VIRGINIA:

IN THE COUNTY OF WASHINGTON

VIRGINIA DEPARTMENT OF MINES, MINERALS AND ENERGY

VIRGINIA GAS AND OIL BOARD

MARCH 20, 2007

APPEARANCES:

BOARD MEMBERS:

PEGGY BARBAR - PUBLIC MEMBER
KATIE DYE - PUBLIC MEMBER
BILL HARRIS - CITIZEN REPRESENTATIVE
BRUCE PRATHER - GAS & OIL INDUSTRY REPRESENTATIVE

CHAIRMAN:
BENNY WAMPLER - DEPUTY DIRECTOR OF THE DMME AND CHAIRMAN

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

COUNSEL:
SHARON PIGEON - ASSISTANT ATTORNEY GENERAL

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BENNY WAMPLER: We'll go ahead and get started. 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 Ms. Barbar.

PEGGY BARBAR: Peggy Barbar, Southwest Virginia Community College, a public member.

KATIE DYE: Katie Dye, a public member, Buchanan County.

SHARON PIGEON: I'm Sharon Pigeon with the office of the Attorney General.

BRUCE PRATHER: I'm Bruce Prather. I represent the Oil and Gas Industry on the Board.

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

BENNY WAMPLER: The first item on today's agenda is a petition from CNX Gas Company, LLC for pooling of coalbed methane unit G-106. This is docket number VGOB-07-0320-1892. We'd ask the parties that wish to address the Board in this matter to come forward at this time.

MARK SWARTZ: Mark Swartz and Les Arrington.

BENNY WAMPLER: I'll go ahead and get Les sworn in.

(Leslie K. Arrington is duly sworn.)

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

LESLIE K. ARRINGTON

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

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

Q. Mr. Arrington, could you state your name for us, please?

A. Leslie K. Arrington.

Q. Who do you work for?

A. CNX Gas Company, LLC.

Q. What do you do for them?

A. Manager of Environmental and Permitting.

Q. Is CNX Gas Company, LLC a Virginia Partnership?

A. Yes, it is.

Q. Is it authorized to do business in the Commonwealth?

A. Yes, it is.

Q. Who’s the applicant with regard to BB-133?

A. CNX Gas Company.

Q. And who is CNX Gas Company, as applicant, requesting to be designated the operator in the event that the Board approves the petition?

A. CNX Gas.

Q. In that regard, is CNX Gas Company, LLC registered with the DMME?

A. Yes, it is.

Q. And does it have a blanket bond on file as required?

A. Yes.

Q. Have...what have you done to notify the people that there was going to be a hearing today?

A. We have mailed by certified mail return receipt, February the 16th, 2007 AND published in the Bluefield Daily Telegraph on February the 21st, 2007.

Q. When you published, what was published in the paper?

A. The notice of hearing and location map.

Q. And have you also filed proofs with regard to publication and certificates with regard to mailing with Mr. Wilson?

A. Yes, we have.

Q. Do you want to add anybody today or subtract anybody as respondents?

A. No.

Q. Well, I'm thinking maybe we do on---.

ANITA DUTY: No, that's the next one.

LESLIE K. ARRINGTON: That's the next one.

MARK SWARTZ: That's the next one. Oh, okay.

LESLIE K. ARRINGTON: G-106.

MARK SWARTZ: Okay.

Q. So, we're all set with the lineup with people. Also, just to take care of some issues, it looks like there's no escrow required for this unit?

A. No.

Q. And it looks like there are no split agreements?

A. No.

Q. What kind of unit is this?

A. This is a Nora unit. It has 53.3 acres in it.

Q. Okay. And how many wells are proposed?

A. One.

Q. And where is it located in terms of the window?

A. Within the drilling window.

Q. Okay. And is there just one proposed?

A. Yes.

Q. And is it going to be a frac well?

A. Yes, it is.

Q. What is the cost estimate with regard to this well?

A. $258,479.32 to a depth of 2359 feet.

Q. And I take it you don’t have a permit yet?

A. No.

Q. What interests have you acquired and what are you seeking to pool with regard to G-106?

A. We have 66.6667% of the coal, oil and gas owner’s claim to coalbed methane leased. We’re seeking to pool 33.3333% of the coal, oil and gas owner’s claim to coalbed methane. We did submit a revised exhibit page A-1.

Q. The original A-1 was showing 67% with a decimal, correct?

A. Yes.

Q. And you’ve got it corrected to 66?

A. Yes.

Q. And as I said, you don’t...Eagle Coal Corp is the only respondent and you don’t need to add any?

A. No.

Q. Okay. What lease terms have you offered to the people that you’ve been able to lease in general?

A. Our standard coalbed methane lease is a

dollar per acre per year with a five year paid up term with a one-eighth production royalty.

Q. And would you recommend those terms to the Board in the event that this unit is pooled and there are folks who are deemed to have been leased?

A. Yes, we would.

Q. Is it your opinion that a reasonable plan to develop the coalbed methane within this Nora unit is to drill one frac well?

A. Yes, it is.

Q. And if we combine the leasing efforts that the applicant has succeeded in and the acquisition efforts that the applicant has succeeded in with a pooling order, is it your opinion that the correlative rights of all owners and claimants in the unit would be protected?

A. Yes, it would be.

MARK SWARTZ: I believe that's all I have.

BENNY WAMPLER: Questions from members of the Board?

(Bill Harris enters the room.)

BENNY WAMPLER: Do you have anything further?

MARK SWARTZ: No.

BENNY WAMPLER: Is there a motion?

PEGGY BARBAR: Motion to approve.

BENNY WAMPLER: Is there a second?

BRUCE PRATHER: I'll second.

BENNY WAMPLER: And a second. Any further discussion?

(No audible response.)

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

(All Board members signify by saying yes, but Katie Dye.)

BENNY WAMPLER: Opposed, say no.

(No audible response.)

BENNY WAMPLER: You have approval.

KATIE DYE: I abstain from voting.

BENNY WAMPLER: Mrs. Dye abstains. We welcome Mr. Harris. Good morning.

BILL HARRIS: Thank you.

BENNY WAMPLER: Next it is a petition from CNX Gas Company, LLC for pooling of coalbed methane unit BB-133. This is docket number VGOB-07-0320-1893. We'd ask the parties that wish to address the Board in this matter to come forward at this time.

MARK SWARTZ: Mark Swartz and Les Arrington.

BENNY WAMPLER: The record will show no others. You may proceed.

MARK SWARTZ: Mr. Chairman, I would request that you incorporate Mr. Arrington's testimony from the first hearing with regard to the applicant, the operator, standard lease terms and his employment.

BENNY WAMPLER: That will be incorporated.

MARK SWARTZ: Thank you.

LESLIE K. ARRINGTON

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

Q. Les, would you state your name against for us?

A. Leslie K. Arrington.

Q. And who do you work for?

A. CNX Gas Company.

Q. Did you either prepare or supervise the preparation of the notice of hearing and application with this unit for today?

A. Yes.

Q. Okay. And this has quite a pack of revised exhibits, I think, does it not?

A. Yes, it has.

Q. All right. So, as we go through this,

we're going to be...your testimony, I presume, would pertain to the revised exhibits?

A. Yes.

Q. What kind of unit is this?

A. This is the Middle Ridge with 58.74 acres.

Q. Is the well in this unit already permitted?

A. Yes, it is by permit number 7342.

Q. And what is the well cost estimate that you've provided with regard to that well?

A. $262,889.98 to a depth of 2,611 feet.

Q. That well is actually located outside the drilling window, I think.

A. Yes, it is.

Q. Okay. Obviously, you've got an exception from the DGO for that?

A. Yes, we did.

Q. Okay. And there's just one well proposed for this unit?

A. Yes, it is.

Q. Would you tell the Board what interests you've been acquired here and what interests you're seeking to pool?

A. We've acquired 99.7702% of the coal owner's claim to coalbed methane and 99.7957% of the oil and gas

owner's claim to coalbed methane. We're seeking to pool 0.2298% of the coal owner's claim to coalbed methane and 0.2043% of the oil and gas owner's claim to coalbed methane.

Q. I notice that these numbers don't quite agree. If you'll notice at Section 2, you've got a .02043% but it didn't get carried to 4B on the revised exhibit---.

A. Okay.

Q. ---that you sent out.

A. Yes.

Q. So, either we can make a note on this or you'll need to do a...I guess, you need to send another one out.

A. We'll just send them another.

BENNY WAMPLER: He needs to revise it.

A. Okay.

Q. Okay, we'll do that. All right. With regard to notice of the hearing today, what did you do to notify people that there would be a hearing with regard to pooling or possible pooling of BB-133?

A. We mailed by certified mail, return receipt on February 16, 2007. We published in the Bluefield Daily Telegraph February the 21st, 2007.

Q. And when you published what was published in the paper?

A. The notice of hearing and location map.

Q. And have you filed proofs of publication and certificate with regard to mailing with Mr. Wilson?

A. Yes, we have.

Q. There is a Exhibit B-2 in the revised exhibits, correct?

A. Yes.

Q. And it looks like that was intended to change the respondents, is that correct?

A. It was.

Q. Okay. Are there some additions and some subtractions?

A. Subtractions, I'm not sure---.

Q. Which would be a reason for dismissal?

A. Right.

Q. Okay. And then there's a reason for addition. It looks like there's some heirs that you've identified.

A. Yes. I'm sorry, I was looking at the---.

Q. Okay. That's cool.

A. Yes.

Q. So, if...are you then requesting that some folks that were listed in the notice of hearing, okay, and the original exhibits that some folks be dismissed as

respondents?

A. Yes.

Q. And the reason for the dismissals is actually stated opposite the names of the folks that you're seeking to have dismissed in the far right hand column?

A. That's correct.

Q. Okay. And the reasons in general would be either that you've since filing obtained a lease from the folks---?

A. Uh-huh.

Q. ---correct---?

A. Yes.

Q. ---or in some instances, you're continuing due diligence, you've determined that they're deceased?

A. Yes.

Q. And so you've undertaken to identify heirs?

A. Yes, we have.

Q. Then, in addition to the dismissals which are noted on B-2, are there also some folks that you've identified that need to be added?

A. Yes.

Q. Okay. And are they listed under the...is there an explanation listed under reason for addition?

A. Yes, there are.

Q. And, generally, we're looking at heirs, although there is some further due diligence?

A. Yes.

Q. Okay. So, are you requesting that the Board dismiss the folks identified by the reasons stated and reason for dismissal and that the Board add the folks in the addition column?

A. Yes, we are.

Q. Okay. The differences in Exhibit...revised Exhibits B-3 with regard to this unit and with regard E, do those exhibits reflect the additions and deletions?

A. Yes, they do.

Q. Okay. And the percentages would also (inaudible)?

A. Yes.

Q. With regard to...as long as we're looking at those exhibits, with regard to escrow, if we look at the revised Exhibit E, it looks like the only tract that has conflicts in it is Tract 4, is that correct?

A. Yes.

Q. And there are also a number of unknowns in Tract 4, which would be another reason for escrow?

A. Yes.

Q. And we have no split agreements in this

unit?

A. No.

Q. Is it your testimony that or is it your opinion that drilling one frac well in this Middle Ridge unit is a reasonable way to develop the coalbed methane within and under this unit?

A. Yes, it is.

Q. Is it your further testimony that if you combine the leasing and acquisition activities of the applicant with a pooling order that the interests and claims of all owners and claimants would be protected?

A. Yes, it would be.

MARK SWARTZ: I think that's all I have, Mr. Chairman.

BENNY WAMPLER: Questions from members of the Board?

(No audible response.)

BENNY WAMPLER: Anything further?

MARK SWARTZ: No.

BENNY WAMPLER: Is there a motion?

BILL HARRIS: Motion for approval.

PEGGY BARBAR: I second.

BENNY WAMPLER: Motion for approval and second. Any further discussion?

(No audible response.)

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

(All Board members signify by saying yes, but Katie Dye.)

BENNY WAMPLER: Opposed, say no.

(No audible response.)

BENNY WAMPLER: You have approval.

KATIE DYE: And I abstain from voting.

BENNY WAMPLER: Mrs. Dye abstains. The third item on the agenda is a petition from CNX Gas Company, LLC for pooling of coalbed methane unit BC-122, docket number VGOB-07-0320-1894. We'd ask the parties that wish to address the Board in this matter to come forward at this time.

MARK SWARTZ: Mark Swartz and Les Arrington.

BENNY WAMPLER: The record will show no others. You may proceed.

MARK SWARTZ: Mr. Chairman, again, I'd like you to incorporate, if you would, Mr. Arrington's testimony with regard to the applicant, the operator, standard lease terms and his employment.

BENNY WAMPLER: That will be incorporated.

LESLIE K. ARRINGTON

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

Q. Les, would you state your name for us, again?

A. Leslie K. Arrington.

Q. Again, who do you work for?

A. CNX Gas Company, LLC.

Q. Did you either draft yourself or supervise the preparation of the notice of hearing and the application and exhibits with regard to BC-122?

A. Yes, I did.

Q. What did you do to notify people that we're going to have a hearing today with regard to this unit?

A. We mailed by certified mail, return receipt requested on February the 16th, 2007. We published in the Bluefield Daily Telegraph on February the 21st, 2007.

Q. And have you filed proofs of publication and certificates of mailing with Mr. Wilson?

A. Yes, we have.

Q. And when you published, what was published in the paper?

A. Notice of hearing and location map.

Q. What kind of a unit is this?

A. This is a Middle Ridge 58.74 acres.

Q. And we've got one well, right?

A. Yes.

Q. A frac well?

A. Yes.

Q. Where is it located in relation to the window?

A. Within the drilling window.

Q. What's the cost estimate?

A. $310,310.54 and it's to a depth of 2,470.19 feet. The permit number is 7660.

Q. What interests have you acquired and what interests are you seeking to pool?

A. We've acquired 99.3740% of the coal owner's claim to coalbed methane. We've acquired 92.3090% of the oil and gas owner's claim to coalbed methane. We're seeking to pool 0.6260% of the coal owner's claim to coalbed methane and 7.6910% of the oil and gas owner's claim to coalbed methane.

Q. You've got an Exhibit E here, correct?

A. We do.

Q. And that indicates that there's some escrow requirements?

A. Yes, for Tract 2A, 2B, 2C and 2D.

Q. And that would be because of conflicts?

A. Yes.

Q. And then we've also got a title issue in Tract 2B?

A. Yes.

Q. And we've got some...an unknown or unknowns in 2B as well?

A. Yes.

Q. No split agreements?

A. 2A.

Q. And you've got an Exhibit EE for that?

A. Yes.

Q. And are you requesting that the Board, if it grants the pooling application, allows you to pay the people who have split agreements directly rather than escrowing their funds in accordance with the terms of their agreement?

A. Yes.

Q. Is it your opinion that drilling one frac well in this Middle Ridge unit is a reasonable method of developing the coalbed methane in and under this acreage?

A. Yes, it is.

Q. Is it your further opinion that if you combine a pooling order with the leasing and acquisition efforts that CNX Gas Company has made that the correlative

rights of all owners and claimants will be protected?

A. Yes, it will be.

MARK SWARTZ: That's all I have, Mr. Chairman.

BENNY WAMPLER: Questions from members of the Board?

(No audible response.)

BENNY WAMPLER: Is there a motion?

BRUCE PRATHER: I make a motion to approve.

BENNY WAMPLER: Motion to approve.

PEGGY BARBAR: Second.

BENNY WAMPLER: And second. Any further discussion?

(No audible response.)

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

(All Board members signify by saying yes, but Katie Dye.)

BENNY WAMPLER: Opposed, say no.

KATIE DYE: I abstain from voting.

BENNY WAMPLER: Mrs. Dye abstains. You have approval. Thank you. Next is a petition from CNX Gas Company, LLC for pooling of coalbed methane unit BC-123, docket number VGOB-07-0320-1895. We'd ask the parties that wish address the Board in this matter to come forward at

this time.

MARK SWARTZ: Mark Swartz and Les Arrington.

BENNY WAMPLER: The record will show no others. You may proceed.

MARK SWARTZ: I'd like to incorporate, if I could, Mr. Arrington's testimony from the first hearing today with regard to the applicant, the operator, standard lease terms and his employment.

BENNY WAMPLER: That will be incorporated.

MARK SWARTZ: Thank you.

LESLIE K. ARRINGTON

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

Q. Mr. Arrington, you need to state your name for us, again.

A. Leslie K. Arrington.

Q. And who do you work for?

A. CNX Gas Company.

Q. Okay. Unit BC-123 is what kind of unit?

A. Middle Ridge. It has 58.74 acres.

Q. And how many wells are proposed?

A. One.

Q. And is it in or outside the window?

A. Within.

Q. Okay. What's the cost estimate with regard to that well?

A. $264,391.18 to a depth 2611.

Q. What's the permit number?

A. Permit number 7739.

Q. Okay. Did you, yourself, either prepare or cause under you supervision to be prepared, the notice of hearing and the application and the exhibits with regard to this petition?

A. Yes, I did.

Q. And you signed both of those?

A. Yes.

Q. What did you do to notify the respondents that we were going to have a hearing today?

A. We mailed by certified mail, return receipt requested on February the 16th, 2007 and published in the Bluefield Daily Telegraph on February the 22nd, 2007.

Q. When you published, what did you publish?

A. The notice of hearing and location map.

Q. Have you filed proofs of publication and certificates with regard to mailing with Mr. Wilson?

A. Yes, we have.

Q. Do you wish to add any respondents or

dismiss any respondents?

A. No.

Q. What interests have you acquired?

A. We have acquired 97.5485% of the coal, oil and gas owner's claim to coalbed methane. We're seeking to pool 2.4515% of the coal, oil and gas owner's claim to coalbed methane.

Q. You've got an Exhibit E here because there's an escrow requirement, correct?

A. For Tract 1C and 2.

Q. And that's just because of conflicts, right?

A. Yes.

Q. And then there's some split agreements, apparently?

A. Tract 4.

Q. And are you requesting that the Board...if the Board grant this application that it allow the operator to pay the folks who have entered into split agreements as identified on Exhibit EE directly as opposed to...as opposed to escrowing their funds?

A. Yes, it will.

Q. And did we give the Board members a minimally revised Exhibit A, page two today?

A. Yes, we did.

Q. Okay. And what changed on that, if you know?

A. I don't know.

MARK SWARTZ: Anita, what changed on that? Tell him and then he can testify to that. Do you know?

BENNY WAMPLER: I need to get you sworn, Anita.

ANITA DUTY: I don't know if I know.

SHARON PIGEON: Well, even if you going to answer "I don't know" we would like to have it on the record as a sworn testimony.

BENNY WAMPLER: Yeah, we have to have it on record. Swear her in.

LESLIE K. ARRINGTON: Okay.

(Anita Duty is duly sworn.)

Q. Mr. Arrington, do you know what changed?

A. I'm looking here---.

BOB WILSON: Mr. Chairman.

BENNY WAMPLER: Mr. Wilson?

BOB WILSON: May I help?

(Laughs.)

BENNY WAMPLER: I think you had better.

ANITA DUTY: Bob, calls me to tell me the things that---.

BOB WILSON: The original Exhibit A, page two showed that the 97.5485% of the coal and oil and gas interests have been leased. The exhibits and other things indicated that a 100% of the coal interest had been leased, but only 97.5485% of the oil and gas interests. So, I think your previous testimony was incorrect on...as to your leased percentages as well.

Q. Oh, it's the coal, okay.

A. It's the coal.

Q. So, let's straightened that out then. So, a 100% of the coal is leased?

A. Yes.

MARK SWARTZ: I think that's it with regard to this application, Mr. Chairman.

BENNY WAMPLER: Questions from members of the Board?

(No audible response.)

BENNY WAMPLER: Do you have anything further?

MARK SWARTZ: Actually, yes.

Q. Is it your opinion that this is a reason...drilling a frac well in this unit is a reasonable way to develop the coalbed methane under this unit?

A. Yes, it is.

Q. And is it your opinion that if you combine

a pooling order pooling the respondents with the acquisition and leasing efforts that the applicant has succeeded in that that will result in the correlative rights of all owners and claimants being protected?

A. Yes.

MARK SWARTZ: That's all I have, Mr. Chairman.

BENNY WAMPLER: Questions from members of the Board?

(No audible response.)

BENNY WAMPLER: DO you have anything, Mr. Wilson?

BOB WILSON: Mr. Chairman, was there testimony relative to the escrow on this? I was reading here.

BENNY WAMPLER: Yes, there was.

BOB WILSON: Okay, good. Thank you.

BENNY WAMPLER: And the split agreement. Is there a motion?

PEGGY BARBAR: Motion to approve.

BENNY WAMPLER: Motion to approve. Is there a second?

BILL HARRIS: Second.

BENNY WAMPLER: Second. Any further discussion?

(No audible response.)

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

(All Board members signify by saying yes, but Katie Dye.)

BENNY WAMPLER: Opposed, say no.

(No audible response.)

BENNY WAMPLER: You have approval.

KATIE DYE: I abstain.

BENNY WAMPLER: One abstention, Mrs. Dye. Next is a petition from CNX Gas Company, LLC for pooling of coalbed methane unit BC-124. This is docket number VGOB-07-0320-1896. We'd ask the parties that wish to address the Board in this matter to come forward at this time.

MARK SWARTZ: Mark Swartz and Les Arrington.

BENNY WAMPLER: The record will show no others. You may proceed.

MARK SWARTZ: Mr. Chairman, I'd ask you to incorporate once again from the first hearing on the docket today Mr. Arrington's testimony with regard to the applicant, the operator, standard lease terms and his employment.

BENNY WAMPLER: That will be incorporated.

MARK SWARTZ: Thank you.

LESLIE K. ARRINGTON

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

Q. Mr. Arrington, could you state your name for us, again?

A. Leslie K. Arrington.

Q. Who do you work for?

A. CNX Gas Company, LLC.

Q. And did you either prepare or caused to be prepared the notice of hearing, application and related exhibits for today?

A. Yes, I did.

Q. What did you do to notify people that we were going to have a hearing today?

A. We mailed by certified mail, return receipt requested February the 16th, 2007. We published in the Bluefield Daily Telegraph on February the 22nd, 2007.

Q. And when you published, what was published?

A. The notice of hearing and location map.

Q. And have you filed proofs of publication that you received from the newspaper as well as your certificates of mailing with Mr. Wilson?

A. Yes, we have.

Q. What kind of unit are we dealing with here?

A. This is a Middle Ridge with 58.74 acres.

Q. How many wells are proposed?

A. One.

Q. And where is it in relation to the window?

A. Within the drilling window.

Q. Have you provided a cost estimate?

A. Yes.

Q. If so, what is that estimate?

A. Yes, we have. It's $242,196.62 to a depth of 2,689 feet. The permit number is 7844.

Q. Okay. What interests have you acquired and what are you seeking to pool?

A. We've acquired 100% of the coal owner's claim to coalbed methane and 91.0557% of the oil and gas owner's claim to coalbed methane. We're seeking to pool 8.9443% of the oil and gas owner's claim to coalbed methane.

Q. You've got an escrow requirement here, correct?

A. Yes. Tract 1C and Tract...Tract 1C and 2D.

Q. Okay. And then we have a split agreements as well?

A. Yes.

Q. And that affects, I think, five tracts. Let's see---.

A. Yes, 1B, 2A, 2B, 2C and 2D.

Q. And are you requesting that if this

application is approved that the Board authorize the operator to pay the conflicting claimants who have entered into split agreements directly rather than escrowing funds and that the payments be made to them consistent with their split agreements?

A. Yes, we are.

Q. Is it your opinion that drilling one frac well in this unit is a reasonable way to develop the coalbed methane within and under the unit?

A. Yes, it is.

Q. Is it your opinion that if you combine the pooling and acquisition efforts of...successful efforts of CNX Gas Company with a pooling order here that the correlative rights of all claimants and owners would be protected?

A. Yes, it would.

MARK SWARTZ: That's all I have, Mr. Chairman.

BENNY WAMPLER: Questions from members of the Board?

(No audible response.)

BENNY WAMPLER: I was looking at 1D on here and trying to understand that little box. I'm looking at your Middle Ridge map.

LESLIE K. ARRINGTON: Yes, 1D. It's a cemetery.

BENNY WAMPLER: Okay. All right. Questions from members of the Board?

BILL HARRIS: To follow up on that question, the little...the box then represents the area of the cemetery?

LESLIE K. ARRINGTON: Yes, it does.

BENNY WAMPLER: Other questions?

(No audible response.)

BENNY WAMPLER: Do you have anything further?

MARK SWARTZ: No, we don't.

BENNY WAMPLER: Is there a motion?

PEGGY BARBAR: Motion to approve.

BILL HARRIS: I second.

BENNY WAMPLER: And second. Any further discussion?

(No audible response.)

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

(All Board members signify by saying yes, but Katie Dye.)

BENNY WAMPLER: Opposed, say no.

(No audible response.)

BENNY WAMPLER: You have approval.

KATIE DYE: I abstain.

BENNY WAMPLER: One abstention, Mrs. Dye.

BENNY WAMPLER: Next is a petition fro CNX Gas Company, LLC for pooling of coalbed methane unit BG-99...I'm sorry, this is a petition from CNX...strike that. A petition from CNX Gas Company, LLC for pooling of coalbed methane unit BD-124, docket number VGOB-07-0320-1897. We'd ask the parties that wish to address the Board in this matter to come forward at this time.

MARK SWARTZ: Mark Swartz and Les Arrington.

BENNY WAMPLER: The record will show no others. You may proceed.

MARK SWARTZ: Mr. Chairman, I'd request that you incorporate Mr. Arrington's testimony from the first hearing today with regard to the applicant, the operator, stand lease terms and his employment.

BENNY WAMPLER: That will be incorporated.

LESLIE K. ARRINGTON

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

Q. Mr. Arrington, you need to state your name again.

A. Leslie K. Arrington.

Q. Who do you work for?

A. CNX Gas Company, LLC.

Q. What kind of unit do we have here?

A. We have a Middle Ridge with 58.74 acres.

Q. And what is proposed in terms of drilling?

A. One well.

Q. And where is it proposed to be located in relation to the window?

A. Within the window, which is not shown on the plat. We will submit a revised plat.

Q. Okay. Have you listed all of the respondents?

A. Yes.

Q. You don’t want to dismiss Mr. Wells?

A. No.

Q. Okay. What did you do to advise him and others that there would be a hearing today?

A. We mailed by certified mail, return receipt requested February the 16th, 2007. We published in the Bluefield Daily Telegraph on February the 22nd, 2007.

Q. When you published, what was published in the paper?

A. The notice of hearing and location map.

Q. And have you filed copies of the proof of publication that you get from the newspaper, along with certificates of mailing with Mr. Wilson?

A. Yes, we have.

Q. What interests have you acquired here and what are you seeking to pool?

A. 100%...we acquired 100% of the coal owner's claim to coalbed methane and 92.0497% of the oil and gas owner's claim to coalbed methane. We're seeking to pool 7.9503% of the oil and gas owner's claim. This is a frac well, correct.

A. Yes, it is.

Q. What's the cost estimate?

A. $246,806.86 to a depth of 2,712 feet. The permit number 7917.

Q. Are there escrow requirements?

A. Tract 2A and 3.

Q. Because of conflicts?

A. Yes.

Q. No split agreements?

A. No.

Q. Is it your testimony that drilling one frac well in the window of this Middle Ridge unit is a reasonable way to develop coalbed methane from and under the unit?

A. Yes, it does.

Q. And is it your further testimony that, in your opinion, if you combine a pooling order pooling the

interest that you've described, which is unleased and unacquired and combine that interest by pooling order, wold the leasing and acquisition efforts of CNX Gas that the correlative rights of all owners and claimants will be protected?

A. Yes, it is.

MARK SWARTZ: That's all I have, Mr. Chairman.

BENNY WAMPLER: Questions from members of the Board?

BILL HARRIS: Mr. Chairman.

BILL HARRIS: Mr. Harris?

BILL HARRIS: Just a quick question about the plat. I noticed the road to the well starts on the left and goes across maybe three-fourths of the window there and there is another road that apparently, I guess these are all proposed though, fairly nearby. Is there a reason why?

LESLIE K. ARRINGTON: To be quite honest, without a topo map I can't---.

BILL HARRIS: So, it's quite likely that the topography is---.

LESLIE K. ARRINGTON: There's probably... probably what you've got there is a strip bench that we're coming in on.

BILL HARRIS: Ah, okay. Because it just...you

know, from appearance of this it just looks much closer.

LESLIE K. ARRINGTON: Yeah.

BILL HARRIS: Okay. That was all, Mr. Chairman. Thank you.

BENNY WAMPLER: Other quest...any other questions from members of the Board?

(No audible response.)

BENNY WAMPLER: Do you have anything further?

MARK SWARTZ: No, I don't.

BENNY WAMPLER: Is there a motion?

BILL HARRIS: I move for approval.

BENNY WAMPLER: Is there a second?

BRUCE PRATHER: Second.

BENNY WAMPLER: Second. Any further discussion?

(No audible response.)

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

(All Board members signify by saying yes, but Katie Dye.)

BENNY WAMPLER: Opposed, say no.

KATIE DYE: I abstain, Mr. Chairman.

BENNY WAMPLER: One abstention, Mrs. Dye. You have approval. Next is a petition from CNX Gas Company, LLC for pooling of coalbed methane unit BG-99. This is docket

number VGOB-07-0320-1898. We'd ask the parties that wish to address the Board in this matter to come forward at this time.

MARK SWARTZ: Mark Swartz and Les Arrington.

BENNY WAMPLER: The record will show no others. You may proceed.

MARK SWARTZ: Mr. Chairman, I'd ask, again, that you incorporate Mr. Arrington's testimony from the first hearing with regard to the applicant, the operator, standard lease terms and his employment.

BENNY WAMPLER: That will be incorporated.

LESLIE K. ARRINGTON

DIRECT EXAMINATION

QUESTIONS BY MR. ARRINGTON:

Q. Les, you need to state your name for us, again.

A. Leslie K. Arrington.

Q. Who do you work for?

A. CNX Gas Company, LLC.

Q. What kind of unit do we have?

A. This is a Nora. It has 58.78 acres.

Q. What's proposed in terms of drilling?

A. One well.

Q. Located in or out of the window?

A. Within.

Q. Is it a frac well?

A. Yes, it is.

Q. Have you provided a cost estimate for that well?

A. Yes, we have. $232,651.50 to a depth of 2,041 feet. The permit number is 7798.

Q. What interests have you acquired and what are you seeking to pool?

A. We've acquired 100% of the coal owner's claim to the coalbed methane and 33.736% of the oil and gas owner's claim. We're seeking to pool 66.264% of the oil and gas owner's coalbed methane.

Q. What did you do to notify the Commonwealth and Mr. Austin, and others, that there would be hearing today?

A. We mailed by certified mail, return receipt requested February the 16th, 2007. We published in the Bluefield Daily Telegraph on February the 23rd, 2007.

Q. When you published, what was in the paper?

A. Notice of hearing and location map.

Q. Have you filed proof of publication and certificates with regard to mailing with Mr. Wilson?

A. Yes, we have.

Q. Do you want to dismiss either of these respondents?

A. No.

Q. Do you want to add any respondents?

A. No.

Q. Were you the person who either prepared the notice of hearing and application and related exhibits or caused them to be prepared?

A. Yes, I was.

Q. And you signed both the notice and the application?

A. Yes.

Q. Is there an escrow requirement here?

A. Yes. For Tract 1B, 1C, 1D and 2 and 1B has an actual title conflict in it.

Q. Okay. And then do you have...it looks like you have some split agreements.

A. Tract 1A.

Q. And you filed an Exhibit EE with regard to that?

A. Yes, we have.

Q. And are you requesting that in the event the Board pools this unit it would...it’s order would allow

the operator to pay the folks listed in Exhibit EE in accordance with the terms of their split agreements rather than escrowing their funds?

A. Yes, we are.

Q. Is it your opinion that drilling one frac well in this Nora unit is a reasonable way to develop coalbed methane from the unit?

A. Yes, it is.

Q. Is it your further opinion that if you combine the pooling order with the leasing and acquisition efforts that CNX has succeeded in to date that the correlative rights of all owners and all claimants will be protected?

A. Yes, sir, it will.

MARK SWARTZ: That's all I have.

BENNY WAMPLER: Did you explain the revised exhibit?

MARK SWARTZ: Oh.

LESLIE K. ARRINGTON: The exhibit, yes.

MARK SWARTZ: The Tract 1A was left off. You would have had to look at---.

BENNY WAMPLER: I understand. I just wanted it on record.

MARK SWARTZ: That's cool. You would have had to

look at the tract ID. So, that's the only change.

BENNY WAMPLER: Questions from members of the Board?

(No audible response.)

BENNY WAMPLER: Do you have anything further?

MARK SWARTZ: No, I do not.

BENNY WAMPLER: Is there a motion?

BRUCE PRATHER: Motion to approve.

BILL HARRIS: Second.

BENNY WAMPLER: Motion to approve and a second. Any further discussion?

(No audible response.)

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

(All Board members signify by saying yes, but Katie Dye.)

BENNY WAMPLER: Opposed, say no.

KATIE DYE: I abstain.

BENNY WAMPLER: Mrs. Dye abstains. You have approval. Next is a petition from CNX Gas Company, LLC for pooling of coalbed methane unit XXX-20. This is docket number VGOB-07-0320-1899. We'd ask the parties that wish to address the Board in this matter to come forward at this time.

MARK SWARTZ: Mark Swartz and Les Arrington.

BENNY WAMPLER: The record will show no others. You may proceed.

MARK SWARTZ: I'd like to incorporate, if I could, Mr. Chairman, Mr. Arrington's testimony from the first hearing regarding the applicant, the operator, standard lease terms and his employment.

BENNY WAMPLER: That will be incorporated.

LESLIE K. ARRINGTON

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

Q. Les, you need to state your name, again.

A. Leslie K. Arrington.

Q. Who do you work for?

A. CNX Gas Company, LLC.

Q. What kind of a unit is this?

A. It's a Oakwood unit and it has 77.74 acres in it.

Q. And how many wells are proposed in this unit?

A. Two.

Q. Okay. And is the exhibit that was passed

out today, the Exhibit C, with regard to this second well?

A. Yes, it was.

Q. Okay. The first well cost estimate that was included in the application, what was the permit number for that well?

A. Its permit number, I believe, would have been 76.99.

Q. Okay. And then we've got...and what was the cost estimate for that well? I believe, it's the one the---?

A. $2---.

Q. Okay, go ahead.

A. $243,287.90.

Q. Okay.

A. The depth 2513.

Q. Okay. With regard to the second well, what the permit number?

A. 7704.

Q. The depth?

A. 2600 feet.

Q. And the cost estimate?

A. $284,754.92.

Q. Is this unit XXX-20 located in one of the infill drilled areas?

A. Yes, it is.

Q. Okay. And where are these two wells located with regard to the drilling window?

A. Both within.

Q. Okay. Are both of these wells going to be frac wells?1

A. Yes, they are.

Q. What did you do to notify Eagle Coal, Equitable Production and others that we were going to have a hearing today?

A. Mailed by certified mail, return receipt on February the 16th, 2007 and published in the Bluefield Daily Telegraph on February the 23rd, 2007.

Q. When you published, what was in the paper?

A. The notice of hearing and the location map.

Q. And have you filed proof of publication and certificates with regard to mailing with Mr. Wilson?

A. Yes.

Q. Were you the fellow that signed both the application and the notice of hearing?

A. Yes, we were.

Q. And were you either...did you either prepare the contents of the notice and the application and exhibits or caused them to be prepared?

A. Yes, I did.

Q. What interests have you acquired and what are you seeking to pool?

A. We've acquired 78.9341% of the coal, oil and gas owner's claim to coalbed methane. We're seeking to pool 21.0659% of the oil and gas owner's claim to coalbed methane.

Q. It looks like there's no escrow requirement here?

A. No.

Q. And it also looks like there are no split agreements?

A. Correct.

Q. Is it your opinion that drilling these two wells in the window of this unit is a reasonable way to develop the coalbed methane in this Oakwood I unit?

A. Yes, it is.

Q. And if you combine a pooling order with the acquisition and leases that CNX has succeeded in obtaining, is it your further opinion that the correlative rights of all owners and claimants would be protected?

A. Yes, it would be.

MARK SWARTZ: I think that's all I have, Mr. Chairman.

BENNY WAMPLER: Questions from members of the Board?

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

BENNY WAMPLER: Mr. Harris?

BILL HARRIS: Has one of these been drilled already?

BENNY WAMPLER: They have been.

BILL HARRIS: Both have been?

LESLIE K. ARRINGTON: Yes.

BILL HARRIS: Okay. That's all I have. Thank you.

BENNY WAMPLER: Other questions from members of the Board?

(No audible response.)

BENNY WAMPLER: Do you have anything, Mr. Wilson?

BOB WILSON: No, sir.

BENNY WAMPLER: Do you have anything further, Mr. Swartz?

MARK SWARTZ: No, I don't.

BENNY WAMPLER: Is there a motion?

BRUCE PRATHER: I move that approve it.

BENNY WAMPLER: Motion to approve. Any further discussion?

(No audible response.)

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

(All Board members signify by saying yes, but Katie Dye.)

BENNY WAMPLER: Opposed, say no.

KATIE DYE: I abstain.

BENNY WAMPLER: One abstention, Mrs. Dye. You have approval. Thank you.

MARK SWARTZ: Thank you.

BENNY WAMPLER: Have a good day. Next is a petition from Appalachian Energy, Inc. for pooling of coalbed methane unit G-35. This is docket number VGOB-07-0320-1901. We'd ask the parties that wish to address the Board in this matter to come forward at this time.

JIM KAISER: Mr. Chairman and Board members, Jim Kaiser, James Rasnake and Frank Henderson on behalf of Appalachian Energy.

BENNY WAMPLER: We'll get you gentlemen sworn in.

(James Rasnake and Frank Henderson are duly sworn.)

BENNY WAMPLER: The record will show no others. You may proceed, Mr. Kaiser.

JIM KAISER: We'll start with Mr. Rasnake. This is an application for a pooling for two wells, both AE-90

and AE-91. This unit will be the subject of an application for increased density drilling hopefully in May, correct?

FRANK HENDERSON: That's correct.

JAMES RASNAKE

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

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

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

A. James Rasnake with Appalachian, Inc., landman.

Q. And you have previously testified before the Board---?

A. Yes.

Q. ---on land issues?

A. Yes.

Q. But it has been a while. It was back when you were with Virginia Gas?

A. Correct, yes.

Q. So, could you just briefly state for the

Board your work background and what you've been doing the last ten or twelve years?

A. The last ten or twelve years I've worked...I've been self-employed providing professional land services to various clients including abstracting, mapping, acquisitions, leasing, easements, pipelines and property evaluations.

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

A. Yes.

Q. Are you familiar with Appalachian Energy's application seeking to pool all unleased interest in unit number G-35 being the interest for well numbers AE-190 and AE-191, which was dated February the 16th, 2007?

A. Yes.

Q. Now, does Appalachian Energy own drilling rights in the unit involved here?

A. Yes.

Q. Prior to the filing of the application, were efforts made to contact each of the respondents and an attempt made to work out a voluntary lease agreement?

A. Yes.

Q. What is the interest under lease to

Appalachian Energy in the gas estate within the unit?

A. 100% of the gas estate is leased.

Q. And what is the interest under lease to Appalachian Energy in the coal estate within the unit?

A. 94.97% of the coal estate.

Q. And are all unleased parties set out in Exhibit B-3?

A. Yes.

Q. Are you familiar with the ownership of drilling rights of parties other than Appalachian Energy in this unit?

A. Yes.

Q. And what is the percentage of the coal estate that is unleased?

A. 5.03% of the coal estate is unleased.

Q. Okay. And, again, a 100% of the gas estate is leased, right?

A. Right.

Q. Okay. We do not have any unknown or unlocateable interest owners within this unit, is that correct?

A. Yes.

Q. In your professional opinion, was due diligence exercised to locate each of the respondents for

this unit?

A. Yes.

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

A. Yes.

Q. Are you requesting this Board to force pool all unleased interest as listed at Exhibit B-3 to the application?

A. Yes.

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

A. Yes.

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

A. A five dollar an acre bonus, a five year term and a one-eighth royalty.

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

A. Yes.

Q. Now, as to those respondents and interest owners who remain unleased, do you agree that they be

allowed the following statutory options with respect to their ownership interest: 1) Participation; 2) a cash bonus of five dollars per net mineral acre plus a one-eighth of eight-eighths royalty; or 3) in lieu of a cash bonus and one-eighth of eight-eights royalty that they share in the operation of the well on a carried basis as a carried operator under the following conditions: Such carried operator shall be entitled to the share of production from the tracts pooled accruing to his or her interest exclusive of any royalty or overriding royalty reserved in any leases, assignments thereof or agreements relating thereto of such tracts, but only after the proceeds applicable to his or her share equal, A) 300% of the share of such costs applicable to the interest of the carried operator of a leased tract or portion thereof; or B) 200% of the share of such costs applicable to the interest of a carried operator of an unleased tract or portion thereof?

A. Yes.

Q. Do you recommend that the order provide that elections by the respondents be in writing and sent to the applicant at Appalachian Energy, Inc.---?

JIM KAISER: Is it still the right address, Frank?

FRANK HENDERSON: Yes.

Q. ---P. O. Box 2406, Abingdon, Virginia

24212-2406, Attention: Frank Henderson, Regulatory?

A. Yes.

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

A. Yes.

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

A. Yes.

Q. Should the unleased respondents be given 30 days from the date that they receive the recorded Board order to file their written elections?

A. Yes.

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

A. Yes.

Q. Does the applicant expect the party electing to participate to pay in advance that party’s share of actual completed well costs?

A. Yes.

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

A. Yes.

Q. Do you recommend that the order provide that if a respondent elects to participate but fails to pay their proportionate share of well costs, then that respondent's election to participate should be treated as having been withdrawn and void and such respondent should be treated as if no initial election had been filed under the order, that is deemed to have leased?

A. Yes.

Q. Do you recommend that the order provide that where a respondent elects to participate but defaults in regard to the payment of their well costs, any cash sum becoming payable to that respondent be paid within sixty days after the date on which that respondent should have paid those costs?

A. Yes.

Q. We do not need the Board...well, yes, we do, don't we? Do we got an Exhibit E? No, this is a fee mineral tract, isn't it?

BENNY WAMPLER: While you're looking through there, will you explain on B-3 the exception that you have.

JIM KAISER: B-3 the exception.

BENNY WAMPLER: Specifically, it says, "except one-ninth of P3 coal seam" a number of times.

JAMES RASNAKE: Those owners, Mr. Chairman... the owners of the fee estate conveyed several years ago to Island Creek Coal Company their undivided interest in the Pocahontas Number 3 coal seam.

BENNY WAMPLER: All except one-ninth or that one-ninth?

JAMES RASNAKE: That was their one-ninth.

BENNY WAMPLER: That was their one-ninth?

JAMES RASNAKE: Yes.

BENNY WAMPLER: Okay.

SHARON PIGEON: And all but that is unleased, is that what you're saying?

JAMES RASNAKE: Pardon me?

SHARON PIGEON: And all but that part is unleased, is that what you're saying?

JAMES RASNAKE: Well, the coal estate is unleased with the exception of the Island Creek interest.

Q. The Board does not need to establish an escrow account in this particular case, is that correct?

There are no conflicting claims to the coalbed methane and no unknown unlocateable owners?

A. We ought to recess and discuss that.

BENNY WAMPLER: Did you get that...could you hear the answer?

COURT REPORTER: (Nods in the affirmative.)

(James Rasnake confers with Jim Kaiser.)

BENNY WAMPLER: Do you need some time? Do you need five minutes or ten minutes?

JIM KAISER: Yeah, if we could take a short recess here.

BENNY WAMPLER: Okay. All right. I'll just remind the Board don't discuss this during recess. We'll take ten minutes.

(Break.)

BENNY WAMPLER: Okay, we'll come back to order. You may continue.

Q. Mr. Rasnake, because we do not have any unknown and unlocateable owners and we do not have a conflicting claim to the CBM ownership, the Board does not need to establish an escrow account for this unit, is that correct?

A. That's correct.

Q. And who should be named operator under the

force pooling order?

A. Appalachian Energy, Inc.

JIM KAISER: That's all I have for this witness, Mr. Chairman.

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

(No audible response.)

BENNY WAMPLER: Call your next witness.

FRANK HENDERSON

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

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Mr. Henderson, if you would state your name, who you're employed by and in what capacity?

A. Frank Henderson, President of Appalachian Energy.

Q. And you're familiar with the proposed exploration of these wells?

A. Yes, sir.

Q. Could you state for the Board both the...both of the depths of two wells first for AE-190 and then 191?

A. 2,212 feet and 2,160 feet respectively.

Q. Okay. And the estimated reserves for the unit as a whole?

A. Estimated at 500 million cubic feet.

Q. Now, are you familiar with the well costs for these wells?

A. Yes.

Q. Have two AFEs been reviewed, signed and submitted to the Board along with the application?

A. Yes.

Q. And do these AFEs, in your opinion, represent a reasonable estimate of well costs?

A. Yes.

Q. Okay. Could you state for the Board both the dry hole costs and completed costs first for AE-190 and then for AE-191?

A. The dry hole costs of $143,364 for AE-190 and $152,012 for AE-191. Completed well costs of $351,212 for AE-190 and $356,149 for AE-191.

Q. Do these costs anticipate a multiple completion for both wells?

A. Yes, they do.

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

A. Yes.

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

A. Yes.

JIM KAISER: Nothing further of this witness at this time, Mr. Chairman.

BENNY WAMPLER: Questions from members of the Board of this witness?

BILL HARRIS: Mr. Chairman, just a---.

BENNY WAMPLER: Mr. Harris?

BILL HARRIS: ---question about expenses. Mr. Henderson, most of the...well, let me just ask about the first one. The 351 and 356 for the depth just appear, just on the surface, look to be higher than what we're...what I'm used to seeing for those...for similar depths. Is there something going on here that's---?

FRANK HENDERSON: We're looking...the biggest thing is that completion costs that...how we complete the individual zones. We try to frac the wells with as much sand as possible, which adds to the completion costs.

BILL HARRIS: Okay. Is that frac because I noticed the frac costs was---?

FRANK HENDERSON: Correct. That's the biggest difference.

BILL HARRIS: Has that gone up any in the...I guess, everything has gone up in the last couple of years. But, I mean, has that out paced other things or---?

FRANK HENDERSON: It has...it has gone up, I guess, rather to the other costs, but in our approaches to try to put as big of a frac job on each well as possible during the fracing.

BILL HARRIS: So, in doing that, does that...I mean, obviously, you want to increase the production from that well. Is there some evidence that shows that that is the case when you---?

FRANK HENDERSON: Our theory is that...in our operating experiences that the larger frac jobs do contribute to greater production.

BILL HARRIS: Thank you.

BENNY WAMPLER: Other questions from members of the Board?

(No audible response.)

BENNY WAMPLER: Where we're having two wells in this unit, could a party, individual, choose to participate in one and not the other?

FRANK HENDERSON: It was my understanding that the

reason why we were presenting both wells was to avoid a second force pooling, which from our standpoint adds to our costs and whatnot. So, we were trying to...we knew that we were going to try to drill two wells in this unit and as such we were...we were trying to present everything from the onset.

BENNY WAMPLER: I'm not being critical of it. I just---.

JIM KAISER: Oh, I know. You're just asking the question.

BENNY WAMPLER: Asking the---.

JIM KAISER: I think we would take the position that we're pooling the unit and providing them with two AFEs so that they know that the total costs of participation... what the total costs of participation in that unit would be.

BENNY WAMPLER: And it would be the total costs of the two wells?

JIM KAISER: Yes, sir.

BOB WILSON: Mr. Chairman, I think---.

BENNY WAMPLER: Mr. Wilson?

BOB WILSON: ---we've kind of danced around this issue in the past. But I think the general conclusion has been that the unit itself is pooled and not the wells, of course, and any production that comes from that unit is

equally shared. So, any costs that are authorized in that unit are also equally shared. So, both wells would have to be participated in if you chose that option---.

BENNY WAMPLER: Where you're doing it at one time, correct?

BOB WILSON: Yes.

BENNY WAMPLER: If you were coming back and repooling and you're adding for an additional well, then that would be a different option?

BOB WILSON: Exactly.

BENNY WAMPLER: I just wanted---.

JIM KAISER: It's certainly a different scenario.

BENNY WAMPLER: Right.

FRANK HENDERSON: That's correct.

JIM KAISER: And that's why we're doing it this way so we can avoid...since we know and...you know, I think it's a prudent way to do it.

BENNY WAMPLER: I just wanted some record discussion about that.

BILL HARRIS: Let me ask about---.

BENNY WAMPLER: Mr. Harris?

BILL HARRIS: If I might ask about...I guess, procedure because we've not approved an increased density well for this, is that my understanding?

JIM KAISER: That's correct.

FRANK HENDERSON: That's correct.

BILL HARRIS: Is that appropriate to do the pooling before we authorize increased density? I guess, I'm asking the Board.

BENNY WAMPLER: Mr. Wilson?

BOB WILSON: In my opinion, it would be... actually, the pooling of the unit itself is not, as we've discussed before, critical to the permitting process. I would not authorize more than one well in that unit until they had come back before the Board and gotten it. So, as it stands now, they could only get one well approved in that unit. If they were to come back before the Board and get the authorization for the additional well, then we could permit that at a later date. At this point in time, they would fall under the existing field rule, which only allows the one well.

BILL HARRIS: Thank you.

BENNY WAMPLER: Other questions?

(No audible response.)

BENNY WAMPLER: Do you have anything further?

JIM KAISER: Mr. Chairman, we'd ask that the application be approved as submitted.

BOB WILSON: Mr. Chairman, could I ask one thing

just for clarification?

BENNY WAMPLER: Mr. Wilson?

BOB WILSON: Your coal estate you show several unleased parties in Exhibit...I mean, under Tract 2. Do I understand correctly they have leased their oil and gas interest to you, but not their coal interest, is that correct?

JIM KAISER: That's correct.

JAMES RASNAKE: Yes.

BOB WILSON: So, there is no conflict?

JIM KAISER: Um?

BOB WILSON: There is no conflicting ownership?

(No audible response.)

BOB WILSON: Okay.

BENNY WAMPLER: Is there a motion?

PEGGY BARBAR: Motion to approve.

BILL HARRIS: Second.

BENNY WAMPLER: Second. Any further discussion?

(No audible response.)

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

(All Board members signify by saying yes.)

BENNY WAMPLER: Opposed, say no.

(No audible response.)

BENNY WAMPLER: You have approval. Next is a petition from Dart Oil and Gas Corporation for pooling a conventional unit Sherman 042801. This is docket number VGOB-07-0320-1902. We'd ask the parties that wish to address the Board in this matter to come forward at this time.

JIM KAISER: Mr. Chairman, Jim Kaiser, Bob Powell and Ed Diminick behalf of Dart Oil and Gas Corporation.

TOM CHILDRESS: Mr. Chairman, Leon Crockett, one of the people that objects to being pooled.

BENNY WAMPLER: Okay.

COURT REPORTER: And your name?

TOM CHILDRESS: My name is Tom Childress. I'm a long time friend since college.

BENNY WAMPLER: You're going to be his spokesperson as I understand.

TOM CHILDRESS: He has trouble speaking sometimes.

BOB WILSON: Mr. Chairman.

BENNY WAMPLER: Mr. Wilson?

BOB WILSON: While we're about this, I have received two letters from two different individuals in the last week or so regarding this application. I'll pass those out to the Board at this time.

(Bob Wilson passes out the letters.)

(Everyone is duly sworn.)

BENNY WAMPLER: Okay. The record will show there are no others. You may proceed. Let me just tell you, procedurally, I'm going to let them go ahead. You can ask any questions as we get in there or ask the Board any questions. We'll try to make sure that we get everything answered.

JIM KAISER: Mr. Chairman, if I could have a...this is the first time I've seen these letters.

BENNY WAMPLER: Okay.

JIM KAISER: So, if I could have a second.

BENNY WAMPLER: And if you folks want an opportunity to talk with them, you can do that. We'll take a break and let you do that if you haven't had that discussion.

(Jim Kaiser reviews the letters.)

JIM KAISER: Okay.

BENNY WAMPLER: You may proceed.

JIM KAISER: Have the witnesses been sworn?

BENNY WAMPLER: Yes.

ROBERT C. POWELL

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

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Mr. Powell---?

A. Yes, sir.

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

A. My name is Robert L. Powell. I'm a professional landman. I represent Dart Oil and Gas in the Appalachian area. I've represented them for the least six years that I've been before the Board in that time period and I've got thirty-four years experience in the oil and gas business.

Q. And your responsibilities include the land involved in this particular unit?

A. Yes, it does.

Q. Which by the way, it is an Abb's Valley unit, a 200 acre unit established by the Abb's Valley Field Rules. So, we are here pooling...the unit is already established. We're just pooling any unleased interest within that unit. And you're familiar with the application that we filed seeking to pool those interests, which was

dated February the 16th, 2007?

A. Yes, I am.

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

A. Yes, they do.

Q. Prior to the filing of the application, were efforts made to contact each of the interest owners within the unit and an attempt made to work out a voluntary lease agreement with each of them?

A. Yes, they have.

Q. Okay. What...we did pass out a set of revised exhibits to the Board, which reflects additional leases that have been picked up by the applicant since the time of the filing of the application. So, Mr. Powell, would I be correct in stating that the percentage of the unit that is under lease to Dart at this time is 58.53%?

A. Yes, you would.

Q. And are all unleased parties set out at Revised Exhibit B-3?

A. Yes, they are.

Q. And the interest that would...at this point that remains unleased within the unit would be 41.47%?

A. Yes, it is.

Q. Okay. Now, we do have a Tract 42 in the

unit that we're showing as being an unknown owner, correct?

A. Yes, we did.

Q. And were all reasonable and diligent efforts made, title done or attempted to be done and sources checked to try and identify the owners of that particular tract?

A. Yes, they have been.

Q. And we were unsuccessful, so this .11% of the unit as unknown?

A. Yes.

Q. Okay. And that will be subjected to an escrow account that the Board will establish for this unit, correct?

A. Correct.

Q. Okay. Are you requesting this Board to force pool all unleased interest as listed at revised Exhibit B-3?

A. Yes.

Q. Are you familiar with the fair market value of drilling rights in this unit and in the surrounding area?

A. Yes.

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

A. Twenty dollars per acre for a five year

paid up lease. If it's less than a hundred dollars, we pay a minimum of one hundred dollars.

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

A. Yes.

JIM KAISER: Mr. Chairman, at this time, I'd ask that we be allowed to incorporate previous testimony regarding the statutory election options afforded unleased parties that was taken earlier this morning in docket item number 1901.

BENNY WAMPLER: Do you agree to those terms?

A. Yes.

BENNY WAMPLER: They will be incorporated.

Q. Mr. Powell, we did establish that the Board will need to establish an escrow account for any proceeds that are attributable to Tract 42, correct?

A. Yes.

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

A. Dart Oil and Gas Corporation.

JIM KAISER: That's all I have for this witness at this time, Mr. Chairman.

BENNY WAMPLER: Questions from members of the Board?

(No audible response.)

BENNY WAMPLER: Do you have any questions of that witness?

TOM CHILDRESS: Yes. How many people involved in this pooling permit...how many land owners still have not agreed to this? You say there's 41% or something still out.

ROBERT C. POWELL: Yeah, there's 41% out.

BENNY WAMPLER: Sir---.

ROBERT C. POWELL: I have a list of people that..we've actually taken three more leases yesterday and we have sixteen people that are favorable responses and we have four undecided.

BENNY WAMPLER: Let me explain...are you an attorney?

TOM CHILDRESS: I'm not a practicing attorney.

BENNY WAMPLER: You can't...you can't ask questions as an attorney without being an attorney. You can ask what he needs to know for him, but you can't, on your own, ask questions, okay?

TOM CHILDRESS: I understand that.

SHARON PIGEON: You are, in effect, acting as his interpreter due his physical problems.

TOM CHILDRESS: Yes, I understand that. That was a question that he had and he ought to be able to represent himself.

SHARON PIGEON: Did you just---?

BENNY WAMPLER: He can represent himself certainly.

LEON CROCKETT: The property that I got there was thirty...thirty some people that wasn't leased. There was only six leasing it. I just want to...I got my lease last week, the 17th, a new lease that they was wanting me...of course, the old one ain't run out yet. Somebody called me Saturday...this past Saturday three or four times and said I wasn't receiving my certified letters. I think there's about five or six of them I've received. I told him I just couldn't talk to him. He just kept asking me questions. I finally just had to hang up. I told him I wasn't...I'm not interested in leasing to them. I don't want them to disturb my property in anyway.

ROBERT C. POWELL: Well, I think that's one thing---.

LEON CROCKETT: In anyway.

ROBERT C. POWELL: Oh, excuse me. I'm sorry. Go ahead.

JIM KAISER: Let me ask you---.

ROBERT C. POWELL: Okay.

ROBERT C. POWELL

DIRECT EXAMINATION RESUMES

QUESTIONS BY MR. KAISER:

Q. Mr. Powell, would it be your testimony that either, I don't know if it's yourself, but either yourself or other land representatives from Dart have over the last several years, this has been evolving process our there, has visited with Mr. Crockett and attempted to obtain a voluntary lease?

A. Yes, six years at least that I've been associated with the project. I think we've sent people around to try to see Mr. Crockett and get a lease in the past and one thing I would like to add is we don't have any surface operations planned on his property in any kind or character and that we would certainly give him an non-development lease, to mean that we would not use his surface for any type of development. We wouldn't go on it for any...in any way, shape nor form for any kind of a pipeline, drilling or anything. That we would not even set foot on his surface property.

Q. So, there will be no disturbance whatsoever whether it would be access, pipeline or anything---?

A. Yes, sir.

Q. ---of his property?

A. Complete non-development because we don't need it at all for the operations.

LEON CROCKETT: But just recently, back last Thursday, Dart Oil Company set some kind of explosion off and it destroyed houses and everything else. Chimneys fell off of roofs and everything. I'm afraid if they set explosives off it's going to cause a void underneath my place and cause water and everything---.

BENNY WAMPLER: I don't know who told you that, but I can tell you that didn't happen. Certainly, we didn't...as far as our Department, has not been...Mr. Wilson, have you been notified of anything? Are you aware of any kind of activity of gas and oil that has ever done that in Virginia?

BOB WILSON: No, sir, I am not.

LEON CROCKETT: It was in West Virginia. It was in the paper this past week.

JIM KAISER: If we could, I'll have Mr. Diminick address that situation.

BENNY WAMPLER: Okay, you may.

ED DIMINICK

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

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Mr. Diminick, if you would give them some background on what happened and---?

A. We...we were building a location in West Virginia and it was solid limestone on the surface. So, we brought in a drilling company like you see on a highway road cut where they drill shot holes and we...you know, we set off an explosion to bust away the rock on the surface and we did that with a license. It's a firm that's held through Federal and State Guidelines. You know, they shot the rock. They were well within their legal seismic bounds and the job was completed. There was a dust cloud as you would with rock collapsing. You know, the Oil and Gas Division of West Virginia knows what was done and they were fine with the process. We're moving forward and building a location...this location---.

Q. Yeah, most importantly, do you intend for this particular location to do any blasting?

A. No. There's no limestone at the surface. It's just, you know, a field where we can just push the dirt with a dozer. So, there will be no blasting on this

location.

SHARON PIGEON: What's this gentleman's name?

JIM KAISER: Ed Diminick.

TOM CHILDRESS: Mr. Chairman, this location that he is referring to is no more than a mile from Mr. Crockett. It's in another state, but it's very close.

BENNY WAMPLER: I understand. But understand that wouldn't have any impact on this well here. They have pledged...I want you to understand, they just stated on the record that they plan no surface disturbance whatsoever on your property. We're not trying to---.

TOM CHILDRESS: Mr. Chairman, one---.

BENNY WAMPLER: We're not trying to convince to do anything. We're just trying to make sure that you get your questions answered.

LEON CROCKETT: But they're planning on pulling part of my...part of the stuff out from underneath my property.

BENNY WAMPLER: They are. That's correct.

TOM CHILDRESS: Mr. Chairman, in some of the lease that...Mr. Crockett would want this to be known, that some of the leases that he's...you know, he has received several. Some of the leases do have language in there that talks about, you know, entering egress, regress and so on and so

forth because he has received...how many certified letters?

LEON CROCKETT: Five or six letters back in 2005 something about Abb's Valley.

BENNY WAMPLER: But he just offered to give you a lease that had a no disturbance clause in it. That's before the Board. That's what the Board will consider. So, he...you know, he's on record here under oath saying he will provide that to you. Mr. Kaiser, you may continue.

JIM KAISER: Does he have any further questions of Mr. Powell or do you want me to go ahead with Mr. Diminick?

BENNY WAMPLER: Go ahead.

ED DIMINICK

DIRECT EXAMINATION RESUMES

QUESTIONS BY MR. KAISER:

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

A. Ed Diminick, Dart Oil and Gas Corporation. I'm manager of Engineering and Operations.

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

A. Yes.

Q. And what is the total depth of this

proposed well?

A. 4,500 feet.

Q. And the estimated reserves for this unit?

A. Approximately, 750 million cubic feet.

Q. Now, has an AFE been reviewed, signed and submitted to the Board?

A. Yes.

Q. In your opinion, does it represent a reasonable estimate of the well costs for this particular well?

A. Yes.

Q. Would you state for the both the dry hole costs and completed well costs for this well?

A. The dry hole cost is $569,190 and the completed cost is $791,990.

Q. Do these costs anticipate a multiple completion?

A. Yes.

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

A. Yes.

Q. In your professional opinion, would the granting of this application be in the best interest of conservation, the prevention of waste and the protection of

correlative rights?

A. Yes.

Q. Now, before we even go any further, why don't you go ahead, as we've done every time that we've drilled one of these wells, explain why it costs so much.

A. Due to the geology in the area, we have a difficulty time keeping the hole straight. It tends to want to go in a certain direction, which would make it difficult to complete drilling and completing the well. So, we have to have directional drilling services on site and directional tools and both of those services are quite costly. We use that in an effort to keep the hole as straight as possible.

Q. In context with that, sort of explain how this particular prospect or this clay is different than just a Devonian well.

A. I'm not sure I'm following you.

Q. Well, I mean, it's because of the geology or the fracture of the---?

A. Yeah, the...in that...in this particular area the formations deep steeply. When you drill the bit wants to walk towards that deep and, you know, so in an effort to keep the hole straight we have to steer it.

JIM KAISER: That's all I have at this time for

this witness, Mr. Chairman.

BENNY WAMPLER: Questions from members of the Board?

(No audible response.)

BENNY WAMPLER: Do you have any further questions?

LEON CROCKETT: At this cost, how many years from now do you think a man is going to be able to get any kind of royalty off...from you?

JIM KAISER: Well, you would get your royalty immediately.

LEON CROCKETT: A hundred years from now or what?

JIM KAISER: You would get your one-eighth... your share of the one-eighth royalty immediately as soon as the well went into production. The only time that you would have to wait is if you elected to be a carried operator or a carried participant.

ROBERT C. POWELL: And we do have pipeline in the area that's actively, you know, selling gas and producing wells, correct, Ed?

ED DOMINICK: Yes.

LEON CROCKETT: I know the ones of them that has been...that you all drilled off of them two years ago and it has been active and he hasn't received a penny since. That's just down the road from you all are at. He said he

hasn’t received the first thing yet.

ROBERT C. POWELL: I don’t know. We paying royalties on all of those wells.

JIM KAISER: Yeah, I mean, I think...I don’t know.

(Jim Kaiser confers with Robert C. Powell.)

BENNY WAMPLER: Well, you’re saying you have a pipeline and it’s your intent to put it in production right away---?

ROBERT C. POWELL: Oh, yes.

BENNY WAMPLER: ---and the royalties would be paid as soon as that happened?

ED DOMINICK: Yeah, right now---.

BENNY WAMPLER: What’s your estimated time frame?

ED DOMINICK: Right now all of our...all wells that have been drilled in that field are on line and producing and these...this well would require just approximately 2300 feet of pipeline, all on Mr. Sherman’s property. It would connect with the other well that we drilled on his site. So, you know, after completion, you know, we’d hope to have it hooked up within a month or two.

LEON CROCKETT: I have a cousin that you...that you all drilled on his land last year and it was supposed to have been in production and he has...they said they haven’t received nothing yet.

JIM KAISER: That field is currently producing about 3 million a day. I think there is some shut-in during the summer because of the market. But other than that, they're producing it every month.

SHARON PIGEON: Do you got any escrow?

JIM KAISER: Um?

SHARON PIGEON: Was there any escrow on that field?

JIM KAISER: I don't know there's probably... there may be some escrow on some of those wells.

ROBERT C. POWELL: There may be some.

JIM KAISER: I can't remember.

BENNY WAMPLER: Sir, do you want to state your name for the record?

DAVID FOWLER: My name is David Fowler. I'm a resident of Big Branch. I'd just like to request from the Dart Company a correct lease for me to sign. I've requested representatives from this company numerous times over the last couple of years to visit my house so that we could sign the lease and get it correct. They have my property wrong and my name spelled wrong. I'd just like to get a correct lease.

ROBERT C. POWELL: Okay. We'll---.

BENNY WAMPLER: Your property is wrong here as

listed in the exhibits?

DAVID FOWLER: Yes, sir. My name is listed wrong and the amount of the property. They faxed...sent me a certified letter for a lease to sign and I got a call Saturday night from one of the representatives and they only a third of my property represented.

BENNY WAMPLER: What tract are you in?

JIM KAISER: 24.

DAVID FOWLER: Tract 33 and Tract 24.

ROBERT C. POWELL: Correct.

SHARON PIGEON: How would your name be spelled?

DAVID FOWLER: One of the papers that I received was David O. Fowler and my name is David Lee Fowler.

SHARON PIGEON: F-O-W-L-E-R?

DAVID FOWLER: Yes.

ROBERT C. POWELL: I think that we took whatever was off the deeds. But, you know, we can---.

ED DOMINICK: One is David L. and one is David O.

DAVID FOWLER: Yeah.

ROBERT C. POWELL: And that was just a typographic error on that. There would be no problem changing that.

DAVID FOWLER: In 2005 I had purchased Tract 24.

ROBERT C. POWELL: Right.

JIM KAISER: And you’re saying that it’s more than

3.63 acres?

DAVID FOWLER: Yes, sir. I have a 11 acres...11.2 with both tracts of land.

JIM KAISER: Well, if you add those two together that's what you get on that.

DAVID FOWLER: Yes, sir.

JIM KAISER: 3.63 and 7.33.

DAVID FOWLER: Sir?

JIM KAISER: You have 11.2 all together?

DAVID FOWLER: Yes.

JIM KAISER: Okay. So, we've got them both in there. This is 3.63 and this is 7.33.

DAVID FOWLER: The only...one of the agreements that was signed the other day was just for 3 point something.

JIM KAISER: Oh, they---.

ROBERT C. POWELL: Is that one that you sent back? Sir, did you send one back to me?

DAVID FOWLER: Yes.

JIM KAISER: They should have given you one lease for the whole 11.2 acres.

ROBERT C. POWELL: Right. We did separate leases on that for an odd reason. But we, you know, we can change that---.

BOB WILSON: Need to put it under one.

ROBERT C. POWELL: Is our representative up there?

JIM KAISER: He should be able to take care of that today.

ROBERT C. POWELL: We'll get him out to you. He'll take care. Jerry Cruey is our---.

DAVID FOWLER: Thank you.

ROBERT C. POWELL: Thank you.

BENNY WAMPLER: Thank you. Do you have other questions?

LEON CROCKETT: So, that...when they...this well goes into production that I will start getting royalty from it.

JIM KAISER: Yes, sir.

LEON CROCKETT: They said they were going to be pumping off 10 acres of my land. It supposed to be affecting 10 acres of my land.

ROBERT C. POWELL: 5 point...yeah, whatever---.

LEON CROCKETT: 5 point---.

ROBERT C. POWELL: 5.79% of the unit..I think is surveyed, that you would have 5.79% of the royalty.

JIM KAISER: It's actually 11.57 acres of yours would be in the unit.

LEON CROCKETT: 11 point what?

JIM KAISER: 11.57.

LEON CROCKETT: The letter that you all sent me was 10. But I prefer them not to pool me whatsoever.

BENNY WAMPLER: I understand.

LEON CROCKETT: I mean, where they're going to drill this land, this well, they've got several acres there and they can move another 11 acres or so on down and drill it...I was...the rumor is that they're wanting to drill two wells on this place eventually.

JIM KAISER: He's on the very southern boundary of the unit. It looks like he's...his northern boundary. He's probably about 1000 feet from the well bore.

ROBERT C. POWELL: And we've got the Sherman 042701, which is to the west of us. So, we have to keep it to the right. Is that correct, Ed?

ED DOMINICK: It's something like that.

ROBERT C. POWELL: We're keeping it this far over here to get it from that other well.

JIM KAISER: Yes.

BRUCE PRATHER: Mr. Chairman, I'd like to ask a question.

BENNY WAMPLER: Yes, sir.

BRUCE PRATHER: Is there anything in your lease that would preclude his not getting but one check a year

because of the small amount of it or anything like that? Is there anything like that in your lease? I've seen that where, you know, if somebody messing a five dollar check and they don't give them a check once a year. Is there anything like that?

ROBERT C. POWELL: There's nothing in it that I know of about like that. But I'm certain that if we could put something in there like that---.

JIM KAISER: I mean, if he wants it paid up on surface use lease we'll be glad to give him one, but he has indicated---.

BRUCE PRATHER: Okay.

JIM KAISER: ---clearly that he don't want to sign any lease.

BRUCE PRATHER: Okay.

ROBERT C. POWELL: And if he wanted one check a year, he could get one check a year also.

BRUCE PRATHER: I think another thing is that when the well goes on operation it doesn't automatically mean that he's going to get money because there's usually about a four month delay by the time you sell the gas and when whoever is buying it from you sends you the money. So, when that well goes in operation, he's not going to get his money immediately. It will probably be three months later...three

or four.

ED DOMINICK: That's...I think that's fair. I mean, until everyone signs the Division Order---.

BRUCE PRATHER: Right.

ED DOMINICK: ---and until everyone signs it, no payments go out. So, with this many people in a unit, they all have to sign Division Orders, correct?

ROBERT C. POWELL: Yes.

ED DOMINICK: So, you know, that...that could be a delay until you get all Division Orders back. But---.

BRUCE PRATHER: Right.

ED DOMINICK: ---the way the royalties work, once everybody is signed up, the month that you have production it's two months later you would get your first check.

BRUCE PRATHER: Right.

ED DOMINICK: Then it's monthly after that.

BRUCE PRATHER: Right, right.

JIM KAISER: Yeah, it's pretty reasonable from the time the well is actually completed until the time he would receive a check, it's probably reasonable to say a 120 to 150 days.

BRUCE PRATHER: Okay.

ED DOMINICK: Yeah. So, he will not get a check---.

JIM KAISER: Which is not any different from anybody else.

BRUCE PRATHER: Right.

ED DOMINICK: And the other thing that Mr. Powell said was, you know, depending on what time of the year this well comes on line, all our gas currently goes to the City of Bluefield. In the summertime, people don't burn gas. So, you know, we will have to curtail or shut-in these wells and there may not be any production for some time. You know, we ramp up in the winter time and back down. So---.

LEON CROCKETT: I'd like to go on record that I request them to just move the well a little bit on further down north of whatever it is to...I mean, north to where they won't affect...pool off my property whosoever. It can cause a void and cause big problems in the future.

BENNY WAMPLER: Well, I mean, that's something that would be totally up to them. Virginia law doesn't authorize this Board to require them to move it just because you don't want to be pooled, just so you understand that.

LEON CROCKETT: I understand it.

BENNY WAMPLER: Okay.

LEON CROCKETT: But I've heard so many people...there's a gentleman, I don't want to mention his name, it's not really relevant to this, but he said...his

son lives in Abingdon. He's got 15 acres and they've had a well on him for 15...for 7 and a ½ years and he hasn't received nothing. I don't know whether that's a fact or not.

ED DOMINICK: I don't know what well he's speaking of. We do---.

JIM KAISER: I'm not sure he even means it's a Dart well.

ED DOMINICK: Yeah.

ROBERT C. POWELL: Yes.

JIM KAISER: Don't worry about it.

LEON CROCKETT: But this here cost, if they have to get all of this cost back before you start getting something then I don't foresee it in my lifetime.

BOB WILSON: Well, Mr. Chairman---.

BENNY WAMPLER: Mr. Wilson?

BOB WILSON: ---it might be of value, Mr. Crockett, to know that if he either signs a lease or allows the Board to pool his property and elects to lease, then his royalty does not depend on the company claiming their expenditure in that well. Your royalty would come from day one. Only if you elect to participate in the well, under a pooling order, would you have to wait for any return on your money. The royalties start as soon as they start paying for

the production. Also, if the Board pools your property it does not give them any rights to use your surface land, which would relieve you of that concern.

LEON CROCKETT: The way I read the papers they sent me after all expenses was recovered, then and there only is when royalties would be start paying out---.

BOB WILSON: No, sir. That---.

LEON CROCKETT: ---unless I wanted to participate into the well.

BOB WILSON: No, sir. Your royalties would start immediately if you're under lease. You share of the 12 and a 1/2% royalty would start immediately upon production. You would not have to wait for them to recoup their costs to collect royalties.

LEON CROCKETT: If I don't lease---?

BOB WILSON: If you lease or agree to lease under the Board's terms.

LEON CROCKETT: I don't want to lease.

BOB WILSON: Okay.

LEON CROCKETT: Then, so if I don't lease what...when I do I get it. I mean, if they pool me, when we I start receiving it after it goes into production.

BOB WILSON: After pooling, you get a certain amount of election. You get election that you're allowed to

select from either participating in the well or leasing to the company. If you don't do anything at all, you would be deemed to have leased. Under those leases, you would still get your royalty as soon as production begins. If you elect to participate, only then would you have to put money up or wait for them to recoup their investment before you get anything back.

LEON CROCKETT: Well, I'll tell you right now, there ain't no way, man, I've got any money to put up to pool when you have to borrow money to come down here.

BOB WILSON: Well, you're certainly not obligated to go that route.

LEON CROCKETT: I would prefer they just, if they could, if they would, please, just move just another 10 or 11 acres on down and just leave me alone.

TOM CHILDRESS: Well, Mr. Chairman, Mr. Crockett did send a list of objections and number four in the objections sort of sums up, and I can tell you that, you know, anything like that does upset him and give him legitimate with his breathing because I have observed it over a period of years. I'm not a doctor, but, you know, I've observed it.

BOB WILSON: Oh, I have no doubt it would.

LEON CROCKETT: My nerves...I get nervous...I

can’t...it has bothered my breathing. My heart just goes to pounding. I just can’t stand this nervousness.

JIM KAISER: Well, the good news we’ll be about 1,000 feet from his property.

BENNY WAMPLER: They’re going to be...the wells is...they estimated a 1,000 feet from your...from your property.

JIM KAISER: From the northern boundary of his property, so at least 1,000 feet.

BENNY WAMPLER: And, you know, I would ask you gentlemen, I think you would out of courtesy, notify him when you’re coming up there and things so that you’re not surprising him and things like that to minimize any physical harm that he may encounter as a result of that.

LEON CROCKETT: I would prefer if they want to lease the rights...mineral rights, I would be willing to sell it to you and get completely out of it and they can just turn over to a realty and sell it back. They’ll get the lease rights, mineral rights and then resell it. I mean, that’s fine---.

BENNY WAMPLER: That’s between---.

LEON CROCKETT: I’d just as soon get it completely out of the whole place down there.

JIM KAISER: I’m sure they will be glad to

entertain any reasonable offers.

BENNY WAMPLER: That would be certainly a private matter between you and them. You know, that's up to you folks. Do you have anything further, Mr. Kaiser?

JIM KAISER: Mr. Chairman, Ms. Pigeon did point out that we neglected to provide an Exhibit E for Tract 42.

BENNY WAMPLER: Right.

JIM KAISER: We'd ask that the application be approved as submitted with the addition of Exhibit E to come from my office this afternoon.

BENNY WAMPLER: Is there anything further from you?

(No audible response.)

BENNY WAMPLER: Is there a motion?

(No audible response.)

BENNY WAMPLER: One thing that Ms. Pigeon just pointed out to me is one of the handouts that we had was also a letter from...a memorandum that was addressed "To Whom it May Concern" dated March the 9th from a Sue Ellen Tepter,
T-E-P-T-E-R. Has that matter been resolved or do you know?

JIM KAISER: I guess, they're trying...currently trying to negotiate a lease with her.

ROBERT C. POWELL: Yes, we've---.

JIM KAISER: What happened originally, we had a bad address on her.

SHARON PIGEON: But you have a good address now?

JIM KAISER: Yeah. In fact, I've got a green card where she signed to pick everything up.

ROBERT C. POWELL: And attorney also. She has an attorney.

JIM KAISER: She has an attorney.

ROBERT C. POWELL: I faxed him the lease. They're looking at it.

LEON CROCKETT: When this started, Mr. Sherman, where they're drilling on he came and asked...talk about like he would like to buy my property. Me and him discussed it, but I haven't heard nothing else from him. I don't know whether he was talking for Dart Oil or what.

ROBERT C. POWELL: Oh, no.

LEON CROCKETT: But, you know, I thought it was strange that all the years I've lived there and all of a sudden this has came up and he comes offers to buy...wanted to know if I wanted to sell it.

BENNY WAMPLER: Well, they just said he wasn't representing them and they are...the officials here are aware that you're interested in selling. So, you all can discuss that if you wish. Is there a motion? I did give

time you time to answer all of your questions?

(No audible response.)

BENNY WAMPLER: I think we've answered your questions, I believe we have. If we haven't, you tell us. But the bottom line is, by Virginia law by you not wishing to have them drain your gas is not something that the Board can grant because of that. It does encourage the development of the property and it's specific that not one...so that one individual couldn't prevent the draining of the gas. So, understand that.

LEON CROCKETT: I understand that.

BENNY WAMPLER: They have committed here today that they...on record, that they won't have any disturbance on your property by pipeline, road or anything else. You're on record of saying that you would like to sell them the property and gas and not be fulled with it. They understand that. It's up to them, understand, whether or not they follow up with that, that's between you and them as individual parties. This Board can't influence private contractual matters.

LEON CROCKETT: But I...what I'm worried about later down the road, three or four years from now, they might coming back and say, "We need your gas." Come back down here and say, "It's better for the environment and

community and everybody around to go in and drill his well." Even if I refused it, can you all rule for me to let them drill regardless?

BENNY WAMPLER: We're not...we're not dealing with drilling the well.

LEON CROCKETT: I know. But in the future that could happen.

ED DOMINICK: You have a spacing order for wells in these units. So, by your order, we would not be able to drill on his property anyway, I don't believe, because there's an 1800 foot spacing.

BRUCE PRATHER: If you signed an agreement that you weren't going to drill on---.

ED DOMINICK: (Inaudible) as well. Right.

BRUCE PRATHER: ---it, that's good forever as far as I'm concerned.

ED DOMINICK: Yeah.

ROBERT C. POWELL: If he elected also, would that also mean that we couldn't do any drilling operations on his property too, right, if he---?

JIM KAISER: It's well per unit.

ROBERT C. POWELL: Yeah.

BOB WILSON: Under any circumstances, neither a Board order for pooling nor a permit from the Division of

Gas and Oil gives any operator the right to use surface property. They have to establish those rights through other means. So, the Division of Gas and Oil nor the Board could...doesn't have the authority to give permission to go on somebody's property.

LEON CROCKETT: Well, I have never seen this gentleman. He said he has been to talk to me.

ROBERT C. POWELL: No, I have not talk to you.

LEON CROCKETT: But now back in 2002, there was someone younger than him that came and tried to get me to lease and I told them I didn't want nothing to do with it. When they came through doing all that test, I could see where they just kept backing up back and forth checking. He said that they possibly would want to drill out in my bottom and on top of my hill. I never got two some...two or three hundred acres of land and he wouldn't pool. He wouldn't lease. They said that way they could pool...drill off of him. I told him I didn't want to lease.

BENNY WAMPLER: Well, as we've said, that's certainly up to you.

LEON CROCKETT: I do not...I don't want to. I just don't want it. I don't want my land disturbed. I'm afraid, you know, what may happen years down the road that all my hill is going to land up in my basement and living

room. I don’t want it. If they want the gas, they’re welcome to it, but just...if they want to, buy the property.

BENNY WAMPLER: Ma’am, do you have something to say?

MARGARET FOWLER: Yes, I have a question for Dart.

BENNY WAMPLER: I need you to state your name for the record, please.

MARGARET FOWLER: Margaret Fowler.

BENNY WAMPLER: We need to ask you to be sworn if you’re going to---.

(Margaret Fowler is duly sworn.)

BENNY WAMPLER: Okay.

MARGARET FOWLER: Bill Sherman and Dolly Sherman are my neighbors. Do you know them?

ED DOMINICK: Yes.

MARGARET FOWLER: My land adjoins theirs. When you put the first in, the way the grid was made we were knocked out of any kind of royalties, okay? So, you decided to put in a second well and it’s going to be right above my barn, okay? Now, if this is a dry well, which is a possibility, the first well you’re pumping gas out from under my land, but I don’t get any royalties because of the grid.

ROBERT C. POWELL: Do you mean on the Sherman 27?

MARGARET FOWLER: Yes.

ROBERT C. POWELL: Yeah.

MARGARET FOWLER: So, what will happen there if this second well is a dry well and the first well that you're drilling you're getting gas out from under my land? If it wasn't for the trees, I would be able to see the well.

ROBERT C. POWELL: Well, we---.

MARGARET FOWLER: Do you see what I'm saying?

ROBERT C. POWELL: Yeah, we've established the 200 acre units and had them surveyed and you're not in that 200 acre unit---.

MARGARET FOWLER: I know.

ROBERT C. POWELL: ---on this well and, you know, that's---.

MARGARET FOWLER: I know that I---.

ROBERT C. POWELL: I'm not...I can't address anything that you're in that unit. You're in unit 28 instead 27.

MARGARET FOWLER: I know. My question is if you're drilling well 28 and it is a dry well, okay---.

ROBERT C. POWELL: Uh-huh.

MARGARET FOWLER: ---well 27 you are pumping gas now, that gas is coming out from under my land too as well as Bill Sherman and Mark Hartley and Kenny Jackson, but

we’re not in the grid. I know---.

ROBERT C. POWELL: Yeah, you’re not in the grid.

JIM KAISER: Well, Ms. Fowler, if I might address your question, when we established the field rules for this area we came before the Board and put on testimony as to the geological characteristics of this area and as to what Dart’s Engineers and Reservoir Engineers and Geologist felt would be the optimum size unit, the maximum size that they couldn’t drain with one of these wells, okay, and that’s where the 200 acres come from. And all you own is 11.2 acres is in...is right here in this unit, so you will be, unless it turns out to be a dry hole, you will be paid your proportionate share of the royalty in this unit, but the fact that you’re...let’s see that’s 18---.

MARGARET FOWLER: But do you see the well location?

JIM KAISER: Well, the Sherman...it’s a grid that runs like this in 200 acre squares and the well that has already been drilled is 1800 and some feet to the west of you and your 11 acres and by the establishment of the field rule, the reason that the field rule was established was to protect correlative rights of all of the royalty owners and by the establishment of that, by definition, it would be our position that the Sherman 27 well was not draining any gas

from under your land.

MARGARET FOWLER: How can you be sure? Do you have proof that it’s not coming out from under my land?

JIM KAISER: No, I don’t have any proof. But my guess is these units are too big to begin with. My guess is...I mean, what’s your typical frac length on these things or do you even frac it?

ED DOMINICK: No, we do. They continue---.

JIM KAISER: 200 feet.

ED DOMINICK: Several hundred feet, yes.

JIM KAISER: I mean---.

ROBERT C. POWELL: And it was certainly the intention when Dart did the 200 acre units instead of the round circles and leave out a lot of land owners was to make squares and everything squared up and to pay every land owner out there and---.

MARGARET FOWLER: But---.

JIM KAISER: I mean, if you---.

ROBERT C. POWELL: If you get a dry hole---.

MARGARET FOWLER: But what if that is a dry well, you know, not ever land owner is going to get paid?

ROBERT C. POWELL: Right. Exactly. Well---.

JIM KAISER: Not anybody.

ROBERT C. POWELL: ---if your unit is dry, then

you're not going to get any money on that.

MARGARET FOWLER: I know, but I can throw a rock and hit the other well. You know, I mean...I mean, what can be done about that?

JIM KAISER: If you can throw a rock 600 yards you could hit the other well.

MARGARET FOWLER: Well, you know, what I'm saying.

JIM KAISER: Yeah.

MARGARET FOWLER: I mean, if the trees were not there, we could see the well, I mean, we really could.

BENNY WAMPLER: Well, ma'am, the...I can tell you from the Board's prospective the...having the field rules protects you a lot more than statewide spacing, more than state law because that's only 1250 feet. So, you know, there is...you know, there's nothing that protects you if it's a dry well as far as protecting you from getting paid for
gas---.

MARGARET FOWLER: That's what I'm saying.

BENNY WAMPLER: ---if there's nothing there. There's never going to be that. There wouldn't be anything if there's any well statewide spacing, field rule or anything else.

MARGARET FOWLER: But---.

JIM KAISER: And we hope that $791,000 more than you do that it is not a dry hole.

ROBERT C. POWELL: Yeah.

MARGARET FOWLER: Well, I do too. I hope it's a good well, you know, because I don't want to go to Court with Dart, you know. I mean, that's why I'm asking what can be done if this is a dry well when, you know, the other well is pumping, you know. It has got to be coming out from under my land because it's too close, you know. I just don't want a big Court battle, you know, because it will come to that if that is a dry well.

BENNY WAMPLER: I'm just...I just wanted to point out to you that it is better protection under the---.

MARGARET FOWLER: I hope so.

BENNY WAMPLER: The whole point of the Board having these field rules is to make sure everybody gets paid within that particular unit if...if there's gas there. If it's a productive unit. If it's not, then, you know, we don't do anything about that. The total intent is to not have gas because...I'm going to draw circles here just to...the statewide spacing thing is a group of circles that people could drill and no one would get paid in the gaps between these circles. When you have the field rules butting up against each other, then every time there's a

productive well in there everyone within that unit gets paid. So, you don't have any of those gaps. That was the intent of that. I just want to explain that part.

MARGARET FOWLER: And that's very good...that's very good.

JIM KAISER: And, again, the field rules---.

MARGARET FOWLER: When the well...the gas well is right on the border, the property line of my neighbor and then me, you know, and you don't get anything---.

BRUCE PRATHER: Is the well in the middle of the unit? Is this---?

MARGARET FOWLER: No, it's right on the edge.

BRUCE PRATHER: Is this the discovery well?

ROBERT C. POWELL: No.

ED DOMINICK: No, no.

MARGARET FOWLER: Okay, just asking. Thank you so much.

ROBERT C. POWELL: Thank you.

JIM KAISER: And, again, for the Board's edification, the field rules were established...with testimony to establish a maximum optimum size unit and not a minimum size unit. I think what she's doing is looking at this plat that we gave her for 28 and it shows 27 being right off the border of 28, which is not right.

ROBERT C. POWELL: It's further than that, yes.

JIM KAISER: Yeah, I mean, it's in the center of the unit also. I mean, it's 1800---.

ED DOMINICK: No, it's---.

JIM KAISER: 1600 feet. Right.

BENNY WAMPLER: Other questions from members of the Board?

(No audible response.)

BENNY WAMPLER: Do you have anything further?

JIM KAISER: No, Mr. Chairman. Again, we'd ask that the application be approved as submitted with the addition of the Exhibit E to cover the escrow on Tract 42.

BENNY WAMPLER: Is there a motion?

PEGGY BARBAR: Motion to approve.

BILL HARRIS: Second.

BENNY WAMPLER: Second. Any further discussion?

(No audible response.)

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

(All Board members signify by saying yes, but Katie Dye.)

BENNY WAMPLER: Opposed, say no.

KATIE DYE: No.

BENNY WAMPLER: One no, Mrs. Dye. You have

approval. Go off the record.

(Off record.)

BENNY WAMPLER: Next is a petition from Equitable Production Company for pooling of coalbed methane unit VC-537629. This is docket number VGOB-07-0320-1903. We'd ask the parties that wish to address the Board in this matter to come forward at this time.

JIM KAISER: Mr. Chairman and members of the Board, in this particular case, it will be Jim Kaiser and Don Hall on behalf of Equitable Production Company. We do have a revised set of exhibits that Mr. Hall is passing out to reflect, I believe, an additional lease that has been picked up since the date of the filing of the application.

(Don Hall passes out revised exhibits.)

JIM KAISER: Is that, right, Mr. Hall...you haven't been sworn yet have you?

DON HALL: No.

(Don Hall is duly sworn.)

BENNY WAMPLER: The record will show no others. You may proceed.

DON HALL

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

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. My statement regarding the revised exhibits is correct, it's to reflect the Vickers lease?

A. That's correct, yes.

Q. Okay.

A. As depicted in Exhibit B-2.

Q. Okay. All right. State your name for the Board, who you're employed by and in what capacity.

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

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

A. Yes.

Q. And you're familiar with the application that we filed seeking to pool any unleased interest in this unit, which was dated February the 16th, 2007?

A. Yes.

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

A. We do.

Q. And prior to the filing of the application, were efforts made to contact each of the respondents within the unit and an attempt made to work out a voluntary lease

agreement with each?

A. Yes.

Q. Now, what is the interest of Equitable under lease in the gas estate at this time?

A. Currently, we have 89.33% of the gas estate leased.

Q. And the interest under lease to Equitable in the coal estate within the unit?

A. We have 100% leased.

Q. And all unleased parties are set out in revised Exhibit B-3?

A. They are.

Q. And...so, the percentage of the gas estate that remains unleased at this time is 10.67?

A. That’s correct.

Q. Okay. And there are no unknown or unlocateable respondents, is that correct?

A. That’s correct.

Q. And the addresses set out in revised Exhibit B to the application, to the best of your knowledge, are the last known addresses for the respondents?

A. They are.

Q. Are you requesting this Board to force pool all unleased interest as listed at revised Exhibit B-3?

A. Yes.

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

A. Yes.

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

A. We pay a five dollar bonus on a five year term with a one-eighth royalty.

Q. And in your opinion, do the terms you've testified to represent the fair market value of and the fair and reasonable compensation to be paid for drilling rights within this unit?

A. They do.

JIM KAISER: Mr. Chairman, with your permission and Mr. Hall's agreement, I would like to incorporate the testimony regarding the statutory elections afforded any unleased parties that was previously taken this morning in item 1901.

BENNY WAMPLER: Do you agree to those terms?

DON HALL: Yes, sir.

BENNY WAMPLER: That will be incorporated.

JIM KAISER: There is one other revision, I guess, to...I'm sorry, we do need to address for Ms. Pigeon's

purposes for the purposes of the order...I guess, really for our purposes since we're drafting the orders now, we do have a change in the address as to where we'll ask respondents... and that will be reflected in our election letters that we do send out with our recorded Board orders. There is a new address that respondents will be asked to send their elections to. That will be Equitable Production Company, P. O. Box 23536, Pittsburgh, Pennsylvania 15222, Attention: Land Administration (Nicole Atkinson). We've had a move of land administration from Charleston to Pittsburgh. Did you get all of that down?

(Ms. Pigeon indicates in the affirmative.)

JIM KAISER: We'll put that in the order.

Q. Mr. Hall, the Board does need to establish an escrow account?

A. That's correct.

Q. And that will cover...because of conflicting claims, that will cover any proceeds attributable to Tracts 4, 5, 6 and 7 in the unit, is that correct?

A. Yes.

Q. And who should be named operator under any Board order?

A. Equitable Production Company.

JIM KAISER: That's all I have of this witness at this time, Mr. Chairman.

BENNY WAMPLER: Questions from members of the Board?

JIM KAISER: That's right, you're the only witness I have?

(Laughs.)

JIM KAISER: That's all the land questions I have of this witness.

BENNY WAMPLER: I started to say, what are you going to do as your witness for your AFE?

JIM KAISER: I don't have my A game today.

Q. All right, Mr. Hall. What's the total depth of the proposed well?

A. It's 2361 feet.

Q. Estimated reserves?

A. 230 million cubic feet.

Q. Has an AFE been reviewed, signed and submitted to the Board as Exhibit C to the application?

A. Yes.

Q. In your opinion, does it represent estimate of the well costs?

A. It does.

Q. Can you state for the Board both the dry

hole costs and completed well costs for this well?

A. Dry hole cost is $129,438 and the completed well coss is $323,758.

Q. Do these costs anticipate a multiple completion?

A. They do.

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

A. Yes.

Q. In your professional opinion, would the granting of this application be in the best interests of conversation, the prevention of waste and the protection of correlative rights?

A. Yes.

JIM KAISER: Nothing further of this witness at this time, Mr. Chairman.

JIM KAISER: Mr. Hall, your contract footage shown on your AFE shows 2646.

JIM KAISER: That’s something different than what we testified to, yeah, 2361. That’s quite a bit different.

BENNY WAMPLER: I’m just asking for clarification.

DON HALL: Let me see what the top sheet says.

JIM KAISER: Sure does.

DON HALL: It is 2646.

BENNY WAMPLER: Okay.

Q. Okay. So, we need to correct...let me ask you, earlier we stated the total depth of this well would be 2,361 feet. We need to correct to make it 2,646, is that correct?

A. That's correct.

BENNY WAMPLER: Do you have anything further?

JIM KAISER: Mr. Chairman, we'd ask that the application be approved as submitted with the revised set of exhibits.

BENNY WAMPLER: Questions from members of the Board?

(No audible response.)

BENNY WAMPLER: Is there a motion?

BILL HARRIS: I move for approval.

PEGGY BARBAR: Second.

BENNY WAMPLER: Second. Any further discussion?

(No audible response.)

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

(All Board members signify by saying yes.)

BENNY WAMPLER: Opposed, say no.

(No audible response.)

BENNY WAMPLER: You have approval. Next is a

petition from Equitable Production Company for pooling of coalbed methane unit VC-537212. This is docket number VGOB-07-0320-1904. We'd ask the parties that wish to address the Board in this matter to come forward at this time.

JIM KAISER: Mr. Chairman, as a courtesy, Mr. Scott, has asked that...he has the last two items on today's docket and he wishes to continue those and he has asked if he might barge in for a minute and get that done.

BENNY WAMPLER: Okay. I'll call those. A petition from Pine Mountain Oil and Gas, Inc. for pooling of coalbed methane unit Lover's Gap 37, unit 77-Z, docket number VGOB-07-0320-1907 and docket VGOB-07-0320-1908. Any parties that wish to address the Board in this matter---?

TIM SCOTT: Tim Scott with Pine Mountain. Mr. Chairman, we'd ask that item fifteen or docket number 1907 be continued until April. Pine Mountain is currently attempting to get all of those parties leased and we'd ask that 1908 be withdrawn because we have a voluntary agreement with all the parties' respondent.

BENNY WAMPLER: All right continued and withdrawn. Any objection?

(No audible response.)

BENNY WAMPLER: Done. Thank you.

TIM SCOTT: Thank you, sir.

BENNY WAMPLER: Docket number VGOB-07-0320-1904 has been called.

JIM KAISER: Mr. Hall---.

BENNY WAMPLER: With no other parties, you may continue.

DON HALL

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Mr. Hall, if you'd state your name, who you're employed by and in what capacity.

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

Q. Are you familiar with the application that we filed seeking to pool any unleased interest in the unit for VC-537212 dated February the 16th, 2007?

A. Yes.

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

A. We do.

Q. Prior to the filing of the application, were efforts made to contact each of the respondents and an attempt made to work out a voluntary lease agreement with each?

A. Yes.

Q. What is the interest under lease to Equitable within the gas estate in this unit?

A. We have 91.24% of the gas estate leased.

Q. And what is the percentage of the interest under lease in the coal estate?

A. We have a 100% of the coal estate leased.

Q. Are all unleased parties set out in B-3 to the application?

A. Yes.

Q. And...so, the only interest in the unit that remains unleased is 8.76% of the gas estate, is that correct?

A. That’s correct.

Q. Okay, we don’t have any unknown or unlocateable interest owners, is that correct?

A. That’s correct.

Q. And the addresses set out in Exhibit B to the application, to the best of you knowledge, are the last known addresses for the respondents?

A. Yes.

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

A. Yes.

Q. Are you familiar with the fair market value of drilling rights in this unit and in the surrounding area?

A. Yes.

Q. Again, could you advise the Board as to what those are?

A. We pay a five dollar bonus on a five year term with a one-eighth royalty.

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

A. They do.

JIM KAISER: Mr. Chairman, again, with your permission and Mr. Hall's agreement, I'd like to incorporate the statutory election option testimony taken earlier in item 1901.

BENNY WAMPLER: Do you agree with those terms?

DON HALL: Yes.

BENNY WAMPLER: They will be incorporated.

JIM KAISER: And I'd also like to incorporate the new information regarding the...I guess, we already have incorporated it.

BENNY WAMPLER: That was part of that, yes.

Q. Mr. Hall, the Board does need to establish

an escrow account for this unit?

A. Yes.

Q. And escrow any proceeds attributable to Tracts 1 and 3, is that correct?

A. That’s correct.

Q. Okay. And who should be named operator under any force pooling order?

A. Equitable Production Company.

Q. The total depth for this well?

A. It’s 2,039 feet.

Q. And estimated reserves for the unit?

A. 330 million cubic feet.

Q. Has an AFE been prepared, reviewed, signed and submitted to the Board as Exhibit C?

A. It has.

Q. In your opinion, does it represent a reasonable estimate of the well costs?

A. Yes.

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

A. The dry hole cost is $118,766 and the completed well cost is $304,783.

Q. Do these costs anticipate a multiple completion?

A. They do.

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

A. Yes.

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

A. Yes.

JIM KAISER: Nothing further of this witness at this time, Mr. Chairman.

BENNY WAMPLER: Questions from members of the Board?

BILL HARRIS: Mr. Chairman.

BENNY WAMPLER: Mr. Harris?

BILL HARRIS: This is outside of the drilling window, is that correct?

DON HALL: Yes, it is.

BILL HARRIS: Is there a reason why that---?

DON HALL: I'm assuming it's a topographic condition. I don't deal with the location exceptions. Those are done through the permitting process. But I'm assuming it's because of the topographic constraints and so forth.

BILL HARRIS: That's all. Thank you.

BENNY WAMPLER: Other questions?

(No audible response.)

BENNY WAMPLER: Do you have anything further?

JIM KAISER: Mr. Chairman, we'd ask that this application be approved as submitted.

BENNY WAMPLER: Is there a motion?

PEGGY BARBAR: Motion to approve.

BILL HARRIS: Second.

BENNY WAMPLER: Second. Any further discussion?

(No audible response.)

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

(All Board members signify by saying yes.)

BENNY WAMPLER: Opposed, say no.

(No audible response.)

BENNY WAMPLER: You have approval. Next is a petition from Equitable Production Company for pooling of coalbed methane unit VC-537637. This is docket number VGOB-07-0320-1905. We'd ask the parties that wish to address the Board in this matter to come forward at this time.

JIM KAISER: Mr. Chairman, again, Jim Kaiser and Don Hall on behalf of Equitable Production Company.

BENNY WAMPLER: The record will show no others.

You may proceed.

DON HALL

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Mr. Hall, again, state your name, who you're employed by and in what capacity.

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

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

A. They do.

Q. Are you familiar with the application that we filed February the 16th seeking to pool any unleased interest within this unit?

A. Yes.

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

A. We do.

Q. Now, prior to the filing of the application, were efforts made to contact each of the interest owners within the unit and an attempt to work out a voluntary lease agreement?

A. Yes.

Q. Okay. What is the interest under lease to Equitable within the gas estate in this unit?

A. We have 96.07% of the gas estate leased.

Q. And the interest under lease to Equitable in the coal estate?

A. A 100%.

Q. All unleased parties are set out in B-3 to the application?

A. They are.

Q. So, the only interest in the unit that remains unleased is 3.93% of the gas estate?

A. That’s correct.

Q. We don’t have any unknown or unlocateable interest owners in this unit, do we?

A. No.

Q. Are you requesting this Board to force pool all unleased interest as listed at Exhibit B-3 to the application?

A. Yes.

Q. Again, are you familiar with the fair market value of drilling rights in this unit and in the surrounding area?

A. Yes.

Q. Could you advise the Board as to what those

are?

A. We pay a five dollar bonus on a five year term with a one-eighth royalty.

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

A. They do.

JIM KAISER: Again, Mr. Chairman, with your permission and Mr. Hall's agreement, we would incorporate the election option testimony taken previously in 1901.

BENNY WAMPLER: Do you agree to those terms?

DON HALL: Yes.

BENNY WAMPLER: Those will be incorporated.

Q. Mr. Hall, in this particular unit, we do have an Exhibit E and the Board will need to establish an escrow account for any proceeds attributable to many tracts, Tracts 1, 3, 6, 7, 8, 9, 10, 11, 12, 13, 14 and 15?

A. That's correct.

Q. So, 1 and 3 and 6 thru 15. And who should be named operator under any force pooling order?

A. Equitable Production Company.

Q. And what's the total depth of this proposed well?

A. 2663 feet.

Q. And estimated reserves for the unit?

A. 230 million cubic feet.

Q. Has an AFE been reviewed, signed and submitted to the Board as Exhibit C to this application?

A. Yes.

Q. In your opinion, does it represent a reasonable estimate of the well costs?

A. It does.

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

A. The dry hole cost is $133,277 and the completed well cost is $345,146.

Q. Do these costs anticipate a multiple completion?

A. They do.

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

A. Yes.

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

A. Yes.

JIM KAISER: Nothing further of this witness at this time, Mr. Chairman.

BENNY WAMPLER: Questions from members of the Board?

(No audible response.)

BENNY WAMPLER: Is there a motion?

BILL HARRIS: Motion to approve.

PEGGY BARBAR: Second.

BENNY WAMPLER: Second. Any further discussion?

(No audible response.)

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

(All Board members signify by saying yes.)

BENNY WAMPLER: Opposed, say no.

(No audible response.)

BENNY WAMPLER: You have approval. Next is a petition from Equitable Production Company for pooling of coalbed methane unit VC-537258. This is docket number VGOB-07-0320-1906. We'd ask the parties that wish to address the Board in this matter to come forward at this time.

JIM KAISER: Mr. Chairman, again, Jim Kaiser and Don Hall on behalf of Equitable Production Company.

BENNY WAMPLER: The record will show no others. You may proceed.

DON HALL

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Mr. Hall, are you familiar with the application that we filed seeking to pool the one unleased interest in this unit?

A. Yes.

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

A. We do.

Q. Prior to the filing of the application, did you attempt again to work out a voluntary lease agreement with Ms. Shultz?

A. Yes.

Q. I guess, gosh, we force pooled her a half dozen times.

A. Two or three.

Q. What is the interest under lease to Equitable in the gas estate?

A. We have 94.79%.

Q. And in the coal estate?

A. 5.21%.

Q. No, no, that’s the unleased percentage.

A. I’m sorry, the coal estate is 100%...the

same percentage, 94.79.

Q. So, both the...we don’t have any conflicting claims here?

A. No.

Q. Both the...both the...the unleased portion is represented by here ownership in Tract 3, which means both the gas and coal estate we have 94.79% under lease and the percentage of both estates that remains unleased is 5.21%, right?

A. That’s correct.

Q. Okay. No unknown or unlocateable owners?

A. No.

Q. Are you requesting the Board to force pool all unleased interest as listed at Exhibit B-3 to the application?

A. Yes.

Q. Again, are you familiar with the fair market value of drilling rights in this unit?

A. Yes.

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

A. We pay a five dollar bonus on a five year term with a one-eighth royalty.

Q. In your opinion, do these terms represent

the fair market value of and the fair and reasonable compensation to be paid for drilling rights?

A. They do.

JIM KAISER: With Mr. Wampler and the Board's permission and your agreement, I'd like to incorporate the election option testimony previously taken in 1901 again.

BENNY WAMPLER: Do you agree with those terms?

DON HALL: Yes.

BENNY WAMPLER: They will be incorporated.

Q. Now, in this particular unit, we do not need to establish escrow account, correct?

A. That's correct.

Q. And who should be named operator under any order?

A. Equitable Production Company.

Q. And the total depth of this proposed well?

A. 2361 feet.

Q. The estimated reserves for the unit?

A. 330 million cubic feet.

Q. Has an AFE been reviewed, signed and submitted to the Board as Exhibit C?

A. It has.

Q. In your opinion, does it represent a reasonable estimate of the well costs?

A. Yes.

Q. Would you state for the Board both the dry hole costs and completed well costs for this well?

A. The dry hole cost is $122,655 and the completed well cost is $(inaudible)67,356.

Q. Do these costs anticipate a multiple completion?

A. They do.

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

A. Yes.

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

A. Yes.

JIM KAISER: Nothing further of this witness, Mr. Chairman.

BENNY WAMPLER: Questions from members of the Board?

(No audible response.)

BENNY WAMPLER: Is there a motion?

PEGGY BARBAR: Motion to approve.

BILL HARRIS: Second.

BENNY WAMPLER: Second. Any further discussion?

(No audible response.)

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

(All Board members signify by saying yes.)

BENNY WAMPLER: Opposed, say no.

(No audible response.)

BENNY WAMPLER: You have approval. Thank you.

JIM KAISER: Thank you.

DON HALL: Thank you all. Board members, the minutes were distributed from the last meeting. I'd ask a motion for approval unless there's corrections or additions.

PEGGY BARBAR: Motion for approval.

BENNY WAMPLER: We have a motion to approve the minutes. Is there a second?

BRUCE PRATHER: I'll second it.

BENNY WAMPLER: Mr. Prather seconds. Any further discussion?

(No audible response.)

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

(All Board members signify by saying yes.)

BENNY WAMPLER: Opposed, say no.

(No audible response.)

BENNY WAMPLER: We have approval of the minutes. Now is the public comment period. Anyone here who would like to make a comment to the Board?

(No audible response.)

BENNY WAMPLER: Hearing none, this hearing is---.

JIM KAISER: Well, I would. I missed...I guess, I got here a little bit late and missed the introduction. I'd like to welcome Mrs. Dye to the Board.

KATIE DYE: Thank you.

JIM KAISER: We're glad to have you. If there's anything I can help you or if you have questions that I can help you with, I'll give you a card and feel free to give me a call.

KATIE DYE: I appreciate that.

BENNY WAMPLER: Yeah, we're glad to have you. I didn't say anything when you introduced early on because I didn't want to flag you for everybody at that time, but we are pleased---.

KATIE DYE: I'm sure they recognized a new face here.

BENNY WAMPLER: We are pleased to have you.

KATIE DYE: Well, thank you very much.

JIM KAISER: So, we're back to a full seven?

BENNY WAMPLER: We are. All positions are filled. Thank you very much. Hearing is closed.

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 under my supervision.

Given under my hand and seal on this the 9th day of April, 2007.

NOTARY PUBLIC

My commission expires: August 31, 2009.