

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 JUNE 17, 2003

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12 APPEARANCES:

13 BILL HARRIS, PUBLIC MEMBER

14 BENNY WAMPLER, DIRECTOR OF THE DMME & CHAIRMAN

15 DONALD RATLIFF, COAL INDUSTRY REPRESENTATIVE

16 JIM McINTYRE, CITIZEN APPOINTEE

17 SHARON PIGEON, COUNSEL FOR THE BOARD WITH THE ATTORNEY
GENERAL'S OFFICE

18 BOB WILSON, DIRECTOR OF THE DIVISION OF GAS & OIL AND
PRINCIPAL EXECUTIVE TO THE STAFF OF THE BOARD

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***Copy of agenda attached

BENNY WAMPLER: 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, beginning with Mr. Harris.

BILL HARRIS: Hi. I'm Bill Harris, a public member from Big Stone Gap.

SHARON PIGEON: I'm Sharon Pigeon. I'm not a Board member. I'm with the office of the Attorney General.

DONALD RATLIFF: I'm Donald Ratliff. I'm a industry representative from Wise, Virginia.

1 JIM McINTYRE: Jim McIntyre, public representative,
2 Wise, Virginia.

3 BOB WILSON: I'm Bob Wilson. I'm the Director of
4 the Division of Gas and Oil and principal executive to the
5 staff of the Board.

6 BENNY WAMPLER: Before we get to the first item on
7 today's agenda, I'd like to just ask the Board members if
8 they have any edits to the minutes and results of the hearing
9 that we had on May the 13th. I believe that has been
10 distributed to you. If there are no changes, I would like to
11 have a motion for approval.

12 DONALD RATLIFF: I move that the minutes be
13 accepted as presented.

14 BILL HARRIS: Second.

15 BENNY WAMPLER: The motion is second. Any further
16 discussion?

17 (No audible response.)

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

20 (All members signify by saying yes.)

21 BENNY WAMPLER: Opposed, say no.

22 (No audible response.)

23 BENNY WAMPLER: They are approved. The first item
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1 on the agenda is a petition from Equitable Production Company
2 for a well location exception for proposed well V-502765,
3 docket number VGOB-03-06/17-1155. We'd ask the parties that
4 wish to address the Board in this matter to come forward at
5 this time.

6 JIM KISER: Mr. Chairman and members of the Board,
7 Jim Kiser on behalf of Equitable Production Company. Our
8 witness in this matter will be Mr. Don Hall. We'd ask that
9 he be sworn at this time.

10 (Don Hall is duly sworn.)

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

13

14

DON HALL

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

17

DIRECT EXAMINATION

18 QUESTIONS BY MR. KISER:

19 Q. Mr. Hall, if you'd state your name for the
20 record, who you're employed by and in what capacity?

21 A. My name is Don Hall. I'm employed by
22 Equitable Production Company as District Landman.

23

Q. And do your responsibilities include the

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1 land involved here in the unit for V-502765 and in the
2 surrounding area?

3 A. They do.

4 Q. And you're familiar with the application we
5 filed seeking a location exception for well V-502765?

6 A. Yes.

7 Q. Have all interested parties been notified as
8 required by Section 4(B) of the Virginia Gas and Oil Board
9 Regulations?

10 A. They have.

11 Q. Would you indicate for the Board the
12 ownership of the oil and gas underlying the unit for well
13 number V-502765?

14 A. Penn Virginia Oil and Gas Corporation.

15 Q. They own a 100% of the oil and gas?

16 A. Yes.

17 Q. And does Equitable have the right to operate
18 the reciprocal well, that being...from which we're seeking
19 this exception, that being V-4335?

20 A. Yes, we do.

21 Q. And are there any correlative rights issues?

22 A. No.

23 Q. So, Penn Virginia owns all the oil and gas
24

1 in the surrounding area and in the unit for V-4335?

2 A. They do.

3 Q. Okay, in conjunction with the plat which was
4 filed as Exhibit A to our application, would you explain why
5 we're seeking this location exception?

6 A. This was a well that we had been attempting
7 to get approved for sometime. Finally Penn Virginia has
8 chosen a spot on their property and which it will not
9 interfere with their mining activity in that area. This spot
10 is basically picked by the coal company.

11 Q. So, Penn Virginia Operating Company, LLC,
12 which is the name of their company now, has basically just
13 picked this spot and said, "yeah, this is the only place
14 we're going to let you drill this well?"

15 A. That's correct.

16 Q. Okay. And in the event this location
17 exception were not granted, would you project the estimated
18 loss of reserves?

19 A. 650 million cubic feet.

20 Q. And what is the total depth of the proposed
21 well under the plan of development?

22 A. 5277 feet.

23 Q. Would this be sufficient to penetrate and
24

1 test the common sources of supply in the subject formations
2 in conjunction with the permit application which has already
3 been filed?

4 A. Yes.

5 Q. And is the applicant requesting that this
6 location exception cover convention gas reserves to include
7 the designated formations from the surface to the total depth
8 drilled?

9 A. Yes.

10 Q. And in your professional opinion, would the
11 granting of this location exception be in the interest of
12 preventing waste, protecting correlative rights, and
13 maximizing the recovery of the gas reserves underlying the
14 unit for V-502765?

15 A. Yes.

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

18 BENNY WAMPLER: Questions from members of the
19 Board?

20 BILL HARRIS: Mr. Chairman, just a quick question.

21 BENNY WAMPLER: Mr. Harris.

22 BILL HARRIS: If you all would refer to the plat
23 that was given, are there other wells nearby? I notice
24

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1 others weren't given.

2 DON HALL: The only well that's nearby is the
3 43---

4 BILL HARRIS: 35?

5 DON HALL: ---35. It's a reciprocal well to 2765.
6 That's the only one shown on the plat because you only have
7 to show---

8 BILL HARRIS: Yeah.

9 DON HALL: ---wells within 2500 feet.

10 BILL HARRIS: 25, yeah.

11 DON HALL: But there are other wells in the area.
12 But I can't say exactly where they are in relation to 2765
13 without---

14 BILL HARRIS: But they are outside the circle?

15 DON HALL: Yes.

16 BILL HARRIS: Okay.

17 DON HALL: We're only asking for a location
18 exception from---

19 BILL HARRIS: Yeah, one.

20 DON HALL: ---4335.

21 BILL HARRIS: Thank you.

22 BENNY WAMPLER: Other questions from members of the
23 Board?

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1 DON HALL: Excuse me. Actually this 4335 is
2 outside the circle. That broken line you see there is just
3 to indicate that it's in that direction.

4 BILL HARRIS: Uh-huh.

5 DON HALL: That's the distance. It's not in...it's
6 not inside the circle. It's far enough away from that well
7 that it wouldn't show up on the plat. So, we...rather than
8 to be to scale, we have a distance with a broken line.

9 BILL HARRIS: Well, let me ask you about the circle
10 radius then. What...I've missed something.

11 JIM KISER: It's 1250.

12 DON HALL: It's 1250.

13 BILL HARRIS: 1250, okay.

14 DON HALL: Yeah.

15 BENNY WAMPLER: So, your testimony is, there are no
16 other wells within 1250 even if they were...this is outside
17 the circle, but the circle is 1250 and everything that's...
18 every other well would...is depicted that may exist there.
19 There's no other well then really inside the circle. There's
20 none.

21 DON HALL: No.

22 BENNY WAMPLER: This is outside the circle, its the
23 closest well.

24

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1 DON HALL: Right, yeah. It's just shown this way
2 because there's no way to show that it's actual to scale
3 location.

4 BENNY WAMPLER: Are the formations that you're
5 proposing to produce the same formations that are...that are
6 being produced? Any other wells existing in that area?

7 DON HALL: Yes, that's the reason for the
8 exception.

9 JIM KISER: Mr. Chairman, they're listed in 2.7 in
10 the application.

11 BENNY WAMPLER: I just wanted to clarify that there
12 were no other formations that we're picking up here that
13 weren't being already produced. Any other questions from
14 members of the Board?

15 (No audible response.)

16 BENNY WAMPLER: Do you have anything further?

17 JIM KISER: We'd ask that the application be
18 approved as submitted.

19 DONALD RATLIFF: So moved, Mr. Chairman.

20 BENNY WAMPLER: We have a motion to approve the
21 application as submitted.

22 BILL HARRIS: Second.

23 BENNY WAMPLER: A second. Any further discussion?
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1 (No audible response.)

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

4 (All members signify by saying yes.)

5 BENNY WAMPLER: Opposed, say no.

6 (No audible response.)

7 BENNY WAMPLER: You have approval. The next item
8 on the agenda is a petition from Equitable Production Company
9 for pooling of a conventional gas unit V-535460, docket
10 number VGOB-03-06/17-1156. We'd ask the parties that wish to
11 address the Board in this matter to come forward at this
12 time.

13 JIM KISER: Again, Mr. Chairman, Jim Kiser on
14 behalf of Equitable Production Company. Again, our witness
15 will be Mr. Hall.

16

17 DON HALL

18 QUESTIONS BY MR. KISER:

19 Q. Having been sworn and no one else being
20 here, Mr. Hall, if you'd state your name for the Board, and
21 who you're employed by?

22 A. My name is Don Hall. I'm employed by
23 Equitable Production Company as District landman.

24

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1 Q. And do your responsibilities include the
2 land involved for this well, which is V-535460 and the
3 surrounding area?

4 A. Yes.

5 Q. And are you familiar with our application
6 seeking the establishment of a drilling unit and seeking a
7 pool order for the unleased party for this well, which was
8 dated May the 16th, 2003?

9 A. Yes.

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

12 A. We do.

13 Q. And prior to filing the application, were
14 efforts made to contact each of the respondents listed in
15 Exhibit B to the application and an attempt made to work out
16 agreement regarding the development of the unit?

17 A. They were.

18 Q. In fact, are all...there's five tracts
19 involved in this particular unit, and the only unleased tract
20 is Tract 5, which is a very minute American Electric Power
21 Company tract. So, the interest of Equitable within the unit
22 at the time that we filed this application and presently at
23 the time of the hearing today is 99.92% under lease?

24

1 A. That's correct.

2 Q. And the only portion of the unit that
3 remains unleased is .08%, which is represented by that Tract
4 5?

5 A. That's correct.

6 Q. And subsequent to the filing of this
7 application, you've continued to attempt to reach an
8 agreement with the respondents...unleased respondents listed
9 in Tract 5, that being American Electric Power, and, in fact,
10 probably with any kind of luck in the next week or two,
11 you'll have that leased and we'll be able to dismiss them out
12 through the supplemental process?

13 A. That's correct.

14 Q. And we're almost glad that we didn't get
15 that lease before this hearing because then we would have
16 only had the location exception and these folks would have
17 come over here for ten minutes, is that correct?

18 A. That's correct.

19 (Everyone laughs.)

20 Q. Are all the unleased parties set out in
21 Exhibit B?

22 A. They are.

23 Q. And were...we don't have any unknown
24

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1 parties. In your professional opinion, was due diligence
2 exercised to locate each of the respondents named herein?

3 A. Yes.

4 Q. And are the addresses set out in Exhibit B
5 to the application, the last known addresses for the
6 respondents?

7 A. Yes.

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

10 A. We are.

11 Q. Now, are you familiar with the fair market
12 value of drilling rights in the unit here and in the
13 surrounding area?

14 A. Yes.

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

17 A. A five dollar bonus, five year term and a
18 one-eighth royalty.

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

23 A. They do. Now, as to our one unleased party,
24

1 do you agree that they be allowed the following statutory
2 options with respect to their ownership interest within the
3 unit: One, participation; two, a cash bonus of five dollars
4 per net mineral acre plus a one-eighth of eight-eighths
5 royalty; or three in lieu of that cash bonus and one-eight of
6 eight-eighths royalty, a share in the operation of the well
7 on a carried basis as a carried operator under the following
8 conditions: Such carried operator should be entitled to his
9 share of production from the tracts pooled accruing to his
10 interest exclusive of any royalty or overriding royalty
11 reserved in any leases, assignments thereof or agreements
12 relating thereto of such tracts, but only after the proceeds
13 applicable to that share equal A), 300% of the share of such
14 costs applicable to the interest of the carried operator of a
15 leased tract or portion thereof; or B), 200% of the share of
16 such costs applicable to the interest of a carried operator
17 of an unleased tract or portion thereof?

18 A. Yes.

19 Q. Do you recommend that the order provide that
20 elections by respondents be in writing and sent to the
21 applicant at Equitable Production Company, 1710 Pennsylvania
22 Avenue, Charleston, West Virginia, 25328, Attention: Melanie
23 Freeman, Regulatory?

24

1 A. Yes.

2 Q. And should this be the address for all
3 communications with the applicant concerning any force
4 pooling order?

5 A. Yes.

6 Q. Do you recommend that the order provide that
7 if no written election is properly made by a respondent, then
8 such respondent shall be deemed to have elected the cash
9 royalty option in lieu of participation?

10 A. Yes.

11 Q. Should the unleased respondents be given 30
12 days from the date the order is executed to file their
13 written elections?

14 A. Yes.

15 Q. And if an unleased respondent elects to
16 participate, should they be given 45 days to pay for their
17 proportionate share of well costs?

18 A. Yes.

19 Q. Does the applicant expect that party
20 electing to participate to pay in advance that party's share
21 of completed well costs?

22 A. Yes.

23 Q. Should the applicant be allowed a 120 days
24

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1 following the recording of the Board order and thereafter
2 annually on that date until production is achieved to pay or
3 tender any cash bonus becoming due under the order?

4 A. Yes.

5 Q. Do you recommend the order provide if a
6 respondent elects to participate but fails to pay their
7 proportionate share of well costs satisfactory to the
8 applicant for the payment of those costs, then their election
9 to participate should be treated as having been withdrawn and
10 void?

11 A. Yes.

12 Q. Do you recommend that the order provide that
13 where a respondent elects to participate but defaults in
14 regard to the payment of the well costs, any cash sum
15 becoming payable to that respondent be paid within 60 days
16 after the last date on which such respondent could have paid
17 or made satisfactory arrangements for the payment of those
18 costs?

19 A. Yes.

20 Q. In this particular case, we do not have any
21 unknown or unlocateable owners. There's no conflicting
22 claimants. So, the Board does not need to create an escrow
23 account, is that correct?

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1 A. That's correct.

2 Q. And who should be named the operator under
3 any force pooling order?

4 A. Equitable Production Company.

5 Q. Now, what is the total depth of this
6 proposed well under the plan of development?

7 A. 5578 feet.

8 Q. And are you requesting the force pooling of
9 conventional gas reserves not only to included designated
10 formations but any other formations excluding coal formations
11 which may be between those formations designated from the
12 surface to the total depth drilled?

13 A. That's correct.

14 Q. And what are the estimated reserves for this
15 unit?

16 A. 450 million cubic feet.

17 Q. Now, are you familiar with the well costs
18 for the proposed well?

19 A. Yes.

20 Q. And has an AFE been reviewed, signed and
21 submitted to the Board as Exhibit C to the application?

22 A. It has.

23 Q. Was the AFE prepared by an engineering
24

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1 department knowledgeable in the preparation of AFEs, and in
2 particular, knowledgeable in regard to well costs in this
3 area?

4 A. Yes.

5 Q. In your opinion, does this AFE represent a
6 reasonable estimate of the well costs?

7 A. It does.

8 Q. Could you state both the dry hole costs and
9 the completed well costs for this well?

10 A. The dry hole cost is \$177,172, and the
11 completed well costs will be \$299,628.

12 Q. And do these costs anticipate a multiple
13 completion?

14 A. They do.

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

17 A. Yes.

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

22 A. Yes.

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

1 time, Mr. Chairman.

2 BENNY WAMPLER: Questions from members of the
3 Board?

4 DONALD RATLIFF: Mr. Chairman.

5 BENNY WAMPLER: Mr. Ratliff.

6 DONALD RATLIFF: This goes through the Splash Dam
7 seam?

8 DON HALL: The Splash Dam Coal Seam, I'm not sure.

9 DONALD RATLIFF: It has to go through it. This
10 well is too deep.

11 DON HALL: Yeah.

12 DONALD RATLIFF: In relationship to the McClure 2
13 Mine, does this go through old works or does this go through
14 (inaudible)?

15 DON HALL: This...this is near the McClure 1 Mine.

16 DONALD RATLIFF: McClure 1, excuse me. I meant
17 McClure 1.

18 DON HALL: It's...I don't think there's any works
19 on that side of the river on the McClure 1 Mine. But this
20 location was approved by the coal group as to where it would
21 be placed.

22 DONALD RATLIFF: That's all.

23 BENNY WAMPLER: I guess just to follow onto that, I
24

1 don't...you know, I don't know how the sells reactions
2 occurred, but this is Pittston Company and Pine Mountain Oil
3 and Gas. Now, you've got Alpha.

4 DONALD RATLIFF: That's oil and gas, which that's
5 right, that Alpha would control the minerals.

6 JIM KISER: Well, they would own the coal.

7 DON HALL: The coal, yeah.

8 DONALD RATLIFF: The coal.

9 DON HALL: Yeah, Pine---

10 JIM KISER: They were notified of the permit,
11 certainly, and approved the location to the permit process.

12 DON HALL: Right.

13 BENNY WAMPLER: Alpha was notified?

14 DON HALL: Oh, yes.

15 JIM KISER: Yeah.

16 BENNY WAMPLER: Okay. Well, that's what I
17 was..that was what I was getting at.

18 DON HALL: In the permit process.

19 BENNY WAMPLER: All right. Any other questions
20 from members of the Board?

21 BILL HARRIS: Mr. Chairman.

22 BENNY WAMPLER: Mr. Harris.

23 BILL HARRIS: I have a question. Actually, it's...

24

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1 it's probably something that we've had for some time. Mr.
2 Kiser, maybe you can talk about that. In the order, there's
3 a paragraph. I'm not sure if I understand when I read it.
4 It's maybe just my limitation. Page five. This may be in
5 all of the orders and it may...and we may see this all the
6 time and I just happened to realize it last night. I read
7 this three times and I wasn't sure what it was saying. It's
8 the paragraph subject to...it's in the middle of the page,
9 "subject to a final legal determination of ownership." I'm
10 not sure what that's saying. It's in relation to the
11 paragraph above, which involves...to share as a carried...as
12 a non participating person. I know if you don't read these
13 with the right rhythm, you miss what it's saying.

14 JIM KISER: Uh-huh.

15 BILL HARRIS: But I get...I'm fine until I get down
16 to the bottom sentence almost and then it...something
17 happens. I don't know. It disappears, the meaning. But I
18 thought maybe if you or someone could shed some light on
19 that.

20 JIM KISER: I'm not sure why they have the first
21 phrase in that paragraph, but the rest of it just means when
22 you elect to be carried, you don't actually have any right to
23 any proceeds until the proceeds from the well are equal to
24

1 either 300% or 200% depending on whether it's a leased or
2 unleased tract of the well operator's cost. You don't have
3 to put anything in, but you don't get anything out.

4 BILL HARRIS: Right. Until it accumulates to---.

5 JIM KISER: Right. Until it accumulates.

6 BILL HARRIS: Well, not accumulates, but you would
7 not get the 200 or 300 it would...you would get after that
8 amount?

9 JIM KISER: Yeah. Until it reaches either one of
10 those two...let's say, the total...the total cost of the well
11 was 250,000. So, until the proceeds to the operator reached
12 either 500,000 or 750,000, then if you elect to be carried,
13 your interest is just there and until...your...your ownership
14 rights and rights of the proceeds don't revert to you until
15 that amount is reached.

16 BILL HARRIS: Okay.

17 JIM KISER: It's just sort of a no risk election.

18 BENNY WAMPLER: It's subject to final legal
19 determination in each one of them or each your provision.

20 JIM KISER: It is sometimes.

21 BENNY WAMPLER: Yeah, because...I mean, that was in
22 there because this whole thing is based on the premise that
23 the rightful ownership of coalbed methane is not a determined
24

1 thing---

2 JIM KISER: Right. Well, this is a conventional
3 well.

4 BENNY WAMPLER: Yeah.

5 SHARON PIGEON: Well, I think it's in here in this
6 particular situation to underscore the fact that if you
7 choose that option and that is what the deal you've worked
8 out with the operator, that still doesn't determine any
9 ownership rights.

10 JIM KISER: Okay. So, you're not determine...it's
11 not the Board's jurisdiction to determine the ownership
12 rights.

13 SHARON PIGEON: It's just emphasizing that you may
14 choose that option.

15 JIM KISER: Right.

16 SHARON PIGEON: But that doesn't mean that you
17 necessarily have any ownership rights.

18 JIM KISER: Okay.

19 JIM McINTYRE: That's pro-rated over the amount of
20 acreage that you have in the---?

21 JIM KISER: Yeah, it would always be pro-rated.

22 JIM McINTYRE: ---well interest? Right, sure.

23 Yeah.

24

--

1 JIM KISER: Right, right. It's always pro-rated.

2 BILL HARRIS: But the last sentence was the thing
3 that...it says, "For a period of a time during which his
4 interest is carried is above provided prior to its reversion
5 back to such electing person." Does that mean that at the
6 point where you do reach the 200-300...200-300%, you know,
7 depending on what the circumstances are---?

8 JIM KISER: Right. Then you begin to receive your
9 share of the proceeds.

10 BILL HARRIS: Okay. "Assign the rights, interest,
11 and claims---."

12 JIM KISER: Proceeds of the working interest.
13 Well, that would be of eight-eighths, wouldn't it.

14 DON HALL: Yeah.

15 JIM KISER: Yeah. Proceeds would share with eight-
16 eighths.

17 BILL HARRIS: Prior to reversion. Okay, so it's
18 just saying before reversion back to the...okay. Okay, I
19 think...I think I'm okay.

20 BENNY WAMPLER: Waive all your rights.

21 BILL HARRIS: Well, I understand that. But I just
22 wanted to make sure.

23 (Everyone laughs.)

24
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1 BILL HARRIS: Especially being in the order there.
2 BENNY WAMPLER: I'm sorry...sorry about that.
3 BILL HARRIS: Figure out and make sure we're saying
4 what we mean.
5 BENNY WAMPLER: I couldn't resist.
6 (Laughs.)
7 BILL HARRIS: But they do...there is a language...
8 and like I said, if you don't read it---.
9 BENNY WAMPLER: We don't want you to understand it.
10 BILL HARRIS: Yeah. If you don't read it with the
11 right rhythm, then you miss it.
12 SHARON PIGEON: That's right.
13 JIM KISER: I'm going to guess that in, gosh, I
14 guess now almost 12 years in appearing before this Board, I
15 don't know that we've ever had anybody to elect to be
16 carried. We've had a couple folks elect from a couple of
17 mine, and not just Equitable, but one other client. We've
18 had several...occasionally we'll have somebody elect to
19 directly participate. But I don't think we've had anybody
20 ever elect to be carried. We have?
21 MS. WILSON: There's some...there have been some,
22 but not under your---.
23 JIM KISER: Not under ours, yeah. And a lot of
24

1 times, quite frankly, these wells never reach 200-300% of
2 payout. So---.

3 BILL HARRIS: Well...yeah, I wondered. You don't
4 have to...well, we're in the middle of that particular
5 petition. I don't know if we need to discuss that there.
6 But that's...that's kind of interesting, those choices and
7 that very people choose.

8 JIM KISER: Well, I mean, it's sort of a no risk
9 option. At the same time---.

10 BILL HARRIS: It's no return also...or could be
11 potentially---.

12 JIM KISER: Return, yeah.

13 BILL HARRIS: ---no return---.

14 JIM KISER: Right.

15 BILL HARRIS: ---or very little.

16 BENNY WAMPLER: On your...on your AFE, since that's
17 dated last year, we'd like to get an updated one just filed
18 with Mr. Wilson. I think the Board requires those to be more
19 current. We're usually pretty lenient on that. That one is
20 signed August 30th---.

21 JIM KISER: August the 30th.

22 BENNY WAMPLER: ---of 2002.

23 DON HALL: Okay.

24

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1 BENNY WAMPLER: So, we just need one that's
2 current.

3 JIM KISER: You know what? You know, I bet...I
4 think we...didn't we get a location exception for this well?

5 DON HALL: We did. We did a location exception---.

6 JIM KISER: In November...back in November. Of
7 course, it was prob...it was done probably in conjunction
8 with...of course, we didn't have to file an AFE with the
9 application for the location exception. But I'm sure it was
10 done in conjunction with the idea that that well would have
11 been drilled last fall after getting a location exception.
12 Then at some point in your land work and your due diligence,
13 you discovered this AEP tract, right?

14 DON HALL: Yeah, right. Yes, when did...in doing
15 title work, it turned out there...the AEP tract, which we
16 hadn't initially thought we needed to have.

17 JIM KISER: Yeah, I think we got a location
18 exception in November on this well.

19 DON HALL: I think that's right.

20 BENNY WAMPLER: Well, if you will, give us an
21 updated one.

22 DON HALL: Okay, we can do that.

23 BENNY WAMPLER: Any other questions from members of
24

--

1 the Board?

2 (No audible response.)

3 BENNY WAMPLER: Do you have anything further?

4 (No audible response.)

5 JIM KISER: We'd ask that the application be
6 approved as submitted with the caveat that Mr. Hall will
7 submit a current AFE...a current signed AFE.

8 BENNY WAMPLER: Is there a motion?

9 BILL HARRIS: Mr. Chairman, I move for approval of
10 the petition as amended, I guess, that will be.

11 JIM McINTYRE: Second.

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

14 (No audible response.)

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

17 (All members signify by saying yes.)

18 BENNY WAMPLER: Opposed, say no.

19 (No audible response.)

20 BENNY WAMPLER: You have approval. Thank you.

21 JIM KISER: And we'd like to thank you all for
22 showing up. I know it was really a short docket. I know
23 it's summertime. I know it's your duty to show up every

24

--

1 month anyway. But each well is important particularly when
2 you...when you have a busy program like they do this year.
3 It makes it...it does make a difference.

4 DON HALL: Just like week, we got our program
5 increased by another 30% on what we're doing. Each one of
6 these are very important at this juncture.

7 BENNY WAMPLER: Mr. Wilson, do you have anything?

8 MS. WILSON: No.

9 BENNY WAMPLER: See you folks next month. Thank
10 you very much.

11

12 STATE OF VIRGINIA,

13 COUNTY OF BUCHANAN, to-wit:

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

18 Given under my hand and seal on this the 7th day of
19 July, 2003.

20

NOTARY PUBLIC

21

22 My commission expires: August 31, 2005.

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