

IN THE COUNTY OF WASHINGTON

VIRGINIA DEPARTMENT OF MINES, MINERALS AND ENERGY
VIRGINIA GAS AND OIL BOARD

SEPTEMBER 16, 2008

APPEARANCES:

BOARD MEMBERS:

PEGGY BARBAR - PUBLIC MEMBER
MARY QUILLEN - PUBLIC MEMBER
BILL HARRIS - PUBLIC MEMBER
KATIE DYE - PUBLIC MEMBER
DONNIE RATLIFF - COAL REPRESENTATIVE
BRUCE PRATHER - OIL REPRESENTATIVE

CHAIRMAN:

BUTCH LAMBERT - ACTING DIRECTOR OF DMME AND CHAIRMAN

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

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BUTCH LAMBERT: Okay, ladies and gentlemen, it is time to move on with these proceedings this morning. I would remind you this morning if you have cell phones, pagers or any other communication devices to turn those off or turn them on vibrate. If you do have to take a call, please go to the outside and take that. I'll also remind you that these proceedings are being recorded and I need you to keep the chatter down please so that we can be sure to catch all of the testimony. Starting this morning, I'd like to ask the Board to introduce themselves beginning with Mary Quillen.

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

PEGGY BARBER: Good morning, I'm Peggy Barber, Dean of Engineering at Southwest Community College and I'm a public member.

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

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

BUTCH LAMBERT: And my name is Butch Lambert with the Department of Mines, Minerals and Energy. I'll be sitting in for Benny Wampler today who got called out of

town.

DONNIE RATLIFF: I'm Donnie Ratliff. I work for Alpha Resources and I represent coal.

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

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

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

BUTCH LAMBERT: Thank you. At this time I'll ask for a staff report from the Gas and Oil Board committee addressing post production costs.

BILL HARRIS: Mr. Chairman, I have some handouts. If I might take a moment, once everyone gets that just to go over this with you. (Pause) Okay, Mr. Chairman, this committee met twice. Once in July, July 17th and again in August, I believe that was the 21st we met in Lebanon, Virginia for the purpose of forming a work committee on post production costs allowance for force pooling orders. We reviewed some of the regulations. In particular, we looked at paragraph 9.2 of the present day Board orders, which I'm quoting there talked about "...for the purpose of this order

net proceeds shall be actual proceeds received less post production costs incurred downstream of the wellhead including but not limited to gathering compression treating transportation and marketing costs whether performed by unit operator or third person as fair, reasonable and equitable compensation to be paid to said gas owner or claimant." One of the things the committee looked at was the reasonableness of the charges. We spent actually most of both meetings discussing allowable items and what not and I've sort of summarized here the...there was a reporter there from the office of the attorney general. So, I'm sure a transcript of this is available. Mr. Prather was elected chair of the committee and that was on the 17th. He was not able to be there on the 21st. So, I was asked to chair that meeting on that date and also provide a report to the Board. We really had a lot of discussions. If you'll look about two-thirds of the way down on the first page I might mention here this particular paragraph. Initially, the committee considered recommending a percentage cap on certain post production costs that can be allowed as deductions against royalty interests. Upon further discussion though , the committee members realized that not enough information was available on these costs to determine what a cap should be and if that should be our approach. Consequently, in

order to more fully understand the nature of post production costs the committee seeks more information from gas operators and based on motions made and approved in those committee meetings the committee recommends that this Board, number one, that a letter from the Division Director to all Virginia Gas operators be drafted providing notice that the Board...I'm sorry, notice of the Board's ongoing consideration of this issue and seeking input in regard to post production cost allowances in force pooled units. Specifically, the request would be made asking the operator to (A) state the range of deductions that are charged to gas and CBM lessors pursuant to gas and CBM leases. We found that the range seemed to be inconsistent. The percentage, the types of items that were charged were different from different companies. So, we sort of wanted to look at that. Identify the components that make up the post production charges and that includes compression, gathering transportation. Again, not all companies charge the same things. State the amount of deductions which are taken from royalty payments to force pooled royalty interests that are deemed leased. In other words, those are the ones that this would apply to. And (D) State the manner in which the deductions charged to force pool interests are calculated. And also state the other lease terms that may be offered to

force pooled interests that are deemed leased under pooling orders, that is, bonus rental payments, etcetera. We actually talked about several other things before focusing on the language in 9.2. There are a couple of other recommendations that we wanted to make and these are somewhat, but not directly, related to post production costs but I did want to present those and the Board may want to pursue this. A couple of things that came out of our discussion. That a legislative change be made requiring each operator of coalbed methane wells to control a minimum of 25% of surface coal and gas rights before requesting the establishment of pooling or pooling of the unit before the Board. Now, this is a change in regulations and, of course, it would have to be legislative in nature, but we felt that that would probably be appropriate in considering current regulation. And the other item is that each---

SHARON PIGEON: Mr. Harris---?

BILL HARRIS: Yes.

SHARON PIGEON: ---that's a change in the statute not in the regulation.

BILL HARRIS: Well, I'm just quoting what our....what...so it's a statute?

SHARON PIGEON: Yes.

BUTCH LAMBERT: That's correct.

BILL HARRIS: Okay, we can correct that but I'm just quoting from the procedure. And the last item there is that each operator be directed to reflect adjacent wells on the survey plat provided within each permit application and final plat. It would also be required that each plat show the scale distance well to well, if necessary. To accomplish this a regulatory change is recommended. And, again, we've seen some of the cases before us in which it is hard to tell if there's a nearby well or whatever. And, again, these are some discussions we had and actually made some motions before really settling down to discuss the post production issues. We plan to meet again this Thursday. That meeting has been changed and I think you are probably aware of this, until 2:00 o'clock that afternoon instead of 9:00 o'clock that morning in Lebanon.

MARY QUILLEN: Is the location the same location?

BILL HARRIS: The location is the same, yes. It's the Bonanza at Lebanon.

MARY QUILLEN: What was the reason for changing the time?

BILL HARRIS: Well, I have classes in the morning and afternoon and I had just asked if we could meet later that would actually fit my schedule. There were a couple of people not there so we didn't get to discuss that with you

all and that probably...are you going to tell me that conflicts with your schedule?

MARY QUILLEN: Well, 2:00 o'clock is a little late. It does...because most of all of my classes here at the center---.

BILL HARRIS: Are an evening----?

MARY QUILLEN: ---start at 5:00 o'clock...from 5:00 o'clock on.

BILL HARRIS: I have a 6:00 o'clock class that evening that I would have gotten back for.

MARY QUILLEN: And so that would restrict the amount of time that the committee would be able to meet.

BILL HARRIS: Yeah, I'm aware of that, yes. I would imagine that's subject to change, but that's where we...well I would imagine this Thursday we'd probably...since we did make that announcement, we'd probably need to keep it at 2:00, But anyway, but that's the report that I have.

BUTCH LAMBERT: Thank you, Mr. Harris. Any questions from the Board?

(No audible response.)

BUTCH LAMBERT: Okay, thank you Mr. Harris. The next item on the docket is a petition from Memorandum filed by S. T. Mullins and J. Scott Mullins on behalf of GeoMet

Operating appealing the decision by the Director of Division of Gas and Oil regarding informal fact-finding conference IFFC-20908. That's docket number VGOB-08-0617-2259. That item will be continued until October. Item three on the docket is a petition from S. T. Mullins on behalf of GeoMet Operating Company appealing a decision by the Director of the Division of Gas and Oil regarding informal fact-finding conference IFFC-21008, docket number VGOB-08-0617-2260 will be continued until October. Item number four is a petition from Mark A. Swartz on behalf of Island Creek Coal Company appealing a decision by the Director of the Division of Gas and Oil regarding informal fact-finding conference IFFC-21108, docket number VGOB-08-0617-2261 will be continued until October. The next item on the docket is a petition from Equitable Production Company for pooling of coalbed methane unit VC-535592, docket number VGOB-08-0617-2252. Those parties wishing to testify please come forward at this time.

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

BUTCH LAMBERT: Please raise your hand and be sworn, please.

(Rita Barrett is duly sworn.)

BUTCH LAMBERT: Seeing no others, you may proceed.

JIM KAISER: Mr. Chairman, we have a set of revised exhibits we'd like to pass out before we get started with Ms. Barrett's testimony.

(Ms. Barrett passes out revised exhibits.)

RITA BARRETT

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

DIRECT EXAMINATION

QUESTIONS BY JIM KAISER:

Q. Before we start your standard testimony Ms. Barrett let's go through the revised set of exhibits and what's different.

A. We were able to locate some of the Nanny Spannel heirs and lease them on the coal estate.

Q. So, that precipitated the necessity for and Exhibit B-2. It changed, obviously, B and B-3.

A. It changed all the exhibits.

Q. And it changed, also, Exhibit E, right?

A. Yes.

Q. The escrow?

A. Yes.

Q. And what tract is that in the unit?

A. It's tract 1 and 2 on the coal.

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

A. Rita McGlothlin Barrett. I'm employed by Equitable Production Company as a landman in the Big Stone Gap office.

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

A. It does.

Q. Are you familiar with the application that we filed seeking a pooling order to pool any unleased interests in the unit for EPC well number VC-535592, which was dated May 16, 2008?

A. I am.

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

A. We do.

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

A. They were.

Q. And what's the interest under lease at this time to Equitable within the gas estate in the unit?

A. 98.482679%.

Q. And what's the new interest after the additional leases in Tracts 1 and 2...what percentage of the coal estate is under lease to Equitable?

A. 95.582679%.

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

A. They are.

Q. So, the percentage of the gas estate that remains unleased at this time is 1.517321?

A. That's correct.

Q. And the percentage of the coal estate that remains unleased at this time is 4.417321?

A. That's correct.

Q. Okay. We don't have any unknowns in this unit or do we?

A. We do. There are two unknown Nanny Spannel heirs.

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

A. Yes.

Q. Including primary sources such as deed records, probate records, assessor's records, treasurer's records, and secondary sources such as telephone directories, city directories, family and friends?

A. Yes.

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

A. Yes.

Q. Are you requesting this Board to force pool any unleased interest listed in revised Exhibit B-3?

A. I am.

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

A. I am.

Q. Advise the Board as to what those are.

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

Q. And did you gain this familiarity by acquiring oil and gas leases, coalbed methane leases and other agreements involving the transfer in drilling rights in the unit involved here and in the surrounding area?

A. Yes.

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

A. Yes.

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

A. Yes.

Q. Do you recommend that the order provide that elections by the respondents be in writing and sent to

the applicant at Equitable Production Company, Land Administration, P. O. Box 23536, Pittsburgh, Pennsylvania 15222, Attention: Nicole Adkinson, Regulatory?

A. Yes.

Q. Should this be the address for all 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 respondent should be deemed to have elected the cash royalty option in lieu of any participation?

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

A. Yes.

Q. If an unleased respondent elects to participate, should they be given 45 days to pay their proportionate share of well costs?

A. Yes.

Q. Should the applicant be allowed a 120 days following the recordation date of the Board order and thereafter annually on that date until production is achieved, to pay or tender cash bonus or delay rental

becoming due under any 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 to participate should be treated as having been withdrawn and void and such respondents should be treated as if no initial election had ever been filed, in other words, deemed to have leased?

A. Yes.

Q. Do you recommend that the order provide that where a respondent elects to participate but defaults in regard to the payment of well costs that any cash sum becoming payable to that respondent be paid within 60 days after the last date on which that respondent should have made satisfactory arrangements?

A. Yes.

Q. Okay. The Board does need to establish an escrow account for this unit?

A. Yes.

Q. And that will involve proceeds from Tracts---

A. 1 and 2 of the coal.

Q. ---1 and 2? Okay. And who should be named

operator under any force pooling order?

A. Equitable Production Company.

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

A. 2,231 feet.

Q. Estimated reserves over the life of the well?

A. 375 million cubic feet.

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

A. It has.

Q. Does it, in your opinion, represent a reasonable estimate of well costs?

A. It does.

Q. Could you state what the dry hole cost and the completed well cost for this well?

A. Dry hole costs are \$173,005. Completed well costs are \$420,316.

Q. Do these costs include a multiple completion?

A. They do.

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, prevention of waste and the protection of correlative rights?

A. Yes.

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

BUTCH LAMBERT: Any questions from the Board?

DONNIE RATLIFF: Ms. Barrett, Mr. Chairman, you said Exhibit E was for Tracts 1 and 2 and it was coal only. You got the Faye Fields Cassidy in the gas estate that's an unknown?

JIM KAISER: 1, 2 and 3.

DONNIE RATLIFF: 1, 2 and 3.

RITA BARRETT: Yes, and then 1 and 2 in the coal.

DONNIE RATLIFF: Thank you.

BUTCH LAMBERT: Any other questions?

(No audible response.)

BUTCH LAMBERT: My package says that there should be an Exhibit A. I don't have an Exhibit A. Is that supposed to be the well location plat map?

JIM KAISER: It's the plat. Yeah.

RITA BARRETT: Uh-huh.

BUTCH LAMBERT: Okay, it's not marked exhibit. So,

we need to mark the well plat location as Exhibit A?

RITA BARRETT: Yes, please.

BUTCH LAMBERT: Any other questions from the Board?

MARY QUILLEN: Mr. Chairman, could Ms. Barrett repeat the depth again, please?

RITA BARRETT: Sure. It's 2,231 feet.

MARY QUILLEN: Thank you.

RITA BARRETT: You're welcome.

BUTCH LAMBERT: Any other questions?

(No audible response.)

BUTCH LAMBERT: Do I have a motion to approve?

MARY QUILLEN: Motion to approve.

PEGGY BARBER: Second.

BUTCH LAMBERT: We have a second. Any discussion?

(No audible response.)

BUTCH LAMBERT: All in favor, signify by saying yes.

(All members signify by saying yes.)

BUTCH LAMBERT: Opposed?

(No audible response.)

BUTCH LAMBERT: Approved.

RITA BARRETT: Thank you.

BUTCH LAMBERT: Thank you.

JIM KAISER: Mr. Chairman, I have got quite a bit

of housekeeping to go through here starting with the next item. So, if you want to call the next item and then I'll give you the other ones. I'm going to continue that one and there's a bunch more of them.

BUTCH LAMBERT: Okay. Item number six on the docket is a petition from Equitable Production Company for the establishment of a provisional drilling unit consisting of 320 acres for the drilling of a horizontal conventional gas well served by VH-539923. Docket number VGOB-08-0715-2267. Would the parties please come forward that's going to testify?

JIM KAISER: Mr. Chairman, Jim Kaiser on behalf of Equitable Production Company. We'd ask that that item be carried forward and continued until the November docket. Then I've got five other items that I'd like to continue also, six other items actually.

BUTCH LAMBERT: Okay. Then that...we will continue item number six until October.

JIM KAISER: And item number seven also will be continued.

MARY QUILLEN: Excuse me, did you say October?

JIM KAISER: November.

BUTCH LAMBERT: November, I'm sorry. Okay.

JIM KAISER: Also, item number seven we'd ask that

that be continued until November.

BUTCH LAMBERT: That's docket item number VGOB-08-0715-2275, continued until November.

JIM KAISER: Mr. Chairman, also item number twenty-one continued until November.

RITA BARRETT: October.

JIM KAISER: October. I'm sorry, 21 is October.

BUTCH LAMBERT: And seven was November?

JIM KAISER: Yes, sir. Isn't it?

RITA BARRETT: No, October.

JIM KAISER: October on seven.

SHARON PIGEON: Okay, you asked for November on seven, are you backing up now---?

JIM KAISER: Yeah, backing up until October.

BUTCH LAMBERT: All right. October on seven. Okay.

JIM KAISER: October on twenty-one.

BUTCH LAMBERT: Twenty-one, that's the docket item VGOB-08-0916-2322, requesting to continue until---?

JIM KAISER: October.

RITA BARRETT: October.

BUTCH LAMBERT: October.

JIM KAISER: All right. Item twenty-two, we'd also ask be continued until October.

BUTCH LAMBERT: Item twenty-two is docket item

number VGOB-08-0916-2323 continued until October.

JIM KAISER: Item twenty-three, we'd ask be continued until October.

BUTCH LAMBERT: Item twenty-three is docket number VGOB-08-0916-2324, continued until October.

JIM KAISER: And item twenty-four continued until October.

BUTCH LAMBERT: Twenty-four is docket number VGOB-08-0916-2325, continued until October.

JIM KAISER: Thank you, Mr. Chairman.

BUTCH LAMBERT: Item number eight on the docket is a petition from Range Resources-Pine Mountain, Inc. for a well location exception for proposed well V-537747, docket number VGOB-08-0819-2321. Those parties wishing to testify please come forward.

PHIL HORN: My name is Phil Horn. I'm with Range Resources-Pine Mountain, Inc. and due to notice we'd like to continue this until October.

BUTCH LAMBERT: Thank you, sir. Item number nine on the docket, the Board will hear a correction of testimony by CNX Gas Company, LLC regarding in preparation and recording of a Board order associated with pooling of a combined 208.63 acre conventional horizontal gas unit including the Nora unit AB78CV. This is docket number VGOB-

08-0715-2288. Those that wish to testify please come forward.

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

(Leslie K. Arrington and Anita Duty are duly sworn.)

BUTCH LAMBERT: Seeing no others. You may begin.

MARK SWARTZ: Okay. Let me get some general information from the witness and then we'll go forward.

LESLIE K. ARRINGTON

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

DIRECT EXAMINATION

QUESTIONS BY MARK SWARTZ:

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

A. Leslie K. Arrington.

Q. Who do you work for?

A. CNX Gas Company, LLC.

Q. And what do you do for them?

A. Director of environmental permitting.

Q. And is CNX Gas Company a company that is a Virginia general partnership/LLC?

A. Yes.

Q. Okay. And is it authorized to do business in the Commonwealth of Virginia?

A. Yes.

Q. Has it registered with the Department?

A. Yes.

Q. Does it have a bond on file?

A. Yes, it does.

Q. Okay.

ANITA DUTY

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

DIRECT EXAMINATION

QUESTIONS BY MARK SWARTZ:

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

A. Anita Duty.

Q. Who do you work for?

A. CNX Gas.

Q. And what do you do for them that pertains to the hearing today...or the hearings?

A. We prepare the force pooling notices and mail them out.

Q. Do you do the exhibits as well?

A. Yes.

Q. Okay, so if there are title issues or parties to be added or dropped or tracts to be changed you are involved in those exhibits and the math and so forth?

A. Yes.

Q. Okay.

LESLIE K. ARRINGTON

DIRECT EXAMINATION RESUMES

QUESTIONS BY MARK SWARTZ:

Q. Les, with regard to item number nine on the docket, we're here simply to correct some prior testimony with regard to the status of the units that were combined, do you understand that?

A. Yes.

Q. Okay. Could you please tell us what or Anita, either one of you, tell us what needs to be corrected?

A. Yes. It was the statement I made about the Board order on the original application for the vertical well. That order had been issued. It was recorded...the Board order we had received it on April the 14th of '08 and we had mailed it out on April the 17th of '08.

Q. Okay, so the testimony that we're

correcting is there actually was a Board Order entered regarding to AB-78?

A. Yes, it was.

Q. The conventional well?

A. Yes. And there was no elections made on that order.

Q. And they're subsequently been an affidavit with regard to elections filed?

A. That's correct.

Q. Okay. And then just to...although we're not correcting this, just to put everything in context, there are frac...preexisting frac wells in P(-3) and P(-4)?

A. CBM wells.

Q. CBM?

A. Yes.

Q. CBM preexisting wells that are in production?

A. Yes.

MARK SWARTZ: Okay. That's what we needed to correct, Mr. Chairman.

BUTCH LAMBERT: Is that all?

MARK SWARTZ: That is.

BUTCH LAMBERT: Do I have a motion to accept testimony?

BILL HARRIS: Motion to accept.

BRUCE PRATHER: Second.

BUTCH LAMBERT: Any discussion?

(No audible response.)

BUTCH LAMBERT: All in favor, signify by saying
yes.

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

BUTCH LAMBERT: Any objections?

KATIE DYE: Abstain.

BUTCH LAMBERT: One abstention. Thank you.

MARK SWARTZ: Thank you.

BUTCH LAMBERT: The next item on the agenda is item
number ten. It's a petition from CNX Gas Company, LLC to
correct testimony and re-record the order to allow for
escrowing of unit 0(-1) Prater District, Buchanan County.
This is docket number VGOB-07-0821-1984-01. Those wishing
to testify please come forward.

MARK SWARTZ: This will be Mark Swartz and Les
Arrington on this one. And I might suggest since docket
item number eleven involves essentially the same issue it
might make sense to call that as well.

BUTCH LAMBERT: All right. Item number eleven is a
petition from CNX Gas Company, LLC to correct testimony and

re-record order to allow for escrowing of unit 0(-2). This is docket number VGOB-06-0815-1696-01.

MARK SWARTZ: Again, it would be Mark Swartz and Les Arrington appearing for the applicant in this item eleven as well.

BUTCH LAMBERT: You may proceed.

LESLIE K. ARRINGTON

DIRECT EXAMINATION

QUESTIONS BY MARK SWARTZ:

Q. Les, you need to state your name.

A. Leslie K. Arrington.

MARK SWARTZ: Mr. Chairman, I would like to incorporate Mr. Arrington's testimony with regard to his employment and so forth from the first---

BUTCH LAMBERT: Accepted.

Q. Thank you. Mr. Arrington, what is the issue with regard to these two units, 0(-1) and unit 0(-2) that we're correcting?

A. We're correcting a mistake that we have on our tract identification and escrow issue in 0---

Q. Okay, and would that have been essentially that we were showing Garden Realty as a fee owner?

A. Yes, we did.

Q. And what tract is affected in 0(-1)?

A. Tract number 4.

Q. Okay. And what tract is affected in 0(-2)?

A. Tract number 3.

Q. Okay. And was the same problem in 0(-2),
that being that Garden was shown as a fee owner?

A. Yes, it was.

Q. Okay, and what is the actual state of
affairs in both Tract 4 and Tract 3 of these units?

A. Garden Realty owns the coal and the
Pobst...John Pobst and others own the oil and gas interest.

Q. Okay. And have you submitted revised
exhibits with regard to the tract IDs just to correct that
and also revised Exhibit E to show a conflict where there
was none shown before?

A. We have.

Q. And that's true of both of these units?

A. Yes, it is.

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

BUTCH LAMBERT: Any questions from the Board?

SHARON PIGEON: Did you re-notice these people on
this---?

LESLIE K. ARRINGTON: Yes.

SHARON PIGEON: ---tract 3 only on docket eleven,

Tract 4 only on docket number ten, is that right?

LESLIE K. ARRINGTON: Correct.

MARK SWARTZ: There's an affidavit with due diligence attached and Les did the mailing and publication on both.

BUTCH LAMBERT: Any other questions from the Board?

(No audible response.)

BUTCH LAMBERT: Do I have a motion to accept this re-corrected information?

MARY QUILLEN: Motion to accept.

BRUCE PRATHER: Second.

BUTCH LAMBERT: We have a second. Any discussion?

(No audible response.)

BUTCH LAMBERT: All in favor, signify by saying yes.

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

BUTCH LAMBERT: Any opposed, say no.

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

KATIE DYE: Abstain.

BUTCH LAMBERT: One abstention....two abstentions. We have approval of the testimony. Item number twelve is a petition from CNX Gas Company, LLC for repooling of coalbed methane unit P(-3). This will be number VGOB-06-0718-1669-

01. Those wishing to testify please come forward.

MARK SWARTZ: Mark Swartz and Les Arrington.

BUTCH LAMBERT: Okay.

MARK SWARTZ: This is...just to put this into context. This is a unit that was pooled back in '06 and we're re-pooling it for drill a second well. This is in one of those infill drilling areas. I'm going to run through the testimony, but obviously there's already one well in this unit under a prior pooling order and we're essentially adding a second well and the understanding on the infill drilling is that we come back to the Board to do that and that's why we're here. So, some of the testimony is already in the record probably before, but we'll repeat that so we get everybody on board today.

LESLIE K. ARRINGTON

DIRECT EXAMINATION

QUESTIONS BY MARK SWARTZ:

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

A. Leslie K. Arrington.

Q. Okay, I'm going to run through a little more with regard to the applicant here. Who is the applicant?

A. CNX Gas Company, LLC.

Q. And CNX Gas Company, LLC is a Virginia

limited liability company?

A. Yes.

Q. Authorized to do business in the Commonwealth?

A. Yes.

Q. Does it have a bond on file?

A. Yes.

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

A. Yes, it has.

Q. And has this unit previously been pooled by a Board Order?

A. Yes, it has.

Q. And is there an existing producing frac well...CBM well in this unit?

A. Yes.

Q. Okay. And is the point of this repooling to add a second well?

A. Yes, it is.

Q. And is this in one of the Oakwood infill areas?

A. Yes, it is.

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

A. We mailed by certified mail, return receipt on August 15, 2008. We published Bluefield Daily Telegraph on August 25, 2008.

Q. When you published in the telegraph what appeared in the newspaper?

A. The notice of hearing and location exhibit A-1.

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

A. Yes, we have.

Q. Do you wish to add any respondents today?

A. No.

Q. Do you wish to dismiss any?

A. No.

Q. Okay. What are the terms that the original order provided with regard to royalty for people who are deemed to have been leased?

A. That was a dollar per acre per year with a five year pay up term and---.

Q. What was the royalty?

A. One-eighth.

Q. Okay. And what would your testimony be with regard today in terms of competitive terms, the same?

A. No, it would be five dollars an acre---.

Q. Okay.

A. ---with a five year pay up term and a one-eighth.

Q. And a one-eighth royalty. So, in the event that the Board were to repool this unit to allow the second well your testimony with regard to the lease terms would be as you stated today?

A. Yes.

Q. Increasing the bonus payment, actually?

A. Yes.

Q. Okay. The second well, where is that located in relation to the proposed well? Where is that located with relation to the drilling window?

A. It's within the drilling window.

Q. Okay. Is it the one that's in the south of the window?

A. Yes.

Q. Okay, so it's the P...on the plat P(-3A) well?

A. Yes, it is.

Q. Is that well the required distance from the P(-3) well?

A. Yes, it is.

Q. Okay. And they're both going to wind up being in the window?

A. Yes.

Q. Have you provided the Board with the cost estimate with regard to this second well?

A. Yes, we have. The second well is \$287,498.64 to a depth of 2610. I believe that's correct.

Q. I think you have a permit number.

A. 7494.

Q. Correct. And you've also provided the Board with the information on the other well, correct?

A. Yes, that was the original well. That's \$237,134.15, estimated depth of 2568. It's permit number was 7495.

Q. What interests were pooled by the original order and are being repooled by this application?

A. The interest that we have now is 89.8657% of the coal, oil and gas owners claim to coalbed methane. We're seeking to pool 10.1343% of the coal, oil and gas owner's claim to coalbed methane.

Q. Okay. Is there an escrow requirement here?

A. Yes, Tract 4.

Q. Okay, for Tract 4. And is the reason for that a conflict issue?

A. Yes.

Q. Is it your opinion that drilling a second well in the location shown on the plat in this Oakwood 80 acre unit is a reasonable further method to capture additional coalbed methane from this unit?

A. Yes, it is.

Q. And is it your opinion that if we continue the pooling order and place along with the leasing efforts and activities of the applicant that were successful the correlative rights of all of the owners and claimants in the second well would also be protected?

A. Yes, sir, they will be.

Q. And this is an Oakwood 80, right?

A. Yes.

Q. And the second well is proposed to be a frac well?

A. Yes.

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

BUTCH LAMBERT: Questions from the Board?

DONNIE RATLIFF: Mr. Chairman. Les, do you have anybody that participated in this well?

LESLIE K. ARRINGTON: No.

DONNIE RATLIFF: If you did and I wanted to participate in the first well, but I can't come up with the

money to do the second one, how would you pro-rate that?

Would you...do you meter both wells?

LESLIE K. ARRINGTON: Well, first of all both wells are metered.

MARK SWARTZ: I think you sort of missed your chance under your hypothetical.

DONNIE RATLIFF: I mean, I'm in the first one, but I don't want to go in the second one.

MARK SWARTZ: Oh, you stay in the first one. If you elected to be in the first one and you participated in the first one but you're taking a pass on the second one, I misunderstood, you're good to go. It doesn't affect that. And, obviously, we can allocate the production because we've got two meters. But the concern I have is the reverse.

DONNIE RATLIFF: But if it's reversed?

MARK SWARTZ: Right, you've got your shot at the second well but you took...you had your shot at the first one.

DONNIE RATLIFF: You can't go back. That's all I have, Mr. Chairman.

BUTCH LAMBERT: Any other questions?

(No audible response.)

BUTCH LAMBERT: Do I have a motion to approve?

MARY QUILLEN: Motion to approve.

BRUCE PRATHER: Second.

BUTCH LAMBERT: I have a motion and a second. Any discussion?

(No audible response.)

BUTCH LAMBERT: All in favor, signify by saying yes.

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

BUTCH LAMBERT: All opposed, say no.

KATIE DYE: Abstain.

BUTCH LAMBERT: One abstention. Approved. Thank you. The next item on the agenda is a petition from CNX Gas Company, LLC to repool coalbed methane unit P(-4). The docket number is VGOB-06-0718-1670-01. All those wishing to testify please come forward.

MARK SWARTZ: Mark Swartz and Les Arrington, again.

BUTCH LAMBERT: You may proceed.

MARK SWARTZ: Mr. Chairman, I would like to incorporate Mr. Arrington's testimony from the prior docket item with regard to the applicant and operator, his employment and standard lease terms, if I could.

BUTCH LAMBERT: Granted.

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. Is this another instance where we have a second well proposed in an existing and it's subject for a prior order?

A. Yes, it is.

Q. So the reason that we're repooling this is simply to drill a second cbm frac well under an infill order?

A. Yes, it is.

Q. Okay. What did you do to notify the folks that you've listed as respondents that there would be a hearing today?

A. We mailed by certified mail return receipt requested on August 15, 2008 and published in the Bluefield Daily Telegraph on August 23, 2008.

Q. What appeared in the paper when it was published?

A. The notice of hearing and location Exhibit A-1.

Q. Have you provided Mr. Asbury with certificates concerning mailing and proof of publication that you received from the newspaper?

A. Yes, we have.

Q. Do you want to add any people as respondents today?

A. No.

Q. Do you want to dismiss any today?

A. No.

Q. Okay. Does the plat show the location of both the existing well and the proposed well?

A. Yes, it does.

Q. And is the proposed well shown as P(-4A)?

A. Yes.

Q. What kind of unit is this?

A. It's an Oakwood 80.

Q. And are both the wells in the window?

A. Yes, they are.

Q. Are they the required distance apart?

A. Yes, they are.

Q. Have you provided the Board with the cost estimate regarding the first well when this unit was originally pooled and the cost estimate regarding the proposed second well?

A. Yes, we have.

Q. What's the information on the second well?

A. \$291,258.64 to a depth---

Q. That is the cost estimate?

A. Yes.

Q. And does it have a permit?

A. Yes, 7795.

Q. And the estimated depth?

A. 2490.

Q. Okay. What was the...what is the information with regard to the original well when this was first pooled?

A. \$242,531.85 to a depth of 2592. And the permit number was 7489.

Q. When this was originally pooled and as of today, would you tell the Board what you've been able to acquire in the unit in terms of interest and what you need to pool?

A. We've acquired 98.875% of the coal, oil and gas owner's claim to coalbed methane. We're seeking to pool 1.125% of the coal, oil and gas owner's claim to coalbed methane.

Q. There's an escrow requirement here?

A. Tract 2B.

Q. And is that just because of conflicts?

A. Yes.

Q. Is it your opinion that drilling a second frac well within this coalbed methane unit drilling window is a reasonable way to produce additional coalbed methane from this unit?

A. Yes, it is.

Q. Is it your opinion that the pooling order that was previously entered pooling the 1.250% interest in this tract combined with your leasing efforts will protect the correlative rights of all owners and claimants in the second well as well?

A. Yes, it will.

Q. Okay. Did anybody participate in the first well?

A. No.

Q. You're going to give people an opportunity to participate in the second well when you mailed if it's approved and you mail out the order?

A. We will.

Q. That's all I have, Mr. Chairman.

SHARON PIGEON: Mark, I know you've incorporated the terms from the previous item, but I would like for him to go ahead and put that in the record since you've changed

terms from the first and second.

MARK SWARTZ: Okay.

Q. What are the terms with regard to the second well that should be in the order in terms of folks who might be deemed to have been leased?

A. Five dollars an acre, five year pay up term, one-eighth royalty.

SHARON PIGEON: Thanks.

BUTCH LAMBERT: Any questions from the Board?

(No audible response.)

BUTCH LAMBERT: Do I have a motion to approve?

MARY QUILLEN: Motion to approve.

BRUCE PRATHER: Second.

BUTCH LAMBERT: I have a motion to approve and a second. Any discussion?

(No audible response.)

BUTCH LAMBERT: All in favor, signify by saying yes.

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

BUTCH LAMBERT: All opposed, no.

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

KATIE DYE: Abstain.

BUTCH LAMBERT: Two abstentions. It's approved.

The next item is a petition from CNX Gas Company, LLC to repool coalbed methane unit J-36, docket number VGOB-08-0318-2159-01. All those wishing to testify please come forward.

MARK SWARTZ: Mark Swartz and Les Arrington.

KATHERINE JEWELL: Katherine Jewell.

(Katherine Jewell is duly sworn.)

BUTCH LAMBERT: Okay, Mr. Swartz, you may proceed.

MARK SWARTZ: Thank you.

LESLIE K. ARRINGTON

DIRECT EXAMINATION

QUESTIONS BY MARK SWARTZ:

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

A. Leslie K. Arrington.

MARK SWARTZ: I'd like to incorporate Mr. Arrington's testimony regard to who he works for, CNX as the applicant and the lease terms he would be offering with regard to the second well.

BUTCH LAMBERT: And they would be the same?

MARK SWARTZ: Yes.

BUTCH LAMBERT: Okay.

Q. Les, with regard to this application concerning J-36, is the point of the repooling to allow the

operator to drill a second well in the unit?

A. Yes, it is.

Q. What kind of a unit is this?

A. It's an Oakwood 80.

Q. And would the second well be in the window?

A. Yes, it is.

Q. Okay. And are both the existing well and the proposed well shown on the plat?

A. Yes, they are.

Q. Which one is the existing well?

A. J-36.

Q. And the proposed well is J-36B?

A. Yes.

Q. And they're both sort of in the southeast and west corners of the window?

A. They are.

Q. Is the new well, the second well, proposed to be a frac well?

A. Yes.

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

A. We mailed by certified mail return receipt on August 15, 2008 and we published in the Bluefield Daily Telegraph August 22, 2008.

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

A. The notice of hearing and location exhibit A-1.

Q. Okay. And have you provided Mr. Asbury with copies of your certificates with regard to mailing and proofs of publication from the Telegraph?

A. Yes.

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

A. We've acquired 78.7385% of the coal owner's interests and 76.2204% of the oil and gas owner's interest to coalbed methane. We're seeking to pool 21.2615% of the coal owner's claim to coalbed methane and 23.7796% of the oil and gas owner's claim to coalbed methane.

Q. Do you want to add any folks as respondents today?

A. No.

Q. Do you want to dismiss any?

A. No.

Q. Okay. Is there an escrow requirement?

A. Yes, for Tracts 5, 6 and 9.

Q. Okay, are there some unknowns in 9?

A. Yes.

Q. Okay, so you've got escrow in those three tracts because of either conflicts or unknowns?

A. Yes.

Q. Okay. Have you provided the Board with cost information concerning the proposed second well?

A. Yes, we have.

Q. What is that information?

A. \$280,839.81 to a depth of 1994 feet. The permit number is 9521.

Q. And when this unit was first pooled, did you provide the Board with information concerning the first well?

A. Yes.

Q. And what was that?

A. That was \$295,769.24 to a depth of 2025 feet. The permit number was 8778.

Q. Did anyone participate under the prior order?

A. No.

Q. Is it your opinion that drilling a second frac well in the drilling window of this Oakwood 80 is a reasonable way to increase production from the unit?

A. Yes, it is.

Q. Is it your opinion that if you combine the

prior pooling order pooling the coal and oil and gas interests that you've indicated with your leasing efforts that the correlative rights of all owners and claimants would be protected in this second well?

A. Yes, it will.

Q. That's all I have.

BUTCH LAMBERT: Questions from members of the Board of this witness?

BILL HARRIS: Mr. Chairman, just a quick question. I notice both of these are in the southern portion of the unit. Was there no way to get this...you know, I just think ideally up there where that item number two is where the land, that would be great---

LESLIE K. ARRINGTON: Right.

BILL HARRIS: ---what's happening there?

LESLIE K. ARRINGTON: What's going on, this is actually an area of our existing mine plan for the Buchanan No. 1 mine and these two wells are located in one panel.

BILL HARRIS: Okay.

LESLIE K. ARRINGTON: Some day down the road as we can identify additional locations for mining, we may well have a couple of other wells in the northern section of them.

BILL HARRIS: Thank you.

BUTCH LAMBERT: Any other questions of this witness?

(No audible response.)

BUTCH LAMBERT: Ms. Jewell.

KATHERINE JEWELL: Yeah, when you repool, I can't help but notice...I've got two issues here. I can't help but notice that some of the percentage has changed. I thought these plats were laid out. Now, to get the percentages to change you would have to modify some of the properties, recalculate. That's one question I have. And, two, is to address an issue which I've brought to CNX's attention many times with respect to the plat of the property which is wrong. Now, to give a little background, this property has been in my family for 64 years. It was purchased in 1944 and transferred to Buck Jewell Resources in 2004 with respect to minerals in '62 the below Tiller seam coal was leased to Island Creek, which is part of Consol, and released in 1968. On August 1974, the Jawbone seam was leased to Jewell Smokeless. On July 1978, the Jawbone seam was conveyed to Jewell Smokeless. I don't know if that's in the re-pooling order, I don't have a copy of that order, but...with me, but I don't know if under three, which was in the original, Buck Jewell Resources if it says that the Jawbone seam is owned by Jewell Smokeless. But

this is the point...is the point it has beginning...in the 70s Jewell Smokeless started mining the Jawbone seam. The seam was mined extensively. Now, that's for the coal. Now, in June of 1990, the heirs of A. B. Jewell signed a lease of oil and gas including coalbed methane to Edwards and Hardings. Three conventional wells were drilled on the property within pooling areas in the 1990s. And Edward and Hardings became Virginia Gas, which became Appalachian Energy. In June of 2005, Appalachian Energy signed a JOA with CNX, which I learned through an objection. The county has taxed this tract for 156.56 mineral acres and 141 real estate acres. Island Creek, which is a division of Consol as I mentioned, has paid the taxes or reimbursed the family for 156.56 mineral acres. Jewell Smokeless has paid the taxes on 156.56 acres of Jawbone, which is subsequently been changed since 2007 reassessment. Both Jewell Smokeless, Edwards and Harding and Buchanan County show similar map plats of the property. Jewell Smokeless surveyed the tracts since coal mining isn't pooling but it's what's under your property. You have to be specific in coal mining. Now, CNX has this property leased as...listed as 94.38 acres, alright, which is significantly less than 156.56 acres. Now, as mentioned I've sent letters to CNX and in objections I have questioned the assigned acreage in the plats. I am

yet to receive a response. This isn't unusual. This, obviously, greatly impacts the rights of the gas owners within the units which this Board is...one of its charges is protecting the rights of the gas owners. This property lies within the pooling units of J-35, J-36, J-37, K-35, K-36 and K-37. Now, it's difficult for me to understand, and maybe some scientists can help me here, how a property which was mapped as 156.56 acres in 1950s it was surveyed can now be 94.38 acres. And this force pooling application, even what was assigned to Buck Jewell Resources in J-36 I think it was 35.2% and you're see in this repooling it's less. So, you know, the percentages apparently do change when you change your pooling unit. So, I have questions with that. I have a map here and this is crude, but, you know, I don't have all the nice little surveyed things so I apologize here to the best of my ability. We've mapped out these units, J-35, J-36, J-37, K-35, K-36 and K-37. The green shows what CNX has assigned to the property. Now, this is cut from a map which Jewell Smokeless has. As I mentioned you know coal mining you don't pool. It's, you know, specific for what's under your property. And as you can see the map is different. Now...and this is a map of the areas. You know, where does this come from. I mean, where does this plat come from. It says not surveyed. Well, you know, I..you

know I've been before this...been before you all with Red Oak Ridge property, which involved four points, 100% closure and it was mapped as...well hold on, like that by CNX. Now, either we start surveying these properties because either I have significantly less here or I have significantly more. And you're talking about people's rights and it really irritates me, excuse me, but it really irritates me that these companies are allowed to do this and can't give me an explanation of how these properties change. So, you know, repool all you want, but, you know, you're definitely...well, let's just say screwing some of the gas owners.

BUTCH LAMBERT: Is that it?

KATHERINE JEWELL: That's it.

BUTCH LAMBERT: Questions from the Board?

BRUCE PRATHER: I have a question. What's the date on your tax maps you're using in your---

KATHERINE JEWELL: What deed?

BRUCE PRATHER: Pardon?

CATHERINE JEWELL: What do you mean, the deed on my tax map?

BRUCE PRATHER: No, not the deed, the date?

MARY QUILLEN: The date.

KATHERINE JEWELL: Date?

BRUCE PRATHER: The date on the tax map that you're using to say you have 157 acres.

KATHERINE JEWELL: Well, its been 2007 was the last one but it has been all the way down, I mean you know---.

BRUCE PRATHER: Well, but what I'm talking about is when was the original map put together?

KATHERINE JEWELL: Of taxes?

BRUCE PRATHER: Yeah.

CATHERINE JEWELL: I think they were done in 1984 where they did the maps. That's what I was told.

BRUCE PRATHER: Okay.

KATHERINE JEWELL: You know, I really don't know. I've asked that question to Buchanan County when their tax maps were done. But, I mean, the point is Island Creek owns the coal too so they also have surveyed the area. They paid taxes on 156 acres. CNX and Island Creek are in the same boat.

BRUCE PRATHER: Oh, sure.

KATHERINE JEWELL: Okay, you know, I just don't...this is...this is wrong.

BRUCE PRATHER: Well, the only thing I know for sure is this and that is if the tax maps were based say back in, oh say, back in 1950 when they first started doing aerial photos---.

KATHERINE JEWELL: Yeah, but that has nothing to do with it.

BRUCE PRATHER: Oh, yes it does. The amount of acreage can be very, very over estimated.

KATHERINE JEWELL: The tax maps came from what Jewell Smokeless assigned the survey because Jewell Smokeless has 156 acres.

BRUCE PRATHER: Okay.

CATHERINE JEWELL: I mean, they came from something and somewhere. I mean, I'm aware of the topography and the expansion and that sort of stuff, but you don't have low points on...somebody draws it on there is my point. But most of the maps came from coal companies.

BRUCE PRATHER: Okay.

CATHERINE JEWELL: That's the way they were done.

BRUCE PRATHER: But are they certified surveyed maps?

CATHERINE JEWELL: Well the one's that Appalachian said...not Appalachian, Edwards and Harding did for their gas wells are surveyed.

BRUCE PRATHER: Yeah.

CATHERINE JEWELL: And they, you know, correspond with Jewell Smokeless.

BRUCE PRATHER: Okay.

CATHERINE JEWELL: I mean, you're say...these say, you know, well these have got a little stamp on them, I don't know what that stamp means, but as far as I---

BRUCE PRATHER: Well, one of the problems we've got with their amount of acreage that's taxed is the fact that...the information that these things were based on originally is incorrect.

CATHERINE JEWELL: Oh, I know that. I've been up against the tax people. I am aware of how Buchanan County runs. And, you know, most of...some of them aren't plotted. Yeah, you can't rely on that. But in this case, the tax maps have been put together from what was submitted, as, you know...like I said, mining has been going on for a long time. So, yeah, there is differences actually I think I have a copy of... you can see some true differences in it. I mean, this is Buchanan Counties tax map and this is the actual survey. So there are true differences. But basically, you know, it's...I'm not relying on that. I'm relying on a company that's extracted the coal from under it.

BRUCE PRATHER: Okay.

BUTCH LAMBERT: Ms. Jewell, are you saying that your Jewell Smokeless map and the map you got from CNX don't match?

KATHERINE JEWELL: No, they don't. It's...like I said, it's hard to...see how this has taken out here, it's hard to see how this is but when you place it on top you'll see that this...for example, let's look at this point here. This comes down straight line. This should be up here and then around here. And so in this particular area it's affected that this is supposed to be actually above...upward and you see that on Edwards and Hardings' map where they surveyed it. You know, I don't know where the 94 point whatever acres comes from. I assume somebody used a deed plotter and plotted out the surrounding properties and...I have no idea. And we aren't told, so---

BUTCH LAMBERT: So, what you're saying is there's almost approximately a 50 to 60 acre error?

KATHERINE JEWELL: I don't know how much real acreage there is different but the rest of this property is somewhere, okay. It's either in this section or this section. My...from looking at this it's basically affected K-37, J-36 and J-37.

BUTCH LAMBERT: Any other questions of this witness from the Board?

BILL HARRIS: Yes, Mr. Chairman. Is your property completely covered by units?

KATHERINE JEWELL: Oh, yeah. All of these are

units...six units. Yes.

BILL HARRIS: And so all of those are CNX?

KATHERINE JEWELL: Well, the J-35 it looks like that hasn't been a CNX unit. It looks like Appalachian Energy is putting one in there. So, I don't know if CNX will be moving into J-35.

BILL HARRIS: But you're telling us then that if you add the total acreage that you have represented on the map that you have, it's less...I'm sorry, it's more than what has been recorded by CNX?

KATHERINE JEWELL: Yeah, well they---

BILL HARRIS: I just want to make sure I---

KATHERINE JEWELL: Right. They state in their applications under three...let's see, is it three? I hope these...I can't you know...when they print two per page and on each, it makes it hard to find these things. But I think in the tract identification it should be three and Buck Jewell Resources 94.38 acres. That's appeared in these other applications and I've, you know, I've brought it out in objections, in letters. So, I mean, something is wrong. But we have minerals that have been extracted from under this property and it's, you know, since the 70s I would assume.

BUTCH LAMBERT: Any other questions?

MARY QUILLEN: I just want to clarify because you had mentioned several other units. Is there a discrepancy in the J-36 unit?

KATHERINE JEWELL: Yes. Yeah, that's the one we're on now. Yes, there's a discrepancy. And there's also a change in the...when they re-pooled they changed the percentage. It's not much but it's, you know, I don't quite understand...if you're repooling this to allow for another well in the unit then... and that's all you're doing then...I mean, it seems like if you're coming before the Board and saying you're repooling, we're repooling to also correct assignment. I mean, I would think. You know, I just happened to look at this because it was a courtesy copy sent and I looked at it and said wow these are different.

BILL HARRIS: Mr. Chairman, let me just ask one other question. And this is, Ms. Jewell, about your map. And I think this was asked, I think Mr. Prather asked this, if it was a true survey or a certified survey, the one that you're using?

KATHERINE JEWELL: Yeah, well according to Island Creek it is a true...no, not Island Creek, Jewell Smokeless it is a true survey. I assumed this company, Jewell Smokeless, would probably get into trouble if they were mining under different peoples---.

BILL HARRIS: Yeah, I would think so. Yeah.

BUTCH LAMBERT: Is that a surveyed map or is it a
engineered stamped map that you have?

KATHERINE JEWELL: This is what I have.

BUTCH LAMBERT: There should be an engineer seal
down in the corner.

BRUCE PRATHER: Do any of them have metes and
bounds on there?

KATHERINE JEWELL: I don't have it on here, no.
It's just I asked them to send the map showing, you know,
where this property is. They did...he did write that in 1977
they had a flood and a lot of the originals were gone, but
since they were still active on this they had copies of it.
So---

MARY QUILLEN: Mr. Chairman, just one more
question. Those are the mine maps from Jewell Smokeless, is
that what you're saying?

KATHERINE JEWELL: Yes, ma'am. Who owns the coal
under the property, the Jawbone seam?

MARY QUILLEN: Yes, ma'am.

KATHERINE JEWELL: Okay.

BUTCH LAMBERT: Any other questions?

BILL HARRIS: I do have one for CNX, now.

BUTCH LAMBERT: I'm going to ask Mr. Swartz if he

would like to address---.

BILL HARRIS: Okay, thank you.

BUTCH LAMBERT: ---Ms. Jewell's comments.

MARK SWARTZ: Can I see the map of the green and yellow lines on it?

KATHERINE JEWELL: This map?

MARK SWARTZ: Yes. Are you arguing that this...the green line over here is wrong?

CATHERINE JEWELL: I'm arguing that the J-36 is wrong.

MARK SWARTZ: Well, are you arguing that this green line on the map you've presented is right or wrong today?

KATHERINE JEWELL: This portion right here is actually consistent, if that's what you're saying. If you mean this whole green line, yeah, the whole thing is wrong.

MARK SWARTZ: No, I'm asking about this whole area over here.

KATHERINE JEWELL: Yeah.

MARK SWARTZ: Is it correct?

KATHERINE JEWELL: It's incorrect.

BUTCH LAMBERT: Mr. Swartz, could you turn that so the other Board members can see for just a second. Thank you.

MARK SWARTZ: What I'm asking her about is whether

or not this boundary is correct or incorrect. So, my question is, is this boundary correct or incorrect?

KATHERINE JEWELL: That boundary right here is correct.

MARK SWARTZ: Okay. Because if we look at the plat that's in front of us today that boundary appears to be on the plat, doesn't it?

KATHERINE JEWELL: Yeah.

MARK SWARTZ: Okay. Are you saying that this piece is right or wrong, this piece up here?

KATHERINE JEWELL: That's wrong.

MARK SWARTZ: Okay, what's wrong with it?

KATHERINE JEWELL: What's wrong with it is it's not...well, when you place this on it and we can these up real nicely, you know, with that one you said here, the boundary here, this...this is...for one thing this is assigned to somebody here. John Jewell or Ethel Jewell has a fraction coming into it. That portion that's assigned to them, that's actually wrong according to these maps.

MARK SWARTZ: Just focusing on the lines, okay. What is this? Is this your view of what it should look like?

KATHERINE JEWELL: Yeah.

MARK SWARTZ: Okay. If we lay this on this it

looks to me like it roughly agrees with the boundary that is in J-36.

KATHERINE JEWELL: No.

MARK SWARTZ: Don't you agree?

KATHERINE JEWELL: No, I don't.

MARK SWARTZ: Okay. So, you're saying that there is a significant and substantial difference in this cutout that you've made that should cause this Board to look at this corner of this map and say it's probably wrong. Is that what you're asking them?

KATHERINE JEWELL: Yeah.

MARK SWARTZ: Okay. How much of your tract...strike that. Who owns this tract, do you own it or does somebody else own it?

KATHERINE JEWELL: Buck Jewell Resources owns it.

MARK SWARTZ: Okay, is that a limited liability company?

KATHERINE JEWELL: Yes, it is.

MARK SWARTZ: Okay. Do you have an interest in that company?

KATHERINE JEWELL: Yes.

MARK SWARTZ: Okay, what's your interest?

KATHERINE JEWELL: As a shareholder.

BUTCH LAMBERT: Ms. Jewell, could you speak up,

please?

KATHERINE JEWELL: A shareholder.

MARK SWARTZ: Has Buck Jewell appeared by counsel before in front of this Board?

KATHERINE JEWELL: Yes.

MARK SWARTZ: Okay. But you're going as a member today?

KATHERINE JEWELL: Yeah, it said in the thing anybody has an interest in it can come before and state...it says right on the application.

MARK SWARTZ: Okay. Are you claiming that the acreage that CNX has platted and identified in the tract identifications, which is 27.75 acres, which is the piece of the Buck Jewell tract that they believe is in this unit is right or wrong?

KATHERINE JEWELL: What's the acreage you have there?

MARK SWARTZ: 27.75 acres.

KATIE DYE: Well, in the J-36 unit, the first one you sent out it was 35.2...I'm sorry, 28.16 acres.

MARK SWARTZ: And my question for you is, as we sit here today, this is a repooling...it has been replatted. And my question for you is are you claiming that the 27.75 acre figure is with regard to the Buck Jewell tract unit is

right or wrong?

KATHERINE JEWELL: It's wrong.

MARK SWARTZ: Okay. Show me your calculation. Show me your boundaries that you (inaudible) to show what the acreage should be in this unit.

KATHERINE JEWELL: I don't have those calculations. I have surveyed things. But I would appreciate if you could show me your calculations of these boundaries because one of my questions was you have repooled an area, what exactly...how does that a persons...if you have a well in J-36 and you're putting another well in J-36, so you're repooling it, are you changing the unit shape of J-36?

MARK SWARTZ: We changed the percentages, which is why we're repooling. When you re...if you want to change percentages in a unit you have to repool it. You have to give notice to everybody. We gave notice to everybody. And I'm telling you...or I'm asking you, tell us what you claim the acreage should be for the Buck Jewell tract in this unit. Is it 27.75 acres as we've represented or is it something else?

KATHERINE JEWELL: It's something else.

MARK SWARTZ: What is it?

KATHERINE JEWELL: It has to be higher than the...because this area was eliminated in that its

definitely larger than the 28.16 that was in the original unit application. But I don't understand the difference in 28.16. I mean, how did that change? What changed?

MARK SWARTZ: Here's my question, you've brought all of these maps in, you've brought all of these cutouts in and you're saying the number is wrong and I'm saying what's your number?

KATHERINE JEWELL: I don't have a specific number for that.

BUTCH LAMBERT: Okay, ladies and gentlemen, please address your comments toward the Board and not to each other.

KATHERINE JEWELL: Oh, I'm sorry. I don't have a specific number. I'm showing you...I'm asking you to address, you know, the difference in here. But I...at the same time you have changed the number. So, where is the data showing that one of the land properties grew or you changed the boundary of the J-36 or, you know---.

BUTCH LAMBERT: Okay, are there any questions of the Board of either of these witnesses?

MARK SWARTZ: I have one more question, your gas is leased?

KATHERINE JEWELL: Yes, it is.

MARK SWARTZ: To whom?

KATHERINE JEWELL: It's leased to Appalachian.

MARK SWARTZ: Okay. Is Appalachian, to your knowledge, complaining about the mapping?

KATHERINE JEWELL: Well, they said lease to you.

MARK SWARTZ: No. To your knowledge, is Appalachian that you have given a lease to for this tract complaining about the mapping, if you know?

KATHERINE JEWELL: No, but their mapping of the well that they have conventional well shows a different boundary for the property.

MARK SWARTZ: That's all I have.

BUTCH LAMBERT: Any questions from the Board? Mr. Harris?

BILL HARRIS: Oh, I'm just confused. I'm not sure how to approach this. And, again, this issue with the...you know, if this is laid...okay, Mr. Swartz you've mentioned about replotting this or this is re-platted, I guess is the terminology?

MARK SWARTZ: Well, there's a new plat, which was (inaudible) and there were slight changes in the percentages. It happens all the time.

BRUCE PRATHER: That's the basis of the repooling.

MARK SWARTZ: It was one of the reason to repool.

BRUCE PRATHER: Yeah.

MARK SWARTZ: We can't change percentages without notifying people.

BILL HARRIS: Well, now I understand that, but I'm just...well I guess I'm just confused about this percentages changing when that happens. Is this due to more accurate mapping or is this due to inclusion of surface area that wasn't included before. I guess I'm just trying to---

MARK SWARTZ: Les, Mr. Harris is asking about how the acreages are calculated and what might account for the minor changes from one to the next.

LESLIE K. ARRINGTON: You know, we run into that quite often. You go back and every time we look at these plats somebody revisits them. And if they find the slightest change those guys make that change. Do we have to go back and redo calculations? Absolutely, we do. And at times we have those changes. And it's just from one person's view to another that says, you know, this little point may be just a slightest bit different and we make those changes.

BUTCH LAMBERT: Mr. Arrington, would those mapping differences be based on a person's view as you just said?

LESLIE K. ARRINGTON: We run a complete title opinion on every tract and they sit down and they plot these things and you may have come in and gotten another title

opinion from a neighbor tract and we review every one of those and they are constantly reviewing those titles.

BILL HARRIS: Well, you know, the surface isn't moving and so it's there. So, isn't there some way to have an absolute? I mean, if it's surveyed twenty years ago and then it's surveyed again, I can imagine a couple of feet here and there if...out of a large area because of survey techniques and accuracy of equipment and tolerances, yes. But I'm...I guess I'm a little confused as to how...there should be an absolute here somewhere and I'm not sure what that absolute would be other than someone actually going out and surveying.

LESLIE K. ARRINGTON: And we do not survey property. We do not do that.

MARK SWARTZ: Is Mr. Harris making an assumption that a survey would solve all of these problems? I mean, is that assumption one that you share, that you can go out and survey all of these properties and get one answer?

LESLIE K. ARRINGTON: Well even if that...even if you go out to survey properties unless you can get a total agreement from all the parties, you're never going to have something that satisfies everyone. And plus, these acreages that you're seeing on tax maps, in deed acres, those acres seldom ever match.

MARK SWARTZ: Have you totaled up the acreage that Buck Jewell Resources has in the five adjoining units?

LESLIE K. ARRINGTON: Yes, we did.

MARK SWARTZ: From your records?

LESLIE K. ARRINGTON: From our records. And it does total up to 92.37. And our title opinion, if I...the way we normally have all this stuff put together, if you'll look at tract number three in this unit J-36, if you'll look at that where it says Buck Jewell Resources, LLC, it says...it indicates that that's a 100 acre tract and we, at this point, for five units we've got 92.37 acres within that area. And K-35 is not a unit that we deal with. So, there's some additional acres there that we don't have anything to do with at this thirty seconds.

MARK SWARTZ: And would the total be consistent with a 100 acre tract as opposed which is your title opinion you have as opposed to 150 acre tract?

LESLIE K. ARRINGTON: Yes, it does. And, again, I don't have a copy of that title work with me so I can't say 100% sure that's what that tract is but that's what that normally means there, that that's what the tax identification says is 100 acres.

BUTCH LAMBERT: Ladies and gentlemen, given the nature of the conflicting information that we have before

us, I'm going to request that we continue this one until October and give both parties a chance to go back and re-look at their maps and recalculate and see if we can't get a better acreage figure.

KATHERINE JEWELL: Can I make one comment?

BUTCH LAMBERT: Yes, ma'am.

KATHERINE JEWELL: You know, you have available to you maps from people who have surveyed them, coal companies. And I would think that that would be part of the little plats that you construct. And with respect to the 100 acres that you are referring to, we just went through a court trial where 100 acres became 260 surveyed acres. A 100 acres more or less was standard in your transactions.

MARK SWARTZ: We'll be back in October.

BUTCH LAMBERT: Thank you. Ms. Jewell, too if you don't mind, if you can provide us with copies of those certified surveyed maps we'd appreciate that as well.

KATHERINE JEWELL: If they exist, yeah.

BUTCH LAMBERT: Yes, ma'am.

KATHERINE JEWELL: I mean, like I said those were to my knowledge plotted.

BUTCH LAMBERT: This item number will be continued in October. It's 10:30. I'd like to take a ten minute break...if everybody is agreeable to that we'll take a quick

ten minutes.

(Break.)

BUTCH LAMBERT: Okay, the next item on the agenda is a petition from CNX Gas Company, LLC to repool coalbed methane unit FF-30. This is docket number VGOB-02-0917-1074-02. Would the parties to testify please come forward?

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

BUTCH LAMBERT: You may proceed.

MARK SWARTZ: I'd like to incorporate their testimony with regard to their employment if I could.

BUTCH LAMBERT: Okay, accepted.

LESLIE K. ARRINGTON

DIRECT EXAMINATION

QUESTIONS BY MARK SWARTZ:

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

A. We mailed by certified mail return receipt on August 15, 2008 and we published in the Bluefield Daily Telegraph on August 22, 2008.

Q. When you published what appeared in the paper?

A. The notice of hearing and location Exhibit

A-1.

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

A. Yes, we have.

Q. Okay.

ANITA DUTY

DIRECT EXAMINATION

QUESTIONS BY MARK SWARTZ:

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

A. Okay.

Q. What is the reason that this is being repooled?

A. First of all for a second well and also for a change in...we divided a tract. Tract 1E was previously 0.68 acres owned by Coal Mountain and Burton Vance with a title conflict with VDOT. And we realized that Tract 1A should actually...or 1E should actually be divided into two tracts with two owners. And we added tract 1J. So, now 1E is 0.31 acres and 1J is 0.37 acres, which totals 0.68 that 1E was originally.

Q. Okay. And 1J and 1E if you look at the plat are essentially the tracts that kind of go along Route 634,

is that right?

A. Yes.

Q. And what you did originally, 1E was the combination of what is shown as 1E and 1J now?

A. Yes.

Q. And you've broken that out to get the title straight?

A. Yes.

Q. Okay.

LESLIE K. ARRINGTON

DIRECT EXAMINATION RESUMES

QUESTIONS BY MARK SWARTZ:

Q. Mr. Arrington, with regard to the second well, I'll address that issue with you, okay?

A. Okay.

Q. What kind of a unit is this?

A. This is an Oakwood unit. It has 89.46 acres in it. It's a makeup unit between the Oakwood and Middle Ridge fields.

Q. Okay. And does it have an existing well in it?

A. FF-30.

Q. Okay. And did you provide the Board with a

cost information that was submitted for FF-30 when this was originally pooled?

A. Yes. It was \$230,789.28. FF30-A is \$253,650.29.

Q. Okay. And what is the proposed depth of FF-30A?

A. 1610.

Q. Okay. Do you have a permit for that yet?

A. No.

Q. Okay. If you look at the plat, are both of these wells within the drilling window?

A. Yes, they are.

Q. And is FF-30 in the very northern edge...on the northern edge of the drilling window?

A. Yes, it is.

Q. And then FF-30A is some distance south of that?

A. Yes, it is.

Q. Okay. Are these located in relation to mining at all?

A. No.

Q. Or is it just infill drilling?

A. Infill drilling.

Q. Okay. Are these two wells the requisite

distance apart?

A. Yes.

Q. Okay. Did anyone participate in the first well?

A. No.

Q. And are you asking that the Board give the respondents an opportunity to again participate but with regard to the second well only?

A. Yes.

Q. And with regard to folks who might be deemed to have been leased concerning the second well, what are the lease terms that you are currently offering?

A. Five dollars per acre per year, five year pay up term and a one-eighth royalty.

Q. Is it your opinion that drilling a second frac well---? This is a frac well, right?

A. Yes, it is.

Q. ---in the drilling window of this unit is a reasonable way to increase production and recovery from this well?

A. Yes, it will be.

Q. And is it your further opinion that if you combine the pooling order that was previously issued with the leasing efforts that CNX has been successful in the

correlative rights of all owners and claimants will also be protected in this second well?

A. Yes, they will.

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

BUTCH LAMBERT: Any questions from the Board?

(No audible response.)

BUTCH LAMBERT: Do I have a motion to approve?

MARY QUILLEN: Motion to approve.

BRUCE PRATHER: Second.

BUTCH LAMBERT: I have a motion and a second. Any discussion?

(No audible response.)

BUTCH LAMBERT: All in favor, signify by saying yes.

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

BUTCH LAMBERT: Opposed?

KATIE DYE: Abstain.

BUTCH LAMBERT: One abstention. Approved.

MARK SWARTZ: Thank you all.

BUTCH LAMBERT: The next item on the docket is a petition from Equitable Production Company for a disbursement of funds from escrow and authorization for direct payment of royalties on a portion of Tract 1, well

501853. This will be docket number VGOB-00-0516-0815-02.
All those parties wishing to testify please come forward.

JIM KAISER: Mr. Chairman and Board members, Jim Kaiser and Rita Barrett on behalf of Equitable Production Company.

BUTCH LAMBERT: Seeing no others. Mr. Kaiser, you may proceed.

JIM KAISER: Mr. Chairman, we are here today on this matter to disburse some escrow funds from part of Tract 1 in the unit for this well, which is 501853, and that will...that disbursement will include Gaynell Johnson, Carl Edward Sampson, Teresa K. Patrick, Freddie and Darlene B. Johnson and Range Resources-Pine Mountain.

RITA BARRETT

DIRECT EXAMINATION

QUESTIONS BY JIM KAISER:

Q. Ms. Barrett, could you state your name and who you work for?

A. I'm Rita McGlothlin Barrett. I work for Equitable Production Company.

Q. And we filed this petition on behalf of these respondents to have this money disbursed from escrow, correct?

A. That's correct.

Q. And all parties have been notified as required by statute?

A. Yes.

Q. And the petition includes the royalty split agreements between the parties, correct?

A. It does.

Q. And the petition includes the Board will need to keep the escrow account for Tract 1 open because this doesn't take care of the entire tract, correct?

A. That's correct.

Q. And then we would direct the Board to the last page of the application which is our spreadsheet showing the amounts as of April 30, 2008, correct?

A. That's correct.

Q. And our totals and the banks totals match up as of that date, right?

A. They do.

Q. And then, of course, the owner's percentage of escrow, the next to the last column moving to the right, that is the percentage that the Board will want to key on for disbursement purposes, is that correct?

A. That's correct.

Q. Okay. And so we're asking the Board to

disburse based upon those owner and escrow percentages, all money that is currently in the account and then also have the order include a provision for these particular interest owners for their payments to be paid directly to them on a future basis?

A. That's correct.

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

BUTCH LAMBERT: Any questions from the Board? There will be no questions. Do you all have a motion to approve?

DONNIE RATLIFF: I'll so move, Mr. Chairman.

BRUCE PRATHER: Second.

BUTCH LAMBERT: I have a motion and a second. All in favor say yes.

(All members signify by saying yes.)

BUTCH LAMBERT: Those opposed?

(No audible response.)

BUTCH LAMBERT: Approved. The next item on the agenda is a petition from Equitable Production Company for disbursement of funds from escrow and authorization for direct payment of royalties on Tract 2, well 535686. The docket number is VGOB-06-0117-1568-01. All parties wishing to testify come forward.

JIM KAISER: Mr. Chairman, again, Jim Kaiser and

Rita Barrett for Equitable Production Company.

BUTCH LAMBERT: Seeing no others. You may proceed, Mr. Kaiser.

JIM KAISER: In this particular petition we have two parties who have come to a royalty split agreement, Lydia Victoria Newberry and Range Resources-Pine Mountain. This affects tract two in the unit for 535686 and would allow for tract two to be taken out of the Board's escrow, these are the only two parties in that unit. Again, the application includes the royalty split agreement between the parties. It includes a new Exhibit E which shows the remaining tracts in the unit that are still subject to escrow and that includes our spreadsheet which shows our numbers and Equitable's numbers balancing. I'll, again, direct you to the next to the last column in the spreadsheet for purposes of future disbursements since this escrow figure is good as of June 8 of this year and again ask that the Board disburse based on those %ages as to what's in escrow now and then pay directly to these two parties on a going forward basis.

BUTCH LAMBERT: Mr. Kaiser, what was Exhibit E?

JIM KAISER: Huh?

BUTCH LAMBERT: Exhibit E?

JIM KAISER: You don't have that?

RITA BARRETT: It's not in this one either.

JIM KAISER: Do you have that one Mr. Asbury?

DAVID ASBURY: We have a faxed copy of Exhibit E with Lydia Victoria Newberry and Range Resources-Pine Mountain.

JIM KAISER: Well, let me give you this one.

DAVID ASBURY: Yeah, that was just received.

JIM KAISER: That just shows whose remaining for escrow in the unit.

DAVID ASBURY: Mr. Chairman, our Exhibit E shows Tract 1 with Yellow Poplar Lumbar and Willard Newberry and Audrey Newberry in Tract 3. And then the coal estate we have Pine Mountain Oil and Gas and in 3 we have Pine Mountain Oil and Gas.

JIM KAISER: Right. So that's sort of what's... that's the state of the escrow that's left in the unit, that's why we provide that to you and it should have been. So, that was in your package?

DAVID ASBURY: It was a fax, yes, that's correct.

JIM KAISER: Okay. You should be getting that in all of them.

BUTCH LAMBERT: Any other questions from the Board?

DAVID ASBURY: Mr. Chairman, there is one question with the fax, we have Lydia Victoria Newberry, is this the

same as Ferrel and Vickie Newberry? Is that the---?

RITA BARRETT: I'll have to look at that exhibit.

JIM KAISER: That shouldn't be on there unless they own an interest in one of those two.

MARY QUILLEN: Well, there's no Tract 2 listed.

JIM KAISER: Well, we took Tract 2 out.

RITA BARRETT: That's because Tract 2 is not in there. Tracts 1 and 3 should remain in escrow.

JIM KAISER: Yeah, what Exhibit E should represent to any of these applications is what's left with escrow in the unit.

DAVID ASBURY: Tract 2 was extracted.

JIM KAISER: That would give you the status quo, right?

RITA BARRETT: Right.

DAVID ASBURY: Right.

BUTCH LAMBERT: Any other questions from the Board?

(No audible response.)

BUTCH LAMBERT: Do I have a motion to approve?

PEGGY BARBAR: Motion to approve.

MARY QUILLEN: Second.

BUTCH LAMBERT: I have a motion and a second. Any discussion?

(No audible response.)

BUTCH LAMBERT: All in favor, signify by saying
yes.

(All members signify by saying yes.)

BUTCH LAMBERT: Opposed?

(No audible response.)

BUTCH LAMBERT: Approved. Thank you.

RITA BARRETT: Thank you.

BUTCH LAMBERT: The next item on the agenda is a
petition from Equitable Production Company for disbursement
of funds from escrow and authorization for direct payment of
royalties on Tract 3, well 702914, docket number VGOB-93-
0420-0367-01. All those parties wishing to testify please
come forward.

JIM KAISER: Mr. Chairman, again, Jim Kaiser and
Rita Barrett. This particular well or this particular unit,
this is Tract 3. This is the exact same parties, Ms.
Newberry and Range Resources again, exact same document is
included in the application. Tracts 1 and 2 are still
subject to the Board's escrow. Tract 3, as you can see, is
a extremely small amount, but, you know, we're trying to get
these done at the respondent's request. I don't know why we
didn't do these two together. Well, it probably would have
confused things.

RITA BARRETT: Well, the money would have been

different. It's different wells.

JIM KAISER: Yeah. So, in this particular case, we've got \$8.67 going to the Newberrys and \$2.89 going to Range Resources-Pine Mountain. But, again, draw your attention to the owner's percentage of escrow and ask that the order disburse based on that and disburse going forward directly to these two respondents.

BUTCH LAMBERT: Questions from the Board?

SHARON PIGEON: That sub-account doesn't need to be maintained, correct?

JIM KAISER: Correct. Thank you. It must be a insy tiny little tract in there.

RITA BARRETT: Yeah

DAVID ASBURY: We appreciate you trying to clean this up. We really do.

SHARON PIGEON: Making a record here.

BUTCH LAMBERT: Do I have a motion to approve?

MARY QUILLEN: Motion to approve.

BUTCH LAMBERT: Second?

PEGGY BARBAR: Second.

BUTCH LAMBERT: All in favor, signify by saying yes.

(All members signify by saying yes.)

BUTCH LAMBERT: Was there any discussion?

(No audible response.)

BUTCH LAMBERT: All opposed, signify by saying no.

(No audible response.)

BUTCH LAMBERT: It's approved.

RITA BARRETT: Thank you.

BUTCH LAMBERT: The next item is a petition from Equitable Production Company for disbursement of funds from escrow and authorization for direct payments of royalties on Tract 6. The docket number is VGOB-07-0821-1989-01. All parties wishing to testify come forward.

JIM KAISER: Mr. Chairman, Jim Kaiser and Rita Barrett. In this particular unit, this takes care of Tract 6. The parties that are subject to the royalty split are Wayne and Geneve Rhiner and Standard Banner Coal. They've both received notice. The royalty split agreement between the parties is attached to the application, as is your Exhibit A outlining the escrow accounts on a tract by tract basis that still exists in the unit. And then you have your spreadsheet there at the end where they've agreed to a 50/50 split agreement in this case and we have our figures and the Banks...Wachovia's figures matching as of 5/31/2008 and we'd ask that the Board approve this disbursement and dismiss based on owner percentage in escrow...or disburse based upon owner percentage in escrow and then on an ongoing basis

disburse directly to these two parties and the escrow account for Tract 6 could be closed out.

BUTCH LAMBERT: You did say Exhibit E, Mr. Kaiser?
Did you say Exhibit E or A?

JIM KAISER: It should be E. Is there an A?

BUTCH LAMBERT: I thought you said A.

RITA BARRETT: I think he did.

JIM KAISER: I don't know. I might have. I meant
E.

BUTCH LAMBERT: Okay.

JIM KAISER: Sorry.

BUTCH LAMBERT: Thank you.

JIM KAISER: I had a tooth pulled yesterday, I
might be saying a lot of things.

BUTCH LAMBERT: Any questions from members of the
Board?

BILL HARRIS: Just a quick question, Mr. Chairman.
My Exhibit E has a page three of four and four of four that
are blank.

RITA BARRETT: I saw that Mr. Harris. I think what
happened is whoever printed this just failed to do a
print---.

BILL HARRIS: Just delete those?

RITA BARRETT: A set print and then it just

printed loose additional pages.

BILL HARRIS: Okay. I just didn't...I wanted to make sure---.

JIM KAISER: Yeah, there should only be two.

RITA BARRETT: Yeah, there should be just two pages.

BILL HARRIS: Thank you. I just wanted to make sure we weren't missing something. Thank you, Mr. Chairman.

BUTCH LAMBERT: Any further questions?

(No audible response.)

BUTCH LAMBERT: Do I have a motion to approve?

MARY QUILLEN: Motion to approve.

BRUCE PRATHER: Second.

BUTCH LAMBERT: I have a motion to approve and a second. Any further discussion?

(No audible response.)

BUTCH LAMBERT: All in favor, signify by saying yes. (All members signify by saying yes.)

BUTCH LAMBERT: Opposed, no?

(No audible response.)

BUTCH LAMBERT: Approved. Thank you.

RITA BARRETT: Thank you.

BUTCH LAMBERT: The next item on the agenda is a petition from Equitable Production Company for disbursement

of funds from escrow and authorization for direct payment of royalties on Tract 4, docket number VGOB-93-0119-0309-02.

All parties wishing to testify come forward.

JIM KAISER: Jim Kaiser and Rita Barrett, again, Mr. Chairman.

BUTCH LAMBERT: Seeing no others. You may proceed, Mr. Kaiser.

JIM KAISER: Okay, this is the parties that we had back in item sixteen. This is obviously a different well, a different tract within that unit. Again, your application includes the royalty split agreements between the parties seeking disbursement, an Exhibit E that shows the remaining escrowed parties in Tract 4. So, this is a portion of Tract 4. So that escrow account will need to be kept open in this particular case. And then last but not least, our spreadsheet showing the owner percentage in escrow and the matching amounts between Wachovia and Equitable as of 3/31/2008. And we would ask again that these escrowed parties have their share disbursed based upon the owner percentage and then disbursed directly to them on a going forward basis.

SHARON PIGEON: Do you agree with that?

RITA BARRETT: I do.

JIM KAISER: It's just easier for me.

RITA BARRETT: What am I here for?

JIM KAISER: We're just giving them their money.
There's nobody objecting to this.

BUTCH LAMBERT: Any questions of the Board?

(No audible response.)

BUTCH LAMBERT: Do I have a motion to approve?

MARY QUILLEN: Motion to approve.

BRUCE PRATHER: Second.

BUTCH LAMBERT: All in favor, signify by saying
yes.

(All members signify by saying yes.)

BUTCH LAMBERT: Opposed, no.

(No audible response.)

BUTCH LAMBERT: Approved. Thank you.

RITA BARRETT: Thank you.

BUTCH LAMBERT: The next item is item twenty-five.
It's a petition from Equitable Production Company for
pooling of coalbed methane drilling unit VC-537050. This is
docket VGOB-08-0916-2326. All parties wishing to testify
come forward.

JIM KAISER: Mr. Chairman, Jim Kaiser and Rita
Barrett on behalf of Equitable Production.

BUTCH LAMBERT: Seeing no others, Mr. Kaiser, you
may proceed.

JIM KAISER: Thank you.

RITA BARRETT

DIRECT EXAMINATION

QUESTIONS BY JIM KAISER:

Q. Ms. Barrett, if you'd state your name for the Board, who you're employed by and in what capacity.

A. Rita McGlothlin-Barrett. I am employed with Equitable Production Company as a landman three in the Big Stone Gap, Virginia office.

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

A. They do.

Q. And are you familiar with the application that we filed seeking to pool any unleased interests in this unit?

A. I am.

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

A. We do.

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

A. Yes.

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

A. 0%.

Q. And do you want to explain that or do you want me to explain it?

A. No, I'll explain it. This is the...you guys are familiar with the Galley Friend trustee. It's unknown/unlocateable estate.

Q. Yeah, it's the Yellow Poplar. They are very familiar with that. So, and what percentage of the coal estate is under lease to Equitable?

A. We have 40.94%.

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

A. They are.

Q. And so that leaves 100% of the gas estate unleased and 59.06% of the coal estate unleased?

A. That's correct.

Q. And, again, we've testified many times about all the efforts we've made to try to locate any successors to this Yellow Poplar, correct?

A. Yes.

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

A. I am.

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

A. I am.

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

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

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

A. Yes.

JIM KAISER: Mr. Chairman, at this time, if you will allow and Ms. Barrett agrees, I would like to incorporate the election testimony taken earlier today in docket number 2252---.

RITA BARRETT: I agree.

JIM KAISER: ---which was number five on the docket. That was the first pooling I did.

BUTCH LAMBERT: Yes.

Q. Let's see, Ms. Barrett, the Board does need

to establish an escrow account in this case, correct?

A. That's correct.

Q. And that will cover Tract 1?

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. 2,153 feet.

Q. Estimated reserves for the unit?

A. 230 million cubic feet.

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

A. It has.

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

A. It does.

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

A. Dry hole costs are \$158,677. Completed well costs are \$416,490.

Q. Do these costs anticipate a multiple completion?

A. They do.

Q. And 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 interest of conservation, the prevention of waste and the protection of correlative rights?

A. It does.

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

Q. Well, wait a minute Ms. Barrett. This well is outside the interior window, correct?

A. It is.

Q. Okay. So, I'm assuming that you will seek a location exception in the permitting process?

A. We will.

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

BUTCH LAMBERT: Questions from the Board?

MARY QUILLEN: Mr. Chairman, I just have just a question to ask Ms. Barrett, if she could restate the depth.

RITA BARRETT: Yes, it is 2,153 feet.

MARY QUILLEN: Thank you.

BUTCH LAMBERT: Any other questions?

(No audible response.)

BUTCH LAMBERT: Mr. Kaiser, is PP-3 is that inside or on the line?

RITA BARRETT: I'm not sure, Mr. Chairman. I would think that's a..it looks like it might be...that's a spike nail.

BUTCH LAMBERT: So, is that going to be right on the corner?

RITA BARRETT: It looks to me like it's going to be right on the corner. It could be five feet inside. I can check and make sure.

JIM KAISER: Well, the actual well is between PP-1 and PP-3.

RITA BARRETT: Yeah.

JIM KAISER: Those are just survey points.

BUTCH LAMBERT: That's the survey points, okay.

JIM KAISER: See the circle in between them, that's where the well is.

SHARON PIGEON: Is it on the side line there or is it inside?

RITA BARRETT: Well the well itself is...it's right here.

BUTCH LAMBERT: It's between the two. It looks like

it's on the line.

RITA BARRETT: And the circle here and it's in the interior.

SHARON PIGEON: So, it is not in the window, correct?

RITA BARRETT: ---of the grid but outside the internal grid.

BUTCH LAMBERT: Okay.

JIM KAISER: Yeah, it's in the unit but outside the interior window.

RITA BARRETT: Right.

BUTCH LAMBERT: Any other questions from the Board?

(No audible response.)

BUTCH LAMBERT: Do I have a motion to approve?

MARY QUILLEN: Motion to approve.

BRUCE PRATHER: Second.

BUTCH LAMBERT: I have a motion and a second. Are there any discussions?

(No audible response.)

BUTCH LAMBERT: All in favor, signify by saying yes.

(All members signify by saying yes.)

BUTCH LAMBERT: Opposed, no?

(No audible response.)

BUTCH LAMBERT: Approved.

RITA BARRETT: Thank you.

BUTCH LAMBERT: The next item on the agenda is a petition from Equitable Production Company for pooling of coalbed methane drilling unit VCI-538611. This is docket number VGOB-08-0916-2327. All those wishing to testify please come forward.

JIM KAISER: Mr. Chairman, again Jim Kaiser and Rita Barrett. We do have a revised set of exhibits for this well. VCI, of course, is an increased density well. So, it's the second well in this unit. This will be the second time we've pooled this unit. We did get this one right on the line of the interior window and more than 600 feet from the first well, so that's required.

BUTCH LAMBERT: Seeing no others, Mr. Kaiser. You may proceed.

RITA BARRETT

DIRECT EXAMINATION

QUESTIONS BY JIM KAISER:

Q. Ms. Barrett, again, does Equitable own drilling rights in the unit involved here?

A. We do.

Q. And are you familiar with the application

that we filed seeking to pool any unleased interest in this unit?

A. I am.

Q. And this is an increased density well?

A. It is.

Q. And we've previously pooled this unit for the first well, correct?

A. That's correct.

Q. Prior to filing of this application, did you make another attempt to lease any unleased owners within this unit?

A. We did.

Q. And what is the interest under lease to Equitable in the gas estate in the unit?

A. 46.42%.

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

A. 100%.

Q. Are all unleased parties represented in revised exhibit B-3?

A. They are.

Q. So, at this point what percentage of the gas estate and coal estate remains unleased?

A. The interest in the gas estate unleased is

53.58% and the interest in the coal that is unleased is 0.

Q. And we don't have any unknown/unlocateables in this unit, correct?

A. No.

Q. Are you familiar...are you asking the Board to force pool all the unleased interests as listed at revised Exhibit B-3?

A. I am.

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

A. I am.

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

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

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

A. They do.

JIM KAISER: Mr. Chairman, again I'd ask that the election testimony be incorporated for purposes of this hearing.

BUTCH LAMBERT: Granted.

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

A. Correct.

Q. For conflicting claim purposes?

A. That's correct.

Q. And that will involve Tracts 2, 3, 5 and 6, I think?

A. That's correct.

Q. And we added a EE because we did, since filing the application, we were made aware of royalty split agreement?

A. That's correct.

Q. Between some parties?

A. Yes, it's David and Kathy Adkins and Standard Banner Coal Corporation.

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 well?

A. Total depth is 2,856 feet.

Q. 2856. And what are the estimated reserves for the unit?

A. The estimated reserves are 250 million cubic feet.

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

A. It has.

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

A. I do.

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

A. Yes, the dry hole costs are \$210,393. Completed well costs are \$434,999.

Q. And do these costs anticipate a multiple completion?

A. They do.

Q. And 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 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.

BUTCH LAMBERT: Mr. Kaiser, you testified that you

had a revised exhibit B-3?

RITA BARRETT: We don't have a revised B-3. The only revision is Exhibit E and EE that represents the royalty split agreement.

JIM KAISER: My bad.

BUTCH LAMBERT: I knew I couldn't find it. Okay.

SHARON PIGEON: That's why we really don't like for you to testify. (Laughter.)

JIM KAISER: I'll keep that in mind.

BUTCH LAMBERT: Do we have any questions from the Board?

(No audible response.)

BUTCH LAMBERT: Do I have a motion to approve?

MARY QUILLEN: Motion to approve.

BRUCE PRATHER: Second.

BUTCH LAMBERT: I have a motion and a second. Any further discussion?

(No audible response.)

BUTCH LAMBERT: All in favor, signify by saying yes.

(All members signify by saying yes.)

BUTCH LAMBERT: Opposed, say no.

(No audible response.)

BUTCH LAMBERT: Approved. Thank you.

RITA BARRETT: Thank you.

BUTCH LAMBERT: The next item on the agenda is a petition from Equitable Production Company for pooling of coalbed methane---.

(Interrupted by intercom in the building.)

BUTCH LAMBERT: Again, this is a petition from Equitable Production Company for pooling of coalbed methane drilling unit VC-539762. This is docket number VGOB-08-0916-2328. All parties wishing to testify come forward.

JIM KAISER: Mr. Chairman, again, Jim Kaiser and Rita Barrett on behalf of Equitable Production.

BUTCH LAMBERT: Seeing no others, Mr. Kaiser, you may proceed.

RITA BARRETT

DIRECT EXAMINATION

QUESTIONS BY JIM KAISER:

Q. Ms. Barrett, are you familiar with the application we filed seeking a pooling order for this unit?

A. I am.

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

A. We do.

Q. And prior to filing the application, did you make an attempt to obtain a voluntary lease from each

party owning an interest in this unit?

A. We do.

Q. And what is the interest under lease to Equitable in the gas estate at this time?

A. 98.15%.

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

A. 100%.

Q. So, just 1.85% of the gas estate remains unleased?

A. That's correct.

Q. Okay, we don't have any unknowns or unlocateables in this unit?

A. We do not.

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

A. Yes.

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

A. I am.

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

A. Five dollar bonus, a five year term and

one-eighth royalty.

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

A. Yes.

JIM KAISER: Mr. Chairman, again, we'd ask that the election option testimony be incorporated for purposes of this hearing.

BUTCH LAMBERT: Granted.

Q. Escrow, Ms. Barrett, the Board needs to establish an escrow account for the proceeds attributable to Tracts 2 and 3, is that correct?

A. That's correct.

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

A. Equitable Production Company.

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

A. 2,374 feet.

Q. And the estimated reserves for the unit?

A. The estimated reserves for this unit are 200 million cubic feet.

Q. Has an AFE been reviewed, signed and

submitted to the Board as Exhibit C?

A. It has.

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

A. Yes.

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

A. Dry hole costs are \$154,409. Completed well costs are \$372,714.

Q. Do these costs anticipate a multiple completion?

A. They do.

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

A. Yes.

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

BUTCH LAMBERT: Any questions from the Board?

(No audible response.)

BUTCH LAMBERT: Do I have a motion to approve?

MARY QUILLEN: Motion to approve.

BRUCE PRATHER: Second.

BUTCH LAMBERT: I have a motion and a second. Any discussion?

(No audible response.)

BUTCH LAMBERT: All in favor, signify by saying yes.

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

BUTCH LAMBERT: Opposed, signify by saying no.

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

BUTCH LAMBERT: One abstention. Approved. Thank you.

RITA BARRETT: Thank you.

BUTCH LAMBERT: The next item on the agenda is a petition from Equitable Production Company for pooling of coalbed methane in drilling unit VC-539764, docket number VGOB-08-0916-2329. All parties wishing to testify please come forward.

JIM KAISER: Mr. Chairman, again, Jim Kaiser and Rita Barrett. We do have a new set of exhibits to reflect an additional lease that we picked up.

BUTCH LAMBERT: Seeing no others, Mr. Kaiser, you

may proceed.

RITA BARRETT

DIRECT EXAMINATION

QUESTIONS BY JIM KAISER:

Q. Ms. Barrett, are you familiar with the land involved in this unit and in the surrounding area?

A. I am.

Q. Are you familiar with the application we filed seeking a pooling order?

A. I am.

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

A. We do.

Q. Prior to the filing of the application and after filing the application, did you continue to make efforts to obtain a lease from all the respondents named?

A. We did.

Q. And with your revised exhibit B you did pick up an additional lease on Tract 5?

A. We did.

Q. From Darrell and Patricia Owens?

A. That's correct.

Q. Okay, so now along with the revised set of exhibits what is the interest under lease to Equitable in

the gas estate at this time?

A. 98.81%.

Q. 98.81. And the coal estate is 100% leased?

A. That's correct.

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

A. They are.

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

A. 1.19%.

Q. 1.19%?

A. That's correct.

Q. We don't have any unknowns or unlocateables in the unit?

A. We do not.

Q. And you're requesting the Board to force pool all the unleased interests as listed at revised Exhibit B-3?

A. I am.

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

A. I am.

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

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

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

A. Yes.

JIM KAISER: Again, Mr. Chairman we'd ask that the statutory election option testimony be incorporated for purposes of this hearing.

BUTCH LAMBERT: Granted.

Q. Let's see, escrow on this unit, Ms. Barrett, we have I guess it would be Tracts 5 and 6?

A. No, it's Tract 6 on the coal estate and it's a conflicting claim to the oil and gas and the coal.

Q. 5 would be conflicting too, wouldn't it?

A. Yeah, it should be. That should be reflected as---

Q. So, escrow should involve proceeds from Tracts 5 and 6?

A. That's correct. And we'll have to revise an exhibit to reflect that.

Q. No, we've got it.

A. We do?

Q. Yeah.

A. I don't have it.

SHARON PIGEON: Ours says 6.

Q. Oh, your revision says 6?

A. Yeah. Yeah.

Q. The first one is right, if you want to substitute the first one for the revised one...keep the first one and throw out the revised one on E.

A. I'm sorry.

Q. That's all right.

BUTCH LAMBERT: Okay.

SHARON PIGEON: Have her tell us that.

JIM KAISER: It's all right.

Q. All right. Ms. Barrett, how should they handle Exhibit E for this application?

A. Exhibit E should be from the first application. Tracts 5 and 6 should be escrowed due to conflicting claimant status with the coal.

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

A. Equitable Production Company.

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

A. The proposed depth of this well is 2,288 feet.

Q. And the 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 as Exhibit C?

A. Yes.

Q. And in your opinion does it represent a reasonable estimate of well cost?

A. Yes.

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

A. Dry hole costs are \$147,967. Completed well costs are \$358,681.

Q. And do your costs anticipate a multiple completion?

A. They do.

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

A. Yes.

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

BUTCH LAMBERT: Questions from the Board?

(No audible response.)

BUTCH LAMBERT: Do I have a motion to approve?

MARY QUILLEN: Motion to approve.

BRUCE PRATHER: Second.

BUTCH LAMBERT: I have a motion and a second. Any discussion?

(No audible response.)

BUTCH LAMBERT: All in favor, signify by saying yes.

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

BUTCH LAMBERT: Opposed, no.

DONNIE RATLIFF: I abstain, Mr. Chairman.

BUTCH LAMBERT: One abstention. Approved. The next item on the agenda is a petition from Equitable Production Company for pooling of coalbed methane drilling unit VC-539776. This is docket number VGOB-08-0916-2330. All parties wishing to testify please come forward.

JIM KAISER: Mr. Chairman, Jim Kaiser and Rita Barrett on behalf of Equitable Production Company. I do

have revised exhibits to reflect that additional lease in the unit.

(Jim Kaiser hands out revised exhibits.)

BUTCH LAMBERT: Seeing no others, Mr. Kaiser, you may continue.

RITA BARRETT

DIRECT EXAMINATION

QUESTIONS BY JIM KAISER:

Q. Ms. Barrett, your land includes the responsibilities involved in this unit and in the surrounding area?

A. Yes.

Q. I mean, do your responsibilities include the land involved here and in the surrounding area? Are you familiar with the application that we filed seeking to pool this unit?

A. I am.

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

A. We do.

Q. And, again, prior to filing of the application and after filing the application you continued to make efforts to contact each of the respondents and an

attempt to get a voluntary lease agreement which resulted in one additional lease?

A. That's correct.

Q. Okay. And so what at this point is the interest that Equitable has under lease in the gas estate in the unit?

A. 98.94%.

Q. And 100% of the coal is leased?

A. That's correct.

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

A. That's correct.

Q. So, what is the percentage of the gas that remains unleased?

A. 1.06%.

Q. There are no unknowns or unlocateables?

A. That's correct.

Q. Are you requesting the Board to force pool the unleased interest that's 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. I am.

Q. Advise the Board as to what those are?

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

Q. And in your opinion, do the terms you've just testified to represent fair market value of and 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 be incorporated.

BUTCH LAMBERT: Granted.

Q. Ms. Barrett, again, in this case, the Board does need to establish an escrow account based on conflicting claims for proceeds attributable to Tracts 5 and 6?

A. That's correct. And you need to use the original Exhibit E to attach it. The revised exhibit E does not correctly reflect the escrows.

Q. The same situation as the previous one?

A. Right.

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. Total depth of this well is 2,132 feet.

Q. What's the estimated reserves for this unit?

A. 200 million cubic feet.

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

A. It has.

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

A. It does.

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

A. Dry hole costs are \$157,385. Completed well costs are \$378,977.

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.

BUTCH LAMBERT: Questions from the Board?

BILL HARRIS: Mr. Chairman, let me just a question. I know we've already approved the others, I noticed...but the question actually...well, I'll just confine it to this one. I notice the well is not in the actual drilling window. I notice several of those have been in the same situation. Could you maybe explain what's happening here? And I know, again, I know we've approved the others, so I guess that's a mute point for those.

RITA BARRETT: We will seek a location exception in the permit application.

BILL HARRIS: Okay, but you don't know why it might be that they're not more centrally located?

RITA BARRETT: It's probably either topography or we're working with the coal company to put it where they will approve it. I will imagine it's the coal company.

BILL HARRIS: Okay, thank you. I just thought I'd ask.

RITA BARRETT: You're welcome.

SHARON PIGEON: Jim, just to clarify the original

exhibit E does cover the two tracts of 4 and 5, is that correct?

RITA BARRETT: That's correct..

BUTCH LAMBERT: Would you state again the tracts in exhibit E?

JIM KAISER: It should be 5 and 6, I think....or 4 and 5.

DAVID ASBURY: It's 4 and 5.

JIM KAISER: 4 and 5 in this one and 5 and 6 in the other one. I'm sorry, 4 and 5 in this one.

BUTCH LAMBERT: Thank you.

RITA BARRETT: It's Tracts 4 and 5.

SHARON PIGEON: Thank you.

RITA BARRETT: You're welcome.

JIM KAISER: I was going to combine those two. I'm glad I didn't.

SHARON PIGEON: You have no idea how glad I am.

BUTCH LAMBERT: Any other questions from the Board?

(No audible response.)

BUTCH LAMBERT: Do I have a motion to approve?

MARY QUILLEN: Motion to approve.

BRUCE PRATHER: Second.

BUTCH LAMBERT: I have a motion and a second. Any discussion?

(No audible response.)

BUTCH LAMBERT: All in favor, signify by saying
yes.

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

BUTCH LAMBERT: Opposed, no.

DONNIE RATLIFF: Abstain, Mr. Chairman.

BUTCH LAMBERT: One abstention. It's approved.
Thank you.

RITA BARRETT: Thank you.

BUTCH LAMBERT: The next item on the agenda is a
petition from Equitable Production Company for a
modification of the Nora coalbed gas field rules to allow
for drilling an additional well in units BX-47 and BX-48 and
BY-50. This is docket number VGOB-89-0126-0009-33. All
parties wishing to testify please come forward.

JIM KAISER: Mr. Chairman, in this case it would be
Jim Kaiser, Rita Barrett and Chris Hinte. We'd ask that Mr.
Hinte be sworn in now.

(Chris Hinte is duly sworn.)

COURT REPORTER: Could you spell your last name?

CHRIS HINTE: Hinte, H-I-N-T-E.

JIM KAISER: Okay, we'll start with Ms. Barrett.

RITA BARRETT

DIRECT EXAMINATION

QUESTIONS BY JIM KAISER:

Q. Ms. Barrett, do your responsibilities include the area in which these units and our request for an increased density well in these units are located?

A. It does.

Q. Okay. And let's go through the land portion of this testimony unit by unit. Let's take BX-47 first. What is the status of that unit as far as Equitable's lease owned? Is 100% of that unit under lease to Equitable?

A. It's 100% leased to Equitable.

Q. Okay. And is the increased density well that we're seeking, will it be inside the interior window?

A. It is.

Q. Okay. And let's go to BX-48. Is that unit 100% under lease to Equitable?

A. It is.

Q. And will that increased density well be inside the interior window?

A. It is.

Q. And let's go to BY-50. Is that unit 100% under lease to Equitable?

A. It is.

Q. And will that increased density well be inside the interior window?

A. Yes.

Q. And do you have plats for Mr. Asbury showing that?

A. I do.

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

BUTCH LAMBERT: Any questions of this witness?

BRUCE PRATHER: I have a question.

BUTCH LAMBERT: Yes, sir.

BRUCE PRATHER: Rita, are any of these wells in the Roaring Fork part of the St. Paul quadrangle?

RITA BARRETT: No, Mr. Prather. All of these are in the Nora field.

BRUCE PRATHER: Okay.

BUTCH LAMBERT: Any further questions?

BILL HARRIS: Mr. Chairman, I have just...well actually, we didn't have individual plats for those in our packets. I mean, we had the plat of the area, the Middle Fork area. I see that there's...I'll let them address that.

RITA BARRETT: I can certainly get him...here's one. Here's a copy of what we just gave Mr. Asbury and if

you guys want to pass it around and look at it. And there's an email from the surveyors on the two wells that look like they're just there inside the unit and it actually gives a distance of...yeah, I think they're both 10 plus feet inside the interior.

DAVID ASBURY: That's correct.

BUTCH LAMBERT: Any further questions of this witness?

(No audible response.)

BUTCH LAMBERT: Okay, Mr. Kaiser.

CHRIS HINTE

DIRECT EXAMINATION

QUESTIONS BY JIM KAISER:

Q. Okay, Mr. Hinte, you've not...am I pronouncing that okay?

A. Hinte.

Q. Hinte?

A. That's correct.

Q. You have not previously testified before the Board, so if you would please briefly go through your educational background and work experience for me.

A. I graduated from Marietta College with a B.S. in Petroleum Engineering in 2001. After that, I spent

five years in the Gulf of Mexico working as a field engineer with Baker Hughes and the last couple of years I've been with Equitable Production Company, started in as a drilling engineer, promoted to a district engineer and most recently now the regional drilling manager.

Q. For the Big Stone Gap office?

A. For the Big Stone Gap, thank you.

Q. Which handles this. So, you'll probably be seeing a lot of Mr. Hinte in the future. So, I thought it was a good idea to get a---

RITA BARRETT: Consistent.

Q. ---one of the consistent local, you know, witness down here that's out there in the field on this stuff every day. So, that being stated. If you would go through your handout and go through your testimony as to why...what we've found with these increased density wells to date and why we would like to continue to drill them where we can.

A. All right. Starting with AA, this is a bono picture of a location we're seeking to pool field rule modifications for today. Moving over to BB, is a map shot of Nora CBM field increased density areas with the grids in gray being the ones we have drilled to date. And the three locations we are seeking for today which are in green.

Moving to CC, simply, Virginia CBM increased density drilling summary through 8-31-08. Our totals for right now, total wells drilled are 71. Accumulative production is one billion and 551 million cubic feet and our current rate is 3.9 million cubic feet per day. And moving to DD with the graph, it shows the incremental rate at 3.3 million cubic feet per day of the increased density drilling wells over the original wells which justifies our economics of drilling additional increased density wells in the Nora field.

Q. So, again, it would be your statement on record that the production that we're seeing out of increased density wells that we've already drilled more than make up for the additional capital that we're spending to drill?

A. Yes, the economics are there.

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

BUTCH LAMBERT: Questions from the Board of this witness?

BILL HARRIS: Mr, Chairman, let me just ask just a quick question. The three units that we're looking at are at the southern part of that. How close are they to the edge of the Nora? Do you know?

CHRIS HINTE: I really don't know. This is all I

have right now. I haven't seen the whole map, so I can't answer that.

RITA BARRETT: I can. These Middle Fork wells are pretty much in the middle of the Nora field and you've got quite a bit of room to the south.

BILL HARRIS: Because I remember years ago when we were setting up some of the fields and we were talking about the limits and actually being decreased in the pool size and whatever. So, we're not near the---?

RITA BARRETT: These are pretty much in the middle---.

JIM KAISER: We're not near the edge of the Oakwood.

RITA BARRETT: ---of the Nora.

BILL HARRIS: Okay. Thank you. No further questions.

MARY QUILLEN: Mr. Chairman, just one clarification on that. Ms. Barrett, this looks like it's just about in... at the bottom of one of the quadrangles and partially in the lower quadrangle, both of them, is that correct? Because it looks like right here is where it splits.

RITA BARRETT: I think that's just our mapping. I think if you will look on those plats that we distributed you will see what quads that those are in. I think that

they are all three in the same quadrangle.

MARY QUILLEN: Oh, okay. Okay.

BILL HARRIS: Excuse me, when you say quadrangle, you're talking in terms of survey...geological survey?

MARY QUILLEN: Yeah. It looks---

BILL HARRIS: There is a horizontal line in there and I'm not sure---

RITA BARRETT: I'm not sure what that is.

BILL HARRIS: ---what that represents.

MARY QUILLEN: Oh, okay.

DAVID ASBURY: One well is in the quad, the other two are reflected as being in the St. Paul quad.

BILL HARRIS: So, those are quadrangles in the---

BRUCE PRATHER: Those are part of that, yeah.

BILL HARRIS: U.S.G.S.?

BRUCE PRATHER: U.S.G.S. maps quad.

BUTCH LAMBERT: David, you said one in the Nora and two in the St. Paul?

DAVID ASBURY: BX-47 is in the Nora quadrangle and BX-48 and BY-50 are both in the St. Paul quadrangle.

BILL HARRIS: Oh, so---

BRUCE PRATHER: I wonder really if this line right across here isn't a quadrangle?

RITA BARRETT: I don't know. I just...I think

that's...you can see, there's two---

JIM KAISER: It is. I has to be because you've got---

RITA BARRETT: It has to be.

JIM KAISER: ---the unit lines are above and below it.

BRUCE PRATHER: That's what I was thinking.

JIM KAISER: Yeah, that's a quadrangle, ain't it?

RITA BARRETT: Yeah.

BUTCH LAMBERT: Any further questions?

JIM KAISER: So, two of them are in two quadrangles and the BY-50 would just be in the St. Paul.

RITA BARRETT: Uh-huh.

BUTCH LAMBERT: Do I have a motion to approve?

MARY QUILLEN: Motion to approve.

BRUCE PRATHER: Second.

BUTCH LAMBERT: I have a motion and a second. Any discussion?

(No audible response.)

BUTCH LAMBERT: All in favor, signify by saying yes.

(All members signify by saying yes.)

BUTCH LAMBERT: Opposed, no.

(No audible response.)

BUTCH LAMBERT: Thank you. Approved.

RITA BARRETT: Thank you.

BUTCH LAMBERT: The next item on the agenda is a petition from Range Resources-Pine Mountain, Inc. for a modification of Nora coalbed gas field rules to allow for drilling of an additional well in units AD-70, AE-70, AE-71, AE-72 and AF-70. This is VGOB-89-0126-0009-34. All applicants wishing to testify please come forward.

JIM KAISER: Mr. Chairman, it's Jim Kaiser, Phil Horn and Jerry Grantham for Range Resources-Pine Mountain. The notice, I believe, and I didn't listen close when you read it because I was trying to get my files together, but I believe we left one of the units that we applied for was left off in the notice and that would be unit AD-72.

BUTCH LAMBERT: If I missed it I'm sorry.

JIM KAISER: No, you didn't. You read it right it was just left off when whoever typed this up.

SHARON PIGEON: The docket?

MARY QUILLEN: Yes, it was left off the docket.

SHARON PIGEON: But it was actually noticed though?

JIM KAISER: It was actually noticed.

SHARON PIGEON: Make sure your witness testifies to that.

JIM KAISER: Yeah, so you may just want to insert

that in there.

(Phil Horn and Jerry Grantham are duly sworn.)

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

PHIL HORN

DIRECT EXAMINATION

QUESTIONS BY JIM KAISER:

Q. Mr. Horn, do you agree with the statement that AD-72 was included in the application and all parties within that unit were notified?

A. Yes.

JIM KAISER: Okay. And now for the purposes of the land questions in Mr. Horn's part of this testimony we are going to again separate the units and do them one at a time and then Mr. Grantham's testimony will be as to the increased density purposes. We'll start with the unit for the AD-70.

Q. Mr. Horn, is that unit 100% leased?

A. That unit is 100% owned by Range Resources-Pine Mountain, Inc.

Q. Okay. And is the increased density well going to be in the interior window?

A. Yes, it is.

Q. Okay. Let's move to the unit AD-72.

A. AD...okay.

Q. Okay?

A. Okay.

Q. And that unit is going to be force pooled later today, right?

A. That's correct.

Q. And which will take care of the unleased owners within that unit and the increased density well that we're seeking here is also inside the interior window?

A. Yes, it is.

Q. Okay. Let's move to unit AE-70. That unit is either 100% owned and/or leased by Range Resources-Pine Mountain?

A. That's correct.

Q. And the increased density well will again be inside the interior window, correct?

A. That's correct.

Q. All right. Let's move to AE-71. That unit is 100% either leased or owned by Range Resources-Pine Mountain and that well is also in the interior window?

A. AE-71, that's correct.

Q. Okay. Now, we're going to go to AE-72. That well will actually be force pooled...that unit will be force pooled later in the day, correct?

A. That's correct.

Q. And now this well is actually outside the interior window, correct?

A. That's correct.

Q. About fifteen feet outside?

A. By...it looks like it.

Q. But there are no correlative rights issues, correct?

A. The owners to the adjacent are us and the person we're drilling on is Mr. Breeding. That's correct.

Q. Okay, and he's leased?

A. Yes, he is.

Q. Okay. And then let's move to the last unit, which is AF-70. And I believe that unit is either 100% leased and/or owned by Range Resources-Pine Mountain?

A. That's correct.

Q. And that well will be outside the window?

A. That's correct.

Q. And when you take a look at the impact on anybody's correlative rights, again, there will be no impact?

A. That's right. The acreage adjoining is owned by us.

JIM KAISER: Nothing further of this witness at

this time, Mr. Chairman.

BUTCH LAMBERT: Any questions from the Board of this witness?

(No audible response.)

BUTCH LAMBERT: Mr. Kaiser, you may call your next witness.

JIM KAISER: My next witness will be Mr. Grantham. He will go through some exhibits that he has prepared for his testimony and again go through the reasons why this increased density program has been successful to date and why in instances where we can do it we'd like to continue to do it.

JERRY GRANTHAM: The first exhibit is exhibit AA, and that is just a diagram of the coalbed methane grids in this area. Of course, this is in the Nora field where the coalbed methane units are 58.8 acres. The grids that Mr. Kaiser and Mr. Horn just went over are highlighted on this map so you can see the relationship of where they are to each other in other grids in this area. If we go to exhibit BB then, this is a sort of a panned out view looking at a larger area. The area here which is identified as the CBM proposed increased density is located right here. That's, of course, this area that we showed you before and what we've done here is tried to show you where that is in

relationship to other infill units that have been done by either ourselves or other operators and sort of give you an idea of where this sits in sort of the overall scope of things. You can see off to the east, CNX has done a couple of large areas. We did a very small four grid area just to the northeast of this either last month or the prior month. And, of course, then Equitable has done a number of these down in Dickenson County to the southwest. If we go on to Exhibit CC, this has been presented to you by Equitable. We sort of relied upon their Exhibits because to date we haven't actually drilled any infills yet. So, once we drill we'll have some data of our own. We'll certainly bring it in to show the Board. But we think this data is representative of what we anticipate finding up in the Haysi area, it's geographically, it's fairly close, the coals are very similar, vertically we see similarities from the production on our wells here as we do down in the sort of the center part of Nora field. And what those graphs shows is basically the dark plots are production for accumulative 51 original wells that were in those grids. Those were the first wells that were drilled before any second well was drilled. The red then shows as each of those drills was infill with the second well how the production for the red went up and, of course, then the production for the original

well stayed relatively flat or it appears to have continued on its normal decline. And what it really shows me is that...and once we got...once Equitable got these 51 wells drilled, they pretty much they doubled the production. They had about three and one half million from the first 51. They drilled the infills and they got about another three and a half million. So, to me from an industry standpoint, that's highly successful. Again, we don't have our own infills drilled yet. We've gotten...the last hearing or prior to that we got four grids approved and we're going to drill those this year. But we've done a small projection of what we think we would anticipate finding up in our Haysi area in doing infills. Our original EURs on these vertical wells is somewhere around 275 million for a well. We think we'll see about another 175 million, possibly more we just don't know yet, out of the second well, but certainly enough to warrant the drilling of the second well. And that's what this graph shows, just the original well in red 275. The second well is in yellow 175 and when you add those together, of course, you get 450 for the unit. And then, finally, the benefits of infill drilling. Certainly, we see it as a benefit or else we wouldn't be in front of the Board requesting it in both recovering more reserves and very likely accelerating the production of some reserves that

might be years out. And we think that benefits, it benefits the royalty owner, it benefits the counties, and it does what...you know, what we're trying to do here which is promote the conservation of the gas resource and produce it. And effectively here we have no correlative rights issues. Mr. Horn has testified to that. If we go to exhibit FF, and should I just go ahead and jump into this, Jim, also? Two of the proposed wells are outside the interior window. Again, those were...if you look back on exhibit AA, you can see where they are in relationship to each other. We had...I think it's probably a small pin plot on there where someone had put on there, but that shows a good fairly close representation of where those are in relationship to the other units. You can see in AE-72 we're just on the west side just outside the interior window. The reason, or excuse me...let me go back. I went to the next one. If you look at AF-70 you can see we're just to the north of the interior window. This is a blowup of that exhibit which shows where the location that we are proposing would be and it is outside the interior window. The reason for that is because we looked in this area, we could not find a location within the interior window because of topographic reasons and we have overlaid the topographic map on here and you can see that pretty much of the rest of this whole area is very

steep. There is a spur off to the right. The problem we had there is that because this area has been strip mined there's a rock drain that is used for moving water and effectively we couldn't cross that and take that out because it would change the drainage then. The drainage pattern that was established for that strip by the reclamation. So, what we found is a location that's outside of the interior window actually on a fill area and the fill basically is a disturbed area. So, we're already working on a disturbed area and not disturbing new ground and we felt like that was the best place to put this well. Now, do we need to evacuate? There it went off.

JIM KAISER: And you agree with Mr. Horn's previous testimony that there aren't any correlative rights issues?

JERRY GRANTHAM: Yes.

JIM KAISER: Okay.

JERRY GRANTHAM: And with these infills, of course, the 600 foot radius that we've shown here is a 600 foot distance that we have to keep the two wells apart. So, that's what we're trying to demonstrate here is sort of what that 600 foot radius is and where we had to work outside of that diameter...or excuse me, radius. And if you go to exhibit GG, this one is for the well that's proposed in the grid 72-AE. There, again, you can see we drilled right in

the middle of that grid, which in retrospect maybe wasn't the best thing to do. But, of course, when we drilled the well we weren't probably thinking that far ahead. But it pretty much eats up the whole interior window. I mean, we have a couple of very small spots that topographies excluded us from. So, we found the best suitable location just 15 or 20 feet outside of the interior window to the west. And that's why that well is located where it is.

BUTCH LAMBERT: Any questions from the Board?

BRUCE PRATHER: I have a question.

BUTCH LAMBERT: Yes, sir.

BRUCE PRATHER: Jerry, on your increased density, you've got six of them here, is the reason you don't have more is because you're having trouble getting coal company approval?

JERRY GRANTHAM: Not necessarily in this area. What we've really tried to do is come into areas and look at the production on the initial well and decide is this a good candidate...a good area to drill the second well.

BRUCE PRATHER: Okay.

JERRY GRANTHAM: And I'll be honest with you, I mean, at this point we're looking at it going what makes a good second well candidate. At the end of the day, are all of those going to be potentially good? Maybe. But I will

tell you if we have a not very good coalbed well that's already in one of these units I'm not inclined to want to go to drill a second well---.

BRUCE PRATHER: Yeah, I agree. But I was just wondering---.

JERRY GRANTHAM: ---at this point.

BRUCE PRATHER: ---if you were having....that the reason the unit was so small was because you might have had coal---.

JERRY GRANTHAM: You mean the fact that we only did six---?

BRUCE PRATHER: Yeah.

JERRY GRANTHAM: ---and not opposed-

BRUCE PRATHER: Not ten or twelve or something.

JERRY GRANTHAM: I think not necessarily. I think it is more related to just you know this is---.

BRUCE PRATHER: Economics?

JERRY GRANTHAM: ---the second we've done. We want to go drill a few of these, get some feedback, understand the results and maybe then say...then come to you with a much bigger area and say okay now we do have our own results, we like what we see and we do want to do maybe a 36 square area.

BRUCE PRATHER: Okay.

JERRY GRANTHAM: I realize each one of these we do when they're smaller it takes more of the Board time and we certainly could try a bigger area. I hope we'll be back in front of you next...probably next year some time asking for a bigger area because that means it has worked for us.

BRUCE PRATHER: Yeah, okay.

(Off record discussion regarding the fire alarm.)

BUTCH LAMBERT: Any other questions from the Board?

(No audible response.)

BUTCH LAMBERT: Do I have a motion to approve?

MARY QUILLEN: Motion to approve.

BRUCE PRATHER: Second.

BUTCH LAMBERT: I have a motion and a second. Any discussion?

(No audible response.)

BUTCH LAMBERT: All in favor, signify by saying yes.

(All members signify by saying yes.)

BUTCH LAMBERT: Opposed?

(No audible response.)

BUTCH LAMBERT: It's approved.

JERRY GRANTHAM: Thank you.

BUTCH LAMBERT: Thank you.

DAVID ASBURY: Nice exhibits.

JERRY GRANTHAM: Thank you.

BUTCH LAMBERT: I have twelve o'clock. We're going to break for lunch. Is an hour sufficient? One hour?

(No audible response.)

BUTCH LAMBERT: Okay, be back at 1:00 o'clock and we'll resume.

(Break.)

BUTCH LAMBERT: Okay, it's 1:00 o'clock and time to restart. Thanks everyone for coming back on time. The next item on the agenda is a petition from Range Resources-Pine Mountain, Inc. for the establishment of a provisional drilling unit consisting of 320 acres for the drilling of a horizontal conventional gas served by well VH-530154. This will be docket number VGOB-08-0916-2331. Will the parties wishing to testify please come forward.

SHARON PIGEON: I think you reversed the numbers here.

BUTCH LAMBERT: Did I?

SHARON PIGEON: On the well unit.

BUTCH LAMBERT: Okay. Let me re-read that then. The well unit is 530145. Thank you.

SHARON PIGEON: You're welcome.

JIM KAISER: Mr. Chairman and Board members, Jim Kaiser, Phil Horn and Jerry Grantham on behalf of Range

Resources-Pine Mountain. And also, I'd ask if Mr. Chairman and the Board are in agreement, if you could go ahead and call the next two items I think we could combine these three matters.

BUTCH LAMBERT: Item thirty-two is a petition from Range Resources-Pine Mountain, Inc. for establishment...I'm sorry, thirty-three is a petition from Range Resources-Pine Mountain, Inc. for establishment of a provisional drilling unit consisting of 320 acres for the drilling of horizontal conventional wells served by well VH-530142, docket number VGOB-08-0916-2332. And item number thirty-four is a petition from Range Resources-Pine Mountain, Inc. for establishment of a provisional drilling unit consisting of 320 acres for the drilling of a horizontal conventional gas well served by well VH-530143, docket number VGOB-08-0916-2333.

JIM KAISER: Mr Grantham is going to pass out his exhibits for his testimony.

(Mr. Grantham passes out exhibits.)

PHIL HORN

DIRECT EXAMINATION

QUESTIONS BY JIM KAISER:

Q. Mr. Horn, if you'd state your name, who you

work for and in what capacity?

A. My name is Phil Horn. I'm land manager for Range Resources-Pine Mountain, Inc. I'm in charge of getting these wells cleared and permitted and drilled.

Q. And would it be your testimony that all parties as required by statute in all three units, that being the oil, gas and coal owners in these three 320 acre units that we are attempting to establish have all been notified by certified mail, return receipt requested?

A. That's correct.

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

BUTCH LAMBERT: Any questions from the Board?

BRUCE PRATHER: I have a question. The limits of the pool as defined as the top of the Mississippi and Devonian edge and the bottom is the Devonian shale. I assume that if we approve this unit that all of these formations are included in this pool. So, you can drill horizontal wells in any of these formations?

PHIL HORN: Yes.

BRUCE PRATHER: Okay.

BUTCH LAMBERT: Any other questions?

(No audible response.)

BUTCH LAMBERT: Call your next witness.

JERRY GRANTHAM

DIRECT EXAMINATION

QUESTIONS BY JIM KAISER:

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

A. Jerry Grantham. I'm vice president for Range Resources-Pine Mountain, Inc..

Q. And you've testified on numerous occasions as to the establishment of these provisional units for purposes of drilling horizontal conventional wells?

A. Yes, I have.

Q. And today you have prepared a group of exhibits to illustrate what we're attempting to do here and why we're attempting to do it and if you would just go through that for the Board at this point.

A. Certainly. I'll start off, I guess, by giving just a brief update of where we are with the horizontal program. We try to do this at each of the hearings sort of to keep the Board abreast of the activity. Not a lot has changed really in the last month because the rig that we are using to drill these horizontals we actually went to West Virginia and we drilled a horizontal up there. It's just coming back. But what we've

moved forward with is drilling the vertical portions of the wells and getting those ready. We call those the pilot holes because...and then when the big rig comes back, it's a larger rig, and it can handle drilling the horizontal section, it just goes in and drills the horizontals. The rigs should be back in this week. It will move over on our 89 well, which, again, I didn't bring the exhibit but it's one of the ones where we have put two units together like this. We drilled...we put the surface location right in the middle and we drilled one well west in that unit and now this well...we drilled the pilot hole. We drilled 30 feet away with the pilot hole, which is actually a feet in itself. I mean, you can imagine it's not much longer than the width of this room. We'll drill the second well and go east. And so we're developing all of both of those units from the same pad which we certainly have sort of gone through the advantages to us and I think the advantages to really everybody involved of doing that. So, we're sort of breaking new ground there. I'm real excited about that. We should be on that well like I said Thursday of this week. At that point, we'll move and our plans are to do a Berea horizontal this year. So, we're testing other horizons. Just to let you know, the well we did in West Virginia was in the Big Lime. So, we've done one of those now and that

wasn't (inaudible). We're trying to test this sort of new technology, this concept in various horizons and see how it works. And our plans are...we've got four drilled, our plans are to still have ten wells... horizontal wells drilled in Virginia by the end of this year. So, that's sort of where we are with the program. Exhibit AA is an exhibit that shows Dickenson County, Wise and Russell County, everything that we're doing right now at least in this area is in Dickenson County. What we've done here is shown where the three units are that we're proposing and we've named these based on the docket number for this exhibit to try and keep that consistent and then what we've shown here are the closest adjacent units that have been approved by the Board. We didn't put everything on here. We just showed the closest. And the reason for that is because when we go in and we set this unit up we're trying to keep this spacing so it's on the same pattern as that like that we've already developed. Same down here. We don't have to do that, but certainly early on I think we all sort of went through that and talked about it and I think there's a benefit to trying and at least in localized areas to keep the spacing consistent so that when these units do come together there's not a gap or you know a unit that doesn't fit. I mean, we're going to go...we're going to ultimately if this is

successful run into that because of that. But that's how we're trying to develop it right now. We think it makes the most sense for our company and also from the state's standpoint. So, that's the location of these three units. Exhibit BB, you've, of course, seen that's the aerial view sort of the layout of the 320 acre units and its dimensions. You've seen that. I won't go over that. Exhibit CC, spells out what we're requesting for in the spacing of these horizontal units. They are 320 acre squares. They have a dimension of 3733 feet by 3733 feet. We have an exterior window pane, I call it. I guess it's a window of 300 feet that we cannot produce in, but that we can drill in. And, of course, we've done some of these where we've actually spudded the vertical portion of the well outside of the unit. And, again, the reason for that is it's efficient because by the time we turn it horizontal and approximately 600 feet we're inside the window and then all of that is producible. We're requesting that we be allowed to drill within 600 feet of a vertical well producing from the same zone or a horizontal producing from that wellbore. And we also are requesting, as Mr. Prather pointed out, that we can produce or drill horizontals from any of those intervals...verizons from the Mississippi and down through the Devonian. And there, again, we are sort of trying new

things. We've drilled this Big Lime well and it may (inaudible) some application in Virginia. We hope so. We will be doing a Berea well probably within the next two to three weeks. So, certainly getting all that spaced at one time I think makes a lot of sense. And then I've already brought up the last point, which is being able to drill the vertical portion of the well outside of the unit. Exhibit DD you've seen. Really we've not changed much from this at all. This is pretty much our standard well layout. And we drilled down, set the normal casing strings that we are required to set by the state to protect fresh water, coal and then we set an extra string or at least are now down through the lime the seven inch string and then we drill out from underneath that and set four and a half at TD. The benefits, of course, certainly we feel like it's beneficial to our company, the working interest owners or we probably wouldn't be doing it. But to be quite honest we're in the early stages and certainly there is experimentation that is going on and trying to figure out is this an economic way to develop these reserves. I believe it is. We believe ultimately it will benefit the royalty owners, certainly the counties from severance tax and getting revenue and more efficiently draining the gas, promoting the resource and conserving it, leaving less gas in the ground. I think all

those are applicable. And we think the horizontals have some environmental and really less impact on the surface owners because of just the example I gave you where we can do few wells in opposite units from one path.

BUTCH LAMBERT: Questions from the Board?

MARY QUILLEN: Mr. Chairman, I'd just like to ask Mr. Grantham. On this one that's up here you said you have the vertical from between these two wells, is that what you said?

JERRY GRANTHAM: Actually, I used that as an example but that's actually not where that is that we're doing that.

MARY QUILLEN: Oh.

JERRY GRANTHAM: I was trying to use this as an example where we have two units that are side by side and just demonstrate that we are, in fact, doing that where we drill the well right between the units, one goes one way and then we drill a second well. The first well went west with the lateral and the second well is going to go east with the lateral. But that is actually not the location that we are doing that right now on.

MARY QUILLEN: This is an example of what you are going to do. Well, that leads to my next question is if you have four there, ordinarily you are drilling most of the

time from northwest to southeast. Is..if you...could you do all four of those from one vertical?

JERRY GRANTHAM: Theoretically, absolutely you could. Now, to drill multiple wells off of a location you have to have a bigger location.

MARY QUILLEN: Right.

JERRY GRANTHAM: And as we all know topography is an issue out here.

MARY QUILLEN: Exactly.

JERRY GRANTHAM: Now, we do have locations that are big enough, you know, big strip benches, tops of ridges and areas like that. So, certainly theoretically you could develop more units from one location. We're going to walk before we run---

MARY QUILLEN: Okay.

JERRY GRANTHAM: ---and try two and see how that goes. And then, you know, certainly that concept, you know, might be something we would do in the future.

MARY QUILLEN: So, we'll look forward to that.

JERRY GRANTHAM: Well, I hope so.

MARY QUILLEN: Okay, good. You answered my question. Thank you.

BRUCE PRATHER: Mr. Chairman, I have a question. Jerry, when you're running your seven inch you're leaving

the Berea which normally is producing the formation in your vertical wells in this area. I assume you're going to be running enough packers in this horizontal section, you're going to protect the correlative rights of the people that are in the Berea. Now, are the offset wells to this thing, do you own them? Do you own all the wells?

JERRY GRANTHAM: Yes, we own all the offset wells---

BRUCE PRATHER: Okay. Okay.

JERRY GRANTHAM: ---with our partner Equitable, yes.

BRUCE PRATHER: Okay. Good. I just thought it might be the time to bring up the fact that if Equitable drilled the well, well they would really put a lot of gas out in the Berea.

JERRY GRANTHAM: And that is correct. And I think they came in and presented to the Board sort of the concept of how they would protect in doing that. And typically what we do because we run the four and a half in as the production string we're using open hole packers to seal it off. We run two sets of packers between our last stage and the Berea to sort of as a double insurance.

BRUCE PRATHER: How far....do you run any up in the horizontal or the vertical well?

JERRY GRANTHAM: The top packer is going to be pretty darn close to getting vertical. I won't say it's exactly vertical---.

BRUCE PRATHER: That's good.

JERRY GRANTHAM: ---but you're exactly right it's not going to be way down in the curve in most cases.

BRUCE PRATHER: Well, that's good.

BUTCH LAMBERT: Mr. Grantham, let me direct you back to exhibit CC and the second bullet. Is that a correct statement, 300 foot interior window?

JERRY GRANTHAM: I think we sort of used the term window maybe a little generically. Are you asking---?

SHARON PIGEON: We don't. We have a window that's marked the interior space. You're talking about the---.

SHARON PIGEON: Right.

JIM KAISER: There's a 300 foot setback.

SHARON PIGEON: Right.

JERRY GRANTHAM: Yeah. It probably should say exterior window.

SHARON PIGEON: Or window frame maybe.

JERRY GRANTHAM: I like window frame. I agree.

SHARON PIGEON: You said that.

JERRY GRANTHAM: I've said that and I didn't know if that would confuse people, but that's the way I see it.

This is the window and that's the window frame. And the window frame is what we're....you've excluded producing from. So, we'll change that exhibit to clarify that a little more.

SHARON PIGEON: And I'll write that in on this one today.

JERRY GRANTHAM: Okay. So, we can use that term?

SHARON PIGEON: Window frame? I think that's an excellent statement.

JERRY GRANTHAM: Great.

BUTCH LAMBERT: Any other questions?

(No audible response.)

BUTCH LAMBERT: Do I have a motion for approval?

MARY QUILLEN: Could you clarify that? Are we approving all three of these or just the item thirty-two?

BUTCH LAMBERT: I think that's what you're asking, isn't it?

JIM KAISER: Yes, we're asking to approve all three.

BUTCH LAMBERT: All three.

MARY QUILLEN: Motion to approve all three.

BRUCE PRATHER: I'll second.

BUTCH LAMBERT: I have a motion and a second. Are there any discussion?

(No audible response.)

BUTCH LAMBERT: All in favor, signify by saying I.

(All members signify by saying I.)

BUTCH LAMBERT: Opposed?

(No audible response.)

BUTCH LAMBERT: It's approved for all three.

JERRY GRANTHAM: Thank you.

BUTCH LAMBERT: The next item on the agenda is a petition from Chesapeake Appalachia, LLC for the establishment of a provisional drilling unit consisting of 320 acres for the drilling of a horizontal conventional gas wells served by well 826868 (HY-10-H). This is docket number VGOB-08-0916-2334. Those wishing to testify come forward.

JIM KAISER: Mr. Chairman, it will be Jim Kaiser, Dennis Baker and Stan Shaw on behalf of Chesapeake Appalachia. We'd ask that they be sworn at this time.

(Dennis Baker and Stan Shaw are duly sworn.)

BUTCH LAMBERT: Seeing no others, Mr. Kaiser, you may proceed.

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

DENNIS BAKER

DIRECT EXAMINATION

QUESTIONS BY JIM KAISER:

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

A. My name is Dennis Baker and I'm employed by Chesapeake Appalachia as senior landman.

Q. And we're seeking to establish a 320 acre provisional unit for purposes of drilling horizontal conventional gas wells and as such, would it be your testimony that everyone entitled to notice under 361.19 of the statute, that being all the coal, oil and gas owners within that 321 acres have been notified by certified mail, return receipt requested?

A. Yes.

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

BUTCH LAMBERT: Questions from the Board?

(No audible response.)

BUTCH LAMBERT: Call your next witness, Mr. Kaiser.

JIM KAISER: He's going to pass out his exhibits for his testimony. I'm sure he has it labeled AA and BB.

(Mr. Shaw passes out exhibits.)

STAN SHAW

DIRECT EXAMINATION

QUESTIONS BY JIM KAISER:

Q. If you would, while they're passing those out, state your name, who you're employed and in what capacity?

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

Q. And you have been Chesapeake's primary witness on the technical end of the establishment of these provisional units in the past?

A. Yes.

Q. Okay. And I think it has made it around. So, if you want to begin your testimony by going through your exhibits at this time.

A. Okay. This will make our fourth unit we're applying for in Virginia. It's approximately nine miles west southwest of our first unit and our only horizontal well we've drilled so far in Virginia. That well has been on line for about four months. It's holding up pretty well. It's a lower rate than what we want for these horizontal wells and we plan to do more stimulation on future wells to make them better. It is a far superior well to a vertical well we drilled about 2,000 feet away. So, it has definitely shown a lot of promise that way. This next page, Exhibit AA, is just a copy of the well plat. It's tremendously reduced from 11 x 17. But it's showing a

square unit, 3733 feet by 3733 feet, that makes 320 acres. Initially, we have one well planned for this unit. The surface hole being in the upper northwest corner and the wells headed southeast. And we operate the nearest vertical well. It's about 4,000 feet away. I skipped BB and went to Exhibit CC, but it outlines our horizontal conventional drilling unit proposal. It's consistent with our first three units as shown on the plat, 320 acres, 3733 feet on the side. It's 5,280 foot diagonal, but not all of that's drillable. So, the maximum lateral length inside the window is 4431 feet theoretically. So, a 300 foot window frame.

SHARON PIGEON: We can correct our exhibit to reflect that.

STAN SHAW: Thank you. We propose it to be permissible to drill a surface location outside of the unit as long as the production comes from within the unit and I think Jerry covered that pretty well. We propose to have a minimum of 600 foot distance between a horizontal wellbore and any vertical well producing from that horizon or another horizontal wellbore. Also, that the unit allow for multiple wells or laterals for maximum drainage. Right now we just have the one planned for this unit. And in some cases, we ask that we be able to use the same location for multiple wells. We've done that in West Virginia and Kentucky so

far. That will be coming to Virginia soon probably. The next page, Exhibit DD, shows the proposed drilling plan for a horizontal well in the Lower Huron in this unit. And this well is presently scheduled to spud mid December. As Jerry covered on his, it starts out very similar to a vertical well. You have fresh water casing protection and coal protection. We're also running seven inch down through the Big Lime. We'll drill an additional 1300 feet or so vertical before we start making the curve and then once the curve is built and the lateral is drilled, we'll run four and a half casing and isolate different intervals with packers and we'll have six or seven stimulation treatments on this well. We did four on our first one and I think we can do better by increasing that number. Exhibit EE lists some items of importance to the industry and others of horizontal drilling. First, you can penetrate more productive formations and that's key in the shales and other type formations. You can alter the orientation of the wellbore path based on geology and fractured trends. The laterals can reach into areas otherwise inaccessible by the vertical wellbores due to terrain and other issues. You can more effectively extract the resource ultimately leading to less surface disturbance and fewer issues with coal mining. And the higher depletion rates and development of the

resource will benefit the royalty owner as well as the producers. That's all I have prepared.

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

BUTCH LAMBERT: Any questions from the Board?

BRUCE PRATHER: I have a question.

BILL HARRIS: Well, I just...the notation...the last thing you said was EE, and we have a DD. I don't know if ours is numbered different. AA is the well plat, BB is the proposal, CC is the drilling plan and then DD is the importance to the industry.

STAN SHAW: I read my notes on the wrong one.

BILL HARRIS: Oh, okay.

STAN SHAW: I'm sorry.

JIM KAISER: So, your packet is right I think.

BILL HARRIS: Okay. Okay. Thank you. I'm sorry, because everything was just off a letter...or a couple of letters or whatever.

STAN SHAW: I'm sorry about that.

BILL HARRIS: Thank you.

BRUCE PRATHER: I have a question. The only thing I did notice that you've done, which I approve wholeheartedly, you've got a packer up in your vertical hole---

STAN SHAW: Yes, sir.

BRUCE PRATHER: ---to keep anything from going up the hole when you're treating it. And I think that's a very good idea.

BUTCH LAMBERT: Any other questions from the Board?

DONNIE RATLIFF: Mr. Chairman, while we've got a geologist here, when we look at...and this is not related to this, this is my education. When we're talking about carbon sequestration and looking at unmineable coal seams, in all areas of the countries they're also looking at saline aquifers. Are we deep enough to get into saline aquifers here?

STAN SHAW: I'm an engineer and not a geologist.

DONNIE RATLIFF: I'm sorry. That's really a good thing, so.

STAN SHAW: Yeah.

BRUCE PRATHER: I can answer some of that question. There are...to my knowledge, there's only one area that I know of that the devonian has salt water in it and it's up in southeastern Ohio, up there in Gallia County. They have actually got salt water in the shale, in the Lower Heron. It's the only place I know of. I mean, the rest of the areas in West Virginia, Pennsylvania, the whole thing, there's no water in it. There never has been. There is up there in that one...well, three counties.

JERRY GRANTHAM: Yeah, it would have to be in deeper zone than the shales.

BRUCE PRATHER: Yeah, and the salt water you historically run into below these wells would be the (inaudible). A lot of times it has salt water in it. Most of the times around here there's very little (inaudible) in it. So, you don't even have that possibility.

BUTCH LAMBERT: Any other questions for discussion?
(No audible response.)

BUTCH LAMBERT: Well, Mr. Kaiser, just for housekeeping issue, again, you'll label C Exhibit A and C exhibit B and your exhibits aren't labeled.

JIM KAISER: I'm sorry.

BUTCH LAMBERT: I guess you're still referring to the well location plat?

JIM KAISER: Yes, the plat would be A and then the...with the DGO7 and then B would be the folks that we noticed as having an interest in the oil, gas or coal.

BUTCH LAMBERT: Okay.

JIM KAISER: I'll make a note of that.

BUTCH LAMBERT: Any other questions from the Board?
(No audible response.)

BUTCH LAMBERT: Do I have a motion to approve?

DONNIE RATLIFF: I move to approve.

MARY QUILLEN: Second.

BUTCH LAMBERT: I have a motion and a second. Any discussion?

(No audible response.)

BUTCH LAMBERT: All in favor, signify by saying yes. (All members signify by saying yes.)

BUTCH LAMBERT: No, opposed?

(No audible response.)

BUTCH LAMBERT: It's approved. Thank you, Mr. Kaiser.

JIM KAISER: Thank you.

BUTCH LAMBERT: The next item on the agenda is item thirty-six, a petition from Chesapeake Appalachia, LLC for pooling of conventional well unit 826869. This is docket number VGOB-08-0916-2336. All parties wishing to testify come forward.

JIM KAISER: Mr. Chairman, Jim Kaiser, Dennis Baker and Stan Shaw for Chesapeake Appalachia.

BUTCH LAMBERT: You may proceed, Mr. Kaiser.

DENNIS BAKER

DIRECT EXAMINATION

QUESTIONS BY JIM KAISER:

Q. Mr. Baker, if you'd state your name, who you work for and in what capacity.

A. My name is Dennis Baker. I'm employed by Chesapeake Appalachia, LLC as senior landman.

Q. And are you familiar with Chesapeake's application seeking to establish a drilling unit and pool any unleased interests within that unit that we filed August 15, 2008?

A. Yes, I am.

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

A. Yes.

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

A. Yes.

Q. And at this point, what percentage of the gas estate is....within the unit is under lease to Chesapeake?

(Intercom comes on.)

Q. Okay, let's do that again. What is the interest under lease to Chesapeake within the unit?

A. The interest under lease is 81.773646%.

Q. So, then at this time 18.226354% remains unleased?

A. That's correct.

Q. And are all unleased owners set out at exhibit B-3?

A. Yes.

Q. Okay, and even though we've got fourteen tracts and seventy some royalty owners in this unit I don't think we have...do we have any unknowns?

A. No, no escrow.

Q. We do not have any unknowns, is that correct?

A. That's correct.

Q. Okay. So clearly, due diligence was exercised to locate each of the respondents named herein?

(No audible response.)

Q. Yes?

A. Yes.

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

A. Yes.

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

A. Yes, I am.

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

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

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

A. Yes.

JIM KAISER: Mr. Chairman, again, with your approval I'd like to incorporate the statutory election option testimony taken earlier today in item five of the docket as long as Mr. Baker agrees with it.

DENNIS BAKER: Yes, I agree.

BUTCH LAMBERT: Accepted.

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

A. Chesapeake Appalachia, LLC.

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

A. They do not.

Q. Okay. That's all I have for this witness, Mr. Chairman.

BUTCH LAMBERT: Questions from the Board?

(No audible response.)

STAN SHAW

DIRECT EXAMINATION

QUESTIONS BY JIM KAISER:

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

A. Yes.

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

A. 6,255 feet.

Q. Estimated reserves for the life of the unit?

A. 300 million cubic feet.

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

A. Yes.

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

A. Yes.

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

A. Dry hole costs are \$322,560. Completed well costs are \$677,390.

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 interest for conservation, prevention of waste and the protection of correlative rights?

A. Yes.

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

BUTCH LAMBERT: Questions from the Board? Anything further, Mr. Kaiser?

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

BUTCH LAMBERT: Mr. Kaiser, on your application in your packet if you go over to Item D and about the middle of that paragraph where it gives the estimated costs for the well depth and the estimate well costs on the expenditure sheet you provided is kind of off a little bit.

JIM KAISER: Yes.

BUTCH LAMBERT: Just a little.

SHARON PIGEON: The testimony needs match the AFE. It just didn't match.

JIM KAISER: No, it's a dollar off. So, let's go with \$677,390. That's what the AFE states. I don't know where we got the 389 from.

STAN SHAW: It was probably 389 and 50 cents. Just the way it was rounded.

JIM KAISER: She rounded it down instead of up.

BUTCH LAMBERT: Do you want to go with what's on the AFE?

JIM KAISER: Yes, we'll go with \$677,390. I think that was also the testimony, right?

BUTCH LAMBERT: It was. Any other questions from the Board?

(No audible response.)

BUTCH LAMBERT: Do I have a motion to approve?

MARY QUILLEN: Motion to approve.

BRUCE PRATHER: Second.

BUTCH LAMBERT: I have a motion and a second. Any discussion?

(No audible response.)

BUTCH LAMBERT: All in favor, signify by saying yes.

(All members signify by saying yes.)

BUTCH LAMBERT: Opposed, no? Approved. Thank you, Mr. Kaiser. The next item is a petition from Chesapeake

Appalachia, LLC for pooling of conventional well unit 826975, this is docket number VGOB-08-0916-2337. All parties wishing to testify come forward.

JIM KAISER: Again, Mr. Chairman, Jim Kaiser, Dennis Baker and Stan Shaw for Chesapeake Appalachia.

BUTCH LAMBERT: Seeing no others, you may proceed, Mr. Kaiser.

DENNIS BAKER

DIRECT EXAMINATION

QUESTIONS BY JIM KAISER:

Q. Mr. Baker, you are familiar with the application we filed seeking to establish a drilling unit and pool any unleased interest owners within that unit, which was dated August 15, 2008?

A. Yes, I am.

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

A. Yes.

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

A. Yes.

Q. And what is the interest under lease to

Chesapeake in this unit?

A. The interest under lease is 91.294702%.

Q. So, that leaves an unleased interest of 8.705298%?

A. That's correct.

Q. Okay. And, again, we don't have any unlocateables?

A. No.

Q. So, all unleased parties are set out at exhibit B-3?

A. Yes.

Q. Are you asking this Board to force pool all unleased interests listed as exhibit B-3?

A. Yes.

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

A. Yes, I am.

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

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

Q. In your opinion, do the terms you've just testified to represent fair market value of and fair and

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

A. Yes.

JIM KAISER: Now, Mr. Chairman, again, with your permission and Mr. Baker's approval, I'd like to incorporate the election option testimony from item five earlier today.

DENNIS BAKER: I agree.

BUTCH LAMBERT: Okay, granted.

Q. Again, the Board does not need to establish an escrow account for this unit?

A. No, they do not.

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

A. Chesapeake Appalachia, LLC.

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

BUTCH LAMBERT: Questions from the Board?

(No audible response.)

BUTCH LAMBERT: Call your next witness.

STAN SHAW

DIRECT EXAMINATION

QUESTIONS BY JIM KAISER:

Q. Mr. Shaw, do your responsibilities include

this unit?

A. Yes.

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

A. 6,100 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 as Exhibit C?

A. Yes.

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

A. Yes.

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

A. The dry hole costs are \$297,187. The completed well costs are \$649,932.

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 protection of correlative rights?

A. Yes.

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

BUTCH LAMBERT: Questions from the Board?

(No audible response.)

BUTCH LAMBERT: Do I have a motion to approve?

MARY QUILLEN: Motion to approve.

BRUCE PRATHER: Second.

BUTCH LAMBERT: I have a motion and a second. Any discussion?

(No audible response.)

BUTCH LAMBERT: All in favor, signify by saying yes.

(All members signify by saying yes.)

BUTCH LAMBERT: Opposed, no?

(No audible response.)

BUTCH LAMBERT: Approved. Thank you. The next item is a petition from Chesapeake Appalachia, LLC for a well location exception for a proposed well 825696 (PP-165). This is docket number VGOB-08-0916-2338. All parties wishing to testify come forward.

JIM KAISER: Mr. Chairman, this will be Jim Kaiser and Stan Shaw for Chesapeake Appalachia.

BUTCH LAMBERT: Seeing no others. You may proceed.

STAN SHAW

DIRECT EXAMINATION

QUESTIONS BY JIM KAISER:

Q. Mr. Shaw, are you familiar with the application we filed seeking a location exception for this well?

A. Yes.

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

A. Yes.

Q. Could you indicate for the Board the ownership of the oil and gas underlying the unit for well number 825696?

A. Chesapeake Appalachia owns 100%.

Q. And does Chesapeake Appalachia have the right to operate any reciprocal wells?

A. Yes, we do.

Q. I believe there's just one?

A. Yes.

Q. That would be in PP-163?

A. Correct.

Q. Are there any correlative rights issues?

A. No.

Q. Okay. Now, in conjunction with the exhibit that's just been passed out to the Board, can you explain specifically why we're seeking this location exception?

A. There's several coal issues in the vicinity. First off, the diagram the circles on there are 2500 foot radius and not the 1250 foot for the unit. So, they're showing the spacing distance. The well that we're talking about today is the blue dot on there, PP-165. And if it was moved west it would be a 2500 feet. But there's a...you can see the lighter area on the topo lines, that has been stripped already but there's plans to reopen that due to additional mining in that area. The well is situated just south of an underground mine and if you would go even further to the west passed where the strip mining is there's another underground mine. We've had a lot of difficulty in this area getting coal approval and this is one site we could get pre-approved by coal.

Q. So, basically because of either past, present or future coal mining operations this is the only location that you could get a coal owner to approve and to

allow us to lease the gas and prevent waste from that area?

A. That's correct.

Q. Okay. And what's the...say this location exception were not granted could you estimate the loss of reserves?

A. 300 million cubic feet.

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

A. 5,445 feet.

Q. And in your opinion, would the granting of this location exception be in the best interest of prevention of waste, protecting everyone's correlative rights and maximizing the recovery of the gas reserves underlying this unit?

A. Yes.

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

BUTCH LAMBERT: Anything from the Board? Questions?

BRUCE PRATHER: I have a question. Stan, how far is it from your proposed well to the outside well of the north? It's 1990 to the one to the south.

JIM KAISER: The one in the north is 2540.

BRUCE PRATHER: Okay. That's plenty. Well,

another question I might ask is that strip area still under bond? Is that one reason you can't get up in there?

STAN SHAW: I don't know about the bond. Their civil engineer just told me that there was a plan to go back in there.

BRUCE PRATHER: Okay.

JIM KAISER: Presumably it probably is.

BRUCE PRATHER: Yeah, that's what I was thinking.

JIM KAISER: Yeah.

BUTCH LAMBERT: I've got a question, but I don't know how to ask. You've testified that there is a permit in that area, but we don't have any information on the map to show us locations of the permits.

STAN SHAW: I don't have that, no.

BUTCH LAMBERT: Okay. Any other questions from the Board?

(No audible response.)

BUTCH LAMBERT: Do I have a motion to approve?

MARY QUILLEN: Motion to approve.

BRUCE PRATHER: Second.

BUTCH LAMBERT: I have a motion and a second. Are there any discussion?

(No audible response.)

BUTCH LAMBERT: All in favor, signify by saying

yes.

(All members signify by saying yes.)

BUTCH LAMBERT: Opposed, no?

(No audible response.)

BUTCH LAMBERT: It's approved.

BUTCH LAMBERT: The next item on the agenda is a petition from Chesapeake Appalachia, LLC for repooling of horizontal conventional unit 826879. This is docket number VGOB-08-0715-2287-01. All parties wishing to testify please come forward.

JIM KAISER: Mr. Chairman, Jim Kaiser for Chesapeake Appalachia. We need to ask the Board's indulgence to continue this one until October. We are still having heirs coming out of the woodwork and we're trying to get everybody notified and on board with this and we hope to have that by October the 21st.

BUTCH LAMBERT: Continued.

JIM KAISER: Thank you. I know Jerry is present and he's going to remind everybody, but if we all would like you to...I'm vice president this year. We'd like you all to...we're going to have a reception and dinner after the hearing in October at the Martha Washington on the 21st, I think at 6:00. So, we'd like to have all the Board members that can make it and...Mr. Asbury, did they talk to you

about inviting some of your staff?

DAVID ASBURY: Not yet.

JIM KAISER: I think they're going to.

DAVID ASBURY: That would be nice, thank you.

JIM KAISER: Yeah, have everybody show up that can and you'll get to meet some people that, you know, don't come to these things that are involved in the industry in Virginia. It should be a nice affair. I think maybe we're going to do a little something for Benny, too so.

BUTCH LAMBERT: Okay. Thank you for that invitation. The next item on the agenda is a petition from Range Resources-Pine Mountain, Inc. for a well location exception for a proposed well V-530064. This is docket number VGOB-08-0916-2339. All parties wishing to testify come forward.

TIM SCOTT: Tim Scott, Jerry Grantham and Phil Horn for Range Resources-Pine Mountain. Thank you. My first witness is Mr. Horn.

PHIL HORN

DIRECT EXAMINATION

QUESTIONS BY TIM SCOTT:

Q. You've already been sworn, is that right?

A. That's correct.

Q. Okay. Mr. Horn, would you please state your name and by whom you're employed and your job description?

A. My name is Phil Horn. I'm land manager for Range Resources-Pine Mountain, Inc. and I'm in charge of the land department.

Q. Did you participate in the preparation of this application?

A. Yes, I did.

Q. And are you familiar with the ownership of the oil and gas underlying this unit?

A. Yes, I am.

Q. Who owns the oil and gas?

A. We do, Range Resources-Pine Mountain, Inc. owns all the oil and gas.

Q. The well that's closer than 2500 feet to this proposed well, who operates that well, V-537732?

A. Equitable Production Company.

Q. Does Range Resources Pine Mountain also participate in the operation of that well?

A. Yes, we also have an interest in that well.

Q. Okay. How were the parties listed on exhibit B to the application notified of this hearing?

A. By certified mail.

Q. And has that been provided to Mr. Asbury?

A. Yes, it has.

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

BUTCH LAMBERT: Questions from the Board?

(No audible response.)

BUTCH LAMBERT: You may call your next witness.

TIM SCOTT: Thank you.

JERRY GRANTHAM

DIRECT EXAMINATION

QUESTIONS BY TIM SCOTT:

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

A. Jerry Grantham, I'm vice president of Range Resources-Pine Mountain, Inc.

Q. You also participated in the preparation of this application, is that right?

A. Yes, I did.

Q. And would you please explain to the Board why we're seeking a well location exception for this particular well?

A. We're seeking an exception for this well,

and this one is a little different than what you've seen before, mainly because of the deep mine that's in the area. We've gotten with the coal company and they positioned or asked us to drill the well so that we're drilling through a solid block in this part of the mine. So, you can see that it is barely an exception, but if we move it we'll be out of the solid block of coal.

Q. And it is depicted on exhibit AA, is that correct?

A. That is correct.

Q. And what is the proposed depth of this well?

A. This well is proposed to a depth of 7,052 feet.

Q. And what would be the potential loss of reserves if this application were granted?

A. 350 million cubic feet of gas.

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

A. Absolutely.

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

BUTCH LAMBERT: Questions from the Board?

(No audible response.)

BUTCH LAMBERT: Do I have a motion to approve?

BRUCE PRATHER: I'll make the motion.

BILL HARRIS: Motion to---.

BRUCE PRATHER: Go ahead.

BILL HARRIS: Well, you started to.

BRUCE PRATHER: Motion to approve.

BILL HARRIS: I'll second that.

BUTCH LAMBERT: I have a motion and a second. Any discussion?

(No audible response.)

BUTCH LAMBERT: All in favor, signify by saying yes.

(All members signify by saying yes.)

BUTCH LAMBERT: Opposed, no?

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

BUTCH LAMBERT: One abstention. It's approved. Thank you.

TIM SCOTT: Thank you.

BUTCH LAMBERT: The next item is a petition from Range Resources-Pine Mountain, Inc. for a well location exception for proposed well V-530096. This is docket number VGOB-08-0916-2340. All parties wishing to testify come forward.

TIM SCOTT: Again, Tim Scott, Jerry Grantham and

Phil Horn for Range Resources-Pine Mountain, Inc.

BUTCH LAMBERT: Seeing no others, Mr. Scott, you may proceed.

TIM SCOTT: Thank you, sir.

PHIL HORN

DIRECT EXAMINATION

QUESTIONS BY TIM SCOTT:

Q. Mr. Horn, again, would you state your name, your occupation and by whom you're employed?

A. I'm Phil Horn. Range Resources-Pine Mountain, Inc., land manager and I'm in charge of land department.

Q. Did you participate in the preparation of this application?

A. Yes, I did.

Q. And are you familiar with the oil and gas ownership of the acreage encompassed by this unit?

A. Yes, I am.

Q. Who owns the oil and gas?

A. Range Resources-Pine Mountain, Inc. owns all the oil and gas.

Q. Who operates V...well V-3536787 and VD-3627?

A. Equitable Production Company.

Q. And do you also...Range Resources also participate in that operation?

A. Yes, we own interests in both wells.

Q. As far as notice of this hearing, how was that effected?

A. By certified mail.

Q. And have those proofs of mailing been provided to Mr. Asbury?

A. Yes, they have.

TIM SCOTT: Those are all the questions I have for Mr. Horn.

BUTCH LAMBERT: Any questions from the Board?

(No audible response.)

BUTCH LAMBERT: Call your next witness, Mr. Scott?

TIM SCOTT: Thank you.

JERRY GRANTHAM

DIRECT EXAMINATION

QUESTIONS BY TIM SCOTT:

Q. Mr. Grantham, again, state your name, your occupation and by whom you're employed?

A. Jerry Grantham. I'm vice president of Range Resources-Pine Mountain, Inc.

Q. And did you participate in the preparation of this application?

A. I did.

Q. And would you please explain to the Board why we're seeking a well location exception for this particular well?

A. Yes, I will. As you can see from exhibit AA that I handed out, this one is a little different than what we've shown you in the past. Well 530096 was drilled as a horizontal well. We drilled it vertically. We never turned the well to go horizontal, but when we got down into the Weir we had some drilling problems and we ended up sticking drill pipe and actually leaving drill pipe in the hole. What we're proposing to do here is plug this well back and so that the drill pipe that's there stays. I mean, we'd like to get it back but we can't. Is plug the well back and make a conventional vertical completion out of this well in the maxim Raven Cliff sands which are shallower sands than the drill pipe is. You can see that it's fairly close to well 536787. That well had very good shows in the maxim, was completed in the Maxim, and Big Lime and I believe also the Weir...where we're not completing the weer, we're proposing to complete this well vertically in the Maxim and possibly Big Lime. So, what we're proposing here

is to effectively establish a unit to complete this as a vertical conventional well.

Q. So, the stranded acreage would result in what loss of reserves?

A. If we're not allowed to do this, the stranded acreage would result in the loss of probably 150 million cubic feet of gas.

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

A. This well was drilled to a depth of 5450.

Q. Okay.

A. We would be completing in the Maxim much shallower than that.

Q. Okay. In your opinion, if this application were to be granted then it would promote conservation, prevent waste and protect correlative rights, is that correct?

A. Absolutely. At this point, we have a sunk cost in the well and our decision making when we would come in would be sort of based on how much the completion would cost us based on what we think we would get in the return on the reserves. You know, the sunk cost on the drilling is sort of behind us at this point. Now, we would like to maximize what the well is capable of producing to pay back the drilling costs on this well.

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

BUTCH LAMBERT: Questions from the Board?

BRUCE PRATHER: I have a question. Jerry, what's your plug back TD on this well?

JERRY GRANTHAM: I don't know the answer to that off the top of my head. I'm going to guess its probably in the 3000 foot range.

BRUCE PRATHER: Okay.

JERRY GRANTHAM: It's...if I'm not mistaken, up near the top of the big lime.

BRUCE PRATHER: Okay.

BILL HARRIS: Can I ask a question about the plug back TB, is that the depth that you're---?

BRUCE PRATHER: Well he---.

JERRY GRANTHAM: It's the depth that we're back to.

BILL HARRIS: I just wanted the definition of plug back TD.

BRUCE PRATHER: Well, he's got a depth that he left his drill pipe in. Okay, he can't set pipe through that drill pipe. So, he's going to have to come up above that thing and he needs to set a plug or something. And there will be a total depth of below probably the Maxim and he'll probably...actually probably plug back TD would probably be

about 125 feet below the base of the Maxim.

BILL HARRIS: Plug back TD is what I'm---.

MARY QUILLEN: Total depth.

BILL HARRIS: Total depth.

JERRY GRANTHAM: Total depth.

BILL HARRIS: I just wanted to make sure what that was and not--.

JERRY GRANTHAM: We drilled the well down into the Weir. That's where we had the hole problems. That's where we stuck pipe and so effectively the well was drilled deeper, but because of the mechanical problems if you want to call them that what Mr. Prather is saying we had to plug the well back to a certain depth and that's what the plug back TD is.

BILL HARRIS: Yeah, I just wanted to make sure what all that meant. Yeah, thank you.

BUTCH LAMBERT: Any other questions from the Board?

(No audible response.)

BUTCH LAMBERT: Do I have a motion to approve?

MARY QUILLEN: Motion to approve.

BRUCE PRATHER: Second.

BUTCH LAMBERT: I have a motion and a second. Any discussion?

(No audible response.)

BUTCH LAMBERT: All in favor, signify by saying
yes.

(All members signify by saying yes.)

BUTCH LAMBERT: Opposed, no?

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

BUTCH LAMBERT: One abstention. It's approved.

JERRY GRANTHAM: Thank you.

PHIL HORN: Thank you.

BUTCH LAMBERT: The next item on the agenda is a
petition from Range Resources-Pine Mountain, Inc. for
establishment of a drilling unit and pooling of conventional
gas unit V-530073. This is docket number VGOB-08-0916-2341.
All parties wishing to testify come forward.

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

BUTCH LAMBERT: Seeing no others, Mr. Scott, you may
proceed.

TIM SCOTT: Thank you. We have several more on the
docket. So, I'd ask that Mr. Horn's testimony regarding his
employment, job description and his name be incorporated by
reference from prior testimony.

BUTCH LAMBERT: Granted.

PHIL HORN

DIRECT EXAMINATION

QUESTIONS BY TIM SCOTT:

Q. Mr. Horn, are you familiar with this application?

A. Yes, I am.

Q. And what's the acreage figure for this particular unit?

A. It's 112.69 acres.

Q. So, it's subjected to statewide spacing, is that correct?

A. That's correct.

Q. And does Range Resources-Pine Mountain have drilling rights in this unit?

A. Yes, we do.

Q. Now, I know that since this application was filed you've had ongoing leasing efforts, is that correct?

A. That's correct.

Q. So you've been able to acquire additional leases since the application was filed?

A. That's right.

Q. So, we've had parties that we're going to dismiss from this application today?

A. Yes, we do. We have Mark and Bonnie Carol Robinson, Beverly Robinson Hooker and Joseph Hooker and June

Robinson Lester. They've leased and they own an interest in Tracts 4, 5, 6, 7 and 8.

Q. Okay. What efforts have you had to reach an agreement with other parties responded?

A. We've contacted all the people and we've mailed them leases and they...both parties have not leased.

Q. But your efforts are ongoing, is that correct?

A. Yes, they are. As matter of fact, we talked with a fellow this morning for a couple of hours. One of the lessors was here.

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

A. 96.04%.

Q. And how was notice of this hearing provided to those parties?

A. By certified mail.

Q. And what other means?

A. Published in the Bluefield Daily Telegraph.

Q. On what date?

A. August 25, 2008.

Q. Do we have any unknown owners in this unit?

A. No, we do not.

Q. Okay. Have you filed proofs of publication

and mail 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. Is there a blanket bond on file with the Department?

A. Yes, there is.

Q. If you were to reach a voluntary agreement with the parties listed on exhibit B-3, what would those terms be?

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

Q. And in your experience, is this a reasonable compensation and reasonable terms for a lease in this area?

A. Yes, it is.

Q. What percentage of the oil and gas estate is Range Resources-Pine Mountain seeking to pool?

A. 3.996%.

Q. And we don't need an escrow for this, is that correct?

A. That's correct.

Q. Okay. Are you asking that Range Resources-Pine Mountain be named operator for this unit?

A. Yes, we are.

Q. And what would be the address for any parties who would make elections under any order granted by this Board?

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

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

BUTCH LAMBERT: Questions from the Board?

(No audible response.)

BUTCH LAMBERT: Call your next witness, Mr. Scott.

TIM SCOTT: Thank you.

IAN LANDON

DIRECT EXAMINATION

QUESTIONS BY TIM SCOTT:

Q. Mr. Landon, would you please state your name, by whom you're employed and your occupation?

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

Q. And did you also participate in the preparation of this application?

A. Yes, I did.

Q. And are you familiar with the total well

depth of this particular well?

A. Yes, I am. It's 4,950 feet.

Q. What are the estimated reserves for this unit?

A. 450 million cubic feet.

Q. Did you also assist in the preparation of the AFE that you submitted with the application?

A. Yes, I did.

Q. And what is the proposed estimated dry hole cost?

A. \$306,897.

Q. And the completed well costs?

A. \$592,211.

Q. Do you consider this to be a reasonable estimate of costs for this well?

A. Yes, I do.

Q. And we've submitted the AFE to the Board, is that right?

A. That's correct.

Q. And does the AFE also include a reasonable charge for supervision?

A. Yes, it does.

Q. And in your opinion, would the granting of this application promote conservation, prevent waste and

would be in the best interest of the parties who are listed on exhibit B-3 and also protect correlative rights?

A. Yes.

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

BUTCH LAMBERT: Are there any questions from the Board?

(No audible response.)

BUTCH LAMBERT: Do I have a motion to approve?

MARY QUILLEN: Motion to approve.

BRUCE PRATHER: Second.

BUTCH LAMBERT: I have a motion and a second. Any discussion?

(No audible response.)

BUTCH LAMBERT: All in favor, signify by saying yes. (All members signify by saying yes, but Donnie Ratliff.)

DONNIE RATLIFF: Abstain.

BUTCH LAMBERT: One abstention. The application is approved. Thank you.

SHARON PIGEON: Mr. Landon, were you sworn in?

BUTCH LAMBERT: Were you sworn in?

IAN LANDON: Oh, no, I wasn't.

TIM SCOTT: I'm sorry.

(Ian Landon is duly sworn.)

BUTCH LAMBERT: Do you ratify that?

TIM SCOTT: Do you ratify the testimony?

IAN LANDON: Yes.

BUTCH LAMBERT: The next item on the agenda is a petition from Range Resources-Pine Mountain, Inc. for the establishment of a drilling unit and pooling of conventional gas unit V-530104, docket number VGOB-08-0916-2342. All parties wishing to testify please come forward.

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

BUTCH LAMBERT: Seeing no others, Mr. Scott, you may proceed.

TIM SCOTT: Thank you. Again, I'd ask that Mr. Horn's testimony regarding his employment, his name and his job description be incorporated by reference.

BUTCH LAMBERT: Granted.

PHIL HORN

DIRECT EXAMINATION

QUESTIONS BY TIM SCOTT:

Q. Mr. Horn, are you familiar with this application?

A. Yes, I am.

Q. And how many acres do we have in this unit?

A. 112.69.

Q. And is it subjected to statewide spacing, is that correct?

A. Yes, it is.

Q. And does Range Resources-Pine Mountain have drilling rights in this unit?

A. Yes, we do.

Q. Do we have anybody who's going to be dismissed from this application, any parties respondent?

A. No, we do not.

Q. What efforts have you made to try to reach a voluntary agreement with these people?

A. There's one owner out of all these dozens of people that has not leased and he's a non-resident and we mailed him a lease and we've called him and he won't call us back. So, he's in Eastern Virginia.

Q. They're crazy over there. That's where I'm from. What percentage does Range Resources-Pine Mountain have under lease?

A. 99.9977778%.

Q. Okay. How was notice of this hearing provided to this party respondent?

A. By certified mail.

Q. And by what other means?

A. Notice was published in the Bluefield Daily Telegraph on August 25, 2008.

Q. And we provided Mr. Asbury with proofs of mailing and publication, is that correct?

A. That's correct.

Q. And, again, I'll ask you does Range Resources-Pine Mountain have a blanket bond on file with the department?

A. Yes, we do.

Q. And if you were to reach an agreement with this respondent listed on exhibit B-3 what would those terms be that would be offered to him?

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

Q. And, again, based on your experience, would that be a reasonable compensation and a reasonable term for a lease in this area?

A. Yes, it is.

Q. What percentage of the oil and gas estate is Range Resources-Pine Mountain seeking to pool?

A. .00222222%.

Q. And we said we have one gentleman who refuses to lease, is that correct?

A. That's correct.

Q. So, we don't need an escrow requirement on this one?

A. No, we do not.

Q. Okay. So, you would ask that Pine Mountain Range Resources-Pine Mountain be named as the operator of this unit, is that correct?

A. That's correct.

Q. And what would be the address for any election made by this party respondent?

A. Range Resources-Pine Mountain, Inc., P.O. Box 2136, Abingdon, Virginia 24212, Attention: Phil Horn.

Q. And that would be the address for all communications with the operator, is that correct?

A. That's correct.

TIM SCOTT: Those are all the questions I have for Mr. Horn.

BUTCH LAMBERT: Questions from the Board for this witness?

BILL HARRIS: Mr. Chairman, let me just ask a question. You're unleased person, is that the Ken Breeding?

PHIL HORN: Yes.

BILL HARRIS: I notice this says Boston, Virginia?

PHIL HORN: South...well, yeah.

BILL HARRIS: I've heard of South Boston. I've never heard of Boston. I'm just curious about the address.

TIM SCOTT: It's actually a suburb of South Boston.

BILL HARRIS: Is that right?

TIM SCOTT: It'S a little tiny town. I've been through there. I've gotten a ticket there.

BILL HARRIS: Well, alright.

DAVID ASBURY: It's between South Boston and Danville, correct?

TIM SCOTT: That's correct.

BILL HARRIS: Is that right?

TIM SCOTT: Uh-huh.

BILL HARRIS: Okay, thank you.

TIM SCOTT: I'll never go back, ever.

DONNIE RATLIFF: Mr. Chairman, on B-3 you have him listed in Tract 4 and in your Exhibit B he's listed under Tract 2.

PHIL HORN: That's an obvious mistake. There is no Tract 4.

SHARON PIGEON: And 3 is the one that you're going to correct?

TIM SCOTT: Yes, ma'am.

BUTCH LAMBERT: Also, Mr. Scott, on your Exhibit A you're licensed land surveyor didn't...hasn't signed that.

TIM SCOTT: I thought I provided that with the application. Did I not, Mr. Asbury?

DAVID ASBURY: I have it on the application.

BUTCH LAMBERT: Okay. All right.

DAVID ASBURY: He has not signed, that's correct. He's got it stamped but it's not signed.

TIM SCOTT: Okay, we'll get that revised and sent to the Board as well. All for .002222222%.

MARY QUILLEN: Mr. Chairman, could I ask them, which one is the tract that he's actually in?

PHIL HORN: He's in Tract 2.

MARY QUILLEN: In Tract 2, okay.

PHIL HORN: Yes, ma'am.

MARY QUILLEN: Thank you.

BUTCH LAMBERT: Any other questions from the Board?

(No audible response.)

BUTCH LAMBERT: Anything further, Mr. Scott?

TIM SCOTT: No, sir.

BUTCH LAMBERT: Do I have a motion to approve?

TIM SCOTT: I have Mr. Landon to testify, I'm sorry.

BUTCH LAMBERT: Oh, I'm sorry. I'm sorry.

TIM SCOTT: I thought it was anything else of Mr. Horn. I'd ask that Mr. Landon's testimony regarding his employment, name and job description also be incorporated by

reference.

BUTCH LAMBERT: Yes.

TIM SCOTT: Thank you.

IAN LANDON

DIRECT EXAMINATION

QUESTIONS BY TIM SCOTT:

Q. Mr. Landon, are you familiar with this application?

A. Yes, I am.

Q. And are you familiar with the total depth of the proposed well?

A. Yes, I am. It's 6,000 feet.

Q. And what are the estimated reserves of this well?

A. 350 million cubic feet.

Q. Did you also participate in the preparation of the AFE submitted with the application?

A. Yes, I did.

Q. And what is the estimated dry hole cost for this well?

A. \$285,637.

Q. And the completed well costs?

A. \$549,570.

Q. Do you think this is a reasonable estimate of well costs for this particular unit?

A. Yes, I do.

Q. And does the AFE also include a reasonable charge for supervision?

A. Yes, it does.

Q. And in your opinion, would the granting of this application be in the best interest of conservation, prevent waste and protection of correlative rights, is that correct?

A. That is correct.

TIM SCOTT: Okay, that's all the questions I have for Mr. Landon.

BUTCH LAMBERT: Any questions from the Board?

TIM SCOTT: So, I owe you an A and a B-3, right?

SHARON PIGEON: Correct.

TIM SCOTT: Signed A and a revised B-3.

SHARON PIGEON: I don't know about the seal versus the signature. That came to be the dispute, but we would prefer the signed and sealed.

TIM SCOTT: They usually sign across their seal. That's what most of them do anyway.

BUTCH LAMBERT: Do I have a motion to approve?

MARY QUILLEN: Motion to approve.

BRUCE PRATHER: Second.

BUTCH LAMBERT: I have a motion and a second. Any discussion?

(No audible response.)

BUTCH LAMBERT: All in favor, signify by saying yes.

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

BUTCH LAMBERT: Opposed, no?

DONNIE RATLIFF: I'll abstain.

BUTCH LAMBERT: One abstention. Approved, Mr. Scott. Thank you.

TIM SCOTT: Thank you.

BUTCH LAMBERT: Your next item is a petition from Range Resources-Pine Mountain, Inc. for pooling of horizontal conventional gas unit VH-530140, docket number VGOB-08-0916-2343. All parties wishing to testify come forward.

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

BUTCH LAMBERT: Seeing no others, you may proceed, Mr. Scott.

TIM SCOTT: Thank you. Again, I would ask that Mr. Horn's testimony regarding his employment, name and job description be incorporated by reference.

BUTCH LAMBERT: Granted.

PHIL HORN

DIRECT EXAMINATION

QUESTIONS BY TIM SCOTT:

Q. Mr Horn, did you participate in the preparation of this application?

A. Yes, I did.

Q. And as to this particular unit, we have....this was a unit that was established by the Board, is that right? It's a provisional unit?

A. That's correct.

Q. And it contains how many acres?

A. 320 acres.

Q. Does Range Resources-Pine Mountain own drilling rights in this unit?

A. Yes, we do.

Q. And are there any parties respondent listed in exhibit B-3 to be dismissed today?

A. No, there are not.

Q. As to any attempts to reach an agreement with these parties, what have you done exactly?

A. This gentleman has been force pooled several times by us and Equitable. But we've sent him a lease. He's

a cross-country truck driver and he only owns thirteen hundredths of an acre and apparently he's not interested but we've mailed him a lease and we've talked to his sister. We have not talked to him personally, but he stays gone all the time.

Q. As a result of your extra efforts in the past, what do you have under lease presently?

A. 99.96%.

Q. And how was Mr. Kaiser, who's the party respondent, notified of hearing?

A. By certified mail.

Q. And by what other means?

A. Notice of hearing was published in the Bluefield Daily Telegraph.

Q. And have you provided proofs of publication and mailing to Mr. Asbury?

A. Yes.

Q. Do we have any unknown owners in this unit?

A. No, we do not.

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

A. Yes, we are.

Q. And you have a bond on file, is that correct, with the department?

A. That's correct.

Q. If you were able to reach an agreement with Mr. Kaiser, what would be the terms of that agreement?

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

Q. And you consider that to be reasonable compensation for and a term for a lease in this area?

A. Yes, I do.

Q. What percentage of the oil and gas estate is Range Resources-Pine Mountain seeking to pool here?

A. .04%.

Q. And we don't need an escrow for this unit, is that correct?

A. No, we do not.

Q. Okay. Now, are you also requesting that Range Resources-Pine Mountain be designated as the operator for this unit?

A. Yes, we are.

Q. And what would be the address for any or for Mr. Kaiser if he chooses to elect...to make his elections under the statute?

A. Range Resources-Pine Mountain, Inc., P.O. Box 2136, Abingdon, Virginia 24212.

Q. And all communications be sent to that

address?

A. Yes, Attention: Phil Horn.

Q. Okay. That's all I have for Mr. Horn.

BUTCH LAMBERT: Questions from the Board?

(No audible response.)

BUTCH LAMBERT: Mr. Scott, do you consider that the Bluefield Daily Telegraph is a hopeful newspaper over in that area?

TIM SCOTT: Thank you, sir, I'm glad you asked me that question. And I'll tell you what my experience has been and this is a problem I'm having and I would seek the Board's guidance on this. When we sent our...we've attempted to use Bristol paper before and very unsuccessfully. So, we try to use a daily paper, and in so doing, the last time that we sent our request for notices, we sent them on the 19th and these applications were filed on the 15th. These were not published although we hounded them every single day until the 25th day of August which leaves me one day---

BUTCH LAMBERT: Now, we're talking about the Bristol paper?

TIM SCOTT: No, I'm talking about the Bluefield paper.

BUTCH LAMBERT: Oh, okay.

TIM SCOTT: So, my problem is I know that there's a

weekly paper in the Dickenson County, but I'm afraid for my client that if I'm not within the cycle that I'm not going to be able to get things published on time. And I would be glad to take guidance from the Board, but this seems to be the best that we can do as far as...the cost effectiveness in the filing of the Bristol paper is about three times...no four times as much as it is than any other daily paper and maybe that should not be the dispositive issue, but I think its very important. I mean, they charge around \$250 for one of these notices. I seem to get a much better result from the Bluefield, which doesn't exactly answer your question, but I do believe it is circulated through that area.

SHARON PIGEON: What's the Bluefield charge?

TIM SCOTT: \$45 versus \$240. I mean, if the Board has a different position on it I'm glad to listen. I mean, I almost got stung this time with seven applications because I just kept asking them to send me proof that they put it in the paper and then one day later and I would have had to reschedule all of these hearings. So, if it's a weekly paper then I'm really in trouble if I have to do it---.

SHARON PIGEON: Do you know if the Bristol is even still providing home delivery in the area that you're trying to reach?

TIM SCOTT: Yeah, they do I think. I can't

definitively say that, but I'm pretty sure that's correct.

SHARON PIGEON: They've cut back their home delivery in some areas.

TIM SCOTT: Well, to be honest with you, I get the bill before I get the proof that it has been published typically from the Bristol paper and demanding payment within, you know, twelve and a half minutes. So...but I guess that's the best answer I can provide. Thank you, Mr. Lambert.

BILL HARRIS: Let me just follow up with that. The Bluefield paper, is there any way that, I hate to suggest bribery or whatever, but is there any way to pay them more to increase the priority of the publication? I mean, is that a problem?

TIM SCOTT: Well, that's never happened. See, that's the problem its never happened to us before and when I was going over the applications on Sunday I actually went to the calendar to try to figure out if I was actually was within the time frame because one of the administrative staff in my office said that she usually gets a reply the day that it's sent in to say that it will be published on "x" day and we did not get...she contacted them on the 20th, the 21st, and then finally the following on the 25th, which would have been I think the following Monday. So, I just made it by one day

to be able to come before the Board today to meet the statutory requirement. So, I don't really know if how, you know, some little guy from Kingsport trying to strong arm somebody in Bluefield I don't know how successful I would be. But it is a real problem because if you are going to actually place a publication say in a weekly paper, because Mr. Ratliff brought this up last time, if you're not in the jump rope cycle that you need to be in you may not be able to get it, you know, published in time for---

BILL HARRIS: In a timely fashion, yeah.

TIM SCOTT: ---when you're supposed to appear before the Board. So, again, you know, I would appreciate any guidance that the Board has, but this seems to be the best alternative that I have at this moment.

MARY QUILLEN: Mr. Chairman, I have a...since the time that I've been on this Board almost everybody uses the Bluefield Daily I think it's Telegraph---

TIM SCOTT: Yes, ma'am.

MARY QUILLEN: ---paper. Have they...has anyone else expressed a concern about this problem?

DAVID ASBURY: Yeah, it has.

MARY QUILLEN: Other companies have?

DAVID ASBURY: Yeah, it has been brought to the Division of Gas and Oil's attention about the local paper and

publications there. But part of the issue is the amount of circulation in each county. And I understand that the Bristol paper and...well, the Kingsport paper doesn't reach over into Dickenson or any part of Buchanan County any more.

MARY QUILLEN: And they're really probably the better paper except that their circulation isn't in the region or the area...the region---

DAVID ASBURY: Right.

MARY QUILLEN: ---that we need it to be circulated in.

TIM SCOTT: The farther you go north there's a Powell Valley paper, I've used that for some foreclosures, but their circulation is almost contained within the county, in Lee County, even though that seems to be acceptable with some...you know, as to satisfying the foreclosure statutes. But I'm kind of at a loss as to what else to do with it.

MARY QUILLEN: Right, because so many of our...what about in...what is the paper in Buchanan County?

BUTCH LAMBERT: Bluefield is the daily paper in Buchanan County.

MARY QUILLEN: It's the daily paper, so they're...the Buchanan whatever it is is a weekly?

DAVID ASBURY: The Virginia Mountaineer.

MARY QUILLEN: Yeah, the Mountaineer.

DAVID ASBURY: The Coalfield Express or Progress.

BUTCH LAMBERT: Progress.

MARY QUILLEN: The Coalfield Progress is a bi-weekly.

DAVID ASBURY: Biweekly and then the Dickenson Star is a weekly.

MARY QUILLEN: Or a semi-weekly. Semi-weekly, right.

SHARON PIGEON: Powell Valley is a weekly, right?

TIM SCOTT: Yes, ma'am.

DAVID ASBURY: So, the only two daily papers that we have in this region in Bluefield and Kingsport to my knowledge.

BUTCH LAMBERT: Well---.

SHARON PIGEON: And Bristol.

BUTCH LAMBERT: ---I don't think they can consider the Bluefield in the area that we're talking about here as a daily paper. It's not delivered in that area. But I wanted to ask that question just so I could see what your answer would be and I appreciate the efforts.

TIM SCOTT: Sorry for vomiting so much, but it really has been a problem.

BUTCH LAMBERT: Oh, no.

SHARON PIGEON: This is an issue that the Board---.

TIM SCOTT: Because I've actually contacted those other newspapers and I said can you blood oath assure me that if I get this to you on "x" date can I get it published and they're not willing to do that. So, in order to keep from compromising the nice cycle of things as they come before the Board that gives me heartburn, you know, hoping I'm getting as much circulation as I need but, you know, not being able to be sure that I'm going to get it within the time frame that needs to be to comply with the statutory requirements.

BUTCH LAMBERT: I appreciate your response and under...we understand that is a problem. I just wanted to---.

TIM SCOTT: Do you all want to start with one?

BUTCH LAMBERT: What?

TIM SCOTT: Do you all want to start one, newspaper?

BUTCH LAMBERT: No.

DONNIE RATLIFF: Mr. Chairman, is the Bristol delivered throughout Dickenson County or is it spotty?

BUTCH LAMBERT: It's spotty in Dickenson County.

DONNIE RATLIFF: If it gets any smaller, we can just use the Grit.

BUTCH LAMBERT: They do.

DONNIE RATLIFF: Do they still make that?

BUTCH LAMBERT: Yeah.

DONNIE RATLIFF: We can just advertise in the Grit.

TIM SCOTT: But I mean, you know, if somebody wants me to look into it and go further I will be glad to do that. I have no problem with it. But it has been pretty frustrating.

BUTCH LAMBERT: Start looking into it.

DONNIE RATLIFF: Do we post it on our website?

BUTCH LAMBERT: We don't, but we can.

DAVID ASBURY: We don't post---

BUTCH LAMBERT: We don't post the public notices?

DAVID ASBURY: ---public notices.

BUTCH LAMBERT: That may be an option. We'll look into it. I know that we're looking at that now with our Division of Gas and Oil to see if there's a better solution to see that these folks actually do get noticed in the paper. So, thank you for your response. I appreciate that.

SHARON PIGEON: If you look into it on your own and find some more information, the Board would want to hear that.

TIM SCOTT: Oh, I'll definitely let you know. In fact, after Mr. Ratliff brought it to my attention last week, I had somebody in my office start making phone calls, you know, just with lenders I know through the area say okay who do you foreclose with, what paper do you use, how often do

they publish, what's the circulation, what's the radius from their actual physical address and who do they actually reach? It wasn't very fulfilling, you know, when we talked to them.

SHARON PIGEON: Well, we haven't found that to be the case here.

MARY QUILLEN: The Dickenson County paper is also a weekly, isn't it?

BUTCH LAMBERT: Yes.

TIM SCOTT: Yes, ma'am.

BUTCH LAMBERT: Any other questions of this witness from the Board?

(No audible response.)

BUTCH LAMBERT: You may call your next witness, Mr. Scott?

TIM SCOTT: Mr. Landon...again, I'd ask that his testimony regarding his occupation, name and his employer also be incorporated by reference.

BUTCH LAMBERT: Granted.

IAN LANDON

DIRECT EXAMINATION

QUESTIONS BY TIM SCOTT:

Q. As far as this particular application you did participate in preparations, correct?

A. That's correct.

Q. What's the proposed well depth for this?

A. 9,500 feet.

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

A. One billion cubic feet.

Q. And are you also familiar with the well costs?

A. Yes, I am.

Q. And did you participate in the preparation of the AFE submitted to the Board?

A. Yes, I did.

Q. What is the estimated dry hole costs?

A. \$1,083,276.

Q. And estimated completed well costs?

A. \$1,770,625.

Q. Again, you testified you did participate in the preparation of the AFE, is that correct?

A. That is correct.

Q. And does this AFE include a reasonable charge for supervision?

A. Yes, it does.

Q. And in your professional opinion, would the granting of this application be in the best interest of

conservation, protect correlative rights, and prevent waste?

A. Yes.

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

BUTCH LAMBERT: Any questions from the Board?

DONNIE RATLIFF: Mr. Chairman, again, the dollar amount on page three of the application doesn't match the AFE. Yeah, the application is \$1,770,276 and the AFE is 625 on the last three digits.

TIM SCOTT: Mine says 625. Is that not what Mr. Landon testified to?

SHARON PIGEON: No.

TIM SCOTT: Okay.

SHARON PIGEON: He testified to what the application says. You have a difference between those two documents.

TIM SCOTT: So, it would be the actual..what would be the production costs. This is the correct figure, is that right?

IAN LANDON: That's correct.

TIM SCOTT: Okay, would you testify to that again, please? The total production cost.

IAN LANDON: \$1,770,625.

TIM SCOTT: And that is the correct figure, is that right?

IAN LANDON: That is correct.

BUTCH LAMBERT: Other questions?

MARY QUILLEN: I can see what happened. They have picked up the last three digits in the dry hole cost---

TIM SCOTT: That's right. That's correct. That was my office that did this.

MARY QUILLEN: They have transposed it and picked up the last three digits in the dry hole cost and put it into the total cost.

TIM SCOTT: That was a typographical error in my office.

MARY QUILLEN: Uh-huh.

TIM SCOTT: So that is the correct figure, is that right, Mr. Landon?

IAN LANDON: That's correct.

BUTCH LAMBERT: Any other questions from the Board?

(No audible response.)

BUTCH LAMBERT: Do I have a motion to approve?

MARY QUILLEN: Motion to approve.

BRUCE PRATHER: Second.

BUTCH LAMBERT: I have a motion and a second. Are there any discussion?

(No audible response.)

BUTCH LAMBERT: All in favor, signify by saying

yes.

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

BUTCH LAMBERT: Opposed, no?

DONNIE RATLIFF: I'll abstain.

BUTCH LAMBERT: One abstention. Approved, Mr. Scott.

TIM SCOTT: Thank you.

BUTCH LAMBERT: The next item is a petition from Range Resources-Pine Mountain, Inc. for pooling of a coalbed methane unit Haysi-154, CBM unit AD-70. VGO...the docket number is VGOB-08-0916-2344. All those wishing to testify, please come forward.

MARY QUILLEN: Mr. Chairman, what was that unit number again?

BUTCH LAMBERT: Unit number is Haysi-154, CBM unit AD-72.

BRUCE PRATHER: You said 70 before.

(Mr. Scott passes out exhibits.)

TIM SCOTT: More paper for you all.

SHARON PIGEON: Thank you. Thank you, sir.

TIM SCOTT: For this application, we have Tim Scott, Ian Landon and Phil Horn representing Range Resources-Pine Mountain.

BUTCH LAMBERT: Seeing no others, Mr. Scott, you may proceed.

TIM SCOTT: Thank you.

PHIL HORN

DIRECT EXAMINATION

QUESTIONS BY TIM SCOTT:

Q. Mr. Horn, would you please tell us about this particular unit as far as the number of acres and what unit...what field it's located in?

A. This is 58.77 acre unit located in the Nora CBM gas well.

Q. How many, 58.77 acres, is that correct?

A. Yes, 58.77 acres.

TIM SCOTT: And, Mr. Chairman, again, I'd ask that Mr. Horn's testimony regarding his name, occupation and job description be incorporated.

BUTCH LAMBERT: Granted.

Q. Do we have any parties respondent to be dismissed from this application?

A. No, we do not.

Q. Mr. Horn, we've been before the Board with these same individuals before and I know when the Board members are looking at the exhibit B and the B-3 we have

multiple parties in this unit who have different interests in different tracts, is that correct?

A. That's correct.

Q. So, we don't want the Board to be alarmed to think that we're repeating, but they actually have acquired different interests based on Attestees, testate devises and so on, is that correct?

A. That's correct.

Q. As far as these parties who are listed on exhibit B-3 have you attempted to reach agreements with these parties?

A. Yes, we have.

Q. And how was notice of this hearing provided to these respondents listed on exhibit B-3?

A. By certified mail and by notice published in the Bluefield Daily Telegraph on August 25, 2008.

Q. Okay. We do have unknowns in this unit, is that correct?

A. Yes, we have.

Q. Have you tried to locate these individuals?

A. Yes, we have.

Q. And what efforts have you made?

A. We've talked to people. We've mailed letters out and the people that we did find we asked. This

Tract number 3 is the tract where there's several, there's about 80 heirs involved and approximately 70 of them is titled to rise back to a 1920 deed and its just passed down from generation to generation. This is about probably the fifth or sixth time we've force pooled this tract. But we found several of them before we came before the Board the first couple of times but we haven't found any lately.

Q. Okay. But whatever addresses that you have for those individuals those are listed as unknown as far as their addresses, is that correct?

A. That's correct.

Q. Okay. Have you filed proofs of publication and notice with Mr. Asbury?

A. Yes, we have.

Q. And with regard to this particular unit, if you were able to reach an agreement with these parties, what would be the terms that you would offer them?

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

Q. And do you consider that to be reasonable compensation and a reasonable term for a lease in this area?

A. Yes, I do.

Q. Okay. What percentage of the coalbed methane estate does Range Resources-Pine Mountain have under

lease?

A. 99.88712454%.

Q. And that percentage also includes acreage in which Pine Mountain or Range Resources-Pine Mountain actually has a fee interest, is that correct?

A. Yes, we do.

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

A. 99.2%.

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

A. .80%.

Q. And of the CBM estate?

A. .11287546%.

Q. Now, we've indicated to the Board just a moment ago that we do have some unknown parties, is that right?

A. That's correct.

Q. Do we have conflicting interests as well?

A. Yes, we do.

Q. So, we do have an escrow requirement for this unit, is that right?

A. That's right.

Q. And what tracts are involved?

A. That would be Tract 1, Tract 3 and Tract 5.

Q. And can you tell the Board what the percentage of the unit would be subjected to escrow?

A. 27.5%.

Q. In what tracts does that include?

A. That's Tracts 1, 3 and 5.

Q. And of that number is there a percentage of unknowns as well?

A. Yes, .04798533%.

Q. And that effects Tract 3, is that correct?

A. That's correct.

Q. And we've...have we submitted with the Board a revised exhibit E?

A. Yes, we have.

Q. And the reason for that there is a tract number designation that was incorrect, is that right?

A. That's correct.

Q. And that has been corrected?

A. Right.

Q. Are you seeking...are you requesting the Board to pool the unleased parties listed on exhibit B-3?

A. Yes, we are.

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

A. Yes, we are.

Q. What would be the address that would be used for any elections for these parties listed on exhibit B-3?

A. Range Resources-Pine Mountain, Inc, P.O. Box 2136, Abingdon, Virginia 24212, Attention: Phil Horn.

Q. Is that the address for all communications?

A. Yes, it is.

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

BUTCH LAMBERT: Any questions from the Board?

(No audible response.)

BUTCH LAMBERT: You may call your next witness, Mr. Scott.

IAN LONDON

DIRECT EXAMINATION

QUESTIONS BY TIM SCOTT:

Q. Mr. Landon....again, I would ask that your testimony regarding your name, your occupation and your employment be incorporated by reference, please.

BUTCH LAMBERT: Granted.

Q. Are you familiar with this application?

A. Yes, I am.

Q. What's the total proposed depth for this

well?

A. 2,400 feet.

Q. And what are the estimated reserves?

A. 275 million cubic feet.

Q. Did you participate in the AFE preparation that was filed...or the AFE that was filed with this application?

A. Yes.

Q. And as far as the dry hole costs, what's the estimate for that?

A. \$151,804.

Q. And the completed well costs?

A. \$410,928.

Q. And, again, you did participate with the preparation of this AFE, is that right?

A. That is correct.

Q. Does it include a reasonable charge for supervision?

A. Yes, it does.

Q. And in your opinion, would the granting of this application be in the best interest of conservation, prevent waste and protect correlative rights?

A. Yes.

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

Landon.

BUTCH LAMBERT: Any questions from the Board?

(No audible response.)

BUTCH LAMBERT: Do I have a motion to approve?

MARY QUILLEN: Motion to approve.

BRUCE PRATHER: Second.

BUTCH LAMBERT: I have a motion and a second. Any discussion?

(No audible response.)

BUTCH LAMBERT: All in favor, signify by saying yes.

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

BUTCH LAMBERT: Opposed, say no.

DONNIE RATLIFF: I'll abstain.

BUTCH LAMBERT: One abstention. Approved. Thank you, Mr. Scott.

TIM SCOTT: Thank you.

BUTCH LAMBERT: The next item is a petition from Range Resources-Pine Mountain, Inc. for pooling of coalbed methane unit Haysi-155, CBM unit AD-72. This is docket number VGOB-08-0916-2345. All parties wishing to testify please come forward.

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

BUTCH LAMBERT: Seeing no others. You may proceed,
Mr. Scott.

TIM SCOTT: Thank you.

PHIL HORN

DIRECT EXAMINATION

QUESTIONS BY TIM SCOTT:

Q. Mr. Horn, did you participate in the
preparation of this application?

A. Yes, I did.

Q. And is this unit located in the Nora coalbed
gas field?

A. Yes, it is.

Q. How many acres does it contain?

A. 58.77.

Q. And Range Resources-Pine Mountain does have
drilling rights in this unit, is that correct?

A. That's correct.

Q. Are we going to dismiss any parties today?

A. No, we are not.

Q. Have you attempted to reach a voluntary
agreement with the parties listed on exhibit B-3?

A. Yes, we have.

Q. And what efforts have you made?

A. They are the same parties that were in the last one the we just force pooled and we've found all we could and we've tried to locate them and we just haven't had any luck finding the remainder of them.

Q. As far as notice of this hearing, how was that effected?

A. By certified mail. And also it was noticed in the Bluefield Daily Telegraph on August 25, 2008.

Q. Have you provided proofs of publication and mailing to Mr. Asbury?

A. Yes, we have.

Q. Do we have any unlocateable persons in this one?

A. Yes, we do.

Q. Okay. Have you tried to reach these...find these people?

A. Yes. As I stated earlier, the ones that we did find we asked about the kinfolks and we just can't seem to locate any more of them.

Q. If you were lucky enough to be able to get voluntary lease agreements with these people, what terms would you offer them?

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

Q. As far as the compensation, do you believe that to be fair and reasonable in this area?

A. Yes, I do.

Q. And the lease term as well?

A. Yes, I do.

Q. Okay. What percentage of the coalbed methane estate does Range Resources have under lease?

A. 96.28502527%.

Q. And is this like the last unit where you actually have fee interests in some of those tracts, is that right?

A. Yes, we do.

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

A. 83.54788354%.

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

A. 16.45211646%.

Q. And the CBM estate?

A. 3.71497473%.

Q. And we've got unknowns, is that right?

A. That's correct.

Q. And we also have some conflicting interests, is that right?

A. That's correct.

Q. Okay. So, we do need an escrow for this one, for this unit?

A. Yes.

Q. What tracts are involved?

A. One, two, three and five.

Q. And what percentage of the unit is subjected to escrow?

A. 58.4105%.

Q. And that is for conflicting claims, is that right?

A. Yes, it is.

Q. And that's tracts...which tracts are those?

A. 1, 3 and 5.

Q. And of that number, what's the percentage of unknowns for Tract 3?

A. .070913348%.

Q. Okay. And have you submitted an Exhibit E which shows which parties are subject to escrow?

A. Yes, I have.

Q. And are you requesting the Board to force pool any unleased parties listed on exhibit B-3?

A. Yes, we are.

Q. Okay. Are you also requesting that Range

Resources-Pine Mountain, Inc. be named operator of this unit?

A. Yes.

Q. And if these parties are making elections where should the...what address should be used in making elections?

A. Range Resources-Pine Mountain, Inc., P. O. Box 2136, Abingdon, Virginia 24212, Attention: Phil Horn.

Q. And this is the address for all communications for this unit?

A. Yes.

TIM SCOTT: Those are all the questions I have for Mr. Horn.

BUTCH LAMBERT: Questions from the Board?

SHARON PIGEON: I have a question. I have conflicting claims needing escrow are in Tracts 1, 3 and 5.

TIM SCOTT: Do we have unknowns in Tract 2 as well?

SHARON PIGEON: I'm just...I'm breaking it down here.

TIM SCOTT: Okay. I'm sorry.

PHIL HORN: What's the question again, I'm sorry?

SHARON PIGEON: The conflicting claims tracts I have from your testimony is 1, 3 and 5, is that correct?

PHIL HORN: 1, 2, 3 and 5.

SHARON PIGEON: The conflicting claims?

TIM SCOTT: No, sir. It's 1, 3 and 5.

Sorry, you testified.

PHIL HORN: Okay, I'm sorry. Conflicting claims just 1, 3 and 5.

SHARON PIGEON: And then for unknowns it's tract?

PHIL HORN: 1, 3, 5 and 2.

SHARON PIGEON: All of the ones that need escrow have unlocateable---?

PHIL HORN: Yes. And 2 is some unknowns. Thank you.

SHARON PIGEON: Now, is 2 the only tract for unknowns? That's what I'm trying to distinguish.

PHIL HORN: No, 3 and...2 and 3 have unknowns.

SHARON PIGEON: Okay.

TIM SCOTT: As far as...I'll clarify this, as far as Tract 2 is concerned, we're both...they...there is no conflict with tract 2 because they're listed as both the CBM owner and gas owner, but they are unknown.

PHIL HORN: That's correct.

SHARON PIGEON: So, they are not conflicting claims?

TIM SCOTT: That's correct. This is a bear. I'm sorry.

SHARON PIGEON: That's okay.

PHIL HORN: Well, the 92 acres some of these heirs

own the coal only and others own the oil and gas or the coal only so they're conflicting claims with one another. And then, of course, we don't know where they all are and then in Tract 2 the Owens' heirs, the 80 heirs...70 heirs they own 24% of the coal, oil and gas.

SHARON PIGEON: Our standard orders on these break it out both ways.

TIM SCOTT: Right, that's why we tried to do it that way.

SHARON PIGEON: That's funny, I didn't hear it that way, but that's quite all right.

TIM SCOTT: I was racing too fast, sorry.

BUTCH LAMBERT: Any other questions from the Board?

(No audible response.)

BUTCH LAMBERT: You may call your next witness, Mr. Scott.

TIM SCOTT: Thank you, sir.

IAN LANDON

DIRECT EXAMINATION

QUESTIONS BY TIM SCOTT:

Q. Mr. Landon, did you participate in the preparation of this application?

A. Yes, I did.

Q. Are you familiar with the application?

A. Yes.

Q. What's the proposed well depth for this unit?

A. 2,450 feet.

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

A. 275 million cubic feet.

Q. Did you also participate in the preparation of the AFE that we filed with the Board?

A. Yes.

Q. Okay. What are the estimated dry hole costs for this well?

A. \$132,348.

Q. And the total or completed well costs?

A. \$377,322.

Q. And, again, you stated you did participate in the preparation of the AFE, is that right?

A. That is correct.

Q. And does that AFE include a reasonable cost for supervision?

A. Yes.

Q. And in your professional opinion, would the granting of this application be in the best interest of

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

A. Yes.

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

BUTCH LAMBERT: Questions from the Board?

(No audible response.)

BUTCH LAMBERT: Do I have a motion to approve?

MARY QUILLEN: Motion to approve.

BRUCE PRATHER: Second.

BUTCH LAMBERT: I have a motion and a second. Are there any discussion?

(No audible response.)

BUTCH LAMBERT: All in favor, signify by saying yes.

(All members signify by saying yes.)

BUTCH LAMBERT: Opposed, no?

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

BUTCH LAMBERT: One abstention. It's approved.

Thank you.

TIM SCOTT: Thank you, sir.

BUTCH LAMBERT: That's all of our docketed items on the agenda. I will now open up this hearing for public comment. Those wishing to provide comment please come forward. Good evening. State your name for the record, please.

J. C. FRANKS: J. C. Franks.

BUTCH LAMBERT: Okay, Mr. Franks.

J. C. FRANKS: I represent about 36 people as an agent in the coal, gas and whatever.

BUTCH LAMBERT: Go ahead with your comments, Mr. Frank.

J. C. FRANKS: I have a package here I'd like to pass out. And I asked Les and Anita to stay for this, but Les had to reach a meeting in Washington, Pennsylvania by 7:00 o'clock tonight. It took weeks to get in touch with him to give them this information and only got most of it to them yesterday. And Les said he hadn't had time to read it and Anita said she hadn't had time to digest it. But I've been trying since the first day of the month to get in touch with them. Let me pass these out. Give me a moment and you will see what I'm talking about here.

DONNIE RATLIFF: Mr. Franks, are part of these leased and part of them in escrow?

J. C. FRANKS: Part of them were in escrow. The escrow settlement was a few years back and we got the settlement from the escrow account but they have not accounted for the same interest from then on, they have shorted the one party on several occasions. In fact, there was several months they didn't report anything at all.

BUTCH LAMBERT: Mr. Franks, would you like to walk us through the document?

J. C. FRANKS: Okay. Now, the...first, of course, is just a note to you explaining what I have. The second section and I split them up as I say so you could address different types of questions separately and not get them confused. But on the Cora Metcalfe Franks estate included in the J. Franks estate reports, I don't know why they insist on doing that, but they have always had these co-mingled and it's a lot better than it used to be in the reports and they got the two that they include in here, the two pools, correct in value. But when you put the two together you still have to conflict the calculation to get them out. But when you get to the long holes they don't have the correct number on only one or two. And I don't know why because when I questioned it Anita sent me this list you see. Well, the first one let's walk through that and I'll show you the first is explained here. I have...I was questioned every month that they correct this and I'm told it will be correct on next month's report. The next month they say we'll do it on the next month. It has been going on almost three years now. Next month hasn't arrived yet. But on the long hole eleven which they both have an interest in and they claim they're including all of the interest of both and the one callout,

but when you add up...total up what their report says they shorted giving the J. H. Franks estate by 47 cents and that would leave nothing for the Cora Metcalfe Franks estate, but I did total his out and there was two dollars in excess after balancing J. H. out which leaves nothing for the other which shorted the Cora Metcalfe Estate \$380. But their amount that they report is .0180894 and should be .0237982 if you're going to combine them but they should be in separate ports. And this has been consistent from day one since the escrow. And this is almost the same every month. And then in long hole number twelve, the total they sent just barely...they paid the J. H. Franks estate \$11.60 more than...the total they paid was \$11.60 more than the J. H. Franks was due which leaves \$218.23 short to try to pay the Cora Metcalfe Franks estate. And there, again, they have a lesser amount as the combined total. And long hole number thirteen is something that has happened a few times but it had been a while since this happened and I used to talk to Bob about it occasionally. But on long hole thirteen when I called over this is...by the way this is a fax...just a copy of a fax that I sent to Sherry Scott, who is my contact over there on the accounting most of the time. And when I had called her about it she had already taken a look because she always says when she gets a report she looks at mine first and when

I...when she answered she says and I don't know what they did to long hole thirteen because this first...this sheet four explains that the J. H. Franks estate was due what they were due and what they paid, they were short \$29 to J. H. only and the Cora Metcalfe Franks estate they were short \$32.06. So, and I put the spread of what they reported on sheet five because I wanted to differentiate what they did in their report. In fact, it might be best if I show you something here. I take their report and I enlarge it because it's very difficult to read the reports I get. And this is the Cora Metcalfe Franks estate and the red entries are the errors on it. They are full of them. The J. H. Franks report has a lot but this is simply over charges in the deed up there, but I have to go in here and pull them out to get in and the lines they give show...I thought I put a copy of the lines in there for you, but this sheet five is long hole number thirteen and in line number one its as reported. They don't report on anything a gross amount due. They report the gross mmbtu and million cubic feet plus the price and they give the owner interest. But...and they gave nothing in this but they charged an overcharge in transportation and they charge a tax which is not allowable. And in line number two is using the CNX figures with the correct gross, so the correct gross is 773 minus what they said is 665, not 684. So the computer

line don't compute. And it's that way on every line. You can use their numbers, but you can't get their answer. And then the number three is what it should be using their numbers as volumes, price and interest. So, even though they have a larger owner interest listed than is actually do they don't pay for it by the time they calculate it. And even though overcharges on transportation plus the taxes and you take out what they say and they still miss it. And my comment at the bottom if you'll note that none of the lines calculated reports the figures and where did I put that...the net calculation figures are from the noted incorrect owner interest volumes and prices are as noted and deductions are as above. Why are we to assume that the computer program is giving accurate accounting from the long hole thirteen reports? It appears to have been given a great deal of help. So, they didn't report the correct amount even though they were supposedly overpaid. And I have on several occasions gotten with them, gone over it and gone over it and written notices like this second group here is the decimal difference between my calculations and what they're reporting and I try to specify how I got to my numbers. And on the pool N-41 they're reporting it up as...they report as .0002637, I get .000624. And I go to the Deed Book 410, Page 676 thru 678 to get my information and the pool tracts total and then, of

course, they only own a quarter interest in that pool. And from the escrow settlement they didn't...they wanted to split it, but they settled for 75% and Consol got the other quarter and then the royalty. But it...they report...where they get that I don't know and I keep asking Anita where she gets it. And the back sheet shows you the sheet she sent me and that's the information I used to obtain my total. And then when you go to the escrow which was in May of 1994, the escrow document, the listing of the pool acreage is exactly the same as was on the pool document yet they don't report it. And they're always going to fix it next month. The 0-39 is combined in the J. H. report and that's the one I have to separate to get the portion and take it out of one bank account and put it in a different one. And long hole eleven, let's see where we are here, and they report it as .180894, but that includes the J. H. (inaudible) for 17 so they're the short on everything you look at here. And then we get to long hole thirteen and that's the one they really fouled up. But what I did here was take her figures from the sheets and the length of the long holes and the interest in the long holes and...like long hole...did I get to long hole twelve or is that eleven first thing, because we certainly don't want to spend your time reading this whole thing. The first long hole is number eleven and on the sheet she sent me you can

see that you have N-40, N-41, O-39 and O-40 listed and using the same figures and the same amounts they have here and going to the pools, the interests that was in the pools, and totaling all of them you get a different number than what they report. And Sherry Scott told me that on two or three occasions she has taken my sheets that I faxed her and taken them to Pittsburgh with her and she called me once and she said I just got back from Pittsburgh and this must have been about the third time she had carried some of that up there and she said the Pittsburgh accounting group came out and says well all of his numbers are right so why don't you report them correctly. And she said she told them the numbers are coming out of the accounting office in Texas and that they were instructed to get it out of Texas and bring it to Bluefield. So, we're waiting for that. And they first promised...that was in the first part of this year they promised to have it in Bluefield by mid year and then they said well maybe August and then they said maybe September. But there's a mountain of work to do to set that up, to buy equipment, train people and get all of the documents. And Sherry made numerous trips back and forth to Texas. And then she called me and told me she was not going to be able to make it in September and that the Pittsburgh office had informed them that they would have to pick about three

different lessor units and run the package through at least two months and be proofed and corrected for bugs in the system before they would be turned loose to start accounting from Bluefield. And she said that meant that it would be the first of the year before they could come online with that. And like I say it's just one delay after another. I understand a lot of that and I'm certainly in great sympathy with Sherry because she is really putting the hours in working on this thing. And she always...when she runs the numbers she always agrees with my numbers, but she doesn't know why they are not correcting them. But I will have to say that I was in her office on one occasion and she said wait a minute and she called the party in Texas and I was sitting where I could hear her and I could hear a little of the opposite side and she read my list off to them to the errors and she says and I agree with these and how come you're still reporting the old numbers. And I didn't hear the guy say yes or no, but she says well I would think so and when she hung up she said well they said for sure next month they'd have it right. That has been over a year. So, like I said you don't seem to ever get to an end. But this adjust the figures to back up what I'm talking about here and in the J. H...now this is escrow, her property was the only property that was escrowed and came through the Board on that. But

this is just a report on some of the conditions I get in the J. H. Franks report and I get back into the long holes again. But over here I simply describe how I arrived at the J. H. Franks interest and the long holes were which establishes what I had on the...in the other report.

BRUCE PRATHER: Can I ask a question? On your check stubs, can you take your check stubs and run them out and come out with the proper figures?

J. C. FRANKS: Usually it will come out to what they have entered here.

BRUCE PRATHER: Okay.

J. C. FRANKS: But they..with overcharges and things like that you have a lot of conditions to contend with.

BRUCE PRATHER: Usually those check stub figures is what you would go by.

J. C. FRANKS: Well, the net shown here is what the check stub is.

BRUCE PRATHER: The only thing that I have experienced from what you're talking about is I had an interest in some wells up in West Virginia and this guy got his hardware from Ohio so when he put everything in this Ohio hardware it had the wrong tax amount in it and so basically what amount that he was shorting me was about six dollars a month but that was, you know, it was his hardware.

J. C. FRANKS: Well---

BRUCE PRATHER: And he finally corrected the thing, but I mean that's...that's been my experience. You might find out it's the hardware.

J. C. FRANKS: Well, the hardware is a problem because we had that before with Conoco when they were reporting it and it was miserable. But we don't have a problem with tax in this because the leases that I negotiated they pay all the taxes.

BRUCE PRATHER: Oh, they do?

J. C. FRANKS: Yes, it's zero to us. So, you run down the tax line, if there's a figure there that's illegal.

SHARON PIGEON: Well, you understand we can't do anything about it---?

J. C. FRANKS: Right.

SHARON PIGEON: ---an agreement that you have, that's under lease?

J. C. FRANKS: Right. Yeah. But we also have an agreement with them to set the deduct because the deduct was all over the board and the Court ruled that their deduct was so far over that they had to pay a huge amount back in excess deducts. But that including a large group, I made a report to the Board several years ago on overcharges and then I was asked to come over to Tazewell and a group met over there and

when I went in their room was full and a fellow said well we knew they were cheating us but we didn't have it documented and if you will go with us with your documents we're going to take them to Court and I said well there's nothing I can do by myself, of course, I will go with you if you'll go because...and they did. But he also said how many acres do you represent and I said well there's 880 acres but we only have a half interest, Consol owns a half also. And he said we represent 84,000 acres. So, they did have a lot of backing. But they had to pay back \$22 million dollars in overcharges. So, but that's when Conoco was kicked out. And now I understand the programs they're using came from the same outfit that Conoco was buying their...getting their programs from. And when they took it away from Conoco they gave it to ILM in Michigan and they did a much better job of reporting. But they claimed that they had problems with... they were still trying to use Conoco's program and they couldn't decipher a lot of it. And so they said it was too expensive to by their contract to continue that if they didn't give them a better system. So, they took it and sent it to Texas and Texas had a lot of problems to start with and they started correcting it and one of the ladies that worked down there was in contact with me two or three times a week and they got it down to the three reports that I received two

of them had a couple of errors in each and one of them had zero and I had to send a fax and said fantastic. The very next month you couldn't read it. They had...and I called Sherry and I said what happened, I says it looked like they had gone..they hired the (inaudible) Oklahoma crew from Conoco. And she said no, I can assure you that's not true, but are you close, she said they've got a new program from the same outfit that provided that program. So, there's a lot of problems in there and Sherry is fighting it as hard as I am. But this is an accounting problem that they have to fix but they don't seem to be very urgent about it. Now, they're finally doing something but its been a long time. And I would have thought that Anita would be the one that would give...would be giving the information to the outfit in Texas to do their accounting and she said well I thought it had been done. But Sherry says they are awaiting directions. I don't know that's why I wanted to talk to Anita. But another problem that I have here is the...and the lady that was here earlier on the map changes and things, I had to perk my ears up there because it's the same thing. And a year or so ago I contacted somebody on a hearing that they had had that I hadn't heard about that they were...they had changed some maps of mine and I...every time I get one that I can...that I find it I contact Les immediately. But then I

found that they had simply added wells in existing pools, established and recorded pools and they had added wells and in adding the wells they changed all the ownership values in each one without notice. And I called Benny's office and when I contacted him he said, yeah, we had that hearing and he said somebody on the Board recognized it. I don't know who. And he said our group had heartburn with that and they're researching the title because when they questioned Les he said by lease agreement they could change that drawing anytime they wanted to...the map. And he said we wondered about that and they're looking for it. And I told him I would have him a copy of our lease in the mail within the hour and I did. And about ten days later I got a call from Les, he says, well, I guess, I will let you know if I change something won't I? So, apparently Benny...I didn't contact Les but apparently Benny did. But this, my exhibit A to J. H. Franks report, I just picked a pool and the first one I pulled out was not the one I had in mind but it was a better one. And this exhibit A is on pool P-39. And the first sheet shows that on the original recorded document from that to the second issue, well in ninety...September 3, 1997 the permit of P-39 came in and then I got a map in here for the tract identification from October 25, 2006 for P-39A and they changed the identification of the tract from pool...like

tract one they changed to seven and changed the acreage and Tract 2 became 6 and it gains acreage, Tract 3 becomes 5 and gains acreage, Tract 4 becomes 3 plus 2 and loses acreage, Tract 5 becomes 1 and gains acreage, Tract 6 becomes 4 and gains acreage. But it might be easier to flip on over to the maps and let's see, I have the copies of the tracts maps and the ownerships, but the best illustration and to shorten your visit here, the highlighted tract map is the easiest explanation you'll get. There's a boundary running from the northwest to southeast and I have the dash line is a change they made between the original plat and the P-39A permit. The solid line is as received in the original and you'll notice the highlight up here in the upper...in the northwest corner, why that line was moved up and out I don't know and the same thing in the bottom corner but somebody did it arbitrarily. And when I questioned them no one could tell me who had changed the map. But several of the pools, they play with the maps occasionally and just change them arbitrarily and don't notify anyone. And this is an interesting thing up in the upper right hand corner, the deed to that tract had an accepted five acres that the owner of the tract reserved to himself and then sold it to Consol later, but then the deed says it was to be as nearly as square as practical and in the northeast corner of his tract. And when they started it was

close, the original maps had a fairly close to a five acre tract. Then all of a sudden, it grew after Consol purchased the property. It grew by something over a half an acre. And I have a sheet in here that I have simply taken the deed call outs and made the line and if you go back to this highlighted map that the deed call outs you'll see right in the middle, right in here, is the only variation of any consequence at all between it and the original tract layout. The original tract had the line coming down, but it didn't fit and in here, see this is the same, but there's a little difference here, but it means nothing because the same party owns both sides. So, that didn't bother anybody but they came together in tract two pretty well. In here it doesn't bother them. But out here you change ownership and up here you change ownership. And there's a fellow, they have a guy over there now that, in fact, I have his map here that has gone through this and I need to back up because there is a question on the pool maps that I received the property lines didn't match with the adjoining pools. They rarely would fit. And I came to the Board meeting and questioned it once and I asked for directions, of course, they didn't stay, I had my map layouts and they took off. They were supposed to be here for the after hearing thing then too and took off. But I finally, after months, I got a topo map of the whole area from Les and

I told him don't put any lines on it at all. And he sent it to me. And I took his map and overlaid it on a light table and put the pool maps tracing on there and they were all over. I took my copy to Bluefield and their new guy on the mapping Ellis Hagerman run copies of it for his use. And he drew...he redrew the map and of course he corrected some things going through deeds too and he gave me a copy of his map before he handed it to Les to get their approval.

MARY QUILLEN: Mr. Chairman, I'm going to have to be excused. I have a class that will be starting up shortly and I have to get to there. Thank you.

BUTCH LAMBERT: Thank you, Ms. Quillen.

J. C. FRANKS: If you'll notice the blue line here and if you can see the line under it, the line under was the ones that if you faired a lot of theirs together this is after their connection of the lines from pool to pool. They had a dip in here, this had a dip, and down here they had a dip the opposite way. But in here the tract I showed you here a minute ago is right in here. And you can see where he changed the maps that they had in here on the highlighted map. He corrected those and he marked this back and he cut this one back and it changes quite a few things in there. And he has sent this to Les and (inaudible) for review, but as stated in my note here, I think even if they say okay now

that's okay we'll use it, I still think they should get to anybody on the opposite of the line that has an adverse interest in this call them in and go over it before they make it public. And if you'll see in my document here that's what I asked them to do. But I told them I don't care what you end up with I want it right and I don't want to be changing it every few months or so. Just because somebody walks in and looks at something and says I think this ought to be up here doesn't make it so. And as Les admitted earlier here today he let's them do that and he don't notify anyone, the Board included. But one of the copies I have here, this topo with my line, if you'll notice on it, if you're going strictly by physical surface it would appear, and that's why I gave a clean line here, you can hold it over a light and move it over and see that it fits, if this line were moved east or northeast about thirty feet it would seem to follow the terrain of the peaks of the...which most people's lines split the ridges and things, it would fit that better but when I questioned it to Hagerman when he put it on here he says well he uses that as a reference but he says topos sometimes have that much error in them and he says they also have aerial photographs that they use and he did send a couple of surveyors and checked a few points, just points on the map to confirm some of the points he was changing. And

he said one point I had down here which I was giving up land (inaudible) to move this line of our property back here which takes property away from us and I said that's more to the deeds callout. And he said, yes, and the topo looks a little different than that so he sent someone over and he said no where it was originally is better, leave it like it is. So, that's something that the other party will need to discuss as well. But it ought to be done and it ought to be done right when its done. But just to show that you could possibly say this should be over there, but if you move that you've got to move all of the pools around again.

BUTCH LAMBERT: Is that all you have, Mr. Franks?

J. C. FRANKS: Yeah, I've got other documents, but this is...I'm going to show you this. I don't know if you get these maps on long holes or not, you're talking about missing in long holes, this is the property and of course there's a lot of errors on that when Les brought this out to me. In fact, when he called me over to the office for a meeting and brought this out Anita was sitting right behind me...right beside of me with her map, didn't look like this at all. And it really shook him up when I pointed that out and he jumped up to go get her a new map. And that's when she sent me these copies of the other break down. But this is the long holes are going in and of course they're mining

in here. And this is a mining and well map. But it seems to me when the Board tells them the values are this in these escrowed accounts and the others as well really that that should rule what you're getting and if you're going to get a change make it legal, make it honest. And that's my argument.

BUTCH LAMBERT: Thank you, Mr. Franks. We appreciate your comments.

J. C. FRANKS: I thank you for your time.

BUTCH LAMBERT: Any other issues or discussions before the Board before we adjourn? Oh, I'm sorry, Mr. Harris, the minutes?

BILL HARRIS: Oh, no. No, there was someone else coming down.

BUTCH LAMBERT: Oh, Mr. Sheffield.

JOHN SHEFFIELD: Oh, I'm sorry.

BUTCH LAMBERT: Go ahead Mr. Sheffield. I didn't see anybody else.

BILL HARRIS: Did we take any action on this?

BUTCH LAMBERT: No.

SHARON PIGEON: No, it's not appropriate for you to take any action on a public comment. If Mr. Franks would like to have something put on the docket as miscellaneous petition, you know, you have to have the other parties here.

You can't just accept one version of everything.

BUTCH LAMBERT: Did you understand what Ms. Pigeon said?

J. C. FRANKS: No, I did not.

BUTCH LAMBERT: Okay, it's not---.

SHARON PIGEON: Mr. Harris asked if you all...if the Board were going to take any action and I said an action isn't appropriate in public comment. If you want to have something placed on the Board's docket as a miscellaneous petition for their consideration you have the right to do that. Of course, they have no jurisdiction over anything that's included in a private lease and you know that, I know you do.

J. C. FRANKS: Uh-huh, yes.

SHARON PIGEON: That includes your agreement on tax payments and so on and that isn't anything this Board will handle for you but if you choose to file and ask the Board to handle this as a miscellaneous petition then the other side gets notice and they have the obligation to be here. But we, as the Board works, they can't just accept one party coming before them and putting forth all of their arguments and exhibits and take any action on that. That would not be appropriate.

J. C. FRANKS: As I said though, there's several

things that's ongoing that should produce a settlement in this but it has been ongoing.

SHARON PIGEON: But you do understand that they have to have docketed items in order to take action?

J. C. FRANKS: I did bring this to point out the differences in the layouts from tracts when you overlay his topo that he sent us. But it was wild. But they had so much angle that when you put it together it created those curves that Ellis has taken out. So, Ellis...all the people that I work with over there are great, no problem, and if there's a difference of opinion you don't have a problem with it. But at some point you've got to come to an end to these things.

BUTCH LAMBERT: Thank you, Mr. Franks.

J. C. FRANKS: Thank you.

BUTCH LAMBERT: Sorry if I missed you.

JOHN SHEFFIELD: Don't worry about it.

BUTCH LAMBERT: State your name for the record, Mr. Sheffield.

JOHN SHEFFIELD: John Sheffield, land owner in Buchanan County. And really all I have is I'm fuzzy about a lot of things and last month I asked some questions and it might be...I might need Ms. Pigeon's help a little bit. Sorry, Ms. Pigeon. This has to do with basically when somebody is force pooling an unleased party that is force

pooled into a unit we then get things that are elections. And in those elections we have different options for participation, meaning you pay your participatory part into a well cost to. I believe, carried interest which is, and correct me at any time please, a carried interest which is the well cost 200%, in other words twice the well cost your percentage into that. So, you forfeit your part in there twice over. And, I believe, there is a 300% leased and so I guess that's a situation where somebody pays 300% of the well cost. Would that be the correct assumption?

SHARON PIGEON: I want to see what you're talking about.

JOHN SHEFFIELD: I'm just talking about the regular elections and options.

SHARON PIGEON: We have three options, one to be carried, that's the two to three hundred obviously, it would include both in that.

JOHN SHEFFIELD: Yes, ma'am. Okay. And if nothing happens then it's a deemed lease?

SHARON PIGEON: A participatory operator pays up front, that's what you're talking about.

JOHN SHEFFIELD: Right.

SHARON PIGEON: And then if you choose neither of those you're deemed to have leased individual.

JOHN SHEFFIELD: Right. So, basically all these under Virginia is basically a contract is that...would that be correct?

SHARON PIGEON: No. It's a Board order.

JOHN SHEFFIELD: They're not a contract?

SHARON PIGEON: No, a contract would be between the individuals. If you made a private agreement with an operator that's a contract.

JOHN SHEFFIELD: Okay.

SHARON PIGEON: A lease is a contract.

JOHN SHEFFIELD: Okay. So, these aren't contracts, these are just options?

SHARON PIGEON: No, those are elections.

JOHN SHEFFIELD: Elections.

SHARON PIGEON: Those three are elections. Those are statutory elections. The law provides those options and they are then set out again in the Board orders.

JOHN SHEFFIELD: Okay. I told you it would be painless. Thank you.

SHARON PIGEON: You could have phoned that one in.

BUTCH LAMBERT: At this time, we'll hear the minutes from the last meeting.

JERRY GRANTHAM: Mr. Chairman, could I make one comment on behalf of VOGA?

BUTCH LAMBERT: Yes.

JERRY GRANTHAM: I won't keep you very long at all. I was out of...my name is Jerry Grantham. I'm with Range Resources and president of VOGA for the next year or so anyway. I was out and maybe Mr. Kaiser invited the Board to our meeting next month, which will be five weeks from tonight. We would like to email out invitations to the Board members. At the same time we would also...VOGA is planning to honor Mr. Wampler and Mr. Wilson for their many years of service to the oil and gas industry here in Virginia. So, they certainly will be invited and hopefully both going to attend and we would honor them at that point. So, I just wanted to let the Board know we'll probably email something out to everybody, hopefully in the next week or so. That's all I have.

BUTCH LAMBERT: Thank you, Mr. Grantham. The minutes from last meeting?

DONNIE RATLIFF: Move that they be approved as presented, Mr. Chairman.

BILL HARRIS: Second.

BUTCH LAMBERT: All in favor, signify by saying yes.
(All members signify by saying yes.)

BUTCH LAMBERT: Opposed? Approved. Thank you all.

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 15th day of October, 2008.

NOTARY PUBLIC

My commission expires: August 31, 2009.