

VIRGINIA:

IN THE COUNTY OF WASHINGTON

VIRGINIA DEPARTMENT OF MINES, MINERALS AND ENERGY

VIRGINIA GAS AND OIL BOARD

MAY 15, 2007

APPEARANCES:

BOARD MEMBERS:

MARY QUILLEN - PUBLIC MEMBER

PEGGY BARBAR - PUBLIC MEMBER

KATIE DYE - PUBLIC MEMBER

BILL HARRIS - PUBLIC MEMBER

DONNIE RATLIFF - COAL 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

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

MARY QUILLEN: Mary Quillen. I'm the Director of Graduate Programs for the University of Virginia here at the center and I'm a public member.

PEGGY BARBAR: Good morning. I'm Peggy Barbar, Dean of Engineering at Southwest Virginia Community College, a public member.

KATIE DYE: I'm Katie Dye and I'm a public member from Buchanan County.

DEANIS SIMMONS: I'm Deanis Simmons representing the office of the Attorney General.

BILL HARRIS: I'm Bill Harris, a public member from Wise County. I'm on the faculty at Mountain Empire Community College.

DONNIE RATLIFF: I'm Donnie Ratliff with Alpha Natural Resources. I represent coal.

BRUCE PRATHER: I'm Bruce Prather. I represent the oil and gas industry.

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

Staff of the Board.

BENNY WAMPLER: Thank you. The first item on the agenda today is petition from CNX Gas Company, LLC appealing a decision by the Director of the Division of Gas and Oil to deny issuance of permits subsequent to an Informal Fact Finding Hearing 19607. This is docket number VGOB-07-0417-1909. It was continued from April. 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.

JEFF TAYLOR: Jeff Taylor with GeoMet.

TOM MULLINS: Tom Mullins and Pebbles Deel from the Street Law Firm representing GeoMet.

GEORGE MASON: George Mason, attorney, representing LBR Holdings, LLC here in support of GeoMet and in opposition to CNX's appeal.

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

MARK SWARTZ: We have another item that's identical. It's number six on the docket. I think it would make sense to consolidate that.

TOM MULLINS: No objection.

BENNY WAMPLER: No objection?

TOM MULLINS: No objection.

GEORGE MASON: No objection.

BENNY WAMPLER: Yeah, I'll go ahead and call the petition to appeal a decision by the Director in docket number VGOB-07-0417-1921. 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.

JEFF TAYLOR: Jeff Taylor with GeoMet.

TOM MULLINS: Tom Mullins and Pebbles Deel from the Street Law Firm in Grundy representing GeoMet.

GEORGE MASON: George Mason, attorney, representing LBR Holdings, LLC in support of GeoMet and in opposition to the appeal of CNX Gas Company.

BENNY WAMPLER: Thank you. You may proceed, Mr. Swartz.

MARK SWARTZ: A very simple issue. Mr. Wilson has held in his two decisions, they're consistent with each other fortunately, so you don't have a distinction between them. Mr. Wilson has held that he, as the Director of the Division of Gas and Oil, can only entertain permitting applications from a designated operator if a unit has been pooled by the Board and operator has been designated. The reason that CNX has appealed is, frankly, it was our impression during the numerous pooling hearings that we had

when we were arguing about whether or not permits could be obtained and so forth that the Board was suggesting, at least in our view, that the pooling process was a separate process. That they were not going to attend to whether or not someone could obtain a permit. They were going to essentially punt that issue to Mr. Wilson. Somewhat to our surprise, although it was certainly an option that he had, he has determined that once this Board has designated an operator he feels that that order of designation divests him of jurisdiction to entertain an application from someone else. We're here simply to seek your guidance in that regard. I think it's...you know, it's an issue that we've been around and around with you for the last six months or so. I don't think I need to say anything beyond that. That's a problem. You need to either say, yeah, that's what we had in mind or not and that's my...that's my issue.

BENNY WAMPLER: Mr. Mullins.

TOM MULLINS: Yes. First, in each on of the files we've noted our written objections. I ask to incorporate those written objections. I think what Mr. Wilson has done, it has been the practice of the Agency from its inception and that is if a unit operator has been designated, that unit operator gets the permit. This is the first and only occasion that I'm aware of that the Board has appointed or

designated a unit operator and then another operator try to come in and permit a well in a unit for which they are not designated. The Code Section that governs the force pooling provisions, and I think this was also designated (inaudible) at a prior hearing, addresses what the contents of a Board order...what a Board order is to contain and that provision basically states that the Board is to designate who the operator is going to be that has the right to conduct operations in that unit. The statute has been around since 1990. The Board's orders reflect that. All Mr. Wilson did was apply that law once the unit operator has been designated by this Board is to limit the designation of who can obtain a permit to conduct operations in that unit. It has not been addressed because nobody else has ever tried to do it. The Board has knowledge that there has been many attempts by CNX to stop Consol...excuse me, to stop GeoMet from developing these units. This is just another one of those attempts. I think the law is clear. Mr. Wilson's opinion is right on point. By the way, there were coal owner objections as well. So, I think this is more than just a consideration of whether his rationale was correct in the unit designation/permitting issue. There were also coal owner objections. So, this Board cannot reverse his decision on those grounds because that...that pretty much is

a veto power as this Board has viewed it in the past. Thank you.

BENNY WAMPLER: Mr. Mason.

GEORGE MASON: I also appeared on behalf of the coal owner and the royalty owner, LBR Holdings, LLC. Just like Mr. Mullins said, the distinct issue was that we objected as we could under the statute if there's another well in existence or permitted or a permit on...permit application being held by the Virginia Division of Gas and Oil on file. So, we objected in all instances as a coal owner to that, which is by the statute. The Director cannot issue the permit if the coal owner objects. We also said there was not an alternate acceptable location. So, there's a separate ground on which the Director could hold as far as denying the permit applications for CNX Gas Company.

BENNY WAMPLER: Mr. Swartz.

MARK SWARTZ: My responses with regard to why this hasn't come up before, I don't think we've ever had an operator file pooling applications before who can't drill the wells. We've got twenty-eight units here that you pooled in November and December for GeoMet. It is now May. Not one permit application has been filed in any of those units by GeoMet. My contention is they don't file them because they can't get them. We were in front of the Board,

you know, in November, December and January saying, please consider the fact that the...that GeoMet cannot get a permit and the response was, I understand and I don't have a problem with that, take that up with Mr. Wilson. The way that we take it up with Mr. Wilson is to file for a couple of permits in these units. His response was, and I'm not arguing necessarily with his response...I mean, you can read the statute that way or you can read it another way. But his response was, "I know you feel like they sent you to me, but I'm sending you home." So, you know, the guidance that we need on both of these Appeals is, bearing in mind that GeoMet apparent...well, GeoMet has not applied for any permits in any of these units and it has been our contention along that they can't get them. We need you to decide, you know, whether or not having appointed an operator who doesn't apply for permits, does that bar other operators from coming into a pooled unit and saying, well, we'll develop it? That's the simple issue. That's my response.

BENNY WAMPLER: Mr. Wilson.

BOB WILSON: Yes, sir. I would like to say a couple of things relative to the importance of this particular issue. Everybody has pointed out basically that this is something new that has not come before the Board or the Division before because in the past we have basically

dealt with operators who were not overlapping each other. So, this is a new issue. It's a new question that has been brought before the Division and now the Board. It has importance beyond this particular Appeal and this particular set of permit applications.

Now, as you will remember, we incorporated...the Chairman incorporated the two Appeals for this one set of testimony. The first Appeal has to do with the decision that I rendered after an Informal Find Finding Hearing in our office in which the permits were denied. They were actually denied on other grounds as well, as has been pointed out, because of coal owner objections. However, the second Appeal involves two permit applications that had been submitted by CNX in units that were eventually pooled by GeoMet and which GeoMet was named the operator. Those two permits were denied based on that. So, we have two separate but very similar issues here. If you read the decision that I wrote relative to the Appeal under 1909, I stated in there that not only would that apply to this decision, but it's going to apply to all of my decisions from now on unless I'm instructed otherwise. Again, it's a question that has not come up before. It's a question that has to be answered so the operators know how they can go forward and that's basically why we're here today.

That being said, my reasoning for issuing the decision that I did, hinged entirely on or dominantly on, I guess I should said, the section of the statute 45.1-361.21(C) which says that, "The Board in all pooling orders will designate the oil and gas owner who is authorized to drill and operate the well in the unit." Prior to a pooling order, there are no constraints in my mind as to who can apply for a permit application. We have discussed this back and forth as to how much the permit...the permitting process is important to the pooling process. It has been pretty much decided that they're mutually exclusive. If the Board is going to assess whether or not somebody can get a consent to stimulate, then the Board is going to have to assess whether or not their soil and erosion control plan is correct and whether or not they have notified the proper people and this sort of thing. So, the Board is going to take over permitting...in the extreme, could take over permitting duties on these things and have to assess every aspect of the permit. I think that is, again, confirmed to what the Board has done in the past. It is the practice that we are continuing with an assessment of permits. However, once a pooling order has been issued, this Board has decided that whoever they have named and for whatever reason is the person that is, and this is a quote,

"authorized to drill and operate the well", which to me excludes all other operators. If we entertain competing permit applications in a unit for which only one operator has been named, I think you can see that we could possibly end up in a bit of a chaotic situation insofar as permitting is concern. If somebody is upset with a pooling decision, they can start filing blanket permit applications to basically tie up units.

There other things involved. The coal owner veto is affected by any well that is either permitted or there's a permit application for it and filed. The field rules authorize the drilling of one well per unit unless the Board has authorized the second well as it has been done in a number of the units. So, any permit that is granted in that unit for a non-operator interferes with the operations to be conducted by the person that the Board has designated as operator. This is my reasoning for that particular decision.

The reasoning for denying the permit applications that CNX submitted under the docket number 1921 that we're looking at today, there were two permits that they had applied for early on in units that eventually were named or pooled by GeoMet and then GeoMet was named operator. I, under the authority that was granted by the statute...the

statute grants the Director the authority to issue, condition and revoke permits, I denied that permit application because CNX was not the designated operator in that unit. You can conceive lots of situations that could come out of this. In theory, an operator could have a permit application in, could get a permit issued and then the Board could designate a different operator for that unit. Under that condition, then we would have to exercise our authority to revoke that permit if my thinking is correct and if you affirm that.

That's all I have to say relative to the decision at this time. Thank you.

BENNY WAMPLER: Questions from members of the Board?

MARY QUILLEN: Mr. Chairman, I have a question.

BENNY WAMPLER: Ms. Quillen.

MARY QUILLEN: I just...I'd just like this clarified. And if my memory is pretty good, that in most cases when pooling was approved a permit had either been applied for or had been issued in most cases. It could be that there are some that I'm not aware of, but in most cases. I'm I correct?

BOB WILSON: I don't have any numbers on that, but statistically I would say that there's a...there's a greater

probability when it comes to...by the time it comes before the Board that a permit has been applied for by somebody. That is not always the case and it is not a requirement.

MARY QUILLEN: Right.

BOB WILSON: Generally, though---

MARY QUILLEN: Okay.

BOB WILSON: ---if the operator is to the point of pooling the unit they're also pretty much getting ready to drill it, which would mean they've applying for a permit.

MARY QUILLEN: Right. And, again, just for own clarification, the time frame...between issuing the permit or the pooling order, is there any time frame that...after pooling has been approved that a permit must be applied for?

BOB WILSON: The pooling orders have a two year duration, after which if operations have not been commenced, then the pooling order expires. That's the only time limit.

MARY QUILLEN: Okay. Is there any time limit or time frame on the...from the appointment of a designated operator, is there a time frame that it would expire or---?

BOB WILSON: Yes. Excuse me.

MARY QUILLEN: ---is it two years also?

BOB WILSON: Yes, ma'am.

MARY QUILLEN: Okay.

BILL HARRIS: Mr. Chairman.

BENNY WAMPLER: Mr. Harris.

BILL HARRIS: I have a similar question. You started to ask the question that I was going to ask and then went into a different direction. In the past, I've noticed that we have had cases where the permit was already issued when we were actually faced. How does this happen? I guess I should be aware of this. But if you will just, for my information, because I know we've come and, you know, has a permit been issued? We've had that question, well, yes it has. Well, I've thought, well, you know, if we haven't designated a particular company as an operator how does that come about. So, could you explain maybe how this comes about?

BOB WILSON: Yes, sir. Again, it goes to the independence of the two processes, I think. As I said earlier, in the past we've had no problems with this because the operators has been operating basically in their own spheres and haven't been overlapping. It's changing drastically now days, of course. The permits can be issued at any time. We do not, as part of the permitting process, assess whether or not the operator has leases or other control on the operations they have proposed. They sign a sworn statement saying that they have the right to conduct operations as proposed in that permit application and that

is required by law for us to have is that sworn statement.

We have in the past visited this with the Attorney General's office. We do not have a formal opinion of this, but we were instructed that if an operator permits and drills a well and does not have the proper control, either through leasing and pooling of the acreage within that unit, then that operator is liable for trespass action by the owners of that mineral estate. It's not...it basically shifts the liability to the operator to make sure that they have all of their ducks in a roll as it were to...before they actually produce a well.

BENNY WAMPLER: I might add just one thing to that. The pooling statute is permissive. It's not mandatory. They're running a risk. If they wanted to run...go out and drill wells and run the risk of trespass, they have that option. Pooling is an option to come before the Board. That's the real distinction to it. There's no mandatory that you have to have a pooling order from the Board in order to drill the well. It's a protection. Other questions? I interrupted you.

BILL HARRIS: Yeah, you did. I'm not sure how to ask the other one. But once we designate...well, see that just raises another issue about the pooling being separate from designating an operator then.

BOB WILSON: No, the pooling is not separate.

BILL HARRIS: Pooling---.

BOB WILSON: The permitting separate.

BILL HARRIS: The permitting.

BOB WILSON: Yes.

BILL HARRIS: When an operator is designated as an operator, are there other operators that can be qualified as operators for that particular group of...for that particular unit---?

BOB WILSON: In my mind, that's part of the-

BILL HARRIS: ---or is exclusive once---?

BOB WILSON: ---question that we're addressing today. My decision would say, no, there is not. Once the Board has designated an operator and said who has the authorization to a drill a well in that unit that nobody else has the opportunity to do that. Prior to that, it would be based on whoever got their permit issued first.

BENNY WAMPLER: Other questions from members of the Board?

(No audible response.)

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

MARK SWARTZ: The only thing, just to make sure, Mr. Wilson said this a couple of times, but I'm not sure he

said as directly as I would have liked. In the one appeal, the permits were actually filed before the pooling application was filed. You said you had them, but I mean they---.

BOB WILSON: That's correct.

MARK SWARTZ: ---were filed...CNX had filed two permit applications. I think that's the number six on the docket. But we had actually filed two well permit applications before GeoMet filed a pooling application and then essentially what Bob decided was the ultimate order from the Board in that pooling application divested him of jurisdiction to entertain those permits because they hadn't been issued yet. But that was the timing.

BOB WILSON: I agree with that.

BENNY WAMPLER: Mr. Mullins.

TOM MULLINS: The only other thing is the distinction that the Chairman made. The permitting is mandatory. You can't operate without the permit. The pooling provision is a protective thing to make sure that you have all of the interests in hand. Some folks choose to permit and drill before they made sure they're not trespassing and some folks choose to make sure they're not a trespasser before they drill. It really depends on the order in which you want to proceed. The Director has made a

decision and we feel that is the correct decision.

BENNY WAMPLER: Mr. Mason.

GEORGE MASON: LBR Holdings agrees with Mr. Mullins, you know, and also Mr. Wilson. Just one other thing. As to item number six, as the owner of the coal and royalty owner, LBR Holdings had filed written objections to those two permits. I think they are B-52 and B-52A, which are number six on the item. So, we had filed objections which would be a distinct and separate ground that he could find if he went forward with an Informal Fact Finding Conference. We would object. That basically would be a veto as to those two permits.

BOB WILSON: Mr. Chairman.

BENNY WAMPLER: Mr. Wilson.

BOB WILSON: In that regard, let me say that the letter that I sent to CNX denying those permits actually stated that objections to permit applications had been filed by LBR Holdings and GeoMet Operating Company coal and gas owner respectively of properties within the unit. "By copy of this letter Counsels for the objecting parties are notified that their objections are mute due to the permit denial. In the event of Appeals, the permit application and objections will be held and remain viable until final disposition." But they...there have been hearings in this

issue relative to anything else.

BENNY WAMPLER: Right.

MARK SWARTZ: If I might---

BENNY WAMPLER: Mr. Swartz.

MARK SWARTZ: ---the trespass issue is kind of tricky. The pooling protects you against a different trespass than drilling. You know, if you drill a well on a surface that you have an agreement with regard to...or a lease with regard to, you're not a trespasser. What the Chairman was talking about in terms of trespass or what Bob was talking about in terms of trespass is if you produce a well in a unit where you do not have leases or a pooling order or the entire unit under control, then the production of the gas becomes a different trespass. So, it's not...you can drill a well without trespassing, but you might not be able to produce it without pooling it. I think that's an important distinction. You know, it's not...they're different kinds of problems.

TOM MULLINS: I disagree. I don't think that is the law. I think that once you've drilled a well and the Board has established units, you have trespassed on the entire unit as to the ability to get the gas out and you have impinged the rights of all of those facts that have mineral interests in that unit. So, it is a trespass to the

entire unit or a potential trespass to the entire unit. So, trying to say if we're on the right drilling pad is not exactly where we are because once unitilization has taken place, then you have to look at it as a unit. If you get a permit that sterilizes the unit and you have committed a trespass of prevention of getting the minerals out. So, that's a distinction that has not been made, but is one that I think is very viable and needs to be recognized.

MARK SWARTZ: That argument, in my view, is completely bogus, but I would employ it to suggest that if you pool a unit that you can't drill using his rational, you've sterilized the unit---

TOM MULLINS: And we're talking about---

MARK SWARTZ: ---and that's the problem here. I mean the problem here is if you pool a unit and appoint an operator who can't get a permit, that is the bottom line here. Somebody ought to address that. So, if we're not going to address it in front of the Board, maybe we ought to address it in front of Mr. Wilson. That's the real issue on these Appeals because if you don't, you never get an opportunity to address that question. Can the Board's operator actually drill the well if you...because if you let him consider the permit applications, then somebody has got an opportunity to come back here and say, "I've got a permit

or they can't get a permit. You need to change the designated operator" I mean, that's...that's the whole issue here.

BILL HARRIS: Mr. Chairman.

BENNY WAMPLER: Mr. Harris.

BILL HARRIS: But don't we have two years though once that operator is designated to permit and start drilling? I'm not sure of the exact nature of that. Are we assuming or presuming that the permit is not force coming? I mean---

MARK SWARTZ: Well, here is my problem. If you come in to...I mean, Mr. Mason is making this argument to you and maybe you're under appreciating it, but he's saying I represent a coal owner who has essentially a veto power to prevent the issuance of a permit. Well, Island Creek also has that same veto power. All of the coal in all twenty-eight of the units that we're talking about is leased by Island Creek. So, this is actually a situation where, you know, we could come in and offer testimony that GeoMet is unacceptable to Island Creek and they're not going to give them a consent to stimulate or that Island Creek is going to assert the 2500 foot objection just like Mr. Mason is in here saying, "My clients has asserted that objection and essentially have a veto power." The problem is, and you're

right, the order will expire in two years. But for a Board that's charged with fostering development, if you know going in or you have an opportunity to know going into designating an operator that the operator can't drill a well or can't follow through, you've essentially appointed someone who can't exercise due diligence to develop the resources. And to say that two years is irrelevant, I think, probably we shouldn't be saying that. You know, that we shouldn't...you know, we shouldn't take the position that, oh, it's only two years and it doesn't matter who we appoint. I think it should matter and I'm not saying you're saying that, but I think that's---

BILL HARRIS: No, no, no, I'm not saying that.

MARK SWARTZ: ---an important question that really hasn't had a chance to get addressed because, you know, the last time we were here essentially, the Board was saying, "Well, it's really permitting issue and we don't want to get distracted on that." Then we get to Mr. Wilson, and I understand his decision as well and I'm not saying that he ran off and did something crazy, you know, but it has created a problem because we don't get an answer to the question, can the Board's operator actually prosecute development of the unit with diligence?

BENNY WAMPLER: Mr. Mullins.

TOM MULLINS: He has certainly made some presumptions that we cannot get a permit. I don't think that's accurate. The last time that we came before this Board we raised an issue that, unfortunately, hadn't been presented to the Director. The Board said since it hadn't been raised before the Director, we cannot consider it and that's currently on Appeal to the Circuit Court. But there's something a large issue and that is pending before the Circuit Court of Buchanan County right now as to whether Island Creek is a coal operator in these sections. Because you are a lessee of coal doesn't make you an operator of coal. And what they are is a lessee. They're designated under the statute as a coal owner and not as a coal operator because of their status of lease ownership and that's it. That issue is going to be addressed by the Circuit Court and the permitting process is a little broader than just filing some paperwork. We're proceeding with the permitting process by having that appeal before the Circuit Court on that issue. So, when he says that we're not doing anything to perfect permitting, we are. We're getting that issue raised by them, addressed by the Circuit Court. Their issue about... concerning whether the cart should come before the horse or whether the horse should come before the cart, they've Appealed that issue too. Your decisions on the

force pooling, there have been...as I understand it, I have not received my copies yet, but it's my understanding notices of Appeal of all of those decisions have been filed and those cases are going to the Circuit Court of Buchanan County for that issue to be addressed. That's a de novo trial. They get to try the whole case over again. So, that issue will be addressed. We're here now and we've got a little bit far afield from what was presented before the Director. We're here on the permitting issue and it's a very simple question. The statute says once you have entered an order, you have designated the operator who can conduct operations in that unit. That's what the statute by which your order is written says in very clear and plain language. I think that, unfortunately for your discretion, I think that ties your hands. You have to follow the statute. That's what the Director has done and I think that's what this Board is going to be required to do based on the statute and the Director's interpretation. His interpretation does, as far as interpretation, carry weight as far as influence. It's sort of like lawyers like to cite case law. Decisions by the Director carry weight before this Board as well.

BENNY WAMPLER: Mr. Mason.

GEORGE MASON: We agree...LBR Holdings, LLC agrees

with everything that Mr. Mullins has said. Eventually, I think you need to affirm the decision of Mr. Wilson and they will have the opportunity to Appeal it to the Buchanan Circuit Court where it can be considered again de novo.

MARK SWARTZ: I'm just going to get George a big rubberstamp. But I'm through.

BENNY WAMPLER: Other questions from members of the Board?

MARY QUILLEN: Mr. Chairman, I have just one question---

BENNY WAMPLER: Ms. Quillen.

MARY QUILLEN: ---for Mr. Swartz. You have mentioned several times that the reason that they can't proceed with the permitting application for these fourteen...I'm little confused about the twelve units and the two units. The two units have been referred to as the ones that the coal owner, I guess, has objected to.

MARK SWARTZ: There are...I'm just going to say there are actually twenty-eight units in play.

MARY QUILLEN: Right.

MARK SWARTZ: The well locations in the plats that were submitted to the pooling orders are all on LBR Holdings coal, which is all leased to Island Creek. So, when we're talking about objections, the same parties are involved. If

that helps, I don't know.

MARY QUILLEN: Oh, okay. That clarifies it then.
So, both parties are involved in that same dispute---?

MARK SWARTZ: There's a relationship.

MARY QUILLEN: ---with the coal either ownership
or operator or whatever?

MARK SWARTZ: Right, right.

MARY QUILLEN: Okay. That--.

MARK SWARTZ: That's the nexus.

MARY QUILLEN: Okay. That makes sense.

BENNY WAMPLER: Other questions?

(No audible response.)

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

BOB WILSON: A couple points of clarification.
The reference to our instruction from our Attorney General's
office, and this was quite a few years ago, basically said
that the drilling of the well itself is only concerned with
trespass if it doesn't have the right to drill on that
property that it's actually penetrating. The trespass issue
that we were told that the operator would be liable for
would be if, in fact, they produced gas from that unit that
they're supposed to have control on. Mr. Harris mentioned
commencement of operations, our definition of commencement

of operations is any ground disturbing activity that takes place on that permit. So, presumably if anybody got a permit and started building a site within two years, then we consider that commencement of operations. It's also of note that even when you get a permit, the permit is good for two years before you have to commence operations and can be extended for an additional two years with coal owner consent. So, basically, a permit is good for up to four years before you commence operations. That's all I have.

BENNY WAMPLER: Other questions from members of the Board?

(No audible response.)

BENNY WAMPLER: Is there a motion?

DONNIE RATLIFF: I move to affirm the Director's opinion, Mr. Chairman.

BENNY WAMPLER: Motion to affirm the opinion.

PEGGY BARBAR: 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.

BENNY WAMPLER: One abstention, Mrs. Dye.

MARK SWARTZ: As long as we have everybody at the table, I filed a motion to stay and a motion to expedite, Mr. Chairman, with regard to twenty-eight notices of Appeal. It is a motion that the Board can, you deal with on its own under the statute, but I would encourage the Board today at some point or I'm not sure that you need to be...I guess you do need to be in section to address this. But I've provided Mr. Wilson with copies of twenty-eight notices of appeal that I filed in GeoMet pooled units and a motion to stay the election period pending the appeals essentially. It involves the people at the table.

BENNY WAMPLER: We'll go ahead and entertain a discussion on this.

MARK SWARTZ: In a nutshell, there is a statute in the Virginia Administrative Code, which is referenced in the motion at page three at the bottom. It says, "This motion is made under 2.2-4028 of the Code of Virginia as amended, which provides..." and then I quoted from it at the top of page four. "When judicial review is instituted or is about

to be, the Agency concerned may, on the request of any party or on its own motion, postpone the effective date of the decision involved where it deems that justice so requires." To demonstrate that, you know, judicial review is about to be instituted. I've provided you with copies of the notices of Appeal that have been filed with Mr. Wilson. I think he got them on Thursday and possibly Friday, but I think it was Thursday. I'm really only focused on one portion of the order that I think ought to be stayed and I'm asking you to stay the time within which people pooled by the twenty-eight orders have to make an election. If they made an election to participate then accordingly they would have to pay their money. I have gone through the units, the twenty-eight units, and the last page of the motion and documents is a recap of the amount of money that just CNX would be required to deposit with the operator and it's over 4.7 million dollars if they were to elect to participate in all of these units and the relief that I'm seeking is to delay the election period and track it from a permit. So, what I'm asking you to do is to say for these twenty-eight matters that are going up on Appeal, you're going to stay everyone and not just CNX, but everyone's election period to run thirty days from receiving notice that the operator has got a permit. So, there's not harm to them. I mean,

there's...you know, they applied for a permit and they get a permit and thirty days later they've got their objections. If they never applied for a permit, well then people don't have to...have to make the elections. But essentially I'm tracking...I'm asking you to stay the elections only and to tract them to the issuance of a permit and if GeoMet gets twenty-eight permits or one permit as soon as they give notice that they've obtained a permit to the parties pooled, they will then have their same thirty days that they have under the order to elect and if they elect to participate they will have the same forty-five days from notice of...issuance of a permit within which to pay their money. Obviously, they can't drill a well until they have a permit. They cannot disturb the ground, you know. So, they don't need the money now. Once they get a permit, they will have an election in thirty days and they will have their money in forty-five days or not. So, I don't see any downside for them. I see a pretty significant consequence on...not just...because, you know, CNX is not the only party in these units that would have an option to participate. There's some other folks as well. So, that's in a nutshell what I'm asking to do is to stay this just that portion of your orders pending this Appeals.

BENNY WAMPLER: Mr. Mullins.

TOM MULLINS: Yes. First, I disagree with his citation of the general set of Code Sections that govern Appeals. The reason I do that is because those are general Code Sections. The Gas and Oil Act has a specific section that governs appeals and that controls appeals from this Board. That Code Section is 45.1-361.9. That Code Section changes significantly what an Appeal from this Board, how it is conducted and how it is handled. One is it's trial de novo. In an Agency practice that's a significant change. Generally, when you appeal a case you just review the action of the Agency based upon the record made before the Agency. That Code Section changes that and you get a brand new trial. You try the case all over again. The second thing that Code Section does, besides changing the entire procedure of how the case is handled on Appeal, it grants to the Circuit Court the power to enter interlocutory orders. That Code Section, it's subsection A, "The Court shall have the power to enter interlocutory orders as may be necessary to protect the rights of all interested parties pending a final decision." They've noticed their Appeal. They're in Circuit Court. That's the appropriate body to request this relief. It is not before this Board. The legislature changed the way Appeals occur from this Board. They superceded the Appellate...excuse me, the Agency Appeal

practice as set out in Title 2.2 and enacted a special Appellate procedure from decisions of this Board and granted to folks such as CNX a gas owner or gas operator the right to a trial de novo. They get to try the whole case over again. So, first jurisdictionally I'm not sure you retained jurisdiction to now do that since they have now taken this case to the Circuit Court by their notice of Appeal. Second, the statute says that the Court has the authority to enter the order since they have taken it to the Circuit Court. So, first and for most, I'm not sure this...my argument is this Board doesn't have the jurisdiction to do it. Second, I just got my packet now, okay. I did not get notice of this. I got a fax from Mr. Mason on Sunday, which I did not get until Monday because I did not go into the office until Monday morning. So, they've not provided proper notice for something of this magnitude to occur. Third, they're wanting to rewrite the rules. There has not been an occasion...there have been occasions that they have kept folks' money for two years and never drilled it yet. So, I guess it all depends on whose ox is being bored. But, first, I don't think you have jurisdiction. Second, I don't have notice. GeoMet does not have notice. GeoMet to my knowledge, unless they go it yesterday after 3:00 o'clock, did not get a copy of this either. Jurisdiction,

notice and you ought not to change the rules. That's my argument.

BENNY WAMPLER: Mr. Mason.

GEORGE MASON: I agree with everything that Mr. Mullins said on LBR Holdings. Thank you. In addition, the reason he got it is I got notice of this via parcel post on Saturday and just happened to spend the day in the office working for another client and found it and made some telephone calls and then faxed it to them on Sunday. My client, he got his on Monday and called me up to insure that I had it or he was going to hand-deliver it to me. So, I think the Board doesn't have jurisdiction. It's lost if the orders have been entered. The notice of Appeal has been submitted. Plus the other thing is that notices effective and defective as far as putting all the parties that should have notice knowing what's going to go on before this Board. Some of them probably have not yet received their packets and don't know what's going to be brought to this Board at this time. Thank you.

BENNY WAMPLER: We have a new party at the Board...at the table.

JIM KAISER: Mr. Chairman, Jim Kaiser representing Appalachian Energy. My client has CBM leases in two of the units that you issued orders for, C-38 and C-39, and we

would agree with Mr. Swartz's stance in principal and aside from all of the statutory quotes and regulatory quotes that you want to make. When I read the statute, the Board's primary function is to protect the correlative rights of the royalty owners within this unit and there's plenty of other royalty owners in this unit that aren't involved in the Circuit Court Appeal. There's a fairness issue here. If you don't stay the election period, then if they want to participate they're going to have to invest money for at least a two year period and maybe longer before they have any chance of seeing any return on it. So, because of the way the situation has been set up, I think that the Board is obligated to protect those interests under nothing but a Equitable fairness argument and stay that thirty day period.

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

BOB WILSON: In manner of opinion and not law, because I will have to lean on somebody else for that, it would seem reasonable to me to...if the Board can legally do so, stay the requirement that money be submitted up front because we know that these...all of these units are tied up in all kinds of litigation and quarrels and so forth and so on. As a matter of fact, having had complaints from other potential participates who have been pooled in the past, it may be something that the Board would like to revisit as to

the requirements in that their order as to when money is actually required to be deposited with an operator. As it stands now, you have to submit your money essentially right away. The operator is under no obligation to commence using that money until the order is nearing expiration or whatever might happen down the road, permit even expirations. So, it would seem, again, that we are realistically looking at units that are probably not going to go forward for a while because of litigation and this sort of thing, that the requirement that any potential participant put money up in advance would be bit of a heavy burden to ask not knowing when your investment is likely to be returned.

BENNY WAMPLER: I'm not going to put Ms. Simmons on the spot unless one of the Board members want to ask her. I'll tell you from my opinion, the Board has the authority to take action on an order that it has issued. It also has the authority to refer it to Court because it's here, again, a permissive that he has quoted that we may consider this under the APA. So, you know, I believe we do have the authority to act. Whether we choose to act is up to the Board.

BOB WILSON: Mr. Chairman, let time say one more thing if you don't mind. One thing that needs to be taken into consideration is the fact that the Board orders place

time limits. The clock is running and you essentially put people into a box that they either have to make their election and put up their money or their period for doing so expires and that election is never available to them.

BENNY WAMPLER: Right. Mr. Harris.

BILL HARRIS: Let me ask a question about this just procedure wise. If this does go to Court because of an Appeal of your decision, does this not automatically set in some type of a staying type of situation for that?

BENNY WAMPLER: No.

BILL HARRIS: It does not, okay.

BENNY WAMPLER: It's not automatic.

BILL HARRIS: Thank you.

MARK SWARTZ: To sort of stay...these orders were all issued in February. They were mailed...they were all mailed to my client on April the 24th. So, sixty days went by. They were mailed at a point in time that prevented us from getting them on this docket without expediting the hearing. If I set them for hearing in June, the election time would already have expired. I mean, that's why we're here with very little notice today because the timing was such that we couldn't get them...I mean, you couldn't get my motion on your docket today and if it's not addressed today, the time limits will expire before your next meeting. So,

you know, if you want to look at it in advance, I guess you could reach back. But if you want to look at it in advance, that's why we're here today on extremely short notice. The only other observation that I would make, we're not in the Circuit Court at this time point. You know, the Supreme Court's procedure for an Administrative Appeal is you file a notice of Appeal you've got thirty days to do that. We filed it actually within a couple of weeks. Then you've got, I think, it's another thirty days to file your Court action and that hasn't occurred yet. It will probably occur in the next week or two. But we're not in Circuit Court. So, I mean, I can't file a motion seeking the Circuit Court stay. Right now I'm still in front of you. So, that's...you know, that's where we are. Ultimately, there's no question that the Court can look at a stay. I guess the Circuit Court could vacate your stay. The Circuit Court could enter a stay. But, you know, right now my view is the statute says what it says and it says you have jurisdiction if you wanted to.

JIM KAISER: For instance---.

BENNY WAMPLER: Mr. Kaiser.

JIM KAISER: For instance, my client's election period would expire May the 28th.

BILL HARRIS: Thank you.

BENNY WAMPLER: Okay, thanks, Mr. Kaiser. Mr. Mullins.

TOM MULLINS: There are plenty of cases where folks have had to deposit money with Equitable or CNX or Appalachian or any operator and have their money sit there waiting on a unit to be drilled for the two year period. That is part and parcel the way this Board proceeds. If the Board wants to look at a whole set of change, I think that is something that the Board certainly ought to think about doing. However, the Board's order speaks for itself. They could have asked for this relief at the time the Board heard the argument. They failed to do that. I think they're barred by principals of res judicata. I don't have a full argument because I didn't get notice, okay. But they could have asked the Board if the Board was going to adopt an order of force pooling this that they stay that portion of the order. Second, one of the things that we're...we're now practicing in front of the Circuit, okay. But one of the things that if they put their money up they certainly will want to get a resolution of that issue before the Circuit Court and they won't drag their feet in that litigation. If there's money of theirs out there, they will want to get the case decided and get it expedited and get it decided. That's something that's not been pointed out here today.

Right now the money that's out there is GeoMet money. We've fronted a lot of money. That's something the Board has not heard but needs to recognize. There's a lot of investment that has been made not by them, but by GeoMet. The Board's standard orders say this. The fairness issue, what's good for the goose is good for the gander. This case can be tried in the Circuit with the parties cooperating certainly by this year, in my opinion. I'm willing to work with Mr. Swartz or any other Counsel to get it tried. But to change the rules because somebody Appeals, I think is inappropriate. I don't mean to disagree with the Chairman, but the way I read the statute, it says the Court shall have the power. That's mandatory language. So, if the Court has the mandatory power, I think that may divest the Board from that authority. But we have a question as to jurisdiction, we certainly have lack of notice. We have what's good for the goose is good for the gander. Thank you.

BENNY WAMPLER: Mr. Mason.

GEORGE MASON: I think it's also the same...first of all I agree with Mr. Mullins on his objections and his statement of the law, but also, you know, we're coming back...first of all, we had the objections to GeoMet, you know, with their motions for force pooling. Then we had the change...the other motions by Mr. Swartz to change the unit

operator, the same thing. We're coming back here for the third item. I think it's now ready and primed to be determined by the Buchanan Circuit Court and not here. I think that the Board has lost jurisdiction. As the statute says, under 45.1-36.9, on Appeals, "Any order or decision of the Board may be Appealed to the appropriate Circuit Court." Skipping a sentence, "The Court shall the power to enter interlocutory orders as may be necessary to protect the rights of all interested parties pending a final decision." He has already filed his notice of Appeal before...and it says in it that it goes to the Buchanan Circuit Court. So, we're already on that path. I think this Board doesn't have jurisdiction. There's lack of notice and effective... defective notice and this should be heard by the Circuit Court.

BENNY WAMPLER: I'm going to ask Ms. Simmons to inform the Board of its authority under the A.P.A., Administrative Process Act.

DEANIS SIMMONS: First of all, I have to disagree with Mr. Mullins with regard to your jurisdiction because even though there is a specific section dealing with Appeals under 45.1-361.23 you have the additional duties and responsibilities of the Board that are specified under 45.1-361.15 and that says under sub-part B without limiting your

general authority. "You shall specific authority to issue rules, regulations and orders pursuant to the provisions of the Administrative Process Act." Now, that being said, looking at the Code Section as cited by Mr. Swartz, you do have the ability to stay the order if you so choose. However, it is not mandatory. It is permissive. While they have filed a notice with that Court and may not have yet filed their petition stating the grounds or whatever, I do feel that they could go to the jurisdiction of the Circuit Court for purposes of a stay. Obviously, there would be bonds and so forth that would have to be posted with regard to that. But the bottom line is, I think it's within your direction should you choose to exercise it. But you are not required to do so.

BENNY WAMPLER: Questions from members of the Board?

(No audible response.)

BENNY WAMPLER: Is there a motion?

DONNIE RATLIFF: Mr. Chairman, I move that we grant the relief and extend the stay for the time on the election process.

MARY QUILLEN: Second.

BENNY WAMPLER: 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 the stay.

KATIE DYE: Abstain.

MARK SWARTZ: Thank you very much.

BENNY WAMPLER: One abstention, Mrs. Dye.

BOB WILSON: Mr. Chairman.

BENNY WAMPLER: Mr. Wilson.

BOB WILSON: Before we leave, how do we address
this from the standpoint of orders? Do we need to issue an
order for each of these units? The Board will have to have
something on record.

BENNY WAMPLER: I would think that would issue a
one page letter of the Board's decision informing the
parties that the stay has been granted until such time as a
Court decision...well, in accordance with the motion.

DEANIS SIMMONS: When the Court acts on that.
Because as I said, they have the right to ask for a vacation
of it and should the---

BENNY WAMPLER: Right.

DEANIS SIMMONS: ---Circuit Court choose to vacate it, they can.

JIM KAISER: Just reference all the units.

BENNY WAMPLER: And that will become something to be filed with the Court and notice to the parties.

TOM MULLINS: One of the things, we have a duty to, of course, notify all owners. It would be helpful if that order addresses what our duties are now because the prior order certainly told us what we needed to do. Now, I'm not sure what I need to do, if anything, or if the Board or Mr. Wilson is going to undertake to notify all folks. But we've got...we're in the middle of the process of giving notice to everybody. We're in midstream of the election process. So, we need guidance from this Board now, what do we do? Is...does the stay stay our requirement to make our next filing concerning what we got back or what we've gotten elections for in case we've already received elections and folks have already...I don't know that we have. I'm not suggesting that we have, but we may have gotten elections back from folks.

BENNY WAMPLER: Well, we've...you know, we haven't made a decision to make anything retroactive. We've stayed, you know, everything as of this date forward.

TOM MULLINS: But I guess I need guidance and

if...I'm suggesting to whoever the order writer is that I be given guidance on what I need to do or at least tell my client to do as far as notifying the interest holders because I don't know. I've never had this to happen before.

BENNY WAMPLER: We have the information to notice all of the parties that are included in these orders?

BOB WILSON: Yes, sir. We have the list of all people who were notified. I'm not that---

DEANIS SIMMONS: Do you normally require the party to notify them?

BOB WILSON: Yes.

DEANIS SIMMONS: That would be what I would---

BOB WILSON: I don't think we want to---

JIM KAISER: I would suggest that you just send a copy of Mr. Wilson's letter to everybody who is pooled. Notify them that the election period has been stayed.

MARK SWARTZ: And it's finite group of people---

JIM KAISER: Yeah.

MARK SWARTZ: ---who are listed in the notices of Appeal. I mean, it's not like some of these, you know.

BENNY WAMPLER: That's what I was suggesting.

MARK SWARTZ: Yeah, it's not a big deal.

DONNIE RATLIFF: Is Mr. Wilson going to do that?

BENNY WAMPLER: Yes.

TOM MULLINS: Thank you.

(Laughs.)

BENNY WAMPLER: Well, he has got the information.

BOB WILSON: Boy, I saw that one coming.

(Laughs.)

BENNY WAMPLER: He's trying to avoid. I understand.

DEANIS SIMMONS: I'm trying to help you, Bob.

BENNY WAMPLER: All right. Thank you. The next item on the agenda is a petition from Equitable Production Company for pooling of conventional gas unit V-536801. This is docket number VGOB-07-0417-1920. 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 on behalf of Equitable Production Company. I've got quite a bit of housecleaning to take care of here. As to this matter, we would like to announce that we wish to withdraw this petition. We were able to lease the one unleased party in the unit. So, we do now have a voluntary unit for that particular well.

BENNY WAMPLER: That matter is withdrawn.

JIM KAISER: As to items...I'm just going to use the docket number items. As to items three, four, twenty-

two and twenty-three, we would ask the Board's permission to continue these until the June the 19th hearing and we understand that this puts a burden on the Board...or on the DGO and the cost on the DGO to republish on. So, the parties have talked about this and we feel reasonably confident that when we come before you in June we will be ready to go forward with some sort of increased density application in some revised version thereof. We're giving you---

JILL HARRISON: Either we will reach an agreement or we will be ready to move forward.

BENNY WAMPLER: Okay.

JIM KAISER: Okay.

BENNY WAMPLER: Do you want to just state your name for the record?

JILL HARRISON: Jill Harrison. I'm with Alpha Natural Resources.

JIM KAISER: So that we don't have to----.

BENNY WAMPLER: That's twenty-two and twenty-three also?

JIM KAISER: Yes. Three, four, twenty-two and twenty-three.

BENNY WAMPLER: Okay. Let me go ahead and read those docket numbers. Docket number VGOB-89-0126-0009-08 is

being continued until June. Docket number VGOB-89-0126-0009-09 continued until June. Docket number VGOB-89-0126-0009-10 is continued until June. Docket number VGOB-89-0126-0009-11 is continued until June. Anything further?

JILL HARRISON: Thank you, Mr. Chairman.

BENNY WAMPLER: Thank you. The next item on the agenda is number five on the Board's docket. It's a petition from Equitable Production Company for disbursement of funds and authorization for direct payment of royalties on Tract 2, unit VC-505187. This is docket number VGOB-02-0618-1035-01, continued from April. We would ask the parties that wish to address the Board in this matter to come forward at this time.

JIM KAISER: Mr. Chairman, Jim Kaiser on behalf of Equitable Production Company.

JACK FLETCHER: Jack Fletcher on behalf of the Robbie Fletcher Heirs.

TOM FLETCHER: Tom Fletcher.

JACK FLETCHER: He's just tagging along.

BENNY WAMPLER: The record will show no others.
Mr. Kaiser.

JIM KAISER: Mr. Chairman, we were here last month and we continued it because we had such a big discrepancies between the figures and we didn't have a bank

reconciliation. We do, this month, have a bank reconciliation, which completely or coincides exactly with...the Equitable and the Wachovia amounts are exactly the same. I've only got one copy of it. I guess I need to give that to the Board. I will let the Fletchers look at it. It should accurately reflect the amount in escrow that needs to be disbursed and then, of course, the order will state that any royalties accruing to that tract on a going forward basis will be---

BENNY WAMPLER: Paid directly to them.

JIM KAISER: ---paid directly to them.

BENNY WAMPLER: Right. Is there any objection?

JACK FLETCHER: No, sir.

BENNY WAMPLER: All right.

JACK FLETCHER: Could...could I ask a question concerning what you all were just talking about in the participation of the permit running out on the land owners that had put money into the escrow account? I have a well that I just put money into for the second time. The permit had expired last May. The money is still there somewhere and I want to know, do I have to write a letter to the Board or should that money be returned? Once the permit expired, it appears to me that the money should be retired...should have been returned to us.

BENNY WAMPLER: Mr. Wilson.

BOB WILSON: Yes, sir. The...actually it's the Board order that has expired. There was a pooling order that affected Mr. Fletcher's property. It expired without commencement of operations. Mr. Fletcher had paid his money after the pooling. Exactly the thing we were talking about earlier. The well was not drilled. The commencement of operations did not...there was no commencement of operations. So, now he...he needs to have his money returned. I had suggested to him that he contact the company and ask them to do so. But if that's not forthcoming, I would think that under the enforcement powers of the Board's procedures that we could take action to make sure that you get that money back.

JACK FLETCHER: Well, I'm...I'm just asking how do I go about it because---

BENNY WAMPLER: You need to seek it back from the company.

JACK FLETCHER: ---when they reapplied we chose option 9 (1) again and rather than confuse it with the money that was already there, I just told all my brothers and sisters to send the money in.

BOB WILSON: The earlier is sequestered under an entirely different docket number. So, there shouldn't be

any---

JACK FLETCHER: That's right.

BOB WILSON: ---confusion with that.

JACK FLETCHER: Okay. Very good.

BENNY WAMPLER: Thank you.

BOB WILSON: May I add for the record that if you are unable to get your money returned in a reasonably short period of time, please let me know and we will take appropriate action on it.

JACK FLETCHER: Oh, I will. I will. Thank you.

TOM FLETCHER: Thank you.

BENNY WAMPLER: Thank you. Questions from members of the Board with this proposal for disbursement?

(No audible response.)

BENNY WAMPLER: Do you have any...do you have anything further, Mr. Kaiser?

BOB WILSON: Excuse me, sir.

JACK FLETCHER: Thank you very much.

BOB WILSON: Could I have just a second with him?

BENNY WAMPLER: Yes.

(Mr. Wilson confers with the Fletchers.)

BOB WILSON: Go ahead.

BENNY WAMPLER: Mr. Wilson.

BOB WILSON: No, sir, I don't have anything

further.

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

JIM KAISER: No, sir.

BENNY WAMPLER: Is there a motion?

MARY QUILLEN: Motion to approve.

BENNY WAMPLER: Is there a second?

PEGGY BARBAR: Second.

BENNY WAMPLER: 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.

BOB WILSON: Mr. Chairman, what happened to our copy of the accounting since Mr. Kaiser's copying machine was broken?

BENNY WAMPLER: We gave it to our attorney.

JIM KAISER: It's not broke. She just didn't make any copies of it.

BOB WILSON: We'll need a copy for our file.

DEANIS SIMMONS: Which is a dangerous thing to do.

JIM KAISER: I gave it Mr. Wampler.

BOB WILSON: Thank you.

BENNY WAMPLER: Okay. The next item on the agenda is the Board on its own motion will reconsider its authorization for a disbursement of authorized...or of escrowed funds attributable to Tract 3 of VC-2966. This is docket number VGOB-94-0815-0467-01. We'd ask the parties that wish to address the Board in this matter to come forward at this time.

FRED KISER: Good morning and ladies.

BENNY WAMPLER: State your name for the record for us, please.

FRED KISER: Fred Kiser. I also represent my younger brother, Roy Curtis Kiser, and his wife, Virginia. They live in Arizona and are unable to make it here. Any decisions I make, they will go along with it?

BENNY WAMPLER: Mr. Wilson?

BOB WILSON: Mr. Chairman, if the Board members will remember that this is something that we brought up at last hearing. But we delayed considerations so that we could proper notice. The Division of Gas and Oil did send notice to all of the parties to the proposed disbursement by certified mail. If you remember, there was a disbursement order or disbursement approval granted in September of last

year to disburse funds to Fred N. Kiser and Roy Curtis Kiser from Tract 3 of unit that is served by well VC-702966. It has come to our attention since that time that property within that tract is also claimed by Leonard and Trula Powers of Idaho. Your information has a letter that we received from the powers and some of the information of that as well as a transcript of an earlier pooling hearing for conventional well V-536721. That conventional well includes this same tract of land. At that hearing, Ms. Powers appeared and gave evidence of having paid taxes on the property. The Board determined that it was not in their jurisdiction to determine ownership and decided to escrow all funds relative to that tract for the conventional well. The coalbed gas well that is the subject of the disbursement, again, contains that same tract of land in the coalbed unit. It was my contention last month that the funds for that unit should not be disbursed because of the conflict there is the same as the one in the other well that we are escrowing money for. The moneys for the VC-702966 well have been escrowed all along. None of it has been released. So, it is still being protected for whatever party turns out to be the owner. That's the premise for bringing this back in for reconsideration.

BENNY WAMPLER: Thank you.

FRED KISER: I don't know what to say. He explained where they delaying this which is all right with me. But the only thing that I have to show, you know, where this...where these tracts are is this surveyor's plat. It's quite old. It shows this well 2966, it shows it, the way I read it right on the property line. So, that's...I don't know what the Virginia laws are in drilling within so many feet of another person's property.

BENNY WAMPLER: Well, the Board has, you know, in cases of coalbed methane, have Board orders out there that define units in most cases where a well has been drilled. So, those units define the boundary of what the well...where the Board has presumed the well will draw gas from. But we do not make decisions as to property disputes. So...and don't plan to make a decision here today as to a property dispute. I guess what the Board has to decide is whether or not...as to authorization for disbursement, we just leave the money into escrow, which is suggested by Mr. Wilson because of an ongoing property dispute.

BOB WILSON: Yes, sir. The Board has throughout its tenure been extremely careful to protect the money that's in the escrow account. Any hint of a conflict or unknown ownership, the Board has always, I think, gone in the direction of holding and protecting the money rather

than speeding its disbursement. That's what I would suggest that we do in this case. There's a consistency issue as well. It would be difficult to explain why the Board would escrow money from that tract for one type of well but not for the other.

BENNY WAMPLER: Right. You know, as to your family, if you can get with the other parties and work it out and come here before the Board where you've resolved the issue or agreed to split or what have you, you know, then we'll consider it at that time. I'm not making the decision for the Board. I'm just saying typically that's how we do it.

FRED KISER: Sir, I wouldn't know the other Heirs to the Missouri Kiser's land if they walked through that door. I didn't know I had so many cousins.

(Laughs.)

FRED KISER: I'm retired from the military. I'm totally dumb when it comes to this type of negotiations and everything. You know, I was hoping you all would bear with me and hear...Mr. Wilson is familiar with the escrowed funds that they're holding. That's the main thing I was trying to find out is if there are still...if that well is still active and they're still adding to that escrow or if it's going to be disbursed among somebody else?

BOB WILSON: No, sir. The well is still active. The money is still being placed in the account and depending on the actions of the Board today, if they affirm the reconsideration and withdraw the authorization for disbursements earlier given, that money will continue to go into the account. It will not be disbursed to any parties.

BENNY WAMPLER: Is there a motion before the Board? It's easier to explain it to him after we make our decision.

MARY QUILLEN: Motion to approve.

DONNIE RATLIFF: 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: Okay, what the Board just did is reverse its authorization to disburse everything in...for the conventional and the coalbed will go into escrow.

FRED KISER: All right.

JIM KAISER: So, your money will be protected, as Mr. Wampler said, you basically have two options. You can

find the...you can get your people together and get with these Powers and get a voluntary agreement to split the money that's in there or you can file a declaratory judgment action in Dickenson County Circuit Court and let them determine who actually owns coal, oil and gas on that property.

FRED KISER: All right. Thank you. I appreciate the Board taking the time to hear my...thank you very much all of you.

BENNY WAMPLER: Thank you. Thank you,

FRED KISER: You all have a nice day.

BENNY WAMPLER: You too. Okay, we're...CNX is up next. We're going to take a five minute recess.

(Break.)

BENNY WAMPLER: Okay. We'll call the meeting to order. The next item on the agenda is a petition from CNX Gas Company, LLC for pooling of coalbed methane unit E-14. This is docket number VGOB-07-0515-1922. 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'm not sure you've sworn this boy,

have you?

BENNY WAMPLER: No.

MARK SWARTZ: Okay. Les, you need to raise your hand.

(Leslie K. Arrington is duly sworn.)

LESLIE K. ARRINGTON

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

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

Q. 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. I'm manager of environmental and permitting.

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

A. Yes, it is.

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

A. Yes, it is.

Q. Who is it that the applicant, CNX, is asking be appointed designated operator if the Board approves the application?

A. CNX Gas Company.

Q. And in that regard, has CNX Gas Company also registered with the Department of Mines, Minerals and Energy?

A. Yes, it has.

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

A. Yes.

Q. We have some revised exhibits with regard to this E-14 application, is that correct?

A. Yes, we do.

Q. Okay. And we've got a revised plat, which is the last page, correct?

A. Yes.

Q. And what we've done there, the first plat that we've filed with the Board did not have the second well---?

A. That's correct.

Q. ---location? So, this one shows the E-14A location?

A. It does.

Q. And then with regard to respondents, have you named the respondents as you normally do in both notice and Exhibit B-3?

A. Yes, we did.

Q. And do you want to add or subtract any respondents today?

A. Yes. That will be shown in Exhibit B-2.

Q. Okay. So, if we look at B-2, which is in the revised Exhibits, we've got one person I think that needs to be dismissed?

A. Yes.

Q. And who is that?

A. Deborah Ogle.

Q. And what's the reason?

A. That party is leased.

Q. Okay. And other than dismissing Deborah Ogle, do you want to dismiss anyone else?

A. No.

Q. Do you feel the need to add anybody else as a respondent?

A. No.

Q. Obviously, once you change the respondents and the interests you're pooling, that's going to change the percentages, right?

A. Yes.

Q. So, why don't we take that up a little bit out of order, but what interests have you now acquired and what are you seeking to pool?

A. We've acquired 92.4824% of the coal, oil and gas owner's claims to coalbed methane. We're seeking to pool 7.5176% of the coal, oil and gas owner's claim to coalbed methane.

Q. Okay. So, basically, you've picked up one to fourth decimal place, right?

A. Yes.

Q. Okay. What is the development plan for this unit?

A. To drill two wells in the unit.

Q. Okay. And what kind of...are those frac...both frac wells?

A. Yes, they are.

Q. What kind of unit is this?

A. It's an 80 acre Oakwood.

Q. Oakwood unit, okay. Have you provided a well cost estimate to the Board?

A. Yes, we have. For E-14, it's \$258,571.48. E-14A is \$231,221.44. The permit numbers are 2407 and 2317. I'm sorry. The depth is 2407 and 2317. The permit number

for E-14 is 8116. Neither well has been drilled. They're both within the drilling windows.

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

A. We mailed by certified mail return receipt requested April 13, 2007. We published in the Bluefield Daily Telegraph on April the 25th, 2007.

Q. And when you published, what was it that was published?

A. The notice of hearing and location map.

Q. And have you provided to Mr. Wilson your certifications with regard to mailing a copy of the certificate of publication that you get from the newspaper?

A. Yes, we have.

Q. What are the lease terms, in general, that you have used to acquired the interest that you have been able to obtain?

A. Our standard lease...coalbed methane lease terms are a dollar per acre per unit with a five year paid up term with a one-eighth production royalty.

Q. And would you recommend those terms to the Board to apply to people who might be deemed to have been leased if an order is entered?

A. Yes, we would.

Q. Is it your opinion that drilling two frac wells consistent with the infill drilling rules in this area is a reasonable way to develop the coalbed methane within and under this unit?

A. Yes, it is.

Q. And is it your opinion that if you combine the leasing and acquisition efforts of the applicant with a pooling order pooling the respondents in this case, that the correlative rights of all parties would be protected?

A. Yes, they will be.

Q. This unit happens to be one where there is no escrow requirement, is that correct?

A. Correct.

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

BENNY WAMPLER: Questions from members of the Board?

BOB WILSON: Mr. Wilson, to clarify, the costs for participation in this unit will be the sum of both of those wells that you quoted costs for, is that correct?

MARK SWARTZ: Right. Which is \$489,792.42. Correct.

BENNY WAMPLER: Other questions or comments?

(No audible response.)

BENNY WAMPLER: Is there a motion?

DONNIE RATLIFF: So moved, Mr. Chairman.

BILL HARRIS AND MARY QUILLEN: 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 F-10. This is docket number VGOB-07-0515-1923.
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.

LESLIE K. ARRINGTON

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

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

A. Leslie K. Arrington.

Q. I'll remind you that you're still under oath?

A. Yes.

Q. Who do you work for?

A. CNX Gas Company, LLC.

Q. And your position with them?

A. I'm manager of environmental and permitting.

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

BENNY WAMPLER: That will be incorporated.

Q. Les, what kind of unit is this?

A. It's an Oakwood 80 acre unit.

Q. And how many wells are proposed?

A. One.

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

A. It's within the drilling window.

Q. Okay. And is it a frac well?

A. Yes, it is.

Q. Okay. What did you do to notify people that there would be hearing today?

A. We mailed by certified mail return receipt requested on April the 13th, 2007 and published in the Bluefield Daily Telegraph on April 25, 2007.

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

A. Yes, we have.

Q. Do you wish to add any respondents today?

A. No.

Q. Do you wish to dismiss any?

A. No.

Q. Would you tell the Board what interests you've been able to acquire as applicant and what it is you're seeking to pool?

A. Yes. We've acquired 99.9945% of the coal, oil and gas owner's claim to coalbed methane. We're seeking to pool 0.0055% of the coal, oil and gas owner's claim to coalbed methane.

Q. Have you provided a well estimate?

A. Yes. It's \$231,433.06 to a depth of 2247. The permit number 7969. It's not drilled and it is within

the drilling window.

Q. Is there an escrow requirement here?

A. No.

Q. Are there any split agreements?

A. No.

Q. Is it your opinion that drilling one well in the drilling window of this 80 acre Oakwood unit is a reasonable way to develop coalbed methane from within and under this unit?

A. Yes, it is.

Q. And is it your further opinion that if you combine the leasing efforts which have you succeeded in leasing or acquiring more than 99% of the unit with a Board order pooling the respondents' interest of the correlative rights of all owners and claimants would be protected?

A. Yes, they are.

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

BENNY WAMPLER: Questions from members of the Board?

(No audible response.)

BENNY WAMPLER: I'm looking for the double asterisks. The double asterisks on B-3. I can't find the parties. I've found the explanation.

MARK SWARTZ: I'm pretty sure it's a recycled

form. I'm looking for the one that has it.

LESLIE ARRINGTON: Okay. What it is...that shouldn't have been on Exhibit B-3. We have...we have CBM leased on the interests that Columbia has the oil and gas interest leased.

BENNY WAMPLER: So, you will revised---?

LESLIE ARRINGTON: Yes.

BENNY WAMPLER: Submit a revised B-3?

LESLIE ARRINGTON: Yes.

BENNY WAMPLER: Questions from members of the Board?

(No audible response.)

BENNY WAMPLER: Do you have anything further?

(No audible response.)

MARK SWARTZ: No, I do not.

BENNY WAMPLER: Is there a motion?

PEGGY BARBAR: Motion to approve.

BILL HARRIS: Second.

BENNY WAMPLER: And second. Any further discussion?

(No audible response.)

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

(All 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 F-11. This is docket number VGOB-07-0515-1924. 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 like to incorporate, if I could, Mr. Arrington's testimony with regard to the applicant and operator, standard lease terms and his employment, if I might.

BENNY WAMPLER: That will be incorporated.

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. This is what kind of a unit?

A. It's an Oakwood 80.

Q. And how many wells are proposed?

A. One.

Q. Is it a frac well?

A. Yes.

Q. Have you identified the respondents in both the notice of hearing and Exhibit B-3?

A. Yes, we have.

Q. And what did you notify the respondents and other...what did you do to notify the respondents and others that we were going to have a hearing today?

A. We mailed by certified mail return receipt requested April 13, 2007 and published in the Bluefield Daily Telegraph on April 26, 2007.

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

A. Yes, we have.

Q. Do you wish to add any respondents today?

A. No.

Q. Do you wish to dismiss any?

A. No.

Q. Would you tell the Board what interests

you've been able to acquire either by lease or acquisition and what interests you're seeking to pool?

A. Yes. We've leased 90.2531% of the coal, oil and gas owner's claim to coalbed methane. We're seeking to pool 9.7469% of the coal, oil and gas owner's claim to coalbed methane.

Q. Have you provided a well cost estimate?

A. Yes, \$244,109.76 to a depth of 2322. The permit number is 8009. The well has not been drilled. It is within the drilling window.

Q. There's no escrow requirement here?

A. No.

Q. And there are no split agreements?

A. No.

Q. Is it your opinion that drilling a frac well in the drilling window of this 80 acre Oakwood unit is a reasonable way to develop the coalbed methane from within and under the unit?

A. Yes, it is.

Q. Is it your further opinion that if you combine the leasing and acquisition efforts that were successful of the applicant with a pooling order pooling the respondents that the correlative rights of all owners and claimants will be protected?

A. Yes.

Q. And do we have the same problem on Exhibit B-3 that we've got a double asterisks that we don't need?

A. That's correct.

Q. And you will file a---

A. Yes.

Q. ---revised B-3 deleting that?

A. Yes. Right.

MARK SWARTZ: That's all I have.

BENNY WAMPLER: Questions from members of the Board?

(No audible response.)

BENNY WAMPLER: Is there a motion?

BILL HARRIS AND MARY QUILLEN: Motion to approve.

BILL HARRIS: Second.

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

(No audible response.)

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

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

BENNY WAMPLER: Opposed, say no.

(No audible response.)

BENNY WAMPLER: You have approval.

KATIE DYE: I sustain.

BENNY WAMPLER: One abstention, Mrs. Dye. Next is a petition from CNX Gas Company, LLC for pooling of coalbed methane unit H-39. This is docket number VGOB-07-0515-1925. 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 would request that we incorporate Mr. Arrington's testimony with regard to the applicant and 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. This is what kind of a unit?

A. It's an Oakwood 80.

Q. How many wells are proposed?

A. One.

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

A. Within the drilling window.

Q. Have you identified the people that you're seeking to pool in the notice of hearing and in Exhibit B-3?

A. Yes, we have.

Q. Have you...do you want to add anybody to the respondents listed today?

A. No.

Q. Do you want to dismiss any respondents?

A. No.

Q. What did you do to notify the respondents that there would be a hearing today?

A. We mailed certified mail return receipt requested April 13, 2007 and published in the Bluefield Daily Telegraph on April the 26th, 2007.

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

A. Yes, we have.

Q. Have you provided a...strike that. What

is...what interests have you been able to either lease or acquire and what is it that you're seeking to pool?

A. We have leased 99.7494% of the coal, oil and gas owner's claim to coalbed methane. We're seeking to pool 0.2506% of the coal, oil and gas owner's claim to coalbed methane.

Q. Have you provided a well cost estimate?

A. Yes, we have. It's \$229,856.77 to a depth of 1,810 feet. The permit number is 6507. The well has been drilled.

Q. And there's an escrow requirement because we have a conflict of...conflict in Tract 2, right?

A. That's correct.

Q. Okay. There are no split agreements?

A. No.

Q. Is it your opinion that drilling one frac well in the window of this 80 acre Oakwood 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 leasing and acquisition efforts of the applicant with a pooling order pooling the interest of the respondents here that the correlative rights of all owners and claimants will

be protected?

A. Yes, it will.

Q. Okay. Do we have the same problem with 3?

A. No.

Q. We do not, okay.

BENNY WAMPLER: It has got asterisks and no definition.

LESLIE ARRINGTON: This one does?

MARK SWARTZ: Well, see we don't have the same problem.

BENNY WAMPLER: I'm not saying...I agree with that.

MARK SWARTZ: So, we probably need to deal with that.

BENNY WAMPLER: Let him look at it.

(Leslie Arrington reviews the information.)

MARK SWARTZ: Do you know why there's an asterisk there, Anita?

ANITA DUTY: Yeah.

MARK SWARTZ: Come down.

LESLIE ARRINGTON: Come on down. I don't remember.

ANITA DUTY: It shouldn't be there.

MARK SWARTZ: We probably need to get you under

oath.

(Anita Duty is duly sworn.)

ANITA DUTY

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

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

Q. State your name for us.

A. Anita Duty.

Q. What do you, Anita, for CNX?

A. I helped prepare these pooling applications. One of the things, yeah.

Q. And you look at the titles and so forth?

A. Yes.

Q. What is the meaning of the asterisk here, if any?

A. I originally had them on there showing that those were leased by Appalachian Energy and then I changed the way I did it and I didn't take the asterisks off.

Q. So, we don't need an asterisk?

A. They don't need to be there, no.

Q. Okay.

A. But those are people there are leased by

Appalachian Energy.

BENNY WAMPLER: So, you will file a revised B and B-3 Exhibits?

ANITA DUTY: Yes.

BENNY WAMPLER: Thank you.

MARK SWARTZ: Don't leave.

ANITA DUTY: I've already messed up three, I may as well stay.

MARK SWARTZ: That's all I have.

BENNY WAMPLER: Any questions from members of the Board?

(No audible response.)

BENNY WAMPLER: Is there a motion?

MARY QUILLEN: 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 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 L-41. This is docket number VGOB-07-0515-1926. We'd ask the parties that wish to address the Board in this matter to come forward at this time.

MARK SWARTZ: Mark Swartz, Les Arrington and possibly Anita Duty.

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

LESLIE K. ARRINGTON

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

Q. Les, you need to stay your name for us.

A. Leslie K. Arrington.

MARK SWARTZ: Mr. Chairman, I would again ask that we please be allowed to incorporate Mr. Arrington's testimony regarding the applicant and operator, standard lease terms and his employment.

BENNY WAMPLER: That will be incorporated.

Q. Les, what kind of a unit is this?

A. This is an Oakwood 80.

Q. Okay. And you're proposing here though, I

think, two wells, right?

A. Yes, we are.

Q. Where are they...those two wells located in relation to the drilling window?

A. Within the window.

Q. Okay. Have you provided us with a list of the respondents both in the notice of hearing and in Exhibit B-3?

A. Yes, we have.

Q. What did you do to notify the respondents and others that there would be a hearing today?

A. I mailed by certified mail return receipt requested on April 13, 2007. We published in the Bluefield Daily Telegraph on April 26, 2007.

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

A. Yes, we have.

Q. Do you wish to add any respondents today?

A. No.

Q. Do you wish to dismiss any?

A. No.

Q. What interests have you been able to acquire by lease or acquisition and what is it you're

seeking to pool?

A. We've leased 99.974% of the coal, oil and gas owner's claim to coalbed methane. We're seeking to pool 0.026% of the coal, oil and gas owner's claim to coalbed methane.

Q. The total projected costs of the two wells here is what number...what amount?

A. It's \$409,598.50.

Q. And that's actually reported on page two of the notice?

A. Yes.

Q. Okay. Now, with regard to each of the wells, could you give us the cost estimate breakdown for the two separate wells?

A. Yes. L-41 is \$199,087.80. L-41A is \$210,510.70. L-41 to a depth of 1670. L-41A to a depth of 1667. The permit numbers are 7944 and 7943. L-41 has been drilled and 41A has not.

Q. And there's no escrow requirement here?

A. No.

Q. And there are no split agreements?

A. No.

Q. Is it your opinion that drilling two wells in the drilling window of this Oakwood 80 acre unit

consisted with the infill drilling orders is a reasonable way to develop the coalbed methane within and under this unit?

A. Yes, it is.

Q. And is it your further opinion that if you combine the acquisition and leasing efforts of the applicant with a pooling order pooling the interests of the respondents, that the correlative rights of all owners and claimants will be protected?

A. Yes, they will.

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?

PEGGY BARBAR: Motion to approve.

MARY QUILLEN: 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 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 pooling of coalbed methane unit BD-123. This is docket number VGOB-07-0515-1928. 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 we be allowed to incorporate Mr. Arrington's testimony regarding the applicant and 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, please.

A. Leslie K. Arrington.

Q. What kind of a unit is this?

A. This is a Middle Ridge. It's 58.74 acres.

Q. And what's the development proposal?

A. One well.

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

A. It's within the drilling window.

Q. Have you listed the people that you're seeking to pool as respondents both in the notice of hearing and Exhibit B-3?

A. Yes, we have.

Q. Do you want to dismiss any of those people today?

A. No.

Q. Do you want to add any people to the list?

A. No.

Q. Did you do to notify these respondents and others that there would be a hearing today?

A. We mailed by certified mail return receipt requested April 13, 2007. We published in the Bluefield Daily Telegraph on April 27, 2007.

Q. Have you provided Mr. Wilson with copies of the proof of publication and your certificates with regard to mailing?

A. Yes, we have.

Q. Would you tell the Board what interests you've been able to acquire here and what it is you're seeking to pool?

A. We've acquired 100% of the coal owner's claim to coalbed methane and 73.8168% of the oil and gas owner's claim to coalbed methane. We're seeking to pool 26.1832% of the oil and gas owner's claim to coalbed methane.

Q. There's some escrow requirements here, right?

A. Yes, for Tract 2, 2B, 3B, 3C, 3D, 3E, 3F, 3H and 4C.

Q. And when you say 2, do you mean 2A?

A. Yes.

Q. Okay. And in...also, in 3B and 3E, in addition to just the normal conflict issues, we have in 3B and unknown issue and also a title conflict issue?

A. In 3B.

Q. And in 3E, in addition to the normal conflicts we have some unknowns?

A. Unknowns, yes, sir.

Q. Which would be additional reasons---?

A. Yes.

Q. ---for escrow?

A. Yes, it would.

Q. Do we have some split agreements here?

A. Yes. Tract 3E and 3G.

Q. And are you requesting that with regard to the people who have signed split agreements that the Board order allow the operator to pay those people directly rather than escrowing their funds in accordance with their split agreements?

A. Yes, we would.

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

A. Yes, it is.

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

A. Yes, they will.

Q. Has this well been permitted or drilled yet?

A. No, it's not drilled.

Q. Okay. What's the anticipated depth?

A. 2,607 feet.

Q. And what's the cost estimate?

A. \$240,223.92.

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?

MARY QUILLEN: 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 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 from CNX Gas Company,
LLC for pooling of coalbed methane unit DD-10. This is

docket number VGOB-07-0515-1929. We'd ask the parties that wish to address the Board in this matter to come forward at this time.

LESLIE ARRINGTON: Mark Swartz and Les Arrington.

BENNY WAMPLER: The record will show no others.

You may proceed.

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

BENNY WAMPLER: That will be incorporated.

LESLIE K. ARRINGTON

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

Q. Les, could you state your name for us?

A. Leslie K. Arrington.

Q. What kind of unit is this?

A. This is an Oakwood 80.

Q. And how many wells?

A. One.

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

A. Within.

Q. Okay. Is it a frac well?

A. Yeah...yes.

Q. Have you listed the people that you're seeking to pool as respondents both in the notice of hearing and Exhibit B-3?

A. Yes, we have.

Q. Do you want to add anybody to that list?

A. No.

Q. Do you want to dismiss anybody?

A. No.

Q. What interests have you been able to acquire by lease or purchase and what interests are you seeking to pool?

A. We have leased 98.0375% of the coal, oil and gas owner's claim to coalbed methane. We're seeking to pool 1.9625% of the coal, oil and gas owner's claim to coalbed methane.

Q. Have you provided a well cost estimate?

A. Yes. It's \$236,898.64.

Q. Do you have a permit?

A. Yes. It's 7883 to a depth of 1,770 feet.

Q. Okay. There's no escrow requirement here, correct?

A. No.

Q. Is it your opinion that drilling one frac well in this 80 acre unit in the drilling window is a

reasonable way to develop the coalbed methane within and under this Oakwood unit?

A. Yes, it is.

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

A. Yes.

Q. And there are no split agreements here are there?

A. No.

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?

BILL HARRIS: Motion---.

MARY QUILLEN: 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 members signify by saying yes, but Katie Dye

and Donnie Ratliff.)

BENNY WAMPLER: Opposed, say no.

DONNIE RATLIFF: I'll abstain, Mr. Chairman.

BENNY WAMPLER: You have approval.

KATIE DYE: I abstain.

BENNY WAMPLER: Two abstentions, Mr. Ratliff and Mrs. Dye. Next is a petition from CNX Gas Company, LLC for pooling of coalbed methane unit DD-11. This is docket number VGOB-07-0515-1930. 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 Mr. Arrington's testimony concerning the applicant and operator, standard lease terms and his employment.

BENNY WAMPLER: That will be incorporated.

LESLIE K. ARRINGTON

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

Q. Les, could you state your name for me?

A. Leslie K. Arrington.

Q. What kind of a unit is this?

A. It's an Oakwood 80.

Q. How many wells?

A. One.

Q. Where is it located?

A. Within the drilling window.

Q. And is it a frac well?

A. Yes.

Q. Have you listed the people that you're seeking to pool as respondents in both the notice of hearing and Exhibit B-3?

A. Yes, we have.

Q. Do you want to dismiss any of those people as respondents today?

A. No.

Q. Do you want to add anybody as a respondent?

A. No.

Q. What did you do to notify the respondents and others there would be hearing?

A. I mailed by certified mail return receipt requested April 13, 2007. I published in the Bluefield Daily Telegraph on April the 27, 2007.

Q. And have you filed certificates...a certificate of publication with Mr. Wilson and your proofs of mailing with him as well?

A. Yes, we have.

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

A. We've acquired 98.925% of the coal, oil and gas owner's claim to coalbed methane. We're seeking to pool 1.075% of the coal, oil and gas owner's claim to coalbed methane.

Q. Have provided a well cost estimate?

A. Yes, we have. It's \$247,531.76 to a depth of 1950 feet. The permit number is 7882.

Q. No escrow requirements?

A. No.

Q. No split agreements?

A. No.

Q. Is it your opinion that drilling one frac well in the drilling window of this Oakwood 80 acre unit is a reasonable way to develop the coalbed methane within and under the unit?

A. Yes, it is.

Q. Is it your further opinion that if you combine a pooling order with the successful acquisition efforts of the applicant that the correlative rights of all owners and claimants will be protected?

A. Yes, they will.

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

BENNY WAMPLER: Questions from members of the Board?

(No audible response.)

BENNY WAMPLER: On Exhibit A, page two, will you look at that? You show a 100%. Is that correct?

MARK SWARTZ: Yeah, of coal, I think.

LESLIE ARRINGTON: And that's probably incorrect.

MARK SWARTZ: You think?

LESLIE ARRINGTON: Yeah, that is incorrect.

BENNY WAMPLER: Will you submit a revised A, page two?

LESLIE ARRINGTON: Yes, sir.

BENNY WAMPLER: Other questions from members of the Board?

(No audible response.)

BENNY WAMPLER: Is there a motion?

BILL HARRIS: Motion for approval as amended.

PEGGY BARBAR: Second.

BENNY WAMPLER: Second. Any further discussion?

(No audible response.)

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

(All members signify by saying yes, but Katie Dye

and Donnie Ratliff.)

BENNY WAMPLER: Opposed, say no.

(No audible response.)

BENNY WAMPLER: You have approval.

DONNIE RATLIFF: I'll abstain, Mr. Chairman.

KATIE DYE: Abstain.

BENNY WAMPLER: Two abstentions, Mrs. Dye and Mr. Ratliff. Next is a petition from CNX Gas Company, LLC for disbursement of funds from escrow and authorization for direct payment of royalties on Tract 2D, unit T-36. This is docket number VGOB-98-0324-0625-05. We'd ask the parties that wish to address the Board in this matter to come forward at this time.

MARK SWARTZ: Mark Swartz, Les Arrington and Anita Duty.

LESLIE K. ARRINGTON

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

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

A. Leslie K. Arrington.

Q. Les, are we requesting a continuance here?

A. Yes, we are.

Q. For how long?

A. It should be only until the next meeting.

Q. Okay. And what's the problem?

A. We found some checks that had not been properly processed. We're getting all of that cleaned up and hopefully come June we'll have a 100% of that cleared up with Wachovia.

Q. And, of course, if you've got checks that aren't in the mix you can't balance your records with Wachovia's records?

A. That's correct.

Q. And that's the problem?

A. Uh-huh.

BENNY WAMPLER: That will be continued until June. Thank you.

MARK SWARTZ: Thank you, sir.

BENNY WAMPLER: Thank you. Have a good day. Next is a petition from Equitable Production Company for pooling of conventional gas unit V-537713. This is docket number VGOB-07-0515-1931. We'd ask the parties that wish to address the Board in this matter to come forward at this time.

JIM KAISER: Bear with me. I'm just about there. All right, Mr. Chairman and Board members, Jim Kaiser and Don Hall on behalf of Equitable Production Company.

BENNY WAMPLER: Get Mr. Hall sworn, please.

(Don Hall is duly sworn.)

BENNY WAMPLER: The record will show no others.

You may proceed.

(Jim Kaiser confers with Don Hall.)

DON HALL

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

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

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

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

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

A. Yes.

Q. Are you familiar with Equitable's application seeking to pool any unleased interest in the unit for EPC well number VC-537113, which was dated April the 13th, 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 within the unit and an attempt made to work out a voluntary lease with each of the respondents within the unit?

A. Yes.

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

A. We have 99.51966667% leased.

(Jim Kaiser confers with Don Hall.)

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

A. It's a conventional well. This 7713. You've got the wrong one.

JIM KAISER: I'm sorry. Here we go, the then one.

DON HALL: There's a 7713 and a 7113.

JIM KAISER: So, it's pretty easy to get messed up.

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

A. Yes.

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

A. Yes.

Q. What percentage of the unit remains
unleased?

A. 99.51966667%

Q. That's the part that's leased?

A. Leased, yeah.

Q. So, the interest that remains unleased is
0.480...0.4803333?

A. That's correct.

Q. Okay. We do have some unknown and
unlocateables in the unit?

A. Yes.

Q. Were reasonable and diligent efforts made
to check and identify and try to locate those unknown heirs?

A. Yes.

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

A. Yes.

Q. Are the addresses set out in Exhibit, the
last known addresses for the respondents?

A. They are.

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

A. Yes.

Q. 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 five dollar bonus on a five year with a one-eighth royalty.

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

A. They do.

Q. Now, as to those parties who remain unleased, do you agree that they be allowed the following statutory options with respect to their ownership interests within the unit: 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-eighths royalty 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/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 Equitable Production Company, Land Administration, P. O. Box 23536, Pittsburgh, Pennsylvania 15222, Attention: Nicole Atkinson, Regulatory?

A. Yes.

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

A. It should.

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

A. Yes.

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

A. Yes.

Q. If an unleased respondent elects to participate, should they be given 45 days to pay the applicant for their proportionate share of 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 120 days following the recordation date of the Board order and thereafter annually on that date until production is achieved, to pay or tender any bonus or cash..or delay rental, excuse me, becoming due under the force pooling order?

A. Yes.

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

A. Yes.

Q. Do you recommend that where a respondent elects to participate but defaults in regard to the payment of well costs, any cash sum due to that respondent be paid within 60 days after the last date on which the respondent could have paid those well costs?

A. Yes.

Q. The Board does need to establish an escrow account in this case?

A. Yes.

Q. And that will be for any proceeds that are attributable to...what tract?

A. Tract 3.

Q. Tract 3.

A. Rural Barton, unknown.

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

A. Equitable Production Company.

Q. The proposed depth of this well?

A. 5189 feet.

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

A. Yes.

Q. What are the estimated reserves for this

unit?

A. 250 cubic feet.

Q. And the AFE, both dry hole costs and completed well costs?

A. The dry hole costs is \$218,485 and the completed well costs is \$432,008.

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 interest of conservation, 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?

(No audible response.)

BENNY WAMPLER: Is there a motion?

JIM KAISER: We'd ask that the application be

approved as submitted.

BENNY WAMPLER: Is there a motion?

MARY QUILLEN: Motion to approve.

PEGGY BARBAR: Second.

BENNY WAMPLER: And second. Any further discussion?

BILL HARRIS: Mr. Chairman, let me just ask one---

BENNY WAMPLER: Mr. Harris.

BILL HARRIS: ---quick question about the depth of the well. In the application, it's stated as 5189. Again, the AFE...again, I always find it difficult to find that depth there because it's not usually in the place where it says "Depth".

DON HALL: Well, normally, it's in the first line item "Contract Footage", but evidently it didn't get put in this one.

BILL HARRIS: Yeah, down further is has "Production Casing". I know that's not the same thing.

DON HALL: No, it's not.

BILL HARRIS: "New Tubing Well" that's 5189. But still...and, again, I guess what bothers me is there is a place up top and it never seems to be...it says, "Depth" and that's always empty. This is just minor point. But, you

know, you usually go looking...I usually go to the AFE and look for depth and the costs.

DON HALL: Right. Yeah, normally, it's in that first line, but it's not in this particular case.

BILL HARRIS: Okay.

DON HALL: I don't know why.

BILL HARRIS: But it is 51---

DON HALL: 5189.

BILL HARRIS: ---89. Okay, fine. Thank you, Mr. Chairman. Thank you.

BENNY WAMPLER: We have a motion and a second. Any further discussion?

(No audible response.)

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

(All members signify by saying yes, but Donnie Ratliff.)

BENNY WAMPLER: Opposed, say no.

(No audible response.)

BENNY WAMPLER: You have approval.

DONNIE RATLIFF: I abstain, Mr. Chairman.

BENNY WAMPLER: One abstention, Mr. Ratliff. Next is a petition from Equitable Production Company for pooling of conventional gas unit V-536903. This is docket number

VGOB-07-0515-1932. We'd ask the parties that wish to address the Board in that matter to come forward at this time.

JIM KAISER: Mr. Chairman, again, Jim Kaiser and Don Hall on behalf of Equitable Production. We have a whole new set of exhibits for this well.

(Don Hall pass out a new set of exhibits.)

DON HALL

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Mr. Hall, before we get to the start of our testimony, do you want to explain the revisions to the exhibits?

A. Well, we've corrected some addresses. People have notified us of a change of address. Also, we had a lady that we had notified initially that is actually deceased. So, we dismissed her in Exhibit B-2.

Q. And we had Ida Jewell Bevins in Tract 8 as being a royalty interest owner when actually she has got a life estate?

A. Yeah, that's correct.

BENNY WAMPLER: Okay. You may proceed.

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 as District Landman.

Q. Are you familiar with Equitable's application seeking to establish a unit and pool any unleased interest in EPC well number V-536903 dated April the 13th, 2007?

A. Yes.

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

A. We do.

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

A. Yes.

Q. And what is the interest under lease within this unit?

A. We have 85.87% leased.

Q. And the interest that remains unleased?

A. 14.13%.

Q. Okay. We don't have any unknown and unlocateable parties in this unit, correct?

A. That's correct.

Q. Are the addresses set out in revised 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 interested as listed at revised Exhibit B-3?

A. Yes.

Q. Okay. Again, could you advise the Board as to what fair market value of drilling rights in this unit would be?

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

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

A. They do.

JIM KAISER: Mr. Chairman, as to the statutory election options afforded the unleased parties and the time frames in which for them to make it and the implication of the same, we'd ask that the testimony that was just taken in item number 1931 be incorporated for purposes of this hearing.

BENNY WAMPLER: That will be incorporated.

Q. Mr. Hall, we don't need an escrow account for this well do we?

A. That's correct.

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

A. Equitable Production Company.

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

A. It's 5,046 feet.

Q. You can bet I'm turning to the AFE right now.

BILL HARRIS: Me too.

Q. It's there, okay. And the estimated reserves for the unit?

A. 200 million cubic feet.

Q. Are you familiar with the well costs?

A. Yes.

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

A. It has.

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

A. It does.

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 \$239,836 and the completed well cost is \$545,617.

Q. Do these cost 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 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?

(No audible response.)

BENNY WAMPLER: Do you have anything further?

JIM KAISER: We'd ask that the application be approved with the revised exhibits.

BENNY WAMPLER: Is there a motion?

MARY QUILLEN: 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 members signify by saying yes, but Bruce
Prather and Donnie Ratliff.)

BENNY WAMPLER: Opposed, say no.

(No audible response.)

BENNY WAMPLER: You have approval.

BRUCE PRATHER: I abstain.

DONNIE RATLIFF: I abstain too, Mr. Chairman.

BENNY WAMPLER: Two abstentions. Mr. Prather and
Mr. Ratliff abstained on that application. Next is a
petition from Equitable Production Company for pooling of
coalbed methane unit VC-537102. This is docket number VGOB-
07-0515-1933. We'd ask the parties that wish to address the
Board in this matter to come forward at this time.

BENNY WAMPLER: Mr. Chairman and Board members,
again, Jim Kaiser and Don Hall on behalf of Equitable
Production. We have not only a revised set of exhibits for
you, including a B-2 that reflects some new leases, but we
also have a EE and a split agreement.

(Don Hall passes out a new set of exhibits.)

DON HALL

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Again, Mr. Hall, before we get into our standard testimony, why don't we, since they've got the revised exhibits in front of them, why don't we go through the revisions with them?

A. Okay. We've picked up a lease since we...on Tracts 2 and 3, Michael Tiller, since we submitted the original exhibits. That's reflected in Exhibit B-2. Of course, taking out of B-3. In addition, since we've made application for the initial well we have acquired a split agreement between Pine Mountain and Charleton Tiller. I've given Mr. Wilson and Mr. Wampler a copy of that split agreement. It's actually for several...several wells. I highlighted the well in this particular well we're dealing with here.

Q. On this particular unit, it would deal with proceeds attributable to Tracts 2 and 3?

A. I believe that's correct. Let's see, yes, 2 and 3.

Q. Are you familiar with the application that we filed seeking to pool any unleased interest in the unit

for EPC well VC-537102, which was dated April the 13th, 2007?

A. Yes.

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

A. We do.

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

A. Yes.

Q. What's the interest under lease to Equitable within the gas estate?

A. We currently...we currently have 99.798162% leased.

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

A. A 100%.

Q. Would you go over that gas estate figure again, please? I think you gave us the old one. With the Michael Tiller lease, it's higher than that. I think it should be 99.806196 of the estate being leased.

A. That's correct. With the addition of the Michael Tiller tract it's 99.0...806196%.

Q. So, the percentage of the gas estate that

remains unleased at this time would be 0.193804?

A. That's correct.

Q. Okay. The coal estate is a 100%?

A. That's correct.

Q. Okay. We do not have any unknown or unlocateables, right?

A. No.

Q. Are the addresses set out in revised Exhibit B, the last known addresses for the respondents?

A. Yes.

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

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. And would it be your opinion that the terms that you've just testified to represent the fair and reasonable compensation to be paid for drilling rights within this unit?

A. Yes.

JIM KAISER: Mr. Chairman, we'd again like to incorporate the election option testimony taken previously in item 1931.

BENNY WAMPLER: That will be incorporated.

Q. Mr. Hall, we do need to establish an escrow account for this well because of conflicting claims to the coalbed methane, is that correct?

A. That's correct.

Q. I believe that escrow account will need to cover proceeds from Tracts 2 and 3?

A. That's correct.

Q. That aren't subjected to the split agreement?

A. That's correct.

Q. Okay. 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. 2355 feet.

Q. The estimated reserves for the unit?

A. 330 million cubic feet.

Q. Are you familiar with the well costs?

A. Yes.

Q. In your opinion, does it represent a reasonable estimate?

A. It does.

Q. And what would the dry hole costs and completed well costs for this well be?

A. The dry hole cost is \$170,870 and the completed well cost is \$381,474.

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 protection of correlative rights and the prevention of waste?

A. Yes.

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

BENNY WAMPLER: Questions from members of the Board?

(No audible response.)

BENNY WAMPLER: Do you have anything further?

JIM KAISER: We'd ask that the application be approved with the addition of the revised exhibits.

DON HALL: And the split agreement.

JIM KAISER: And the split agreement.

BENNY WAMPLER: Is there a motion?

BILL HARRIS: I move for approval as amended.

PEGGY BARBAR: Second.

BENNY WAMPLER: Second. Any further discussion?

(No audible response.)

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

(All members signify by saying yes, but Donnie Ratliff.)

BENNY WAMPLER: Opposed, say no.

DONNIE RATLIFF: I abstain, Mr. Chairman.

BENNY WAMPLER: You have approval. One abstention, Mr. Ratliff. Next is a petition from Equitable Production Company for pooling of coalbed methane unit VC-537113. This is docket number VGOB-07-0515-1934. 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 and Don Hall for Equitable Production Company. Again, we have a revised

set of exhibits including a split agreement. This is one of the multiple wells on here. I guess, we're just giving you a copy of it each time.

(Don Hall passes out a new set of exhibits.)

BENNY WAMPLER: Let me just point out to the Board, did you hand everybody a copy of this one?

DON HALL: No, I just had that one. I didn't have a copy for them.

BENNY WAMPLER: You are listing a number of different wells on here.

DON HALL: Right.

BENNY WAMPLER: This one didn't highlight the one we're talking about. But it is on here? This one highlighted 536589.

DON HALL: Oh, I stuck it in the wrong file.

JIM KAISER: Yeah, you gave the wrong exhibits out too, Don. You give out the exhibits for that well too.

BENNY WAMPLER: No, I have the correct exhibits.

JIM KAISER: Well, I don't.

BENNY WAMPLER: No, I'm sorry.

DON HALL: No, it is 6589.

MARY QUILLEN: This is 589 right here.

JIM KAISER: Yeah, we're doing 537113 and I think you handed out everything for 536589.

BENNY WAMPLER: Yeah, it's for the next one.

DON HALL: Just hang onto them.

BENNY WAMPLER: But you can go ahead and leave those.

DON HALL: Just hang onto those and I'll give you the correct one.

JIM KAISER: We don't have our A game today, do we?

BENNY WAMPLER: I'm trying to get you back in order here.

JIM KAISER: (Inaudible).

BENNY WAMPLER: When you're...while he's doing that, when you're providing this letter, we don't have a signed agreement or anything. You're showing what the split would be.

(Don Hall passes out the correct exhibits.)

DON HALL: The letter covers that.

BENNY WAMPLER: I'm sorry?

DON HALL: The letter, it's signed by both parties.

BENNY WAMPLER: I didn't---.

JIM KAISER: It should say---.

BENNY WAMPLER: Oh, okay. "Agreed and accepted." I'm sorry. All right. Okay. The record show there are no

others. You may proceed.

DON HALL

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Okay. Again, Mr. Hall, why don't we just go through the revisions and the reasons for it.

A. Well, basically, the same reason that...for the last one. We got a lease from Michael Tiller.

Q. It's his interest in Tract 3, right?

A. Right. And then we have the split agreement between Pine Mountain and Charleton Tiller.

Q. Are you familiar with the application that we filed seeking to pool any unleased interest in the unit for well VC-537113, which was dated April 13, 2007?

A. Yes.

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

A. We do.

Q. Prior to the filing of the application, did you attempt to obtain a voluntary lease from all of the interest owners?

A. Yes.

Q. Okay. And at this particular point in

time, the percentage that is leased in the gas estate would be 98.458681, is that correct?

A. Repeat that again.

Q. 98.458681.

A. Yes.

Q. And a 100% of the coal estate is under lease?

A. Yes.

Q. So, that leaves 1.541319% of the gas estate as being unleased?

A. That's correct.

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

A. Yes.

Q. Okay. Again, I don't think we have any unknown or unlocateables in this unit, correct?

A. Correct.

Q. And are the addresses set out in revised Exhibit B the last known addresses for the parties?

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. Again, are you familiar with the fair

market value of drilling rights?

A. Yes.

Q. Could you state what they are for this unit?

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

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

A. Yes.

JIM KAISER: Again, Mr. Chairman, we'd ask that the election option testimony be incorporated for purposes of this hearing that was previously taken in item number 1931.

BENNY WAMPLER: That will be incorporated.

Q. Okay. Mr. Hall, in this particular case, even though we have a split agreement, we do need an escrow account to handle proceeds from Tract 3, correct?

A. Yes.

Q. And then the split agreement covers proceeds from Tracts 1 and 3 between Charleton Tiller and Pine Mountain, correct?

A. Yes, that's correct.

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

A. Equitable Production Company.

Q. And the total depth of this proposed well?

A. It's 1412 feet.

Q. Estimated reserves for the unit?

A. 200 million cubic feet.

Q. Are you familiar with the AFE that was reviewed, signed and submitted to the Board?

A. Yes.

Q. In your opinion, does it represent a reasonable estimate of 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 costs is \$103,327 and the completed well costs is \$283,909.

Q. Do these costs anticipate a multiple completion?

A. Yes.

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

A. It does.

Q. In your 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.

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: Do you have anything further?

JIM KAISER: We'd ask that the application be approved with the revised exhibits and the addition of the royalty split agreement.

BENNY WAMPLER: Is there a motion?

MARY QUILLEN: 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 members signify by saying yes, but Donnie Ratliff.)

BENNY WAMPLER: Opposed, say no.

DONNIE RATLIFF: I abstain, Mr. Chairman.

BENNY WAMPLER: One abstention, Mr. Ratliff. You have approval. Next is a petition from Equitable Production Company for pooling of coalbed methane unit VC-536589. This is docket number VGOB-07-0515-1935. 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.

JIM KAISER: You should already have...we've pre-given you your new set of exhibits for this one.

BENNY WAMPLER: We have them.

JIM KAISER: We knew it was coming.

DON HALL

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Mr. Hall, are you familiar with the application that we filed seeking to pool any unleased interest in the unit for EPC well number VC-536589, dated April the 13th, 2007?

A. Yes.

Q. Does Equitable own drilling rights in this unit?

A. We do.

Q. And before we filed the application, did we attempt to get a voluntary lease from everybody owning an interest in the unit?

A. Yes.

Q. Okay. Now, what is the percentage of the gas estate that's under lease to Equitable at this time?

A. We currently have 97.018176% leased.

Q. And the percentage of the coal estate under lease?

A. 100%.

Q. Okay. So, that means 2.981824% of the gas estate remains unleased?

A. That's correct.

Q. Okay. We don't have any unknown or unlocateables?

A. No.

Q. Are the addresses set out in revised 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 revised Exhibit B-3?

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 the terms you've just testified to represent the fair and reasonable compensation to be paid for drilling rights in this unit?

A. Yes.

JIM KAISER: Mr. Chairman, we'd again ask that the election testimony be incorporated previously taken in 1931.

BENNY WAMPLER: That will be incorporated. Let me ask you...I'm showing under the revised Exhibit B, Tract 4 and unknown and unlocateable Loyal Barton.

JIM KAISER: I'm sorry, Loyal Barton---.

DON HALL: Yeah. Yeah, that's...yeah.

Q. So, we do have an unknown?

A. Right. Yes.

Q. You made reasonable and diligent efforts to

find him?

A. Yes.

Q. The Board in this case does need to establish an escrow account, correct?

A. That's correct.

Q. And that would be for proceeds attributable to Tracts 4, 5, 7 and 8, correct?

A. Yes.

Q. And the split agreement between Mr. Tiller and Pine Mountain covers proceeds attributable to Tracts 2, 7 and 8?

A. That's correct.

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

A. Equitable Production Company.

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

A. 1839 feet.

Q. And the estimated reserves over the life of the unit?

A. 200 million cubic feet.

Q. Are you familiar with the AFE that we filed as Exhibit C to the application?

A. Yes.

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

A. It does.

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

A. The dry hole cost is \$112,089 and the completed well cost is \$298,974.

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 interests of conservation, the prevention of 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?

BILL HARRIS: Mr. Chairman.

BENNY WAMPLER: Mr. Harris.

BILL HARRIS: The revised exhibit, what were the changes there?

DON HALL: The same changes that we had before. Michael Tiller is leased and then we had a split agreement.

BILL HARRIS: Okay. This actually applies to all of them. It's reiterated my concern about paper usage. I just...I guess I'm just appalled every month, this is not directed at you all, an expression of frustration how much paper we go through each month and there's one change. Is there some way you can just do one page?

DON HALL: Well, it's a change to each exhibit when you make these changes.

BILL HARRIS: I guess it's just frustration. I've expressed this for years about the amount of paper we use. Okay, thank you. Again, it's not directed at you all. It just happen to surface. Thank you. That's all.

BENNY WAMPLER: Other questions or comments?

(No audible response.)

BENNY WAMPLER: Do you have anything further?

JIM KAISER: We'd ask that the application be approved as submitted with the revised exhibits and the addition of the split agreement.

BENNY WAMPLER: Is there a motion?

MARY QUILLEN: Motion to approve.

BILL HARRIS: Second.

BENNY WAMPLER: Any further discussion?

(No audible response.)

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

(All members signify by saying yes, but Donnie
Ratliff.)

BENNY WAMPLER: Opposed, say no.

(No audible response.)

BENNY WAMPLER: You have approval.

DONNIE RATLIFF: I abstain, Mr. Chairman.

BENNY WAMPLER: One abstention, Mr. Ratliff.

DON HALL: Thank you all.

BENNY WAMPLER: Next is a petition from Equitable
Production, this is number twenty-four, for disbursement of
funds and authorization for direct payment of royalties on
Tract 4, unit PC-313, docket number VGOB-93-0119-0309-01.
We'd ask the parties that wish to address the Board in this
matter to come forward at this time.

JIM KAISER: Mr. Chairman, on behalf of Equitable
Production Company.

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

JIM KAISER: Okay. In this particular case, if

you've reviewed our application, the bank's figures are higher than our figures. So, we're willing to go with the bank's figures. We'd ask that the 120950 be disbursed to Mr. Breeding and that the order state that all future royalties attributed to the tracts...his interest in Tract 4 be distributed directly to him.

BENNY WAMPLER: Mr. Wilson, do you have any---?

BOB WILSON: There's a considerable discrepancy there between what's shown in the account at the bank and what...the figures that Equitable has here. I don't know if this had to do with a posting times and such or not. But these...actually these balances, in my opinion, need to be done as of a date certain such that every check that the operator has sent in and every entry that the bank has made should be representative of the day that the balance is done. This is, again, a substantial difference here. I assume that notice was given to all of these folks and they had the opportunity to appear. But it's still a significant discrepancy in my view.

BENNY WAMPLER: Of course, they're, in this case, agreeing with the higher figure.

BOB WILSON: The problem---

BENNY WAMPLER: I understand.

BOB WILSON: ---with that is that if they have not

actually deposited that amount, somewhere down the road there's going to be...it's going to come out of somebody else's account.

JIM KAISER: Well, I think what has happened here, if you take...the Equitable figure doesn't seem to have the interest built into it. If the take the Equitable figure and add that 2160.54 to it, it's pretty daggone close.

BOB WILSON: It's \$3,000 off with the total that's in escrow. You're showing that you have deposited 16,872 and the bank is showing 19,366 before interest.

JIM KAISER: Oh, is that before interest?

BOB WILSON: Yes, interest is the next line down. \$2,160.54 is the interest.

JIM KAISER: Well, we can continue this one then and try to reconcile it again. It's okay with me.

BENNY WAMPLER: Okay. It's continued.

MARY QUILLEN: Mr. Chair, just to emphasis what Mr. Wilson just said is if there was a date, knowing that they are receiving that up through a certain date that it was posted, I think we would feel more comfortable knowing that that money is actually in the bank just by dating it. Do you think that's possible?

BENNY WAMPLER: Well, that's what you're supposed to do is it's supposed to be reconciling with the deposit

dates at the bank to come up with...I mean, ideally that's how you would arrive at the same figure. He's agreeing to continue it and reconcile it with their figures.

JIM KAISER: I guess, we use the end of the month prior to the filing of the application for disbursement.

BENNY WAMPLER: That's probably best.

BOB WILSON: Yes.

BENNY WAMPLER: For whatever period that they've closed their---

JIM KAISER: Previous to that?

BENNY WAMPLER: Right. Whatever it is. I don't know if it's at the end of the month. Some of them have different times. But whatever that is previous to that.

BRUCE PRATHER: Mr. Chairman.

BENNY WAMPLER: Yes, Mr. Prather.

BRUCE PRATHER: You could...you could use the royalty date...when they pay their royalty and that's subject to...sometimes they have a thirty-five day production period and they have a thirty.

BENNY WAMPLER: Right.

BRUCE PRATHER: Most of the time it's in the royalty date. So, that would probably be easiest one to do.

BENNY WAMPLER: Go to the bank probably and probably see what the trend has been. Next is a petition

from Equitable Production Company for a disbursement of funds and authorization for direct payment of royalties on Tract 4, unit VC-4371. This is docket number VGOB-00-0321-0785-01. We'd ask the parties that wish to address the Board in this matter to come forward at this time.

JIM KAISER: Jim Kaiser on behalf of Equitable Production Company.

CHARLETON TILLER: I'm Charleton Tiller, the payee, I reckon.

JIM KAISER: Good. I'm glad you're here. We're off by a \$1.50 or something.

CHARLETON TILLER: Okay. I'll accept that.

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

JIM KAISER: Mr. Chairman, we'd...Mr. Tiller is here and he has gotten notice. Again, there is...like I say, a dollar and something discrepancy. I think he's probably willing to waive that.

CHARLETON TILLER: Yes, I am.

JIM KAISER: So, we'd ask that this disbursement figure be disbursed to Mr. Tiller and that the order state all future proceeds attributable to his interest in this unit for this well be disbursed directly to him.

BENNY WAMPLER: Which figure are we going with?

JIM KAISER: We'll go with the bank's figure.

BENNY WAMPLER: Okay. Is there a motion?

JIM KAISER: That's okay with you?

CHARLETON TILLER: Yes. I'd just like to add that the address shown on here evidently has been incorrect for several years and my current address is 250 Melrose Street, Abingdon, Virginia 24210.

BOB WILSON: Mr. Chairman.

BENNY WAMPLER: Mr. Wilson.

BOB WILSON: I would request that the...that Equitable provide updated exhibits to show that and also you're still showing on your exhibits here Pittston Company here for Pine Mountain. I don't think they're probably your respondent anymore. It's on the Exhibit E.

JIM KAISER: That must be how it was listed in the original pooling.

BENNY WAMPLER: Do you agree to provide a revised---?

JIM KAISER: So, we need a revised Exhibit E. Yes, I will or Don will. Revised Exhibit E to reflect Mr. Tiller's new address or correct address and check the Pittston reference.

BENNY WAMPLER: With those modifications, is there a motion?

BILL HARRIS: Motion for approval as modified.

BENNY WAMPLER: Is there a second?

MARY QUILLEN: Second.

BENNY WAMPLER: Any further discussion?

(No audible response.)

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

(All members signify by saying yes.)

BENNY WAMPLER: Opposed, say no.

(No audible response.)

BENNY WAMPLER: You have approval.

CHARLETON TILLER: Thank you all.

BENNY WAMPLER: Thank you. Next is a petition
from Equitable Production Company for disbursement of funds
and authorization for direct payment of royalties on Tracts
1, 2, 4 and 5 of unit VC-536070. This is docket number
VGOB-04-0921-1337-01. We'd ask the parties that wish to
address the Board in this matter to come forward at this
time.

JIM KAISER: Again, Jim Kaiser on behalf of
Equitable Production Company. Okay, these match up exactly.
We'd ask that the Board approve our application to disburse
as is represented and add language to---

BENNY WAMPLER: I don't have...do you have---?

BILL HARRIS: I don't have the---.

MARY QUILLEN: I don't have anything.

DEANIS SIMMONS: I don't have a disbursement sheet.

BENNY WAMPLER: The disbursement is not in our packet. Is it in your packet?

BOB WILSON: Yes, sir. Actually, I may have all of them attached to mine.

(Laughs.)

BOB WILSON: Yeah, here we go. Yeah, I do as a matter of a fact.

(Bob Wilson passes out a copy of the disbursement sheet.)

JIM KAISER: So, we provided you one for everybody and it just didn't get in their packet? Have we got that on the record?

(Laughs.)

BENNY WAMPLER: All right. So, we've got a reconciliation and everything properly identified?

JIM KAISER: We've got reconciliation...complete and total reconciliation.

BENNY WAMPLER: All right.

BOB WILSON: And exhibits.

JIM KAISER: And exhibits, yeah.

(Benny Wampler confers with Bill Harris.)

BENNY WAMPLER: Okay, is there a motion for disbursement?

PEGGY BARBAR: Motion to approve.

BILL HARRIS AND MARY QUILLEN: Second.

BENNY WAMPLER: Second. Any further discussion?

(No audible response.)

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

(All 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 disbursement of funds and authorization for direct payment of royalties on Tracts 2, 4 and 5, unit VC-502832. This is docket number VGOB-02-1217-1109-01. We'd ask the parties that wish to address the Board in this matter to come forward at this time.

JIM KAISER: Jim Kaiser on behalf of Equitable Resources or Equitable Production.

(Laughs.)

BENNY WAMPLER: That was kind of weak.

JIM KAISER: Well, you might look at this and

you'll see why.

MARY QUILLEN: Uh-huh. Yeah.

BENNY WAMPLER: Yeah, I have before.

MARY QUILLEN: Yeah.

JIM KAISER: Well, in this case, Equitable's figures are little higher than the bank's.

BENNY WAMPLER: Most of these probably have to do with the timing, like you said before.

JIM KAISER: Yeah, I'd say that's exactly what it is.

BENNY WAMPLER: Yeah.

JIM KAISER: Do you want to continue this one?

BENNY WAMPLER: We need to until we get the date of reconciliation---

JIM KAISER: And, again, we're talking about...in most cases we're talking about less than \$10.

BENNY WAMPLER: I understand.

JIM KAISER: These folks have been noticed and have not shown up objecting. But I guess that would mess up the works, wouldn't it?

BOB WILSON: I don't think that relieves us of our responsibility.

BENNY WAMPLER: Okay, that's---

JIM KAISER: I'm going to raise my rate for these

until they start doing them for themselves.

BENNY WAMPLER: That's continued until next month.

Next is a petition from Equitable Production Company for disbursement of funds and authorization for direct payment of royalties on Tracts 1 and 5, unit VC-1853, docket number VGOB-00-0516-0815-01. We'd ask the parties that wish to address the Board in this matter to come forward at this time.

JIM KAISER: Jim Kaiser with Equitable Production Company. Let's continue this one too. We're again off...I'm sure it's time again we're off nine cents on most of them.

BENNY WAMPLER: Continued. Next is a petition from Appalachian Energy, Inc.---

JIM KAISER: Do you know what's happening? What's happening is Equitable is showing one more distribution than the bank is. That's exactly what's happening.

BENNY WAMPLER: Yeah, it's just direct reconciliation when they're receiving a payment and the payout. Next is a petition from Appalachian Energy, Inc. for pooling of coalbed methane unit G-36, wells AE-155 and AE-163. This is docket number VGOB-07-0515-1936. 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, Frank Henderson and James Rasnake for Appalachian Energy.

BENNY WAMPLER: You need to swear the witnesses, please.

(Frank Henderson and James Rasnake are duly sworn.)

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

JIM KAISER: We'll start with Mr. Rasnake.

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 who you're employed by and in what capacity?

A. Appalachian Energy, Inc., landman.

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

A. Yes.

Q. And you're familiar with the application that we filed seeking to pool all unleased interest in the unit that we're calling G-36 for well numbers AE-155 and AE-163, which was dated April the 13th, 2007?

A. Yes.

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

A. Yes.

Q. And 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 agreement with the same?

A. Yes.

Q. Okay. Now, the interest to Appalachian Energy that's under lease to Appalachian Energy in this G-36 unit in the gas estate is 96.38%?

A. Yes.

Q. And the percentage that's under lease to Appalachian Energy in the unit for the coal estate is 92.65%?

A. That's correct, yes.

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

A. Yes.

Q. Now, interest...so, therefore, the interest that remains unleased in the gas estate is 3.62%?

A. Yes.

Q. And the interest that remains unleased or...unleased in the coal estate is 7.35%?

A. That's correct, yes.

Q. And we do have revised exhibits. I'm sorry. They will reflect a new lease that was picked up for this unit in Tract 5, correct?

A. Yes.

Q. And that was a niece---

A. Annis Jones---

Q. Annis Jones---

A. ---and Noreen Harman.

Q. ---and Noreen Harman.

A. Yeah.

JIM KAISER: And these revised exhibits will contain a B-2 also reflecting that.

(Jim Kaiser passes out revised exhibits.)

Q. So, having said that, let's go back and check our unleased figures and make sure they're right. Okay, they're not right. Now, we'll have...let's correct our prior testimony, Mr. Rasnake, my fault, the percentage of the gas estate that's under lease now with the additional

lease we picked since we filed the application would be 96.45%?

A. Yes.

Q. And so the unleased portion of the gas estate would be 3.55%?

A. Yes.

Q. And the coal estate would now be 92.72% under lease?

A. Yes.

Q. And 7.28% unleased?

A. Yes.

Q. Does that sound better?

A. Yeah, it's a minor difference, but yes it's correct.

Q. Okay. We do have one unlocateable and that is---?

BENNY WAMPLER: Two.

JIM KAISER: Excuse me.

JAMES RASNAKE: Two.

BENNY WAMPLER: Two.

JIM KAISER: Oh, two, I'm sorry.

Q. Okay, we've got...yeah, we've got Troy Stafford and Bonnie Stafford Fritz. Were reasonable and diligent efforts made to try and locate those unknown heirs?

A. Yes.

Q. Okay. In your professional opinion, was due diligence exercised to locate each of the respondents named in our application?

A. Yes.

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

A. Yes.

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

A. Yes.

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

A. Yes.

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

A. Five dollars an acre...a bonus of five dollars per acre, a five year term and a one-eighth royalty.

Q. In your opinion, do the terms that 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.

JIM KAISER: Now, Mr. Chairman, do you want me to go through the election option testimony again or can I incorporate?

BENNY WAMPLER: If they will agree to it, you can incorporate.

JIM KAISER: Okay. I would like to incorporate the testimony regarding any of the unleased parties statutory election options and the time frames in which they need to make those elections and the ramifications of making those elections that was previously taken in a prior hearing this morning, which was item number 1931. Would you be in agreement with that?

JAMES RASNAKE: Yeah. Yes.

BENNY WAMPLER: That will be incorporated.

Q. Okay. The Board does need to establish escrow account for this unit, Mr. Rasnake, and it would be for proceeds attributable to Tract 2, is that correct?

A. Yes.

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

A. Appalachian Energy, Inc.

JIM KAISER: No further questions of this witness at this time, Mr. Chairman.

BENNY WAMPLER: 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, could you state your name for the Board, who you're employed by and in what capacity?

A. Frank Henderson, President of Appalachian Energy.

Q. And you've previously testified before the Board?

A. That's correct.

Q. What's the total depth of these proposed wells and just go ahead and state---

A. What we've done is we've projected two wells for the unit respectively, 1760 feet and 2,085 feet.

Q. And is this unit in an area that has been approved for increased density drilling?

A. Not yet. We're planning to petition the

Board next month for increased density relative to this unit.

Q. Okay. And what would the estimated reserves for the unit be?

A. Estimated reserves are 375 million cubic feet.

Q. And that would include the reserves from both wells?

A. That's correct.

JIM KAISER: Okay. Mr. Chairman, our application stated 500 million cubic feet. So, that will be a correction to that.

BENNY WAMPLER: It's 375?

JIM KAISER: 375.

BENNY WAMPLER: Okay. If you will, take these wells one at a time, please.

JIM KAISER: Okay.

BENNY WAMPLER: Just for the record on TD and the well costs.

JIM KAISER: Okay.

Q. Did you give them TD?

A. Yes.

Q. Okay. So, TD for AE-155 is 1760?

A. 1760 feet. And AE-163 2,085 feet.

Q. Okay. Now, were AFEs prepared for both of these wells?

A. Yes, they were.

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

A. Yes.

Q. Okay. What would the well costs, both dry hole and completed, for AE-155 be?

A. AE-155 the dry hole cost of \$124,703 and the completed well cost of \$393,864.

Q. And AE-163?

A. \$144,509 and completed cost of \$397,395.

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 interests of conservation, the prevention of waste and the protection of correlative rights?

A. Yes.

Q. Now, Mr. Henderson, when the Board looks at

our application, in this instance, and they look at the representation of the ownership for the coal estate they will see that there has been a horizontal severance of the POCO 3 seam. Could you go over, in conjunction with the relief that we've requested in our application, how we're going to attribute the royalty for that...any royalty for gas that's produced out of that seam?

A. Yes, our intention would be to look at the gross coal thickness and then take a percentage of the P-3 relative to the gross and come up with a percentage based on that to apply towards the one-third interest.

Q. And is the Board...have we've asked...have we applied to do it this way before and the Board approved that of calculating royalty?

A. I'm not a 100% sure if we have, but I know other operators have. We have. I'm sorry, we have.

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

BENNY WAMPLER: Any questions from members of the Board?

BILL HARRIS: Yes.

BENNY WAMPLER: Mr. Harris. This horizontal severance, would you explain that?

JIM KAISER: Mr. Rasnake, do you want to explain

that?

JAMES RASNAKE: In the mid 1970s, Edith Street had---

BILL HARRIS: Actually, I was explaining...what that term means. I know you're doing it specific to this.

JAMES RASNAKE: Yeah, there was a specific coal seam that was sold---

BILL HARRIS: Oh.

JAMES RASNAKE: ---to...instead of a typical lease like Island Creek Coal Company typically does they actually purchased a fractional one-ninth interest of the coal seam on this Caroline Cole Heirs Tract.

BILL HARRIS: Okay. So, it's called a horizontal severance?

JAMES RASNAKE: Yes.

BILL HARRIS: So, you're just taking a layer...I mean---

JAMES RASNAKE: Exactly.

BILL HARRIS: ---as it says, I mean, you're just---

JAMES RASNAKE: Just like it says, yeah.

BILL HARRIS: Okay. Okay.

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

BRUCE PRATHER: Mr. Chairman, would a production test of each zone come closer to figuring out which one of these royalty owners is getting the majority of it?

FRANK HENDERSON: Unfortunately, with a pumping well, it would be very difficult to do that.

BRUCE PRATHER: I know we have done it.

FRANK HENDERSON: With coalbed wells you're looking at anywhere from...anywhere from a dozen to sixteen separate seams that you may be stimulating. To isolate each one of those would be an extremely difficult thing---

BRUCE PRATHER: You can run a spinner survey on it.

FRANK HENDERSON: Excuse me?

BRUCE PRATHER: Just run a spinner survey on it.

FRANK HENDERSON: Well, with coalbed wells you're producing water and a lot of times the spinner survey doesn't work in water. If you had a clean hole, that would be a potential way to do it.

BRUCE PRATHER: I know I've seen them run. In one instance, that 98% of the gas that was coming out of one zone and there were six zones. We did it on five or six.

BENNY WAMPLER: Other questions from members of the Board?

(No audible response.)

BENNY WAMPLER: Do you have anything further?

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

BENNY WAMPLER: Is there a motion?

MARY QUILLEN: 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 members signify by saying yes.)

BENNY WAMPLER: Opposed, say no.

(No audible response.)

BENNY WAMPLER: You have approval.

BOB WILSON: Mr. Chairman.

BENNY WAMPLER: Mr. Wilson.

BOB WILSON: Just to clarify again, the cost for participation would that the sum of both of these well costs, is that correct?

FRANK HENDERSON: That's correct.

BOB WILSON: I assume when you get approval for your increased density.

BENNY WAMPLER: Next is a petition from

Appalachian Energy, Inc. for pooling of coalbed methane unit H-36. These are wells AE-174 and AE-193 and docket number VGOB-07-0515-1937. 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, James Rasnake and Frank Henderson for Appalachian Energy. Again, we have a revised set of exhibits for the exact same reason. We picked up...a lease that picked up for G-36. That interest was also in (inaudible).

(Jim Kaiser passes out revised exhibits.)

JIM KAISER: Here goes more paper.

BILL HARRIS: I know it's unavoidable.

JIM KAISER: You still have fewer exhibits than you---.

BILL HARRIS: Yeah, I know it.

JAMES RASNAKE

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Mr. Rasnake, do your responsibilities include this unit and the property in the surrounding area?

A. Yes.

Q. And you're familiar with Appalachian

Energy's application seeking to pool any unleased interest in the unit that we're designating as H-36, which includes proposed wells AE-174 and AE-193, which was dated April the 13th, 2007?

A. Yes.

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

A. Yes.

Q. And prior to the filing of the application, did you contact each of the interest owners in the unit in an attempt to work out a voluntary lease agreement with them?

A. Yes.

Q. Okay. Now, as reflected in our revised exhibits, at this particular time, am I correct in stating that 98.94% of the gas estate under lease to Appalachian Energy?

A. Yes.

Q. And as far as the coal estate goes at this time, it should be 98.2% under lease to Appalachian Energy?

A. Yes.

Q. So, what remains unleased is 1.06% of the gas estate and 1.80% of the coal estate?

A. Yes.

Q. Correct?

A. Yes.

Q. We've got everybody known and locateable in this one?

A. Yes, I believe that's correct.

Q. We do? Okay, good. So, in your professional opinion due diligence was exercised to locate each of the respondents?

A. Yes.

Q. And the address is set out to revised Exhibit B the last known addresses for the respondents?

A. Yes.

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

A. Yes.

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

A. Yes.

Q. And what would those be?

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

Q. And in your opinion, do those terms you just testified to represent the fair and reasonable compensation to be paid for drilling rights within this

unit?

A. Yes.

JIM KAISER: Okay. Again, Mr. Chairman, I'd ask that the election testimony taken in item 1931 be incorporated for purposes of this hearing.

BENNY WAMPLER: Do you agree to those terms?

JAMES RASNAKE: Yes.

BENNY WAMPLER: They will be incorporated.

Q. Okay. Mr. Rasnake, in this particular case, we do not have any unknown and unlocateables and it appears that we're working with fee mineral tracts here, in other words, the tracts...the owners of the tracts owning the coal, oil and gas. So, there aren't conflicting claims to the coalbed methane. So, the Board does not need to establish an escrow account?

A. That's correct.

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

A. Appalachian Energy, Inc.

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

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

(No audible response.)

BENNY WAMPLER: Call your next witness.

FRANK HENDERSON

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Mr. Henderson, okay, we're going to again...let's go ahead and split the wells out one by one. Give me the total depth for AE-193.

A. 193 is 1695 feet.

Q. And AE-174?

A. 1765 feet.

Q. Okay. And, again, our application stated that the estimated reserves over the life of the unit, which would include both wells was 500 million cubic feet. Do you wish to correct that?

A. Yes, to 375 million.

Q. Okay. Thank you. And we've prepared separate AFEs for both the individual wells, correct?

A. That's correct.

Q. In your opinion, do they represent a reasonable estimate of the well costs?

A. Yes.

Q. Okay, now, again, taking them one at a time, state the dry hole costs and completed well costs for

AE-193?

A. AE-193 would be \$134,922 dry hole and \$368,547 completed. AE-174 \$140,329 dry hole and \$389,548 completed.

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

A. Yes.

Q. And, again, also on this particular...in this particular unit we have the P-3 situation, correct?

A. That's correct.

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: Do you have anything further?

JIM KAISER: We'd ask that the application be approved with a revised set of exhibits.

BENNY WAMPLER: Is there a motion?

DONNIE RATLIFF: So moved, Mr. Chairman.

BENNY WAMPLER: Motion to approve.

MARY QUILLEN: Second.

BENNY WAMPLER: And second. Any further discussion?

(No audible response.)

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

(All members signify by saying yes.)

BENNY WAMPLER: Opposed, say no.

(No audible response.)

BENNY WAMPLER: You have approval. Next is a petition from Appalachian Energy, Inc. for pooling of coalbed methane unit H-35 for wells AE-162 and AE-169. This is docket number VGOB-07-0515-1938. We'd ask the parties that wish to address the Board in this matter to come forward at this time.

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

BENNY WAMPLER: The record is showing no others.

You may proceed.

JAMES RASNAKE

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Mr. Rasnake, again, do your responsibilities include the land involved in this unit we're designating as H-35 and in the surrounding area?

A. Yes.

Q. Are you familiar with the application that we filed seeking to pool any unleased interest in this unit which will...which includes proposed wells AE-162 and AE-169, which was dated April the 13th, 2007?

A. Yes.

Q. Okay. Does Appalachian Energy own drilling rights in the unit involved here?

A. Yes.

Q. And 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. Now, in this particular unit, we didn't pick up any additional leases, right?

A. That's correct.

Q. So, the percentage of the gas estate that's under lease to Appalachian Energy would be 98.45%?

A. Yes.

Q. And the percentage of the coal estate under lease to Appalachian Energy would be 90.53%?

A. Yes.

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

A. Yes.

Q. So, the interest that remains unleased in the gas estate is 1.55%?

A. Yes.

Q. And the interest that remains unleased in the coal estate is 9.47%?

A. Yes.

Q. Again, this unit, I don't believe, contains any unknowns or unlocateables, does it?

A. No, it doesn't.

Q. 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 listed at B-3?

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. A five dollar per acre bonus and a five year term with a one-eighth royalty.

Q. And in your terms...in your opinion, do the terms that you just testified to represent the fair and reasonable compensation to be paid for drilling rights within this unit?

A. Yes.

JIM KAISER: Mr. Chairman, we'd again ask that the election testimony taken previously in item 1931 be incorporated for purposes of this hearing.

BENNY WAMPLER: Do you accept those terms?

JAMES RASNAKE: Yes.

BENNY WAMPLER: They will be incorporated.

Q. Mr. Rasnake, we don't...again, we have fee mineral tracts. We don't have any unknown or unlocateables. So, the Board does no need to establish an escrow account for this unit?

A. That's correct, it does not.

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

A. Appalachian Energy, Inc.

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

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

(No audible response.)

BENNY WAMPLER: Call your next witness.

FRANK HENDERSON

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Mr. Henderson, again, breaking the wells out individually, what would the total depths be for both AE-162 and AE-169?

A. AE-162 depth of 1795 feet. AE-169 2245 feet.

Q. And, again, our application as we submitted stated that the estimated reserves over the life of the unit from the two wells would be 500 million cubic feet. Do you have a correction to that?

A. Yes, 375 million.

Q. Okay. Now, are you familiar with the well costs?

A. Yes, I am.

Q. Did you personally prepare AFEs for each individual well?

A. Not personally, no.

Q. Oh, you didn't. Well, you've reviewed them?

A. Yes.

Q. Again, breaking the wells out individually, could you state both dry hole costs and completed well costs for these wells?

A. Dry hole cost for AE-162 of \$136,879 and completed well cost of \$391,642. AE-169 dry hole cost of \$143,869 and a completed cost of \$432,275.

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 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.

Q. And, again, you have...we have the horizontal severance of the P-3 seam, right?

A. That's correct.

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

BENNY WAMPLER: Questions from members of the Board?

BILL HARRIS: Mr. Chairman.

BENNY WAMPLER: Mr. Harris.

BILL HARRIS: Let me just ask a question, I noticed this earlier, about the depth difference in the two wells. What do you attribute to? Is this just---

FRANK HENDERSON: One is up on the ridge line...one is up on top of the mountain---

BILL HARRIS: Oh, okay.

FRANK HENDERSON: ---of the mountain and the other well is down closer to the valley.

BILL HARRIS: In a hollow. Okay, thank you. That's what I needed. 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 with the change on the estimated reserves for the unit.

BENNY WAMPLER: Is there a motion?

PEGGY BARBAR: Motion to approve.

BENNY WAMPLER: Motion to approve. Second?

KATIE DYE: Second.

BENNY WAMPLER: Second. Any further discussion?

(No audible response.)

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

(All members signify by saying yes.)

BENNY WAMPLER: Opposed, say no.

(No audible response.)

BENNY WAMPLER: You have approval. Thank you.

JIM KAISER: Thank you.

BENNY WAMPLER: The Board members have previously received a copy of the minutes from the last hearing. I'd ask you to review those and a motion for approval if they're acceptable or any corrections if needed.

MARY QUILLEN: Motion to approve.

BENNY WAMPLER: Is there a second?

PEGGY BARBAR: Second.

BENNY WAMPLER: Second. Any further discussion?

(No audible response.)

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

(All members signify by saying yes.)

BENNY WAMPLER: Opposed, say no.

(No audible response.)

BENNY WAMPLER: Are there any public comments?

(No audible response.)

BENNY WAMPLER: Hearing none, the meeting is
closed. Thank you.

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 13th day
of June, 2007.

NOTARY PUBLIC

My commission expires: August 31, 2009.