

IN THE COUNTY OF WASHINGTON

1

VIRGINIA DEPARTMENT OF MINES, MINERALS AND ENERGY

VIRGINIA GAS AND OIL BOARD

MAY 20, 2008

APPEARANCES:

**BOARD MEMBERS:**

BILL HARRIS - SUBSTITUTE CHAIRMAN AND PUBLIC MEMBER

MARY QUILLEN - PUBLIC MEMBER

SHARON PIGEON - PUBLIC MEMBER

KATIE DYE - PUBLIC MEMBER

BRUCE PRATHER - OIL REPRESENTATIVE

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

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BILL HARRIS: Good morning, everyone. I'm Bill Harris. I'm public member from Big Stone Gap in Wise County. I'll be chairing today's meeting of the Gas and Oil Board. I'd like for the other board members to introduce themselves if they may, starting with Ms. Quillen.

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

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

SHARON PIGEON: I'm Sharon Pigeon from the Office of the Attorney General.

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

DAVID ASBURY: Good morning. I'm David Asbury. I'm acting director for the Division of Gas and Oil and the principal executive to the staff of the Board.

BILL HARRIS: Thank you. Before we begin, let me just introduce into the record some material that Mr. Asbury has brought to us. This is in regard to a hearing on Tuesday, April 15<sup>th</sup> and this was concerning post production costs information. I do want to read an item here and then we'll just actually wait until next month to discuss this. "The Board, on its own motion and in response to the public

comment, will discuss post production costs that are allowed by pooling orders and are deducted from royalty payments to pooled parties. The Board has previously heard public testimony and objections to the extent of post production royalty costs deducted by gas producers from the royalty owners downstream after wellhead production. Mr. Wilson presented comments and statistical documents from two examples regarding post production costs. Deductions within these examples were as high as approximately 95% and as low as approximately 10%. Chairman Wampler opened a comment period through May 15<sup>th</sup>. Written comments received by the Division of Gas and Oil will be distributed to the Board at the May 20<sup>th</sup> hearing and that's this...Board members, that's this item we have, and the issue will again be discussed by the Board at the scheduled June 17<sup>th</sup> hearing." So, we'll be talking about this further, but we do want to acknowledge that we have received this since we said that we would receive it on this date and we do have that. So, thank you.

Okay. The first item today is a petition from CNX Gas Company LLC for pooling of coalbed methane unit R (-2), Prater District Buchanan County, Virginia. The docket number there is VGOB08-0318-2161. This item is continued from April. We'd like to ask all parties who wish to speak to this please come forward.

MARK SWARTZ: Good morning. Mark Swartz and Leslie K. Arrington.

BILL HARRIS: Morning. Thank you. Let the record show there are no others.

(Leslie K. Arrington is duly sworn.)

BILL HARRIS: Okay, you may begin when you're ready.

LESLIE K. ARRINGTON

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

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

Q. Les, 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 director of environmental and permitting.

Q. And as part of your job responsibilities do you oversee the preparation of applications and related documents when CNX appears before this Board?

A. Yes, I do.

Q. With regard to unit R (-2), did you either yourself prepare or under your supervision have prepared the application, the notice and the related exhibits?

A. Yes, I did.

Q. Okay. What did you do to notify people that there would be a hearing in this case?

A. This was mailed by certified mail, return receipt on...the last time on March 26, 2008 and the last time it was published in the Bluefield Daily Telegraph on March 31.

Q. Okay. It was actually mailed twice and published twice?

A. It was.

Q. Okay. And we're here today on an amended notice of hearing, correct?

A. Yes, we are.

Q. Okay. This is what kind of unit?

A. It's an Oakwood 80.

Q. How many wells?

A. Actually, at this time there's one well.

Q. Okay. And the one that we're dealing with today, is that located inside or outside the drilling window?

A. It's inside.

Q. And with regard to that well is it proposed to be a frac well?

A. Yes, it is.

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

A. Yes, we have. It's \$263,571.84 to a depth of 2661.

Q. Okay. With regard to this application, the applicant is CNX Gas Company, LLC, is that correct?

A. It is.

Q. And who is the applicant requesting be appointed the Board's operator in the event this application is approved?

A. CNX Gas Company.

Q. And in that regard, is CNX Gas Company, LLC a Virginia limited liability company?

A. Yes, it is.

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

A. Yes.

Q. Has it registered with the Department of Mines, Minerals and Energy?

A. Yes, it is.

Q. And does it have a blanket bond on file with the DMME and the DGO as is required by law?

A. Yes, it has.

Q. Could you tell the Board what interests the operator and applicant...or proposed operator and applicant has acquired in this unit and what interests are you seeking to pool?

A. We have leased 98.0062% of the coal, oil and gas owners claim to coalbed methane. We are seeking to pool 1.9938% of the coal, oil and gas owners claim to coalbed methane.

Q. And are the folks that you are seeking to pool listed in Exhibit B-3?

A. Yes, they are.

Q. And are they also listed in the amended notice of hearing?

A. Yes.

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

A. No.

Q. Do you want to add any respondents to the list as people that need to be pooled?

A. No.

Q. The proposed depth of this well?

A. Is 2,661.1

Q. And there's no permit as yet?

A. No.

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

A. There are no escrows. Oh, one, I'm sorry, Tract 1.

Q. Okay. So the answer is yes, you've given the Board an Exhibit E?

A. Yes, I'm sorry.

Q. Okay. And it pertains to Tract 1. And is that because of conflicts?

A. Yes.

Q. And the reason this was continued is to straighten out Garden Realty's interest in this unit?

A. It was.

Q. There are no split agreements?

A. No.

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

A. Yes.

Q. And is it your further opinion that if you

combine the leasing and acquisition efforts of CNX Gas Company, LLC with a pooling order pooling less...slightly less than 2% of the oil, gas and coal interests of the correlative rights of all owners and claimants would be protected?

A. Yes.

MARK SWARTZ: Nothing further, Mr. Chairman.

BILL HARRIS: Questions from Board members?

(No audible response.)

BILL HARRIS: Anything further?

MARK SWARTZ: Actually, I do have something further.

BILL HARRIS: Yes.

Q. With regard to leasing and leased costs and lease offers, what are the standard terms of the leases that you would offer to the...that you've offered to people you've been successfully leased from this unit and that you would be prepared to offer to respondents that are being pooled?

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

Q. And would you request that the Board, and if in providing for options for people who have election options, that if they are deemed to have been leased or be

leased that that would be the lease terms?

A. Yes, they would.

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

Thank you.

BILL HARRIS: Questions from Board members?

(No audible response.)

BILL HARRIS: Do we have a motion?

MARY QUILLEN: Motion to approve.

BILL PRATHER: Second.

BILL HARRIS: All in favor, say yes.

(All members signify by saying yes.)

BILL HARRIS: Opposed like sign.

KATIE DYE: Abstain.

BILL HARRIS: One abstention, Ms. Dye. Thank you.

Our next item is a petition from CNX Gas Company LLC for repooling of coalbed methane unit VP8SGU3, Prater and South Grundy Districts, Buchanan County in Virginia. The Docket number there is VGOB-06-0321-1598-01. This item is continued from April and we'd like to ask all parties who wish to speak to this item to please come forward.

MARK SWARTZ: Mark Swartz and Les Arrington.

BILL HARRIS: Okay.

PETER GLUBIACK: Good morning, Mr. Chairman.

Peter Glubiack and Mr. John Sheffield. Before we go

further, I have a question, more than anything else. I'm not enough of a parliamentarian to answer this and I think this has to be a question to Ms. Pigeon. There's a quorum in that there are four members. However, one of the members is required and my understanding is by the opinion of the Attorney General to abstain in CNX matters. So, do you have a quorum if you have a fourth member who's required to abstain?

SHARON PIGEON: The majority of the remaining...if the quorum is established to call the meeting it is majority of the remaining.

PETER GLUBIACK: Thank you.

BILL HARRIS: Let the record show there are no others other than the folks that, I guess, that...do you need to get sworn in? We'll do that.

(John Sheffield is duly sworn.)

BILL HARRIS: Okay. Thank you. You may proceed.

LESLIE K. ARRINGTON

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

Q. Les, could you state your name again, please?

A. Leslie K. Arrington.

Q. Who do you work for?

A. CNX Gas Company, LLC.

MARK SWARTZ: Mr. Chairman, I'd like to incorporate, if I might, Mr. Arrington's testimony with regard to the applicant and operator, with regard to his employment. I'm not sure it's necessary, but if we could just err on the side of caution---

BILL HARRIS: Yes.

MARK SWARTZ: ---his testimony with regard to standard lease terms.

BILL HARRIS: That will be incorporated.

Q. Mr. Arrington, we're here on an amended notice of hearing with regard to a sealed gob unit, is that correct?

A. Yes.

Q. And in the application, it's probably easiest way to indicate we're here...in the application, which is actually about two-thirds of the way through the amended packet, there is a section for "Relief Sought"?

A. Yes.

Q. Correct?

A. Uh-huh.

Q. And does that set forth succinctly what we're seeking to do today?

A. Yes, it does.

Q. Okay. And, in general, would it be true that we are seeking to pool and repool interests of coal owners in Tract 52?

A. Yes.

Q. That were missed?

A. Previously.

Q. Previously?

A. Uh-huh.

Q. And then to pool or repool all interests in claims of oil and gas owners in Tract 41?

A. Yes.

Q. That were missed previously?

A. Right.

Q. And consistent with that, the coal owners in Tract 52 would be entitled to an election?

A. Yes.

Q. And the oil and gas owners in Tract 41 would be entitled to an election?

A. Yes.

Q. And then as long as we are here, because what we've just discussed was at the direction of the Board?

A. Yes.

Q. As long as we are here, we are also seeking

to affect Tract 45, correct?

A. Yes,

Q. Okay. And if the Board could...I assume you have this map that sort of folds out. Okay. The tracts that we're talking about are all down in the lower lefthand corner. We're going to be talking about 45, 53...52 is actually up here a little bit, you'll see it---

BILL HARRIS: You said lower left, do you mean lower right?

MARK SWARTZ: I'm sorry, lower right, exactly.

BILL HARRIS: Yeah, the other left, yeah.

Q. The other left, yeah. And with regard to Tracts 45 and 53, Les, did Tract 45 originally include the acreage that has been broken off to formed Tract 53?

A. I believe it has.

Q. Okay. So Tract 53 is a new tract that was not on the plat when this unit was originally pooled?

A. That's correct.

Q. And would it be true that the reason that 53 was extracted and created out of 45 was because there are title issues that justify having two tracts instead of one?

A. It does.

Q. Okay. And with regard to repooling both Tracts 45 and 53, are you intending to request the Board to

afford everybody on both sides who own gas and coal in both of those tracts an opportunity to make an election?

A. I believe.

Q. Okay. It actually---

A. It's in there.

Q. It's item small "V" under that?

A. Yes, we are.

MARK SWARTZ: Okay. So, we're asking for that. I think that's all I have, Mr. Chairman.

BILL HARRIS: Members of the Board, any questions?

(No audible response.)

BILL HARRIS: Did you all have some questions or comments?

PETER GLUBIACK: Yes, Mr. Chairman. I think Mr. Sheffield has some handouts for the Board and Mr. Swartz. And it's probably accurate to say that the issue is more acreage and how they broke this up in the amount. And I'm going to let Mr. Sheffield explain what his concerns are about the tracts that he claims an interest in.

JOHN SHEFFIELD

DIRECT EXAMINATION

QUESTIONS BY PETER GLUBIACK:

Q. Mr. Sheffield, are there acreage

discrepancies in tracts in which you have an interest with regard to what CNX is reporting versus what the county and the deeds show you have?

A. Yes.

Q. Why don't you talk about those?

A. Tracts...I'll go to the deed here. In Tract 41, at the county it is reported to have 47 acres and that is, if you'll look down at the tract 41 it is cut off, and they say that there's 10.67 acres left. And then in Tract 52, it's a very small amount, there's 4.73 and the deeded acreage is...I apologize for a minute, I didn't get to my page. It's at the county for 4.87. There's a 1.5 difference.

MARY QUILLEN: What page are you on, sir?

JOHN SHEFFIELD: I'm sorry, ma'am. It's Tract 52.

MARY QUILLEN: What page number?

PETER GLUBIACK: On the tax tickets at the back of the packet....yes, ma'am. There is an indication for Tract 52 for the acreage in that particular piece of property.

Q. What you're saying, Mr. Sheffield, is there's a difference between what CNX is reporting on its map and what the county says you own or at least what you think you own in that tract?

A. Correct.

Q. And to your knowledge, has there ever been a survey of this property?

A. Not that I am aware of.

Q. And in its own documents, for instance in Tract 52, have they reduced the acreage in terms of accuracy to what they claim to the hundredth of an acre? In other words, they're reporting 4.73 acres, the county shows you own on your tax ticket for 4.87 and to your knowledge other than a plat, which we to your knowledge was prepared by a surveyor, there's no reason for that small acreage discrepancy?

A. Correct.

Q. You don't know what the answer is?

A. No, sir.

Q. And on Tract 41, the difference is almost 37 acres. You think it has to do with where they drew the line at the bottom of the unit, but do you have a surveyor or anything indicating how they came up with 10.67 acres in tract 41?

A. No, sir.

Q. So, in other words, they said that but you have no idea how they got so accurate?

A. Correct.

BILL HARRIS: Mr. Arrington, would you like to

respond? Mr. Swartz? 1

MARK SWARTZ: Actually, I'd sort of like to wait until they're completely done.

BILL HARRIS: Fine. That's fine. What---?

PETER GLUBIACK: They're waiting till what?

BILL HARRIS: Until you're completely done.

PETER GLUBIACK: I think we're completely done.

BILL HARRIS: Is that the only tract that there were questions about?

PETER GLUBIACK: As far as the repool.

JOHN SHEFFIELD: 41 and 52, the acreages.

PETER GLUBIACK: Those are the two that they are repooling. I have other questions, sure, but those are the two they are repooling, correct?

MARK SWARTZ: Yes. As I understand what they are saying is that a survey is required and it's clear that a survey is not required.

PETER GLUBIACK: We haven't said that, Mr. Swartz. We have said that...I asked Mr. Sheffield if there was a survey, he said to the best of his knowledge there wasn't. In fact, your client has established they don't do surveys, so there isn't one. We're just simply asking how you can be so accurate in determining acreage in tracts without a survey and how do you explain the discrepancy between what

the county says Mr. Sheffield has and what you say he has.

CROSS EXAMINATION

QUESTIONS BY MR. SWARTZ:

Q. Mr. Sheffield, did you file an appeal from this order?

A. From this order that we're dealing with today?

Q. That you're complaining about the acreage in, did you file an appeal from this order?

A. I believe we did.

Q. And you filed that...would have filed that appeal in the Circuit Court of Buchanan County, right?

A. Yes, sir, I believe that is the---

Q. And you had different lawyers when you filed that appeal?

A. Correct.

Q. Is this a copy of the appeal that you filed?

A. Yes, sir, it looks to be.

Q. If you'll look at item twelve in your appeal on page three, I'm going to read it and my question is going to be if I read it correctly. "CNX reported acreage of individual tracts to the Board which is different

with the actual deeded acreage as recorded in the Clerk's office in Buchanan County Circuit Court. Such changes in acreage can only be done after a survey and by a deed of correction and/or an action to remove cloud from a title filed with the court." Have I read that correctly?

A. Yes, sir, I believe you have.

Q. Okay. Would you agree that the acreage issue that you're talking about this morning was then raised in your petition for appeal in Circuit Court when it was filed?

A. If it included all tracts, I guess it would, yes, sir.

Q. Okay. And then let me show you a couple of other documents.

(Mark Swartz passes out exhibits.)

PETER GLUBIACK: Mr. Chairman, we'll stipulate this suit has been dismissed. It's not...that's an issue before the Board, it's done. We're here today on applicant's motion for repooling.

MARK SWARTZ: Okay. Then, will you stipulate that this order has been entered?

PETER GLUBIACK: Again, Mr. Chairman, we'll stipulate this suit was filed and dismissed. But what we're here for is Mr. Sheffield was raised the question as an

owner of interest in Tract<sub>1</sub>41 and 52 stating that there's a discrepancy on the documents between acres. It has been established and...I don't agree with it, but it has been established that they can file plats instead of surveys. But our question is how do you get accurate to the hundredth of an acre and make these distinctions without a survey? And suit or no suit, dismissed or no dismissed, there hasn't been an answer to that question.

BILL HARRIS: I'm not sure that I can answer that, but---

MARK SWARTZ: Well, I'm not done. You know, I haven't asked Mr. Arrington any questions. I'm cross examining Mr. Sheffield who says he doesn't know. So, I'm not likely to put that question to him. I'd like to just finish with him and then if they're done ask Mr. Arrington that issue which we talked about before in this case.

BILL HARRIS: Okay. Are you all through raising questions?

PETER GLUBIACK: I guess we're in cross examination then. Mr. Swartz keeps handing out documents, but I'll ask if he's done.

MARK SWARTZ: No, I'm not.

PETER GLUBIACK: Okay.

JOHN SHEFFIELD: Okay, sir.

BILL HARRIS: Well, Mr. Swartz, why don't we go to you then and let you ask questions or---

MARK SWARTZ: Well, I thought we were, but not to be...and I guess I've extracted a stipulation that an appeal was filed, that it addressed acreage and it was dismissed by an order submitted by his lawyers.

Q. Is that a fair summary of what those documents show?

A. I think that's a fair summary, yes, sir, Mr. Swartz.

Q. Okay. Do you have any other complaints about this application, Mr. Sheffield, other than the acreage question that you and your lawyer are raising?

A. Well, yes sir, we have miscellaneous petitions on item twelve and item twenty for today.

Q. Okay. I'm talking about this item, number whatever it is, do you have any other complaints---?

A. No.

Q. Okay.

A. No, sir.

MARK SWARTZ: All right. That concludes my questioning of Mr. Sheffield. So, they may need to rest, I guess.

BILL HARRIS: I'm sorry?

MARK SWARTZ: Then they would need to rest to pass to me.

BILL HARRIS: Yes. Is that a gesture indicated?

PETER GLUBIACK: We raised the issue and asked for an answer and that's where we are.

MARK SWARTZ: Okay.

BILL HARRIS: Okay.

LESLIE K. ARRINGTON

REDIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

Q. Mr. Arrington, could you address the question of platting and what the practice and procedure at CNX is with regard to the appropriation of plats like Exhibit A and the well plats that we regularly see?

A. Every tract on there at first we have our attorneys go to the courthouse and every tract on that map has a complete title history done on it. Every deed within that title history is platted up against its neighbor and put on a topographic map. And then we do (inaudible) acreages of all the tracts and that's done by the computer now. And he asked why is it down to the hundredth? Well, that's why it is, the computer done it. It wasn't that we had a survey done, it was done by the computer.

Q. Yeah, but the data that the computer was working with, as I understand your testimony, was taken from the deed descriptions of all these tracts---

A. Yes.

Q. ---which were then placed side by side to get a boundary that your people who were platting this concluded was an accurate...the most accurate representation of the boundary available?

A. As best we can.

Q. None of these lines were surveyed?

A. Not by us, no, sir.

Q. Not by you all. And is a line reported differently on a plat if its surveyed as opposed to platted?

A. Yes. Those lines would be solid line if it had been surveyed. On this plat you'll notice that all the lines are dash lines.

Q. Okay. Except for the grid lines?

A. Yes.

Q. For the units?

A. Yes.

Q. How often do you see differences between platted acreages...strike that. When you---

PETER GLUBIACK: Mr. Chairman, I'm going to object. Unless Mr. Arrington is qualified as a surveyor,

I'm going to object to him, testifying regarding differences in acreage.

MARK SWARTZ: Well, you might want to have me finish the question before you object.

PETER GLUBIACK: Well, I can object if I think the question is improper and I just objected.

MARK SWARTZ: Tell me what the question was going to be.

BILL HARRIS: Let me overrule the objection and let him finish. I'm sorry, go ahead.

Q. What has your experience been when you compare a plat that you make from a deed to..and the acreage that you obtained to the acreage that you find in the assessors or tax office?

A. In most all cases it won't match.

Q. When you go to the assessor's office or the or the office and look at the tax maps...strike that. Have you ever been to the tax map office or the office where the tax maps are kept in Grundy?

A. We have. We actually have us a copy of all of it.

Q. In your office?

A. Yes.

Q. Have you looked at those?

A. Yes, I have.

Q. Could you describe to the Board what a lot of them look like?

A. A lot of them are just drawn lines on a map. You can tell that they were not actually plotted lines, they're just drawn on a map.

Q. Are some of the maps photographs?

A. Yes, they are.

Q. And explain what kind of a photograph could be a map in a tax office.

A. Yes, it could be actually a very poor aerial photograph that someone has just sat and drawn lines on an aerial topographic map not a topographic map.

Q. Okay. So, we've got an aerial photograph that someone has drawn lines on and that's the map in the tax office?

A. Yes.

Q. And when you draw...and when those lines are drawn on those aerial photographs in the tax office is somebody using like a Sharpie---?

A. Yes.

Q. -----or felt tip pen?

A. Yes.

Q. Okay. When you went from hand drawn maps

to computerized maps, did the industry discover that the width of the pencil lead in mapping was throwing off calculations?

A. It could have.

Q. Okay. When you take the plats for example let's stay with Exhibit A to this unit, what would be your expectation if you went to the assessors office and looked at the tax maps for each one of these tracts, would you be surprised if they all agreed or if they were all in difference? What would your expectations be with regard to comparing your platted acreage to the assessor's office with regard to Exhibit A?

A. I would be very surprised if more than out of that 50 acre...50 tract....52 tracts...53 tracts, if two of them were even close.

MARK SWARTZ: That's all I have.

PETER GLUBIACK: Mr. Swartz?

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

PETER GLUBIACK: Oh, I'm sorry.

LESLIE K. ARRINGTON

CROSS EXAMINATION

QUESTIONS BY MR. GLUBIACK:

Q. I think what you've stated, if I'm hearing

it correctly, is generally]The procedure is that someone, you or someone under your direction or someone that you hire, goes to the deed room, goes to the assessor's office and looks at the deeds?

A. No, sir. They go and do a complete title review---

Q. I'll stipulate. I meant does a thorough title examination---

A. Yes, sir.

Q. I'll stipulate to that. That's fine.

A. Yes, sir.

Q. And from that, you take that data and you go back to some kind of computer software and it plats the line?

A. Yes, it does.

Q. Okay. But that's not a survey?

A. The deed descriptions from the courthouse are all plotted.

Q. And if you look for a second, your own exhibit on tract 52 for instance, at the very top of it it says 4.87 acre tract. That's from deeds, right?

A. Tract 52, I believe. If I'm correct.

Q. Tract 52?

A. Yes. We always put that on there so it's

not misconstrued by the owner of what tract we're looking at.

Q. Right. So, you're taking 4.87 acres, for instance, from the deeds and then you're using your computer wizardry and ending up with 4.73 acres which you admit that's different, not that much different but different?

A. And you're going to find that.

Q. And you're not going to...and you don't have any explanation for that?

A. Other than I don't know how their 4.87 acres was generated.

Q. Except from deeds is all you can say?

A. Theirs could have been plotted on maps---

Q. Which is the legal description?

A. Theirs may have been plotted on the map differently than how we have it on the map.

Q. But the deed description contains 4.87, that's what apparently---

A. It does. That deed description closed.

Q. And you changed it without a survey?

A. Again, I didn't. I don't have those before me.

Q. Someone in your company?

A. They did.

Q. To the best of your knowledge?

A. Changed it, they did not change it.

Q. Because you're going to pay Mr. Sheffield based on what you say is 4.73 acres instead of 4.87 acres based on what your computer did?

A. It's from our pre---.

Q. Are you aware of other companies in the industry----?

MARK SWARTZ: Excuse me. You need to let him finish an answer before you ask another question. I think you said it's what our (inaudible) and then you cut him off. Would you finish your answer?

A. It's from our (inaudible) acres. I don't know how they arrived at their acres.

Q. So, you don't even do that, really? I mean, you...someone other than you does the entry and all of the computing?

A. Sure, yeah.

Q. Who is that person?

A. It's our office staff.

Q. Is it twenty people?

A. I don't know people is down there.

Q. Is it a department?

A. It's a department, yes.

Q. Do you have that data?

A. Yes, sir, we do. Not with me.

Q. You didn't bring it with you?

A. No.

Q. You don't have it. It's true to say...is it true to say that the difference between 4.87 and 4.73 is something that your computer platted?

A. It's true to say. And our employees physically put it on the map against other tracts.

Q. And back to Tract 41, at the top of Tract 41 it says 47.70 acres---?

A. Yes.

Q. ---and then it indicated that apparently in the Tract 41, it's 10.67 acres?

A. That's correct, it does.

Q. And why is that? What happened to the 37 acres?

A. It's outside the boundary of the unit.

Q. And outside the boundary because the computers drew the lines?

A. No, because the unit boundary cut it off.

Q. Who draws the unit boundary?

A. I generally do that from my knowledge of where the mine seals are.

Q. But not by survey?

A. No.

Q. Are you...you may know or not know, are you aware of other companies that when they do these tracts they actually do a survey?

A. Yeah. I know from discussion with other companies in Virginia in the industry they do not. If there's a property dispute sometimes they may go out and locate a property line.

Q. Mr. Kaiser is sitting right over here, does Equitable do surveys?

A. No, sir.

Q. So, you're telling me if I produced a survey it would be an unusual situation?

A. It will be a property line and not a boundary..

Q. Not a tract map, they wouldn't do that? They wouldn't do a unit map with a survey?

A. A unit map?

Q. Yes.

A. Not to my knowledge. If they did, I don't know about it.

Q. Okay. I'm not going to belabor it anymore, but the fact is that you can't...other than your computer

internally doing this the supporting data of which you don't have with you nor did you do it, you can't explain the discrepancy except that's what your computer came up with?

A. Sir, I think that's accepted industry standard.

Q. It might be and it might not be, but your answer is yes that that's what the computer said?

A. That's...hat's how we do it.

PETER GLUBIACK: That's all the questions I have, Mr. Chairman.

BILL HARRIS: Thank you. Yes, Mr. Sheffield?

JOHN SHEFFIELD: I just had a...I didn't have an Exhibit A, I think a map. I may have misplaced mine. I was looking for it. I was just...and Exhibit A.

BILL HARRIS: Oh, I'm sorry. You were saying you did not receive----.

JOHN SHEFFIELD: I did receive one. I've lost it from the months traveling back and forth, I believe, their Exhibit A's map if they have one that I may look at just real quick.

MARK SWARTZ: I didn't bring an extra.

JOHN SHEFFIELD: I'm sorry about that. Does anyone have one I can look at?

BILL HARRIS: Do you need to refer to one now

to---?

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JOHN SHEFFIELD: Well, I just want to refer to one.

PETER GLUBIACK: We'll get one after. That's okay.

JOHN SHEFFIELD: Are you sure?

PETER GLUBIACK: Yes.

BILL HARRIS: Board members, were there questions?

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

BILL HARRIS: Ms. Quillen.

MARY QUILLEN: The whole Tract 41...or excuse me, I'm sorry. Tract 41 is part of this tract of land that we show in this tax ticket, is that correct?

LESLIE K. ARRINGTON: Yes, ma'am.

MARY QUILLEN: And only 10.67 acres is falling within the boundaries of this whole tract that we have here in the dark lines?

LESLIE K. ARRINGTON: Yes, that's correct.

MARY QUILLEN: I'm not sure that I understand exactly what the question is other than there was not a survey, a physical surveyor go out and survey that portion of the land that he's paying taxes on, is that correct?

PETER GLUBIACK: If I could reframe--.

MARY QUILLEN: I'm asking Mr.---

PETER GLUBIACK: Okay. I'm sorry.

MARY QUILLEN: Thank you.

LESLIE K. ARRINGTON: And that's correct. And the standard practice is we do not survey property.

MARY QUILLEN: Right.

LESLIE K. ARRINGTON: We do try to plot all the properties, but we don't survey them.

MARY QUILLEN: And it's generally accepted that the computer programs are so sophisticated that have been developed that that's generally accepted in the industry, is that what you're saying?

LESLIE K. ARRINGTON: Yes, ma'am.

MARY QUILLEN: That's all my questions.

BILL HARRIS: Thank you. Do you have questions---  
?

BRUCE PRATHER: Mr. Chairman, I have a question.

BILL HARRIS: Yes, Mr. Prather.

BRUCE PRATHER: What are the tolerances between the (inaudible) survey and a regular survey on a plat like this? In other words, it's such a decimal amount of acreage that if the tolerances are different maybe that's what the problem is. What are the tolerances on your (inaudible) survey?

MARK SWARTZ: They don't do a survey.

LESLIE K. ARRINGTON: We don't do surveys.

BRUCE PRATHER: Well, I mean..yeah, but you have tolerances on that (inaudible) map.

LESLIE K. ARRINGTON: I don't know what they are on that..on the (inaudible). I have no idea there. And plus, you've got to remember generally when you get the deeds out of the courthouses most of the deeds that you get even though it's a surveyed deed there's a survey been done for that deed. Most of the time those deeds don't close and that allows for a lot of inaccuracies.

BILL PRATHER: Well, did this particular deed that you did for Mr. Sheffield---

LESLIE K. ARRINGTON: I can't answer that.

BRUCE PRATHER: Did it close?

LESLIE K. ARRINGTON: I can't answer that.

SHARON PIGEON: Mr. Arrington, is it accurate though that a lot of deeds are prepared without surveys?

LESLIE K. ARRINGTON: Yes, ma'am.

SHARON PIGEON: So, it's the acreage that's stated in the deed that's not necessarily based on a survey?

LESLIE K. ARRINGTON: That is also true, yes, it is.

BILL HARRIS: Let me ask a question also about the boundary for all of this. How is that established?

LESLIE K. ARRINGTON: Most of this boundary for this unit was set by other units. I know it was set on the north. There was already an existing sealed gob unit and I know there was on the east side, there was already one. And I think there was one already on the southeast side and then the rest of it you kind of see there on the middle on the south you can see where it goes around some entries. So, it was adjusted according to existing units, mine works and that.

BILL HARRIS: Okay. Now, the line that's right at number 41, it looks like it goes through the base of that property. This is right above the Commonwealth of Virginia seal.

LESLIE K. ARRINGTON: Yes.

BILL HARRIS: That line looks like it actually straddles the grid line for...between Y and Z, if you would?

LESLIE K. ARRINGTON: Yes.

BILL HARRIS: And do you know if that property borders that line or if it extends past that line?

LESLIE K. ARRINGTON: Tract 41?

BILL HARRIS: Yes.

LESLIE K. ARRINGTON: Without a complete property

map, I can't answer that. I would assume it does.

PETER GLUBIACK: I'm sorry?

LESLIE K. ARRINGTON: I would assume it does go further to the south, yes, sir.

PETER GLUBIACK: Okay. Is that not the discrepancy that we are looking at?

LESLIE K. ARRINGTON: Tract 41 is larger than the 10 acres, it's 47 acres, But it was...it only included in 10.

BILL HARRIS: In terms of what's included in the property under consideration where the cut is. you all are certifying or not certifying but you all are stating that it's 10 acres---?

LESLIE ARRINGTON: Yes.

BILL HARRIS: ---...the 10 point whatever? Now, about a 50...what was the other one, 57 or 52.

JOHN SHEFFIELD: 52.

BILL HARRIS: Well, here we go. I lost that once before.

MARY QUILLEN: Right up here. Right here.

BILL HARRIS: Oh, okay. So, that is contained within...okay, yeah. So, it's your contention that the difference then in acreage is due to the method by which the...I guess the plat is done from...not from surveying,

but from deeds a (inaudible) that basically put these...this information together.

LESLIE K. ARRINGTON: And also I don't have...it's at the office, but I also don't know whether his deed description closed or not. A lot of times the deed descriptions don't close.

BILL HARRIS: I know we've heard this before that there's problems with deed closure. Well, is there any further discussion?

MARY QUILLEN: Mr. Chairman, just one more question.

BILL HARRIS: Yes.

MARY QUILLEN: The question that you had asked and that Mr. Arrington had stated that on the southern side or the south side of this unit that we're discussing, there is already an established unit there. Based on what the question that he had just asked that unit 41 actually extends down in that probably that other 37 acres, extends down into that other unit or do you know?

LESLIE K. ARRINGTON: No, I think the other unit is cut off over here on the southeast corner and part of his tract...again, I don't have that map with me. I don't. I don't have a full property map with me to discuss----.

MARY QUILLEN: Right. But---.

LESLIE K. ARRINGTON: ---that at length.

MARY QUILLEN: It's pretty certain that it extends outside of this unit.

LESLIE K. ARRINGTON: Yes, ma'am, it does extend---

MARY QUILLEN: ---in that direction?

LESLIE K. ARRINGTON: Yes.

MARY QUILLEN: Okay. Thank you.

MARK SWARTZ: The only point I would make in reference to something, you were asking Mr. Chairman in the order that was entered these boundaries are actually recited as distances and their directions. I mean, so that this order that created the black line here every call or turn of this is set forth in a Board order so you can reproduce this boundary. I would also point out...well, I guess I need to ask Mr. Arrington.

LESLIE K. ARRINGTON

DIRECT EXAMINATION RESUMES

QUESTIONS BY MR. SWARTZ:

Q. The boundary line here is kind of a Sharpie or felt tip line to highlight the boundary, correct?

A. It's just a bigger bold...right.

Q. Would it be your expectation that if we

looked at the Oakwood grid and looked at the boundary which goes through Tract 41 that those...that the boundary in that position or at that spot actually is the Oakwood boundary. Would that be your expectation?

A. It app...yeah, it appears to be. Again, I don't have my work maps.

Q. Do you recall that we tried to do that when we designed these units so that if there weren't sealed gob units adjacent that the entire unit would be available for a frac well development?

A. Yes.

Q. Is that the intention?

A. That's...we try to follow unit boundaries as best we can.

MARK SWARTZ: That's all I have.

JOHN SHEFFIELD: I do have a question for Mr. Swartz.

SHARON PIGEON: Mr. Sheffield, your attorney has to ask the question.

PETER GLUBIACK: I have one point to make to the Board. What we...we're trying to make a point here. The point I'm making is a company that is literally making hundreds of millions of dollars here is relying on...you know, Mr. Swartz makes the point and Mr. Arrington makes the

point and one of the members make the point that it's bounded. Well, I respectfully submit to the Board Mr. Swartz says it's been established by order. The point we're making here is there are discrepancies. There are discrepancies sometimes substantial, sometimes fairly small. Mr. Arrington has indicated this is not done by survey. It is our assertion and we will file some stuff with the Board that there are companies out there that routinely do surveys. What they're doing is they're saving themselves money. They are taking peoples property on the virt...by virtue of just going to the deed room, looking at the stuff, drawing it on the computer and stipulating to the hundredth of an acre that they're accurate. They're not accurate. You know, if these things don't close then they ought to go out there and make them close and make them work. This is an important issue that the Board has continually glossed over and we're going to make it one more time and we'll keep making it. These things need to be surveyed. They need to be accurate. The Board needs to depend on these things being accurate and they're not. They're done to the best of their ability is what they say. And I think that's not sufficient. I mean, I can't say it any clearer. There's simply not reason for them to do what they're doing. The practice is improper and they should be required to do this

with more accuracy than just going somewhere and having a computer draw it. That's the point we're trying to make today.

MARK SWARTZ: I gather that was his closing?

BILL HARRIS: I would assume so, yes.

MARK SWARTZ: Okay. My closing is what have we heard about the accuracy of the 4.87 number from Mr. Sheffield and his counsel? Zero. We don't know where that number came from. If it came off the tax maps, we've talked about the tax maps. And the tax map exercise of drawing lines on aerial photographs that are not topo adjusted...I mean...you know we have a potential garbage-in garbage-out question with regard to the 4.87 number. You've heard from Mr. Arrington how they...what they do. They run title. Their title lawyers plat the tract. They take all the deed descriptions and they make them work together. We've heard nothing about where this 4.87 number comes from. So, to compare that number to a number that we have a basis in the record for is an exercise in futility. I mean, if he wanted to come in here and explain to you and try to convince you the 4.87 number was a good number, great! We'd have at it! But as it stands right now, that number...there's no basis in this record to conclude that that number is worth anything.

PETER GLUBIACK: Except it's in the deeds.

MARK SWARTZ: Right. So what! That's why---

PETER GLUBIACK: That's the legal description for the property.

MARK SWARTZ: ---deeds say more or less.

PETER GLUBIACK: And they're not permitted to change legal descriptions. That's our point. And they do routinely on a routine basis without surveys.

MARK SWARTZ: That is totally lame. I mean, if a legal...if a deed conveys a million acres and the person owns an acre what did that deed convey?

PETER GLUBIACK: A million acres.

MARK SWARTZ: You're saying you're going to put a million acres in here? That is the most ridiculous thing I've ever heard. I mean, we do title to make sure that there is some reliability to the numbers that we give to the Board.

BILL HARRIS: Well, let's....are there any further questions from the Board?

BRUCE PRATHER: I've got a question

BILL HARRIS: Yes, Mr. Prather.

BRUCE PRATHER: Gosh, what was it? I forget. You shouldn't ask me.

BILL HARRIS: Oh, I'm sorry. Should they continue

and then---?

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BRUCE PRATHER: Go ahead.

BILL HARRIS: Are there any further presentations?

MARK SWARTZ: No.

BILL HARRIS: Mr. Glubiack?

PETER GLUBIACK: No.

BRUCE PRATHER: I know what I was going to ask.

BILL HARRIS: Yes, Mr. Prather.

BRUCE PRATHER: On the...this apparently is a boundary line where there is a little deviation in the amount. Is that deviation caused by the piece of acreage that you have ownership to or is the deviation caused by an adjacent piece of property? In other words, one of them apparently won't close on the survey or anything else.

LESLIE K. ARRINGTON: I really can't answer that without a lot of backup material in hand.

BRUCE PRATHER: That would solve a lot of your problems if you knew which piece of property had the---.

LESLIE K. ARRINGTON: Well, I understand your comment, but without having 100% of the backup material---.

BRUCE PRATHER: Okay.

LESLIE K. ARRINGTON: We do the best we can at putting the information together.

BRUCE PRATHER: I understand. Yeah.

BILL HARRIS: Any further questions or comments?

MARK SWARTZ: No.

BILL HARRIS: Board, I guess we can entertain a motion. Is there a motion?

(No audible response.)

BILL HARRIS: Okay, I was just discussing with Ms. Pigeon our options if there is no motion for an item. I guess the language is the item dies, is that what happens and it has to be refiled? Is that---?

MARK SWARTZ: Well, we don't have to refile.

SHARON PIGEON: No, you don't have to.

MARK SWARTZ: Remember you ordered us to file it. So, we're not really that...I mean, we need to square up one of these tract issues but we're not here because we begged you to let us come here. You said come here. So, if you've just changed your mind or want to let it die I mean I don't think you're going to get a big argument from us about that. I mean, we would like to resolve the additional tract issue because we are probably going to have to come back on that. But the Sheffield issue, I mean, we don't...I mean, whatever.

BILL HARRIS: I mean, I don't know what options we have. That's the only thing. Because what...because you all aren't really obligated by law. I mean, you all have

done what---.

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MARK SWARTZ: Well, here's why we're not concerned about the Sheffield issue, just practically speaking. It was an argument that I lost with Mr. Wilson and probably indirectly with Mr. Wampler, but I'll tell you what the argument was so you can sort of understand why we're here. Our position is that when we notice people, like if you were...let's say you, Mr. Chairman, had a tract in this big unit or at least we knew you had one tract and we noticed you of the hearing for that tract and in the notice you could figure out that we were trying to pull all of your acreage within that boundary and it turns out that you had another tract that we were unaware of. My position is that if I give you notice and I tell you I'm pulling all of your interests in the unit and I have underestimated your interests you either show up and complain or...and if you don't I basically have pooled all of your interests and I have an obligation to get it right, but I've already pooled you and all of your interests in the unit. And that was the argument that I was having with Mr. Wilson, that we pooled the tract. We just pooled the coal side where the oil and gas side as opposed to the other side, but we gave notice to the Sheffield interest. So my view was you pool people and their interest, not tracts. And I lost that argument which,

you know, I lose arguments all the time and that's cool. So, I was ordered to re-file this to pool the tracts because Mr. Wilson's view and presumably Benny's view indirectly, although I'm not sure, was he felt like you pooled tracts as opposed to people and you know said you need to repool these tracts. And so that's why we're here. With regard to Mr. Sheffield, our position is essentially we've already pooled both of those trusts in our view. We don't care. But we're here because we were told to be here and we've complied. With regard to the tract 53 issue, that's something we're going to have to square away at some point. So if this died today we would refile on that because we need to get that right. There's different ownerships. We've got to break that tract off. We've got to give those people their appropriate opportunity to elect. So, from the standpoint what's our dog in the hunt today, that's the important issue to us. The reason we're here on the other issues because of what I just expressed. So, that's the history of why we're here and I don't know if that helps or not but that's why we're here.

PETER GLUBIACK: Mr. Chairman, from our perspective Mr. Wilson said the tracts weren't pooled correctly, they need to be repooled. It's the tract that matters. The tract is not correct. That's why we're here.

So, it would be our position and not our motion, you've got several tracts that can't be repooled and there's some question about the pooling order originally. So, I think there is a stale mate here.

BILL HARRIS: Is there...I'm hearing no motion so I guess this item dies then. And I guess we'll leave things as they are unless there's a refiling of some kind.

MARK SWARTZ: Thank you.

BILL HARRIS: Okay. Thank you. Okay. The next item on the agenda, item three, a petition from Range Resources Pine Mountain, Inc. for establishment of a 320 acre drilling unit for drilling of horizontal conventional gas wells, Irvington District, Dickenson County, Virginia. The docket number is VGOB-08-0415-2213. This item is continued from April. We'd like all parties who wish to speak to this item please come forward.

JIM KAISER: Mr. Chairman and Board members, that will be Jim Kaiser, Phil Horn and Jerry Grantham on behalf of Range Resources Pine Mountain.

(Phil Horn and Jerry Grantham are duly sworn.)

BILL HARRIS: Okay. Let the record show there are no others.

JIM KAISER: I'm going to start our testimony with Mr. Horn.

PHIL HORN

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

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

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

A. My name is Phil Horn. I'm employed by Range Resources-Pine Mountain, Inc. as land manager.

Q. And we continued this item from the April docket because we had a notice issue with a Carol P. Armstrong, is that correct?

A. That's correct.

Q. And to your knowledge, has she received actual notice by certified mail and that problem has been corrected?

A. Yes, it has.

Q. And as to that unit that we're before the Board asking to form today for purposes of drilling horizontal conventional wells, would it be accurate to say that Pine Mountain...Range Resources-Pine Mountain either owns and/or has leased 100% of the oil and gas within the unit?

A. That's correct.

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

BILL HARRIS: Questions from members of the Board?  
(No audible response.)

BILL HARRIS: You may continue.

JERRY GRANTHAM

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

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Now, Mr. Grantham, if you would, along with the handout that you've put together for the Board, if you would explain once again why we are forming these provisional drilling units and sort of what the process and plan for this unit is.

A. Okay. First off, I'd like to give the Board just a brief update on where we are with our horizontal drilling program here in Virginia. We...as the Board knows we drilled the first horizontal shale well in Virginia in November of last year, completed that well. It has now been on production for just under six months. We're still pleased, I think it's correct to say, with the results of that well. We have drilled a second well and that well

is drilled and done drilling. We have not completed that well yet. We are currently drilling two additional wells. So, we have four that are either drilled sort of in various stages. One drilled, completed, producing and one drilled but not completed and two currently drilling. So, we are actively moving forward with this program.

As far as the exhibits for the hearing today, for this particular unit we are requesting that the Board approve a provisional 320-acre unit. There is similar or I should say identical to what you've seen in the past. This particular unit, as you can see from Exhibit C, would be a 320-acre square with a 300 foot window pane I guess on the outside. If we go to Exhibit D it sort of spells out what the unit would entail. Again it's a 320-acre square unit with dimensions as stated on this exhibit. There's a 300 foot exterior window that we cannot produce from but we can...we would propose that we could drill the well from and in fact drill the well from outside the unit and we've discussed this before and in fact have done that on I believe I'm correct in saying I know on at least one occasion and that has been very effective. What that allows us to do is not to use up our productive interior window to build the curve and we can talk that a little bit when we get on to the other exhibits and it seems to be a very

effective way of developing and maximizing the amount of lateral that we can produce. The proposal also has a provision that the wells or our horizontal well could not be drilled any closer than 600 feet from any other vertical well producing out of the same formation. The unit would be allowed for multiple wells within a horizon or within other conventional horizons and to allow for maximum drainage of the 320 acre unit. And again would be...we would propose that we'd be allowed to drill the vertical portion and build the curve outside of the unit. Exhibit E is a diagram showing that the well is schematic. The casing design for the uphold part of the well is no different than what is established by I believe state requirements as far as surface casing which is to protect ground water and then a coal string which is required to be set over all coals and those are no different. We are not requesting that we can do any horizontal work in the coals. That portion of the hole is no different than any other vertical well. We would set an additional string of casing which would be seven inch down through the Weir. This would be to primarily shut off any gas or probably more importantly water that might come from these zones occasionally we see water out of the Weir and we propose that we do that because when we drill these on air the last thing we want in the hole is water. We're

trying to stay away from that. The diagram shows the design would be to build the curb, go from vertical to horizontal on approximately 600 feet. We've seen that to be true. Sometimes we're a little less, sometimes a little more but that's a good average. And then propose, this says a 300 foot lateral, we certainly would like to achieve more if drilling allowed it and the hole was going well we would continue drilling as long as we stay within the window of the boundary of the unit. But we think more is better. Probably we don't know that yet. We are still experimenting. So, that's the well design. This is a map showing the actual proposed unit which is the solid, I guess the second line in, which is this line right here. The dash line would be the 300 foot window and then the interior of the unit. What we've been asked on prior occasions before the Board is to show the area extending 1,250 feet outside of that interior window with the idea that we're demonstrating that in this case we own or control all of that acreage. In this case we do. Exhibit G talks about the benefits of the horizontal drilling. We certainly think it has benefit to us or else we wouldn't have been doing it. Certainly, we think it will benefit royalty owners. The royalty owners, of course, would be a proportional to their interests within the unit and these are more expensive wells

to drill than a vertical well. So, we expect more production and more reserves out of them. We think the state benefits because state and county would benefit because of additional severance tax that hopefully would be produced from these wells. We believe it would promote conservation of the gas resource by more effectively draining these formations. We think laterals are a benefit certainly to the surface because we can drill under areas that we couldn't get a vertical well in and to the coal owners because we are really only putting one soda straw so to speak through that coal for a cluster that might be located all together and then again less surface disturbance.

And we believe that the square units are equitable because we have no stranded acreage.

BILL HARRIS: Let me ask a question. I notice, and this is probably obvious from the figure...Exhibit C on the first page, I noticed a lot of times in the past and this may not have been Range Resources-Pine Mountain but I remember seeing that diagonal being 5,280 feet. Did you all change that to accommodate the window of 300 foot---?

JERRY GRANTHAM: That is exactly correct.

BILL HARRIS: ---is that what has happened.

BILL HARRIS: The 5.280 was the distance from the corner of the unit...to the corner on the unit.

BILL HARRIS: Yeah, I thought that was interesting being a mile but---.

JERRY GRANTHAM: And it caused a little confusion because we kept talking about how long these laterals were----.

BILL HARRIS: Yeah, it looks like that was a potential drilling...yeah.

JERRY GRANTHAM: Exactly. And really the...so we changed it.

BILL HARRIS: Okay.

JERRY GRANTHAM: And I think it was a good change because it really demonstrates, you know, having maximum what we produce in that unit.

BILL HARRIS: Yeah, I saw the maximum listed and I thought well when was that. But I knew that there was a maximum.

JERRY GRANTHAM: And that's a theoretical maximum if we went corner to corner which in most cases we can't do that because of surface issues or other issues.

BILL HARRIS: Okay. I was just wondering about that, thank you. Questions from the Board members?

MARY QUILLEN: Yes, Mr. Chairman.

BILL HARRIS: Ms. Quillen.

MARY QUILLEN: So, now you're actually identifying

within the window where you can drill?

JERRY GRANTHAM: This exhibit doesn't necessarily identify that we could get a location right here because I can't tell you on this well whether we could. This...all this does is identify what the maximum length that we could possibly get within the window would be. In all likelihood, that won't happen because we'll have to get a surface here or maybe we want a different orientation because of geology or other things. It's just showing what the maximum is.

MARY QUILLEN: What the maximum is.

JERRY GRANTHAM: Yes, ma'am.

MARY QUILLEN: I have one additional question. On Exhibit F, all of these wells that are showing, who are the owners of these?

JERRY GRANTHAM: The owners would be Equitable and Range Resources, yes.

MARY QUILLEN: And you are partners?

JERRY GRANTHAM: Yes, ma'am, that is correct.

MARY QUILLEN: I have no more questions.

BILL HARRIS: Okay, Mr. Prather.

BRUCE PRATHER: Jerry, where is the surface location of this well on your yellow map there?

JERRY GRANTHAM: I am not certain where our surface location is on this well...I mean on this map. We

aren't asking for a specific location with this hearing.  
We're just asking that the unit be approved.

JIM KAISER: We're just forming the unit.

BRUCE PRATHER: Oh, Okay.

JERRY PRATHER: So, I can't tell you on this particular plat whether we have a surface location or if we've even selected one.

BRUCE PRATHER: Well, you said it was going to be off the unit. So, it will be somewhere in that 1...900 foot area.

JERRY GRANTHAM: No, on this one I didn't say it was going to be off the unit. I said...I believe I said that we had done one that was outside the unit prior to this. Just demonstrating that we are actually...you know, that is something we are asking for and its also something that we are using and we find it to be pretty effective because, again, we can use that area that we can't produce to build the curb and not use up or eat up part of the productive interval doing that.

BILL HARRIS: Well---.

BRUCE PRATHER: I've got another question.

BILL HARRIS: Yes.

BRUCE PRATHER: On your schematic, your cross section---.

BILL HARRIS: Exhibit E.

BRUCE PRATHER: ---of the well here---.

BILL HARRIS: That's exhibit E.

BRUCE PRATHER: Exhibit E. You're setting your seven inch in the Weir. I assume you're saying that's seven inch in the Weir at that point because you...I'm pretty sure that most of these wells that are on your plat are Berea wells, aren't they?

JERRY GRANTHAM: Some of them are Berea wells, yes.

BRUCE PRATHER: So, basically, we may be looking at the same thing we looked at in the Equitable well whereby one of the packers down below let loose and we put gas out into the Berea or put nitrogen into the Berea. So, what I'd like to ask you is, do you think that it would be practical to put one of those packers maybe below the Berea and not in that horizontal hole for safety purposes? In other words I realize as well as anybody else that every time you make a connection you're dragging that pipe back through that horizontal hole and you're making a...the thing is getting out of gauge out around. So, what I'm wondering about would be you don't have that problem when you come up into the vertical part of that hole. Would it be a possibility of putting a packer up there?

JERRY GRANTHAM: You're absolutely correct and that is what we would do. We would set a packer up in the vertical section of the hole above the Berea and isolate it from the rest of the well, yes.

BRUCE PRATHER: Okay. Okay. That solves my problem.

BILL HARRIS: Other questions?

(No audible response.)

BILL HARRIS: I do have, I guess, a comment and a question to one of your first questions about where the unit might be located, the drilling site. But we do have to stay 600 feet, is that correct, from what is it 600, I believe it is, from any of the vertical wells?

JERRY GRANTHAM: It would be...the way that we are proposing this is that we would have to stay 600 feet from any vertical well that's producing from the same horizon. I might note that on Exhibit F the vast majority of the well is on this plat of coalbed wells and you can tell that because they say "BC" in front of them. So, effectively we put all of the wells on the plat to demonstrate, you know, what's already drilled out here. But the vast majority of the wells that you see on this exhibit are coalbed wells and are not even producing from any of the conventional reservoirs.

BILL HARRIS: So, would that change? Because I know your concern was where you're going to put a line through here that you're not further than 600, yeah. So, but you're saying though since they're not producing the same...from the same target areas then that's not a problem or---

JERRY GRANTHAM: That is what I'm saying. What the proposal is and the proposals in the past have been is that we cannot drill a lateral or have a lateral come closer than 600 feet from a vertical well that is producing from the same horizon.

BILL HARRIS: The same horizon, and that's the important part of that statement, yeah.

JERRY GRANTHAM: Yes, Mr. Chairman.

JIM KAISER: The actual top hole can be right beside another well.

JERRY GRANTHAM: Yes. And that we've done too because again we minimize on disturbance, we get up and use existing roads, pipelines and so if we can find a location that's next to another well sometimes that works well for us.

BILL HARRIS: Any further questions? Do you have anything else?

JIM KAISER: Well, Mr. Chairman, we'd ask that the

application be approved as submitted.

BILL HARRIS: Do we have a motion?

MARY QUILLEN: Motion to approve.

BRUCE PRATHER: Second.

BILL HARRIS: All in favor, say yes.

(All members signify by saying yes.)

BILL HARRIS: Opposed like sign.

(No audible response.)

BILL HARRIS: Thank you.

JERRY GRANTHAM: Thank you.

BILL HARRIS: Our next item is a petition from Range Resources-Pine Mountain Inc. for pooling of coalbed methane unit 73AD Prater District, Buchanan County, Virginia. The docket number there is VGOB-08-0415-2216. This item is continued from April. We'd like to ask all parties who wish to speak to this item to please come forward.

TIM SCOTT: Tim Scott, Phil Horn and Ian Landon for Range Resources Pine Mountain.

(Ian Landon is duly sworn.)

BILL HARRIS: Let the record show there are no others and you may proceed.

TIM SCOTT: Thank you.

PHIL HORN

DIRECT EXAMINATION

QUESTIONS BY MR. SCOTT:

Q. Mr. Horn, would you please state your name and by whom you are employed?

A. My name is Phil Horn. I'm land manager for Range Resources-Pine Mountain Inc.

Q. And what's your job?

A. I'm in charge of the land department.

Q. And are you familiar with this application now pending before the Board?

A. Yes, I am.

Q. And is it located in the Nora Coalbed Gas Field?

A. Yes, it is.

Q. Does it contain 58.77 acres, is that right?

A. Yes.

Q. We continued this from last time, Mr. Horn, for what reason?

A. Lack of publication.

Q. Okay, and we've accomplished that this time, is that correct?

A. That's correct.

Q. Okay. Does Range Resources-Pine Mountain

have drilling rights in this unit?

A. Yes, we do.

Q. And are there any parties respondent that should be dismissed from this hearing?

A. No, they're not.

Q. Have you attempted to reach an agreement with all those parties listed at Exhibit B-3?

A. Yes, we have.

Q. And what efforts were made?

A. Basically, the people that we are force pooling their interests arise from the 1920 deed where they got undivided one-half interest in this coal and they're partner Chesapeake located the people that they could by drilling a couple of conventional wells about a year and a half ago. Last summer we force pooled the same tract three times I think in July for Haysi 29, 30 and 31. We've checked the records at the courthouse. We checked with owners and this is the best ownership compilation we could come up with.

Q. Okay. Do the parties whose addresses you knew, how did you notify those people?

A. By certified mail.

Q. And the parties you didn't know, how did you notify them?

A. By publication.

Q. And when was it published?

A. On April 17, 2008.

Q. And what newspaper?

A. The Bluefield Daily Telegraph.

Q. So, there are unknown persons in this unit, is that right?

A. Yes, sir, there are.

Q. And have you filed proof of publication and mailed certification with Mr. Asbury?

A. Yes, we have.

Q. Is Range Resources-Pine Mountain authorized to conduct business in the Commonwealth?

A. Yes, we are.

Q. And is there a blanket bond on file with the department?

A. Yes.

Q. If you were able to reach an agreement with the parties listed on Exhibit B-3 what would be the terms that you would offer?

A. Six dollars per acre for five year lease that provides a one-eighth royalty.

Q. Do you consider this to be fair and reasonable compensation?

A. Yes, I do.

Q. And what percentage of the coalbed methane estate does Range Resources-Pine Mountain have under lease?

A. 98.1982250%.

Q. Now, as far as ownership is concerned, does that include fee ownership by Pine Mountain in some of those tracts?

A. Yes, sir, it does.

Q. What percentage of the gas estate does Range Resources-Pine Mountain have under lease?

A. 87.23%.

Q. And what percentage of the gas estate are you seeking to pool?

A. 12.77%.

Q. And what about the CBM estate?

A. 1.8017745%.

Q. Okay. And with regard to this unit, is there an escrow requirement?

A. Yes, sir, there is.

Q. So, has an Exhibit E been included with the application?

A. Yes, it has.

Q. What tracts were involved as far as the escrow is concerned?

A. 1, 3, 4, 5, 6, 7, and 8.

Q. And that includes both conflicting interests and unknown interests, is that right?

A. That's correct.

Q. What percentage of the unit is subjected to escrow?

A. 49.73%.

Q. Are you requesting the Board to pool those parties listed on Exhibit B-3?

A. Yes, we are.

Q. And are you also requesting that Range Resources-Pine Mountain be designated operator for this unit?

A. Yes.

Q. What would be the address to be used for any correspondence if the Board should grant our application?

A. Range Resources-Pine Mountain, Inc., 406 West Main Street, P.O. Box 2136, Abingdon, Virginia 24210, Attention: Phil Horn.

Q. And should this be the address for all communications regarding this unit?

A. Yes.

TIM SCOTT: That's all the questions I have for

Mr. Horn.

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BILL HARRIS: Questions from Board members?

(No audible response.)

BILL HARRIS: You may continue.

IAN LANDON

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

DIRECT EXAMINATION

QUESTIONS BY MR. SCOTT:

Q. Mr. Landon, would you please state your name, by whom you're employed and what your job description is, please?

A. My name is Ian Landon. I'm operations manager for Range Resources-Pine Mountain.

Q. Did you assist in preparation of this application?

A. Yes, I did.

Q. Are you familiar with the total depth of this well?

A. Yes, sir, I am, 2,475 feet.

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

A. 275 million cubic feet.

Q. Did you also assist in the preparation of the AFE that was attached to the application?

A. Yes.

Q. Are you familiar with the well costs?

A. Yes, I am.

Q. What is the estimated dry hole cost?

A. \$162,274.

Q. And the completed well cost?

A. \$427,463.

Q. And you just testify that an AFE was included with the application, is that right?

A. Yes.

Q. And did you assist in the preparation of that AFE?

A. Yes, I did.

Q. Does the AFE include reasonable charge for supervision?

A. Yes.

Q. And in your opinion, would the granting of this application promote conservation, result in the prevention of waste and protect correlative rights?

A. Yes.

TIM SCOTT: That's all the questions I have for Mr. Landon.

BILL HARRIS: Questions from Board members?

(No audible response.)

BILL HARRIS: Okay, thank you.

TIM SCOTT: That's all I have.

BILL HARRIS: Do we have a motion?

MARY QUILLEN: Motion to approve.

BRUCE PRATHER: Second.

BILL HARRIS: All in favor, say yes.

(All members signify by saying yes.)

BILL HARRIS: Opposed, like sign.

(No audible response.)

BILL HARRIS: Thank you.

TIM SCOTT: Thank you.

BILL HARRIS: The next item is a petition from CNX Gas Company, LLC for disbursement of funds from escrow and authorization for direct payment of royalties on Tract 4B, unit DD-3, Hurricane District, Buchanan County, Virginia. The docket number is VGOB-01-0515-0893-01. We'd like all parties that wish to speak to this item to please come forward.

MARK SWARTZ: Mark Swartz and Anita Duty and I think Mr. Fletcher, right.

JACK FLETCHER: Jack Fletcher.

MARK SWARTZ: Jack, okay.

(Anita Duty and Jack Fletcher are duly sworn.)

ANITA DUTY

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

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

A. Anita Duty.

Q. Who do you work for?

A. CNX Gas Company.

Q. And what do you do for them that pertains to why we're here?

A. I oversee the escrow accounts for the force pooled interest.

Q. Okay. And with regard DD-3, what did you do to prepare to file the petition and then to prepare to testify today?

A. I compared the payments that were sent to escrow with the ledger sheets from Wachovia to make sure all the deposits were there.

Q. Okay. So, the payments that were sent to Wachovia would have been records that your company or the company that you hired to make payments would have maintained, correct?

A. Yes. 1

Q. And the Wachovia records...Wachovia is the Board's escrow agent?

A. Yes.

Q. Okay. And those records you obtained, do you obtain them directly from Wachovia or through the DG...the Division of Gas and Oil?

A. Directly.

Q. Directly, okay. Is there someone in particular that you deal with there?

A. Judy Barger.

Q. Okay. And did...with regard to this case, were you able to obtain both sets of records?

A. Yes.

Q. Did you compare them?

A. Yes.

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

A. All of the deposits were accounted for.

Q. And the only...so, the only difference then would have been the fees that the escrow agent would periodically deduct?

A. Yes.

Q. Which would not show upon on your records?

A. Right. 1

Q. And except for that, they were in agreement?

A. Yes.

Q. Have you prepared a spreadsheet indicating what it is you're asking the Board to order the escrow agent to do?

A. Yes.

Q. And have you...is that spreadsheet in the revised or amended petition that you filed?

A. Yes.

Q. It should be, right?

A. Yes.

Q. Okay. And there are two different scenarios under this spreadsheet, correct?

A. Yes.

Q. Mr. Fletcher's interest is not really a split agreement interest, it's a released interest, correct?

A. Yes.

Q. Could you tell the Board what...how Mr. Fletcher acquired the interest that he now needs to be paid for?

A. We received a letter from Pine Mountain that they have released their claim to Mr. Fletcher's

interest. Well, prior to receiving that letter, we had already sent his portion of the royalty interest to escrow.

Q. Okay. So, at the time that this was pooled, Mr. Fletcher had not yet succeeded in obtaining a written release apparently?

A. Yes.

Q. And so his one-ninth or his share of the one-ninth interest or his claim to the one-ninth interest and Pine Mountain's claim to the one-ninth interest was being escrowed?

A. Yes.

Q. And with regard to Mr. Fletcher, what we're asking the Board to do today is to release a 100% of his one-ninth because Pine Mountain has given their interest to him and he now has eight-eighths of that one-ninth?

A. Yes.

Q. Okay. As your eyes glaze over.

A. No, I'm good.

Q. All right. Now, with regard to the rest of his family, what's their situation in terms of how the escrow needs to be disbursed?

A. The rest of the family have signed an agreement to split 25% with Pine Mountain and 75% for themselves.

Q. Okay. And this spreadsheet that you've given to the Board for their consideration today, is it as of a date...a certain date?

A. March the 31dst.

Q. And would it be your expectation that additional moneys have arrived in this account since March the 31st?

A. Yes.

Q. Okay. When the Board is making its order to direct the escrow agent what to do, should the Board direct the escrow agent to disburse based on percentages as opposed to dollars?

A. Percentages.

Q. Okay. And the percentages that the escrow agent should use in making the disbursement are highlighted in yellow for each of the parties, correct?

A. Yes.

Q. And are you also requesting that when the Board enters this order they also make an order allowing the operator to pay Mr. Fletcher directly in the future rather than escrowing his funds?

A. Yes.

Q. And to authorize the operator to pay Pine Mountain and the other family members their percentages as

indicated in this spreadsheet?

A. Yes.

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

BILL HARRIS: Questions from Board members?

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

BILL HARRIS: Yes, Ms. Quillen.

MARY QUILLEN: ---one clarification. Anita, this is in Tract B...4B?

ANITA DUTY: Yes, 4B only. 4A will stay in escrow.

MARY QUILLEN: Okay. No other questions.

MARK SWARTZ: Now, the other thing we need to clarify, this is only the royalty interest because Mr. Fletcher has also participated and that's...we're not here about that today. But this is just his royalty interest. But I want that to be on the record. He also has the working...his share of the working interest, which we will address this in the future.

BILL HARRIS: Okay.

JACK FLETCHER: Could I---?

BILL HARRIS: Fine. Did you have...Mr. Fletcher, yes.

JACK FLETCHER: I just wanted to ask one question. Since there is no conflict on the working interest, I do not

have to petition the Board, to get that working interest released as we stated this morning? You're going to figure it up and send me some money, is that correct?

ANITA DUTY: That's right.

MARK SWARTZ: Well, this order will indicate...this order will indicate that you now have a 100% of your interest.

JACK FLETCHER: All right.

MARK SWARTZ: So, your participation interest will be exempted from the future as well. So, we're good to go on that.

JACK FLETCHER: I wanted to give you...I think that you've got a copy of the latest addresses. I'm sorry, I only have one copy to give her. I'm having trouble with the address changes. There's so many people in this group have passed on. It's hard to keep up with it.

BILL HARRIS: These are changes in addresses---.

JACK FLETCHER: Changes in addresses and also in---.

BILL HARRIS: The most current address for the other---.

JACK FLETCHER: Current address and current recipients. I've had several brothers---.

BILL HARRIS: These are people in your family, is

that---?

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JACK FLETCHER: ---and sisters---.

BILL HARRIS: Okay.

JACK FLETCHER: ---who have passed on since this started. There has been about five of them. But it's also who their...who the money goes to. That's all been straight. The widows and the---.

BILL HARRIS: Okay. I just wanted to make---.

JACK FLETCHER: ---grandchildren and this type of thing.

BRUCE PRATHER: This would be that 75/25 split?

JACK FLETCHER: Yes, sir. Yes, sir.

ANITA DUTY: I believe...because I got this prior to sending the amended notice, I think I've got all of these taken care of.

JACK FLETCHER: I think you do too.

ANITA DUTY: Okay.

MARK SWARTZ: But we're going to make sure.

JACK FLETCHER: Right.

ANITA DUTY: Yeah.

JACK FLETCHER: I just wanted to---.

SHARON PIGEON: And then, Anita, you can provide a copy of that to David.

ANITA DUTY: Yes. I can actually...he can have

this...well, the correct addresses are in here. We got this before this was sent out.

BILL HARRIS: So, there's no need then.

SHARON PIGEON: But since he gave it to us in the course of this hearing---

BILL HARRIS: Oh, okay. So, we need---

MARK SWARTZ: That's cool. Not a problem.

BILL HARRIS: Yes, okay. Well, that's why I asked---

MARK SWARTZ: Give it to the Director.

JACK FLETCHER: The VGOB?

MARK SWARTZ: Yeah.

JACK FLETCHER: I faxed him one at the same time that I faxed it to her.

ANITA DUTY: Yeah.

MARK SWARTZ: Okay. Okay.

BILL HARRIS: Okay. Anything else...anything further?

MARK SWARTZ: No.

BILL HARRIS: Okay. Do we have a motion?

MARY QUILLEN: Motion to approve.

BRUCE PRATHER: Second.

BILL HARRIS: Any further discussion?

(No audible response.)

BILL HARRIS: All in favor, say yes.

(All members signify by saying yes.)

BILL HARRIS: Opposed, like sign.

(No audible response.)

BILL HARRIS: Thank you.

KATIE DYE: Abstain.

BILL HARRIS: One abstention, Ms. Dye.

JACK FLETCHER: Thank you very much.

BILL HARRIS: Thank you.

JACK FLETCHER: I thank the Board.

BILL HARRIS: The next item is a petition from CNX Gas Company, LLC for disbursement of funds from escrow and authorization for direct payments of royalties on a portion of Tract 5 and all of Tract 6, unit T-28, Garden District, Buchanan County, Virginia. The docket number is VGOB-97-0218-0565-01. We'd ask all parties who wish to speak to this item, please come forward.

MARK SWARTZ: Mark Swartz and Anita Duty.

BILL HARRIS: The record will show there are no others.

MARK SWARTZ: Mr. Chairman, if I could incorporate what Anita...Anita's description of what she does for a living and how it pertains to why we're here today, I'd like to do that.

BILL HARRIS: Yes, that will be incorporated.

MARK SWARTZ: Thank you.

ANITA DUTY

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

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

A. Anita Duty.

Q. Okay. Did you make the comparison of your payment records with Wachovia records in terms of what they have received in this account?

A. Yes.

Q. And when you made that comparison, what did you...what were you able to determine?

A. All of the deposits that we had sent were accounted for.

Q. So, they were in agreement?

A. In agreement, yes.

Q. Okay. And except for charges that were Wachovia makes for their services, would the accounts...did the accounts balance?

A. Yes.

Q. Okay. What tract are you requesting that

the disbursements or tracts that the disbursements we're talking about today come from?

A. A portion of Tract 5 and all of Tract 6.

Q. Is there a reason for the difference in colors, the pink and the yellow?

A. They don't have this.

Q. They don't have that, okay. All right.

A. This is all they have.

Q. Oh, then there is a reason we're not going to share it with them right?

A. No, it's private.

Q. So, all of Tract 6...so, the sub-account for Tract 6 will be able to be closed after this disbursement?

A. Yes.

Q. And the sub-account with regard to Tract 5 will have to remain open, correct?

A. Yes.

Q. And that is because some portion of that is going to remain in conflict?

A. Yes.

Q. And have you identified the person that this portion remains in conflict on this exhibit or would we have to look elsewhere?

A. It's not on the exhibit. It was done on the escrow calculation exhibit. It's on the Exhibit E.

Q. Okay. So, part of Exhibit E pertaining to what needs to remain in escrow?

A. Yes. Yes.

Q. Okay. Was this comparison of payment and essentially deposit records made as of what date?

A. March the 31<sup>st</sup>.

Q. And the dollar amounts that you've reported on the Exhibit, do they reflect the March the 31<sup>st</sup> balance?

A. Yes.

Q. Would it be your expectation that those balances have changes because money has been paid in since March the 31<sup>st</sup>?

A. Yes.

Q. In making the disbursements that are set forth in the exhibit, should the Board order the bank to use percentages instead of dollars?

A. Yes.

Q. Okay. And with regard to the split agreement, have you seen the split agreements?

A. Yes.

Q. Okay. And what do these split agreements provide?

A. Each owner will receive 50%.

Q. Okay. So this is back to a 50/50 agreement. Are all of the people who are receiving disbursements out of these two tracts do they all have 50/50 agreements?

A. Yes.

Q. Okay. And that's why you've divided all of this in equal shares?

A. Yes.

Q. Okay. Are you also requesting that after this disbursement is made using the percentages that you have listed here that the operator be allowed to pay the people who have split agreements directly rather than escrowing their funds in the future?

A. Yes.

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

BILL HARRIS: Questions from members of the Board?

(No audible response.)

BILL HARRIS: Is there anything further?

MARK SWARTZ: No.

BILL HARRIS: Is there a motion?

MARY QUILLEN: Motion to approve.

BRUCE PRATHER: Second.

BILL HARRIS: Any further discussion?

(No audible response.)

BILL HARRIS: All in favor, say yes.

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

BILL HARRIS: Opposed, like sign.

KATIE DYE: Abstain.

BILL HARRIS: One abstention, Ms. Dye. Thank you. That has been approved. We're going to number seven. The next item is a petition from CNX Gas Company, LLC for disbursement of funds from escrow and authorization of direct payment of royalties on a portion of Tract 2C, unit AA-9 South Grundy District, Buchanan County, Virginia. The docket number is VGOB-91-0430-0116-03. We'd ask all parties that wish to speak to this item to please come forward.

MARK SWARTZ: Mark Swartz and Anita Duty.

BILL HARRIS: Okay. Let the record show there are no others. You may proceed.

MARK SWARTZ: I'd like to incorporate Anita's prior testimony with regard to who she works for and what she does for them as it pertains as to why we're here today.

BILL HARRIS: That's going to be incorporated.

ANITA DUTY

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ: 1

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

A. Anita Duty.

Q. Did you make the same comparison with regard to the disbursement request pertaining to AA-9 that you've testified you made with regard to the other units?

A. Yes.

Q. And when you compared your payment records with the bank's deposit records, what did you find?

A. They were in agreement.

Q. Okay. Did you do that analysis as of the date?

A. March the 31<sup>st</sup>.

Q. And are the amounts that you've reported on your exhibit as of that date?

A. Yes.

Q. Would you expect it as we move forward those amounts would be different?

A. Yes.

Q. And would that be both because there would be additional deposits perhaps?

A. Yes.

Q. And also there might be deductions for

bankruptcy fees?

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A. Yes.

Q. When the Board makes its order to the escrow agent should it direct the agent to disburse based on percentages at the time of disbursement or on dollars?

A. Percentages.

Q. Would you...are you also requesting that the Board authorize the operator to pay the people who have these split agreements directly in the future as opposed to escrowing their funds?

A. Yes.

Q. What tract does this application pertain to?

A. Just a portion of Tract 2C.

Q. And all of 2A will remain in escrow?

A. Yes.

Q. And the portion of 2C that you're requesting disbursement, are those the four folks that you've listed in the exhibit?

A. Yes.

Q. And you've set forth a percentage for each of those people?

A. Yes.

Q. And that's a percentage that you propose

that the Board use? 1

A. Yes.

Q. Okay. And after the disbursement from 2C. 2C would need to be maintained as an escrow account because there would still be money in it?

A. Yes.

Q. Have the people who have entered into these split agreements, the four people that you are disbursing here...actually, I guess, the five people because we need to include Harrison-Wyatt, what is the term of their split agreement?

A. It's 50/50.

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

BILL HARRIS: Questions from the Board members?  
(No audible response.)

BILL HARRIS: Anything further?

MARK SWARTZ: No.

BILL HARRIS: We'll entertain a motion.

MARY QUILLEN: Motion to approve.

BRUCE PRATHER: Second.

BILL HARRIS: Any further discussion?  
(No audible response.)

BILL HARRIS: All in favor, say yes.

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

BILL HARRIS: Opposed, like sign.

KATIE DYE: Abstain.

BILL HARRIS: One abstention, Ms. Dye. That has been approved. The next item is a petition from CNX Gas Company, LLC for disbursement of funds from escrow and authorization for direct payment of royalties on a portion of Tracts 1B and 1C. Did I mis-call that?

MARK SWARTZ: No, you're right.

BILL HARRIS: Yes, okay. Sorry. It's on a portion of Tracts 1B and 1C, unit AA-8, South Grundy District, Buchanan County, Virginia. This is docket number is VGOB-90-1010-0032-04. We'd like for anyone wishing to speak to this item to please come forward.

MARK SWARTZ: Mark Swartz and Anita Duty.

BILL HARRIS: Okay, let the record show there are no others.

MARK SWARTZ: I'd like to incorporate Anita's part of her testimony concerning her employment and what she does.

BILL HARRIS: That will be incorporated.

ANITA DUTY

DIRECT EXAMINATION

QUESTIONS BY MARK SWARTZ:

Q. Anita, we need your name again.

A. Anita Duty.

Q. Okay. With regard to AA-8 and portions of Tracts 1B and 1C, did you make a comparison of your payment records with the deposit records of Wachovia?

A. Yes.

Q. And when you did that what did you find?

A. They were in agreement.

Q. And did you...was that analysis as of a date certain?

A. March the 31<sup>st</sup>.

Q. And have you reported on your exhibit that you submitted with the application the dollar amounts as of that date?

A. Yes.

Q. And would you expect that those dollar amounts would change as we move forward?

A. Yes.

Q. And the two reasons that they might change

would be further payments into the account by the operator?

A. Yes.

Q. And, secondly, possible deductions by the escrow agent for fees?

A. Yes.

Q. If and when the disbursements are made from these two sub accounts, would it be your recommendation to the Board that they use the percentages set forth in your exhibit as opposed to the dollars?

A. Yes.

Q. And that would true up regardless of the amount of the deposit?

A. Correct.

Q. The Chairman indicated, but I need to confirm with you, this is a partial disbursement with regard to the sub-accounts for Tract 1B and 1C as opposed to a complete disbursement?

A. Correct.

Q. So both of these sub-accounts would need to be maintained because not everyone in these sub-accounts were eligible for payment from the sub-account has reached a split agreement?

A. Correct.

Q. Okay. Have you identified the folks who

have reached split agreements in the exhibit?

A. Yes.

Q. And for each one of them have you set a percentage?

A. Yes.

Q. What is the nature of the split agreements that they've reached?

A. They're 50/50.

Q. In addition to requesting the disbursement...a partial disbursement from these two sub-accounts regarding these two tracts, are you also asking that the Board allow the operator in the future to pay these people directly in accordance with their split agreements?

A. Yes.

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

BILL HARRIS: Let me ask just one question. One of the exhibits, EE, that we have has some of the already disbursed in blue and others are in green. Is there a difference? I mean---

ANITA DUTY: This is the forth time that we've---

BILL HARRIS: So, these are at different points?

ANITA DUTY: Well, it seems like whenever we do a disbursement then some of the other heirs decide they want to do one so then we have to come back and do it again. So,

I have to kind of keep track of the one we've already disbursed and the ones that are still remaining.

BILL HARRIS: So, that means---

ANITA DUTY: That means in a prior hearing that we've already disbursed these owners. I still show them on there as having a royalty split agreement, but they don't have any...we don't have to do anything with them. They're taken care of already.

MARK SWARTZ: Show her the chart that you're referring to.

BILL HARRIS: It's EE, there's---

MARK SWARTZ: Okay, so the last column. The already disbursed column. Okay.

BILL HARRIS: Yes.

MARK SWARTZ: I just wanted to make sure we're talking about the same thing.

BILL HARRIS: It's the---

MARK SWARTZ: I gotcha.

BILL HARRIS: It's Exhibit EE, the percent of escrow in that column already disbursed, yeah. Now, some of us...and I have two copies of the same---?

SHARON PIGEON: Ours aren't in color.

MARY QUILLEN: Mine are in black.

BILL HARRIS: Well, the other copy of mine is in

black also. We have two--f.

SHARON PIGEON: You got the---

ANITA DUTY: There should be an amended, it should be the newest---

BILL HARRIS: Yeah, Melissa's...Melissa's... miscellaneous petition. I can't talk. But, now, both of mine say miscellaneous.

ANITA DUTY: What had happened on the original one that I filed, I had left off the escrow calculation off the bag...if you don't...if that's not the last sheet that you had, then that's not the right...this should be the last sheet.

MARK SWARTZ: The difference is she was told to resubmit it with the last page, which is the Exhibit.

ANITA DUTY: Yeah.

BILL HARRIS: So, the latest includes---

MARK SWARTZ: Exhibit.

BILL HARRIS: ---the account...okay. And that's---

ANITA DUTY: I don't know why you have the one that's in color because usually that goes to the Board or to the DGO.

BILL HARRIS: Well, I've written on it, but this is interesting. Okay. So, I need to pass this one then?

ANITA DUTY: You got a special one.

SHARON PIGEON: Yes, hand that down.

BILL HARRIS: (Inaudible) Do you have one that  
is---?

DAVID ASBURY: Our Exhibit E is in color as well.

BILL HARRIS: Okay. Yes, because I have two and  
that's...okay. I think we're okay. I just wanted  
clarification of the color that's used. I think we need to  
act so it's....do you have anything else?

MARK SWARTZ: No, I do not.

BILL HARRIS: Okay. Do we have a motion?

MARY QUILLEN: Motion to approve.

BRUCE PRATHER: Second.

BILL HARRIS: Okay. Any further discussion?

(No audible response.)

BILL HARRIS: All in favor, say yes.

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

BILL HARRIS: Opposed, like sign.

KATIE DYE: Abstain.

BILL HARRIS: One abstention, Ms. Dye. Thank you.  
It has been approved. The next item is a petition from CNX  
Gas Company, LLC for disbursement of funds from escrow and  
authorization of direct payments of royalties on a portion

of Tracts 2B and 2C, unit B-8 South Grundy District, Buchanan County, Virginia. The docket number is VGOB-90-1010-0033-04. We'd like for all parties who wish to speak to this item to please come forward.

MARK SWARTZ: Mark Swartz and Anita Duty.

BILL HARRIS: The record will show there are no others. You may continue.

MARK SWARTZ: Mr. Chairman, it has come to my attention that we have some folks here on some later docket items that we were going to ask for a continuance on and I thought...Les just made me aware of that. I thought rather than having them sit here, we might accommodate them. They are items fourteen and fifteen and---

BILL HARRIS: Is there any problem that I've already called item nine? Do I...I mean, procedurally? Do we need to---

SHARON PIGEON: This would have been better to---.

BILL HARRIS: Before I called it. Yeah. Can we take---

MARK SWARTZ: We can finish this. But I just wanted to save them a little bit of wait if I could.

SHARON PIGEON: Take care of this---

BILL HARRIS: let's take care of this item since I've called it and then we'll address that other item.

MARK SWARTZ: That's cool. Okay. All right, let's---.

BILL HARRIS: This is item nine that we're looking at and then we'll go to fourteen and we'll take a break.

MARK SWARTZ: That's great fourteen and fifteen.

BILL HARRIS: Fourteen and fifteen, okay.

MARK SWARTZ: Yes. Okay, Anita Duty and Mark Swartz are here on item nine.

BILL HARRIS: Okay, the record show there are no others.

MARK SWARTZ: If I could incorporate Anita's testimony with regard to who she works for and what she does.

BILL HARRIS: Okay, that will be incorporated.

MARK SWARTZ: Great.

ANITA DUTY

DIRECT EXAMINATION

QUESTIONS BY MARK SWARTZ:

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

A. Anita Duty.

Q. And with regard to item nine, that would be BB-8, is this a disbursement request?

A. Yes. 1

Q. And it involves how many tracts?

A. Two.

Q. And what are they?

A. A portion of 2B and a portion of 2C.

Q. And by saying a portion, that means to me that after the disbursements both of these sub-accounts for both of these tracts still need to be maintained---?

A. Yes.

Q. ---because they will have a balance?

A. Yes.

Q. Okay. When you did the comparison that you've described of your payment records with Wachovia's deposit records what did you learn?

A. All the deposits were in agreement with the bank.

Q. And did you set forth the balances as of a date certain?

A. March the 31<sup>st</sup>.

Q. Is it your expectation as we go forward the balance will change?

A. Yes.

Q. And would the explanations for that be one further payments?

A. Yes. 1

Q. And possibly further deductions by the escrow agent for fees?

A. Yes.

Q. In its order, is it your recommendation to the Board that if they authorize these disbursements that they order the escrow agent to use the percentages set forth as opposed to the dollar amounts?

A. Yes.

Q. Because those percentages would true it up regardless of what the balance might be at the time?

A. Yes.

Q. What kind of split agreements do these folks have?

A. 50/50.

Q. And that's true of all of them?

A. Yes.

Q. And for each person listed, have you set forth a percentage to be used?

A. Yes.

Q. Okay. In addition, are you asking the Board authorized the operator to make payments to the folks who have these split agreements directly in the future so that their money does not continue to be escrowed?

A. Yes. 1

Q. And is it your request that you be allowed to pay them consistent with their 50/50 agreements?

A. Yes.

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

BILL HARRIS: Questions from Board members?

(No audible response.)

BILL HARRIS: Do we have a motion?

MARY QUILLEN: Motion to approve.

BRUCE PRATHER: Second.

BILL HARRIS: Any further discussion?

(No audible response.)

BILL HARRIS: All in favor, say yes.

(All members signify by saying yes.)

BILL HARRIS: Opposed, like sign.

KATIE DYE: Abstain.

BILL HARRIS: One abstention, Ms. Dye. Okay.

We're going to move to items fourteen and fifteen. Let's see if we need to call those together. Do you want to call both of those---

MARK SWARTZ: Yes, please.

BILL HARRIS: ---together? Okay. Item fourteen is a petition from CNX Gas Company for pooling of coalbed methane unit A-16, North Grundy District, Buchanan County.

The docket number is VGOB-08-0520-2221. And docket number VGOB-08-0520-2222 and that's a petition from CNX for creation of a drilling unit and pooling of conventional gas unit A16CV, North Grundy District, Buchanan. We'd like to ask parties who wish to speak to those items please come forward.

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

BILL HARRIS: Are there others?

(No audible response.)

BILL HARRIS: Okay. Let the record show there are no others.

LESLIE K. ARRINGTON

DIRECT EXAMINATION

QUESTIONS BY MARK SWARTZ:

Q. Mr. Arrington, have you indicated that you would like to continue these for thirty days or until the next hearing?

A. To the next hearing due to having some improper notice on it. We need to add some people to it.

Q. Did you miss some people?

A. We did miss some. And then, secondly, I'd like to apologize to the folks that traveled here that they did come on A-16 that we had to continue and I didn't speak

to you this morning about that we were going to have to continue it.

BILL HARRIS: So, they are aware of it?

A. It would be these folks right here. So, but we do need to continue---

SHARON PIGEON: But we have a notice issue?

A. Yes.

BILL HARRIS: Okay, I guess these items again fourteen and fifteen will be continued until the next---

MARK SWARTZ: Does somebody know the day of the month next month?

ANITA DUTY: The 17th, I think.

MARY QUILLEN: 17th or 18th.

DAVID ASBURY: It's June the 17th.

MARK SWARTZ: The 17th.

LESLIE K. ARRINGTON: 17th.

BILL HARRIS: And, I guess, Mr. Arrington, I guess he'll talk with the folks that are here for those items. Okay, I guess we'll move back then to item ten. We'll take a break in here at some point. Do we need to do one now or is that a good time or how are we---?

MARK SWARTZ: Do you want a break?

BILL HARRIS: Yes, let's take a break. Ten minutes, if you would.

(Break.) 1

BILL HARRIS: Our next item is number ten. It's a petition from CNX Gas Company, LLC for the disbursement of funds from escrow and authorization for direct payment of royalties on a portion of Tract 1 and all of Tract 9, unit U-28 Garden District, Buchanan County, Virginia. The docket number is VGOB-97-0218-0564-01. We'd like all parties who wish to speak to this item to please come forward.

MARK SWARTZ: Mark Swartz and Anita Duty.

BILL HARRIS: The record will show there are no others.

MARK SWARTZ: If I could incorporate Anita's prior testimony with regard to who she works for and what she does?

BILL HARRIS: Yes, that will be incorporated.

ANITA DUTY

DIRECT EXAMINATION

QUESTIONS BY MARK SWARTZ:

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

A. Anita Duty.

Q. Referring you to the chart that you attached to the second version of the application. This

pertains to which tracts? 1

A. A portion of Tract 1 and all of 9.

Q. Okay. So, if the Board were to order the escrow agent to make these disbursements the sub-account for 1 would remain because there should be money remaining in it and the sub-account for 9 should go away?

A. Correct.

Q. Okay. The agreements that these people have reached that you are seeking disbursements, what kind of agreements are they?

A. They are 50/50.

Q. Did you do the comparison that you've described with regard to this disbursement request?

A. Yes.

Q. And when you compared your payment records to Wachovia's deposit records, what did you determine?

A. That they were in agreement.

Q. And was that determination and comparison as of a certain date?

A. March the 31<sup>st</sup>.

Q. And for that date have you set forth the relevant amounts on your exhibit?

A. Yes.

Q. Have you also set forth the percentages as

of that point in time? 1

A. Yes.

Q. And when the Board makes its direction to the escrow agent with regard to disbursing the portion of the one account and all of the other account here, should the Board use the percentages you've listed or the dollar amounts?

A. The percentages.

Q. And is that because the dollar amounts are expected to change?

A. Yes.

Q. And would the reasons they would change be because of additional payments and/or deductions by the escrow agent for fees?

A. Yes.

Q. Are you also asking the Board to allow the operator to pay the people who have these 50/50 split agreements directly rather than continuing to escrow their funds?

A. Yes.

Q. With regard to Tract 1, have you listed the companies that are to receive a disbursement on your exhibit?

A. Yes.

Q. And also the people?

A. Yes.

Q. Okay. And for each person or company is there a percentage in owners percent of escrow?

A. Yes.

Q. Okay. And then with regard to Tract 9 it looks like there are two companies that are splitting?

A. Yes.

Q. And have you listed the relevant percentage for each of those companies?

A. Yes.

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

BILL HARRIS: Questions from the Board members?

(No audible response.)

BILL HARRIS: Do we have a motion?

MARY QUILLEN: Motion to approve.

BRUCE PRATHER: Second.

BILL HARRIS: Any further discussion?

(All members signify by saying yes.)

BILL HARRIS: All in favor say yes.

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

BILL HARRIS: Opposed, like sign.

KATIE DYE: Abstain.

BILL HARRIS: One abstention, Ms. Dye. That has been approved. The next item, a petition from CNX Gas Company LLC for disbursement of funds from escrow and authorization for direct payment of royalties on a portion of Tract 2, unit U-27, Garden District, Buchanan County, Virginia. The docket number is VGOB-97-0218-0563-02. We'd ask all parties who wish to speak to this item to please come forward.

MARK SWARTZ: Mark Swartz and Anita Duty.

BILL HARRIS: Thank you. The record will show there are no others.

MARK SWARTZ: Mr. Chairman, I would like too if I could incorporate Anita's testimony with regard to who she works for and what she does.

BILL HARRIS: That will be incorporated.

MARK SWARTZ: Thank you.

ANITA DUTY

DIRECT EXAMINATION

QUESTIONS BY MARK SWARTZ:

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

A. Anita Duty.

Q. Okay. This disbursement request pertains

to what tract?

1

A. A portion of Tract 2.

Q. Okay. Which means that after this disbursement is made there will still be a sub-account for Tract 2 because there will still be some money in it?

A. Yes.

Q. Is the reason for the disbursement request a split agreement?

A. Yes.

Q. And what's the term of that?

A. It's 50/50.

Q. Did you make a comparison of your payment records and the bank's deposit records?

A. Yes.

Q. And when you compared them were they in agreement?

A. Yes.

Q. And have you reported the numbers as of a specific date?

A. March the 31<sup>st</sup>.

Q. Okay. And have you also reported percentages as of that date?

A. Yes.

Q. In the event the Board approves this

disbursement and makes an order, is it your request that the Board direct the escrow agent to use the percentages when it makes the disbursement rather than the dollars?

A. Yes.

Q. And that's because the dollars will change?

A. Yes.

Q. And the explanations for that are further payments and possible withdrawals by the escrow agent for fees?

A. Yes.

Q. Are you also asking the Board, in addition to allowing the disbursements that are indicated on the exhibit, to also order the operator or authorize the operator to make direct payment to the people who have these 50/50 agreements in the future rather than escrowing their funds?

A. Yes.

Q. Have you listed, with regard to this tract, the folks that are to receive the partial disbursement on your exhibit?

A. Yes.

Q. And for each of those people or companies have you listed their relevant percentage that the escrow agent should use?

A. Yes. 1

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

BILL HARRIS: Thank you. Questions from Board members?

(No audible response.)

BILL HARRIS: Do we have a motion?

MARY QUILLEN: Motion to approve.

BRUCE PRATHER: Second.

BILL HARRIS: Any further discussion?

(No audible response.)

BILL HARRIS: All in favor, say yes.

(All members signify by saying yes.)

BILL HARRIS: Opposed, like sign.

KATIE DYE: Abstain.

BILL HARRIS: One abstention, Ms. Dye. Thank you. That's been approved. The next item is a miscellaneous petition from Oryn Treadway Sheffield, Jr. trust requesting the owners of interests in the estate of Jessie Ray Pobst Tracts 40 and 47 be allowed to participate in the VP8-SGU3, Hurricane, South Grundy and Prater Districts, Buchanan County, Virginia. The docket number is VGOB-08-0520-2219. We'd like to ask all parties that wish to speak to this issue please come forward.

PETER GLUBIACK: Good morning, Mr. Chairman.

Peter Glubiack, attorney for Mr. John Sheffield representing both of the trusts who are applicants in this miscellaneous petition to elect.

MARK SWARTZ: Mark Swartz and Les Arrington.

BILL HARRIS: Okay. Others?

(No audible response.)

BILL HARRIS: Let the record show there are no others. You may proceed.

PETER GLUBIACK: I believe Mr. Sheffield has been previously sworn.

BILL HARRIS: Yes, he has been.

JOHN SHEFFIELD

DIRECT EXAMINATION

QUESTIONS BY PETER GLUBIACK:

Q. Mr. Sheffield, we're here today on your miscellaneous petition that Mr. Harris just read and while we do that...Mr. Chairman, if you don't mind we're going to hand out these packets which the first page of which is more or less a time line. We're here today to basically get a Board order that Mr. Sheffield be permitted to participate on behalf of himself and his brother's trust. It is our position given the facts as they are laid out on the petition itself as well as the summary sheet that indicates

there was some problem with the format. Mr. Wilson...there's a copy of a letter Mr. Wilson sent to Mr. Arrington indicating that there was a problem with notice. The notice was resent. I don't know that we have any dispute about the dates. If the dates in fact are correct then the election was timely made and we just simply seek a Board order that he be permitted pursuant to his letter which is the last page of the presentation documents indicating that he wished to elect and be notified with regard to costs, etcetera and proceed from there. So, it's our position it was made in a timely fashion. He would like to participate and simply wants to move forward.

MARK SWARTZ: He was late.

BILL HARRIS: Let me have a chance to review this. So, Mr. Swartz your contention is that he was late---?

MR. SWARTZ: Yeah.

BILL HARRIS: ---in making the election?

MARK SWARTZ: Yes.

BILL HARRIS: What was the...well, I'm...what was the deadline for the election?

MARK SWARTZ: Looking at the order, Mr. Chairman, let me locate the paragraph for you. It's paragraph eight and it says...it's entitled, "Election and Election Period". I'm reading from the order that was entered on June the 19<sup>th</sup>.

It says in substance...well, actually I'm just going to read the part of it that pertains, "...must give written notice of his election of the options selected under paragraph nine to the designated unit operator at the address shown below within thirty days from the date of receipt of a copy of this order." So that's the relevant provision. So, thirty days from the day you receive the order is when your election is due. If you'll look at the Motion to Dismiss that I filed and also that the AG filed, you got it as an exhibit earlier when we were talking about VP8, I don't know if you can relocate that. It's the one with my letterhead.

BILL HARRIS: Do you know what item that was?

MARK SWARTZ: Yes, I can tell you. It was item number two today.

BILL HARRIS: What was the date on that?

MARK SWARTZ: The letter is October the 30th of '07. Okay, and the reason I'm referring you to that letter is it has my Motion to Dismiss but it also has copies of the green cards that would indicate when they received a copy of the order and there are two green cards. The first one signed by B. Sheffield was addressed to the Sheffield Trust. The date of delivery reported is 8/6/07 and the second one is also B. Sheffield and it looks like 8/21/07. And the order was mailed by my client twice. The first time it was

mailed it was signed for on 8/6/07 and its my contention that the thirty day time limit started to run on 8/6/07. When you look at Mr. Sheffield's time line, he wrote a letter to participate he says on the 7<sup>th</sup> and the letter was received by CNX on the 10<sup>th</sup> and, you know, he was late. But I would point out that I don't think that this issue is an issue that he's in the right place arguing about. He raised this issue in his appeal, which I gave you earlier as well, and in his appeal to the Circuit Court his lawyer said a copy...paragraph ten at page three, "That a copy of the final order of the Board was sent to the applicants in an improper format that is minimized to four pages, one per single page, duplex being totally eligible." I guess he meant illegible, okay. "Thus applicants have not received and signed for the final order of the Board until the 22<sup>nd</sup> day of August." Now he's given us an exhibit today which was in this and he's attached the four by four page he's referred to in his appeal, which by the way has been dismissed, and he's provided you with it. And I'm sixty years...sixty-one years old and I do not have my glasses on and I'm going to read from paragraph eight of what he's given you that he says is illegible.

PETER GLUBIACK: Mr. Chairman, there's a letter in there from Mr. Wilson the director indicating to Mr.

Sheff...Mr. Swartz's client that that was not constituted notice. That's what we proceeded on. I don't care whether he can read it upside down. It doesn't make any difference.

BILL HARRIS: I tend to agree actually. The... because I could probably read that, but apparently the requirement is that it be two up on a page rather than four up.

MR. SWARTZ: Someone needs to show me that.

PETER GLUBIACK: All I know, Your Honor...Mr. Chairman, is that Mr. Sheffield was instructed by Mr. Wilson and given a copy of this letter, the letter is in your packet, indicating that he instructed CNX it was not legible and it needed to be remailed. It was remailed, received and returned in a timely fashion. What happened with the Court, what happened, you know, Mr. Swartz can appeal it himself if he wants, but the fact is that Mr. Sheffield was relying on Mr. Wilson's assurance that yes indeed this is not notice and it wasn't timely. He made a timely response once he received the proper notice as ordered by Mr. Wilson. That's all I can say.

MARK SWARTZ: Well, look at the date of this letter that he's relying on. To make a late election, May 16<sup>th</sup> of this year. Now, his election was due in September of '07. I mean, there's no reliance on Mr. Wilson's letter. I

mean, please. And, you know, I am not splitting hairs. If I can read this thing, he can read it. And he knew when his election was due because he got a document that said when it was due and he was late. Just like his lawyer was late in filing the appeal. But the real problem here and I'm concerned about this because we're going to have another docket item here, this order that was entered has become a final order, thirty days after he got notice. He petitioned for appeal..tried to petition for appeal to the Circuit Court, which is how you review these things. And he's asking you to go back and change his election period. I mean it is pertinent as to whether or not this is legible. And I don't know what a May 16, 2008 letter means in this context. I mean, it's just bizarre. I didn't notice the date until now.

BILL HARRIS: And Mr. Wilson isn't here to respond to that.

MARK SWARTZ: But I guess my point is he's signed for the order and I note that the way he noticed this hearing today, you know, it's the two trusts. They got notice of the order. They signed for it on August the 6<sup>th</sup>. And they mailed a letter that was out of time. And they filed a petition for appeal that was out of time. And the Circuit Court would be the appropriate place to consider a

final order. You don't come back here for this. And, I guess, that's, you know, I'm not sure we need a lot of testimony. I mean, I don't think that there's a dispute as to any of these facts. They signed for it. You can read it. They were late.

PETER GLUBIACK: Mr. Chairman, because he signed for it, you sign for all kinds of things, because he signed a green card doesn't mean he could read it. There's a statement, Mr. Sheffield is perfectly capable of testifying the he checked with Bob Wilson who concurred with him. If you note, the letter confirm my position regarding the time of receipt. He ordered them to redo it. Mr. Sheffield will testify...would testify that he talked to Mr. Wilson and Mr. Wilson said, "Yeah, that's not notice." The paragraph that Mr. Swartz read said thirty days from receipt of the Board order. The Executive Director at the time indicated that was not receipt because it was not legible and you've got to redo it. Also, significantly, they did do it but they didn't think they had to do it. They didn't have to do it. They remailed it. The time period started running from the time they remailed it and Mr. Sheffield...they remailed it on

8/13, Mr. Sheffield by their own admission got it 8/21 and then on 9/7 he wrote back received by 9/10. They got the

letter electing. He did it in a timely fashion based on the requirements and the statements made by the then Director of the Gas and Oil Board. And what more can he rely on. I don't know if he can read it or not. It doesn't really matter. Mr. Wilson made a determination that it was not legible and they needed to redo it and they did.

MARK SWARTZ: Well, it is...I mean, normal people can sort of look at something and figure out whether or not they can read it in about a millisecond. I mean, I can read this thing. I assume that the Board can read this thing. So, if we're here on some allegation that the document that he gave us today, this isn't coming from me, this came from him, that this is somehow not legible, well, I can read every word on this and I assume that you can. So, if that's the theory as to why he wasn't bound to respond within thirty days of August the 6<sup>th</sup> it's just blatantly obvious that it's bogus. We can all read this. Now, Mr. Wilson directed my client to send it again. He tells us...told us to do all kinds of stuff, some things we agreed with and some things we didn't. So, when he calls over and says to Les and me to send it out again, well they did it rather than arguing with him. But the place to be arguing about whether what did that second mailing mean if anything is Circuit Court.

PETER GLUBIACK: 1 Not if we have the Board...a letter from the director directing Mr. Sheffield to refile after he receives the notice. The letter says, "I informed CNX Gas Company that I did not consider this mailing to be valid and instructed the Company to remail the orders in legible format." They reduced it to two on a page and they did it.

MARK SWARTZ: Well, the problem is Mr. Wilson cannot speak for this Board.

SHARON PIGEON: Do you have anybody that he spoke to here that could tell us about that conversation?

MARK SWARTZ: Did he talk to you, Anita? Do you remember? He called and told her to remailed it. And if you want to come down and tell them that that's...I mean that's what she told me.

BILL HARRIS: If you don't mind, come on down.

ANITA DUTY

DIRECT EXAMINATION

QUESTIONS BY MARK SWARTZ:

Q. Are you still under oath?

A. Yes.

Q. You need to state your name.

A. Anita Duty.

Q. Do you remember getting a call from Mr. Wilson about the four to a page order?

A. Yes.

Q. And do you recall what he asked you to do?

A. He asked me to remail it.

Q. Did you do that?

A. Yes.

Q. Why?

A. Because he asked me to.

Q. Okay.

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

BILL HARRIS: Yes.

MARY QUILLEN: I'm a little confused. On these dates what...apparently in this, this is a copy of where something was mailed back to Mr. Arrington on September the 10<sup>th</sup>.

PETER GLUBIACK: It's receipt of the letter that was mailed on September the 7<sup>th</sup> by Mr. Sheffield to Mr. Arrington.

MARY QUILLEN: The letter dated September the 7<sup>th</sup>?

PETER GLUBIACK: The last exhibit in the doc...I'm sorry, it's right behind it.

MARY QUILLEN: And---

PETER GLUBIACK: Mailed on September the 7<sup>th</sup> and received by Mr. Arrington apparently on September the 10<sup>th</sup>.

MARY QUILLEN: And this is the letter that was dated September the 7<sup>th</sup> that you received on September the 9<sup>th</sup>, correct?

MARK SWARTZ: The 10th.

MARY QUILLEN: I'm sorry, September 10<sup>th</sup>.

PETER GLUBIACK: Correct.

MARY QUILLEN: Do you know approximately when he called and asked you to resend this?

ANITA DUTY: I couldn't give you a day that it was...I mean, according to the conversations, it would have to be after Mr. Sheffield received it which was on the 21<sup>st</sup>.

MARK SWARTZ: That's the second one.

ANITA DUTY: The second one...the 6<sup>th</sup>.

MARY QUILLEN: Okay. The date that's confusing is the issue that Mr. Swartz brought up is on May the 16<sup>th</sup> that there is such a long period of time between the receipt of this, which states that it is not legible, and it can't be read and then this letter that came from Mr. Wilson on the 16<sup>th</sup>. Why was there such a---?

PETER GLUBIACK: It takes a long time...it takes a long time...once this Board passes an order at a meeting it can take four or five months, as is the case here, for it to

be circulated, signed by Mr. Wampler and recorded and then sent out.

MARK SWARTZ: This order was signed in June of last year.

PETER GLUBIACK: Yes.

MARK SWARTZ: And the May 16<sup>th</sup> letter is almost a year later.

PETER GLUBIACK: But it isn't argued that...even accepting the legible/illegible the first final order went out on August the 7<sup>th</sup> from what I'm seeing.

MARK SWARTZ: Well, your client signed for it on August the 6<sup>th</sup>.

PETER GLUBIACK: Right, August 6<sup>th</sup>. All right.

BRUCE PRATHER: Well, that's when the thirty days starts.

MARK SWARTZ: Right. Well, you exclude the 6<sup>th</sup> then you start counting. Yeah, right.

PETER GLUBIACK: Except that Mr. Wilson said that wasn't when the thirty days started.

MARK SWARTZ: Well, you know, Mr. Wilson didn't write us a letter either. And, you know, the other problem we have, which we haven't even got to, he hasn't paid his money. So, even if you elected on time, where is the money?

PETER GLUBIACK: The letter says tell us how much

money you want. We'd love to send it to you.

MARK SWARTZ: No, no. You need to figure it out yourself. You had a lawyer. Why didn't you ask your lawyer what you owed? You filed an appeal. You know, we don't write back to those kinds of letters when there's a lawyer involved who's already filed an appeal from a Board order. The order has got the schedules in it. It tells you what the allowable costs are. It tells you what your percentage is. Do the math. Write us a check.

BRUCE PRATHER: I have a question.

BILL HARRIS: Yes, Mr. Prather.

BRUCE PRATHER: Is this the first time that Mr. Sheffield has ever seen this document?

MARK SWARTZ: He's seen it a lot.

BRUCE PRATHER: It would appear to me that if he signed the thing on the 6<sup>th</sup> he had thirty days to agree to this irregardless of anything else and if he knew what the document said previously, then it appears to me that he might be two days late on the signature of the thing.

PETER GLUBIACK: Except if you account for...except if you believe what Mr. Wilson says.

BRUCE PRATHER: Mr. Wilson isn't here to defend himself. I don't know what Mr. Wilson said. I know we do have a letter that says that...you know, I do this all the

time. I've got thirty days on wells from Equitable and I've missed one of them in fifteen years because I know what it is.

BILL HARRIS: Does yours come four up on a page or is it two to a page? I'm just curious.

BRUCE PRATHER: No, mine just tells the plat and this that and the other on it. It comes with a letter that tells us that you know we have thirty days to---

BILL HARRIS: To respond?

BRUCE PRATHER: ---respond, yeah.

MARK SWARTZ: The problem that people have, and it goes to legibility too, but I mean this is not the prior order that was mailed because at one of the many hearing that we've had with...here with Mr. Sheffield about this, I know I gave you pieces of this. But on a one to a page basis, this was roughly what everybody in this unit got. So, okay the mailing is astronomical. And, you know, I think it makes some sense to try to save paper and postage if you can still read it. Obviously, Mr. Wilson did not like the four to a page and is not in favor of that. I don't think we've ever done it since then, but the point is it was readable. I mean, we can sit here and read it today. This man has received lots of these orders. He's had lots of lawyers, you know, looking at them over the years. He

had a lawyer trying to file an appeal from this order at the very time he was supposed to be making his election and paying his money. But, you know, he got it on the 6<sup>th</sup>. He didn't respond within thirty days as he was required to do so and in spite of all of that he still hasn't paid his money. And there's a forty-five day limit on that, I believe. And we haven't heard anything about that. They should have told me the number, well, you look up the number. You know, and we were here this morning on the thing that failed for lack of a motion. To give him an election options on the two tracts that we were repooling that would have started from the new order. You know, what I'm arguing about here is the tracts that were properly pooled back in June of last year. We're not talking about, you know...why they wouldn't have been in favor of that this morning, I have no idea. Okay, but, you know, that was part of that package earlier. But this one, they were untimely on these two...on these tracts. And, you know, the order that they got was legible and, you know, it wasn't sent out for some crazy reason. It was sent out because to send it out one page at a time to hundreds of people was you know a major undertaking, they were trying to save some postage and paper and so forth. Well, obviously, you know, they're not going to do that again. You know, if you couldn't read this

I think we would be in trouble, but it is clearly clear, no pun intended, legible.

PETER GLUBIACK: On the other hand, Mr. Chairman. We present our...you know, when Mr. Sheffield signed for it, it doesn't mean he could read it. It doesn't mean he could read it. He will testify that he called Mr. Wilson and was given clear instructions, "I agree with you. We'll send it. We'll tell them to send it back out." They sent it back out two to a page. We're talking about saving the trees here. This is a lot of money. This is a notice requirement. This is a judicial statutory required notice. They don't have the ability to be playing with this. Mr. Wilson made a judgment call and said it's not legible, do it over. Mr. Sheffield got it and he responded in timely fashion. I don't care how many times Mr. Swartz says it's legible. Mr. Wilson made a determination apparently that it was not and told him to redo it. Ms. Duty testified that she redid it. Clearly, if it was told to be resent and was resent, Mr. Sheffield responded in a timely fashion. Court cases and everything else to the contrary, he responded within the thirty days as required by paragraph 9.1 as instructed by the Director of this Board. Now, if he can't rely on him, you can tell me that. But at this point, he did. He called them the next day. Mr. Wilson said, "You're

right. It's not legible. I'll tell them to redo it." He called them and they redid it. Mr. Sheffield responded within the thirty days. You know, it's not...I agree with Mr. Swartz, it's not complicated. It's just not uncomplicated the way he says it is.

MARK SWARTZ: And my next question is where's a copy of his check?

BRUCE PRATHER: Mr. Chairman, I---

BILL HARRIS: Yes, Mr. Prather.

BRUCE PRATHER: ---have a question. On this, did you have a meeting with Bob Wilson or did you talk to him over the phone?

JOHN SHEFFIELD: I called him, sir.

BRUCE PRATHER: Well, then he didn't...he never looked---

JOHN SHEFFIELD: I faxed it to him.

BRUCE PRATHER: Oh, you faxed it to him.

PETER GLUBIACK: I emailed and faxed it to Diane Davis.

BRUCE PRATHER: Do you know whether or not we have a copy of that?

DAVID ASBURY: I do now know from his fax.

BRUCE PRATHER: Yeah.

JOHN SHEFFIELD: Ms. Davis...may I have

that...Diane Davis that's there.

BRUCE PRATHER: Yeah.

BRUCE PRATHER: Also, if I may, I think Mr. Swartz was stating that I'd already had a packet like this yellow one of the order and I believe you'd be referring back to the '06...was March 22, 2006 when the original pooling was, Mr. Swartz, is that what you're talking about?

MARK SWARTZ: I wasn't talking about that. I was talking---

JOHN SHEFFIELD: What were you talking about?

MARK SWARTZ: ---about this is the order. This is the actual order.

JOHN SHEFFIELD: The original order. You're talking about the original order.

MARK SWARTZ: The June order.

JOHN SHEFFIELD: Then, you mentioned had I seen it before possibly in another pooling. There was another issue, in my original packet that I received in February of '06, I was unleased on all tracts. And at the day of the hearing, they handed out other packets that showed me to be leased in four tracts...or unleased in four tracts. I didn't get a copy of that from CNX. Mr. Ratliff, after that hearing, gave me his copy.

BILL HARRIS: I don't know where this leaves us.

BRUCE PRATHER: How do we resolve this?

BILL HARRIS: I don't know where this leaves us.

JOHN SHEFFIELD: So, I wasn't...basically, where that leaves me if you're leased or unleased you don't know what you owe, that's what my letter pertained to, tell me what I owe you. There's a difference in acreages. There's a difference in tracts. What do I owe you? Tell me.

BRUCE PRATHER: I think our problem is that if we could get a copy of the fax that she's saying and then we'd be talking about the legibility of this thing.

PETER GLUBIACK: And Mr. Prather, let's take this...take this under consideration and continue it for June and we'll get Mr. Wilson in here and he can tell you what he saw. It's pretty simple.

MARK SWARTZ: Well, I'm really excited about the quality of the fax.

BILL HARRIS: Yeah.

MARK SWARTZ: You know, we mail photocopies to people. We don't fax to them. And the photocopy that we got from Mr. Sheffield, you know...and I don't care if Mr. Wilson could read what he got. The question is could Mr. Sheffield read it and what he gave us is readable. It's not a fax. It's whatever he got and he's made a photocopy of it and I can read it. I can read it without my glasses on. So,

you know, I don't care what Mr. Wilson saw or didn't see, the question is did Mr. Sheffield get an order that he could read that he had thirty days, if he didn't already know it.

PETER GLUBIACK: That's his framing of the question. My framing of question is Mr. Sheffield was obviously distressed. He called Mr. Wilson, got instructions and acted accordingly. That's the way---

BILL HARRIS: I'm not sure that the legibility actually is the issue. I know that it is in one sense because this is all based on whether or not that was legible. But to me beyond that, when Mr. Wilson wrote the letter saying that it was hardly legible and instructed CNX to do something---

MARK SWARTZ: No, no, he didn't write us a letter to do that. That letter is May of this year.

BILL HARRIS: Well, I said instructed.

MARY QUILLEN: He called.

BILL HARRIS: Yeah, I said instructed. So, that means that was...well, it wasn't in writing, but it was a phone call to do that. I guess to me that resorts...that takes us back to the actual letter, what bearing that has, rather than the legibility. It seems to me we're beyond the legibility issue, but I'm not sure. I'm not trying to make a legal decision here or determination. But it seems to me

that the letter would supercede that. Once the letter was written and...but, again, May the 16<sup>th</sup>, see that's puzzling also is that it was---

MARK SWARTZ: I think his last day was the 4<sup>th</sup>.

SHARON PIGEON: That's very disturbing.

BILL HARRIS: Yeah.

SHARON PIGEON: I don't think that was his last day. This letter is so out of time.

MARK SWARTZ: I think David took over on May the 5<sup>th</sup> as acting director.

SHARON PIGEON: That was your day taking office?

DAVID ASBURY: I think May the 5<sup>th</sup> was the Monday that I became acting Director.

SHARON PIGEON: Then this would be ultra-verious.

MARK SWARTZ: Right.

PETER GLUBIACK: Did he have time? Did he stay there, Ms. Pigeon? I don't know when he quit.

SHARON PIGEON: No.

PETER GLUBIACK: I mean, he wrote it on a letterhead. If that's wrong, then you find out. But at this point Mr. Sheffield's relying on it.

JOHN SHEFFIELD: And his testimony.

MARK SWARTZ: Well, you know, it's a little late to rely on it.

SHARON PIGEON: Well, but you're not relying on it if you didn't have it. And you know we...this is..if you didn't have that letter here, this would be an easy thing for me to look at and say yes I can read that. And I remember that Mr. Sheffield was here before asking for additional time make an election because his trustee didn't mail something to him in time. And, you know, having him tell us once before he didn't get something in time maybe has a shadow in my mind as I hear what I'm hearing today. This letter with this date, you know, if he wanted to have it continued over and have Mr. Wilson come in and tell you this---.

PETER GLUBIACK: I don't know how else to solve it. If that's a dispute, then my only question is that you ask Mr. Wilson to appear.

SHARON PIGEON: This is just very troublesome, this letter out of time like that. In all honesty in reading this, it is not clear, this long after the fact, what his conversation was with anyone. And, of course, that's hearsay on hearsay so to speak. So, we're in a troublesome area there.

(Bill Harris confers with Sharon Pigeon.)

SHARON PIGEON: I'm not even sure he has the authority if its plainly legible. I mean, the statutory

time limit is in the statute. These elections are in the statute. We all know that no matter what's in this order here. It is also in the order and it's also testified to numerous times during our hearings. So, if you look at this and it's clearly legible and you have a letter that's a year later saying, you know, we talked about this or whatever it's very difficult to be able to put this piece of hearsay evidence up against this and move beyond that because this is not a fax. I don't know it probably wouldn't be legible. I agree with that. But if it's just this photocopy, then I don't have any problem with reading it myself without my glasses.

BILL HARRIS: So---.

SHARON PIGEON: Well, I would give them the opportunity to have Mr. Wilson come in. They want to do that. That's what you've proposed to do, isn't it?

PETER GLUBIACK: If that is the case, Mr. Chairman, I think it only makes sense to then continue item number twenty because without the election, twenty is probably mute. So, we're going to be back here next month anyway.

MARK SWARTZ: Well, I don't want to continue twenty because I don't think it has anything to do with the election. Twenty said if you want to participate in the

unit you've got to come up with your share of four million dollars.

SHARON PIGEON: I'm going to vote with him on this one.

BILL HARRIS: Yeah.

SHARON PIGEON: I mean let's be fair here. If he needs to come back---

PETER GLUBIACK: If we're going to have some testimony, let's come back on that.

BILL HARRIS: We'll continue that item then, that's item---

PETER GLUBIACK: Twenty...well, twelve and twenty, right.

BILL HARRIS: Twelve.

SHARON PIGEON: Twelve. And go ahead and call twenty.

BILL HARRIS: Oh.

MARY QUILLEN: Would you call the---

PETER GLUBIACK: Twenty is the miscellaneous petition regarding allowable costs.

MARY QUILLEN: Mr. Chairman, would you call---

COURT REPORTER: One at a time, please.

MARY QUILLEN: Would you call the Board numbers for these, please?

BILL HARRIS: Yes. The item twelve that's being continued is docket number VGOB-08-0520-2219.

MARY QUILLEN: Continued to?

BILL HARRIS: Continued to...well, we'll have to ask Mr. Wilson to come in, I would presume.

SHARON PIGEON: He can ask him to come in.

PETER GLUBIACK: We'll ask him.

JOHN SHEFFIELD: We'll ask him, yeah.

SHARON PIGEON: June...do you want June?

BILL HARRIS: June?

JOHN SHEFFIELD: Yes, ma'am.

BILL HARRIS: So, to June. Now, I'm hearing something about docket number twenty?

PETER GLUBIACK: Docket number twenty is another miscellaneous petition from Mr. Sheffield asking for a review of allowable costs. It has to do with the elections and, in my opinion, if we're going to do one we need to do both.

BILL HARRIS: On this same item?

PETER GLUBIACK: Well, it's a related case.

BILL HARRIS: The same---?

PETER GLUBIACK: Yes.

BILL HARRIS: Same well?

PETER GLUBIACK: Yes.

SHARON PIGEON: This is about participation and the other is about the costs and they are associated with this participation, so it does make sense.

BILL HARRIS: Well, actually one...yes. Then item number twenty, we will continue that as well.

PETER GLUBIACK: I guess you need to read the docket number, Mr. Chairman.

BILL HARRIS: Yes, I will. Item twenty is a petition from the Oryn Treadway Sheffield, Jr. Trust requesting a reduction of allowable costs for participating in unit VP8-SGU3, Hurricane, South Grundy and Prater Districts, Buchanan County, Virginia. That docket number is VGOB-08-0520-2226. That item will be continued until June also along with number twelve. Okay, thank you. Okay, folks, let me see where we are. I guess, we're ready for the next item.

MARK SWARTZ: You can't get rid of me that easily, Mr. Chairman.

BILL HARRIS: I think we're on thirteen. Thank you.

MARK SWARTZ: Temporarily, you're going to get rid of me though.

BILL HARRIS: In number thirteen, a petition from David L. Epling, Esquire on behalf of himself and Carol

Epling McGlothlin, appealing a decision by the Director of the Division of Gas and Oil involving informal-fact finding conference 20608. The docket number is VGOB-08-0520-2220. We'd ask all parties who wish to speak to this to please come forward.

JIM KAISER: Jim Kaiser on behalf of Chesapeake Appalachia, LLC.

BILL HARRIS: Thank you.

DAVID EPLING: David Epling, Attorney-at-Law in Grundy, Virginia representing myself and my sister Carol Epling McGlothlin.

BILL HARRIS: Okay, thank you. The record will show there are no others. You may proceed.

DAVID EPLING: Thank you, Mr. Chairman. Good morning, ladies and gentlemen of the Board. I want to thank you for your time. I have filed a petition objecting to a permit of this well as it's located on the O. C. Lockhart tract of land in Dickenson County. I filed that objection with the Director. Also, I have presented this Board with a copy of the petition for appeal from the Director's decision and it outlines my objections. Actually, I've stated these objections ever since I got into these proceedings. We've had two or three of the proceedings. I guess, the provisional and drilling unit and the unleased interests of

the pooling order. I've stated these objections two or three times before the Board and I don't mean to plow the same old ground. Basically, we don't want them to drill another well on our property because they hadn't paid us anything for the old well they drilled on our property. And this case is litigating in the Circuit Court of Dickenson County. It has been for some years now. We don't think that this Board has jurisdiction really to resolve these issues when a Circuit Court case has already been filed between the same parties. And I say the same parties, it is my understanding that Chesapeake is the successor in interest to Columbia Gas Transmission Company. And those are our objections. Of course we do take special issue to the Board being able to divide up the ownership into this gas well, especially if it's drilled where they say it's going to be drilled. We don't think this Board would have any jurisdiction as to telling us how the profits would be divided between us. Basically, I don't intend to, as I say, to plow any new ground. I do notice that we just had a prolonged hearing over receiving orders and appealing orders and dismissing appeals in Circuit Court. This is probably a case that is going to end up in Circuit Court since it's...since we already know we've got one over there anyway. And I see we've had a hearing on October the 16<sup>th</sup>

for the provisional drilling unit and we had a hearing on March the 18<sup>th</sup> for the pooling unit. I haven't gotten any one of those orders. And the only request I would have today is that all the orders be combined in one if we can...if we can possibly do that so that they are served on me in a timely fashion and I can make the election not just to appeal a permit hearing or appeal a pooling hearing and then have to appeal a provisional unit hearing, that it all be combined into one simple order that it can be brought to the Circuit Court Judge in a timely fashion.

The other objections, like I say, I've already stated and I don't expect anything different outcome from them. So, I'll just rest on the Director's decision.

JIM KAISER: The lawsuit concerning the well that was drilled thirty some years ago is still pending in Buchanan County Circuit Court and it is not jurisdictional to the Board and we take the petition that it doesn't have anything to do with this new unit. To kind of give you a...again, Mr. Epling did a good job kind of laying out what's happened with this particular unit. We formed the unit in October, established the unit as a 320-acre provisional unit for the drilling of the horizontal well in October of last year. Then, in March of this year we filed a application to pool any unleased interests that were in

that unit including Mr. Epling and his sister's unit...interest and that application was approved at the March Board hearing pooling those unleased interests. And then, I guess, around about the same time, Mr. Epling filed an objection to the permit and we had a hearing with Mr. Wilson on that objection Friday, March the 21<sup>st</sup>. And I'll just read into the record Mr. Wilson's decision of the results of that hearing, not in total, but in pertinent part. "The Virginia Gas and Oil Board, VGOB, under authority of 45.1-361.20(A) of the Code of Virginia established the Haysi Breaks Pittston unit," which is this horizontal temporary provisional horizontal unit, "for the drilling of one or more horizontal wells into and the production of gas from conventional non-coal horizons. Under normal procedures established by this agency, any objections received by the Division of Gas and Oil, DGO, involving the correlative rights of mineral owners within such a statutory unit would have been referred to the Board in accordance with requirements of 45.1-361.35(G). The permit would not be issued until the VGOB had pooled the unleased interests into the unit or the operator reached a voluntary agreement with mineral owners and the objections had been withdrawn. In this case the objections and pooling applications were filed in the same time frame. Prior to

the date of IFFC 20608, which is the informal fact finding conference, the VGOB approved pooling of the Epling heirs unleased in the subject unit. This means if the unit operator has the right to produce gas in the unit and to Epling heirs minerals interests were subjected to VGOB protection. The operator must compensate the Epling heirs according to their elections and their proportionate share of the unit for all gas produced. Because the mineral interests of the Epling heirs fall within a statutory unit created by the VGOB and because those interests have been pooled by the VGOB, it appears that all issues subject to objection under 45.1-361.35(C) have been addressed by the VGOB and any disputes regarding those issues must be addressed by the Board. It is, therefore, the decision of the Director that the correlative rights objections under 45.1-361.35(C) have been properly addressed by the Virginia Gas and Oil Board and that the Division of Gas and Oil will take no further action regarding these objections. The permit application will be assessed and issued according to standard DGO procedures." So...and, then, when you look at the appeal that Mr. Epling filed what he did was, which is fine, he just refiled his objection to the permit and the relevant objections or the objections that Mr. Wilson can and did and would consider are found on the last page which

is number thirteen, which are the statutory objections that a royalty owner can make. As you've just heard, the issuance of the...not only the formation of the unit, but in particular the issuance of the pooling order muted those objections. So, we would ask that the Director's decision be upheld and that, you know, then it's up to Mr. Epling as to whether or not he would wish to appeal to the Circuit Court.

BILL HARRIS: Board members, are there questions or---?

BRUCE PRATHER: Mr. Chairman, I have a question.

BILL HARRIS: Yes, Mr. Prather.

BRUCE PRATHER: How is the correlative rights of your old well...how do these rights affect the new well?

DAVID EPLING: They're on the same tract of land. I don't know that we had correlative rights at that time.

BRUCE PRATHER: I mean, are we talking about the same formations?

DAVID EPLING: I'm not certain about that.

BRUCE PRATHER: I mean, if we're not talking about the same---.

DAVID EPLING: Probably not since this is a horizontal---.

JIM KAISER: Probably not.

DAVID EPLING: -f-vertical well.

BRUCE PRATHER: If we're not talking about the same formations, then I don't see where the correlative rights have anything to do with it.

JIM KAISER: Well, see, this well is actually on his mineral tract. The old well is not on his mineral tract.

BRUCE PRATHER: Oh, okay.

JIM KAISER: His tract is in part of a voluntary unit.

DAVID EPLING: That's in dispute we'd agree.

JIM KAISER: Well---

DAVID EPLING: ---but I say it's on the tract and they say it's not. But that is part of it that's being litigated in the Circuit Court.

BRUCE PRATHER: I mean, you know, if there was a possibility that when he did his horizontal well that he got into your old well, then that is a correlative rights problem. But---

JIM KAISER: There's no possibility of that.

BRUCE PRATHER: But if there's no possibility of that, then I don't see where there's a correlative rights problem involved.

DAVID EPLING: If they drill where they say

they're...that the permit says they're going to drill, then it doesn't appear that that's going to be a problem to me. There hasn't been a survey done---

BRUCE PRATHER: Okay.

DAVID EPLING: ---obviously to guarantee the spacing. Of course, I'm not worried about our correlative rights as being pooled because my rights on this forty-two acre tract of land is a co-tenant. It's not...it's in the drilling tract. So, we're preserving all of our rights to share the profits of the well under 8.01-81. So, we're not really concerned about our correlative rights at this time.

BRUCE PRATHER: Okay.

BILL HARRIS: Questions or discussion?

JIM KAISER: I think is reasonably fair to say, and Mr. Epling can argue if he wants to, basically what he's forced to do here is exhaust his administrative remedies before he can appeal this to Circuit Court.

DAVID EPLING: I think that's a fair statement. We talked about that before and I certainly don't want to, like I say, plow the same old ground we've been plowing before. But I do want to preserve all of my statutory rights that co-tenants have with each other and let the Circuit Court address that.

MARY QUILLEN: Well, Mr. Chairman, we're---?

BILL HARRIS: Yes.

MARY QUILLEN: ---being asked to either uphold the decision of the Director or to reject it?

BILL HARRIS: Yes.

MARY QUILLEN: Okay.

BILL HARRIS: But I'm not sure what the rejection entails. Is that reversing the decision and I'm not sure what follows after that?

JIM KAISER: I don't think you can reverse it or reject it.

BRUCE PRATHER: Yeah, it's a done deal.

BILL HARRIS: It would be either to uphold it or not uphold it.

JIM KAISER: Yeah. The force pooling muted this whole thing. The only reason...he did this is because he has to do it before he can appeal it to the Circuit Court.

MARY QUILLEN: So, then, we're just being asked to vote to uphold the decision of the Director.

BRUCE PRATHER: Exactly.

BILL HARRIS: That ends up being the bottom line, yes.

MARY QUILLEN: Okay, the bottom line is what I'm asking.

BILL HARRIS: Yes, I understand.

JIM KAISER: This is basically a procedural step that he has to take.

BILL HARRIS: Yes. Is anything further before we take a motion on this?

DAVID EPLING: You know, I don't think I have much further, but I...the way this fell through or came down, I guess you might say, we had the pooling hearing actually before we had the permit hearing. So, some of the objections I might have had in the pooling hearing that I wasn't able to raise. So, I guess I'll raise those once I get the final order and it's taken all down to Circuit Court. That's why I hope to wrap it all up in one bundle to take it to Circuit Court, if I could, to save the Court a little bit of time and hopefully this committee a little bit of time too.

BILL HARRIS: Thank you. Is there a motion then?

MARY QUILLEN: Motion to uphold the decision of the Director.

BRUCE PRATHER: I'll second that.

BILL HARRIS: Okay. Any further discussion?

(No audible response.)

BILL HARRIS: The motion is for upholding the decision. All in favor, say yes.

(All members signify by saying yes.)

BILL HARRIS: Opposed, like sign.

(No audible response.)

BILL HARRIS: The motion passed.

DAVID EPLING: Thank you for your time.

BILL HARRIS: Sure, thank you. Where are we? Is there a lunch out? I understand there's lunch out. So, I guess we need to...we'll take a lunch break. We will pick up with item sixteen and we'll take forty-five minutes.

SHARON PIGEON: As long as we want.

BILL HARRIS: An hour, is that...I mean, I don't know.

SHARON PIGEON: Some people are going to be going and coming back. So, they might---

BILL HARRIS: Okay. Forty-five minutes.

(Break.)

BILL HARRIS: We're back on the record. I guess, we'll start with item sixteen, a petition from CNX Gas Company for pooling of coalbed methane unit BB-9, Hurricane and Prater Districts, Buchanan County, Docket number VGOB-08-0520-2223. We'd like to ask all persons who wish to speak to this item to please come forward.

MARK SWARTZ: Mark Swartz and Les Arrington.

BILL HARRIS: Thank you. The record will show there are no others.

MARK SWARTZ: I would like to incorporate Les' prior testimony with regard to the applicant and the operator, his employment and standard lease terms.

BILL HARRIS: Yes, that will be incorporated.

MARK SWARTZ: Thank you. Before we start I thought it would be, because I'm sure there will be questions if I don't go there, you'll notice on the plat there are actually two wells in this unit. There's a well BB-9A, which is in the drilling window and---

SHARON PIGEON: A or A-1. What are we looking at?

MARK SWARTZ: Well, 9A is in the window. Okay, BB-9A. And then off to the right or the southeast is BB-9. BB-9 was drilled by Oxy before the Oakwood rules and is a circular unit and is being paid as that kind of unit. So, people who are in that circle and also in this unit are going to get paid twice. But just to anticipate those questions because we're seeking the cost of one well, it's in this Oakwood unit and there is a pre-existing Oxy circular unit. Is that right, Les?

LESLIE K. ARRINGTON: That's correct, it is.

MARK SWARTZ: And we mapped that so you would know it was there, but we're not talking about that well.

LESLIE K. ARRINGTON

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

Q. With that in mind, could you state your name for us?

A. Leslie K. Arrington.

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

A. Its an Oakwood 80.

Q. How many wells are proposed?

A. One.

Q. And is it the one that's located within the drilling window?

A. Yes, it is.

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

A. Yes, we have. It's \$281,472 to a depth of 2,556. The permit number is 9275.

Q. Okay. And is it intended to be a frac well?

A. Yes, it is.

Q. Okay, would you tell the Board what interests you have acquired already and what you're seeking to pool?

A. We've acquired 100% of the coal owner's claim to coalbed methane and 95.5017% of the oil and gas

owner's claim. Seeking to pool 4.4983% of the oil and gas owner's claim to coalbed methane.

Q. What did you do to notify the folks that you've listed on the notice of hearing and in the Exhibit B-3 that there would be a hearing today?

A. We mailed by certified mail, return receipt on April 18, 2008 and published Bluefield Daily Telegraph on April 26, 2008.

Q. When you published, what appeared in the newspaper?

A. The notice of hearing and location exhibit.

Q. And have you filed your certificates with regard to mailing and with regard to publication with the DGO?

A. Yes, we have.

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

A. Yes, for Tract 1.

Q. And there are two reasons, I think?

A. Yes, the title conflicts and for unknowns.

Q. And are there any split agreements?

A. Yes, in Tract 1.

Q. And are you asking that in the event the Board were to pool this unit that they would allow you to

pay the people who are identified in Exhibit EE in accordance with their split agreement as opposed to escrowing their monies?

A. Yes, we are.

Q. Is it your opinion that drilling one well in the window of this Oakwood unit is an appropriate method of developing the coalbed methane within and under this unit?

A. Yes, it is.

Q. And you understand that to some extent the other well is also developing a portion of this unit probably?

A. It does.

Q. Okay, but those people are being paid twice in essence?

A. Some of them are, yes.

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

A. Yes, it will be.

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

BILL HARRIS: Questions from Board members?

(No audible response.)

BILL HARRIS: Anything further?

MARK SWARTZ: No.

BILL HARRIS: Is there a motion?

MARY QUILLEN: Motion to approve.

BRUCE PRATHER: Second.

BILL HARRIS: Any further discussion?

(No audible response.)

BILL HARRIS: All in favor, say yes.

(All members signify by saying yes.)

BILL HARRIS: Opposed, like sign.

KATIE DYE: Abstain.

BILL HARRIS: It's been approved. One abstention, Ms. Dye. Item seventeen, a petition from CNX Gas Company for creating a drilling unit and pooling of conventional gas unit 25314, Garden District, Buchanan County. The docket number is VGOB-08-0520-2224. We'd ask all parties that wish to speak to this item to please come forward.

MARK SWARTZ: Mark Swartz and Les Arrington.

BILL HARRIS: The record will show there are no others.

MARK SWARTZ: Again, if I could incorporate Les' prior testimony concerning the applicant and operator, his

employment and standard lease terms, I'd like to do that.

BILL HARRIS: Yes, that will be incorporated.

MARK SWARTZ: Thank you.

LESLIE K. ARRINGTON

DIRECT EXAMINATION

QUESTIONS BY MARK SWARTZ:

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

A. Leslie K. Arrington.

Q. This is a statewide spacing unit?

A. Yes.

Q. What did you do to notify the respondents listed in the notice of hearing and in the Exhibit B-3 of the hearing today?

A. We mailed April 18, 2008 and published in the Bluefield Daily Telegraph April 26, 2008.

Q. When you published what was in the paper?

A. A notice of hearing and the location exhibit.

Q. Have you provided the Director with copies of the certificates concerning mailing and proof of publication?

A. Yes, I have.

Q. Is this 112.69 acres?

A. Yes. 1

Q. What's the radius of the circle?

A. 1,250 feet.

Q. And is this a frac well?

A. Yes, it is.

Q. And what's the proposed depth?

A. 6,840 feet.

Q. And what's the----

A. No, I'm sorry, that's the permit number.

6,250 feet.

Q. And does it have a permit already?

A. Yes.

Q. What's the number?

A. 6840.

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

A. Yes, we have. It's \$657,164.14.

Q. And this is a frac well?

A. Yes.

Q. What interests have you acquired in this statewide circular unit?

A. We've acquired 97.3201%. We're seeking to pool 2.6799%.

Q. And what lease terms have you offered to

people in this particular proposed unit and in other conventional units to lease their gas?

A. This is five dollars per acre per year on a five year paid up term and with a one-eighth royalty.

Q. And those leases that you offering then are just for conventional?

A. Yes.

Q. And would you recommend that those terms to the Board for people who are deemed to be leased if there are any in this unit?

A. Yes.

Q. Obviously, there's no escrow in this unit?

A. Well, actually there is.

Q. Well, actually there is because there's a title issue, right?

A. Yes. Title issue and unknowns.

Q. So, let's look at Exhibit E here. Okay, so we're talking about Tract 4?

A. Yes.

Q. And we've got...we're not sure Mr. William J. Ball or these Thomas Mitchell heirs are the owners---

A. That's right.

Q. ---of the gas estate?

A. That's correct.

Q. So that's the title issue. And then you are...you have been unable to locate the Mitchell heirs?

A. That's correct.

Q. I think you have identified at Exhibit 8, I'm not going to ask you to read this. Not Exhibit 8, but a paragraph eight of the notice you have an indication of the producing horizons---?

A. Yes.

Q. ---of formations that you're exploring?

A. Uh-huh.

Q. Is it your opinion that drilling a conventional frac well in the center of this statewide unit is a reasonable way to develop the conventional gas within that unit?

A. Yes, it is.

Q. And is it your further opinion that if you combine the leasing and acquisition efforts that the applicants CNX Gas has been successful with, if you combine that with a pooling order pooling 2.6799% of the outstanding oil and gas interests, that the claims and ownership interests of all people with correlative rights would be protected?

A. Yes, they would be.

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

BILL HARRIS: Questions from Board members?

(No audible response.)

BILL HARRIS: Do we have a motion?

MARY QUILLEN: Motion to approve.

BRUCE PRATHER: Second.

BILL HARRIS: Any further discussion?

(No audible response.)

BILL HARRIS: All in favor by saying yes...I'm sorry, all in favor say yes.

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

BILL HARRIS: All opposed, like sign

KATIE DYE: Abstain.

BILL HARRIS: One abstention, Ms. Dye. Thank you. That passes. The next item is a petition from CNX Gas Company for creation of a drilling unit and pooling of conventional gas unit 25616, New Garden District, Russell County. Docket number for that is VGOB-08-0520-2225. We'd ask all parties who wish to speak to this item to please come forward.

MARK SWARTZ: Mark Swartz and Les Arrington.

BILL HARRIS: The record will show there are no others.

MARK SWARTZ: I'd like to incorporate, if I could,

Mr. Arrington's testimony concerning the applicant and operator, his employment with CNX and the standard lease terms that he just gave with respect to the conventional that we just heard about.

BILL HARRIS: That will be incorporated.

MARK SWARTZ: Thank you.

LESLIE K. ARRINGTON

DIRECT EXAMINATION

QUESTIONS BY MARK SWARTZ:

Q. Les, could you give us your name again?

A. Leslie K. Arrington.

Q. This is another conventional well?

A. Yes, it is.

Q. And its another statewide spacing unit?

A. Yes, it is.

Q. So that would have 112.69 acres?

A. Correct.

Q. And the radius again?

A. 1,250 feet.

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

A. We mailed by certified mail, return receipt on April 18, 2008 and published in the Bluefield Daily

Telegraph on April 26, 2008.

Q. And with regard to that, did you provide the Director with your certificates of mailing and proof of publication?

A. Yes, we have.

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

A. The notice of hearing and location exhibit.

Q. Can I assume you don't want to add or subtract any respondents today?

A. No.

Q. Have you provided the Board with information pertaining to this well?

A. Yes, I have.

Q. And what is the cost estimate, the depth and the permit number, if any?

A. Yes. This well, it's cost is \$869,637.64 to a depth of 7,503 feet. The permit number is 6795.

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

A. We've acquired 86.6270% of the oil and gas interests, seeking to pool 13.373% of the oil and gas interests.

Q. And, again, although we normally wouldn't

have an escrow issue. We do have one here. We've got an Exhibit E that you handed to the Board which pertains to three tracts, I think, right?

A. Yes.

Q. Which three?

A. Tract 1F, 1G and 1J.

Q. And the reason for escrow?

A. There's a title actually...actual title conflict.

Q. You know who the people are, but you don't know whose the owner?

A. That's correct.

Q. And that pertains only to those three tracts you've just named?

A. Yes.

Q. Is it your opinion that the correlative rights of all owners and claimants will be protected either by their lease agreements with you or by a pooling order?

A. Yes, they will.

Q. Is it your opinion that drilling a frac well in the center of this circular statewide unit is a reasonable way to develop conventional gas within the unit?

A. Yes, it is.

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

BILL HARRIS: Questions from members of the Board?

(No audible response.)

BILL HARRIS: Do we have a motion?

MARY QUILLEN: Motion to approve.

BRUCE PRATHER: Second.

BILL HARRIS: Any further discussion?

(No audible response.)

BILL HARRIS: All in favor, say yes.

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

BILL HARRIS: Opposed, like sign.

KATIE DYE: Abstain.

BILL HARRIS: One abstention, Ms. Dye. Thank you that has been approved. The next item is a petition from CNX Gas Company to collect testimony and re-record order...I'm sorry, let me start over. A petition from CNX Gas Company to collect testimony and re-record order to allow for escrowing of unit P (-2), Prater District, Buchanan County, Virginia. Docket number VGOB-06-0718-1668. We'd ask for all parties who wish to speak to this item to please come forward.

MARK SWARTZ: Mark Swartz and Les Arrington.

BILL HARRIS: Let the record show there are no others.

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

BILL HARRIS: Yes, that will be incorporated.

LESLIE K. ARRINGTON

DIRECT EXAMINATION

QUESTIONS BY MARK SWARTZ:

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

A. Leslie K. Arrington.

Q. Is the matter at hand an effort on your part to indicate that there is a conflict in Tract 1?

A. Yes.

Q. And that the boundaries of Tract 1 and the people in Tract 1 have not changed...the ownership?

A. That's correct.

Q. What has simply changed is the way that you were indicating what they own is in conflict?

A. Yes.

Q. And with that in mind, escrow would be required?

A. Yes, it is.

Q. And so, the two things that we're hoping to accomplish, are one to straighten out the ownership in tract

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A. Yes.

Q. ---and to have the Board order the escrow agent to accept funds for Tract 1 because it's in conflict?

A. Yes.

Q. And that's all we're here about?

A. It is.

Q. Did you give notice to the people in tract one who would be affected by this order that there was going to be a hearing today?

A. Yes, we did.

Q. What did you do in that regard?

A. We mailed by certified mail on April 18, 2008 and published in the Bluefield Daily Telegraph on April 26, 2006.

Q. And when you published the notice of hearing, obviously----.

BILL HARRIS: Is that 2008?

A. 8, I'm sorry.

BILL HARRIS: I just want to make sure. Sorry, guys.

Q. Okay. And the notice, which is the first page, and what the Board has was one of the things that was published?

A. Yes, it was.

Q. And the location---?

A. Location map, yes.

Q. Have you provided certificates with regard to mailing and proof of publication to the Director?

A. Yes, we have.

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

A. No.

Q. You've provided an Exhibit E, which identifies the people on the coal side and the oil and gas side that are in conflict---?

A. We did.

Q. ----and would be subjected to the escrow?

A. We have.

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

BILL HARRIS: Questions from Board members?

(No audible response.)

BILL HARRIS: Is there a motion?

MARY QUILLEN: Motion to approve.

BRUCE PRATHER: Second.

BILL HARRIS: Any other discussion?

(No audible response.)

BILL HARRIS: All in favor, say yes.

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

BILL HARRIS: Oppose, like sign.

KATIE DYE: Abstain.

BILL HARRIS: One abstention, Ms. Dye. So, that has passed. Okay. The next item is number twenty-one.

MARK SWARTZ: Thank you all.

BILL HARRIS: Thank you. Let's see, item twenty is continued.

MARY QUILLEN: We don't have the people here back.

MARK SWARTZ: Oh, I see a light at the end of your tunnel. Call the next case and run.

(Laughs.)

(Off record discussions.)

DAVID ASBURY: Mr. Chairman, at the last Board meeting there was discussion about limiting the item numbers on the docket---

BILL HARRIS: Yes.

DAVID ASBURY: ---and I'd like to bring that up again for discussion by the Board---

BILL HARRIS: Okay.

DAVID ASBURY: ----as to specific numbers and things that the Board wishes to do so that we can limit those items.

BILL HARRIS: Yeah, I think mention was made initially of what thirty-five, I think---

SHARON PIGEON: Thirty-five.

DAVID ASBURY: That's correct.

BILL HARRIS: ---was the initial proposal. Is that? Of course, I don't know if today would be a good example to use to try to do that.

LESLIE K. ARRINGTON: Do we get a chance to comment?

SHARON PIGEON: You can, but I think you're both going to be really small. So, you can decide if it's worth it to you.

LESLIE K. ARRINGTON: Okay. Well, not the reason I asked is...I mean, at numerous times...I know how it is out there. We can't...we don't communicate with one another, the folks in the field. So, starting to limit it to thirty-five items a month would certainly tie the hands of the operators if you start trying to limit the number of items on the docket.

SHARON PIGEON: It's just like if you went to Court, there's a limited number of items that goes on the Court's docket. It's the same principal. After the times are all filled up, it's filled up.

MARK SWARTZ: What Les is trying to say is if you

get their first with twenty-five things, you know, that's his concern.

SHARON PIGEON: And I agree that's a valid concern, but we have to be able to operate here too. When these large provisional units are no longer on the land all owned by the proposing operator, one of those items could take up a day here.

BILL HARRIS: Yea, one of those horizontal drilling wells.

SHARON PIGEON: He doesn't care. He's not doing any of those.

MARK SWARTZ: Well, I guess just in terms of logistics of sharing available slots, you know. I'm not sure that just saying and I think this is where Les is coming from...we're not saying that limiting it to thirty-five is a problem, but how do you make the determination---

BRUCE PRATHER: Yeah.

SHARON PIGEON: Uh-huh. You would have more weight throwing that party.

MARK SWARTZ: Well, that's what he was saying, you know, because it's the first in the door which isn't necessarily...you know, or unless you get in line, I guess, because then maybe the next month you have the whole docket or something.

SHARON PIGEON: Yeah, if you don't get on this month---.

MARK SWARTZ: ---you know, but you need to think about that because I think that is a concern. If you're not...well, right now we're sort of sharing available time and the rule doesn't contemplate sharing. So, then if you need to have...which is okay. But then you need to have...but if you get it filed this month and it doesn't...I think you need to be able to file like a hundred, but you're only going to consider the first thirty-five maybe. I don't know.

MARY QUILLEN: Are you asking that you have like a lottery of---?

MARK SWARTZ: I don't know.

MARY QUILLEN: ---numb...or an allotment for each of the---?

MARK SWARTZ: I don't know. I mean, it doesn't...obviously, I hadn't thought about this before today, but what I am suggesting there needs to be some overflow provision and it could take a whole bunch of forums. It could be...you know, we're not going to put more than thirty-five cases on the docket no matter how many are filed, but you've got your place.

SHARON PIGEON: Yeah, that was part of what I was

thinking.

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MARK SWARTZ: I mean, but there are ways that you can...you know, there are ways that you could do that. The other thing that I would like to---

SHARON PIGEON: You don't lose your place in line, but you just have to---

MARK SWARTZ: The only thing that worries me and you might want to think about, the only other thing that occurs to me at this moment sometimes a significant amount of the docket gets continued.

LESLIE ARRINGTON: Yes.

MARK SWARTZ: So, if you got the first thirty-five, but you've got ten continuances, you know, can there be some...you need to be...if you want your case heard earlier than next month and there are continuances and you are, you know, thirty-six, you know, if you show up at the hearing...I mean, I don't know how you do that and I don't know how you notice that.

SHARON PIGEON: Yeah, you'd have a problem on notice.

MARY QUILLEN: Yeah. That's the problem is having...being on the waiting list is...and you notice it and then the people come and all thirty-five of those people are---

MARK SWARTZ: You can't notice your filing if you're an operator if you don't know what's going to be heard either.

SHARON PIGEON: Right.

MARY QUILLEN: That's true.

SHARON PIGEON: I don't know.

BRUCE PRATHER: One of the problems I've got with it is---

SHARON PIGEON: You're done. So, get out of here.

BRUCE PRATHER: ---when GeoMet and you were both interested in the same acreage whoever is the person who's first on the docket has an advantage and that's not right.

MARK SWARTZ: I agree.

BRUCE PRATHER: I think...I think that, you know, there's special situations where if it involves two companies and they're both involved in the same thing, then they should have equal rights. I mean, that's just me talking.

MARK SWARTZ: Well, and the other thing, today is an example, I mean, although we didn't hear them all at the same time, we were here on the same day, the three VP8 issues, you know, you need to be careful...I mean, it's sort of along the times of what you're talking about, you know. Why would you want to hear that at two different hearings?

You know, I...I don't know, if you can accommodate all of those problems with the rule. But, you know, it's...scheduling is---

BRUCE PRATHER: I mean, all I want is fairness, you know---

LESLIE ARRINGTON: But does not your regulations (inaudible) having it two days?

SHARON PIGEON: Well, it has a carried over to two days before. So, there's no problem with that except I'm afraid we'll lose Board members because these folks are getting paid a huge amount of money to do this, as you probably know. She has a full-time job. She is doing this on her own time. We may lose her if we don't get smart here and believe me that's going to impact our work a lot because we get a transcript that that's thick, but we get it very promptly and, you know, how long you can wait for something like that.

MARK SWARTZ: Oh, yeah. She's almost perfect.

SHARON PIGEON: She's almost perfect and we want to maintain her as part of the operation.

COURT REPORTER: I'm not.

SHARON PIGEON: And if we continue to have these huge dockets and going into the second day, our chances of keeping her and probably some of these folks even goes down.

I get paid the same no matter where I sit.

MARK SWARTZ: Les and I were talking earlier today, and this was something else you might want to think about, I think that the volume, the number of items on your docket, are going to start to diminish over time as opposed to continue to increase. The acreage that...well, his anticipation is that next year they're going to be drilling less wells in Virginia because they're running out of places, you know. You know, you may be seeing a lump in the snake as opposed to a permanent load. I don't know, but I think...that's something you might want to talk to Benny about and you might want to talk to David about it in terms of, you know, where do they see the filings because it may be more of a temporary issue at this juncture than you might otherwise think or I may...we may be wrong.

LESLIE ARRINGTON: Yeah, we could be wrong.

SHARON PIGEON: It has been accelerating though for a year or longer.

MARK SWARTZ: Oh, it has been. Yeah.

LESLIE ARRINGTON: It has.

SHARON PIGEON: So, it's---.

MARY QUILLEN: From the time that I first came on Board, it was a very small agenda when I had my first appointment and came on the Board and into the four years

it...it's almost...well, I'd say probably doubled in some of the months that we've had. It has just---

MARK SWARTZ: When we start coming down here in the '90s, you know, right after the Act, I remember the first hearing that I came to, my company, Oxy, had forty-five items on the docket. I don't even have any idea how many the other people had. You know, it was pretty much every month it was a two day hearing. (Inaudible) sort of slogged through that and that started to tamper off to where you've described it and---

MARY QUILLEN: And now it has just exploded.

MARK SWARTZ: It has again, you know. But it is a reciprocal sort of thing.

MARY QUILLEN: It is. Also, because of they're getting into other areas like the horizontal drilling and, of course, the CBM has just grown expediently and I remember in the '80s when the first well was drilled in Wise County and...I mean, it's just amazing. I took my students to see that well. It was just such a---

SHARON PIGEON: That was under the Act even.

MARY QUILLEN: No, it wasn't.

MARK SWARTZ: You know, it's just further evidence of what money can do for you, you know.

MARY QUILLEN: And now you cannot drive without

seeing. So, it has just been an explosion in the energy industry of what's happened. But there is only so much land, so---

MARK SWARTZ: Well, that's sort of where Les and I are coming from, but, you know, people keep---

COURT REPORTER: Are we still on the record?

MARK SWARTZ: ---coming up with new ideas too, you know.

BRUCE PRATHER: Well, if the operators would all agree to drill horizontal wells, you can drill two to three of these conventional wells for that same amount of money. So, if you're on a budget, then it looks to me like if they would do this then our work would diminish considerably.

DAVID ASBURY: Mr. Chairman, the right thing maybe to do is just to open this up for discussion by both the Board members and participated parties and we would receive comments and pull those comments together for the Board at our next June meeting and then bring this up again in July...during the July Board meeting to give an---

MARY QUILLEN: And when Mr. Wampler can have an opportunity to mull this over too.

DAVID ASBURY: Well, that would give an opportunity for all parties involved to make a comment to see and maybe offer a solution to the time crunch and volume

that we're into.

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COURT REPORTER: I mean, speaking for myself with a full-time job, if I'm going to stay, there's no way that I can continue doing it at the volume that I'm doing if it doesn't stay at, you know, less time frame, less than, you know, five o'clock or four o'clock on one day because we're getting now close three hundred pages per transcript or better.

MARK SWARTZ: The other thing that occurs to me, you might want to think about it, is you could change the case are presented. I mean, you basically have everything in writing. You know, how much of a record do we really need to make beyond that. I mean, you know, the people who show up have had the paperwork. They ought to be able to ask question if they want to. I mean, you know, you could consider...and you guys get your books. I mean, it's obvious that you've looked at them, you know, most of the...I'm not sure all of you, but, you know, most of you have seemed to have looked through those books before you get here and have noted questions, you know, when something is messed up. So, maybe we could be more efficient using our day and accomplish more. I mean, I...you know, it's another...but you would have to look at, you know...sort of rethink what is it we expect people to show up with and do.

MARY QUILLEN: Exactly. Some guidelines on what's the bottom line, you know, and do it and present it efficiently.

MARK SWARTZ: I mean, it's another---

SHARON PIGEON: But we are making a record though. We have to keep that in mind.

MARK SWARTZ: Right. But you can make a written record.

BRUCE PRATHER: Yeah.

MARK SWARTZ: There, you know, procedures for proffers and incorporating. So, you know, we could save, you know...you know, potentially save some time here and still afford the people who show up, you know, they're opportunity to participate on a live basis, you know.

MARY QUILLEN: Right.

BRUCE PRATHER: Yeah, the only place I can see you could cut down would be on the legal aspects of this. In other words, you're repeating an awful lot of stuff.

MARK SWARTZ: Oh, yeah. Right.

SHARON PIGEON: Uh-huh.

MARK SWARTZ: We're trying to make a verbal record for something that we've already got tossed on the table in writing.

BRUCE PRATHER: Yeah.

MARK SWARTZ: Absolutely.

BRUCE PRATHER: Yeah.

JUANITA SNEEUWJAGT: Well, I make a motion that fine Equitable X amount of damages.

(Laughs.)

AUDIENCE MEMBER: Second.

(Laughs.)

BILL HARRIS: So, what I'm hearing then is that we will put this on next month's as a docket item, is that correct, and then have a public comment period afterwards or what...if you would restate what your suggestion was?

DAVID ASBURY: I'm suggesting that the Chairman open it up for a one month comment period to be submitted to our staff, the professional staff to accumulate, and, again, just like the post production docket or document, that we will accumulate those and provide those back to the Board at the June meeting. Then, that would give the Board members from June to July to consider all of the options presented and bring it back up on the docket again in July.

BILL HARRIS: Yeah. So, how would we notify everyone other than just a public statement? Is that the way that would be done?

DAVID ASBURY: It would be as part of today's hearing that this was discussed.

MARY QUILLEN: And this would be open to all of these operators and their representatives and the Board members, correct?

DAVID ASBURY: Right.

BILL HARRIS: Okay. Well, now, do I need to do anything formal? I guess I'm just asking procedurally. I mean, that sounds like a good thing to do. I mean, do I just say that we need to receive comments by the next meeting?

DAVID ASBURY: That's your option as Chairman, but you would also want by in from the Board, as far as their comments...as far as their approval to do that.

BILL HARRIS: So, we'll just---

BRUCE PRATHER: Wouldn't somebody have to notify the companies.

BILL HARRIS: That's what I'm saying.

BRUCE PRATHER: Yeah.

BILL HARRIS: Do we need to make some kind of notification to the other companies who are not here---?

BRUCE PRATHER: Yeah.

BILL HARRIS: ---that we are receiving---?

DAVID ASBURY: I would think it would be part of our docket presentation in our minutes with today's meeting that---

MARK SWARTZ: Well, he would publish that notice.  
This would be---

MARY QUILLEN: Yes. This would go into the...and they would receive that. So, they would be notified through that...through those---

DAVID ASBURY: Through our publishing of today's minutes---

MARY QUILLEN: Right.

DAVID ASBURY: ---of the Board hearing. They would be noticed.

BILL HARRIS: You all do read our minutes. I mean, when you all---

MARK SWARTZ: No, we don't read your minutes, but we read the published notice. It would be on your docket for next month. The Board will receive comments---

SHARON PIGEON: Right.

MARK SWARTZ: ---regarding---

BILL HARRIS: Okay.

MARK SWARTZ: ---what you're just talking about.

BILL HARRIS: Yes.

MARK SWARTZ: And then...but you need to make sure that you allow the receipt of comments to post date the publication of the notice.

BILL HARRIS: Yes. Yeah, that's...see that's what

I was concerned with. I didn't want to cut it off and then you all find out a day before---

MARK SWARTZ: And as a practical---

BILL HARRIS: ---that it's, you know---

MARK SWARTZ: And as a practical matter I think David could email, you know...because you know who the players are, you know, and just say this is just a heads up here. You know, pay some attention.

BILL HARRIS: Yeah, I think that would be good. I think that kind of notification would be good. Do we want to exclude the public from commenting? I mean, I don't think...some say yes and some say no. I guess...I guess we're the main...is that---

SHARON PIGEON: Well, you know, it would be a part of even a public comment. They could make comments.

BRUCE PRATHER: Right.

SHARON PIGEON: I think the practical matter is going to have to be decided by the Board and the Chief Executive to the Board. So, you know, you all are going to have to take whatever the comments are where ever they come from.

BILL HARRIS: Yeah, and it may be something that we haven't even thought of yet.

SHARON PIGEON: Right.

BILL HARRIS: It might be very appropriate.

MARK SWARTZ: Well, if you've got a written comment date, you know, anybody who submits a comment, you know---

BILL HARRIS: Yes.

MARK SWARTZ: ---you know, even President Bush could submit a comment (inaudible).

LESLIE ARRINGTON: Well, it's going to be published.

BILL HARRIS: Yeah.

LESLIE ARRINGTON: So, if they want to comment---

BILL HARRIS: Okay. Well, we'll proceed in that fashion then.

MARY QUILLEN: This is not something that we can bring up for a motion. This is just an open discussion that it's part of the record. So, we don't need to make a motion or do any---

BILL HARRIS: Well, do we?

SHARON PIGEON: No.

MARY QUILLEN: No.

BILL HARRIS: I don't think we...okay, okay.

BRUCE PRATHER: I assume after we resolve, we would make a motion to adopt---

BILL HARRIS: Oh, yes. Oh, yes.

BRUCE PRATHER: 1--whatever we agree on.

BILL HARRIS: That would happen yes. Thanks, folks. Send the other folks in when you see them.

(Off record.)

BILL HARRIS: Okay. I guess, we need to go ahead...do we have everyone here who is...as far as we know for---?

JIM KAISER: Yes. At least for the next---.

BILL HARRIS: Three or four items.

BRUCE PRATHER: It will be more than that.

JIM KAISER: The next six, we've got everybody we need.

BILL HARRIS: Okay. Let's...let's go ahead then. Item twenty-one, a petition from Equitable Production Company for pooling of coalbed methane unit 62-AN, Sandlick District, Dickenson County, Virginia. The docket number is VGOB-08-0520-2227. We'd like for anyone who wishes to speak to this item to please come forward.

JIM KAISER: Mr. Chairman, Jim Kaiser and Don Hall on behalf of Equitable Production Company. We need to get Don sworn in.

(Don Hall is duly sworn.)

BILL HARRIS: Okay. Let the record show there are no others.

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 for the record, who you're employed by and in what capacity?

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

Q. Are you familiar with Equitable's application seeking to...a pooling order to pool any unleased interest in the unit for EPC well number VC-537011, which was dated April the 18th, 2008?

A. Yes.

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

A. We do.

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

A. Yes.

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

A. We have 99.4% leased.

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

A. A 100%.

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

A. Yes.

Q. So, that means that the only thing that remains unleased is the 0.60% of the gas estate, correct?

A. That's correct.

Q. We do not have any unknown or unlocateable interest owners, correct?

A. That's correct.

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

A. Yes.

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

A. Yes.

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

A. Yes.

Q. Now, 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. We pay a five dollar bonus...five dollar per acre on 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. They do.

Q. Now, as to Tract 2, which is under lease to Appalachian Energy and the only interest that we are pooling, do you recommend 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; 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 should be entitled to the share of production from the tracts pooled accruing to

his/her interest exclusive of any royalty or overriding royalty reserved in any leases or 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 a carried operator of a leased tract or portion thereof; or B) 200% of the share of such costs applicable to the interest of the carried operator of an unleased tract or portion thereof?

A. Yes.

Q. Do you recommend that the order provide that elections by respondents be in writing and sent to the applicant at Equitable Production Company, Land Administration, P. O. Box 23536, Pittsburgh, Pennsylvania 15222, Attention: Nicole Atkinson, Regulatory?

A. Yes.

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

A. It should.

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

participation?

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A. Yes.

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

A. Yes.

Q. If an unleased respondent elects to participate, should they be given 45 days to pay for their proportionate share of actual well costs?

A. Yes.

Q. Does the party electing that party that elects to participate to pay in advance that actual...their share of those actual completed well costs?

A. We do.

Q. Should the applicant be allowed 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 delay rental or 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 should be treated as withdrawn and void and the respondents

should be deemed to have leased?

A. Yes.

Q. Do you recommend that this pooling order provide that where a respondent elects to participate, but defaults in regard to payment of well costs, any cash sum being owed to that respondent be paid within sixty days by the applicant after the last date on which the respondent could have paid their well costs?

A. Yes.

Q. Okay. The Board does need to establish an escrow account for this unit for any proceeds attributable to Tract 2 due to a conflicting claim, is that correct?

A. Yes, that's correct.

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

A. Equitable Production Company.

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

A. It's 7...1970 feet.

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

A. 330 million cubic feet.

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

A. It has. 1

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

A. Yes.

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

A. The dry hole cost is \$118,907 and the completed well cost is \$305,580.

Q. Do these costs anticipate a multiple completion?

A. Yes.

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

A. Yes.

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

A. Yes.

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

BILL HARRIS: Any questions from members of the Board?

(No audible response.)

BILL HARRIS: Okay. You may continue.

Q. Mr. Hall, this well is outside the interior window, correct?

A. Yes.

Q. And that has been or will be dealt with in the permitting process?

A. That's correct.

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

BILL HARRIS: Let me ask about the well location. Is this the VC-537011?

DON HALL: Yes.

BILL HARRIS: Now, does...now, this...I guess I'm confused about the 62-AN.

DON HALL: That's---.

BILL HARRIS: Is that a designation?

JIM KAISER: That's a unit designation from the Nora Coalbed Field Rules.

BILL HARRIS: Okay. So, that's...okay. Rather than the well number. Okay, that's what---.

JIM KAISER: And we're not really sure why they started listing them that way. At least my legal assistant who, you know, work on these called Diane and she doesn't...wasn't really sure because we always listed it as

a well before and not---. 1

DON HALL: If you notice second...the next one on the docket is a unit that included the two wells. We're doing both wells at the same time. It's designated as BV...the 41-BV.

BILL HARRIS: Yeah, just 41-BV. Yeah.

JIM KAISER: There's your answer maybe.

DON HALL: I think maybe when we started doing the two wells in one unit they wanted us to provide the unit designation number as well on with the well numbers and I'm not sure why this individual well got done that way. But that's the well, the same unit.

JIM KAISER: I guess maybe we could talk to Diane and if it is a unit that's going to have two wells in it, then we could maybe list them both. I don't know, to me it has got to be better to the people that you're providing notice to if it was a well number versus this field rule designation.

BILL HARRIS: Excuse me. Yeah, because we...our summary, I don't know that everyone when you provide notice if they get that summary. The well number is mentioned in our summary after the statement of item. But, has I not...well, that's why I asked the question because I kept looking for, I guess, the 62-AN. And the VC-537011 is

mentioned, but it is mentioned again in our---

JIM KAISER: Now, see we publish...you all publish and we publish also. We published under the well number. I don't know what you all did. You probably published under the unit number. I tell you what, we'll talk to her and talk with David.

DAVID ASBURY: We have a tracking mechanism of all of the unit in the different fields. We track both unit and well number within each unit.

MARY QUILLEN: This is how they're identified. If you look at a plat when you see those units the way they are identified and then the well numbers then appear in this particular unit and we've had those---

JIM KAISER: Inside the unit.

MARY QUILLEN: ---you know, where the unit was identified particularly in the Nora.

DAVID ASBURY: Unit first and then well number.

MARY QUILLEN: The unit first and then the well...the well number. It just happens that the well number is not included on our agenda. It has the unit number, but if you look and see at the plat it identifies that well number within that unit.

BILL HARRIS: Yeah. Well, my question was whether or not that was actually the well that we were discussing.

That was the only well I found.

BRUCE PRATHER: I have a statement. The thing that I recall about these AN wells is the fact those were American...or A & R wells. Weren't they drilled on their own coal acreage?

DON HALL: No. No, that's not the---.

BRUCE PRATHER: This is not it?

DON HALL: The old A & R wells were---.

BRUCE PRATHER: There are...there are some old A & R wells that are AN.

DON HALL: But these are just...we've got a grid set up to identify the units and it starts with numbers across the top and letters down the side.

BRUCE PRATHER: Oh, okay.

DON HALL: This just happens to be AN. The next one is---.

BRUCE PRATHER: Oh, AM?

DON HALL: In AO is the next one going South. So, it doesn't have anything to do with A & R.

BRUCE PRATHER: Okay.

JIM KAISER: Well, in essence, you're really pooling the unit. You're not pooling the well.

BRUCE PRATHER: Yeah.

JIM KAISER: So, it's okay.

BILL HARRIS: Well, I was just confused about where the well was and I saw one well here, but I didn't see in our initial description that that was a well. It gave the unit.

DON HALL: When we permit it, we'll permit it as the well number and the AN...not the---

BILL HARRIS: Not sure what---

DON HALL: It confused me too when I first saw the---

BILL HARRIS: Yeah, the description that we got. Again, in the paragraph afterwards---

JIM KAISER: You probably saw docket, yeah.

BILL HARRIS: Yeah. But if you just look at the docket without those descriptions you wouldn't know that that's the well. So, I'm not sure what---

DAVID ASBURY: We'll ensure going forward we identify both unit and well number.

BILL HARRIS: I think that would be helpful if we have that information. Okay, thank you.

JIM KAISER: So, it will be like...in the future we just put like 62-AN comma and then the well number, and if there's two wells put both well numbers?

BILL HARRIS: Uh-huh. Yes.

JIM KAISER: Okay.

BILL HARRIS: Something like that, I think, would be...that would help. Okay, okay, thanks. Let's see, where are we here. Are there questions from the Board...I don't think we've...we have not made a---

SHARON PIGEON: No, you haven't.

BILL HARRIS: ---motion. Are there any questions from...any other questions from Board members? Anything further?

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

BILL HARRIS: Okay. Is there a motion?

MARY QUILLEN: Motion to approve.

BRUCE PRATHER: Second.

BILL HARRIS: Any further discussion?

(No audible response.)

BILL HARRIS: All in favor, say yes.

(All members signify by saying yes.)

BILL HARRIS: Opposed, like sign.

(No audible response.)

BILL HARRIS: Fine, thank you. That's approved. The next item, a petition from Equitable Production Company for pooling of coalbed methane unit 41-BD, Kennedy District, Dickenson County, Virginia. The docket number is VGOB-08-0520-2228. We'd ask that all parties who wish to speak to

this item, please come forward.

JIM KAISER: Mr. Chairman, Jim Kaiser and Don Hall, again, on behalf of Equitable Production Company. Let the record show there will be...there are no others.

DON HALL

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

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

A. They do.

Q. Are you familiar with the application that we filed seeking to pool any unleased interest in the unit for VC-536422 and the VCI-538743, which was dated April the 18th, 2008?

A. Yes. That's also known as the unit designation as BV-41.

Q. Okay. And does Equitable own drilling rights in BV-41?

A. We do.

Q. And prior to the filing of this application, did you make an effort to contact each individual or entity owning an interest in this unit and an

attempt to work out a voluntary lease agreement?

A. Yes.

Q. What is the interest under lease to Equitable within the gas estate in accordance with your revised set of exhibits that you just passed out?

A. We picked up a few more tract...a few more leases for the purpose of giving you the new exhibit. We now have 56.079333% leased.

Q. From the gas estate?

A. In the gas estate, yes.

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

A. A 100%.

Q. Okay. And are all the remaining unleased parties set out in Revised Exhibit B-3?

A. They are.

Q. So, the interest that remains unleased is...in the gas estate is 43.920667%?

A. Yes.

Q. It appears we do have a couple of unknown interest owners?

A. Yes.

Q. Some in Tract 1 and some in Tract 2. Would it be your testimony that reasonable and diligent efforts

were made and sources checked to identify and locate these unknown people?

A. Yes.

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

A. Yes.

Q. Now, again, 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, again, advise the Board as to what those are?

A. We pay five dollars per acre on a five year term with a one-eighth royalty.

Q. And the additional leases that you've picked up in this unit since the time of the filing of the application are set out in Exhibit B-2?

A. That's correct.

Q. Okay. 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. Yes.

JIM KAISER: At this time, Mr. Chairman, I'd like

to incorporate the testimony taken earlier in item 2227 regarding the statutory election options afforded any unleased interest and their time frames and the ramifications of making those elections.

BILL HARRIS: Yes. That will be incorporated.

Q. Okay, Mr. Hall, in this particular unit, the Board needs to establish an escrow account for all proceeds attributable to Tracts 1, 2 and 3?

A. That's correct.

Q. Is that correct?

A. That's correct.

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

A. Equitable Production Company.

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

A. There's two wells. The first, 6422, is 2760 feet and 87...538743 is 2650.

Q. Okay. The estimated reserves?

A. For 6422 275 million cubic feet and for 538743 250 million cubic feet.

Q. So, the EUR for the unit is going to be 525?

A. Yes.

Q. Now, are you familiar with the well costs

for each proposed well 1

A. Yes.

Q. Has an AFE been reviewed, signed and submitted to the Board for each individual well?

A. It has.

Q. In your opinion, do these AFEs represent a estimate of wells costs?

A. Yes.

Q. Could you state for the Board first the dry hole costs and the completed well costs for VC-536422?

A. The dry hole costs is \$175,002 and the completed well costs is \$387,129.

Q. And how about the dry hole costs and the completed well costs for VCI-538743?

A. The dry hole costs is \$165,877 and the completed well costs is \$374,492.

Q. Do these costs anticipate a multiple completion?

A. They do.

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

A. Yes.

Q. In your professional opinion, would the granting of this application be in the best interest of

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

A. Yes.

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

BILL HARRIS: Thank you. Members from the Board...I'm sorry, questions from members of the Board?

(No audible response.)

BILL HARRIS: Do you have anything further?

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

BILL HARRIS: Is there a motion?

MARY QUILLEN: Motion to approve.

BRUCE PRATHER: Second.

BILL HARRIS: Okay. Any other discussions?

(No audible response.)

BILL HARRIS: All in favor, say yes.

(All members signify by saying yes.)

BILL HARRIS: Opposed, like sign.

(No audible response.)

BILL HARRIS: Thank you. The motion passed. The next item is a petition from Equitable Production Company for pooling of coalbed methane unit AV-73, Sandlick District, Dickenson County, Virginia. The docket number is

VGOB-08-0520-2229. We'd ask all parties who wish to speak to this item to please come forward.

JIM KAISER: Again, Mr. Chairman, Jim Kaiser and Don Hall for Equitable Production Company.

BILL HARRIS: The record will show there are no others.

DON HALL

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Mr. Hall, are you familiar with the application that we filed seeking to pool any unleased interest in the unit for EPC well number VC-539797 dated April the 18th, 2008?

A. Yes.

Q. Does Equitable own drilling rights within this unit?

A. We do.

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

A. Yes.

Q. What percentage of the gas estate is under

lease to Equitable within this unit?

A. We have 77.313571% leased.

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

A. A 100%.

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

A. Yes.

Q. So, what remains unleased and what we're pooling here before the Board is 22.686429% of the gas estate?

A. That's correct.

Q. Okay. I don't think we have any unknowns in this unit, is that correct?

A. That's correct.

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. Advise the Board as to what those are?

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

Q. In you 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. They do.

JIM KAISER: Mr. Chairman, again, I'd ask that the statutory election option testimony taken earlier in item 2227 be incorporated for the purposes of this hearing.

BILL HARRIS: Yes, that will be incorporated.

Q. Okay. Due to conflicting claimants, Mr. Hall, the Board does need to establish an escrow account for this unit and it will be for any and all proceeds attributable to Tracts 2, 3, 4 and 5, is that correct?

A. That's correct.

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

A. Equitable Production Company.

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

A. It's 2237 feet.

Q. Estimated reserves over the life of the unit?

A. 200 million cubic feet.

Q. Has an AFE been reviewed, signed and

submitted to the Board? 1

A. Yes.

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

A. It does.

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

A. The dry hole costs is \$148,431 and the completed well costs is \$357,546.

Q. Do these costs anticipate a multiple completion?

A. Yes.

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

A. It does.

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

A. Yes.

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

BILL HARRIS: Questions from Board members?

(No audible response.)

BILL HARRIS: Anything further?

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

BILL HARRIS: Do we have a motion?

MARY QUILLEN: Motion to approve.

BRUCE PRATHER: Second.

BILL HARRIS: Any further discussion?

(No audible response.)

BILL HARRIS: All in favor, say yes.

(All members signify by saying yes.)

BILL HARRIS: Opposed, like sign.

(No audible response.)

BILL HARRIS: Thank you. It's approved. Next is a petition from Equitable Production Company for pooling of 320-acre provisional horizontal drilling unit served by well VH-539578, Gladeville District, Wise County, Virginia. The docket number is VGOB-08-0520-2231. We'd like all parties who wish to speak to this item, please come forward.

JIM KAISER: Mr. Chairman, you skipped one.

BRUCE PRATHER: Yeah. That's what I thought.

MARY QUILLEN: You skipped one. Yeah.

BILL HARRIS: Did I really?

MARY QUILLEN: Yeah. It's the wrong one.

BILL HARRIS: I read twenty-five. Let's back up.

Let me re-read this or read the correct one. A petition from Equitable Production Company for creation of drilling unit and pooling of conventional gas unit V-536100, Sandlick District, Dickenson County, Virginia. The docket number is VGOB-08-0520-2230. We'd ask all parties who wish to speak to that item to please come forward.

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

BILL HARRIS: The record will show there are no others. You may proceed.

DON HALL

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Mr. Hall, are you familiar with the application that we filed seeking to establish a unit and pool any unleased interest within that unit for well V-536100, which was dated April the 18th, 2008?

A. Yes.

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

A. We do.

Q. And, again, prior to filing the application were efforts made to contact each of the respondents owning

an interest in this unit and an attempt made to work out a voluntary lease agreement with each?

A. Yes.

Q. And what is the interest under lease to Equitable in this unit?

A. We have 95.21% leased.

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

A. Yes.

Q. So, 4.79% of the unit remains unleased?

A. That's correct.

Q. So, we don't have any unknown or unlocateables in this unit, correct?

A. That's correct.

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, again, of drilling rights in the unit here and in the surrounding area?

A. Yes.

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

A. We pay five dollars per acre on a five year

term with a one-eighth royalty.

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

A. Yes.

JIM KAISER: Again, Mr. Chairman, I'd ask that we incorporate the statutory election option testimony taken into the record earlier in item 2227.

BILL HARRIS: Yes, we'll incorporate that.

Q. Mr. Hall, this being a conventional unit and coupled with the fact that we don't have any unknown or unlocateables, 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 any force pooling order?

A. Equitable Production Company.

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

A. It's 4931.

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

A. 400 million cubic feet.

Q. Are you familiar with the well costs?

A. Yes.

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

A. It has.

Q. In your opinion, does it represent a reasonable estimate of 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 costs is \$279,777 and the completed well costs is \$514,251.

Q. Do these costs anticipate a multiple completion?

A. They do.

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

A. Yes.

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

A. Yes.

JIM KAISER: Nothing further of this witness at

this time, Mr. Chairman. 1

BILL HARRIS: Questions from members of the Board?

MARY QUILLEN: Yes.

BILL HARRIS: Yes, Ms. Quillen.

MARY QUILLEN: Would you...I do not have the second page of the AFE. What was the dry hole?

DON HALL: Neither do I. That's what I was looking for while we were---

MARY QUILLEN: Okay.

SHARON PIGEON: I don't have it either.

JIM KAISER: You do? Good.

SHARON PIGEON: No, I don't.

JIM KAISER: Oh, you don't have it?

DON HALL: I've got it. What was your question, again, ma'am?

MARY QUILLEN: What is the dry hole costs?

DON HALL: \$279,777.

MARY QUILLEN: And the complete?

DON HALL: \$514,251.

MARY QUILLEN: Thanks. That page was...the second page of it was---

DON HALL: It must have stuck when they copied it.

MARY QUILLEN: ---left off.

SHARON PIGEON: David, do you have it?

DAVID ASBURY: I do.

SHARON PIGEON: And---?

MARY QUILLEN: That's what is important.

JIM KAISER: David does have it.

DON HALL: Yeah.

DAVID ASBURY: I do have it.

JIM KAISER: It must have stuck when we were copying it is the only thing I can figure.

BILL HARRIS: Yeah. Sometimes that will do that.  
Any further questions?

(No audible response.)

BILL HARRIS: Okay. You may continue.

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

BILL HARRIS: Do we have a motion?

MARY QUILLEN: Motion to approve.

BRUCE PRATHER: Second.

BILL HARRIS: Any further discussion?

(No audible response.)

BILL HARRIS: All in favor, say yes.

(All members signify by saying yes.)

BILL HARRIS: Opposed, like sign.

(No audible response.)

BILL HARRIS: Fine, thank you. That's approved.

Now, a petition from Equitable Production Company for pooling of a 320-acre horizontal...I'm sorry, provisional horizontal drilling unit served by well VH-539578, Gladeville District, Wise County, Virginia. The docket number is VGOB-08-0520-2231. We'd ask all parties who wish to speak to this item to please come forward.

JIM KAISER: Mr. Chairman, again, it will be Jim Kaiser and Don Hall for Equitable Production Company.

BILL HARRIS: Okay. The record will show there are no others.

JIM KAISER: We do have a revised set of exhibits that we're passing out to reflect additional leases that have been picked up since the time of the filing of the application. It looks like maybe some additional interest owners too, huh?

(Jim Kaiser and Don Hall confer.)

JIM KAISER: Before we get into Mr. Hall's standard testimony, go ahead and go through this revised set of exhibits for the Board, please.

DON HALL: Well, we picked up three new leases since... since we filed...as it's shown on Exhibit B-2. Initially, our notice was to Billy Joe Gibson who we found out was...found out shortly after the application was deceased and we found his three kids. They're added in B-2.

We've leased one of those kids. But Billy Joe was dismissed since he's deceased and then the other two dismissals they're other leases that we picked up, Heath Nigrian and Herman L. Sexton.

JIM KAISER: Any questions on B-2?

(No audible response.)

DON HALL

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Okay, Mr. Hall, so are you familiar with the application that we filed seeking to pool any unleased interest in the unit for EPC well number VH-539578, which was dated April the 18th, 2008?

A. Yes.

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

A. We do.

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

A. Yes.

Q. What's the interest under lease to

Equitable at this time within this 320-acre unit?

A. We have 98.885714% leased.

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

A. Yes.

Q. So, what percentage of the interest within the unit remains unleased?

A. 1.114286%.

Q. Okay. We don't have any unknown or unlocateables in this unit, correct?

A. That's correct.

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 the unit here and in the surrounding area?

A. Yes.

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

A. We pay five dollars per acre on a five year term with a one-eighth royalty.

Q. In your opinion, do the terms you just testified to represent the fair market value of and the fair

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

A. Yes.

JIM KAISER: Mr. Chairman, again, I'd like to incorporate the statutory election option testimony taken previously in item 2227.

BILL HARRIS: Yes. That will be incorporated.

Q. This is a conventional provisional unit for a conventional horizontal well. No unknowns. The Board does not need to establish an escrow account, correct?

A. That's correct.

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

A. Equitable Production Company.

Q. And what is the total depth of proposed lateral for this well?

A. The depth would be 475 feet with a 43...4,000...I'm sorry, 4075 feet with a 4,035 foot lateral.

Q. And what are the estimated reserves for the life of this unit?

A. 980 million cubic feet.

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

A. Yes.

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

A. It does.

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

A. The dry hole cost is \$725,852 and the completed well costs is \$1,513,954.

Q. Do these costs anticipate a multiple completion?

A. They do.

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

A. Yes.

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

A. Yes.

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

BILL HARRIS: Questions from Board members?

BRUCE PRATHER: I've got an interest in this. I'd like to ask a question though.

BILL HARRIS: Is that permitted?

SHARON PIGEON: Nope.

BILL HARRIS: Nope.

BRUCE PRATHER: Okay. You ask a question. Ask them if the correlative rights are protected by those packers?

BILL HARRIS: Is that allowed?

SHARON PIGEON: He could do that in a different fashion. You can do it if you want to.

BILL HARRIS: I guess, there is a concern about horizontal drilling and about the protection, I guess, of the different areas. Are packers in place to ensure that that won't be a problem?

DON HALL: I'm not an engineer, so I can't really address that.

JIM KAISER: We'll bring somebody down.

(Luke Shankin approaches.)

COURT REPORTER: Your name, please.

LUKE SHANKIN: It's Luke Shankin, geologist, Equitable Resources. The question was just---

BILL HARRIS: The question was about packers at the...to protect, I guess, the Berea in particular. As you drill, we don't have a diagram that shows the drilling, but the proper protection of that area.

LUKE SHANKIN: I'm not sure of the exact well that

this is...if this one was approved the other day. We'll set a packer 300 foot below the lowest perf and the closest offset between the well and cement up through there to ensure that there's no communication between that well and this well.

BILL HARRIS: Where is this in relation to the bend? Do you know? The assumption...I guess, a horizontal well you're going to drill down and then out and I think the concern is primarily where that...where the bend starts about...I guess, protecting from that area.

LUKE SHANKIN: Well, I guess regardless of where the bend would start, we would make sure that 300 foot like what we correlate to the bottom perf and that nearest offset. I'm not sure of the well design on this one to tell you where at in the curve that that would fall. But that packer is going to be set below any completions in the offset wells and we're going to cement up through that completion to ensure there's no communication.

JIM KAISER: Yeah, this...and this...we established this unit last month. My guess is we may have gone through some of that testimony then. Let's go ahead and swear Josh Jackson in to. Go ahead, Josh, and let's swear you in. It's a petroleum engineer.

(Josh Jackson is duly sworn.)

JOSH JACKSON

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

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Josh, can you elaborate any further on...this question is evolving out of province you all have with an earlier well where there was some communication out of the Lower Huron, I guess, or whatever the targeted formation that we had that I guess it sort of communicated up into the Berea and they're wondering if we're going to use the same plan that Adam talked about with the double packers and cement there that he had proposed as a solution and a correction to the problem that occurred with that well?

A. I'm really not sure of the well plan in this instance, but what Luke said is accurate about what---

LUKE SHANKIN: It will be the same plan that was given in the testimony by Adam a while back when he presented that to you guys after we had the communication where we set the double packer and cement up through to ensure that there's no communication with the twin well.

JIM KAISER: Yeah, I don't...I, obviously, I don't

have the transcript in front of me, but I'm reasonably certain that he testified that would be plan going forward, yeah.

BILL HARRIS: I think we talked about the double packer. I just wanted to...I guess we just wanted to make sure that some precaution was being taken in light of that incident that it would protect those other areas.

(Bill Harris and Bruce Prather confer.)

BILL HARRIS: Fine. Thank you. Thank you, gentlemen.

DON HALL: You might as well sit still.

BILL HARRIS: Yeah, yeah. Anything further?

(Bruce Prather confers with Bill Harris.)

BILL HARRIS: Now, there is an approximate location, but that's not this well. Is that correct? Okay, this well is actually in the...that 300 foot offset?

JIM KAISER: Yeah. Right now, I guess they're showing that as maybe the potential top hole.

DON HALL

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Don, are all of the other wells that

located within this 320-acres are they owned and/or controlled by Equitable Production?

A. Yes.

Q. Okay.

BILL HARRIS: They are. Okay. Thank you. I think...are there other questions?

(No audible response.)

BILL HARRIS: Okay. You may proceed now.

JIM KAISER: And, again, I'm going to...I don't have a photographic memory. I'm going to guess that most of this...most of these questions would have been answered in last month's hearing. We're not forming...we're not establishing a unit here. We're force pooling it.

BILL HARRIS: Right. The pooling, yes. I think they did come up during that time. I think they were addressed at that time with the packing recommendation and what not. I think we're okay. It's just, you know, remembering things I guess.

BRUCE PRATHER: This is the first time that I've heard that they were going to cement above those two packers. So, that make a hell of a difference.

BILL HARRIS: Okay, folks. I guess...do you have anything further?

JIM KAISER: We'd ask that the application be

approved with the revised set of exhibits to reflect the additional leases.

BILL HARRIS: Okay. Do we have a motion?

MARY QUILLEN: Motion to approve.

KATIE DYE: Second.

BILL HARRIS: Okay. It has been---

BRUCE PRATHER: Abstain.

BILL HARRIS: All in favor, say yes.

(All members signify by saying yes, but Bruce Prather.)

BILL HARRIS: Opposed, like sign.

(No audible response.)

BILL HARRIS: One abstention, Mr. Prather. I don't know where I am here.

JIM KAISER: We should be on twenty-six.

BILL HARRIS: We should be on twenty-six. The next item is a petition from Equitable Production Company for pooling of a 320-acre provisional horizontal drilling unit served by well VH-133748, Lipps District, Wise County, Virginia. The docket number is VGOB-08-0520-2232. We'd ask all parties who wish to speak to this item to please come forward.

JIM KAISER: I think it will just be Jim Kaiser and Don Hall on behalf of Equitable---

BILL HARRIS: Okay.

JIM KAISER: ---but we'll keep these other two guys down here.

BILL HARRIS: Okay. The record will show there are no others at this time.

DON HALL

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Mr. Hall, you're familiar with the application that we filed seeking to pool any unleased interest in the unit that was already established for EPC well number VH-133748, which was dated April the 18th 2008?

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, did you make efforts to contact each of the respondents and work out a voluntary lease agreement with each?

A. Yes.

Q. And what's the interest under lease to Equitable within the unit at this time?

A. We have 97.10% leased.

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

A. They are.

Q. So, 2.90% of the unit remains unleased?

A. That's correct.

Q. Okay. We don't have any unknowns?

A. No.

Q. Are you requesting this Board to force pool all unleased interest listed at 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, could you advise the Board as to what those are?

A. We pay a five...five dollars per acre on 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 for drilling rights within this unit?

A. They do.

JIM KAISER: Again, Mr. Chairman, we'd ask that

the statutory election option testimony taken previously in 2227 be incorporated for purposes of this hearing.

BILL HARRIS: It will be incorporated.

Q. 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 any force pooling order?

A. Equitable Production Company.

Q. And what's our total depth and lateral on this well?

A. The total depth is 4890 feet with a 4810 foot lateral.

Q. Okay. And does Equitable own any other existing wells, which there appears to be just one within this 320-acre unit?

A. Yes.

Q. Okay. And what are the estimated reserves over the life of this unit?

A. 980 million cubic feet.

Q. Are you familiar with the well costs?

A. Yes.

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

A. It has. 1

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

A. Yes.

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

A. The dry hole cost is \$647,146. The completed well costs is \$1,366,557.

Q. Do these costs anticipate a multiple completion?

A. They do.

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

A. Yes.

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

A. Yes.

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

BILL HARRIS: Questions from members of the Board?

MARY QUILLEN: Not really a question...well, it is a question. Where is this located?

DON HALL: It's in the Jefferson Forest area.

(Inaudible.)

MARY QUILLEN: Yeah.

BRUCE PRATHER: On High Knob?

DON HALL: High Knob, yeah.

BILL HARRIS: Other questions?

(No audible response.)

BILL HARRIS: Anything further?

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

BILL HARRIS: Let me just---

MARY QUILLEN: Motion to approve.

KATIE DYE: Second.

BILL HARRIS: Second. Any further discussion?

(No audible response.)

BILL HARRIS: I would assume by the way that this... since this was...is this one of last month's units as well...and I would assume that the testimony taken then would apply here in terms of the packing because I think those questions were raised at that time and so on.

(No audible response.)

BILL HARRIS: Okay, fine. There's a motion on the floor for approval. All in favor, say yes.

(All members signify by saying yes, but Bruce

Prather.)

1

BILL HARRIS: Opposed, like sign.

BRUCE PRATHER: Abstain.

BILL HARRIS: And one abstention, Mr. Prather.

Okay, thank you. That has been approved. The next item is a petition from Equitable Production Company for establishment of a 235.08 acre unit for drilling of horizontal coalbed methane gas wells, Town of Clincho, Dickenson County, Virginia. The docket number is 08-0520-2233. We'd ask that all parties who wish to speak to this item, please come forward.

(Rita Barrett is duly sworn.)

BILL HARRIS: The record will show there are no others. You may proceed.

JIM KAISER: Mr. Chairman, our witnesses in this matter will be...could be...will certainly be Ms. Rita Barrett, Luke... Mr. Luke Shankin and Mr. Joshua Jackson. Probably though just Rita and Luke. I don't know if we'll need...we probably won't need Josh for this. We'll start with Ms. Barrett.

RITA BARRETT

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

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

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

A. Rita Barrett. I'm employed by Equitable Production Company as Landman III.

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

A. They do.

Q. And what we're doing here, which is a different the last six months or so, we've been establishing provisional units for the drilling of conventional horizontal wells. Here what we're seeking to do is combine four existing Nora CBM units into one larger unit for the purposes of drilling horizontal CBM wells?

A. That's correct.

Q. And would it also be correct to state that Equitable either...well, I guess, has all of the acreage within this 235.08 acre unit under lease?

A. It's a 100% leased.

Q. Okay. And the royalty owner is Pine Mountain Oil and Gas and their on Board with this proposal and in favor of this proposal?

A. Yes. Range Resources-Pine Mountain.

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

BILL HARRIS: Questions from Board members?

BRUCE PRATHER: What---?

BILL HARRIS: Mr. Prather.

BRUCE PRATHER: ---coal zones are you targeting here?

LUKE SHANKIN: This will be the War Creek Coal.

BRUCE PRATHER: Okay.

JIM KAISER: Yeah, actually, in our application, Mr. Prather, we've listed Middle Seaboard, War Creek, Lower Horse Pin and the Pocahontas 9.

BRUCE PRATHER: Is this one well going to get all of them?

JIM KAISER: Well, I guess that's a question for them. But, again, in the application, we are asking for, if necessary, multiple wells.

BILL HARRIS: Are you going to have them put the testimony on?

JIM KAISER: Yeah. Is it---?

BILL HARRIS: So, should we move to that, unless there's other questions for Ms. Barrett?

(No audible response.)

BILL HARRIS: Okay. Let's just move back to you.

LUKE SHANKIN

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

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

A. Luke Shankin, employed by Equitable Resources as a geologist.

Q. Before we get into your handout where you explain what our proposal is, if you could answer Mr. Prather's question, please?

A. It will be one wellbore per seam, like one top hole per seam.

BRUCE PRATHER: Okay.

Q. Okay. If you would, go ahead and go through your handout that you've prepared for this hearing and for the next hearing.

JIM KAISER: In fact, I'll tell you what Mr. Chairman, I'm sorry. I slipped up here. Could you possibly call the next one also---

BILL HARRIS: Twenty-eight?

JIM KAISER: ---and we'll go ahead and combine these?

BILL HARRIS: Let's do that. Number twenty-eight...item twenty-eight. A petition from Equitable Production Company for establishment of a 235.08 acre unit for the drilling of horizontal coalbed methane gas wells, Town of Clincho, Dickenson County, Virginia. That docket number is VGOB-08-0520-2234. We'd like to ask all parties who wish to speak to that item to also come forward.

JIM KAISER: Mr. Chairman, again, Jim Kaiser, Luke Shankin and Rita Barrett. Let's go back to Ms. Barrett and give her testimony on 539907.

RITA BARRETT

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Again, Ms. Barrett, would it be fair to say that all of the acreage within, which is again...is four vertical Nora CBM units combined into this one 235.08 unit, would it be fair to say or accurate to say that all of the acreage within this 235.08 is under lease to Equitable?

A. Yes, it's leased from Range Resources-Pine Mountain.

Q. And, again...again, they're...they've been noticed and they're aware of this and they're on Board with this?

A. That's correct.

JIM KAISER: Okay. Nothing further of this witness, Mr. Chairman. Then I'd ask that...Mr. Shankin is going to kind of go through this proposal and there's an extra sheet at the end of the proposal for this second item that you called but the first set...the first five or six pages of the exhibits will be the same for both units.

BILL HARRIS: Fine. Thank you. Go ahead. Proceed.

LUKE SHANKIN: Okay. The exhibits for this are labeled in the top lefthand corner. These you might not be able to see it with the staple. Exhibit B is just showing the similar to our conventional horizontal wells. Allow us to intercept more fractures in the coal than a single vertical well would. If you look at Exhibit C, it just goes through the dimensions of the unit, 248 acre square unit, 3233 X 3233 and approximately 44572 feet on the diagonal. Interior window, that just includes the 300 foot set back on those dimensions. The horizontal unit could overlay and establish 60 acre Nora CBM grids, a 300 foot interior window with a 600 foot standback from adjacent grid horizontal wellbores. You should be able to drill the surface location from outside the unit as long as the production is coming from within the unit. The unit will allow for multiple

wells and/or laterals for maximum drainage. In some cases, two or more wells may be able to use the same pad due to terrain restrictions in the area.

So, if you look at Exhibit D, that's just showing the laterals intercepting the coal cleats. Similar to that, the lateral is going to be able to intercept more cleats and get more gas. Exhibit E just shows the overlay of this unit on top of the established 60 acre Nora CBM grid.

BILL HARRIS: Can I...let me ask you a question.

LUKE SHANKIN: Sure.

BILL HARRIS: Cleat, can you define that for me?

LUKE SHANKIN: A cleat, it's similar to just a fracture in the coals.

BILL HARRIS: Oh, okay.

LUKE SHANKIN: So, for E you can just see this unit will overlay the established 60 acre grids. Exhibit F just shows that the well can be outside of the unit as long as we're within the 300 acre...the 300 foot setback once we get into our coal seam. G is just showing some possible wellbore plans and multiple laterals or multiple wells in the same unit. Exhibit H is showing a map shot where we're proposing this well and the well plat on the right. In this map shot, the two wells that are in blue at the bottom are the only two that are drilled within this unit. The wells

in grade AP-41 and AP-42 are not drilled.

JIM KAISER: Do you mean the ones that are red at the bottom?

BILL HARRIS: Well, wait a minute.

LUKE SHANKIN: No. On the map shot on the left---

JIM KAISER: Oh, okay.

LUKE SHANKIN: ---it's just the two wells at the bottom are drilled, 539657 and 539659 are drilled. The two to the north in this unit are not drilled yet.

JIM KAISER: They're proposed?

LUKE SHANKIN: Proposed wells.

JIM KAISER: Okay.

LUKE SHANKIN: And Exhibit I just goes through the benefits of horizontal drilling similar to our conventional benefits and few issues with coal mining. We have less disturbance. It can more effectively extract the gas. Laterals can reach into areas otherwise inaccessible by vertical bore holes. We have a higher depletion rate with shorter lives to wells. This will encourage the development of the resource in the future. The last page is the same, just for the following unit. In this grid, the two on the right 539617 and 539631 are drilled and the two to the west, those two units do not have wells in them.

JIM KAISER: Are all of the...Rita, let's go back to you for a minute.

RITA BARRETT

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Are all of the existing wells within both of these units owned and/or controlled by Equitable Production Company?

A. They are.

Q. And in both of these units that we're seeking to establish, would it accurate again to say that there's just one royalty owner?

A. That's correct. It's Range Resources-Pine Mountain.

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

BILL HARRIS: Any questions from Board members?

BRUCE PRATHER: I got a little question.

BILL HARRIS: Yes, Mr. Harris.

BRUCE PRATHER: This is the reason that I asked you whether or not you were drilling one or two seams.

LUKE SHANKIN: Well, you could take---

BRUCE PRATHER: You've got one here that's ten inches and you've got the other one in War Creek's Field.

LUKE SHANKIN: You could potentially take two wellbores off of the same pad.

BRUCE PRATHER: Oh, sure.

LUKE SHANKIN: And that might be an example of that. But it would still just be one top hole per seam is all we would be doing.

BRUCE PRATHER: Yeah. But you're not using the same hole?

LUKE SHANKIN: No.

BRUCE PRATHER: Okay.

LUKE SHANKIN: No, a different hole. Potentially some people do do that, but we don't have any plans of that right now.

BRUCE PRATHER: Yeah. You've got to use some bigger pipe.

BILL HARRIS: Other questions?

MARY QUILLEN: Mr. Chairman---

BILL HARRIS: Yes, Ms. Quillen.

MARY QUILLEN: ---just one comment, I guess. Looking at Exhibit D, it looks like there are four proposed surface unit locations, is that right?

LUKE SHANKIN: 1 No. This is just an example showing that these laterals could...just the way that they would intercept the Cleat system. It doesn't---.

MARY QUILLEN: Okay. So, it's not...it doesn't necessarily mean you're going to have that many surface units?

LUKE SHANKIN: No. No, it's not.

JIM KAISER: No, it's a generic exhibit.

LUKE SHANKIN: Yeah, just...yeah.

MARY QUILLEN: Okay. Okay.

BILL HARRIS: Other questions?

(No audible response.)

BILL HARRIS: Do you have anything further?

JIM KAISER: Mr. Chairman, we'd ask that the applications in both of these items be approved as submitted.

BILL HARRIS: Do we have a motion?

MARY QUILLEN: Motion to approve.

KATIE DYE: Second.

BILL HARRIS: Okay. Any---?

BRUCE PRATHER: I'll second.

BILL HARRIS: Okay. It's already been seconded. We're taken care of, but thank you.

BRUCE PRATHER: Okay.

BILL HARRIS: Any further discussion?

(No audible response.)

BILL HARRIS: All in favor, say yes.

(All members signify by saying yes.)

BILL HARRIS: Opposed, like sign.

(No audible response.)

BILL HARRIS: It's approved.

RITA BARRETT: Thank you.

BILL HARRIS: Uh-huh, thank you. The next item is a petition from Equitable Production Company for disbursement of funds from escrow and authorization for payment...I'm sorry, direct payment of royalties on Tracts 3, unit VC-501826, Ervington District, Dickenson County, Virginia. The docket number is VGOB-04-0120-1255-01. We'd ask that all parties who wish to speak to these...to this item, please come forward.

JIM KAISER: Mr. Chairman, in this particular case...in the next two it will be Jim Kaiser and Don Hall on behalf of Equitable Production Company.

BILL HARRIS: The record will show there are no others.

DON HALL

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER: 1

Q. Mr. Hall, we have filed a petition to have some money disbursed from escrow from this unit. It will be...it's in...it involves Tract 3 in the unit, correct?

A. Yes.

Q. And we have signed split agreements from the parties involved in this split?

A. Yes.

Q. And the split is a 75/25 split?

A. That's correct.

Q. And we have compared both the Equitable records and the bank records to see that they match, is that correct?

A. Yes.

Q. And we have listed on our exhibit the owner's percent in escrow, is that correct?

A. That's correct.

Q. And we have listed the...dollar figures in escrow and the corresponding amount due the two parties to the split agreement and in regards to their percent in escrow as of a certain date and that date is January the 31st of 2008, is that correct?

A. That's correct.

Q. And we would ask the Board that they

disburse this money in accordance with the owner's percentage of escrow rather than what we've represented to them now because there has been additional...there have been or will be additional payments and additional fees, is that correct?

A. Yes.

Q. And we'd ask that the Board also direct in their order that going forward, any proceeds attributable to this tract be paid directly to the two parties to the split agreement, is that correct?

A. That's correct.

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

DON HALL: I have a correction to make.

BILL HARRIS: Yes.

DON HALL: In the last page of your packet there, we have the wrong address for Pittston...for Pine Mountain.

JIM KAISER: You still got Richard Brewheart on there.

DON HALL: Yeah. We've got the Lebanon...at the time this well was pooled, that's where their...that was the correct information. The lady that put this together used the original address rather than the current address, which would be Range Resources-Pine Mountain Oil and Gas,

Attention: Phil Horn. We could just correct this exhibit and---

JIM KAISER: Yeah, why don't we---

DON HALL: Okay.

JIM KAISER: ---provide you all with a corrected exhibit.

BILL HARRIS: Yeah. That should be acceptable.

JIM KAISER: It looks like we got the next one right. So, I don't know what happened there. That's odd, isn't it?

BILL HARRIS: I do have a question.

DON HALL: Uh-huh.

BILL HARRIS: The Range-Resources letter, February the 14th, and this is just an observation, I noticed that it talks about Pine Mountain, William L. Corn and Kimberly Corn. "Wherein, the parties have agreed to a 75/25% permanent split." It doesn't really say who gets the 75 and who gets the 25. Now, there is another letter or another letter from Pine Mountain that does specify that. But in reading that, it really isn't clear. Now, is there some...I mean, there's a first person who's mentioned, is that always Range Resources or what? I mean, do you know what I'm saying?

DON HALL: Well, actually, Range gets the 25.

BILL HARRIS: 1 Yeah, I understand that after reading the second letter. But if you read this in its entirety, just that letter...I guess, I'm just suggesting maybe that that be made clearer in the letter because it's not real clear who gets the 75 and who gets the 25. What is said is that there is a split and they've agreed on something. I mean, just in the interest of everybody concerned. I'm not...I'm not being critical of anything. But I'm just saying that that might be...in the future you might want to specify who gets what to whoever that is directed to.

JIM KAISER: Well, yeah. And Pine Mountain is here and they can hear you. So---.

BILL HARRIS: Pine...and the Pine Mountain one actually does say in the body of it...well, the third paragraph down that you receive and this directed to the Corns "that you receive 75". But I was just thinking that original letter said they agreed to a split, but it didn't specify.

JIM KAISER: Yeah, and I guess in their defense, the letter that you're referring to is actually addressed to Equitable rather than the Corns. So, I guess, maybe they---

BILL HARRIS: Well, but then your interpretation--

JIM KAISER: I guess they assumed that Equitable knows that...well, they're copied on it aren't they?

BILL HARRIS: Well, I'm just...well, anyway, I would just...well---

DON HALL: I see what you're saying.

JIM KAISER: Yeah.

BILL HARRIS: Yeah. It might be good to specify who...who is going what.

JIM KAISER: It would be less confusing.

DON HALL: We'll---

JIM KAISER: 50/50, of course, wouldn't be a problem.

DON HALL: We'll pass that along to Range Resources.

SHARON PIGEON: Jim, what tracts are we talking about?

JIM KAISER: Tract 3.

SHARON PIGEON: Is that the end of Tract 3? It doesn't need to be maintained as a sub account any longer? Is this a total?

DON HALL: Yeah, that's all...that's the only one, Tract 3. Exhibit E...revised Exhibit E shows the...what's left in the account.

BILL HARRIS: So, future disbursements go directly to the folks?

JIM KAISER: To the two parties.

DON HALL: Correct.

BILL HARRIS: Any other---?

JIM KAISER: So, it's a full disbursement and not partial, right?

DON HALL: Right.

BILL HARRIS: Any other questions from Board members?

(No audible response.)

BILL HARRIS: Anything further?

JIM KAISER: We'd ask that the application be approved as submitted with the caveat that we're going to provide the revised exhibit with the correct address.

BILL HARRIS: Right. Yes. Okay, fine. Any...do we have a motion?

MARY QUILLEN: Motion to approve.

BRUCE PRATHER: Second.

BILL HARRIS: Any further discussion?

(No audible response.)

BILL HARRIS: All in favor, say yes

(All members signify by saying yes.)

BILL HARRIS: Opposed, like sign.

(No audible response.)

BILL HARRIS: Fine. Thank you. That has been approved. That was twenty-nine. The next item is a petition from Equitable Production Company for disbursement of funds from escrow and authorization for direct payment of royalties on Tract 3, unit VC-2846, Ervington District, Dickenson County, Virginia. The docket number is VGOB-93-0316-0343-02. We'd ask all parties who wish to speak to this item, please come forward.

JIM KAISER: Mr. Chairman, again, Jim Kaiser and Don Hall. We're here on behalf of the O'Quinns and Range Resources-Pine Mountain to ask that all proceeds attributable to Tract 3 in this unit be disbursed in accordance with the royalty split agreement, which provides for 75% to the O'Quinns and 25% to Range Resources-Pine Mountain.

DON HALL

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Mr. Hall, do we have a...have we compared the bank's records and the company's records?

A. Yes.

Q. And they are in compliance?

A. A balance as of---

Q. In congruence?

A. A balance as of March 31.

Q. Okay. And also in that Exhibit, have we included the escrow's percentage of escrow?

A. Yes.

Q. I mean, excuse me, the owners' percentage of escrow?

A. Yes.

Q. And is that the figure that the Board needs to use when disbursing?

A. Yes.

Q. Rather than this amount because there will be or have been additional deposits and/or fees?

A. That's correct.

Q. And would we also ask that the order state that any proceeds attributable to Tract 3 going forward be paid directly to the two parties to the split agreement?

A. Yes.

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

BILL HARRIS: And those were the only two people in Tract 3?

DON HALL: That's correct.

BILL HARRIS: So, that...so, we don't need to withhold anything there?

JIM KAISER: So, yeah, it's a full disbursement and not partial.

DON HALL: For that tract?

JIM KAISER: For that tract.

BILL HARRIS: Questions from Board members?

(No audible response.)

BILL HARRIS: Anything further?

JIM KAISER: I don't think so, Mr. Chairman.

BILL HARRIS: Is there a motion?

MARY QUILLEN: Motion to approve.

BRUCE PRATHER: Second.

BILL HARRIS: Any further discussion?

(No audible response.)

BILL HARRIS: All in favor, say yes.

(All members signify by saying yes.)

BILL HARRIS: Opposed, like sign.

MARY QUILLEN: Yes.

BILL HARRIS: That was for the yes vote because of yes?

MARY QUILLEN: Yes.

BILL HARRIS: Okay, thank you. I just wanted to make sure. It was a little delayed after I ask. Okay,

fine. That has been approved. The next item, a petition from Equitable Production Company for a disbursement of funds from escrow and authorization for direct payment of royalties on Tract 2, unit VC-505247, Kennedy District, Dickenson County, Virginia. The docket number is VGOB-03-0415-1145-01. We'd ask all parties who wish to speak to that item to please come forward.

DON HALL

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Mr. Hall, here we are appearing on behalf of the Estate of Emily P. Baker, Elizabeth Ann Cox and Berkeley Cox and Pauline B. Legard, is that correct?

A. That's correct.

Q. And we're asking that...this will be a full disbursement too...these are all of the interest in Tract 2?

A. Yes.

Q. And it's Tract 2 that we're wishing to disburse from?

A. Yes.

Q. And we have compared Equitable's records with the bank's records?

A. Yes.

Q. And they're in congruence?

A. Yes.

Q. And we have provided an exhibit that shows each owners' percentage of the amount in escrow?

A. Yes.

Q. And the Board should disburse based upon that percentage?

A. That's correct.

Q. And we would ask that the order also state that any future proceeds attributable to this tract within this unit be paid directly to the parties listed going forward?

A. Yes.

Q. Do you have anything further?

A. No.

BILL HARRIS: Board members, are there any questions?

BRUCE PRATHER: I have one. What's the date---?

BILL HARRIS: Mr. Prather.

BRUCE PRATHER: ---of the disbursement?

DON HALL: What's the what?

BRUCE PRATHER: The date of the disbursement, when it starts. What's the date?

SHARON PIGEON: Of the reconciliation?

BRUCE PRATHER: Yeah.

DON HALL: January the 31st.

BRUCE PRATHER: Okay. Thank you.

BILL HARRIS: I might ask also, the last page in our handout actually has a pencilled correction for an address for Hartford, Connecticut. The one that I have actually has a---.

MARY QUILLEN: Ours doesn't---.

DON HALL: Mine doesn't.

BILL HARRIS: Yours does not? Well, now, how did that happen?

SHARON PIGEON: You got that an copy.

BILL HARRIS: Okay.

SHARON PIGEON: I've got 146 Fern Street, Hartford, Connecticut.

BILL HARRIS: The second address.

JIM KAISER: Oh. 54 Canoe Hill Road.

SHARON PIGEON: That's what I have.

BILL HARRIS: Is mine the only that's marked out?

SHARON PIGEON: Yes.

DON HALL: Oh, I see what...see what happened.

JIM KAISER: Oh, they put Lebanon, Virginia in that.

BILL HARRIS: See there was another Lebanon.

DON HALL: Yeah.1

JIM KAISER: Yeah.

DON HALL: Lebanon, Virginia should be scratched.

I don't know how---

BILL HARRIS: Oh, I see what happened. Somebody scratched both---

SHARON PIGEON: Two cities.

BILL HARRIS: Well---

(Sharon Pigeon and Bill Harris confer.)

JIM KAISER: New Cannon, Connecticut should be the right address.

BILL HARRIS: Well, now, both of mine are marked out and it has Hartford, Connecticut---

SHARON PIGEON: Written in.

BILL HARRIS: ---written in pencil.

DON HALL: I don't know where that came from. Lebanon should be scratched.

BILL HARRIS: But the New---

MARY QUILLEN: New Cannon, Connecticut.

BILL HARRIS: ---Cannon is correct as far as you know?

DON HALL: As far as I know.

BILL HARRIS: Well, I'm the only one that seems to have that. So, I'm not sure what---

JIM KAISER: Well, we need to check that because I'm looking at the application and it says Pauline Legard whose address in care of Evelyn F. Legard, Canoe Hill Road, Hartford, Connecticut.

SHARON PIGEON: Yours says Hartford?

JIM KAISER: The application does. The exhibit says New Cannon, Connecticut.

DON HALL: Well---

JIM KAISER: So, we need to check that and get it back to you.

SHARON PIGEON: Yeah, we need to know.

BILL HARRIS: If we were to have that...I don't think that's going to change the outcome. But if we would have...not from our point of view, but if you would get that corrected and submitted I think we'll be okay.

JIM KAISER: I'm sure it's Charlie Barlett's fault.

(Laughs.)

DON HALL: Since he's not here.

JIM KAISER: No, I would say it if he was here. He represents the---

BILL HARRIS: Well, anyway, we'll move on. Other questions?

(No audible response.)

BILL HARRIS: Anything further?

JIM KAISER: No. We'd ask that the application be approved and submitted with the caveat that we'll make sure that we've got the right addresses for the---

BILL HARRIS: Correct the address, fine. Is---?

SHARON PIGEON: You need to make sure David has that.

JIM KAISER: Right.

BILL HARRIS: Okay. Is there a motion?

MARY QUILLEN: Motion to approve with the stipulation.

BRUCE PRATHER: Second.

BILL HARRIS: Okay. Any further discussion?

(No audible response.)

BILL HARRIS: All in favor, say yes.

(All members signify by saying yes.)

BILL HARRIS: Opposed, like sign.

(No audible response.)

BILL HARRIS: Fine. Thanks. That's approved. A petition from Equitable Production Company for a modification of the Nora Coalbed Gas Field Rules to allow for drilling of an additional well in unit BV-41, Kennedy District, Dickenson County, Virginia, docket number is VGOB-89-0126-0009-27. We'd ask for all parties who wish to speak

to this item to please come forward.

JIM KAISER: Mr. Chairman, our witnesses in this matter will be Ms. Rita Barrett and Mr. Joshua Jackson. They've both been previously sworn. We'll start with Ms. Barrett.

RITA BARRETT

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Ms. Barrett, all of the acreage within this unit has either been...is either under a voluntary lease to Equitable Production Company or as of about twenty minutes ago was force pooled by the Virginia Gas and Oil Board, is that correct?

A. Yes. It was force pooled at docket item twenty-two today.

Q. Okay, now, the increased density well, which will be VCI whatever it is.

A. 538743.

Q. Right. It will actually be outside the interior window, is that correct?

A. That's correct.

Q. And did you have a plat prepared to present to David today to show that there are no correlative rights

issues because all acreage within a 750 foot radius of that is owned by Standard Banner and under lease to Equitable, correct?

A. Yes, I do.

Q. Okay.

A. I don't have an original. I will make sure that I get one to you.

Q. So, it would be your testimony that there would be no correlative rights issues?

A. Yes.

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

BILL HARRIS: Questions?

(No audible response.)

BILL HARRIS: Okay. Continue.

JOSHUA JACKSON

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

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

A. My name is Josh Jackson. I'm employed by Equitable Production. I'm an engineer.

Q. And you have not previously testified before the Board. So, if you could just kind of briefly go through your work history and educational background for them.

A. I have a Bachelor's from West Virginia University in Petroleum and Natural Gas Engineering. I worked for two years for (inaudible) and I've worked the last three for Equitable as a drilling engineer and production engineer.

Q. Okay. Now, in conjunction with the handout that you've provided for the Board, could you go through the process of this increased density drilling and what we've seen so far in the areas in which we've completed it and, you know, basically why we're seeking to be able to do two wells in this unit?

A. Sure. The first handout I gave is for the BV-41 unit. The exhibits are labeled on the sheets. The first exhibit showing the grid, obviously, BV-41. The second exhibit is not labeled as an exhibit, but it is a map of where we have done the increased density drilling. This particular well to be in the Middle Fork area in the center of that map---

BILL HARRIS: Let's call that one BB.

A. BB.

BILL HARRIS: So, when we make reference to it...okay, fine. Go ahead, you were saying.

A. This just shows the areas shaded in grey that we have done the infill drilling in. This particular well being in the Middle Fork in the middle of the exhibit there. The bottom is BV-41 in green. Exhibit C, this is sort of a summary of the years...the number of wells that were drilled. You see in 2008 we've drilled eleven infill wells and we've made six million cubic feet of gas thus far. Exhibit D shows the benefit of doing the infill wells. It's an illustration of the original wells. Cumulative gas rate being the green curve. Then the red curve being the sum of the two, the original well plus the infill well, the cumulative rate. The end result...this should be at the top instead of 3.5 million cubic feet per day. It's closer to 3.7. The 3.5 being old. Exhibit E finally for the Middle Fork area is how we come to the estimated ultimate recovery calculation. We take the average original well. EURs of 362 million and apply the 45%, which gives us the second well EUR expected to be 163 million giving us a total unit EUR of 525 million per sixty acre units. That's all I have for this one.

BILL HARRIS: Questions from Board members?

(No audible response.)

BILL HARRIS: I think at one time we commented about exhibits, additional ones you use double letters. So, if you all can remember...you all may not have been here doing that.

JIM KAISER: That's my fault.

JOSHUA JACKSON: You set me up.

SHARON PIGEON: Your lawyer didn't tell you, but when you hand out exhibits we want double letters on them so it distinguishes any letters that were utilized with the filing and---

JIM KAISER: Attached to the application. So, going forward, any handout just double up the A, B, C, D---

BILL HARRIS: Just double the letters.

JOSHUA JACKSON: Certainly. Sure.

SHARON PIGEON: That way there's no concern about the other letters.

BILL HARRIS: Because there are Ds and Es in the other one, in the app sometimes, yeah.

RITA BARRETT: I'll take credit for them not doing that.

BILL HARRIS: Well, I think---

SHARON PIGEON: Well, we were happy---

(Laughs.)

JIM KAISER: That would rather blame me. That's all right.

BILL HARRIS: And that's not a problem as long as we can, you know...just in the future if you can remember to put the double As. Any questions?

(No audible response.)

BILL HARRIS: Okay. You can continue.

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

BILL HARRIS: Okay. Do we have a motion? Yes, question, Ms. Quillen?

MARY QUILLEN: One question that I noticed on the addresses that I had a question about. On Exhibit B, there is no city and state for Danny and Sandra Lee.

BILL HARRIS: Yeah, that's that last page of Exhibit B. The very last page on the original application.

MARY QUILLEN: That needs to be---

JIM KAISER: It's just typo because they must have gotten the card because I've got the return receipt here. Nora...Danny E. Lee and Sandra Lee, 59...594 Highland Road, Nora, Virginia.

RITA BARRETT: What's the zip code, Jim?

JIM KAISER: The zip code is 24272...no, that's Spencer Lee. 2427...I'm sure Nora has only got one.

MARY QUILLEN: Nora has only got one zip code.

(Laughs.)

SHARON PIGEON: I think you've got it covered.

MARY QUILLEN: That would need to be corrected.

BILL HARRIS: Yeah, if you can get that Exhibit B corrected and just mailed in. I think that will be okay. Okay, further questions?

(No audible response.)

BILL HARRIS: Is there a motion?

MARY QUILLEN: Motion to approve.

BRUCE PRATHER: Second.

BILL HARRIS: Any further discussion?

(No audible response.)

BILL HARRIS: All in favor, say yes.

(All members signify by saying yes.)

BILL HARRIS: Opposed, like sign.

(No audible response.)

BILL HARRIS: Fine. Thank you. It's approved.

The next item is a petition from Equitable Production Company for a modification of the Nora Coalbed Gas Field Rules to allow for drilling of an additional well in unit BQ-54, Ervington District, Dickenson County, Virginia. The docket number is VGOB-89-0126-0009-28. We'd ask all parties who wish to speak to this item to please come forward.

JIM KAISER: Again, Mr. Chairman, Rita Barrett and Joshua Jackson.

BILL HARRIS: The record will show there are no others. You may proceed.

JIM KAISER: I'm going to start with Ms. Barrett.

RITA BARRETT

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Ms. Barrett, again, on...in this unit would it be accurate to state that a 100% of the acreage is under voluntary lease to Equitable Production Company?

A. That's correct.

Q. It's all Lambert land?

A. It's 4.93% is leased to Range Resource-Pine Mountain and 95.07% is leased to Lambert Land, LLC.

Q. And, again, the increased density well of a second well will be outside the interior window of the unit?

A. That's correct.

Q. And, again, you have provided...you have a plat to provide to David to show that within in a 750 foot radius of that well outside the interior window is...the acreage is all owned by Lambert Land and under lease to Equitable. So, there are no correlative rights issues?

A. It's Alpha Land Coal and Lambert Land, yes. I do have an original plat for that.

Q. But it would be your testimony that there wouldn't be any correlative rights issues associated with the well being outside the interior window?

A. That's correct. That's correct.

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

BILL HARRIS: Questions from members of the Board?  
(No audible response.)

BILL HARRIS: You may continue.

JIM KAISER: Again, we'll call on Mr. Jackson to go through his handout that he prepared in conjunction with this well.

JOSHUA JACKSON: It must be noted that Exhibit BB from my last thing is going to be used as BB in this one. The first exhibit, I guess it would be AA, BU-54 shows the grid...the surrounding grids. Exhibit BB once again, shows the map shading in grey the areas that we've performed infill drilling on. This well to be located in the Lambert Land section where I've made a black square around it on the left side. Exhibit CC, that's the same exhibit from before showing the...that we've drilled eleven wells this year...eleven infill wells and we've made 6 million cubic

feet. DD once again, the green curve represents the cumulative rate from the original wells. The red curve showing the sum of the rights, I guess, from the infill wells plus the original wells showing the incremental benefit to be around 3.7 million cubic feet per day. On this, at the top, I edited... there was a typo where it said 2006 and 1007 drilling. I edited that to it looks like 2006 and 2007. And the final exhibit, this is how we come to the EUR calculation for the Lambert land area taking an average original well EUR of 328 million. It's, again, 45% and the second...the infill well EUR the average is 147...475 million EUR for this 60 acre grid.

BILL HARRIS: Questions?

(No audible response.)

BILL HARRIS: Now, I know you were doubling the exhibits...does this need to be EEE just for---?

SHARON PIGEON: No, this is a different one.

JIM KAISER: No, it's a separate matter.

BILL HARRIS: Well---.

SHARON PIGEON: This is in a different number.

BILL HARRIS: Okay. Okay. So, E is fine?

SHARON PIGEON: EE is what he testified to.

BILL HARRIS: EE is fine?

(No audible response.)

JOSHUA JACKSON: 1 Sir, I apologize. It will be a little better laid out when I do this again.

BILL HARRIS: That won't be a problem. I know sometimes we will have...I guess in pooling orders we have the EE. I just didn't want to confuse that. Since that isn't one of those type of orders. So, we're okay. Questions from---?

BRUCE PRATHER: I have a question.

BILL HARRIS: Yes, Mr. Prather.

BRUCE PRATHER: Is there a reason that you're doing these on single units instead of getting a big grouping of units?

JIM KAISER: Oh, yeah.

BRUCE PRATHER: Huh?

JIM KAISER: I'll let Ms. Barrett address that.

RITA BARRETT: As you're well aware, we've had some coal issues. We are doing these when we get coal approval.

BRUCE PRATHER: You're talking about that Penn Virginia thing.

RITA BARRETT: I'm sorry?

BRUCE PRATHER: Are you talking about the Penn Virginia thing?

JIM KAISER: No.

RITA BARRETT: I'm just saying that we are doing these infill wells as they get coal approved.

BRUCE PRATHER: Okay. Okay.

JIM KAISER: We'd love to do more than one unit at a time.

BRUCE PRATHER: Well, that's what I was thinking, you know, instead of coming here---.

JIM KAISER: It has just not...it has just not been---.

BRUCE PRATHER: Two individual wells why not unitize the whole thing?

JIM KAISER: If you will remember, we started out that way.

BRUCE PRATHER: Yeah.

BILL HARRIS: Okay. Other questions?

(No audible response.)

BILL HARRIS: Anything further?

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

BILL HARRIS: Do we have a motion?

MARY QUILLEN: Motion to approve.

BRUCE PRATHER: Second.

BILL HARRIS: Any further discussion?

(No audible response.)

BILL HARRIS: All in favor, say yes.

(All members signify by saying yes.)

BILL HARRIS: Opposed, like sign.

(No audible response.)

BILL HARRIS: Fine. That's approved.

JIM KAISER: Thank you.

RITA BARRETT: Thank you.

BENNY WAMPLER: Do we need to do a...do we need a stretch break or are we okay?

(Board members signify in the negative.)

BILL HARRIS: We'll call the next item. It's a petition from Range Resources-Pine Mountain, Inc. for the establishment of a drilling unit and pooling of conventional gas well V-536706, Kennedy District, Dickenson County, Virginia. The docket number is VGOB-08-0520-2235. We'd like for...we'd ask that all parties who wish to speak to this item, please come forward.

TIM SCOTT: Tim Scott, Phil Horn and Ian Landon for Range Resources-Pine Mountain.

BILL HARRIS: You can proceed when you're ready.

TIM SCOTT: Thank you. This particular...we started...we have two. Everybody's sworn, right?

BILL HARRIS: I'm sorry. I didn't mean to make that public. I was just asking about swearing in, sorry.

And the record will show there are no others other than the folks here.

TIM SCOTT: We filed this pooling application in connection with a well location exception that was granted back in January of this year. During the time that we did our field work, we discovered there was another tract that was included within the circle. So, we filed the pooling application and then refiled the well location exception application. We were able to pull the order before it was approved. So, that's where we are right now. The...I had spoken with several of the heirs who are listed n Tract 3 who indicated they were going to be here today, but I don't see anybody here. My question to the Board is once...if we can this pooling application along with the well location application and then do number thirty-four or number thirty-five after these two are done? Would that be acceptable to the Board?

BILL HARRIS: Are you saying thirty-four and then thirty-six?

TIM SCOTT: Yes...yes, sir.

BILL HARRIS: And then come back to do thirty-five?

TIM SCOTT: Yes, sir.

BILL HARRIS: I think that would be acceptable.

TIM SCOTT: Okay, thank you. The one other question that I would have is...one we hear testimony from Mr. Horn it's nothing about the testimony that Mr. Grantham would be giving would be any different. It's a matter of notice and who would be notified. So, Mr. Horn's testimony would be the only testimony we would need unless we had other people here who would have an interest in this well. So, I would like to get him in and out if we could do that fairly quickly. All right. Now, I'll stop talking here.

PHIL HORN

DIRECT EXAMINATION

QUESTIONS BY MR. SCOTT:

Q. All right. Mr. Horn, again, would you state your name and by whom you are employed?

A. My name is Phil Horn. I'm land manager for Range Resources-Pine Mountain, Inc.

Q. And what's your job description, please?

A. I'm in charge of all land related activities.

Q. Is this...you're familiar with this application establishing a unit and pool this unit, is that right?

A. Yes, I am.

Q. And does the unit subjected to statewide spacing?

A. Yes, it is.

Q. And how many acres does it contain?

A. 112.69.

Q. Does Range Resources-Pine Mountain own drilling rights in this unit?

A. Yes, we do.

Q. And are there any parties respondent listed on Exhibit B-3 who should be dismissed from this application?

A. Yes, there are. There are---

Q. Would you please name those for us?

A. Angela Redding Back, Eva Adkins, Margaret Perry and her husband, Henry Perry, and Glenna Nash Jackson and her husband, Jackman...and her husband, Dave Jackman.

Q. So, those parties are now leased, is that correct?

A. Yes.

Q. Okay. As far as the other parties listed as respondents on Exhibit B-3, have you attempted to reach a voluntary agreement with those people?

A. Yes, we have.

Q. Okay. What efforts have you made?

A. Our partner, Equitable Production Company, has force pooled this tract three times for coalbed methane units and we took our last exhibit...most recent exhibit and we went to the Courthouse and we updated the ownership and checked for Wills, deeds and then we mailed new leases to all of the parties that had not leased. Of course, we got four of them back.

Q. Okay. As a result of your efforts, what percentage of the unit does Range Resources-Pine Mountain have under lease currently?

A. 99.83815349%.

Q. And how as notice given to the parties respondent that this hearing would happen today?

A. It was done by certified mail to the known parties and it was done by publication in the Bluefield Daily Telegraph for the unknown parties.

Q. What date was that published?

A. On April the 26th of '08.

Q. And have you filed proofs of publication and proof of mailing with Mr. Asbury?

A. Yes, we have.

Q. Okay. Now, has Range Resources-Pine Mountain authorized to conduct business in the Commonwealth of Virginia?

A. Yes, we are.

Q. And is there a bond on file?

A. Yes, there is.

Q. If you were able to reach a voluntary agreement with the parties listed on Exhibit Three, what terms would you offer?

A. Five dollars per acre for a five year lease with a one-eighth royalty.

Q. Do you consider that to be fair and reasonable compensation for a lease in this area?

A. Yes, I do.

Q. What percentage of the oil and gas estate or the gas estate is Range Resources-Pine Mountain seeking to pool?

A. .16184651%.

Q. And we do have an escrow requirement here, is that right?

A. That's correct.

Q. And has an Exhibit E been submitted with the application?

A. Yes, it has.

Q. What tract or tracts were subjected to escrow for this unit?

A. Tract 3.

Q. And what<sub>1</sub> is the percentage of the unit which is subjected to the escrow?

A. .1209636%.

Q. And are you requesting the Board to pool the...any unleased parties listed on Exhibit Three?

A. Yes, we are.

Q. Are you also requesting that Range Resources-Pine Mountain be named operator for this unit?

A. Yes.

Q. And what would be the address used for any elections made parties respondent?

A. Range Resources-Pine Mountain, Inc., 406 West Main Street, P. O. Box 2136, Abingdon, Virginia 24212.

Q. Is this the address for all communications concerning this unit?

A. Yes.

TIM SCOTT: That's all the questions I have Mr. Horn.

BILL HARRIS: Questions from Board members?

(No audible response.)

BILL HARRIS: Okay. You may continue.

TIM SCOTT: Thank you.

IAN LANDON

DIRECT EXAMINATION

QUESTIONS BY MR. SCOTT:

Q. Would you state your name, Mr. Landon?

A. My name is Ian Landon. I'm operations manager for Range Resources-Pine Mountain.

Q. Did you assist in the preparation of this application?

A. Yes, I did.

Q. And what is the proposed well depth for this unit?

A. 6,100 feet.

Q. And are you familiar with the estimated reserves for this unit?

A. Yes, I am.

Q. And what would that be?

A. 350 million cubic feet.

Q. Are you also familiar with the well costs?

A. Yes.

Q. What is the proposed...what is the estimated dry hole costs?

A. \$276,224.

Q. And the completed costs?

A. \$512,197.

Q. Did you also participate in the preparation of the AFE that was submitted with the application?

A. Yes, I did.

Q. And does the AFE include a reasonable...a charge for supervision...a reasonable charge for supervision?

A. Yes.

Q. And in your opinion, would the granting of this application promote conservation, prevent waste and protect correlative rights?

A. Yes.

TIM SCOTT: That's all I have for Mr. Landon.

BILL HARRIS: Questions from Board members?

(No audible response.)

BILL HARRIS: Okay. Is there anything further?

TIM SCOTT: No, sir. That's our case.

BILL HARRIS: Do we have a motion?

MARY QUILLEN: Motion to approve.

BRUCE PRATHER: Second.

BILL HARRIS: Any further discussion?

(No audible response.)

BILL HARRIS: All in favor, say yes.

(All members signify by saying yes.)

BILL HARRIS: Opposed, like sign.

(No audible response.)

BILL HARRIS: Thank you. It has been approved.

We will move to item thirty-six, please. Thirty-six is a petition from Range Resources-Pine Mountain, Inc. to modify previously issued location exception to well V-536706, Kennedy District in Dickenson County, Virginia. The docket number is VGOB-08-0115-2125-01. We'd ask all parties who wish to speak to this item to please come forward.

TIM SCOTT: Tim Scott and Phil Horn and potentially Jerry Grantham.

BILL HARRIS: The record will show there are no others. You may proceed.

TIM SCOTT: Thank you.

PHIL HORN

DIRECT EXAMINATION

QUESTIONS BY MR. SCOTT:

Q. Mr. Horn, again, state your name and by whom you're employed?

A. Phil Horn, land manager of Range Resources-Pine Mountain, Inc.

Q. And as you...as we stated earlier this

particular well location exception application was approved in January of 2008, is that correct?

A. That's correct.

Q. And at that time, we had noticed those parties that we knew would have an interest in this unit, is that right?

A. That's correct.

Q. During your field work, did you discover...what did you discover?

A. We were...we were getting our title approvals ready and determined that the surveyors had inadvertently left a small tract of the northwest corner out of the unit. It was a coal only tract.

Q. And what is the percentage within the unit?

A. This tract contributes .54 acres or .48% of the unit.

Q. And how were those parties notified of this hearing?

A. They were notified by certified mail of the known owners and by publication in the Bluefield Daily Telegraph of unknown owners.

Q. And have we filed proof of mailing and proof of publication---

A. Yes, we have.

Q. ---with Mr. Asbury?

TIM SCOTT: Good. That's all the questions I have for Mr. Horn.

BILL HARRIS: The tract you mentioning is number Three is that upper corner?

TIM SCOTT: Yes, sir.

BILL HARRIS: Thank you. Okay, questions from Board members?

(No audible response.)

BILL HARRIS: Okay. You may continue.

TIM SCOTT: Okay, thank you.

JERRY GRANTHAM

DIRECT EXAMINATION

QUESTIONS BY MR. SCOTT:

Q. Mr. Grantham, would you please state your name?

A. Jerry Grantham.

Q. And you had testified earlier as to the reason for this request for well location exception, is that correct?

A. Yes.

Q. And has your testimony changed in anyway?

A. No.

TIM SCOTT: And so we would ask that Mr. Grantham's testimony from the January of 2008 hearing regarding this well location exception be incorporated by reference.

BILL HARRIS: We can do that. Do we have a number?

TIM SCOTT: I've got it for you. It's 08-0115-2125.

BILL HARRIS: Fine. That will be incorporated.

TIM SCOTT: Thank you. That's all the questions I have for Mr. Grantham.

BILL HARRIS: Questions from Board members?

(No audible response.)

BILL HARRIS: Anything further?

TIM SCOTT: That's it, Mr. Chairman.

BILL HARRIS: Okay. Do we have a motion?

MARY QUILLEN: Motion to approve.

BRUCE PRATHER: Second.

BILL HARRIS: Any further discussion?

(No audible response.)

BILL HARRIS: All in favor, say yes.

(All members signify by saying yes.)

BILL HARRIS: Opposed, like sign.

(No audible response.)

BILL HARRIS: Fine. Thank you. That's approved.

SHARON PIGEON: Tim, just for my own information here---?

TIM SCOTT: Yes, ma'am.

SHARON PIGEON: ---if I understood Phil's testimony, everyone got noticed this time, right?

TIM SCOTT: Yes, ma'am.

PHIL HORN: Yes.

SHARON PIGEON: Okay. I just wanted to---.

TIM SCOTT: And we actually...because we had several unknowns listed all for Tract 3 we also published it in the newspaper.

SHARON PIGEON: Okay.

TIM SCOTT: Okay.

SHARON PIGEON: I thought that was what you were telling me.

PHIL HORN: Yes. We advertently overlooked it the first time and found it after the fact.

BILL HARRIS: Yes, okay. Fine. We'll move back to item thirty-five. A petition from Range Resources-Pine Mountain, Inc. for the establishment of the drilling unit and pooling of conventional gas well V-530098, Sandlick District, Dickenson County, Virginia. The docket number is VGOB-08-0520-2236. We'd ask all parties who wish to speak

to this item, please come forward.

TIM SCOTT: Tim Scott, Phil Horn and Ian Landon for Range Resources-Pine Mountain.

BILL HARRIS: And the record will show there are no others. You may proceed.

TIM SCOTT: Mr. Chairman, when one of my office staff prepared our notices and proof of publication when I opened this envelope, it's empty. But, it did take place and I will provide that to Mr. Asbury post hearing because Mr. Horn will testify that it was published. It just don't have...a empty container here.

BILL HARRIS: Now, let me---

TIM SCOTT: This is the proof of publication.

BILL HARRIS: Oh, okay.

TIM SCOTT: Somehow it didn't get into the envelope when I left the office this morning. But I've asked one of the ladies from my---

BILL HARRIS: Are you talking about the green cards or what are you---?

TIM SCOTT: No, this...we only have a publication on this one.

BILL HARRIS: Oh, okay.

TIM SCOTT: Because they're unknown people.

BILL HARRIS: Okay.

TIM SCOTT: I'veq already had by my office fax the proof of publication to the Board office and I'll provide the original. I apologize for that.

BILL HARRIS: That's fine.

DAVID ASBURY: It's like this.

SHARON PIGEON: But you have that anyway.

BILL HARRIS: So, it's a certification that the publication has been made.

DAVID ASBURY: Right. I do not have one.

TIM SCOTT: That's the one that you will get.

BILL HARRIS: Yeah. Okay.

BRUCE PRATHER: Oh, okay.

BILL HARRIS: Okay. Fine.

BRUCE PRATHER: If you're going to fax it to you.

BILL HARRIS: Fine. Thank you. Okay.

TIM SCOTT: I apologize again for that.

PHIL HORN

DIRECT EXAMINATION

QUESTIONS BY MR. SCOTT:

Q. Mr. Horn, would you please state your name and by whom you're employed?

A. Phil Horn, Range Resources-Pine Mountain, Inc. as land manager.

Q. Okay. Are you familiar with this application?

A. Yes, I am.

Q. And this unit subjected to statewide spacing?

A. Yes, it is.

Q. What are the number of acres that the unit contains?

A. A 112.69.

Q. And does Range Resources-Pine Mountain have drilling rights in this unit?

A. Yes, we do.

Q. Are there any partners respondent listed on B-3 who should be dismissed from this application?

A. No.

Q. Okay. Can you tell us a little bit about the title on this particular tract that we're...the parties that we're pooling here?

A. Okay. We did a landman's title check on this tract and we also had a...got Tim to do a title opinion. But I think I've testified in the past, we seem to be finding or not finding a lot of unknown owners. In this particular case, the coal was severed off in 1892 and in 1906 the surface oil and gas owner, George Deel, conveyed

this property to Gally Friend with no reservation. Then, apparently, it was determined that George Deel was to receive the oil and gas. So, in 1906...in March of 1906, the next month, Gally Deel conveyed all of the mineral rights under this property back to George Deel. Then, basically, George Deel just disappeared from the face of the earth. Since he didn't have any properties, it has been over a hundred years and we can't find him or his heirs or anything. So, there's nothing of record.

Q. But you've checked Chancery files?

A. Yes.

Q. You've check Wills and list of heirs?  
You've checked---

A. On the grounds.

Q. ---on the grounds and you still can't come up with any information about Mr. Deel, is that correct?

A. That's correct.

Q. So, that's the...because we don't know who he is then that was the reason for the publication on this one, is that right?

A. That's correct.

Q. Okay. But we did not...we did not send any certified mailings because there was no one to send one to, is that right?

A. That's right.

Q. Okay.

BILL HARRIS: I was just confused about "on the grounds". I mean, I'm not sure what that means.

PHIL HORN: That means that the piece of property where this fifty-five acres that Mr. Deel owns oil and gas we've asked those people if they knew who they were. A lot of times they are decedents---

BILL HARRIS: Yes.

PHIL HORN: ---and we were hoping that we could run into some of his grandchildren and great grandchildren.

BILL HARRIS: So, that's a term that's used for that, yeah.

PHIL HORN: Yes, we checked the actual location with property surface owners to see if they knew---

BILL HARRIS: Thank you. I was just---

BRUCE PRATHER: I have a question.

BILL HARRIS: Yes.

BRUCE PRATHER: Who's paying the taxes for him?

PHIL HORN: He doesn't own anything, but the oil and gas and that's not assessed.

BRUCE PRATHER: Oh, okay.

PHIL HORN: Alpha owns the coal.

TIM SCOTT: The Commissioner of Revenue's Office

has not assessed this tract so it's just a mineral parcel  
untaxed is how it's shown.

BILL HARRIS: Okay, thank you.

Q. What percentage of this unit does Range  
Resources-Pine Mountain have under lease?

A. 72.39%.

Q. And although we don't have our proof of  
publication, it was published in the Bluefield Daily  
Telegraph, is that right?

A. That's what you said, yes. That's true.

Q. Okay, what day was that done, Mr. Horn?

A. On April the 26th.

Q. Thank you. And George Deel's heirs are the  
only unknowns in the unit, is that correct?

A. That's correct.

Q. Again, is Range Resources authorized to  
conduct business in the Commonwealth?

A. Yes, we are.

Q. And there is a blanket bond on file, is  
that right?

A. That's correct.

Q. If there was any way in the world you could  
locate Mr. Deel's heirs, what type of an agreement would you  
like to reach with them?

A. Five dollars per acre for a five year lease provide and it provides one-eighth royalty.

Q. And, again, you've testified that is a fair market value for a lease in this area, is that correct?

A. That's correct.

Q. What percentage of the gas estate does Range Resources seeking to pool?

A. 27.61%.

Q. And, obviously, we have an escrow requirement, is that correct?

A. That's correct.

Q. And we've filed an Exhibit E with our application, is that right?

A. That's correct.

Q. Okay. What tract is subject to escrow?

A. Tract 1.

Q. And the percentage again?

A. 27.61%.

Q. Are you asking that Range Resources be named operator for this unit?

A. Yes, we are.

Q. And that the George Deel heirs be..you're asking that they be pooled, is that correct?

A. That's correct.

Q. Okay. Now, what would be the address for any correspondence regarding elections for this unit?

A. Range Resources-Pine Mountain, Inc., 406 West Main Street, P.O. Box 2136, Abingdon, Virginia 24210.

Q. And is that the address for all communications?

A. Yes.

TIM SCOTT: That's all I have for Mr. Horn.

BILL HARRIS: Questions from Board members?

(No audible response.)

BILL HARRIS: Okay. You may proceed.

IAN LANDON

DIRECT EXAMINATION

QUESTIONS BY MR. SCOTT:

Q. Mr. Landon, again would you state your name and by whom you're employed?

A. My name is Ian Landon. I'm operations manager for Range Resources-Pine Mountain.

Q. Did you assist in the preparation of this application pending before the Board?

A. Yes, I did.

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

A. 5,350 feet.

Q. And the estimated reserves?

A. 300 million cubic feet.

Q. Are you also familiar with the well costs?

A. Yes, I am.

Q. What's the estimated dry hole costs?

A. \$315,727.

Q. And the estimated completed costs?

A. \$644,245.

Q. Did you also assist in the preparation of the AFE, which was attached to the application?

A. Yes, I did.

Q. And does it include a reasonable charge for supervision?

A. Yes.

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

A. Yes.

TIM SCOTT: Those are all the questions I have for Mr. Landon.

BILL HARRIS: Questions from members of the Board?

DAVID ASBURY: Could you restate the total depth, please?

IAN LANDON: 5,350 feet. I'm sorry, 5,530 feet.

I had the numbers transposed.

BILL HARRIS: 5530?

IAN LANDON: That is correct.

BILL HARRIS: Okay. Thank you. Any further questions?

(No audible response.)

BILL HARRIS: Anything further?

TIM SCOTT: No, sir.

BILL HARRIS: Do we have a motion?

MARY QUILLEN: Motion to approve.

BRUCE PRATHER: Second.

BILL HARRIS: Any further discussion?

(No audible response.)

BILL HARRIS: All in favor, say yes.

(All members signify by saying yes.)

BILL HARRIS: Opposed, like sign.

(No audible response.)

BILL HARRIS: Thank you. It's approved.

TIM SCOTT: Thank you.

PHIL HORN: Thank you.

BILL HARRIS: Thank you, gentlemen. We did a little of this early, but we will hear public comments regarding Board matters, if there are any. I think the young lady here wanted to comment.

JUANITA SNEEUWJAGT: We'll brief. We're tired.

COURT REPORTER: Your names, please.

JUANITA SNEEUWJAGT: Juanita Sneeuwjagt.

COURT REPORTER: Spell your last name, please.

JUANITA SNEEUWJAGT: Sneeuwjagt.

GLADYS COUNTS: Gladys Counts.

BILL HARRIS: Okay. Just go ahead.

JUANITA SNEEUWJAGT: I'll read this. Mr. Wampler isn't here, so...but I wanted to thank him and I'll thank him next time if he's going to be here. I thank Mr. Wampler for his thoughtfulness and sensitivity in inviting the public comment prior to the lunch break. Many folks who come here to be heard have to take time off work. Other suggestures are especially appreciated and I'll tell him that next time I see him. Secondly, this is a public forum. We ask that the Virginia Gas and Oil Board provide microphones so all may hear what is being said and we've asked this one time before and maybe you'll consider it again. Many people have voiced this concern. Therefore, we're making special appeal so everyone can be heard who is speaking. We know that microphones are provided for the purpose of stenography, but that doesn't provide amplification for the general observer. Your consideration is greatly appreciated.

And, thirdly, the Elliot and Inez heirs are being solicited by Equitable Gas, you may want to hear this Mr. Hall, to sign and supply social security numbers for a Mr. Willis. All of our twelve siblings have recently corresponded...have received correspondence addressed to them on the envelopes and their names, and I'll show you what I mean, at the top of the letterhead but the salutation is the same in all letters, that is "Dear Mr. Willis, surely Equitable cannot expect us to assume the responsibilities to procure Mr. Willis' signature and give a social security number? We do not know who Mr. Willis is and if we did that would have no bearing on the Edwards heirs. In fact to sign his name or provide a social security number would be illegal." The question begged here is how will Equitable go about proclaiming due diligence when locating the rightful land heirs? Often times we find an heir/heirs by just looking in the phone book. We challenge this due diligence exercise and hope there can be substantial improvement. Equitable is not the only gas company, as we've heard all day today, operating in Southwestern Virginia who neglects to obtain rightful land and/or royalty heirs or whereabouts. From what I've heard and seen at these meetings many gas company operatives could benefit from a more intensive due diligence effort. And my letter

here is, as I said on the outside of the envelope, is addressed to me, hers is addressed to her and our other siblings we've compared notes, at the top is Juanita Sneeuwjagt, and then here is Mr. Willis, "Dear Mr. Willis" and the second page is asking for his signature and his social security number.

BILL HARRIS: Now who is Mr. Willis?

JUANITA SNEEUWJAGT: We don't know.

GLADYS COUNTS: I know who Mr. Willis is.

JUANITA SNEEUWJAGT: You know who Mr. Willis is?

Do you want to pass that around?

GLADYS COUNTS: Gary Willis.

BILL HARRIS: And what...I mean, that---?

JUANITA SNEEUWJAGT: He has nothing to do with us.

GLADYS COUNTS: He...the Willis heirs was in the same pooling that the Edwards heirs were in.

BILL HARRIS: Oh, okay.

SHARON PIGEON: Do you think this is a secretarial kind of error where they've---?

JUANITA SNEEUWJAGT: I don't know.

SHARON PIGEON: It could be though from what you've described?

GLADYS COUNTS: Well, since they had our name on the outside and also on the inside and, of course, my last

name is Counts and it says, Mr. Willis here.

SHARON PIGEON: If they cut and paste the letter---

GLADYS COUNTS: So, it should have went to Mr. Willis. I called Mr. Willis Sunday afternoon and he said he had not received anything. Okay, so if this is important for him to see---

BILL HARRIS: It's not getting to him.

GLADYS COUNTS: ---then one should be sent to Mr. Willis?

BRUCE PRATHER: I have a question.

BILL HARRIS: Yes.

BRUCE PRATHER: I assume that Equitable did an abstract on the title.

GLADYS COUNTS: Well, maybe Mr. Hall can---

BRUCE PRATHER: If he's not involved, I wonder where they got the name at?

DON HALL: I'm not sure what we're talking about here. If I could see it maybe I can---

BILL HARRIS: Yeah, Mr. Hall.

GLADYS COUNTS: Here's mine.

DON HALL: Could I see the envelope too?

GLADYS COUNTS: Sure.

DON HALL: This came from one of our provisional

rentals in the land administration department and I would say probably what they did was they just didn't change the salutation when they, you know, computer generated letters.

BILL HARRIS: It's a form letter basically?

DON HALL: It's a form...I'm sure it's a form letter and they just didn't change the salutation. But if I could get a copy of that I can find out for sure. I'm sure this is probably to each of you as heirs, but it should have said in this case Ms. Counts---

JUANITA SNEEUWJAGT: I'm Ms. Sneeuwjagt though.

GLADYS COUNTS: Because that didn't apply to us. It does not apply to us.

DON HALL: Have you provided us with a social security number?

JUANITA SNEEUWJAGT: No, we don't intend to.

GLADYS COUNTS: No.

DON HALL: Well, that's the only way we can pay you your royalties is that you provide your social security number.

JUANITA SNEEUWJAGT: Okay.

SHARON PIGEON: The bank requires a social security number. He doesn't need it, Equitable, but the bank needs it before they'll pay out.

JUANITA SNEEUWJAGT: We don't want to pay out.

SHARON PIGEON: okay. No problem.

JUANITA SNEEUWJAGT: I've already said Equitable with their---.

GLADYS COUNTS: But our property---.

COURT REPORTER: One at a time, please.

JUANITA SNEEUWJAGT: ----167 billions of dollars earned 2007 does not have enough money to pay me for my land. Thank you.

GLADYS COUNTS: What this is though, the land has to be divided. Our land has been divided. But Mr. Willis told me that his land had not been divided. So, that's why I assumed it was going to Mr. Wilson not the Edwards heirs. So, Mr. Willis should get that.

BILL HARRIS: Mr. Wilson should get that also.

GLADYS COUNTS: Right.

JUANITA SNEEUWJAGT: So, he has an option to make a choice.

GLADYS COUNTS: So, he can make his choice. I don't know what his address is but---.

DON HALL: Mr. Willis should have gotten one and hasn't, he will I'm sure.

SHARON PIGEON: Well, Don, will you look into that and let David know what the outcome is?

DON HALL: If I could get a copy of that letter.

GLADYS COUNTS: Okay.

JUANITA SNEEUWJAGT: Sure. Is there a copy machine in the building?

MARY QUILLEN: Down at the front desk at the main information desk---.

GLADYS COUNTS: I mean, I can just give you mine if that's any problem. She still has her copy.

JUANITA SNEEUWJAGT: Thank you. And I wanted to say too that the Board has become more public friendly, I feel, as of recently and I really, really appreciate this because when you walk in here and a lot of rules and a lot of exchanges you don't understand and so forth you can feel a little intimidating.

GLADYS COUNTS: A lot intimidated.

JUANITA SNEEUWJAGT: Okay, a lot intimidated. Well, a lot intimidated. But thank you. Have a nice month. We'll see you next time.

BILL HARRIS: Thank you for your comments. Anyone else?

GLADYS COUNTS: We were just thinking earlier that we were having problems here because people didn't get mail out in a timely manner and all this that and the other, well Mr. Willis could lose out here too because he didn't get his on a timely manner and that's one of the reasons you know

that we come over---. 1

BILL HARRIS: Yeah, we appreciate---

GLADYS COUNTS: Because its not our place to tell him.

BILL HARRIS: Oh, no. But I'm glad you did bring that to our attention. I'm sure that will get taken care of.

GLADYS COUNTS: Thank you.

BILL HARRIS: We need to look at our minutes. If you'll just take a moment, if you haven't already done that, if you could just look at the minutes and I'll entertain a motion if someone feels inspired to do that.

MARY QUILLEN: Mr. Chairman, I would just like to make one comment about the minutes since you have changed the format of the minutes. It's really helpful to look at this because in bold type you have the action that was taken on each one of those items so we can scan through it very quickly. If there is something that is carried over and you know make sure that we can match that up and it's very easy to follow. Very well presented.

BILL HARRIS: Do we have a motion on the minutes?

MARY QUILLEN: Motion to approve minutes.

BRUCE PRATHER: Second.

BILL HARRIS: Any further discussion?

(No audible response.)

BILL HARRIS: All in favor say yes.

(All members signify by saying yes.)

BILL HARRIS: Opposed, like sign.

(No audible response.)

BILL HARRIS: Thank you. There will be no further items. I guess, we are done.

STATE OF VIRGINIA,

COUNTY OF BUCHANAN, to-wit:

I, Sonya Michelle Brown, Court Reporter and Notary Public for the State of Virginia, do hereby certify that the foregoing hearing was recorded by me on a tape recording machine and later transcribed under my supervision.

Given under my hand and seal on this the 13th day of June, 2008.

NOTARY PUBLIC

1

My commission expires: August 31, 2009.