8 for some account reconciliation, specifically six accounts  
9 that the account balances as reported by the escrow agent did  
10 not agree with the money that should have been deposited. As  
11 of yesterday afternoon, that particular situation had not yet  
12 been taken care of.

13 The moneys that are coming are being deposited in  
14 the master account. There's no problem with that. As they  
15 come, it's being deposited in the master account. But the  
16 sub-accounts are not...have not today been rectified as to  
17 how much is in each individual account. If you recall,  
18 the...the way the contract is set up, the overall account is  
19 the VGOB account and the agent is supposed to report this  
20 information in sub-accounts, which is the VGOB level, the  
21 Board order level, and then sub-accounts which would go to  
22 tract levels. We haven't yet gotten down to the Board order  
23 level yet.

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1                   We have also had a bit of problem with response in  
2 this from the agent. We don't feel that we're getting the  
3 service that the contract requires. Our contract  
4 administrative agent with our general services group has been  
5 in touch with First Union, principally Mr. Don Ballinghoff  
6 who was here the last time, to inform them that we were  
7 expecting a bit higher level of performance. Specifically,  
8 the contract requires certain reports, certain contacts be  
9 made and certain communications be ongoing with the agent.  
10 For instance, the Board is supposed to get a monthly report  
11 and it's supposed to be delivered no more than five to seven  
12 days after the end of each month and the contract  
13 specifically details what's supposed to be in that report.  
14 We have not gotten any of those to date.

15                   The monthly report that we have been getting, I got  
16 one this morning on the computer, which I've been trying to  
17 get for the past couple of weeks. I had to call yesterday  
18 and essentially demand it and got it in by E-mail this  
19 morning. I have not had a chance to go over it. I'll  
20 provide each of you a copy of this. The accounts...the VGOB  
21 accounts that have zero balances, the ones that have no money  
22 deposited in them are to supposed to be shown in this report,  
23 again, as a specific contract requirement. They are not

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1 shown on here yet. This is something that we have reminded  
2 them of and that still hasn't shown up. We do, this month,  
3 show deposits to the individual VGOB account numbers for the  
4 first time. But we don't know if this represents just last  
5 month or if it has been brought up to date from the first of  
6 the year, or what the situation is.

7           It's not all bad. The money is being handled well.  
8 I think we're probably getting the return on the money that  
9 we expect from the report that he has given us. Although, we  
10 don't have any of that in writing either.

11           We just wanted to give the Board a bit of a heads  
12 up to the fact that we are not satisfied at this point in  
13 time with the response that we're getting and the  
14 responsiveness of the organization in...in getting these  
15 problems taken care of.

16           Another specific contract requirement is that if  
17 they find any problem, they are to contact us as  
18 representatives of the Board to point these problems out to  
19 get them corrected. To date, we haven't been able to get the  
20 problems corrected that we have pointed out to them.

21           We would like to be able to spend a bit more  
22 concentrated time dealing with this to get...get these  
23 accounts straightened out to the level that...that we have to

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1 have them. Right now, we can't respond to inquires from  
2 citizens who call in regularly wanting to know the account of  
3 these individual balances. We...we have no confidence in the  
4 numbers we're getting and again...if you could pass these  
5 reports around. This is the one that we got in this morning.  
6 There's very little detail on it. Again, the zero balances,  
7 the accounts that have had no monies put in them, are not  
8 shown. We need that information because, of course, people  
9 call on those accounts as well to see if anything is in them.  
10 At this point in time we don't know.

11           The deposits column, these are the first deposits  
12 we've shown on any of these reports. I think this is the  
13 third report we've been able to get. We need probably a  
14 little more formal reporting on this. We need it on their  
15 letterhead. We need totals. We need a more complete report.  
16 This was a format that was basically going to be, as we  
17 understood it, for our use internally in the office to be  
18 able to get up to date information on a regular bases on  
19 basically an Excel spreadsheet, which is what this is, and  
20 that's fine and very acceptable, if it's complete. We want  
21 to lean on them to get these things squared away.

22           BENNY WAMPLER: When are they scheduled to come back  
23 before the Board?

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1           BOB WILSON: It will be the end of next quarter will  
2 be officially, which would be, what August or---?

3           BENNY WAMPLER: September?

4           BOB WILSON: Yeah, September. Right. It would be  
5 September would be the time that the contract would require  
6 them to be here. Their interim reports that the contract  
7 requires is supposed to be some monthly and some twice yearly  
8 and some quarterly that we're supposed to be getting from  
9 them in addition to their appearance which is required  
10 quarterly, if we ask them to come.

11           MASON BRENT: Do you think we ought to invite them  
12 back next month to address this?

13           BENNY WAMPLER: That's what I was wondering. Do you  
14 think that would be helpful to bring them back and let us  
15 talk to them?

16           BOB WILSON: I suspect that...I think that would be  
17 helpful. I think possibly between now and then we need to  
18 really redouble our efforts from an administrative standpoint  
19 to see that these things are moving along as required by the  
20 contract and have them at your discretion to show up for a  
21 formal report as to how these processes are going.

22           BENNY WAMPLER: You will schedule them for a formal  
23 report to the Board and convey that the Board is concerned

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1 that...that the...to have contract issue this early in the  
2 game.

3           BOB WILSON: Yes. Our concern is that it has been  
4 almost five months now and we realize it got off to a slow  
5 start. Some of the transfers didn't go as rapidly as we  
6 would have like for it to have. But they have had, in my  
7 opinion, ample opportunity to get the basics done on this and  
8 certainly reporting---

9           BENNY WAMPLER: So, next month will be six months in  
10 to the contract. So, they should six months into contract,  
11 if there's some tweaking that needs to be done, they should  
12 be able to eliminate that exactly when it was scheduled and  
13 when it could be completed. So, I think you can convey to  
14 them that the Board wants to know when this is going to be on  
15 track with a time line.

16           BOB WILSON: Okay.

17           BENNY WAMPLER: Of course, it would be good if they  
18 came here and had it on track---

19           BOB WILSON: Yes.

20           BENNY WAMPLER: ---and reported that.

21           MASON BRENT: You might offer them some incentive to  
22 get it done by June---

23           BENNY WAMPLER: Right. Right.

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1           SANDRA RIGGS: What they have to do really falls in  
2 two categories. The information they receive from First  
3 Virginia as of January the 1st and going back and trying to  
4 break that down on a tract basis, and we always knew that  
5 would take a couple of years to do because we had that  
6 statutory change. They're going to have to work with the  
7 operators to go from the VGOB level down to the tract level.

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9           But starting January 1, and going forward where  
10 they personally are receiving these deposits every month,  
11 it's hard to understand why they can't have that down to a  
12 tract level. I mean, we know they're not going to have...go  
13 back and reconstruct all of Virginia...First Virginia's  
14 records for eight years---

15           MAX LEWIS: No.

16           SANDRA RIGGS: ---in a five month period of time.  
17 But certainly from January 1 forward, they can take the  
18 beginning balance and then from that point forward, have it  
19 broken down.

20           BOB WILSON: Yes. The reports we have gotten in the  
21 past have not had any deposits shown to...they've only had  
22 interest applied to them and that was what drew the attention  
23 last time was the fact that the checks that were known to

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1 have gone in, and they have been verified by the way. First  
2 Union asked that those checks that were in contention be  
3 verified to have been sent and executed and they were.  
4 But...and again, I can't say for what's on this report  
5 because I haven't had a chance to even look at it. But as of  
6 yesterday afternoon, the operator was not aware that anything  
7 had been reconciled on that.

8           MASON BRENT: Well, I supported moving this to First  
9 Union on the basis that they had greater depth of capability  
10 in handling these kinds of things, and I still think they do.  
11 So, I'd like for somebody from there to come and explain to  
12 me why they can't get it straight.

13           BENNY WAMPLER: I think that would be good. I think  
14 it would be helpful. Anything further? Bob, do you have  
15 anything further?

16           (Mr. Wilson indicates negatively.)

17           BENNY WAMPLER: That concludes today's meeting.  
18 Thank you.

19           MASON BRENT: Thank you.

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STATE OF VIRGINIA,  
COUNTY OF BUCHANAN, to-wit:

I, SONYA MICHELLE BROWN, Court Reporter and Notary  
Public for the State of Virginia, do hereby certify that the  
foregoing hearing was recorded by me on a tape recording  
machine and later transcribed by me personally.

Given under my hand and seal on this the 30th day  
of May, 2000.

NOTARY PUBLIC

My commission expires: August 31, 2001.