

VIRGINIA:

IN THE COUNTY OF WASHINGTON

VIRGINIA DEPARTMENT OF MINES, MINERALS AND ENERGY

VIRGINIA GAS AND OIL BOARD

JUNE 19, 2007

APPEARANCES:

BOARD MEMBERS:

MARY QUILLEN - PUBLIC MEMBER

KATIE DYE - PUBLIC MEMBER

BILL HARRIS - PUBLIC MEMBER

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: Okay, we'll go ahead and call the meeting to order. 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. If you have cell phones, I'd ask you to cut those off so we're not disrupted during the hearing. I'll ask the Board members to introduce themselves starting with Ms. Quillen.

MARY QUILLEN: Mary Quillen. I'm Director of graduate programs for the University of Virginia here at the Center and I'm a public member.

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

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

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

today's agenda is a petition from Equitable Production Company for a modification of the Nora Coalbed Field Rules to allow drilling of an addition well. It's in a number of units. I'm not going to read those. It is docket number 89-0126-0009-08. This was continued from May. I'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, Jim Kaiser on behalf of Equitable Production Company. We would like to withdraw that petition. While we're at it, we would also like to withdraw, and I'm just going to use the docket numbers---

BENNY WAMPLER: Sure.

JIM KAISER: ---or item numbers, we would like to withdraw item number two, item number four and item number five.

BENNY WAMPLER: Okay. I'll call those docket numbers. They're withdrawn. That's docket number VGOB-89-0126-0009-09, -10 and -11. Those items are withdrawn. Okay, I guess we've got CNX next.

MARK SWARTZ: We can wait. You can go ahead and finish yours up.

JIM KAISER: Do you want me to do these three disbursements and then go to you?

MARK SWARTZ: Yeah, we've just got that one in there.

JIM KAISER: I'll do the...if it's okay with every-body---.

BENNY WAMPLER: Go to six?

JIM KAISER: Go to six, seven and eight and then we'll go to CNX and then back to me. Let me go pull those files.

BENNY WAMPLER: This is six on the agenda if you're looking at the agenda that Mr. Wilson handed you. It's a petition from Equitable Production Company for a disbursement of funds and authorization for direct payment of royalties on Tract 4, unit PC-313. This is docket number VGOB-93-0119-0309-01. This was continued from May. 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. Is Mr. Breeding here?

(No audible response.)

JIM KAISER: I was hoping he would be.

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

JIM KAISER: Okay, Tract 4, the Equitable figure for the total amount in escrow for this tract is \$18,062.73.

I have a spreadsheet for you here. Which means, that Mr. Breeding's share would be \$1,128.10. Now, the bank, which we're perfectly fine with going with actually has a higher figure. Its figure is \$19,571.41, which makes Mr. Breeding's interest \$1,222.32. The Divisionor Analysis for Equitable in Pittsburgh, Nicole Atkinson, as we stated the last time and several times that we've been here, we're trying our best to get these figures to match exactly. So, I keep sending them back to her. This one she sent back with this note saying this is...she says, "The difference of \$1,508.68 between the Equitable figure and the bank figure", remember the bank figure is higher, "is due to a lump sum amount initially deposited which we believe represents interest for period of April, 1994 through December, 1999." I'm sure Mr. Breeding, if he were here, would be happy to accept the bank's amount, but we'll do whatever the Board wants us to do.

BOB WILSON: Mr. Chairman.

BENNY WAMPLER: Mr. Wilson.

BOB WILSON: Are you saying the interest lump sum was deposited by Equitable into the account but that they have no record of it?

JIM KAISER: No, I would say...I think she's saying that it was deposited...it was deposited by the bank.

BOB WILSON: I don't...no, I don't know how the bank would---.

JIM KAISER: Well, I mean...or it was interest that the bank applied to the account. I mean, Equitable is not paying interest, the bank is.

BOB WILSON: Well, occasionally if a company has not been putting money in as they should---.

JIM KAISER: Oh, unless it was internally escrowed.

BOB WILSON: Yeah. ---and then put the lump sum into the bank.

JIM KAISER: It must be then. Maybe it was an Equitable deposit.

BENNY WAMPLER: Because generally the bank, and I think throughout the history of the escrow account, the interest has been applied on a monthly basis by the bank.

BENNY WAMPLER: Yeah. That's probably an internal escrow from that period of time from '94 to '99 that has been internally escrowed-.

BOB WILSON: Yeah.

BENNY WAMPLER: ---and that interest is a lump sum interest.

JIM KAISER: And Equitable deposited---.

BENNY WAMPLER: But they didn't separate out what

was interest.

BOB WILSON: That sounds reasonable.

JIM KAISER: It sounds reasonable to me.

BENNY WAMPLER: And we have got that...you have got that in a note?

JIM KAISER: Yes, sir.

BENNY WAMPLER: Okay. Well, I mean, we'll just get a copy of that on file with Mr. Wilson. As long as you're paying more, I don't see any reason to hold out on it. Do you have anything further?

BOB WILSON: Excuse me.

BENNY WAMPLER: Yes, Mr. Wilson.

BOB WILSON: Do you have that number in percentages that you can put on record because, of course, by the time we pay this out these numbers will not be correct? So, I'd like to get the percentages that they're actually...they will be paid out of the escrow account.

JIM KAISER: Percentages to his interest.

BOB WILSON: Uh-huh.

JIM KAISER: It's on that sheet.

BENNY WAMPLER: Read that into the record.

BOB WILSON: Let me let you read that in. These are revenue interests, I believe, that you're reading there as opposed to actual calculated percentage of the escrow

account.

JIM KAISER: Mr. Breeding's total net interest in Tract 4 would be 0.01375000.

BOB WILSON: That's his interest in the unit, is that not correct?

JIM KAISER: Correct.

BOB WILSON: Not in the escrow account?

JIM KAISER: Correct.

BOB WILSON: So, we'll need to calculate his actual interest in the escrow account so as to give the bank a percentage of escrow that they're to pay out.

JIM KAISER: If I had a calculator...it might be.

BOB WILSON: I think...we have enough information here to do the calculation and I would suggest to the Board that...in this case, I'll be happy to do that and have Mr. Kaiser check behind it before we do the actual escrow. I think the information is here.

JIM KAISER: No, actually I think that is his interest in the escrow. I think his interest in the unit is 0.00085875. I think we've got both figures here.

BOB WILSON: No, actually this is...I think this is his interest in the unit because when you calculate using the total net interest figure that you have given here and you multiple that times the total amount in escrow, you only

get like \$231. So, this is...I think this is net revenue interest in the unit as opposed to in the escrow account. But we...with this plus the exhibits that we have on file, we have enough information to calculate that. But I appreciate in the future if we could this. In this, I will do with the Board's approval and run it by you before it's--
-.

JIM KAISER: Okay. These other two are probably going to be that same way. We can go back and do those to you...submit it to you.

BENNY WAMPLER: Okay. 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 Board members signify by saying yes.)

BENNY WAMPLER: Opposed, say no.

(No audible response.)

BENNY WAMPLER: You have approval.

BOB WILSON: Mr. Chairman, we'd like to remind the Board on all of these that we will need to get W-9s from the people from whom the disbursements are to go before the bank

will issue the check.

BENNY WAMPLER: Right. 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 of 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: Mr. Chairman, again, Jim Kaiser on behalf of Equitable Production Company. In this particular case, we have, again, Mr. Breeding. We have the Campbells, Dennis Counts, Cheryl Fields and Pine Mountain. I see Pine Mountain here. I don't know if any of the other folks are here. This one is not exact again. This one we have...the Equitable figures are actually a little higher than the bank figures because Wachovia...here is my note on this one, "Wachovia has not posted check 906406 for \$559.61 and shows a \$6.40 payment in September of 2006." So, I don't know if somebody got some out. Yeah, they must have because some of these people only have like \$3.46 in escrow. So somebody must have got some released in September of 2006 and then there's the last check that was sent to Wachovia for escrow. It has not been posted. So, we have a difference between the Equitable figures and the bank figures of \$559.61 plus \$6.40. So, what's that...that's \$666...\$665...\$666.01.

BENNY WAMPLER: \$559?

JIM KAISER: Yeah, the check that has not been posted is \$559.61.

BENNY WAMPLER: Plus \$6.40.

JIM KAISER: Plus a \$6.40 payment.

BENNY WAMPLER: Is \$566.01 and not \$666.

JIM KAISER: I'm sorry. Yeah. \$566.01. And the other amounts are anywhere from \$3.46 up to \$506 for Mr. Breeding's interest.

BENNY WAMPLER: Is that money scattered across the entire...all the payouts, the \$566.01? I mean, is this something that we can---

JIM KAISER: Yeah, the \$559.61 would be...would be for all three tracts that are subjected to escrow and all...one, two, three, four, five parties.

MARY QUILLEN: What about the \$6.40?

JIM KAISER: I'm not sure where that came from. \$6.40 apparently...one of these folks got a disbursement in September of 2006 somehow. My guess would be that somebody in Tract 2 because their amount in escrow right now is \$3.46.

BOB WILSON: Mr. Chairman---

BENNY WAMPLER: Mr. Wilson.

BOB WILSON: ---there have been no prior

disbursements from this account. It may have been an adjustment for an incorrect deposit or something. But---

JIM KAISER: Yeah. Or maybe a fee or something.

BOB WILSON: But there haven't been any disbursements.

JIM KAISER: I guess when they mean "payment" it could mean fee...bank fee. As you can see, and I guess maybe you'll see go forward when CNX does theirs, I mean this is...it seems like it should be really easy, but it's not. Even picking a date ascertain, it's hard to square these things up exactly.

BOB WILSON: Mr. Chairman, the check that you say that hasn't been deposited, is that a recent check that---

JIM KAISER: Yes.

BOB WILSON: ---just hasn't been posted when you did your accounting?

JIM KAISER: Yes.

BOB WILSON: And other than that, the \$6.40 is the only that doesn't balance?

JIM KAISER: The only discrepancy.

BENNY WAMPLER: Okay. Do you have any enough information then to give the bank what they need?

BOB WILSON: Yes, sir.

BENNY WAMPLER: Okay. Do you have anything

further?

(No audible response.)

BENNY WAMPLER: Go ahead and give to Mr. Wilson.

Okay, we have a proposal for disbursement with the modification that was discussed on record. Are there any motion?

BILL HARRIS: I move for approval with the modifications stated...stated modification, I'm sorry.

BENNY WAMPLER: Is there a second?

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.)

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 1 and 5 of unit VC-1853. This is 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: Mr. Chairman, again, Jim Kaiser on behalf of Equitable Production Company. We have the same parties involved in this disbursement as we did in the previous one. In this case, Mr. Breeding is entitled to about 99.5% of the disbursement. Again, we have a discrepancy between the Equitable figure and the Wachovia figure. Here, my instructions are that the \$6...there's a \$678.99 difference. It's due to check 865761. It was written by Equitable for \$330 and posted at the bank for \$98.12. So, it's something that needs to be squared up with Wachovia. Then, we have an additional disbursement that has been made since the...you know, since it has not been posted at the bank. It is check number 924015 and it is in the amount of \$443.81. So, we've got an additional check that has not been posted at the bank and we have a bank error in the amount of roughly \$231.

BOB WILSON: Mr. Chairman.

BENNY WAMPLER: Mr. Wilson.

BOB WILSON: How long ago was that check deposited, the one with the error?

JIM KAISER: It sounds like it was a while ago if the recent check was 924015 and that one was 865761.

BOB WILSON: You don't have a date on it?

JIM KAISER: I don't have a date, no. We ought to

be able to track it with a check number.

BOB WILSON: When you account for both of those things, does the account balance?

JIM KAISER: Yes. Again, it's really just Mr. Breeding that would be affected. The bank is showing him as having \$1,538.36. We show it as it should be \$1,500.79. Whereas the other entities are less than \$10 a piece. He was here last time, wasn't he?

(No audible response.)

JIM KAISER: And, again, maybe on newer well...I mean, these are pretty old wells. Maybe on newer wells it will be a little smoother, hopefully. Some of these wells are close to ten years old.

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

BENNY WAMPLER: Ms. Quillen.

MARY QUILLEN: Do you anticipate Wachovia resolving that---?

JIM KAISER: I would think so.

BOB WILSON: Mr. Chairman.

BENNY WAMPLER: Mr. Wilson.

BOB WILSON: I think this is situation where the company and Wachovia together are going to have to resolve that prior to payout. If, in fact, we can show that the

deposit was incorrectly entered, that's...that's very correctable without any problem. I think the main thing is that the account balances when all of that is taken into consideration. I would suggest that if the Board wishes to approve this, they do so with the understanding that all of this will be taken care of prior to disbursement.

JIM KAISER: Some sort of letter from the Equitable folks from Pittsburgh saying it has been reconciled before you disbursed.

BENNY WAMPLER: Are you all okay with that, that we go ahead rather than make them come back? Is there a motion?

MARY QUILLEN: Motion to approve with the amendments stated by Mr. Wilson to resolve the difference in the balances with Wachovia.

BILL HARRIS: Second.

BENNY WAMPLER: Second. Any further discussion?
(No audible response.)

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

(All Board members signify by saying yes.)

BENNY WAMPLER: Opposed, say no.

(No audible response.)

BENNY WAMPLER: You have approval.

JIM KAISER: Thank you.

BOB WILSON: Excuse me, do you have an accounting for that?

(Mr. Kaiser hands the accounting to Mr. Wilson.)

BOB WILSON: Thank you.

BENNY WAMPLER: Okay. We're going back to number three on the agenda. 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, 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 and Anita Duty.

(Anita Duty passes out exhibits.)

BENNY WAMPLER: Anita, we'll get you sworn in when you get back to you chair. If you swear her in, please.

(Anita Duty is duly sworn.)

ANITA DUTY

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

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

Q. Would you state your name for us, please?

A. Anita Duty.

Q. Who do you work for?

A. CNX Gas Company.

Q. And pertaining to this application, what is it that you do for CNX?

A. Make sure that the escrow accounts are balanced.

Q. Okay. And this one is...we're talking about unit...this first one we're talking about today is unit T-36, correct?

A. Yes.

Q. And you've actually filed an amended exhibit with regard to the account balances and there are actually two tracts in the docket. It was Tract 2D, but we're actually going to be doing with 2A and 2D today, is that correct?

A. Yes.

Q. Okay. What is it that you did to determine whether or not the escrow account information that you received balanced with your own records?

A. I compared the deposits that we sent to the escrow bank with the deposits that were in the account and everything reconciled.

Q. Okay. And did you, at least in the Exhibit

A that you've submitted to the Court, is there a date that that exhibit represents a period of time through?

A. The balance is of May the 31st, 2007.

Q. Okay. And, obviously, that balance is not necessarily going to be balances or the dollars when the disbursement is made, but that was the date that you trued up the accounts?

A. Yes.

Q. Okay. And what tracts are you requesting a disbursement be made?

A. Tract 2A and 2D.

Q. And are the disbursement requests being made because folks in these two tracts have entered into split agreements?

A. Yes.

Q. And are those agreements written?

A. Yes.

Q. And do they provide for a 50/50 division?

A. Yes.

Q. Okay. Have you reported the dollars as of May the 31st, 2007 with regard to these two tracts in Exhibit A?

A. Yes.

Q. And have you also reported the owner's

percentages of the escrow as a percentage?

A. Yes.

Q. When the disbursements that we're requesting are made, if they are made, what number or percentage should the escrow agent use to make the disbursement?

A. For Tract 2A it should be 9.1383% to Arthur Stilwell and to Hurt-McGuire Land Trust. For Tract 2D, it should be 2.5010% of escrow to Hurt-McGuire and Donald Nipper.

Q. Okay. And are you also requesting that future payments of royalty, which would otherwise be escrowed be...the operator be allowed to pay those payments directly to these parties so that the escrow account doesn't continue to grow in that regard?

A. Yes.

MARK SWARTZ: I think 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.

BILL HARRIS: Second.

BENNY WAMPLER: Second. Any further discussion?

(No audible response.)

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

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

BENNY WAMPLER: Opposed, say no.

(No audible response.)

BENNY WAMPLER: You have approval.

KATIE DYE: I abstain.

BENNY WAMPLER: One abstention, Mrs. Dye. Next is
a petition from CNX Gas Company, LLC for disbursement of
funds from escrow and authorization for direct payment of
royalties on Tracts 4A, 4D and 4E of unit V-36. This is
docket number VGOB-98-0324-0638-02. 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 Anita Duty.

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

MARK SWARTZ: This unit V-36, there was a prior
Board order directing a release from escrow, which has not
occurred yet. So, the percentage...we can't make this
disbursement until that happens. I'm assuming it will

happen shortly. But you actually approved a disbursement. As you recall, the approval was always for a percentage of the amount in escrow at a time. So, that needs to happen before we can do this. So, we need to continue number nine for that reason.

(Anita Duty confers with Mark Swartz.)

MARK SWARTZ: It's not the right...well, that's what I thought it was.

ANITA DUTY: That's W-35.

MARK SWARTZ: Oh, W-35?

ANITA DUTY: Uh-huh.

MARK SWARTZ: I thought it was also V-36.

(Anita Duty confers with Mark Swartz.)

MARK SWARTZ: It is a disbursement issue. There are some...in the V-36 unit, a disbursement was made, but there were funds remaining after that disbursement was made which should have been disbursed, which needs to go out before we can make this future disbursement, right?

ANITA DUTY: It needs to go into the account.

MARK SWARTZ: Right. Right.

ANITA DUTY: Yeah.

MARK SWARTZ: So, we need to continue it, but it's for that reason.

BENNY WAMPLER: That's continued.

MARK SWARTZ: Do you think you'll have that
straightened out by July?

ANITA DUTY: Definitely.

MARK SWARTZ: Okay.

BENNY WAMPLER: Next is a petition from CNX Gas
Company, LLC for disbursement of funds from escrow and
authorization for direct payment of royalties on Tracts 1B,
unit AA-8, docket number VGOB-90-1010-0032-03. This 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 Anita Duty.

(Anita Duty passes out exhibits.)

ANITA DUTY

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

Q. You need to state your name, again.

A. Anita Duty. I'll remind you that you're
still under oath, okay?

Q. Okay. And who do you work for?

A. CNX Gas Company.

Q. And with regard to your job responsibi-
lities, what responsibilities, if any, do you have

pertaining to the escrow accounts?

A. Just to make sure that all of the checks are properly accounted for in the account.

Q. And what did you do with regard to this request for escrow disbursement from unit AA-8?

A. I compared the checks that were sent in and made sure that they were in the account and everything reconciled.

Q. Okay. Did you prepare your payment records to the banks, essentially deposit records?

A. Yes.

Q. Okay. And when you did that, they agreed?

A. Yes.

Q. Okay. Did you do this as of a particular date?

A. May the 31st, 2007.

Q. Okay. And what tract does the disbursement come out of?

A. Tract 1B.

Q. Okay. And on the exhibit that you provided to the Board today, have you listed the folks that should receive the disbursement by name?

A. Yes.

Q. Okay. And, basically, they're Harrison-

Wyatt, LLC is the coal owner and then the oil and gas owners are listed and highlighted in yellow, correct?

A. Yes.

Q. And would you tell the Court or the Board what percentages are to be used when the disbursement is made?

(Anita Duty confers with Mark Swartz.)

A. The owner's percent of escrow.

Q. Okay. So, for each person or company listed should simply use the percentage in the column owner's percent of escrow?

A. Yes.

Q. And that percentage should be applied to the balance at the time that the disbursement is made?

A. Yes.

Q. Are you also requesting that future deposits into the account with regard to Tract 1B that that requirement be lifted and that the operator be allowed to pay the folks listed in this exhibit directly?

A. Yes.

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

BENNY WAMPLER: Questions from members of the Board?

(No audible response.)

BENNY WAMPLER: This will be Exhibit One.

MARK SWARTZ: Okay.

BENNY WAMPLER: Is there a motion?

BILL HARRIS: I move for approval.

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 disbursement of
funds from escrow and authorization for direct payment of
royalties on Tract 3B of unit AY-118. This is docket number
VGOB-03-1216-1238-01. 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 Anita Duty again.

(Anita Duty passes out exhibits.)

ANITA DUTY

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

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

A. Anita Duty.

Q. Who do you work for?

A. CNX Gas Company.

Q. And what do you do for CNX in relation to the reason that we're here today?

A. I make sure that the escrow accounts are balanced.

Q. Okay. This time you've given the Board actually an additional exhibit. You've given them an Exhibit A, which is the percentage exhibit and you've also given them a revised Exhibit E, is that correct?

A. Yes.

Q. Why do we have a revised Exhibit E here?

A. I had incorrectly shown Tract 3A as being paid directly on Exhibit EE and it should be on the Exhibit E.

Q. Okay. Now, with regard to the requests for an escrow disbursement out of...the escrow account for AY-

118, what tract is the request pertain to?

A. Tract 3B.

Q. Okay. And when you compare the bank's records with the operator's payment records, how do they compare?

A. Everything balanced.

Q. Okay. And did you do this balance as of a particular date?

A. May the 31st.

Q. Okay. With regard to the disbursement, is it being requested because there has been a split agreement?

A. Yes.

Q. Is it a 50/50 agreement?

A. Yes.

Q. Is it in writing?

A. Yes.

Q. Who are they people that would receive the disbursements from Tract 3B?

A. Swords Creek Land Partnership and Joyce Price Monk.

Q. Okay. And have you reported the percentages of the total escrow that should be paid to these folks in the owner's percent of escrow column?

A. Yes.

Q. And, again, you're requesting that the percentage be used as opposed to the dollars when the disbursement is made?

A. Yes.

Q. Are you also requesting that the operator be allowed to pay these folks directly their royalty interest in the future rather than paying them into escrow?

A. Yes.

MARK SWARTZ: That's all I have.

BENNY WAMPLER: I have a question back on your other testimony on the percent of escrow. I may have missed it, but you talked about 3A be paid directly. But in 3B I'm showing a change in the percent from what you had before to what you have today.

ANITA DUTY: I had...3E was originally on the Exhibit EE as having been paid directly and then I realized that it actually has and it still remains in the account. So, when you add that .03 acres back into the total acres escrowed it changes your percentage.

BENNY WAMPLER: Okay. Will you give us that percentage? Just say what it is so we have it.

ANITA DUTY: It's 14.6259%.

BENNY WAMPLER: Thanks. Any questions from members of the Board?

(No audible response.)

BENNY WAMPLER: Is there a motion?

BRUCE PRATHER: Motion to approve.

BENNY WAMPLER: Is there a second?

BILL HARRIS: Second.

BENNY WAMPLER: Second. Any further discussion?

(No audible response.)

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

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

BENNY WAMPLER: Opposed, say no.

(No audible response.)

BENNY WAMPLER: You have approval.

KATIE DYE: I abstain.

BENNY WAMPLER: One abstention, Mrs. Dye. Next is
a petition from CNX Gas Company, LLC for disbursement of
funds from escrow and authorization for direct payment of
royalties on Tract 2C, unit AA-9, docket number VGOB-91-
0430-0116-02. We'd ask the parties that wish to address the
Board in this matter to come forward at this time. You
already have the handout from that, if you kept it from
earlier.

MARK SWARTZ: Mark Swartz and Anita Duty on this

one as well.

BENNY WAMPLER: The record will show no others.

You may proceed.

ANITA DUTY

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

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

A. Anita Duty.

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

A. Okay.

Q. Who do you work for?

A. CNX Gas Company.

Q. And what do you do for CNX that pertains to the reason that we're here today?

A. Just make sure that the escrow accounts balance.

Q. In this particular instance, did you compare your own payment records with the deposit records in the escrow bank?

A. Yes.

Q. And when you compared them, what did you determine?

A. All of the deposits that we had sent are in the escrow account.

Q. And you were able to account for that balance?

A. Yes.

Q. And did you do this balance through a particular date?

A. May the 31st.

Q. And what tract or tracts are we requesting a disbursement for here?

A. Tract 2C.

Q. And under Tract 2C have you reported in an Exhibit that you've passed out to the Board the names of the people who are to receive the disbursement?

A. Yes.

Q. And, basically, we're talking about Harrison-Wyatt, LLC as a coal owner, correct?

A. Yes.

Q. And then the folks highlighted in yellow as oil and gas owners?

A. Yes.

Q. Do they have...have they reached a split agreement?

A. Yes.

Q. Is it a 50/50 agreement?

A. Yes.

Q. Is it in writing?

A. Yes.

Q. And you've seen a copy of it?

A. Yeah.

Q. Okay.

A. Yes.

Q. Have you reported an owner's percent of escrow the percentages to be used by the Board's escrow agent when the disbursements are made?

A. Yes.

Q. And opposite everybody's name or any company's name there is a percentage reported?

A. Yes.

Q. And are you requesting that when the disbursement be made, the percentage rather than the dollar amounts as of May the 31st be used to make the disbursements?

A. Yes.

Q. Are you also requesting the authority for the operator to pay future royalties directly to the people who have made the split agreements rather than escrowing that?

A. Yes.

Q. Is there an adjustment that needs to be made before this disbursement occurs?

A. Yes.

Q. And what adjustment is that and why?

A. We had a previous disbursement in this unit for...I think it was Tract 2B and we had changed the way that we made our payments and then there was \$2,316 that had incorrectly gone to the bank. In the meantime, we've made that up and paid it directly to the owners. So, now, we just need to have that returned back to us.

Q. So, before the disbursement is made using the percentages reported on the exhibit that you've given the Board today with regard to the AA-9, Tract 2C---?

A. Yes.

Q. ---the escrow agent needs to refund \$2,316.57 to CNX Gas Company, LLC and then apply the percentages to the remaining balance---?

A. Yes.

Q. ---as the payoff?

A. Yes.

BENNY WAMPLER: And you're saying that was incorrectly deposited in Tract 2B is the cause of it?

A. I think it was 2B. It was...Robert Rash

was the owner. He had already had a disbursement made in 2004 and for some reason it kept being paid into escrow incorrectly for about eight months recently and we just need to get that---.

Q. And what you've done is you've paid him the amount he was owed directly and now you want this back to recover that?

A. Right. Because we actually paid him and paid the escrow accounts. We need to...I can show you my spreadsheet.

BOB WILSON: I think I understand.

BENNY WAMPLER: Yeah, we just need...we just need...for the record you will need to give Mr. Wilson, you know, the documentation of that.

ANITA DUTY: Okay.

BOB WILSON: Is there a notice issue or anything here? Mr. Rash is---.

ANITA DUTY: He doesn't realize he wasn't getting paid...that it was paid to escrow account incorrectly because we've actually paid him once we realized there was a mistake and we just have money in the account that we can't really get back through---.

MARK SWARTZ: You can't recoup it from him because it's in this account.

BOB WILSON: I understand.

BRUCE PRATHER: Has he been notified?

ANITA DUTY: And we owe it to him. It's not his fault that we paid it to the escrow bank. So, we had to pay him directly.

BRUCE PRATHER: Has he been notified?

MARK SWARTZ: He has been paid.

ANITA DUTY: He doesn't know---

BRUCE PRATHER: He has been paid?

ANITA DUTY: ---that there's a problem---

BRUCE PRATHER: That's what I'm talking about.

ANITA DUTY: ---because he has been paid.

BRUCE PRATHER: Yeah.

BOB WILSON: So, you've actually paid this doubly?

ANITA DUTY: Right.

MARK SWARTZ: Right.

ANITA DUTY: And we just need our money back from the account. Not...no interest or anything. Just what we've paid on his behalf.

MARK SWARTZ: See, because if we took it from him, this money would be in the account and he probably wouldn't be happy about that.

BOB WILSON: Yeah, I can see that.

BENNY WAMPLER: Okay. Do you have anything

further?

MARK SWARTZ: But we can...we can document that?

BENNY WAMPLER: Yeah. We'll just need that documentation.

BOB WILSON: This...excuse me. This needs to be removed from the account and then the percentages to go to these persons receiving disbursement will be calculated after this is removed.

MARK SWARTZ: Right. Because that will adjust the balance to the right balance.

BOB WILSON: Yes. Okay.

BENNY WAMPLER: Is there a motion?

MARY QUILLEN: Motion to approve with the amendments and the documentation stated by Mr. Wilson.

BILL HARRIS: Second.

BENNY WAMPLER: Any further discussion?

(No audible response.)

BENNY WAMPLER: All in favor, say 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 disbursement of funds from escrow and authorization for direct payment of royalties on Tract 2C, unit BB-8, docket number VGOB-90-1010-0033-03. We'd ask the parties that wish to address the Board in this matter to come forward at this time.

BENNY WAMPLER: Mark Swartz and Anita Duty. The record will show no others. You may proceed.

ANITA DUTY

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

Q. State your name for us, again.

A. Anita Duty.

Q. I'm going to remind you that you're still under oath, okay?

A. Okay.

Q. Who do you work for?

A. CNX Gas Company.

Q. And what do you do for CNX that pertains to the reason we're here today?

A. Just to make sure that the escrow accounts balance.

Q. Did you endeavor to balance your payment

records...the operator's payment records with the escrow agent's records pertaining to Tract 2C in unit BB-8?

A. Yes.

Q. And when you compared your payment records to the deposit records, how did they compare?

A. They...everything balanced.

Q. Okay. And the disbursement that we're talking about here out of escrow pertains to which tract or tracts?

A. Just 2C. I've highlighted 2A. I don't know why, but it's just 2C.

Q. Okay. So, only 2C. And in 2C have you listed the folks who are to receive the payments?

A. Yes.

Q. And the coal owner would be Harrison-Wyatt, LLC, correct?

A. Yes.

Q. And then the lists of oil and gas owners is highlighted in yellow A through Q?

A. Yes.

Q. Have you reported for each owner in Tract 2C the percentage that they are to receive when the disbursement is made?

A. Yes.

Q. And that's listed in owner's percent of escrow at 50%, correct?

A. Yes.

Q. Is there a split agreement here?

A. Yes.

Q. Is it in writing?

A. Yes.

Q. And it's a 50/50 agreement?

A. Yes.

Q. And you've seen it?

A. Yes.

Q. Okay. And are you requesting that the Board enter an order allowing the escrow agent to pay the percentages shown on this exhibit to the owners listed with regard to 2C?

A. Yes.

Q. And are you also requesting that the operator be allowed to pay the owners in 2C in the future their royalty checks directly rather than escrowing those funds?

A. Yes.

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

BENNY WAMPLER: Questions from members of the Board?

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

BENNY WAMPLER: Ms. Quillen.

MARY QUILLEN: Is the difference in the amounts on the original and the one that you handed to us because there was another deposit made because the percentages are the same?

ANITA DUTY: Oh, yeah.

MARY QUILLEN: A deposit has been made?

ANITA DUTY: Well, under amount due owners, you can see that the balance is different.

MARY QUILLEN: Right.

ANITA DUTY: Like the one was February and this one is May, yeah.

MARY QUILLEN: Okay.

BENNY WAMPLER: Other questions?

(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 Board members signify by saying yes, but

Katie Dye.)

BENNY WAMPLER: Oppose, say no.

(No audible response.)

BENNY WAMPLER: You have approval. One abstention, Mrs. Dye. Next is a petition from CNX Gas Company, LLC for disbursement of funds from escrow and authorization of direct payment of royalties on Tracts 2A and 2B of unit X-35. This is docket number VGOB-98-0324-0636-01. We'd ask the parties that wish to address the Board in this matter to come forward at this time.

MARK SWARTZ: Mark Swartz. Mr. Chairman, we need a continuance of items fourteen, fifteen, sixteen and seventeen. We have...with regard to three of them, we are not yet able to balance the accounts and need another month, Anita?

ANITA DUTY: Uh-huh.

MARK SWARTZ: And with regard to W-35, the explanation I gave you with regard to V-36 is the reason we need a continuance, which will...you know, which will resolve itself.

BENNY WAMPLER: Okay. So, we're going to seventeen?

MARK SWARTZ: Actually, that...I've asked for that as a continuance as well.

BENNY WAMPLER: Continuance as well.

MARK SWARTZ: So, the next...all four of these, fourteen through seventeen. I'm sorry, Mr. Chairman.

BENNY WAMPLER: Okay. That's all right. When you said three, that's the reason I was asking. So, it is four?

MARK SWARTZ: It's four.

BENNY WAMPLER: We're continuing...fourteen, fifteen, sixteen and seventeen are continued until next month.

MARK SWARTZ: Okay.

BENNY WAMPLER: Next is a petition from CNX Gas Company, LLC for pooling coalbed methane unit O-73, docket number VGOB-07-0619-1939. 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. I'm going to see if he's in the hall.

(Mark Swartz steps out to get Leslie K. Arrington.)

TOM MULLINS: Mr. Chairman---

BENNY WAMPLER: Mr. Mullins.

TOM MULLINS: Good morning. Item twenty-five on the docket, which involves an application for the well spacing.

BENNY WAMPLER: Yes.

TOM MULLINS: We had some concerns. I don't want to interrupt and take it out of order, but I also want to expedite the Board docket. We had some issues that we have now worked out with the applicant.

BENNY WAMPLER: Okay.

TOM MULLINS: So, I wanted to let the Board know that and we're not going to participate in the hearing based upon the agreement that we have reached with the applicant on that.

BENNY WAMPLER: Okay, thank you.

TOM MULLINS: Okay?

BENNY WAMPLER: Thank you.

(Mark Swartz and Leslie K. Arrington reenter the room.)

BENNY WAMPLER: I need to get your sworn.)

(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. Would you state your name for us, please?

A. Leslie K. Arrington.

Q. Who do you work for?

A. CNX Gas Company, LLC.

Q. What do you do for them?

A. I'm manager of environmental and permitting.

Q. And with regard to pooling applications, are you the person in charge of preparing or causing to be prepared the notice of hearing, the application and the related exhibits?

A. Yes, I am.

Q. And did you, in fact, sign the notice of hearing with regard to O-73 and the application?

A. Yes.

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

A. Yes.

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

A. Yes.

Q. Who is it that CNX Gas Company, LLC is requesting be the designated operator if this application is approved?

A. CNX Gas Company.

Q. And in that regard does CNX Gas Company have a bond on file as required by law?

A. Yes.

Q. And has it registered as an operator with the DMME?

A. Yes, it is.

Q. Okay. With regard to O-73, what kind of unit is it?

A. It's a Nora. It has 58.65 acres in it.

Q. How many wells are proposed?

A. One.

Q. Is it a frac well?

A. Yes.

Q. And this frac well...this particular well is outside of the window, is it not?

A. Yes, that's correct.

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

A. They were mailed by certified mail, return receipt requested May 18, 2007. It was published in the Bluefield Daily Telegraph on May 30, 2007.

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

A. The notice of hearing and location map.

Q. Okay. And have you filed your certificates with regard to mailing and the certificate of publication that you got from the newspaper with Mr. Wilson?

A. Yes, we have.

Q. Do you wish to add any respondents today?

A. No.

Q. Between the time that you filed the original application and today, are there some changes that needed to be made to various exhibits?

A. Yes, there are.

Q. Okay.

A. You'll see them on Exhibit B-2 and B-3.

Q. Okay. And you've passed out copies of the revised Exhibits to the Board, correct?

A. Yes.

Q. And we have an Exhibit B-2, I believe.

A. Yes.

Q. And that usually means that we're adding or dismissing people, correct?

A. Yes.

Q. And here, are you dismissing some respondents?

A. Yes, because those were leased...assigned to us from Pine Mountain.

Q. Okay. So, originally, you had named as respondents the folks listed in Exhibit B-2 and now you wish to dismiss them because their leases have been assigned to you all?

A. Yes.

Q. Okay. And that's all reported in Exhibit B-2?

A. Yes, it is.

Q. Of course, when we made changes to dismiss people, then we need to change Exhibit B-3, which is a list of the respondents, correct?

A. Correct.

Q. And so have the changes that you've made to Exhibit B-3 been made to reflect the dismissal that you're requesting?

A. Yes...yes, they have.

Q. Okay. And then in addition, after we make subtractions from the number of people that need to be pooled, we would then have a change in the interests that we're pooling, correct?

A. That's correct.

Q. So, could you tell the Board, as of today, what interests you've acquired and what interests you're seeking to pool in O-73?

A. Yes. We have 100% of the coal owner's claim to coalbed methane leased. We have 99.0451% of the oil and gas owner's claim to coalbed methane. We're seeking to pool 0.9549% of the oil and gas owner's claim to coalbed methane.

Q. Okay. The well that's proposed here...the frac well that's proposed, have you provided a well cost estimate?

A. Yes, we have. It's \$211,176.56 to a depth of 1900 feet.

Q. Okay. And as yet, you do have a permit for this well?

A. No.

Q. Okay. There are escrow requirements here, correct?

A. Yes, for Tract 1A, 1B, 1C, 3A, 3B, 3C, 3D, 4A and 4B.

Q. Okay. And those requirements are traditional conflicts?

A. Yes.

Q. And you've got a revised Exhibit E with regard to escrow that you've submitted this morning?

A. Yes, we did.

Q. Okay. Are there any split agreements?

A. No.

Q. Is it your opinion that the development plan disclosed by the application, which is to drill one frac well in this Nora unit is a reasonable plan to develop the coalbed methane within and under this unit?

A. Yes, it is.

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

A. Yes, it will.

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

BENNY WAMPLER: Any questions from members of the Board?

(No audible response.)

BENNY WAMPLER: The proposed well is not inside the drilling window, is that correct?

LESLIE K. ARRINGTON: That's correct, it isn't.

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 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 Q-23, docket number VGOB-07-0619-1940. I'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, would you state your name for us?

A. Leslie K. Arrington.

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

A. Yes, sir.

MARK SWARTZ: I'd like to incorporate Mr. Arrington's testimony from the prior hearing with regard to the applicant and the operator and with regard to his employment.

BENNY WAMPLER: That will be incorporated.

Q. This is unit Q-23, correct?

A. Yes, it is.

Q. What kind of unit is this?

A. It's an Oakwood 80.

Q. And where is the well located that we're talking about here?

A. It's not within the window.

Q. And is it a frac well?

A. Yes.

Q. And have you provided the Board with a cost estimate with regard to this well?

A. Yes, we have.

Q. And what's the amount of that estimate?

A. It's \$241,889.78 to a depth of 2520. Its permit number is 8022.

Q. Is it 2520 or 2550?

A. 2550, I'm sorry.

Q. Okay. All right. There's one respondent

here, right?

A. Yes.

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

A. We mailed...we mailed by certified mail, return receipt requested May 18, 2007. We published in the Bluefield Daily Telegraph on May 30, 2007.

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

A. Yes, we have.

Q. Okay. Do we wish to add any respondents today?

A. No.

Q. And I assume you don't wish to dismiss Mr. Davis?

A. No.

Q. Okay. Have you provided the Board with an Exhibit A, page two which sets forth the interests you've been able to acquire and any interests you're seeking to pool?

A. Yes, we have.

Q. And what are those interests?

A. We've leased 99.425% of the coal, oil and gas owner's claim to coalbed methane. We're seeking to pool

0.5750% of the coal, oil and gas owner's coalbed methane.

Q. There's no escrow required here?

A. No, there's not.

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

A. No.

Q. Okay. Is it your opinion that if you combine the leasing efforts that you've been successful in with this pooling order that you will indeed be able to protect the correlative rights of all of the owners and claimants within this unit?

A. Yes, we will.

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

A. Yes.

Q. If Mr. Davis does not reach an agreement with the operator, what would your recommendation be with regard to lease terms to be adopted by the Board, which would pertain to people who were deemed to have been leased?

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

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

BRENDA DAVIS: I'm Brenda Davis. Michael Davis' wife.

BENNY WAMPLER: Okay.

BRENDA DAVIS: I have a question regarding this petition. The Q-23, is that a well they're wanting to put on this property or a well that's already there?

BENNY WAMPLER: We'll let them answer that.

LESLIE K. ARRINGTON: Okay. On your property?

BRENDA DAVIS: Yes.

LESLIE K. ARRINGTON: Let me make sure what tract you're in. I think it's Tract 4. You're on Tract 4. If you'll notice, the well is Tract 1A. Do you got the plat there?

BRENDA DAVIS: Yes.

MARK SWARTZ: Here's you.

BRENDA DAVIS: Okay.

LESLIE K. ARRINGTON: The one is up there. So, the well is not on the property. The well is just...it incorporates for production purposes the entire unit.

BRENDA DAVIS: Okay.

MARK SWARTZ: But here is...this is where you are before...okay, that's the tract that you---.

BRENDA DAVIS: Okay. This is just the part that you're wanting to pull the gas out of, is that correct?

MARK SWARTZ: No, the gas is going to be split between everybody who owns land in this square. This is an 80 acre square.

BRENDA DAVIS: Okay.

MARK SWARTZ: Okay. And your acreage in the 80 acre square is almost...almost a half an acre.

BRENDA DAVIS: Okay.

MARK SWARTZ: Twenty-four six. And so that means that there is other people who own seventy-nine and a half acres.

BRENDA DAVIS: Correct. I understand.

MARK SWARTZ: And you will be sharing on percentage basis with those other people.

BRENDA DAVIS: Okay.

MARK SWARTZ: And the well...but the well is definitely...I'm guessing that that's--.

BRENDA DAVIS: So, this right here, my understanding, is just the part of our acreage that you're...that you're pooling the gas---

MARK SWARTZ: You will get a share, right.

BRENDA DAVIS: Okay.

MARK SWARTZ: That you will get a share, correct.

BRENDA DAVIS: All right.

MARK SWARTZ: And this well is...you know, in

inches four hundred feet, this well is, you know, more than eight or nine hundred feet away from you, just to give you a feel for that.

BRENDA DAVIS: Okay. All right. Thank you.

MARK SWARTZ: Sure.

BENNY WAMPLER: Did that answer you questions?

BRENDA DAVIS: Yes.

BENNY WAMPLER: Okay.

(Mark Swartz confers with Brenda Davis.)

BRENDA DAVIS: Thank you.

MARK SWARTZ: Sure.

BENNY WAMPLER: Do you have anything further, Mr.

Swartz?

MARK SWARTZ: No, I do not.

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 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 AX-127. This is docket number VGOB-07-0619-1941. 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, would you state your name for us, again?

A. Leslie K. Arrington.

Q. I'll remind you that you're still under oath, all right.

A. Yes.

Q. Who do you work for?

A. CNX Gas Company, LLC.

Q. And what do you do for them?

A. I'm manager of environmental and permitting.

Q. Did you either prepare or caused to be prepared the notice application and exhibits with regard to this application pertaining to AX-127?

A. Yes.

Q. And what kind of a unit is it?

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

Q. And how many wells are proposed?

A. One.

Q. Is it a frac well?

A. Yes.

Q. And this particular well is not in the drilling window?

A. No.

Q. Have you provided the Board with a cost estimate for this well?

A. Yes. It's \$287,584.54 to a depth of 2370. The permit number 7802.

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

A. Mailed by certified mail, return receipt on May 18, 2007 and published in the Bluefield Daily Telegraph on May the 30, 2007.

Q. And have you provided Mr. Wilson with copies of your certificates concerning mailing and the proof of publication that you got from the newspaper?

A. Yes, we have.

Q. And when you published, did you publish the notice and the location map?

A. Yes, we did.

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 and what it is that you're seeking to pool?

A. We've acquired 100% of the coal owner's claim to coalbed methane and we've acquired 61.6786% of the oil and gas owner's claim to coalbed methane. We're seeking to pool 38.3214% of the oil and gas owner's claim to coalbed methane.

Q. Have you provided the Board with an Exhibit E pertaining to escrow?

A. Yes, we have. That includes Tract 2A, 2B, 2D, 2F, 3A, 3D and 3A. 2A has some unknowns in it---.

Q. That also has a---?

A. ---and a title conflict.

Q. ---title issue?

A. Yes.

Q. So, in general, the tracts you first listed all have conflicts in them?

A. Yes.

Q. And, in addition, Tract 2A has an unknown, an address issue and a title conflict?

A. Yes, it does.

Q. Okay. Are there any split agreements with regard to this unit?

A. Yes, for Tract 2C, 2E, 3B and 3C.

Q. And are you requesting that if the Board pool this unit the operator be allowed to pay the people who have split agreements directly in accordance with the terms of their split agreements?

A. Yes, we are.

Q. Is it your opinion that if you combine a pooling order with the leases that you've been successful in obtaining that the correlative rights of all owners and claimants in this unit will be protected?

A. Yes, they will be.

Q. Is it your opinion that drilling a frac well in this unit...this Middle Ridge unit is a reasonable

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

A. Yes, it is.

MARK SWARTZ: Mr. Chairman, I'd like to incorporate Mr. Arrington's testimony concerning the applicant, operator, standard lease terms and his employment from his prior testimony today.

BENNY WAMPLER: That will be incorporated.

MARK SWARTZ: That's all I have.

BENNY WAMPLER: Questions from members of the Board?

BILL HARRIS: Mr. Chairman, just---

BENNY WAMPLER: Mr. Harris.

BILL HARRIS: ---a quick question about the well location. I notice it's the last three even though they're in different fields or have all been outside of the drilling window. Is there a comment that you might want to make about those? Is that just coincidence or---?

LESLIE K. ARRINGTON: Actually, it's just a coincidence, but I can...I believe, AX-127. That's as far down that ridge as far as we can go. If you will look on the plat map, you'll see that there's two roads coming together there. That's actually as far down that ridge that we could get. It's up on the ridge top as far as we could

go.

BILL HARRIS: Okay. I was just curious. The last three were, again, in different fields. Thank you.

MARK SWARTZ: See the next time, I'm going to tell them to alternate rather than putting all three of them together because---

BILL HARRIS: You know, that raises flags. Anyway, that's all.

BENNY WAMPLER: Other 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 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 BA-121. This is docket number VGOB-07-0619-1942. 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, if I could, I'd like to incorporate Mr. Arrington's testimony today with regard to the applicant, the operator, standard lease terms and his employment.

BENNY WAMPLER: That will be incorporated.

MARK SWARTZ: Thank you.

LESLIE K. ARRINGTON

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

Q. Mr. Arrington, Anita is passing out some revised exhibits, correct?

A. Yes.

Q. You've got a list of respondents in your notice of hearing, the first page here.

A. Yes, we do.

Q. Have we got some changes to that?

A. Yes.

Q. Okay. Have you prepared and provided the Board with an Exhibit B-2 today?

A. We have.

Q. And what are doing there? Are we adding people or subtracting people?

A. We're doing both, due diligence, there was additions and then there was removals due to them not being an heir.

Q. Okay. Let's just start at page one of five and kind of summarize what...what we're talking about here. We've got a leased person in Tract 2 on page one of five, which would be, obviously, a dismissal?

A. Yes.

Q. If we go to the next---?

BENNY WAMPLER: He's talking about Exhibit B-2, just for the Board's---.

MARK SWARTZ: B-2, yes.

Q. And then if we go to page two of five we've got another lease---?

A. Yes.

Q. ---which would be a dismissal?

A. Yes.

Q. Deceased is just simply a note?

A. Oh, yes, I'm sorry.

Q. Okay. And then leased would be a dismissal with regard, for example, to Mr. Leslie Vance on two of five?

A. Uh-huh.

Q. Then, if we go to three of five, we've got some due diligence and you've discovered that a number of the people that originally noticed are not, in fact, heirs and do not need to be included?

A. That's correct.

Q. And that problem continues over on to four of five and five of five as a reason for dismissing those folks?

A. Right.

Q. And then the last, in Tract 3D, we've got a lease?

A. That's right.

Q. Okay. Then, obviously, when you dismiss people you have to revise Exhibit B-3, which is a list of the people that you're actually trying to pool?

A. That's correct.

Q. Have you revised B-3 to subtract the people or add the people as indicated in B-2?

A. Yes, we have.

Q. And then, again, have you done the same thing with regard to Exhibit E as necessary...let me see...if there are any split agreements in E?

A. Uh-huh. Yes, we have.

Q. Okay. Now, after adding and subtracting people, were you also required to change the percentages with regard to what it is the applicant has acquired or leased in the unit and what it is you're seeking to pool?

A. Yes, we did. Yes, we have.

Q. Okay. And as of the revision date of 6/15, which is a couple days ago, what interests have you been able to acquire and what interests are you seeking to pool?

A. We've acquired 99.2676% of the coal owner's claim to coalbed methane and 51.4892% of the oil and gas owner's claim to coalbed methane. We're seeking to pool 0.7324% of the coal owner's claim to coalbed methane and 48.5108% of the oil and gas owner's claim to coalbed methane.

Q. What did you do to notify people that we're...the respondents that you originally named and others that we were going to have a hearing today?

A. We mailed by certified mail, return receipt on May 18, 2007 and published in the Bluefield Daily

Telegraph on May 31, 2007.

Q. And have you filed your certificates with regard to mailing and your proof of publication that you got from the newspaper with Mr. Wilson?

A. Yes, we have.

Q. What kind of a unit are we talking about here?

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

Q. And how many wells are proposed?

A. One.

Q. Is it a frac well?

A. Yes, it is.

Q. And where is this one located in relation---

A. Within the drilling window.

Q. Okay. Have you provided the Board with a cost estimate for this well?

A. Yes. It's \$294,953.43 to a depth of 2,560 feet. The permit number is 7793.

Q. Okay. Now, turning to the revised Exhibit E, okay, have you indicated in revised Exhibit E the list of tracts for which escrow is going to be required?

A. Yes. It's Tract 1A, 1B, 1C, 1E, 1F, 1G, 1K, 2A, 2B, 3A and 3B. We have to escrow for unknowns on

1B, 3A and 3B and a title...an actual title conflict on 3B.

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

A. Yes. For Tract 1D, 1F, 1I, 1J, 1K, 3A, 3C, 3D and 3E.

Q. And are you requesting that the Board authorize the operator in the event the application is approved to pay the folks who have split agreements identified in Exhibit EE directly rather than escrowing their money?

A. Yes, we are.

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

A. Yes, it is.

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

A. Yes, they will.

MARK SWARTZ: I'd like to incorporate Mr. Arrington's prior testimony regarding the applicant, the

operator, standard lease terms and his employment.

BENNY WAMPLER: You already did that.

MARK SWARTZ: I already did that. But to wear a belt and suspenders though, you know.

BENNY WAMPLER: Okay.

MARK SWARTZ: Then I'm done.

BENNY WAMPLER: Other 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 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 coalbed

methane unit BB-123. This is docket number VGOB-07-0619-1943. 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.

(No audible response.)

BENNY WAMPLER: The record will show no others.

You may proceed.

LESLIE K. ARRINGTON

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

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

Q. State your name, please.

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.

MARK SWARTZ: Mr. Chairman, I'd like to ask that we incorporate Mr. Arrington's prior testimony today regarding the applicant, the operator, standard lease terms and employment.

BENNY WAMPLER: That will be incorporated.

Q. What kind of unit is this?

A. It's a Middle Ridge with 58.74 acres.

Q. And how many wells?

A. One.

Q. Is it a frac well?

A. Yes, it is.

Q. And this well is not in the window either?

A. No.

Q. Have you provided the Board with a cost estimate for this well?

A. Yes, we have. It's \$260,394.05 to a depth of 2,622 feet. The permit number is 7876.

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

A. We published in the Bluefield Daily Telegraph on May the 31st, 2007 and we mailed by certified mail, return receipt on May 18, 2007.

Q. Have you provided Mr. Wilson with your certificates with regard to mailing and the proof of publication that you got from the newspaper?

A. Yes.

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 in this unit and what you're seeking to pool?

A. We've acquired 93.2259% of the coal, oil and gas owner's claim to coalbed methane. We're seeking to pool 6.7741% of the coal, oil and gas owner's claim to coalbed methane.

Q. There's an escrow requirement for Tract 3A?

A. Yes.

Q. Traditional conflicts?

A. Yes.

Q. Are there any folks who have entered into split agreements?

A. Yes, for Tract 3B and 4.

Q. And in the event this pooling application is approved, are you requesting as operator that you be allowed to pay the folks with split agreements identified in Exhibit EE directly rather than escrowing their funds?

A. Yes, we would.

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

A. Yes, it is.

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

A. Yes, they will.

MARK SWARTZ: That's all I have.

BENNY WAMPLER: 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 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 BE-122. This is docket number VGOB-07-0619-1944. 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'll just point out to the Board that the revised exhibits that you're getting with regard to this unit are pretty limited. They pertain only to Exhibits E and EE and basically the change is that Tract 3B was moved from E to EE, but we'll come back to that in a minute.

LESLIE K. ARRINGTON

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

Q. Mr. Arrington, what...what kind of a unit is this?

A. It's a Middle Ridge. It has 58.74 acres in it.

Q. How many wells are proposed?

A. One.

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

A. Within the drilling window.

Q. Okay. And is it a frac well?

A. Yes, it is.

Q. Have you provided the Board with a cost estimate for this well?

A. \$248,742.26 to a depth of 2695. The permit number is 7744.

Q. Okay. What did you do to notify the respondents listed in the notice there would be a hearing today?

A. We mailed certified mail, return receipt on May 18, 2007. We published in the Bluefield Daily Telegraph on May the 31st, 2007.

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

A. Yes, we have.

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

A. We published the notice of hearing and location map.

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

A. We've acquired 100% of the coal owner's claim to coalbed methane and 25.8427% of the oil and gas

owner's claim to coalbed methane. We're seeking to pool 74.1403% of the oil and gas owner's claim to coalbed methane.

Q. Is there...are there escrow requirements here?

A. Yes, for Tract 1A, 1C, 1D, 1E, 2A, 2B, 2C and 3A.

Q. And are there split agreements?

A. For Tract 1B, 1E, 3B and 3C.

Q. And with regard to Exhibit E and EE there are revised exhibits that were provided to the Board today?

A. Yes, yes.

Q. In the event this application is approved, is it your request that the operator be allowed to pay the folks who have entered to split agreements in the tracts identified in Exhibit EE directly rather than escrowing their funds?

A. Yes, it is.

Q. Is it your testimony or an 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 your successful leasing efforts, the correlative rights of every claimant and owner will be protected?

A. Yes.

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

BENNY WAMPLER: Do you agree with Mr. Swartz's testimony regarding the changes made in Exhibit E and EE?

LESLIE K. ARRINGTON: Yes, yes.

BENNY WAMPLER: Questions from members of the Board?

(No audible response.)

BENNY WAMPLER: Is there a motion?

BILL HARRIS: Motion for approval.

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 BE-123, docket number VGOB-07-0619-1945. 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.

(Mark Swartz and Leslie K. Arrington confer.)

LESLIE K. ARRINGTON

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

Q. Could you state your name for us, please?

A. Leslie K. Arrington.

Q. And who do you work for?

A. CNX Gas Company, LLC.

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

A. Yes.

Q. Okay. This unit that we're talking about a pooling application...with regard to this application is BE-123, right?

A. Yes, it is.

Q. What kind of unit is that?

A. It's a Middle Ridge, 58.74 acres.

Q. And how many wells are proposed?

A. One.

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

A. Within the window.

Q. Is it a frac well?

A. Yes, it is.

MARK SWARTZ: Okay. With regard to this application, I would also request that we incorporate Mr. Arrington's testimony concerning the applicant, the operator, standard lease terms and his employment.

BENNY WAMPLER: That will be incorporated.

MARK SWARTZ: Thank you.

Q. Have you provided the Board with a well cost estimate for this unit?

A. Yes, we have. It's \$247,282.12 to a depth of 2630.

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

A. We mailed by certified mail, return receipt on May 18, 2007 and published in the Bluefield Daily Telegraph on May 29, 2007.

Q. And have you provided Mr. Wilson with copies of your certificates concerning mailing and proof of

publication that you get from the newspaper?

A. Yes, we did.

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 acquired in this unit and what are you seeking to pool?

A. We've acquired 96.3568% of the coal owner's claim to coalbed methane and 64.7429% of the oil and gas owner's claim to coalbed methane. We're seeking to pool 3.6432% of the oil and gas owner's claim and coal owner's claim and 35.2571% of the oil and gas owner's claim.

Q. There's some escrow requirements here, are there not?

A. Yes. For Tract 2A, 2B, 2C, 3A, 3B, 3E, 3G, 6 and 7. It's an escrow for unknowns for 2C, 3E, 3G and 7. There's a title conflict in 2C.

Q. And we need to...we need to file a revised Exhibit E...no, we don't. We got it right in Exhibit E, didn't we?

A. Yes, it's in there.

Q. It's in there, okay. And then do you have any split agreements?

A. Yes, for Tract 3C, 3D and 3F.

Q. And are you requesting that...if this application is approved, the operator be allowed to pay the people who have split agreements in those tracts in accordance with their split agreements rather than escrowing their funds?

A. Yes, we did.

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

A. Yes, it is.

Q. Is it your further opinion that if you combine a pooling order with your successful leasing efforts as the applicant that the correlative rights of everyone would be protected?

A. Yes.

MARK SWARTZ: That's all I have.

BENNY WAMPLER: I'm trying to find seven on your---

MARY QUILLEN: Yeah.

BENNY WAMPLER: ---Exhibit E. I don't...I don't have that.

MARK SWARTZ: Okay. It's in B. It shows...it does...we do need revise it. We need to add Tract 7 to

Exhibit E because there's an unknown. It's Tract 7, three of three, Reynetta Davis, address unknown. We need to add that to be escrowed.

BILL HARRIS: Brenda Evans?

MARK SWARTZ: Add Brenda Evans as well on that, yes. Yes.

BENNY WAMPLER: Okay. If you will get to that Mr. Wilson. Do you have anything further?

MARK SWARTZ: No, I do not.

BENNY WAMPLER: Is there a motion?

BILL HARRIS: Motion for approval with revisions...with the stated revisions.

BENNY WAMPLER: Is there a second?

MARY QUILLEN: Second.

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. We're going to take a five minute recess. The next item will be

the Appalachian Energy, Inc. Thank you, gentlemen,

MARK SWARTZ: Thank you.

(Recess.)

BENNY WAMPLER: Okay, we're back on the record.

The next item is a petition from Appalachian Energy, Inc. for a modification of Oakwood 1 Coalbed Gas Field Rules to allow for drilling of an additional well in unit G-30, G-32, G-35, G-36, H-32, H-35, H-36 and I-35. This is docket number VGOB-93-0216-0325-12. 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, Tom Blake and Frank Henderson on behalf of Appalachian Energy. Mr. Blake be our main witness. We ask that both of them be sworn at this time.

(Tom Blake and Frank Henderson are duly sworn.)

JIM KAISER: This is an application that we have filed seeking to modify the Oakwood 1 Coalbed Gas Field Rules to allow for an additional well to be drilled in each of these eight units. All of the eight units, with the exception of two that we're going to force pool here later today, those being G-32 and I-35 are either voluntary...a 100% voluntary units or previously force pooled units. We have been before the Board, I guess this is maybe our third

time on an increased density application. But we know that there are some newer Board members and we'll have...Mr. Blake handle most of the testimony as to why we feel this is a good theory...a good way to develop these units in this area for not only operator but also for the royalty owner and the County itself. So, I'll have Mr. Blake go ahead and start with his testimony.

TOM BLAKE: Yes. Exhibit A has the eight units that we're proposing for increased density. The reason we propose increased density is because of the increased recovery and the economic performance of the units that we put...that we developed this way. You get, first of all, accelerated production. Secondly, you get a lower reservoir pressure, which is a critical element of coalbed methane development, which I'll show you. Then, you access all zones because coals come and go and you get stimulations sometimes on zones and then sometimes not. And then, finally, and this is an interesting, you know, kind of side issue, you get a lower per well investment because of the infrastructure that you have in place. This works because the reservoir is a desorption type of reservoir, like a conventional reservoir. The gas is stored in the pore space between sand grains or interlined matrix. In coal, the gas is actually stored and physically adhered onto the coal.

So, if you look at Exhibit One, and I don't know how much you've seen of this before, but this illustrates the absorption capability of coal. With increase pressure, more and more methane goes onto the coal surface. So, if you look at say six hundred pounds, which would be the end of the graph, you have about five hundred standard cubic feet a ton of gas on the coal. If you can get the pressure down to three hundred, you would be around three hundred and seventy-five standard cubic feet a ton. So, going from six hundred to three hundred would liberate a hundred and twenty-five standard cubic feet a ton and that's the production mechanism. If you look, the curve steepens as you get to lower and lower pressures. That's why low pressure is critical to this. If you go from the three hundred...that hold three hundred and seventy-five standard cubic feet, you get a hundred pounds in the reservoir. That holds about a hundred and seventy-five. So, to do that next two hundred pounds you liberate about two hundred standard cubic feet a ton. That's why...that's the mechanism that makes this so important for coalbed methane. So, low...low reservoir pressure is critical.

On example two...or I'm sorry Exhibit Two, I'm showing you here...this is an actual simulation that we did when I was at Equitable several years ago. What we were

trying to do is...this would have been in Dickenson County, but the mode of operation is the same. We tried to simulate with a computer what we saw happening in the field. So, if you look at the dots or the...on the red is the gas and the water is blue. If you look at the dots and the solid line, the dots are the actual gas production that we saw and the solid line is the computer simulation of the gas. The way we did this is we just changed the perimeters of permeability, water saturation and gas saturation and coal thickness to get these things to match up. The purpose of it was to get a model so that we could find out what the best way to develop the coals would be. So, you can see we've got a pretty good match on the gas and on the water. In fact, it's actually unusual how good that is. But once you've got this, you have a mathematical model of what's going on and now you can start to ask the what if questions and that was the purpose that we had for this.

BILL HARRIS: Can I ask a question?

BENNY WAMPLER: Mr. Harris. Sure, if Board members have a question---

BILL HARRIS: Let me just ask you---

TOM BLAKE: Yeah.

BENNY WAMPLER: Mr. Harris.

BILL HARRIS: ---a quick question. Is there any

significant...I noticed this graph versus time and day. I'm not sure if I understand time, day. What...Exhibit two...are we talking about---

TOM BLAKE: Yeah, one year would three hundred and sixty-five days. I'll tell you why it's like that---

BILL HARRIS: Oh, this in days, okay.

TOM BLAKE: It's actually in days. That's unusual.

BILL HARRIS: But the plural, right?

TOM BLAKE: Yeah.

BILL HARRIS: I'm thinking two hundred...is that two hundred...you know, how can that...I'm thinking of a twenty-four clock. Okay.

TOM BLAKE: Okay.

BILL HARRIS: I'm way off track.

TOM BLAKE: Well, you know, normally you would say years or months.

BILL HARRIS: Yes.

TOM BLAKE: But this in days. The reason it is is it's a computer simulation.

BILL HARRIS: The S---

TOM BLAKE: And what a computer does, it says, What happened today? What happened tomorrow? What happened the next day? When? It's a very detailed---

BILL HARRIS: Okay. This S on the days makes the big difference?

TOM BLAKE: Yeah.

BILL HARRIS: Is there...okay, so there's a rise and then...okay, okay and then it appears to level off. Okay. No further questions. Thank you.

TOM BLAKE: Yeah. And the only thing really important about this graph is just to show...this took a great deal of effort just to get the map. In fact, it's one of the first time...we had someone else...an outside consultant try and get us a match and we could never get the water to match. So, we took it over ourselves and did it and that's...so, you know whenever you've got that good of mathematical match on your model it makes you feel like you can make projections better.

So, the projections are shown on Exhibit Three. This is showing the difference between...like 80 acres is in red, 60 acres would be in blue, 40 acres in green. At Equitable, we had 60 acre units over on the Dickenson County side and we knew that Consol had 80 acres on their side. So, we're asking the question, which one is the right answer, because we wanted to do what was optimal. So, we didn't know whether 60 or 80 would be the best. So, we did this and you can see there's an increase in the cum

production at 40 acres. In this case, the time scale is in years like you would expect. So, there's better recovery. The question then becomes, is it economically justified to do such a thing?

So, what we did is we put economics to this whole thing and you can see that in example...Exhibit Four. I'll just say that what we did here is we took the drilling costs, including roads, electric lines, pipelines and everything and rolled them. We did this...again, this was done a long time ago. So, this was at \$2.25. Gas price is much higher today. What this is showing is the net...the net present value peaks at a spacing in the 30 or 40, you know, acre range and not 60 or 80. We were looking for whether it was 60 or 80. We didn't know what the answer would be. We were kind of surprised to find it was 40. The reason why this works the way it does is there is an acceleration of production. There's increased recovery because of the lower pressure in the reservoir. One of the biggies was the fact there was lower average well investment that took advantage of the fact that roads and pipelines and everything were smaller or shorter. So, there was a lessor investment in that and that helped it. I would also say that if we were to run that at \$6.00 an mcf or, you know, anything like a current price that curve would shift to the

left. So, I was here one time when there were 60 acre units being applied for increased density. What this would suggest would be that a higher price that probably actually makes sense.

So, anyway, the benefits here are, obviously, they accrue to the operator because this is what we think is the optimal way to develop it and it would accrue to the royalty owner because there will be maximized production this way and, finally, to the counties and the state in the way of severance taxes. So, for these reasons we ask approval of the increased density request.

JIM KAISER: We had...in those eight units, we had about 137 coal, oil and gas owners that we identified and noticed. We didn't receive any objections. As you probably know, we did have at least some opposition...potential opposition earlier from GeoMet who didn't have any standing to oppose this because they didn't have any interest in any of these units, but had some interest in adjoining units and we worked out their little issue before the hearing today.

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

BILL HARRIS: Let me...Mr. Chairman, let me just be clear about---.

BENNY WAMPLER: Mr. Harris.

BILL HARRIS: ---what is being asked for. These are 80 acre units. You're asking for an additional well, which in effect converts them to 40 acre units. Is that what we're sort of seeing?

TOM BLAKE: Yes.

BILL HARRIS: I mean, if you were to just step back and look at everything this is---

TOM BLAKE: Yes.

BILL HARRIS: Yeah, okay. Okay, thank you.

BENNY WAMPLER: Other questions?

BRUCE PRATHER: Excuse me.

BENNY WAMPLER: Mr. Prather.

BRUCE PRATHER: Are you sure you're not...I mean, if you're drilling four wells with 40 acres, that's 10 acre spacing.

JIM KAISER: Oh, no, two wells.

TOM BLAKE: Two wells.

BRUCE PRATHER: I think it says four wells for 40 acres.

BILL HARRIS: The top of it is a 160 acres in terms of the...yeah...well, but I'm looking at right where your right hand is at the top. It says, 160 acres.

BRUCE PRATHER: Yeah, but if you're drilling four wells for 40 acre units.

JIM KAISER: No, no, no.

TOM BLAKE: Oh, okay. Let me...yeah.

MARY QUILLEN: Yeah, on the key at the bottom.

TOM BLAKE: Yeah, let me explain that. That's a good catch. The...what we did is we...do you say 80 acres is two wells.

BRUCE PRATHER: Uh-huh.

TOM BLAKE: We were actually looking at 160 acres, which would be the conventional well spacing. We were trying to figure out how the units would actually fit into a conventional. So, we started with 160. So, when we modeled it was 80 acres or two wells in the one 160. So, that's why you see four wells. It would be 60 divided by four.

BRUCE PRATHER: Okay.

BILL HARRIS: That's why I asked about the 80 and two because, you know, I saw that.

TOM BLAKE: Yeah, it's the way we modeled it.

BENNY WAMPLER: But your application is for two wells in an 80 acre unit?

TOM BLAKE: Yes.

BILL HARRIS: Yeah, that was my question.

BENNY WAMPLER: Mr. Wilson.

BOB WILSON: Mr. Chairman, I will assume that...is it safe to assume, I should ask, that if this is approved it

will mirror other approved increased density drilling orders in the Oakwood unit and that the second well will be required to be within the window, otherwise, they would have to come back before the Board to get approval? I minimum spacing would be 600 feet per well.

TOM BLAKE: Yes.

JIM KAISER: Yeah. We stated...that's the relief that we have requested in the application.

BRUCE PRATHER: There's no evidence of interference between wells drilled that close together that you're aware of?

TOM BLAKE: Not that I'm aware of, but if there were interference that would actually be...I mean, there's going to be pressure interference.

BRUCE PRATHER: Sure. But I'm talking about frac jobs.

TOM BLAKE: Frac jobs, we've had two cases in all of the frac jobs that I've done where there may have been.

BRUCE PRATHER: Okay.

TOM BLAKE: And I'm not personally...I've just heard back from folks.

BRUCE PRATHER: Okay.

TOM BLAKE: That's...that's maybe a good thing because I try real hard to keep them in zone.

BENNY WAMPLER: Do you have another witness?

JIM KAISER: No, Mr. Chairman. We'd ask that the application be approved as submitted.

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 Board members signify by saying yes.)

BENNY WAMPLER: Opposed, say no.

(No audible response.)

BENNY WAMPLER: You have approval.

TOM BLAKE: Thank you.

BENNY WAMPLER: Next is a petition from Hard Rock Exploration, Inc. for repooling of conventional gas unit HRVAE #10. This is docket number VGOB-05-0419-1441-01. We'd ask the parties that wish to address the Board in this matter to come forward at this time.

JIM KAISER: In this case, Mr. Chairman, it will be Jim Kaiser and Jim Stephens on behalf of Hard Rock. We'd ask that Mr. Stephens be sworn at this time.

(Jim Stephens is duly sworn.)

BENNY WAMPLER: The record will show no others.

You may proceed.

JIM KAISER: This is, basically, sort of fixery pooling. This is a well that we pooled back in April of 2005. It is involved in an area where Hard Rock has the Ritter lease and their area of development in...basically, in the Pilgrims Knob area of Buchanan County. There's some old...correct me if I say this wrong, but there's some old 640 acre blocks that were established that have some contractual rights as to what can be drilled and what can't be drilled in the area. When Jim...when Hard Rock's surveyor did the original plat for this well when we force pooled it back in April of '05, as you'll see on the plat that you have with this application, we did not include this yellow window on the wester side, which is part of one of those 640 acre blocks. So, we missed an interest---

(Jim Stevens confers with Jim Kaiser.)

JIM KAISER: We missed an interest in both a lessee and a sub-lessee that's part of this 640 acre arrangement. If you'll just pass that around. So, basically, we missed Eastern American Energy Corporation as a sub-lessee and CNX as a lessee. So, we have to come back to capture their interest on that western side and pool that interest. Then, we are...we have an agreement in principal

from both of those parties to participate directly in these wells.

BENNY WAMPLER: Do you agree with that testimony?

JIM STEPHENS: I agree with that testimony.

JIM KAISER: So, do I need to go back and do all the other stuff that we did two years ago or---?

BENNY WAMPLER: I...I don't think so.

JIM KAISER: Okay.

BENNY WAMPLER: Just pick up what you're changing.

JIM KAISER: Yeah. We're just picking up what we missed.

BENNY WAMPLER: Right.

JIM KAISER: We had this same situation in Hard Rock unit #12.

BENNY WAMPLER: Is anything else changing?

JIM KAISER: I don't believe so, is there?

JIM STEPHENS: No, sir.

BENNY WAMPLER: These are revised exhibits?

JIM KAISER: Yes. To reflect that ownership situation.

BENNY WAMPLER: You might just give us testimony on the exhibits, the change in percentages.

JIM KAISER: Yeah. The Exhibit B, if you'll turn to that, will reflect their interest in the various tracts

as they run down that western side. It will be Tracts 1, 2 and...I guess, it's Tract 1 though 4 they have some little piece of as part that...those 640 acre blocks.

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

BENNY WAMPLER: Ms. Quillen.

MARY QUILLEN: What about Tract 5, the Plum Creek Timber, which is unleased? Is that part of that also?

JIM KAISER: No. That would be...we would have pooled that tract in the original pooling. It doesn't...it's not---

MARY QUILLEN: It's not in that?

JIM KAISER: ---physically in that...part of that 640 acre block.

MARY QUILLEN: Okay.

BILL HARRIS: Mr. Chairman, I do have a question also.

BENNY WAMPLER: Mr. Harris.

BILL HARRIS: This may have been addressed earlier, but I notice that each of the tracts in Exhibit B under CNX Gas it talks about an overriding royalty interest of 5.5%, a well head...can somebody explain what that means?

MR. STEPHENS: Basically, when they drilled...when they set up those 640 acre tracts...I don't want to tell you wrong, but to the best of my knowledge is that Consol/CNX

leased it...did a sub-lease to Eastern American. In that sub-lease, there was 5.5% overriding royalty. If a well was drilled, they got a royalty interest on that tract above and beyond normal royalty.

JIM KAISER: And they wanted their interest protected and that's what the agreement is between the three parties, between Hard Rock and Eastern and CNX is that, I guess, Eastern is going to be a direct participant and then CNX's interest will be limited to what we have here in the exhibit. I think they're happy with that, right?

JIM STEPHENS: I don't know that Eastern American has been---

JIM KAISER: Well, whatever you've got worked out with them.

JIM STEPHENS: Yeah.

JIM KAISER: I don't know what the agreement is.

BENNY WAMPLER: Now, as to your notice, how did you go about that?

JIM KAISER: On this particular application?

BENNY WAMPLER: Yes.

JIM KAISER: We noticed everybody in Tracts 1 through 4.

BENNY WAMPLER: Do you agree with that?

MR. STEPHENS: I agree with that.

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

BOB WILSON: Yes, sir. I was looking at the recorded order that has already been issued on this. The ownership details are significantly different for these tracts on your B-3, which is your list of unleased parties on the recorded order and your B-3, which is a list of unleased parties on your application. For instance, Tract 3 in the recorded order lists Plum Creek Timber Company unleased; EOG Resources as a lessee; Tract 3 on your application lists individuals, Richard D. Weller, Joseph L. Weller, Josephine C. Rife and then Eastern American and others. Would you like to see this to compare this?

JIM KAISER: Please.

(Jim Kaiser, Jim Stephens and Bob Wilson confer about the Exhibit B-3.)

BENNY WAMPLER: What do we need to do, continue it and get it straightened out?

(Jim Kaiser, Jim Stephens and Bob Wilson confer.)

JIM KAISER: Yeah, why don't we continue this one.

BENNY WAMPLER: Okay. That will be continued until next month.

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

BENNY WAMPLER: Yes, Ms. Quillen.

MARY QUILLEN: On the last page that we got of the exhibit in our packet, the B-3 we have as Tract 2 and Tract 3 for the unleased and then that last page just has Exhibit B. Should that not be B-3 for Exhibit Four for this unleased?

MR. STEPHENS: Uh-huh.

MARY QUILLEN: It just has B...Exhibit B.

BOB WILSON: It's page two.

MARY QUILLEN: And that continues...that very last page should be---.

BENNY WAMPLER: Yeah, that's page two of B-3.

MARY QUILLEN: That should be a B-3 also.

BENNY WAMPLER: The last page of the exhibit.

MARY QUILLEN: This last page. In our Board packet.

BILL HARRIS: With Tracts 4 and 5 on it.

JIM KAISER: Yeah, mine says B-3.

MARY QUILLEN: It has Tracts 4 and 5.

BILL HARRIS: We just have B.

MARY QUILLEN: Should it not be B-3?

JIM KAISER: Yeah, it should. Mine does say B-3.

MARY QUILLEN: Oh.

BENNY WAMPLER: Anyway, they will get all of that

straightened out before the next time.

MARY QUILLEN: Okay.

BENNY WAMPLER: That's continued. Next is a petition from Appalachian Energy, Inc. for repooling coalbed methane unit H-34. This is docket number VGOB-06-1620-1664-01. We ask the parties that wish to address the Board in this matter to come back...forward at this time.

JIM KAISER: Mr. Chairman, Jim Kaiser, James Rasnake and Frank Henderson on behalf of Appalachian Energy. Mr. Rasnake needs to be sworn.

(James Rasnake is duly sworn.)

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

JAMES RASNAKE

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

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

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

A. James Rasnake, Appalachian Energy, landman.

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

A. Yes.

Q. Are you familiar with Appalachian Energy's application seeking to pool all unleased interest in AEI unit number H-34, which was dated May the 18th, 2007?

A. Yes.

Q. 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 owning an interest in the unit and an attempt made to work out a voluntary lease agreement with each?

A. Yes.

Q. Okay. As of this time, what is the interest in the gas estate in the unit that's under lease to Appalachian Energy?

A. 99.95%.

Q. And what is the percentage of the coal estate that's under lease?

A. 92.25%.

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

A. Yes.

Q. So, that means that 0.05% of the gas estate

remains unleased and 7.75% of the coal estate remains unleased?

A. Yes.

Q. Is that correct?

A. Yes.

Q. Okay. It looks like we do not, in this particular unit, have any unknown or unlocateable parties, correct?

A. Yes.

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

A. Yes.

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 as listed at Exhibit B-3?

A. Yes.

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

A. Yes.

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

A. Five dollars per acre bonus, a five year term with 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.

Q. Now, based upon your testimony as to those interest owners listed at Exhibit B-3 who remain unleased, do you agree that they be allowed the following statutory options with respect to their ownership interest 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 interest exclusive of any royalty or overriding royalty reserved in any leases, assignments thereof or agreements relating thereto of such tracts, but only after the proceeds applicable to his or her share equal, A) 300% of the share

of such costs applicable to the interest of the carried operator of a leased tract or portion thereof; or B) 200% of the share of such costs applicable to the interest of a carried operator of an unleased tract or portion thereof?

A. Yes.

Q. Do you recommend that the order provide that elections by the respondents be in writing and sent to the applicant at Appalachian Energy, Inc., P. O. Box 2406, Abingdon, Virginia 24212, Attention: Frank Henderson.

A. Yes.

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

A. Yes.

Q. Do you recommend that the order provide that if no written election is properly made by a respondent, then such respondent should be deemed to have elected the cash royalty 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 their proportionate share of actual 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 cash bonus becoming due under the force pooling order?

A. Yes.

Q. Do you recommend that the order provide that if a respondent elects to participate but fails to pay their proportionate share of well costs, then that election be treated as withdrawn and void and the 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 becoming payable to that respondent be paid by the applicant within 60 days?

A. Yes.

Q. And the Board does not need to establish an escrow account for this well, correct?

A. Correct.

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 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, state who you're employed with and in what capacity.

A. I'm President of Appalachian Energy.

Q. And what is the total depth since we're asking for two wells in each unit in these pooling

application? Let's just take one at a time and we'll go through the depth and the AFE first, I guess. So, let's start with AE-164, what is the depth of that well?

A. 2102 feet.

Q. And the dry hole costs and completed well costs?

A. The dry hole costs will be \$138,961 with a completed cost of \$378,589.

Q. Okay. And for well AE-165?

A. 2100 feet in depth. Dry hole costs of \$143,790. The completed costs of \$340,466.

JIM KAISER: Okay. And we do have one correction, Mr. Chairman. The estimated reserves for the unit that were stated in the application will be 500 million cubic feet.

Q. Mr. Henderson, would it be your testimony that that figure should be 375 million cubic feet?

A. That's correct.

BENNY WAMPLER: Okay.

Q. And the AFE numbers that you testified to, do you...have you reviewed that AFE and do you feel that they represent a reasonable estimate of the well costs?

A. Yes.

Q. And 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 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 as submitted, Mr. Chairman.

BENNY WAMPLER: Is there a motion?

MARY QUILLEN: 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 Board members signify by saying yes.)

BENNY WAMPLER: Opposed, say no.

(No audible response.)

BENNY WAMPLER: You have approval.

BILL HARRIS: Mr. Chairman, could I just ask a question out of curiosity?

BENNY WAMPLER: You sure may.

BILL HARRIS: That well plat, and this has actually...and that's why I waited until after the vote. This is sort of fam...distribution of property, is that...I don't think I've ever seen that before. What does that normally---?

JAMES RASNAKE: That's an heirship tract that was sliced and divided by the---.

BILL HARRIS: Just going---.

FRANK HENDERSON: Just like they took egg slicer and sliced up the property---.

BILL HARRIS: (Inaudible).

JIM KAISER: That was their partition.

FRANK HENDERSON: Unfortunately, it wasn't the best.

BILL HARRIS: Where...are their houses located on that? Again, this is just for my information. That's why I

waited until after the vote.

JAMES RASNAKE: To the south of the plat.

BILL HARRIS: To the south?

JAMES RASNAKE: Yeah.

BILL HARRIS: Okay. So, the actual four, five, six, where those numbers are...actually, that's where the road goes through.

JAMES RASNAKE: Well, that's the ridge top of this---.

BILL HARRIS: Oh, okay.

JAMES RASNAKE: ---property. The road frontage is to the south of the plat.

BILL HARRIS: Okay, okay. Gotcha. Thank you. I was just curious.

BENNY WAMPLER: Next is a petition from Appalachian Energy, Inc. for pooling of coalbed methane unit I-35, docket number VGOB-07-0619-1946. 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.

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

JAMES RASNAKE

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Mr. Rasnake, are you familiar with the application that we filed seeking to pool any unleased interest in AEI unit I-35, which includes wells AE-166 and AE-192, which was dated May the 18th, 2007?

A. Yes.

Q. 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. And at this time, could you state for the Board the interest that's under lease to Appalachian Energy in both the gas estate and coal estate within this unit?

A. 98.47% of the gas is leased at this time to Appalachian Energy. 88.83% of the coal estate is leased to Appalachian Energy.

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

A. Yes.

Q. So, at this point, 1.53% of the gas estate remains unleased?

A. Yes.

Q. And 11.17% of the coal estate remains unleased?

A. Yes.

Q. Is that correct?

A. Yes.

Q. And here, again, it appears that have identified all owners of both the gas estate and coal estate?

A. Yes.

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

A. Yes.

Q. Are the addresses set out in Exhibit B to the application, the last known addresses?

A. Yes.

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

A. Yes.

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

A. Yes.

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

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

Q. In your opinion, do the terms you've 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: Mr. Chairman, at this time, I'd like to incorporate the testimony take in our last hearing, which was 166...1664-01 as it pertains the statutory election options and implications of same afforded any unleased parties.

BENNY WAMPLER: That will be incorporated.

Q. And in this particular case, again, we do not need to establish...the Board does not need to establish an escrow account for this unit, correct?

A. Yes.

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

A. Appalachian Energy, Inc.

JIM KAISER: That's all I have 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, again, I'm going to ask you to take the wells one at a time and state both the depth and the dry hole costs and complete well costs, if you would.

A. Well number AE-166 a depth of 1902 feet. A dry hole cost of \$172,400 and a completed cost of \$419,018. Well number AE-192, depth of 1956 feet, a dry hole cost of \$142,758 and a completed cost of \$400,823.

Q. And, again, the estimated reserves for the unit will be 375 million cubic feet?

A. That's correct.

Q. And you are familiar with the AFE that was filed and do feel that it represent a reasonable estimate of the well costs?

A. Yes.

Q. For both wells?

A. Yes.

Q. And both of these AFEs represent a...
anticipate a multiple completion?

A. Yes.

Q. Both include a reasonable charge for
supervision?

A. Yes, they do.

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

A. Yes.

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

BENNY WAMPLER: On the AE-192, I guess Mr. Rasnake
may need to answer this one...either one, but is that in the
window? It's right on the line.

FRANK HENDERSON: Yes, it is in the window.

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

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

BENNY WAMPLER: Mr. Harris.

BILL HARRIS: ---quick question about...I guess,
the total amount of these seem a little higher than what we

usually see for wells of this depth. Could you give us an explanation?

FRANK HENDERSON: Probably the big...the big three items would be the...I guess the cost of building the site on the 166 in particular. That was a very difficult site. We have \$60,000 on that site and, approximately, \$100,000 on the completion and the pipeline of \$48,000. Those are probably the biggest contributors to the higher costs.

BILL HARRIS: Is this something that will generally carry over? I mean, should we start to see these? I don't want to ...I hate to refer to them as increased amounts. But, you know, I just always think in past and, course, we can't use that all the time as a reference, but usually a hundred to a hundred and fifty, I guess, per foot or something like that. Again, you can't do it that way I know. But that's...you know, these were...just seem to be a little higher.

FRANK HENDERSON: They're a little bit higher. It's also a reflection of some of the higher costs involved in drilling a well now compared to years ago.

BILL HARRIS: Yeah. Ssh, man. Okay.

FRANK HENDERSON: Just the drilling costs along in the last year has gone up about \$4.00 a foot.

BILL HARRIS: Yeah. Okay, thank you.

BENNY WAMPLER: Other questions?

(No audible response.)

BENNY WAMPLER: Do you have anything further?

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

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 Board 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 I-34, docket number VGOB-07-0619-1947. We'd ask the parties that wish to address the Board in this matter to come forward at this time.

JIM KAISER: The same three parties again, Mr. Chairman. I'll start with Mr. Rasnake.

JAMES RASNAKE

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Mr. Rasnake, did your...did your responsibilities include the land in this unit?

A. Yes.

Q. And you're familiar with the application that we filed seeking to pool any unleased interest---?

A. Yes.

Q. ---in AEI unit I-34, which includes wells 167 and 168?

A. Yes.

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

A. Yes.

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

A. Yes.

Q. And at this point in time, Appalachian Energy has 99.98% of both the gas estate and the coal estate under lease?

A. Yes.

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

A. Yes.

Q. So, that leaves us with 0.02% of both the gas estate and the coal estate as being unleased?

A. Yes.

Q. We don't have any unknown and unlocateable respondents, correct?

A. No. I mean, yes, that's correct.

Q. Are the addresses set out in Exhibit B to the application the last known addresses?

A. Yes.

Q. Are you requesting this Board to force pool all unleased interest as listed at 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. Five dollars per acre bonus, five year term with a one-eighth royalty.

Q. In your opinion, do the terms that you've

just testified to represent the fair market value of and the fair and reasonable compensation to be paid for drilling rights in this unit?

A. Yes.

JIM KAISER: Mr. Chairman, again, we'd ask that the election option testimony be incorporated from 1664-01.

BENNY WAMPLER: That will be incorporated.

Q. And, again, Mr. Rasnake, we do not...the Board does not need to establish an escrow account for this unit, correct?

A. That's correct.

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

A. Appalachian Energy, Inc.

JIM KAISER: That's all I have 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, if you'd again set out on a well by well basis for 167 and 168 both the depth and the dry hole costs and completed well costs.

A. AE-167 dry hole cost of \$156,629. The completed cost of \$396,392. AE-168 dry hole costs of \$162,302 and the completed costs of \$379,562.

Q. And what were...what were the depths for those wells?

A. I'm sorry. Yeah, 1976 feet for 167 and 1929 feet for AE-168.

Q. And, again, you're estimating the reserves for the unit over the life to be 375 million cubic feet?

A. That's correct.

Q. In your opinion, you've reviewed the AFE and it represents a reasonable estimate of well costs?

A. Yes.

Q. And these costs include a multiple completion?

A. Yes.

Q. And 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 as submitted.

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 Board 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 G-32, docket number VGOB-07-0619-1948. We'd ask the parties that wish to address the Board in this

matter to come forward at this time.

JIM KAISER: Again, the same three parties for Appalachian Energy, Mr. Chairman.

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

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

JAMES RASNAKE

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Mr. Rasnake, you're familiar with the application that we filed seeking to pool all unleased interest in AEI unit G-32, which will include wells number AE-215 and AE-26?

A. Yes.

Q. And does Appalachian Energy own drilling rights in those unit...in that unit?

A. Yes.

Q. Prior to the filing of this application, did you make an attempt to obtain a voluntary lease from everybody having an interest within that unit?

A. Yes.

Q. Okay. At the time of the filing of the application, a 100% of the gas estate is under lease to Appalachian Energy and 99.95% of the coal estate is under

lease, is that correct?

A. Yes.

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

A. Yes.

Q. And, again, it looks like we've got everybody located and identified, correct?

A. Yes.

Q. Are the addresses set out in Exhibit B 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...no, we don't. We do have an unknown.

MARY QUILLEN: I---.

JIM KAISER: You caught it, didn't you? You always get me on that.

Q. We've got an unknown in Tract 3, Brenda Owens Brown. How can she be leased if she's unknown? Oh, she's leased to CNX. They can't find her? They had her at one time and lost her maybe.

A. Which one...which one is it?

Q. She's on---?

BENNY WAMPLER: She's right at the end of your coal estate, the page before.

A. I think she's moved away with no forwarding address.

Q. Okay. That's the only thing that would make any sense. So, they had her at one time and don't have her anymore, but she's under lease to them. Is that going to require escrow?

A. She's leased.

BENNY WAMPLER: Well, unless you can produce it. It's unknown.

BOB WILSON: She's unknown owner.

A. She's...her address is unknown. She is known.

Q. She unlocateable and not unknown, which still requires escrow.

BENNY WAMPLER: It would require escrow. If you locate her, then that's different. You can---.

JIM KAISER: Right.

BOB WILSON: Which I presume is why you filed an Exhibit E with me later on.

JIM KAISER: Huh?

BENNY WAMPLER: We have---.

JIM KAISER: Oh, we do have an Exhibit E?

BENNY WAMPLER: Yeah.

JIM KAISER: So, we caught that. Okay. All right. So, we will need an escrow account for this particular unit for the interest in Tract 3 attributable to her, okay. Our application is square with that.

Q. Are you familiar with the fair market value of drilling rights?

A. Yes.

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

A. It's five dollars an acre bonus, a five year term with an one-eighth royalty.

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

A. Yes.

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

A. Yes.

JIM KAISER: Mr. Chairman, I'd ask that the statutory election option testimony be incorporated again.

BENNY WAMPLER: That will be incorporated.

Q. Okay. And we do need to establish an escrow account for that .0003% interest in Tract 3 in the unit, correct?

A. Yes.

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

A. Appalachian Energy, Inc.

JIM KAISER: Nothing further 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

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Mr. Henderson, again, if you would state for the Board both the total depth of both wells and the dry hole costs and completed well costs for both wells?

A. Well number AE-215 a depth of 2,002 feet. The dry hole costs of \$139,368 with completed well costs of \$335,349. Well number AE-316 a depth of 1900 feet. The dry

hole costs of \$131,776 with completed costs of \$337,396.

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

A. Yes.

Q. And the estimated reserves for this unit are, again, 375 million cubic feet?

A. Yes.

Q. Do your costs in your AFE anticipate a multiple completion?

A. Yes.

Q. Do they include a reasonable charge for supervision?

A. Yes.

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

A. Yes.

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

BENNY WAMPLER: Questions from members of the Board?

BILL HARRIS: Mr. Chairman.

BENNY WAMPLER: Mr. Harris.

BILL HARRIS: A question about the plat that we

have. There is a EH-11. I guess that's an old Edwards and Harding well. What's the status of that?

FRANK HENDERSON: It's in production. It's a conventional well.

BILL HARRIS: Con...oh, okay.

BENNY WAMPLER: Other questions?

BILL HARRIS: Thank you.

BENNY WAMPLER: Did you have anything further?

(No audible response.)

JIM KAISER: We'd ask that the application be approved as submitted.

BENNY WAMPLER: Is there a motion?

BILL HARRIS: Motion for approval.

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 Board members signify by saying yes.)

BENNY WAMPLER: Opposed, say no.

(No audible response.)

BENNY WAMPLER: You have approval. Next is a petition from Chesapeake Appalachia, LLC for creation of a

unit and pooling of conventional gas unit 826377. This is docket number VGOB-07-0619-1949. 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 representing Chesapeake Appalachia, LLC. We're pleased to announce that we received word about a half an hour ago that our one unleased entity in that unit...we have a faxed copy of a signed lease. So, we have a 100% voluntary unit and can withdraw that application.

BENNY WAMPLER: That is withdrawn.

JIM KAISER: We may want to, unless it's going to upset anybody here in the audience time wise. We also have a location exception that we do need to do for that well. It's the last thing on the docket. In between there is all of the Equitable applications. So, if nobody objects, maybe we can go to that one.

BENNY WAMPLER: The last one?

JIM KAISER: That's the only other thing they've got and then it's all Equitable.

BENNY WAMPLER: Do you got your witness here and everything?

JIM KAISER: Yes, sir.

BENNY WAMPLER: This get it. A petition from

Chesapeake Appalachia, LLC for a well location exception for proposed well 826377, docket number VGOB-07-0619-1958. We'd ask the parties that wish to address the Board in this matter to come forward at this time.

JIM KAISER: Mr. Chairman, in this matter it will be Jim Kaiser and Stan Shaw on behalf of Chesapeake Appalachia. We'll get him sworn in and pass out an exhibit that he has prepared.

(Stan Shaw is duly sworn.)

(Jim Kaiser passes out an exhibit.)

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

STAN SHAW

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

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Mr. Shaw, if you would state who you're employed by and in what capacity.

A. I'm employed Chesapeake Appalachia, LLC as a reservoir engineer.

Q. And your responsibilities include the land

involved here and in the surrounding area?

A. Yes.

Q. And you're familiar with the application that we have filed seeking a location exception for well 826377?

A. Yes.

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

A. Yes.

Q. Did you indicate for the Board the ownership of the oil and gas underlying well number 826377?

A. We've secured a 100% of the rights.

Q. As of about an hour ago, right?

A. Yeah.

Q. Does Chesapeake have the right to operate the two reciprocal wells?

A. Yes.

Q. Okay. So, there are no correlative rights issues?

A. No.

Q. So, if you would, please explain for the Board, in conjunction with the exhibit that we've passed out, your basic reasons why we're seeking this location

exception?

A. It's a terrain issue. We've got coal approval here on a ridge top. The exhibit has a circle of 2500 foot around existing well 825688. They were on that eastern side slightly northeast of where the circle is where 826377 the site it's plunging down and the ridge was too narrow by the time you get outside that ridge circle. Moving due east, that's the property we just got leased. It's steep there by the time you would get over to the far side of that property. We feel we would be wasting reserves if we went that far. Moving down south on that east side along the circle it's steep terrain until you get down near that thimble hollow and then it would be too close to well 825689.

BENNY WAMPLER: Questions from members of the Board?

(No audible response.)

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

BOB WILSON: No, sir.

Q. Mr. Shaw, in the event the location exception were not granted, would you project the estimated loss of reserves?

A. 300 million cubic feet.

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

A. 6,405 feet.

Q. Are you requesting that this location exception cover conventional gas reserves to include designated formations as stated in the application from the surface to the total depth drilled?

A. Yes.

Q. In your opinion, would the granting of this location exception be in the best interest of preventing waste, protecting correlative rights and maximizing the recovery of the gas reserves underlying the unit for 826377?

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?

(No audible response.)

BENNY WAMPLER: We'd ask that the application be approved as submitted.

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 Board members signify by saying yes.)

BENNY WAMPLER: Opposed, say no.

(No audible response.)

BENNY WAMPLER: You have approval.

JIM KAISER: Thank you.

STAN SHAW: Thank you.

BENNY WAMPLER: Moving back to the agenda. We're
at number thirty-two. This is a petition from Equitable
Production Company for creation of unit and pooling of
conventional gas unit V-537721, docket number VGOB-07-0619-
1950. We'd ask the parties that wish to address the Board
in this matter to come forward at this time.

JIM KAISER: Mr Chairman, it will be Jim Kaiser
and Don Hall on behalf of Equitable Production Company. We
do have some revised exhibits.

(Don Hall passes out revised exhibits.)

COURT REPORTER: Your name, please.

KAREN T. TAYLOR: Karen L. Taylor. Well, it's
actually Karen T. Taylor.

BENNY WAMPLER: I need to get the witnesses sworn.

(Karen T. Taylor and Don Hall are duly sworn.)

BENNY WAMPLER: The record will show no others.

You may proceed, Mr. Kaiser.

DON HALL

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

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

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

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

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

A. They do.

Q. And you're familiar with Equitable's application for force pooling seeking to establish a unit and pool any unleased interest in that unit, which was dated May the 18th, 2007?

A. Yes.

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

A. We do.

Q. And prior to the filing of the application and then obviously after filing of the application, you've made efforts to contact each of the respondents in the unit and obtained a voluntary lease agreement?

A. Yes. The purpose of the exhibit...revised exhibit that I just passed out is to address some additional people who we have picked up leases from since the...since the application was made.

Q. Okay. So, at this particular time, the percentage of the gas estate that's under lease to Equitable would be 88.169056?

A. That's correct.

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

A. Yes.

Q. So, the interest that remains unleased is 11.830944%?

A. That's correct.

Q. Okay. Now, we do have...we have one unknown and unlocateable, a Lowell Barton in Tract 6, is that true?

A. Yes.

Q. And we made every reasonable and diligent effort to attempt to locate Mr. Barton?

A. Yes.

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

A. They are.

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

A. Yes.

Q. And you're familiar with the fair market value of drilling rights in the unit here and in the surrounding area?

A. Yes.

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

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

Q. And we did submit a B-2 with our revised exhibits to reflect the new lease from Don and Cindy Ashworth?

A. That's correct.

Q. Okay. In your opinion, do the terms that you've testified to regarding the fair market value of drilling rights, in your professional opinion, do they represent the fair market value of and the fair and

reasonable compensation to be paid for drilling rights within this unit?

A. They do.

JIM KAISER: Mr. Chairman, we'd ask as to statutory election options, let that testimony be incorporated from hearing 1664-01.

BENNY WAMPLER: That will be incorporated.

Q. Mr. Hall, in this particular case, the Board does need to establish an escrow account for Mr. Barton's interest?

A. Yes.

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 5258 feet.

Q. Estimated reserves for the unit?

A. 250 million cubic feet.

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

A. Yes.

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

A. It does.

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

A. The dry hole cost is \$229,266 and the completed well cost is \$430,038.

Q. Does these costs anticipate a multiple completion?

A. They do.

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

A. Yes.

Q. In your professional opinion, would the granting of this application be in the best interests of conservation, the prevention 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: You have to state your name for the record and then ask any question.

KAREN T. TAYLOR: My name is Karen T. Taylor and

my husband, it's on here, and Don E. Taylor.

BENNY WAMPLER: Thank you. Do you have any questions that you would like to ask them?

KAREN T. TAYLOR: No. I got the information from him.

BENNY WAMPLER: Okay.

KAREN T. TAYLOR: So, I decided to come today.

BENNY WAMPLER: Sure, you're welcome to do that. You all have leased?

KAREN T. TAYLOR: Yeah.

BENNY WAMPLER: Okay. All right. Do you have anything further?

JIM KAISER: No. Other than maybe that's something...I don't know if the Board wants to join us in this, but Don talks about it all the time. You know, when the statute and regulation in a CBM unit only requires you to notice an unleased party. But since you're actually establishing the unit in the case of a conventional well, you notice leased parties. I think a lot of times, and I'm not saying it's in your case, but a lot of times it really confuses them because they...you know, they know they've already got a lease and then they get this. So, I don't know if that's something we might want to try and maybe considering changing regulatory wise.

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 Board members signify by saying yes.)

BENNY WAMPLER: Opposed, say no.

(No audible response.)

BENNY WAMPLER: You have approval. Thank you.

And for what it's worth from the Department, I agree with
you.

KAREN T. TAYLOR: Yeah.

BENNY WAMPLER: It's one of those...to minimize
confusion for people. Next is a petition from Equitable
Production Company for creation of unit and pooling
conventional gas unit V-536020. This is docket number VGOB-
07-0619-1951. We'd ask the parties that wish to address the
Board in this matter to come forward at this time.

JIM KAISER: Jim Kaiser and Don Hall, again, on
behalf of Equitable.

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

DON HALL

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

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

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

Q. And you're familiar with Equitable's application seeking to establish a unit and pool any unleased interest in the unit for well V-505252?

A. Yes.

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

A. We do.

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?

A. Yes.

Q. Does Equitable have 85.61% of the gas estate under lease?

A. No.

Q. No? I think you're...I'm I on the wrong file.

A. What well number are we looking at? 6020,
isn't it?

JIM KAISER: I'm in the wrong file. Sorry.

BENNY WAMPLER: This is 536020.

Q. All right. So, do you have 67.32% of the
unit under lease?

A. That's correct.

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

A. They are.

Q. And what is the...so, 32.68% of the unit
remains unleased?

A. That's correct.

Q. Okay. We do have a unknown...or unknowns
in this unit, correct?

A. Yes.

Q. Were reasonable and diligent efforts made
to locate and identify those people?

A. Yes.

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

A. They are.

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

A. Yes.

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

A. 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 testified to represent the fair market value of and the fair and reasonable compensation to be paid for drilling rights within this unit?

A. They do.

JIM KAISER: Mr. Chairman, we'd, again, ask that the election option testimony be incorporated.

BENNY WAMPLER: That will be incorporated.

Q. Okay, Mr. Hall, we did establish that the Board does need to establish an escrow account?

A. That's correct.

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

A. Equitable Production Company.

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

A. 6233 feet.

Q. Estimated reserves for this unit?

A. 500 million cubic feet.

Q. Are you familiar with the well costs for this proposed well?

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 the well costs?

A. Yes.

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

A. The dry hole cost is \$314,935 and the completed well cost is \$488,102.

Q. Do these costs anticipate a multiple completion?

A. They do.

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

A. Yes.

Q. In your professional opinion, would the granting of this application be in the best interests of conservation, the prevention 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 this application be approved as submitted.

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 Board members signify by saying yes, but Bruce Prather.)

BENNY WAMPLER: Opposed, say no.

BRUCE PRATHER: I abstain.

BENNY WAMPLER: One abstention. Next is a petition from Equitable Production Company for creation of unit and pooling of conventional gas unit V-505253, docket number VGOB-07-0619-1952. We'd ask the parties that wish to address the Board in this matter to come forward at this

time.

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

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

DON HALL

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Mr. Hall, your responsibilities include the land involved here and in the surrounding area?

A. They do.

Q. And you're familiar with the application that we filed seeking to establish a unit and pool any unleased interest in the unit?

A. Yes.

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

A. We do.

Q. And prior to the filing of the application, were efforts made to obtain a voluntary lease from each of the interest owners within this unit?

A. Yes.

Q. And at this time, does Equitable have

85.61% of the gas estate under lease?

A. That's correct.

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

A. Yes.

Q. So, the interest in the gas estate that remains unleased is 14.39%?

A. That's correct.

Q. Tract 10 has an unknown owner?

A. That's correct.

Q. And were all reasonable and diligent efforts made to locate those heirs?

A. Yes.

Q. So, in your opinion, due diligence was exercised?

A. Yes.

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

A. They are.

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

A. Yes.

Q. And you're familiar with the fair market value of drilling rights in the unit here and in the

surrounding area?

A. Yes.

Q. Could you, again, 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 that you've just testified to represent the fair market value of and the fair and reasonable compensation to be paid for drilling rights within this unit?

A. They do.

JIM KAISER: Mr. Chairman, we'd, again, ask that the election option testimony be incorporated.

BENNY WAMPLER: That will be incorporated.

Q. Mr. Hall, the Board does need to establish an escrow account for any proceeds attributable to Tract 10, correct?

A. That's correct.

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

A. Equitable Production Company.

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

A. It's 6202 feet.

Q. And the estimated reserves?

A. 350 million cubic feet.

Q. Are you familiar with the AFE?

A. Yes.

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

A. It does.

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

A. The dry hole cost is \$293,824 and the completed well cost is \$484,847.

Q. Does these costs anticipate a multiple completion?

A. They do.

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

A. Yes.

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

A. Yes.

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

BENNY WAMPLER: Why do we have this---?

JIM KAISER: That's a letter from the Cochrans who are an owner within the unit.

BILL HARRIS: Did you say who are not?

JIM KAISER: They are.

BILL HARRIS: Oh, are, okay.

JIM KAISER: They are the owners of---.

BENNY WAMPLER: They're on Tract 6.

JIM KAISER: Tract 6, correct.

DON HALL: Right. We've...we've...regardless of what the letter says, we have made contact with them in regard to this and have continued to talk with them about it. I think the last contact with them they were probably going to...probably going to lease.

BENNY WAMPLER: 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.

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 Board members signify by saying yes, but Bruce Prather.)

BENNY WAMPLER: Opposed, say no.

BENNY WAMPLER: I abstain.

BENNY WAMPLER: One abstention, Mr. Prather. Next is a petition from Equitable Production Company for pooling of coalbed methane unit VC-537111, docket number VGOB-07-0619-1953. We'd ask the parties that wish to address the Board in this matter to come forward at this time.

JIM KAISER: Mr. Chairman, we have a set of revised exhibits for this well. Again, it will be Mr. Hall and myself for Equitable.

(Jim Kaiser passes out revised exhibits.)

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

DON HALL

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Mr. Hall, before we get started, do you want to explain the revisions here.

A. Again, it's...Don and Cindy Ashworth have

leased since the application was made there in several tracts here. So, I realize it's a thick revision, but it's the only way I could make sure I've got everything in it was to recopy the whole thing. They're located in several tracts. Exhibit B-3---,

Q. It will reflect what interest they had in each tract?

A. Right. Yeah, they were involved in six tracts in each unit and they've leased.

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

A. They do.

Q. Are you familiar with the application we filed seeking a pooling order for this well?

A. Yes.

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

A. We do.

Q. Okay. Now, at this particular time, this well also has a overlap tract in it, doesn't it?

A. That's correct. It's Tract---.

Q. Tract 11, I believe.

A. I believe it is Tract 11, yes. Yes, Tract 11.

Q. So, could you kind of just explain that for the Board before we go into these numbers?

A. The description of the Evans-Tiller tract and the J. B. Tiller tract overlap. We've designated that area as an overlap area, which will have to be escrowed until such time as decided which tract it belongs to. It's...I was trying to find the plat here. It's reflected on the plat as Tract 11.

Q. It's sort right in the center of interior.

A. Right. Yeah, it's just a little small piece on Tract 11 is an overlap. We've...and it's shown on the supplemental sheet to Tract 11.

Q. Okay. So, at the present time, depending upon how the overlap is treated, within the gas estate in the unit you have either 72.22211% under lease or 68.830208% under lease, correct?

A. That's correct.

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

A. Correct.

Q. So, that means remaining unleased in the gas estate is either 27.777889% or 31.169792%, correct?

A. That's correct.

Q. Okay. And we have a lot of conflicting

claims---?

A. Yes.

Q. ---in the overlap. So, we do have an

Exhibit E?

A. Yes.

Q. I don't think there's any unknowns. Do we?

A. Yeah, I think we've got the same unknown
that we had earlier there.

Q. Oh, we do, Lowell Barton?

A. I believe.

Q. Anyway, have you made a reasonable attempt
to identify and locate any unknown?

A. Right. Yes.

Q. In your opinion, due diligence was
exercised to locate each of the parties having an interest
in this unit?

A. Yes.

Q. Are the addresses set out in the revised
exhibits 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 and in the surrounding area?

A. Yes.

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

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

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

A. They do.

JIM KAISER: Now, Mr. Chairman, we'd again ask that the election option testimony be incorporated for purposed of this hearing.

BENNY WAMPLER: That will be incorporated.

Q. Now, Mr. Hall, the Board does need to establish an escrow account for this unit, correct?

A. That's correct.

Q. 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. 2,052 feet.

Q. Estimated reserves for the unit?

A. 150...150 million cubic feet.

Q. Are you familiar with the AFE?

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 cost is \$141,407 and the completed well cost is \$335,787.

Q. Do these costs anticipate a multiple completion?

A. They do.

Q. Do 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 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 set of exhibits.

BENNY WAMPLER: Is there a motion?

BILL HARRIS: Motion for approval as amended.

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.)

BENNY WAMPLER: Opposed, say no.

(No audible response.)

BENNY WAMPLER: You have approval. Next is a petition from Equitable Production Company for creation of unit and pooling of conventional gas unit V-550485. This is docket number VGOB-07-0619-1954. We'd ask the parties that wish to address the Board in this matter to come forward at this time.

JUANITA SNEEUWJAGT: I request that these gentlemen speak up because I really can't hear what they're

saying.

BENNY WAMPLER: Okay.

JUANITA SNEEUWJAGT: My name is---

GLADYS COUNTS: We are all for this. We'll take turns.

BENNY WAMPLER: Yeah, we'll do it one at a time if you want to come up, okay. I'll get you sworn.

(Juanita Sneeuwjagt is duly sworn.)

COURT REPORTER: Say your name, please.

JUANITA SNEEUWJAGT: Juanita Sneeuwjagt.

COURT REPORTER: Would you spell that?

JUANITA SNEEUWJAGT: Which one?

COURT REPORTER: Your last name.

JUANITA SNEEUWJAGT: S-N-E-E-U-W-J-A-G-T. And I respectively ask this Board to make a continuance on this hearing. I feel that not all due diligence was extended made to reach me. My billing address is 111 Apollo Drive, Cape Carteret, two words, C-A-R-E-R-E-T, North Carolina 28584. My taxes come there. I'm on record at the Courthouse as having that billing address. I had not notification of this meeting. I got here Saturday evening and my sister said that there's a hearing. So, I would like my Counsel to be present so I could prepare for this meeting. I hope you will indulge me in that.

BENNY WAMPLER: Mr. Kaiser, do you have any response to that?

JIM KAISER: Give me just a second.

(Pause.)

JUANITA SNEEUWJAGT: I have received no little green cards. My name very well may be on your material, but I've received no notification of this hearing and I would like to be better prepared.

DON HALL: We have an address on our exhibit as P. O. Box 2017, Clintwood. Is that---?

JUANITA SNEEUWJAGT: No, my legal address is as I just gave. I receive everything there. Even from Clintwood, I receive everything there.

DON HALL: Do you live in North Carolina?

JUANITA SNEEUWJAGT: Yeah.

JIM KAISER: Mr. Chairman, I can give you the green card number that we sent it to and it went unclaimed. It's 350---.

JUANITA SNEEUWJAGT: Will speak up please, sir?

JIM KAISER: Yes. I said I was going to give them number of the certified mail that we sent to you and it came back unclaimed, I guess, because we sent it to this P. O. Box in Clintwood. 35015014 and it came back unclaimed on

June the 8th of '07.

JUANITA SNEEUWJAGT: And where did you send it, to the P. O. Box?

JIM KAISER: Yeah. That appears where we sent it.

JUANITA SNEEUWJAGT: Okay. Well, that's why.

JIM KAISER: P. O. Box 2017 in Clintwood.

JUANITA SNEEUWJAGT: Okay.

BENNY WAMPLER: Do you have any response to her request for continuance?

JIM KAISER: Maybe we can take a five minute recess or something and see if we can address her concerns without having to continue it.

JUANITA SNEEUWJAGT: Five minutes, I think won't do it, but I will be glad to meet with you at any time at a more lengthy period. I had no clue what this is about. I had never heard of Virginia Gas and Oil Board. I don't know of the laws on the books. I have no clue about anything. I did try yesterday to get legal representation, but it was Monday and today is Tuesday, so people were in Court.

JIM KAISER: She has a very small interest in three different tracts in the unit.

BENNY WAMPLER: I'm going to...we'll take a recess a let them talk to you. Let me tell you one thing. Typically, this Board...and this is not a decision here

today, but, typically, the fact that you're here you had notice.

JUANITA SNEEUWJAGT: Well---.

BENNY WAMPLER: But, I mean---.

GLADYS COUNTS: I'm Gladys Count, her sister. I told her about it. She got in---.

BENNY WAMPLER: You know, I believe her. I'm just saying that, typically, our attorney say, well, you're here. So, you know...but that doesn't mean we'll do that. But I will give them time to talk to you folks and see if we can work something out, that's great and if not, we'll---

JUANITA SNEEUWJAGT: That would be greatly appreciated.

BENNY WAMPLER: We'll take a few minutes and we'll see what they can do.

JUANITA SNEEUWJAGT: Okay. Okay. So, how many minutes? Five is not going to get it.

BENNY WAMPLER: Well, as long as...if you folks are making progress and if you're not, then we'll come back and make a decision.

JUANITA SNEEUWJAGT: Okay.

BENNY WAMPLER: I've never been lack on making a decision.

JUANITA SNEEUWJAGT: I appreciate this so much.

Thank you.

(Recess.)

BENNY WAMPLER: Okay, we're back in order. We just took a break at docket number VGOB-07-06-1954. I'm going to go ahead and call docket number VGOB-07-0619-1955 and tell you that we're continuing both of those until next month.

JUANITA SNEEUWJAGT: Thank you.

BENNY WAMPLER: So, those are continued.

JUANITA SNEEUWJAGT: Next month, what date?

BENNY WAMPLER: It's always the third Tuesday, ma'am.

JUANITA SNEEUWJAGT: The third Tuesday. I don't know the exact date.

BENNY WAMPLER: It will be July the 21st, I believe.

JUANITA SNEEUWJAGT: Okay. Thank you so much.

DON HALL: Stick around so we can line up some kind of meeting, okay?

AUDIENCE: We will receive any other type of notice?

BENNY WAMPLER: No. It will just be published as continuation because everybody is here. Everybody was noticed that could have been here. So, it will be the third

Tuesday. Somebody said a date. But it's the third Tuesday in July.

JUANITA SNEEUWJAGT: In this room?

BENNY WAMPLER: Right here.

AUDIENCE: So, we'll have to wait and see the docket before we'll know what time.

BENNY WAMPLER: Well, we start at 9:00 o'clock and we can never tell you a time because you know you never know. Somebody could come in and you have ten ahead of you and they say they wanted to withdraw them. So,---.

JIM KAISER: Although, normally, the ones that are continued are first on the docket.

BENNY WAMPLER: They will be first listed. That's what I'm saying. If you have some ahead of you, you need to be here at 9:00 though.

JUANITA SNEEUWJAGT: I think we were here at 8:00.

BENNY WAMPLER: Okay. All right.

JUANITA SNEEUWJAGT: I think some others wanted to speak.

GLADYS COUNTS: Do we need to---?

BENNY WAMPLER: Not today. No, we're not going to hear anything on them. They're continued. We'll hear it next month, okay?

JUANITA SNEEUWJAGT: I really appreciate you guys

working with me. It's so nice of you. Thank you.

GLADYS COUNTS: Well, he kind of knows some of our problems, Mr. Don Hall. SO, he can probably get it fixed by that time.

BENNY WAMPLER: Well, hopefully, they can work it out. That would be good. That's what we always like to see. Next is a petition from Equitable Production Company for a well location exception for proposed well V-536852. This is docket number VGOB-07-0619-1956. 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 on behalf of Equitable Production Company.

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

DON HALL

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Mr. Hall, do your responsibilities include the land involved here and in the surrounding area?

A. They do.

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

A. Yes.

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

A. They have.

Q. Could you indicate for the Board the ownership of the oil and gas underlying the unit for this well?

A. We have a 100% leased.

Q. And does Equitable have the right to operate any reciprocal wells?

A. Yes.

Q. Are there any correlative rights issues?

A. No.

Q. Okay. Can you explain for the Board why we're seeking this location exception?

A. This location is on the U. S. Forest Service. As part of our E.I.S. with them, the Environment Impact Statement, we basically have to put the wells where they choose and this is the spot that they have chosen that would least impact the Forest Service. It's 2325 feet from the other reciprocal well.

Q. Okay. In the event the location exception were not granted, would you project the estimated loss of

reserves?

A. 200 million cubic feet.

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

A. 4416 feet.

Q. Are you requesting that this cover conventional gas reserves to include the designated formations as listed in the application from the surface to the total depth drilled?

A. Yes.

Q. In your opinion, would the granting of this location exception be in the best interest of preventing waste, protecting correlative rights and maximizing the recovery of the gas reserves underlying the unit for V-536852?

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 as submitted.

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 Board members signify by saying yes, but
Bruce Prather.)

BENNY WAMPLER: Yes.

BRUCE PRATHER: I abstain.

BENNY WAMPLER: Opposed, say no.

(No audible response.)

BENNY WAMPLER: Mr. Prather abstains. Next is a
petition from Equitable Production Company for a well
location exception for proposed well V-550291. This is
docket number VGOB-07-0619-1957. 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, Jim Kaiser and
Don Hall for Equitable.

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

DON HALL

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Mr. Hall, again, do your responsibilities include the land involved here and in the surrounding area?

A. They do.

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

A. Yes.

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

A. They have.

Q. Could you indicate for the Board the ownership of the oil and gas underlying this unit?

A. We have a 100% leased.

Q. And does Equitable have the right to operate any reciprocal wells?

A. Yes.

Q. Are there any correlative rights issues?

A. No.

Q. In conjunction with the exhibit that you prepared and passed out to the Board, would you explain why we're seeking this location exception?

A. Okay. The circles you see around the two wells that we're requesting an exception from are 2500 foot radius circles indicating that the legal location would be just the northwest of where the well is located now. Outside those circles would be a minimum of 2500 feet. The property in that particular area where that house and barn and so forth that you see there is owned by Mr. Homer Deel. He has an old log cabin on that property, which he's attempting to get put on the National Historic Register. He has some hayfields in that area as well and we put the well down over the hill just a little bit to not to interfere with his plans for the cabin and to stay out of hayfields and so forth and to accommodate Mr. Deel.

Q. Okay. In the event this location exception were not granted, would you project the estimated loss of reserves?

A. 500 million cubic feet.

Q. And the total depth of this proposed well?

A. 5,046 feet.

Q. And we're requesting this location exception to cover conventional gas reserves including the designated formations as listed in the application from the surface to the total depth drilled?

A. Yes.

Q. In your opinion, would the granting of this location exception be in the best interest of preventing waste, protecting correlative rights and maximizing the recovery of the gas reserves underlying the unit for V-550291?

A. Yes.

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

BENNY WAMPLER: Questions from members of the Board?

(No audible response.)

BENNY WAMPLER: Is there a motion?

BILL HARRIS: Motion for approval.

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.)

BENNY WAMPLER: Opposed, say no.

(No audible response.)

BENNY WAMPLER: You have approval. Thank you.

JIM KAISER: Thank you.

DON HALL: Thank you.

BENNY WAMPLER: Next is the minutes from the last meeting. I'd ask if there's any questions or otherwise a motion for approval.

BILL HARRIS: Mr. Chairman, I move for approval.

MARY QUILLEN: Second.

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

(All Board members signify by saying yes.)

BENNY WAMPLER: Opposed, say no.

(No audible response.)

BENNY WAMPLER: We have approval of the minutes. Public comment period. Anyone want to make a public comment?

(No audible response.)

BENNY WAMPLER: Hearing none, the hearing is closed. Thank you. Mr. Wilson?

BOB WILSON: No, sir.

STATE OF VIRGINIA,

COUNTY OF BUCHANAN, to-wit:

I, Sonya Michelle Brown, Court Reporter and Notary

Public for the State of Virginia, do hereby certify that the foregoing hearing was recorded by me on a tape-recording machine and later transcribed under my supervision.

Given under my hand and seal on this the 9th day of June, 2007.

NOTARY PUBLIC

My commission expires: August 31, 2009.