

IN THE COUNTY OF RUSSELL:

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

AUGUST 18, 2009

APPEARANCES:

**BOARD MEMBERS:**

DONNIE RATLIFF - COAL REPRESENTATIVE

KATIE DYE - PUBLIC MEMBER

BILL HARRIS - PUBLIC MEMBER

BRUCE PRATHER - OIL REPRESENTATIVE

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MARY QUILLEN: Good morning and welcome to the Virginia Gas and Oil Board monthly hearing. I'm Mary Quillen. I am acting Board Chair in the absence of the Chairman today. I will ask my fellow Board members to introduce themselves. Ms. Dye.

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

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

BILL HARRIS: I'm Bill Harris, a public member from Wise County.

DONNIE RATLIFF: Donnie Ratliff, representing coal. I work for Alpha Natural Resources.

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

DAVID ASBURY: Good morning. David Asbury principal executive to the Staff of the Board and Director of the Division of Gas and Oil.

DIANE DAVIS: I'm Dianne Davis. I work for the Division of Gas and Oil.

MARY QUILLEN: Thank you. The first item on the agenda will be public comments. I want to remind everybody that if you have any electronic devices to please turn them off or put them on vibrate. They do interfere with the

recording of the testimony and for the transcription. The first person to sign up and speak is Juanita---

JUANITA SNEEUWJAGT: Sneeuwjagt.

MARY QUILLEN: ---Sneeuwjagt. If you have handouts, please just leave those with Mr. Asbury and he will get those to the Board.

JUANITA SNEEUWJAGT: Okay, thank you. Will this be transcribed on the record?

COURT REPORTER: Yes.

JUANITA SNEEUWJAGT: Okay, thank you very much. My name is Juanita Sneeuwjagt. I'm president of the committee for Constitutional and environmental justice. This will take slightly more than two minutes. I have other people's signatures, which have allocated me time, but I will be as brief as possible. At the July 21, 2009 regular monthly meeting of the Virginia Gas and Oil Board appeared Patrick Dixon, Senior Vice President of Wachovia Government Banking Group and Philanthropic Services, Robert J. Weiss, Vice President of Business Development, and Jay H. Smith, Senior Relationship Manager of Wells Fargo Corporate & Institutional Trust.

The Board received a semi-annual report from Wachovia Bank, escrow agent for the escrow account set up to handle the one-eighth or 1.5% royalty share owned by the

surface/royalty owner.

The threesome left the meeting immediately following their presentation and the attending public members had not opportunity to ask questions. However, we have many questions and hope the Board will find answers to pass on to us since \$24,576,736 belongs to the people of Southwest Virginia, not to the Board, the Board's Principal Executive DMMO...DMMEG...I'm trying to hurry, so I'm going to slow down...DMME, DGO or the various gas developers operating in the Southwestern Virginia.

We wish to know the determining factor of the cause of the DGO to issue the bid to Wells Fargo...Wachovia/Wells Fargo and when was it done? In other words, who, when, why and under what authority was he acting? What was the incentive for choosing Wachovia over other banking institutions?

Wachovia/Wells Fargo reported their feet is \$8.00. How do they justify the \$8.00 when no activity has taken place on any account necessarily?

Why isn't \$250,000 FDIC insured on each unit?

Wachovia/Wells Fargo is receiving \$8.00 per unit per month, multiplied by 738 VGOB accounts multiplied by twelve months. MY math tells me that is \$70,848 per year profit for doing exactly nothing. According to Wachovia's

contractual services agreement, VGOB stipulates that fees for services rendered are netted against the interest earnings of the escrow account at the level of \$8.00 per account per month. This amount does not include annual administrative fees of 0.30%.

Since Evergreen Federated Treasury Reserves were known to be de-escalating rapidly and heavy losses were felt by personal holdings, why did Wachovia choose to continue to hold the investment with Evergreen? Was it because they knew they were not gambling with their own money?

In addition, Wachovia has a two, three star rating. Many other banks such as BB&T and First and Bank and Trust have four star ratings. Why did VGOB choose a lower rated bank over higher rated ones? What assurances did Wachovia give to VGOB to make you believe they could do the job better than other financial institutions? What kind of collateral did they offer?

Mr. Dixon, Mr. Weiss, and Mr. Smith asserted repeatedly that the account placed in their keeping by VGOB has a high liquidity rate. Many investment portfolios contain diversifications that must be held by the investment vehicle until a maturity date. That may require leaving the investment for a period of two to thirty years. That could vary. If that investment is liquidated prior to the

maturity date, a penalty must be paid. That penalty is always deducted from the ownership of the fund, and not from the investment firm. Who oversees that feature of the investment or is it left to the investment firm which does not have the best interest of the people at heart?

The investment firm chosen, which is Wells Fargo/Wachovia, is letting the escrow fund take the risk for their gain. I'm going to repeat that. The investment firm chosen, which is Wells Fargo/Wachovia, is letting the escrow fund take the risk for their gain. This action likened to the insurance company who will take great measures to withhold payment so they can hold onto and use the money for their gain.

This escrow money belongs to the royalty owners of Southwest Virginia. This fund must be kept safely and securely even if there is only nominal interest gain. This fund is not a tool to be played and gambled with by anyone.

The question of the appearance of commingling of funds must be closely examined. Is Wachovia/Wells Fargo commingling the peoples escrow money with their own profit making schemes? Commingling of funds is unlawful and needs to be investigated by VGOB.

We, the people, are fact and information seeking and will require more time for a thorough examination fo the

whole process of escrow dollars being handed over to any investment house. In addition to the above, who will be included in the request for proposals at bidding time? Will VGOB make the decision or will the public be asked for input? If the matter of fairness and justice prevails when considering the correlative rights of the people, then the people must certainly have a say whether their money is invested and risks taken, or the money placed into a more secure institution.

Lastly, what will you do when the date for bidding the account comes due the end of the year? Will VGOB rely on it's less than lustrous ability to make good choices for the people's money or will it request input from the actual persons the money belongs to?

I'm asking for prompt answers here, hopefully in written fashion. A couple of little handwritten notes, which are not on the copies that I handed to you, but I thought of later.

Is the entire \$24,576,000.00 FDIC insured or is only the \$250,000 FDIC insured? Are the sub-accounts insured? Are Greenspan investments owned and operated by Wachovia, as I believe they are? I would like to know the account number. I do not have it. I would like that. I thank you very much.

MARY QUILLEN: Thank you. Our next speaker is Sara Day.

SARA DAY: I'm Sara Day. I'm Linkous Horn and O. H. Keen inheritance. I brought before the Board last month the contract that CNX is sending the people. I had asked the Board to change it and the number of the wells. I was wondering if you all had had a chance to look at it. We...they're asking for a 50/50 split, but my brother signed a 50/50 split three year ago and he still has not got his. There is something wrong. So, we would like to get this settled, but it's going to take both of us. The contract that they're sending out, they should put the number of the well so we know what we're signing. I feel like that's fair. Try to get it settled instead of dragging it on and tying the money up and people that needs it could use it. So, I just wondered if you had a response to that of what I brought in last month.

MARY QUILLEN: I don't personally have any information on that. Mr. Asbury, do you---?

DAVID ASBURY: Yes, I can update the Board and Ms. Day. You asked us to contact Mr. Green---.

SARA DAY: Right.

DAVID ASBURY: ---about dividing the split agreements. He was contacted and given your number in order

to, you know, call you folks to see about the split agreement. I understand from him that he's offered that agreement on a number of occasions, by that he would take a look again at the contract and see if he could divide the agreement out as you requested. I have not got anything back from him other than that he was going to do that and contact your family regarding that difference in split agreement. As the Board knows, you know, those are private negotiations between those involved in a conflict. So, the terms of that split agreement is specifically between your family and whoever you are in conflict with, which in this case your family is in conflict with Hurt McGuire Land Trust. So, any terms of that agreement, be it 50/50, 0/100, 100/0, would be strictly your family's negotiation with Hurt McGuire Land Trust. The accepting of those terms also is between your family and Counsel hopefully of your family and Hurt McGuire Land Trust. If you don't come to terms, then the other route for disbursement from escrowed funds would be through a Court judgment.

SARA DAY: Well, I think Hurt McGuire/CNX or whoever they are should be hold accounted and give so long to try to make an agreement with the people or else then they should have to pay them? I think somehow the Board should be in there somehow to make sure that they stand up

to it because they can wait forever. It seems like that's what they're doing. If you sign you get it, if you don't get it. I mean, you don't get it if you sign and you don't get if you do sign. My brother three year, that's a bit much.

DAVID ASBURY: The time that a split agreement is signed by one party may differ from that time of which the other party signs it. If both parties sign a split agreement and Affidavit can be brought to our office, we can compel the gas operator of that unit to come before the Board and ask for disbursement. So, there are...again, there are two parties in any agreement. One party may sign years before the other. But we try to, if an agreement or a Court action is brought before the Board, we do our very best to within 90 to 120 days see that that disbursement goes to the family. There was some time lapse between when your brother signed a split agreement and the other party signed the split agreement and then it was brought before the Board. So, that's time frame---

SARA DAY: Well, when he signed, the gas company said within three months he would get his money. Well, it has been three year. Then, they told him he would get it in June and then it was July. He still has not got it.

MARY QUILLEN: Do you know when the other party

signed the split agreement?

SARA DAY: Oh, yeah, it came in here, oh, last year, didn't it? My brother come down, oh, and talked to you about it. It signed then. Way back in the spring.

DAVID ASBURY: April or May. I'm not sure. I'd have to---

MARY QUILLEN: Of '08?

DAVID ASBURY: As far as I know, the disbursement... are you talking about Mr. Horn?

SARA DAY: Yeah.

DAVID ASBURY: He came before the Board and it was disbursed, I believe, in April of this year. I'm not sure of the status of that. If there's a...I'm sure that the order has been prepared for him. Unless there's another party involved that we don't have W-9s he should have gotten disbursement. I'm not sure.

SARA DAY: But I feel like the gas company should be held accountable for so long that they're not allowed to hold it up two or three year like that because it's a lot of traveling. It's a lot of expense on the people. The gas company is all that's gaining from it. So, I do feel like something should be put in the place to hold the gas company accountable if they give them so long to make sure that it goes before the Board and took care of.

DAVID ASBURY: Again, with an Affidavit and a signed split agreement, we can compel that gas operator, no matter who it is, to come before the Board and request a disbursement. Our law says that we have to do that on the next available docket. If we receive an Affidavit and the split agreement, we do that.

SARA DAY: Okay. Well, that's what I wanted to know because it seems like they're just dragging their feet and dragging the people on and then it's more paperwork and longer and the people is not getting paid and the people is spending out all of this money for nothing and the gas company is building up and they shouldn't be allowed to do that.

MARY QUILLEN: Mr. Asbury, could you check on the status of that and---

DAVID ASBURY: I'm be glad to.

MARY QUILLEN: ---have Ms. Day call him and he will let you know what the status of that is?

SARA DAY: I'd appreciate it.

BILL HARRIS: Just one other thing, Ms. Chairman. One of your questions was about not having the well numbers on the information that you've gotten. Is there something that can be done about that because I'm thinking that would be very important especially if you...if you have one well,

you know, then there's a no brainer there. But if you're participating---

SARA DAY: That's it.

BILL HARRIS: ---or not participating, but if you're involved in---

SARA DAY: Twenty-seven.

BILL HARRIS: Twenty-seven.

SARA DAY: Yeah.

BILL HARRIS: So, when you sign...if it doesn't have a well number, you don't know if it's all or none or one?

SARA DAY: That's it. We don't have nothing.

BILL HARRIS: Yeah, there should be some way to identify those. I don't know whose responsibility that is though.

MARY QUILLEN: Is that the Mr. Green that you had spoken with that would responsible?

DAVID ASBURY: Yeah. We were in a meeting...Ms. Day in a meeting in Bluefield in January. Is that correct?

SARA DAY: I think it was, yeah.

DAVID ASBURY: And there are twenty-seven wells in probably seven or eight different units and information was provided at that time about those and that's what's...that's the base of this split agreement. To my knowledge, there

actual...there was a document from Mr. Green that came to your family for the split agreement to be signed. Is that---?

SARA DAY: Yeah, but there was nothing on it. It was like, you know, signing any kind of paper. It just said a 50/50 split agreement, but no well numbers and no nothing. So, you don't know what you're signing there.

MARY QUILLEN: So, you want it clarified that was on all twenty-seven wells, part of those wells are only one well or if you sign an agreement with each well or is that--  
-?

SARA DAY: A signed agreement with the numbers of all of the wells on the Horn Heirs and all the wells on the O. H. Keen wells that way you know what you're signing. I feel like, you know, any kind of agreements that you come up with you should have proof of what you're signing. I don't think it's asking too much.

DAVID ASBURY: I'll followup with Mr. Green on that.

MARY QUILLEN: Thank you.

SARA DAY: I appreciate it.

MARY QUILLEN: Thank you.

SARA DAY: Thank you.

MARY QUILLEN: Is there anyone else that did not

sign up to speak? Okay, we will go to---.

SHIRLEY KEEN: I would like to if you don't care.  
I'm Shirley Keen.

MARY QUILLEN: Okay.

SHIRLEY KEEN: The contracts that she is talking about, we have not received paperwork on several of these wells. They have our addresses. O. H. Keen I didn't receive one thing. On the Linkous Horn Heirs, there's a lot of them that I didn't receive anything. The contracts that they're sending out, when they send them, we want the well number on that contract only because these contracts is being misconstrued. There's things...you sign a four page and it goes into eighteen pages. You sign for coalbed methane and it goes into gob gas, natural gas, coalbed methane and everything. When you sign...and we sign contracts, well, I didn't, my brother did, for coalbed methane only. Well, when it went into the courthouse it went in with everything. He signed for O. H. Keen and when it went into the Courthouse it went in for Linkous Horn and O. H. Keen. So, we want these contracts fixed, one well per contract. Then---.

MARY QUILLEN: You're basically...you want the same information that Ms. Day---?

SARA DAY: Yes. But, Mr. Asbury told my uncle he

would have his money in forty-five days. It has been ninety days. We want stuff fixed. We're forced to put it in there. We want it lined up what we're signing. We want every well on one page. One contract per well is the way we want it.

MARY QUILLEN: Mr. Asbury, can you also follow up with Mr. Green on that?

DAVID ASBURY: These are private...Madam Chair, this is...these are private agreements. We will make the effort to see that the parties get together. But the terms and what they sign and what they negotiate, I do not believe, is part of what we should be doing. Now, if the Board so wishes and advise us, I'll be glad to do what the Board asks.

BILL HARRIS: Well, I think...with all due respect to...I know we're sort of hands off with that, but we oversee the overall process. I would think that certainly the numbers, if nothing else, should be on that. I mean, if you're signing something as Ms. Day...I'm not sure how many wells you're involved with, but if I had---

SHIRLEY KEEN: The same thing.

BILL HARRIS: ---twenty-seven wells I would certainly want to know am I signing for one or all or half or just a few. I don't know that that's unreasonable for us

to ask that that be included even though we don't have jurisdiction over that agreement itself if it's 50/50 or 60/40 or whatever. But I would think that---

DAVID ASBURY: We can certainly provide, again, the information on those units and the wells.

MARY QUILLEN: Yes.

DAVID ASBURY: Now, the confusion is...when we met in Bluefield with the family and with Mr. Green, is why there are twenty-seven wells and only eight units. We tried our very best to make that explanation that there could be multiple wells in different units. At that time, in our January meeting, we tried to explain that to the family and provided that sheet. Actually, they have the sheet of the number of wells in each particular unit. We'll be glad to provide that information again on all twenty-seven wells.

KATIE DYE: Madam Chairman.

MARY QUILLEN: Yes.

KATIE DYE: I just have a comment here. I would ask Ms. Pigeon to correct me if I'm wrong. Would initialing each page of the contract when these royalty owners sign it, would that protect them from different contracts being recorded in the Courthouse or is there anything that can offer some protection for them?

SHARON PIGEON: Well, certainly you can do that.

People usually do execute wells in that fashion. So, that's, you know...or another way to draft a contract to protect to protect additional pages appearing is one out of four pages, two out of four pages, three out of four pages, and, you know, have them numbered that way so they're numbered that way and they're initialed. If a page is left blank for anything from that point down, you say balance page left blank intentionally or something of that nature so that there's no way to add in information. That's standard contractual execution procedure. So, that would be helpful.

SHIRLEY KEEN: Well, I didn't sign and I won't sign until I know what I'm signing. I'm dead sure that I'll know and mine will be right when it's signed. Everybody...but what I'm saying is, like I didn't get...I didn't get any paperwork on the O. H. Keen at all. I am an heir. I didn't even know that I had it until my brother got a contract and they've got my address. Every one of us is on...I mean, we've been getting mail since '93 and I haven't received anything. A lot of the other wells, I didn't receive anything on them. I've lived in the same place for twenty-eight years. The contracts is not getting to the people. That needs to be stopped. Everybody should have their contract then they would have a chance to make their own decision. Do I want to sign this or do I not want to sign

this? But you've got to know what you're signing and you've got to know is this mine. I mean, I don't want to sign something that's not mine. But I will have everything that is mine. So, I want every well, I want papers on every well that I have that I am an heir in. I want a contract. I want to know how many wells I've got and where it's at and all of this stuff because we've got one family member that they say has got one well by himself and he's in with us. He owns one acre of land and the gas was took off that, but he's getting more money than we are. He owns one acre of land.

MARY QUILLEN: Were you in the meeting in Bluefield?

SHIRLEY KEEN: I wasn't invited to the meeting. No.

SARA DAY: I was.

SHIRLEY KEEN: I wasn't invited to the meeting. I was told that they would set up another meeting for me. Wasn't I?

DAVID ASBURY: You were invited to the meeting, Ms. Keen.

SHIRLEY KEEN: No...no, I wasn't.

DAVID ASBURY: You---

SHIRLEY KEEN: I don't want to argue with you, Mr.

Asbury. But you told me right at the Board meeting up in Lebanon or Abingdon that there was only Sara Day, Martha Smith, Martha Williams and Susie Stilwell. That she had set that meeting up. Now, that was your words. That's what you told me. I don't want to dispute what you're saying, but I wasn't invited to the meeting. But I don't have a problem---

DAVID ASBURY: Ms. Day, was all family members invited to that meeting?

SARA DAY: Well, I didn't hear who wouldn't and who was. I just...Patricia Stilwell called me and said that Mr. Asbury had set up the meeting. But---

DAVID ASBURY: For the family.

SHIRLEY KEEN: But you told me that you would sit me up another meeting. That it was set up for these people.

DAVID ASBURY: If you so choose.

SHIRLEY KEEN: Well, you didn't...you didn't say, "If you so choose." But that's neither here nor there. I want to know how many wells I've got and I want to know where they're at. I want to know the numbers on them wells. I'm not signing nothing until I am dead sure that it's right. I thank you for your time.

MARY QUILLEN: Thank you. We will go to the agenda item two, which is the consideration of the RFP. This

agenda item will be moved to close session at 3:00 p.m. this afternoon. Agenda item three, docket number VGOB-93-0216-0328-01, anyone wishing to speak to this item, please come forward.

MARK SWARTZ: My client is, you know, interested in three, four and five, but we don't have any motions or paperwork. So, I mean, I don't...you know, I'll be here if Mr. Asbury has something to share with us. But we're not...we don't have an order.

MARY QUILLEN: Mr. Asbury, did you have---?

DAVID ASBURY: On item three, this was a carry over disbursement. There had been some communication that went on in August 20, 2002. There was some corrections made, but there were moneys that were left in the account. So, the Board needs to be advised of that money that is left in the account. There was...on August 20, 2002, there were some funds on deposit in this drilling unit account. The Board, based upon on the claimant's stimulated settlement of their conflicting claims, and there was claims settled by the owners of both coalbed methane gas production, which was allocated in Tracts 3 and 4 of this unit. These owners had purchased actually the coal interest of the conflicting claims and wished to have the claims dismissed and disbursement made attributed to the tracks. This was

conflicting claims in Tract 4. There was a royalty split agreement that was reached and request that the escrow funds be disbursed and closed. This account today is still active. So, the request and the information to the Board is to close this account.

SHARON PIGEON: Are you saying that after a disbursement order was entered payments went in after the fact and those---?

DAVID ASBURY: Yes.

SHARON PIGEON: ---were not included in the disbursement?

DAVID ASBURY: That's correct.

SHARON PIGEON: So, what you want to do now is pick up those loose payments that haven't been disbursed and disburse them?

DAVID ASBURY: Yes. And do we based it on the very last disbursement that was made from this fund?

SHARON PIGEON: Which was the intention because normally when you all issue an order from these, you issue a disbursement based on a percentage to pick up all of the---?

DAVID ASBURY: Yes.

SHARON PIGEON: ---amount that's in the account at that time and to direct future payments made directly to the individuals?

DAVID ASBURY: Right. That's correct.

SHARON PIGEON: And somehow that didn't happen on this.

DAVID ASBURY: And there was...there was a communication from Sandy Riggs during this time period that brought this information before the Board that there were some problems with the tracts that were escrowed. But finally as far as we know, claims were settled and disbursement was made, but sometime after that moneys came into this account.

MARY QUILLEN: Is there a motion to pay these additional funds disbursed on the last disbursement percentages?

DONNIE RATLIFF: So moved, Madam Chairman.

BILL HARRIS: Second.

MARY QUILLEN: Moved and seconded. All in favor, say yes.

(All members signify by saying yes, but Mary Quillen and Katie Date.)

MARY QUILLEN: Opposed, no.

KATIE DYE: Abstain.

MARY QUILLEN: Motion carries.

DAVID ASBURY: Thank you.

MARY QUILLEN: Docket item number four, VGOB-00-

0321-0775. All of those wishing to speak to this item, please come forward.

MARK SWARTZ: I'm thinking this is probably a similar situation. I'm sort of here as an observer, I guess.

DAVID ASBURY: The same situation, Madam Chairman. There are funds---

BRUCE PRATHER: Is it the same people?

DAVID ASBURY: It is not the same people. There's small amounts. There are \$264.93 at the end of July that's still in this fund that needs to be disbursed. It was closed. It was agreed that it was closed. Somewhere over time moneys have gotten into this. So, again, it's the same situation. We need to close the account and disburse the funds.

MARY QUILLEN: Do I hear a motion that we close this account and disburse the funds using the same percentages as previously to the owners?

BILL HARRIS: So moved, Madam Chairman.

DONNIE RATLIFF: Second.

MARY QUILLEN: Is there a second?

DONNIE RATLIFF: Second.

MARY QUILLEN: Those in favor, say yes.

(All members signify by saying yes, but Mary

Quillen and Katie Dye.)

MARY QUILLEN: Opposed, no.

KATIE DYE: Abstained.

MARY QUILLEN: Motion carries. One abstention, Mrs. Dye. Agenda item five, docket number VGOB-04-0917-1070-02. All those wishing to speak to this item, please come forward.

MARK SWARTZ: Mark Swartz on behalf of CNX. On this one, Anita got a...tells me she got a call about ten days ago and...I think from Diane and Anita has looked at this and she acknowledges that CNX needs to refile and make some further filings with regard to this. I don't know if David is good to go or not. But, you know, we'll try and get this at least from our standpoint on the docket. Is next month reasonable do you think, Anita, or do you need...do you think you can do it by next month? So, if you need something from us, we can...we can get it filed by next month. But if you're ready to go, I'm not sure what...you know, what your issue is. If you're ready to go---

DAVID ASBURY: We were compelled after finding the errors on a disbursement to bring it back to the Board at the first available Board meeting, which is today.

MARK SWARTZ: Have they actually made disbursements?

DAVID ASBURY: No.

MARK SWARTZ: Okay.

DAVID ASBURY: No, this was one that was approved for disbursement at our June meeting. When we reviewed some of this information, we found some errors (inaudible) before we could disburse. So---

MARK SWARTZ: We can get our stuff filed and on a docket for next month. That will give you a chance to look at it...both of you a chance to look at it beforehand as well.

DAVID ASBURY: Okay.

FERRELL WHITED: That will be fine with me.

DAVID ASBURY: This does involve the Whited Heirs to, right?

FERRELL WHITED: Yes.

MARK SWARTZ: This is a continued. So, we're good to go. We can't file this as our own motion, but if we continue this motion we can file some papers in regard to this motion. I just want to make sure that...I mean, we can't put it on next month's docket. So, you need to continue this if you want to have it next month if that's okay with you all.

SHARON PIGEON: Mr. Whited, you don't have an objection to it being continued, is that right?

FERRELL WHITED: Right.

SHARON PIGEON: Is this part of the estate that you've appeared before on---?

FERRELL WHITED: Yes.

SHARON PIGEON: ---that same group? Was this also part of the Court's order that you've previously provided?

FERRELL WHITED: Yes, ma'am.

SHARON PIGEON: Thank you.

MARY QUILLEN: So, you would like to continue this until September?

MARK SWARTZ: Well, I would propose...I think it's Mr. Asbury's motion. But I would propose that if we continue it, CNX can get their paperwork updated with regard to the issues that David and Mr. Whited have identified.

FERRELL WHITED: That's on this well, right?

DAVID ASBURY: Yes, sir.

FERRELL WHITED: Okay.

DAVID ASBURY: There have been...of the eleven there have been some disbursed ready and some waiting for W-9s. This one had a calculation issue that we're working with CNX to make sure---.

FERRELL WHITED: I think the W-9s has been took care of.

MARK SWARTZ: Yes, this AZ-110 is the only that

we're on right now.

DAVID ASBURY: Yes. Right. That's correct.

DONNIE RATLIFF: Madam Chairman, I move that we continue it until next month.

BILL HARRIS: Second. I don't know if we need that for a continuation or not.

MARY QUILLEN: All in favor, respond by saying yes.

(All signify by saying yes, except Mary Quillen and Katie Dye.)

MARY QUILLEN: Opposed, no.

KATIE DYE: Abstain.

MARY QUILLEN: Motion carries. One abstention, Mrs. Dye.

DAVID ASBURY: Thank you very much.

MARY QUILLEN: It will be carried forward until September.

MARK SWARTZ: Great.

MARY QUILLEN: We're going to deviate from the agenda items just slightly. The next item that we'll hear is item number forty. This is VGOB-09-0818-2583. All those wishing to speak to this item, please come forward and be sworn.

JIM KAISER: Madam Chairman and members of the Board, Jim Kaiser on behalf of Carrizo (Marcellus) LLC. Our

witnesses in this matter today will be Mr. Phillip Cory and Mr. John Colbert and possibly others. But for right now, we'll just ask that those two gentlemen be sworn.

COURT REPORTER: Please raise your right---

MARY QUILLEN: If you'll...oh, excuse me.

COURT REPORTER: ---hands, please.

(Phillip Cory and John Colbert are duly sworn.)

JIM KAISER: If you'll bear with us just a minute, Madam Chairman, we're going to pass out some exhibits.

MARY QUILLEN: Is this gentleman an attorney? Will he be testifying?

\_\_\_\_\_ : I'm a geologist with Carrizo.

SHARON PIGEON: Okay.

MARY QUILLEN: Okay. You're not testifying?

JIM KAISER: Yeah, if there's a geology question, we'll swear him in and he'll answer that.

MARY QUILLEN: Oh, okay.

JIM KAISER: Madam Chairman, I have revised Exhibit B and B-3s and signed AFEs in case at least one Board member's AFE for some reason wasn't signed and these are all signed. If it pleases the Board, we're going to deviate a little bit from our standard testimony. Normally, we'd start with our land witness, which would be Mr. Cory, but before we do that since Carrizo is a new operator in the

Commonwealth of Virginia, I'm going to ask Mr. Colbert to kind of give you some background on the company and what their plans are and where they've been drilling and what their experience is.

MARY QUILLEN: And we'd also like to know what his responsibilities are and his background...personal background.

JIM KAISER: Okay. Well, I was going to do that when I start his testimony. But if you want...you can do that now to.

JOHN COLBERT: I can start with that. It's not a problem. Thank you for allowing us this opportunity to visit with you folks, particularly since we've...most of us have come from Houston to come and testify. My name is John Colbert. I am the project manager of New Ventures for Carrizo Oil and Gas. I have approximately...well, I'm a registered professional engineer in the state of Texas, license number 83471. I have approximately twenty-five years in the oil and gas business most of it domestic. Most of it onshore. I've worked as a consultant for most of the major oil companies and a number of the independent oil and gas companies. My educational background is I have a Bachelor's of Science and a Master of Science in Petroleum Engineering from Texas A & M University with a B.S. in 1985

and the Master's in 1993. I guess that's enough about me.

The company Carrizo Oil and Gas is a publicly held independent oil and gas company. It was founded, I believe, in 1993. We started out working primarily in the Gulf coast. In the early 2000...in the early 2000, we started doing work in the shale place. We got involved in the Barnett shale there in the Forth Worth Basin. That's where we're actively drilling and producing natural gas from shale gas reservoir, the Barnett. We have extensive operations there. We have some very interesting operations. We have some operations that we're doing actually on the University of Texas Arrington's campus where we're directionally drilling underneath the campus and doing hydraulic fractures on the shale wells and producing them. If you go to website, in fact, you'll see that is one of the pictures up on the front of the website showing the rig they're operating on the campus. So, we're very, what's the word for it, (inaudible) about doing the right thing and operating a prudent manner in the environment that we're working in and whether it's at the campus or whether it's out in the country, we will do all of our best to, you know, abide by the regulations and environmental laws and also even taken it a step further because we want to be a very, you know, prudent operator and have a very good relationship with the DMME and the State of

Virginia as well as the State of West Virginia and West Virginia and Pennsylvania that we're planning to operate in.

MARY QUILLEN: I have one question. Are you currently working in the Marcellus in Pennsylvania?

JOHN COLBERT: Yes, ma'am.

MARY QUILLEN: Approximately, how many wells have you drilled?

JOHN COLBERT: We have just completed our first well and fraced it in the Center County, Pennsylvania. So, we're just now getting started.

MARY QUILLEN: Okay, so these are exploration?

JOHN COLBERT: Yes, ma'am.

MARY QUILLEN: Thank you.

JIM KAISER: We'll start with Mr. Cory. Mr. Cory, if you could state your name, who you're employed by and in what capacity?

PHILLIP CORY

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

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

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

A. I'm Phillip Cory. I am Senior Landman with Carrizo Oil and Gas, Inc.

Q. And since you've not, obviously, previously testified before the Virginia Gas and Oil Board, could you go through both your educational background and work experience?

A. Yes. I have a Bachelor's of Business Administration from the University of Oklahoma specializing in Petroleum Land Management. I have a Master's Degree from Michigan State University in Bach...or a Master's of Art. I have been in the oil and gas industry for thirty years as a professional oil and gas landman primarily in Oklahoma, Texas and Michigan. Today, my responsibilities include the management of lease acquisition throughout Appalachia from New York to Virginia.

Q. And has Carrizo filed a blanket bond with the State for operations---

A. Yes, they have.

Q. And so you're authorized to do business in the Commonwealth?

A. Yes, we are.

Q. And are you familiar with the application that we filed seeking to establish a drilling unit and pool

any unleased interest in the unit for well number...is that ENNIS or ENNES---?

A. The ENNIS #1.

Q. ENNIS #1 dated July of 2009?

A. I am.

Q. And is Carrizo seeking to force pool the drilling rights underlying the unit as depicted at Exhibit A to the application?

A. We are.

Q. Does Carrizo 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 with each before filing this application?

A. For those we could find, yes.

Q. And what is the interest currently under lease to Carrizo within the unit?

A. Currently, it is 83.39...83.4%.

Q. And so that leaves 16.6% unleased?

A. Correct.

Q. And are you also at this time continuing, even as we speak, to attempt to lease any of the unleased

interest within the unit?

A. Yes, we are.

Q. Okay. And are all unleased parties in this unit set out in our revised Exhibit B-3 that has been passed out to the Board?

A. Yes, they are.

Q. Okay, now, we do have, I believe, some unknown interest owners within the unit, correct?

A. Yes.

Q. And---?

A. Unknown heirs.

Q. Unknown heirs. And were efforts made to attempt to identify and locate those heirs to include primary sources such as deed records, probate records, assessor's records, treasurer's records and secondary sources such as telephone directories, city directories, family and friends?

A. Yes. In addition, the use of a private detective.

Q. And internet searches also?

A. Yes.

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

A. Yes.

Q. And in your opinion, to the best of your knowledge, are the last known addresses for each of the respondents set out in revised Exhibit B?

A. They are.

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

A. Yes.

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

A. Yes.

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

A. We're paying twenty dollars an acre, a five year lease and one-eighth royalty.

Q. Okay. Did you gain your familiarity with...by acquiring oil and gas leases in the unit involved here and in the surrounding area?

A. Yes, I did.

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

A. Yes.

Q. Now, as to those respondents who have not

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

A. Yes.

Q. Do you recommend that the order provide that elections by the respondents be in writing and sent to the applicant at Carrizo (Marcellus) LLC, 1000 Louisiana, Ste. 1500, Houston, Texas 77002, Attention: Mike Hinkin?

A. Yes.

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

A. Yes.

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

A. Yes.

Q. Should the 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 their proportionate share of actual 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 a 120 days following the recordation date of the Board order and thereafter annually on that date until production is

achieved, to pay or tender any cash bonus or delay rental 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 respondent's election to participate should be treated just as having been withdrawn and void?

A. Yes.

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

A. Yes.

Q. Okay. In this particular case, the Board does need to create an escrow account for, let's see, I believe it would proceeds attributable to parts of Tracts 16, is that correct? That's where we have our unknown and unlocateables.

A. Yes.

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

A. Carrizo (Marcellus) LLC.

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

MARY QUILLEN: Any questions from the Board?

BILL HARRIS: Madam Chairman, let me ask a couple of quick things. We have parcels indicated on our plats instead of tracts. Are these equivalent? I mean, there's a Parcel 1 and Parcel 2 and Parcel 11---

PHILLIP CORY: Yes.

BILL HARRIS: So, when you say Tract 4, we're talking Parcel 4?

PHILLIP CORY: Yes.

BILL HARRIS: I just wanted to clarify that. The other thing is, just out of curiosity and you're probably not obligated to answer this, but I was curious, the one-eighth royalty I know that is pretty much standard in Virginia. Is that what your company normally pays or is that about what you all pay? You know, again, this is---

PHILLIP CORY: Where?

BILL HARRIS: Any---?

PHILLIP CORY: We operate all across the United States.

BILL HARRIS: What are some...I mean, is it one-eighth across the Board or does it differ depending on---

PHILLIP CORY: Well, again, I would ask you where are you speaking? In Virginia?

BILL HARRIS: Well, Texas? No, no...well, in Virginia since you brought Virginia up.

PHILLIP CORY: Yes, in Virginia that's what we pay. That's what we're offering.

BILL HARRIS: What about other states?

PHILLIP CORY: Other states have different economic situations and we pay according to what the competition requires us to pay.

BILL HARRIS: That's good answer. Thank you.

KATIE DYE: Madam Chairman, I have a question.

MARY QUILLEN: Yes, Mrs. Dye.

KATIE DYE: As a matter of a fact, I have a couple of questions. On your plat, I notice that it's different than anything that we've been seeing. So, I'm assuming that these boundaries are surveyed.

PHILLIP CORY: Yes, ma'am. It was surveyed by a registered surveyor out of Charleston.

JOHN COLBERT: It was Allegheny Surveying.

\_\_\_\_\_ : Out of Birchriver, West Virginia.

JOHN COLBERT: Yes, West Virginia, yeah.

KATIE DYE: Okay, typically, we don't see that on our plats. Another question I have, your AFE is somewhat

high for a conventional well.

JIM KAISER: We'll get to that with Mr. Colbert.

KATIE DYE: Okay. So, I need to save my AFE questions for later. Thank you. Oh, I do have one more question. I'm sorry. I apologize.

PHILLIP CORY: Yes, ma'am.

KATIE DYE: Do you deduct post production costs from your one-eighth royalty?

PHILLIP CORY: Yes, ma'am. Appropriate post production costs.

KATIE DYE: All right. Thank you.

PHIL HORN: Transportation mostly and any downstream charges that we incur to make the gas marketable.

KATIE DYE: Thank you.

MARY QUILLEN: Any other questions from the Board?

BILL HARRIS: Well, let me just ask one more. Since we are talking about production and I don't know if this is appropriate at this time. How are you going to get the gas out of this location?

PHILLIP CORY: That's nor my responsibility.

JIM KAISER: We'll have Mr. Colbert address that too.

BILL HARRIS: Thank you.

PHILLIP CORY: Not my job.

JOHN COLBERT: That is a good question, I can tell you that now.

MARY QUILLEN: Any other questions from this gentleman?

(No audible response.)

MARY QUILLEN: Okay, Mr. Kaiser.

JOHN COLBERT

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

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. All right. Mr. Colbert, we'll move to you. You have already sort of given the Board your educational background and work experience. Your responsibilities, obviously, include the land involved in this unit?

A. Yes.

Q. And what is the proposed depth of this well?

A. 3750 feet.

Q. And we're requesting the force pooling of conventional gas reserves to include designated formations excluding coal formations from the surface to the total depth drilled?

A. Yes.

Q. And what are the estimated reserves for the life of the unit?

A. We are estimating 1 bcf for the well.

Q. And you're familiar with the well costs?

A. Yes.

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

A. Yes.

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 estimated authority for expenditure costs for this is a little less than \$800,000. The completed cost is a little less than 1.4 million.

JIM KAISER: Do you need exact figures, Ms.---?

(No audible response.)

Q. Okay. Would the dry hole cost be \$793,768?

A. That's correct.

Q. And the completed well cost \$1,375,378?

A. That's correct.

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

A. Yes.

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

A. Yes.

JIM KAISER: Nothing further for this witness at this time, Madam Chairman.

MARY QUILLEN: Questions from the Board?

KATIE DYE: Madam Chairman, I have a question. Is this the appropriate time on the AFE?

JIM KAISER: Yes.

KATIE DYE: Okay, great. I notice that your AFE, your completion cost is somewhat higher than what we usually see. Could you possibly address that a little bit? Could you kind of explain it?

JOHN COLBERT: Sure, I can do that. That's a very good question. The...what we plan to do with this exploration well is to drill a vertical well and hydraulically fracture it and use that information to see if this area is worthwhile developing. If we go into the development stage most likely we would do horizontal wells, multi-stage fracs. But what this completion procedure is here is to hydraulically fracture the formation and flow test

an extended flow back test with the well. The frac in and itself could be as large as 19,000 barrels of water and half a million pounds of sand. This is somewhat of a...I'm not going to say remote, but there's not...there's no current...there's no active oil field in the area right now. There's some old wells that we're getting data from. Once you frac these wells, it requires a lot of, you know, pumping trucks. It's very expensive. Once you...once you...you've got to build storage to hold all of this water and then you pump with the sand in the formation and then once you start producing it back a lot of this water comes back. But this water that comes back, you have to dispose of it properly. Well, there's no, you know, injection wells near this area. So, probably this water will have to be hauled all the way to Ohio. In the future, if we go and develop it, we have other things that we would like to do as far recycling the water. But on a one opt basis, I can't assume I get to recycle this water because I can't assume this is going to be successful.

KATIE DYE: I understand. Thank you.

MARY QUILLEN: I have just one question. Where exactly is this well located in Rockingham County?

JOHN COLBERT: It is...I've been to the location. I believe I have on this wellbore diagram, it is approximately .3 miles northwest of Burton...of Burton Road and Crabrun

Road. So, I don't know if you know where Burton is. It's right there at the corner of---

PHILLIP CORY: It's in north central Rockingham County.

MARY QUILLEN: So, it's in a very rural area?

PHILLIP CORY: Very.

JOHN COLBERT: Very rural

JIM KAISER: It's up in the north...yeah, it's almost...it's close to the West Virginia line in the north central part of the county.

JOHN COLBERT: It's just a few miles from West Virginia.

MARY QUILLEN: So, are there any transportation of lines? Is there anything in place as far as distribution lines or anything or---?

JOHN COLBERT: Well, we're in the early stages of just somewhat investigating what we call our mid stream problems, which is getting the gas to a larger pipeline. But there was some old (inaudible) wells in this area. There was at one time a line that came from this...in this community that went north up into West Virginia where it intersected another trunk line. Now, I don't really know, but it's my understanding right now that line is definitely not active. I don't know how really...how it has been abandoned, but at

least the right-of-way is probably still intact and so that would be...that would be a tremendous benefit there because getting the gas to market is one of our bigger problems here in the Appalachian Basin is what we're finding because most of the Marcellus play is not necessarily where the older oil and gas have been.

MARY QUILLEN: Well, this is very new...very, very new. Actually, this is the first case that we have had in any of the hearings involving the Marcellus. So, this is all very new...new to us. We knew it was there. We knew it was going to be explored. We were just, you know, waiting and you're first to come. We really appreciate your candidate explanations and forthcoming with all of answering our questions.

JOHN COLBERT: You're more than welcome.

KATIE DYE: Madam Chairman, I have one more question, please, if you're finished.

MARY QUILLEN: Mrs. Dye.

KATIE DYE: In looking at your AFE, on the drill site and surface damage payment, I see you've paid \$15,000. Could you address that? Because typically here in Southwest Virginia we see approximately \$5,000 paid for well site damage.

JOHN COLBERT: Drill site?

KATIE DYE: It's item one 141.

JOHN COLBERT: Well, I probably over estimated because we actually haven't settled the damages yet. However, when I did go out to the location I noticed there was a...there was a dry...I wouldn't call it a stream or anything, but you could see where water had run down that dry stream. One of the things that we want to do is we want to make sure that we don't have any problems with the community, you know, so that...we just don't want any problems with the community. So, that means what we need to do is make sure that we build a location that is not going to track up the roads. We're not going to, you know, drag a rig in and out of the mud up in there. Since we'll be working in the winter time, we were planning to build a nice location that would minimize any kind of, you know, mud and stuff on the roads.

KATIE DYE: So, what you're addressing here is not---?

JOHN COLBERT: So, I may have to build a big culvert right there and I'm not sure...generally, I'll overestimate. If I don't really know what a particular item is, and I don't have bids on it or there's some questions in there, I'll generally just overestimate it because, in general, this whole AFE or any other AFE I do it's an authority...I look at it as an authority for expenditure. So, when I ask somebody

for this money to go out and do this project, I should not go back to them and say, I'm sorry. We've spent more money. Here is your bill. This is what you actually have to pay. So, what I try to do is give an AFE will not go over that AFE.

KATIE DYE: I think what I was trying to understand there and probably we're talking about two different things. I was understanding the compensation to the surface owner as to where this well would be located. Is that reported under this item of the AFE?

JOHN COLBERT: Yeah, I think---

JIM KAISER: That would be part of it.

KATIE DYE: So, what about your topography there? Is it close to what we have here in Southwest Virginia? In my mind, I pictured it as more of a level area being...well Northern Virginia.

JOHN COLBERT: Well, one of the things that we did when we went out and looked at sites is the topography was a large factor because what we want to do is minimize our exposure on this exploration well. So, on this particular site, is on a little flat little pasture, but it does have to go through a little...a small little ditch. So, there's not going to be a lot of cutting and fielding. But if you were to move say 50 feet, now, you would be on the side of a hill.

So, it's just like this topography here, except I would think, you know, since it's right against the George Washington National Forest where there's a large mountain that goes up there. So, I mean, it can get really, really rough. But down there in community around Burton is kind of a little valley so to speak.

KATIE DYE: Thank you.

JIM KAISER: If I could remind the Board, should any of the unleased parties in the unit decide to directly participate, their costs would be based upon actual completed well costs, which I think Mr. Colbert is saying there is at least some chance there might actually be lower than this. Again, this is an exploratory Wild Cat well.

KATIE DYE: Thank you. I appreciate the attitude toward the environment and the people and everything.

JOHN COLBERT: You're welcome.

MARY QUILLEN: Any additional questions?

BILL HARRIS: Just out curiosity, out of one of your items that...there's a Christmas tree tubing HD something. This is on your AFE second page. Actually, it's item 211. I'm just curious as to what that is.

JOHN COLBERT: Well, we like to celebrate the Christmas experience.

(Laughs.)

BILL HARRIS: Surely not for \$18,000.

JOHN COLBERT: I'm just kidding you. Actually, a Christmas tree is the production part of the wellhead that has valves on it.

BILL HARRIS: I thought it might be something---

JOHN COLBERT: And it would go to the little flow line.

BILL HARRIS: Why is it called that?

JOHN COLBERT: They call it a Christmas tree, I guess, because of all of the little valves on it is just one of those old...it has got branches.

BILL HARRIS: Okay. I just curious. Thank you.

MARY QUILLEN: Any other questions from the Board?

BRUCE PRATHER: I have a question. Is this pipeline...I think this is the one. Is this pipeline that you're talking about is the one that went to...from the Commonwealth up there? Isn't that a Commonwealth line? The old one that you're talking about?

JOHN COLBERT: If that's...I don't think there was but one there. It has to be the one that you're speaking of.

BRUCE PRATHER: I think...the one I recall up there at Burton was a Commonwealth line. You know, they're a subsidiary of Columbia. That's the one I recall was up there was an Old Commonwealth line out of Richmond.

BILL HARRIS: So, there has been some drilling in this area before or---?

BRUCE PRATHER: If it's where I think it is, there was an (inaudible) field up there. It was a pretty good one at one time.

JOHN COLBERT: There's about ten wells right there.

BRUCE PRATHER: And the Commonwealth built a line in there.

JIM KAISER: That's probably it then.

MARY QUILLEN: Any other questions from the Board?

(No audible response.)

MARY QUILLEN: Mr. Kaiser.

JIM KAISER: Ms. Chairman, we'd ask that the application be approved as submitted with the revised Exhibit B and B-3 and with the signed AFE in case some of the packages didn't have that in there.

MARY QUILLEN: Do I hear a motion?

BILL HARRIS: Motion for approval.

MARY QUILLEN: Second?

DONNIE RATLIFF: Second.

MARY QUILLEN: Motion has been made and seconded. All in favor, respond by saying yes.

(All members signify by saying yes, but Mary Quillen.)

MARY QUILLEN: Opposed, no.

(No audible response.)

MARY QUILLEN: Motion carries.

JIM KAISER: Thank you.

JOHN COLBERT: Thank you.

JIM KAISER: Thank you for moving them up.

MARY QUILLEN: Okay. We'll go back to our agenda...next agenda item. We have items six, seven, eight and nine and ten carried forward. I believe the Director had given some directions at the last Board meeting that we can address. Anyone wishing to speak these items, please come forward, please.

TOM MULLINS: Tom Mullins with the Street Law Firm on behalf of GeoMet Operating Company.

JIM KAISER: Jim Kaiser on behalf of Appalachian Energy.

MARY QUILLEN: Okay, item number six is VGOB-09-0421-2504, item number seven VGOB-09-0421-2505, item number eight VGOB-09-0421-2506, item number nine VGOB-09-0421-2507 and item number ten VGOB-09-0421-2508.

TOM MULLINS: On behalf of GeoMet, at this time we'd like to ask to withdraw those applications.

MARY QUILLEN: All of them?

TOM MULLINS: Yes, ma'am.

MARY QUILLEN: Very good.

TOM MULLINS: And I'll leave it to Mr. Kaiser.

MARY QUILLEN: Mr. Kaiser.

JIM KAISER: If you'll call item number ten, we're going to...I'm sorry, start with item number eleven, we're going to move forward with our force poolings.

MARY QUILLEN: Okay. So, item number six, seven, eight, nine and ten has been withdrawn.

JIM KAISER: Madam Chairman...

MARY QUILLEN: Our next item is item number eleven, VGOB-09-0421-2517. Those wishing to speak to this item, please come forward.

JIM KAISER: Madam Chairman, Jim Kaiser, Justin Phillips and Frank Henderson on behalf of Appalachian Energy. As I think all of the Board members present are aware, there's a lot of history with these units. We had, I think, it was in April maybe of this year we had about a five and a half hour hearing. We would ask the Board's favor incorporating some of that testimony. But we'll do whatever you want to do as far as moving back through these five units. We do have some revised exhibit since that time. Some additional leases have been picked up. Obviously, we need to move through each unit and point that out. There's no changes in the AFEs or anything. It's up to you all.

There's about a four hundred page transcript.

MARY QUILLEN: Mr. Kaiser, we'd like just, I believe to...since it has been several months, maybe just to refresh all of our memories.

JIM KAISER: Just sort of go through each and touch on the highlights?

MARY QUILLEN: Yes, in each one of them.

JIM KAISER: Sure.

MARY QUILLEN: Because you did say there were some minor changes in each of these that we will address each one of them individually and just kind of bring us up to date.

JIM KAISER: Yes, if you'd swear the witnesses, please.

COURT REPORTER: Raise your right hands.

(Justin Phillips and Frank Henderson are duly sworn.)

JUSTIN PHILLIPS

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

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Mr. Phillips, could you state your name, who

you're employed by and in what capacity?

A. Justin Phillips, Appalachian Energy, land manager.

Q. And you're familiar with our application seeking to pool unleased interest in this unit, which was originally dated March the 20th, 2009?

A. Yes.

Q. And prior to the filing of the application and subsequent to the filing of the application, have you attempted to reach a voluntary lease agreement with each of the respondents in the unit?

A. Yes, we have.

Q. And I don't think anything has changed in this one, has it?

A. It has not.

Q. Okay. So, what is the interest under lease in both the gas and coal estate within this unit?

A. 38.09%.

Q. And so 61.91% of both estates remain unleased?

A. That is correct.

Q. And do we have...we don't...yeah, we do have an unknown. We have an unknown in Tract 4, is that correct?

A. That's Brent Owens.

Q. The B. E. Stiltner Estate?

A. That's correct.

Q. So, the B. E. Stiltner Estate. And you made every effort to attempt to locate any of those heirs?

A. Yes, we did.

Q. And were unable to do so, correct?

A. Yes.

Q. So, the addresses set out in the original Exhibit B to the application are still good?

A. Yes.

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

A. Yes.

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

A. Yes.

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. And, 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: Madam Chairman, I'd like to incorporate the statutory election option testimony taken previously, if possible. I'd like to incorporate the statutory election option testimony taken previously.

MARY QUILLEN: That will be incorporated.

SHARON PIGEON: Do you mean today? Statutory elections today?

MARY QUILLEN: Today?

SHARON PIGEON: Since he didn't make that, we have to get his acknowledgment.

Q. Do you agree with that?

A. Yes, I do.

Q. And, let's see, do we need the...do we have an escrow account for this unit? Does the Board need to establish an escrow account?

A. I believe they do.

Q. I believe we need to establish an escrow... the Board needs to establish an escrow account for proceeds attributable to Tracts 2 and 4, is that correct?

A. That's correct.

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

A. Appalachian Energy, Inc.

JIM KAISER: That's all I have for this witness at this time, Madam Chairman.

MARY QUILLEN: Questions from the Board for this witness?

BRUCE PRATHER: I have a question, Madam Chairman. Is most of the acreage that is not leased is most of it the Rogers Estate?

JUSTIN PHILLIPS: That would be correct.

BRUCE PRATHER: That's what I was thinking.

MARY QUILLEN: Any other questions?

(No audible response.)

MARY QUILLEN: You may proceed.

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 your name, who you're employed by and in what capacity?

A. I'm Frank Henderson, President of Appalachian Energy.

Q. The total depth of this proposed well?

A. 2,048 feet.

Q. Estimated reserves over the life of the unit?

A. 250 million cubic feet.

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

A. Yes, it has.

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

A. Yes.

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

A. Dry hole costs of \$148,166. Completed well costs \$417,631.

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

A. Yes.

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

MARY QUILLEN: Any questions for this witness?

(No audible response.)

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

MARY QUILLEN: Is there a motion to approve?

BILL HARRIS: I'll move to approve the item.

MARY QUILLEN: A second?

DONNIE RATLIFF: Second.

MARY QUILLEN: We have a motion and a second. All those in favor, please reply by saying yes.

(All members signify by saying yes, except Mary Quillen and Katie Dye.)

MARY QUILLEN: Those opposed, no.

KATIE DYE: No. With the conditions that I think...given the history and the research that I've done on this, I'm not comfortable with how this process is taking place.

MARY QUILLEN: Motion carries. You have approval. Okay, the next item, item number twelve, VGOB-09-0421-2518. All those wishing to speak to this item, please come forward.

JIM KAISER: Madam Chairman, again, Jim Kaiser, Justin Phillips and Frank Henderson.

JUSTIN PHILLIPS

DIRECT EXAMINATION

QUESTIONS BY KAISER:

Q. Mr. Phillips, you are familiar with the application that we filed in March seeking to pool any unleased interest in this unit for AE-241?

A. Yes.

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

A. Yes, we do.

Q. Prior to the filing of the application, was there an attempt made to lease each of the respondents with an interest in the unit?

A. Yes.

Q. And what is the percentage under lease to Appalachian Energy in both the gas and the coal estate in this unit?

A. For the gas, it's 45.11% and for the coal 36.12%.

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

A. Yes, they are.

Q. So, what are the unleased percentages?

A. 54.89% of the gas and 63.88 of the coal.

Q. Okay. And we do have an unknown in this unit?

A. In Tract 1, Brenda Owens Brown of the P. J. Brown Heirs.

Q. Okay. And you made every attempt to locate them?

A. Yes, we did.

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

A. Yes.

Q. And are all the addresses set out in the original Exhibit B still good?

A. Yes, they are.

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

A. Yes, we are.

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

A. Yes.

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

A. A five dollar bonus at a five year term and

one-eighth royalty.

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

A. Yes, I do.

JIM KAISER: Madam Chairman, again, I'd ask with Mr. Phillips agreement that the statutory election option testimony and subsequent questions relating to that be incorporated for purposes of this hearing.

MARY QUILLEN: Do you agree?

JUSTIN PHILLIPS: We did.

SHARON PIGEON: Excuse me. Did you testify that Tract 1 is the one with the escrow requirement for unknown and unlocateable?

JUSTIN PHILLIPS: Yes, ma'am. It's at the top. It says, "P. J. Brown Heirs." I'm sorry, I'm looking for what page it's on the exhibit.

JIM KAISER: It's on page three.

JUSTIN PHILLIPS: We'll have to revise that.

JIM KAISER: We'll have file a revised Exhibit E.

SHARON PIGEON: So, you're talking about Tract 2 for conflicting claims.

JIM KAISER: Well, I don't even know if that's

right.

SHARON PIGEON: Well, we're going to need to know what's right.

JIM KAISER: We'll revise our Exhibit E to reflect the unknown interest in Tract 1.

JUSTIN PHILLIPS: But the leased and unleased percentages are correct.

JIM KAISER: Yeah, just...disregard---

SHARON PIGEON: So, it's Tract 1 and it's not Tract 2?

JIM KAISER: It's not Tract 2.

JUSTIN PHILLIPS: It's not Tract 2.

MARY QUILLEN: Okay. So, we'll get an Exhibit E requesting those Heirs?

JIM KAISER: Right. Reflecting that unknown---

JUSTIN PHILLIPS: The one heir.

JIM KAISER: The one heir. There's no conflicting claim in Tract 2. I don't know why that was like that.

JUSTIN PHILLIPS: No, there's no conflicting claim.

JIM KAISER: LBR owns---

JUSTIN PHILLIPS: Both.

JIM KAISER: ---all the minerals. Yeah.

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.

MARY QUILLEN: Any questions for this witness from the Board?

(No audible response.)

FRANK HENDERSON

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Mr. Henderson, do your responsibilities include this area?

A. Yes.

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

A. 1,618 feet.

Q. Estimated reserves?

A. 250 million cubic feet.

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

A. Yes.

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

A. Yes.

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

A. Dry hole costs \$130,967. Completed well costs \$389,611.

Q. Do these costs anticipate a multiple completion?

A. Yes.

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

A. Yes.

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

A. Yes.

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

MARY QUILLEN: Any questions from the Board for this witness?

BILL HARRIS: I do have one I should have asked earlier. This is just information. The well plat, I'm sort of having a problem figuring out where this is. Is this...the only thing that's really indicated there, besides the plain coordinate system numbers, but Spruce Pine Creek.

There's a highway there. Is that like 460 or what is the---?

FRANK HENDERSON: That's adjacent to Rt. 638. Just north of Dwight, Virginia.

BILL HARRIS: Dwight?

FRANK HENDERSON: Dwight. In the Pilgrim's Knob area.

BILL HARRIS: Oh, okay.

JUSTIN PHILLIPS: West of Whitewood.

JIM KAISER: It's 4170 northeast of the intersection of Virginia State Rt. 654 and 638.

BILL HARRIS: Yeah, see that...that doesn't tell me anything though. I'm...no disrespect. But I'm---

JUSTIN PHILLIPS: You're saying why is the route not depicted on the plat?

FRANK HENDERSON: It's basically in the Pilgrim's Knob/Dwight area.

BILL HARRIS: I mean, I don't know what those are. I'm not being smart. I'm just saying---

JIM KAISER: All right.

FRANK HENDERSON: We actually have a map for a later application for increased density that will show that area clearly.

BILL HARRIS: Okay. Thank you.

MARY QUILLEN: Mr. Henderson, how close is that in

relationship to the new high school up in Pilgrim's Knob?

FRANK HENDERSON: To the new high school?

MARY QUILLEN: Uh-huh.

JUSTIN PHILLIPS: It will be north and east.

FRANK HENDERSON: North...yeah, north and east---.

MARY QUILLEN: Okay.

FRANK HENDERSON: ---of that intersection.

MARY QUILLEN: Thank you. Any other questions from the Board?

FRANK HENDERSON: I'd like to make one comment for Mrs. Dye's benefit. I just wanted to let you know, we are continuing to negotiate with the other party. You had a concern there in the prior application. We mutually agreed that we would move forward and continue to negotiate with those folks.

KATIE DYE: I appreciate that. Thank you.

MARY QUILLEN: Any additional questions for this witness?

(No audible response.)

MARY QUILLEN: Mr. Kaiser.

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

MARY QUILLEN: Do I have a motion for approval?

BILL HARRIS: Ms. Chairman, I move approval with

the...as long as it includes the revised Exhibit E.

DONNIE RATLIFF: Second.

MARY QUILLEN: Okay. Motion and second. All of those in approving respond by saying yes.

(All members signify by saying yes, except Mary Quillen and Katie Dye.)

MARY QUILLEN: Opposed---.

KATIE DYE: No.

MARY QUILLEN: Okay. You have approval.

SHARON PIGEON: Mr. Kaiser, in the future, could we have the pages numbered. You noticed how I was stumbling there as we were trying to locate these B-3s?

JIM KAISER: On the exhibits, sure.

SHARON PIGEON: These exhibit pages, it's really difficult to keep track.

JIM KAISER: Okay.

SHARON PIGEON: Thank you.

MARY QUILLEN: The next item, on agenda item number thirteen, docket number VGOB-09-0421-2519, those wishing to speak to this item, please come forward.

JIM KAISER: Madam Chairman, Jim Kaiser, Justin Phillips and Frank Henderson, again, for Appalachian Energy. We do have a set of revised exhibits that are being passed around now.

MARY QUILLEN: Mr. Kaiser, as soon as we finish this item, we are going to take a short break.

JIM KAISER: Okay.

JUSTIN PHILLIPS

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

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

A. Yes.

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

A. Yes, I am.

Q. Which was dated originally March the 20th?

A. Yes.

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

A. Yes, we do.

Q. And prior to the filing of the application, do you make an effort to work out a lease agreement with each interest owner in the unit?

A. Yes, we did.

Q. And what are the percentages of the gas and coal estate under lease to Appalachian Energy in this unit?

A. At this time, 24.98% of the gas and 24.73% of the coal.

Q. Is that right with the new exhibit?

A. Yes.

Q. Okay. And are all the unleased...is that represented in the revised Exhibit B that we handed out?

A. Yes.

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

A. Yes.

Q. Would you state the unleased percentages for the gas estate and coal estate?

A. 75.02 and 75.27% of the coal...75.02% of the gas and 75.27% of the coal. I'm sorry.

JIM KAISER: Did you get that Ms. Pigeon.

SHARON PIGEON: Yes.

Q. This particular unit, we don't have any unknown or unlocateables, do we?

A. No.

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

A. Yes.

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

A. Yes, they are.

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

A. Yes.

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

A. Yes.

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

A. Yes.

JIM KAISER: Again, Madam Chairman, I'd ask that we be allowed to incorporate the statutory election testimony.

MARY QUILLEN: Do you accept?

JUSTIN PHILLIPS: Yes, ma'am.

Q. In this particular case, we do not...the Board does not need to establish an escrow account, is that

correct?

A. No.

Q. Okay. So, there's no unknowns and no competing claims?

A. No.

Q. Okay. And who should be named---

SHARON PIGEON: Mr. Kaiser, you have actually filed an Exhibit E. I can see that you didn't need to. So, you would like to withdraw that.

JIM KAISER: I'd like to withdraw it, yeah.

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

A. Appalachian Energy, Inc.

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

FRANK HENDERSON

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Mr. Henderson, would you state the total depth of this well?

A. 1,960 feet.

Q. Estimated reserves?

A. 250 million cubic feet.

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

A. Yes.

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

A. Yes.

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

A. \$139,559. The completed costs of \$402,462.

Q. Do these costs anticipate a multiple completion?

A. Yes.

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

A. Yes.

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

A. Yes.

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

MARY QUILLEN: Any questions for this witness from the Board? Mr. Harris.

BILL HARRIS: Madam Chairman, I actually have one about the exhibit. If we could just back up. Exhibit B-3, it's the last page of the handout that you gave, I'm a little confused about leased and unleased there. I may just missing something.

JIM KAISER: Well, we're listing it in B-3 as unleased. If it's leased to someone other than us. So, it's unleased to us, but leased to someone else.

BILL HARRIS: But you have leased...showing in leased status though. So, is that---?

JUSTIN PHILLIPS: With asterisk there denoting that it's not---

JIM KAISER: With the asterisk.

JUSTIN PHILLIPS: ---leased to Appalachian Energy.

BILL HARRIS: Well, I see an asterisks but I don't see---

JUSTIN PHILLIPS: They failed to insert the notation it looks like there.

JIM KAISER: The gas is...the conventional gas is leased to Equitable and the CBM gas has been farmed out from Equitable. Well, I guess it's all leased by Equitable and the CBM has been farmed out to GeoMet. So, it's unleased to Appalachian Energy, but it's leased to Equitable whose farmee is GeoMet, if that makes sense.

KATIE DYE: You're stating that lease is like for the coalbed methane? Is that what we're understanding?

JIM KAISER: We're stating that we have to force pool that because it's unleased to us, that's why it's on B-3.

JUSTIN PHILLIPS: That's correct. If it would make you more comfortable, we can revise this Exhibit B-3 and resubmit it with the notation there at the bottom.

BILL HARRIS: It does need a notation because the numbers don't...they match, but they match...I mean, it says, "Leased" but then it says, "Percent unleased." It's the same percentage.

JUSTIN PHILLIPS: We'll resubmit that.

BILL HARRIS: Thank you.

MARY QUILLEN: Any additional questions for this witness from the Board?

(No audible response.)

MARY QUILLEN: Mr. Kaiser.

JIM KAISER: We would ask that the application be approved as submitted with the caveat that we will excise Exhibit E and revise Exhibit B-3.

MARY QUILLEN: Is there a motion?

DONNIE RATLIFF: Motion to approve, Madam Chairman.

MARY QUILLEN: Second.

BILL HARRIS: Second. That Motion is with the corrections stated.

MARY QUILLEN: Motion and second to approve with the revision of the B-3 with the notation explanation and with the deletion of Exhibit E because it is not necessary for this item. All those in favor, respond by saying yes.

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

MARY QUILLEN: Opposed, no.

KATIE DYE: No.

MARY QUILLEN: Motion carries. Okay, we will take a short break...ten minute break and then we will resume with item number fourteen.

(Break.)

MARY QUILLEN: Agenda item number fourteen, docket item VGOB-09-0421-2520. If you wish to speak to this item, please come forward.

JIM KAISER: Madam Chairman, Jim Kaiser, Justin Phillips and Frank Henderson for Appalachian Energy, Inc.

JUSTIN PHILLIPS

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Mr. Phillips, are you familiar with the

application that we filed seeking to pool any unleased interest in this unit, which was dated March the 20th, 2009?

A. Yes, I am.

Q. Does Appalachian Energy own drilling rights within this unit?

A. Yes, we do.

Q. Prior to the filing of the application, were attempts made to locate each of the unleased owners and an attempt to lease each of them?

A. Yes.

Q. And what is the interest under lease to Appalachian Energy in both the gas and coal estate in this unit?

A. 21.76% of the gas and the coal.

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

A. Yes, they are.

Q. And what percentage remains unleased in both the gas and coal estates?

A. 78.24%.

Q. And there are no unknown and unlocateables, is that correct?

A. There are no.

Q. And are you requesting the Board to force

pool all unleased interest as listed at Revised Exhibit B-3?

A. Yes.

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

A. Yes, I am.

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

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

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

A. Yes.

JIM KAISER: Madam Chairman, again, I'd ask that the...with you and Mr. Phillips' permission that the statutory election option testimony afforded any unleased parties at this time be incorporated?

MARY QUILLEN: Do you accept?

JUSTIN PHILLIPS: Yes, I do.

MARY QUILLEN: I have one comment. You have an Exhibit E, which is a another one of those that needs to be withdrawn from---

JIM KAISER: Yeah, we're going to excise that again.  
Withdrawn, yes, it does.

Q. Again, Mr. Phillips, there are no unknowns, there are no conflicting claims and we inadvertently filed an Exhibit E with the original application that needs to be excised, right?

A. That is all correct.

Q. Okay. Who should be named operator under the force pooling order?

A. Appalachian Energy, Inc.

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

MARY QUILLEN: Any questions for this witness from the Board?

BILL HARRIS: Madam Chairman, as a matter of correction, that item E that you all dropped out, the item B-3 has the asterisks in place without an explanation. So, if we could---

JUSTIN PHILLIPS: As in the last docket item, we'll revise those. Yes, sir.

BILL HARRIS: Thank you.

MARY QUILLEN: Any other questions for this witness?

(No audible response.)

MARY QUILLEN: Call your next witness, please.

FRANK HENDERSON

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Mr. Henderson, what's the total depth of this proposed well?

A. 1,958 feet.

Q. The estimated reserves?

A. 250 million cubic feet.

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

A. Yes.

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

A. Yes.

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

A. Dry hole costs \$154,507. Completed costs \$447,868.

Q. Do these costs anticipate a multiple completion?

A. Yes.

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

A. Yes.

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

A. Yes.

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

MARY QUILLEN: Any questions from the Board for this witness?

(No audible response.)

MARY QUILLEN: Call your next witness.

JIM KAISER: We'd ask that the application be approved with the excise of Exhibit E and the corrections to Exhibit B-3.

MARY QUILLEN: Okay, noted. Is there a motion to approve?

BRUCE PRATHER: Motion to approve.

MARY QUILLEN: A second?

BILL HARRIS: Second.

MARY QUILLEN: We have a motion and a second to approve. All of those in favor, respond by saying yes.

(All members signify by saying yes, except for Mary Quillen and Katie Dye.)

MARY QUILLEN: Opposed, no.

KATIE DYE: No.

MARY QUILLEN: Motion carries. You have approval.

JIM KAISER: Thank you.

MARY QUILLEN: Next agenda item, number fifteen, docket number VGOB-09-0421-2521. Anyone wishing to speak to this item, please come forward.

JIM KAISER: Madam Chairman, Jim Kaiser, Justin Phillips and Frank Henderson for Appalachian Energy, Inc.

JUSTIN PHILLIPS

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Mr. Phillips, you're aware...you're familiar with the application that we filed seeking to pool any unleased interest in this unit, which was filed originally March the 20th, 2009?

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 parties in the unit and an attempt made to work out a voluntary lease agreement with

each?

A. Yes, there were.

Q. Could you state for the Board the percentage that's under lease in both the gas and coal estate in this unit?

A. 39...excuse me, 39.85% of the gas and 32.21% of the coal.

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

A. Yes, they are. But I'll say that does need to be corrected.

Q. Yes. Because of the asterisks, we've got the same asterisk thing there, right?

A. The same thing with the asterisk.

Q. And so what percentage of the gas estate remains unleased?

A. 60.15% of the gas and 67.79% of the coal.

Q. And we do have one unknown and unlocateable in Tract 1, correct?

A. That is correct.

Q. And you did make an attempt...it's the same one we had in some of the other units?

A. Brenda Owens Brown. That is correct. Yes.

Q. So, are you requesting this Board to force

pool all unleased interest as listed at Revised 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.

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 you've testified to represent fair and reasonable compensation to be paid for drilling rights within this unit?

A. Yes, we do.

JIM KAISER: Madam Chairman, again, I'd ask that the statutory election option testimony be incorporated for purposes of this hearing?

MARY QUILLEN: Do you accept?

JUSTIN PHILLIPS: Yes, we do.

MARY QUILLEN: One additional thing, your Exhibit 3, you do need to make that notation, as well as the B-3.

Q. And as to Exhibit EE that we filed, that again needs to be refiled, corrected and it should just show escrow for the unknown interest in Tract 1, correct?

A. That is correct.

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

A. Appalachian Energy, Inc.

JIM KAISER: That's all I have for this witness at this time, Madam Chairman.

MARY QUILLEN: Any questions for this witness from the Board?

BILL HARRIS: Yes. Madam Chairman---?

MARY QUILLEN: Mr. Harris.

BILL HARRIS: ---did you say EE? Did you say EE? I thought you said EE.

JIM KAISER: Oh, I didn't mean to.

SHARON PIGEON: It sounded like EE.

BILL HARRIS: I was going to say we didn't have that. But I do have a question about Exhibit E, the new that was handed out, the last page.

JIM KAISER: Yeah, it's incorrect too.

BILL HARRIS: Oh, okay.

JIM KAISER: Yeah, we're going to file a revise on that shows just the Brenda Owens Brown. So, it will be just Tract 1.

BILL HARRIS: Well, actually, I have a question about her. Is that leased and should not be leased? Is that

what you're saying?

JIM KAISER: Yeah.

BILL HARRIS: The address is unknown. I was just kind of curious how you were able to lease.

JIM KAISER: Right. It would be kind of hard to lease if we didn't know where she was, wouldn't it?

BILL HARRIS: Yeah. That was the question. But, okay.

SHARON PIGEON: We were thinking that.

BILL HARRIS: So, that's going to be---.

JUSTIN PHILLIPS: We'll submit those corrected there.

BILL HARRIS: Okay.

JIM KAISER: We'll submit a corrected B-3 and a corrected E.

MARY QUILLEN: Any additional question for this witness from the Board?

(No audible response.)

MARY QUILLEN: Call your next witness.

FRANK HENDERSON

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Mr. Henderson, could you state the total

depth for this proposed well?

A. 1,944 feet.

Q. Estimated reserves?

A. 250 million cubic feet.

Q. Are you familiar with the AFE?

A. Yes.

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

A. Yes.

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

A. Dry hole \$149,143. Completed well costs \$424,278.

Q. And do these costs anticipate a multiple completion?

A. Yes.

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

A. Yes.

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

A. Yes.

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

MARY QUILLEN: Any questions for this witness from the Board?

(No audible response.)

JIM KAISER: We'd ask that the application be approved as submitted with the...again, with the corrections to B-3 and E.

MARY QUILLEN: Is there a motion to accept or to approve this with the revisions B-3 and revised E exhibit?

BILL HARRIS: So moved.

MARY QUILLEN: Second?

DONNIE RATLIFF: Second.

MARY QUILLEN: Motion and second. All in favor, respond by saying yes.

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

MARY QUILLEN: Opposed, no.

KATIE DYE: No.

MARY QUILLEN: Approval.

JIM KAISER: Madam Chairman, I have a request at this time, if I may. We have one more Appalachian Energy item. It is number twenty-seven on the docket. We have spoken with the folks that follow us. They were okay with

you moving it up if you see fit to it. Also, I have some housekeeping for you if you want that now.

SHARON PIGEON: What number was that?

MARY QUILLEN: Number twenty-seven. Okay, do you want to do your housekeeping first?

JIM KAISER: Yes. Item...this is representing... representation of Equitable, EQT Corporation. Item number twenty-eight, we'd ask that that item be withdrawn.

MARY QUILLEN: Item twenty-eight will be withdrawn.

JIM KAISER: We'd ask that item number thirty-nine be continued until September.

MARY QUILLEN: Thirty-nine continued until September. Granted.

BILL HARRIS: Can you call those item numbers?

MARY QUILLEN: I will as soon as I get all of his...I'll do each one.

JIM KAISER: That's all.

MARY QUILLEN: Oh, was that it? I'm sorry.

JIM KAISER: Yeah.

DAVID ASBURY: Madam Chairman, there are members of the public who are here about item twenty-eight. I'm not sure they heard that it was withdrawn.

MARY QUILLEN: It is withdrawn. Okay, item number twenty-eight has been withdrawn. That's docket number VGOB-

09-0616-2539. Item number thirty-nine continued until September docket. The docket number VGOB-09-0818-2582. We will go back to your request to move item twenty-seven up and we will hear that at this time, docket number VGOB-93-0216-0325-19. If you wish to speak to this item, please come forward.

JIM KAISER: Madam Chairman, Jim Kaiser, Justin Phillips and Frank...well, let's see, Jim Kaiser, Justin Phillips and Tom Blake on behalf of Appalachian Energy, Inc. We'd ask that Mr. Blake be sworn at this time.

(Tom Blake is duly sworn.)

JUSTIN PHILLIPS

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Mr. Phillips, we'll start with you just to sort of kind of get us back into the testimony mode. Would you state your name, who you're employed by and in what capacity?

A. Justin Phillips, Appalachian Energy, Land Manager.

Q. And your responsibilities include these units in which we are seeking permission to drill an additional...one additional well, an increased density well?

A. That is correct.

Q. And it would be your testimony that all oil, gas and coal owners as required by statute have been notified by certified mail return receipt requested?

A. Yes, they have.

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

MARY QUILLEN: Any questions for this witness from the Board?

BRUCE PRATHER: Madam Chairman.

MARY QUILLEN: Yes, sir.

BRUCE PRATHER: I've got a question about this. It says down here at the bottom of our paper here. It says, "The unit operator requests permission to drill one additional well in each of the forty-one units." I don't see forty-one units on this paper we've got.

JUSTIN PHILLIPS: I'm not following you, Mr. Prather.

BRUCE PRATHER: It's on our paper.

FRANK HENDERSON: It's on the application?

BILL HARRIS: We have a summary.

MARY QUILLEN: It's on the application.

FRANK HENDERSON: I think that's a typo. It should be eleven.

JUSTIN PHILLIPS: The ones we're seeking increased density are the ones there in blue.

BILL HARRIS: In blue?

FRANK HENDERSON: Yes, if you look at the color code.

JUSTIN PHILLIPS: And the ones there in the gold color have already been approved by the Board at previous dates.

JIM KAISER: Our application doesn't say forty-one, does it?

DAVID ASBURY: It's a typo.

BRUCE PRATHER: It's a typo on our---

JIM KAISER: Oh, it's a typo. Good. It makes me feel better.

JIM KAISER: Mr. Henderson will be our next witness. I'm sorry, Mr. Blake, will be our next witness.

TOM BLAKE

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Mr. Blake, if you'd state your name for the Board and how you're employed with Appalachian Energy and in what capacity?

A. Tom Blake and I'm a consultant for

Appalachian Energy.

Q. And you have on numerous occasions testified before the Board regarding increased density applications?

A. Yes.

Q. And could you briefly for the Board kind of go through why we want to continue to drill these one additional...these increased density wells, that being one additional well in each of these units that we're requesting here?

A. Yes. I didn't bring exhibits this time. I had done it the last couple of times that I've been here. I'll give you kind of an abbreviated version. When I was Vice President and General Manager of Equitable, one of the questions that we had was in Dickenson County, you had a 60 acre spacing for coal wells and in Buchanan you had 80. So, the question...this is back in the '90s. The question was what's the right spacing? Not that we didn't so much care if it was 60, 80, 40 or anything. So, what we did is we used the data that we had in Dickenson County and created a computer model. The computer model takes the data that you see and tries to turn it in to a geologic and reservoir mathematical representation of what you see in real life. The reason for it is you can take and then say what if so that you don't have to go out and do it physically. You do

it with a computer. So, we...you might remember seeing this exhibit. We modeled it and matched the production with in-house models. Then we said what if we were to drill more wells in each unit and we created this and the higher curve is four wells in a unit and the lower curve is two. Just to give you a couple of numbers, four wells a unit would get you 430 million per well and two wells in a unit would get you 550. So, you end up...the point was that some gas was going to be borrowed well to well, but the overall production is increased by doing so. So, then the question becomes what's the economic optimal solution for doing this. So, what we did is we took the models and we ran it through an economic model. Back then, we used a 225 price. Actually, that sort of gets realistic again.

FRANK HENDERSON: Unfortunately.

TOM BLAKE: Unfortunately. But what we were looking for was a peak in the present value because that's what's best for the operator. Really that's what's best for everybody. And it just happens that back in those days it was around 40 acres per well. So, we started doing increased density at that point. I should say that CNX has done these same kinds of things we see at work in practice. So, it's not that some gas isn't borrowed well from well, but the overall...the overall recovery is higher, which benefits the

land owner. It benefits the county. It benefits the operator. It benefits everything. That was brief. So, if you have any questions, I'd be happy---

MARY QUILLEN: I have just one thing. There's a little confusion on the wells. I'm looking at the application. Unless I'm overlooking something, I'm only counting ten and you said there's eleven. So, there's something---

JUSTIN PHILLIPS: There's eleven. I count eleven.

JIM KAISER: I'm only counting ten on the application. There's only ten on the application.

MARY QUILLEN: On the application and not on your map.

JUSTIN PHILLIPS: Oh, okay.

JIM KAISER: All right, E-38---

MARY QUILLEN: And that's why...if you would just call off those---

SHARON PIGEON: We need you to testify as to what unit---

MARY QUILLEN: Testify which units---

JIM KAISER: Yes. We'll have Mr. Phillips do that. Also, I want to ask him one other question to get on the record. I may have asked it previously. But I did ask you if all parties were notified, correct?

JUSTIN PHILLIPS: That is correct.

JIM KAISER: Including all coal owners?

JUSTIN PHILLIPS: All coal owners, yes.

JIM KAISER: And you have not received any objections?

JUSTIN PHILLIPS: We have not.

JIM KAISER: Okay. If you could then, identify the units that we are asking for an increased density well in.

JUSTIN PHILLIPS: Okay. Frank is welcome to inject if I miss one here. E-38, G-38, I-38---

MARY QUILLEN: Slowly so we can find these. They're not in the right order.

JUSTIN PHILLIPS: Okay. I'm going to start at the top right hand corner and go---

MARY QUILLEN: I'm looking at this. On this...on this---

JIM KAISER: I can already tell you...well, there's G-38.

BILL HARRIS: I think I-38 is not listed.

SHARON PIGEON: I-38.

MARY QUILLEN: I-38 is not listed on this.

JIM KAISER: I-38 is the one that's missing, yeah. All right, we'd ask that the application be...we'll submit...do we need to resubmit that page or just add it in

testimony?

SHARON PIGEON: You haven't noticed up I-38, have you?

JIM KAISER: I'm sure we have.

SHARON PIGEON: Do we have anything in here to support that?

(Jim Kaiser and Justin Phillips confer.)

SHARON PIGEON: I would recommend that you withdraw I-38 from this application since it's not noted on the application. We don't have any way to know that the individuals in that unit got noticed.

JUSTIN PHILLIPS: They're all on the notice list.

SHARON PIGEON: How do we know that?

MARY QUILLEN: We don't have that information. All we have is the list. We don't have the unit.

JIM KAISER: You don't have that information for any of these.

JUSTIN PHILLIPS: No. I mean, it's---

SHARON PIGEON: Well, what they got didn't have I-38 on it if they got this application. So, if they received this, how do they know?

JUSTIN PHILLIPS: Because they got this map.

SHARON PIGEON: I'm not sure this map---

JIM KAISER: This was attached to the application.

It would be our test...would it be your sworn testimony that each interest owner in I-38 received notice of this application?

JUSTIN PHILLIPS: Yes.

MARY QUILLEN: I don't...really don't feel comfortable doing that. If you want to withdraw I-38 from this application, then, you know, provide the supporting documentation when these people are noticed to us we can move forward with this one. Is that accepted?

JIM KAISER: If that's what you want to do. I mean, I don't think we have a choice.

FRANK HENDERSON: Could be approved based upon us providing that information that they were properly noticed?

SHARON PIGEON: It's not on the application. If they got all of this and got this---

FRANK HENDERSON: Okay.

SHARON PIGEON: ---and it doesn't say that's what you're doing, that doesn't mean anything I don't think to anyone. It wouldn't to me.

MARY QUILLEN: I would just feel more comfortable and I feel like---

JIM KAISER: Okay. That's fine.

MARY QUILLEN: ---that it would be, you know, in your better interest too that---

SHARON PIGEON: You proceed with these ten units.

MARY QUILLEN: ---you proceed with these ten that are on the application.

JIM KAISER: That's fine.

MARY QUILLEN: Are there any questions for this witness from the Board?

KATIE DYE: Madam Chairman, I have a question for Mr. Blake. You know, I see the Board...we do a lot of increased density. The concern that I would have here is for the counties that have a lot wells, you know, this is more surface destruction, this is more timber destroyed and, for example, if you already...let's just say for example that you have a well in one of these units and I have participated. Then when you come back for the second well, either I participate again or I am competing against myself. So, I'm not sure how my correlative rights would be protected there and I was just wondering if you can explain that.

JIM KAISER: Well, your correlative rights would be...the royalty owners are being protected because if we had to force pool the unit once, we have to force pool it again and they get a chance to elect the second time. If they don't like...if they elected to participate the first time and don't like the results, then they're protected because they won't participate the second time and conceivably not

get the return they wanted.

KATIE DYE: But if they don't participate the second time then they're essentially competing against their selves in the second well.

JIM KAISER: Well, that's their choice. They have a choice. I mean, they're not...it's not like they don't have a choice. I mean, if they like what they see in the first well, then they're probably going to participate in the second well. If they don't like what they see in the first well, then they won't participate in the second well. I mean, I don't know how you can get any more choice than that.

KATIE DYE: But still they're forced to compete against their self if they choose not to pay a second time.

JIM KAISER: How are they competing against themselves?

KATIE DYE: Well, you know, you've got another well producing out of that same reservoir of gas.

JIM KAISER: Well, they're still going to get royalty even if they don't---

KATIE DYE: They get a one-eighth royalty---

JIM KAISER: Yeah.

KATIE DYE: ---but they don't get like the full share if they had participated--.

JIM KAISER: But that's their choice.

KATIE DYE: ---whether they come in as a carried interest---

JIM KAISER: We're not making them do that either way. I don't know if you've got anything to add to that.

TOM BLAKE: Well, I mean, that's also a choice that all of the working interest owners to. The information that I'm giving you is based on models. I mean, there are times where you drill a well opposite from another well and the production in the first well goes up. So, I mean, I'm giving you...I'm giving you the technical---

KATIE DYE: So, they could come out better for a short period of time?

TOM BLAKE: I beg your pardon?

KATIE DYE: They could come out better for a short period of time on the first well?

TOM BLAKE: Well, they could come out better in the long run. I mean, it happens.

KATIE DYE: But, you know, with three...basically three dollar gas, you know, into just continuing increasing production and these people don't have a choice if it's produced at three dollars or fifteen dollars per mcf.

TOM BLAKE: And that's the difficulty in being a working interest owner, yes.

KATIE DYE: Well, that's just some points that I

wanted to make. You know, I think it's something that maybe the Board needs to think about.

MARY QUILLEN: Any additional questions for this witness from the Board?

(No audible response.)

MARY QUILLEN: Mr. Kaiser.

JIM KAISER: We'd ask that the application be approved with the...well, we're not really excising anything because it's not on there. We just ask that it be approved as submitted.

MARY QUILLEN: Do I hear a motion to approve?

DONNIE RATLIFF: Motion to approve, Ms. Chairman.

MARY QUILLEN: Second?

BILL HARRIS: I'll second.

MARY QUILLEN: We have a motion and a second to approve the application as presented. All those in favor, respond by saying yes.

(All members signify by saying yes, but Mary Quillen.)

MARY QUILLEN: Opposed, no.

(No audible response.)

MARY QUILLEN: Motion carries. You have approval.

FRANK HENDERSON: Thank you.

JUSTIN PHILLIPS: Thank you.

JIM KAISER: Madam Chairman, a little more housekeeping. Everybody is trying to help everybody here to keep it flowing.

SHARON PIGEON: You know, Jim, we can't trust you.

JIM KAISER: If you would...we're trying to help Range out. So, we would be...Equitable...now, I've got my Equitable hat on. We would be the next item, number sixteen. We would be all right we moving that to after item thirty-four, which would put it with the rest of ours and then that way Range can go and then CNX can go and then we'll finish up.

MARY QUILLEN: And then can continue...we will postpone that to come in between thirty-four and thirty-five, item sixteen, docket item...pardon me, docket number VGOB-05-0816-1492-02. So, the next item that we will present is item seventeen. This is Virginia...VGOB docket number 09-0721-2559, Range Resources-Pine Mountain, Inc.

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

(Phil Horn and Gus Jansen are duly sworn.)

MARY QUILLEN: Mr. Scott.

TIM SCOTT: Yes, ma'am.

MARY QUILLEN: You may proceed.

TIM SCOTT: Thank you.

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, 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.

Q. And are you familiar with this application?

A. Yes, I am.

Q. And what's the size of this unit?

A. 112.69 acres.

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

A. Yes, they do.

Q. Do we have any respondents listed on Exhibit B-3 who we wish to dismiss today?

A. Yes, we do.

Q. Just tell us who those are.

A. Fred Musick, Jr. and Allen Musick, Franklin Farmer and Karen Famer, Alma Pauline Butler and Ida Karen and Clarence Hughes.

Q. We've provided revised Exhibit B and B-3, is that correct?

A. That's correct.

Q. Okay. As to the remainder of the parties listed on Exhibit B-3, have you tried to reach a voluntary agreement with these persons?

A. Yes, we have.

Q. And what percentage of the unit does Range Resources-Pine Mountain now have under lease?

A. 99.88622094%.

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

A. By certified mail.

Q. By what other means?

A. Also by publication in the Bristol Herald Courier on August the 6th, 2009.

Q. Are there any unknown owners in this unit?

A. Yes, there are.

Q. And have you tried to reach these persons?

A. Yes, we have.

Q. What efforts did you make?

A. We've contacted some of the heirs that we do know about and this is an heirship tract that Equitable has encountered time and time again with their CBM wells. It's a

moving target. A lot of them passing away and moving away and this...to the best of our knowledge, this is the best we could do trying to locate them.

Q. A lot of times, Mr. Horn, isn't it true that affidavits are not recorded in the various cases for these people?

A. That's probably more common than...it happens more than it does not happen.

Q. Okay.

A. They usually don't leave a trail.

Q. So, you have to typically go outside the county to find these things, is that correct?

A. That's correct.

Q. Okay. Have you filed proofs of publication and proof of mailing with Mr. Asbury?

A. Yes.

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

A. Yes, we are.

Q. And we have a blanket bond on file, is that right?

A. That's correct.

Q. Now, if you were to reach an agreement with the parties who are listed on Exhibit B-3, what would be the

terms that you'd offer?

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

Q. And do you think this is reasonable compensation for a lease in this area?

A. Yes, I do.

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

A. .11377906%.

Q. And you did indicate earlier that we have some unknowns, is that right?

A. Yes, we do.

Q. And which tract does that effect?

A. Tract 3.

Q. And what would be the percentage that is subject to escrow?

A. .04620811%.

Q. Okay. Then you're requesting the Board to pool the unleased parties listed on Exhibit B-3, is that right?

A. Yes, we are.

Q. And you're requesting that Range Resources-Pine Mountain be named the operator?

A. Yes, we are.

Q. Now, if the Board grants our application today, what would...who should be listed as the person to receive correspondence regarding any proposed order?

A. It would be Phil Horn at Range Resources-Pine Mountain, Inc., P. O. Box 2136, Abingdon, Virginia 24212.

Q. And that would be the address for all communications?

A. That's correct.

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

MARY QUILLEN: Mr. Scott, I have one question for Mr. Horn.

TIM SCOTT: Yes, ma'am.

MARY QUILLEN: The unleased, which you repeat that figure again, please.

PHIL HORN: .11377906%. Is that not what we have on our revised exhibits?

MARY QUILLEN: Unh-huh.

BILL HARRIS: I think that's the acreage.

PHIL HORN: Oh. Tim, I don't have a copy. Yeah, that's correct.

BILL HARRIS: Yeah, we have that number for the acreage.

TIM SCOTT: That's the percentage unleased.

PHIL HORN: Percentage is what we have.

TIM SCOTT: The .1137.

BILL HARRIS: Interest...oh, I'm sorry. I  
misnumbered...mislabeled.

MARY QUILLEN: Okay, thank you.

PHIL HORN: Yes, ma'am.

MARY QUILLEN: Any other questions for this witness  
from the Board?

(No audible response.)

MARY QUILLEN: Call your next witness.

TIM SCOTT: Thank you.

GUS JANSEN

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

DIRECT EXAMINATION

QUESTIONS BY MR. SCOTT:

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

A. Gus Jansen, 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 are you familiar with the total depth of this proposed well?

A. Yes, I am. The proposed depth is 5,878 feet.

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

A. 350 million cubic feet.

Q. And are you also familiar with the proposed well costs since you prepared the...assisted in preparing the AFE, is that correct?

A. Yes.

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

A. \$285,776.

Q. And the well cost?

A. Completed well cost is \$523,456.

Q. Do you think this is a reasonable amount for the development of this unit?

A. Yes, I do.

Q. And does this AFE include a reasonable charge for supervision?

A. Yes.

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

A. Yes, I do.

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

MARY QUILLEN: Are there any questions from the Board for this witness?

(No audible response.)

MARY QUILLEN: You may continue.

TIM SCOTT: That's all I have at this point.

MARY QUILLEN: Is there a motion to approve this application?

KATIE DYE: Motion to approve.

MARY QUILLEN: Second?

BILL HARRIS: Second.

MARY QUILLEN: All of those in favor, respond by saying yes.

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

MARY QUILLEN: Opposed, no.

DONNIE RATLIFF: I abstain, Madam Chairman.

MARY QUILLEN: Motion is approved with one abstention, Mr. Ratliff.

TIM SCOTT: Thank you.

MARY QUILLEN: The next item agenda eighteen, docket number VGOB-09-0721-2560. If you wish to speak to this item, please come forward.

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

MARY QUILLEN: Mr. Scott,---.

TIM SCOTT: Thank you.

MARY QUILLEN: ---call your first witness.

TIM SCOTT: Madam Chairman, I would ask that Mr. Jansen and Mr. Horn's testimony regarding their job title and their job description be incorporated by reference from the last hearing, please.

MARY QUILLEN: It will be incorporated.

TIM SCOTT: Thank you.

PHIL HORN

DIRECT EXAMINATION

QUESTIONS BY MR. SCOTT:

Q. Mr. Horn, are you familiar with this application?

A. Yes, I am.

Q. And what's the size of this unit?

A. 112.69 acres.

Q. And Range Resources-Pine Mountain has rights in this unit, is that correct?

A. That's correct.

Q. Are there any parties listed on Exhibit B-3

that we're going to dismiss today?

A. No, there are not.

Q. Now, we have provided the Board with a couple of revised exhibits. Can you please tell the Board what those are?

A. A revised plat where we inadvertently did not number the tracts. We went ahead and numbered those tracts. We have a revised Exhibit B where we need to add Tracts 3 and 4 for escrow.

Q. Okay. Thank you. We have sort of an unusual situation here, don't we, Mr. Horn, as far as the parties that are unleased, is that correct?

A. Yes, we do.

Q. Can you please explain to the Board what's going on with this particular application?

A. Well, first of all, there's an overlap of Standard Banner's coal, oil and gas tracts with the J. M. Rasnake and Maggie Rasnake Heirs' 10 acre oil and gas tract. That's one tract. Both parties have a deed for it. The surveyors, based upon the deed descriptions, cannot determine who the proper owner is. In addition, Equitable has encountered this same tract with two CBM wells during 2006 and they handle it the same way. But I went ahead and got our surveyors to look at it again more closely because...to

see if that's the case. Then the second little sliver down at the bottom is a tract...part of the 10 acres that is not in dispute that's owned by these unknown Rasnake Heirs.

Q. But we've included that in our Exhibit E, is that correct?

A. That's correct. Both tracts.

Q. Okay. So, you've attempted...you've got some unknowns, is that right?

A. That's correct.

Q. You've attempted to find these folks, is that right?

A. Yes. Equitable in 2006 tried to find them and then we went ahead and double checked and we couldn't find them. Like we stated earlier, these people they sold this surface. They did not own the coal and they reserved oil and gas rights and then they moved away and we don't...we hadn't been able to find them.

Q. If Standard Banner is the owner, what would be the percentage of the unit that's under lease?

A. 99.97%.

Q. And what about if the Rasnake Heirs are determined to be the owners?

A. 99.09%.

Q. So, we've...again, we've accounted for that

in our Exhibit E, is that correct?

A. That's correct.

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

A. Certified mail.

Q. And how else?

A. By...published also in the Dickenson Star on July the 1st, 2009.

Q. Have you provided proof of publication and proof of mailing to Mr. Asbury?

A. Yes, we have.

Q. And, again, you've testified earlier that Range Resources is authorized to conduct business in the Commonwealth?

A. That's correct.

Q. We have a blanket bond on file, is that right?

A. That's correct.

Q. And, again, what would be the lease terms you would offer if you could reach an agreement with those parties listed on Exhibit B-3?

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

Q. And, again, is it your testimony that this

is a reasonable compensation for a lease in this area?

A. Yes, it is.

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

A. .91%.

Q. And, again, we've already indicated we've got an escrow requirement, is that right?

A. That's correct. It's also .91%.

Q. And we've provided an Exhibit E, which reflects that, is that right?

A. That's correct.

Q. Are you also asking that Range Resources-Pine Mountain be listed as the operator?

A. Yes, we are.

Q. And if elections are made, where should correspondence be sent?

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

Q. Again, would that be all correspondence?

A. Yes, it would.

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

MARY QUILLEN: Any questions for this witness from the Board?

SHARON PIGEON: Tim,---.

TIM SCOTT: Yes, ma'am.

SHARON PIGEON: ---in the past when we've had a situation where it's possible two different percentages I think we've always needed to go with the smaller one. The worst case scenario in effect. So---.

TIM SCOTT: Okay.

SHARON PIGEON: ---in that case, you would be wanting a higher figure. You're showing a higher figure as unleased, I think. Correct?

TIM SCOTT: I think what we did...yeah, we've---.

SHARON PIGEON: If you went with the worst case scenario.

TIM SCOTT: It would be the .91. That should be the revised Exhibit E.

SHARON PIGEON: Okay.

(Board members confer.)

SHARON PIGEON: Thank you.

MARY QUILLEN: Any other questions from the Board for this witness?

(No audible response.)

MARY QUILLEN: Okay, you may call your next witness.

TIM SCOTT: Thank you.

GUS JANSEN

DIRECT EXAMINATION

QUESTIONS BY MR. SCOTT:

Q. Mr. Jansen, are you familiar with this application?

A. Yes, I am.

Q. And what is the proposed total depth for this well?

A. 5,559 feet.

Q. And what are the estimated reserves?

A. 300 million cubic feet of gas.

Q. I guess, you did assist in the preparation of the AFE, is that right?

A. That's correct.

Q. So, you're familiar with the well costs?

A. Correct.

Q. What's the estimated dry hole costs?

A. \$261,358.

Q. And the completed well costs?

A. \$498,514.

Q. And you also...as I said earlier...ask you earlier, you did participate in the preparation of this AFE, is that correct?

A. Yes, I did.

Q. Do you consider this cost to be reasonable

for the development of this unit?

A. Yes.

Q. And does the AFE include a reasonable charge for supervision?

A. Yes, it does.

Q. And if the application is granted, it would be in the best interest of conservation, the prevention of waste and protection of correlative rights, is that right?

A. Yes, it would.

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

MARY QUILLEN: Any questions for this witness from the Board?

(No audible response.)

MARY QUILLEN: Do you have anything additional?

TIM SCOTT: That's all I have, Ms. Quillen.

MARY QUILLEN: Is there a motion to approve this application?

DAVID ASBURY: Madam Chairman, a question, please.

MARY QUILLEN: Yes, sir.

DAVID ASBURY: I'd like the record to reflect that we did pass out this letter from Mr. Johnson that was received by the Division stating their objections. Mr. Scott has a letter of that...or a copy of the letter of July 20, 2009, please.

MARY QUILLEN: That will be noted in the record.

DAVID ASBURY: Thank you.

SHARON PIGEON: And that's on behalf of---?

TIM SCOTT: Standard Banner.

DAVID ASBURY: Standard Banner Coal Corporation.

Yes, ma'am.

BRUCE PRATHER: The well is not on their acreage, is it?

GUS JANSEN: Yes.

BRUCE PRATHER: Is it on their acreage?

TIM SCOTT: Yes, it is.

PHIL HORN: Yes.

BRUCE PRATHER: Okay.

MARY QUILLEN: Any additional questions?

(No audible response.)

MARY QUILLEN: Is there a motion to approve this application?

BILL HARRIS: I do have a question about the letter. Do we not make reference to it? I mean, I know we make reference to it. But do we need to take any action on that. I mean---.

TIM SCOTT: Mr. Horn can address the issues in the letter if you'd like for him too.

BILL HARRIS: I'm sorry?

TIM SCOTT: Mr. Horn can address the issues in the letter if you'd like for him too.

BILL HARRIS: Can we do that before we have a motion?

MARY QUILLEN: Okay. I withdraw my call for a motion. We have a question for Mr. Horn regarding the letter from Donald R. Johnson on behalf of Standard Banner Coal Corporation.

PHIL HORN: Standard Banner Coal Company approximately 5747 acres has been under lease to Clinchfield Coal Company during 1948...from 1948 until 1972. From 1972 until 2007 it was under lease by Equitable Production Company. Then in---

SHARON PIGEON: What were the dates on that second one to Equitable? What were the---?

PHIL HORN: Equitable from '72 until 2007. Then in 2007, now, it's under lease 50% by Equitable and 50% by Pine Mountain...I mean, by Range Resources when we actually bought into the Nora deal with Equitable. We're contract operator under that 1948 lease. They have been asking us to provide them with evidence that we had the right to drill on their property and we've provided them with the evidence. But apparently we hadn't satisfied him. So---

TIM SCOTT: He has received letters, is that

correct?

PHIL HORN: Yes, he has.

TIM SCOTT: Copies of all of the correspondence?

PHIL HORN: This has been going on for months.

TIM SCOTT: Copies of all of the documents that have been recorded, some documents portions that unrecorded, is that correct?

PHIL HORN: That's correct.

TIM SCOTT: So, we've made a prima facie showing that we have the right to be on this particular unit and drill this well in spite of Mr. Johnson's objection. He's just not listening for some reason.

MARY QUILLEN: Are there any additional questions for this witness?

(No audible response.)

MARY QUILLEN: We'll go back to, is there a motion to approve this application?

BRUCE PRATHER: I'll make the motion to approve.

MARY QUILLEN: Second?

BILL HARRIS: Second.

MARY QUILLEN: There is a motion and a second to approve this application. All those in favor, please respond by saying yes.

(All members signify by saying yes, but Mary

Quillen and Donnie Ratliff.)

MARY QUILLEN: Those opposed, no?

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

MARY QUILLEN: Okay. You have approval with one abstention from Mr. Rasnake.

TIM SCOTT: Thank you.

BILL HARRIS: Ratliff.

MARY QUILLEN: Oh, Ratliff. I apologize. I am so sorry, Don.

BILL HARRIS: I think we knew. But I just thought for the record.

SHARON PIGEON: Are you in zone?

MARY QUILLEN: Mr. Ratliff, I apologize.

DONNIE RATLIFF: Yes, ma'am.

MARY QUILLEN: I called you Rasnake. I meant Ratliff.

DONNIE RATLIFF: Well, that's a compliment.

(Laughs.)

MARY QUILLEN: I apologize. I was concentrating that you abstained. I sincerely apologize.

DONNIE RATLIFF: That's one of the more kinder things that I've been called.

(Laughs.)

MARY QUILLEN: The next item is item number

nineteen, docket number VGOB-09-0721-2562. Those wishing to speak to this item, please come forward and be sworn.

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

MARY QUILLEN: Okay. You can call your first witness, please.

TIM SCOTT: Thank you, ma'am. I'd ask again that the testimony regarding Mr. Horn and Mr. Jansen's occupation and their job description be incorporated by reference.

MARY QUILLEN: Those will be incorporated.

TIM SCOTT: Thank you.

PHIL HORN

DIRECT EXAMINATION

QUESTIONS BY MR. SCOTT:

Q. Mr. Horn, are you familiar with this application?

A. Yes, I am.

Q. And what size is this particular unit?

A. 320 acre horizontal unit.

Q. And this was previously approved by the Board, is that right?

A. Yes, it was.

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

A. Yes, we do.

Q. Are there any respondents that we're going to dismiss today?

A. No, they're not.

Q. And those parties listed on Exhibit B-3 have you tried to reach an agreement with those folks?

A. Yes, we have. Once, again, this is a very large heirship. Our partner Equitable Production Company has encountered this well with three previous CBM units that's taken in this tract and in 2008 we drilled a conventional well that took in this tract. At that time, we found about a half dozen of the owners and did buy some leases last year. But we haven't had any success this go around.

Q. But you've got most of them under lease, is that right?

A. Yes.

Q. Okay. A significant portion of it. What's the percentage that you do have under lease?

A. 99.82896513%.

Q. And how was notice of this hearing provided to the parties listed in this application?

A. By certified mail and also by publication in the Dickenson Star on July 1, 2009.

Q. Do we have unknowns in this unit?

A. Yes, we do.

Q. And how have you tried to locate these individuals?

A. We...like I said, we ran them down last year and we made another run. Like I said before, it's a moving target with people passing away and moving and not leaving a record of where...in Dickenson County of who owns what.

Q. Okay. Have we filed proofs of publication and mail certification with Mr. Asbury?

A. Yes, you have.

Q. And, again, is Range Resources-Pine Mountain authorized to conduct business in the Commonwealth?

A. Yes, we are.

Q. Have a blanket bond on file?

A. That's correct.

Q. If you were going to reach an agreement with these individuals, what kind of terms would you offer to them?

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

Q. Is this reasonable for this area?

A. Yes, it is.

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

A. .17103487%.

Q. And, again, we have an escrow requirement, is that right?

A. Yes, we do.

Q. We've submitted an Exhibit E?

A. Yes, we did.

Q. And what tract or tracts are subjected to escrow?

A. Tract 9.

Q. And what's the percentage?

A. .12494409%.

Q. Are you asking that Range Resources-Pine Mountain be named operator of this unit?

A. Yes.

Q. And we have...if the Board approves our application today and an order is sent out to these parties, what would be the address to respond concerning any elections?

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

Q. And, again, would that be all...the address

for all communications?

A. Yes, it would.

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

MARY QUILLEN: Oh.

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

MARY QUILLEN: Okay. Any questions for this witness from the Board?

KATIE DYE: Yes, Madam Chairman, I have a question.

MARY QUILLEN: Mrs. Dye.

KATIE DYE: I note in your application under cost in production and also on your total depth there's a discrepancy between your AFE and what you've stated in your application.

PHIL HORN: Mr. Jansen can address this when they get to it.

KATIE DYE: I'm sorry.

PHIL HORN: That's quite all right.

KATIE DYE: I forget.

PHIL HORN: Yes, ma'am.

MARY QUILLEN: Any other questions?

(No audible response.)

MARY QUILLEN: You may call your next witness.

GUS JANSEN

DIRECT EXAMINATION

QUESTIONS BY MR. SCOTT:

Q. Okay, Mr. Jansen, would you please address Ms. Dye's question.

A. Yes, the total depth was revised on this well because we've changed the target formation that we were going to attempt to drill with this horizontal well. The new proposed depth is 9,017 feet, which should correspond with the current AFE and the revised documents.

Q. What are the estimated reserves for this unit?

A. 1 bcf.

Q. And what about the dry hole costs?

A. Dry hole costs are \$780,059.

Q. And what about the estimated completed well costs?

A. \$1,467,910.

Q. And this is a 320 acre unit, is that right?

A. That's correct.

Q. Do you consider that to be a reasonable cost for the development of this unit?

A. Yes.

Q. And you did participate in the preparation of this AFE, is that correct?

A. That is correct.

Q. And is there a reasonable charge for supervision listed on the AFE?

A. Yes.

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

A. That's correct.

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

MARY QUILLEN: Are there any questions for this witness from the Board? Mr. Harris.

BILL HARRIS: Well, I'm just...well, I'm not sure if I have one or not. But I'm looking at the well plat. Is this well located on that plat. I don't see it. I may have missed it.

PHIL HORN: No, it is not. We're force pooling the unit. We didn't---

BILL HARRIS: So, you haven't selected---

PHIL HORN: We don't have a spot yet for the well.

BILL HARRIS: Okay. Are you going to find one?

PHIL HORN: Yes, sir.

BILL HARRIS: You know---

PHIL HORN: Eventually.

BILL HARRIS: There's just wells all over this thing. I know that there are some minimum spacing there.

PHIL HORN: Yes.

BILL HARRIS: But you're confident that you'll be able to find---?

PHIL HORN: Yes, we've already picked a spot on our maps. We just hadn't physically picked it on the ground yet.

BRUCE PRATHER: It will fit the conformity of that plat?

PHIL HORN: Yes, sir. It will be down in the southeast corner somewhere.

BRUCE PRATHER: In other words, the later won't be over on another unit? It will fit---.

PHIL HORN: No, sir, it will be in the southeast corner and we'll stay inside the interior window of our lateral.

BRUCE PRATHER: Okay.

MARY QUILLEN: Any other questions for this witness from the Board?

(No audible response.)

MARY QUILLEN: You may continue, Mr. Scott.

TIM SCOTT: That's all. Let's see...Mr. Jansen, that's all I have for him today. That's it.

MARY QUILLEN: Okay. Do I hear a motion for approval?

BRUCE PRATHER: Motion to approve, Madam Chairman.

MARY QUILLEN: Second?

BILL HARRIS: Second.

MARY QUILLEN: Those in favor respond by saying yes.

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

MARY QUILLEN: Opposed, no.

DONNIE RATLIFF: I abstain, Madam Chairman.

MARY QUILLEN: You have approval with one abstention, Mr. Ratliff.

TIM SCOTT: Mr. Rasnake.

SHARON PIGEON: And just to clarify, based on the testimony, the application figures were amended for the depth and the cost---?

TIM SCOTT: Yes, ma'am.

SHARON PIGEON: ---and that was accurately set out in the AFE?

TIM SCOTT: That's correct, isn't it, Mr. Jansen?

GUS JANSEN: That's correct.

SHARON PIGEON: That's what he testified to, but I wanted to make sure we had nice and loud version of that.

TIM SCOTT: Yes, ma'am.

SHARON PIGEON: Thank you.

TIM SCOTT: That's correct.

MARY QUILLEN: Our next item is item number twenty,

VGOB-09-0721-2564. Those wishing to speak to this item, please come forward and be sworn.

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

MARY QUILLEN: Just a note of interest. After we complete this agenda, we will be breaking for lunch. We will be back on the record at 1:00 o'clock. Mr. Scott, you may call your first witness.

TIM SCOTT: Yes, ma'am. Again, I'd ask that the testimony regarding Mr. Horn and Mr. Jansen's occupation and their job description be incorporated by reference.

MARY QUILLEN: That will be incorporated.

TIM SCOTT: Thank you.

PHIL HORN

DIRECT EXAMINATION

QUESTIONS BY MR. SCOTT:

Q. Mr. Horn, are you familiar with this application?

A. Yes, I am.

Q. And how many acres do we have in this unit?

A. It's a 320 acre horizontal unit.

Q. This was established by the Board, is that correct?

A. That's correct.

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

A. Yes, we do.

Q. Now, with regard to the parties listed on Exhibit B-3, are we going to dismiss anybody today?

A. Yes, we are.

Q. Would you please tell us who those people are?

A. Billy Gene and Nancy Thomas, Gary Dean and Carolyn Thomas, Carol S. Robinson and Ruby Maseer.

Q. And as a result, we've provided revised Exhibits B and B-3, is that correct?

A. That's correct.

Q. Okay. Now, as to the remainder of the parties listed on B-3, have you tried to reach agreements with those individuals?

A. Yes, we have.

Q. And as a result of your leasing efforts, what does Range Resources-Pine Mountain now have under lease?

A. We currently have 98.49166667%.

Q. And as to notice of this hearing, how was that effected?

A. By certified mail and also publication in

the Dickenson Star on July the 1st, 2009.

Q. And those proofs have been provided to Mr. Asbury, is that right?

A. Yes, they have.

Q. Now, do we have any unknown owners in this unit?

A. Yes, we do.

Q. Have you tried to locate these persons?

A. The same way we have in the past. This is a little bit different situation. If you look on the plat, you can see that there's a number of small tracts in the southwestern part. Highway 83 went through there back in the '70s and took out a lot of those lots. But it's our opinion that these people still own the oil and gas. So, once again, a lot of these people have disappeared and moved away from here. But we did find several of them.

Q. With regard to these individuals, again, you've had some work done as far as title work, is that right?

A. Checked all the title. We checked the Courthouse records to see if they still have property in Dickenson County, Heirship Affidavits and Wills. We spoke with people on the grounds.

Q. Okay.

A. There are some people that still live in this area, but they just don't leave on these lots.

Q. Okay. Now, Range Resources-Pine Mountain is authorized to conduct business in the Commonwealth?

A. Yes, we are.

Q. We have blanket bond on file?

A. That's correct.

Q. Now, if you were to reach an agreement with these parties listed on Exhibit B-3, what would the lease terms be?

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

Q. And, again, based on your leasing efforts, what percentage are you seeking to pool today?

A. 1.50833333%.

Q. Okay. And you've indicated we have some unknowns, is that right?

A. Yes, we do.

Q. So, we have an escrow requirement?

A. That's correct.

Q. Has that Exhibit E been provided to the Board?

A. Yes, it has.

Q. And what tracts are affected or subjected to

escrow?

A. 12, 14, 16, 18 and 20.

Q. And what's the percentage of the unit subjected to escrow?

A. .05%...805%.

Q. And you're asking the Board to pool those parties that are listed on Exhibit B-3, right?

A. Yes, we are.

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

A. Yes, we are.

Q. And if we would have...if the Board would grant our application and an order would be entered and sent to these parties, where should elections be made?

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

Q. This is for all correspondence regarding this unit?

A. That's correct.

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

MARY QUILLEN: Any questions for Mr. Horn from the Board?

(No audible response.)

MARY QUILLEN: You may call your next witness.

TIM SCOTT: Thank you, ma'am.

GUS JANSEN

DIRECT EXAMINATION

QUESTIONS BY MR. SCOTT:

Q. Mr. Jansen, are you familiar with this application?

A. Yes, I am.

Q. What's the proposed well depth?

A. 8,785 feet.

Q. And the estimated reserves for this unit?

A. 1 bcf.

Q. Are you familiar with the well costs?

A. Yes.

Q. Did you participate in the preparation of the AFE?

A. Yes, I did.

Q. What's the estimated dry hole costs for this unit?

A. \$733,450.

Q. And the estimated well costs...completed well costs?

A. \$1,399,529.

Q. And do you...is it your testimony this will be a reasonable cost to develop this unit?

A. Yes, it will.

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

A. Yes, it does.

Q. And, again, you had indicated earlier that you did assist in the preparation of this AFE, is that right?

A. Yes, I did.

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

A. Yes, it will.

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

MARY QUILLEN: Any questions from the Board for Mr. Jansen?

(No audible response.)

MARY QUILLEN: You may proceed.

TIM SCOTT: That's all I have, Ms. Quillen.

MARY QUILLEN: Do I hear a motion for approval?

BILL HARRIS: Motion for approval.

MARY QUILLEN: Second?

KATIE DYE: Second.

MARY QUILLEN: We have a motion and a second. All

of those in favor, respond by saying yes.

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

MARY QUILLEN: Opposed, no.

DONNIE RATLIFF: I abstain, Madam Chairman.

MARY QUILLEN: You have approval with one abstention, Mr. Rasnake...I mean, Ratliff.

(Laughs.)

(Off record discussion.)

MARY QUILLEN: We will break for lunch and return at 1:00.

(Lunch.)

MARY QUILLEN: We are back on the record. Our next item on the agenda is item number twenty-one, docket number VGOB-09-0721-2565. All of those wishing to speak to this item, please come forward and be sworn.

TIM SCOTT: Tim Scott, Gus Jansen and Phil Horn for Range Resources-Pine Mountain, Inc. Ms. Quillen, these are 320 acre units, this unit and the next one---

MARY QUILLEN: Yes.

TIM SCOTT: ---they're actually within that same unit. Can we consolidate those two to be heard at the same time, which is---

MARY QUILLEN: Certainly. It is requested that we

combine twenty-one and twenty-two. Twenty-two is docket number VGOB-09-0721-2567. You may call your first witness.

TIM SCOTT: Ms. Quillen, I'd like the testimony regarding Mr. Horn's and Mr. Jansen's employment and their job description be incorporated by reference, please.

MARY QUILLEN: That will be incorporated.

TIM SCOTT: Thank you.

PHIL HORN

DIRECT EXAMINATION

QUESTIONS BY MR. SCOTT:

Q. Mr. Horn, are you familiar with these applications?

A. Yes, I am.

Q. And what's the size of the unit here?

A. It's a 320 acre horizontal unit.

Q. And that's been established by the Board, is that correct?

A. That's correct.

Q. Are there any respondents that we're going to dismiss today?

A. No, they're not.

Q. What...as far as these parties listed on Exhibit B-3, have you attempted to reach a voluntary

agreement with these individuals?

A. Yes, we have.

Q. And what percentage do we now have under lease?

A. 99.08%.

Q. Now, how was notice of this hearing provided to the parties listed in the application?

A. It was by certified mail and also publication in the Dickenson Star on July the 1st, 2009.

Q. Okay. We don't have any unknown, is that right?

A. No, we do not.

Q. So, we don't have an escrow requirement?

A. That's correct.

Q. Have we filed proofs of publication and mail certifications for both of these units in both of these wells?

A. Yes, we have.

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

A. Yes, we are.

Q. And a blanket bond is on file?

A. That's correct.

Q. What would be the lease terms you would

provide if you could reach a voluntary agreement with the parties listed on Exhibit B-3?

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

Q. Do you consider this to be reasonable compensation for a lease in this area?

A. Yes, I do.

Q. What percentage of the oil and gas estate does Range Resources seeking to pool?

A. .92%.

Q. And are you requesting the Board to pool these unleased parties?

A. Yes, we are.

Q. Are you also asking that Range Resources-Pine Mountain be designated as the operator of this unit?

A. That's correct.

Q. Now, if our application are granted, what would be the address used for any correspondence regarding elections made under the order?

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

Q. Would that be the address for all correspondence?

A. Yes, it would.

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

MARY QUILLEN: Are there any questions for Mr. Horn from members of the Board?

BRUCE PRATHER: Madam Chairman, I have a question.

MARY QUILLEN: Mr. Prather.

BRUCE PRATHER: You're wanting to drill two wells on this unit. This isn't going to be a deal where one of the wells...I mean, both of the wells will be a unit, but one of them will be on another...the lateral will be on a unit adjacent to it?

PHIL HORN: No, sir.

BRUCE PRATHER: Both of these laterals will be contained within this 320 acre tract?

PHIL HORN: Yes, sir.

BRUCE PRATHER: Okay.

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

MARY QUILLEN: Are there any questions...additional questions for Mr. Horn from the Board?

(No audible response.)

MARY QUILLEN: You may call your next witness.

TIM SCOTT: Thank you.

GUS JANSEN

DIRECT EXAMINATION

QUESTIONS BY MR. SCOTT:

Q. Mr. Jansen, we've got the two wells here, right?

A. Correct.

Q. And we'll discuss VH-530181 first. What is the proposed depth of this well?

A. 9,492 feet.

Q. And what are the estimated reserves?

A. 1 bcf.

Q. Are you also familiar with the well costs?

A. Yes, I am.

Q. You did participate in the preparation of the AFE, is that right?

A. Yes, I did.

Q. What's the estimated dry hole costs for this well?

A. \$712,592.

Q. And the completed well costs?

A. \$1,388,064.

Q. And, again, you did participate in the preparation of this AFE, is that right?

A. Yes, I did.

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

A. Yes, it does.

Q. Now, as to VH-530095, what's the proposed depth of that well?

A. 8,300 feet.

Q. And the estimated reserves?

A. 1 bcf.

Q. And are you also familiar with the well costs for this well?

A. Yes, I am.

Q. Did you also participate in the preparation of the AFE?

A. Yes.

Q. What's the estimated dry hole costs for this well?

A. \$1,240,590.

Q. And the estimated completed well costs?

A. \$2,084,349.

Q. Does this also...does this AFE also include a reasonable charge for supervision?

A. Yes, it does.

Q. In your opinion, did the well costs that are reflected on these AFEs are they reasonable costs for the development of this unit?

A. Yes.

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

A. Yes, it would.

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

MARY QUILLEN: Are there any questions for Mr. Jansen by any of the Board members?

BILL HARRIS: Let me ask a question.

MARY QUILLEN: Mr. Harris.

BILL HARRIS: This may be for either of you all. There are two horizontal wells in this unit. I'm sorry, there are two different petitions, but it's the same plat.

TIM SCOTT: Yes.

BILL HARRIS: And each is for a different well. Now, have we done that?

GUS JANSEN: Part of what we proposed on the horizontal drilling, if you will recall, is that we do multiple wells in each unit. That's part of what we proposed to do is multiple---

BILL HARRIS: I don't recollect that. But, I mean, I believe you.

GUS JANSEN: It's one of the advantages of building a larger unit and using the same pad to drill multiple wells off that same pad.

BILL HARRIS: Yeah, I knew about the same pad. I guess in my mind I was thinking that the next unit over that, you know, the pad would be used for maybe two or three.

PHIL HORN: We've done that also.

GUS JANSEN: Right. That's---

BILL HARRIS: I knew that. I have seen that. Okay...okay, that's good. Thank you.

BRUCE PRATHER: As long as those laterals are within that unit, that's---

BILL HARRIS: Well, I guess so. I just wondered...well, I don't know what I wondered. Okay, thank you.

MARY QUILLEN: I have just one comment, I guess, that by using the same pad you are...you have less surface disturbance in that unit by drilling from the same pad the same as when you were doing it in two units that you have less surface disturbance, is that correct?

GUS JANSEN: Correct. Yeah, using a single pad for multiple laterals does help to reduce the amount of environmental disturbance, yes.

BRUCE PRATHER: There isn't another well on this pad is there? Is there a conventional or horizontal coalbed methane well on the pad that you're going to be drilling these from?

GUS JANSEN: There's a coalbed well near this... fairly close to this. There's also a conventional well very close to this pad also.

BRUCE PRATHER: I know one of my...one of my pet peeves on these things is I don't see how an operator can afford to drill these horizontal wells and not use these vertical formations that are up hole as kind of hedge against your results. So, I think...it's just me, I think these things ought to be drilled their own pad so to speak and not...I mean, coalbed methane wells don't bother me, but the conventional would. In other words, I would like if I was drilling these things, I would like to have a situation where if it didn't work out in the horizontal I'd have something to fall back on by putting it---

GUS JANSEN: And that is...that is a case that we have considered. In this early stages of development, we're trying to target areas that we think are going to be the most productive at this point. Where we have data from those vertical wells and we have control to do this project at this point without going to that---

BRUCE PRATHER: Okay.

GUS JANSEN: ---without going to that additional expense of drilling...they're test holes out in front of us to develop that horizontal formation.

BRUCE PRATHER: Okay.

DAVID ASBURY: Madam Chairman, I have a question.

MARY QUILLEN: Yes, Mr. Asbury.

DAVID ASBURY: Both of these are Lower Huron in the formation---?

GUS JANSEN: That's correct.

DAVID ASBURY: ---and only a single formation---?

GUS JANSEN: Correct.

DAVID ASBURY: ---at this time?

GUS JANSEN: Yes.

DAVID ASBURY: Okay. Thank you.

MARY QUILLEN: Are there any additional questions from the Board for Mr. Jansen?

KATIE DYE: Yes, Madam Chairman, I have a question.

MARY QUILLEN: Mrs. Dye.

KATIE DYE: I was just wondering about the distance between your two laterals.

GUS JANSEN: If you compare the two, what we've done on the 95 well we've sort of got a northwest/southwest orientation on that. To get some distance and spacing between those two laterals we've gone in a almost directly western orientation. If you curve that lateral to the north to get some separation between those two well laterals.

KATIE DYE: But you don't have an approximate

distance from anything? See there's nothing shown on the  
plats.

GUS JANSEN: Well, these are early on in the  
projection. I think one of the plats that I have, which may  
not match exactly the one you have---.

KATIE DYE: Maybe I'm just not looking in the right  
place.

TIM SCOTT: Actually, they have to be looked at  
together.

KATIE DYE: Uh-huh. Well--.

TIM SCOTT: You've got them both?

KATIE DYE: Yeah.

TIM SCOTT: Okay. Okay.

BILL HARRIS: Let me add to that question or  
maybe---.

KATIE DYE: When you lay---.

BILL HARRIS: I'm sorry. Go ahead.

KATIE DYE: But when you lay one over the other,  
you know, it looks like there's quite a distance. But I was  
just wondering, you know, what the distance was.

GUS JANSEN: And, again, these projections early on  
until we drill the top hole part of the well and we do a  
final plan, which we'll know where we're starting the lateral  
portion of the well and we'll be able to get a better feel

for that actual depth. We put the final depth or those proposed depths in the permit part of the application also too.

KATIE DYE: Thank you.

BILL HARRIS: Let me I guess add to the question and maybe a little bit on explanation. I noticed that both lines after a inch and a half or so from the actual well, there's a little cross patched line that's perpendicular to that just an eighth of an inch long. Now, on one of them it says arc section 572 feet. The other one has 573 feet, but it doesn't mention that that's the arc. So, are we to read from this that the actual drilling and the arc maybe terminates where those horizontal sections are and then the actual production begins after that?

GUS JANSEN: The...that is where...that's an indication of where you curve actually lands and you actually go horizontal.

BILL HARRIS: So...but you will start producing once it lands horizontal or do you produce---

GUS JANSEN: We can produce back up into the curve also as long as we're within the interior window also---

BILL HARRIS: Okay.

GUS JANSEN: ---in that Lower Huron formation because it's a 200 foot thick formation. We may land on the

bottom half---.

BILL HARRIS: Oh, okay.

GUS JANSEN: ---of that formation. So, we could---.

BILL HARRIS: So, it would make sense---.

GUS JANSEN: ---have a section up in that curve that we could also complete.

BILL HARRIS: Okay. Back to her question then, what would be...I'm not sure. I guess I'm asking what would be a spacing between those. I know we talk about 600 feet between, you know, adjacent wellbores in some cases or whatever. But I'm not sure---.

GUS JANSEN: It's 600 foot from the vertical wellbore.

BILL HARRIS: From the vertical?

GUS JANSEN: Correct.

BILL HARRIS: I'm not sure if we have...do we have any kind of regulation about how close these can be together to produce?

DAVID ASBURY: The Board addressed that earlier this year. I'm wanting to say in the May meeting about having the horizontal...the horizontal legs producing and staying 600 feet apart just like a conventional well. It is not reg. It's just something that the Board addressed during

the May meeting and had the understanding that for actual production they would prefer the 600 foot spacing for the horizontal wells if in the same horizon.

BILL HARRIS: Yeah. Both of these are targeting the same horizon.

GUS JANSEN: And these are about 600 feet apart by orienting these two laterals differently. We get a distance there that we can keep that distance between the two wells.

DAVID ASBURY: By the time you...if I...my review of this initially for today's meeting said by the time you hit the horizon that your distance is going to be about 600...a little bit more than 600 feet once you hit the horizon.

KATIE DYE: So, what I'm understanding from what you're saying is from fracturing between the laterals as long as it doesn't go beyond 600 feet or whatever then you wouldn't have communication between these two wells?

DAVID ASBURY: I don't think---

GUS JANSEN: I don't think that the Board orders deny you from completing that interval within 600 feet of each other is my understanding. That there is no requirement that you have 600 feet apart from these laterals within the same formation. It is only within a vertical well that is in the formation which you have to stay the 600 feet apart away.

In fact, we would like them to communicate. We would like those facts to communicate to expose more of the rock as we can to produce a better well. In fact, we may---

KATIE DYE: Okay, thank you. That---

GUS JANSEN: ---drill at some point a third well between these two depending on how those---

KATIE DYE: That clarifies, yeah, what I was thinking.

MARY QUILLEN: Are there any additional questions for Mr. Jansen from Board members?

(No audible response.)

MARY QUILLEN: You may continue.

TIM SCOTT: That's all I have, Ms. Quillen.

MARY QUILLEN: We will vote on these individually. For item number twenty-one, is there a motion for approval?

BILL HARRIS: I make a motion for approval of the item twenty-one, which is the 2565 number...the VGOB 2565. I make a motion for approval of that.

MARY QUILLEN: Is there a second?

BRUCE PRATHER: I'll second.

MARY QUILLEN: We have a motion and a second. All those in favor of approval, respond by saying yes.

(All members signify by saying yes, but Mary Quillen.)

MARY QUILLEN: Opposed, no.

(No audible response.)

MARY QUILLEN: Okay, you have approval. Okay, we will go to the second item number twenty-two, the last four digits of the VGOB docket number 2567. Do I hear a motion for approval?

BILL HARRIS: Madam Chairman, I make a motion for approval of that item as well.

MARY QUILLEN: Do I hear a second?

BRUCE PRATHER: I'll second it.

MARY QUILLEN: We have a motion and second. Those in favor of approval, respond by saying yes.

(All members signify by saying yes, but Mary Quillen.)

MARY QUILLEN: Opposed, no.

(No audible response.)

MARY QUILLEN: You have approval.

TIM SCOTT: Thank you.

MARY QUILLEN: We are going to deviate just a bit from the agenda items to accommodate some folks who are here with item...agenda item number thirty-four. This is a CNX item. If those folks wishing to respond or speak to this item, please come forward and be sworn.

MARK SWARTZ: Mark Swartz and Les Arrington.

MARY QUILLEN: We caught you off guard. See when you're late getting back from lunch---.

(Laughs.)

MARY QUILLEN: Thank you.

COURT REPORTER: Would you all state your name, please?

LYNN IRVIN: My name is Lynn Irvin.

KAREN SIMMONS: Karen, K-A-R-E-N, Simmons, S-I-M-M-O-N-S.

MACK FIELDS: Mack Fields, M-A-C-K F-I-E-L-D-S.

(Leslie K. Arrington, Karen Simmons, Mack Fields and Lynn Irvin are duly sworn.)

MARY QUILLEN: This is docket number VGOB-89-0126-0009-56. Mr. Swartz.

LESLIE K. ARRINGTON

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

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

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

A. Leslie K. Arrington.

Q. Who do you work for?

A. Consol Energy on behalf of CNX Gas Company.

Q. Okay. Have you been involved over a number of years in terms of addressing issues concerning spacing and infill drilling with this Board and other Boards?

A. Yes, I have.

Q. Is what we're here on today a petition by CNX Gas Company to allow infill drilling in an area of the Nora Field?

A. Yes, it is.

Q. Has this Board previously approved applications to allow infill drilling in other areas in the Nora Field?

A. Yes, they have.

Q. Okay. Do you have a packet of information that we're going to be discussing that you could perhaps share with the Board?

A. Yes. Yes.

(Mark Swartz passes out exhibits.)

Q. Les, there is quite a list of respondents in the notice of hearing and the application, correct?

A. Yes, it is.

Q. And that would be because you try to notice...you try to do title on all of the units that are in the area that you're going to be talking to the Board about

so you can actually list the owners that might have interest in the outcome, correct?

A. Yes, they do.

Q. And in the notice of hearing for today did you try to do that?

A. Yes, they did.

Q. Okay. And before today in terms of advising people that there would be a hearing today, was there a mailing to everyone on the list that you had addresses for?

A. Yes. That was done on July the 7th.

Q. Okay. And is it your understanding that Anita is going to be providing the Director with copies of your certificates with regard to the notice and the green cards and so forth?

A. Yes.

Q. Okay. And that will happen today---?

A. Yes.

Q. ---if it hasn't happened already?

A. Correct.

Q. Okay. And was there also a publication?

A. Yes. In the Bluefield Daily Telegraph on July the 25th of '09.

Q. Okay. And there was a certificate obtained from the Telegraph and is that going to be filed with the

Director as well?

A. Yes, it will.

Q. Okay. The...in terms of what relief you're seeking before we get to the data, there are drilling windows in these Nora units, is that correct?

A. Yes, there are.

Q. Okay. And are asking the Board's permission that would allow CNX or any operator actually in this additional area to drill a second well, if it is located in the window---?

A. Yes.

Q. ---and if it also at least 600 feet from the nearest coalbed methane well in the unit?

A. Yes.

Q. Okay. So, you're asking for not to drill ten wells but a second well?

A. Uh-huh.

Q. And that second well regardless of where the first well in the unit might be located, the second well has to be in the drilling window?

A. Yes.

Q. And there has to be a 600 foot offset?

A. Yes.

Q. And has that been the rule in the other

areas of the Nora Field where CNX has applied for infill drilling in the past?

A. Yes, it has been.

Q. In terms of other areas that have been approved or are under consideration, is page two of the exhibits that you passed out today a map that shows kind of the intersection of the fields...I assume that's the Oakwood up above?

A. Yes, it is.

Q. And then we've got pieces of the Nora down here. What area...what colored area are we dealing with today?

A. It's kind of the blue over on the lefthand side of the page or the western side of the page.

Q. This blue chunk here, correct?

A. Yes.

Q. Okay. And when we were last here several months ago, what area were we talking about?

A. In your...I think that was in June.

Q. Right.

A. It would have been the colored area on the eastern side or the right hand side of the page.

Q. Okay, it's kind of this turquoise area over here when we were last here in June. We expanded to the east

somewhat, the infill drilling?

A. We did.

Q. Okay. And then you've got some red Xs just to kind of deal with some housekeeping.

A. Yes.

Q. There's a green area adjacent to the area that we're going to be talking about today and you've got three red Xs in three different units there, correct?

A. Yes.

Q. And is that because you wanted to show the Board the location of three units that you have selected data that you're going to share with the Board with regard to units in which you've drilled two wells and how those are produced?

A. We did.

Q. And so the data for the individual units where there are two wells comes from those three, which are pretty close?

A. Yes.

Q. Now, if we go to the---

SHARON PIGEON: Mr. Swartz, this was page two of your Exhibit AA just for the record, correct?

MARK SWARTZ: Correct. Yes.

SHARON PIGEON: Thank you.

Q. And then if you go to the next page, which is kind of a fold out map, that shows a portion of what we were just looking at, correct?

A. Yes.

Q. And on this one you've actually got...it's a different color. It's sort of a grey, but you've got VGOB and a docket number and then in hearing 8/18/09, correct?

A. Yes.

Q. Okay. And then what my question here is, off to the west you've got some sort of orange colored units on the larger map.

A. Yes, I do. Those are areas that Equitable has had approval of infill drillings.

Q. From this Board?

A. From this Board, yes.

Q. Okay. And then also just to sort of indicate what's eventually coming once you complete your title and so forth is there...there's something proposed on this?

A. Yes, there is.

Q. And what does that indicate?

A. That's an area that they're still working on title for notice issues.

Q. Okay. And that you would anticipate once

we've got title completed we'll be back on that with regard to infill drilling?

A. Yes, we would.

Q. We have talked to this Board or you have talked to this Board before about the benefits of infill drilling, is that correct?

A. Yes, we have.

Q. You personally (inaudible)---?

A. Yes, I have.

Q. Okay. And is this something that you've been involved in for a number of years?

A. Numerous years, yes.

Q. Okay. The first chart, page three is an exhibit that's simply shows, if I'm not mistaken, sort of a well count and production curve for the wells collectively?

A. It does. And this well count and this curve is just bringing everything back to times zero. These or all of the wells that's...the first well drilled within the units in the area that we're talking about is just simply to give them an idea of what it looks like there now.

Q. On the initial well...how the initial wells were producing and you're showing roughly a little less than 50---?

A. Yes.

Q. ---total wells on page three?

A. Yes.

Q. All right. Let's look at pages five, six and seven kind of together, okay?

A. Sure.

Q. These involve a total of six wells, is that correct?

A. It does.

Q. And those six wells are from the red X areas that we were talking about a little while ago?

A. Yes.

Q. And on each one of these pages, five, six and seven, there's really two sets of data?

A. Yes.

Q. If...let's start with the BD-103A and BD-103---?

A. Uh-huh.

Q. BD-103 would have been the first well drilled in the unit?

A. It was.

Q. Okay. And is the production of that well shown essentially at the zero?

A. Yes.

Q. And then does it continue off to the right?

A. It does.

Q. Okay. And is that production from times zero historical through today without really any adjustments?

A. Correct.

Q. Okay. And then the sort of white blue...light blue, light grey line, is the production of the second well from the beginning to the current period, correct?

A. Yes.

Q. But it's actually on there twice?

A. It is.

Q. Okay. At the times zero, you've put in the production to compare the production of the second well from the time that it was drilled to the production of the first well at the time it was drilled, correct?

A. Yes, it is.

Q. And then you put that second well in again at the time it was actually drilled, which would be over fifteen hundred days into the production of the first well?

A. Yes, sir, it is.

Q. And have you done that so you can see if there was an affect on the first well?

A. Yes, we did.

Q. Okay. And if you look at these three pages

and the second time that you put the well production in, is it true that wells behave differently in response to the second well?

A. Yes.

Q. Okay. If look at the...page five it looks like...it's hard to say that there was an affect on the first well by reason of drilling a second well?

A. By the reason of drilling, yes.

Q. Okay. If we look at page six, on the hand, what do you see with regard to the affect, if any, on the second well as a result of the drilling...I'm sorry, an affect on the first well as a result of the drilling of the second---

A. The first well, as you can see on the graph, the blue line starts increasing.

Q. So, actually the blue has...although it's pretty marked deviations at times, the blue line was clearly...the darker line was clearly in the decline curve?

A. It was.

Q. And at about...I'm just estimating roughly 1750 days maybe when the second well came on line, that blue line started to increase production?

A. Yes, it has.

Q. And it actually has continued to increase

its production?

A. It has.

Q. Do you attribute the increase in production to the first well to the impact of the second well?

A. Yes.

Q. And what is it about your knowledge of the interplay of first and second wells in these kinds of units that causes you to be comfortable with that?

A. Not only are you getting some interference, but you're lower...but you're starting remove more gas and more water and the influence there is releasing more gas there.

Q. Okay. Is what you're seeing on page six with regard to interact...or the interplay between BC-104 and BC-104A, is that something that you've seen many, many times with regard to other dual wells?

A. Yes, we have.

Q. Not always though?

A. Not always.

Q. Okay.

A. And our exhibits show that.

Q. Okay. Now, if we look at page seven again, have we done the same thing? Have we put the production from the second well in at a times zero and then have we put it in

again at an actual---?

A. Yes, we did.

Q. And what affect, if any, do you see of the second well on the production of the first well in this unit?

A. None.

Q. Okay. Is one of the other things that happens with a second well or can happen with a second well, looking again at these three charts, that the second well can do better from the beginning than the first well?

A. It will.

Q. Is there evidence of that in these three units?

A. Well, yes, there is. You can just look graph, the light blue lines.

Q. It's coming in much quicker at a higher...at a higher rate---?

A. At a higher rate than the original.

Q. ---looking at BD-103, for example?

A. Yes.

Q. With regard to BD-104, hard to say that that happened?

A. That's right.

Q. With regard to BD-104A and BD-10...page seven, it looks like there is a difference here?

A. Yes.

Q. And how do you describe what's going on here?

A. Well, this well actually came in relative terms. It's still on the incline compared to the first well when it first came on.

Q. So, the first well spiked immediately?

A. Uh-huh.

Q. And this well looks like it's still increasing its production---?

A. It does.

Q. ---meaning the page seven well?

A. Yes.

Q. Okay. In addition to having an impact on the production of potentially both of the wells, let's just actually go to the last page here, page ten, have you compared or considered the impact of the second well on how much gas is recovered from the reserves under a unit?

A. Yes, we have.

Q. Okay. What's the affect of that?

A. With a single well in there in the unit we calculated a 63% recovery.

Q. Which would be page nine?

A. Page nine.

Q. Okay.

A. And as we put in the second well you're going to increase your incremental reserves by a 162 million and your recovery is going to be increased by 20%.

Q. And on this example, page ten, you're showing an additional 162 mmcf of reserves recovered because of the second well?

A. Yes.

Q. And even if we take the horrible prices at the present time, that well clearly pays for itself?

A. It could be economic.

Q. Even in the bad times?

A. It could be economic.

Q. Okay. And is your request then that the Board allow continued infill drilling in the Middle Ridge Field in the area at issue today, the grey area on map three and then blue area to the west on page two to allow you to continue that program?

A. Yes, it is.

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

MARY QUILLEN: Any questions from the Board members?

BILL HARRIS: Madam Chairman, let me just ask for a clarification. On some of these, the horizontal scale is not

indicated. Are all of these days of production...for instance, on page three, I know it says daily average production zero times shift. But you have the horizontal at 0, 500 and 1,000, but it doesn't say anything there. Some of the others have days produced. Is that a days produced?

LESLIE K. ARRINGTON: On the bottom scale---?

BILL HARRIS: Yes.

LESLIE K. ARRINGTON: ---that you're talking about? That's days.

BILL HARRIS: Days produced. Yeah, there were two or three...I was going to ask that earlier and then when I looked at the next one I saw days produced and then the next one is days produced. But then further down, I think, if you get to 10 or 11...actually, 9 and 10 need that too. But I'm not...I just wanted to...I'm not being critical. I'm just trying to clarify.

BRUCE PRATHER: Bill, out there it's 1500, 4.1 years. See 1500. No, on the one that you was looking. So, at 1500?

BILL HARRIS: Yes.

BRUCE PRATHER: That's 4.1 years.

BILL HARRIS: Yeah, okay. So, that's where...okay.

MARY QUILLEN: Are there any additional questions from the Board?

MARK SWARTZ: Mr. Harris, just to stay with you minute. Les and I were speaking. The only difference is on the page that...you've referred to page three. They just didn't run the data out as far as they did on the following pages. That's all. They trumpicated it for some reason or another at 1500 days whereas, obviously, from the following pages you could see some of those wells have produced over 2,000 days. Is that what happened?

LESLIE K. ARRINGTON: We did trumpicated.

MARK SWARTZ: Okay.

BILL HARRIS: Okay.

BRUCE PRATHER: I have a question. How far out does your actual production go that you know of? 10,000 days is 27 years. 15,000 is 41. 20,000 is out there, 54 years. How much actual production do you have that you can say for sure that I've got 20 years of this and then the rest of it is an estimation on a curve?

LESLIE K. ARRINGTON: I think I understand your question. We've got about 4 years worth.

BRUCE PRATHER: Okay.

MARK SWARTZ: I think...let me ask a different question and see if that might be what...I have a feeling that he may be enquiring as to what do you anticipate the overall life of these wells because if you look at the last

page, page ten, you've got 20,000 plus days. I think that may be where he's headed.

LESLIE K. ARRINGTON: Okay. Data we've got about 4 years worth. We expect the life of the wells to be 65 years.

BRUCE PRATHER: Okay.

MARK SWARTZ: And that's based on other data that you've got from other wells in this field, I would imagine.

LESLIE K. ARRINGTON: That's based on your inclined curves.

MARK SWARTZ: But you've been doing this...you, yourself, personally for over...well, nearly twenty years?

LESLIE K. ARRINGTON: Yes.

MARK SWARTZ: And those well that you started with twenty years ago are still going?

LESLIE K. ARRINGTON: Are still producing.

MARY QUILLEN: Are there any additional questions from Mr. Arrington from the Board?

(No audible response.)

MARY QUILLEN: You may continue with your next witness.

MARK SWARTZ: Just to come back to, which is kind of interesting at this chart because you were obviously focused on it. What's interesting about this chart is the differential and recovery occurs way earlier in that.

BRUCE PRATHER: Yeah, I noticed that.

MARK SWARTZ: You know...I mean, if it didn't occur until the end, you know, 65 year is long time from now, you know.

BRUCE PRATHER: Yeah.

MARK SWARTZ: But really the differential kicks in pretty early in the curve, which is important. Presumably it's because you ask about that because you noticed it.

BRUCE PRATHER: It looks like about 50 years or something like.

MARK SWARTZ: Right. Right. So, it's definitely a front recovery of the marginal difference. That's all I have.

MARY QUILLEN: Do you have questions?

LYNN IRVIN: I don't have any questions right now. I just have something that I'd like to say. My Lynn Irvin. I'm here on behalf of my father Floyd Davis. He wanted to let us know that we are opposed to any additional drilling on our family's property. Our family owns 25.5% of the property. It's our belief, and we have retained Counsel, that CNX should be drilling on the property at all. And the attorney is expected to have a petition before you before you by the end of this year. So, right now we're asking...when it originally started, we were going to build a cabin on the

property. As you can see there's lots of gas, obviously. And while we do appreciate using our nature resources and not using foreign resources, we believe that the land owners should have the rights to do what they want with their land to be fairly compensated. So, we've narrowed down the heirship through the attorney and we would just to have anything opposed for right now until we bring back and prove whether or not they should be allowed to be drilling on our property anyway.

MACK FIELDS: I want to know if there's a well already existing on the Mose Davis property? I don't know how to point it out on this map.

LESLIE K. ARRINGTON: I can't answer any property questions. I'm not that familiar with the property in that area.

LYNN IRVIN: Based on the attorney, it looks like there is.

BRUCE PRATHER: Are there any wells drilled on your property at the present?

LYNN IRVIN: Yes.

MACK FIELDS: There's one I know that's right beside of it, but as far as one on it, I haven't seen it. With this map, I can tell where it's at. I don't have a lot of education. So, it's hard for me to tell much about this

thing. But I do know where the property is and I know there's one well that's drilled close to the property line, but I haven't seen the well on the property.

KAREN SIMMONS: Just so you know, we're in the process too, they're going to survey property out there. The attorney is having someone survey it to make sure where everything is and where the rights came from.

MACK FIELDS: Where they've got the well, they can get the gas off of the property anyway, if I understand right.

BRUCE PRATHER: There's a pre-existing well on the property. It has already got a pipeline and everything. So, it's producing. So, it doesn't affect anything except what it has done in the past. But, you know, any new well...using on these things there has to be a certain amount of spacing between these things. In other words, if you get them too close you would be drilling two wells for the price of one. These operators don't like to do that. So, there will be a decent distance between these wells. I don't know where the wells are either. But if there's a well on the property, they're not going to get over there 300 feet away and drill another well. The economics just doesn't make sense.

MACK FIELDS: Well, it's not right on the property. It's on the neighboring property.

BILL HARRIS: How many acres are you talking about?

MACK FIELDS: 16. There is supposed to be an acre of coal on it...half an acre of coal, I mean.

BILL HARRIS: So, it's possible that---

MACK FIELDS: It's possible.

BILL HARRIS: ---it could be a request---

MARK SWARTZ: Well, it has to be 600 feet away.

BRUCE PRATHER: Yeah.

BILL HARRIS: Well, but 16 acres, depending on how that runs, you know.

BRUCE PRATHER: There's a long sliver that you might get that might be able to get 600 feet away.

BILL HARRIS: Yeah.

MARK SWARTZ: Well, yeah. But it would have to have one bizarre shape for it---

BRUCE PRATHER: Yeah.

MARK SWARTZ: ---the second well. The other thing is, as you may have figured out, but occasionally don't recall, we try not to drill on property that we don't have...that we don't own or have an agreement because it causes all kinds of difficulties---

BRUCE PRATHER: Yeah.

MARK SWARTZ: ---that we're not looking for. So, in general, you know, we locate our wells on property that we

have purchased the surface or have an agreement with the surface owner. Sometimes that's not possible, but I would...Les, would you say that probably 90% of the time that's the case?

LESLIE K. ARRINGTON: 95.

MARK SWARTZ: 95.

BRUCE PRATHER: The people agree to the damages before you drill it.

MARK SWARTZ: Right.

MARK SWARTZ: It just saves a lot of heart ache in the regulatory process and so forth if you do it either because you...on something you own or something that you have reached an agreement with the people so that you're not arguing about it.

BILL HARRIS: Let me ask these folks a second. Do you all know...I know you said you weren't sure where your property was.

MACK FIELDS: Oh, I know exactly where it's at. Not on this map, I couldn't tell you.

BILL HARRIS: I'm sorry. I didn't say that correctly. Well, I can't either. I can't tell where this is. You know, I see all of the squares and I know roughly, but do you all know what---?

MACK FIELDS: There is a map that they sent me, but

I can't---

BILL HARRIS: Well, I think that's the map in our...and that does not identify individuals tracts.

MARY QUILLEN: Do you know which unit your property...is located on your property?

BILL HARRIS: You know we have AY and AZ.

KAREN SIMMONS: I guess my thing was...they're looking for the paperwork. If they have something showing they have the rights to that, is there a way we can produce to have a copy. It would save a lot of researching. That they actually have access saying they have the right to drill on there and they wouldn't have done it without permission. Can we see where they got that permission?

LYNN IRVIN: There's nothing recorded.

KAREN SIMMONS: We haven't nothing recorded showing where that came from.

LYNN IRVIN: The attorney had been researching it.

KATIE DYE: So, if they have to---

MARK SWARTZ: What you're telling us, if I understand you correctly, that we're not on your property.

LYNN IRVIN: Yeah, you are on the property. You actually have a well...your highest producing well is on our property.

MARK SWARTZ: He has just said that it's not.

LYNN IRVIN: It is. I'm telling you that. I've been doing this...I've been talking to your company and my sister has been doing this. My sister is (inaudible) in Florida. We've gone back and forth with this. I absolutely know that the highest producing well...at least two years ago your highest producing well was on our property.

MARK SWARTZ: And the name of the unit is?

LYNN IRVIN: I didn't know any of the name. All we're doing is saying right now, we're disputing their right to be there. We cannot find any documents for them to be on the property and there are wells on our property. Pebbles Deel is our attorney. She has been researching for months now. She plans to have a petition before you. We hope to have it this month. They're hoping to be here by October so we can bring my father from the Florida. He can't come too late in the year because he's not well. But to show that---

MARY QUILLEN: But you do not know which units---?

LYNN IRVIN: I don't know which number, I don't think unless---

MARY QUILLEN: That would be really helpful because there are lots of other people that have interest in these other units and, you know, to know what units are specifically in dispute would be very helpful to us.

BRUCE PRATHER: Do you have any of your check stubs

with you?

KAREN SIMMONS: Do you have a check stub from they  
(inaudible)?

LYNN IRVIN: I've got the tax things. Would that  
make---?

BRUCE PRATHER: Do you've got the tax tickets?

KAREN SIMMONS: She's got the tax tickets.

LYNN IRVIN: Would that help? (Inaudible) to show  
the location.

MARY QUILLEN: We just need...we would know what---.

KAREN SIMMONS: Well, it's Moses Davis, right? So,  
would he know from name because how would they come with  
their little boxes and squares and how they labeled, we don't  
know.

BILL HARRIS: Well, the grid was laid out...well,  
the...I don't know if the Board did that or the state did  
that at some time and just overlaid a grid in order to...so,  
we can know where we're talking about. What they're asking  
for is their petition to...their petition covers a large  
area. So, it's hard to say where in that area you all are.

LYNN IRVIN: Well, the entire family---.

MACK FIELDS: Let him look at this map and see if he  
sees a well on that thing.

MARK SWARTZ: There are no wells on that map.

BILL HARRIS: Yeah, there are...there are none listed. If that the same one that we have in our application.

LYNN IRVIN: Well, then, what we would like to do then is ask that you postpone this until Pebbles can be here next month and she can give you all of the information that she has.

MARK SWARTZ: My reaction to that would be I haven't heard any indication that infill drilling shouldn't be occurring or isn't appropriate. I mean, we've got a property issue here that you're hearing about. I mean, I...you know, their lawyer can do whatever she wants to do in Court or here, but the question that we're presenting to you and, obviously, you're not approving well locations. You're not granting us permits. The question we're simply presenting to you is we've got eighty-seven potential wells in this area that could affect a number of operators and a number of folks. I mean, that's how many...this would be the area. I think there are eighty-seven units here.

LESLIE K. ARRINGTON: I'm not sure. We would like to extend the infill drilling as indicated and at least have that opportunity. Obviously, if there is someone who wants to drill on their property, they will get notice in the permitting process and they will have an opportunity to

interact with Mr. Asbury's office in that regard. But I haven't heard anything that addresses the merits of infill drilling and I would respectively request that you act on our application.

LYNN IRVIN: I'm saying the merits are that if you don't have---

MARY QUILLEN: Will they...at the time when they can identify which units are on their property---

LYNN IRVIN: If you'll excuse me, I'll go out and get that now.

MARK SWARTZ: I mean, that is a good question. I mean, if they could tell us---

KAREN SIMMONS: She'll got get it.

MARK SWARTZ: ---which unit it was, Les and I would probably respond by saying if you want sixty days, we'll pull...we'll ask the Board to pull that unit out of the mix, but they can't even tell us the name of the unit and they want us to hold eighty-seven units hostage.

MARY QUILLEN: That was my point. Would you pull that---

MARK SWARTZ: Right. Exactly. That's why we kept saying---

MARY QUILLEN: ---if they can provide the---

MARK SWARTZ: ---what unit are you in?

MARY QUILLEN: Provide the unit number if you could pull that unit from---?

MARK SWARTZ: Well, you could. I mean, you---.

BRUCE PRATHER: Yeah.

MARY QUILLEN: Well, I mean...yeah, yeah, yeah.

MARK SWARTZ: You could say we're going to put that piece of this in abeyance and give them sixty days to do whatever they want to do.

BRUCE PRATHER: You can't identify the unit either?

MARK SWARTZ: Correct.

BILL HARRIS: Well, I think the young lady went out to get the information, I believe. But I guess my question is if there is a unit...I don't know if it's one of these units or more than one of those that's affected by the property. I know you talked about, what, 15 acres.

MACK FIELDS: 16 acres.

BILL HARRIS: 16 acres. See, I don't know if the other folks are talking about the same 16 acres. But if all of that is in one unit...what is the...and, again, there is some other question about the wells that is on there now or the well that is on there now whether or not that's properly there. I'm not sure that that's the question. I think there's some question about the paperwork...the correct paperwork for that. I guess, what I'm asking, is there...is

there an opportunity at the permitting phase, if this were approved and their particular unit they said, "Oh, we don't want to drill in that.", what recourse do they have at that point?

MARK SWARTZ: They would get a notice of the permit application and a fifteen day opportunity to object---

BILL HARRIS: To come in and object---

MARK SWARTZ: ---under the statute and if they made an objection that was contemplated by the statute, Mr. Asbury would sit it for hearing.

SHARON PIGEON: And if a pooling application is filed they will get notice for that.

MARK SWARTZ: Right.

KAREN SIMMONS: It's AX-99.

BILL HARRIS: AX?

KAREN SIMMONS: AX-99. Because this is the letter that was drafted for my father. It says, "This letter is expressing my concern..."---

MARY QUILLEN: So, just the one unit, AX-99?

LYNN IRVIN: That's what we have right now, yeah.

MARY QUILLEN: Okay.

DAVID ASBURY: Ms. Quillen, I think it's important that they understand about the...the permitting phase as well as this phase for the right to object too. Pebbles is aware

of that. But, why you were gone, Mr. Harris was talking about the opportunity...the second opportunity to object during the actual unit permitting phase.

BILL HARRIS: Yeah. Because see what...the one thing that concerns me, and you hopefully will appreciate this, we're talking...how many units here?

MARK SWARTZ: 87.

BILL HARRIS: About 87. The other 86 we probably don't have a problem with. I'm not sure what can be done about the 87th except that in the...well, I'm sure something can be done about it. But in the permitting phase...see, what we done is basically give them permission if everything is okay, to drill the extra wells. Then they---

MARK SWARTZ: To file for a permit.

BRUCE PRATHER: Yeah.

MARK SWARTZ: You're giving us permission to---

BILL HARRIS: To file a permit.

MARK SWARTZ: Right.

BILL HARRIS: Okay, I guess I didn't...I guess, I'm trying to---

MARK SWARTZ: Well, it's further away.

BILL HARRIS: Conceptional, it's...yes, okay. Then there's another step in which they actually have to file for a permit to drill a well. And at that point you would be or

all of these people would be contacted. They're not going to go drill that second well at one time. I would think they would all...do that all in one time. But my point is is that you would have an opportunity to come before Mr. Asbury and indicate your...I guess, your objections to drilling on that property. I guess, the problem that I have then...I understand that and I can sympathize with you, I don't know that we can hold up 70 units for one unit. But, again, there is another opportunity to actually go in and say, well, you know, we don't want that on the property and then work out something with the company at that time.

LYNN IRVIN: Yeah, I think there's an error, just so that you know. It's not 16 acres. It's 58 acres.

BILL HARRIS: 58?

LYNN IRVIN: 58 acres. It belongs to our family.

BILL HARRIS: But it's still within AX---?

LYNN IRVIN: 25% of that. So, 16 acres is what he's saying. And actually 16 acres belongs to just us.

BRUCE PRATHER: 16 acres then is in the other unit in that well?

LYNN IRVIN: Yes. There's 58 acres total, but on the 58 our portion for our family is 16.

MARK SWARTZ: Okay. It's even worse. They have an undivided interest in 58 acres.

BRUCE PRATHER: Okay.

MARK SWARTZ: Presumably have other people in that acreage that may actually want this, you know. I mean, it's not uncommon that we'll have lease from people who have undivided interests in a particular tract from people who are interested in having their interest developed and then we have people who are very interested in not having it developed that have an undivided interest as well. We didn't bring title. I mean, I don't know.

LYNN IRVIN: But I can let you know that we've been going through the heirship and we've narrowed it down to 50. Of the 50, there's not one that understood this or knew and some of them signed papers for royalty because they had no idea. Somebody said you either need to do this or you're going to have pay \$200,000 to drill a well. This is what...this is what they understood. So, we've been going back to these people, many that could not read and write, to try and help them. So, that's why we came on Board saying, okay, this has just got to stop until we at least figure out what it is. I mean, we're not opposed to gas. It helps all of us, but we need to...we are we putting it. What the people getting for it. Did they get anything for it?

KAREN SIMMONS: That was a check for a nickle.

LYNN IRVIN: My father got a check for a nickle.

KAREN SIMMONS: Yeah, five cents. I mean, postage is that. So, I mean, you know that there has got to be something more than five cents. So, it needs to be stopped.

BILL HARRIS: Well, I'm not sure what to say. But, again...but I understand your objection and your concern.

LYNN IRVIN: We're just saying on the 58 acre piece, we would just like to have no more wells drilled until we reach some type of an agreement of who owns the property and if they have the right to be on our property.

MARY QUILLEN: But you're saying 58 acres. That's the total unit.

LYNN IRVIN: That's the total...that is the total unit. That's our family. The heirship of our family. But our percentage of family---

MARY QUILLEN: Do you owe...do you own all 58 acres?

KAREN SIMMONS: Yes.

LYNN IRVIN: Yes, ma'am.

MARY QUILLEN: Well, where is...I'm confused about where the 16---

LYNN IRVIN: Okay, the Moses...okay, the Moses Davis family owns the entire 58 acre tract. Moses was my great grandfather...great, great grandfather. My great grandfather, Gabriel, was...if you divide it between Moses' heirs, Gabriel's percentage was 16. So, that's where we came

up with the 16 acres to his family. So, I don't know that it's---

MARY QUILLEN: So, it's more than one family?

LYNN IRVIN: It's more...yeah, it's more than one family for the whole 58.

BILL HARRIS: Yeah, for the whole thing. But the 16 that they're talking about...the 16 that you're talking about is entirely within AX-99 though?

LYNN IRVIN: I believe so.

KAREN SIMMONS: But just so you know, we're separate families here. He's representing like the Fields, which is his family. Even though we're family, it's just the different names. He has represented and talked to other relatives, aunts and uncles that have stake in this for him to find out what's going on. That's why he's here to represent the ones that he's talked to saying, okay, yeah, we know nothing about it either. So, that's why we're kind of all here together because all of us talking realize that no one is saying they gave permission for anyone to do it on any piece of it.

LYNN IRVIN: And we can't find any documentation. We've been to Court records. We've been in three states now. So, we are like they shouldn't be drilling on the property period. So far as we know unless they have something that we

can't find. That's why we hired Pebbles to do the research and to plan to do a presentation to you. We'd hope September or October, but she's not quite ready yet.

BILL HARRIS: Well, let me just...again, and I may not correct, but I think I am, but if this happens to be approved today, we're not giving them permission to drill on your property, okay? We're saying to them that we approve overall the idea of drilling a second well that that's within the regulations and within the state guidelines. Then, it will go down to individual locations and individual cells and there are probably other people that say absolutely not or whatever that there's no agreement on. But, again, we have families in which there may be fifteen people involved and fourteen say no and two say yes and then you're---

LYNN IRVIN: Actually, we're moving it down... everybody is bringing it to like to two. It's all moving into---

BILL HARRIS: Yeah. So, there is...and you would probably need something legal that says that that person has to be...yeah.

LYNN IRVIN: Well, that's why we have something showing that all of the heirs---

BILL HARRIS: But I really think that there's other opportunities as well when it comes to permitting and you

will be notified about that if it goes further than that. But, again, don't...you know, we're not giving away your right to say no. You know, we're just saying that, you know, they had permission basically to apply to each individual because they've come back with these all and ask again. So, there's other opportunities.

DAVID ASBURY: Madam Chairman, I was able to find...AX-99 is a forced pooled unit under docket 1358. I've asked Diane to make a copy of that recorded document in Buchanan County. She's going to bring the recorded document and provide you with that copy. That should show the notice, stipulations and the well and the actual AX-99 unit.

BILL HARRIS: It should show the people involved.

DAVID ASBURY: It should show everyone that was in that tract, when they were noticed and who signed for that particular notice. But our records indicate it was docket 1358, which probably was about 1991 or '92 roughly. But, Diane is going to make a copy of that force pooling and supplemental order for you. She will bring it here shortly.

MARY QUILLEN: Thank you, Mr. Asbury. Are there any questions from the Board?

(No audible response.)

MARY QUILLEN: Okay, I'll ask for a motion for approval of this petition. Do I hear a motion?

BRUCE PRATHER: Madam Chairman, could we...is there a possibility that this thing could be deleted if these people are going to spend money on a legal thing? Could we just deduct this particular unit from the 80 or 81 and say we'll file on the 80 and go from there?

MARY QUILLEN: The unit AX-99?

BRUCE PRATHER: Yeah. Could it be deleted from the group and we'll see what these people have to say in August or in September?

MARY QUILLEN: Okay. Would you like to put that in the form of a motion?

BRUCE PRATHER: Yeah, I guess I would.

MARY QUILLEN: Okay.

BRUCE PRATHER: I would like to see if there would be a possibility of not putting this---. Did you say AX-99?

MARY QUILLEN: Correct.

BRUCE PRATHER: ---and not approve it at this time? We have all of the rest of them that we can approve. Since these people have spent a lot of money on legal fees and this that and the other and if they're going to come in here in September and present to us, I think we should wait until that period of time expires and then we'll see what the situation is.

MARY QUILLEN: Okay, we have a motion to delete unit

AX-99 from this petition request. Do I hear a second?

BILL HARRIS: I'll second that.

MARY QUILLEN: Okay, we have a motion and a second to approve the petition excepting or deleting unit AX-99. All those in favor, respond by saying yes.

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

MARY QUILLEN: Those opposed, no.

KATIE DYE: Madam Chairman, before I abstain, I have some information here that is relevant to this docket item. Since I can't address my comments to CNX, I would like to address them to the Board and to Mr. Asbury. What I have here when we look on this application, we have the unknown heirs of Johnny Smith and unknown heirs of Curtis Smith. And when I looked at this application, I made one phone call. I do have the location...I have the addresses and I have phone numbers for these contacts. Anne Smith has lived in drill her entire life. I went to school with her. If you would have asked anybody in the community, they could have told you who she was. Her husband is deceased. His brother Curtis is deceased. I have a list of the names, addresses and phone numbers of the children of Anne and Johnny Smith and I have Curtis' wife, who is in South Carolina. And I also have a lead on the Harley Jackson heirs. So, I think, you know,

what the Board needs to understand is, you know, there's a lack of due diligence here in finding these folks. If I can find them with one call...and I think I will be able to provide the information on the Harley Jackson Heirs. My phone was busy last night and the folks were unable to get back to me. So, I have the information here to present to Madam Chairman or Mr. Asbury or whoever. And these folks also, they asked me a lot of questions that I didn't have answers for. They...and I told them that it was my understanding that if there was already previously a well drilled in these units, if there should be funds in escrow for them and everything. So, this is a notice issue. You know, it's up to the Board if they want to carry it forward a month and have CNX take care of these problems or whatever. But as a public member and to protect the interest of the public, I feel like it's my duty to inform you.

MARY QUILLEN: Okay. And you will provide that to Mr. Asbury?

KATIE DYE: Yes.

MARY QUILLEN: Okay.

MACK FIELDS: Can I ask a question? Since you're from Drill, do you know Clara Helton?

KATIE DYE: Yes, I do. She's my neighbor.

MACK FIELDS: Okay. Our property is straight over

that hill from her house.

KATIE DYE: I know exactly where you're talking about, yes. I live on Stinson Ridge. She lives on around Stinson Ridge. There's even a slight family connection between my father's people and the Heltons.

DAVID ASBURY: It's important and this is good information, Ms. Dye, when we receive this information, and we do receive it from time to time at the Division. And we try...you know, once we receive it, we relay this to our gas operator so that they can correct their records. As far as pooling dollars for these individuals, I'm certain...I'm certain that AX-99, which is docket 1358, it's showing some pooled money. Through July there's about \$31,000 in that force pool.

KATIE DYE: Well, see, I don't know that these individuals...I don't know where their property is for the Smith family and---

DAVID ASBURY: Right.

KATIE DYE: ---for the Jackson family that is listed as unknown. I don't have any idea. They didn't know where.

DAVID ASBURY: Well, as these are cleared up, and this is a very good effort on the Board's behalf and our Divisions and the gas operators, they would like to know

these unknowns are cleared. You know, they put money every month into our escrow account, which causes it to grow because of these unknowns and unlocateables. So, we will be more than happy once they're found, and if there's a con...if it's only unknown, then disbursement can follow quickly. If there's conflicts, coal or gas, then---

KATIE DYE: I couldn't answer all of those questions for them because---

DAVID ASBURY: Right.

KATIE DYE: ---I don't know what units they own property in. I don't know where their property is located.

MARY QUILLEN: Okay. We have approval. We don't have the response from Mrs. Dye. Do you abstain?

KATIE DYE: Yes.

MARY QUILLEN: Okay. You have approval with one abstention, Mrs. Dye.

SHARON PIGEON: And with the deletion of AX-99 from the application.

MARY QUILLEN: With the deletion of AX-99.

MARK SWARTZ: Great. Thanks.

DAVID ASBURY: Mr. Swartz, we'll provide these and we'll scan this information in and give it to you and Mr. Arrington. She's getting those copies.

(Off record discussion.)

MARY QUILLEN: We will return to our regular agenda item number twenty-three.

TIM SCOTT: This is our regularly scheduled program.

MARY QUILLEN: Our regularly scheduled program. Docket item number VGOB-09-0721-2568. Anyone wishing to speak to this item, please come forward and be sworn.

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

MARY QUILLEN: Mr. Scott, do you have your first witness?

TIM SCOTT: Yes, ma'am. I'd ask that Mr. Horn's and Mr. Jansen's testimony regarding their job descriptions and their employment be incorporated by reference from our earlier hearings.

MARY QUILLEN: That will be incorporated.

TIM SCOTT: Thank you. Ms. Quillen, I'm going to ask for one second here. I have an additional...I have a revised Exhibit B. I believe we, again, incorrectly show Mr. Heflin as the Director of Affairs and opposed to Land Affairs. Although, he may be the Director of Affairs.

SHARON PIGEON: Our scheduled programing back and forth.

PHIL HORN

DIRECT EXAMINATION

QUESTIONS BY MR. SCOTT:

Q. Mr. Horn, would you please tell us if you're familiar with this application?

A. Yes, I am.

Q. And are you familiar with the ownership of the oil and gas for the acreage in this unit?

A. Yes, I am.

Q. And who are the owners of the oil and gas?

A. Range Resources-Pine Mountain, Inc.

Q. And who operates the wells that are from which this well that we were asking for this location exception?

A. V-536733 is operated by Equitable and we have 50% interest in it and V...I mean, 24545 well is operated by Chesapeake Appalachia, LLC.

Q. Now, the area of overlap, who is the oil and gas owner for the area?

A. We own all oil and gas in the overlap between---

Q. So, we don't have a correlative rights issue there, is that correct?

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 have we provided proof of mailing to Mr. Asbury?

A. Yes, you have.

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

MARY QUILLEN: Are there any questions for Mr. Horn from members of the Board?

(No audible response.)

MARY QUILLEN: You may call your next witness.

GUS JANSEN

DIRECT EXAMINATION

QUESTIONS BY MR. SCOTT:

Q. Mr. Jansen, are you familiar with this application?

A. Yes, I am.

Q. And can you tell the Board why we're seeking a well location exception today?

A. Yes. If the Board will refer to Exhibit AA, which I've handed out, you will see the location of proposed well 536736. This well is located along a ridge top area. If we move for topographic reasons either to the northwest or southwest to the northeast we would be in a steep slope area.

We would not be able to locate the well. We've also located this well at the request of the surface owner at this particular location on their property as to not to infringe on some future use they may have to the northwest of this location. If we do not drill this well, we'll have approximately 104.73 acres of stranded acreage...acres that would not be produced.

Q. What would be the loss of reserves if this isn't granted?

A. 450 million cubic feet of gas.

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

A. 6,031 feet.

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

A. Yes, it would.

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

MARY QUILLEN: Are there any questions from Board members for Mr. Jansen?

BRUCE PRATHER: I have a question---

MARY QUILLEN: Mr. Prather.

BRUCE PRATHER: ---Madam Chairman. Which way is your access road going to go into this location? Is it

coming in from the Southeast?

GUS JANSEN: Yes. We'll be coming from the Southeast along the ridge top area.

BRUCE PRATHER: Okay. Okay. All right.

MARY QUILLEN: Any other questions for Mr. Jansen?

(No audible response.)

MARY QUILLEN: You may continue.

TIM SCOTT: That's all I have.

MARY QUILLEN: Do I have a motion for approval for this petition?

BILL HARRIS: Motion for approval.

BRUCE PRATHER: Second.

MARY QUILLEN: Do I have a second?

BRUCE PRATHER AND KATIE DYE: Second.

MARY QUILLEN: We have a motion and a second. All those in favor of approval, respond by saying yes.

(All members signify by saying yes, but Mary Quillen.)

MARY QUILLEN: Opposed, no.

(No audible response.)

MARY QUILLEN: You have approval.

TIM SCOTT: Thank you.

MARY QUILLEN: This item number twenty-four, Virginia...or docket number VGOB-09-0721-2569. Those wishing

to speak to this item, please come forward at this time.

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

MARY QUILLEN: You may call your first witness.

TIM SCOTT: Thank you. Again, I'd ask that Mr. Horn's and Mr. Jansen's testimony regarding title and job description be incorporated by reference.

MARY QUILLEN: That will be incorporated.

TIM SCOTT: Thank you.

PHIL HORN

DIRECT EXAMINATION

QUESTIONS BY MR. SCOTT:

Q. Mr. Horn, are you familiar with this application?

A. Yes, I am.

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

A. Yes, I did.

Q. Are you familiar with the ownership of the acreage included within this unit?

A. Yes, I am.

Q. And who owns the oil and gas?

A. Range Resources-Pine Mountain, Inc. owns

100% of the gas inside this unit.

Q. Who operates the wells that are listed...that are shown on Exhibit A to this application?

A. Range Resources-Pine Mountain operates these wells along with our partner, Equitable Production Company.

Q. How was notice of this hearing affected?

A. By certified mail.

Q. And have we provided the proof of mailing to Mr. Asbury?

A. Yes, you have.

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

MARY QUILLEN: Do we have any questions from Board members?

BRUCE PRATHER: I've got one question, Madam Chairman.

MARY QUILLEN: Mr. Prather.

BRUCE PRATHER: This power line that's going through here is that one of these high voltage power lines or is that just a regular small power line?

PHIL HORN: I believe it's one of those high tension power lines.

BRUCE PRATHER: Okay. And you're about 200 feet from it, right?

PHIL HORN: It appears to be 200 or 3000 feet.

BRUCE PRATHER: Okay.

MARY QUILLEN: Any other questions? Mr. Harris.

BILL HARRIS: I'm just curious the significance of that.

BRUCE PRATHER: The biggest significance of it would be in the event you had a big blow you might have a problem if you're too close to one of these real high---

BILL HARRIS: Is it mainly the tower or just the lines themselves?

BRUCE PRATHER: The lines themselves.

BILL HARRIS: I'm not familiar with it. Okay, I was just curious.

BRUCE PRATHER: Yeah, you don't want to drill wells under electric lines.

BILL HARRIS: Well, I would not think so. I didn't know if there was something that dictated how close they need to be.

BRUCE PRATHER: They've had instances where wells have got out of control and say salt water coming out of them and they'll come and get on say these big power lines and they'll have the things that will catch on fire. I mean, they've had some real problems in places where people drill wells under these power lines. I mean, I'm just---

BILL HARRIS: Yeah, okay, thank you. I just didn't

know what the significance of it was. It make sense. Thank you.

MARY QUILLEN: Are there any additional questions?

(No audible response.)

MARY QUILLEN: Okay, you may call your next witness.

TIM SCOTT: Thank you.

GUS JANSEN

DIRECT EXAMINATION

QUESTIONS BY MR. SCOTT:

Q. Mr. Jansen, are you familiar with this application?

A. Yes, I am.

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

A. Again, if the Board would refer to Exhibit AA, you'll see the location of proposed well 530192 and the green stippled area. This well is being positioned on an existing surface mine bench. If Mr. Prather had also noticed there was a power line in the area and we were trying to avoid that. In addition to this, we have been requested by the coal owner/operator in this area to place this well at this location so as not to impede any future coal development that they may have in this immediate area. They have a small

block of coal left in there that they would like to recover at some point in the future. Again, if we tried to move the well any further to the west we would have to move it all the way out to this other surface mined area. It would, again, leave a large stranded acreage area in here, which would not be developed. In the event that we were not able to drill the well at this location, we would be stranding approximately 147 acres.

MARY QUILLEN: Mr. Jansen, this looks like it's right on the...almost on the edge of the bench, is that correct?

GUS JANSEN: Correct.

MARY QUILLEN: Okay. And where is the block of coal that's---?

GUS JANSEN: It's almost due west of that area from the well.

MARY QUILLEN: Oh, okay. Okay. Just back behind that?

GUS JANSEN: Correct.

MARY QUILLEN: Okay. Thank you. Do we have additional questions for Mr. Jansen?

Q. Mr. Jansen, what's the proposed depth of this well?

A. 6,400 feet.

Q. And what's the estimated loss of reserves in the event the application is not approved?

A. 350 million cubic feet of gas.

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

A. Yes, it would.

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

MARY QUILLEN: Any questions from the Board for Mr. Jansen?

(No audible response.)

MARY QUILLEN: You may call your next witness.

TIM SCOTT: That's all I have, Ms. Quillen.

MARY QUILLEN: That's all you have?

TIM SCOTT: Uh-huh.

MARY QUILLEN: Do we have a motion for approval of this petition?

BILL HARRIS: Madam Chairman, I move for approval of the petition?

MARY QUILLEN: Is there---?

BRUCE PRATHER: I'll second it.

MARY QUILLEN: ---a second? We have a motion and a second for approval of the petition. All those in favor, respond by saying yes.

(All members signify by saying yes, but Mary Quillen.)

MARY QUILLEN: Opposed, no.

(No audible response.)

MARY QUILLEN: You have approval.

TIM SCOTT: Thank you.

MARY QUILLEN: The next item is item number twenty-five on the agenda, VGOB-09-0721-2570. Those having... wishing to speak to this petition, please come forward and be sworn.

TIM SCOTT: Tim Scott, Gus Jansen and Phil Horn for Range Resources-Pine Mountain, Inc. All these exhibits that we're passing out, again, have had to do with Mr. Heflin's title.

SHARON PIGEON: Nothing to do with you not getting this right. I just wanted to clarify that for the record.

TIM SCOTT: That's right. I'll take the blame where the blame is due.

MARY QUILLEN: You may call your first witness.

TIM SCOTT: Thank you. Again, I would ask that any testimony regarding Mr. Horn's and Mr. Jansen's occupation, their job description and by whom they're employed be incorporated by reference.

MARY QUILLEN: That will be incorporated.

PHIL HORN

DIRECT EXAMINATION

QUESTIONS BY MR. SCOTT:

Q. Mr. Horn, are you familiar with this application?

A. Yes, I am.

Q. And who owns the oil and gas of the acreage that's encompassed by this unit?

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

Q. And who operates the well, which is the reciprocal well to this well?

A. V-536794 is operated by Equitable Production Company. We also own an interest in the well.

Q. Okay. How was notice of this hearing affected?

A. By certified mail.

Q. And we've provided that proof of mailing to Mr. Asbury, is that correct?

A. Yes, you have.

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

MARY QUILLEN: Are there any questions for Mr. Horn from members of the Board?

BRUCE PRATHER: I have a question.

MARY QUILLEN: Mr. Prather.

BRUCE PRATHER: This line that goes down through here, is that a county line or a district line?

PHIL HORN: I think that's a county line.

BRUCE PRATHER: Okay. So, then the wells that are over on this side belong to somebody else?

PHIL HORN: That would be in Buchanan County, yes, sir.

BRUCE PRATHER: Yeah, okay. Okay.

MARY QUILLEN: Any other questions?

BILL HARRIS: Well, again, the obvious question, there's no opportunity to move this a little just to the east?

PHIL HORN: He's going to testify to that, Mr. Jansen will.

BILL HARRIS: I'm sorry. Sorry. I'll save that. Actually, he'll...well, never mind.

MARY QUILLEN: Any other questions?

(No audible response.)

MARY QUILLEN: Okay. You may call your next witness.

TIM SCOTT: Thank you.

GUS JANSEN

DIRECT EXAMINATION

QUESTIONS BY MR. SCOTT:

Q. Mr. Jansen, are you familiar with this application?

A. Yes, I am.

Q. You've assisted in the preparation did you not?

A. I did, yes.

Q. Please tell the Board why we're seeking a well location exception today.

A. If the Board, again, will refer to Exhibit AA, the location of well 536737, the proposed location is shown on the map with the green stippled area. The well has been located in a topographically favorable area at this point. If we try to move the well to the east, we'd have to move it some distance down into the valley bottom where there's also additionally...this is a populated area where there's limited areas to move there or across that drainage divide over...even further away, which will again more stranded acreage. In the event that we were not able to

drill the well at this location, we would be stranding approximately 110.02 acres of reserves potential.

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

A. 5,775 feet.

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

A. 450 million cubic feet of gas.

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

A. Yes, it would.

TIM SCOTT: Thank you. That's all I have for Mr. Jansen.

MARY QUILLEN: Any questions for Mr. Jansen from members of the Board?

(No audible response.)

MARY QUILLEN: You may continue.

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

MARY QUILLEN: Do I hear a motion for approval of this petition?

BILL HARRIS: Motion for approval.

BRUCE PRATHER: Second.

MARY QUILLEN: We have a motion for approval and a second. All those in favor, respond by saying yes.

(All Board members signify by saying yes, but Mary Quillen.)

MARY QUILLEN: Opposed, no.

(No audible response.)

MARY QUILLEN: You have approval.

TIM SCOTT: Thank you.

MARY QUILLEN: Okay, the next item on the agenda, item number twenty-six, docket number VGOB-09-0721-2571. All those wishing to speak to this item, please come forward and be sworn.

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

MARY QUILLEN: You may call your first witness.

TIM SCOTT: Thank you, Ms. Quillen. Again, I'd ask that Mr. Jansen and Mr. Horn's testimony regarding their occupation, job description and by whom they're employed be incorporated by reference.

MARY QUILLEN: That will be incorporated.

TIM SCOTT: Thank you.

PHIL HORN

DIRECT EXAMINATION

QUESTIONS BY MR. SCOTT:

Q. Mr. Horn, on this particular application, we

filed this and we determined that there was a well that was missing, is that correct?

A. That's correct.

Q. So, what the Board has in front of it right now is the revised application, as well as the original application, is that correct?

A. That's correct.

Q. We sent out two notices, correct?

A. That's correct.

Q. One on the 19th of June and one on July the 1st, is that correct?

A. That's correct.

Q. So, that's what the Board has in front of it today?

SHARON PIGEON: This one was noticed on...that we just got handed on July the 1st?

TIM SCOTT: Yes, ma'am.

Q. So, with regard to this, what well was missing, Mr. Horn?

A. It was 750031 well.

Q. And that's included on the revise plat, is that right?

A. Yes. Dated 6/30/09.

Q. Who operated those wells?

A. Equitable Production Company.

Q. And did you participate in the operation of this well?

A. Yes, we did.

Q. Who owns the oil and gas under this unit...under that unit?

A. We own a...Range Resources-Pine Mountain, Inc. owns a 100% of the oil and gas under this unit.

Q. And notice was affected by both...by certified mail, is that correct?

A. That's correct.

Q. And it was done twice, is that correct?

A. That's correct.

Q. And we've provided that proof to Mr. Asbury, is that correct?

A. Yes, you have.

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

MARY QUILLEN: Are there any questions from the Board members for Mr. Horn?

(No audible response.)

MARY QUILLEN: You may call your next witness.

TIM SCOTT: Thank you.

GUS JANSEN

DIRECT EXAMINATION

QUESTIONS BY MR. SCOTT:

Q. Mr. Jansen, are you familiar with this application?

A. Yes, I am.

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

A. Yes, I did.

Q. Please tell the Board why we're seeking a well location exception today?

A. Again, referring to Exhibit AA, the proposed location of the well 530055 is shown on the center of the map with the green stippled area having that stand out. This is fairly straight forward. We've got three offsetting wells in basically each direction. That leaves us a very limited areas to further develop the resources in this area. There are additional wells that are outside of these three, but these were the only three that really had an impact. Moving the well in any direction is still going to result in a location exception. We've got it in the most favorable topographic location that we can to develop the well. By not drilling the well in this location, we will strand approximately 93.66 acres of reserves.

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

A. The well depth proposed is 6,617 feet.

Q. And what's the potential for loss of reserves?

A. 400 million cubic feet.

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

A. Yes, it would.

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

MARY QUILLEN: Mr. Jansen, one question, who operates these three wells?

GUS JANSEN: The wells are operated by Equitable Corporation.

MARY QUILLEN: Okay. And you own interest---?

GUS JANSEN: Range has an interest in this also, yes.

MARY QUILLEN: Are there any additional questions for Mr. Jansen from Board members?

(No audible response.)

MARY QUILLEN: Mr. Scott.

TIM SCOTT: That's all I have.

MARY QUILLEN: Do I hear a motion for approval of this petition?

BILL HARRIS: Motion for approval.

BRUCE PRATHER: Second.

MARY QUILLEN: We have a motion to approve and a second. Those in favor, respond by saying yes.

(All members signify by saying yes, but Mary Quillen.)

MARY QUILLEN: Opposed, no.

(No audible response.)

MARY QUILLEN: You have approval.

TIM SCOTT: Thank you.

GUS JANSEN: Thank you.

TIM SCOTT: Ms. Quillen, my hat---

MARY QUILLEN: Yes.

TIM SCOTT: ---is in my hand as always. We had ask...we have two at the very back of the docket.

(Laughs.)

TIM SCOTT: I know. Don't laugh at me. I had asked both Equitable and CNX if it would be okay if we could go and get those taken care of today. I believe I got no objection.

MARY QUILLEN: You have one, two, three and four.

PHIL HORN: Well, two of the four is the two that want. We have two of the four. We just want to get those two if we could.

MARY QUILLEN: Two of those four?

PHIL HORN: Yes, ma'am.

MARY QUILLEN: Because we will be going into close session at 3:00 o'clock. Equitable approves this move? Oh, CNX.

JIM KAISER: What time is it now?

TIM SCOTT: It's 2:30.

PHIL HORN: It's 2:30.

TIM SCOTT: I'll leave if you want me to.

JIM KAISER: Can't you go into executive session next month?

MARY QUILLEN: We did.

JIM KAISER: You don't have anybody here. Why do you want to do it this month?

TIM SCOTT: If you all object to it, we'll quit. But, if not, I'd like to keep going.

(Board members confer among each other.)

MARY QUILLEN: Okay, we will postponed the close session to the September docket. Don't you come back and ask for---

JIM KAISER: I won't. We've got a chance to square up and finish it all up---

SHARON PIGEON: Put the mark on these two. They've both used up their favors.

JIM KAISER: We get to even par.

MARY QUILLEN: Hat in hand is not going to work.

Okay, which two...okay, is it agreed then that you all can get your two items?

JIM KAISER: If they're going to go to five o'clock everybody should be.

MARY QUILLEN: Yeah.

JIM KAISER: It's all right with me.

TIM SCOTT: We're going to continue item forty-four.

MARY QUILLEN: Okay. That helped...that's helpful.

TIM SCOTT: So, all we're going to be doing is forty-three and forty-five.

MARY QUILLEN: Continued until September, one month?

TIM SCOTT: Yes, ma'am.

PHIL HORN: If we get to number forty-two at the end, we'll do it, but if we don't, we'll get it next month.

BRUCE PRATHER: Okay.

MARY QUILLEN: Okay. So, you just want us to do---.

GUS JANSEN: Forty-three and forty-five.

SHARON PIGEON: Forty-three and forty-five.

MARY QUILLEN: Forty-three and forty-five. And you all have an agreement then. You can continue then with forty-three.

TIM SCOTT: Make them mute me.

SHARON PIGEON: Never again, Timothy. Never again.

DAVID ASBURY: Did I hear we were continuing forty-

two.

MARY QUILLEN: We are continuing forty-five...excuse me, forty-four.

TIM SCOTT: Forty-four.

SHARON PIGEON: Forty-four and number two, the RFP discussion.

MARY QUILLEN: And number two, the RFP.

DAVID ASBURY: Okay.

JIM KAISER: Madam Chairman, just to let you know, I didn't do that wheelie neely. I think it's a pretty light docket next month. I know we didn't file very many.

SHARON PIGEON: Wheelie neely.

(Off record discussion.)

MARY QUILLEN: So, we want to go docket item forty-three. Okay, number forty-three. The docket number VGOB-09-0818-2584. Those wishing to speak to this item need to come forward and be sworn.

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

MARY QUILLEN: You may call your first witness.

TIM SCOTT: Thank you. Again, I'd ask that the testimony of Mr. Jansen and Mr. Horn be incorporated as to their employment, job description and by whom they're employed.

MARY QUILLEN: That will be incorporated.

TIM SCOTT: Thank you.

MARY QUILLEN: I'm sorry.

TIM SCOTT: That's all right.

PHIL HORN

DIRECT EXAMINATION

QUESTIONS BY MR. SCOTT:

Q. Mr. Horn, are you familiar with this application?

A. Yes, I am.

Q. And you're familiar with the ownership of the oil and gas within the unit?

A. Yes, I am. It's a 100% owned by Range Resources-Pine Mountain, Inc.

Q. And who operates well number 504778?

A. It's a permitted well. It will be operated by Equitable Production Company.

Q. You also participated in that operation?

A. Yes, we'll have interest in that well also.

Q. Okay. How as notice of this affected?

A. By certified mail.

Q. Okay. That proof of mailing has been provided to Mr. Asbury, is that correct?

A. Yes, it has.

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

MARY QUILLEN: Are there any questions from the Board members for Mr. Horn?

BILL HARRIS: Just one clarification. You said permitted. It's not producing yet.

PHIL HORN: No, sir, it's not drilled. They permitted a well is the only reason we were aware of it. We got a copy of the permitted application. Yes, sir.

BRUCE PRATHER: I have a question. Is this over in the Roaring Fork Field?

PHIL HORN: Yes, sir.

GUS JANSEN: Yes, it is.

BRUCE PRATHER: I may have to recuse myself.

PHIL HORN: Our well is not in the Roaring Fork Field. Part of 4778 is though. Yes, sir.

BRUCE PRATHER: But your well isn't?

PHIL HORN: It is not.

BRUCE PRATHER: Okay. I want have to recuse myself then.

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

MARY QUILLEN: Any additional questions for Mr. Horn from the Board members?

(No audible response.)

MARY QUILLEN: You may call your next witness.

TIM SCOTT: Thank you.

GUS JANSEN

DIRECT EXAMINATION

QUESTIONS BY MR. SCOTT:

Q. Mr. Jansen, are you familiar with this application?

A. Yes, I am.

Q. You also participated in the preparation, is that correct?

A. Yes, I did.

Q. Please tell the Board why we're seeking a location exception today.

A. Referring Exhibit AA, the location proposed well 530202 is shown on the map with the green stippled area. The well has been positioned on a reclaimed surface mine area. The area is to the north and northeast. There is a hollow field that has been in that valley field, which would inhibit us from drilling through that field and we're trying to get the well back up more closer to a solid area to drill the well in without moving it that way. Otherwise, we would have to move the well extremely further to the north, which would again leave stranded acreage behind in this area and

further development to the north in those areas in the meantime also. By not doing a well at this location, we would be stranding approximately 103.9 acres of reserves.

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

A. 5,390 feet.

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

A. 350 million cubic feet in gas.

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

A. Yes, it would.

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

MARY QUILLEN: Are there any questions for Mr. Jansen from members of the Board?

(No audible response.)

TIM SCOTT: That's all I have.

MARY QUILLEN: Do I head a motion for approval of this petition?

BILL HARRIS: Motion for approval.

MARY QUILLEN: Do I hear a second.

KATIE DYE: Second.

MARY QUILLEN: We have a motion and a second for approval of the petition. Those in favor respond by saying

yes.

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

MARY QUILLEN: Opposed, no.

BRUCE PRATHER: I think I'd better abstain.

MARY QUILLEN: One abstention, Mr. Prather. You have approval.

TIM SCOTT: Thank you.

MARY QUILLEN: Now, we'll got to agenda item forty-five, docket number VGOB-09-0818-2586. Those wishing to speak to this item, please come forward and be sworn.

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

MARY QUILLEN: You may call your first witness.

TIM SCOTT: Thank you. I, again, would ask that Mr. Jansen's and Mr. Horn's testimony regarding their occupation, by whom they're employed and their job description be incorporated---

MARY QUILLEN: They will be incorporated.

TIM SCOTT: Thank you, ma'am.

PHIL HORN

DIRECT EXAMINATION

QUESTIONS BY MR. SCOTT:

Q. Mr. Horn, are you familiar with this application?

A. Yes, I am.

Q. And what's the size of this unit?

A. 112.69 acres.

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

A. Yes, we do.

Q. We've got a whole list of people on that Exhibit B, don't we?

A. Yes. There's over two hundred owners.

Q. And are we dismissing any of those respondents today?

A. Yes, we are.

Q. Would you tell us who those are, please?

A. It will be Bobby Ratliff, Jack D. and Wanda Vandyke, Sue Presley Sandburgh, Molawski and Clara Sutherland Presley, Albert W. Linkous and Barbara Linkous, Ethel I. Sutherland, Barry Lee Tiller and Lisa Jensen Grey.

Q. Now, have you tried to reach an agreement with the other parties listed on Exhibit B-3?

A. The ones that we could locate, yes, we have.

Q. Okay. Based on your leasing efforts, what percentage of the unit does Range Resources-Pine Mountain

have under lease?

A. 93.11358346%.

Q. And how was notice of this hearing provided to those parties listed in the exhibit to this application?

A. By certified mail and also by publication in the Bristol Herald Courier on August the 8th, 2009.

Q. This was the Dickenson Star, right? I'm sorry, wasn't this the Dickenson Star? That was my mistake, Mr. Horn. It was the Dickenson Star.

A. Okay, Dickenson Star.

Q. I'm going to testify for you. When was the notice published? Was it August the 4th?

A. Yeah.

Q. Okay. I'm sorry, Mr. Horn. Are there any unknown owners in this unit?

A. Yes, there are.

Q. Okay. How have you tried to locate these people?

A. Well...Equitable has encountered this tract time and time again with our CBM wells and we've updated...taken our exhibits and we updated them and we've talked to some of the owners that have leased and we've mailed leases to the people that we could find.

Q. So, your investigative efforts are ongoing,

is that right?

A. It's ongoing, yes. And we're probably going to get more leases back because they're coming in everyday.

Q. Okay, good. Have you filed your proof of publication and your mail certification with Mr. Asbury?

A. Yes.

Q. Yes, we did. Okay. And Range Resources-Pine Mountain is authorized to conduct business in the Commonwealth?

A. Yes.

Q. And there's a blanket bond on file?

A. That's correct.

Q. Now, if you could reach an agreement with the remainder of the parties listed on Exhibit B-3, what would your lease terms be?

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

Q. Do you think this is reasonable compensation for a lease in this area?

A. Yes, I do.

Q. And what percentage of the oil and gas estate are you now seeking to pool after you've been able to lease additional parties?

A. 6.88641655%.

Q. Okay. And we do have an escrow requirement, is that right?

A. Yes, for Tract 4.

Q. Okay. And what's the percentage that's subjected to escrow?

A. 1.76458333%.

Q. Okay. And you are requesting the Board to pool the unleased parties listed on Exhibit B-3, is that right?

A. Yes, I am.

Q. And that Range Resources be named as the operator for this unit?

A. That's correct.

Q. In the event that the Board grants our application today, where should any correspondence be sent regarding elections made under the Board's order?

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

Q. And that would be for all communications, is that correct?

A. That's correct.

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

MARY QUILLEN: Are there any questions for Mr. Horn from members of the Board?

(No audible response.)

MARY QUILLEN: You may call your next witness.

TIM SCOTT: Thank you.

GUS JANSEN

DIRECT EXAMINATION

QUESTIONS BY MR. SCOTT:

Q. Mr. Jansen, are you familiar with this application?

A. Yes, I am.

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

A. 4,941 feet.

Q. And what are the estimated reserves?

A. 300 million cubic feet of gas.

Q. Are you also familiar with the well costs?

A. Yes, I am.

Q. And you assisted in the preparation of the AFE, is that right?

A. Yes, I did.

Q. What's the estimated dry hole costs?

A. \$242,152.

Q. And the completed well costs?

A. \$474,796.

Q. Do you believe this is a reasonable amount

for the development of this well?

A. Yes, I do.

Q. Okay. The AFE, again, you said you participated, is that correct?

A. That's correct.

Q. And does this 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 protecting correlative rights, the prevention of waste and promotion of conservation?

A. Yes, it will.

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

MARY QUILLEN: Any questions for Mr. Jansen from members of the Board?

(No audible response.)

MARY QUILLEN: Mr. Scott.

TIM SCOTT: That's all I have.

BRUCE PRATHER: What's the total depth of this well?

GUS JANSEN: 4,941 feet.

BRUCE PRATHER: Okay.

TIM SCOTT: That's all I have.

MARY QUILLEN: Do I hear a motion for approval of

this petition?

BILL HARRIS: Motion for approval.

BRUCE PRATHER: Second.

MARY QUILLEN: We have a motion and a second for approval. All those in favor, respond by saying yes.

(All Board members signify by saying yes, but Mary Quillen.)

MARY QUILLEN: Opposed, no.

(No audible response.)

MARY QUILLEN: You have approval.

TIM SCOTT: Thank you, ma'am.

GUS JANSEN: Thank you.

TIM SCOTT: Thanks for pushing us ahead.

PHIL HORN: Thank you. I thank Equitable and CNX for letting us getting in front of them.

MARY QUILLEN: We're putting you on our favor list.

TIM SCOTT: I think I'm two for two, right?

SHARON PIGEON: You're done here.

(Laughs.)

MARY QUILLEN: Okay. Before we start with the next series, we will take just a ten minute break.

(Break.)

MARY QUILLEN: We're back on the record. Okay, agenda item twenty-nine. This is docket number VGOB-09-0818-

2573. Those wishing to speak to this item, please come forward and be sworn.

MARK SWARTZ: Mark Swartz and Anita Duty.

(Anita Duty is duly sworn.)

ANITA DUTY

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

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

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

A. Anita Duty.

Q. Who do you work for?

A. CNX Land Resources.

Q. What do you do for them?

A. Pooling supervisor.

Q. And what did you...well, let me ask it this way. Did you sign both the notice of hearing and the application with regard to this hearing?

A. Yes.

Q. And did you either prepare the application and the exhibits or cause them to be prepared under your supervision?

A. Yes.

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

A. Mailed by certified mail return receipt requested on July the 17th, 2009 and published in the Bluefield Daily Telegraph on July the 23rd.

Q. And when you published, what appeared in the paper?

A. The notice and location map.

Q. The Exhibit A-1?

A. Yes.

Q. Okay. Have you filed your proofs of public...your proof of publication and your certificates with regard to mailing with the Director?

A. Yes.

Q. Do you want to add or dismiss anybody from the list of respondents?

A. We have four to dismiss.

Q. Okay. And have you circulated to the Board today a revised Exhibit B-2?

A. Yes.

Q. Or an Exhibit B-2?

A. Yes.

Q. And have you listed on B-2 the folks that you would like to dismiss as respondents?

A. Yes, I have.

Q. And the reason for the proposed dismissal is because?

A. We have obtained a lease since we filed.

Q. And the people you want to dismiss are then whom?

A. Carl Cartwright, Jr., E. J. Wilson, III, Robert Wilson and Robert G. Gillespie Revocable Trust.

Q. Okay. And if you dismiss them as respondents and don't need to pool them, does that change the interest that the applicant has in the unit and the interest that you're seeking to pool?

A. Yes.

Q. And what interest do you currently have with the new leases or the additional leases and what is it that you're seeking to pool as of now?

A. We have leased 66.7006 of the...% of the coal, oil and gas claim and we are seeking to pool 33.2994% of the coal, oil and gas claim.

Q. Okay. And in that regard, there is no escrow requirement here?

A. No.

Q. Have you revised Exhibit B-3 to reflect the dismissals that we have been talking about?

A. Yes.

Q. And so the revised Exhibit B-3 that you passed out today would show...would have those names going?

A. Yes.

Q. Okay. Do you want to add anybody today?

A. No.

Q. And revised Exhibit A, page two, reflects the percent...the current percentages acquired or controlled and that need to pool that you testified to?

A. Yes, it does.

Q. Have you provided the Board with well cost information?

A. Yes.

Q. In that regard, what does your Exhibit show?

A. The estimated cost is \$306,534.68. The estimated depth of 2,423 feet. The permit number is 9800.

Q. Okay. And this is a frac well that we're talking about?

A. Yes.

Q. And in it's in the Nora Field?

A. Yes.

Q. And the well is located within the drilling window?

A. Yes, it is.

Q. And we've got a plat issue, if I'm not mistaken, at the top horizontal line of the plat, you've got 53.30 acres on the plat, correct?

A. Yes.

Q. What should it be?

A. It should be 58.77.

Q. And that's what appears in the tract ID page and also on Exhibit B-3, correct?

A. Yes.

Q. Okay. You're going to tender a corrected exhibit to the Board then?

A. I will.

Q. Okay. Who is the applicant here?

A. CNX Gas Company.

Q. And is the applicant requesting that if the application is approved that it be appointed the designated operator?

A. Yes.

Q. Is the applicant a Virginia Limited Liability Company?

A. Yes.

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

A. Yes.

Q. Has it registered with the DMME?

A. Yes.

Q. Does it have a blanket bond on file?

A. Yes.

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

A. Yes.

Q. And is it your further opinion that if you combine the acquisition efforts that you've been successful with...the applicant has been successful with a pooling order pooling the folks listed on Exhibit B-3...on revised Exhibit B-3 the correlative rights of everyone will be protected?

A. Yes.

Q. And in that regard, what have you offered in general as lease terms to the folks that you've been able to lease?

A. Five dollars per acre per year with a five year paid up term.

Q. And what's the royalty?

A. One-eighth.

Q. Okay. And that five dollars is just for CBM?

A. Yes.

Q. Okay. And would you request that the...or recommend to the Board that they incorporate those terms in any order they might enter with regard to people who are deemed to have been leased?

A. Yes.

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

MARY QUILLEN: Do you have any additional witness?

MARK SWARTZ: No, I do not.

ANITA DUTY: This is all you get.

MARY QUILLEN: Any questions for Anita Duty from members of the Board?

(No audible response.)

MARY QUILLEN: And, Mr. Swartz, you would request---

MARK SWARTZ: That you approve the pooling application.

MARY QUILLEN: Okay. We have a request for a pool...approval of petition for pooling coalbed methane G-105. Do I hear a motion?

BILL HARRIS: Motion for approval.

BRUCE PRATHER: Second.

BILL HARRIS: And that is as amended by the---

MARK SWARTZ: Acreage.

BILL HARRIS: ---acreage and the handout---.

MARK SWARTZ: Revised exhibits.

BILL HARRIS: ---revised exhibits. Thank you.

MARY QUILLEN: We have a motion and a second. All in favor, respond by saying yes.

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

MARY QUILLEN: Opposed, no.

KATIE DYE: Abstain.

MARY QUILLEN: You have approval.

MARK SWARTZ: Thank you.

MARY QUILLEN: The next item is agenda item number thirty, docket number VGOB-09-0818-2574. Those wishing to speak to these items, please come forward and be sworn.

MARK SWARTZ: Mark Swartz and Anita Duty.

MARY QUILLEN: You may call your first witness.

ANITA DUTY

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

Q. Anita, yo need to state your name.

A. Anita Duty.

Q. Who do you work for?

A. CNX Land Resources.

Q. And did you sign both the notice of hearing and application with regard to this pooling request?

A. Yes.

Q. And did you either prepare the paperwork and exhibits or cause them to be prepared under your supervision?

A. Yes.

Q. Are there any revised exhibits?

A. No.

MARK SWARTZ: Madam Chairman, if I could incorporate Anita's testimony from the previous hearings with regard to the applicant, an operator, her employment and standard lease terms, I would like to do that.

MARY QUILLEN: That will be included.

MARK SWARTZ: Thank you.

Q. Anita, this is a Nora unit?

A. Yes.

Q. How many acres?

A. 58.67.

Q. And how many wells?

A. One.

Q. Where is it in relation to the window?

A. Within the window.

Q. Okay. And what did the applicant do to tell

people, including the respondents, that there would be a hearing today?

A. Mailed by certified mail, return receipt requested on July the 17th, 2009 and published in the Bluefield Daily Telegraph on July the 23rd.

Q. And have you filed the certificates with regard to mailing and the proof of publication with the Director?

A. Yes.

Q. Do you want to add anybody or dismiss anybody?

A. No.

Q. Have you provided well cost information to the Board with this application?

A. Yes. The estimated cost is \$304,656.63. The estimated depth of 2,503 feet. There is no permit issued at this time.

Q. And there is no escrow requirement here, is that correct?

A. That's right.

Q. What acreage have...what acreage or percentage of interest have you been able to...has the applicant been able to either acquire or obtain the right to develop?

A. It will be 40.8215% of the coal, oil and gas claim and they're seeking to pool 59.1785% of the coal, oil and gas claim.

Q. Is it your opinion that if you combine a pooling order pooling the folks identified as respondents in the application and the notice of hearing with the leases and successful acquisition efforts of the applicant, that the correlative rights of all owners and claimants in this unit will be protected?

A. Yes.

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

A. Yes.

MARK SWARTZ: Madam Chairman, I believe that's all I have.

MARY QUILLEN: Are there any questions for Anita Duty from members of the Board?

SHARON PIGEON: Did you give us your lease terms or incorporate them?

MARK SWARTZ: Incorporated them.

MARY QUILLEN: He incorporated them.

SHARON PIGEON: Okay.

MARK SWARTZ: There being nothing further, I'd ask that the Board approve this petition.

MARY QUILLEN: We have a request for approval of this petition. Do I hear a motion?

BILL HARRIS: Motion for approval.

MARY QUILLEN: Do I hear a second?

BRUCE PRATHER: Second.

MARY QUILLEN: We have a motion and a second for approval of the petition. All those in favor, please respond by saying yes.

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

MARY QUILLEN: Opposed, no.

KATIE DYE: Abstain.

MARY QUILLEN: You have approval with one abstention, Mrs. Dye. Next agenda item, number thirty-one, docket number VGOB-09-0818-2575. All those wishing to speak to this item, please come forward and be sworn.

MARK SWARTZ: Mark Swartz and Anita Duty.

MARY QUILLEN: You may call your first witness.

ANITA DUTY

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

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

A. Anita Duty.

Q. With regard to this pooling application, did you personally sign both the notice and the application?

A. Yes.

Q. And did you either prepare or supervise the preparation of these documents and related exhibits?

A. Yes.

Q. This is what kind of a unit?

A. An Oakwood 80 acre unit.

Q. And how many wells are proposed?

A. One.

Q. Is it a frac well?

A. Yes.

Q. Is it located inside the drilling window?

A. Yes.

Q. You've listed one respondent?

A. Yes.

Q. And I assume you don't want to dismiss them because we wouldn't be here, right?

A. Right.

Q. Okay. Do you want to add anyone?

A. No.

Q. What did you do to notify Massey Energy and

other people who might be interest in this application?

A. Mailed by certified mail return receipt requested on July the 17th and published in the Bluefield Daily Telegraph on July the 23rd.

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

A. Yes.

Q. And when it was published in the paper, the notice would have appeared in the paper and the A-1 map, is that correct?

A. Yes.

Q. What information have you provided to the Board with regard to cost?

A. An estimated cost of \$288,024.21. And an estimated depth of 2,190 feet. The permit number is 10,512.

Q. And the interest that Massey has that is unleased that you're seeking to pool is what?

A. 10.4875%.

Q. Of what estate?

A. Of the coal owners' claim to CBM.

Q. Okay. And you have a 100% of the oil and gas claims leased?

A. Yes.

Q. Or acquired?

A. Yes.

Q. Is it your testimony or your opinion that if the Board were to enter a pooling order pooling Massey's Coal interest or claims, that if you combine that with the ownership interest that you've been able to acquire by purchase or lease that the correlative rights of everyone in this unit would be protected?

A. Yes.

Q. Is your further opinion that drilling one CBM frac well in the drilling window of this Oakwood unit is a reasonable way to produce the methane...the coalbed methane from within and under this unit?

A. Yes.

Q. This unit requires an escrow, correct?

A. Yes. Tracts 2, 3 and 11.

Q. Okay. And the escrow requirement is based on a conflict of ownership in those tracts?

A. Yes.

Q. There are no split agreements?

A. No.

MARK SWARTZ: And, Madam Chairman, if I could incorporate Anita's testimony with regard to standard lease terms, with regard to her employment at CNX and with regard to the applicant and operator, I would appreciate it.

MARY QUILLEN: That will be incorporated.

MARK SWARTZ: Thank you. That's all I have.

MARY QUILLEN: Any questions for Anita Duty from members of the Board?

BILL HARRIS: Madam Chairman.

MARY QUILLEN: Mr. Harris.

BILL HARRIS: In Tract 10A, B and C, what's happening there. I notice that we have Pocahontas Mining Company for surface, but then unknown surface owners for all of those. It almost looks like a subdivision that's laid out. Are there no occupants there or what---

ANITA DUTY: We normally don't run title on the surface if we're not disturbing it. We just most likely know that because our dealings with Pocahontas Mining.

BILL HARRIS: But it just says unknown. Does that really mean unknown or is it---

ANITA DUTY: That means we haven't ran title to see who it is because we're not...we're not affected.

BILL HARRIS: It's not affecting it, okay. Okay, thank you. That was all.

MARK SWARTZ: Let me ask you a question, given the location of this well, which is quite some distance away from all of the tens that might be a subdivision---

ANITA DUTY: Yes.

MARK SWARTZ: ---would it be fair to say that under these circumstances you would not normally run a surface title if you're a good distance away and don't plan on being on their surface?

ANITA DUTY: Right. That's right.

BILL HARRIS: Okay. Thank you.

MARY QUILLEN: Are there any other questions from the Board members?

(No audible response.)

MARY QUILLEN: Do you have anything else, Mr. Swartz?

MARK SWARTZ: Other than requesting that the application be approved, no.

MARY QUILLEN: We have a request for the petition for approval for pooling of the coalbed methane well B-52. Do I hear a motion for approval?

BILL HARRIS: I make a motion for approval.

MARY QUILLEN: Do I hear a second?

BRUCE PRATHER: Second.

MARY QUILLEN: We have a motion and a second. Those in favor, respond by saying yes.

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

MARY QUILLEN: Opposed, no.

KATIE DYE: Abstain.

MARY QUILLEN: One abstention, Mrs. Dye. You have approval.

MARK SWARTZ: Thank you. To further assist us in moving forward here, we need a continuance with regard to the next docket item, which is thirty-two. We missed a respondent whose name is Meredith Jennings. You'll notice she's not listed as a respondent. We need to make sure we not...we've discovered her as having an interest in this unit. We need to notify her. If we could continue this for a month to do that.

MARY QUILLEN: Until September?

MARK SWARTZ: Yes. That will be great.

MARY QUILLEN: This will be item number thirty-two, docket number VGOB-09-18...0818-2576 will be continued until September.

MARK SWARTZ: Thank you.

MARY QUILLEN: The next docket item number thirty-three, docket number VGOB-09-0818-2577. Those wishing to respond to...or speak to this item, please come forward and be sworn.

MARK SWARTZ: Mark Swartz and Anita Duty.

MARY QUILLEN: You may call your first witness.

ANITA DUTY

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

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

A. Anita Duty.

Q. Did you sign both the notice and the application with regard to this pooling application?

A. Yes.

Q. And did you either prepare the application and related paperwork or cause it to be prepared under your supervision?

A. Yes.

Q. There's one respondent here?

A. Yes.

Q. It's always our favorite respondent, isn't it?

A. Yes.

Q. Do you want to add anybody?

A. No.

Q. And, obviously, you don't want to dismiss the Commonwealth?

A. No.

Q. The plat here needs to be revised because in the legion block it says Oakwood and it really is Nora,

correct?

A. That's correct.

Q. But other than that, we're good to go with the plat?

A. Yes.

Q. How many acres are in this unit?

A. 58.78.

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

A. Within the window.

Q. Is this a frac well?

A. Yes.

Q. And you're proposing one?

A. Yes.

Q. Okay. As long as we're on the well topic, what information have you provided to the Board with regard to well costs?

A. An estimated cost of \$310,856.59. Estimated depth 2,515 feet. Permit number is 7572. That's probably more like actual because the well was drilled already.

Q. Okay. So, the 310856.59 is probably primarily actual if not all actual?

A. Primarily, yes. Yes.

Q. Okay. What did you do to notify the

Commonwealth of the Department of Transportation that we would be having a hearing today and other people who might be interested?

A. Mailed by certified mail return receipt requested on July the 17th. We published in the Bluefield Daily Telegraph on July the 25th.

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

A. Yes.

Q. When you published, did you publish the Notice and the A-1 map?

A. Yes.

MARK SWARTZ: If I could, Madam Chairman, I'd like to incorporate Anita's prior testimony today with regard to the applicant and the operator, her employment and standard lease terms.

MARY QUILLEN: That will be incorporated.

MARK SWARTZ: Thank you.

Q. What interest have you acquired and what interest held by the Commonwealth are you seeking to pool?

A. We're leased 100% of the coal owner's. We have leased 98.0436% of the oil and gas CBM claim. We are seeking to pool 1.9564% of the oil and gas claim.

Q. This unit requires escrow with regard to

Tract 1C, is that correct?

A. Yes.

Q. And there's actually two reasons for the escrow. One is conflict, correct?

A. Yes.

Q. And then we've got a title issue, I guess, on the oil and gas side?

A. That's correct.

Q. And it's Tract 1C that has both of those issues?

A. Yes.

Q. And we also here have a...have some split agreements?

A. Yes, Tract 1A and 1B.

Q. And you've identified those tracts and the folks that have reached split agreements in Exhibit EE?

A. Yes.

Q. And the reason that you haven't identified these people in the...as people to be pooled was because you didn't need to pool them to have a split agreement and you can pay them?

A. That's correct.

Q. And presumably also have an ownership or lease agreement with them as well?

A. Yes.

Q. Okay. Is it your opinion that if you combine the acquisition and leasing efforts that the applicant has been successful with with a pooling order pooling the Department of Transportation that the correlative rights of all owners and claimants in this unit would be protected?

A. Yes.

Q. And is it also your opinion that drilling one frac well in the window of this Nora unit is a reasonable way to produce the CBM resource from within and under the unit?

A. Yes.

Q. And we're going to file a modified plat just fixing the legion?

A. Yes.

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

MARY QUILLEN: Are there any questions from the Board members for Anita Duty?

(No audible response.)

MARK SWARTZ: I'd request that our application with regard to BF-99 be approved.

MARY QUILLEN: We have a request for approval of a petition for a coalbed methane BF-99. Do I hear a motion?

BILL HARRIS: I move for approval with the amended Exhibit A to be included.

MARY QUILLEN: Do I hear a second?

BRUCE PRATHER: Second.

MARY QUILLEN: We have a motion and a second for approval with the revised Exhibit A. Those responding for approval respond by saying yes.

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

MARY QUILLEN: Those opposed, no.

KATIE DYE: Abstain.

MARY QUILLEN: One abstention, Mrs. Dye. You have approval.

MARK SWARTZ: Thank you very much. I leave you with my condolences to Mr. Kaiser.

(Laughs.)

JIM KAISER: What he say?

MARK SWARTZ: I said I was giving them my condolences that they're going wind up the day with you.

(Laughs.)

(Off record discussion.)

MARY QUILLEN: The next docket item, number thirty-five, docket number VGOB-09...I'll revise that. It is docket item sixteen that we postponed from earlier in the day. That

is docket number VGOB-05-0816-1492-02. Those wishing to speak this item, please come forward and be sworn.

JIM KAISER: Madam Chairman, Jim Kaiser and Rita Barrett on behalf of Equitable. She has a guest to introduce.

RITA BARRETT: I'd like to introduce you guys to Jonathan York. He is a new landman three that we've hired to help me with pooling and regulatory items in Virginia. So, I'd like Jonathan to give you guys his educational background so he will be qualified to testify before the Board if I'm unavailable.

JONATHAN YORK: Hi, my name Jonathan York. As Rita said, I'm landman with EQT. I graduated from North Carolina State University with a Bachelor's degree in Political Science. I also hold Juris Doctorate from Appalachian School of Law. I've been in the industry also three years now doing land acquisitions and those sorts of things.

MARY QUILLEN: Were you employed in this region in this industry?

JONATHAN YORK: Yes. Yes.

MARY QUILLEN: So, you're familiar with it?

JONATHAN YORK: Yes, with Virginia and Kentucky.

(Rita Barrett is duly sworn.)

MARY QUILLEN: Mr. Kaiser, you may call your first

witness.

JIM KAISER: I think we've got some revised exhibits to pass out.

(Rita Barrett passes out revised exhibits.)

RITA BARRETT

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

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

A. Rita McGlothlin Barrett. I'm employed by Equitable...I'm sorry, EQT Production Company in Big Stone Gap as regional land manager.

Q. And this is a repooling, is that correct?

A. It is.

Q. Can you explain briefly why we're repooling it?

A. I'll try my best. When we initially pooled this well, whoever was responsible for building the plat and reviewing the title took a note in the title opinion as face value. What that ended up doing was causing an establishment of a state perpetuity. I have the old plat here. We incorrectly corrected Theo Puckett and others as ownership in

Tract 16A when we pooled this well. Those were shown as unknown and unlocateable. Upon review of the title and by notification by Ms. Bias, Mary Ellis Bias, that she felt like she owned the entire 2.5 acres in that unit. She's right. I have the title opinion saying that she owns it. I have the assessment where she owns it. I have the deed where she got it. I also have the deed where the incorrect Estate was created. So, what we're asking the Board to do today is to combine Tract 16 and 16A to correctly credited Mary Ellis Bias and her mother, Agnus, with the ownership of Tract 16 in this well.

SHARON PIGEON: Are we eliminating, in effect, 16A?

RITA BARRETT: I'm sorry?

JIM KAISER: No, we're just changing the ownership.

RITA BARRETT: Yes.

SHARON PIGEON: But we still need a separate tract?

JIM KAISER: Yes.

RITA BARRETT: Yes, ma'am.

JIM KAISER: Well, no, we don't. Do we?

RITA BARRETT: What?

JIM KAISER: Are we eliminating 16A?

RITA BARRETT: We are eliminating Tract 16A from the original pooling and we're calling it Tract 16, yes.

SHARON PIGEON: The whole thing now is 16?

RITA BARRETT: Yes, ma'am.

JIM KAISER: Right. It will be Agnus and Mary Ellis.

RITA BARRETT: Correct.

JIM KAISER: Agnus having a life estate and Mary Ellis being the remainderment.

SHARON PIGEON: Agnus Bias, is that the name?

RITA BARRETT: Yes.

(Rita Barrett and Sharon Pigeon confer.)

JIM KAISER: And I actually struggled with this a little bit because they're both leased. So, we have the entire tract leased. I was thinking...I was wondering if maybe we could do it through a supplemental order process by just filing an amended supplemental order. But, since we had Theo and those unknowns pooled and under your jurisdiction at one time, I thought maybe it would probably easier and safer to just come back and repool it.

SHARON PIGEON: Much better plan.

JIM KAISER: Okay

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

A. Yes.

Q. And you're familiar with the application that we filed seeking to repool the unit for well number V-

502028?

A. Yes.

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

A. We do.

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

A. Yes.

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

A. We have some overlaps in this unit. Under lease is 48.25% or 46.53%.

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

A. Yes.

Q. So, what remains unleased within the unit?

A. 51.75% or 53.47%.

Q. And we do have some unknown heirs, correct?

A. Yes. The unknown heirs of W. B. Powers in Tract 4.

Q. And you made reasonable and diligent efforts to attempt to locate these unknown heirs?

A. We did.

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

A. Yes.

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

A. I am.

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

A. Yes. They're twenty-five dollar acre...I'm sorry, twenty-five dollars per acre bonus, five year term and one-eighth royalty.

Q. And that's a paid up lease?

A. Yes, sir.

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

A. Yes.

JIM KAISER: Now, Madam Chairman, we would ask that the statutory election testimony taken earlier today and the questions following that be incorporated for purposes of this hearing.

MARY QUILLEN: That will be incorporated.

Q. We do, I guess, need an escrow account here?

A. Yes. We need to escrow Tracts 4 and Tract  
5. Tract 4 and Tract 5.

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

A. EQT Corporation.

JIM KAISER: Nothing further of this witness at  
this time, Mr. Chairman...oh, I'm sorry, I do have further.  
Nothing as far as land goes.

Q. The total depth of the proposed well?

A. 4,930 feet.

Q. Estimated reserves over the life of the  
unit?

A. 299 million cubic feet.

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

A. It has.

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

A. Yes.

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

A. Dry hole costs are \$276,897. Completed well  
costs are \$552,112.

Q. Do these costs anticipate a multiple completion?

A. They do.

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

A. Yes.

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

A. Yes.

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

RITA BARRETT: And I will say, if I may, that this, well once we discovered this, we shut...this well was drilled. We shut it in and notified Mr. Asbury that we were shutting it in and that we intended to repool it.

MARY QUILLEN: Are there any questions for Ms. Barrett from members of the Board?

(No audible response.)

MARY QUILLEN: Mr. Asbury.

DAVID ASBURY: Ms. Chairman, I have a question just so that we understand. I was trying to find it if we've got any escrowed money in there for these tracts. Do you know

that?

RITA BARRETT: Yes. There was actually...in the initial force poling Tract 16A, Theo Puckett, Lillian Kathlinger and Garnet Mullins were shown as unknown and unlocateable.

DAVID ASBURY: Okay. There are moneys there to be disbursed to these rightful owners?

RITA BARRETT: Yes.

DAVID ASBURY: Okay. Will you come back with a disbursement request?

RITA BARRETT: Yes.

DAVID ASBURY: Okay. Very good. Thank you.

MARY QUILLEN: Are there any other questions for Ms. Barrett?

(No audible response.)

MARY QUILLEN: Do you have---?

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

MARY QUILLEN: We have a request for the petition to be approved with the added exhibits.

BILL HARRIS: So moved.

MARY QUILLEN: We have a motion. Do I hear a second?

BRUCE PRATHER: Second.

MARY QUILLEN: We have a motion and a second.  
Please respond by saying yes for approval.

(All members signify by saying yes, except Mary Quillen.)

MARY QUILLEN: No, if you do not approve.

(No audible response.)

MARY QUILLEN: You have approval. We got back to agenda item thirty-five, docket number VGOB-09-0818-2578. Those wishing to speak to this item, please come forward and be sworn. Mr. Asbury.

DAVID ASBURY: Just a final question on the previous docket item. We put that on the September docket since we now know that there's people to be disbursed. We're required to put that on the next docket item...or the next docket...next available docket.

RITA BARRETT: Okay. We'll note that as September instead of October and we'll get---

DAVID ASBURY: Yeah, September.

RITA BARRETT: ---EEs and the breakdown to you.

DAVID ASBURY: Okay.

RITA BARRETT: Okay.

DAVID ASBURY: All right.

JIM KAISER: So, you'll just put it on your own motion because otherwise we don't have notice?

DAVID ASBURY: The deadline was Friday.

JIM KAISER: Right.

DAVID ASBURY: So, we---.

SHARON PIGEON: I'm not sure...I mean, we need to send out notice on this. And so---.

JIM KAISER: Right. We'll do it in October.

SHARON PIGEON: They need to do it. So, it's not next month, but---.

DAVID ASBURY: October.

SHARON PIGEON: ---we were pass that deadline. The next available will be October.

DAVID ASBURY: Okay.

JIM KAISER: We'll make sure it gets on in October.

RITA BARRETT: Okay.

DAVID ASBURY: Thank you.

RITA BARRETT: Thank you.

MARY QUILLEN: Thank you. Mr. Kaiser, you may call your first witness.

RITA BARRETT

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

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

A. Yes.

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

A. I am.

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

A. We do.

Q. And prior to the filing of the application, were efforts made to locate and lease each of the respondents owning an interest within the unit?

A. Yes.

Q. And what is the percentage of the gas estate under lease to Equitable?

A. Okay. I have a unique situation here. One of the land owners, Bobby C. Rose, called the land agent this morning. Bobby is in Tract 2, 22.8583%. He has indicated that he does intend to lease and that he does intend to execute a royalty split agreement that he has in hand. So, what I'm asking here is...I don't know if I need to testify as to what was leased...what was leased at the time of application is 72.57%, but it may change between now and Friday to 4...I'm sorry, 95.428333330%. What I'm asking to do is to go ahead and pool it and to provide a supplemental when Mr. Rose executes his lease and the royalty split

agreement?

Q. We'll just dismiss him out in the supplemental order is what we'll do.

BILL HARRIS: This has happened before.

JIM KAISER: Oh, yeah, many times.

BILL HARRIS: I mean, revision orders and then people---.

RITA BARRETT: Yeah, he changed his mind this morning.

JIM KAISER: And we still have to pool it because we've got an unknown interest.

SHARON PIGEON: As divided what you've got.

RITA BARRETT: Right.

Q. So, what percentage of the coal estate is under lease?

A. 100%.

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

A. Yes.

Q. So, what remains unleased at this time is 27.43% of the gas estate?

A. That's correct. That's probably going to change to 2.667%.

Q. Okay. And we do have the unknown heirs of

Maude Massey. Did you make all reasonable and diligent efforts to locate those heirs?

A. We did.

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

A. Yes.

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

A. Yes.

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

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

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

A. Yes.

JIM KAISER: Madam Chairman, again, I'd like to ask that the statutory election option testimony be incorporated for purposes of this hearing.

MARY QUILLEN: That will be incorporated.

Q. And for this particular unit, the Board does need to establish an escrow account for Tract 2, is that

correct?

A. Yes.

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

A. EQT Production Company.

Q. The total depth of the proposed well?

A. 3,164 feet.

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

A. 330 million cubic feet.

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

A. Yes.

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

A. Yes.

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

A. Dry hole costs are \$205,171. Completed well costs are \$532,900.

Q. Do these costs anticipate a multiple completion?

A. Yes.

Q. Does your AFE include a reasonable charge

for supervision?

A. Yes.

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

A. Yes.

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

MARY QUILLEN: Do you have additional witnesses?

JIM KAISER: No further witnesses.

SHARON PIGEON: Would you give us the depth and the reserves?

JIM KAISER: Yes.

RITA BARRETT: Yes, it's 330 million cubic feet.

JIM KAISER: 3164 on the depth.

SHARON PIGEON: Thank you.

MARY QUILLEN: Are there any questions for Ms. Barrett from Board members?

BRUCE PRATHER: I have a question.

MARY QUILLEN: Mr. Prather.

BRUCE PRATHER: I assume that with the depth of this thing that it must be up on top of a big mountain, isn't it, 3164? What's the elevation?

RITA BARRETT: It probably is, Mr. Prather. I do not have the elevation for that well.

BILL HARRIS: The plat shows the elevation as 2407.

RITA BARRETT: Yeah.

BRUCE PRATHER: That's high on the mountain somewhere.

MARY QUILLEN: It's on Big A...in Big A Mountain quadrangle. So, it's a reasonable---

RITA BARRETT: It is up on a mountain. Yeah, it's over there...I know where it is now. It is on a ridge.

MARY QUILLEN: Any other questions for Ms. Barrett?

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

MARY QUILLEN: Do I hear motion for approval?

BILL HARRIS AND KATIE DYE: Motion for approval.

BILL HARRIS: I'm sorry. Second.

MARY QUILLEN: We have a motion and a second. Those in favor, please respond by saying yes.

(All members signify by saying yes, but Mary Quillen.)

MARY QUILLEN: Opposed, no.

(No audible response.)

MARY QUILLEN: You have approval.

RITA BARRETT: Thank you. And I will submit those

exhibits as soon as we get Mr. Rose leased and get the royalty split.

MARY QUILLEN: The next item on our agenda, number thirty-six, docket number VGOB-09-0818-2579. Anyone wishing to respond to this...or to speak to this item, please come forward and be sworn.

JIM KAISER: Jim Kaiser and Rita Barrett on behalf of Equitable.

MARY QUILLEN: You may call your first witness.

RITA BARRETT

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

\_\_\_\_\_ Q. Rita, do your responsibilities include this unit?

A. Yes.

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

interest and an attempt made to work out a voluntary agreement with each?

A. Yes.

Q. What's the percentage of the gas estate under lease to Equitable?

A. 95.46%.

Q. And the percentage of the coal estate?

A. 100%.

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

A. They are.

Q. So, what remains unleased is 4.54% of the gas estate?

A. That's correct.

Q. We don't have any unknowns?

A. No.

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

A. Yes.

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

A. Yes.

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

A. Yes.

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

A. Those are twenty-five dollar per acre bonus, five year paid up term and a one-eighth royalty.

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

A. Yes.

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

MARY QUILLEN: That will be incorporated.

RITA BARRETT: Thank you.

Q. Ms. Barrett, we do have conflicting claims. The Board needs to...the Board needs to establish an escrow account to cover proceeds from conflicting claims from Tracts 3, 4, 5 and 6, is that correct?

A. That's correct.

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

A. EQT Production Company.

Q. What's the total depth of this proposed

well?

A. 2,274 feet.

Q. Estimated reserves over the life of the unit?

A. 240 million cubic feet.

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

A. Yes.

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

A. It does.

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

A. Dry hole costs are \$140,102. Completed well costs are \$365,777.

Q. Do these costs anticipate a multiple completion?

A. They do.

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

A. Yes.

Q. In your professional opinion, would the granting of this application be in the best interests of conservation, the prevention of waste and the protection of

correlative rights?

A. Yes.

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

MARY QUILLEN: Any questions from members of the Board for Ms. Barrett?

(No audible response.)

MARY QUILLEN: Do you have anything further?

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

MARY QUILLEN: Do I hear a motion for approval?

BILL HARRIS: Motion for---

KATIE DYE: Motion to approve.

BILL HARRIS: Second.

MARY QUILLEN: We have a motion for approval and a second. All those in favor, respond by saying yes.

(All Board members signify by saying yes, but Mary Quillen.)

MARY QUILLEN: Opposed, no.

(No audible response.)

MARY QUILLEN: You have approval.

RITA BARRETT: Thank you.

JIM KAISER: Thank you.

MARY QUILLEN: Agenda item number thirty-seven,

docket number VGOB-09-0818-2580. Those wishing to speak to this item, would you please come forward and be sworn.

JIM KAISER: Again, Madam Chairman, Jim Kaiser and Rita Barrett.

RITA BARRETT

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Ms. Barrett, are you familiar with the application that we filed seeking to pool any unleased interest in the unit for this well?

A. I am.

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

A. We do.

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

A. Yes.

Q. And, in fact, I guess even after this application was filed you continued to attempt to lease any unleased interest and were successful in obtaining a lease for an undivided interest in Tract 3 from a Ms. Glenda Taylor?

A. That's correct.

Q. And that's the reason for the revised package of exhibits?

A. That's correct.

Q. So, at this point in time, there is 97.94% of the gas estate under lease?

A. That's correct.

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

A. Yes.

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

A. Yes.

Q. 2.06% of the gas estate remains unleased?

A. Correct.

Q. We have no unknowns or unlocateables?

A. That's correct.

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

A. Yes.

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

A. I am.

Q. Could you advise the Board as to what those

are?

A. Twenty-five dollars per acre bonus, a five year paid up term and a one-eighth royalty.

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

A. Yes.

JIM KAISER: Again, Madam Chairman, we'd ask to incorporate the statutory election option testimony.

MARY QUILLEN: That will be incorporated.

Q. Ms. Barrett, would it be accurate to state that the Board need to establish an escrow account for proceeds attributable to Tract 3 due to conflicting claims?

A. That's correct.

Q. Who should be name operator under any force pooling order?

A. EQT Production Company.

Q. The total depth for the proposed well?

A. 2,828 feet.

Q. Estimated reserves over the life of the unit?

A. 220 million cubic feet.

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

A. Yes.

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

A. Yes.

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

A. Sure. The dry hole costs are \$174,465. Completed well costs are \$393,544.

Q. Do these costs anticipate a multiple completion?

A. Yes.

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

A. Yes.

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

A. Yes.

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

MARY QUILLEN: Are there any questions for Ms. Barrett from members of the Board?

BRUCE PRATHER: Is this a Roaring Fork well?

RITA BARRETT: I'm looking, Mr. Prather.

BRUCE PRATHER: Okay.

JIM KAISER: No, it's Nora.

RITA BARRETT: No.

MARY QUILLEN: Any other questions?

JIM KAISER: We'd ask that the application be approved as submitted with the revised exhibits to reflect the additional lease.

MARY QUILLEN: Do I hear a motion?

BILL HARRIS: Motion for approval.

KATIE DYE: Second.

MARY QUILLEN: We have a motion and a second. Those in favor of approval respond by saying yes.

(All Board members signify by saying yes, but Mary Quillen.)

MARY QUILLEN: Opposed, no.

(No audible response.)

MARY QUILLEN: You have approval.

RITA BARRETT: Thank you.

JIM KAISER: Thank you.

BILL HARRIS: I guess I should have said including the revised Exhibit B. I don't know if that's---.

JIM KAISER: I did.

RITA BARRETT: He did say that.

MARY QUILLEN: He did.

BILL HARRIS: Oh, okay.

MARY QUILLEN: The next item...agenda item is number thirty-eight, docket number VGOB-09-0818-3692. All those wishing to speak to this item, please come forward and be sworn.

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

MARY QUILLEN: You may call your first witness.

JIM KAISER: Again, it will be Ms. Barrett.

RITA BARRETT

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Ms. Barrett, your job responsibilities include the unit involved in this hearing?

A. Yes.

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

A. Yes.

Q. And 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 lease agreement with each?

A. Yes.

Q. And at this time, the percentage of the gas estate under lease to Equitable is 97.910?

A. Yes.

Q. And the interest under lease to Equitable in the coal estate is 97.910?

A. Correct.

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

A. They are.

Q. So, that means 2.090% of both the gas and coal estate remain unleased?

A. That's correct.

Q. Do we have an unknown or unlocateables in this unit?

A. We do not.

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

A. Yes.

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

here and in the surrounding area?

A. I am.

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

A. Twenty-five dollar bonus, five year paid up term and one-eighth royalty.

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

A. Yes.

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

MARY QUILLEN: That will be incorporated.

Q. The Board actually does not need to establish an escrow account, that's correct? We have attached to our application a EE, which reflects the royalty split agreement between I guess it's CNX or the Pobst-Combs Heirs---?

A. And Levisa Coal Company.

Q. ---and Levisa Coal Company? Would that be correct?

A. That's correct.

Q. And who should be named operator under any

force pooling order?

A. EQT Production Company.

Q. The total depth of the proposed well?

A. 2,058 feet.

Q. Estimated reserves over the life of the unit?

A. 245 million cubic feet.

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

A. Yes.

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

A. Yes.

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

A. The dry hole costs are \$142,888. The completed well costs are \$388,496.

Q. Do these costs anticipate a multiple completion?

A. Yes.

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

A. Yes.

Q. In your professional opinion, would the

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

A. Yes.

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

MARY QUILLEN: Are there any questions from members of the Board for Ms. Barrett?

(No audible response.)

MARY QUILLEN: Do you have anything additional?

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

MARY QUILLEN: Do I hear a motion for approval?

BILL HARRIS: Motion for approval.

MARY QUILLEN: Do I hear a second?

KATIE DYE: Second.

MARY QUILLEN: We have a motion and a second. All those in favor, respond by saying yes.

(All members signify by saying yes, but Mary Quillen.)

MARY QUILLEN: Opposed, no.

(No audible response.)

MARY QUILLEN: You have approval.

RITA BARRETT: Thank you.

MARY QUILLEN: Number thirty-nine has been continued until September. So, we go to item...agenda item number forty-one, docket number VGOB-89-0126-0009-57. Those wishing to speak to this item come forward and be sworn.

JIM KAISER: Madam Chairman, Jim Kaiser, Rita Barrett and Chris Hinte, who will need to be sworn.

(Chris Hinte is duly sworn.)

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

RITA BARRETT

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Ms. Barrett, this is an application to drill one additional well in six coalbed methane units, is that correct?

A. That's correct.

Q. Have all parties been notified as required by statute, that being all mineral owners, gas, oil and coal?

A. Yes.

Q. Have you received any objections?

A. None.

Q. Particularly from coal companies, have you received any objections?

A. None.

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

Q. Is the whole area---?

A. All six units are leased.

Q. Right. All six units are a 100% leased and for the most part Range Resources-Pine Mountain acreage?

A. Yes.

JIM KAISER: Nothing further of this witness.

MARY QUILLEN: Are there any questions for Ms. Barrett from members of the Board?

(No audible response.)

MARY QUILLEN: Call your next witness.

CHRIS HINTE

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

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

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

A. Chris Hinte. I work for EQT Production. I'm a regional drilling manager out of Big Stone Gap.

Q. And you have previously testified on Equitable's behalf in both increased density hearings and in

the establishment of some of the horizontal provisional units?

A. That's correct.

Q. Okay. Now, could you, in conjunction with the handouts that you've prepared, again discuss why we are continuing with the increased density program?

A. I'm going to skip around a little bit. If we could start on CC, just the big map shot of the Nora CBM Field and increased density area. With the ones in green, are the ones that we're seeking approval for today and the ones in grey are the ones already approved. Then on DD, it's just a zoomed in of all those green ones that we're seeking approval for today. Then if we step back to AA, I have a table here of the drilling summary through June the 30th of 2009. It has our total number of wells drilled of 408. Also, the cumulative production of 3,064,000,000 cubic feet. We also have a current rate at 6.6 million cubic feet per day. And on BB is a graph of that...of the increased density drilling in the Nora Field through June. At the end of the red line, it shows 12.3 million cubic feet per day. At the end of the blue line is 5.7 million cubic feet per day, which shows an incremental rate at 6.6 million cubic feet per day increase of the increased density drilling wells and original wells of the original wells alone, which justifies our

economics of drilling additional increased density wells.

MARY QUILLEN: Are there any questions for this witness from the members of the Board?

BRUCE PRATHER: I have a question, Madam Chairman.

MARY QUILLEN: Mr. Prather.

BRUCE PRATHER: On the previously approved units, have all of those been drilled or are they in the process of being drilled?

RITA BARRETT: No. They haven't all been drilled, but we are in the process of leasing and applying for permits on each one.

BRUCE PRATHER: Okay. Okay. But you do have the right to drill the additional wells in those grey ones?

RITA BARRETT: Yes.

BRUCE PRATHER: It's not completed?

RITA BARRETT: Correct.

BRUCE PRATHER: Okay. Okay.

JIM KAISER: So, you've got acquisition going on and then if you're not successful with a 100% of the acquisition then we'll come back and pool the units?

RITA BARRETT: Correct.

BRUCE PRATHER: Thank you.

MARY QUILLEN: Any additional questions?

(No audible response.)

MARY QUILLEN: Call your next witness.

JIM KAISER: That's all I have. We'd ask that the application be approve as submitted, Madam Chairman.

MARY QUILLEN: Do I hear a motion for approval?

BRUCE PRATHER: Motion to approve.

MARY QUILLEN: Do I hear a second?

BILL HARRIS: Second.

MARY QUILLEN: We have a motion and a second for approval of this petition. All in favor, please respond by saying yes.

(All Board members signify by saying yes, but Mary Quillen.)

MARY QUILLEN: Opposed, no.

(No audible response.)

MARY QUILLEN: You have approval.

RITA BARRETT: Thank you.

JIM KAISER: Thank you.

MARY QUILLEN: Okay. The last agenda item, number forty-two, docket number VGOB-05-0621-1470-01. Those wishing to speak to this item, please come forward and be sworn.

JIM KAISER: Madam Chairman, it will be Jim Kaiser, Phil Horn and Gus Jansen for Range Resources-Pine Mountain. I think they've been previously sworn from the earlier hearing.

MARY QUILLEN: You may call your first witness.

JIM KAISER: We'll call Mr. Horn first.

PHIL HORN

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Mr. Horn, if you'd could tell us who you're employed by and in what capacity?

A. Phil Horn, land manager for Range Resources-Pine Mountain, Inc.

Q. And, obviously, your responsibilities include the land involved here?

A. Yes.

Q. Now, this is a repooling, correct?

A. Yes.

Q. We originally pooled this in 2005?

A. Yes.

Q. And can you kind of briefly explain for the Board why we're back repooling it?

A. Okay. If you look on the plat, Tract 4 is the Jessie and Delphia Heirs---

Q. Delphia Charles?

A. Charles Heirs Tract. After we drilled the well, we found out that Jessie Charles had a first family.

There were other heirs that came forward. We even got an Affidavit from the second set of his children that they were the sole heirs of him. We found out---

Q. Before...when we pooled it originally?

A. After we pooled it---

Q. Right.

A. ---I found out that there were additional heirs involved. They said...they ended up owning like a third interest under Tract 4. We leased some of them. I had planned on...this was a 16 acre tract and I talked to Bob Wilson about this. We were going to try to clean it up whenever we encountered the well again with another well in this tract. Actually, we really never had another well that took it in. It kind of fell through cracks. A couple of months ago, I realized that we never had cleaned this up. So, we force pooled 6 of the...4 of the 6 people. There's additional owners under Tract 4 starting at the bottom of Exhibit B, Earl Charles. Those people also own a minor interest in here. So, I wanted to come before the Board and try to clean this up.

Q. So, again, to try to reiterate, I think what happened was when we originally pooled it, we were...our research and this affidavit showed that the rightful heirs were the set of heirs from his second family.

A. That's correct.

Q. And then later we were informed that this fellow had a first family too. He was intestate. So, they would have obviously had some ownership rights to this property too. We talked to Bob about it and Bob said, "Well, are you going to drill anymore wells in the area?" At that time, we thought we were. Those wells would take in this tract and we'd clean it up then. Now, since time has passed and we have not drilled any additional wells, we're coming back to pool the heirs of his first family that weren't...that we haven't been able to lease and weren't included in the first pooling. Does that sound right?

A. And heirs of the...yes, and repool with different percentages of the heirs of the second family.

Q. Of the second family, right.

A. There's three of the six of the second family that we did not lease.

Q. Does that obviously would dilute their interest?

A. Yes.

SHARON PIGEON: What have you done about the royalties for the second family under the first pooling?

PHIL HORN: The royalties are all in escrow.

SHARON PIGEON: Okay. So, no, royalties have been

paid out on this disputed...I'm going to call it disputed---.

JIM KAISER: Tract or interest.

MARY QUILLEN: So, you go back and adjust those accordingly?

SHARON PIGEON: And you had an affidavit by a family member too?

JIM KAISER: Yeah, imagine that.

SHARON PIGEON: Imagine that.

JIM KAISER: So---.

PHIL HORN: Too much due diligence.

Q. So, what's the percentage that's currently under lease within the unit?

A. 95.553---.

Q. No. Would it be 99.55?

A. Okay, I'm sorry. Excuse me. 99.553333%.

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

A. It's a 100%.

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

A. That's correct.

Q. So, what remains unleased within the unit is 0.4446667% of the gas estate?

A. That's correct.

Q. Okay. We do have some unknowns in here, right?

A. That's correct.

Q. And we've done everything we can to find them, right?

A. Yes. These go back to the early 1900s at least. Those gentleman were married in early 1900s the first time.

Q. And we're requesting the Board to force pool all unleased interest as listed at Exhibit B-3 to this application, correct?

A. That's correct.

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

A. Yes, I am.

Q. Can you advise the Board as to what those would be?

A. In this area, we pay thirty dollars per acre for a five year paid up lease that provides for a one-eighth royalty.

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

A. Yes.

JIM KAISER: Madam Chairman, I'd ask, again, that the statutory election options afforded any unleased parties and their time lines in which to make them, that testimony be incorporated for purposes of this hearing.

MARY QUILLEN: They will be incorporated.

Q. I guess, we do need an escrow account, don't we?

A. Yes. We already have one set up.

Q. Right. And that is for Tract 4?

A. Yes. And then on Tract 3 you were going to---

Q. Yes. On Tract 3 where we have a conflicting claim, of course, Range is the CBM estate or coal owner's claim to CBM estate owner and Beulah Bowman is the gas estate owner and we have recently...Range and Beulah Bowman have recently executed a royalty split agreement, is that correct?

A. We've made an agreement with her on the royalty, yes.

JIM KAISER: So, we will submit a Exhibit EE to you and provide you with a copy of the split agreement.

SHARON PIGEON: And a new E.

JIM KAISER: And a new E to remove her from that...to remove...so, the E will just include Tract 4 now. So, a revised E and a new EE.

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

A. Range Resources-Pine Mountain, Inc.

JIM KAISER: That's all I have for this witness at this time, Madam Chairman.

MARY QUILLEN: Any questions for this witness from members of the Board?

KATIE DYE: Yes, Madam Chairman, I have a question.

MARY QUILLEN: Mrs. Dye.

KATIE DYE: It's just something that I need to understand. Mr. Horn, when you were saying in this area we pay thirty dollars per acre. Is that across the Board or just one specific area or just a manner of speaking?

PHIL HORN: In this area, we were partners with Chesapeake and we paid a...our bonus was a little bit higher than where we're partners with Equitable is the difference.

KATIE DYE: Okay. Thank you.

PHIL HORN: Yes, ma'am.

MARY QUILLEN: Any other questions for Mr. Horn.

(No audible response.)

MARY QUILLEN: You may call your next witness.

GUS JANSEN

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

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

A. Gus Jansen. Employed by Range Resources-Pine Mountain, Inc. as manager of Geology.

Q. And you're familiar with the exploration and development of this unit?

A. Yes, I am.

Q. And what's the total depth of the well that has been drilled?

A. 2,950 feet.

JIM KAISER: That's not consistent with my application.

A. It's 2,200 feet.

Q. 2200 feet?

A. Correct.

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

A. 750 million cubic feet.

Q. And is the AFE that was signed and submitted to the Board as Exhibit C, it is a representation of the actual completed well costs?

A. That is correct.

Q. And could you state...I guess, we don't need

to worry about dry hole, do we?

A. Correct.

Q. Can you state the completed...actual completed well costs for this well?

A. \$353,804.

Q. And do these costs anticipate a multiple completion?

A. Yes, they do.

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

A. Yes, it does.

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

A. Yes, it would.

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

MARY QUILLEN: Any questions from the Board members for Mr. Jansen?

BILL HARRIS: Madam Chairman, just...when you all corrected the depth, the AFE has the 2150. That may have been what you were reading from and the application, I think, had 2200.

GUS JANSEN: Right.

BILL HARRIS: Right.

GUS JANSEN: Yeah, I think our corrected AFE for the actual...I think the actual depth was 2150, but for the proposed AFE in the original application was 2200 feet. That's the difference. So, the actual depth of the well is 2150.

JIM KAISER: Let's got back to 2150 then.

BILL HARRIS: So, then the...okay. I just wanted to---

DAVID ASBURY: Madam Chairman.

MARY QUILLEN: Yes, Mr. Asbury.

DAVID ASBURY: Diane has made me aware that if we heard correctly, you're going to remove Beulah Bowman from Tract 3?

JIM KAISER: We're going to remove her from Exhibit E.

DAVID ASBURY: Okay.

JIM KAISER: She's no longer subjected to escrow because she has executed a royalty split agreement.

DAVID ASBURY: All right. There's money in escrow. We need a disbursement for her.

PHIL HORN: There's no money in escrow. We've been paying her.

JIM KAISER: No, they've been paying her. There's no money in escrow.

PHIL HORN: We've paying her. We've been...she has been receiving payment. We've been paying her.

DAVID ASBURY: So, she has received payment directly and not into escrow?

PHIL HORN: That's correct.

SHARON PIGEON: You were paying Beulah Bowman directly---?

PHIL HORN: On Tract 3.

SHARON PIGEON: ---even though there was a conflict?

JIM KAISER: Well, they had a split agreement.

PHIL HORN: (Inaudible) conflicted.

JIM KAISER: They had a split agreement with her.

SHARON PIGEON: But originally they didn't have it.

PHIL HORN: Right.

SHARON PIGEON: So, there's no money in escrow. Is that why you're---?

JIM KAISER: I guess, before---

PHIL HORN: There's no money in escrow of the estate on this. There, again, we should have filed an Exhibit E a long time ago. Like I said, this all fell through cracks. I was going to take care of all of this at once.

DAVID ASBURY: We're showing a small amount in escrow.

PHIL HORN: It's for Tract 4.

DAVID ASBURY: Okay.

JIM KAISER: So, apparently, what happened on Tract 3 was before there were any proceeds to pay, she executed a split agreement.

SHARON PIGEON: Is that going to be your testimony?

JIM KAISER: I don't know. Is that your testimony?

(Laughs.)

JIM KAISER: I'm not sworn.

PHIL HORN: We made an agreement---

SHARON PIGEON: Make sure he has got his hand up.

JIM KAISER: I'm not sworn. What...can you explain why there's no money in escrow for Beulah Bowman's interest?

PHIL HORN: Because we have been paying her directly. We had an agreement with her. We've been paying her directly.

SHARON PIGEON: Well, you didn't have an agreement from day one. That's where I think David and I are getting a little hung up.

PHIL HORN: That's why we should have filed an Exhibit EE a long time ago and we did not.

SHARON PIGEON: Somehow that doesn't seem to answer

my question.

BILL HARRIS: Was that before the time that we acquired a EE because we haven't always acquired a EE?

SHARON PIGEON: Regardless of the EE, if there's not a split agreement money should have been paid into escrow if there was a conflict. Forget about the exhibit here for a minute. Before you---

PHIL HORN: We're the conflicting claimant with her. So, we released our claim to her royalty.

SHARON PIGEON: So, you just released your claim?

PHIL HORN: Yes.

SHARON PIGEON: That...that answers my question. You weren't paying somebody else out of---

PHIL HORN: No.

SHARON PIGEON: ---it directly or not?

PHIL HORN: Right.

SHARON PIGEON: Are you all...David, are you okay?

DAVID ASBURY: You're going to give us another EE and an E that will clean this up and a supplemental order showing the elections for that?

JIM KAISER: Well---

DAVID ASBURY: We don't...we don't have a supplemental in the file. It's contingent. Mr. Horn, if you don't care, just verify those payments made directly and let

me know...let us know and then the revised EE.

PHIL HORN: Yes.

SHARON PIGEON: And if your records are showing---

JIM KAISER: We do a supplemental filing of the election period because there will be some folks that get elections here.

DAVID ASBURY: Right.

MARY QUILLEN: That will be in the revised E, correct?

JIM KAISER: The revised E will remove Tract 3 because there's a royalty split agreement and then the EE will reflect that royalty split agreement to them. So, now the only tract that will be subjected to state escrow will be 4, right?

SHARON PIGEON: David, are your records showing that money is in escrow for Tract 3 right now or not? Do you know?

DAVID ASBURY: I can't say which tract.

SHARON PIGEON: Okay.

DAVID ASBURY: But for the unit there's money.

SHARON PIGEON: Okay. So, if there is money, you do some research and determine there's money in there attributable to Tract 3, are you telling us that should actually be Tract 4 because that's what you said at the

beginning?

PHIL HORN: Yes. There should be no money in escrow for Tract 3.

SHARON PIGEON: Okay. All right. I think that tidies up our question.

PHIL HORN: I'm sorry for the confusion.

MARY QUILLEN: So, Mr. Asbury, you're saying then that he doesn't need to do the E for---?

SHARON PIGEON: Yes, he does.

JIM KAISER: Still need to do the E and the EE, don't I?

SHARON PIGEON: He still needs both of those.

PHIL HORN: To clean up 3.

DAVID ASBURY: To clean up Tract 3---.

PHIL HORN: Tract 3.

MARY QUILLEN: Oh, okay.

DAVID ASBURY: ---we will need that.

SHARON PIGEON: Tract 3 should not be on there. The one we have has Tract 3 on there.

MARY QUILLEN: Right. Okay.

SHARON PIGEON: Separate from all of these other questions.

MARY QUILLEN: So, E will only have Tract 4?

SHARON PIGEON: Correct.

MARY QUILLEN: Okay. And that's what the revised one will say?

SHARON PIGEON: And a new Exhibit EE will show the split agreement.

MARY QUILLEN: And new Exhibit EE with the split agreement. Any additional questions for Mr. Horn?

(No audible response.)

MARY QUILLEN: Mr. Kaiser.

JIM KAISER: We'd ask that the applications be approved as submitted with the new E and new EE to be submitted.

MARY QUILLEN: Do I hear a motion for approval?

BILL HARRIS: So moved.

MARY QUILLEN: Second?

BRUCE PRATHER: Second.

MARY QUILLEN: We have a motion and a second for approval of this petition. Those in favor, please respond by saying yes.

(All Board members signify by saying yes, but Mary Quillen.)

MARY QUILLEN: Opposed, no.

(No audible response.)

MARY QUILLEN: You have approval.

JIM KAISER: Thank you. And thank you again for---

PHIL HORN: For cleaning the docket off.

JIM KAISER: ---keeping going and I think...I hope...I humbling hope that in the long run this will really pay off because I think Mr. Asbury informed me that we only have around twenty or twenty-one items on the September docket.

MARY QUILLEN: So, we got through the agenda. Do I get an A today?

(Everyone agrees.)

JIM KAISER: And you should have plenty time next month for your executive session.

MARY QUILLEN: Okay.

JIM KAISER: With a full group maybe.

MARY QUILLEN: The last thing we have to do is to approve the minutes from the July meeting.

BILL HARRIS: Madam Chairman, I move that the minutes be approved as presented.

MARY QUILLEN: Do I hear a second?

BRUCE PRATHER: Second.

MARY QUILLEN: We have a motion and a second. All those who approve, respond by saying yes.

(All Board members signify by saying yes, but Mary Quillen.)

MARY QUILLEN: Opposed, no.

(No audible response.)

MARY QUILLEN: It carries. The minutes are approved.

DAVID ASBURY: Madam Chairman, with your permission since the escrow RFP was continued, I still have comments that I've received and would like to share those with the Board members for their review at their own discretion.

MARY QUILLEN: I was going to ask if we could get that to review it before the next Board meeting so we would be ready move forward on that when we do go into close session.

DAVID ASBURY: I do have those with me.

MARY QUILLEN: We are off the record now, correct.

SHARON PIGEON: You're just handing out something, correct?

DAVID ASBURY: Just handing out materials.

SHARON PIGEON: You're not going to be discussing this because we're not in closed session?

DAVID ASBURY: No.

MARY QUILLEN: Okay. We are off the record.

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 in this the 13th day of September, 2009.

\_\_\_\_\_  
NOTARY PUBLIC

My commission expires: August 31, 2013.