

IN THE COUNTY OF RUSSELL

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

SEPTEMBER 21, 2010

APPEARANCES:

**BOARD MEMBERS:**

MARY QUILLEN - PUBLIC MEMBER  
BRUCE PRATHER - OIL REPRESENTATIVE  
BILL HARRIS - PUBLIC MEMBER

**CHAIRMAN:**

BUTCH LAMBERT - CHAIRMAN OF THE VIRGINIA GAS & OIL BOARD  
DAVID ASBURY - DIRECTOR OF THE DIVISION OF GAS & OIL AND  
PRINCIPAL EXECUTIVE TO THE STAFF OF THE BOARD  
DIANE DAVIS - STAFF MEMBER OF THE DGO  
SHARON PIGEON - SR. ASSISTANT ATTORNEY GENERAL

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INDEX

<u>AGENDA AND DOCKET NUMBERS:</u>	<u>UNIT</u>	<u>PAGE</u>
1) Public Comment		4
2) Investment Policy		16
3) Update from Staff on Escrow Account Activities		296
4) VGOB-0816-0467-02	VC-702966	18
5) VGOB-98-0915-0681-05	S-35	30
6) VGOB-03-0513-1149-01	AY-119	54
7) VGOB-04-0615-1296-01	AY-120	60
8) VGOB-98-0324-0626-07	S-36	65
9) VGOB-98-1020-0695-04	T-35	76
10) VGOB-98-0324-0625-08	T-36	81
11) VGOB-00-0321-0779-03	Q-43	86
12) VGOB-10-0720-2769	287 VA A-35	96
13) VGOB-10-0720-2770	285 VA A-36	104
14) VGOB-10-0720-2771	288 VA B-35	114
15) VGOB-10-0720-2772	214 VA YYY-37	119
16) VGOB-10-0817-2777	E-12	138
17) VGOB-10-0817-2778	G-17	145 & CONT.
18) VGOB-10-0817-2779	N-79	158
19) VGOB-10-0817-2780	BI-118	163
20) VGOB-10-0817-2781	I-17	CONT.
21) VGOB-10-0817-2782	YYY-23	168
22) VGOB-00-1017-0835	MOD. OF FIELD RULES	175
23) VGOB-89-0126-0009-69	AJ80	183

INDEX (cont.)

<u>AGENDA AND DOCKET NUMBERS:</u>	<u>UNIT</u>	<u>PAGE</u>
24) VGOB-93-0216-0325-22	MOD.OF FIELD RULES	189
25) VGOB-10-0316-2685-01	SSS28SH	196
26) VGOB-89-0126-0009-68	MOD. OF FIELD RULES	199
27) VGOB-10-0817-2783	VC-504900	204
28) VGOB-10-0817-2784	VC-536217	215
29) VGOB-10-0817-2785	VCI-539008	WITHDRAWN
30) VGOB-10-0817-2786	EQT 2786	224
31-) VGOB-10-0817-2787	EQT 2787	246
33) VGOB-10-0817-2788	EQT 2788	
VGOB-10-0817-2789	EQT 2789	
34) VGOB-10-0817-2790	C-7	CONT.
35) VGOB-10-0817-2791	V-530213	253
36) VGOB-10-0817-2792	V-530213	259
37) VGOB-10-0817-2793	V-530027	263
38) VGOB-10-0817-2794	V-530027	270
39) VGOB-10-0817-2795	V-530283	274
40) VGOB-06-1114-1797-01	Rogers 275-CBM Unit B-39	126
41) VGOB-09120-2454-01	Rogers 421 VA F-38	134
42) VGOB-10-0817-2796	V-530277	271
43) VGOB-10-0817-2797	V-530233	284
44) Board minutes		292

BUTCH LAMBERT: Before we begin this morning, I'd like to remind everyone, if you have cell phones or other communication devices, please turn those off or at least put them on vibrate. If you must take a call, I'd ask that you take the call outside in the hallway. These proceedings are being recorded. We need to be able to hear what's going on up here and not conversations in the background. At this time, I'd ask the Board to introduce themselves beginning with Ms. Pigeon.

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

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

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

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

MARY QUILLEN: Mary Quillen, a public member.

BUTCH LAMBERT: Thank you. At this time, we'll enter into public comments. First on the sign-up list is Juanita Sneeuwaght. Please come forward and state your name for the record.

JUANITA SNEEUWAGHT: Good morning.

BUTCH LAMBERT: Good morning.

JUANITA SNEEUWAGHT: You all looking pretty good because I can see you now. I had eye surgery. I had no clue how you looked before.

BUTCH LAMBERT: Well, thank you.

JUANITA SNEEUWAGHT: I just had to guess at it. Okay, I have a little something to say here. My name is Juanita Sneeuwaght and I'm president of the committee for constitutional and environmental justice. I pretty much represent the folks in Southwestern Virginia and those many who are out of state who have interests in Southwest Virginia particularly having to do with gas...natural gas.

For twenty years natural gas royalties have gone...I have copies of these. These are pretty generalized. I don't know if you want it, but if you want it I'll be glad to share it with you.

For twenty years natural gas royalties have gone into a state controlled escrow account, which has had no accountability and little, if any, oversight. In the recent past, a fair and impartial audit was called for by the people of Southwest Virginia whose money has sat in the escrow account for in excess of two decades. There has been no watchdog of the gas industry to

ascertain the correct amount of money being deposited. No checks and balances have been in place to keep industry accountable. In December 2009, Bristol Herald Courier journalist Daniel Gilbert reported that gas companies had failed to make required deposits (the story ran on September the 5th, 2010). Since the report, some companies scoured to deposit one million dollars into escrow, which is good thing. An audit for called for to determine if the deposits made by the gas companies matched the bank records. Hoping for a fair, impartial, honest and diligent audit, the people recommended a person who had all of these qualities plus experience. This experience person's fees would have been approximately \$125,000, and I'm not positive about that and it could have been a little bit less, but somewhere in that neighborhood. For reasons only understood by the Board, they retained Robinson, Farmer & Cox, an accounting firm hired to do a comprehensive audit of 40 accounts. After the realization that 8,000 to 12,500 hours were needed to do that audit and having received a bill for 30,000, and as I understand, there will be an additional \$27,040 fee from Robinson, Farmer & Cox. It's reported that David Asbury and Butch Lambert are amazed at the high costs and now may narrow

the accounts to be audited to 4 or 6. Carbin Stone... Corbin Stone, managing director of Robinson, Farmer & Cox, informed Mr. Asbury that to reduce the number of accounts to be audited to only 4 or 6 would diminish and severally limit the analysis value as statistically valid analytical tool and finding simply become general indicators. The people's stance is this, since the audit expense will be paid by the escrow interest, what is the problem? The audit will not be paid for from the pockets of DGO and DMME. What discernable reason would they have to limit the audit account to 4 or 6? We, the people, who are the owners of the escrow dollars are willing to forgo more escrow interest to get the audit done right by an auditor who has experience, honesty and integrity. Since it is our money we're spending for an audit, why not just hand over to us the burden to find a suitable auditor. This issue is and should not be complex, so why make it so. I thank you for consideration.

BUTCH LAMBERT: Thank you. Shirley Keen. Please state your name for the record.

SHIRLEY KEEN: I'm Shirley Keen. We have been working with Mr. Asbury. There have been disbursements came out of our account. Our acreage was way below what

it should have been. Our accounts is not right. The money that's coming out there, some of my family has signed a 50/50 agreement, but we were only 15 acres of property. Where was have been working with Mr. Asbury, we've done come up with 87 acres. So, the money...we need our acreage...before any disbursements comes out of any account, we need the acreage put in writing before anything comes out because when you're...you're talking 15 acres plus 60 some ore acres. That's a lot of money that's not given to the family, which I'm not one of them that signed. I'm not in agreement to giving them no more. They get 12 and a ½% I'm not going to give them 50 more percent. But what I want this Board to do is make sure when they make disbursements they know the acreage right. They know the money is right before they give them permission to take anything out of these accounts because it's causing the people the problem and not the gas companies. When they do their paperwork, I'm sure they can come up with the right amount of acreage on each account. That's really a concern of mine because the money is going on and the money is not there. You know, they're getting cheating out of 60 some acres and that's a lot of money. So, what I want this Board to do is make sure the acreage...every acre

that they disburse any money out of any account they make sure that that acreage is right before anything comes out of that account because I'm just...we're just one part. How many more people is in the same boat that we're in? I've got papers 0000. Sheets and sheets where we have had no nothing to go in our account for several years. I know the wells is pumping. I live in the area. I see the...I see things happening. I see it happening, but, you know, we want...we want our acreage fixed. Mr. Lambert, I appreciate his help because he has been trying to help us. But make sure before anything comes out that the right amount of money is in there. Like Ms. Sneeuwaght, you know, brought up about the audit, I would like to see a forensic audit done. We're paying for it, let us have it. If we're going to waste our money, and I don't feel like it would be a waste, but we want something every...every account. We don't want somebody to pick out certain accounts to be audited. We want a forensic audit done to make sure that our money is in the accounts. Thank you so much.

BUTCH LAMBERT: Thank you. Mitchell Counts.

MITCHELL COUNTS: My name is Mitchell Counts. A lot of you people are probably used to seeing me here. Most of what I have to say is pretty much the same old

song and dance and that is that there should be some way that a citizen...a land owner could get his money that is in escrow without hiring a lawyer or a third party. I haven't seen anything like that. I have been contacted by CNX Gas and they're offering me 50%. The lawyers tell me they can get me...come to me and tell me they can get me a 100% with paying them 33%. It's just...it just does not seem right. I guess I'll keep coming and discussing this. But I had thoughts and wonderings about the fracking of the ground and water conditions that we're putting into the water system. I watch on the PBS news channel and everywhere else in the country they're having a very bad problem with ground fracking and water contamination. I wondered if there's anybody in this area checking on that. We already have mines that pollute the water. We live in the dirtiest county in the state, the most unhealthy county. I'm sure that cancer has affected everybody here. I have a sister in Duke University right now that I truly believe her cancer is attributed to where she was raised and lived all of her life. There's a lot of money in gas and coal. There should be some...I don't know. There should be some things done to help the people that live here and the land owners. Thank you for your time.

BUTCH LAMBERT: Thank you, Mr. Counts. Debbie Compton. Please state your name for the record.

DEBBIE COMPTON: My name is Debbie Compton. I'm here on behalf of my husband's family. They own property over in Buchanan County on Boyd's Ridge. For the last 10 years they have been drilling over there and the rest of his family has been getting royalties off of the gas wells. We've not received any. I was just wondering what has happened to their money and when should we start drawing a check off of it because they're drilling right there close to his grandparents' property. This is the first time I've been at one of the meetings and I was just, you know, concerned. I mean 10 years of money and us not getting any and the rest of his cousins are getting it. That's all.

BUTCH LAMBERT: Okay. Have you talked with Mr. Asbury at our Division of Gas and Oil?

DEBBIE COMPTON: I've not talked to anyone.

DAVID ASBURY: Mrs. Compton, we'll be...our office just down the hall. We'll be glad, Diane and I will be, to look into your circumstances. If some of your family is receiving money and others are not, that could, and this is just an example, represent that some have a split agreement in place and that your husband's

family or part of the family does not. We'll be glad to work with you to see what steps are necessary to, one, find out if you have money in escrow and, two, if there is, the steps required to get the money withdrawn. We'll be glad to work with you.

DEBBIE COMPTON: I know there was a gentleman from Grundy that sent us a letter three years ago and said there was money in an escrow. It was for 20 people plus Levisa Coal Company. But in order for us to get that money, everybody had to agree to it. He said he would get back in touch with us. He never did. You know, we're on a fix income, the biggest part of his family and stuff, and they deserve the money just the same as the other people do and stuff.

DAVID ASBURY: The statute...well, there's three different methods, as we sit here today, to obtain your money from escrow. Diane and I will be glad to work with you---

DEBBIE COMPTON: Okay.

DAVID ASBURY: ---and help...help you understand the process.

DEBBIE COMPTON: Okay. Thank you.

DAVID ASBURY: We'll be glad to do that.

DEBBIE COMPTON: I appreciate that.

DAVID ASBURY: Yes, ma'am.

DEBBIE COMPTON: Thank you all.

BUTCH LAMBERT: If you'll...if you'll see Mr. Asbury at our break, he will get you his card.

DEBBIE COMPTON: All right. Thank you.

BUTCH LAMBERT: Thank you. Greg, I think this is, Kozea.

GREG KOZEAR: Kozear.

BUTCH LAMBERT: Okay. Sorry.

GREG KOZEAR: That's all right. Good morning. I'm Greg Kozear. I'm the new Virginia Oil and Gas Association President. I just wanted to come this morning and introduce myself to the Board. The Virginia Oil and Gas Association, for those that don't know, represents the oil and gas industry in this state. Our members provide thousands of jobs and millions of dollars in tax revenue to the counties and the state of Virginia. In addition to that, they provide clean energy for our state.

I also want to thank as a Board member for over 10 years at Virginia Oil and Gas Association, I'm familiar with the work of this Board. I wanted to thank you this morning for what you do everyday because it's important to not only to industry but to the state. I

know that you all have other responsibilities outside what you do here at the Board. So, again, I want to thank you for what you do. In addition, I have responsibilities outside of my job as president of the Virginia Oil and Gas Association. I'm a regional sales manager for Superior Well Services. We have a facility at Norton, Virginia and employ about 50 people here in the Commonwealth. A few years ago I retired from my employer at that the time and made a decision to leave this industry. I didn't stay retired very long. As a matter of a fact, I came back. The reason I came back is because I have three children and I have eight grandchildren. I was concerned about them. I thought maybe I could make a difference. I wanted to make sure they had clean air and clean water and energy so they could heat and cool their homes, drive their cars and run their computers. We're blessed here in the Commonwealth with an abundance supply of natural gas. We can develop it and we can develop it in an environmentally sound manner. Part of those eight grandchildren that I have, four of them live in Virginia Beach. My son is in the Navy there. He has had two tours to Iraq. He's probably going to end up end up in Afghanistan and a not that distant future. One of the

things that I question as a parent and as a father is if we weren't as depending on foreign oil, would my son and would other people's children be in harm's way in the mid-East? I don't know that I can answer that question, but what I can say is that we in Virginia and in this country for the first time in our history can affect that. We can develop our natural gas supply and we can do something that we hear a lot about doing things that will eliminate foreign oil. Most of them will have to involve electricity. But through natural gas vehicles, we can begin to power our vehicles with natural gas produced in this state and every time we run a vehicle on natural gas we eliminate oil from the mid-East. Ladies and gentlemen, we send 400 billion dollars to the mid-East for oil every year. Now, how much of that might find its way into the hands of terrorist, I don't know. But what we can do here in this state, we need to do. We have a very progressive industry and a very progressive state. I think there's some incredible things that we can do.

One thing I feel like I should respond to because I know there's some concern it's out there on the news on hydraulic fracturing. As an engineer...as a professional engineer, one of the things that we know 60

years of fracturing wells on a regular basis, 90% of the wells plus here in Virginia are hydraulically fractured. There are no evidences of damage to ground water. It's not dumb luck or it's not even the prudence of our energy companies. It's mother nature. Just simply due to rock stresses as hydraulic fractures...if we get shallower, it's physically impossible for a hydraulic fracture to reach up into someone's ground water. We can't do it. So, again, it's not...it's simply technology and good sound engineering. Again, it's very simple to explain.

But I do want to thank you for your time and I'll be happy to assist you in any way possible in my term as president for the next two years. Thank you.

BUTCH LAMBERT: The next item on the docket is item two. The Board will consider approval of the "Statement of Investments policy" as presented by the First Bank and Trust, Escrow Agent for the Virginia Gas and Oil Board. This has been continued for a couple of months. If you don't have copies...we passed out copies of that investment a couple months ago for your review. If you don't have copies, I have copies of those with me. You need to...this Board needs to act on this investment policy today, if possible, if you're ready to

comment or if you have comments to make on this...on this policy. So, I'd ask the Board, have you had time to review it in the last couple of months? Are there any comments from the Board?

MARY QUILLEN: Mr. Chairman, this policy or this draft policy reflects the discussion that we had with Karen McDonald and Debbie Davis and clarified the amount of each of those investments in the CDs. I'm satisfied that this policy does reflect the discussion that we had and meets our investment expectations.

BUTCH LAMBERT: Any other comments?

(No audible response.)

BUTCH LAMBERT: If there's no further comments and the Board is satisfied with this investment policy, I would ask for a motion that we either accept this investment policy or get back to the bank for further instructions from the bank on investments.

BILL HARRIS: Mr. Chairman, let me just ask a question. On page three, I notice there's some changes. I had seen this before and I meant to ask about those. But if a motion is made, is that including the changes as presented here?

BUTCH LAMBERT: Yes, that's correct, Mr. Harris.

BILL HARRIS: I'll make a motion then that we

approve the policy as presented with the changes listed therein.

BUTCH LAMBERT: Okay.

MARY QUILLEN: Second.

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

(No audible response.)

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

(All members signify by saying yes.)

BUTCH LAMBERT: Opposed, no.

(No audible response.)

BUTCH LAMBERT: Mr. Asbury, would you work with First Bank and Trust to make this a final document?

DAVID ASBURY: I will.

BUTCH LAMBERT: Thank you. Moving on to item number three, the Board will now receive an update from the staff regarding the Board and escrow account activities. Mr. Asbury?

DAVID ASBURY: Mr. Chairman, we have some other activities that we need to discuss. If it's at the Board's pleasure, we can postpone that to later this evening.

BUTCH LAMBERT: You want to postpone item three

until later this evening?

DAVID ASBURY: If you...if the Board wouldn't care.

BUTCH LAMBERT: Okay. Let's do that. That will be carried over until this afternoon. The next item on the docket is item number four. A petition from EQT Production Company requesting disbursement of funds from coalbed methane unit VC-702966, docket number VGOB-0816-0467-02. All parties wishing to testify, please come forward.

JIM KAISER: Mr. Chairman, Jim Kaiser and George Heflin on behalf of EQT Production.

BUTCH LAMBERT: Good morning.

GEORGE HEFLIN: Good morning.

JIM KAISER: Good morning.

(George Heflin is duly sworn.)

BUTCH LAMBERT: You may proceed, Mr. Kaiser.

JIM KAISER: We are here today, I think Mr. Asbury probably has some comments that he's going to make, as you all know, this particular disbursement has been a long and winding road. What we're going to try to do is disburse to Trulah Powers her share of the escrow for a portion of Tract 2 in the unit for well number VC-702966. Let me pass this out right now.

(An exhibit is passed out to the Board.)

JIM KAISER: There has been a lot of contact back and forth between the Powers and the Board, the Powers and EQT. Mr. Powers...actually, Leonard Powers before he passed away a few months ago, actually did write a letter saying that he was in agreement with the disbursement on this portion of Tract 2. Now, his widow Trulah Powers has recently written a letter, I guess September the 8th, with some objections. I don't know if you might want to go ahead and get those on the record now, Mr. Asbury, before we go through our testimony trying to get this disbursement done.

DAVID ASBURY: Okay. There are two tracts that were considered by Mr. Powers before his death that Mrs. Powers have...does now have control or his claim...has claims of control in this unit. A portion of that is Tract 2 and Tract 3. What we're here today to discuss and disburse is the actual ownership of gas and oil in Tract 2, which was originally with deed and title assigned to and everyone agreed with was Leonard and Trulah Powers. Through negotiations with several individuals, Powers and Range Resources came to an agreement. Range Resources in a letter dated December the 2nd, 2009, released their coalbed methane claim,

which gas Mr. and Mrs. Powers 100% of their acreage that was in Tract 2. So, that's what we are here as far as today's disbursements is concerned. Mrs. Powers did write a letter and asked me to read this into record as far as her objections. If it's okay, Mr. Chairman, I'll do that at this time.

BUTCH LAMBERT: Please do so, Mr. Asbury.

DAVID ASBURY: This is a letter from...a handwritten letter from Mrs. Powers. It references EQT's petition for supplemental order for disbursement of the escrowed funds for hearing September 21, 2010, docket 94-0816-0467 for Tract 2, well VC-2966. "Dear Board Members: I want to go on record objecting to the wording and ideas of much of this document. I want to go on record also for explaining that there is no conflicting interest of the gas ownership on Tract 2, well VC-2966, due to the coal ownership. The coal ownership of this tract as expressed throughout this document and on the pooling order is bogus. The location plat and coal estates only of Exhibit E of this document state the coal ownership as being Clinchfield Coal, CCC, and leased to EREC's 100%, Clinchfield Coal claims own the coal under the property as J. H. Powers coal tract including 1,108.79 acres. There has never

been a J. H. Powers coal tract 1,108.79 acres. EQT was unable to show documentation of the existence of the J. H. Powers coal tract 1,108.79 acres in Federal Court in Abingdon on January the 19th, 2010 as they had been requested to do. There has never been a true conflict of gas interest ownership on Tract 2, well VC-2966. So, all wording related to supposed conflicting interest should be stricken from this petition for disbursement from escrow funds of Tract 2 and well VC-2966. This petition should ask for disbursement of escrow funds in Tract 2 to Trulah Powers only. The record needs to be straight on this. We also own the gas on our property outright because the Virginia Supreme Court ruling in 2004 concerning the ownership of gas ruled that the land owner owns the gas. The Virginia Supreme Court ruling is the law of the state. Thus, the Supreme Court Courts have spoken. It is the time and pass time for this Board to stand up and recognize the Supreme laws of the State of Virginia and the constitutional rights of its fellow citizens. The Virginia Supreme Court in 2004 and the U. S. Supreme Court in 1999 both valued that the gas owners and the land owners. If the laws of this great country and the State of Virginia were being followed, there would be very few disbursements of fund

petitioning and there would be no split escrow with the coal owner. When the Virginia Legislation, the gas companies and this Board decide to do the right thing by the gas owners everyone will win. This petition seems to be laden with contradictions. It states that Clinchfield Coal owns the coal by way of J. H. Powers coal tract 1,108.79 acres, a coal tract that doesn't exist. It further states that ERECs leased the coal from Clinchfield a 100% and it also contains a letter from Range Resources-Pine Mountain, Inc. who claims the coal by way of its deed from the former coal owner. Exhibit E shows Clinchfield as the current owner of coal. Then how can Range Resources-Pine Mountain own it from a deed of a former owner and ERECs is still leasing from Clinchfield according to Exhibit E? Can these scenarios actually coexist in a legal sense? In fact, D of this document is erroneous. Range Resources-Pine Mountain was not a conflicting claimant with regard to Tract 2 as created by the Board order VGOB-94-0816-0467. That statement cannot be further from the truth. Clinchfield was a conflicting claimant at the hearing in June 1994. In fact, E is a fallacy. It is the resolve...it is to resolve the non-existent conflict in plat B. Plat G states the escrow not yet deposited and

should be distributed to applicants or plaintiffs. As defined and identified in this petition, Range Resources-Pine Mountain, Inc. and Trulah Powers are the applicants and plaintiffs. As has already been determined in mediation in Federal Court, there will be no split of escrow funds on Tract 2 for well VC-2966. I'm also hereby objecting to the fact that escrowed funds that would be disbursed by the petition extends only to December 31, 2009. They should extend that lease to June or July. Please excuse my poor writing. Sometimes my hands are not steady enough to type. Yours truly, Trulah F. Powers." Subsequently to receiving this letter, Mr. Chairman, there has been a couple of conversations with Mrs. Powers talking about what this disbursement is and the ways that the statute allows disbursements from escrow. In real terms, there is a split agreement between Mr. and Mrs. Powers even though the Range part is 0%. So, a split agreement of 0 to Range and a 100% to Mrs. Powers is, in fact, a split agreement. So, she said and conveyed to me that she understood that this is a split agreement and this is one of three ways that the funds can be disbursed in Tract 2 that are specific to Leonard and Trulah Powers' ownership. In addition to the ownership in Tract 2,

there is another claim that's in Federal Court. The Federal Court did not rule. It only asks for additional information from EQT. There are still outstanding Federal Court issues on a two-eighteenth part of Tract 2, which the Powers are claiming...three-eighteenth part, I'm sorry, with Mr. and Mrs. Powers and a lady Strict Fadden. So, that part is still under Federal Court's consideration for Tract 2 and not the acreage that we are here to disburse today.

BUTCH LAMBERT: Looking at the plat map, Mr. Kaiser, my map doesn't have the tracts identified. Are we talking about the J. H. Powers? Is that the one to the---

JIM KAISER: Yes, sir. In the western part of the unit there.

BUTCH LAMBERT: The western part or the eastern part?

JIM KAISER: I believe the western part.

BUTCH LAMBERT: The western part is Leonard Powers.

JIM KAISER: Right.

SHARON PIGEON: This is it. See right here.

BUTCH LAMBERT: But there's a J. H. Powers up here too. That's referenced in the letter at 1,108

acres...1,108.79 acres. Is that---?

SHARON PIGEON: They all J. H. Powers.

MARY QUILLEN: It's on both of them.

BILL HARRIS: Yeah, it is.

MARY QUILLEN: Both tracts, the same acreage.

GEORGE HEFLIN: What it is...if I may, it's---.

BUTCH LAMBERT: I'm looking at...if you're looking at the plat, it's the northeast and it has got J. H. Powers 1,108.79 acres.

GEORGE HEFLIN: That's correct. Both that 1...that 1108.79 acre tract is a large coal tract that underlies a couple of different---.

JIM KAISER: Surface, oil and gas tracts.

GEORGE HEFLIN: ---surface, oil and gas tracts.

BUTCH LAMBERT: So, that's the Tract 2 that---?

JIM KAISER: That's the...that's what we call the J. H. Powers coal only tract.

BUTCH LAMBERT: Okay.

JIM KAISER: That's Tract 2 and 3.

GEORGE HEFLIN: And 1.

JIM KAISER: And 1, yeah. That's the coal underlying the entire unit except for that little piece down in the very southeast corner. But the piece that the Powers own the gas under and that we're here to

disburse a portion of today would be on the western side of the unit where it says Leonard Powers surface, oil and gas.

MARY QUILLEN: Oh, okay.

JIM KAISER: Do you got it?

(No audible response.)

JIM KAISER: One-sixth of that tract is still in dispute in the Federal litigation with Strict McFadden and then all of that tract to the northeast, Tract 3 is in dispute. But, again, I mean, I think with what you've heard from Mr. Asbury and the fact that Range has got the split agreement and has agreed to 100% of the escrow of the five-sixth of the escrow on Tract 2 there you have it.

MARY QUILLEN: It's 100% of five-sixth---?

JIM KAISER: Yes, ma'am.

MARY QUILLEN: ---is that what you're saying?  
And one-sixth is still in dispute?

JIM KAISER: Yes, ma'am.

MARY QUILLEN: I got it.

BUTCH LAMBERT: Anything further, Mr. Kaiser?

JIM KAISER: Yeah. Well, I'm...I'll do my standard testimony of Mr. Heflin.

GEORGE HEFLIN

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

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Mr. Heflin, was everybody...has all parties been notified as required by statute of this hearing?

A. They have.

Q. And have you prepared a spreadsheet for purposes of this hearing to show the Board the owners percentage in escrow and the owner amount in escrow to be disbursed if they agree with this application and that amount total is as of 8/31/2010?

A. That's correct.

Q. And what is the percentage of the owner's percentage in escrow for the portion of Tract 2 that we're disbursing?

A. It's 23.04057681%.

Q. And the owner amount in escrow through the 31st of August?

A. \$13,540.54.

Q. And would you ask that the Board enter an order allowing that amount to be disbursed to Mrs. Trulah Powers and that the order state that going

forward her five-sixth interest of the royalty in this unit be paid directly to her?

A. Yes.

Q. And would you also agree that the Board needs to leave one-sixth of the proceeds from this tract in escrow pending any decision in the Federal litigation?

A. That's correct.

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

BUTCH LAMBERT: Questions from the Board?

(No audible response.)

BUTCH LAMBERT: Mr. Asbury, let me make sure that I'm clear. Since receiving the letter from Mrs. Powers, you've had conversations with her---?

DAVID ASBURY: Yes.

BUTCH LAMBERT: ---via phone---?

DAVID ASBURY: Yes.

BUTCH LAMBERT: ---where she stated that she now understands what's going to take place at this hearing today for disbursement of her portion for Tract 2?

DAVID ASBURY: Yes.

BUTCH LAMBERT: And she was in agreement with that?

DAVID ASBURY: Yes.

BUTCH LAMBERT: Okay. I just wanted to simply that so I could understand it.

JIM KAISER: It has been a pretty complicated one, yeah.

DAVID ASBURY: While she want...while she agreed with the disbursement and understands the issue about a conflicting claim or split agreement, she understands that, and she is okay with the disbursement that's pending before the Board for the portion. She continues her claims under the Strict McFadden part and the Tract 3 part, which involves the Missouri Kiser Heirs.

SHARON PIGEON: Mr. Asbury, your file also contains a letter dated January 19, 2010 before Mr. Powers passed away wherein he rescinded his objection to this disbursement as well?

DAVID ASBURY: That's correct. Thank you.

BUTCH LAMBERT: Okay. Any further questions from the Board?

(No audible response.)

BUTCH LAMBERT: Anything further, Mr. Kaiser?

JIM KAISER: Yes, sir. We'd ask that the disbursement petition be approved as submitted.

BUTCH LAMBERT: Do I have a motion?

MARY QUILLEN: Motion to approve.

BRUCE PRATHER: Second.

BUTCH LAMBERT: I have a motion and a second.

Any further discussion?

(No audible response.)

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

(All members signify by saying yes.)

BUTCH LAMBERT: Opposed, no.

(No audible response.)

BUTCH LAMBERT: Thank you, Mr. Kaiser. That's approved.

JIM KAISER: Thank you.

BUTCH LAMBERT: The next item on the docket is item number five. A petition from CNX Gas Company, LLC requesting disbursement of funds from coalbed methane gas unit S-35, docket number VGOB-98-0915-0681-05. All parties wishing to testify, please come forward.

MARK SWARTZ: Good morning. Mark Swartz and Anita Duty.

BUTCH LAMBERT: You have to bring us all one, Mr. Swartz.

DIANE DAVIS: If I'm annoying you, I'm sorry.

MARK SWARTZ: No, I was just trying to help.

But, of course, no good deed goes unpunished.

(Laughs.)

BUTCH LAMBERT: You may proceed, Mr. Swartz.

MARK SWARTZ: Thank you. Anita, could you state your name?

COURT REPORTER: Anita, if you would raise your right hand.

MARK SWARTZ: Has she been sworn?

(Anita Duty is duly sworn.)

COURT REPORTER: Ma'am, you need to state your name for us, please.

BUTCH LAMBERT: Would you state your name for the record, please?

MARTHA WILLIAMS: Martha Williams, Linkous Horn Heir.

BUTCH LAMBERT: Thank you.

ANITA DUTY

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

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

Q. Okay. Anita, state your name for us.

A. Anita Duty.

Q. Who do you work for?

A. CNX Land Resources.

Q. Okay. Today, right?

A. Yes.

Q. Okay. What do you do for them in relation to this petition?

A. I'm the pooling supervisor.

Q. Okay. And is this a petition that you have filed to cause the Board to hopefully enter an order making a partial disbursement from an escrow account?

A. Yes.

Q. And the reason that you've asked for this disbursement is because some of the folks have entered into a split agreement, is that correct?

A. That's correct.

Q. Have you seen that agreement?

A. I have.

Q. Is it a 50/50 agreement?

A. It is.

Q. And the people that have entered into the agreement that we're here about today are Hurt-McGuire Land Trust and Sylvia A. Shelton Byrd and Curtis Stilwell, is that correct?

A. Yes.

Q. Okay. Have you attached at the end of the petition an exhibit that you've called Exhibit A which illustrates the funds and sets forth percentages that the Board should have in mind as we proceed today?

A. Yes.

Q. Okay. Did you do a comparison of your own records and the escrow agent's records to determine whether or not they were in agreement with regard to royalties paid and deposits received?

A. I did.

Q. And did you do that as of a particular date?

A. It is July the 31st, 2010.

Q. Okay. And what did you find?

A. They were in balance.

Q. And the total...I think when I'm looking at Exhibit A here, the total escrow with regard to Tract 2 appears as of that date to have been \$11,983.93, is that correct?

A. Yes.

Q. And we're seeking to disburse just a portion of that?

A. That's correct.

Q. So, the escrow account would need to survive the disbursement?

A. Yes.

Q. And have you set forth in the Exhibit A, the percentages that the escrow agent should use to make the disbursement?

A. Yes.

Q. And with regard to Hurt McGuire, what's the percentage?

A. 8.2153%.

Q. And with regard to Sylvia A. Shelton Byrd?

A. 4.1076%.

Q. And with regard to Mr. Curtis Stilwell?

A. 4.1076%.

Q. And have you identified the wells that are contributing to this escrow account on this exhibit?

A. Yes.

Q. They're 35A and 35...S-35A and S-35B, is that correct?

A. Yes.

Q. Okay. Should the Board order provide that these percentages should be applied to the balance on deposit at the time the disbursement is made?

A. Yes.

Q. And are you also asking that in the event the Board approves this petition and allows the disbursement to be made that future payments by the operator be...that the operator be allowed to pay future payments directly to these people?

A. I do.

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

BUTCH LAMBERT: Questions from the Board?

(No audible response.)

BUTCH LAMBERT: Ms. Williams, do you have comments?

MARTHA WILLIAMS: Yes, I do. This is on Linkous Horn. This is Linkous Horn property. I'm asking that you not disburse any of this money because they're not even...they don't even have the proper acreage. This is still being studied. There has been no proof that this is not Stilwell property. This is Linkous Heir, S-35 and S-36. Mr. Asbury gave us the map and he says that the Board agrees we own it. He and Diane agrees we own it. So, I don't...I don't understand why money is being...this is not a gob well. I don't understand why there's money being disbursed for this family.

BUTCH LAMBERT: Mr. Asbury, do you have a response?

DAVID ASBURY: This particular acreage that we're looking in Tract 2, there are...there could be some issues that are being researched for additional acreage in S-35, S-36, T-35 and T-36. But as far as the documentation and tract acreage that we have, Ms. Williams, we don't have anything in conflict with this disbursement at this time.

MARTHA WILLIAMS: Okay, Mr. Asbury, I'm not saying that. But there's 35 and 36, this gas is owned by the Linkous Horn Estate.

DAVID ASBURY: Again, that...of the 80 acres that we are...that the Board has approved as far as the gas unit and the acreage that has been presented from deed of title, there may be other issues outstanding that we...that we are working on with S-35, S-36, T-35 and T-36. But for this portion of Tract 2, we do not have...I'm not familiar with a conflict other than a claim that maybe some of the additional acreage belongs to the Linkous Horn Heirs.

SHARON PIGEON: So, are you saying that...your understanding is that the Linkous Heirs issues are not related to Tract 2? Is that what you're saying?

DAVID ASBURY: They...they could have issues in Tract 2, yes, but not for this portion of Tract 2.

SHARON PIGEON: All right.

BUTCH LAMBERT: Okay. Ms. Duty, I have a question. On our Exhibit E, why were those...some of those folks highlighted? I know there used to be a reason that---.

ANITA DUTY: In the green?

BUTCH LAMBERT: It's grey on ours.

ANITA DUTY: Oh, I'm sorry. Well, there's a note below there that say royalty split agreements have been executed, but are in dispute. Royalties attributable to this are currently being escrowed.

BUTCH LAMBERT: Okay.

ANITA DUTY: That's what that green means. That's just for us to make sure that we catch that comment.

BUTCH LAMBERT: Okay. Thank you.

SHARON PIGEON: And that's in Tract 3?

BUTCH LAMBERT: It's Tract 3, right.

ANITA DUTY: Yes.

MARK SWARTZ: Correct.

MARTHA WILLIAMS: May I have a copy of this?

MARK SWARTZ: If we have an extra, yes. If we

don't, we can make you one eventually. I only have one.

ANITA DUTY: It won't be green, but---

MARTHA WILLIAMS: I don't care what color it is.

DAVID ASBURY: Mr. Chairman, if there is any conflicts it would lead to a deed in title conflict. That's something that would be ongoing that's outside of the Board.

MARK SWARTZ: Well, the highlighted information would have been here before. We have copies of split agreements executed by this people, but they have told us that the agreements should not be acted upon. So, we have taken their word for that, you know, in terms of delaying it. So, you know, it's up to them, I suppose, to, you know, find their way to a Court to get a Court to say that, you know, you didn't make an agreement or there was something deficient about it. But we have just voluntarily, you know, taken the position that if you're telling us this is not a valid agreement, we're going to take your word for it just like we take people's words for it a lot of times when they say they're claimant even though we may not agree with them. So, that's why we have...we have highlighted that because we've been provided with split agreements. But they're saying don't act on them.

BUTCH LAMBERT: Any further questions from the Board?

MARK SWARTZ: I guess I would like to know what issues...I mean, where I'm coming from and what I'm hearing from Mr. Asbury it kind of concerns me a little bit. I mean, if the acreage of any tract in the 80 acre unit is wrong, it would affect the percentage that's being put into escrow with regard to Tract 2. So, if we have some legitimate question, we're blissfully unaware of it, okay. I mean, the Linkous Horn Heirs are not in the title for Tract 2, but they're in the title for Tract 3. If there is some issue with regard to the size of their tract that Mr. Asbury is actually concerned about, he probably needs to be a little more specific because I don't think we should be making a disbursement. If it's just he has received complaints and doesn't have information to document them or support them, I think we need to know that as well and we can probably proceed. But if we need to know a little more---

DAVID ASBURY: I have no documentation certified that there's a difference in the tract acreage. Only words that it should be in dispute. I have no new information other than what the tract is shown is shown

as 1.15 acres at this time. That 1.15 acres could be accurate as far as the acreage is concerned. But the ownership within that acreage could be in dispute and is in dispute with the Stilwell Heirs and the Linkous Heirs and another party. But it doesn't involve the disbursement that's before the Board this morning.

BRUCE PRATHER: I've got a question.

BUTCH LAMBERT: Mr. Prather.

BRUCE PRATHER: Have we carved out that acre and a half? Have we carved it out of the escrow or out of the...you know, the amount that's going to be given?

DAVID ASBURY: I didn't hear the question.

BRUCE PRATHER: I mean, there's apparently an acre and a half that's in dispute. Has that been carved out of this disbursement?

BUTCH LAMBERT: That's not in Tract 2 though is it, Mr. Asbury?

MARY QUILLEN: It's in Tract 3, is that correct?

DAVID ASBURY: It's Tract 3, Mr. Prather.

BRUCE PRATHER: Are there any in Tract 2 that have been carved out or should be carved out?

DAVID ASBURY: Not that I'm aware, no.

BRUCE PRATHER: All right.

MARY QUILLEN: Just one clarification, Mr.

Chairman.

BUTCH LAMBERT: Ms. Quillen.

MARY QUILLEN: Mr. Asbury, in Tract 2 in the Exhibit E, the only thing that's listed here is what you have...actually have the documentation, which is the Hurt McGuire Land Trust and then the Thomas Stilwell Heirs that are listed here and the Cora Arnold Heirs and the James H. Arnold, widower?

DAVID ASBURY: That's correct.

MARY QUILLEN: And so the only ones that we are addressing here today is the Thomas Stilwell, which is the Sylvester Stilwell Osborne Heirs?

DAVID ASBURY: We're addressing one of the heirs Sylvia A. Shelton Byrd and Curtis Stilwell in Tract 2.

MARY QUILLEN: And it's out of that Thomas Stilwell portion, correct?

DAVID ASBURY: Yes, ma'am.

MARY QUILLEN: Okay.

MARK SWARTZ: You know, to just kind of get everybody focused since this is coming up shortly. Look at your packet for S-36, which is docket number eight. You'll see in the tract IDs for S-36, and a good example is Tract 3C-1, that there is a conflict in that unit between the Linkous Horn Heirs and the Thomas Stilwell

Heirs. We've actually shown an or in the title work. So, there...I mean, what Mr. Asbury is talking about is a reality, but we don't think it's in S-35---

DAVID ASBURY: S-35.

MARK SWARTZ: ---and it's in S-36. I just wanted to make sure that---

DAVID ASBURY: Thank you.

MARK SWARTZ: ---you know, we clarified this. If there's a problem in S-35, we need to know about it. But I think...I think what Mr. Asbury is talking about, I'm I right, is in S-36. We're not asking for an escrow out of that one either...out of that piece of it.

DAVID ASBURY: That's correct.

MARK SWARTZ: But there is...there are some instances where they are in conflict. But S-35 is not...Tract 2 in S-35 is not apparently. Certainly, from our standpoint and apparently from Mr. Asbury's standpoint, it's not subjected to that inquiring. Have I---?

DAVID ASBURY: When the conflicts reach my office it's a wide blanket that includes S-35 and S-36. You're correct. As far as we know, S-35 is clear.

BUTCH LAMBERT: Any further questions from the Board?

(No audible response.)

BUTCH LAMBERT: Anything further, Mr. Swartz?

MARK SWARTZ: Nothing further.

BUTCH LAMBERT: Anything further, Ms. Williams?

MARTHA WILLIAMS: Well, I mean, it's not going to do any good. It's not going to make any difference, which is fine. But I just want to make it written and make it known that I object to this and I would prefer...I'm asking you not to agree to disburse it, but whatever you do.

BUTCH LAMBERT: Do I have a motion?

DAVID ASBURY: Can I ask a question, Mr. Chairman?

BUTCH LAMBERT: Mr. Asbury?

DAVID ASBURY: Ms. Williams, from your prospective of the objection to the disbursement, how do you think that it could be fixed?

MARTHA WILLIAMS: Well, you know as I do that this in question. The whole thing is in question. If nothing else, it should be taken into consideration that we're in...we're in disagreement with Hurt McGuire. That's why that this family...I'm speaking for the whole 24 people. That's why that we have been so in disagreement with disbursing any of this money until we

do have our...have an understanding and have it declared one way or the other because we don't feel that Hurt McGuire owns the gas. That was decided in the Supreme Court. We all know that. What in '04? That should... if nothing else, at this point, that should at least be taken into consideration. I do feel that the Supreme Court judges the whole state equally. I don't think that just happens in Richmond and for that reason, I would like to see no more money disbursed from these escrow accounts whatsoever until we have a...we have a clear statement there one way or the other.

SHIRLEY KEEN: I need to make a comment.

BUTCH LAMBERT: No, ma'am, you're not allowed to make a comment. We're in session---

SHIRLEY KEEN: Well, this is concerning this. I won't be long.

BUTCH LAMBERT: You need to state your name for the record.

SHIRLEY KEEN: Shirley Keen. One of the heirs---

BUTCH LAMBERT: Ma'am, you need to be sworn.

(Shirley Keen is duly sworn.)

SHIRLEY KEEN: One of the heirs that has got a whole part...piece of this pie was overpaid several

thousand dollars. Well, they've cut his check out until that money is put back into the account. That's what I told you this morning. Any...the acreage needs to be fixed exact before any money comes out of there because that's taken off of me. It may not just be me. They may be giving me somebody else's part. One of...Arthur Stilwell is the one that they had overpaid several thousands dollars. He has come and talked...I'm sure he has talked to Mr. Asbury about this. He feels like that he wasn't overpaid. But with the acreage...this acreage is all in S-35, S-36, T-35 and T-36. That is the conflict. If they've already overpaid one person, whose that money coming off of. That's what we have an objection. We want...I don't want anything that don't belong to me, but I intend to have everything that's mine. But one of them has already been overpaid. When he was overpaid, here's all of these other people down the list here, their money is not going to be right either. So, we need...we need the acreage exact before anything comes out of the account and then they won't be a problem. They won't be an objection.

MARTHA WILLIAMS: Which brings me to another comment that I'll need to make. He was...his checks were supposed to have been withheld until he was paid.

But I know for a fact that he has continued to get checks and they were turned back. This is really going on, Mr. Chairman, and it needs to be looked at. I'm not complaining or just sitting here killing time. I'm stating facts and so is she.

SHIRLEY KEEN: But this is the same acreage that he got overpaid on.

MARTHA WILLIAMS: And the same wells.

BUTCH LAMBERT: Again, I call for a motion.

MARY QUILLEN: Mr. Chairman, before you...or anyone responds to that motion, I just would like to clarify with Mr. Asbury, they had said this was...this particular case had been cited in the Supreme Court. When was this done and what...why is there this problem now?

MARTHA WILLIAMS: I did not say this particular case. I said a Supreme Court ruling on the separation of the coal and the gas. Yes.

MARY QUILLEN: Oh, you're talking...oh. I withdraw my question. I withdraw my question. Thank you.

MARTHA WILLIAMS: Thank you.

DAVID ASBURY: Mr. Chairman, may I? May I?

BUTCH LAMBERT: Yes, Mr. Asbury.

DAVID ASBURY: The overpayment issue, if I might address that. You are correct. It was an overpayment that occurred, I believe, in 2004 or 2005. The overpayment from escrow was not an acreage issue. It was a percentage that was missed and the moneys for both. There was a percentage as far as withdraw from escrow. Those funds have been returned to escrow. It had...it was not connected with the actual tract acreage and the moneys for Mr. Stilwell or the moneys for you and your family that is being put into the escrow account on an acreage proportionate bases. When money is put into escrow, if you one acre...your acre into escrow as far as the funding payment is concerned is there and is being made. We don't...my office not aware of a dispute in the total acreage that CNX has presented for this gas unit. The total acreage is correct. Internally, there could be title or heirship issues as far as the heirship acreage and some folks that may have been deceased and their percentage has not been put back into the family based on, you know, their will or their estate. But as far as the actual acreage in these units as presented and as certified before the Board, we don't have any conflict in the total acreage in the unit.

MARTHA WILLIAMS: Also, Mr. Asbury, you do know

that we had a couple of more incidence where we had our grandmother listed a grandchild, which was way out of proportion when she was supposed to be a daughter. There are several discrepancies here that you need to look at before we continue just to pass out this morning.

SHIRLEY KEEN: And see, we only had 15 acres going into our escrow account and we've got 87 acres. All of that is in this right here.

MARTHA WILLIAMS: And we have brought the deeds. We have had meetings outside this room. We have brought those deeds to you.

DAVID ASBURY: The 87 acres...again, I don't know as we sit here that there's a dispute on your 87 acres in total. The 15 acres for this unit, I think most of the family agrees with this...that the acreage that is reflected for this particular gas unit is the correct acreage. If you look at all four units, S-35, S-36, T-35 and T-36, in total, I don't think there's a dispute in the acreage there.

BILL HARRIS: Well, I---.

BUTCH LAMBERT: A question, Mr. Harris.

BILL HARRIS: Yeah. I'm a little confused now. We had started off talking about Tract 2. Before any

kind of motion is entertained, can we hear again what the...what Mr. Swartz is saying is that Tract 2 does not include acreage that's in dispute or what---?

MARK SWARTZ: Our title does not indicate...if you look at the tract IDs, it does not indicate that the Linkous Horn Heirs have an interest in Tract 2. That's what our title tells us. Now, I...you know, you've got four units on here that we're going to hear the same thing about, okay, today. These units were pooled in 1998. So, it has only been 12 years that these people have had an opportunity to get their act together and determine who owns what, okay. This money, no matter who winds up with it, does not belong to me or my client. We don't really have a dog in the hunt. So, when we come over here, we have a dog in the administrative regulatory hunt, but we're not going to get the money, okay. I understand that Mr. Asbury is trying to get money out of escrow and the Board is behind that move. But, this is not productive to come over here and have an ongoing dispute and so I guess... you know, I understand you keep calling for a vote and you're not getting one and I understand why, you know. But, I mean, it has been 12 years. So, I guess, maybe a way to get people off dead center is to order

disbursements and really ruffle their feathers and maybe there will be a lawsuit and we'll have an end to this or to not make any disbursements at all and the people that aren't receiving the money will get sufficiently aggravated...I don't know the deal is, but we've been talking about this...I mean, we've almost become friends, you know, because we've been at this so long, you know.

SHIRLEY KEEN: Oh, no, we're not friends.

MARK SWARTZ: You know, but...but I understand. But, you know, it's not...we need to find some way to get closure and I'm not sure that what we're hearing today, which we've heard over and over and over again is making any progress, for what it's worth, you know. I understand why you're reluctant, you know, to have a motion and a second, you know.

MARTHA WILLIAMS: Mr. Chairman, I agree totally with Mr. Swartz that it is a sin and a shame that this money has sat in escrow for over 12 years. That because that these people want this family to give them half of something just so that they can be able to claim the other half. This should have been solved years ago. I agree with that. He is right. We've spent time...we've spent days after days after days together. But as long

as there's questions and we keep going back and back tracking and find that there has been big mistakes, this one was overpaid and this one was put down as the wrong heir, as long as these things are there, then the money should not be taken out. We need to just...I mean, yeah, Hurt McGuire claim they own the coal. Okay, I agree with that. I have never asked them to pay me money off the coal. The Supreme Court says that the land owners own the gas. Then I don't feel that I should have to pay them half of what already belongs to me plus another portion for the expenses that have accrued. I think they should be paid for the coal. I think me and my family should be paid for the gas. That is my question. And, no, I do not think that this money should be disbursed today or any other day until this is settled because there's just too much hanging in question.

SHIRLEY KEEN: We want everything done right. Like I've told you'uns, I don't want nothing that don't belong to me. We want...we want to make sure that everybody is getting a fair shake. We don't...we're not trying to hold these people's money up, but we want it done...and then if somebody is overpaid, you don't have to go back and say, whoa, we've done something wrong

here. We want it done down the line the way it needs...should have been done from day one. That's all we want. We don't...the Stilwell people is our family also. We don't want them...we don't want them hurt, but we want to know they're getting the right amount of money. But we also want the right amount of money. That's all we're...that's all we're fighting for. We have had a couple three meetings with Mr. Asbury and we're trying to get this worked out. Until we get it done, leave it alone and then you'll know when you give an order you'll know that it's the right one and everybody will be happy because they're getting the right amount of money.

MARK SWARTZ: Well, half of the people will be unhappy, okay. I mean, that's the reality. I mean, it is, you know. And I will tell you, if Sylvia does not receive her money as a result of today, I mean, she has already totally aggravated with Anita because she feels it's Anita's fault that the money is not coming out, okay. So, I mean, it's not half of the people that we're talking about will not be happy at the end of the day and half of them aren't happy right now. You're just not seeing them because they...you know, they think they're going to get their money because they've entered

into a split agreement. But, I guess, where I'm coming from is I don't think it is a productive use...I hope we don't have to do this three more times this morning, okay. I don't think it's a productive use of the collective time that we have. We don't need to, you know, have a bunch of motions and, you know, pick the fight that way, you know, and have the money come out, which seems to be the goal from an administrative standpoint is to make reasonable progress until there's a zero escrow balance and let people react to that...I mean, it has been 12 years. Every time we come here, there's a lot of work that goes on. I mean, look...you know, look at the spreadsheets that get prepared, you know. It's not like...you know, to come here and have concerns...I don't know what the answer is, but I don't think this is---

BUTCH LAMBERT: I think this Board has heard this same situation several times in the last two years that I have been here anyway. So, Mr. Asbury, could you summarize and put us back on track for what is being asked here today?

MARY QUILLEN: And we need to concentrate on Tract 2 period.

BUTCH LAMBERT: Yes, that's---.

DAVID ASBURY: The Board...the Board has before it a petition for disbursement collecting a signed notarized split agreement between Hurt McGuire Land Trust and two of the heirs in S-35. They have signed the split agreement and are expecting disbursement from their escrow account based on their acreage ownership in the unit. And there is...as far as Sylvia Shelton Byrd, she owns one seventy-second part of 6.67 acres. Curtis Stilwell also is an heir. He owns one seventy-second part of 6.67 acres. Both of them are .0926 acres each of the escrow account, which is in total 8.2153% for both. We have no evidence other than claims that this acreage is not their rightful ownership of the acreage. They have executed and provided to CNX and us split agreements between them and Hurt McGuire Land Trust.

BUTCH LAMBERT: And just to make it clear, we're only being asked to disburse that portion of Tract 2?

DAVID ASBURY: That's correct. It's in total... there's 6.67 acres involved and of the 6.67 acres there are .4632 acres in Tract 2 still in escrow. Each of the owners acreage .0926 acres, which is split 50/50 between them and Hurt McGuire Land Trust.

BUTCH LAMBERT: Okay. Okay, so that's what we're being asked to...is to disburse only that portion

of Tract 2 that's listed in Exhibit A and the rest of the escrow will continue.

DAVID ASBURY: That's correct.

BUTCH LAMBERT: Any further questions from the Board?

(No audible response.)

BUTCH LAMBERT: And I'll call one more time for a motion.

MARY QUILLEN: Motion to approve.

BRUCE PRATHER: Second.

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

(No audible response.)

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

(All members signify by saying yes.)

BUTCH LAMBERT: Opposed, no.

(No audible response.)

BUTCH LAMBERT: Thank you, Mr. Swartz. It's approved. The next item on the docket is item number six. A petition from CNX Gas Company, LLC requesting a disbursement of funds from coalbed methane unit AY-119, docket number VGOB-03-0513-1149-01. All parties wishing to testify, please come forward.

MARK SWARTZ: Mark Swartz and Anita Duty.

BUTCH LAMBERT: Ms. Williams, do you...are you going to---?

MARTHA WILLIAMS: This one doesn't...this one doesn't concern me.

MARK SWARTZ: She's just...she's just hanging out for this one. But she will be back.

MARTHA WILLIAMS: Yeah, I'll be back.

MARK SWARTZ: Okay.

MARTHA WILLIAMS: This doesn't belong to me.

ANITA DUTY

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

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

Q. Anita, you've been sworn, right?

A. Yes.

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

A. Anita Duty.

Q. Okay. This petition is also a request to disburse funds from escrow, correct?

A. Yes.

Q. And it pertains to AY-119?

A. Yes.

Q. And is it just a portion of one tract?

A. Yes.

Q. And which tract is that?

A. 2.

Q. Okay. And is the reason for the request because some of the people involved in the...that have claims to the escrow have reached split agreements?

A. Yes, that's correct.

Q. Have you actually seen the split agreements that these folks have signed?

A. I have.

Q. And are they...do they provide for a 50/50 split?

A. They do.

Q. And have you adopted that 50/50 in the math that you've done with regard to the proposed disbursement?

A. Yes.

Q. Okay. Have you prepared an Exhibit A?

A. Yes.

Q. And in order to do that, did you have access to your royalty payment records?

A. Yes.

Q. Did you compare them to the bank's deposit records?

A. I did.

Q. And after you made the comparison, what did you learn?

A. They were in balance.

Q. And the...have you identified on Exhibit A the well that has contributed production to this account?

A. Yes. AY-119.

Q. Okay. And have you identified each of the folks that is proposed to receive a disbursement?

A. Yes.

Q. And opposite their name, have you set forth the percentage that the escrow agent should use and apply to the balance in escrow at the time that the disbursement is made?

A. Yes.

Q. And did you do this analysis as of a date certain?

A. Yes, this was May the 31st, 2010.

Q. And as of that date, there was a little over \$9,000 in the account, correct?

A. Yes.

Q. And you're proposing to disburse about \$16?

A. Yes.

Q. As of that date?

A. Yes.

Q. Okay. But then for the future, you're proposing that these people receive their money on a current basis?

A. Yes.

Q. Okay. With regard to Swords Creek, what percentage should the escrow agent use?

A. 0.0939%.

Q. And with regard to Stanley Brown?

A. 0.0434%.

Q. And then Lillian Murray Barr and Shirley M. Brown have the same percentage, correct?

A. Yes.

Q. And that would be?

A. 0.0108%.

Q. And R. C. Miller, Freda Mae Owens, Judy Darlene Cordle and Ray all have the same percentage as well?

A. Yes. 0.0072%.

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

BUTCH LAMBERT: Questions from the Board?

SHARON PIGEON: Would you repeat the percentage for Swords Creek? I probably just misheard you.

ANITA DUTY: 0.0939%.

SHARON PIGEON: Thank you.

BUTCH LAMBERT: Any further questions from the Board?

(No audible response.)

BUTCH LAMBERT: Anything further, Mr. Swartz?

MARK SWARTZ: Nothing further.

BUTCH LAMBERT: Are we disbursing all of Tract 2 or just a portion?

ANITA DUTY: A portion.

BUTCH LAMBERT: A portion.

BUTCH LAMBERT: Do I have a motion?

BRUCE PRATHER AND BILL HARRIS: Motion to approve.

MARY QUILLEN: Second.

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

(No audible response.)

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

(All members signify by saying yes.)

BUTCH LAMBERT: Opposed, no.

(No audible response.)

BUTCH LAMBERT: Thank you, Mr. Swartz. It's approved.

MARK SWARTZ: Thank you.

BUTCH LAMBERT: Ladies and gentlemen, we're going to take about a 10 minute break. We'll resume in ten minutes.

(Break.)

BUTCH LAMBERT: Okay, ladies and gentlemen, it's time for us to resume the proceedings. If you'll please take your seats. Okay, ladies and gentlemen, we're calling...the next item on the docket is item seven. A petition from CNX Gas Company, LLC requesting disbursement of funds from coalbed methane gas unit AY-120, docket number VGOB-04-0615-1296-01. All parties wishing to testify, please come forward.

MARK SWARTZ: Mark Swartz and Anita Duty.

BUTCH LAMBERT: You may proceed, Mr. Swartz.

MARK SWARTZ: Thank you.

ANITA DUTY

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

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

Q. Anita, this is...you've been sworn, right?

A. Yes.

Q. Okay. And your name again?

A. Anita Duty.

Q. Okay. This is a petition requesting that a portion of...the escrow attributable to two tracts be disbursed, is that right?

A. Yes.

Q. Which tracts?

A. 2A and 2G.

Q. Okay. Have you listed the names of the folks that are proposed to receive the disbursements at paragraph two in relief sought?

A. Yes.

Q. And is the reason because they've entered into written split agreements?

A. Yes.

Q. Have you seen those agreements?

A. I have.

Q. And what split do they provide?

A. 50/50.

Q. And have you used that 50/50 in your calculations?

A. Yes.

Q. Turning to Exhibit A, did you compare the royalty payments that they operator made to the deposits that the bank...escrow agent and bank recorded?

A. Yes.

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

A. They were in balance.

Q. Did you do this as of a date?

A. May 31, 2010.

Q. Okay. And at that time, what was the balance in...with regard...the escrow balance with regard to Tract 2A or have you combined 2A and 2G in the \$40,000?

A. Well, it's for the entire account.

Q. Okay. So, the entire account had \$40,932.66 as of 5/31/10?

A. Yes, that's correct.

Q. Okay. And then with regard to the folks that you're seeking to disburse, you've listed them twice. Once with regard to Tract 2A, correct?

A. Yes.

Q. And once with regard to Tract 2G, is that correct?

A. That's correct.

Q. And the well or wells that are contributing to this escrow account are what?

A. Just AY-120.

Q. Okay. And with regard to the percentages that you've reported, have you given a percentage for each person that the escrow agent should use?

A. I have.

Q. And should the escrow agent use that percentage and apply it to the balance on hand at the time the disbursement is made?

A. Yes.

Q. And then that would generate a dollar figure that would be different than what you're reporting here?

A. That's correct.

Q. Okay. With regard to Tract 2A, what percentage should the escrow agent use to make the disbursement to Swords Creek?

A. 9.5007%.

Q. And with regard to Stanley Brown?

A. 4.3849%.

Q. And with regard to Lillian Murray Barr and Shirley M. Brown?

A. 1.0962% each.

Q. And then with regard to the last four folks, again. With regard to Tract 2A, R. C. Miller, Freda Mae Owens, Judy Darlene Cordle and Alverda Ray, what percentage should the escrow agent use?

A. 0.7308% each.

Q. Okay. And that takes care of 2A, correct?

A. Yes.

Q. And there would still be a balance in 2A?

A. There would.

Q. So, that account needs to be maintained?

A. Yes.

Q. And are you asking that if the Board approves this disbursement that the operator be allowed to pay these folks that we've just mentioned directly with regard to future payments pertaining to Tract 2A?

A. Yes.

Q. Okay. With regard to Tract 2G, what percentage should the escrow agent apply to then balance

for Swords Creek?

A. 0.2430%.

Q. With regard to Stanley Brown?

A. 0.1121%.

Q. With regard to Lillian Murray Barr and Shirley M. Brown?

A. 0.0280%.

Q. And with regard to R. C. Miller, Freda Mae Owens, Judy Darlene Cordle and Alverta Ray?

A. 0.0187%.

Q. And also with regard to these folks that we've just mentioned in Tract2G, are you also asking that the Board allow the operator to pay them directly on an ongoing...a forward going bases?

A. Yes.

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

BUTCH LAMBERT: Questions from the Board?

(No audible response.)

BUTCH LAMBERT: Anything further, Mr. Swartz?

MARK SWARTZ: No.

BUTCH LAMBERT: Do I have a motion?

MARY QUILLEN: Motion to approve.

BRUCE PRATHER: Second.

BUTCH LAMBERT: I have a motion and a second.

Any further discussion?

(No audible response.)

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

(All members signify by saying yes.)

BUTCH LAMBERT: Opposed, no.

(No audible response.)

BUTCH LAMBERT: Thank you, Mr. Swartz. It's approved.

MARK SWARTZ: Thank you.

BUTCH LAMBERT: The next item on the docket is item number eight. A petition from CNX Gas Company, LLC requesting the disbursement of funds from coalbed methane gas unit S-36, docket number VGOB-98-0324-0626-07. All parties wishing to testify, please come forward.

MARK SWARTZ: Mark Swartz and Anita Duty.

BUTCH LAMBERT: State your name for the record.

MARTHA WILLIAMS: Martha Williams.

RONNIE OSBORNE: Ronnie Osborne.

BUTCH LAMBERT: You may proceed, Mr. Swartz.

MARK SWARTZ: Thank you.

ANITA DUTY

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

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

Q. Anita, you're under oath already.

A. Okay.

Q. State your name for us, please.

A. Anita Duty.

Q. With regard to S-36, is this a petition for disbursement?

A. Yes.

Q. And did you do an amended petition that we're working off of?

A. Yes.

Q. It concerns what tract?

A. Tract 4.

Q. And is it the entire amount on escrow or just a piece of it?

A. Just a piece.

Q. And so the tract...and the escrow account...sub-account with regard to Tract 4 would have to be maintained even if this disbursement was approved?

A. It would.

Q. Have you identified the people that

would receive the proposed disbursement?

A. Yes. Sylvia Shelton Byrd and Curtis Stilwell. Hurt McGuire is the coal owner.

Q. Okay. So, three...a company and two people, correct?

A. Yes.

Q. Okay. These are the same folks that we talked about earlier in S-35?

A. Yes.

Q. Correct?

A. Yes.

Q. And have they reached a written split agreement?

A. They have.

Q. Have you seen it?

A. Yes.

Q. What does it provide in terms of the percentage?

A. 50/50.

Q. And have you used that in your calculations?

A. I have.

Q. With regard to this disbursement, did you have access to your royalty payments?

A. Yes.

Q. And did you have access to the escrow agent's deposit records?

A. I did.

Q. Did you compare them?

A. I did.

Q. What did you find?

A. They were in a balance.

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

A. July the 31st, 2010.

Q. Okay. And how much was in the escrow account...the entire escrow account for this unit at that point?

A. \$266,649.50.

Q. Okay. And this proposed disbursement that we're talking about is going to be roughly \$2300, right?

A. Yes.

Q. Okay. What percentage should the escrow agent use when making the disbursements to Hurt McGuire?

A. 0.4283%.

Q. And what percentage should the escrow agent use when making the disbursements to Sylvia A. Shelton Byrd and Curtis Stilwell?

A. 0.2141%.

Q. For each right?

A. Each, uh-huh.

Q. Okay. And after those disbursements are made, if this application is approved, is the operator seeking to pay those three folks directly in the future?

A. Yes.

Q. And when the Board's escrow agent uses these percentages it should apply them to the balance on hand at the time the disbursement is made, correct?

A. They should. Uh-huh.

Q. Okay. With regard to Exhibit E, did you and I notice that there's an omitted tract and you need to file...actually, two tracts, that you need to file a revised exhibit?

A. Yes.

Q. Okay. And to sort of anticipate some questions, if you look at the tract identification, for example, if we look 3C-1, do you see that?

A. Yes.

Q. And that is not a subject of the disbursement request that we're making today, correct?

A. It is not.

Q. Okay. But it illustrates the point that

we made in reference to the other hearing that there are, in fact, in Tracts 3C-1 there is a title conflict that you've noted between the Linkous Horn Heirs and the Thomas Stilwell Heirs, correct?

A. Yes.

Q. And that would be a reason that we're not requesting any disbursements out of that account---?

A. That's right.

Q. ---because that title conflict needs to be resolved by somebody other than this Board?

A. Yes.

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

BUTCH LAMBERT: Questions from the Board?

MARY QUILLEN: Mr. Chairman, just one question. In Tract 4, there are no disputes, is that correct?

MARK SWARTZ: Well---

ANITA DUTY: Not with the Linkous Horn Heirs.

MARK SWARTZ: I mean, there obviously are some because Tract 4 is going to continue in escrow beyond today.

MARY QUILLEN: Right.

MARK SWARTZ: So, the disputes that we're saying that have been resolved are the three folks that we're

talking about today.

MARY QUILLEN: Right. The other...the other heirs were the Arnold Heirs.

ANITA DUTY: There's only one heir remaining in that Thomas Stilwell that has not signed an agreement.

MARY QUILLEN: But with the Thomas Stilwell Heirs just those two and there are no conflicts there, correct?

ANITA DUTY: They've resolved their conflict with the coal owner.

MARY QUILLEN: Yes. Okay.

MARK SWARTZ: Right. If you look at page four of four, what Anita is saying is of the revised Exhibit E that was submitted that Mr. Arnold has not entered into a split.

MARY QUILLEN: Right.

MARK SWARTZ: So, that money is going to remain...that conflict between him and Hurt McGuire Land Trust is going to remain in escrow?

MARY QUILLEN: Right. Right. I just wanted to clarify that.

MARK SWARTZ: That's fine.

BUTCH LAMBERT: Other questions from the Board?

(No audible response.)

BUTCH LAMBERT: Ms. Williams.

MARTHA WILLIAMS: I am asking you, as before, I'm objecting to disbursing any money. I'm asking you not to disburse the money. Everybody is not in agreement with it. There have...because of the fact that there has been overpayments and heirs listed in the wrong generations in the past, then I'm asking that you don't disburse the money until everything has been clarified. There has been---

BUTCH LAMBERT: Mr. Osborne.

RONNIE OSBORNE: My question is, on the wells that I'm entitled to escrow, do I not supposed to get the yellow package of the papers that everybody gets on these certain wells like S-36 and T-35 that I'm entitled to so much? Do I not supposed to get a package from them when they're disbursing money out of these wells?

BUTCH LAMBERT: Yellow...yellow package?

RONNIE OSBORNE: Well, it's to show that I'm entitle so much of that same well. They certify them... they certify the information to us when...and any other time that wells have been...you know, disbursed money that I'm entitled to a certain amount of the money out of that escrow I have got yellow packets showing what's going on with the escrow money from CNX. I mean, in the

past practice they...I didn't get any in this. I was just wondering---

BUTCH LAMBERT: Do you mean you didn't get anything on this one?

RONNIE OSBORNE: No.

BUTCH LAMBERT: That's because you're not listed as being disbursed.

RONNIE OSBORNE: Well, it's still the same well, ain't it? It's wells that I'm tied up in, the same escrow. We don't...I mean, is that...is that law? I mean, they can do that without---

MARY QUILLEN: But not in this tract?

BUTCH LAMBERT: You're not being disbursed. So, you wouldn't be noticed.

MARK SWARTZ: Right.

RONNIE OSBORNE: Well, I'm asking about that. One more question, the underground wells, the horizontal wells, how do we identify them on these...on this money?

BUTCH LAMBERT: Well, that's not relevant to this particular hearing, Mr. Osborne. So, we won't be addressing that issue.

RONNIE OSBORNE: Well, that's all I've got.

BUTCH LAMBERT: Anything further, Ms. Williams?

MARTHA WILLIAMS: So, even though we have

ownership in these wells, when you're going to make disbursements we're not supposed to be notified? Should we not have been notified, you know, that there was being disbursements in these same escrow accounts? I know that there is different tracts, but we all have---

BUTCH LAMBERT: If were funds were being disbursed to you, you should have been notified. But in this particular case, you're not listed in Tract 4 as being disbursed.

MARTHA WILLIAMS: Okay. I just...I have money in the same escrow accounts.

BUTCH LAMBERT: Any further questions from the Board?

(No audible response.)

BUTCH LAMBERT: Anything further, Mr. Swartz?

MARK SWARTZ: Just observe that the percentages were determined in 1998 by a Board order that no one appealed and they're now all final just to sort of add to what the Chairman is saying. All of the numbers are the subject of a final order that's 12 years old that's no longer appealable. So, the reason people don't receive notice unless they're receiving money is their numbers are, you know, finally determined in an order of record. If they were receiving money, we would notify

them because they might want to argue that they're not getting enough. I mean, that's...that's the reason behind that. That's all I have.

SHARON PIGEON: And when there are tracts that are disbursed they will have that opportunity---

MARK SWARTZ: That's what I'm saying. Yes. Yes, absolutely.

BUTCH LAMBERT: Further questions from the Board?

(No audible response.)

BUTCH LAMBERT: Do I have a motion?

MARY QUILLEN: Motion to approve.

BRUCE PRATHER: Second.

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

(No audible response.)

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

(All members signify by saying yes.)

BUTCH LAMBERT: Opposed, no.

(No audible response.)

BUTCH LAMBERT: Thank you, Mr. Swartz. It's approved.

MARK SWARTZ: Thank you.

BUTCH LAMBERT: Calling docket item number nine.  
A petition from CNX Gas Company, LLC requesting  
disbursement of funds from coalbed methane unit T-35,  
docket number VGOB-98-1020-0695-04. All parties wishing  
to testify, please come forward.

MARK SWARTZ: Mark Swartz and Anita Duty.

BUTCH LAMBERT: Ms. Williams, do you plan on  
making comments?

MARTHA WILLIAMS: I'm sorry. I'm Martha  
Williams.

MARK SWARTZ: Yeah, you're in this one.

MARTHA WILLIAMS: Martha Williams.

BUTCH LAMBERT: You may proceed, Mr. Swartz.

ANITA DUTY

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

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

Q. Anita, this is essentially the same  
situation that we've seen in two prior petitions this  
morning, correct?

A. It is.

Q. We have the same folks seeking to

receive money?

A. We have one additional in this unit that we missed.

Q. Okay. Oh, Lois Casey, right?

A. Yes.

BUTCH LAMBERT: Mr. Swartz, let me interrupt you just one second. Ladies and gentlemen, you need to keep your talking down. We're having trouble recording. If you need to have a discussion, please take it outside. Thank you. I'm sorry, Mr. Swartz. Go ahead.

MARK SWARTZ: That's okay.

Q. So, we've got three of the same people that we've been talking about earlier this morning and we also have Lois Casey in addition?

A. Yes.

Q. And with regard to this disbursement from T-35, have these four folks entered into a split agreement?

A. They have.

Q. Have you seen it?

A. Yes.

Q. And what is the term of that agreement as far as it pertains to this request?

A. 50/50.

Q. And have you used 50/50 in doing the math?

A. Yes.

Q. Okay. And did you prepare...it looks like you prepared an Exhibit A, right?

A. Yes.

Q. And when you did that, did you do it as of a date certain?

A. July the 31st, 2010.

Q. And did you have available to you the operator's royalty payment records through that date?

A. Yes.

Q. And did you also have the escrow agent's deposit records through that date?

A. Yes.

Q. And when you compared the two, were they in agreement?

A. They were.

Q. Okay. As of the date of disbursement or...I'm sorry, as of July the 31st, 2010, what was the total in the account...the escrow account?

A. \$10,962.31.

Q. And this disbursement would disburse approximately half of that amount?

A. Yes.

Q. And so the account would need to be maintained after this disbursement...these disbursements if they are approved?

A. It would.

Q. Okay. Have you set opposite the name of each person that you're petitioning for a disbursement the percentage that the escrow agent should use in making the disbursement?

A. Yes.

Q. And what percentage should the escrow agent use with regard to Tract...this Tract 2 in this unit for Hurt McGuire?

A. 25%.

Q. With regard to Sylvia A. Shelton Byrd and Lois Casey and Curtis Stilwell?

A. 8.3333%.

Q. Okay. And also, are you requesting that on a going forward bases the operator be allowed to pay these four folks directly with regard to this tract in this unit?

A. Yes.

Q. And have you identified the wells that are contributing to this escrow account?

A. Yes.

Q. And they are?

A. It should only be T-35A and T-35B.

Q. Okay.

A. Those other two are gone.

Q. Okay.

SHARON PIGEON: We need an amended sheet on that.

Q. Is...is it your request that the escrow agent be directed to apply these percentages to the balance on hand at the time the payment is made as opposed to the 7/31 balance?

A. Yes.

Q. And, again, you're asking that you be allowed to pay on a going forward bases starting as soon as the order is entered as opposed to waiting for the escrow agent to approve?

A. Yes.

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

BUTCH LAMBERT: Questions from the Board?

(No audible response.)

BUTCH LAMBERT: Ms. Williams.

MARTHA WILLIAMS: Once again, I am asking that

you don't...I'm objecting. Plus I'm asking that you don't disburse this money because of past mistakes that we know that people have been over paid and people have also been listed in the wrong generation.

BUTCH LAMBERT: Questions from the Board?

(No audible response.)

BUTCH LAMBERT: Anything further?

MARK SWARTZ: Yes. I would just point out that our title information, which was adopted in the order, which was entered presumably back in '98 only shows a Stilwell tract. It does not show a Linkous Horn tract in this unit. That's all I have.

BUTCH LAMBERT: Do I have a motion?

MARY QUILLEN: Motion to approve with the submission of the revised Exhibit A.

BRUCE PRATHER: Second.

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

(No audible response.)

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

(All members signify by saying yes.)

BUTCH LAMBERT: Opposed, no.

(No audible response.)

BUTCH LAMBERT: Thank you, Mr. Swartz. It's approved.

MARK SWARTZ: Thank you.

BUTCH LAMBERT: Calling docket item number ten. A petition from CNX Gas Company, LLC requesting... requesting disbursement of funds from coalbed methane gas unit T-36, docket number VGOB-98-0324-0625-08. All parties wishing to testify, please come forward.

MARK SWARTZ: Mark Swartz and Anita Duty.

MARTHA WILLIAMS: Martha Williams.

BUTCH LAMBERT: You may proceed, Mr. Swartz.

ANITA DUTY

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

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

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

A. Anita Duty.

Q. You're still under oath, right?

A. Yes.

Q. Okay. This is quite similar to a couple of others that we've heard this morning.

A. Yes.

Q. We've got three people here, right?

A. That's right.

Q. Okay. Is this just a portion of a tract?

A. Yeah. A portion of 2A.

Q. Okay. And have you prepared an Exhibit A?

A. Yes.

Q. Okay. And is the reason for this disbursement request that the three people involved have entered into a split agreement?

A. Yes.

Q. Is it in writing?

A. It is.

Q. Have you seen it?

A. I have.

Q. And what does it provide in terms of the split?

A. 50/50.

Q. And have you used that 50/50 as the...as a factor in determining what it is that the escrow agent should...or how the escrow agent should pay these people if the application is approved?

A. Yes.

Q. Okay. Did you do this Exhibit A as of a date certain?

A. July the 31st, 2010.

Q. Okay. And did you have your royalty payments that the operator had made available to you through that date?

A. Yes.

Q. And did you also have the deposit data from the escrow agents through that date?

A. Yes.

Q. Did you compare them?

A. Yes. And they were---

Q. What---

A. They were in balance.

Q. Okay.

A. Sorry.

Q. That's all right. And as of that date, how much was in the escrow account with regard to this unit?

A. \$263,233.61.

Q. And it looks like you're seeking to disburse a little less than \$11,000 here?

A. Yes.

Q. Okay. What percentage should the escrow agent use with regard to Hurt McGuire?

A. 2.0812%.

Q. And with regard to Sylvia Shelton Byrd and Curtis Stilwell, what percent?

A. 1.0406%.

Q. For each?

A. Each.

Q. Okay. And that percentage should be applied at the time the disbursement is made, correct?

A. Yes.

Q. And are you also asking the operator be allowed to pay these folks directly from the time the enter is...the order is entered, if it's approved?

A. Yes.

Q. Okay. And the wells that are contributing to this escrow account are?

A. T-36 and T-36A.

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

BUTCH LAMBERT: Questions from the Board?

(No audible response.)

BUTCH LAMBERT: Ms. Williams.

MARTHA WILLIAMS: I don't know. None of these have T-36A. All I'm seeing here is T-36.

BUTCH LAMBERT: The Exhibit A shows wells T-36 and T-36A, is that right, Ms. Duty?

ANITA DUTY: Yes.

BUTCH LAMBERT: And the plat that you gave us also shows T-36 and T-36A?

ANITA DUTY: Yes.

MARTHA WILLIAMS: It does not say that on the agenda.

ANITA DUTY: It's the unit T-36. The entire unit has one account.

MARTHA WILLIAMS: Well, once again, I'm objecting to the disbursement and I'm asking you not to allow money to be disbursed because of past mistakes, wrong generation and over payments.

BUTCH LAMBERT: Anything further, Mr. Swartz?

MARK SWARTZ: No.

BUTCH LAMBERT: Do I have a motion?

MARY QUILLEN: Motion to approve.

BRUCE PRATHER: Second.

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

(No audible response.)

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

(All members signify by saying yes.)

BUTCH LAMBERT: Opposed, no.

(No audible response.)

BUTCH LAMBERT: Thank you, Mr. Swartz. It's approved. Calling docket item number eleven. A petition from CNX Gas Company, LLC for repooling of coalbed methane unit Q-43, docket number VGOB-00-0321-0779-03. All parties wishing to testify, please come forward.

MARK SWARTZ: Mark Swartz and Anita Duty.

BUTCH LAMBERT: Ms. Williams, are you---?

MARTHA WILLIAMS: It doesn't concern me.

BUTCH LAMBERT: Then I would ask you to step back to the audience, please.

MARTHA WILLIAMS: I didn't want to be disruptive.

MARK SWARTZ: You're not.

(Exhibits are passed out.)

BUTCH LAMBERT: You may proceed, Mr. Swartz.

MARK SWARTZ: Thank you, Mr. Chairman.

ANITA DUTY

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

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

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

A. Anita Duty.

Q. You're still under oath, right?

A. Yes.

Q. Who do you work for?

A. CNX Land Resources.

Q. And in the course of your employment for CNX Land Resources, are you responsibility preparing notices of hearing or supervising in the preparation, preparing applications...pooling applications and/or supervising their preparation?

A. Yes.

Q. Did you participate in preparing the notice here and the application?

A. I did.

Q. Okay. And this is a repooling, correct?

A. Yes.

Q. This was originally pooled back in 2000?

A. Yes.

Q. And the reason for the repooling, if I recall from last month, was we've got some plat

revisions that needed to be incorporated?

A. Yes.

Q. Okay.

A. Updated title.

Q. Updated title and a new plat?

A. Yes.

Q. Okay. And have you incorporated the new plat and the updated title information into the amended application?

A. Yes.

Q. And what, if anything, did you do to tell people...and, obviously, there's quite a few of them, that we were going to have a hearing today on this repooling?

A. Mailed by certified mail the amended notice on...or certified mail return receipt requested on August the 20th, 2010 and published in the Bluefield Daily Telegraph the notice and location exhibit August the 30th, 2010.

Q. Okay. And have you filed or will you file today your certificates with regard to mailing and your proof of publication with Mr. Asbury?

A. Yes.

Q. Okay. And when you published in the

paper, what was it that appeared in the newspaper?

A. The notice and location exhibit.

Q. Do you want to add any respondents today?

A. No.

Q. Do you want to dismiss any?

A. No.

Q. Okay. Who is the applicant?

A. CNX Gas Company.

Q. LLC, right?

A. LLC, sorry.

Q. Okay. And is that a Virginia Limited Liability Company?

A. Yes.

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

A. It is.

Q. Is...does the application continue to request that CNX be the Board's operator?

A. Yes.

Q. Has CNX Gas Company, LLC registered with the Department of Mines, Minerals and Energy?

A. Yes.

Q. Has it filed the required bond?

A. They have.

Q. Okay. And has CNX Gas Company, LLC been able to lease and/or acquire a substantial interest in this unit?

A. Yes.

Q. And what are the current lease terms that CNX would offer with regard to unleased interest?

A. \$10 per acre per year with a five year paid up term, one-eighth royalty...one-eighth recoupable.

Q. So, the royalty rate would be one-eighth and it would be recoupable?

A. Yes.

Q. The bonus payment would be recoupable?

A. Yes.

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

A. We've acquired 100% of the coal claim and 93.0462% of the oil and gas claim. We are seeking to pool 6.9538% of the oil and gas claim.

Q. This unit is in...is in the Oakwood Field?

A. Yes.

Q. It's an 80?

A. Yes.

Q. There are three wells in this unit?

A. Yes.

Q. Two are in the window and one is...I'm sorry, one is in the window and two are out of it?

A. Yes.

Q. Have you provided cost estimates?

A. I have.

Q. And the total of the three well costs is what amount?

A. \$802,656.41.

Q. Okay. And that's the amount that's stated, I think, in your notice and your application, correct?

A. Yes.

Q. And then have you provided a breakout data with regard to each of the three wells?

A. Yes.

Q. Take them in any order and tell us the depth, permit number and dollars allocated.

A. Okay. Well, Q-43, the estimated cost is \$234,355.17. The estimated depth is 2,164 and a half feet. The permit number is 4321-01. It looks like it has been modified. Q-43A, the estimated cost is

\$279,077.52. The estimated depth is 2,080 feet. The permit number is 5161. Well Q-43B, the estimated cost is \$289,223.72. The estimated depth is 2,110 feet. The permit number is 5178.

Q. Have you...have you given the Board some revised exhibits today?

A. I have.

Q. And what are those exhibits?

A. Revised Exhibit E and EE.

Q. And why were they revised?

A. There were two owners that had signed royalty split agreements and they were...they were actually put on the Exhibit E as having an agreement. But in order to keep the record straight, until they are actually paid out of escrow, we need to put them back on the E to keep David Asbury straight on our...Mr. Asbury straight on our...what we're escrowing.

Q. Okay. So, that---?

A. Sorry.

Q. ---is the only change?

A. Yes.

Q. Okay. And those were filed this morning?

A. Yes.

Q. Okay. Is there...obviously, we've already got an escrow account. But let's talk about the need to continue the escrow, okay.

A. Okay.

Q. What tracts need to continue to have an escrow?

A. Tracts 1B, 1C, 1D and 1E.

Q. And that would be for traditional conflicts?

A. Yes.

Q. And then you've got also some unknowns in each one of those four tracts that you just listed?

A. Those same tracts.

Q. Correct?

A. Yes.

Q. And so there would be a second reason to continue escrow with regard to some folks in those...or some interest in those four tracts, correct?

A. Yes.

Q. And then you've got an Exhibit...a revised Exhibit EE, correct?

A. Yes.

Q. And what are the tracts in which there are some split agreements?

A. 1A, 1B, 1C, 1D and 1E.

Q. Okay. Is it your opinion that these three frac wells in this Oakwood 80 unit are a reasonable way to produce and collect coalbed methane from within and under the unit?

A. Yes.

Q. Is it your further opinion that if you combine a pooling order pooling the interest of the respondents that you've listed in the amended notice of hearing with the leasing and acquisition activities that the applicant has been successful in that the conflicting claims and interest of all people in this unit will be protected?

A. Yes.

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

BUTCH LAMBERT: Questions from the Board?

(No audible response.)

BUTCH LAMBERT: Anything further, Mr. Swartz?

MARK SWARTZ: No.

BUTCH LAMBERT: Do I have a motion?

DAVID ASBURY: Mr. Chairman.

MARY QUILLEN: Motion to approve.

BRUCE PRATHER: Second.

BUTCH LAMBERT: Mr. Asbury.

DAVID ASBURY: Excuse me. Would you repeat the percentage ownership again, please, as far as the gas ownership?

ANITA DUTY: Leased?

DAVID ASBURY: Yes. Well, we've...the petition Exhibit A, page two had something different than what I heard.

ANITA DUTY: Do you have the amended? We had a---.

DAVID ASBURY: Amended front sheet, no. We only got---.

ANITA DUTY: Well, the entire package was remailed again.

DAVID ASBURY: We got E and EE. We didn't get the front part.

MARK SWARTZ: No, no. When we remailed notice to everybody because it was continued for notice issues, remember, there's a new A, page two in there that has...let me show you.

ANITA DUTY: An entirely new document.

(Mark Swartz explains to David Asbury off the record.)

BUTCH LAMBERT: Do I have a second to Ms. Quillen's motion?

BRUCE PRATHER: Second.

BUTCH LAMBERT: I have a motion and a second.

Any further discussion?

(No audible response.)

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

(All members signify by saying yes.)

BUTCH LAMBERT: Opposed, no.

(No audible response.)

BUTCH LAMBERT: Thank you, Mr. Swartz. It's approved.

MARK SWARTZ: Thank you.

BUTCH LAMBERT: The next item on the docket is item number twelve. A petition from GeoMet Operating Company, Inc. for pooling of coalbed methane unit 287 VA A-35, docket number VGOB-10-0720-2769. All parties wishing to testify, please come forward.

TOM MULLINS: Tom Mullins with the Street Law Firm representing GeoMet. With me is Mr. Dallas Nestle with GeoMet.

TIM BLACKBURN: Tim Blackburn for GeoMet.

BUTCH LAMBERT: Good morning, gentlemen.

TIM BLACKBURN: Good morning.

(Tim Blackburn and Dallas Nestle is duly

sworn.)

BUTCH LAMBERT: You may proceed, Mr. Mullins.

DALLAS NESTLE

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

DIRECT EXAMINATION

QUESTIONS BY MR. MULLINS:

Q. Mr. Nestle, would you please state your full name?

A. Dallas Nestle.

Q. And for whom are you employed?

A. GeoMet Operating Company.

Q. And what is your job duties with GeoMet Operating Company?

A. Project manager for Virginia and West Virginia.

Q. And how long have you held that position?

A. Almost two years.

Q. What is your total experience in the gas industry?

A. 26 years.

Q. All right, sir. Are you familiar with

the application that has been filed for this unit A-35?

A. I am.

Q. And how many acres are there in this unit?

A. 79.91.

Q. And is this an Oakwood Field unit?

A. It is.

Q. And this has been designated with a well number or Rogers well number. What is that designation?

A. Rogers 287.

Q. And is it your understanding that GeoMet has the drilling rights for this unit?

A. It does.

Q. Okay. Are you aware of anybody on Exhibit B-3 that should be dismissed today?

A. No.

Q. What is the percentage of coal ownership that GeoMet has under lease?

A. 100%.

Q. And the gas ownership?

A. 85.18%.

Q. This is what we have been talking about a Cousin's unit?

A. That is correct.

Q. All right, sir. Was notice sent as required by statute to all of the interested parties?

A. Yes.

TOM MULLINS: And we will file those return receipts with Mr. Asbury after this hearing, Mr. Chairman.

Q. Is GeoMet authorized to do business in the Commonwealth of Virginia?

A. They are.

Q. And has GeoMet posted a bond as required by statute?

A. Yes.

Q. Okay. Has GeoMet offered a voluntary lease for drilling rights and gas production in the Oakwood Field?

A. Yes, they do.

Q. What are the terms that you offer?

A. \$20 per acre with a five year paid lease and a one-eighth royalty.

Q. Based on your experience in the gas industry and in the Commonwealth of Virginia, do you feel this to be fair and reasonable lease terms?

A. Yes.

Q. Okay. What is the percentage of the oil

and gas estate that GeoMet is seeking to pool?

A. 14.82%.

Q. What is the percentage of the coal estate that is sought to be pooled?

A. 0.

Q. Okay. To your knowledge, are there any...just a minute, let me check. What is the total percentage to be escrowed due to the conflicting owners for Tracts 2 and 3?

A. 25%.

Q. Okay. And has an Exhibit E been attached showing the conflicting owners?

A. Yes, it has.

Q. Okay. And the folks whose interests are in dispute, that area on the unit are in Tracts 2 and 3, is that correct?

A. That is correct.

Q. Okay. Is GeoMet requesting the Board pool these unleased interests?

A. Yes, we are.

Q. And to whom should folks send their correspondence concerning this?

A. Joey Stevenson, land manager of GeoMet, 5336 Stadium Trace Parkway, Ste. 206, Birmingham,

Alabama.

Q. All right, sir. And the AFE has been prepared and attached to the application, is that correct?

A. That is correct.

Q. What's your understanding of the total depth of the proposed unit for this well?

A. 2,108 feet.

Q. And the estimate of the reserves?

A. 576 million cubic feet.

Q. And the estimated well completion costs?

A. \$450,295.

Q. And the dry hole costs?

A. \$212,509.

Q. Does the estimate of well costs include a charge for supervision of the drilling of the well?

A. It does.

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

A. Yes.

TOM MULLINS: Mr. Chairman, that's what I have for Mr. Nestle. Do you or the Board have any questions for him?

BUTCH LAMBERT: Questions from the Board?

MARY QUILLEN: I have just one question.

BUTCH LAMBERT: Ms. Quillen.

MARY QUILLEN: If you would repeat those tracts that were in the unit that are in dispute. Did you... what were...what did you say those were, the tract number?

TOM MULLINS: Tracts Number 2 and 3, I believe.

MARY QUILLEN: Okay, thank you.

BUTCH LAMBERT: Further questions from the Board?

SHARON PIGEON: Is this a boundary unit? Is that why we have an unusual acreage?

TIM BLACKBURN

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

DIRECT EXAMINATION

QUESTIONS BY MR. MULLINS:

Q. Would you state your name?

A. Tim Wesley Blackburn.

Q. Are you familiar with this unit?

A. Yes.

Q. All right. This unit's acreage, you

heard testimony, could you repeat what that acreage is, please?

A. 79.91 acres.

Q. Why is that different from an 80 acre unit?

A. These...the grids in this area are not always exactly 80 acres. It's not a boundary unit. It just happens to be a little less than 80.

SHARON PIGEON: As we've heard the width of pencil lead or something like that. The new digitized maps changed things?

TIM BLACKBURN: Yes.

SHARON PIGEON: Thank you.

BUTCH LAMBERT: Any further questions from the Board?

(No audible response.)

BUTCH LAMBERT: You may continue, Mr. Mullins.

TOM MULLINS: That's what I have, Mr. Chairman.

BUTCH LAMBERT: Do I have a motion?

MARY QUILLEN: Motion to approve.

BRUCE PRATHER: Second.

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

(No audible response.)

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

(All members signify by saying yes.)

BUTCH LAMBERT: Opposed, no.

(No audible response.)

BUTCH LAMBERT: Thank you, Mr. Mullins. It's approved. Calling item thirteen on the docket. A petition from GeoMet Operating Company, Inc. for pooling of coalbed methane unit 285 VA A-36, docket number VGOB-10-0720-2770. All parties wishing to testify, please come forward.

TOM MULLINS: Mr. Chairman, on behalf of GeoMet, I'm Tom Mullins with the Street Law Firm representing the interest of GeoMet Operating Company. With me is Mr. Dallas Nestle.

TIM BLACKBURN: Tim Blackburn.

BUTCH LAMBERT: You may proceed, Mr. Mullins.

TOM MULLINS: Mr. Nestle, you're still under oath here today on this unit. Mr. Chairman, I'd like to incorporate, if I could, his testimony about his employment, the lease terms and things of that nature.

BUTCH LAMBERT: Accepted.

TOM MULLINS: Thank you.

DALLAS NESTLE

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

DIRECT EXAMINATION

QUESTIONS BY MR. MULLINS:

Q. Are you familiar with the unit that's the subject of this application, unit A-36?

A. Yes.

Q. And this unit contains how many acres?

A. 79.84 acres.

Q. Okay. But this is designated as 80 acre Oakwood unit, is that correct?

A. That is correct.

Q. And this...the well in this unit has been designated a well unit number internally, what is that?

A. The unit is A-36, Rogers well number 285.

Q. Does GeoMet possess drilling rights in

this unit?

A. Yes, they do.

Q. Are you aware of any parties listed in Exhibit B-3 that should be dismissed?

A. No.

Q. What is the percentage of the coal ownership under lease by GeoMet in this unit?

A. 61.06%.

Q. And the gas ownership?

A. 50.185%.

Q. Was notice sent to those folks listed on the application as required by statute?

A. Yes.

Q. And, again, we intend to file that evidence of certified mailing with Mr. Asbury's office post hearing, correct?

A. Correct.

Q. Okay. What is the percentage of the oil and gas estate that GeoMet is seeking to pool here today?

A. 49.815%.

Q. And the coal estate?

A. 38.94%.

Q. Okay. Who are the parties whose

interests are in dispute or what tracts are those involved in?

A. That's Tract 1 and 3.

Q. All right, sir. And what is the total percentage to be escrowed due to conflicting ownerships for those tracts?

A. 10.875%.

Q. Has an Exhibit E been prepared to identify those folks and what those interests are?

A. Yes, it has.

Q. And, again, part of this is a Rogers Cousin's issue?

A. That is correct.

Q. All right, sir. Is GeoMet requesting that the Board pool these unleased interests in this unit?

A. Yes, they are.

Q. To whom should correspondence be forwarded?

A. Joey Stevenson, Land Manager of GeoMet, Birmingham, Alabama.

Q. And an AFE or well estimate was prepared for the drilling of this unit, is that correct?

A. That is correct.

Q. And what is your understanding as to the depth of this well?

A. 2,283 feet.

Q. And the estimate for the reserves?

A. 624 million cubic feet.

Q. And the estimated well completion costs?

A. \$455,636.

Q. And dry hole costs?

A. \$216,658.

Q. And that estimate has been again attached as an exhibit to the application, is that correct?

A. That's correct.

Q. All right, sir. And does that estimate include a charge for supervision of the drilling of the well?

A. It does.

Q. And in your opinion, does the application promote conservation, protect correlative rights and prevent waste?

A. It does.

Q. Now, the well location in this unit is designated as being outside the drilling window, is that also correct?

A. That is correct.

Q. And Mr. Blackburn is here to explain that...help educate both me and the Board as to why that's there, is that correct?

A. Yes, it is.

TOM MULLINS: That's all I have of Mr. Nestle. So, if the Board has any questions of him, you can ask that before I jump in with Mr. Blackburn.

BUTCH LAMBERT: Questions from the Board?

SHARON PIGEON: Preemptive strike here.

TOM MULLINS: Yeah. Trying to anticipate.

TIM BLACKBURN

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

DIRECT EXAMINATION

QUESTIONS BY MR. MULLINS:

Q. Would you please state your full name?

A. Tim Wesley Blackburn.

Q. And what do you do for a living, sir?

A. I'm a professional geologist with T Engineering. We're consultants for GeoMet.

Q. Are you familiar with Rogers unit A... Oakwood unit A-36 Rogers 285?

A. Yes.

Q. And are you familiar with the location of the proposed well site in this unit?

A. I am.

Q. Do you know why the well site that's designated on the plat was selected?

A. The primary reason for the selection of this well site, and I do have an updated exhibit, basically is due to mining projections in the Jawbone seam and Jewell Smokeless Corporation. We've been working on this well location for sometime now. They have advised us off and on for the last several weeks that they're changing projections for this area. As a result---

Q. Let them get in their hands and we'll talk about exhibit.

(Exhibits are passed out to the Board.)

A. As you can see, the well location shown here is shown in relationship to projections in the Jawbone Mining area. We're currently...we're still negotiating this well location. But in that vicinity is what we've been discussing the location. Again, the reason it's outside the window is that that's really Jewell's preferred location at this point. We're...like

I said, we're still...still discussing it.

Q. And the well spot is a proposed well spot? It's not fixed yet, but we do know that it's going to be outside the window?

A. Yes.

Q. In this approximate location?

A. Yes.

BUTCH LAMBERT: Do you want to label this AA?

TOM MULLINS: Yes, sir. That's what I have for Mr. Blackburn, Mr. Chairman.

BUTCH LAMBERT: Questions from the Board?

(No audible response.)

BUTCH LAMBERT: Mr. Blackburn, what's the projected direction? This is not a horizontal well. This is just a vertical well, right?

TIM BLACKBURN: Vertical well.

BUTCH LAMBERT: Okay. All right. Any other questions from the Board?

DAVID ASBURY: Mr. Chairman.

BUTCH LAMBERT: Mr. Asbury.

DAVID ASBURY: I want to make sure I heard you correctly, Mr. Blackburn. This is only a proposed right now and the final location will be in the permit package?

TIM BLACKBURN: Yes.

DAVID ASBURY: Okay. But you're pretty certain that it will be outside the window?

TIM BLACKBURN: At this point, yes.

DAVID ASBURY: Right. Okay.

TOM MULLINS: We're not asking for the Board to fix a well spot.

DAVID ASBURY: Right. But just for a location outside the offset. Okay, thank you very much.

BRUCE PRATHER: Do you think the well spot will be in the pillar?

TIM BLACKBURN: Well--.

BRUCE PRATHER: I mean, you're awful close to it.

TIM BLACKBURN: That's one of the points that we're negotiating. Like I said, this has been ongoing for a while. But if this well spot were actually approved by Jewell, they would drop the heading...yeah, the heading that you see to the left side there, they would just drop that. But we're still...we're still working on it.

BRUCE PRATHER: Okay.

BUTCH LAMBERT: Is---?

MARY QUILLEN: Mr. Chairman, just one---.

BUTCH LAMBERT: Oh, I'm sorry. Ms. Quillen.

MARY QUILLEN: ---question. Is there active mining in this area right now?

TIM BLACKBURN: The active mining is actually... I'm going to estimate probably about 3,000 feet back in this direction in the Jawbone.

MARY QUILLEN: To the east? To the east?

TIM BLACKBURN: Really to the northeast.

MARY QUILLEN: Oh, to the northeast.

TIM BLACKBURN: Yeah.

MARY QUILLEN: Okay. Okay. But they're proposing to mine in that area eventually?

TIM BLACKBURN: Pardon me?

MARY QUILLEN: Their mine plan is to mine in that area---?

TIM BLACKBURN: Yes.

MARY QUILLEN: ---as they move---?

TIM BLACKBURN: This are intermediate term plans that's going to be...to my knowledge, it's going to be several years before they mine in this area.

BUTCH LAMBERT: Mr. Blackburn, do you have a terrain issue that that couldn't be moved just a little bit to the southwest and that way it seems like you would avoid the mining altogether?

TIM BLACKBURN: Well, the mine projection... again, what has gone they've changed the width of this barrier block that you see between these panels.

BUTCH LAMBERT: Uh-huh.

TIM BLACKBURN: So, this was a well location that would have been what we were informed was the old barrier block plan and that's currently what we're working on is 50 to 60 feet moving one way or another and staying in that barrier block. That's just latest projections we had in relation to our well spot. But that's likely where it will end up.

MARY QUILLEN: You did say this was Jewell Smokeless?

TIM BLACKBURN: Jewell Smokeless, yes.

BUTCH LAMBERT: Any further questions from the Board?

(No audible response.)

BUTCH LAMBERT: Anything further, Mr. Mullins?

TOM MULLINS: No, sir.

BUTCH LAMBERT: Do I have a motion?

MARY QUILLEN: Motion to approve.

BRUCE PRATHER: Second.

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

(No audible response.)

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

(All members signify by saying yes.)

BUTCH LAMBERT: Opposed, no.

(No audible response.)

BUTCH LAMBERT: Thank you, Mr. Mullins. It's approved.

TOM MULLINS: Thank you.

BUTCH LAMBERT: The next item on the docket is item number fourteen. A petition from GeoMet Operating Company, Inc. for pooling of coalbed methane unit 288 VA B-35, docket number VGOB-10-0720-2771. All parties wishing to testify, please come forward.

TOM MULLINS: Tom Mullins from the Street Law Firm representing GeoMet. With me, is Mr. Dallas Nestle with GeoMet and Mr. Tim Blackburn, a consultant for GeoMet.

BUTCH LAMBERT: You may proceed, Mr. Mullins.

TOM MULLINS: Mr. Nestle, you have been previously sworn. Mr. Chairman, I'll, again, incorporate the testimony as to his employment and the standard lease terms.

BUTCH LAMBERT: Accepted.

DALLAS NESTLE

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

DIRECT EXAMINATION

QUESTIONS BY MR. MULLINS:

Q. Are you familiar with unit B-35, sir?

A. Yes.

Q. How many acres are there in this unit?

A. 80.16.

Q. And this is an Oakwood Field unit?

A. It is.

Q. What is the well designation number?

A. Rogers 288.

Q. Does GeoMet possess drilling rights for this unit?

A. Yes, they do.

Q. Is there...are there any...excuse me. Are there any party respondents listed in Exhibit B-3 that need to be dismissed today?

A. No.

Q. What is the percentage of the coal ownership that GeoMet has under lease?

A. 100%.

Q. And the gas ownership?

A. 98.6975%.

Q. Is this, again, what we've been appearing before the Board in the past concerning the Rogers Cousins issue?

A. Yes, it is.

Q. Was notice sent as required by statute to those parties entitled to notice?

A. They were.

Q. And we...GeoMet will insure the filing of the certified mail cards post hearing with Mr. Asbury?

A. That's correct.

Q. All right, sir. What is the percentage of the oil and gas estate that GeoMet is seeking to pool?

A. 1.3025%.

Q. And the coal estate?

A. 0.

Q. And the tracts that are involved in this are Tracts 2 and 4 in the plat, is that correct, sir?

A. That is correct.

Q. And is Exhibit E has been attached showing those conflicting owners, is that correct?

A. That's correct.

Q. And is it the request of GeoMet that the unleased interest in the unit be pooled?

A. Yes.

Q. And the correspondence should be sent to Mr. Joseph Stevenson in Birmingham, Alabama as previously testified?

A. That is correct.

Q. Okay. Was an estimated well cost or an AFE prepared and attached to the application?

A. It is.

Q. What is the estimate for the depth of this well?

A. 2,073 feet.

Q. And the estimated reserves for this unit?

A. 576 million cubic feet.

Q. And the estimated well completion costs?

A. \$449,227.

Q. And the estimated dry hole costs?

A. \$211,679,

Q. And that estimate or AFE has been attached as an exhibit to the application, is that correct?

A. Yes, it is.

Q. Does that estimate of well costs include a charge for supervision of the drilling of the well?

A. It does.

Q. And is it your opinion that the granting of this application would promote conservation, protect correlative rights and prevent waste?

A. Yes.

TOM MULLINS: That's all I have, Mr. Chairman.

BUTCH LAMBERT: Questions from the Board?

(No audible response.)

BUTCH LAMBERT: You may continue, Mr. Mullins.

TOM MULLINS: Pardon?

BUTCH LAMBERT: Anything further?

TOM MULLINS: No, sir.

BUTCH LAMBERT: Do I have a motion?

MARY QUILLEN: Motion to approve.

BRUCE PRATHER: Second.

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

(No audible response.)

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

(All members signify by saying yes.)

BUTCH LAMBERT: Opposed, no.

(No audible response.)

BUTCH LAMBERT: Thank you, Mr. Mullins. It's approved.

TOM MULLINS: Thank you, sir.

BUTCH LAMBERT: Calling item fifteen on the docket. A petition from GeoMet Operating Company, Inc. for pooling of coalbed methane unit 214 VA YYY-37, docket number VGOB-10-0720-2772. All parties wishing to testify, please come forward.

TOM MULLINS: Tom Mullins, Dallas Nestle and Tim Blackburn on behalf of GeoMet, Mr. Chairman.

BUTCH LAMBERT: You may proceed, Mr. Mullins.

DALLAS NESTLE

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

DIRECT EXAMINATION

QUESTIONS BY MR. MULLINS:

Q. Would you please state your name?

A. Dallas Nestle.

Q. And you have been previously sworn, is that correct?

A. That is correct.

Q. Are you familiar with the application for pooling of unit YYY-37?

A. I am.

Q. And how acres are within this unit?

A. 79.66.

Q. And, again, this is an Oakwood Field unit?

A. It is.

Q. What is the well designation number?

A. Rogers 214.

Q. Does GeoMet have drilling rights in this unit?

A. Yes, they do.

Q. Are you aware of any folks that are listed on Exhibit B-3 that need to be dismissed here today?

A. No.

Q. Okay. What is the percentage of the coal ownership that GeoMet has under lease?

A. 60.8%.

Q. And the gas estate under lease?

A. 60.8%.

Q. Okay. Was notice sent as required by statute to those folks entitled to notice under the

statute?

A. Yes, it was.

Q. And were the certified mail receipts and evidence of that mailing and notice be provided to Mr. Asbury post hearing?

A. Yes, they will.

Q. What is the percentage of the oil and gas estate that GeoMet is seeking to pool?

A. 39.2%.

Q. And are there any unknown or unlocateable owners?

A. No, there are not.

Q. Okay. Is it the request that GeoMet...excuse me, is it a request from GeoMet that the Board pool the unleased units?

A. Yes, it is.

Q. Excuse me, the unleased interest. Is that...is that a yes?

A. That's correct. It's still correct.

Q. And to whom is the correspondence should be sent again to Mr. Joseph Stevenson?

A. Yes.

Q. Okay. And that's at his address in Alabama that you previously testified to?

A. Yes, it is.

Q. Was an authorization for expenditure prepared by you or, excuse me, prepared for the filing of the application?

A. It was.

Q. Okay. What is the total depth of the well estimated for this unit?

A. 1,773 feet.

Q. What are the estimated reserves for this particular unit?

A. 648 million cubic feet.

Q. And the estimated well completion costs?

A. \$440,071.

Q. And the dry hole costs?

A. \$204,566.

Q. And that has been...that estimate has been attached as an exhibit to the application, is that correct?

A. That is correct.

Q. Okay. And does that estimate include charge for supervision of the drilling of the well?

A. It does.

Q. And is it your opinion and position for the Board that the granting of this application would

promote conservation, protect correlative rights and help prevent waste?

A. It does.

TOM MULLINS: That's what I have, Mr. Chairman.

BUTCH LAMBERT: Questions from the Board?

SHARON PIGEON: There are not any conflicting claims on this either, correct?

TOM MULLINS: No escrow funds.

BUTCH LAMBERT: Anything further, Mr. Mullins?

TOM MULLINS: No, sir.

BUTCH LAMBERT: Do I have a motion?

MARY QUILLEN: Motion to approve.

BRUCE PRATHER: Second.

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

(No audible response.)

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

(All members signify by saying yes.)

BUTCH LAMBERT: Opposed, no.

(No audible response.)

BUTCH LAMBERT: Thank you, Mr.---

TOM MULLINS: Mr. Chairman, before I vacate the table, I thought I'd ask, is there a likelihood that

we...that the Board will be able to complete the docket or not complete the docket today just for scheduling purposes because we have items number forty and forty-one?

BUTCH LAMBERT: I think we should.

TOM MULLINS: Okay. Thank you, sir. So, don't leave town.

BUTCH LAMBERT: Don't leave town.

SHARON PIGEON: Didn't you make that request the last time.

TOM MULLINS: The last time, I asked to be bumped up.

SHARON PIGEON: I was anticipating that.

TOM MULLINS: (Inaudible).

BUTCH LAMBERT: If Mr. Swartz don't mind, we could.

SHARON PIGEON: Work out your deal at lunch with him.

TOM MULLINS: I don't know where he is. He's not here.

BUTCH LAMBERT: I got a bad look from Anita over there.

(Laughs.)

TOM MULLINS: We're willing, ready and able if

the Board needs us to.

DALLAS NESTLE: We're ready.

TOM MULLINS: It's only two.

BUTCH LAMBERT: Anita, do you know where...is he  
close?

DALLAS NESTLE: Do you want us to knock ours  
out, Anita, while you're waiting?

TOM MULLINS: These are short ones.

ANITA DUTY: Is it just one?

TOM MULLINS: Two. It's two. You'll be here  
after lunch anyway.

BUTCH LAMBERT: Are you ready?

TOM MULLINS: We are ready.

BUTCH LAMBERT: Okay.

ANITA DUTY: Are you going to do anything after  
them?

BUTCH LAMBERT: Probably not.

ANITA DUTY: Well, do you want us to just go?

BUTCH LAMBERT: Yeah. We'll do these two and  
break for lunch.

SHARON PIGEON: Oh, you've been smiled on today.

TOM MULLINS: The luck of the Irish.

SHARON PIGEON: Don't even...don't even go  
there.

BUTCH LAMBERT: Forty and forty-one.

(Off record discussion.)

BUTCH LAMBERT: Okay. We're calling docket item number forty. A petition from GeoMet Operating Company, Inc. for repooling of coalbed methane unit Rogers 275-CBM Unit B-39, docket number VGOB-06-1114-1797-01. All parties wishing to testify, please come forward.

TOM MULLINS: Tom Mullins and Dallas Nestle and Tim Blackburn on behalf of GeoMet.

BUTCH LAMBERT: You may proceed, Mr. Mullins.

TOM MULLINS: Thank you, sir. Mr. Chairman, this is the same situation we had last month for a repooling. There has been some additional survey information that Mr. Blackburn would like to explain to the Board as to why some lines have been shifted around in this unit. So, I will proceed directly with Mr. Blackburn.

TIM BLACKBURN

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

DIRECT EXAMINATION

QUESTIONS BY MR. MULLINS:

Q. Would you please state your name?

A. Tim Wesley Blackburn.

Q. What do you do for a living, sir?

A. A professional geologist for T  
Engineering and consultant for GeoMet.

Q. All right, sir. And we have some  
handouts for the Board.

(Exhibits are passed out to the Board.)

Q. Is it part of your responsibility to  
provide survey and other information to GeoMet?

A. Yes.

Q. And have you had the opportunity to go  
back and review the information concerning unit B-39?

A. We have.

Q. And have you or folks under your direct  
supervision prepared some undated plats?

A. We have.

Q. And is that what I just had handed out  
to the Board? That's what I just had handed out.

A. Yes.

Q. Okay. If we could, I'd like you to go  
over these plats. Explain to the Board the  
circumstances as to why there were some changes in the  
survey...in the lines of the boundary lines and what  
information you relied upon and what each one of these

plats shows. I would like to label the plat sequentially AA, BB, CC with permission from the Chairman. So, with the first plat stapled as AA, could you explain to the Board what that shows?

A. This, of course, the well plat with the mineral boundaries shown. Initially, as I recall in the first pooling, we had based the property lines on...as stated in other cases, mineral owners maps, tax maps, deed descriptions, of course, and various mine maps in the area. Since that time, we have...this case specifically, down in this area, we had located some additional property monumentation that we've been able to recover and survey and that caused a shift in the mineral boundaries.

Q. All right. And the area that's...just so the written record is complete, the area you were talking about is the southern portion of the unit, is that correct?

A. Yes. This is the area that we found some additional monumentation on the boundary lines.

Q. All right. Close to the area on the plat that shows a box with a number three on the southern most part, is that correct?

A. Yes.

Q. And the next attachment is merely the breakdown of percentages and that's based, again, on this new survey information, is that correct?

A. It is.

Q. And that would be Exhibit BB?

A. Yes.

Q. The next plat, could you explain, we'll identify it as CC, what that is?

A. It's just the well location with the unit on a topographic base map.

Q. All right, sir.

A. It will give you idea of the topography.

Q. Now, the next exhibit, which will be DD, and some of these lines appear to be very faint to me, but there is some red lines within the unit boxes. Could you explain to the Board what that is and what that shows?

A. Hopefully, you're working with copies in color this time.

SHARON PIGEON: Uh-huh.

BUTCH LAMBERT: Yes.

SHARON PIGEON: Yes, sir. We want to thank you for that.

A. The...this is a combination map showing

both mining and the Jawbone seam and the Red Ash. If you're looking at the well location, this is projected mining in the Red Ash seam. Off the west side in the blue...well, really on both sides of the unit, there's existing mining in the Jawbone. That is currently active. So, we're just showing an overlay with the Red Ash and Jawbone projections and works on it.

Q. Okay. The next exhibit, EE, the copy I have the print is very poor, but it does show some blue. Could you hold your copy up to the Board so they can sort of try to get those faint lines in context with what a good copy shows?

A. This is showing active mine workings in the Jawbone seam.

Q. And that just clips the bottom corner---?

A. Yes.

Q. ---of the unit on the southwest side corner of the unit?

A. That's correct.

Q. I didn't hear you.

A. Yeah, there's mine projection up... that's what you're looking at, yes.

Q. Okay. Does those enter...is that a

projection?

A. That's a projection, yes.

Q. Okay. And do those come within the unit?

A. Not quite. Maybe...if they were actually mined, it may touch the very edge of the unit.

Q. Okay. The next exhibit is FF.

A. These are relatively long term projections for the Red Ash seam. As you see the nearest active mining, if you can make out the pillar blocks up in the north side of the drawing, that's the area they're actively mining, which is Jewell Smokeless. These are...these are, again, intermediate term projections for the next few years.

Q. And the last we'll say...we'll label as GG.

A. This plat shows the surrounding units in relationship to our proposed well and the subjected unit that's showing the adjoining mineral boundaries in the units.

Q. Mr. Blackburn, you appear to have very good quality copies. Is it possible that we could give those to---?

A. It sure is.

Q. ---Mr. Asbury so that he would have good quality copy to attach to the file?

BUTCH LAMBERT: Yeah, hang on to those before you give them to Mr. Asbury.

TOM MULLINS: Okay.

BUTCH LAMBERT: We may not ever see them again.

(Laughs.)

TOM MULLINS: That's all the questions I have for Mr. Blackburn

BUTCH LAMBERT: Questions from the Board?

(No audible response.)

BUTCH LAMBERT: Mr. Blackburn, on Exhibit DD, comparing DD to EE and FF, it looks like that well is way further north on DD than it is in EE.

TIM BLACKBURN: Well, I believe you're right. But this...these are well spots. I'm going to...um, I don't know. This one, obviously...you're correct. It has been moved to the north. We had some alternate well spots that we're looking at. Typically, we'll have two or three different well spots for, you know, options and apparently that's one that has got carried over.

BUTCH LAMBERT: Okay.

TIM BLACKBURN: Well, I believe you're right. But this...these are well spots. I'm going to...um, I

don't know. This one, obviously...you're correct. It has been moved to the north. We had some alternate well spots that we're looking at. Typically, we'll have two or three different well spots for, you know, options and apparently that's one that has got carried over.

BUTCH LAMBERT: Okay.

TIM BLACKBURN: But this well location is not set in stone by any means yet. It's in this general as shown on the other plats.

BUTCH LAMBERT: So, you're working with the mine operator to locate...locate that well?

TIM BLACKBURN: Yes. Yeah. It's another situation---

BUTCH LAMBERT: Which will be...which will reflect in the permit application?

TIM BLACKBURN: Yes.

MARY QUILLEN: And this is proposed?

TIM BLACKBURN: Proposed, yes.

BUTCH LAMBERT: Any further questions from the Board?

(No audible response.)

BUTCH LAMBERT: Anything further, Mr. Mullins?

TOM MULLINS: No, sir.

BUTCH LAMBERT: Do I have a motion?

MARY QUILLEN: Motion to approve.

BRUCE PRATHER: Second.

MARY QUILLEN: I have a motion and a second.

Any further discussion?

(No audible response.)

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

(All members signify by saying yes.)

BUTCH LAMBERT: Opposed, no.

(No audible response.)

BUTCH LAMBERT: Thank you, Mr. Mullins. That's approved. Calling docket item number forty-one. A petition from GeoMet Operating Company, Inc. for repooling of coalbed methane unit Rogers 421 VA Unit F-38, docket number VGOB-09-0120-2454-01. All parties wishing to testify, please come forward.

TOM MULLINS: Tom Mullins, Dallas Nestle and Tim Blackburn on behalf of GeoMet, Mr. Chairman.

BUTCH LAMBERT: You may proceed, Mr. Mullins.

TIM BLACKBURN

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

DIRECT EXAMINATION

QUESTIONS BY MR. MULLINS:

Q. Mr. Blackburn, would you again for the record state your name?

A. Tim Wesley Blackburn.

Q. And you do consultation work for GeoMet, is that correct?

A. Yes.

Q. And as part of that, your company does survey and mineral line locations for GeoMet?

A. We do.

Q. And you were engaged to do the same for unit F-38 Rogers 421?

A. Yes.

Q. We've handed out to the Board several exhibits, which we will designate, as we have done before, by AA, BB, CC and etcetera. Would you...if we could, and this is the order in which they were given to the Board, could you explain to the Board these plats and we'll start with the top one AA?

A. This is the well plat showing mineral boundaries and the general layout for the pooling plat, of course. Initially...in the initial pooling, we had relied again on tax maps, deeds, mineral...lessor's boundary maps and so forth and mine maps. Since that

time, we have been able to refine this. This is a better redention, we feel, of the property boundaries.

Q. All right, sir. The next sheet, which we'll designate as Exhibit BB, that's a breakdown showing the percentages and how they will be broken down based upon the current survey information, is that correct?

A. Yes.

Q. The next exhibit, CC, appears to be a topographic map. Could you explain to the Board what this it?

A. Yes, it is a topo map with the unit boundary and the proposed well location shown.

Q. All right, sir. And Exhibit DD, the next page.

A. This is a map showing the well location in relationship to abandoned mine workings in the Red Ash seam.

Q. This is not current mining activity?

A. Not current and to our knowledge there is no planned future mining in this area for the Red Ash.

Q. Okay. And the next exhibit, EE.

A. The next Exhibit EE is for the Jawbone,

which is another one that's blank. There's no mining to our knowledge proposed or existing in this unit.

Q. The next page, which will be FF.

A. This is a topo map or base map with the Red Ash works and the Jawbone works shown together. There's no...no Jawbone works shown in this area.

Q. Okay. And the last Exhibit, GG?

A. This just shows the subjected unit and the well locations and the adjoining units and it shows the surrounding mineral configurations and properties.

Q. And the well spot that's shown on these plats is just the proposed well spot? The actual spot will be identified on the permit filed with the Department, is that correct?

A. That's correct.

TOM MULLINS: That's all I have, Mr. Chairman.

BUTCH LAMBERT: Questions from the Board?

(No audible response.)

BUTCH LAMBERT: Anything further, Mr. Mullins?

TOM MULLINS: No, sir.

DAVID ASBURY: Mr. Chairman.

BUTCH LAMBERT: Mr. Asbury.

DAVID ASBURY: I'd like to say thank you to GeoMet. The exhibits are good for the mining...as far

as the mining research that you've done. I would like to bring up one point. There will be a time lapse between the permitting and when the well is actually permitted. I hope we continue to work together. There may be some leasing and contracting that goes on the coal side between now and when the well is actually drilled. It's real important to stay in contact just before the drilling of the well to make sure it has not been leased or there has been additional mining that we're not aware of today. I appreciate you all working with us on that issue.

TOM MULLINS: Thank you.

DAVID ASBURY: Thank you, Mr. Chairman.

BUTCH LAMBERT: Do I have a motion?

BRUCE PRATHER: Motion to approve.

BILL HARRIS: Second.

BUTCH LAMBERT: I have a motion and a second.

Any further discussion?

(No audible response.)

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

(All members signify by saying yes.)

BUTCH LAMBERT: Opposed, no.

(No audible response.)

BUTCH LAMBERT: Thank you, Mr. Mullins. You're approved.

TOM MULLINS: Thank you, Mr. Chairman. I appreciate the indulgence.

BUTCH LAMBERT: Yes, sir. You're welcome. Ladies and gentlemen, we're going to break for lunch. We'll resume at 1:00 o'clock.

(Lunch.)

BUTCH LAMBERT: Okay, ladies and gentlemen, it's 1:00 o'clock and time to resume our proceedings. Next on our docket is item sixteen. It's a petition from CNX Gas Company, LLC for pooling of coalbed methane unit E-12, docket number VGOB-10-0817-2777. All parties wishing to testify, please come forward.

MARK SWARTZ: Mark Swartz and Anita Duty.

(Exhibits are passed out.)

BUTCH LAMBERT: You may proceed, Mr. Swartz.

MARK SWARTZ: Thank you.

ANITA DUTY

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

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

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

A. Anita Duty.

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

A. Yes.

MARK SWARTZ: Mr. Chairman, I would like to incorporate Anita's testimony from the last pooling order...it was actually a repooling, but her testimony with regard to the applicant, the operator, her employment for them and...or for the operator and the lease terms.

BUTCH LAMBERT: It's accepted.

MARK SWARTZ: Thank you.

Q. Anita, this is a pooling application for unit E-12, is that correct?

A. Yes.

Q. Did you participate in the preparation of the notice of hearing, the application and the related exhibits?

A. I did.

Q. What kind of a unit is this?

A. Oakwood 80 acre unit.

Q. And how many wells are proposed for this

unit?

A. Two.

Q. And you've given us some revised exhibits today?

A. Yes.

Q. And the revised plat actually shows both wells, whereas the first one showed one, correct?

A. That's correct.

Q. And then you also have a...a slightly revised cost estimate for 12A, right?

A. Yes.

Q. And we'll get back to that, but the cost has gone a little bit.

A. They were exactly the same for both wells. So---

Q. Correct.

A. Yes.

Q. So, the costs for this one has gone down a little?

A. Yes, that's right.

Q. Okay. Okay. And then we've got a revised A, page two and we'll come back to that as well. Are those the only revisions that you want to make today?

A. Yes.

Q. Okay. Have you provided Mr. Asbury or are you going to provide him with your certificates of mailing and proofs of publication?

A. Yes.

Q. Okay. The...first of all, what did you do to notify people that might be interested in this hearing that we were going to have a hearing today?

A. Mailed by certified mail return receipt requested on July the 16th, 2010. I published the notice and location exhibit in the Bluefield Daily Telegraph on July the 24th, 2010.

Q. Okay. And when you published, I assume you published the notice and the little map that goes with it?

A. Yes.

Q. This Oakwood 80, where are the wells located in relation to the window?

A. They're within the window.

Q. Okay. And are they both frac wells?

A. Yes.

Q. Okay. The cost estimate for both of the wells is in what total amount?

A. \$652,724.52.

Q. And could you give us the information pertaining to each of the wells?

A. For well E-12, the estimated cost is \$327,697.21. The estimated depth is 2,360 feet. The permit number is 11,581. Well E-12A, the estimated cost is \$325,027.31. The estimated depth 2,350 feet. There is no permit issued yet.

Q. Okay. Just from scanning this quickly, it looks like there is no escrow requirements here, is that correct?

A. That's correct.

Q. Would you tell the Board what interests you've been successful in acquiring or leasing and what it is you're seeking to pool?

A. We've leased 62.5609% of the coal claim and 62.5609% of the oil and gas claim. We're seeking to pool 37.4391% of the coal, oil and gas claim.

Q. Okay. Do you want to add any respondents today?

A. No.

Q. Do you want to dismiss any?

A. No.

Q. Is it your opinion that drilling two frac wells inside the drilling window of this Oakwood 80

is a reasonable way to develop the coalbed methane in and under this unit?

A. Yes.

Q. Is it your further opinion, that if you take a pooling order pooling the folks that you've noticed at today's hearing as respondents and combining that with the lease and acquisition agreements that the applicant has entered into that the correlative rights and claims of all owners and claimants will be protected?

A. Yes.

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

BUTCH LAMBERT: Questions from the Board?

(No audible response.)

BUTCH LAMBERT: Ms. Duty, this is the one that was scheduled to be heard in August, right?

ANITA DUTY: Yeah...yes.

BUTCH LAMBERT: This is...did you republish after you did the additional well...republish your notice?

ANITA DUTY: No.

BUTCH LAMBERT: You didn't renotece it?

ANITA DUTY: No. We had the additional...are you talking about the map or the plat?

BUTCH LAMBERT: Well, in your original notice in item number nine, it gives the estimated costs for one well. Well, I guess, that's combined wells.

ANITA DUTY: It was actually for two, but we realized that the costs were exactly the same and the second well should have been a lessor cost because of the---

BUTCH LAMBERT: Okay. All right. I gotcha. Thank you. Any further questions from the Board?

(No audible response.)

BUTCH LAMBERT: Anything further, Mr. Swartz?

MARK SWARTZ: No.

BUTCH LAMBERT: Do I have a motion?

MARY QUILLEN: Motion to approve.

BRUCE PRATHER: Second.

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

(No audible response.)

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

(All members signify by saying yes.)

BUTCH LAMBERT: Opposed, no.

(No audible response.)

BUTCH LAMBERT: Thank you, Mr. Swartz. It's

approved. Calling item seventeen on the docket. It's a petition from CNX Gas Company, LLC for pooling of coalbed methane unit G-17, docket number VGOB-10-0817-2778. All parties wishing to testify, please come forward.

MARK SWARTZ: Mark Swartz and Anita Duty.

BUTCH LAMBERT: You may proceed, Mr. Swartz.

MARK SWARTZ: Thank you.

ANITA DUTY

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

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

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

A. Anita Duty.

Q. You're still under oath. Do you understand that?

A. Yes.

MARK SWARTZ: Mr. Chairman, I would ask that we incorporate Anita's prior testimony today with regard to the applicant and operator, her employment and the lease terms.

BUTCH LAMBERT: Accepted.

MARK SWARTZ: Thank you.

Q. Anita, did you participate in and/or supervise the preparation of the notice of hearing, the application and the exhibits with regard to this application?

A. Yes.

Q. This pertains to G-17, is that correct?

A. Yes.

Q. Who...strike that. What kind of a unit is it?

A. An Oakwood 80 acre unit.

Q. And how many wells are proposed?

A. Two.

Q. And what did you do to notify folks that we would be having a hearing today?

A. Mailed by certified mail return receipt requested on July the 16th, 2010 and published the notice and location map in the Bluefield Daily Telegraph on July the 22nd, 2010.

Q. Okay. And are you going to provide Mr. Asbury with certificates in terms of mailing and your proof of publication?

A. Yes.

Q. And when you published was the notice of hearing and the little sort of location map that shows the location of the unit in...in the Commonwealth and in the field? Was that attached or was that published as well?

A. Yes.

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

A. No.

Q. Do you want to dismiss any people?

A. No.

Q. Now, this is a little different. We haven't seen this for a while. This is actually a unit in which there's an allocation of multiple well costs because there are longwall panels that actually intercept this unit and we're going to be looking at some production from those panels, correct?

A. That's correct.

Q. And so if we turn to the...toward the end of your application...actually, I guess, the last couple of pages of the copies that I have, you've got following the well costs exhibits that we typically see. You've got something called an Exhibit E, right?

A. Yes.

Q. And what you've done there...and this is the escrow agreement, but you're actually showing for each person a combined interest in the unit...interest in unit column followed by their interests in each of the longwall panels that affect this unit?

A. That's correct.

Q. Okay. And that would be...that would be with regard to the escrow requirement for Exhibit E, there's that detailed information concerning each person that's going to be subjected to escrow. But really the first percentage...the interest in unit percentage is sort of the driving interest.

A. That's correct.

Q. Okay. And if people want to participate in this unit, they would use the interest in unit percentage to calculate their allocable costs?

A. Yes.

Q. Okay. Then if we go back, we have a well cost estimate for G-17, right?

A. Yes.

Q. Which totals what?

A. \$346,076.63.

Q. And it's depth and permit number are?

A. The estimated depth is 2,321 feet. The

permit number is 5731.

Q. Okay. This well that we've just spoken of is actually in...happens to be in the drilling window of this unit---?

A. It is.

Q. ---if you look at the plat, right?

A. Yes.

Q. Okay. Now, if we keep coming backwards, working from the back of the exhibit, we've now got an exhibit that you've entitled "Estimate of Allowable Costs by Panel", correct?

A. Yes.

Q. And this is...these panels are in which mine?

A. VP1.

Q. Okay. And what you've done on this exhibit is you have spread the longwall well cost over a collection of the units?

A. Yes.

Q. And then allocate it on a percentage basis to the G-17 unit?

A. That's correct.

Q. And so the number that you've come up as a participating...as a participation cost is not really

a...the cost of a particular well, but it's a calculation so that they would...that the people participating would actually share on a percentage bases in the collection of wells that will be generating revenue?

A. That is right....that's right.

Q. And we can tell for each longwall panel how you made the calculation with reference to this, correct?

A. Yes.

Q. The first one, for example, we've got three north longwall panel allocation and we've got six units affected by that panel?

A. Yes.

Q. And what you've done is you've taken the acreage in the panel---

A. Yes.

Q. ---on an entirety bases and then you've taken the acreage that is in each of those six unit and you've done a percentage?

A. Yes.

Q. And then you've applied it to the well costs associated with that panel?

A. Yes.

Q. And that gives you a number for each of the six units?

A. Yes.

Q. And it's nice that the total of the six unit allocation comes back to the starting point number, isn't it?

A. It is.

Q. Okay. And you've done that to show that, right?

A. Yes.

Q. Okay. And that's true in all of the cases here, right?

A. It is.

Q. And what you've done at the very bottom is you have given us the way that you've calculated the G-17 participation cost, which is what?

A. \$281,632.50.

Q. And what you've done is you've taken the percentages and the dollars from each of the panels that you've calculated above and you've summed them and that's how you get there?

A. That's right.

Q. So, if somebody wanted to participate in this unit, they would take that allocated cost, the 281

and change, and they would use their total interest in unit percentage that we looked at on Exhibit E?

A. Yes.

Q. And that's how they would come up with their participation costs, correct?

A. That's correct.

Q. Okay. And there is...as we indicated... because we were looking at an Exhibit E, there is an escrow requirement here and I think it's just with regard to one tract, correct?

A. Yes, Tract 3.

Q. And there are no split agreements that you're aware of?

A. No.

Q. What interest has the applicant and operator been able to acquire in G-17 and what is it that you're seeking to pool?

A. We've acquired 100% of the coal claim and we're seek...and 99.2333% of the oil and gas claim. We're seeking to pool 0.7667% of the oil and gas claim.

Q. And is it your opinion that producing from these longwall panels that gas can be produced from these longwall panels through the use of the three wells that we're talking about, correct?

A. Yes.

Q. And is it your testimony that that has been done in the past and in your opinion is a reasonable way to do this on an ongoing bases in this unit?

A. Yes.

Q. Is it also your testimony that if you combine a pooling order with the leasing and acquisition efforts that CNX has been successful in that will serve to protect the correlative rights, interests and claims of all parties in this G-17 unit?

A. Yes.

Q. And you've also got a B-3 exhibit, which shows the same interest in unit for each of the respondents, correct?

A. Yes.

Q. Okay. And then, again, repeats the information with regard to each panel, correct?

A. That's correct.

Q. Okay. In the past, as a general proposition, have you allocated panel costs based on two well per panel?

A. Yes.

Q. And here you've done it based on one

because?

A. There won't be any others drilled.

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

BUTCH LAMBERT: Questions from the Board?

MARY QUILLEN: I have one question. Included in this packet was an estimated cost, Exhibit C, for well H-16. Is that in there for a reason or---?

BUTCH LAMBERT: It's your second AFE.

ANITA DUTY: Right.

MARY QUILLEN: It's the second one.

ANITA DUTY: The way that the panel lays across those units, that's the only other well that exists. So, it's the only other cost I could actually allocate to that...to that panel.

MARY QUILLEN: Okay. But it's not mentioned anywhere in the rest of the application other than that list of allocations to panels. You have G-16, H-16, I-17, G-16, H-17 and I-17 is the only other place. That's the reason I---.

ANITA DUTY: That's the other well that we're allocating for that unit. We only have two existing wells in that panel. So, those are the only two wells that we can allocate costs from.

BUTCH LAMBERT: On your plat you have G-17A and

G-17.

MARY QUILLEN: And G-17 and G-17A.

BUTCH LAMBERT: And then your AFE lists one well as H-16. That's the---.

ANITA DUTY: I understand. Well, the problem is I don't have a map to show you where the panel...how the panel falls over the units. That...I mean---.

MARK SWARTZ: Let me ask you this question.

ANITA DUTY: Okay.

MARK SWARTZ: Is the panel in a position where both of the wells on the plat for G-17 are in... intercept the panel or is one of these wells outside of the panel?

ANITA DUTY: No, they both intercept the panel.

MARK SWARTZ: Okay. Well, then why haven't you included both of them?

ANITA DUTY: Oh, no, the panels run this way. I thought you were talking about up and down. I thought you were talking H-16. I'm sorry.

MARK SWARTZ: Let's start over.

ANITA DUTY: I'm sorry. They run...they run vertical---.

MARK SWARTZ: Okay.

ANITA DUTY: ---and not horizontal.

MARK SWARTZ: Which direction...do the panels run north and south or east and west?

ANITA DUTY: North and south.

MARK SWARTZ: Okay. So, the long length would be from the north to the south and the not so long width would be from the east to the west?

ANITA DUTY: Yes.

MARK SWARTZ: Okay. Are G-17...the well location G-17 on your plat, is that in the same panel as G-17A or would be they be in different panels?

ANITA DUTY: They're in different panels.

MARK SWARTZ: Okay. Does that help you?

(No audible response.)

MARK SWARTZ: We're allocating costs by panel and not by unit.

MARY QUILLEN: I'm still confused about the H-16. Why there is a cost estimate for H-16? I'm just not seeing it.

BUTCH LAMBERT: The mine work maps would have been real helpful.

MARY QUILLEN: Am I the only that doesn't understand that?

BUTCH LAMBERT: No.

BILL HARRIS: No.

MARY QUILLEN: Oh, okay. Thank you. I'm thoroughly confused.

BILL HARRIS: We're just letting you throw yourself on the floor.

MARY QUILLEN: Oh, okay.

BUTCH LAMBERT: You're doing a good job Ms. Quillen.

MARY QUILLEN: I'm doing a fabulous job of just---.

(Mark Swartz and Anita Duty confer.)

MARK SWARTZ: We need to recalculate the costs because there is a well in that unit, but it doesn't intercept this panel.

BILL HARRIS: I'm not sure that's the question.

MARK SWARTZ: No, it is the question.

BILL HARRIS: Well---.

MARK SWARTZ: There's a proposed well in H-16, which is this green dot.

MARY QUILLEN: Okay.

MARK SWARTZ: Okay. That well has not been drilled yet. But when Anita draws the panel...the north/south panel on this map for me and we're trying to figure out, you know, what the answer to your question is, it turns out that that proposed well will not be in

this panel. So, its costs should not be included. So, we need to back that number out.

MARY QUILLEN: That's my question. Why is it in here?

MARK SWARTZ: Okay. It would be in a different panel, but it doesn't intercept the north/south. It's going to a frac well. It's not going to be a panel well.

MARY QUILLEN: It should not be in this proposal?

MARK SWARTZ: It should not be in the allocated costs, correct.

MARY QUILLEN: That was my question.

MARK SWARTZ: So, I think we need to continue this and get that right because I don't think we want to do the math right now.

ANITA DUTY: No, we need to go ahead and do this one too I assume. It's the same thing.

MARK SWARTZ: So, if we could continue this until next month, that would be great.

BUTCH LAMBERT: October...continue until October.

MARY QUILLEN: Sorry about that.

MARK SWARTZ: That's all right.

MARY QUILLEN: I just didn't understand.

BUTCH LAMBERT: That docket item will be continued until October. Calling docket item number eighteen. A petition from CNX Gas Company, LLC for pooling of coalbed methane unit N-79, docket number VGOB-10-0817-2779. All parties wishing to testify, please come forward.

MARK SWARTZ: Mark Swartz and Anita Duty.

BUTCH LAMBERT: You may proceed, Mr. Swartz.

MARK SWARTZ: Thank you. We've got some revised exhibits on this that we need to pass out before we start.

(Exhibits are passed out and off the record discussion while exhibits are passed out.)

ANITA DUTY

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

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

Q. Anita, could you state your name for the hearing?

A. Anita Duty.

Q. Okay. I'm going to remind you that

you're still under oath.

A. Okay.

MARK SWARTZ: Mr. Chairman, if I could, I would like to incorporate her testimony concerning the applicant and operator, her employment and standard lease terms.

BUTCH LAMBERT: Accepted.

MARK SWARTZ: Thank you.

Q. This is what kind of a unit?

A. A Nora 58.66 acre unit.

Q. Okay. And how many wells are proposed in this unit?

A. Two.

Q. And if we look at the revised plat that you gave the Board members today, you actually have both of them on that plat, correct?

A. Yes. Yes.

Q. Okay. And are they inside, both them, the drilling window?

A. Yes.

Q. Okay. And you've also given the Board...as long as we're talking about the revisions, a revised...let's go to the last page, a revised Exhibit B-3. And what was the change there?

A. We have a lease on Tract 5A.

Q. Okay. So, 5A has disappeared from Exhibit B-3 because you leased it?

A. Yes.

Q. Okay. And that would presumably have caused the percentage of the acreage...or at least one or both of them to decline because you've leased more than you had leased when you filed this, right?

A. Yes.

Q. So, that has changed Exhibit A, page two, correct?

A. Yes.

Q. As long as we're looking at that, what interests as of now does the...has the operator acquired in this unit, N-79, and what is it that you're seeking to pool by this application?

A. We've acquired 69.6102% of the coal claim and 67.4054% of the oil and gas claim. We're seeking to pool 30.3898% for the coal claim and 32.5946 of the oil and gas claim.

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

A. Mailed by certified mail return receipt requested on July the 16th, 2010 and published in the

Bluefield Daily Telegraph on July the 23rd, 2010.

Q. When you published, did the notice of hearing and the little map showing the general location of the unit appear in the paper?

A. Yes.

Q. Have you either...have you provided or are you about to provide Mr. Asbury with your certificates of mailing and your proof publication?

A. Yes.

Q. Have you provided the Board with well cost information for these two wells?

A. Yes.

Q. Okay. The total cost of both wells is what?

A. \$703,886.50.

Q. And then with regard to the two wells in question, give them the relevant data?

A. Okay, for N-79, the estimated cost is \$361,757.25. The estimated depth is 2,597 feet and not permit. Well N-79A, the estimated cost is \$342,129.25. The estimated depth is 2,557 feet and no permit.

Q. There's no escrow required here?

A. No.

Q. Is it your testimony that drilling two

frac wells in the drilling window of this Nora unit is a reasonable way to develop the coalbed methane within the unit?

A. Yes.

Q. Is it further testimony that if you combine a pooling order pooling the respondents with the acquisition and leasing efforts that the operator has been successful in the correlative rights and conflicting claims of all owners...not conflicting, the correlative rights of all owners and claimants will be protected?

A. Yes.

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

BUTCH LAMBERT: Questions from the Board?

(No audible response.)

BUTCH LAMBERT: Anything further, Mr. Swartz?

MARK SWARTZ: No.

BUTCH LAMBERT: Do I have a motion?

MARY QUILLEN: Motion to approve.

BRUCE PRATHER: Second.

BUTCH LAMBERT: I have a motion and a second.

All in favor, signify by saying yes.

(All members signify by saying yes.)

BUTCH LAMBERT: Opposed, no.

(No audible response.)

BUTCH LAMBERT: Thank you, Mr. Swartz. It's approved. The next item is number nineteen. A petition from CNX Gas Company, LLC for pooling of coalbed methane unit BI-118, VGOB number -...docket number VGOB-10-0817-2780. All parties wishing to testify, please come forward.

MARK SWARTZ: Mark Swartz and Anita Duty.

(Exhibits are passed out.)

BUTCH LAMBERT: You may proceed, Mr. Swartz.

MARK SWARTZ: Thank you.

ANITA DUTY

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

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

Q. Anita, you need to state your name.

A. Anita Duty.

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

oath.

A. Yes.

MARK SWARTZ: Mr. Chairman, I'd like to incorporate Anita's testimony concerning the applicant, operator, her employment and the standard lease terms.

BUTCH LAMBERT: Accepted.

MARK SWARTZ: Thank you.

Q. This is a Middle Ridge unit, right?

A. Yes.

Q. How many acres?

A. 58.74.

Q. How many wells?

A. Two.

Q. And where are they in relation to the window?

A. Within the window.

Q. And that's demonstrated by the map that you filed today?

A. Yes.

Q. The revised map. Is that the only revised exhibit?

A. Yes.

Q. Okay. As long as we're on wells, what...what is the total cost of the two wells?

A. \$663,533.64.

Q. And if you would give us the data with regard to each of the two wells that would be good?

A. Well BI-118, the estimated cost is \$325,241.20. The estimated depth is 2,673 feet. The permit number is 11,465. Well BI-118A, the estimated cost is \$338,292.44. The estimated depth is 2,800 feet and there is no permit at this time.

Q. Okay. With regard to what interest you've acquired in this unit and what you're seeking to pool, would you tell us what you have and what you need?

A. We have acquired 99.9319% of the coal, oil and gas claim. We're seeking to pool 0.0681% of the coal, oil and gas claim.

Q. And you've listed one respondent here, right?

A. Yes.

Q. And what did you...what did you do to notify that respondent and/or others who might be interested in coming to this hearing today?

A. Mailed by certified mail return receipt requested on July the 16th, 2010 and published in the Bluefield Daily Telegraph on July the 23rd, 2010.

Q. When you published, was it the notice

and the little map...location map that accompanied that?

A. Yes.

Q. Okay. Have you...have you provided or are you about to provide Mr. Asbury with your certificates concerning mailing and your proof of publication?

A. Yes.

Q. There's no escrow required here, correct?

A. That's correct.

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

A. Yes.

Q. Is it your further testimony that if you combine a pooling order pooling the respondent with the leasing and acquisition efforts that the applicant has been successful in that the correlative rights of all owners would be protected?

A. Yes.

MARK SWARTZ: That's all I have.

BUTCH LAMBERT: Questions from the Board?

(No audible response.)

BUTCH LAMBERT: Do I have a motion?

BRUCE PRATHER: Motion to approve.

BILL HARRIS: Second.

BUTCH LAMBERT: I have a motion and a second.

Any further discussion?

(No audible response.)

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

(All members signify by saying yes.)

BUTCH LAMBERT: Opposed, no.

(No audible response.)

BUTCH LAMBERT: Thank you, Mr. Swartz. It's approved.

MARK SWARTZ: Thank you.

BUTCH LAMBERT: Item twenty on the docket is a petition from CNX Gas Company, LLC for pooling of coalbed methane unit I-17, docket number VGOB-10-0817-2781. All parties wishing to testify, please come forward.

MARK SWARTZ: Mark Swartz and Anita Duty.

BUTCH LAMBERT: You may proceed, Mr. Swartz.

MARK SWARTZ: We have the same allocation issue here in terms of costs. We'd like to continue this until next month.

BUTCH LAMBERT: Okay.

MARK SWARTZ: This a panel unit.

BUTCH LAMBERT: That item will be continued until October.

MARK SWARTZ: Thank you.

BUTCH LAMBERT: Calling item twenty-one on the docket. A petition from CNX Gas Company, LLC for pooling of coalbed methane unit YYY-23, docket number VGOB-10-0817-2782. All parties wishing to testify, please come forward.

MARK SWARTZ: Mark Swartz and Anita Duty.

BUTCH LAMBERT: You may proceed, Mr. Swartz.

MARK SWARTZ: Thank you. We've got some revised exhibits here, I think.

(Exhibits are passed out.)

ANITA DUTY

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

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

Q. Okay, Anita, would you state your name, please?

A. Anita Duty.

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

oath.

A. Yes.

MARK SWARTZ: Mr. Chairman, I would like to incorporate her testimony with regard to the applicant, operator, her employment and standard lease terms.

BUTCH LAMBERT: Accepted.

MARK SWARTZ: Thank you.

Q. What kind of unit is this, Anita?

A. This is an Oakwood 80 acre unit.

Q. How many wells are proposed?

A. Two.

Q. And where are they in relation to the window?

A. Within the window.

Q. Are they both frac wells?

A. Yes.

Q. What did you do to notify people that we were having a hearing today?

A. Mailed by certified mail return receipt requested on July the 16th, 2010 and published in the Bluefield Daily Telegraph on July the 24th, 2010.

Q. And when you published, did the notice and the associated location map appear in the paper?

A. Yes.

Q. Have you provided or are you about to provide Mr. Asbury with your certificates concerning mailing and your proofs of publication?

A. Yes.

Q. Did you want to add any respondents?

A. No.

Q. Did you want to dismiss any?

A. No.

Q. You provided the Board with a revised Exhibit A, page two. Would you tell them what change is reflected on that?

A. In Section 3, that should be 100% of the coal under lease.

Q. And the one that was...what was filed originally it said 99.9988 for some reason?

A. Yes.

Q. Okay. What interest have you been able to acquire in this unit and what are you seeking to pool?

A. We've acquired 99.9988% of the coal, oil and gas claim. We're seeking to pool 0.0012% of the coal, oil and gas claim.

Q. No escrow is required?

A. No.

Q. Have you provided the Board with cost information?

A. Yes.

Q. What's the total costs of the two wells?

A. \$679,081.76.

Q. And then with regard to each well, please provide that information.

A. For well YYY-23, the estimated cost is \$341,867.16. The depth is 2,675 feet. The permit number is 8061. Well YYY-23A, the cost is \$337,214.60. The depth is 2,675 feet. The permit number is 11,202.

Q. Is it your opinion that drilling two frac wells in the window in this Oakwood 80 unit is a reasonable way to produce the coalbed methane?

A. Yes.

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

A. Yes.

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

BUTCH LAMBERT: Questions from the Board?

BILL HARRIS: Mr. Chairman, let me just ask a

quick question.

BUTCH LAMBERT: Mr. Harris.

BILL HARRIS: I notice the AFEs are different even though the depth is same. Is that primarily because of strata that we're drilling through or what would be happening there? I didn't compare item by item. But I noticed that the totals were different, but the depth were the same.

ANITA DUTY: Normally, your second well is a little cheaper because you've already got your roads built and your costs have already been incurred on your first well.

BRUCE PRATHER: Didn't you tell us that well number 1 is 2,065 feet deep.

ANITA DUTY: 2,675.

MARK SWARTZ: They're both the same.

ANITA DUTY: Yeah.

BRUCE PRATHER: Well, that's number...that's with 23A. Was both of them---

ANITA DUTY: I probably need to check that to make sure that that's correct. That seems odd.

MARK SWARTZ: Well, if you look at the production casing and the tubing, there's a fair amount of difference in footage and the drilling footage is

different as well. So, I mean, I think if you just look at, for example, item 116 drilling and come down to five and a half inch drilling, if you'll notice there's a...I'm sorry, six and a half inch drilling, there's a couple...almost a 150 foot difference and it's the same for production casing and tubing and rods. So, I think that accounts for it.

BILL HARRIS: Yeah. Well, my question though is at the bottom of both of those the estimated total depth is the same.

MARK SWARTZ: But what I'm saying is apparently they're not the same.

BILL HARRIS: They're not the same.

ANITA DUTY: No.

MARK SWARTZ: Yeah, I think we've got a mistake on the total depth as opposed to the cost estimate.

ANITA DUTY: Right. Right.

MARK SWARTZ: So, let's check into that.

BUTCH LAMBERT: Ms. Duty, I'm a little bit confused on your revised handout. On the original one, you list...the percent in number one, percentage of coalbed methane rights owned, leased or previously pooled by the applicant. That matches with the percent of coal owned and leased. But if you go over to your

revised one that you handed out to us, those numbers are different. It goes up to a 100% at the bottom.

ANITA DUTY: This is the only thing that changes right here.

MARK SWARTZ: No. What he's asking...the difference is the top is CBM and this is coal.

ANITA DUTY: Oh, yes. I'm sorry.

MARK SWARTZ: I mean, that...Chairman---

BUTCH LAMBERT: I gotcha.

MARK SWARTZ: Yeah, I mean, it's...I don't know. I don't know why they tell us that, but they do.

BUTCH LAMBERT: Okay.

SHARON PIGEON: So, the total coal interest to be pooled is still 0012....0012?

MARK SWARTZ: No, three is completely different than one. Three is how many coal...how much coal do you have under lease. One is how much of the CBM associated with coal do you have.

BUTCH LAMBERT: Okay.

SHARON PIGEON: I'm looking at number four.

MARK SWARTZ: Number four is good to go.

SHARON PIGEON: So, it still should be .0012 to be pooled of the coal interest.

MARK SWARTZ: For all three. Coal, oil and gas,

yes.

BUTCH LAMBERT: Okay. Thank you.

MARK SWARTZ: Right?

ANITA DUTY: Yes.

BUTCH LAMBERT: It makes sense.

(Butch Lambert and Sharon Pigeon confer.)

BUTCH LAMBERT: Any further questions from the Board?

(No audible response.)

BUTCH LAMBERT: Anything further, Mr. Swartz?

MARK SWARTZ: No.

BUTCH LAMBERT: Do I have a motion?

BRUCE PRATHER: Motion to approve.

MARY QUILLEN: Second.

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

(No audible response.)

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

(All members signify by saying yes.)

BUTCH LAMBERT: Opposed, no.

(No audible response.)

BUTCH LAMBERT: Thank you, Mr. Swartz. It's approved.

MARK SWARTZ: Thank you.

BUTCH LAMBERT: The next item on the docket is item twenty-two. A petition from CNX Gas Company, LLC for a modification of the Middle Ridge I Field Rules to allow for the drilling of an initial well in units BA-118, BC-116, BC-117, BC-118, BD-116, BD-118, docket number VGOB-00-1017-0835-09. All parties wishing to testify, please come forward.

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

(Leslie K. Arrington is duly sworn.)

BUTCH LAMBERT: You may proceed.

MARK SWARTZ: Thank you.

ANITA DUTY

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

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

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

A. Anita Duty.

Q. You're still under oath?

A. Yes.

Q. With regard to this application, I just want to ask you a couple of questions primarily dealing with notice, okay.

A. Okay.

Q. Did you prepare the notice of hearing and the application or did you supervise its preparation?

A. Yes.

Q. What did you do to notify that you've listed as respondents with regard to this Middle Ridge application that we were going to be having a hearing today?

A. Mailed by certified mail return receipt requested on July the 16th, 2010 and published the notice and location map in the Bluefield Daily Telegraph on July the 26th, 2010.

Q. Have you either already provided or are you going to provide before leave today your certificates with regard to mailing and your proofs of publication to Mr. Asbury?

A. Yes.

Q. And when you published, did the notice appear in the paper?

A. Yes.

Q. And was there also a copy in the paper with the published notice of the little map Exhibit A-1 that shows the six units that we're talking about?

A. Yes.

Q. Okay. Do you want to add anybody as a respondent today?

A. No.

Q. Do you want to dismiss anybody?

A. No.

Q. Okay. And this pertains to the Middle Ridge?

A. Yes.

Q. It pertains to the six units that we're talking about?

A. Yes.

Q. And they're identified in the caption?

A. Yes.

Q. Okay. And what you're asking for is the opportunity to drill a second well in each of these units?

A. Yes.

Q. With the understanding that the second well has to be in the drilling window?

A. Yes.

Q. And it has to be at least 600 feet from the first well?

A. Yes.

MARK SWARTZ: That's all I have of Anita.

BUTCH LAMBERT: Questions from the Board?

(No audible response.)

BUTCH LAMBERT: You may continue, Mr. Swartz.

MARK SWARTZ: I'd like to call Les briefly, if I could.

LESLIE K. ARRINGTON

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

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

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

A. Leslie K. Arrington.

Q. Les, have you testified before with regard to infill drilling in front of this Board?

A. I have.

Q. On numerous occasions?

A. Yes.

Q. Okay. Have you provided just sort of

summary exhibit for the Board that you could pass to them?

A. Yes.

(Exhibit is passed out.)

MARK SWARTZ: The first page in your exhibit, and since Counsel always numbers these extra random exhibits for me since I don't know how to do it, what should we call this?

SHARON PIGEON: AA.

MARK SWARTZ: AA. Okay, that works.

Q. The first substantive page of A, Les, appears to me to be a map of part of a field?

A. It is.

Q. Okay.

A. Of the Middle Ridge and the Nora Field. It should look just like the exhibit that Anita just passed out.

Q. Okay. And the Nora, I'm thinking, would be to the left---

A. Yes, it is.

Q. ---and the Middle Ridge is sort of the torturquoise stuff to the...I hope yours is colored. Yes, torturquoise to the right.

A. Yes.

Q. And then...have you identified the six units that we're talking about at the hearing today with the arrows and a different color?

A. We have.

Q. So, they can see how they fit in and trying to move to the east, I guess.

A. That's correct.

Q. And then the next substantive page, I'm going to skip because we have gone over this a lot of times with the Board. But let's go...but let's go to four just to sort of refresh here. Does four demonstrate the success historically on an average that you've enjoyed with infill drilling?

A. It does.

Q. And the Board has heard this before, but just in general, what does it shows?

A. Well, it shows the infill well coming on in blue and then the red line represents the existing well that's in there.

Q. Okay.

A. And you'll notice that...how the original well has come up. The infill well is stronger than the original well.

Q. And then the next page, you've just got

a history match. But then the last page we need to focus on, what is...what does that show?

A. That shows that we're in hopes of getting an additional incremental reserves of 170 million cubic feet for a total of 700 million cubic feet of gas out of these.

Q. As opposed to maybe 535 or 540?

A. Yes.

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

BUTCH LAMBERT: Questions from the Board?

(No audible response.)

BUTCH LAMBERT: Anything further, Mr. Swartz?

MARK SWARTZ: No.

BUTCH LAMBERT: Do I have a motion?

MARY QUILLEN: Mr. Chairman, could I ask just one question?

BUTCH LAMBERT: Ms. Quillen.

MARY QUILLEN: These units that are already in blue here are the ones that there is already increased density drilling in each one of those in the sort of torturquoise color?

LESLIE K. ARRINGTON: Yes.

MARY QUILLEN: Okay. Motion to approve.

BRUCE PRATHER: Second.

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

(No audible response.)

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

(All members signify by saying yes.)

BUTCH LAMBERT: Opposed, no.

(No audible response.)

BUTCH LAMBERT: Thank you, Mr. Swartz. It's  
approved.

MARK SWARTZ: Thank you.

BUTCH LAMBERT: The next item on the docket is  
item twenty-three. A petition from CNX Gas Company, LLC  
for modification of the Nora Coalbed Gas Field Rules to  
allow for the drilling of an additional well in unit AJ-  
80, docket number VGOB-89-1026-0009-69. All parties  
wishing to testify, please come forward.

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

BUTCH LAMBERT: You may proceed, Mr. Swartz.

MARK SWARTZ: Thank you.

ANITA DUTY

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

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

Q. Anita, state your name for us, please.

A. Anita Duty.

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

A. Yes.

Q. Were you in charge of notice here?

A. Yes.

Q. Did you...what did you do to notify the people that you've listed as respondents pertaining to infill drilling in AJ-80?

A. Mailed by certified mail return receipt requested on July 16, 2010 and published the notice and location exhibit in the Bluefield Daily Telegraph on July the 26th, 2010.

Q. And have you either already or are you about to provide Mr. Asbury with your certificates of mailing and your proof of publication?

A. Yes.

Q. And is the point of this to allow the operator to drill a second well for a total of two wells

in this Nora unit?

A. Yes.

Q. And is it...is it your request that you...that the second well be required to be within the window?

A. Yes.

Q. And also that the second well be required to be at least 600 feet from the first well?

A. Yes.

Q. Okay. Do you want to add any respondents?

A. No.

Q. Do you want to dismiss any?

A. No.

MARK SWARTZ: That's all I have of Anita.

BUTCH LAMBERT: Questions from the Board?

(No audible response.)

BUTCH LAMBERT: You may continue, Mr. Swartz.

MARK SWARTZ: Thank you. I would like to call Les. He has got some exhibits here as well.

(Exhibits are passed out.)

LESLIE K. ARRINGTON

having been duly sworn, was examined and testified as

follows:

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

Q. I guess this would be AA, Les, okay.

A. Yes.

Q. Okay. This first substantive page places AJ in the context...AJ-80 in the context of other applications for infill drilling, right?

A. Yes, it does.

Q. The sort of hot pink, are those Oakwood units?

A. They are.

Q. And were they authorized for infill drilling as a result of applications that CNX filed?

A. Yes.

Q. Okay. And then we've got sort of an orange area?

A. Yes.

Q. And you've identified that as Equitable infill?

A. Yes.

Q. Does that refer to an application that Equitable must of filed to do infill drilling in that piece of the Nora?

A. It was.

Q. Okay. And it was approved?

A. Yes.

Q. Okay. And unfortunately for CNX, Equitable just didn't seek approval for AJ-80 when they did that?

A. Correct.

Q. Okay. So, that's...that's why we're here. And AJ-80...they're a couple of units here that are sort of odd shapes, correct?

A. It is.

Q. But they actually have drilling windows in them?

A. They do.

Q. And you've depicted that?

A. We have.

Q. Okay. And this, again, was sort of the boundary fix that, I think, we accomplished...it may have been in the process before Mr. Asbury started, but we certainly did it after he got here and that's why we've got some of these odd shaped units as...as the Nora and the Oakwood Fields come together?

A. Yes, we do.

Q. Okay. I'm not going to go through the

theory here again, but I am interested in your projection with regard to the impact of infill drilling on cumulative reserves...recovered reserves and what is your estimate in that regard with regard to this Nora area?

A. Well, with the two wells we're estimating 670 million cubic feet. Of that, a 180 million incremental reserves.

Q. Okay. So, basically, you're looking at this unit going from slightly less than 500 to slightly less than 700?

A. Yes, we are.

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

BUTCH LAMBERT: Any questions from the Board?

(No audible response.)

BUTCH LAMBERT: Anything further, Mr. Swartz?

MARK SWARTZ: No.

BUTCH LAMBERT: Do I have a motion?

MARY QUILLEN: I'm sorry, Mr. Chairman, I just have one question---

BUTCH LAMBERT: Ms. Quillen.

MARY QUILLEN: ---for Mr. Arrington. These additional wells down here that apparently aren't in the

next yet or the Nora, these right here. Are these in the Nora and---?

LESLIE K. ARRINGTON: That is Nora.

MARY QUILLEN: ---is there a well drilled in each of those now?

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

MARY QUILLEN: Oh, okay. That's it.

BUTCH LAMBERT: Okay. Do I have a motion?

BRUCE PRATHER: Motion to approve.

MARY QUILLEN: Second.

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

(No audible response.)

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

(All members signify by saying yes.)

BUTCH LAMBERT: Opposed, no.

(No audible response.)

BUTCH LAMBERT: Thank you, Mr. Swartz. It's approved.

MARK SWARTZ: Thank you.

BUTCH LAMBERT: Calling docket item twenty-four. A petition from CNX Gas Company, LLC for modification of the Oakwood I Field Rules to allow for drilling of an

additional well in units D-39, E-41 and E-42, docket number VGOB-93-0216-0325-22. All parties wishing to testify, please come forward.

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

BUTCH LAMBERT: You may proceed, Mr. Swartz.

MARK SWARTZ: Thank you.

ANITA DUTY

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

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

Q. Anita, state your name for us.

A. Anita Duty.

Q. Do you remember that you're still under oath, right?

A. Yes.

Q. Did you take care of the notice with regard to this hearing?

A. Yes.

Q. And what did you do in that regard?

A. Mailed by certified mail return receipt requested on July 16, 2010 and published the notice and

location Exhibit in the Bluefield Daily Telegraph on July 26, 2010.

Q. And have you already provided or are you going to provide before you leave today certificates with regard to mailing and proof of publication to Mr. Asbury's office?

A. Yes.

Q. Do you want to add any respondents?

A. No.

Q. Do you want to dismiss any?

A. No.

Q. And like the applications that we've just talked about here, we have three units, correct?

A. Yes.

Q. And the point of this application is to allow the operator to drill an additional well in each of the units so that there would be potentially a total of two unit...two wells in each unit, correct?

A. Yes.

Q. And is that with the understanding that second well in each unit would have to be inside the drilling window?

A. Yes.

Q. And it would also have to be at least

600 feet away from the first well?

A. Yes.

Q. And the field that we're talking about in this petition is the Oakwood field, is that correct?

A. That's correct.

MARK SWARTZ: That's all I have of Anita.

BUTCH LAMBERT: Questions from the Board?

(No audible response.)

BUTCH LAMBERT: You may proceed, Mr. Swartz.

MARK SWARTZ: Thank you. Les, has got a couple of exhibits for you all here.

(Exhibits are passed out.)

LESLIE K. ARRINGTON

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

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

Q. You need to state your name for us, Les.

A. Leslie K. Arrington.

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

A. Yes.

Q. And I'm going to tell you that we've

marked or about to mark the exhibits that you just passed out as Exhibit AA. Does that work for you?

A. Yes.

Q. Okay. Again, you've provided the first substantive page to the Board that shows the location of the three units that we're talking about today. These are Oakwood units, right?

A. It is.

Q. In relation to other Oakwood units, correct?

A. Yes.

Q. Is D-40 already approved for infill drilling?

A. Yes, it is.

Q. How about the F roll from 39 to the east?

A. Yes, they are.

Q. Okay. And would that also be true of the colored...the green colored G rolls?

A. Yes.

Q. What's the story on the pink E and G?

A. Approved.

Q. Approved, okay. Let me skip ahead now. You've given us...bearing in mind this Oakwood now.

You've got a zero...you've shifted everything to times zero, correct?

A. We did.

Q. And you've compared blue the infilled wells to red the original wells, but for the Oakwood production?

A. Yes.

Q. And this Oakwood has been producing a lot longer than we have experienced in the Nora and Middle Ridge, right?

A. Yes.

Q. So, we've got a much longer line going to the...to the right hand side?

A. We do.

Q. Okay. In general, have you seen in the Oakwood Field the same sort of response in the second well?

A. Yes, we have.

Q. And it's depicted in your chart?

A. Yes, it is.

Q. Okay. Lastly...let's go to the very last page. What's the incremental bump that you're estimating as a result of a second well?

A. About 290 million.

Q. Okay. So, you're going from slightly north of 800 million to slightly north of 1.1 million basically?

A. Yes.

MARK SWARTZ: Just in context, okay. That's all I have of, Mr. Arrington.

BUTCH LAMBERT: Questions from the Board?

BILL HARRIS: Mr. Chairman.

BUTCH LAMBERT: Mr. Harris.

BILL HARRIS: Les, let me ask you about page four. That's the average original versus the infill. If you'll notice, the blue infill is dipping below the average for the first one. Do you want to address that?

LESLIE K. ARRINGTON: Not knowing what the exact well was doing, you know, work over, waters and what have you, I really can't address it.

BILL HARRIS: Now, this is a time shifted. Is this a time shifted?

LESLIE K. ARRINGTON: It is times zero, yes.

BILL HARRIS: And what was the difference in the...do you remember what the difference in the dates coming on line, if it was 12 months? I mean, I'm just wondering what the shift was.

LESLIE K. ARRINGTON: About 36 months, I

believe. About 30 months.

BILL HARRIS: About 30 months or so.

BUTCH LAMBERT: This is an average of how many wells, Mr. Arrington.

LESLIE K. ARRINGTON: He normally puts that on there...I'm not sure.

BILL HARRIS: Oh, yes, okay.

BUTCH LAMBERT: And all of these are in the Oakwood Field?

LESLIE K. ARRINGTON: Yes.

BUTCH LAMBERT: Any other questions from the Board?

(No audible response.)

BUTCH LAMBERT: Anything further, Mr. Swartz?

MARK SWARTZ: No.

BUTCH LAMBERT: Do I have a motion?

MARY QUILLEN: Motion to approve.

BILL HARRIS: Second.

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

(No audible response.)

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

(All members signify by saying yes.)

BUTCH LAMBERT: Opposed, no.

(No audible response.)

BUTCH LAMBERT: Thank you, Mr. Swartz. It's approved. We're calling docket twenty-five. A petition from CNX Gas Company, LLC for modification of horizontal drilling unit SSS28SH to correct acreage within the tracts in the provisional unit. This is docket number VGOB-10-0316-2685-01. All parties wishing to testify, please come forward.

MARK SWARTZ: Mark Swartz and Anita Duty.

BUTCH LAMBERT: You may proceed, Mr. Swartz.

MARK SWARTZ: Thank you.

ANITA DUTY

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

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

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

A. Anita Duty.

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

A. Yes.

Q. Okay. This unit...this horizontal unit is a voluntary unit, correct?

A. It is.

Q. So, it was never pooled and it doesn't need to be pooled?

A. Correct.

Q. You have contractual arrangements with everybody in this?

A. Yes.

Q. Which is why you haven't noticed anybody?

A. Yes.

Q. Okay. But you had...we had to come to the Board to have them create this unit, correct?

A. Yes.

Q. And the change that we're talking about today does not change the exterior boundary of the unit created by the Board, it changes some interior boundaries, right?

A. That's correct.

Q. And so what...the reason we're back here today is we've done some remapping of the interior boundaries within this provisional unit and we wanted the Board to be aware of those changes?

A. Yes.

Q. Okay. And is the plat that you've provided to the Board today the accurate revised plat?

A. It is.

Q. Okay. And then, obviously, when you change a plat, you're going to slightly change acreages and percentages and is Exhibit B now an update of that consistent with this plat?

A. Yes.

Q. And would the same be true for the tract identification page?

A. It would.

Q. Okay. And is the only reason we're here is to supplement the prior record with regard to the creation of this voluntary unit?

A. That's right.

MARK SWARTZ: That's all I have.

BUTCH LAMBERT: Any questions from the Board?

(No audible response.)

BUTCH LAMBERT: Anything further, Mr. Swartz?

MARK SWARTZ: No.

BUTCH LAMBERT: Do I have a motion?

MARY QUILLEN: Motion to approve.

BRUCE PRATHER: Second.

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

(No audible response.)

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

(All members signify by saying yes.)

BUTCH LAMBERT: Opposed, no.

(No audible response.)

BUTCH LAMBERT: Thank you, Mr. Swartz. It's approved.

MARK SWARTZ: Thank you all.

BUTCH LAMBERT: Ladies and gentlemen, we're going to take about a ten minute break and we'll resume at twenty after.

(Break.)

BUTCH LAMBERT: Ladies and gentlemen, it's time to resume these proceedings. If you'll please take a seat. The next item on the docket is item twenty-six. A petition from EQT Production Company for modification of Nora Coalbed Gas Field Rules to allow for the drilling of an additional well in units BJ-80, BJ-82, BK-79, BL-79, BM-79, BM-83, BN-79, BN-83, BP-78, BP-79 and BQ-78. This is docket number VGOB-89-0126-0009-68. All parties wishing to testify, please come forward.

JIM KAISER: Mr. Chairman, Jim Kaiser and George Heflin and Abby Tomkiewicz for EQT. I probably should have gotten you before you started. There's actually one, two, three, four, five of those units that we need to excise. They've already been approved for increased density drilling. So, I don't...I'm not sure how they got on the application. But those units would be BJ-80, BK-79, BL-79, BM-83 and BN-83.

BUTCH LAMBERT: Okay.

JIM KAISER: So, those were inadvertently added to this application and they had already been approved previously by the Board for increased density drilling.

MARY QUILLEN: Would you mind saying those again, Jim?

JIM KAISER: No, ma'am. BJ-80, BK-79, BL-79, BM-83 and BN-83. I feel like I'm calling out Bingo.

BUTCH LAMBERT: Bingo.

(Laughs.)

BUTCH LAMBERT: You may proceed, Mr. Kaiser.

(Abby Tomkiewicz and George Heflin are duly sworn.)

JIM KAISER: We'll begin with Mr. Heflin.

GEORGE HEFLIN

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

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

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

A. George Heflin, Regional Land Director for EQT Production Company.

Q. And were all parties owning an oil, gas and/or coal interest in these units notified as required by statute?

A. They were.

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

BUTCH LAMBERT: Questions from the Board?

(No audible response.)

BUTCH LAMBERT: You may continue, Mr. Kaiser.

ABBY TOMKIEWICZ

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

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Ms. Tomkiewicz, could you state your

full name for the Board, who you're employed by and in what capacity?

A. Yes. My name is Abby Tomkiewicz and I am a geologist at EQT.

Q. And have you prepared a handout for the Board today to help illustrate your testimony as to why we're seeking permission to drill one additional well in each of the units listed in the application with the exception of the ones that we just excised?

A. Yes, I have.

Q. And could you go ahead and begin that testimony with Exhibit AA then?

A. Sure. So, based on the results that we've seen on our original wells and the following grids that you have, we would like to drill infills in them. So, if you look at the previous infills that we've drilled. On Exhibit AA, it just lists the number of wells that we've drilled and the cumulative production based on that and the rates. So, you can...you can see that yourself. In 2010, we've drilled 16 wells. The cumulative production is 88 mmcf. The rate is 1.95 mmcf a day. So, we've seen some good results. We just turned those wells inline. So, we don't have a lot of cumulative production. That's why it may seem low. But

it's just because they were turn in line recently.

The next page just shows a graph of our monthly gross volumes. The red line is our increased density wells. The blue line is our original wells. As you can see, we see positive results, you know, when we drill infill wells. We have an increase in production and it more than offsets any loss that we may have on, you know, original wells production. So, that's a good indicator for us. The next page shows where in the field these grids are that we would like to drill infills in. The green is...are obviously the units that we would like to get approved this month to drill infills. The grey units are the units that we've already approved. As you can see, it's in the northeast...or the southeast part of the field.

Then if you flip to the next page, the DD, that just shows you an up close...you know, so you can see the grid numbers on there of the units that we would like approved. And, again, it reflects the changes on the grids that we withdrew. So, these are only the grids that we would like approval for.

So, based on that packet and our positive results that we've seen, we would like permission to drill more.

Q. So, would it be your testimony that based upon the incremental production that we're achieving with the second...the one additional well in the unit that it is a good use of the company's capital and also good for the royalty owners within the units?

A. Yes.

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

BUTCH LAMBERT: Questions from the Board?

(No audible response.)

BUTCH LAMBERT: Anything further, Mr. Kaiser?

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

BUTCH LAMBERT: Do I have a motion?

BRUCE PRATHER: Motion to approve.

MARY QUILLEN: Second.

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

(No audible response.)

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

(All members signify by saying yes.)

BUTCH LAMBERT: Opposed, no.

(No audible response.)

BUTCH LAMBERT: Thank you, Mr. Kaiser. It's approved. Calling item twenty-seven on the docket. A petition from EQT Production for pooling of coalbed methane unit VC-504900, docket number VGOB-10-0817-2783. All parties wishing to testify, please come forward.

JIM KAISER: Jim Kaiser and George Heflin on behalf of EQT Production.

BUTCH LAMBERT: You may proceed, Mr. Kaiser.

GEORGE HEFLIN

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

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. George, you've previously stated your name and occupation with EQT. Do your responsibilities include the land involved here and in the surrounding area?

A. It does.

Q. Are you familiar with the application that we filed seeking to pool any unleased interest in this unit dated July the 16th, 2010?

A. I am.

Q. Now, does EQT 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 in the unit and an attempt made to work out a voluntary lease agreement with each?

A. Yes.

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

A. We have 92.658% leased.

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

A. 100%.

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

A. They are.

Q. And has Eric just handed out the additional information that the Virginia Gas and Oil Board has asked us to provide for force poolings---

A. He has.

Q. ---including mine maps and title information?

A. Yes.

Q. Okay. So, right now what remains

unleased and we're force pooling is 7.342% of the gas estate?

A. That's correct.

Q. Okay. We do have in Tract 6 an unknown and unlocateable Zelma Edwards and also in tract...yeah, Tract 6, is that correct?

A. That's correct.

Q. Were all reasonable and diligent efforts made to attempt to locate her, in your professional opinion?

A. We did.

Q. And are the addresses set out in Exhibit to the application the last known addresses for the respondents?

A. Yes.

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

A. It is.

Q. Now, 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. We pay five dollars an acre for a five year term and a one-eighth royalty.

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

A. That's correct.

Q. Now, as to those respondents who remain unleased and are listed at Exhibit B-3, do you agree they be allowed the following statutory options with respect to their ownership interest within the unit: 1) Direct participation; 2) a cash bonus of twenty dollars paid up plus a one-eighth of eight-eighths royalty or is it twenty-five?

A. It would be twenty-five paid up.

Q. Twenty-five paid up. 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. That's correct.

Q. Do you recommend that the order provide that elections to respondents be in writing and sent to the applicant at EQT Production Company, P. O. Box 23536, Pittsburgh, Pennsylvania 15222, Attention: Christy Shannon and/or Alma Tallman?

A. That's...yes.

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

A. It is.

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 direct or indirect participation?

A. Correct.

Q. Should the unleased respondents be given 30 days from the date 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 the applicant for respondent's proportionate share of actual 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 that election be treated as if no election had been made and respondents should be deemed to have leased?

A. That's correct.

Q. Do you recommend that the order provide that where a respondent elects to participate but defaults in regard to the payment of actual well costs any cash sum becoming payable from the applicant to that respondent be paid within 60 days after the date on which the respondent

should have paid their share of the actual well costs?

A. Yes.

Q. All right. Now, for this particular unit, the entire unit needs to be escrowed, is that correct, Tracts 1 through 14 due to conflicting claims?

A. That's correct.

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

A. EQT Production Company.

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

A. It's the total depth of 2738 feet.

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

A. 350 million.

JIM KAISER: And here, Mr. Chairman, if you'll turn to our application, page two under 2D, we have a typo there. We have submitted an AFE with both completed well costs and dry hole costs.

Q. Is that correct, Mr. Heflin?

A. That's correct.

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

A. It does.

Q. And our application says the completed well costs of \$235,251. Should that figure actually be \$376,728.52?

A. That's correct.

Q. Okay. What would the dry hole costs be?

A. \$141,477.70.

Q. Do these costs anticipate a multiple completion?

A. They do.

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

A. Yes.

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

A. It would.

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

BUTCH LAMBERT: Questions from the Board?

BILL HARRIS: Mr. Chairman.

BUTCH LAMBERT: Mr. Harris.

BILL HARRIS: Just a couple. When you all talked about the tracts being escrowed. I think you

said virtually all of them.

GEORGE HEFLIN: Correct.

BILL HARRIS: But the application does not lists Tract 10 to be included in that.

JIM KAISER: I could be mistaken.

GEORGE HEFLIN: Wait, wait, wait.

JIM KAISER: Yeah, 10...I think 10 is left out because that's---

GEORGE HEFLIN: You're right, Mr. Harris.

JIM KAISER: They're both Range Resources. I'm sorry.

BILL HARRIS: So, it's everything but---?

JIM KAISER: Everything but 10, yes, sir.

BILL HARRIS: But 10, okay.

JIM KAISER: Thank you.

BILL HARRIS: Thank you. And one other question about the amounts. I missed that. Were those two amounts to be added together for the total? What was the total amount of the AFE?

JIM KAISER: The completed well cost was...we're using a new AFE. I don't know if you've noticed. We kind of got caught on it.

GEORGE HEFLIN: 366---

JIM KAISER: But the costs...the total AFE

amount will be up...kind of in the upper right hand corner of the first page. So, it's \$376,728.52. You can get to that by going to the second page, the signed page, and adding...adding the dry hole and completion together down...down at the very bottom.

BILL HARRIS: Okay, thank you.

BUTCH LAMBERT: Further questions from the Board?

BRUCE PRATHER: I've got a question.

BUTCH LAMBERT: Mr. Prather.

BRUCE PRATHER: On your map here, there's two coalbed methane wells. I assume this 7758 must be a vertical well. See this is 4900 here.

GEORGE HEFLIN: 4900.

BRUCE PRATHER: Then you've got one that says 75...7758 and then 8689.

GEORGE HEFLIN: That's correct. That's a conventional well.

BRUCE PRATHER: I assume that's a vertical well.

GEORGE HEFLIN: It is. It's a conventional well between the two coalbed methane wells.

BRUCE PRATHER: Okay.

SHARON PIGEON: Just to make sure I heard correctly. You did testify that Tracts 6 and 7 had

unknown and unlocateables, right?

GEORGE HEFLIN: Correct. It has Thelma Edwards---

JIM KAISER: (Inaudible).

GEORGE HEFLIN: ---as the unknown.

JIM KAISER: Yes, ma'am, that's correct.

SHARON PIGEON: I didn't hear you very well.

GEORGE HEFLIN: Sorry.

JIM KAISER: 6 and 7. That's all right. The same person, two tracts.

BUTCH LAMBERT: Any further questions from the Board?

(No audible response.)

BUTCH LAMBERT: Anything further, Mr. Kaiser?

JIM KAISER: We'd ask that the application be approved as submitted with the change in the completed well costs from the way the application was submitted.

BUTCH LAMBERT: Do I have a motion?

BRUCE PRATHER: Motion to approve.

BILL HARRIS: Second.

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

(No audible response.)

BUTCH LAMBERT: All those in favor, signify by

saying yes.

(All members signify by saying yes.)

BUTCH LAMBERT: Opposed, no.

(No audible response.)

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

DAVID ASBURY: Nice exhibit, gentlemen. Thank you.

BUTCH LAMBERT: The next item on the docket is item twenty-eight. A petition from EQT Production Company for pooling of coalbed methane unit VC-536217, docket number VGOB-10-0817-2784. All parties wishing to testify, please come forward.

JIM KAISER: Mr. Chairman, again, Jim Kaiser and George Heflin on behalf of EQT Production.

(Exhibits are passed out.)

BUTCH LAMBERT: You may proceed, Mr. Kaiser.

JIM KAISER: I'll go ahead and begin with Mr. Heflin.

GEORGE HEFLIN

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

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Mr. Heflin, do your responsibilities include the land included in this area?

A. It does.

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

A. Yes.

Q. Now, does EQT own drilling rights in the unit involved here?

A. We do.

Q. And prior to the filing of the application, was an attempt made to work out a voluntary lease agreement with each respondent?

A. Yes.

Q. And what is the interest under lease to...first of all, we've got a revised exhibit...package of exhibits. Can you explain what...what has changed? If I'm not mistaken, the only thing that has changed is we've actually located our one unlocateable---

A. I think that's---.

Q. ---and that would be in Tract 7, page three of five on their Exhibit B, the Scott Poston Heirs.

A. Three of six.

Q. It originally..we had originally listed them as being unknowned and we located Glenda Poston as the heir of Scott Poston. Is that correct?

A. That's correct.

Q. Okay. And I don't think there's any other revisions. Well, they're also on Tract 7.

A. Yeah. They're on Tract 7 also, the Scott Poston Heirs.

Q. Yeah. The Scott Poston Heirs are also on 7 under the gas estate. So, I would be...well, it is just 7. That's it.

A. The original was for the Poston Heirs...the Scott Poston Heirs.

Q. So, it's just Tract 7. We had Scott Poston listed as the owner as unknown and unlocateable and we've located Glenda Poston as the heir?

SHARON PIGEON: So, we have no unknowns?

JIM KAISER: No unknowns.

Q. So, what percentage of the gas estate is

under lease?

A. We have...we have 93.369% leased.

Q. And the coal estate?

A. 100%.

Q. Are all unleased parties set out at our revised Exhibit B-3?

A. They are.

Q. So, at this time, 6.31% of the gas estate remains unleased?

A. That's correct.

Q. And there are no unknown and unlocateables?

A. Correct.

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

A. I am.

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. Five dollars per acre for a five year

term with a one-eighth royalty.

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

A. It does.

JIM KAISER: Mr. Chairman, at this time, I'd ask that we be allowed to incorporate the testimony taken in the prior hearing regarding the statutory options that are afforded any unleased parties.

BUTCH LAMBERT: Accepted.

Q. Let's see, Mr. Heflin, we do...the Board does need to establish an escrow account for this unit, correct?

A. Correct.

Q. And if I'm not mistaken, it would include every tract in this unit except Tract 8?

A. Let me look right quick. Tract 8 and 9.

Q. 8 and 9? And 10.

A. And 10.

Q. So, everything but 8,9 and 10?

DAVID ASBURY: Um---.

Q. No? What's our E look like?

SHARON PIGEON: 9 and 10 are on your E.

MARY QUILLEN: 9 and 10 are listed.

DAVID ASBURY: Everything but 8?

BUTCH LAMBERT: Everything but 8.

JIM KAISER: Everything but 8 is right? I was right the first time. That doesn't happen very often. There you go.

BUTCH LAMBERT: You'd better get Mr. Asbury under oath.

Q. All right. So, establish an escrow account for everything except Tract 8, right?

A. Correct.

JIM KAISER: Be quiet back there.

Q. 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. The total depth of this well is 2221 feet.

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

A. 275 million.

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

A. It has.

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

A. It does.

Q. Again, our application shows an incorrect number under that 2D. It shows 180068. It should actually be \$333,607.09. Is that correct?

A. That's correct.

Q. And the dry hole costs should be?

A. \$135,138.90.

Q. Do these costs anticipate a multiple completion?

A. They do.

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

A. It does.

Q. In your professional opinion, would the granting of this application be in the best interest of conservation,---?

A. Yes.

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

A. That's correct.

JIM KAISER: Northing further of this witness at

this time, Mr. Chairman.

BUTCH LAMBERT: Questions from the Board?

(No audible response.)

BUTCH LAMBERT: Anything further, Mr. Kaiser?

JIM KAISER: We'd ask that the application be approved with the set of revised exhibits.

BUTCH LAMBERT: Do I have a motion?

MARY QUILLEN: Before we do the motion, I'd just like...just make one comment. It would be real helpful if you would put a total over on the last page of the AFE.

GEORGE HEFLIN: On the last page...over on the last---

JIM KAISER: Yeah. See it's up here at the very first page.

MARY QUILLEN: Yeah. Put a total...see the total is on the first page and ordinarily we look down through, if you'd just put a total in there it would be real helpful.

GEORGE HEFLIN: Okay. Because we have it up in the right...the right hand corner of the first page.

MARY QUILLEN: Right.

JIM KAISER: It's a completely different software than we've used for years. I've already told

them I don't like it.

MARY QUILLEN: Yeah. It needs to be in a grid too. It would be much easier to read in a grid.

GEORGE HEFLIN: Chris can probably help us a little bit there.

JIM KAISER: I don't why you switched.

MARY QUILLEN: That's all. Thank you. That's enough. Okay.

(Laughs.)

BUTCH LAMBERT: Do I have a motion?

BRUCE PRATHER: Motion to approve.

MARY QUILLEN: Second.

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

(No audible response.)

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

(All members signify by saying yes.)

BUTCH LAMBERT: Opposed, no.

(No audible response.)

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

JIM KAISER: Mr. Chairman, this next one, we're going to ask that it be withdrawn once you call it.

BUTCH LAMBERT: Item twenty-nine on the docket. A petition from EQT Production Company for pooling of coalbed methane unit VCI-539008, docket number VGOB-10-0817-2785 will be withdrawn.

JIM KAISER: And then on these...on items thirty through thirty-three, Mr. Chairman, if we would call thirty, I think we should...we need to do thirty as a stand alone because it's a...it's an odd shaped unit. But then I think we can combine thirty-one, thirty-two and thirty-three if you want to.

BUTCH LAMBERT: Okay. Calling item thirty on the docket. A petition from EQT Production for the establishment of a provisional drilling unit EQT 2786 consisting of 429.74 acres for the drilling of horizontal conventional gas well, docket number VGOB-10-0817-2786. All parties wishing to testify, please come forward.

JIM KAISER: Jim Kaiser, George Heflin and Taylor Vactor on behalf of EQT.

(Exhibits are passed out.)

BUTCH LAMBERT: You may proceed, Mr. Kaiser.

GEORGE HEFLIN

having been duly sworn, was examined and testified as

follows:

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Mr. Heflin, has everybody been notified as required by statute in this unit of this hearing?

A. They have.

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

BUTCH LAMBERT: You'll need to be sworn.

TAYLOR VACTOR: I need to be sworn.

JIM KAISER: Oh, Taylor does. I'm sorry.

TAYLOR VACTOR: Yes.

(Taylor Vactor is duly sworn.)

TAYLOR VACTOR

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

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

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

A. My full name is Raymond Taylor Vactor. I go by Taylor. I work for EQT Production Company as the lead Virginia Geologist.

Q. And you have testified before the Gas and Oil Board on several occasions in the past, correct?

A. I have.

Q. Now, this first proposed provisional horizontal unit that we have on the docket is a little different in that it's...we're seeking a unit size of 429.74 acres rather than the usual 320. In conjunction with the handout that you've prepared---? Does the Board have that?

A. Yes, they have it.

Q. ---and that the Board has, could you explain what's going on here and what it is that we're requesting?

A. I certainly can. Yeah, we'll just go through our proposal packet starting on page AA. Our proposal is for a 429.74 acre unit. It actually say "square" there. That's an error. It shouldn't...it shouldn't say that.

BILL HARRIS: I was going to bring that up.

A. I will show you the diagram on that here in a second. There will be a 300 foot interior window with the 600 foot standoff from the adjacent grid horizontal wellbores. We should be able to drill surface locations outside the unit so long as production

comes from within the unit. There will be a minimum of 600 feet between horizontal wellbores and any vertical wells producing from that horizon. This will allow for multiple wells and/or laterals for a maximum drainage and in some cases two or more wells may be able to use the same pad due to terrain restrictions.

Moving on to page BB. This is the diagram of the unit showing the dimensions. Again, I apologize. It says "square" up at the top. That's incorrect. So, as you can see, that's not a square but rather it has that little piece jutting out in the southwestern corner of the unit. You have the footages on all of the edges of the unit there.

On page CC, the benefits of horizontal drilling, few issues with coal mining, less surface disturbance and more effectively extracting the resource. Laterals can reach into areas otherwise inaccessible by vertical boreholes. We experience higher depletion rates and shorter lives to wells. This will encourage development of the resource.

So, on page DD, this map kind of shows the reason why we are asking for this odd shaped unit. In green are the existing units that you all have approved previously. In purple are the units that we are

currently working and hoping to approve in the near future. In red is the unit that we are currently proposing be established as a unit.

So, as you can see from the existing units, we are basically trying to puzzle piece and fill in all the gaps within those existing unit areas without leaving any gaps. Basically, we're trying to get back onto a more uniformed grid so that we don't have to do this in the future. So, that's essentially the main goal here is to get back onto a uniformed grid and leave no gaps and protect correlative rights in doing so.

On page EE, this is just a zoomed in picture of the unit itself with the existing vertical wells within the unit.

Q. Okay. So, Mr. Vactor, would it be safe to say that or fair to say that at some point we will come back before the Board...let's go to DD...if everybody will turn to DD.

A. Okay.

Q. That we will at some point come back to the Board and have sort of a chimney shaped unit, for lack of a better term, to the southwest of the unit that we're asking for today that will square up everything else?

A. Yeah. Actually, I think that you're looking at an older version of it. The copy that they have shows that unit on it.

Q. It shows it squared up?

A. Yeah. Sorry about that.

JIM KAISER: And if we...Mr...can I go back to...that's all I have for this witness, Mr. Chairman.

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

BUTCH LAMBERT: Ms. Quillen.

MARY QUILLEN: Who owns these wells that are surrounding it? Does EQT?

TAYLOR VACTOR: Yes.

MARY QUILLEN: Those are all EQT? And where do you propose to...or what direction do you propose to drill from, south to northwest?

TAYLOR VACTOR: We actually have not decided that as of yet. But traditionally, based on the regional stresses, we generally drill from southeast to northwest or from northwest to southeast.

MARY QUILLEN: That's all. Thank you.

BILL HARRIS: While we're talking about that, let me just ask one question. Are these...these almost look like makeup units that we would have whenever there

was an interception of the different fields. How did we get into a situation where we have these odd shaped? Did we just come toward it from both directions and then this is what is in the middle or what---

TAYLOR VACTOR: That was kind of the issue. We initially...while we were trying to develop the field, we're creating these units where we felt that we would have the best chance of success. So, we kind of placed one here and placed one there because we thought those were the best areas to drill. Now, as we come closer and closer together they don't quite match up. That's what we're trying to do here. We're trying to fix that issue and clear that up. This is what we'll have to do in this specific area to do that and hopefully once we take care that and once we get more back onto the uniformed grids so that this doesn't happen in the future.

MARY QUILLEN: There's going to be several surrounding that unless there's some adjustments made on that that you're going to continue to have that patchwork design---

TAYLOR VACTOR: Yeah. It does look there's going to be few more. But hopefully once we do those surrounding units, it should be taken care of and we can

stay on a more uniformed grid. Again, these are provisional units. But for our sake, we also do feel that it makes sense to be on a more uniformed grid just for the sake on planning.

JIM KAISER: If I could call Mr. Heflin--.

BUTCH LAMBERT: I think there was a concern---.

JIM KAISER: I'm sorry.

BUTCH LAMBERT: ---from this Board a few months ago that we were going to get into this situation. This was going to happen.

SHARON PIGEON: This very situation.

BRUCE PRATHER: Absolutely.

BUTCH LAMBERT: And I think we just now saw what...looking at what happened when we did that...those odd units. So, I don't think we have much choice but to approve this one to try to get the fields lining up and together. But I think...I don't know how the rest of the Board will vote and think, but I think from this point forward we're going to need to see...when we come in with these provisional units, we're going to ask you to project out so we can stop this...get a handle back on this and not let this happen again.

JIM KAISER: Fair enough.

TAYLOR VACTOR: Okay.

BUTCH LAMBERT: Okay. Any further questions from---?

JIM KAISER: I've got one question for Mr. Heflin that might also---.

BUTCH LAMBERT: I'm sorry.

JIM KAISER: ---help you in your decision too.

BUTCH LAMBERT: Okay.

GEORGE HELFIN

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

DIRECT EXAMINATION RESUMES

QUESTIONS BY MR. KAISER:

Q. Mr. Heflin, in preparing this application did we investigate who the oil and gas royalty owners would be in the units surrounding this unit?

A. We did.

Q. And have we determined that would be both Steinman Development and Penn Virginia?

A. That's correct.

Q. And are they both royalty owners within this "odd size" or "makeup" unit and have they both been notified of this hearing?

A. They have.

Q. Okay. Thank you.

A. They are.

Q. So, there's no correlative rights issue in your opinion?

A. No.

JIM KAISER: Okay, thank you.

BUTCH LAMBERT: Is there...is there a well already drilled in the unit directly to the southwest of the one being proposed, 2786?

TAYLOR VACTOR: To the southwest of the unit?

BUTCH LAMBERT: Directly to the southwest?

TAYLOR VACTOR: No. I believe there's one in the northwest, but not to the southwest.

BUTCH LAMBERT: Just thinking ahead of time, what...what would be the solution for the unit to the southwest of 2786 if you drilled in that unit?

TAYLOR VACTOR: Repeat that question. I'm sorry?

BUTCH LAMBERT: If you drill a well in the unit directly to the southwest of 2786, how would you position your well in that unit or where would you position a well in that unit to stay within the unit?

TAYLOR VACTOR: Again, we generally tend to

drill from either southeast to northwest or the opposite. So, I mean, we should be able to either place a well here or here and be able to drill our proper orientation and effectively extract the resource in that unit.

BUTCH LAMBERT: Okay. Any further questions from the Board?

BRUCE PRATHER: I've got a question.

BUTCH LAMBERT: Mr. Prather.

BRUCE PRATHER: I assume this is Roaring Fork, isn't it?

TAYLOR VACTOR: Yes, it is.

BRUCE PRATHER: Okay. I could ask you a question, but...can I?

BUTCH LAMBERT: Oh, yes. Yes, you can ask a question.

BRUCE PRATHER: Are these squares...being this configuration, it almost looks as if what you're trying to do is drill longer laterals. Is that what this...is that what this all started from?

TAYLOR VACTOR: That's not what it started from. But we are pushing that envelope and trying to drill further. I think in the future we might have to get more variances to cross units if we can't successfully

do that as we have been in other states. But this, again, originally started because of where we originally got units approved and drilled units. So, we're just kind of piecing together the gaps now and making sure that we don't leave spacing in between the future units that we get approved.

MARY QUILLEN: Well, I think several months ago that we had this discussion about crossing these units and I believe that there was great concerns about changing the configuration of those, if I'm not mistaken.

BUTCH LAMBERT: Yes.

MARY QUILLEN: And we had expressed that concern to you. But obviously...I mean, you know, this is not been taken to heart that we do have a concern about these longer laterals. That was your objective was crossing over so you would have longer laterals and we were...had a great concern about that. But see you're now saying that's what you're going to do.

JIM KAISER: Well, I think the biggest concern was how we were going to calculate the royalty. I think we came to what we thought was a pretty fair and equitable way to do that.

MARY QUILLEN: So, I really...I really, really

think that, you know, you need to work with the gas and oil office when you're setting these up to be sure that...you know, that you're staying within the guidelines.

TAYLOR VACTOR: Okay.

MARY QUILLEN: And we want to see a bigger picture of what...you know, what it's going to look like...you know, how you're going to get this back to a uniformed shape.

TAYLOR VACTOR: So, you're saying show units that aren't exactly approved right now, but what we eventually would like to do?

MARY QUILLEN: What you're projecting...a projection, yeah.

JIM KAISER: Just show the plan of development in the area.

TAYLOR VACTOR: Yes. Okay.

MARY QUILLEN: Yeah, what you're going to develop so that we can---

BRUCE PRATHER: Excuse me. I think the problem that I've got with it is one of these times you're going to be on the outskirts of your holdings here and is this hodgepodge of squares going to affect on the outside of your acreage holdings. In other words, somebody else

owns the acreage adjacent to this thing and all of a sudden you have these funny looking squares and it's going to affect their acreage.

GEORGE HEFLIN: If we don't have it...if we don't have it leased or if it's open acreage and we can't find the owners and we can't lease it and force pool it into the unit, then we can make the unit...take in the acreage. If it's not our acreage and it belongs to another company and we can't work out an agreement, then we'd have to either (A) shorten our lateral; or (B) go a different direction.

BRUCE PRATHER: Yeah.

JIM KAISER: And you're still...these units are still going to have the 300 foot setbacks.

GEORGE HEFLIN: Yes.

TAYLOR VACTOR: Yeah.

BUTCH LAMBERT: Okay. Anything further, Mr. Kaiser?

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

BILL HARRIS: Mr. Chairman, let me just ask a quick question. Could you all just maybe address and I ask this every time these horizontal units come up, about where we are with this and...you know, because

we...I...of course, I've missed a couple of meetings. But I don't always get the reports on, oh, this is a whole lot better than where we were...this is marginally better...I mean, you know, we're asked to approve these and I'd just like maybe a little bit of discussion on that.

JIM KAISER: Taylor, could you kind of update where Equitable is?

TAYLOR VACTOR: Yeah. I apologize. I don't have the exact number of how many we've drilled to-date, but it's somewhere between I'd say 15 and 20 horizontal wells so far. We've been getting progressively better from what we're seeing. We've been trying different formations of seeing what works in what areas and testing out different lateral lengths like we were speaking about earlier and seeing what makes sense and what works and what's economic. So far, we've been pretty pleased with what we're seeing and feel like we're getting direction in our program and where we need to go in the future. But it still is very early. We've just tested...right now, we're drilling a new formation that we've never tested before. There's a horizontal that's drilling right now. So, it's...we've made progress, but it's still too early on to say that we

know everything about horizontal drilling in Virginia. So...but right now we like the results that we're seeing.

BILL HARRIS: How successful is it? I know there's a diagonal and then, of course, the...well, I don't guess those are the laterals from that. But are we---?

GEORGE HEFLIN: We're drilling single laterals right now. We're just drilling---

TAYLOR VACTOR: Yeah. That was more for coalbed methane was the multiple legs. It's mostly just the single lateral. But it has been pretty successful in our recent wells that we've drilled. So, we're pretty pleased with them.

JIM KAISER: And you've drilled laterals into, at this point, I guess, several different formations?

TAYLOR VACTOR: Yeah. We've done it in the Berea. We're currently drilling in the Cleveland formation, the Weir formation and Lower Huron. So, we're testing different targets and seeing what makes sense in Virginia.

BUTCH LAMBERT: Mr. Heflin, I've got a question about the very last page in your application. It's just title exhibit. I think you testified earlier that there

were no issues in this unit requiring escrow. But you've got...you've got...I'm sorry, correlative right. I'm sorry. But there's...but you've got some unknown and unlocateables listed.

GEORGE HEFLIN: The correlative rights that Jim had...Mr. Kaiser had asked earlier about was in the unit and in the surrounding area within the unit. We've got a couple of unknown and unlocateables.

JIM KAISER: Yeah, my question addressed who owned the oil and gas in the adjoining units, the---

SHARON PIGEON: Well, we don't know what this piece of paper is supposed to tell us.

BUTCH LAMBERT: It just says exhibit.

JIM KAISER: That piece of paper tells you who we notified for this unit and published the certificate of publication for the unknowns. So, in other words, the oil and gas owners within this particular unit are Penn Virginia Operating, Steinman Development, George Tammer and then those two unknowns.

SHARON PIGEON: George Tammer has an address in care of Robert Isaac. Your two unknowns are Tammer and Isaac. Don't you think that Mr. Isaac might know where those two ladies are?

JIM KAISER: I don't know. I mean, you'd have

to ask EQT that. I assume they tried to locate them.

GEORGE HEFLIN: Well, Mark Draper is currently working to lease those parties.

(Mark Draper is duly sworn.)

MARK DRAPER

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

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

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

A. Mark Draper. I'm an independent contractor for EQT Production Company.

Q. And are you responsible for this unit?

A. Yes.

Q. And can you explain what's going on here with the entities that aren't Steinman and Penn Virginia?

A. I have spoken with Robert Isaac and he's in the process of providing me with the information on the other Tammer Heirs. They do intend to lease.

SHARON PIGEON: So, you think you're going to be

able to locate these two individuals?

MARK DRAPER: Yes. Absolutely.

MARY QUILLEN: My concern is you've got these people that...on this as unknown and unlocateable. So, obviously, they're not leased and we don't have an exhibit to show that or show what they're---

JIM KAISER: This is an establishment of an unit. It's not a force pooling.

GEORGE HEFLIN: It's not a force pooling. No.

MARK DRAPER: I just spoke to Mr. Isaac yesterday. So, all the information is new. But it will be forthcoming. He verbally told me where the others were located.

JIM KAISER: So, what happens is we file an application to establish this unit to drill the conventional horizontal well. At the time that we filed the application, we did not know where Mary Elizabeth Tammer or Julia Isaac where. Since that time, we've continued to try to find them to clear this up and you've heard Mr. Draper's testimony. Not only does he think he has found them, but he thinks they will be willing to sign a voluntary lease. So, that would negate any need to force pool them in the future, hopefully.

SHARON PIGEON: They're not on this Exhibit PL-1 property ownership information. Are these tract numbers that we're looking at here or something?

GEORGE HEFLIN: Ms. Pigeon, it's Tract 14, one acre of the unit.

SHARON PIGEON: So, they are on the same tract as Robert Isaac is?

GEORGE HEFLIN: Correct.

BUTCH LAMBERT: Any further questions?

(No audible response.)

BUTCH LAMBERT: Do I have a motion?

DAVID ASBURY: Mr. Chairman.

BUTCH LAMBERT: Mr. Asbury.

DAVID ASBURY: Before you go to the motion, I wanted to ensure that the Board members had a copy of the adverse petition that you received and your response letter of August the 23, 2010 from Ms. Kelly...Mary Ellen Kelly. This is one of the units that she had an issue with.

BUTCH LAMBERT: Okay. Did we send...did you send that to all of the Board members? Did they get it?

DAVID ASBURY: I think it was in the packet. If not, I've got some extra copies here.

BUTCH LAMBERT: Okay. Will you pass those out,

please.

MARY QUILLEN: On August the 23rd, is that right?

DAVID ASBURY: Yes, ma'am.

MARY QUILLEN: Yes. Uh-huh. I've got it right here.

JIM KAISER: If I could sort of briefly address that. We talked with her. She was here and just left about 20 or 30 minutes ago because she had another meeting that she had to attend to. Mr. Heflin and I talked to her at the lunch break today and she...we prepared some stuff in case she came forward with her objection. But she's actually a surface owners of a few acres...surface only and no minerals, of a few acres that is roughly four miles from these units. She never had any standing to be noticed or anything. The only way that she knew about this hearing was she saw the publication notice in the paper and we asked her to kind of...you know, was there anything we could do about your objections. Basically, her objections are to the topographic maps that the state uses and more geared towards coal mining issues than oil and gas. I guess she could have stayed here and...we asked Mr. Lambert also during the break, can you please let her...when you

call the first one of these, can you please let her come up and state her objection because she says she has got to go to another meeting and she took off.

GEORGE HEFLIN: Just to give you an idea of what we're talking about, here's the unit that we're currently discussing. Where my finger is here, my left hand, that's where her property is located. So, you can see it's several miles away. This is Route 23, to give you an indication of the distance between where we are. So, we showed her this map to her also.

JIM KAISER: For what it's worth, my opinion of what her objections were going to be, number one, I guess they would have been better during the public comment period, if at all; number two, I don't think they're germane to anything we're doing. They, again, are...she doesn't like the state's topographic maps.

SHARON PIGEON: USGS maps?

JIM KAISER: USGS maps.

SHARON PIGEON: We've spoken with---.

JIM KAISER: Okay.

SHARON PIGEON: ---Ms. Kelly on numerous occasions.

JIM KAISER: So, you're familiar with her, all right.

GEORGE HEFLIN: And that was her main concern was the mapping. Although she did agree with...whenever we asked her if certain creeks were around her property, she did agree that this map was closer than she has ever seen, I guess.

(Laughs.)

DAVID ASBURY: Mr. Chairman, the reason I brought the issue, I wanted to make sure it was a matter of record and that we did receive her objections and your response letter to her did allow her the opportunity to present evidence about her petition before the Board. Our office has not received any additional information or (inaudible) stated in her adverse petition in regards to the severe effects of land owner rights or issues. Thank you.

BUTCH LAMBERT: Thank you, Mr. Asbury. Again, I call for a motion on docket item number thirty.

BILL HARRIS: Motion for approval.

MARY QUILLEN: Second.

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

(No audible response.)

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

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

BUTCH LAMBERT: Opposed, no.

BRUCE PRATHER: Abstain.

BUTCH LAMBERT: One abstention, Mr. Prather. Thank you, Mr. Kaiser. That's approved.

JIM KAISER: Thank you.

BUTCH LAMBERT: Mr. Kaiser, you...we can combine thirty-one, thirty-two and thirty-three?

JIM KAISER: Yes, sir, I think so.

MARY QUILLEN: And did you say thirty-three as well?

JIM KAISER: Yes, ma'am.

BUTCH LAMBERT: Ladies and gentlemen, after...just for your information, after we hear these three, this Board is going to have to go into closed session to discuss our escrow and our audit. Hopefully, we might be done by 4:00 or 5:00, but I'm not sure. At this time we're calling docket item thirty-one. A petition from EQT Production Company for the establishment of a provisional drilling unit EQT 2787 consisting of 320 acres for the drilling of horizontal conventional gas well, docket number VGOB-10-0817-2787, Also, calling item thirty-two, a petition from EQT

Production Company for the establishment of a provisional drilling unit EQT 2788 consisting of 320 acres for the drilling of a horizontal conventional gas well, docket number VGOB-10-0817-2788. Also, calling docket item number thirty-three. A petition from EQT Production Company for the establishment of a provisional drilling unit EQT 2789 consisting of 320 acres for the drilling of a horizontal conventional gas well, docket number VGOB-10-0817-2789. All parties wishing to testify, please come forward.

JIM KAISER: Mr. Chairman, Jim Kaiser, George Heflin and Taylor Vactor for EQT Production.

BUTCH LAMBERT: You may proceed, Mr. Kaiser.

GEORGE HEFLIN

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

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Mr. Heflin, as you know, your testimony in these matters is somewhat limited. But as far as what I'm going to call unit 2787, have all oil, gas and coal owners been notified as required by statute? That being Greater Wise, Inc., Red River Coal Company and

ACIN, LLC?

A. That's correct.

Q. And in unit 2788, the same question. The oil, gas and coal owners being Penn Virginia Operating Company, LLC and Greater Wise?

A. Yes.

Q. And last but not least, 2789, that's a pretty busy unit. We've got Penn Virginia Operating, Greater Wise, Inc. and then a number of other folks. I'm here to say we have back green cards from everyone of these folks except two, Samuel and Patricia Ring and Jeffery Robinette and Anna Robinette and those both went unclaimed. Is that correct?

A. That's correct.

Q. Okay. And we don't have any unknown and unlocateables in any of these units, is that correct?

A. To my knowledge.

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

BUTCH LAMBERT: Questions from the Board?

(No audible response.)

BUTCH LAMBERT: You may continue, Mr. Kaiser.

TAYLOR VACTOR

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

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Mr. Vactor, if you would again use your handout to help illustrate your testimony as to why we would like to have the Board allow us to establish these provisional conventional horizontal units.

A. Okay. All right. We'll just go through our usual proposal packet.

Q. Are these...wait a minute. These are all 320 acre squares, right?

A. They're all 320 acre squares. That's correct. And this packet is for all three of them. So, the proposal is for...as we just discussed, 320 acre square units with dimensions being 3,733 X 3,733 with a 5,280 foot diagonal. Again, we'll have a 300 foot interior window with a 600 foot standoff from adjacent grid horizontal wellbores. We should be able to drill our surface location from outside the unit so long as production comes from within the unit. There will be a minimum of 600 feet between horizontal wellbores and any existing vertical producing from the same horizon. This will allow for multiple wells and/or laterals for

maximum drainage. In some cases, two or more wells may be able to use the same pad due to terrain restrictions.

On page BB, you can see a diagram of the units that we're proposing. Again, 320 acre square and showing the dimensions that were previously discussed.

On page CC, again, the benefits of horizontal drilling, fewer issues with coal mining and less surface disturbance. We can more effectively extract the resource where laterals can reach into areas otherwise inaccessible by vertical wellbores. We experience high depletion rates and shorter lives to wells and this will encourage development of the resource.

On page DD, this map shows the three units that we're proposing in conjunction with each other.

Then on EE, we zoom in on unit 2787 and show the existing vertical wells that are contained within that unit and the surrounding.

On FF, we see the same for unit 2788.

On GG, we see the same for 2789.

BUTCH LAMBERT: Questions from the Board?

MARY QUILLEN: Mr. Chairman, just one question. Does Equitable operate all of these other wells that are surrounding these?

BRUCE PRATHER: Are these wells in the Buck Knob

Anticline? Is that where they are at?

TAYLOR VACTOR: No. We're southeast of there  
(inaudible).

BRUCE PRATHER: Yeah. That's the south end of  
that anticline.

TAYLOR VACTOR: We're at southwest of there. I  
apologize.

BUTCH LAMBERT: Further questions from the  
Board?

(No audible response.)

BUTCH LAMBERT: Anything further, Mr. Kaiser?

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

BUTCH LAMBERT: Do I have a motion for docket  
item thirty-one, thirty-two and thirty-three?

MARY QUILLEN: Motion to approve item number  
thirty-one, thirty-two and thirty-three.

BILL HARRIS: Second.

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

(No audible response.)

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

(All members signify by saying yes, Bruce

Prather.)

BUTCH LAMBERT: Opposed, no.

BRUCE PRATHER: Abstain.

BUTCH LAMBERT: One abstention, Mr. Prather.

JIM KAISER: Thank you.

BUTCH LAMBERT: Okay. I'm going to call one more docket item. Thirty-four, a petition from Southeast Land and Mineral, docket number VGOB-10-0817-2790. Mr. Asbury, have you had any communication with these folks?

DAVID ASBURY: Yes, sir, I have. Mr. Chairman, they had asked that that petition be continued until October and they filed additional petitions for October, which may be in November at this point. They did ask that that be continued.

MARY QUILLEN: So, it will be continued until November, did you?

DAVID ASBURY: Until October.

BRUCE PRATHER: October.

MARY QUILLEN: October.

BUTCH LAMBERT: That docket item will be continued until October.

TIM SCOTT: Mr. Chairman.

BUTCH LAMBERT: Mr. Scott.

TIM SCOTT: We have seven items that are left on the docket today, which I can get through in about fifteen minutes total. We...our situation is Range Resources does not ask for permitting to have wells permitted. All the title work is done. They're very lien. This has really put hamper on their adjoining program if this is going to be continued for another 30 days. Is it possible if I really motor mouth it?

BUTCH LAMBERT: If you do a really, really good job then we can get through them.

TIM SCOTT: I'll go as fast as the law will permit.

DAVID ASBURY: You'll have to buy Mr. Stone dinner.

BUTCH LAMBERT: Yeah, you'll have to buy Mr. Corbin Stone lunch or dinner.

TIM SCOTT: Okay.

SHARON PIGEON: Or whatever he would like.

BUTCH LAMBERT: Yeah.

TIM SCOTT: Whatever he would like. If he wants a new car, that's good.

MARY QUILLEN: Thirty-five, thirty-six, thirty-seven, thirty-eight, thirty-nine and forty three, all of those?

GUS JANSEN: Yes.

MARY QUILLEN: All of those?

SHARON PIGEON: Can we do them all combined?

TIM SCOTT: Almost.

GUS JANSEN: Almost.

SHARON PIGEON: We sure would like that.

BUTCH LAMBERT: We'd appreciate it.

(Off record discussion.)

BUTCH LAMBERT: Calling docket item thirty-five.

A petition from Range Resources-Pine Mountain, Inc. for the establishment of a drilling unit and pooling for proposed well V-530213, docket number VGOB-10-0817-2791. All parties wishing to testify, please come forward.

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

(Gus Jansen and Phil Horn are duly sworn.)

PHIL HORN

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

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

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 of Range Resources-Pine Mountain, Inc. and one of my job duties is to get wells permitted and drilled for the drilling department.

Q. Are you familiar with this application?

A. Yes, I am.

Q. So, we're seeking to establish an unit and to force pool, is that correct?

A. That's correct.

Q. How many acres does this unit contain?

A. 112.69.

Q. And we have drilling rights in this unit, is that right?

A. Yes, we do.

Q. Are we going to dismiss anybody today from this application?

A. No, we're not.

Q. Okay. Have you attempted to reach agreements with the parties listed on Exhibit B-03?

A. Yes, we have.

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

A. 59.09%.

Q. How did we notify the parties on Exhibit

B of this hearing?

A. We did it by certified mail and also we published in the Dickenson Star on July the 20th, 2010.

Q. Do we have any unknowns in this unit?

A. No, we don't.

Q. Okay. Let's see, have proof of publication and proof of mailing been provided to the Board?

A. Yes, they have.

Q. Let's see, is Range Resources authorized to conduct business in the Commonwealth?

A. Yes, we are.

Q. And is there a blanket bond on file?

A. Yes, it is.

Q. If you were to offer lease terms to the parties listed on Exhibit B-3, what would those terms be?

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

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

A. 40.91%.

Q. And we don't have an escrow requirement?

A. No, we don't.

Q. Okay. Now, if the Board grants our application today, as quickly as I can get through it, what would be the address with regard to any elections made?

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

Q. Should that be the address for all communications?

A. That's correct.

Q. Are you asking the Board to make Range Resources-Pine Mountain the operator, is that right?

A. That's correct.

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

BUTCH LAMBERT: Questions from the Board?

(No audible response.)

BUTCH LAMBERT: You may continue, Mr. Scott.

TIM SCOTT: Thank you.

GUS JANSEN

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

DIRECT EXAMINATION

QUESTIONS BY MR. SCOTT:

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

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

Q. And you're familiar with this application?

A. Yes, I am.

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

A. 4,382 feet.

Q. And the estimated reserves?

A. 350 million cubic feet of gas.

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

A. Yes, I am.

Q. Did you participate in the preparation of the AFE?

A. Yes, I did.

Q. What's the estimated dry hole costs?

A. \$297,078.

Q. And the completed well costs?

A. \$528,363.

Q. You've provided the AFE with our

application, is that right?

A. That is correct.

Q. And there is a charge for supervision listed on that?

A. That is correct.

Q. Is that reasonable, in your opinion?

A. Yes, it is.

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

A. That is correct.

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

BUTCH LAMBERT: Any questions from the Board?

(No audible response.)

BUTCH LAMBERT: Anything further, Mr. Scott?

TIM SCOTT: That's all I have on this one, Mr. Chairman.

BUTCH LAMBERT: Do I have a motion?

MARY QUILLEN: Motion to approve.

BRUCE PRATHER: Second.

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

(No audible response.)

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

(All members signify by saying yes.)

BUTCH LAMBERT: Opposed, no.

(No audible response.)

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

TIM SCOTT: Thank you.

BUTCH LAMBERT: Calling docket item thirty-six. A petition from Range Resources-Pine Mountain, Inc. for a well location exception for proposed well V-530213, docket number VGOB-10-0817-2792. All parties wishing to testify, please come forward.

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

(Exhibits are passed out.)

BUTCH LAMBERT: You may proceed, Mr. Scott.

TIM SCOTT: Thank you. I'd ask that Mr. Horn and Mr. Jansen's testimony regarding their occupation and their position with Range Resources be incorporated by reference for these next---

BUTCH LAMBERT: Accepted.

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, are you familiar with this application?

A. Yes, I am.

Q. And are you familiar with the ownership of the oil and gas under these tracts?

A. Yes, I am.

Q. And we've filed a revised application, is that right?

A. Yes. The original application left off V-530212, a drilled well to the south.

Q. So, all of the parties who own the oil, gas and the coal under this tract have been notified, is that right?

A. That's correct.

Q. Who operates V-537978 and 530212?

A. Range Resources-Pine Mountain, Inc.

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

A. That's correct.

Q. Okay. How was notice of this hearing provided?

A. By certified mail.

Q. And we provided proof of mailing to Mr. Asbury, is that right?

A. That's correct.

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

BUTCH LAMBERT: Questions from the Board?

(No audible response.)

BUTCH LAMBERT: You may continue, Mr. Scott.

TIM SCOTT: Thank you.

GUS JANSEN

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

DIRECT EXAMINATION

QUESTIONS BY MR. SCOTT:

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

A. Yes, I am.

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

A. Yes, I did.

Q. Would you please tell the Board why

we're seeking a well exception today?

A. Yes. I handed out for the Board Exhibit AA, which is a topographic map showing the location of the existing wells in the surrounding area for the proposed well 530213. We have secured a location suitable for drilling for the well 530213. If we try to move the well any further to the north to get a legal location, the topography is too steep in those areas to accommodate a well drilling site and we'd have to move completely across a major drainage area and there would be additional stranded acreage. So, this case here, the drainage area that's...the acreage in this unit will be 106.06 acres.

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

A. 4,382 feet.

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

A. 350 million cubic feet of gas.

Q. And then, in your opinion, if the application is granted it would be to protect the correlative rights, promote conservation and prevent waste, is that correct?

A. That is correct.

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

BUTCH LAMBERT: Mr. Jansen, just for the record, how will the payment be paid for those overlapping circles?

GUS JANSEN: There will be double payment in those areas if there's...if there's---

BUTCH LAMBERT: Thank you. Any further questions from the Board?

(No audible response.)

BUTCH LAMBERT: Anything further, Mr. Scott?

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

BUTCH LAMBERT: Do I have a motion?

MARY QUILLEN: Motion to approve.

BRUCE PRATHER: Second.

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

(No audible response.)

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

(All members signify by saying yes.)

BUTCH LAMBERT: Opposed, no.

(No audible response.)

BUTCH LAMBERT: Thank you, Mr. Scott. It's approved. Calling docket item thirty-seven. A petition

from Range Resources-Pine Mountain, Inc. for the establishment of a drilling unit and pooling of proposed well V-530027, docket number VGOB-10-0817-2793. All parties wishing to testify, please come forward.

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

PHIL HORN: I gave...Diane has the original plats---

MARY QUILLEN: Okay.

PHIL HORN: ---for all of these we did. I just handed them to her.

MARY QUILLEN: All right.

(Exhibits are passed out.)

PHIL HORN

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

DIRECT EXAMINATION

QUESTIONS BY MR. SCOTT:

Q. Mr. Horn, you're familiar with this application?

A. Yes, I am.

Q. And in this particular one we're seeking to establish a unit and force pool, is that correct?

A. That's correct.

Q. And what does unit contain, how many acres?

A. 112.69 acres.

Q. Does Range Resources have the drilling rights in this unit?

A. Yes, we do.

Q. Are we going to dismiss any respondents today?

A. Yes, we are.

Q. Tell us who those are, please.

A. Teresa and Robert Senter, Ina Owens and Howard Owens.

Q. As a result of those dismissals, what percentage of the unit does Range Resources have under lease now?

A. We now have 72.90809524%

Q. Okay. And notice of this hearing was provided to those parties listed on Exhibit B, is that right?

A. That's correct.

Q. How was that done?

A. By certified mail and also by publication in the Dickenson Star on July the 20th,

2010.

Q. And we have unknowns in this one, is that right?

A. Yes, we do.

Q. And you've provided Mr. Asbury with your statements as to what efforts were made to locate these individuals?

A. Yes, I have.

Q. Okay. And that has been filed with Mr. Asbury, is that correct?

A. Yes, it has.

Q. Okay. Have you filed proof of publication or certification with regard to this application?

A. Yes, you have.

Q. Again, Range Resources is authorized to conduct business in the Commonwealth?

A. That's correct.

Q. A blanket bond on file?

A. That's correct.

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

A. Twenty-five dollars per acre for a five

year paid up lease that provides for a one-eighth royalty.

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

A. Yes, it is.

Q. And what now is the percentage that...of the oil and gas estate that Range Resources is seeking to pool?

A. 27.09190476%.

Q. Now, with regard to Exhibit E, which tracts are subjected to escrow?

A. Tract 2 there's a conflict as to the ownership and Tracts 4 and 5 have partial unknowns.

Q. Okay. With regard to the one with the conflict of ownership, it's not a...it's not anything to do with the mineral rights, it's the fact that several people own...claim to own this, is that right?

A. That's correct.

Q. What percentage of the unit subjected to escrow?

A. 9.06375%.

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

A. That's correct.

Q. And requesting that Range Resources be named the operator?

A. That's correct.

Q. And if the Board grants our application, what would be the address used for any elections made?

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

Q. And that's the address for all communications, is that right?

A. That's correct.

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

BUTCH LAMBERT: Questions from the Board?

(No audible response.)

BUTCH LAMBERT: You may continue, Mr. Scott.

TIM SCOTT: Thank you.

GUS JANSEN

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

DIRECT EXAMINATION

QUESTIONS BY MR. SCOTT:

Q. Mr. Jansen, you're familiar with this application?

A. Yes, I am.

Q. And what's the proposed depth?

A. 4,515 feet.

Q. The estimated reserves?

A. 350 million cubic feet of gas.

Q. Are you familiar with the well costs?

A. That's correct.

Q. You participated in the preparation of the AFE, is that right?

A. That is correct.

Q. What's the estimated dry hole cost?

A. \$306,065.

Q. And the estimated well cost...completed well cost?

A. \$593,315.

Q. And there's a charge for supervision on this AFE, right?

A. That is correct.

Q. Do you consider that to be reasonable?

A. Yes.

Q. In your opinion, if this application were granted, would it be in the best interests of conservation, the prevention of waste and the protection of correlative rights? Is that correct?

A. That is correct.

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

BUTCH LAMBERT: Questions from the Board?

(No audible response.)

BUTCH LAMBERT: Anything further, Mr. Scott?

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

BUTCH LAMBERT: Do I have a motion?

MARY QUILLEN: Motion to approve.

BRUCE PRATHER: Second.

BUTCH LAMBERT: I have a motion and a second.

Any further discussion?

(No audible response.)

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

(All members signify by saying yes.)

BUTCH LAMBERT: Opposed, no.

(No audible response.)

BUTCH LAMBERT: Calling docket item thirty-eight. A petition from Range Resources-Pine Mountain, Inc. for a well location for proposed well V-530027, docket number VGOB-10-0817-2794. All parties wishing to testify, please come forward.

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

BUTCH LAMBERT: You may proceed, Mr. Scott.

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, you're familiar with this application?

A. Yes, I am.

Q. Are you familiar with the ownership in this unit?

A. Yes, I am.

Q. And who operates well P-394, P-93 and V-2894?

A. Our partner EQT Production Company.

Q. You participate in that as well, do you not?

A. That's correct.

Q. Okay. All the parties who were required to be notified listed on Exhibit B were notified, is that correct according to statute?

A. That's correct.

Q. And we filed our proof of notice to the Board, is that correct?

A. That's correct.

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

BUTCH LAMBERT: Questions from the Board?

BRUCE PRATHER: I have one question.

BUTCH LAMBERT: Mr. Prather.

BRUCE PRATHER: How much acreage is inside your circle that actually...see you're taking it out with this well here. How much is in this checker?

PHIL HORN: Gus---

GUS JANSEN: I'll address that if you want me to.

TIM SCOTT: Okay.

PHIL HORN: He will address that next, if that's okay.

BRUCE PRATHER: Oh, okay. Okay.

GUS JANSEN

having been duly sworn, was examined and testified as

follows:

DIRECT EXAMINATION

QUESTIONS BY MR. SCOTT:

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

A. Yes, I am.

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

A. If the Board will refer to Exhibit AA, you can see the location for proposed well 530027 with the red circle. This well is offset by three producing wells in the general area. There's approximately 77.74 acres of stranded acreage represented by this steepled green area that we are trying to recover the reserves in this area here. There is no legal location other than moving the well further to the north, which would again leave stranded acreage in this area. So, that is why we're seeking the exception today.

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

A. 4,515 feet.

Q. And the potential loss of reserves?

A. 350 million cubic feet of gas.

Q. In your opinion, if this application is granted it would be in the best interest of

conservation, the protection of correlative and the prevention of waste, is that right?

A. That is correct.

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

BUTCH LAMBERT: Any questions from the Board?

SHARON PIGEON: Gus, what did you...you testified to it and I just didn't hear you. The stranded acreage (inaudible)?

GUS JANSEN: 77.74 acres.

SHARON PIGEON: Thank you.

BUTCH LAMBERT: Any further questions from the Board?

(No audible response.)

BUTCH LAMBERT: Anything further, Mr. Scott?

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

BUTCH LAMBERT: Do I have a motion?

MARY QUILLEN: Motion to approve.

BRUCE PRATHER: Second.

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

(No audible response.)

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

(All members signify by saying yes.)

BUTCH LAMBERT: Opposed, no.

(No audible response.)

BUTCH LAMBERT: Thank you, Mr. Scott. It's approved. Calling docket item thirty-nine. A petition from Range Resources-Pine Mountain, Inc. for a well location exception for proposed well V-530283, docket number VGOB-10-0817-2795. All parties wishing to testify, please come forward.

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

(Exhibits are passed out.)

BUTCH LAMBERT: You may proceed, Mr. Scott.

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, are you familiar with this application?

A. Yes, I am.

Q. And you filed a revised application, is that right?

A. That's right.

Q. Why did you do that?

A. The original application left off producing well V-535942 to the west.

Q. Who owns the oil and gas under this unit?

A. We own all but 1.07% and that's owned by ACIN.

Q. Okay. And all the parties were notified that needed to be notified, is that right?

A. That's correct.

Q. And who operate...who will operate V-535943?

A. EQT Production Company.

Q. As well as Range Resources, is that right?

A. That's right.

Q. Okay. And we've provided proof of this hearing to...or notice of this hearing to the Board, is that right?

A. That's correct.

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

BUTCH LAMBERT: Questions from the Board?

(No audible response.)

BUTCH LAMBERT: You may continue, Mr. Scott.

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, you're familiar with this application?

A. Yes, I am.

Q. Would you please tell the Board why we're seeking the well location for this particular well?

A. Yes. Again, if the Board would refer to Exhibit AA, you'll see the location of proposed well 530283 with the red circle outlining the location. The well is situated between an existing well and a proposed well. Basically, I tried to center that up in the most favorable position to recover the most reserves that could be left behind. The green steepled area is represented of the stranded acreage of 70...of 87.19 acres that will be recovered with this well.

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

A. 5,583 feet.

Q. And the potential loss of reserves?

A. 350 million cubic feet of gas.

Q. Okay. In your opinion, if this application is granted, it would be in the best interest of protecting correlative rights, promote conservation and the prevention of waste, is that right?

A. That is correct.

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

BUTCH LAMBERT: Questions from the Board?

MARY QUILLEN: Mr. Chairman, I have just one question. It looks like on here...is this active mining in here or are they---?

GUS JANSEN: These are...I should have mentioned those. These are the Norton deep mine areas. They are abandoned mines.

MARY QUILLEN: Abandoned mines?

GUS JANSEN: We just put those on there for informational purposes to show the abandoned mines in the area.

MARY QUILLEN: Right. Okay. That's what I wondered if it was an abandoned mine or if it was active.

GUS JANSEN: Yes, it is abandoned.

MARY QUILLEN: Thanks.

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

BUTCH LAMBERT: Mr. Prather.

BRUCE PRATHER: Is the blue acreage is that Equitable's acreage and what is...is that your acreage?

GUS JANSEN: The steepled---?

BRUCE PRATHER: Yeah, the blue here and the blue---.

GUS JANSEN: No, that referenced...down in the legend here that's the Norton deep mine areas.

BRUCE PRATHER: Okay. All right.

BUTCH LAMBERT: Any further questions from the Board?

(No audible response.)

BUTCH LAMBERT: Anything further, Mr. Scott?

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

BUTCH LAMBERT: Do I have a motion?

MARY QUILLEN: Motion to approve.

BILL HARRIS: Second.

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

(No audible response.)

BUTCH LAMBERT: All those in favor, signify by

saying yes.

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

BUTCH LAMBERT: Opposed, no.

BRUCE PRATHER: I'll abstain.

BUTCH LAMBERT: One abstention, Mr. Prather. Thank you, Mr. Scott. It's approved. Calling docket item forty-two. A petition from Range Resources-Pine Mountain, Inc. for a well location exception for proposed well V-530277, docket number VGOB-10-0817-2796. All parties wishing to testify, please come forward.

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

(Exhibits are passed out.)

BUTCH LAMBERT: You may proceed, Mr. Scott.

TIM SCOTT: Thank you.

GUS JANSEN

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

DIRECT EXAMINATION

QUESTIONS BY MR. SCOTT:

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

A. Yes, I am.

Q. And we've provided the Board with both...and sent out both a revised application and revised Exhibit A. Why did we do that?

A. Initially, the surveyors had put the wrong distances to the producing wells and then the second time to the south V-530247 is one of our proposed wells. We moved it after we've applied for this...this application.

Q. But those are all correctly shown now, is that right?

A. Yes. They're shown correctly now.

Q. Okay. All right. Now, you're familiar with the ownership under this unit, is that correct?

A. That's correct.

Q. And who operates the wells from which the well location exceptions are sought?

A. EQT Production Company.

Q. Does Range Resources also participate in that?

A. Yes, we do.

Q. Okay. And notice was given to the parties listed on Exhibit B, is that right?

A. That's correct.

Q. And we've provided proof of mailing with

the Board, is that correct?

A. Yes, you have.

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

BUTCH LAMBERT: Questions from the Board?

(No audible response.)

BUTCH LAMBERT: You may continue, Mr. Scott.

TIM SCOTT: Thank you.

GUS JANSEN

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

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 refers to Exhibit AA the handout, it shows the proposed location of 530277 with the red circle outlining the well location. This well is located amongst six offsetting well...the well location and there is no other legal location in this

general area. We've tried to recover as much of the stranded reserves that can be reasonably obtained at this location. The area of stranded acreage or drainage in this area is 75.62 acres that we will recover.

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

A. 6,095 feet.

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

A. 400 million cubic feet of gas.

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

A. That is correct.

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

BUTCH LAMBERT: Mr. Jansen, you couldn't have just fudged that thing a little bit further to the south?

GUS JANSEN: There's always something in the way of the topography out there a little bit. We get the best location that we can get reasonably.

BUTCH LAMBERT: Well, you didn't need but just a little bit. Any questions from the Board?

MARY QUILLEN: Mr. Chairman---.

BUTCH LAMBERT: Ms. Quillen.

MARY QUILLEN: ---I have just one question about a couple of these VCI wells that are showing on the plat but they're not shown in this.

GUS JANSEN: Those are coalbed methane wells. Coalbed methane infill wells, as a matter of a fact. Those are...we show all of the wells on the well plat.

PHIL HORN: We try to show every well in the unit.

GUS JANSEN: Whether they're coalbed or conventional. We're only asking for the exception from the conventional well units.

MARY QUILLEN: Okay. Okay. Do you know who operates those?

PHIL HORN: Equitable---.

GUS JANSEN: Equitable.

PHIL HORN: ---and us. We own our half interest.

MARY QUILLEN: Thank you.

BUTCH LAMBERT: Anything further, Mr. Scott?

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

BUTCH LAMBERT: Do I have a motion?

MARY QUILLEN: Motion to approve.

BRUCE PRATHER: Second.

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

(No audible response.)

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

(All members signify by saying yes.)

BUTCH LAMBERT: Opposed, no.

(No audible response.)

BUTCH LAMBERT: Thank you, Mr. Scott, it's approved. Calling docket item forty-three. A petition from Range Resources-Pine Mountain, Inc. for a well location exception for proposed well V-530233, docket number VGOB-10-0817-2797. All parties wishing to testify, please come forward.

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

(Exhibits are passed out.)

BUTCH LAMBERT: You may proceed, Mr. Scott.

PHIL HORN

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

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, is that right?

A. That's correct.

Q. Now, when we originally filed this application, we had listed Chesapeake Appalachia as a party to be notified, is that right?

A. That's correct.

Q. And now Range Resources is the successor and interest by assignment to that interest, is that correct?

A. That's correct.

Q. Okay. So, Range Resources participates in the operation of both these wells from which the offset is requested, is that right?

A. That's correct.

Q. Okay. As far as notice of this hearing, we've provided that by certified mail, is that right?

A. That's right.

Q. And we've provided proof of mailing to

Mr. Asbury, is that correct?

A. That's correct.

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

BUTCH LAMBERT: Questions from the Board?

(No audible response.)

BUTCH LAMBERT: You may continue, Mr. Scott.

TIM SCOTT: Thank you.

GUS JANSEN

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

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 the well location exception today?

A. If the Board will refer to Exhibit AA, you'll see the location of proposed well 530233 that's outlined in...with the red circle. This well has been positioned to the best available topographic location to recover stranded reserves. If we have to move the well to the west or to the northwest we'll end up leaving

reserves behind and we will, in fact, come back at a later date and try to recover as much of that...those reserves in those offsetting areas that we can with other wells.

Q. What's the amount of stranded acreage?

A. The acreage...the stranded acreage in this unit is 100.36 acres.

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

A. 6,010 feet.

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

A. 400 million cubic feet of gas.

Q. And then, in your opinion, if this application is granted it would protect the correlative rights, prevent waste and promote conservation, is that right?

A. That is correct.

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

BUTCH LAMBERT: Questions from the Board?

(No audible response.)

BUTCH LAMBERT: Anything further?

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

BUTCH LAMBERT: Do I have a motion?

MARY QUILLEN: Motion to approve.

BRUCE PRATHER: Second.

BUTCH LAMBERT: I have a motion and a second.

Any further discussion?

(No audible response.)

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

(All members signify by saying yes.)

BUTCH LAMBERT: Opposed, no.

(No audible response.)

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

TIM SCOTT: Thank you very much.

GUS JANSEN: Thank you very much.

TIM SCOTT: Thank you.

PHIL HORN: Thank you very much.

TIM SCOTT: I very much appreciate it.

BUTCH LAMBERT: Hang around because you've got to take Mr. Stone out to dinner.

SHARON PIGEON: That's right.

TIM SCOTT: Okay.

CORBIN STONE: In my new car.

TIM SCOTT: In his new car. That's right.

SHARON PIGEON: It's on the record.

MARY QUILLEN: That's right in your new car.

TIM SCOTT: Whatever you like.

SHARON PIGEON: He should at least drive though, shouldn't he?

MARY QUILLEN: That was in our packet. Do you know what that is?

BUTCH LAMBERT: I think we're getting ready to talk about it.

BRUCE PRATHER: That's what I was wondering.

MARY QUILLEN: Oh. Okay. Very good.

BUTCH LAMBERT: Do we need a break before we go into close session?

SHARON PIGEON: We can break while we're in closed session, can't we?

BUTCH LAMBERT: Okay.

SHARON PIGEON: Wonder around.

(Off record.)

BUTCH LAMBERT: Okay, ladies and gentlemen, let's call back to order. Ms. Quillen, would you read the motion for us to enter into closed session?

MARY QUILLEN: Mr. Chairman, pursuant to Section 2.2-3711(A)(7) of the Code of Virginia, I move that the Virginia Gas and Oil Board convene a closed session for

consultation with legal counsel regarding specific legal matters requiring the provision of legal advice by such counsel.

BUTCH LAMBERT: Having heard the motion to go into closed session, do I have a second?

BILL HARRIS: Second.

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

(All members signify by saying yes.)

BUTCH LAMBERT: Opposed, no.

(No audible response.)

BUTCH LAMBERT: At this time, we're now into closed session.

(Closed session.)

BUTCH LAMBERT: Okay, this Board is now reconvening out of closed session. Ms. Quillen, would you read the motion?

MARY QUILLEN: Whereas, the Board has convened a closed meeting on this date of September 21, 2010 pursuant to an affirmative recorded vote and in accordance with the provision of the Virginia Freedom of Information Act; and, whereas, Section 2.2-3712(D) of the Virginia Code requires a certification by the Board that such closed meeting was conducted in conformity

with Virginia Law. Now, therefore, the Virginia Gas and Oil Board hereby certifies that, to the best of each members knowledge, only public business matters lawfully exempted from open meeting requirements by Virginia Law were discussed in the closed meeting to which this certification applies and only such public business matters as were identified in the motion convening the closed meeting were heard, discussed or considered by the vote. We will not record the vote reflected by the name as I call it. Butch Lambert?

BUTCH LAMBERT: Yes.

MARY QUILLEN: Bill Harris?

BUTCH LAMBERT: Yes.

MARY QUILLEN: Bruce Prather?

BRUCE PRATHER: Yes.

MARY QUILLEN: Mary Quillen? Yes.

BUTCH LAMBERT: Okay. Thank you, Ms. Quillen.

At this time, the Board needs to enter into a motion directing Mr. Stone of Robinson, Farmer & Cox to draft a recommendation or to...not draft, but to submit a recommendation to this Board as to how to proceed with the audit and what the recommendations and what the steps of the Board should be in relation to the audit.

BILL HARRIS: Let me ask, should that be asked

for in 30 days or something? I mean, should we have some kind of a---?

CORBIN STONE: It's really up to...up to the Board.

BUTCH LAMBERT: I would entertain by the next Board meeting...before the next Board meeting. So, do I have a motion?

BRUCE PRATHER: Motion---.

MARY QUILLEN: Motion---.

BRUCE PRATHER: Go ahead.

MARY QUILLEN: Go ahead.

BRUCE PRATHER: I make a motion that we have the auditor provide us with his recommendation at the next Board meeting. Can you do it any better than, Mary? I can't.

MARY QUILLEN: I second the motion.

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

(No audible response.)

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

(All members signify by saying yes.)

BUTCH LAMBERT: Opposed, no.

(No audible response.)

BUTCH LAMBERT: Thank you, Mr. Stone.

SHARON PIGEON: Thank you, Mr. Stone.

BUTCH LAMBERT: This Board has one more item for approval. That's review and approval of the minutes from the August 2010 meeting. Is there any additions or corrections to those minutes?

(No audible response.)

BUTCH LAMBERT: If not, do I have a motion to approve.

BRUCE PRATHER: Motion---.

MARY QUILLEN: Motion---.

BRUCE PRATHER: ---to approve.

MARY QUILLEN: Second.

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

(All members signify by saying yes.)

BUTCH LAMBERT: Opposed, no.

(No audible response.)

BUTCH LAMBERT: Thank you. This meeting is concluded.

BUTCH LAMBERT: Butch, we never did find out what this was.

BUTCH LAMBERT: Oh. David, before we do adjourn. You had...you had a breakout of escrow balance

per Anita as of July 31, 2010 in our packet. Is that something that you need to discuss with the Board?

DAVID ASBURY: In the docket summaries, I believe I put August...put it in there through August the 31st just to give an update to the Board on where the escrow account stands. It's under item three in the summary. Is that correct? Does everyone have that?

BUTCH LAMBERT: No, it's this page. It was in our all our packets.

MARY QUILLEN: This was all---.

BRUCE PRATHER: All we got was just this one page.

BUTCH LAMBERT: Just one page.

SHARON PIGEON: It's about Wilma Danforth and Charles Ford---.

DAVID ASBURY: Oh, I'm sorry.

SHARON PIGEON: It's a specific well. It might have been something that we asked for him to tell us about.

DAVID ASBURY: Okay. Sorry, Mr. Chairman. The...this particular sheet is one of the items that we discussed with First Bank & Trust where the payments were going in as a lump sum for both royalty interest and working interest. This information was provided to

break those two parts out with the monthly reporting by First Bank & Trust. They have reconciled this with CNX as far as their working interest reported and has corrected this account. So, prior to...prior to July of this year, July the 31st, this was all in royalty expense or royalty payments and it has been broken out at this time into the working interest and royalty payments.

MARY QUILLEN: So, this was an internal---

DAVID ASBURY: This was just---

MARY QUILLEN: ---reconciliation of this---

DAVID ASBURY: Yes, ma'am. This was an internal reconciliation to make sure that the amount that was transferred from the royalty part of the First Bank & Trust into the working interest part breaking that out. This was their reconciliation and the staff worked with both CNX and First Bank to break this out.

MARY QUILLEN: And this doesn't require any action from the Board? It was just for information only?

DAVID ASBURY: Well, the...this was just a presentation by staff to the Board to show that this work had been accomplished and this was a problem with the escrow account that has been corrected.

BRUCE PRATHER: Is this the way they're going to handle it in the future?

DAVID ASBURY: We have additional accounts---

BRUCE PRATHER: Okay.

DAVID ASBURY: ---that are going to be transferred from the royalty interest part breaking that out to the working interest royalty. That's ongoing.

BUTCH LAMBERT: Okay. Also, Mr. Asbury, item number three we moved to this afternoon. Would you go over that real quickly, please?

DAVID ASBURY: We continue to work on gas producers like the C-29 unit that was presented. We have a number. We're taking five at a time to review to ensure that what we have as records are what First Bank & Trust has as its records. We did have our quarterly meeting with First Bank & Trust last Thursday in Kingsport just to review working issues with them. We have some checks...two issues that came up during that working session. There were some checks returned to First Bank & Trust that they are holding from two parties. One party just received it and their husband wrote void on it and sent them back. We're trying to find out why. We don't have an explanation. They probably did not understand what the payment was for.

They do have an issue against the gas company. The other ones are just not deliverable as far as...we have W-9 addresses and First Bank & Trust have sent those checks to those addresses with signed W-9s and they have been returned to First Bank & Trust. We're continuing to work on those issues. I'll call your attention to disbursements so far this year. We've had \$940,051 of disbursements. We probably will exceed one million through September the 31st of this year. We're continuing to work as diligently as we can to improve the process of disbursement from our office. Like you saw today, we have five or six such disbursements today. Those are continuing to flow pretty well. That's all I have, Mr. Chairman.

BUTCH LAMBERT: Thank you, Mr. Asbury. I think we've already voted to adjourn. So, this meeting is adjourned.

STATE OF VIRGINIA:

COUNTY OF BUCHANAN:

I, Sonya Michelle Brown, Court Reporter and Notary Public for the State of Virginia, do hereby certify that the foregoing hearing was recorded by me on a tape recording machine and later transcribed under my

supervision.

Given under my hand and seal on this the 12th  
day of October, 2010.

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NOTARY PUBLIC

My commission expires: August 31, 2013.