

IN THE COUNTY OF RUSSELL

VIRGINIA DEPARTMENT OF MINES, MINERALS AND ENERGY

VIRGINIA GAS AND OIL BOARD

DECEMBER 9, 2008

APPEARANCES:

BOARD MEMBERS:

PEGGY BARBAR - 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

SHARON PIGEON - ASSISTANT IN THE ATTORNEY GENERAL'S OFFICE

MICHELLE BROWN
COURT REPORTING, INC.
P. O. BOX 1325
GRUNDY, VIRGINIA 24614
(276) 935-7141
(276) 935-8374 (Fax)

<u>AGENDA AND DOCKET NUMBERS :</u>	<u>INDEX</u> <u>UNIT</u>	<u>PAGE</u>
1) VGOB-08-0318-2159-01	J-36	5
2) VGOB-08-0715-2275 WITHDRAWN	VH-539923	
3) VGOB-08-08-1118-2385	V-53011	27
4) VGOB-08-1118-2386	V-530013	34
5) VGOB-08-1118-2387	V-530013	39
6) VGOB-08-1118-2388	V-530016	45
7) VGOB-08-1118-2389	V-535462	49
8) VGOB-08-1118-2390	V-535462	56
9) VGOB-08-1209-2393	VC-537891	CONT.
10-) VGOB-08-1209-2394	VCI-539486 and	69
11)	VCI-539482	
12) VGOB-08-1209-2395	V-502791	83
13-) VGOB-08-1209-2396	V-502791	89
14) VGOB-08-1209-2398	VC-537053	
15) VGOB-08-1209-2399	V-502791	78
16-) VGOB-08-1209-2400	AV 24-25, AW 24-25	96
18) VGOB-08-1209-2401	AT 24-25, AU 24-25	
VGOB-08-1209-2402	AZ 14-15, BA 14-15	
19) VGOB-89-0126-0009-40	MODIFICATION OF FIELD RULES	105
20) VGOB-89-0126-0009-41	MODIFICATION OF FIELD RULES	112
21) VGOB-89-0126-0009-42	MODIFICATION OF FIELD RULES	115
22) VGOB-89-0126-0009-43	MODIFICATION OF FIELD RULES	119

INDEX (cont.)

<u>AGENDA AND DOCKET NUMBERS:</u>	<u>UNIT</u>	<u>PAGE</u>	
23) VGOB-89-0126-0009-44 WITHDRAWN	MODIFICATION FIELD RULES		OF
24-) VGOB-08-1209-2403	S OF 530133	122	
27 VGOB-08-1209-2404	S OF 101		
VGOB-08-1209-2405	E OF 132		
VGOB-08-1209-2406	S OF 530132		
VGOB-08-1209-2407	S OF 95		
29) VGOB-08-1209-2408	AE-211 (I-32)	132	
30) VGOB-08-1209-2409	AE-197 AND AE-198 (G-37)	140	
31) VGOB-08-0819-2312-01	AE-232(F100)	145	
32) VGOB-08-1209-2410	M-0	148	
33) VGOB-08-1209-2411	X-83	157	
34) VGOB-08-1209-2412	AW-92	167	
35) VGOB-08-1017-0835-04	MODIFICATION OF FIELD RULES	170	
36) VGOB-08-1209-2413	V-530026	CONT.	
37) VGOB-08-1209-2414	V-530079	62	
38) Review and discussion regulation changes		178	
39) Public Comments		183	
40) Approve minutes		190	
*Escrow account audit		178	

BUTCH LAMBERT: Ladies and gentlemen, good morning. We're ready to start our agenda for the today. I'd ask that if you have cell phone, pages or other electronic devices to please turn those off or put them on vibrate. If you must take a call, please take it outside. I'd also ask that you refrain from talking during the hearings. These are being recorded and we need to be able to hear what's going on up here. Just some information about the building, restrooms, there are some restrooms directly through the hallway and there's also some restrooms through the wooden doors across the hall if you would like to take the opportunity to visit those. The first item on our agenda this morning is a petition from CNX Gas Company, LLC repool coalbed methane unit J-36, Garden District of Buchanan County, VGOB-08-0318-2159-01. All parties wishing to testify, please come forward.

MARK SWARTZ: Mark Swartz and Les Arrington.

STEVE MINOR: My name is Steve Minor and this is Katherine Jewell.

BUTCH LAMBERT: Before we begin this docket item, I would ask the members of the Board to please introduce themselves beginning with Ms. Dye.

KATIE DYE: Good morning, I'm Katie. I'm a public member from Buchanan County.

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

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

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

BUTCH LAMBERT: I'm Butch Lambert with the Department of Mines, Minerals and Energy.

DAVID ASBURY: David Asbury, Director of the Division of Gas and Oil and Principal Executive to the Staff of the Board.

BUTCH LAMBERT: That settled, parties be sworn.

(Katherine Jewell and Leslie K. Arrington are duly sworn.)

BUTCH LAMBERT: Seeing no others, Mr. Swartz, you may begin.

MARK SWARTZ: Okay. We were here on this on September the 16th, I believe. I offered all of the testimony that I wanted to from Mr. Arrington at that point. Ms. Jewell was arguing that the plat was wrong and represented to this Board and to us that we...the plat that was used when this was first pooled was different from the plat that was being used when we came back to repool it. Subsequently, we went back after the hearing and looked at

our records and it turned out that that was not the case, that the plats were the same when it was originally pooled and now. I wrote a letter to the Board in September pointing that out to you all. I also determined and thought about the fact that the company that she was allegedly representing is lease. You know, we're not pooling them. We have a lease with them. So, we're done. You know, we'd like to have this unit pooled based on the record that we made the last time that we were here.

BUTCH LAMBERT: Questions from the Board?

(No audible response.)

BUTCH LAMBERT: Do you have anything else, Mr. Swartz?

MARK SWARTZ: No, I don't.

BUTCH LAMBERT: Call your witness.

STEVE MINOR: Mr. Chairman, my name is Steve Minor and I'm here on behalf of Buck Jewell, LLC. I would like to call Ms. Jewell to testify.

KATHERINE JEWELL: Yes, huh---.

STEVE MINOR: Excuse me.

KATHERINE JEWELL: Sorry.

STEVE MINOR: May I proceed?

BUTCH LAMBERT: Yes, sir.

KATHERINE JEWELL

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

DIRECT EXAMINATION

QUESTIONS BY MR. MINOR:

Q. Could you state your name for the Board?

A. Katherine Jewell.

Q. What is the company with which you are affiliated?

A. Buck Jewell Resources.

Q. And does Buck Jewell Resources have an interest underlying the tract that is the subject of today's hearing?

A. Yes, it does.

Q. Could you describe what that interest is?

A. Buck Jewell Resources has a lease with Appalachian Energy under...for a 156 acre tract, which is included in this pooling. It's a gas, oil and coalbed methane lease.

Q. How is Buck Jewell's interest described in the repooling application?

A. I need...the repooling application, Buck Jewell never received notice on the pooling application. My statement at the last hearing was that it different from the application I received with respect to properties...identification of properties and what I had raised before was with respect to the way that the whole property is drawn.

Q. Let me try to focus in on it. What is the area of Buck Jewell's property that...part of which is underlying the tract that's the subjected of today's hearing? What is the area of Buck Jewell's property, part of which is underlying the tract that's the subjected of today's hearing? Is it the 156 acres? Is that your contention?

A. Yes. 156.56 acres, yes.

Q. And the repooling application references the area of Buck Jewell's interest as a 100 acres?

A. 94.38 or a 100 acres. It has changed in different applications.

Q. Could you explain to the Board how the plat attached to the repooling application inaccurately represents the holdings of Buck Jewell, LLC?

A. Yes. With respect to the plat, J-36, there is identified two properties, I think it's 9B and 9A, which

is in the application...in the force pooling application. In the original permit application, 9A was identified as 9 and 9B was actually shown as belonging to Buck Jewell Resources. That's incorrect. The other problem is that the whole shape of where...how the boundaries of the top...the northern part of the tract is not consistent with mining that has been conducted under this tract by Jewell Smokeless. It's not consistent with Buchanan County property taxes plats which are shown. It's not consistent with previous gas and oil... gas wells that have been drilled in the pooling area of the tract.

Q. Just so the Board understands what you're complaining about, one area of complaint is the areas in the northwest that are identified as 9A and B?

A. Yes.

Q. Specifically, your contention is that 9A is part of the property that's owned...9A or 9B is part of the property that is owned by Buck Jewell?

A. Yes.

Q. Also, you're contending that the line of the Buck Jewell property goes out through the southeastern corner of the drilling unit that the line is located too far to the south?

A. That's correct.

Q. And that Buck Jewell actually owns acreage to the north of where this line is in the southeast corner of the drilling unit?

A. The acreage follows the Lick Branch, which is what is cited in the deed. The acreage follows Lick Branch, which is more.

Q. And how has...what maps have previously been filed with this Board showing the ownership of this property?

A. Well, there would have been pooling...well, the Division of Mine had a mine map which were filed in order to mine the coal...coal was mined in the '70s. So, there were mining maps showing locations of the property and where the coal was mined and that was filed by Jewell Smokeless. With respect to the gas...oil and gas, under the Oil and Gas Conservation Board and oil and gas...the Gas and Oil Board was a plat for EH-79, EH-80, Edwards and Hardings units, EH-30, EH-33 and EH-32 and there was a Georgia Pacific I and a Georgia Pacific II. I might have forgotten some...there were a couple of coalbed...proposed coalbed methane wells in there. But there are three active wells within the pooling area.

Q. Do you have copies of those maps?

A. Yes.

(Ms. Jewell confers with her lawyer and then passes out copies of the maps.)

STEVE MINOR: Mr. Chairman, could we have this as Exhibit 1...identified as Exhibit 1, the longer ones. So, for purposes of identification could it be marked that way?

BUTCH LAMBERT: Yes.

Q. Ms. Jewell, could you explain what Exhibit 1 is?

A. Exhibit 1 is put together of all the units...gas units. These are conventional wells in the area. The first wells were drilled in early 1990s and how they place the property. What you see in the green there is the Keen...Carolyn Cole Keen tract. Now, that comes down and joins this...the Buck Jewell Resources tract is in pink. But you also see that there's nothing taken out with respect to the top part of it where 9 and 9A...9A and 9B were actually identified.

Q. So, that the Board has already incorrectly...you're saying that earlier we looked at the referenced on the plat for the repooling application, the parts that are marked number 9A and 9B there at the top of this pink area, the northern most part, is that correct?

A. Yes.

Q. And what else does this Exhibit 1 related

to the boundaries that are in the drilling unit that's the subjected of this repooling application?

A. That the northern boundaries of the Buck Jewell Resources tract is actually up further. It comes... and the tract comes down...the tract actually comes down to a side point that you actually see in GPA2 so you can see all the tract is further on the west. It doesn't come to a direct point.

Q. Okay.

(Ms. Jewell passes out exhibits.)

Q. Is Jewell---

DAVID ASBURY: For our tracking reasons, what exhibits...how are you going to number---

STEVE MINOR: Could we make this one that says GPA2 number 2 and this one that has the broader area as number 3?

SHARON PIGEON: As she just handed out?

STEVE MINOR: This will be number 2 that says GPA2 in the upper right hand corner and this one with the pink, orange and the green will be Exhibit number 3. I'm sorry---

(Ms. Jewell confers with Mr. Minor.)

STEVE MINOR: I guess, if you have this one also it references Georgia Pacific A1 in the lower right hand

corner, we'd make this Exhibit number 4.

Q. So, Ms. Jewell, are Exhibits 2 and 4 that references Georgia Pacific proposed wells are they...is it your contention that they accurately show the boundaries of the Buck Jewell property in the northeastern corner?

A. In the northeast corner, yes.

Q. That's represented by this straight line?

A. Right.

Q. And how does that differ from the representation that is being offered by CNX?

A. With CNX, you can see this Caroline Cole Keen tract that comes down here. So, what would have happened is that the property would have followed Lick Branch and come out here. So, that's where the area is actually off.

Q. Your Exhibit 3 is a map that you've obtained from CNX?

A. That's correct.

Q. The information shown on this map is what is reflected on the plat that's part of the repooling application that's the subject of today's hearing?

A. Yes.

Q. And the boundary of the Buck Jewell property to the---?

A. East.

Q. ---east...the south and east, I'm sorry, is shown on this map Exhibit 3?

A. Yes.

Q. And you contend that it's inaccurate because Buck Jewell owns property further to north of the boundary that's indicated on this Exhibit 3 and on the plat that's attached to the repooling application?

A. That's correct.

Q. And the maps that were previously filed with the Board and Exhibits 2 and 4 show what you contend is the correct slope of the boundary in the south and the east of the Jewell property?

A. That's correct.

(Ms. Jewell confers with Mr. Minor.)

Q. And is the area of the property described on the written lease?

A. Yes, it is.

Q. And what is the area in the lease?

A. 156 acres.

Q. And is the area of the property described in the tax records of Buchanan County?

A. Yes, it is.

Q. And what is that area?

A. Mineral taxes are a 156.56 acres.

Q. And is the area of the property referenced in the records of coal mining for this area?

A. Yes, it is.

Q. And what is that area?

A. 156.56 acres.

(Ms. Jewell passes out exhibits.)

Q. So, we'll have...Exhibit 5 the coal mining map marked...coal mining map marked as number 5. Could you explain this...could you authenticate for the Board what it is that is shown on Exhibit 5?

A. It's not a great copy, but what this is where the Jawbone scene was mined by Jewell Smokeless. Jewell Smokeless had leases on all of the properties, the Caroline Cole Keen tract, which I'm saying is actually wrong, and everybody in this area. They submitted a plan to mine the coal. This is one of the mine maps of actually what had been mined in the area.

Q. Is the highlighted area the leased property that's owned by your company?

A. Yes, it is.

Q. And is the shape of this map consistent with the earlier Exhibits 2 and 4?

A. Yes, they are.

Q. And is it inconsistent with the shape of your property that's shown on the repooling, the map...with the repooling application and the CNX map, which is Exhibit 3?

A. Yes, it is.

Q. And have you also produced the tax records?

A. Yes, I have.

Q. And we could make that Exhibit number 6, the printout of the tax payments. Could you explain to the what that document is?

A. Yes, that's...up at the top it tells you the total mineral acres. In 2007, the county went and accessed each seam separately. That's an assessment based on the coal seams on the tract. But the property is assessed for 156.56 acres up at the top.

Q. And it's your testimony that this information that's shown on Exhibit 6 relates to the tract that the...the part of this drilling unit that's owned by Buck Jewell, LLC?

A. Yes.

Q. And the map that Buck Jewell, LLC pays taxes on for this property is 156 acres?

A. It's...yes, for years.

(Ms. Jewell passes out exhibits.)

STEVE MINOR: Could we make this next document Exhibit 7.

Q. And, Ms. Jewell, could you explain to the Board what this is?

A. Yes. This is the county property maps and it shows highlighted in pink is Buck Jewell Resources tract. The yellow part is surface out conveyances. So, the minerals are owned under these sections according to the county and the top part. So, basically, the pink is the minerals and the yellow is the surface out conveyances from the mineral tract.

Q. And is the shape of your company's property that's indicated on here consistent with what you're explaining is the true boundaries and also that's shown on Exhibits 2 and 4 and 5?

A. Yes, it is.

Q. And that's the two Georgia Pacific plats and the Jewell Smokeless coal mining map?

A. Right. There is some inconsistencies. There's inconsistency in the lower point. But the point is what is shown on the Georgia Pacific. The property maps are limited by...they're always been sort of odd. The important thing is to see where this Lick Branch is up at the top. It's identified as (inaudible). That's where the top of

property runs through.

Q. Finally, Ms. Jewell, it's true that the Buck Jewell, LLC has the property under lease?

A. Yes.

Q. The lease is with whom?

A. It's with Appalachian Energy.

Q. And how does CNX has any rights under that lease?

A. In, I think, June 2005 they apparently entered into a joint operating agreement with Appalachian Energy.

Q. And is Buck Jewell a party to that operating agreement?

A. Under the provisions of our lease, yes, but I've not seen the operating agreement.

Q. So, how is Buck Jewell, LLC prejudiced by these inaccuracies that you contend are in the repooling application?

A. The property is improperly described and defined. Therefore, the percentage of royalties you get paid is based on the whole tract...94.68 acres versus 156.56 acres.

STEVE MINOR: That's all the questions that I have.

BUTCH LAMBERT: Mr. Swartz, do you have anything?

MARK SWARTZ: Yes.

CROSS EXAMINATION

QUESTIONS BY MR. SWARTZ:

Q. This is an 80 acre unit?

A. Yes.

Q. And your tract is how big did you say?

A. The tract is a 156.56 acres.

Q. So, it's bigger than the unit?

A. That's correct.

Q. Do you concede that there are other people
in this unit?

A. That is correct.

Q. Have you presented a certified map that
puts the unit on top of any of the maps that you've given us
today so that we can figure out what you claim the acreage
and percentages are?

A. No, I haven't.

Q. Are you a licensed professional engineer?

A. No, I'm not.

Q. Are you a land...a licensed land surveyor?

A. No, I'm not.

Q. Do any of the maps that you've given us

today superimpose the 80 acre unit on the map from which we could calculate acreages and percentages?

A. No.

Q. All of the land that you're talking about that's owned by Buck Jewell is under lease to Appalachian, correct?

A. That's correct.

Q. And what I hear you're saying is that you're not getting enough royalty because you think you have more acres in the unit?

A. What I'm saying is that the unit...the map of the unit and, therefore, everybody getting...the effective numbers in the unit is actually inaccurate.

Q. Okay. My question for you is are you claiming that you're being under paid royalty under your lease?

A. Yes.

Q. Have you talked to CNX about that?

A. Yes.

Q. Have they met with you since we were last here about that?

A. Yes.

Q. Okay. And, apparently, you've been unable to resolve that?

A. Yes.

Q. Have you sued them under your lease?

A. No, I haven't. No.

Q. Okay. You understand they are not seeking to pool you here because they have a lease?

A. That's correct.

MARK SWARTZ: That's all I have.

BUTCH LAMBERT: Questions from the Board?

(No audible response.)

STEVE MINOR: Mr. Chairman, may I ask one more question of Ms. Jewell?

BUTCH LAMBERT: Yes.

REDIRECT EXAMINATION

QUESTIONS BY MR. MINOR:

Q. Ms. Jewell, what is it that you want the Board to do?

A. I would like them to correct the property to the accurate...where it has been and has been for the 65 or so years that it has been actually minerals have been mined out it. I would like a correct and accurate description and plat of the property.

SHARON PIGEON: Ms. Jewell, if the pooling... repooling application were denied, would you be in a

position not to have a dispute about royalties?

KATHERINE JEWELL: No.

SHARON PIGEON: So, you'll still have a dispute about the royalties?

KATHERINE JEWELL: That's correct. That's why I'm asking---

SHARON PIGEON: Under the terms of your lease?

KATHERINE JEWELL: I'm sorry?

SHARON PIGEON: Will your dispute about the royalties...regardless of the pooling order either way, will you still have a dispute about royalties under the terms of the lease?

KATHERINE JEWELL: I'm sorry, I don't quite understand how that's...how---

SHARON PIGEON: Mr. Minor, can you assist her?

REDIRECT EXAMINATION RESUMES

QUESTIONS BY MR. MINOR:

Q. Ms. Jewell, is it your position that...what you're asking the Board to do is if there is a repooling order that the plat...that the order indicate the boundaries of the property accurately?

A. Yes.

Q. And is it your position that if the

boundaries of your property are accurately recognized and royalties paid your company on that basis that you will have no dispute with anyone about what royalties are owed to your company?

A. Not with respect to that unit.

SHARON PIGEON: But my question is, if the repooling were denied, would you still have a dispute?

KATHERINE JEWELL: Yes.

SHARON PIGEON: So, the granting or the not granting of the pooling order isn't going to resolve the matter one way or the other, correct?

KATHERINE JEWELL: Well, it would just make it more difficult to resolve in the future.

SHARON PIGEON: But my question is, will it resolve it one way or the other now based on the decision of this Board?

KATHERINE JEWELL: No, it would not resolve it because there's other units involved using the broad powers of the Board, which is to ask for the correction for the proper thing is what I'm asking. I'm doing this, you know, because there is a change that has been reflected from the application that we received and the force pooling. We did not receive the first force pooling. So, that is what I am asking is for the correction to the plats.

SHARON PIGEON: But it won't resolve your dispute one way or the other?

KATHERINE JEWELL: It will continue to be the way it is.

STEVE MINOR: We have nothing further, Mr. Chairman.

BUTCH LAMBERT: Okay. Any discussion or questions from the Board?

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

BUTCH LAMBERT: Yes, Mr. Prather.

BRUCE PRATHER: The plat that you have sent into the Board is certified by a licensed surveyor in the state?

MARK SWARTZ: I think it's a PE. Let me check.

BRUCE PRATHER: Irregardless, he's certified?

MARK SWARTZ: Yes. It's a licensed professional engineer. His stamp is on there and his license number is on there, yes.

BRUCE PRATHER: Okay. Okay.

MARK SWARTZ: And it's a West Virginia...not a West Virginia, it's a Virginia license.

BRUCE PRATHER: I mean, this is just my own opinion of it, but that isn't...I think this is all good and there may be a discrepancies. I think what the problem is is that, you know, we need two different surveys. If you

want to prove something to us, you've got to bring a survey in because he's got one that's licensed and...or that's the way I feel about it. I mean, you can...you can say all you want to about all these other maps and this that and the other. They're not certified. They may be to some extent.

STEVE MINOR: May I respond to the member?

BUTCH LAMBERT: Yes, Mr. Minor.

STEVE MINOR: Exhibits 2 and 4, the Georgia Pacific well applications, I can't vouch for the individual who did it, but they were certified according to professional standards in the same manner as the documentation received by CNX and received by this Board in the same manner and I would take them to be of equal dignity in terms of the professionalism that stands behind them.

BRUCE PRATHER: See, the exhibits that we've gotten, we don't have that certification. I do see his seal up here, this Kenderick, but there's none down here at the bottom where it ought to have been the same.

DONNIE RATLIFF: There's a couple of them that's certified.

STEVE MINOR: I guess the...we can give you those, for the record, if that would be satisfactory.

BRUCE PRATHER: Well, I think the thing about it is there is a conflict here, you have to be on equal

footing. In other words, you have to have certified information and they do to. So, what our problem is it would appear to me that it would be a problem that you people could work out among yourselves instead of coming to this Board. I mean, you know, we don't have any access to the lease, what it says or anything else. I don't feel qualified to make the difference between these two survey differences.

DONNIE RATLIFF: Mr. Chairman.

BUTCH LAMBERT: Mr. Ratliff.

DONNIE RATLIFF: I don't recall us getting into any land dispute in my time on the Board. I guess, if I'm correct, it's not within the scope of the Board to settle property disputes, is that correct?

BUTCH LAMBERT: That's correct.

DONNIE RATLIFF: I don't know that there's a resolution here on that. So, with that, I make a motion that we approve the pooling order as presented.

BUTCH LAMBERT: I have a motion to approve. Do I have a second?

BRUCE PRATHER: I'll 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: No, signify by saying no.

KATIE DYE: Abstain.

BUTCH LAMBERT: One abstention, Ms. Dye. The application is approved. Thank you.

BUTCH LAMBERT: The next item is a petition from Equitable Production Company for pooling of 320 acre unit served by well VH-539923. This is docket number VGOB-08-0715-2275. All parties wishing to testify, please come forward.

JIM KAISER: Mr. Chairman and Board members, Jim Kaiser on behalf of Equitable Production Company. At this time, we would like to withdraw that petition from the docket.

BUTCH LAMBERT: Okay.

JIM KAISER: I think we thought we had previously done that. We will ask that that be done again...or done at this time. I do have a little other housekeeping, if I may.

BUTCH LAMBERT: Sure. Go ahead, Mr. Kaiser.

JIM KAISER: Item number nine, we would ask the Board to continue that until January...February. We're

asking working with...January, I'm sorry. Continue it until January. We're in the process of working with a land owner on the survey on his property actually right now. So...and, we would ask that item number twenty-three be withdrawn from the docket at this time. Those units, we already had obtained approval for increased density well. Okay. So, we're withdrawing two and twenty-three and asking that nine be continued until January.

BUTCH LAMBERT: Okay.

JIM KAISER: Thank you.

BUTCH LAMBERT: Thank you, Mr. Kaiser. The next item on the agenda is item number three, Range Resources-Pine Mountain, Inc. for a well location exception for proposed well V-530011. This is docket number VGOB-08-1118-2385. All parties wishing to testify, please come forward.

TIM SCOTT: Tim Scott, Phil Horn and Gus Jensen for Range Resources-Pine Mountain.

(Phil Horn and Gus Jensen are duly sworn.)

TIM SCOTT: Mr. Chairman, before we get started, we're first and we're also last on the docket. Item number thirty-six, we're going to continue until January, please. Item number thirty-seven, I beg the Board's indulgence, if we could have that one heard following the items that we have three, four through eight. The notices in that

particular matters are to companies that we typically notify where Range Resources-Pine Mountain is the owner of the oil and gas underlying those tracts. So, those...if those parties were going to be here they would be here for the other matters as well, if the Court would allow us...I mean, if the Board would allow us to do that. We would greatly appreciate it.

BUTCH LAMBERT: It looks like you have the next few on the docket, is that correct?

TIM SCOTT: Actually, I have three through eight and then the last two, one of which we're going to continue.

BUTCH LAMBERT: Okay. Let's get through number eight and see if anybody---.

TIM SCOTT: Okay.

BUTCH LAMBERT: ---shows up.

TIM SCOTT: Okay, we'll do that. Okay, the first witness is Phil Horn.

PHIL HORN

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

DIRECT EXAMINATION

QUESTIONS BY MR. SCOTT:

Q. Mr. Horn, would you please state your name,

for whom you're employed and what your job description is?

A. My name is Phil Horn. I'm land manager for Range Resources-Pine Mountain, Inc. and one of the duties that I have is in charge of getting the wells permitted and drilled.

Q. So, are you familiar with this application?

A. Yes, I am.

Q. And you're also familiar with the parties who own the oil and gas underlying this unit?

A. Yes, I am.

Q. And who owns the oil and gas?

A. Range Resources-Pine Mountain, Inc. owns 100% of the oil and gas inside of this unit.

Q. Now, as to the wells that are offset from this well, P-69, P-72 and P-70, who operates those wells?

A. Equitable Production Company.

Q. Are you also participating in the operation of those wells?

A. Yes, we do.

Q. And as far as notice of this hearing, how were the parties listed on Exhibit B notified of this hearing today?

A. By certified mail.

Q. Have we provided proof of mailing to Mr.

Asbury?

A. Yes, you have.

TIM SCOTT: Okay. That's all I have for Mr. Horn.

BUTCH LAMBERT: Any questions from the Board?

(No audible response.)

BUTCH LAMBERT: I would just like to follow up and ask Mr. Asbury, have you received that notice of---?

DAVID ASBURY: I have the affidavit. It was just received.

BUTCH LAMBERT: Okay. Any other questions?

(No audible response.)

BUTCH LAMBERT: Mr. Scott, you may continue.

TIM SCOTT: Thank you.

GUS JENSEN

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

DIRECT EXAMINATION

QUESTIONS BY MR. SCOTT:

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

A. Yes, my name is Gus Jensen. I'm employed by Range Resources-Pine Mountain as manager of geology.

Q. Did you participate in the preparation of this application now pending before the Board?

A. Yes, I did.

Q. And would you please explain to the Board why we're seeking a well location exception for this well?

A. Yes. If the Board will refer to Exhibit A, which I handed out earlier, you can see the location of the well 530011, which is located in the center of basically four offsetting wells. On the Exhibit, the crosshatched green area represents the stranded acreage left behind by these other existing wells in the other. We're proposing to drill the well in the center there to recover the resources in that stranded area, which is approximately 79.81 acres. There's no place to really move this well in any direction without being a location exception.

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

A. 6,285 feet.

Q. And what's the potential loss of reserves if this application is not granted?

A. 350 million cubic feet.

Q. And then, in your opinion, would the granting of this application be in the best interest of conservation, prevent waste and protect correlative rights?

A. Yes, it would.

TIM SCOTT: Okay. That's all I have for Mr. Jensen.

BUTCH LAMBERT: Questions from the Board?

DONNIE RATLIFF: Mr. Chairman. Are there mining operations in that area?

GUS JENSEN: No, there are no mining concerns in this area.

BUTCH LAMBERT: Other questions?

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

BUTCH LAMBERT: Mr. Prather.

BRUCE PRATHER: What is the acreage amount that is in the overlap?

GUS JENSEN: That is left behind?

BRUCE PRATHER: Yeah. I mean, this---.

GUS JENSEN: It would be the 112 acres minus the 79.81 acres.

BRUCE PRATHER: This right here.

GUS JENSEN: Oh, in this area right here specifically?

BRUCE PRATHER: Yeah.

GUS JENSEN: I don't have that exact number of the overlap.

BRUCE PRATHER: Okay. Okay.

BUTCH LAMBERT: Any other questions from the Board?

DAVID ASBURY: Mr. Chairman, I have a question.

BUTCH LAMBERT: Mr. Asbury.

DAVID ASBURY: I have a question regarding the overlap. We are including those individuals in the overlap as far as payments with this well, is that correct?

GUS JENSEN: That is correct.

DAVID ASBURY: Okay. So, everyone in the circle... even the overlapped circle are being paid?

GUS JENSEN: That's correct.

DAVID ASBURY: Okay, thank you.

BUTCH LAMBERT: Any other questions?

DONNIE RATLIFF: Mr. Chairman.

BUTCH LAMBERT: Mr. Ratliff.

DONNIE RATLIFF: Clarify that a little bit. They're being paid out of this unit as well as the other unit?

GUS JENSEN: That's correct.

PHIL HORN: It will be when we drill the well.

TIM SCOTT: Mr. Jensen, again, how many acres will be stranded here if we're not...this application weren't approved?

GUS JENSEN: 79.81 acres.

TIM SCOTT: 79.81?

GUS JENSEN: Correct.

TIM SCOTT: Okay.

SHARON PIGEON: That's the stranded part?

GUS JENSEN: Correct.

BUTCH LAMBERT: Any other questions?

(No audible response.)

BUTCH LAMBERT: Do I have a motion to approve?

BRUCE PRATHER: Motion to approve.

PEGGY BARBAR: 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, but Donnie Ratliff.)

BUTCH LAMBERT: Opposed, no.

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

BUTCH LAMBERT: One abstention, Mr. Ratliff.

Thank you, Mr. Scott. It's approved.

TIM SCOTT: Thank you.

BUTCH LAMBERT: The next item on our agenda is a petition from Range Resources-Pine Mountain, Inc. for a well

location exception for proposed well V-530013. This is docket number VGOB-08-1118-2386. All parties wishing to testify, please come forward.

TIM SCOTT: Tim Scott, Phil Horn and Gus Jensen for Range Resources-Pine Mountain, Inc.

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

TIM SCOTT: Thank you, sir.

PHIL HORN

DIRECT EXAMINATION

QUESTIONS BY MR. SCOTT:

Q. Mr. Horn, would you then state your name, 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. I'm in charge of getting wells permitted and drilled.

Q. Okay. Are you familiar with this application?

A. Yes, I am.

Q. And are the oil and gas owners listed on Exhibit B the correct parties to be notified in this matter?

A. Yes, they are.

Q. Okay. Who operates wells V-750041, 535462

and 750088?

A. 750041 and 750088 are operated by our partner Equitable Production. Range, along with our partner Equitable Production Company, will operate proposed well V-535462.

Q. So, you're both an owner and an operator in this unit, is that correct?

A. That's correct.

Q. Okay. As to notice of this hearing, how was that affected?

A. By certified mail and also by publication in the Dickenson Star.

Q. And what was the reason for the publication in the Dickenson Star?

A. We had some parties that would not pick up their green cards. In other words, they did not pick up the notices of this hearing.

Q. So, we did it as an abundance of caution, is that correct?

A. That's correct.

Q. Okay. Have we filed the proof of publication and proof of mailing to Mr. Asbury?

A. Yes, you have.

TIM SCOTT: Okay, thank you. That's all I have

for Mr. Horn.

BUTCH LAMBERT: Questions from the Board?

(No audible response.)

BUTCH LAMBERT: You may call your next witness,
Mr. Scott.

TIM SCOTT: Thank you.

GUS JENSEN

DIRECT EXAMINATION

QUESTIONS BY MR. SCOTT:

Q. Mr. Jensen, again, state your name, by whom you're employed and your job description?

A. My name is Gus Jensen. I'm employed by Range Resources-Pine Mountain as manager of geology.

Q. And you also participate in the preparation of this application, is that correct?

A. Yes, I did.

Q. And would you please explain to the Board why we're seeking a well location exception for V-530013?

A. Yes. Again, referring to Exhibit AA, which I've handed out to the Board, you'll see the location of proposed well 530013. Again, this well is located in the center as approximately as we could to all of the offsetting wells, as well as a proposed well to the north. Again, we

have stranded acreage in this area of 72.11 acres. The acreages would be recovered otherwise if the well was not drilled in this general vicinity.

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

A. 5,867 feet.

Q. And what would be the potential loss of reserves if this application is not granted?

A. 350 million cubic feet.

Q. Okay. So, in your opinion, the granting of this application would prevent waste, protect correlative rights and promote conservation, is that right?

A. Yes, it would.

TIM SCOTT: That's all I have for Mr. Jensen.

BUTCH LAMBERT: Are there any questions from the Board?

DONNIE RATLIFF: Question about notice, Mr. Chairman? If they don't pick up the green cards even though you advertise, we can't force them, what's the remedy there? Are they assumed noticed?

SHARON PIGEON: The deemed receipt, yes, after three days is statutory.

BRUCE PRATHER: There's a time period in there.

TIM SCOTT: In this particular case, the green

cards they came back to us unclaimed. So, the addresses were correct. It's just that the parties did not pick them up. As a matter of fact, one of the parties who is listed on Exhibit B on the...on another matter that's going to be before the Board today, she actually did go pick it up. So, it's not consistent, but we did publish just to confer that everybody was aware of the hearing today.

PHIL HORN: A lot of times the people they...after they realize what it is, they just don't go get it. They just don't want to be bothered with it. So, if they're not there, the mailman leaves them a note to come and pick it up and they won't go pick it up.

SHARON PIGEON: Well, speaking as a person who has to get there after work hours, I can understand some people have a hard time---.

PHIL HORN: Right.

SHARON PIGEON: ---picking up certified mail.

BUTCH LAMBERT: For the record, Mr. Scott, as in the previous docket item, is it true that all parties in the area will be double pooled?

GUS JENSEN: Yes.

BUTCH LAMBERT: Any other questions from the Board?

(No audible response.)

BUTCH LAMBERT: Do I have a motion to approve?

BRUCE PRATHER: Motion to approve.

PEGGY BARBAR: 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, but Donnie Ratliff.)

BUTCH LAMBERT: Opposed, no.

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

BUTCH LAMBERT: One abstention, Mr. Ratliff. Thank you, Mr. Scott. It's approved.

TIM SCOTT: Thank you.

BUTCH LAMBERT: The next item is a petition from Range Resources-Pine Mountain, Inc. for the establishment of a drilling unit and pooling of conventional gas unit V-530013. This is docket number VGOB-08-1118-2387. All parties wishing to testify, please come forward.

TIM SCOTT: Tim Scott, Phil Horn and Gus Jensen for Range Resources-Pine Mountain, Inc.

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

TIM SCOTT: Thank you. One other matter---.

(Mr. Scott gives an envelope to Mr. Asbury.

PHIL HORN

DIRECT EXAMINATION

QUESTIONS BY MR. SCOTT:

Q. Mr. Horn, would you please state your name, 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. One of my duties is in charge of getting the wells permitted and drilled.

Q. Okay. Are you familiar with this application?

A. Yes, I am.

Q. And is this unit subjected to statewide spacing?

A. Yes, it is.

Q. How many acres does it contain?

A. 112.69 acres.

Q. And does Range Resources-Pine Mountain have drilling rights in this unit?

A. Yes, we do.

Q. Did we have any parties respondent that we were going to dismiss from this application?

A. Yes, do.

Q. And who are they, please?

A. Janice Turner Rose, Judy Compton and
Alfreda Mullins.

Q. And are they now leased?

A. Yes. They signed leases.

Q. So, have you provided revised Exhibit Bs
and B-3s to the Board?

A. Yes, we have.

Q. You just did that, is that correct?

A. That's correct.

Q. What percentage of the unit does Range
Resources have under lease?

A. 98.21%.

Q. And how was notice of this hearing provided
to the respondents?

A. By certified mail.

Q. By what other method?

A. And also by publication in the Dickenson
Star.

Q. Okay. Do we have any unknown parties in
this unit?

A. No.

Q. Okay. Have you filed proofs of publication

and proof of mailing 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 bond on file?

A. Yes, there is.

Q. And if you were able to reach an agreement with those unleased parties, what terms would you offer?

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

Q. And do you consider those to be reasonable...reasonable and fair compensation for a lease in this area?

A. Yes, I do.

Q. What percentage of the gas estate are you seeking to pool here?

A. 1.79%.

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

A. No.

Q. Okay. Now, if...when we send out election letters, if the order is granted or is entered here, what address would be used?

A. Range Resources-Pine Mountain, Inc.. P. O. Box 2136, Abingdon, Virginia 24212.

Q. And that's for all communications?

A. Yes, it is.

TIM SCOTT: That's all I have for Mr. Horn.

BUTCH LAMBERT: Questions from the Board?

(No audible response.)

BUTCH LAMBERT: You may call your next witness, Mr. Scott.

TIM SCOTT: Thank you.

GUS JENSEN

DIRECT EXAMINATION

QUESTIONS BY MR. SCOTT:

Q. Mr. Jensen, again, state your name, by whom you're employed and your job description.

A. Yes. My name is Gus Jensen. I'm employed by Range Resources- Pine Mountain, Inc. as the manager of geology.

Q. And you participated in the preparation of this application?

A. Yes, I did.

Q. What's the projected depth of this well?

A. 5,867 feet.

Q. And are you also familiar with the estimated reserves for this unit?

A. That would be 350 million cubic feet.

Q. Are you familiar with the proposed well costs?

A. Yes. The estimated dry hole costs are \$311,502. The estimated completed well costs is \$684,510.

Q. Did you also participate in the preparation of the AFE that was filed with the application?

A. Yes, I did.

Q. Okay. Does that AFE 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 interests of conservation, prevent waste and protect correlative rights?

A. Yes, it would.

TIM SCOTT: That's all I have for Mr. Jensen.

BUTCH LAMBERT: Any questions from the Board?

(No audible response.)

BUTCH LAMBERT: Do I have a motion to approve?

BRUCE PRATHER: Motion to approve.

PEGGY BARBAR: 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, but Donnie Ratliff.)

BUTCH LAMBERT: Opposed, no.

DONNIE RATLIFF: I abstain, Mr. Chairman.

BUTCH LAMBERT: One abstention, Mr. Ratliff.

Thank you, Mr. Scott. It's approved.

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-530016. This is docket number VGOB-08-1118-2388. All parties wishing to testify, please come forward.

TIM SCOTT: Tim Scott, Phil Horn and Gus Jensen for Range Resources-Pine Mountain, Inc.

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

TIM SCOTT: Thank you.

PHIL HORN

DIRECT EXAMINATION

QUESTIONS BY MR. SCOTT:

Q. Mr. Horn, please state your name, by whom you're employed and your job description.

A. Phil Horn, land manager for Range Resources-Pine Mountain, Inc. I'm in charge of getting wells drilled and permitted...permitting and drilled.

Q. Okay. 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 or the acreage encompassed by this unit?

A. Yes, I am.

Q. Okay. Are those parties correctly reflected on Exhibit B?

A. Yes, they are.

Q. Who operates wells P-391, P-5504, 50153 and P-435?

A. Equitable Production Company.

Q. Are you both an owner and a participant in the operation of these wells?

A. Yes, we are.

Q. Okay. And how was notice of this hearing provided to the parties listed on Exhibit B?

A. By certified mail.

Q. And you've provided that proof of mailing to Mr. Asbury?

A. Yes, you have.

TIM SCOTT: Okay. That's all 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.

TIM SCOTT: Thank you.

GUS JENSEN

DIRECT EXAMINATION

QUESTIONS BY MR. SCOTT:

Q. Mr. Jensen, again, state your name, by whom you're employed and your job description.

A. Gus Jensen. Employed by Range Resources-Pine Mountain, Inc. as manager of geology.

Q. And are you familiar with this application?

A. Yes, I am.

Q. And you participated in the preparation of the application, is that right?

A. Yes, I did.

Q. Okay. Would you please explain to the Board why we're seeking a well location exception for this

particular unit?

A. Again, referring to Exhibit AA, which I've passed out to the Board members, you'll see the location of proposed well 530016 in the center of four offsetting wells. This well has been positioned in the most suitable topographic location to recover the maximum amount of stranded acreage, which is approximately 81.76 acres. Then again in this case, any overlaps between units would be paid duly...doubly to each of the participants in those units.

Q. Now, are you familiar with the proposed well depth?

A. Yes, I am.

Q. And what would that be?

A. 6,230 feet.

Q. And what would be the potential loss of reserves if the application is not granted?

A. 350 million cubic feet of gas.

Q. So, in your opinion, the granting of the application would be in the best interest of conservation, promote...protect correlative rights and prevent waste?

A. Yes, it would.

TIM SCOTT: That's all I have for Mr. Jensen.

BUTCH LAMBERT: Any questions from the Board?

(No audible response.)

BUTCH LAMBERT: Do I have a motion to approve?

BRUCE PRATHER: Motion to approve.

BUTCH LAMBERT: Do I have a second?

PEGGY BARBAR: 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, but Donnie Ratliff.)

BUTCH LAMBERT: Opposed, no.

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

BUTCH LAMBERT: I have one abstention, Mr. Ratliff. Thank you, Mr. Scott. It's approved.

BUTCH LAMBERT: The next item on the agenda is a petition from Range Resources-Pine Mountain, Inc. for a well location exception for proposed well V-535462. This is docket number VGOB-08-1118-2389. All parties wishing to testify, please come forward.

TIM SCOTT: Tim Scott, Phil Horn and Gus Jensen for Range Resources-Pine Mountain.

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

TIM SCOTT: Okay.

PHIL HORN

QUESTIONS BY MR. SCOTT:

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

A. Phil Horn, land manager for Range Resources-Pine Mountain, Inc. and I'm in charge of the land department.

Q. Are you familiar with this application pending before the Board?

A. Yes, I am.

Q. And are you also familiar with the ownership of the oil and gas underlying this unit?

A. Yes, I am.

Q. Are the parties who are the owners of the oil and gas, are they correctly reflected on Exhibit B to the application?

A. Yes, they are.

Q. Okay. Can you tell us who operates the offsetting well, please?

A. Equitable Production Company.

Q. And does Range Resources-Pine Mountain also participate in that operation?

A. Yes, we do.

Q. Okay. So, you're both an owner and an operator, is that correct?

A. That's correct.

Q. Okay. How was notice of this hearing provided to the parties listed on Exhibit B?

A. By certified mail and publication in the Dickenson Star.

Q. So, we've provided both proof of mailing and publication to Mr. Asbury?

A. That's correct.

TIM SCOTT: Okay. That's all I have for Mr. Horn.

BUTCH LAMBERT: Questions from the Board?

(No audible response.)

BUTCH LAMBERT: You may call your next witness, Mr. Scott.

TIM SCOTT: Okay.

GUS JENSEN

DIRECT EXAMINATION

QUESTIONS BY MR. SCOTT:

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

A. Gus Jensen, employed by Range Resources-

Pine Mountain, Inc. as manager of geology.

Q. Did you participate in the preparation of this application?

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. If the Board will, again, refer to Exhibit AA, you'll see the location of the proposed well 535462 in the center of the map. The well has been positioned at this location in a suitable topographic location, which infringes upon the unit of P2-202. If we attempted to move this well any direction to the north or northeast we will be...to prevent that exception we will be down in an area where there are several houses and public roads and it would not be suitable location in those areas. So, that is why we have positioned this well in this location. If we're unable to drill this well, well, we would be leaving behind a 101.67 acres of stranded reserves.

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

A. 4,614 feet.

Q. And what would be the potential loss of reserves if this application is not granted?

A. 350 million cubic feet of gas.

Q. Then, in your opinion, the granting of this application would be in the best interest of conservation, prevent waste and protect correlative rights?

A. Yes, it would.

TIM SCOTT: That's all I have for Mr. Jensen.

BUTCH LAMBERT: Questions from the Board?

DONNIE RATLIFF: Mr. Chairman.

BUTCH LAMBERT: Mr. Ratliff.

DONNIE RATLIFF: For educational purposes, and you've done several of these, do you see...is there a...is there a distance where you start seeing one well affect the other?

GUS JENSEN: In most of these instances, we have found that we're still getting productive wells that are not effectively draining the total acreage of 112 acres. We've drilled several of these in the past few years and we continue to be...have had satisfactory results and we want to continue this process of trying to fill in these areas that have been left behind with this stranded acreage to recovery what reserve is left.

DONNIE RATLIFF: So, is 2500 feet the right number?

GUS JENSEN: In my opinion, no.

DONNIE RATLIFF: What is the right number?

TIM SCOTT: Well, actually, Mr. Grantham has testified earlier some time ago that the optimum acreage that would be drained by a well of this depth and it's significantly less than a 112, isn't that right?

GUS JENSEN: Right. We've done...we've had some third party consulting work done and some studies in the area. We're continuing to evaluate this by the drilling of additional well. Over time we would hope to be able to demonstrate, you know, in a more effective manner how much...what that acreage really should be at this point. But it's going to vary depending on which formations you're targeting and specific areas of the field. We spend a lot of time looking at offset wells in each of these areas, what their production histories are and whether we think those formations have been effectively drained or not. These cases that we've been bringing to the Board, we feel like there is an additional resource there to recovery.

DONNIE RATLIFF: I'm sure there are. I just---

BRUCE PRATHER: I have a question.

BUTCH LAMBERT: Mr. Prather.

BRUCE PRATHER: When you drill these wells that could possibly have an interference with other wells, have you noticed any decrease in the reservoir shut-in pressures

on these wells?

GUS JENSEN: We've monitored a few of those wells. We've looked at some of those pressures and haven't noticed anything significant that would---

BRUCE PRATHER: Okay.

GUS JENSEN: ---tell us not to keep doing this.

BRUCE PRATHER: Okay.

BUTCH LAMBERT: Mr. Jensen, you said earlier that, if I understood you right, if you move this well then you're create a 111 stranded acres.

GUS JENSEN: That we would be leaving behind a 111...101.67 acres of stranded reserves if we were not able to drill at this location (inaudible).

BRUCE PRATHER: They're infringing on 11.02 acres of B-202.

BUTCH LAMBERT: Uh-huh. Do you perceive coming back at sometime and asking for another exception for the other between P-41 and P-88.

GUS JENSEN: Yes. And also in that area, it's left to the northwest also...or northeast.

TIM SCOTT: And, again, that's based on the fact that you've...you all have made a determination that a 112 acres is not optimal, is that right?

GUS JENSEN: That's correct.

TIM SCOTT: Okay. But don't have exact figures at this point, is that right?

GUS JENSEN: Right.

DONNIE RATLIFF: Mr. Chairman, are there mining operations in this area?

GUS JENSEN: There's no...there would be not impact on any existing mining in this area at this time.

BUTCH LAMBERT: So there are mining in this area?

GUS JENSEN: There's no active mining in this general area. There has been some previous mining in the past. I don't know...at this point our relationship with the coal company there's no proposed mining in this general area over the next foreseeable future.

PHIL HORN: This well is located on a strip bench.

GUS JENSEN: It's actually on a strip bench.

PHIL HORN: The people down along the road are the ones that own the oil and gas and that's where they want us to put the well.

BUTCH LAMBERT: Again, the payment for the overlapping areas, could you explain that to us?

GUS JENSEN: Yes. Again, the ownership in both of those units would be double paid between any overlap area.

BUTCH LAMBERT: Any further questions from the Board?

(No audible response.)

BUTCH LAMBERT: Do I have a motion to approve?

BRUCE PRATHER: Motion to approve.

PEGGY BARBAR: 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, but Donnie Ratliff.)

BUTCH LAMBERT: Opposed, no.

DONNIE RATLIFF: Abstain.

BUTCH LAMBERT: One abstention, Mr. Ratliff. It's approved, Mr. Scott.

TIM SCOTT: Thank you.

BUTCH LAMBERT: The next item is a petition from Range Resources-Pine Mountain, Inc. for pooling of conventional gas unit V-535462. This is docket number VGOB-08-1118-2390. All parties wishing to testify, please come forward.

TIM SCOTT: Tim Scott, Phil Horn and Gus Jensen for Range Resources-Pine Mountain, Inc.

BUTCH LAMBERT: There are no others. You may

continue, Mr. Scott.

TIM SCOTT: Thank you.

PHIL HORN

DIRECT EXAMINATION

QUESTIONS BY MR. SCOTT:

Q. Mr. Horn, please state your name, by whom you're employed and your job description.

A. Phil Horn, land manager of Range Resources-Pine Mountain, Inc. and I'm in charge of getting wells permitted and drilled.

Q. Did you participate in the preparation of this application?

A. Yes, I did.

Q. And is this unit subjected to statewide spacing?

A. Yes, it is.

Q. And what acreage does it contain?

A. 112.69 acres.

Q. Does Range Resources-Pine Mountain have drilling rights in this unit?

A. Yes, we do.

Q. And are there any parties respondent that we're going to dismiss from this hearing today?

A. Yes, there are. Janice Turner Rose, Judy Compton and Alfreda Mullins have signed oil and gas leases.

Q. And have we provided revised Exhibit Bs and B-3s to the Board?

A. Yes, you have.

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

A. 90.2725%.

Q. And how was notice of this hearing provided today?

A. By certified mail and also by publication in the Dickenson Star.

Q. Do we have any unknown owners in this unit?

A. No, we do not.

Q. Okay. So, we filed proofs of publication and mail certification with the Board, is that right?

A. Correct.

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

A. Yes, we are.

Q. And is there a bond on file?

A. Yes, there is.

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

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

Q. And in your opinion, this...is this reasonable compensation for a lease in this area?

A. Yes, it is.

Q. Okay. What percentage of the oil and gas estate...or the gas estate is Range Resources-Pine Mountain seeking to pool?

A. 9.7275%.

Q. And do we have an escrow requirement here?

A. No, we do.

Q. Okay. Now, if Range Resources application is approved, what would be the address for all correspondence regarding any order entered by the Board?

A. Range Resources-Pine Mountain, Inc., P. O. Box 2136, Abingdon, Virginia 24212.

Q. And you're also asking that Range Resources-Pine Mountain be named operator in this unit?

A. That's correct.

Q. Okay. And that all of the parties listed on Exhibit B-3 who are not dismissed today be subjected to this order, is that correct?

A. That's correct.

TIM SCOTT: Okay. That's all I have for Mr. Horn.

BUTCH LAMBERT: Questions from the Board?

(No audible response.)

BUTCH LAMBERT: You may call your next witness,
Mr. Scott.

TIM SCOTT: Thank you.

GUS JENSEN

DIRECT EXAMINATION

QUESTIONS BY MR. SCOTT:

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

A. Gus Jensen. I'm employed by Range Resources-Pine Mountain, Inc. as manager of geology.

Q. And are familiar with this application?

A. Yes, I am.

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

A. 4,614 feet.

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

A. 350 million cubic feet.

Q. Did you also...are you also familiar with the well costs?

A. Yes, I am.

Q. And what's the estimated dry hole cost?

A. \$317,832.

Q. And the completed well costs?

A. \$634,878.

Q. Now, we've submitted an AFE with our application, is that right?

A. That's correct.

Q. And you're assisted in the preparation of that AFE?

A. Yes, I did.

Q. Does the AFE 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, the prevention of waste and promote...protect correlative rights?

A. Yes, it would.

TIM SCOTT: That's all I have for Mr. Jensen.

BUTCH LAMBERT: Questions from the Board?

(No audible response.)

BUTCH LAMBERT: Do I have a motion to approve?

BRUCE PRATHER: Motion to approve.

PEGGY BARBAR: 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, but Donnie Ratliff.)

BUTCH LAMBERT: Opposed, no.

DONNIE RATLIFF: I abstain, Mr. Chairman.

BUTCH LAMBERT: One abstention, Mr. Ratliff. If there's no objection, we'll jump forward to item number thirty-seven.

TIM SCOTT: Thank you very much.

SHARON PIGEON: You can't count on this, you know. This is the spirit of the season here.

BUTCH LAMBERT: This is a petition from Range Resources-Pine Mountain, Inc. for a well location exception for proposed well V-530079. This is docket number VGOB-08-1209-2414. All parties wishing to testify, please come forward.

TIM SCOTT: Tim Scott, Phil Horn and Gus Jensen for Range Resources-Pine Mountain, Inc.

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

PHIL HORN

DIRECT EXAMINATION

QUESTIONS BY MR. SCOTT:

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

A. Phil Horn, land manager for Range Resources-Pine Mountain, Inc. and one of my duties is get wells permitted and drilled.

Q. So, you are familiar with this application?

A. Yes, I am.

Q. Are you also familiar with the ownership of the oil and gas and the acreage encompassed by this unit?

A. Yes, I am.

Q. Who owns the oil and gas?

A. Range Resources-Pine Mountain, Inc. owns 100% of the oil and gas in this unit.

Q. And who operates wells P-192, 270, 271 and 72?

A. Wait a second. We're on 79. You've got 26.

Q. Oh, I'm sorry.

A. That's the one that was continued.

TIM SCOTT: Here I was flying and then I hit a bump in the road. Sorry about that.

Q. Who operates wells P-23 and 238?

A. 237 and 238 are operated by Equitable Production Company.

TIM SCOTT: New glasses, sorry.

(Laughs.)

TIM SCOTT: I can't see with them and I can't see without them. I apologize.

Q. Does Range Resources-Pine Mountain also participate in the operation of this unit?

A. Yes, we do.

Q. So, you're both an oil and gas owner and an operator, is that right?

A. That's correct.

Q. How was notice of this hearing provided to the parties listed on Exhibit B?

A. By certified mail.

Q. And we provided, hopefully, to the Board that...the proof of mailing, is that right?

A. Yes, you have.

TIM SCOTT: Okay. That's all I have for Mr. Horn.

BUTCH LAMBERT: Questions from the Board?

(No audible response.)

BUTCH LAMBERT: You may continue, Mr. Scott.

TIM SCOTT: Okay, thank you.

GUS JENSEN

DIRECT EXAMINATION

QUESTIONS BY MR. SCOTT:

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

A. Gus Jensen, employed by Range Resources-Pine Mountain, Inc. as manager of geology.

Q. Did you also participate in the preparation of this application?

A. Yes, I did.

Q. And would you please tell the Board why we're seeking a well location exception to that?

A. Yes. Again, if the Board will refer Exhibit AA you'll see the proposed location of 540079. This one is a little bit different from some of the early ones. We've looked at several locations in this area. This well actually proposed on the edge of an existing surface mine bench at the very western boundary of that surface mined area. If we tried to move any further to the west, we would be in a very steep terrain. We've looked at those areas and there was a not a suitable location on that out slope area.

Even moving further to the west, which it appears that we could do that, we would...to move down into the very bottom where there maybe another suitable location we would then be infringing upon on a proposed coal operation of Alpha Natural Resources. Through our discussions with them, we've agreed to keep this well in this location to be able to best extract this resource and allow that mining operation to finish up and then continue on with the development when that mining is completed in the future at some point in time.

Q. So, we have coal issues and topographical issues here, is that right?

A. That's correct.

Q. What's the total number...a number of stranded acres if this were not approved?

A. 85.26 acres.

Q. And what would be the proposed depth of this well?

A. 4,925 feet.

Q. What's the potential loss of reserves if this application is not approved?

A. 250 million cubic feet of gas.

Q. Okay. So, in your opinion, would the granting of this application be in the best interest of

conservation, the prevention of waste and to protect
correlative rights?

A. That's correct.

TIM SCOTT: Okay. That's all I have, Mr. Jensen.

BUTCH LAMBERT: Questions by the Board?

BRUCE PRATHER: I have a question. Is Alpha
Natural Resources' operation is it going to be a strip mine
or a deep mine?

GUS JENSEN: It's an underground mine from what I
understand.

BRUCE PRATHER: Underground, okay.

DONNIE RATLIFF: A surface mine. We don't strip
coal.

(Laughs.)

BRUCE PRATHER: Okay.

DONNIE RATLIFF: We stripped in the '70s.

(Laughs.)

BRUCE PRATHER: Mountaintop removal.

DONNIE RATLIFF: No, we had worse.

(Laughs.)

DONNIE RATLIFF: Worse.

SHARON PIGEON: Did you say you were close to two
different coal operations?

GUS JENSEN: Just one that I'm aware of, yes.

SHARON PIGEON: Okay.

GUS JENSEN: One proposed operation that they have in that area.

BUTCH LAMBERT: Is the surface operation completed?

GUS JENSEN: Yes. Where we proposed our location is on an abandoned surface mine area.

BUTCH LAMBERT: Abandoned meaning---?

GUS JENSEN: No permit or anything at this point.

BUTCH LAMBERT: Okay. I see.

SHARON PIGEON: That's not an Alpha location, I take it.

GUS JENSEN: It probably was in the past. I can't remember. It was pre-law, I think, actually. It's an old strip bench in that area.

BUTCH LAMBERT: Again, for the record, could you address those areas overlapping as far as payments?

GUS JENSEN: Yes, any overlapping areas in the unit would be double paid to the royalty owners in those areas.

BUTCH LAMBERT: Any further questions from the Board?

(No audible response.)

BUTCH LAMBERT: All in favor of approval, signify

by saying yes.

SHARON PIGEON: We don't have a motion.

BUTCH LAMBERT: Oh, I'm sorry. Sorry, I jumped ahead. I need a motion to approve.

BRUCE PRATHER: Motion to approve.

PEGGY BARBAR: Second.

BUTCH LAMBERT: I have a motion and a second. 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, Mr. Ratliff. It's approved. Thank you, Mr. Scott.

TIM SCOTT: Thank you.

PHIL HORN: Thank you for letting us go...jump in front. We don't have to pay him all day to sit around.

(Laughs.)

TIM SCOTT: Thank you all. Very Merry Christmas to you.

BRUCE PRATHER: Same to you.

BUTCH LAMBERT: You to, Mr. Scott. The next item is a petition from Equitable Production Company for pooling of coalbed methane unit VCI-539486. This is docket number

VGOB-08-1219-2394. All parties wishing to testify, please come forward.

DONNIE RATLIFF: 2393.

SHARON PIGEON: 94.

BRUCE PRATHER: Mine says 94.

BUTCH LAMBERT: I've got 94.

DAVID ASBURY: 93 was continued until February.

COURT REPORTER: 93 was continued until January.

BUTCH LAMBERT: Over on item number ten, Don.

DAVID ASBURY: Sorry.

DONNIE RATLIFF: I stand corrected.

BUTCH LAMBERT: I'm glad I ain't the only that hasn't made a mistake today.

JIM KAISER: Mr. Chairman, if the Board would agree, I think if you would call also item eleven, I think we could combine those two.

BUTCH LAMBERT: Okay. Calling item number eleven. It is a petition from Equitable Production Company for pooling of coalbed methane unit VCI-539482. This is docket number VGOB-08-1209-2395. We'll hear both cases.

JIM KAISER: Thank you. Mr. Chairman, Jim Kaiser and Rita Barrett on behalf of Equitable Production Company. I am going to ask that she be sworn at this time.

(Rita Barrett is duly sworn.)

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

RITA BARRETT

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

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

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

A. I'm Rita McGlothlin-Barrett. I'm employed by Equitable Production Company as landman three in Big Stone Gap, Virginia.

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

A. They do.

Q. And you're familiar with both applications that we filed seeking to pool any unleased interest in these two units?

A. I am.

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

A. We do.

Q. And prior to the filing of the application,

were efforts made to contact each of the respondents owning an interest within each unit and an attempt made to work out a voluntary lease agreement with each?

A. They were.

Q. Now, in both of these units, these are Yellow Popular, right?

A. Yes.

Q. And...so, in both of these units there 100% of the coal estate under lease to Equitable and 0% of the oil and gas estate under lease?

A. That's correct.

Q. Okay. And, again, these are Yellow Popular as far as the gas estate goes...Yellow Popular and we've testified previously many times about all of the efforts that have been made to attempt to locate some successor and interest, correct?

A. That's correct.

Q. So, in your professional opinion, was due diligence exercised to locate each of the respondents named in the units for both of these applications?

A. Yes.

Q. And do your...to the best of your knowledge, are the addresses set out in Exhibit B to both of these applications the last known addresses for the

respondents?

A. Yes.

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

A. Yes.

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

A. I am.

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

A. Yes. It's 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 the fair market value of and the fair and reasonable compensation to be paid for drilling rights within this unit?

A. Yes.

Q. Now, as to those respondents listed at B-3 who remain unleased, do you agree that they be allowed the following statutory options with regard to their ownership interest within the unit: 1) participation; 2) a cash bonus of five dollars per net mineral acre plus a one-eighth of

eight-eighths royalty; 3) in lieu of a cash bonus and one-eighth of eight-eighths royalty share in the operation of the well on a carried basis as a carried operator under the following conditions: such carried operator should be entitled to the share of production from the tracts pooled accruing to his/her interest exclusive of any royalty or overriding royalty reserved in any leases or assignments thereof or agreements relating thereto of such tracts, but only after the proceeds applicable to his or her share equal A) 300% of the share of such costs applicable to the interest of a carried operator of a leased tract or portion thereof; or B) 200% of the share of such costs applicable to the interest of the carried operator of an unleased tract or portion thereof?

A. Yes.

Q. Do you recommend that the order provide that elections by respondents be in writing and sent to the applicant at Equitable Production Company, Land Administration, P. O. Box 23536, Pittsburgh, Pennsylvania 15222, Attention: Nicole Atkinson, Regulatory?

A. Yes.

Q. Do you recommend that the order provide that if no written election is properly made by a respondent, then such a respondent should be deemed to have

elected the cash royalty option in lieu of any participation?

A. Yes.

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

A. Yes.

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

A. Yes.

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

A. Yes.

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

A. Yes.

Q. Do you recommend that the order provide that if a respondent elects to participate but fails to pay their proportionate share of well costs, then that

respondents election be treated as being null and void and they should be treated as having filed no election under the order, in other words, deemed to have leased?

A. Yes.

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

A. Yes.

Q. Does the Board need to establish an escrow account for these two units?

A. Yes. Tract 1 needs escrow on both units.

Q. So, in both units Tract 1 will be escrowed, correct?

A. Yes.

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

A. Equitable Production Company.

Q. And now let's kind of divide the wells up. First, 539482, which was the...539486 is docket item number ten. What is proposed total depth of that well?

A. 2,4...I'm sorry, 2,451 feet.

Q. And the estimated reserves for that unit?

A. 200 million cubic feet.

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

A. It has.

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

A. It does.

Q. Now, for this well, could you state both the dry hole costs and complete well costs?

A. The dry hole costs are \$152,033. Completed well costs are \$384,148.

Q. Okay. Now, let's turn our attention to well 539482. What is the proposed total depth...that's number eleven on the docket. What's the proposed total depth on that well?

A. 2,459 feet.

Q. And the estimated reserves for that unit?

A. 200 million cubic feet.

Q. And, again, has an AFE been reviewed, signed and submitted to the Board with the application?

A. It has.

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

A. Yes.

Q. State for the Board both the dry hole costs and completed well costs for this well?

A. Dry hole costs are \$150,409. Completed well costs are \$384,924.

Q. And do the costs on both of these wells anticipate a multiple completion?

A. They do.

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

A. It does.

Q. In your professional opinion, would the granting of both of these applications be in the best interest of conservation, the prevention of waste and---

A. Yes.

Q. ---and the protection of correlative rights?

A. Yes.

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

BUTCH LAMBERT: Are there any questions from the Board?

(No audible response.)

BUTCH LAMBERT: Do I have a motion to approve?

BRUCE PRATHER: Motion to approve on both items ten and eleven.

BUTCH LAMBERT: Do I have a second?

PEGGY BARBAR: Second.

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

(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, Mr. Chairman.

BUTCH LAMBERT: One abstention, Mr. Ratliff. Thank you, Mr. Kaiser. Approved. We're going to take about a ten to fifteen break before we proceed on.

(Break.)

BUTCH LAMBERT: We'll go ahead and continue. The next item is a petition from Equitable Production Company for pooling of conventional gas unit V-502791. This is docket number VGOB-08-1209-2396. All parties wishing to testify, please come forward.

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

keep throwing you off your stuff here and we probably need to maybe communicate better with Diane in the future as to how we line these things up, but if I could get you to call...we also are seeking a location exception on the same well in item number fifteen. So, if you could call that one and then we'll do that first and then come back and do the force pooling.

BUTCH LAMBERT: Okay. We're also calling item fifteen. It's a petition from Equitable Production Company for a well location exception for proposed well V-502791. This is docket number VGOB-08-1209-2399.

JIM KAISER: Again, Mr. Chairman, it will be Jim Kaiser and Rita Barrett for Equitable Production Company. She's passing out an exhibit for the location exception now.

(Ms. Barrett passes out exhibits.)

BUTCH LAMBERT: For the benefit of those in the audience, could we keep in mind that we need to speak up a little bit so they can...they can hear. Seeing no others, Mr. Kaiser, you may proceed.

RITA BARRETT

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

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

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

A. Yes, they do.

Q. And were you familiar with the application that we filed seeking a location exception for well V-502791?

A. I am.

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

A. They have.

Q. Could you indicate for the Board the ownership of the oil and gas underlying the unit for well number V-502791?

A. Equitable has a 100% of it leased.

Q. Well, we have---?

A. Or we're pooling a portion of it later on.

Q. Right. The percentage of the unit that we

don't have leased we'll be pooling in the next hearing, correct?

A. That's correct.

Q. All right. And does Equitable have the right to operate any and all reciprocal wells?

A. We do.

Q. Are there any correlative rights issues?

A. No.

Q. Now, could you explain for the Board in conjunction with your exhibit why we're seeking this location exception?

A. This well was placed where it is at the request of Steinman Development Company.

Q. And they requested it there because?

A. I'm not sure if they have mining---

Q. Reasons---

A. ---in the area. We had a nice flat area in there to put it and that's where they wanted it.

Q. Okay. And there are some topographic constraints in this area?

A. There are.

Q. Okay. So, basically it was picked by the...the spot was picked by the coal owner?

A. Yes.

Q. Okay. In the event this location exception were not granted, could you project the estimated loss of reserves resulting in waste?

A. Yes, 425 million cubic feet.

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

A. 5,751 feet

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

A. Yes.

Q. In your opinion, would the granting of this location exception be in the best interests of preventing waste, protecting correlative rights and maximizing the recovery of the gas reserves underlying the unit for V-502791?

A. Yes.

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

BUTCH LAMBERT: Any questions from the Board?

DONNIE RATLIFF: Mr. Chairman, VH well is that vertical?

JIM KAISER: Horizontal.

RITA BARRETT: I'm sorry.

DONNIE RATLIFF: Oh, it's got a horizontal leg on
it, okay.

RITA BARRETT: That's correct.

BRUCE PRATHER: I have a question.

BUTCH LAMBERT: Mr. Prather.

BRUCE PRATHER: What's the scale on this?

RITA BARRETT: 400. And, Mr. Prather, is Roaring
Fork.

BRUCE PRATHER: Okay. Thank you.

BUTCH LAMBERT: Any further questions?

(No audible response.)

BUTCH LAMBERT: Do I have a motion?

BRUCE PRATHER: I've got to abstain on this one.

PEGGY BARBAR: Motion to approve.

BUTCH LAMBERT: Do I have a second?

DONNIE RATLIFF: Second.

BUTCH LAMBERT: I have a motion and a second. All
in favor, signify by saying yes.

(All members signify by saying yes, but Bruce
Prather.)

BUTCH LAMBERT: Yes. Opposed, no.

BRUCE PRATHER: Abstain.

BUTCH LAMBERT: One abstention, Mr. Prather. Now,

we're back to number twelve?

JIM KAISER: Back to twelve.

BUTCH LAMBERT: Item twelve, okay.

JIM KAISER: Which, I believe, you already called
didn't you?

BUTCH LAMBERT: We did. Mr. Kaiser, you may
proceed.

RITA BARRETT

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Ms. Barrett, your responsibilities include
the land involved here?

A. They do.

Q. Are you familiar with the application that
we filed seeking to establish a unit and pool any unleased
interest within the unit?

A. Yes.

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

A. We do.

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

each?

A. They were.

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

A. 93.97%.

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

A. They are.

Q. So, 6.03% of the unit remains unleased?

A. That's correct.

Q. And that is represented in Tract number 4, we have depicted as being owned by the William F. and Ellen Roberts Heirs?

A. Yes.

Q. And they are unknown and unlocateable?

A. That's correct.

Q. And were reasonable and diligent efforts made and sources checked to identify and locate these possible heirs including primary sources such as deed records, probate records, assessors' records, treasurers' records and then secondary sources such as telephone directories, city directories, family and friends?

A. Yes.

Q. In your professional opinion, was due

diligence exercised to locate each of the respondents named in Exhibit B?

A. Yes.

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

A. Yes.

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

A. I am.

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

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

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

A. Yes.

JIM KAISER: Now, Mr. Chairman, as to the statutory election options afforded any unleased parties, we'd ask that the testimony regarding these options and ramifications of such that was taken previously in docket number 2394 be incorporated for purposes of this hearing.

That would be in the first one I did, number ten.

BUTCH LAMBERT: That's docket item---?

JIM KAISER: Well, the last four numbers are 2394.

It would have been item number ten.

BUTCH LAMBERT: Oh, I'm sorry. And state that again, your---.

JIM KAISER: We'd ask that the testimony taken in that hearing concerning the statutory---

BUTCH LAMBERT: Oh, I'm sorry, I follow you now. Can you affirm that?

RITA BARRETT: Yes.

BUTCH LAMBERT: Okay.

Q. Ms. Barrett, the Board does need to establish an escrow account for any proceeds attributable to Tract 4, correct?

A. That's correct.

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

A. Equitable Production Company.

Q. And, again, the total proposed depth of this well?

A. 5,751 feet.

Q. Again, the estimated reserves?

A. 425 million cubic feet.

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

A. It has.

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

A. Yes.

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

A. Dry hole costs are \$345,472.50. Completed well costs are \$642,120.50.

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

A. Yes.

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

BUTCH LAMBERT: Any questions from the Board?

(No audible response.)

BUTCH LAMBERT: Do I have a motion?

PEGGY BARBAR: Motion to approve.

DONNIE RATLIFF: 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, no.

(No audible response.)

BUTCH LAMBERT: Thank you, Mr. Kaiser. Approved.

RITA BARRETT: Thank you.

JIM KAISER: Mr. Chairman, again, I don't mean to interrupt you, but I think if you'll call fourteen and fif...excuse me, thirteen and fourteen together, we can combine those.

BUTCH LAMBERT: Okay. The next item on the agenda is a petition from Equitable Production Company for pooling of coalbed methane unit VC-537056. This is docket number VGOB-08-1209-2397. We'll also be calling item number fourteen, which is a petition from Equitable Production Company for pooling of coalbed methane unit VC-537053,

docket number VGOB-08-1209-2398. All parties wishing to testify, please come forward.

JIM KAISER: Mr. Chairman and Board members, again, Jim Kaiser and Rita Barrett for Equitable Production Company.

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

RITA BARRETT

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Ms. Barrett, you're familiar with the applications that we filed seeking to pool any unleased interest in both of these units?

A. I am.

Q. Now, does Equitable own drilling rights in both of the units involved here?

A. Yes.

Q. And, again, prior to the following any applications for force pooling, were efforts made to contact each of the respondents owning an interest and an attempt made to work out a voluntary lease agreement?

A. Yes.

Q. Okay. Now, let's start with item thirteen,

which is well number 537056. What is the interest of Equitable under lease in the gas estate in that unit?

A. 29.08%.

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

A. A 100%.

Q. So, 70.92% of the unit...of the gas estate remains unleased, correct?

A. That's correct.

Q. And that is the portion of the gas estate that is owned by Yellow Popular?

A. That's correct.

Q. Okay. And, again, we've testified previously you made all reasonable and diligent efforts to locate any successors and interest?

A. Yes.

Q. Okay. Now, let's turn our attention to well number 537053. What is the percentage of...under lease to Equitable in the gas estate in that unit?

A. 0.

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

A. A 100%.

Q. And the 100% of the gas estate that's

unleased is, again, represented in Yellow Popular ownership?

A. That's correct.

Q. Okay. In your professional opinion, was due diligence exercised to locate and lease each of the respondents named herein?

A. Yes.

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

A. Yes.

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

A. I am.

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

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

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

A. Yes.

JIM KAISER: Again, Mr. Chairman, I'd ask...with Ms. Barrett's agreement, I'd ask that the statutory election

option testimony taken earlier in item ten on the docket be incorporated for purposes of these two hearings.

BUTCH LAMBERT: Do you agree, Ms. Barrett?

RITA BARRETT: Yes.

Q. Okay. Now, let's turn to our escrowed situation, Ms. Barrett. 537056, which is item thirteen on the docket, we will...the Board will need to establish an escrow account covering Tract 1, correct?

A. That's correct.

Q. Okay. And on 537053, number fourteen on the docket, the Board will need to establish an escrow account for Tract 1 well, essentially for the entire unit?

A. That's correct.

Q. Okay. And who should be named operator under both of these force pooling orders?

A. Equitable Production Company.

Q. Okay. And let's again go back to 537056. What's the proposed depth of this well?

A. 2,552 feet.

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

A. 230 million cubic feet.

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

A. Yes.

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

A. Yes.

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

A. The dry hole costs are \$157,155. The completed well costs are \$401,017.

Q. All right. Now, let's turn our attention to fourteen, which is 537053. What's the proposed total depth on this well?

A. 2,372 feet.

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

A. 230 million cubic feet.

Q. And, again, an AFE was reviewed, signed and submitted to the Board as Exhibit C to the application?

A. It was.

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

A. Yes.

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

A. The dry hole costs are \$141,245. The

completed well costs are \$408,163.

Q. Do these costs for both wells anticipate multiple completions?

A. They do.

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

A. They do.

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

A. Yes.

JIM KAISER: Nothing further on these two applications, Mr. Chairman.

BUTCH LAMBERT: Questions from the Board?

(No audible response.)

BUTCH LAMBERT: Do I have a motion on both of these items?

PEGGY BARBAR: Motion to approve.

BUTCH LAMBERT: I have a motion to approve. Do I have a second?

KATIE DYE: Second.

BUTCH LAMBERT: I have a motion and a second. All in favor, signify by saying yes.

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

DONNIE RATLIFF: I'll abstain, Mr. Chairman. Do you abstain?

BRUCE PRATHER: Not on this one.

DONNIE RATLIFF: You vote yes.

BRUCE PRATHER: Yes.

BUTCH LAMBERT: Opposed, no.

(No audible response.)

BUTCH LAMBERT: One abstention, Mr. Ratliff. Those items are approved, Mr. Kaiser.

RITA BARRETT: Thank you.

BUTCH LAMBERT: The next item is a petition from Equitable Production Company for establishment of a provisional drilling unit consisting of 320 acres for the drilling of horizontal conventional gas well served by well VH-531132. That's units AV-24 and 25 and AW-24 and 25. This is docket number VGOB-08-1209-2400. All parties wishing to testify, please come forward.

JIM KAISER: Mr. Chairman, Jim Kaiser, Rita Barrett and Chris Hinte for Equitable Production Company. At this time, I'd ask that you also call item seventeen and eighteen. All three of these units that we're seeking to establish are on the same land and royalty owner. I think

we could very easily combine them.

BUTCH LAMBERT: Okay. We'll also be calling item seventeen, which is a petition for Equitable Production Company for establishment of a provisional drilling unit consisting of 320 acres for the drilling of a horizontal conventional gas wells served by well VH-531141. That will be units AT-24 through 25 and AU-24 through 25. This is docket number VGOB-08-1209-2401. Also, item eighteen is a petition from Equitable Production Company for establishment of a provisional drilling unit consisting of 320 acres for the drilling of a horizontal conventional gas wells served by well VH-531130, units AZ-14 through 15 and BA-14 through 15. This is docket VGOB-08-1209-2402. Seeing no other parties, Mr. Kaiser, you may proceed.

RITA BARRETT

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Ms. Barrett, we'll start with you. Have all---?

RITA BARRETT: Swear Chris in.

JIM KAISER: I'm sorry. He needs to be sworn in.

(Chris Hinte is duly sworn.)

BUTCH LAMBERT: You may proceed, Mr. Kaiser.

Q. Ms. Barrett, have all...in all three of these units that we're seeking to establish has the coal, oil and gas owner been notified of this hearing as required by statute?

A. Yes.

Q. And all three units...all 320 acres in each unit that we're attempting to establish, are they all Penn Virginia?

A. Yes.

Q. And---?

A. They are leased.

Q. And under lease to Equitable?

A. 100% leased to Penn Virginia Operating.

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

BUTCH LAMBERT: Questions from the Board?

(No audible response.)

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

CHRIS HINTE

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Ms. Hinte, I know you have previously testified before the Board on these unit establishments, but if you would kind of, again, give them some idea of your...both your educational and work experience before we begin with your presentation.

A. First of all, my name is Chris Hinte. I graduated in 2001 at Marietta College with a degree in Petroleum Engineering. After that, I spent five years with Baker Hughes working in the Gulf of Mexico as a field engineer. I am currently the regional drilling manager for Equitable out of Big Stone Gap, Virginia.

SHARON PIGEON: Can you spell his last name?

A. Hinte, H-I-N-T-E.

SHARON PIGEON: Thank you.

Q. Okay. Chris, in conjunction with the handout, the proposal that you prepared for the Board, could you go through and explain to them the process and reasons for wanting to establish these units?

A. Starting off with AA, the horizontal conventional drilling units in Virginia. Proposal A 320 acre square unit dimensions of 3,733 feet by 3,733 feet. It also has a 5,280 foot diagonals. Proposal B is 300 foot interior window with 600 foot standoff from adjacent grid horizontal wellbores. Proposal C should be able to drill

surface locations outside of the unit so long as production comes with...comes within the unit. D, minimum of a 600 feet distance between horizontal well bore and any vertical well producing from that horizon. E, allow for multiple wells and/or laterals for maximum drainage. F, in some cases two or more wells may be able to use the same pad due to terrain restrictions.

Going on to BB, is a diagram that was described before in proposal A. It's pretty simple, the 320 acre square unit.

CC, some benefits of horizontal drilling. Fewer issues with coal mining. Less surface disturbance. More effectively extract the resource. Laterals can reach into areas otherwise inaccessible by vertical boreholes. Higher depletion rates. Shorter life of the wells. It will encourage development of resource.

Onto DD is just a map of Wise County. It shows the units in green that we're seeking approval for.

EE, EE-1, EE-2 and EE-3 are all zoomed in views of the units that we're seeking approval for.

BUTCH LAMBERT: Any questions from the Board?

(No audible response.)

BUTCH LAMBERT: In your application in Exhibit AA, if you have that, are you proposing to drill four wells from

that same location that's marked by the X? Could you explain that just a little bit for us?

CHRIS HINTE: By the X?

BUTCH LAMBERT: If you have Exhibit AA that's in our packet, right in the center you have the X and then you have AV-24, AV-25, AW-24 and AW-25. Could you go into just a little bit explanation for that?

RITA BARRETT: Mr. Chairman, this is a 320 acre unit. That's a combination of the grid. AV-24 is an 80 acre grid. AV-25 is an 80 acre grid. AW-24 and AWE-25 are each 80 acre grids.

JIM KAISER: Those are designations---

BUTCH LAMBERT: For the grid.

JIM KAISER: ---of CBM units in the Roaring Fork Field.

BUTCH LAMBERT: And then EE-1 is location of those wells. All right, and EE-1, EE-2 and EE-3.

CHRIS HINTE: Those all show existing wells.

RITA BARRETT: Yeah, but it is...it's the grids that these three wells will be in, yes. EE-1 VH-531132 which is the well that has grid number AV-24, 25, AW-24 and AW-25. EE-2 is 1141, which combines grids AT-24, AT-25, Au-24 and AU-25. EE-3 is VH-531130 combines units...grids AZ-14, AZ-15, BA-14 and BA-15. It's just one well.

BUTCH LAMBERT: William and Ellen---.

RITA BARRETT: I mean, we might drill multiple wells in these units, but as far as...these are just grids. We're not proposing four wells.

BUTCH LAMBERT: It might have been beneficial to have that. To show the entire area instead of provide this and then provide this. It's a little confusing.

RITA BARRETT: Okay.

BUTCH LAMBERT: To me.

RITA BARRETT: We'll do that next time.

DAVID ASBURY: Mr. Chairman, if I might. We've had some discussions about naming (inaudible) sure of each unit. There is some confusion when we take coalbed units and try to overlap it in conventional units. So, if it's all right, I'll work with Equitable as far as the naming of these units and how to track them.

JIM KAISER: Well, we have a meeting yesterday in Mr. Asbury's office. I think we're going to...in the future to Range's system of using last four digits of the docket number.

RITA BARRETT: And I have asked all of our surveyors to do that. That was the email that I sent out yesterday afternoon.

DAVID ASBURY: So, this particular unit would be

known as EPC-2400.

JIM KAISER: EPC-2400, exactly.

BUTCH LAMBERT: That would help a whole lot, for me anyway.

SHARON PIGEON: Yeah.

BUTCH LAMBERT: Okay, let's...any other questions from the Board?

BRUCE PRATHER: I've got a question.

BUTCH LAMBERT: Mr. Prather.

BRUCE PRATHER: On your EE-2 exhibit, what's the status of this well 133572 in that unit? Has it not been drilled or...it has no---?

CHRIS HINTE: Yeah. I don't know about that one.

RITA BARRETT: I don't think it has been drilled, Mr. Prather.

BRUCE PRATHER: Okay. That's what I figured.

BUTCH LAMBERT: Any other questions from the Board?

(No audible response.)

BUTCH LAMBERT: At this time, do we have the direction of the horizontal drill?

RITA BARRETT: The lateral?

BUTCH LAMBERT: Uh-huh.

RITA BARRETT: No.

BUTCH LAMBERT: I think---.

RITA BARRETT: See, normally---.

BUTCH LAMBERT: I'm sorry.

RITA BARRETT: I'm sorry. Normally, they run in a southeast northwest direction.

JIM KAISER: As you've been drilling them, I think your orientation has been southeast to the northwest, right?

RITA BARRETT: Uh-huh.

BUTCH LAMBERT: So, that's the same---?

RITA BARRETT: Yes.

BUTCH LAMBERT: ---generally what you think would happen here?

RITA BARRETT: Yes.

BUTCH LAMBERT: And I had one more question about on AA, AA-D the minimum of 600 foot distance between horizontal wellbore and any vertical well producing. Could you elaborate just a little bit more for me on that?

CHRIS HINTE: You have your, where is it, your 300 interior window within that grid or unit and then you'll have another 300 with the window next to it. That's where you get your 600 feet from.

JIM KAISER: Well, that's actually between horizontals. What he's asking is---.

RITA BARRETT: Vertical.

JIM KAISER: ---these orders...when you establish these units these orders are requiring us to keep the lateral at least 600 feet from any vertical bore that's producing from the same horizon that way you don't have any communicational problems there.

BUTCH LAMBERT: Okay. Any other questions?

DONNIE RATLIFF: Mr. Chairman.

BUTCH LAMBERT: Mr. Ratliff.

DONNIE RATLIFF: The holes that are...the wells that has already been drilled they're coalbed methane wells?

JIM KAISER: I don't know that there is any that have already been drilled.

RITA BARRETT: They're conventional.

JIM KAISER: It's not showing from the plat. They would all be conventional in that area, yeah.

BUTCH LAMBERT: Any other questions from the Board?

(No audible response.)

BUTCH LAMBERT: Do I have a motion?

DONNIE RATLIFF: Motion to approve, Mr. Chairman.

PEGGY BARBAR: 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, but Bruce Prather.)

BUTCH LAMBERT: Opposed, no.

BRUCE PRATHER: Abstain.

BUTCH LAMBERT: One abstention, Mr. Prather. The item is approved.

RITA BARRETT: Thank you.

BUTCH LAMBERT: Thank you, Mr. Kaiser. The next item is a petition from Equitable Production Company for a modification of the Nora Coalbed Gas Field Rules to allow drilling for an additional well in units DW-30, BX-27, BX-29, BY-28, BY-30, BZ-25, BZ-28 through BZ-30. This is docket number VGOB-89-0726-0009-40. All parties wishing to testify, please come forward.

JIM KAISER: Mr. Chairman, again, it will be Jim Kaiser, Rita Barrett and Chris Hinte for Equitable Production Company.

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

JIM KAISER: We'll start with Ms. Barrett.

RITA BARRETT

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Ms. Barrett, does everyone owning an interest in the minerals within this unit that we're seeking the right to drill and an additional well in, have they all been notified?

A. Yes.

Q. And is this unit 100% under lease to Equitable Production Company?

A. All of these units are 100% leased through our partner Range Resources.

Q. And let's go ahead and get into this now. We've got one, two, three, four, five, six, seven, eight, nine and ten units here. I'm going to assume, it could be an improper assumption, but some of these additional wells are going to be inside the interior window and some of them are going to be outside the interior window. Would that be a correct assumption?

A. That's correct.

Q. Okay. So, obviously, when they're both inside in the interior window and at least the required 600 feet apart we don't have any real issue. Now, when they're outside the interior window the Board...actually the DGO, it has been their history to address that in the permitting

process. The way that we have come up with addressing that with them to place the same unit...remember these are units that are already established by field rules, so they don't change. You can't move them around. We take a...in this case, a 58.77 acre square and we take the...we call it a shadow unit for lack of a better term. We take that shadow unit and put that increased density well into outside the interior window in the middle of that 58.77 acre square and then we represent to Mr. Asbury's office that there are no correlative rights issues in that shadow unit. In other words, you're not...with that additional well that's outside the window, you would not be draining any royalty owners that would not be being compensated. Is that correct?

A. That's correct.

Q. And that is a system that we started to use under Mr. Wilson and have continued to use to this time?

A. That's correct.

Q. And you will provide plats depicting that in the way that they wish it to be depicted, maybe not red and black or, you know, whatever way will make is easy for them to understand on a going forward basis. So, they will be able to handle that in the permitting process if the well happens to...the second well, the additional well, happens to allow outside the interior window?

A. That's correct. Mr. Asbury has communicated to us how he would like to see those. I agree with you, it's a lot less confusing than this and going forward we will use your suggestion.

DAVID ASBURY: Thank you.

JIM KAISER: That being said, I don't have anything further of this, Mr. Chairman..

BUTCH LAMBERT: Any questions from the Board?

(No audible response.)

BUTCH LAMBERT: You may continue.

JIM KAISER: We'll go with Mr. Hinte's testimony.

CHRIS HINTE

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. If you will...in conjunction with the handout that you have prepared, if you will go through it with the Board and explain what we're doing, where we are, what we've done to date and, of course, testify to the extent that you can that this program has been successful and more than justifies the additional capital that's being used to drill these second wells.

A. Okay. Starting with Exhibit AA, a map shot of our Nora CBM Field increased density area. With the grey

ones are the ones that we already have previously been approved. The ones in green, we are seeking approval for.

On BB, Virginia CBM increased density drilling summary through 10/31/08. Total number of wells that we have drilled are 78. Cumulative production is 1 billion 9... ..excuse me, 923 million cubic feet. The current rate of 4.3 million cubic feet per day.

CC, we've made some adjustments on this. The red curve...just to make everything clear, the red curve is both the increased density wells and the original wells cumulative production. The blue curve shows the rate of the original wells only. The incremental rate...well, this also shows an incremental rate of 4.2 million cubic feet per day of the increased density drilling wells and the original wells over the original wells alone, which justifies our economics in drilling additional increased density wells.

DD-1, DD-2, DD-3 and DD-4 they are all blown up maps of the locations that we are seeking field rule modifications for today.

Q. And that includes all four increased density applications that we have before the Board today, right, and not just this one particular?

A. Yes. DD-1 is for docket nineteen. DD-2 is for docket twenty. DD-3 is for docket twenty-one. DD-4 is

for docket twenty-two. They all show...the green the ones that we're seeking approval for and the ones previously approved.

BUTCH LAMBERT: Any questions from the Board?

BRUCE PRATHER: I've got a question---

BUTCH LAMBERT: Mr. Prather.

BRUCE PRATHER: ---for Ms. Barrett. Rita, on your item nineteen, that Lick District in Wise County, we have... I'm talking about the foundation has participated in coalbed methane wells in this area. Now, not right on the property line like that. Do you think that this is the Roaring Fork, this nineteen? Do you think that it's in the Roaring Fork?

RITA BARRETT: Those are...those wells actually flow into our Nora system.

BRUCE PRATHER: Here recently down near St. Paul we got into three or four of those wells down there and the Roaring Fork comes over, you know, into that part of Wise County. I just wondered do it go up to that Dickenson and Wise County line. I mean, I know we have no interest in the Dickenson County, but that one down there in Wise, I'm not sure of because we've got some interest just south of that.

RITA BARRETT: These units that we're proposing these are the little Canney units that we're proposing on this docket item. These are all on Range Resources

leasehold.

BRUCE PRATHER: Oh, okay.

RITA BARRETT: So, therefore, they wouldn't be part of the Roaring Fork.

BRUCE PRATHER: Okay. All right.

BUTCH LAMBERT: Just to help me understand, Mr. Hinte, your Exhibit DD-1 in your presentation, why is it checkerboard? How come you're leaving out BY and BX?

CHRIS HINTE: I do not know.

RITA BARRETT: I can answer that.

BUTCH LAMBERT: Okay.

RITA BARRETT: We don't have staking requests for them yet from geology department.

BUTCH LAMBERT: Okay, thank you.

SHARON PIGEON: Do you anticipate at some point coming back---

RITA BARRETT: Yes, we do.

SHARON PIGEON: ---with that request on those?

RITA BARRETT: We do. We're not just leaving out units because they're private oil and gas. We just don't have staking requests for them yet.

JIM KAISER: And, of course, the biggest hurdle of these is, you know, coal approval. So, you can't always get them all coal approved.

RITA BARRETT: And there's some of these units that we simply cannot get a second well in because of terrain or distance from the existing well.

BUTCH LAMBERT: Any other questions from the Board?

(No audible response.)

BUTCH LAMBERT: Do I have a motion?

PEGGY BARBAR: Motion to approve.

BUTCH LAMBERT: I have a motion to approve. Do I have a second?

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, but Donnie Ratliff.)

BUTCH LAMBERT: Opposed, no.

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

BUTCH LAMBERT: One abstention, Mr. Ratliff. Thank you, Mr. Kaiser. It's approved.

JIM KAISER: Thank you.

RITA BARRETT: Thank you.

BUTCH LAMBERT: The next item is a petition from Equitable Production Company for modification of the Nora Coalbed Gas Field Rules to allow for drilling of an additional well in units BM-46, BM-49, BM-53, BN-49, BN-53, B0-49, B0-51 and B0-53. This is docket number VGOB-89-0126-0009-41. All of those wishing to testify, please come forward.

JIM KAISER: Mr. Chairman, again, Rita Barrett and Chris Hinte. We'll start with Ms. Barrett.

RITA BARRETT

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Ms. Barrett, again, everyone entitled to notice under the statute was noticed for this hearing?

A. That's correct.

Q. And a 100% of the unit is under lease to either Equitable or their partner?

A. That's correct.

Q. Okay. Now, explain for the Board why the application included more units than he just called off.

A. We do have some housekeeping as Mr. Kaiser likes to say. On the exhibit that shows the units, we got duplicate staking requests on these. We actually got some

of these approved in November as Copperhead Gap. Those units are BM-46, BM-50, BM-51, BM-52, BN-50, BN-51 and BO-54. Those units were approved at the November hearing.

Q. So, they could be excised from this application?

A. Yes.

Q. And would it be your testimony that Mr. Hinte's exhibit DD-2 would accurately represent the ones that we're actually seeking increased density wells in?

A. That's correct.

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

BUTCH LAMBERT: Questions from the Board?

(No audible response.)

BUTCH LAMBERT: You may call your next witness.

JIM KAISER: With the Board's permission, Mr. Chairman, unless there are questions, obviously, if you want to address them we will, I would like to incorporate Mr. Hinte's testimony from the previous hearing for purposes of this hearing rather than have him state the same figures and facts and maybe draw the Board's attention to Exhibit DD-2, which is specific to this particular application to see if they have any questions.

BUTCH LAMBERT: Any questions from the Board?

(No audible response.)

BUTCH LAMBERT: So, if I asked the same question, why did we skip units it would be the same answer?

(No audible response.)

BUTCH LAMBERT: Okay.

RITA BARRETT: Sorry, yes.

BUTCH LAMBERT: We'll accept---

SHARON PIGEON: You know---

BUTCH LAMBERT: I'm sorry, go ahead.

SHARON PIGEON: Rita, the previous approval for the increased density, was that the November hearing?

RITA BARRETT: It was.

SHARON PIGEON: Thank you.

JIM KAISER: And, actually, the one...Ms. Pigeon the one that we withdrew, which is item twenty-three was the same thing. It was staked under Copperhead Gap and then restaked under--.

RITA BARRETT: (inaudible) Copperhead Gap.

JIM KAISER: For Sourwood, yeah, it's same thing.

SHARON PIGEON: Thank you.

RITA BARRETT: You're welcome.

BUTCH LAMBERT: Okay. So, we'll accept that. Do I have a motion?

PEGGY BARBAR: Motion to approve.

BUTCH LAMBERT: I have a motion to approve.

BRUCE PRATHER: Second.

BUTCH LAMBERT: And a second. Any further 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, Mr. Ratliff. Thank you, Mr. Kaiser. It's approved.

RITA BARRETT: Thank you.

BUTCH LAMBERT: The next item is a petition from Equitable Production Company for a modification of Nora Coalbed Gas Field Rules to allow for drilling of an additional well in units AT-88, AT-89, AU-88, AU-89 and AV-88. This VGO...docket number VGOB-89-0126-0009-42. All parties wishing to testify, please come forward.

JIM KAISER: Mr. Chairman, again, Rita Barrett and Chris Hinte for Equitable Production Company.

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

RITA BARRETT

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Ms. Barrett, this unit...these units are a little different from the ones that we just did that...they're over in Hurricane East, again, in the Nora Field, but they do have multiple coal, oil and gas owners, correct?

A. That's correct.

Q. And they have all been notified of this hearing, correct?

A. Correct.

Q. And they are not all leased and/or pooled and we are...would it be accurate to state that we are currently trying to lease...attempting to obtain voluntary leases from these different parties before we file any force pooling applications?

A. We are. It's a huge heirship known as the Bartmus Breeding Heirs. We're trying to work with each one of them to obtain leases.

Q. We have pooled those heirs on numerous other occasions, I think, also.

A. On the existing wells.

Q. Right. So, those applications, if we're unsuccessful in obtaining a 100% leases, then those applications will be filed sometime in the future presumably February or March of next year?

A. That's correct.

JIM KAISER: Thank you.

BUTCH LAMBERT: Any questions from the Board?

(No audible response.)

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

JIM KAISER: Again, I would call Mr. Hinte. Again, I would ask that the Board incorporate his testimony all the way up to Exhibit DD-4 that was taken in the first increased density hearing that we did...maybe it's DD...is it DD-3?

CHRIS HINTE: DD-3.

JIM KAISER: DD-3. I'm sorry, I'm way ahead of myself. I ask that the Board incorporate that testimony and then, you know, with any questions they...take any questions they have regarding DD-3.

BUTCH LAMBERT: Any questions from the Board?

KATIE DYE: I have a question, Mr. Chairman. When we're looking at all of these heirs, do you control the coal interest here?

RITA BARRETT: I think the answer to that, yes.

JIM KAISER: I guess it's ACIN, yeah.

RITA BARRETT: Let me make sure. No, the Bartmus Breeding heirs actually own the surface, coal, oil and gas.

KATIE DYE: Okay. So, they actually have the power of veto.

RITA BARRETT: Yes, ma'am.

KATIE DYE: Okay.

BUTCH LAMBERT: Any other questions from the Board?

(No audible response.)

BUTCH LAMBERT: We'll accept Mr. Hinte's previous testimony. Do I have a motion?

PEGGY BARBAR: 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, but Donnie Ratliff.)

BUTCH LAMBERT: Opposed, no.

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

BUTCH LAMBERT: One abstention, Mr. Ratliff. The item is approved, Mr. Kaiser. 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 of an additional well in units BI-61 and BO-56. This is docket number VGOB-89-0126-0009-43. All parties wishing to testify, please come forward.

JIM KAISER: Mr. Chairman, again, Rita Barrett and Chris Hinte for Equitable Production Company.

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

RITA BARRETT

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Ms. Barrett, we'll again start with you. Again, all coal, oil and gas owners have been notified of this hearing?

A. They have.

Q. And in this particular case, these two units are 100% under lease?

A. They are.

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

BUTCH LAMBERT: Any questions from the Board?

BRUCE PRATHER: I have a question.

BUTCH LAMBERT: Yes, Mr. Prather.

BRUCE PRATHER: On our map here, it said that for
BI unit 61 and our map here shows it BI unit 60.

BUTCH LAMBERT: You're correct.

RITA BARRETT: Yeah, it should have been---.

CHRIS HINTE: Uh-huh.

BRUCE PRATHER: Which one is it?

RITA BARRETT: It's BI-61.

BRUCE PRATHER: Okay.

JIM KAISER: So, DD-4 is incorrect. We should
slide the...the green unit should be one to the east, okay.

SHARON PIGEON: Who got noticed?

JIM KAISER: It's the same. We've got...the
parties that we're noticed ACIN, Alpha and Range Resources.

BUTCH LAMBERT: Any other questions from the
Board?

SHARON PIGEON: They got notice on a different
unit though, correct?

RITA BARRETT: No. They were noticed---.

JIM KAISER: They didn't get this.

RITA BARRETT: ---on the correct...they didn't get
Chris' exhibit.

JIM KAISER: Right. It's right in the application. They got the application.

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

JIM KAISER: Again, Mr. Hinte. Again, we'd ask that we incorporate his testimony taken in the first increased density and direct the Board to Exhibit DD-4, which depicts these two units when you correct and moving it over to BI-61, if you would, please.

BUTCH LAMBERT: Any questions from the Board?

(No audible response.)

BUTCH LAMBERT: With that adjustment, Mr. Kaiser, we'll accept his testimony except for the correction under DD-4---.

JIM KAISER: Thank you.

BUTCH LAMBERT: ---to move the unit over to BI-61 instead of BI-60. Do I have a motion?

PEGGY BARBAR: 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, but Donnie Ratliff.)

BUTCH LAMBERT: Opposed, no.

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

BUTCH LAMBERT: One abstention, Mr. Ratliff. It's approved, Mr. Kaiser. Thank you.

RITA BARRETT: Thank you.

BUTCH LAMBERT: Lunch break.

SHARON PIGEON: Yeah.

BUTCH LAMBERT: We're going to go ahead and break for lunch. We'll resume at 1:00 o'clock.

JIM KAISER: 1:00 o'clock.

(Lunch Break.)

BUTCH LAMBERT: Okay. We're ready to resume. The next item on the docket 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 gas wells served by wells south of 530133. This is docket number VGOB-08-1209-2403. All parties wishing to testify, please come forward.

JIM KAISER: Mr. Chairman, Jim Kaiser, Phil Horn and Gus Jensen on behalf of Range Resources-Pine Mountain Oil and Gas. I think it would probably be to everybody's advantage to go ahead and call the next four items too and

we can combine them.

BUTCH LAMBERT: Our exhibit we just got passed out, is it relevant to the next four?

GUS JENSEN: Yes.

BUTCH LAMBERT: At this time, we're also calling item twenty-five, which 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 horizontal conventional gas wells served by wells south of 101. This is docket number VGOB-08-1209-2404. We're also calling item twenty-six, which 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 horizontal conventional gas wells served by well east of 132. This is docket number VGOB-08-1209-2405. Also, calling item twenty-seven, which 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 gas wells served by well south of 530132, docket number VGOB-08-1209-2406. Also item twenty-eight?

JIM KAISER: Yes, sir.

BUTCH LAMBERT: And also item twenty-eight 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 gas wells served by wells south of 95. This is docket number VGOB-08-1209-2407. Seeing no others, Mr. Kaiser, you may proceed.

JIM KAISER: Mr. Chairman, with your permission, what I would like to do since we've combined these is as far as the testimony regarding notice and lease status and ownership within the units, I'd like to go ahead and run through the five applications in order with Mr. Horn and then just go to Mr. Jensen's testimony one time for the five units, if that would be acceptable to the Board.

BUTCH LAMBERT: Yes, sir.

PHIL HORN

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

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

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

Q. And the first application that we filed today is docket number...I'm going to use the last four numbers on the docket numbers since that's the way you're

also identifying units going forward, so that would be 2403. Have all of the mineral owners...that being oil, gas and coal owners within this 320 acre unit that we're attempting to establish, have they all been noticed by certified mail?

A. Yes, they have.

Q. And they are all under lease to either Range or Range's partner?

A. Yes. This one, the oil and gas is owned a 100% by Range Resources-Pine Mountain on this one.

Q. Okay. And then unit number 2404, which is item twenty-five, again, all parties required to be noticed by statute have been noticed by return...certified mail return receipt requested?

A. That's correct. Also, 100% of the unit is owned by Range Resources-Pine Mountain, Inc.

Q. Okay. And number twenty-six, again, all parties have been notified as required by statute?

A. Yes. This is owned by Range Resources-Pine Mountain, Inc. and part of the unit is owned by Steinman Development Company, which under lease to our partner Equitable Production Company.

Q. Turning now to 2406. That one has...it's little busier. There's more parties involved in this one, but they all have been noticed by return receipt requested

and we have green cards back from everybody.

A. That's correct. We had a conventional well that took in most of those tracts down in the southeast corner. So, we've already addressed that part of the unit. Out of the twenty-three tracts they're either all a 100% owned by Range Resources-Pine Mountain, Inc. and there's three tracts in there that are unleased...we had to unleased for...that we had to force pool for the last well we drilled. If we can't...if we're not successful getting leases, we'll back next month to force pool those three.

Q. And the last item, 2407, again, that's a Range Resources/Steinman, I believe. All parties, again, have been notified and we have green cards back return receipt requested.

A. That's correct. 100% of the unit is owned by Steinman Development Company and it's under lease to our partner Equitable Production Company.

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

BUTCH LAMBERT: Any questions from the Board?

(No audible response.)

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

GUS JENSEN

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

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

A. Gus Jensen. I'm employed by Range Resources-Pine Mountain, Inc. as manager of geology.

Q. And as we requested of the Chairman and the Board, your testimony that you're about to present will be germane and relevant to all five of the units that we're attempting to establish here. So, if you would go through your handout and explain what the plan of development and the reasons for same are.

A. Yes. Also, at the Board's pleasure, I'm prepared to give a brief update on where we are in the horizontal program for this year. We've given these in the past to the Board, if they would like to hear sort of a quick update where we're at. I'll be glad to do that.

BUTCH LAMBERT: Is that okay from the Board?

BRUCE PRATHER: Sure.

BUTCH LAMBERT: Go ahead.

A. By the end of 2008, Range will have drilled ten horizontal wells this year for a total of eleven. We drilled one the year before. We will have drilled two wells

in a formation other than the Lower Heron, which was sort of our initial primary target. We've drilled two in the Berea formation. Along those same lines, we've drilled two wells off of the same pad where we've permitted one location and put multiple wells on that. One of those occurrences we've drilled the same formation off the same pad. In another case, we actually drilled two different formations off the same pad. Our plans for 2009 are to drill twenty additional horizontals throughout the field to continue to evaluate other areas of the field as well as those other formations. What we're trying to demonstrate here is that the things that we've been applying for with the Board that you've approving is those concepts are coming to reality. That we are doing the multiple wells off the same pad in the multiple formations resulting in...hopefully, an effective abstraction of the gas resource and less impact on the coal and the surface to this point. We'll continue down that path to continue to evaluate.

If we'll turn now to Exhibit AA, which we handed out. This is a schematic of the units that Range has been approved to date, which are the green units. The five red dash units are the five units that we're applying for today. It gives you the location of those relative to the field. It also continues this building block pattern that we've

been doing...building units that match up with the existing units and just continue to expand out on our development program.

Exhibit BB is a schematic given you sort of the blow up of the individual units. Again, showing the 320 acre square unit with the maximum lateral length of 4431 and dimensions of 2,733 feet on each side.

Exhibit CC is sort of a description that goes along with the exhibit before. Again, giving the dimensions of the unit, discussing here the 300 foot interior window with the 600 foot standoff from any adjacent grid horizontal wellbores. We also are requesting this 600 foot distance between horizontal wellbore and any vertical well producing from that same horizon. We will not be any closer than 600 foot to any existing well. This also allows for the multiple wells and/or laterals for maximum drainage in all conventional reservoirs. Again, we should be able to drill surface locations inside and outside of the unit as long as production is, again, within that 300 foot interior window. Exhibit DD is our typical horizontal well plan. What we're trying to exhibit here is that we're still meeting the same requirements for vertical wells. We have the same casing requirements for the freshwater zone, for the coal protection and our intermediate casing to protect any

potential from... production from any other formations that we may be drilling into. We'll continue this sort of pattern as we move forward on the drilling plans.

Exhibit EE is the benefits of horizontal drilling. Again, we're benefitting the working interest owners, the royalty owners and the county by maximizing production or promoting the conservation of gas resource and prevent waste by more effectively extracting the resource. Again, we can drill these laterals underneath areas that are otherwise unaccessible from the surface. We'd like to have less impact on the coal and the surface disturbance. Again, there's no stranded acreage with these building block approach to the stranded acreage for the units.

Q. So, Mr. Jensen, it would be your testimony, obviously, then based upon what you've seen so far this year and your expanded plans for next year, that at least at this point Range is happy with what they're seeing with horizontal drilling and your...they've been able to utilize the flexibility and the efficiencies that the Board orders establish in these units that they have provided you with?

A. That's correct.

BUTCH LAMBERT: Anything further, Mr. Kaiser?

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

BUTCH LAMBERT: Any questions from the Board?

(No audible response.)

BUTCH LAMBERT: Mr. Jensen, I have one question. Maybe it's just a clarification. We're talking about number 2304, which is item twenty-four on our docket.

GUS JENSEN: Correct.

BUTCH LAMBERT: Our Exhibit A, I couldn't locate 530133.

(Gus Jensen and Phil Horn confer.)

GUS JENSEN: Yes, we don't have it identified on this exhibit. But the green unit directly north of 2404 would be that unit 530---.

BUTCH LAMBERT: In your Exhibit AA?

GUS JENSEN: Correct. It would be south of the 101. That's the unit that would be there. What we need to try to do in the future on these is probably label all of the existing units as well as the proposed unit so when we reference existing units it may be a little more clearer.

BUTCH LAMBERT: Yeah, that will be helpful.

GUS JENSEN: That would probably be the best way to do that. We talked about that earlier. Also, to maybe try to get a description a little bit clearer on the Board docket too tying back to those well unit identifications.

BUTCH LAMBERT: Yeah, if you could do that, that

would be very helpful. We'd appreciate that. Any other questions from the Board?

(No audible response.)

BUTCH LAMBERT: Do I have a motion on items twenty-four, twenty-five, twenty-six, twenty-seven and twenty-eight?

BRUCE PRATHER: Motion to approve.

BUTCH LAMBERT: I have a motion to approve.

KATIE DYE: Second.

BUTCH LAMBERT: And a second. Any further 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, Mr. Chairman.

BUTCH LAMBERT: One abstention, Mr. Ratliff.
Thank you.

JIM KAISER: Thank you.

PHIL HORN: Thank you.

BUTCH LAMBERT: The next item on the docket is a petition from Appalachian Energy, Inc. for pooling of

coalbed methane unit AE-211(I-32). This is docket number VGOB-08-1209-2408. All of those wishing to testify, please come forward.

JIM KAISER: Mr. Chairman, Jim Kaiser, Justin Phillips and Frank Henderson on behalf of Appalachian Energy, Inc. We'd ask that they be sworn at this time.

(Justin Phillips and Frank Henderson are duly sworn.)

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

JUSTIN PHILLIPS

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

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Mr. Phillips, if you would identify who you work for and in what capacity?

A. Appalachian Energy, Inc., land manager.

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

A. Yes, they do.

Q. And you're familiar with Appalachian's application seeking to pool any unleased interest in the unit for well AE-211?

A. Yes.

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

A. Yes, we do.

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

A. Yes, we could.

Q. And what is the percentage of the gas estate currently under lease in this unit to Appalachian?

A. 97.53.

Q. And the percentage of the coal estate?

A. 97.53.

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

A. Yes, they are.

Q. So, the interest that remains unleased in both the gas estate and the coal estate is 2.47%?

A. That's correct.

Q. We have identified all of the respondents within the unit. There aren't any unknown or unlocateables?

A. No.

Q. So, in your professional opinion, was due

diligence exercised to locate each of the respondents named in Exhibit B?

A. Yes, it was.

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

A. Yes, we are.

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 bonus for a five year term and a one-eighth royalty.

Q. In your opinion, do the terms that 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, I do.

JIM KAISER: At this time, Mr. Chairman, with your permission and Mr. Phillips agreement, I would like to incorporate the statutory election option testimony afforded any unleased parties by statute that was originally taken in item number ten this morning.

BUTCH LAMBERT: We need someone to affirm that,
Mr. Kaiser.

JUSTIN PHILLIPS: Yes, we accept those terms.

BUTCH LAMBERT: Okay.

SHARON PIGEON: Did you hear the testimony
earlier? Were you here when that was given?

JUSTIN PHILLIPS: Yes, ma'am.

Q. We've got...even though it's a coalbed
well, we've got fee mineral tracts here. There are no
unknown and no conflicting claims. So, the Board does not
need to establish an escrow account for this unit, correct?

A. That's correct.

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

A. Appalachian Energy, Inc.

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

BUTCH LAMBERT: Any questions from the Board?

(No audible response.)

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

FRANK HENDERSON

having been duly sworn, was examined and testified as

follows:

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Mr. Henderson, if you'd state what you do and who you're employed by?

A. Appalachian Energy, President.

Q. And the total depth of this proposed well?

A. 1480 feet.

Q. Estimated reserves for the life of the unit?

A. As this is the second well in this unit, the estimated reserves for the unit would be 375 million.

Q. Okay. And this is an increased density well and this unit has already been approved for increased density?

A. That's correct.

Q. So, when you take both of the wells together, then you're looking at a unit wide reserve of 375?

A. That's correct.

Q. Okay. And has an AFE been prepared by yourself, 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, it does.

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

A. The dry hole costs of \$127,935 and completed well costs of \$370,695.

Q. Do these costs anticipate a multiple completion?

A. Yes, they do.

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

A. Yes.

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

A. Yes.

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

BUTCH LAMBERT: Questions from the Board?

(No audible response.)

BUTCH LAMBERT: Mr. Henderson, could you clarify one statement that you made earlier about the cubic feet?

FRANK HENDERSON: 375 million.

SHARON PIGEON: Your application actually has 250 on it. Are you correcting that here?

FRANK HENDERSON: I'm correcting that---

JIM KAISER: Correcting the application, right.

FRANK HENDERSON: ---because this is the second well in the unit.

SHARON PIGEON: You didn't allow for that in the---

FRANK HENDERSON: Unfortunately, it didn't get put in the application. I apologize for that.

SHARON PIGEON: That's all right. We just needed to clarify for the record.

BUTCH LAMBERT: Any other questions from the Board?

DONNIE RATLIFF: Mr. Chairman.

BUTCH LAMBERT: Mr. Ratliff.

DONNIE RATLIFF: So, the 375 is both wells?

BRUCE PRATHER: Yeah.

FRANK HENDERSON: It will be for both wells, correct for the unit.

BRUCE PRATHER: It would be about a 188 per well.

DONNIE RATLIFF: And the AFE for 370, that's just for the second well?

FRANK HENDERSON: Correct. For the AFE, correct?

JIM KAISER: Correct.

DONNIE RATLIFF: So, I was offered...if I controlled any of the property there, I would be offered the opportunity to participate when the first well was drilled and now I'm going to be offered to participate on the second well?

FRANK HENDERSON: That's correct. We normally try to...if we know we're going to be doing two wells from the onset, we try to include both wells in the initial force pooling.

JIM KAISER: Which you'll see in the very next hearing.

DONNIE RATLIFF: Okay.

BUTCH LAMBERT: Any further questions?

(No audible response.)

BUTCH LAMBERT: Do I have a motion?

BRUCE PRATHER: Motion to approve.

DONNIE RATLIFF: 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, no.

(No audible response.)

BUTCH LAMBERT: It's approved. Thank you, Mr. Kaiser. The next item is a petition from Appalachian Energy, Inc. for pooling of coalbed methane unit AE-197 and AE-198(G-37). This is docket number VGOB-08-1209-2409. All parties wishing to testify, please come forward.

JIM KAISER: Mr. Chairman, Jim Kaiser, Justin Phillips and Frank Henderson.

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

JUSTIN PHILLIPS

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

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

A. Yes, I am.

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

A. Yes, we do.

Q. Prior to the filing of the application, were efforts made to contact each of the respondents and an

attempt made to work out a voluntary lease agreement?

A. Yes.

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

A. 84.824%.

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

A. 80.093%.

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

A. Yes, they are.

Q. So, 15.176% of the gas estate remains unleased?

A. Yes.

Q. And 19.907% of the coal estate?

A. Yes.

Q. Okay. We do have some unknowns in this unit, correct?

A. Yes.

Q. Were reasonable and diligent efforts made and sources checked to identify and locate these heirs?

A. Yes.

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

A. Yes.

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

A. Yes.

Q. Again, are you familiar with 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 bonus for a five year term and a one-eighth royalty.

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

A. Yes, they are.

JIM KAISER: Again, Mr. Chairman, with your permission and my client's (inaudible) we would like to incorporate the statutory election option testimony taken earlier this morning.

BUTCH LAMBERT: Do you affirm that?

JUSTIN PHILLIPS: Yes.

Q. Mr. Phillips, in this particular unit, the

Board does need to correct an escrow account and that would be for...cover proceeds attributable to Tracts 1 and 5?

A. Yes.

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

A. Appalachian Energy, Inc.

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

BUTCH LAMBERT: Questions from the Board?

(No audible response.)

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

FRANK HENDERSON

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Mr. Henderson, what...let's take these wells one at a time. What's the total depth for AE-197?

A. The depth of AE-197 is 2,217 feet.

Q. And 198?

A. 2,116 feet.

Q. The reserves for the entire unit over the life of the unit?

A. 375 million cubic feet.

Q. Have separate AFEs been reviewed, signed and submitted to the Board?

A. Yes, they have.

Q. In your opinion, do they represent reasonable estimates of well costs for these two wells?

A. Yes, they do.

Q. Do you want to present those dry hole costs and completed well costs separately for the Board?

A. I can do both. The AE-197 well, the dry hole costs are \$151,503 and completed well costs are \$408,874. AE-198, the dry hole costs are \$144,927 and the completed well costs are \$416,836. Collectively the two wells, the dry hole costs would be \$296,430 and completed well costs of \$825,710.

Q. And these wells...these costs anticipate multiple completions?

A. Yes, they do.

Q. Your AFEs include reasonable charges for supervision?

A. Yes.

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

A. Yes.

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

BUTCH LAMBERT: Any questions from the Board?

(No audible response.)

BUTCH LAMBERT: Do I have a motion?

BRUCE PRATHER: Motion to approve.

PEGGY BARBAR: Second.

BUTCH LAMBERT: I have a motion and a second. 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, Mr. Kaiser. Thank you. The next item is that the Board will now hear a correction of testimony addressing conflicting ownership claims from Appalachian Energy, Inc. for coalbed methane unit AE-232 and F-100. This is docket number VGOB-08-0819-2312-01. All parties wishing to testify, please come forward.

JIM KAISER: Mr. Chairman, Jim Kaiser and Justin Phillips for Appalachian Energy, Inc.

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

JIM KAISER: We pooled this well back in September. At that time, we testified that there was...there weren't any conflicting claims and the Board did not need to establish an escrow account. As it turns out, that's incorrect. I'll ask Mr. Phillips to explain the situation. We've prepared a correct Exhibit E and that should be passed out to the Board at this time to become a part of the reissued order.

JUSTIN PHILLIPS: In my preparation of the Exhibit B showing all of the parties involved in the drilling unit, I missed in the title opinion that Dorothy Compton-Sprague owns one-twentieth of the gas, but not the coal. We did lease Ms. Compton-Sprague and we did inform her and her family that we would set up an escrow account and she understood that. So, that's what we're...we've gone back and corrected this to form this Exhibit E for the Board and set up the escrow.

JIM KAISER: So, our Exhibit B missed this undivided interest in the gas estate in Tract 1, correct?

JUSTIN PHILLIPS: Yes.

JIM KAISER: And it conflicts with the coal ownership in Tract 1. So, we do need to establish the escrow account?

JUSTIN PHILLIPS: That is correct.

SHARON PIGEON: Is that one-third...one-third, is that what you said?

JUSTIN PHILLIPS: It's one-twentieth.

SHARON PIGEON: One-twentieth. Yes, that's sounds...thank you.

BUTCH LAMBERT: so, are we to replace Exhibit B with Exhibit E?

JIM KAISER: No, we're to add Exhibit E.

BUTCH LAMBERT: Add it. Okay.

JIM KAISER: We didn't have Exhibit E on our original application.

SHARON PIGEON: Did your other documents reflect her interest though? Do we need other exhibits replaced?

JUSTIN PHILLIPS: The other doc...the original Exhibit B did reflect her one-twentieth.

SHARON PIGEON: It did?

JUSTIN PHILLIPS: Yes, ma'am.

BUTCH LAMBERT: Any further questions from the Board?

(No audible response.)

BUTCH LAMBERT: Is there anything further, Mr. Kaiser?

JIM KAISER: We'd ask that the testimony be corrected and the Exhibit E be added to any order that the

Board drafts for this unit.

BUTCH LAMBERT: Do I have a motion?

DONNIE RATLIFF: So moved, Mr. Chairman.

BRUCE PRATHER: Second.

BUTCH LAMBERT: I have a motion and a second. Are there any further 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: Thank you, Mr. Kaiser.

JIM KAISER: Thank you.

BUTCH LAMBERT: The next item is a petition from CNX Gas Company, LLC for pooling of coalbed methane unit M-0. This is docket number VGOB-08-1209-2410. All parties wishing to testify, please come forward.

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

(Ms. Duty passes out exhibits.)

(Anita Duty is duly sworn.)

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

MARK SWARTZ: Interesting to see how you guys do in the afternoon. I'm hardly ever here when you tired. It will be an interesting opportunity.

BUTCH LAMBERT: Well, we had turkey for lunch too.

MARK SWARTZ: I don't know. It could be interesting.

LESLIE K. ARRINGTON

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

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. With regard to these applications and so forth, what job responsibilities do you have that pertain to why we're here today?

A. In drafting and putting all of the applications together.

Q. Okay. And you either did it personally or supervised the folks that did?

A. Correct.

Q. Okay. With regard to M-0, did you sign the

notice yourself?

A. Yes.

Q. And did you also sign the application?

A. Yes.

Q. And we're here with a request for pooling of M-0, correct?

A. We are.

Q. What...what field is this unit in?

A. This is in the Oakwood Field.

Q. And it's how many acres?

A. 80.

Q. And what kind of...how many wells are planned for this unit?

A. One.

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

A. Within the drilling window.

Q. Okay. And have you provided...as long as we're on the well, let's just stay with it for a moment.

Have you provided the Board with a cost estimate?

A. Yes, we have. It's \$348,666.09. It's depth is 2290 feet. The permit number is 3110.

Q. Okay. And there's an error in the notice. It showed the estimate cost as 540.

A. Yes.

Q. So, that should be at paragraph nine---?

A. Yes.

Q. ---and you've given the Board the correct number, which is from the exhibit you've submitted?

A. We did.

Q. Okay. This well I noticed we're up to...if you look at your chart today, we're up in the 9,000 in the well permits. Do you see that?

A. Yes.

Q. When was this well drilled roughly?

A. It was drilled a number...I'd say a number of years ago. I don't know the exact date. But it was drilled a number of years ago. No, it was drilled a number of years ago for the VP-3 mine. These...we have this well and the following well that was drilled and it has been sitting there for years that we drilled for the VP-3 mine and we have now finally been able to get pipeline over into this area and we're able to start producing these wells.

Q. So, it was drilled in anticipation or in an effort to assist in degassing the coal from that mine?

A. It was.

Q. With regard to this M-0 unit, what did you do to give people notice that we would be having a hearing

today?

A. Yes, we mailed by certified mail, return receipt on November the 7th, 2008 and published in the Bluefield Daily Telegraph on November the 24th, 2008.

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

A. Yes.

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

A. The notice of hearing and location exhibit.

Q. Okay. And the location exhibit is the first map in the packet?

A. It is.

Q. Which shows---

A. From day one.

Q. ---the unit in the portion of the field?

A. Yes.

Q. And with regard to the applicant here, who is the applicant?

A. CNX Gas Company, LLC.

Q. Okay. And who is it that the applicant is requesting be the designated operator if the application is approved?

A. CNX Gas Company.

Q. Okay. And in that regard, is CNX Gas Company a Virginia Limited Liability Company?

A. Yes, it is.

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

A. Yes, it is.

Q. Has CNX Gas Company registered with the Department of Mines, Minerals and Energy?

A. Yes, it is.

Q. Has it posted the bond that's required by law with regard to its wells?

A. Yes, it has.

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

A. We've acquired 99.97% of the coal, oil and gas owner's claim to coalbed methane. We're seeking to pool 0.30% of the coal, oil and gas owner's claim to coalbed methane.

Q. You've listed the respondents on the notice of hearing and also again at Exhibit B-3, the respondents being the people that you're seeking to pool, and my question is do you wish to dismiss any of those respondents today?

A. No.

Q. Do you wish to add any?

A. No.

Q. Okay. There is a revised...are there any revised exhibits with---

A. Yes.

Q. ---regard to this---

A. Yes. We had a revised Exhibit A or the plat.

Q. Which has been passed out to the Board?

A. Yes, it has.

Q. What was...what was revised on that?

A. I believe we left the...the well was missing on the original application. We revised the plat for the well location.

Q. Okay. The...is there any escrow requirement?

A. No.

Q. Okay. With regard to the folks that you were able to lease, obviously, you know, more than 99%, what were the lease terms that were offered in general?

A. Our general lease offers now are five dollars per acre per year with a five year paid up term and a one-eighth production royalty.

Q. And that's your offer for CBM?

A. Yes, it is.

Q. Okay. And you recommend those terms to the Board for inclusion in any order that might be entered with regard to people who are deemed to have been leased?

A. Yes, we would.

Q. Okay. Is it your opinion that you utilizing this existing well that is located in the drilling window here is a reasonable way to produce coalbed methane from and within this unit?

A. Yes, it is.

Q. And is it your further opinion that if you combine the leasing activities that you've been successful in with a pooling order pooling .03% of the claims and claimants in this unit that the correlative rights of everybody will be protected?

A. Yes, they will be.

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

BUTCH LAMBERT: Any questions from the Board?

BRUCE PRATHER: I have a question.

BUTCH LAMBERT: Yes, Mr. Prather.

BRUCE PRATHER: I assume what you're doing is you're drilling this well down. In other words, the

original well went into the mine. So, you're drilling it down from the mine down?

LESLIE K. ARRINGTON: No. It was drilled in... ahead of mining as a frac well.

BRUCE PRATHER: Okay.

LESLIE K. ARRINGTON: We set there waiting on the VP mine to...VP-3 mine to proceed. We didn't put pipeline over in that area until now that we know that the mine---

BRUCE PRATHER: Oh, okay.

LESLIE K. ARRINGTON: ---is not going to proceed.

BRUCE PRATHER: Okay. Okay.

LESLIE K. ARRINGTON: We're drilling in that area.

BRUCE PRATHER: Okay.

BUTCH LAMBERT: Mr. Arrington, in your revised Exhibit, I think...all I see is that you labeled the well name CBM-MOA.

LESLIE K. ARRINGTON: Yes.

BUTCH LAMBERT: That's the only change?

LESLIE K. ARRINGTON: Uh-huh. Yeah, it was.

BUTCH LAMBERT: Any other questions from the Board?

(No audible response.)

BUTCH LAMBERT: You may call your next witness, Mr. Swartz.

MARK SWARTZ: That's it.

BUTCH LAMBERT: Do you have---?

MARK SWARTZ: Sometimes she's essentially and this one she's just---.

BUTCH LAMBERT: Just in case you need her, huh?

MARK SWARTZ: ---for show. You bet.

SHARON PIGEON: She was essentially on this, I'm positive.

MARK SWARTZ: Yeah, that's a good guess.

BUTCH LAMBERT: Do I have a motion?

BRUCE PRATHER AND PEGGY BARBAR: Motion to approve.

BUTCH LAMBERT: I have a motion to approve.

BRUCE PRATHER: Yeah, motion to approve.

BUTCH LAMBERT: I have a motion to approve. Do I have a second?

PEGGY BARBAR: Second.

BUTCH LAMBERT: Any further discussion?

(No audible response.)

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

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

BUTCH LAMBERT: Opposed, no.

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

KATIE DYE: Abstain.

BUTCH LAMBERT: Two abstentions, Ms. Dye and Mr. Ratliff. It's approved. Thank you, Mr. Swartz.

MARK SWARTZ: Thank you.

BUTCH LAMBERT: The next item is a petition from CNX Gas Company, LLC for pooling of coalbed methane unit X-83. This is docket number VGOB-08-1209-2411. All parties wishing to testify, please come forward.

MARK SWARTZ: Mark Swartz and Les Arrington again.

(Ms. Duty passes out revised exhibits.)

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

LESLIE K. ARRINGTON

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

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

A. Yes.

Q. Okay. You need to state your name for us, please.

A. Leslie K. Arrington.

MARK SWARTZ: Mr. Chairman, if I could, I would

like to incorporate Mr. Arrington's testimony concerning the applicant and operator, his employment and the standard lease terms from the prior hearing if I could.

BUTCH LAMBERT: Okay. It's granted.

MARK SWARTZ: Thank you.

Q. Les, let's start with the plats here and the location of the unit and the well since we've just passed that out and everybody has probably got it handy. It looks like the only change from the plat that went with the application to the one that Anita just passed out is, again, you've put the label on the well?

A. That's correct.

Q. Okay. And the well is on the very western edge of the unit boundary?

A. It is.

Q. Is there a mine or was there a mine under this area?

A. Yes. This too is just like the previous one. This well was drilled in anticipation of the VP-3 mine. This unit that you see on here is a Nora unit. It was a makeup unit and that's the reason for its odd shape that you see on the plat. We originally, as you can see on the plat, we...our label on the well was an L(-1B). Originally back when we were putting these wells in, we had

two additional...we were showing two additional Oakwood units coming to the west, which really wasn't there. It should have been Nora makeup units. So, that's the reason the well name doesn't match the unit name this time.

Q. If you look at this map, the one that was published, you'll see what you're saying. The Oakwood Field and the Nora Field, the Oakwood would be on the right, okay. It abuts up to the Nora and then the Oakwood actually goes underneath the Nora to the west and these makeup units are in the area of intersection there. Unless now that they're looking at this map, did you have an L(-1) roll---

A. We did.

Q. ---in the Oakwood originally?

A. That's how we were showing it originally.

Q. So, when you named this well, which is drilled obviously---

A. It is.

Q. ---that was why you named it L(-1)?

A. It was.

Q. Okay. And what's the situation now with regard to mining under this well?

A. Well, at this time, there's no mining there and we're just...since we've got pipeline constructed, we're able to start producing this well.

Q. Okay. And the permit number of this well, just to give us some idea?

A. The permit number of this well is 3132.

Q. Okay. So, it was drilled about the same time---?

A. Yes.

Q. ---as the one that we were just talking about?

A. Yes, it is...yes, it was.

Q. All right, then, let's come back to the pooling application. Who is the applicant here?

A. CNX Gas Company, LLC.

Q. Okay. And if the application isn't approved, who would the applicant propose be the designated operator?

A. CNX Gas Company.

Q. Okay. This...obviously, we've said it's a Nora makeup unit. How many acres are in this unit?

A. 59.58 acres.

Q. And, obviously, the well is not in the drilling window and it's on the boundary of the...it would be the western boundary of unit?

A. Yes, it is.

Q. And is that because it was drilled with

reference to a mine plan as opposed to with regard to the units?

A. It is.

Q. And it's drilled to what seam?

A. It's drilled through the Pocahontas Number 3 seam.

Q. Okay. Which, as I understand your testimony right, I'm assuming has not been mined as yet?

A. It has not.

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

A. Yes. It was \$339,395.84 to a depth of 2,015 feet.

Q. What have you been able to acquire in terms of interest and claims to coalbed methane and what are you seeking to pool?

A. We've acquired 99.9931% of the coal, oil and gas owner's claim to coalbed methane. We're seeking to pool 0.0069% of the coal, oil and gas owner's claim to coalbed methane.

Q. There's no escrow requirement in this unit?

A. No, sir.

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

A. We mailed by certified mail, return receipt on November the 7th, 2008. It was published in the Bluefield Daily Telegraph on November the 24th, 2008.

Q. When it was published, what appeared in the newspaper?

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

Q. Have you provided the Director with copies of your certificates in relation to mailing and the proof of publication with regard to the newspaper?

A. Yes, we have.

Q. Do you want to add any respondents?

A. No.

Q. Do you want to dismiss any?

A. No.

Q. Is it your testimony that given the fact that you have a pre-existing well that was drilled in anticipation mining and this location that it is a reasonable way to produce this unit?

A. Yes.

Q. I mean, under the circumstances?

A. Under the circumstances it is.

Q. Is it...also just to be sure here, has this been...the well location been surveyed---?

A. Yes.

Q. ---so we know for a certainty whether it's in or outside the mine?

A. Yes, it has been surveyed.

Q. Okay. And where is it? Is it in or out of the unit?

A. It's inside the unit.

Q. Okay. Is it your opinion...further opinion that if you combine the leasing that you've been successful in obtaining with a pooling order pooling .0069% of the unit that the correlative rights of all people in this unit will be protected?

A. Yes, it will be.

Q. Also, just from the standpoint of drainage, it looks like this Tract 1D extends to the west some considerable distance. I'm reading the plat right?

A. Yes, it would appear so.

Q. Okay. Do you have a lease with regard to the CBM under that tract?

A. Yes, we do.

Q. Okay, from whom?

A. It would be...that's Plum Creek.

Q. So, the royalty owner on the western boundary is someone you've got a lease from?

A. Yes, it is.

Q. If you look at Tract 3, which is also on the western boundary, it looks like that is a lease tract that extends to the west?

A. Yes, it is.

Q. I'm looking at this from the drainage standpoint.

A. Yeah, I understood.

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

BUTCH LAMBERT: Questions from the Board?

DONNIE RATLIFF: Mr. Chairman.

BUTCH LAMBERT: Mr. Ratliff.

DONNIE RATLIFF: Is the pipeline in?

LESLIE K. ARRINGTON: Yes, it is. We just finished it.

DONNIE RATLIFF: Have you looked at the mining plans to mine the airport and take it down?

LESLIE K. ARRINGTON: Actually, that's the reason there's nothing in the eastern part of that unit because that is...that is the plans.

DONNIE RATLIFF: Yeah.

BUTCH LAMBERT: Mr. Arrington, you said this well had been previously drilled some years ago in anticipation

of mining.

LESLIE K. ARRINGTON: It was.

BUTCH LAMBERT: I think I heard you testify that it went below the coal seam. Do you know how far?

LESLIE K. ARRINGTON: Just below the coal seam. Enough for it to frac the 3 seam.

BUTCH LAMBERT: Okay. Another question. On the spreadsheet that you passed out to us concerning docket item thirty-three, you list that this well has not been drilled.

LESLIE K. ARRINGTON: It has been drilled. I noticed that one there. I think when they were looking at that, they seen X-83 on here, not thinking about L(-1B), but 1B has been drilled.

BUTCH LAMBERT: Okay.

DAVID ASBURY: The same well?

LESLIE K. ARRINGTON: I'm sorry?

DAVID ASBURY: Are they different wells or---?

LESLIE K. ARRINGTON: L(-1B) is the producing well for unit X-83.

BUTCH LAMBERT: Any other questions on this?

BRUCE PRATHER: I have a question.

BUTCH LAMBERT: Mr. Prather.

BRUCE PRATHER: These two wells, were they drilled prior to the unitization of statewide unitization?

LESLIE K. ARRINGTON: No.

BRUCE PRATHER: okay.

LESLIE K. ARRINGTON: We had a mistake in the Oakwood Field.

BRUCE PRATHER: I was just wondering if they were drilled prior to that would they be subjected to this.

LESLIE K. ARRINGTON: We had a mistake in how we had drafted the original Oakwood Field at our office. We gave it the wrong name. Then I worked with the DGO and they showed me where we had made our mistake and that's the reason for the shape of the unit and the way it's made.

DAVID ASBURY: That was one of the questions that I...I remember March or April there was some (inaudible) of the Nora Field---.

LESLIE K. ARRINGTON: It was. We got the---.

DAVID ASBURY: This is the shape that Matt has given you?

LESLIE K. ARRINGTON: Yes.

DAVID ASBURY: Okay. That was my question.

MARK SWARTZ: This reflects that square up that we did a while back. Within the last year probably.

LESLIE K. ARRINGTON: It was early...yeah.

MARK SWARTZ: Yeah.

BUTCH LAMBERT: Any further questions from the

Board?

(No audible response.)

BUTCH LAMBERT: Do I have a motion?

BRUCE PRATHER: Motion to approve.

PEGGY BARBAR: 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, but Donnie Ratliff and Katie Dye.)

BUTCH LAMBERT: Opposed, no.

DONNIE RATLIFF: I'll abstain.

KATIE DYE: Abstain.

BUTCH LAMBERT: One abstention...two abstention, Ms. Dye and Mr. Ratliff. It's approved. Thank you, Mr. Swartz. The next item is a petition from CNX Gas Company, LLC for pooling of coalbed methane unit AW-92. This is docket number VGOB-08-1209-2412. All parties wishing to testify, please come forward.

MARK SWARTZ: Mark Swartz and Les Arrington.

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

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

BUTCH LAMBERT: We'll accept it.

MARK SWARTZ: Thank you.

LESLIE K. ARRINGTON

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

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

A. Leslie K. Arrington.

Q. I'm going to remind you that you're under oath. Do you understand that?

A. Yes.

Q. Okay. What kind of unit is this one?

A. This is a Nora unit. It has 58.70 acres in it.

Q. And how many wells are proposed?

A. One.

Q. And this well is actually in the drilling window, correct?

A. Yes...yes, it is.

Q. And what kind of a well is it in terms of a frac well or something else?

A. Yes, it's a frac well.

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

A. Yes. It's \$266,891.58 to a depth of 1,903 feet. It's permit number is 9346.

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

A. We've acquired 98.8927% of the coal, oil and gas owner's claim to coalbed methane. We're seeking to pool 1.1073% of the coal, oil and gas owner's claim to coalbed methane.

Q. And what did you do to notify the respondents and others that there was going to be a hearing today?

A. We mailed by certified mail, return receipt November 11, 2008. It was published in the Bluefield Daily Telegraph November the 22nd, 2008.

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

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

Q. Have you provided the Director with copies of certificates concerning mailing and the proof publication from the newspaper?

A. Yes, we have.

Q. Do you want to add any respondents today?

A. No.

Q. Do you want to dismiss any?

A. No.

Q. I think we said there was no escrow requirement, is that correct?

A. Correct.

Q. And they're no split agreements?

A. Correct.

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

A. Yes, it is.

Q. Is it your further opinion that combining a pooling order with the successful leasing efforts of the pooling order pooling 1.1073% of the outstanding interest that those two things would protect the correlative...serve to protect the correlative rights of all owners and claimants to the coalbed methane?

A. It will.

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

BUTCH LAMBERT: Questions from the Board?

(No audible response.)

BUTCH LAMBERT: Do I have a motion?

BRUCE PRATHER: Motion to approve.

PEGGY BARBAR: 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, but Katie Dye.)

BUTCH LAMBERT: Opposed, no.

KATIE DYE: Abstain.

BUTCH LAMBERT: One abstention, Ms. Dye. Thank you, Mr. Swartz. It's approved.

MARK SWARTZ: Thank you.

BUTCH LAMBERT: The next item is a petition from CNX Gas Company, LLC for a modification of the Middle Ridge I Field Rules to allow for drilling of an additional well in units AV-110 through AV-113, AW-110 through AW-113, AX-110 through AX-113, AY-110 through AY-113, AZ-110 through AZ-113, BA-110 through BA-113, BB-110 through BB-113, BC-110 through BC-113, BD-110 through BD-113, BE-110 through BE-113, BF-110 through BF-113, BG-110 through BG-113, BH-110 through BH-113, BI-110 through BI-113, BJ-110 through BJ-113 and BK-110 through BK-113. This is docket number VGOB-08-

1017-0835-04. All parties wishing to testify, please come forward.

MARK SWARTZ: Mark Swartz and Les Arrington.

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

MARK SWARTZ: If I could incorporate Mr. Arrington's prior testimony with regard to the applicant and operator and his employment, I would like to do that.

BUTCH LAMBERT: Accepted.

MARK SWARTZ: Thank you.

LESLIE K. ARRINGTON

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

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

A. Leslie K. Arrington.

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

A. Yes, sir.

Q. Okay. What did you do to notify people who have...might have an interest in this modification request that there was going to be a hearing today?

A. I mailed by certified mail, return receipt November the 7th, 2008 and published in the Bluefield Daily Telegraph on November the 22d, 2008.

Q. When it was published in the paper, what got...what appeared in the paper?

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

Q. Okay, the first map that we would see in the packet?

A. Yes, it is.

Q. Do you want to add any respondents today?

A. No.

Q. Do you want to dismiss any?

A. No.

Q. Have you provided the Director with certificates with your certificates concerning mailing?

A. Yes, we have.

Q. Have you provided the Director with a copy of the proof of publication what you get from the newspaper?

A. Yes.

Q. Okay. This area that we're talking about today contains how many acres?

A. I'll have to look. 3,727.03 acres.

Q. Okay. And that's actually stated in the application, I believe, correct?

A. Yes, it is.

Q. Okay. And have you provided the Board with

a description of the units that you're seeking to affect here by name...by naming them?

A. Yes, we did.

Q. And the Chairman has read that into the record---

A. Yes.

Q. ---when he called the case?

A. He did.

Q. And have you also given the Board a State Plain Coordinate description?

A. We did.

Q. And that's in paragraph seven of your application?

A. We did, yes, sir.

Q. And that also gives kind of a...the exterior boundary on the State Plain Coordinates?

A. It does.

Q. Does these units that you're seeking to modify the rules concerning, are they in the Middle Ridge unit?

A. Yes, they are.

Q. Have you given the Board a couple of maps today to sort of get them focused in terms of what we've been here about before in the Middle and the locations?

A. Yes, I have. I gave you one map that had numerous colors on it. Each one of those colors represent every time that we've been before the Board for infill drilling. This time you'll notice down on the southern portion of it, there's a group of one, two, three, four about five colors. Today, we're speaking to the color...the greenish color on the eastern side.

Q. Okay. In general, the units below this boundary, that's the Middle Ridge Field?

A. It is.

Q. And it follows a fault line to the south, if I'm not mistaken.

A. It does. It goes to the south the fault.

Q. Okay. And when you're talking about modifying...and then you have...let's go with the second map.

A. Yes.

Q. The only difference, I'm assuming, is this is a bigger map?

A. It is. We just blew...made it larger.

Q. And it just shows the areas that we've been here before and the area that we're here today on with regard to the Middle Ridge?

A. Yes, we did.

Q. Okay. And what is it that you're seeking to modify in this area?

A. We're seeking to modify the Middle Ridge Field Rules to be able to drill a second well within units that we can reasonably get a second well within that unit.

Q. Okay. And has there been a practice with regard to locating the second well in the Middle Ridge units where the Board has previously approved infill drilling?

A. Yes, it is. And that practice being that we would stay within the drilling window.

Q. Okay. So, the second well has to be in the drilling window?

A. Yes.

Q. And is there a setoff or an offset from that second well a distance between the second well and the first well of 600 feet?

A. A minimum of 600 feet.

Q. Okay. And you're asking that the same rules apply in this additional area?

A. Yes.

Q. Okay. Why is it that we have made requests not only in the...if you look at the map with all of the colors, but we've also got a bunch of areas that you've labeled that are in the Oakwood Field to the north, why is

it that we have been back asking the Board to allow additional drilling in these units?

A. Well, we have found that when we drilled the additional well we not only increased the production on the original well a little, but the second well will many times...a lot more times than not will come in greater production than the original well.

Q. And with regard---

A. Okay. And we now have production that tells us that on both sides of it here.

Q. So, do you have production results in the Middle Ridge that you can rely on to confirm that that same process is occurring in the Middle Ridge, is that what you're telling us?

A. Yes, we do have.

Q. Okay. What areas do you have data from? What are the colors?

A. It would be the orange on the east side. Actually, it's a lighter orange on the left side.

Q. Okay. So, when you say the east side, it would this over here?

A. Yes.

Q. And then the orange over on the west as well?

A. Yes.

Q. Okay. And what has that...how has that been consistent with your findings in the Oakwood Field? I mean, what have you seen in those wells?

A. It has told us exactly what I just spoke to. That the original well...the original well was coming up a little and the second well was coming in at a greater production than the first.

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

BUTCH LAMBERT: Any questions from the Board?

BRUCE PRATHER: I have a question.

BUTCH LAMBERT: Mr. Prather.

BRUCE PRATHER: Since your second well is coming in with increased production, is this because your treatment technique is better on your second well?

LESLIE K. ARRINGTON: No, sir. In most costs it's the same treatment technique, but we do believe we're getting interference and the first well we're removing some of the fluids and draining and lowering the pressures. The second well is coming in better.

BRUCE PRATHER: Okay.

BUTCH LAMBERT: Do I have a motion?

DONNIE RATLIFF: Motion to approve.

BRUCE PRATHER: Second.

DONNIE RATLIFF: I have a motion to approve and a second. Any further discussion?

(No audible response.)

DONNIE RATLIFF: All in favor, signify by saying yes.

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

DONNIE RATLIFF: Opposed, no.

KATIE DYE: Abstain.

BUTCH LAMBERT: One abstention, Ms. Dye. It's approved. Thank you, Mr. Swartz.

(Off record discussion.)

BUTCH LAMBERT: The next item on the agenda is item thirty-eight. That item to remind the Board to continue to review the regulations that Mr. Asbury passed out at the last Board meeting. If you have any comments on that, please be sure to get those back to Mr. Asbury as soon as possible. We've included another item on the agenda that's probably not on yours. At this time, I'd ask Mr. Asbury if he would pass out a draft RSP for audit of the escrow account for your review.

DAVID ASBURY: I think each Board has this in front of them, hopefully.

BUTCH LAMBERT: I'd ask Mr. Asbury to please address those notes...or that draft.

DAVID ASBURY: Thank you, Mr. Chairman. Board members, in the past few months there has been some questions about the escrow account. As you recall last month, we had a presentation that changed the escrow account. I wanted to give you an update on that. That did occur. The escrow agent did move funds from the cash money market fund into two funds approved by the Board. So, that transaction did occur. The escrow account is now as your wishes had been approved at the Board meeting. Also, there have been, over several months, some discussion about the last audit of our escrow account. What you have before you today is a request for proposal. It's a draft for your consideration for an independent audit of the escrow account and sub-accounts with Wachovia. The RFP begins the process of an independent audit for the Board escrow's account and sub-accounts. As stated here, the purposes and intent of the RFP is to obtain services of an accountant or an accounting firm to review current accounts and sub-accounts in the escrow by Wachovia. The scope of the project includes a random audit of unit payments into the escrow by gas operators for force pooled individuals so as to provide reasonable assurance of compliance of the Board's

responsibility described under statute in 22.1. The audit will encompass the years 2000 through 2007. The last audit of the escrow account after we reviewed records was completed in 1999 and reported in 2000. So, this will be a quite lengthy time frame for the audit and it will connect a full audit that previously done through 1999. Today, I'm also requesting the Board's approval for two actions after today's meeting is to allow my office, with consultation with the acting Chairman and Chairman, to work with our state office and general services to finalize the draft of the RFP that you have before you. There's some additional language for current RFPs that needs to be reviewed by the general services offices. But I believe this to be mostly complete. Once that's done, then publish the RFP. We hope to do that as early as the first of next week if not the end of this week. Once I do get a final draft from the general services group, I will circulate that to you if approved. The second would be to go ahead and put out the request for proposal, have the bids come in and I'd like to call your attention to page two here. This is more or less our time frame. We did spend last week working with our state auditor and this draft proposal and some of the time frame. So, we're asking that we get the request for proposals out and that we open the bids once they come in to our general

services department they will be open on February the 5th. They will be received by the general services office through January the 22nd and open February the 5th. Then the actual audit then would come before the Board on February the 17th at your Board meeting, which would include the top bidders and the price of that audit. Upon on your final review on February the 17th, then we would award the bid on February the 18th. Then the audit would ensue immediately thereafter and go through May the 19th, at which time the auditor or accounting firm could come and present their findings of that audit. The reason for the time frame there is the extended period of the audit. Instead of being a two or three year audit, it's an eight year audit. So...and also, something that the RFP requests is a random sampling of the escrow accounts by all of the gas operators. That's going to be left to auditor firm. That's not influenced internally or externally. It's something that they will do as certified public accountants to affirm the Board's responsibility as far as the escrow account. So, those are the two things that we're requesting of you today. It's up for discussion. That would allow us to proceed. Also, the timing is good with the change in accounting or potential change in accounting firms. Our escrow agent's contract is up June the 30th, 2009. So, this will give us an audit just

prior to a potential change or at least a new day with the audit firm for escrow account. The intent would be to bring the second request for proposal for next year's accounting firm to you in our January meeting. That was not ready for today's meeting. We wanted to do this one first and then get the accounting firm proposal before you at our January meeting.

BUTCH LAMBERT: Any discussion about the draft RFP?

BRUCE PRATHER: Do you think that Wachovia won't want to bid on the future...or this account?

DAVID ASBURY: My indications are they're very much interested in continuing the account.

BRUCE PRATHER: I know they were bought out by somebody. I just wondered it---.

DAVID ASBURY: They've become part of Wells Fargo. Their circumstances, based on indications we have, have improved. They're much interested in participating in the bid process.

BRUCE PRATHER: Okay.

DAVID ASBURY: With enhance services for the Board.

BRUCE PRATHER: Uh-huh.

BUTCH LAMBERT: Any other questions for Mr.

Asbury?

DONNIE RATLIFF: Mr. Chairman. Restate what you need.

DAVID ASBURY: Asking for two things from the Board. One, is to allow the Chairman and I to finish the RFP. There's some state requirements through the office of general services. Once the language is clear, then to go ahead and publish the RFP. Then, based on the time table given in...on page two, request for proposals would come in and we anticipate publishing this statewide basically, Richmond back through southwest Virginia to see what the proposals would be for this type of audit. We would choose...we would open it publicly on February the 5th. Based on those proposals, to negotiate the top bidders...the top two or three bidders to bring before the Board those bidders or the recommended bid for the Board's approval on February the 17th.

DONNIE RATLIFF: I move to approve those two items.

KATIE DYE: Second.

BUTCH LAMBERT: Just for...just for a little bit of discussion, as I understand it, there's some terms and conditions that need to be updated that that's not in this draft. I have a motion to approve. All in favor, signify

by saying yes.

(All members signify by saying yes.)

BUTCH LAMBERT: It's approved. Thank you, Mr. Asbury. Just one other quick reminder, the next meeting on post production will be on the 18th of December at 2:00 o'clock at Lebanon. So, mark those dates. At this time, the Board will hear public comments. Those wishing to comment, please come forward. I will ask you to be concise in addressing the Board with their comments. For the record, please state your names.

JIM KAISER: Jim Kaiser.

MARK SWARTZ: Mark Swartz.

JERRY GRANTHAM: Jerry Grantham.

MARK SWARTZ: We had looked at the last drafts of the revised---

BUTCH LAMBERT: Could you speak, Mr. Swartz?

MARK SWARTZ: We had looked at the last draft of the revised Virginia Gas and Oil Board Regulations and we had a couple of comments. Some of mine are just sort of typo issues. Would you...we wanted to know, would you prefer that we just give them in writing in the immediate future to David or do you want us to make a record at this point?

BUTCH LAMBERT: I think it would be appropriate if

you would just submit those to Mr. Asbury in writing.

MARK SWARTZ: That's cool. We just wanted to make sure. No problem.

BUTCH LAMBERT: Thank you. There's just a couple.

DAVID ASBURY: Jim, were those on the Board Regulations?

JIM KAISER: Yeah, Board Regulations.

MARK SWARTZ: Board Regulations.

DAVID ASBURY: Mr. Chairman, as soon as I receive those, I will circulate those to you and the Board.

BUTCH LAMBERT: Okay. Please state your name for the record.

KATHERINE JEWELL: Katherine Jewell.

BUTCH LAMBERT: You may proceed.

KATHERINE JEWELL: Yes. Basically, I just have some handouts. One of these is an article that appeared in 2006 in Charleston Gazette in West Virginia. I know I've asked several people in the Department of Mines and some people on the Board as far as the affect of gas wells on coal. I think it was always told, well, you know, you mine through, you know, the gas wells and there's no problem. I don't think that's the case when you have like coal above tiller seam that is maybe not with the lease party of which the gas company also owns. This article is really

interesting because it addresses that issue and it addresses how much is lost. This is just something...I know the Board tends to grant these large numbers and modifications. I think you might be sterilizing some of the coal. So, anyway, I've got that. The other thing is I had looked at before gas and oil lease prior to and after the 1990 act. The clauses have changed in them. I've added to this some other leases, which I didn't have after the act. One of the things that seems to be some confusing is at the wellhead. At the wellhead is always referred to. It's a volume of the gas coming out of the mouth of the well unless you have something of which you are using it. I spoke with the Energy Administration, EIA...Ms. Swinney over EIA and she tried to get an understanding of the wellhead price that they have. There is no wellhead price for West Virginia and Virginia. There hasn't been since 1995 when there was an actual use for the gas. The wellhead price reflects a national price. The city gate price is actually...it's based on sampling of a public, private and municipally owned utilities. Now, you can go to the EIA side and you can check the forms to see what's submitted, okay. Anyway, I've got some more here. The last one is a comparison of the Virginia force pooling orders from 1989 to the present. This was really an eye opener to sit down and look at force

pooling order down in 1989 and what they look like in 2008. I would really appreciate if people would read this and look what has been lost. I mean, even in 1989 and 1990 there was a requirement, you know, that the escrow accounts be sent a statement with respect to...there was a form that was filled out. It was sent to the Gas and Oil Inspector with respect to every deposit in the escrow account, what was taken out and, you know, this sort of stuff. This is an eye opener, like I said. So, I would greatly appreciate it if you all would look through it. Thank you.

BUTCH LAMBERT: Thank you, Mr. Jewell.

SHARON PIGEON: Ms. Jewell, just to clarify on your number two handout, this lease language, right? Is that correct what you've included here?

KATHERINE JEWELL: Yes, it's excerpts from a lease. You can check them out in the Courthouse. The Courthouse may not have copies of all of the leases. The pooling is the same thing. I have copies of those pooling orders as they're on file. If anybody...I have one copy set of those pooling orders that I did bring if somebody wants to look at that. But what I did is I extracted the language from them and made a comparison and then compared them to how they changed. There's conventional and coalbed methane wells in there. Is that it?

(No audible response.)

KATHERINE JEWELL: Thank you.

SHARON PIGEON: Thank you.

BUTCH LAMBERT: Thank you, Ms. Jewell. Please state your name for the record.

RONNIE OSBORNE: I'm Ronnie Osborne. I've got three contracts here. I've got one that I signed that is not on record. I've got one that's one record that's in question. I've got a blank one that was sent to me that I wouldn't sign. I've been trying to get explanations on why the blank one is on record, you know, with my signatures on it. It's pertaining to the escrow. It's the O. H. Keen Heirs. The four page one that I signed has got coalbed methane. The one that is one record has got oil, gas, coal seam gas, I don't know what and all is on it. But the next meeting in January or whatever, I'm going to try to have copies for all of this to hand out to give to you all to see what...you know, what's going on. I don't know. I know I signed a four page. I know I've got one here that come from them that's sixteen pages that's on record. I need to know why that the four page one is not on record, but the sixteen page one is, which is...it's different, you know. It's not the coalbed methane only. That's all I have to say.

BUTCH LAMBERT: Mr. Osborne, can I ask that you

contact Mr. Asbury at our DGO office and have those concerns down in written questions for him and we'll try to address that for you.

RONNIE OSBORNE: Okay. Do I need to get copies... seven sets of copies of each one of these or---?

BUTCH LAMBERT: Well, why don't you work with Mr. Asbury and see if we can resolve that issue---?

RONNIE OSBORNE: Okay.

BUTCH LAMBERT: ---and then he will work with you on whether or not you need to make those copies?

RONNIE OSBORNE: All right.

BUTCH LAMBERT: Thank you, Mr. Osborne.

RONNIE OSBORNE: Thank you.

PATRICIA STILWELL: Hi.

BUTCH LAMBERT: Hi.

PATRICIA STILWELL: My name is Patricia Stilwell. I'm power of attorney for Nancy Stilwell.

BUTCH LAMBERT: Stilwell?

PATRICIA STILWELL: Yes. S-T-I-L-W-E-L-L.

BUTCH LAMBERT: Go ahead, Ms. Stilwell.

PATRICIA STILWELL: Part of this is on behalf of the Linkous Horn Heirs and the O. H. Keen Heirs also. Also concerning the agreements. Last month they had a discussion on number twelve. I had to go home. I could not stay.

They had...an argument came up that some of the agreement wasn't correct, the split agreements. I ask the Board if they request that Mark Swartz send...bring the split agreements in and let us look at the agreements to see if the signatures and everything is correct on those and the dates and everything is correct. Also, that the Board also put a gob...they agreed to put in a gob well, the SGU#2. It's VGOB-08-1118-2367. I think that you all need to rescind that application until everything is resolved on behalf of the Linkous Horn Heirs and the O. H. Keen. That's the only thing I've got to say. I just don't think it's right that they got the permit. That the application wasn't correct. Half of the people wasn't notified when they said that they was. They said half of them is dead when they are much alive. When they notify that it's correct, it's not correct. I think it ought to be rescinded.

BUTCH LAMBERT: Did you get the number that she's referring to?

DAVID ASBURY: Yes, I did. VGOB-1118-2367. That was associated, Ms. Stilwell, with SGU1.

PATRICIA STILWELL: No, SGU2.

DAVID ASBURY: 2.

PATRICIA STILWELL: 2. That's new gob drill that they just put on record on the November the 18th docket,

number twelve.

BUTCH LAMBERT: We have that information, Ms. Stilwell. We'll look into that. I'll ask Mr. Asbury to report back...give you a call back and report to you.

PATRICIA STILWELL: All right.

BUTCH LAMBERT: Thank you.

PATRICIA STILWELL: Thank you.

BUTCH LAMBERT: Any others?

(No audible response.)

BUTCH LAMBERT: I'd like to remind everyone that the next meeting in January will be on January the 20th and that meeting will be held at the Southwest Virginia Higher Education Center. We will be back there for the January meeting. At this time, we need approve of last month's minutes.

DONNIE RATLIFF: So moved, Mr. Chairman.

BRUCE PRATHER: Second.

BUTCH LAMBERT: I have a motion and a second. All in favor, signify by saying yes.

(All members signify by saying yes.)

BUTCH LAMBERT: Opposed, no.

(No audible response.)

BUTCH LAMBERT: The minutes are approved. Thank you all for coming.

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 5th day of January, 2009.

NOTARY PUBLIC

My commission expires: August 31, 2009.