

(IN THE COUNTY OF RUSSELL

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

JANUARY 25, 2011

APPEARANCES:

BOARD MEMBERS:

MARY QUILLEN - PUBLIC MEMBER AND SUBSTITUTE CHAIRMAN
BRUCE PRATHER - OIL REPRESENTATIVE
BILL HARRIS - PUBLIC MEMBER
KATIE DYE - 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

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BUTCH LAMBERT: Good morning, ladies and gentlemen, it's now a little bit after 9:00. It's time for us to begin our proceedings this morning. I'll ask if you have cell phones or other communication devices, please turn those off or put them on vibrate. We are recording these proceedings and we need to be able to hear everyone that's testifying. If you do need to take a call, I would ask that you take it outside, please, so that you can do your business and the Board can also conduct their business. At this time, I'll ask the Board to please introduce themselves starting with Ms. Dye.

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

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

BUTCH LAMBERT: And 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 industry on the Board.

MARY QUILLEN: Mary Quillen, a public member.

BUTCH LAMBERT: Thank you. At this time, we'll

enter into public comments. I believe, the first one is Catherine Jewell.

CATHERINE JEWELL: Yes. Can you hear me?

BUTCH LAMBERT: Just state your name for the record. I think that we'll get you a mic down there. Ladies and gentlemen, we are trying a sound system this morning. So, bear with us. We're trying to work out the bugs. Thanks to Mike Abbott this morning for assisting with that. Ms. Jewell, thank you.

CATHERINE JEWELL: Yes, Catherine Jewell. I'm just checking some of the well data. It looks like there's about a 100...over a 100 wells...well over a 100 wells on the database of not producing some time. When I looked through, some of these have not produced in several years. They remain unplugged. The majority of these wells are drilled to produce methane associated with mining. So, I was wondering, what is the time line for plugging these wells. Is there a certain period of time in which a well is not producing that it has to be plugged? Nobody is going to answer that, okay. Number two, when Director Waltz went over the comments of the Board regulations last April, one of the few comments that the Department accepted was to change the fee per unit for each...to charge a fee per unit for each

application involving increased density. I've said in these hearing where there has been over 50 units approved at one time for increased density. Since that time, I don't know because I don't see what is actually submitted, but I was wondering if that has ever been implemented and if, in fact, we are charging and this...this Board is receiving a certain per every unit that gets a request for increase density through a pooling modification. Another thing that has sort of have been bothering me is I'm wondering why the DGO, that is the public, has to pay for the cost of recording pooling orders, supplemental orders and revisions to them. I...you know, it just seems to me that that should be born by the operator and not by the public. On numerous times I've mentioned...I've seen petitions for re-pooling that are not due to the addition of another well to the unit, but due to the failure of the operator to correctly identify the owners of the gas in the unit to begin with. These operators testify as to their due diligence in locating these owners and correctly plotting these properties. But it seems that it has become an empty impression with no accountability. Often, the only individuals receiving notice of these changes are the unleased owners in the

unit. So, any change that should require...any person who is affected by this new re-pooling whose property might have decreased or increased does not seem to receive a notice. I think the notices should be provided to everybody rather their...regardless of their leased status with respect to any changes in what has been assigned to them. This Board should require due diligence to be used to identify the property owners and that failure to do so should have consequences. The reason for re-pooling should be stated under oath and all pooling changes should be reflected in the correction to the permit modifications. Property owners should be given an opportunity to refute or defend these changes for what it's worth and this notification should be served to them. The reason should be clearly stated in the testimony and on the applications. Those found to have a larger interest should be reimbursed for their correct percentages from day one of well production. I've repeated this many times, but it's worth again, I guess, just for the heck of it. If this Board continues to allow attorneys to testify then at least require them to be under oath for what it's worth...for what that's worth. Benny Wampler did require that. He would put the attorneys under oath. If you're going to testify,

I'm going to have to put you under oath. For some reason, we haven't been doing that. This Board should require a complete accounting of all disbursements. I can't say that...I don't know how many times I've said that. But in the earliest disbursements, it took place in 1997 and 1998. They were due to split agreements. This Board ordered a complete accounting from the operator. Sometime shortly after that, it seems like that was forgotten. You know, there's a lot of discrepancies in the way operators testify. One company that comes in here never testifies as to the reserves. The other companies testify with respect to the reserves. You all are supposed to ask them what the reserves are. There needs to be better consistencies in these testimonies. You need to make sure that they provide whatever agreement of which disbursements are going on so that you can see because ultimately it's your signature and you are responsible for it. You know, some of these might be illuminating. I mean, last week you all approved disbursements to units those agreements were signed in 2000 and the money had never been disbursed. So, I mean, you might want to check into that. I've looked over this APA report, Audit of Public Accounts report, review of the Virginia Gas and

Oil Board and I was definitely...I am concerned. Looking through the background information, the auditor for public accounts doesn't really have a good grasp of how a pooling works. Nowhere on here does he state that the...it's the unleased people that are force pooled...unleased. If you don't understand the basics parts of pooling, I'm not too sure how you come up with recommendations. This thing is riddled with errors. Some of it's recommendation. He assumes that things are being done like they assume you're showing...that the Board is...I'm sorry, that the petitioners are providing the agreements for which disbursements are made. They're not. They're...they're assuming a lot of things are done, which have not been done like the accountability and like a reconciliation at the very least. The fee structures for post-productions are approved by the Board. They've never been approved by the Board. Resolves disputes over fees between gas companies and gas owners. I think we've seen of this stuff go on for four or five years and it has never been resolved. At any rate, I was not impressed. As far as payment schedule, those pooling orders do state the payment schedules. That's in there. I either got it and didn't look at the pooling orders or whatever, but,

you know, it's two months after production for which deposits are supposed to be made. That's not followed either. So, anyway, I'll cut that short. Thank you.

BUTCH LAMBERT: Thank you, Ms. Jewell. I think we have one housekeeping item from CNX on a disbursement that we need to ask Mark...Mr. Swartz if he would please...of course, it's not on the docket, but it's just an administrative thing that we need to clear up this morning.

(Mark Swartz passes out exhibits.)

MARK SWARTZ: Mark Swartz and Anita Duty with regard...what unit is this, Anita?

ANITA DUTY: DD-28.

MARK SWARTZ: DD-28. Anita, you need to probably be sworn.

(Anita Duty is duly sworn.)

ANITA DUTY

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

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

Q. State your name for us, please.

A. Anita Duty.

Q. Who do you work for?

A. CNX Land Resources.

Q. And with regard to unit DD-28, we had an order entered that directed some escrow payments or some payments out of escrow and one of the receipts... actually two of the receipts of the escrow payments had gotten divorced but didn't bother to tell us, right?

A. Right.

Q. So, when you...when the escrow agent sent the check to the divorce people...you know, the reason people get divorced is because they're not getting along, they wrote void on it and sent it back, right?

A. Yes.

Q. Okay. And we've done some additional work. What was the amount of the check that was paid and who was it paid to in the beginning?

A. The check was for \$323.36 paid to Charles Hilton and Virginia Hilton.

Q. Okay. And who should the check be paid to by the escrow agent now?

A. Charles Hilton only.

Q. Okay. In the same amount?

A. Yes.

Q. And that's because the interest as a result of an heirship to him and not to them jointly?

A. Yes.

MARK SWARTZ: Okay. That's the corrected testimony that we needed. That would be directive to the...to the escrow would be to make the check payable to Charles W. Hilton in the amount of \$323.36.

BUTCH LAMBERT: Did...did you receive a divorce decree stating---?

ANITA DUTY: Yes. I sent it to Mr. Asbury.

BUTCH LAMBERT: So, Mr. Asbury, you have the divorce decree stating that Charles Hilton should be the person receiving the checks?

DAVID ASBURY: I do. I have the divorce decree from CNX that states that, yes, sir.

BUTCH LAMBERT: Okay.

DAVID ASBURY: And I do have a question about the amount.

BUTCH LAMBERT: I'm sorry. Go ahead, Mr. Asbury.

DAVID ASBURY: On the amount because it was previous disbursed, should it go back in and disburse on the current balance?

ANITA DUTY: I would say you...that it stays the

same exact payment.

DAVID ASBURY: Pay that amount?

ANITA DUTY: Because we'll put them on pay directly for...after this is done. We haven't done it because we were waiting.

DAVID ASBURY: Okay. Okay.

BUTCH LAMBERT: Anything else, Mr. Swartz?

MARK SWARTZ: Not on DD-28. But I have---.

BUTCH LAMBERT: Okay. I'm going to take a vote on approving that.

MARK SWARTZ: Okay.

BUTCH LAMBERT: Do I have a motion on approving the payment through Charles W. Hilton as part of the divorce decree?

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, but Katie Dye.)

BUTCH LAMBERT: Opposed, no.

KATIE DYE: I'll abstain.

BUTCH LAMBERT: One abstention Mrs. Dye. Thank you, Mr. Swartz. That's approved.

MARK SWARTZ: Thank you.

BUTCH LAMBERT: And you stated that you have one other housekeeping matter.

MARK SWARTZ: I just wanted to give the Board a listing. There was a discussion at last week's hearing and I'm getting so old that I wasn't sure that maybe I was just...had gone temporarily, you know, whatever. But, I just...I asked Anita's troops to get me 10 examples of instances where we had filed to re-pool and had added a well with a affine. They quickly... actually, they didn't follow my instructions. They came up with 11 examples. But starting in 2003 through 2010, we could find more, but the point is...I don't think we need to do anything today. But I promised you that I would come back with some example and answer the question. I believe that CNX has since the early '90s always added wells through a re-pooling with affine after the original pooling order. The reason...since I've been involved in that, I mean, that I've been doing it is because I think that the basic unit here is the unit and not the well. So, if you're affecting a pooled

unit, there should be a paper trail to that. You know, if we're going to make a change there, I think we should have...you know, notice it and have a hearing and let's have a discussion. If the only question was a lack of recollection that we've been doing it for years, well, then as far as I'm concerned we can stay the course. But if we're going to change that, we would like an opportunity to explore that. So, this was just to give this to you to show you what we've been doing and that's all I have on that.

BUTCH LAMBERT: Okay. Mr. Asbury, do you have the list?

DAVID ASBURY: I do.

BUTCH LAMBERT: Would you mind going back and verifying it?

DAVID ASBURY: I will.

BUTCH LAMBERT: Thank you. Mr. Asbury, the update regarding the escrow account activities. Has that changed since last week...our discussion last week?

DAVID ASBURY: It has not, Mr. Chairman.

BUTCH LAMBERT: Okay.

DAVID ASBURY: That was the year-end and December report that was distributed to the Board.

BUTCH LAMBERT: Okay. So, there's no need to

discuss the escrow account activities further this morning?

DAVID ASBURY: That's correct.

BUTCH LAMBERT: Thank you. Okay, docket item number four on the...oh, I'm sorry, the Board will consider a petition from CNX Gas Company for disbursement of funds from escrow and authorization of direct payment from unit AY-98, docket number VGOB-05-1213-1542-01. 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, state your name for us, please.

A. Anita Duty.

Q. Who do you work for?

A. CNX Land Resources.

Q. And in that regard, what are your duties

pertaining to the miscellaneous petition that we've received today?

A. To prepare the petition and to make sure that the account is in order.

Q. Okay. As the Chairman indicated, this pertains to AY-98, correct?

A. Yes.

Q. And the disbursement request is in relation to Tract 3, is that correct?

A. Yes.

Q. And the basis or reason that we're requesting a disbursement is because of a split agreement, is that correct?

A. Yes.

Q. Is it in writing?

A. It is.

Q. Have you seen it?

A. Yes.

Q. And does it provide for a 50/50 split?

A. Yes.

Q. At the end of your petition, you have an Exhibit A-1, correct?

A. Yes.

Q. And is...that's as of a date?

A. Actually, October the 31st, 2010.

Q. Okay. And it shows a balance on that date of \$1485.38, is that correct?

A. Yes.

Q. Where did that balance come from?

A. From the First Bank & Trust spreadsheet that was provided by the DGO office.

Q. Okay. And then with regard to Tract 3, have you on Exhibit A-1 shown the amounts that the escrow agent...the amounts that would result through applying the percentages that you've listed to that balance?

A. Yes.

Q. Okay. And in this instance, again, though are you asking for an order that directs the escrow agent to use percentages when the disbursement is made?

A. Yes.

Q. And with regard to that then, what percentage should Harrison-Wyatt, LLC Coal receive of the amount in escrow at the time the disbursement is made?

A. 31.7536%.

Q. Okay. And then with regard to the list

of oil and gas owners who are receiving disbursements if this petition is approved, would you identify them by name and then give the percentage that the escrow agent should use?

A. For Chester Sanders 9.9526%, Dave Sanders 9.9526%, Norman Sanders 9.9526%, Jerry Sanders 0.9479% and Evelyn Sanders Nash 0.9479%.

Q. And are you also requesting after these disbursements are made the operator be allowed to pay the people identified in Exhibit A-1 directly?

A. Yes.

Q. Have you provided the Board with an updated Exhibit E and an updated Exhibit EE?

A. Yes.

Q. And does Exhibit E indicate that the escrow account will need to be maintained even after these disbursements are accomplished?

A. It does.

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

BUTCH LAMBERT: Any questions from the Board?

(No audible response.)

BUTCH LAMBERT: Do I have a motion?

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, but Katie Dye.)

BUTCH LAMBERT: Opposed, no.

KATIE DYE: Abstain.

BUTCH LAMBERT: One abstention Mrs. Dye. Thank you, Mr. Swartz, it's approved.

MARK SWARTZ: Thank you. Item five on the docket is the Board will consider a petition from CNX Gas Company, LLC for disbursement of fund from escrow from unit U-11, docket number VGOB-93-0420-0354-01. All parties wishing to testify, please come forward.

MARK SWARTZ: Mark Swartz and Anita Duty again.

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. Who do you work for?

A. CNX Land Resources.

Q. And what do your duties entail in relation to miscellaneous petitions seeking escrow disbursements?

A. It's to prepare the petition and to make sure the account is in order.

Q. Okay. This pertains to unit U-11?

A. Yes.

Q. And tracts...which tracts?

A. 1, 2 and 4.

Q. And after the disbursements that this petition seeks, will the escrow account need to be maintained?

A. It will.

Q. Okay. The basis for the request for disbursement is a split agreement, is that correct?

A. Yes.

Q. And is it in writing?

A. It is.

Q. Have you seen it?

A. Yes.

Q. And after reviewing it, can you tell the Board whether or not it's a 50/50 agreement?

A. They are.

Q. Okay. Turning to Exhibit A-1, did you prepare this?

A. Yes.

Q. The number that showed a balance as of October the 31st, 2010 of \$4564.17, where did that number come from?

A. It was provided by the DGO office.

Q. And could you tell from what they gave you if it came from a bank or something?

A. Yes, it came from First Bank & Trust.

Q. Okay. So, it was copy of a statement from First Bank & Trust that the DGO provided you?

A. Yes.

Q. Okay. And then did you use that balance to calculate your percentages?

A. Yes.

Q. Okay. Okay, we've got Tracts 1, 2 and 3. In Tract 1, who is to receive the disbursement and what percentages should the escrow agent use?

A. Harrison-Wyatt and CNX Gas Company

should both receive 16.2663%.

Q. And that's with regard to Tract 1?

A. Yes.

Q. Okay. With regard to Tract 2, who should receive the payment and what would be the percentage that the escrow agent would apply to the balance?

A. Harrison-Wyatt should receive 3.0802%, Christopher Wright should receive 0.0994%, Nicholas Patello should receive 0.9936%, Ronald Allen 0.9936% and Melissa Annette 0.9936%.

Q. And then with regard to Tract 4?

A. Harrison-Wyatt should receive 9.8869%, the Morgan Living Trust 8.239% and the Namen Morgan Trust 1.6478%.

Q. Have you provided the Board with updated escrow exhibits, that would be Exhibit E, to---?

A. Yes.

Q. ---reflect what...what interest should remain in escrow after these disbursements?

A. I have.

Q. And have you also updated Exhibit EE?

A. Yes.

Q. And are you requesting that if this

application or petition is approved that the operator be allowed to pay the folks are receiving these disbursements directly?

A. We are actually paying them directly under the VP8 sealed gob.

Q. Okay.

A. This doesn't produce anymore.

Q. So, this isn't produced?

A. That's correct.

Q. Okay. So, you won't have a going forward payment?

A. No.

Q. Okay.

A. Not from this account.

Q. Correct.

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

BUTCH LAMBERT: Any questions from the Board?

(No audible response.)

BUTCH LAMBERT: Do I have a motion?

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, but Katie Dye.)

BUTCH LAMBERT: Opposed, no.

KATIE DYE: I abstain.

BUTCH LAMBERT: One abstention Mrs. Dye. Thank you, Mr. Swartz. It's approved.

MARK SWARTZ: Thank you.

AUDIENCE MEMBER: We can't hear back here. This is my first time attending this meeting. I would like to be able to hear what is being said and done.

BUTCH LAMBERT: Sure. Can we adjust it, Mike?

AUDIENCE MEMBER: It would be good if you could adjust the mics or get them closer to you. We can't---.

MIKE ABBOTT: You're going to get them...I think you're going to need to get them closer to you for one thing.

SHARON PIGEON: And Anita is going to need to speak up regardless of where her mic is. She's too soft spoken.

MIKE ABBOTT: Not only bringing it closer in, but also, please, you know, speak up.

AUDIENCE MEMBER: If you get the mics closer to

you, I believe, we'll hear better.

BUTCH LAMBERT: Okay. Let's try that. We've got it turned up and our mics are closer. Let's give that a try.

AUDIENCE MEMBER: Move the mics closer to you and see if that helps.

BUTCH LAMBERT: Okay. We're calling item number six on the docket. The Board will consider a petition from CNX Gas Company, LLC for disbursement of funds from escrow for unit U-10, docket number VGOB-91-0618-0133-02. 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, state your name for us, please.

A. Anita Duty.

Q. Who do you work for?

A. CNX Land Resources.

Q. And in relation to your job duties, what is it that you do pertaining to petitions to make disbursements from escrow?

A. I prepare the petition and make sure the account is in order.

Q. As the Chairman indicated, this request seeks a disbursement from the escrow account pertaining to unit U-10, is that correct?

A. Yes.

Q. What tracts are we talking about?

A. Tracts 4 and 5.

Q. And is the request made as a result of a written split agreement?

A. Yes.

Q. And have you reviewed that agreement?

A. Yes.

Q. And are you...and did you determine that it provides for a 50/50 split?

A. It does.

Q. And consistent with that understanding of the split agreement, have you prepared Exhibit A-1?

A. Yes.

Q. And this Exhibit A-1 is as of a

particular date?

A. October the 31st, 2010.

Q. And it shows a balance of what amount on that date?

A. \$4,564.17.

Q. Where did you get that number from?

A. It was provided by the DGO office and it was a First Bank & Trust spreadsheet.

Q. Okay. And with regard to each of the tracts here, Tracts 4 and 5, have you provided an Exhibit A-1 a list of the names of the folks who should receive the disbursement and then a percentage associated with their name?

A. Yes.

Q. Okay. With regard to Tract 4, who is to receive disbursements and what percentages should the escrow agent use to calculate the dollar amounts?

A. Harrison-Wyatt should receive 0.236%, the Morgan Living Trust and the Namen Morgan Trust for the benefit of...it actually needs to be to Cordelia Feather for 0.118% and Mary Elizabeth Conn 0.118%.

Q. And they're receiving that money as beneficiaries or under the trust that you just named?

A. All the other individuals have already

been paid out. So, they...yes.

Q. Right. But this is a result of a trust agreement?

A. It is. Yes.

Q. Okay. Then with regard to five, who is to receive the payments and what are the percentages that the escrow agent should use to apply to the balance on hand in the account at the time the disbursement is made?

A. For Harrison-Wyatt it's 6.4279%, Christopher Wright 0.2074%, Nicholas Patello 2.0735%, Ronald Allen 2.0735% and Melissa Annette 2.735%.

Q. Okay. And this escrow account would need to be maintained after these disbursements are made, correct?

A. It would.

Q. And have you provided the Board with an Exhibit E that specifies the tracts and folks that would continue to be subjected to escrow?

A. Yes.

Q. And have you provided an amended or revised Exhibit EE with regard to split agreements?

A. Yes.

Q. Okay. And is this a situation where

payments need to...future payments are going to be made
or is this also a unit that's in a sealed gob now?

A. It's also in the sealed gob.

Q. Okay. So, you don't need an order
allowing you to pay these people directly because
they're being paid under a different order?

A. That's correct.

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

BUTCH LAMBERT: Any 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, but Katie
Dye.)

BUTCH LAMBERT: Opposed, no.

KATIE DYE: Abstain.

BUTCH LAMBERT: One abstention Mrs. Dye. Thank

you, Mr. Swartz.

MARK SWARTZ: Thank you.

RONNIE OSBORNE: Mr. Lambert, we can hear your side. It's this side over here is the one we can't hear. Your side comes out clear.

BUTCH LAMBERT: I guess the folks are just going to have to speak up a little louder. I appreciate anything that you could do to help us. We're calling docket item number seven on the Board...or on the docket. The Board will consider a petition from CNX Gas Company, LLC for disbursement of funds from escrow and authorization of direct payment from AZ-121 and this will be Tract 1C, docket number VGOB-04-1116-1359-01. All parties wishing to testify, please come forward.

MARK SWARTZ: Mark Swartz and Anita Duty.

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 for us, please.

A. Anita Duty.

Q. Who do you work for?

A. CNX Land Resources.

Q. What's your title with them?

A. Pooling supervisor.

Q. And in relation to that, a job that you have, what are your responsibilities concerning miscellaneous petitions?

A. To prepare the petition and to make sure the accounts are in order.

Q. Okay. And did you do that in this instance?

A. Yes.

Q. This is a request for a disbursement with regard to---?

MARY QUILLEN: Mike---

BUTCH LAMBERT: Mike, can you just turn that one off?

MARY QUILLEN: Yeah.

MIKE ABBOTT: Sure. Turn this speaker off?

BUTCH LAMBERT: Yeah, that's a lot of feedback coming this way.

MARY QUILLEN: This one there's feedback coming from this one right in my ear. If you could maybe move

it back a little bit.

MIKE ABBOTT: Is that better?

MARY QUILLEN: Yeah.

BUTCH LAMBERT: That helped. That helped right here anyway.

MARY QUILLEN: Yes. Yes.

RONNIE OSBORNE: You all are still coming out good, but this one over here still isn't giving us no...we can hear you all clear...real clear. This one over here ain't...it don't even sound like it's working at all.

BUTCH LAMBERT: We can hear them here.

RONNIE OSBORNE: We can't hear them back here.

BUTCH LAMBERT: We...we're sorry, Mr. Swartz. Could you please continue?

MARK SWARTZ: No problem.

Q. Anita, this pertains, as the Chairman indicated, to unit AZ-121, correct?

A. Yes.

Q. Okay. And it pertains to what tract in that unit?

A. 1C.

Q. And if this disbursement or request is approved, there is still going to be an escrow

requirement, correct?

A. Yes.

(Off record while Mike Abbott adjusts the sound system.)

Q. With regard---

BUTCH LAMBERT: Ladies and gentlemen, we apologize. We're just trying to do something here that will help everyone hear. So, bear with us. We'll do our best to try to work it out. So, we appreciate your patience. Please continue, Mr. Swartz.

Q. Did you prepare an Exhibit A-1 with regard to this unit?

A. Yes.

Q. Okay. And that's the last page of the application, I think.

A. It is.

Q. And was that done as of a date?

A. October the 31st, 2010.

Q. And what was the balance on hand on that date?

A. \$49,043.77.

Q. And where did that number come from?

A. From the First Bank & Trust spreadsheet that was provided by the DGO office.

Q. Okay. And it appears that the disbursement request that you're making is for less than that amount of money in dollars?

A. It is.

Q. So, this escrow account would need to be maintained and continue even after these disbursements are made?

A. Yes.

Q. Is the disbursement request based on a split agreement or something else?

A. Split agreement.

Q. Have you actually seen that?

A. I have.

Q. It's in writing?

A. Yes.

Q. And what does it provide in terms of percentage?

A. 50/50.

Q. And have you used 50/50 in preparing Exhibit A-1?

A. Yes.

Q. Who are the folks that should receive these disbursement and what percentage should the escrow agent use?

A. Swords Creek Land Partnership and Jerry Dye should both receive 27.8297%.

Q. Okay. And is there money still going into this account?

A. There is.

Q. Okay. So, are you requesting then that the operator if this application is approved be allowed to pay Swords Creek and Jerry W. Dye directly in the future?

A. Yes.

Q. Have you provided the Board with a revised Exhibit E specifying the tracts and the folks whose money needs to remain in escrow?

A. Yes.

Q. And have you also provided the Board with an update Exhibit EE with regard to split agreements?

A. I have.

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

BUTCH LAMBERT: Any questions from the Board?

(No audible response.)

BUTCH LAMBERT: Do I have a motion?

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, but Katie Dye.)

BUTCH LAMBERT: Opposed, no.

KATIE DYE: Abstain.

BUTCH LAMBERT: One abstention Mrs. Dye. Thank you, Mr. Swartz. It's approved.

MARK SWARTZ: Thank you.

BUTCH LAMBERT: We're calling docket item number eight, a petition from GeoMet Operating Company, Inc. for pooling of coalbed methane unit 266 VA unit YYY-42, docket number VGOB-11-1025-2879. All parties wishing to testify, please come forward.

TOM MULLINS: Mr. Chairman, on behalf of GeoMet, my name is Tom Mullins with the Street Law Firm. I'm here with Rocky Stilwell and Mr. Tim Blackburn.

BUTCH LAMBERT: Good morning.

TIM BLACKBURN: Good morning.

(Rocky Stilwell and Tim Blackburn are duly sworn.)

BUTCH LAMBERT: You may proceed, Mr. Mullins.

TOM MULLINS: Thank you.

ROCKY STILWELL

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

DIRECT EXAMINATION

QUESTIONS BY MR. MULLINS:

Q. Would you please state your name?

A. Rocky Stilwell.

Q. And what do you do for a living, Mr. Stilwell?

A. I'm a land and permitting agent for GeoMet Operating Company.

Q. All right. Are you familiar with the application pending today before the Board?

A. Yes.

Q. How many acres are there in this unit?

A. 79.73.

Q. Okay. And is this an Oakwood unit?

A. Yes.

Q. And what is the unit number and well number?

A. Rogers 266 well VA unit YYY-42.

Q. Okay. And do you...does GeoMet possess drilling rights in this unit?

A. Yes.

Q. Do you know of any parties that need to be dismissed from the application here today?

A. No.

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

A. 96.11%.

Q. And the gas?

A. 72.0825%.

Q. And were the folks who were entitled to the statutory notice provided notice?

A. Yes.

Q. I am handing the affidavit and copies of the green cards. Is GeoMet authorized to do business in the Commonwealth?

A. Yes.

Q. And does it have the required bond?

A. Yes.

Q. Could you let the Board know what the lease terms that GeoMet offers folks who voluntarily lease with it?

A. GeoMet offers twenty-five dollars per

acre for a five year paid up lease with one-eighth royalty.

Q. Okay. Did you say twenty or twenty-five?

A. Twenty.

Q. Okay.

A. I mean---.

Q. For a five year term?

A. Yes. Twenty.

SHARON PIGEON: Twenty, okay.

Q. I just want to make sure we're clear.

A. Okay.

Q. Based on your experience in the oil and gas industry in this area, is that reasonable and fair lease terms?

A. Yes.

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

A. 27.9175%.

Q. Are there any unknown or unlocateable owners involved?

A. Yes.

Q. Could you tell them what tract that's involved in?

A. Tract 4.

Q. Okay. And what is the percentage to be escrowed due to that?

A. 1.43%.

Q. Okay. And is that indicated on Exhibit E to the application?

A. Yes.

Q. Okay. Is GeoMet asking that the unleased interest in the unit be pooled?

A. Yes.

Q. And to whom should notifications be forwarded on behalf of the owners to GeoMet?

A. To the attention of Joseph L. Stevens, Land Manager, GeoMet Operating Company, Inc., 5336 Stadium Trace Parkway, Suite 206, Birmingham, Alabama.

Q. And there was an estimated well cost exhibit attached to the application as Exhibit C, is that correct?

A. Yes.

Q. Okay. And do you know what the depth of this proposed well is to be?

A. 2,323 feet.

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

A. 684 million.

Q. And the well completion costs?

A. \$456,857.

Q. And the dry hole costs?

A. \$217,607.

Q. And is that what's, to your knowledge, indicated on Exhibit C?

A. Yes.

Q. Okay. Do the estimated costs include a reasonable charge for supervision?

A. Yes.

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

A. Yes.

TOM MULLINS: I don't have any other questions for this witness.

BUTCH LAMBERT: I have one question, Mr. Stilwell. Does...does your bonus...and we may have asked this week and I just don't remember.

ROCKY STILWELL: You did. You asked it the last time. Yes.

BUTCH LAMBERT: Is it recoupable?

ROCKY STILWELL: No, we don't recoup the

bonuses.

BUTCH LAMBERT: You do not recoup, okay. Thank you. Any questions from the Board?

SHARON PIGEON: Tom, did you get him to testify to the unleased coal interest and the tracts that are in escrow for conflicting claims.

TOM MULLINS: I'm sorry, I can't hear.

(Laughs.)

SHARON PIGEON: I understand. Did you get him to testify to the unleased coal interest? I know you did on the gas.

TOM MULLINS: Sure.

SHARON PIGEON: And then the tracts that need to be escrowed for conflicting---

TOM MULLINS: Sure.

SHARON PIGEON: ---claims and not just the unknown and unlocateable was.

TOM MULLINS: Sure.

ROCKY STILWELL: Right here.

DIRECT EXAMINATION RESUMES

QUESTIONS BY MR. MULLINS:

Q. Could you let the Board know what tracts have interest...and, I believe, this is a Rogers

Cousin...what we have reflected as the other outstanding interest that need to be escrowed are known as Rogers Cousins?

A. Yes.

Q. Is that the interest that need to be escrowed in addition to the unknowns?

A. Yes. I think so.

Q. And could you tell the Board which tract that would be?

A. Tract 3.

TOM MULLINS: Okay. Anything else?

SHARON PIGEON: We have tract---

ROCKY STILWELL: I believe it was Tract 4 too.

Q. Tract 4 is the unknown and unlocateable?

A. Yes.

TOM MULLINS: Okay.

SHARON PIGEON: We have Tract 1...we have Tract 1 on Exhibit E here too. So, that's part of the Cousins dispute too?

Q. Is Tract 1 part of the Cousins dispute?

A. Yes.

SHARON PIGEON: And then the total escrow...I mean, total unleased for coal. I believe we haven't heard that.

Q. Could you refer to Exhibit E?

A. There is no Exhibit E.

Q. Excuse me, Exhibit B-3. The total
unleased coal. Give him a minute. He's fresh. Exhibit
B at the end on page two indicates the percentage
unleased by applicant, I believe. Let me make sure.

SHARON PIGEON: Page six, I think, is where
you're wanting to go. It's a B-3 page...numbered page.

Q. Okay. On Exhibit B-3, page six, the
percentage unleased by applicant of the coal estate,
could you tell the Board what percentage is?

A. 3.89%.

Q. Okay. And the gross acreage in that
unit?

A. 3.101497.

TOM MULLINS: Okay.

SHARON PIGEON: Thank you.

BUTCH LAMBERT: Thank you.

TOM MULLINS: Thank you.

BUTCH LAMBERT: Any other questions from the
Board?

(No audible response.)

TOM MULLINS: With the Board's permission, I'll
call Mr. Blackburn.

BUTCH LAMBERT: Uh-huh. Please do.

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

A. I'm a professional geologist and project manager for T Engineering. We're consultants for GeoMet.

Q. And at the request of GeoMet, have you done some plats to show the mining activity underlying this unit?

A. Yes, we have.

Q. And the copies of those have been handed out to the Board and filed with Mr. Asbury, as we speak. Could you tell the Board what the top plat in the package shows?

A. Well, this is just the pooling plat itself showing the property boundaries and their acreage breakdown and percentages.

TOM MULLINS: Okay. With the permission of the Chairman, I will label that one as AA.

BUTCH LAMBERT: So labeled.

Q. The next item is just a breakdown of the identification of who owns what tract on that plat, is that correct?

A. Yes.

Q. We'll call that one BB. The next exhibit, could you tell the Board what that is?

A. The next couple of exhibits would involve mining exhibits. The primary seam mined in this area is the Red Ash and the Jawbone. The first exhibit shows the unit and the well spot in relation to Red Ash Mine works. It is blank because there are no mine works.

Q. Okay. The next exhibit, which we will call DD?

A. The same thing, the unit and well spot in relation to Jawbone mining. The area shown to the southeast corner, the hatching indicates pillaring. This section is sealed and abandoned, whereas the area to the west side of the plat that's an active section.

Q. Okay. And the proposed approximate location of the well spot is in a barrier of coal?

A. Yes, it is.

Q. Okay. The next exhibit, which we will call EE?

A. This exhibit is a combination of the Red Ash and Jawbone mining shown on a topo background. There is not...as you see, no Red Ash mining proposed or abandoned in this area. It shows quite extensive mine works in the Jawbone.

Q. Okay. Then FF?

A. This exhibit shows the surrounding unit coupled with the boundary...property boundaries.

Q. Okay. And the last one, GG?

A. This is just a unit on a...in a well spot with a topographic background.

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

BUTCH LAMBERT: Mr. Blackburn, I know the revised...what you just handed out to the Board, is the plat map the same as Exhibit A in our package?

TIM BLACKBURN: It should be.

BUTCH LAMBERT: It should be?

TIM BLACKBURN: Yes.

BUTCH LAMBERT: Okay. Because I looked and didn't...right off I didn't see anything or notice

anything. But it is the same?

SHARON PIGEON: This is just a little bit enlarged, I think.

TOM MULLINS: It is.

BUTCH LAMBERT: So, they're the same map?

TIM BLACKBURN: Yes.

BUTCH LAMBERT: Okay. Thank you. Any 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 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. Mullins. It's approved. We're calling docket item number nine, a

petition from GeoMet Operating Company, Inc. for pooling of coalbed methane unit 578 VA unit ZZZ-43, docket number VGOB-11-0125-2880. All parties wishing to testify, please come forward.

TOM MULLINS: Tom Mullins on behalf of GeoMet with Rocky Stilwell and Tim Blackburn.

BUTCH LAMBERT: You may proceed, Mr. Mullins.

ROCKY STILWELL

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

DIRECT EXAMINATION

QUESTIONS BY MR. MULLINS:

Q. All right. Sir, would you please state your name?

A. Rocky Stilwell.

Q. And you're employed by GeoMet Operating Company, is that correct?

A. Yes.

Q. Are you familiar with the application that has been filed int his unit?

A. Yes.

Q. One of the things that makes this unit a little different is this what is known as a border unit

that adjoins the State of Virginia, is that correct?

A. Yes.

Q. That's why its shaped and size is so much different than the ordinary Oakwood Field unit, is that true?

A. Yes.

Q. Okay. How many acres are there in this unit?

A. 19.922 acres.

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

A. Yes, that's correct.

Q. And what is the unit number?

A. ZZZ-43 Rogers 578.

Q. All right, sir. And does GeoMet have drilling rights in this unit?

A. Yes.

Q. Are...do you have any knowledge of any party respondents listed on Exhibit B-3 that should be dismissed today?

A. No.

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

A. 99.99%.

Q. And the gas ownership?

A. 74.9925%.

Q. And was statutory notice sent to those parties who have an interest as required by the Code?

A. Yes.

Q. And we have filed with Mr. Asbury's office an affidavit indicating that?

A. Yes.

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

A. Yes.

Q. And does it have a bond on file as required by statute?

A. Yes.

Q. Are the lease terms the same as you've previously testified to in the prior hearing?

A. Yes.

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

A. 25.0075%.

Q. Okay. And the coal estate?

A. 99.99%.

Q. Okay.

SHARON PIGEON: That's the---.

Q. That's how much we have. What we're---?

A. Right.

Q. What we're asking for is .01%, correct?

A. Right. Yes.

Q. Are there any unknown or unlocateable owners?

A. Yes.

Q. Okay. And is that in...which tract?

A. Tract 3.

Q. What is the total percentage to be escrowed due to these...to this unknown ownership?

A. .01%.

Q. Okay. Now, there's also the Rogers Cousins involved in Tract 1, is that correct?

A. Yes.

Q. Okay. And that's 43.17% of the gas estate in this tract of the Rogers Cousins holding in Tract 1?

A. Yes, yes.

Q. Okay. Tracts 1, 2 and 3, we've gone over 1. 2 also involves the Rogers Cousins, is that correct?

A. Yes.

Q. And what's the percentage of that tract?

A. 56.82%.

Q. Okay. And then Tract 3 is the unknown and unlocateable interest, is that correct?

A. Yes.

Q. Okay. Is it at the request of GeoMet that the Board pool these unleased interest in the unit?

A. Yes.

Q. Okay. And should the correspondence be sent to Joseph L. Stevens, Land Manager, GeoMet Operating Company, 5336 Stadium Trace Parkway, Suite 206 in Birmingham, Alabama?

A. Yes.

Q. Okay. And was there an estimate of well costs prepared for this...well for this unit?

A. Yes. Yes.

Q. Okay. What's the total depth?

A. 2,072 feet.

Q. And the estimated reserves?

A. 469.90 million.

Q. Okay. And the well completion cost estimate?

A. \$447,383.

Q. And the dry hole cost estimate?

A. \$218,071.

Q. And that's...is indicated on the Exhibit C attached to the application?

A. Yes.

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

A. Yes.

Q. Is it your opinion that the granting of this application would promote conservation, protect correlative rights and prevent waste of the Commonwealth's resources?

A. Yes.

TOM MULLINS: I don't have any other questions.

MARY QUILLEN: Mr. Chairman.

BUTCH LAMBERT: Ms. Quillen.

MARY QUILLEN: I have just one question. Would you repeat the depth?

ROCKY STILWELL: 2,072 feet.

MARY QUILLEN: Thank you.

BUTCH LAMBERT: Any other questions from the Board?

(No audible response.)

BUTCH LAMBERT: You may continue.

TOM MULLINS: Thank you.

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. And for whom do you work?

A. With T Engineering Company.

Q. And they perform services for GeoMet?

A. Yes.

Q. And what services do they perform for GeoMet?

A. We perform various permitting surveying, geological and environmental services.

Q. Okay. Is one of those services doing an analysis of each unit to determine mining activity under that unit?

A. Yes, it is.

Q. And did you prepare or have prepared plats which we've handed out to the Board today to show what mining activity underlies this unit?

A. Yes.

Q. Okay. And the top most plat, what does that indicate of the packet that I've handed out to the...had handed out to the Board?

A. This is merely a copy of the pooling plat showing the unit and the acreage breakdown. The second page is the listing of the tract numbers.

BUTCH LAMBERT: That's AA.

TOM MULLINS: AA and BB.

BUTCH LAMBERT: Okay. Thank you.

Q. Those are the same as...to your knowledge, that were attached to the application itself, is that correct?

A. Yes.

Q. The next exhibit would be CC, what does that show?

A. The next of your exhibits is going to concentrate mining. The primary seam of mining in this area is the Red Ash and the Jawbone seams for above drainage. This plat shows the unit and the well spot in relation to Red Ash works. There is no Red Ash workings in the unit. You can see abandoned mine works down on the southeast corner.

Q. Okay. The next page, which we will call

DD?

A. This is the unit and the well spot in relation to abandoned mine works in the Jawbone.

Q. Okay. There's no active mining in the Jawbone underlying this unit?

A. Not in this unit.

Q. Okay. The next exhibit will be EE.

A. This shows the unit and the well spot in relation to the Jawbone and the Red Ash works on a...kind of zoomed out scale. You can see the extent of abandoned Red Ash mine works in the Red and the Jawbone in the blue.

Q. All right, sir. The next exhibit will be FF.

A. Again, this is a state line unit that shows the Virginia units in relation to the ZZZ-43 unit.

Q. And the last exhibit, which will be GG?

A. This the unit and well spot referenced just a topo background.

Q. And the mine operator that would be involved in the location of the well is Jewell Smokeless?

A. Jewell Smokeless, yes.

Q. And while its proposed well spot, you

are working actively with Jewell Smokeless to get a...to make sure they agree upon the location of any well spot that's ultimately sunk in this unit?

A. Yes.

TOM MULLINS: Okay.

BUTCH LAMBERT: Mr. Blackburn, I'd like to ask you go back to DD. I think may have heard you incorrectly, but I believe I heard you testified that there's no Jawbone works shown on DD.

TIM BLACKBURN: DD?

BUTCH LAMBERT: Yes. That shows the---.

TIM BLACKBURN: No, this is the...I may have misspoke, but this...this an abandoned section of the Jawbone mining.

ROCKY STILWELL: I think he stated there's no Red Ash mining previous.

BUTCH LAMBERT: Okay. That's what...you meant to say no Red Ash?

TOM MULLINS: Yeah.

TIM BLACKBURN: Yes.

BUTCH LAMBERT: Okay. I'm sorry. Thank you.

BILL HARRIS: I have a question.

BUTCH LAMBERT: Mr. Harris.

BILL HARRIS: Let me just ask about the location

of that. I noticed that it's very close to the state line. Are there any...I guess this is for staff maybe as well. Are there any regulations as far as a standoff from that West Virginia line?

TOM MULLINS: Any setback rules?

BILL HARRIS: Setback, I guess, would be---.

TOM MULLINS: Not that I'm aware of.

BUTCH LAMBERT: To followup on Mr. Harris' question, has there been any contact...well, let me back up. Do you propose that...this location of this well you will be drawing gas from underneath the state line into West Virginia...from West Virginia?

TIM BLACKBURN: The rule of thumb that we've used and I'm doing this from memory, we try on...whether it's a Virginia or West Virginia well we try to stay off the state line a minimum of a 100 feet. To my knowledge, again drawing off from memory from this, but there is no requirement---.

TOM MULLINS: Setoff...setback requirement.

TIM BLACKBURN: ---offset.

BUTCH LAMBERT: That answered Mr. Harris' question.

BILL HARRIS: Yeah.

BUTCH LAMBERT: Now, my question was, do you

propose or do you think that you will be extracting gas from West Virginia across the state line from the location of this well?

TOM MULLINS: Mr. Chairman, I don't whether we will or not, but we will operate the well in compliance with all of the Virginia rules and regulations, which this unit...we'll put the well in compliance with this unit configuration. We will pull no more gas from this unit than West Virginia would pull if they snugged up a well against the state line with Virginia.

(Laughs.)

BILL HARRIS: Well, I mean, I know we've talked about Kentucky.

TOM MULLINS: We've talked about...I think this has been before the Board before and the Board has always taken the position that was no relevant that the rules and regulations apply to the Virginia Field and West Virginia's rules apply to whatever happens in West Virginia.

BILL HARRIS: I remember asking about Kentucky. I don't know. Is the West Virginia rule---?

TOM MULLINS: We had a similar unit in West Virginia. I think...I think Ms. Quillen was the one that asked the question if I'm not mistaken. We

responded at that time.

BILL HARRIS: Is that rule of capture in West Virginia...I mean, I'm...I don't know what---.

TOM MULLINS: They have their own procedure in West Virginia as far as pooling units. It's different than Virginia.

BUTCH LAMBERT: They have different shaped units. It's a little bit different.

TOM MULLINS: You can configure a unit up there actually.

BILL HARRIS: But we have no obligation to notify them and say---?

BRUCE PRATHER: It's their hard luck.

BUTCH LAMBERT: I'm not...I'm not sure if it would be correct for this Board to proceed with that without some kind of notification or something from West Virginia that you've talked to those folks that plan you plan on drawing gas from those folks. I would expect, hopefully---.

TOM MULLINS: It's actually the property owner. It's not West Virginia itself. It's the property owner. As you can see, this is a Rogers interest. We have the Rogers folks leased on both sides of the state line.

BUTCH LAMBERT: Okay. So, there's no other

parties involved, but the Rogers within the area of this well?

TOM MULLINS: That's correct.

BUTCH LAMBERT: That's correct? It's all...it's all Rogers---?

TIM BLACKBURN: It's all Rogers.

BUTCH LAMBERT: ---on both sides?

TIM BLACKBURN: Yes.

BUTCH LAMBERT: Okay. Thank you. Any further...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 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. Mullins. It's approved.

TOM MULLINS: Thank you.

TIM BLACKBURN: Thank you.

ROCKY STILWELL: Thank you.

BUTCH LAMBERT: We're going to take about a ten minute break. Some of the Board needs to take medication. We'll take about a ten minute break.

(Off record.)

BUTCH LAMBERT: Okay, ladies and gentlemen, it's time to resume. At this time we're calling petition number ten, a petition from EQT Production Company for re-pooling of unit VH-539922, docket number VGOB-08-0715-2278-01. All parties wishing to testify, please come forward.

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

(Rita Barrett and Eric Strouth are duly sworn.)

RITA BARRETT

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

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

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

A. Yes. My name is Rita McGlothlin-Barrett. I'm employed by EQT Production Company as regional land manager in their Clintwood facilities.

Q. This is a horizontal well?

A. It is.

Q. And we're re-pooling it?

A. Yes.

Q. Why is that?

A. We found additional parties after we... after the initial pooling.

Q. Okay. What Ms. Davis is handing out now is a revised set of exhibits?

A. That's correct.

Q. And what do those revised set of exhibits reflect?

A. They reflect additional leases.

Q. Okay. And does EQT own drilling rights in the unit involved?

A. We do.

Q. And prior to the filing of the application and subsequent to the filing of the application, did you continue to contact the respondents owning an interest in the unit and continue to work out...try to work out a voluntary lease agreement with each?

A. We did.

Q. What is the percentage of the gas estate in the unit under lease to EQT at this time?

A. 83.94842857%.

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

A. Yes.

Q. So, what percentage of the unit remains unleased?

A. 16.05157143%.

Q. Okay. Are there any unknown respondents in this unit?

A. Yes.

Q. And were reasonable and diligent efforts made and the sources checked to identify and locate any unknown parties?

A. Yes.

Q. In your professional opinion, was due

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

A. Yes.

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

A. Yes.

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

A. I am.

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

A. Yes. Twenty-five dollar per acre bonus for a five year term and a one-eighth royalty.

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

A. Yes.

Q. Now, as to those respondents listed at Revised Exhibit B-3 who remain unleased, do you agree they be allowed the following statutory options with respect to their ownership interest within the unit:

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

A. Yes.

Q. Do you recommend that the order provide that elections by 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. Yes.

Q. Do you recommend that the order provide that if no written election is properly made by a

respondent, then such respondent should be deemed to have elected the cash and royalty option in lieu of any participation?

A. Yes.

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

A. Yes.

Q. If an unleased respondent elects to participate, should they be given 45 days to pay for their proportionate share of 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 delay rental or cash bonus becoming due under the force pooling order?

A. Yes.

Q. Do you recommend that the order provide that if a respondent elects to participate, but fails to pay their proportionate share of well costs then that election to participate should be treated as having been withdrawn and void and such respondent should be treated as if no initial election had been filed under the force pooling

order, in other words, deemed to have leased?

A. Yes.

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

A. Yes.

Q. Does the Board need to establish an escrow account for this unit?

A. Yes. Tracts 19 and part of Tract 26.

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

A. EQT Production Company.

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

A. 8,562 feet.

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

A. 946 million cubic feet.

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

A. Yes.

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

A. Yes.

Q. What are the dry hole costs and completed well costs for this well?

A. The dry hole costs are \$785,642. The completed well costs are \$1,547,225.

Q. Do these costs anticipate a multiple completion?

A. Yes.

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

A. It does.

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

A. Yes.

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

BUTCH LAMBERT: Ms. Barrett, you testified that this is...the re-pooling is for...because you had found additional parties.

RITA BARRETT: Yes.

BUTCH LAMBERT: Were those parties unknown or you just found in the research?

RITA BARRETT: I think we just found them during our research. I'm not sure if they...I don't think they were unknown.

BUTCH LAMBERT: They were not previously unknown, just people that you found in doing your---?

RITA BARRETT: Correct.

BUTCH LAMBERT: Thank you.

RITA BARRETT: You're welcome.

BUTCH LAMBERT: Any further questions from the Board?

BILL HARRIS: A quick question.

BUTCH LAMBERT: Mr. Harris.

BILL HARRIS: About the bonus, this came up last week actually---?

RITA BARRETT: Yes.

BILL HARRIS: ---is that recoverable or is that---?

RITA BARRETT: No. We pay a twenty-five dollar acre...per acre bonus. We do not recoup it.

BILL HARRIS: Thank you.

RITA BARRETT: You're welcome.

BUTCH LAMBERT: Any further questions from the

Board?

KATIE DYE: I have a question, Mr. Chairman.

BUTCH LAMBERT: Mrs. Dye.

KATIE DYE: Ms. Barrett, on your plat, this is just for my own information and it's something that I was curious about, the little square that is to the north, which is actually outside of this unit?

RITA BARRETT: It's a cemetery.

KATIE DYE: Thank you.

RITA BARRETT: You're welcome.

BUTCH LAMBERT: Any further questions?

(No audible response.)

BUTCH LAMBERT: Anything further, Mr. Kaiser?

JIM KAISER: Yes, sir. We'd ask that the application be approved with the revised set of exhibits.

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. It's approved.

JIM KAISER: Thank you.

BUTCH LAMBERT: Calling...I'm sorry.

JIM KAISER: If I've got a little housecleaning, do you want me to let you know?

BUTCH LAMBERT: Yes, please.

JIM KAISER: Housekeeping or housecleaning. Item number twenty-seven, we're going to ask that that be withdrawn. And then item number thirty-one, it's on behalf of Appalachian Energy. I'm going to ask that that be continued until the May docket. That's all.

BUTCH LAMBERT: Continued until May?

JIM KAISER: Yes, sir.

BUTCH LAMBERT: Okay. Let me read those two into the record. Item number twenty-seven on the docket, a petition from EQT Production Company for a well location exception for proposed horizontal conventional gas well VH-531468, docket number VGOB-11-0125-2897 will be withdrawn. Docket item thirty-one, a petition from Appalachian Energy, Inc. for pooling of

coalbed methane unit AE-235, docket number VGOB-11-0125-2899 will be continued until May.

JIM KAISER: Thank you.

BUTCH LAMBERT: Okay. Now, we're calling docket item number eleven, a petition from EQT Production Company for pooling of coalbed methane unit VC-537063, docket number VGOB-11-0125-2881. All parties wishing to testify, please come forward.

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

BUTCH LAMBERT: You may proceed, Mr. Kaiser.

RITA BARRETT

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

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Ms. Barrett, are you familiar with the application that we filed seeking to pool any unleased interest in this unit?

A. I am.

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

A. We do.

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

A. Yes.

Q. What is the percentage under lease to EQT in the gas estate?

A. 46.66666667%.

Q. And in the coal estate?

A. 100%.

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

A. Yes.

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

A. 53.33333333%.

Q. Were there any unknown parties in this unit?

A. Yes.

Q. And were all diligent and reasonable efforts made and the sources checked to attempt identify who those unknown and unlocateable parties are?

A. Yes.

Q. In your professional opinion, was due diligence exercised to locate each of the respondents

named in the application?

A. Yes.

Q. Are you requesting this Board to force pool all unleased interest listed at 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. Please advise the Board as to what those are.

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

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

A. Yes.

JIM KAISER: Mr. Chairman, at this time, we'd ask that we be allowed to incorporate the testimony taken earlier today in item 2278-01, which is docket item number ten regarding the statutory election options afforded the unleased parties and their time periods in which to make those.

BUTCH LAMBERT: Accepted.

Q. Ms. Barrett, does the Board need to establish an escrow account for this well?

A. Yes. Tract 4...I'm sorry, Tracts 1, 2, 3 and 4.

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

A. EQT Production Company.

Q. The total depth of the proposed well?

A. 2,260 feet.

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

A. 300 million cubic feet.

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

A. Yes.

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

A. Yes.

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

A. Yes. The dry hole costs are \$205,121.50. The completed well costs are \$412,036.90.

Q. Do these costs anticipate a multiple

completion?

A. Yes.

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

A. Yes.

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

A. Yes.

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

BUTCH LAMBERT: Questions from the Board?

(No audible response.)

BUTCH LAMBERT: Ms. Barrett, I noticed we have Gally Friend/Yellow Poplar on this one. Is this acreage included in the 2,000 acres that we've previously testified to that you've done research on?

RITA BARRETT: Yes.

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.

BUTCH LAMBERT: Mr. Bartlett, I presume---

CHARLES BARTLETT: Yes, sir.

BUTCH LAMBERT: ---we...I called for...I called for the parties earlier in the hearing and no one came forward.

CHARLES BARTLETT: I could not hear anything back there.

BUTCH LAMBERT: Do you wish to testify or provide testimony in this matter?

CHARLES BARTLETT: I have a question. If that's testimony, yes.

BUTCH LAMBERT: Okay. State your name for the record and be sworn.

CHARLES BARTLETT: I'm Charles...Charles Bartlett and the date---

BUTCH LAMBERT: Mr. Bartlett, you need to be sworn.

CHARLES BARTLETT: Pardon.

COURT REPORTER: Raise your right hand.

CHARLES BARTLETT: Okay.

(Charles Bartlett is duly sworn.)

CHARLES BARTLETT: I have for several years represented the William Baker Estate as their agent. A

year or so ago, I obtained two-thirds interest in their lease on this Buchanan tract. I enlisted the permit material that was supplied to me as the lease owner for two-thirds interest in that Baker tract. I'm I...the question is, am I to receive an AFE and a request to join or not? If so, I have not received any such material and I do not know what the costs are. I do intend to join. That is...has been conveyed to Equitable, but I have not received any materials from them.

JIM KAISER: I can respond to that. I have a green card showing where you did receive it, Dr. Bartlett, signed by Mae Taber, it looks like. Mae something.

CHARLES BARTLETT: I have this document, but it does not have the AFE.

JIM KAISER: Well, this was the force pooling application and this is the green card. It was signed for.

CHARLES BARTLETT: I'm sorry. I have not seen it.

BUTCH LAMBERT: Do you know a lady that...I assuming that's a lady.

CHARLES BARTLETT: That's my secretary, yes.

That's information that I'm just now learning. So, my attention are, anyway I'll state, are to join for my share in this well and I would appreciate an AFE statement on that.

BUTCH LAMBERT: It should have been included in the information that you received.

JIM KAISER: I'm sure it was, but we'll get you another one---

CHARLES BARTLETT: Thank you.

JIM KAISER: ---and you'll get your election.

CHARLES BARTLETT: That's all.

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

(No audible response.)

BUTCH LAMBERT: We can probably get him a copy of that green card. Diane, can you make him a copy?

JIM KAISER: We can give him...you can get a copy of that AFE right now too, if you want.

RITA BARRETT: Yeah, I can give him a copy of the AFE out of my file.

BUTCH LAMBERT: And, Diane, if you could make him a copy of that green card, we'd appreciate that.

DIANE DAVIS: I'll go do it right now.

CHARLES BARTLETT: I'm sorry to bother you.

BUTCH LAMBERT: That's all right, Mr. Bartlett.
Any further questions from the Board?

(No audible response.)

BUTCH LAMBERT: Do I have a motion? Oh, I'm
sorry, anything further, Mr. Kaiser?

JIM KAISER: No, sir. We'd ask that the
application be approved as submitted.

BUTCH LAMBERT: Do I have a motion?

MARY QUILLEN: Motion to approve.

BRUCE PRATHER: Second.

BUTCH LAMBERT: Before I call for a vote, is
this an exhibit? We didn't testify to---.

RITA BARRETT: Those are the maps that you asked
for in a memo back in the fall of last year.

BUTCH LAMBERT: Yeah. Showing the surrounding
units.

JIM KAISER: Showing the well works for the CBM
wells.

RITA BARRETT: The distance---.

SHARON PIGEON: Is this specific to this
application?

JIM KAISER: Yes.

SHARON PIGEON: So, we can mark that as handout
Exhibit AA.

JIM KAISER: Sure.

BUTCH LAMBERT: Okay. Handout Exhibit AA. 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 Mary Quillen.)

BUTCH LAMBERT: Opposed, no.

(No audible response.)

BUTCH LAMBERT: Ms. Quillen, did you vote?

MARY QUILLEN: Oh, yes.

BUTCH LAMBERT: Yes, okay. I'm sorry. I didn't hear you.

MARY QUILLEN: I'm sorry.

JIM KAISER: Mr. Chairman, before you call this next one, we've got a typo on it. The well number that's on your docket sheet 531607 and it should be 531608 is the actual well number.

BUTCH LAMBERT: Okay, Mr. Asbury. Is that correct?

DAVID ASBURY: I'm sorry?

BUTCH LAMBERT: That correction, is it...did you note that correct?

JIM KAISER: The docket has got it listed as 07 and it should be 08.

SHARON PIGEON: Could you restate that? I think we were all kind of involved in paperwork.

JIM KAISER: Item twelve.

DAVID ASBURY: It should 607?

JIM KAISER: Yes, sir. No, it should be 608.

RITA BARRETT: It should be 1608.

JIM KAISER: It is 607. It should be 608, number twelve.

DAVID ASBURY: I got it.

JIM KAISER: Okay.

DAVID ASBURY: It's 608.

JIM KAISER: Do you got a 608 on yours?

DAVID ASBURY: Yeah. Maybe it's---

JIM KAISER: I bet you---

BUTCH LAMBERT: On the docket information...on our packet, it is 08.

JIM KAISER: Okay. So, we've got---

RITA BARRETT: Okay. She corrected.

JIM KAISER: We must have got it to Diane and she got it corrected then before it get pass there.

RITA BARRETT: Yeah, I sent her an email.

JIM KAISER: Because the original docket was 07.

BUTCH LAMBERT: Okay.

JIM KAISER: So, you don't have to worry about it.

BUTCH LAMBERT: Okay. We're calling item twelve on the docket, a petition from EQT Production Company for pooling of coalbed methane unit VCI-531608, docket number VGOB-11-0125-2882. All parties wishing to testify, please come forward.

RITA BARRETT

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

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Ms. Barrett, are you familiar with the application that we filed here seeking to pool any unleased interest in this unit?

A. Yes.

Q. Does EQT own drilling rights in the unit involved?

A. We do.

Q. Prior to the filing of the application, were efforts made to contact each of the respondents and

an attempt made to work out a voluntary lease agreement with each?

A. Yes.

Q. What percentage of the gas estate is under lease to EQT in this unit?

A. 96.32%.

Q. And the coal estate?

A. 100...oh, I'm sorry, 93...excuse me, 96.32%.

Q. So, we have fee mineral tracts here?

A. Yes, we do.

Q. And this is an increased density well?

A. Yes.

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

A. Yes.

Q. So, that means 3.68% of both the gas and coal estate remain unleased?

A. That's correct.

Q. Are there any unknowns in this unit?

A. Yes...oh, I'm sorry, no.

Q. Okay. Are you requesting the Board to force pool all unleased interest as listed at 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. Advise the Board as to what those are.

A. Yes. Twenty-five dollars per acre bonus for a five year term and a one-eighth royalty.

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

A. Yes.

JIM KAISER: Again, Mr. Chairman, we'd ask that we be allowed to incorporate the statutory election option testimony taken earlier today in item ten of the docket.

BUTCH LAMBERT: Accepted.

Q. Ms. Barrett, does the Board need to establish an escrow account for this unit?

A. Yes, Tract 2.

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

A. EQT Production Company.

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

A. 2,089 feet.

Q. Estimated life...reserves over the life of the unit?

A. 300 million cubic feet.

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

A. Yes.

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

A. Yes.

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

A. Yes. The dry hole costs are \$143,026.10. The completed well costs are \$340,908.81.

Q. Do these costs anticipate a multiple completion?

A. Yes.

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

A. It does.

Q. In your professional opinion, would the granting of this application be in the best interest of

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

A. Yes.

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

BUTCH LAMBERT: Ms. Barrett, did you testify that there was 300 million cubic feet of estimated production?

RITA BARRETT: Yes, 300 million...350 million cubic feet.

BUTCH LAMBERT: I think you said 300.

RITA BARRETT: I apologize. It's 350 million cubic feet.

BUTCH LAMBERT: Okay.

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

BUTCH LAMBERT: Ms. Quillen.

MARY QUILLEN: On the percentage of leased and unleased in the gas estate. On my B-3, I'm showing two different figures of the leased and unleased.

JIM KAISER: Thank you.

Q. Let's back up. What percentage of the gas estate is under lease to EQT?

A. It's showing---

Q. That's not right.

A. That's wrong.

Q. The information is wrong.

A. Yelp. It is 98.2242539%.

JIM KAISER: And let me strike our earlier testimony. These are not fee mineral tracts.

Q. And what percentage of the coal estate is under lease?

A. 96.32...96.32%.

Q. Okay. So, what percentage of the coal estate remains unleased?

A. 3.68%.

JIM KAISER: Did you get that, Ms. Pigeon?

SHARON PIGEON: Uh-huh.

JIM KAISER: Okay. Thank you.

MARY QUILLEN: But the gas---?

SHARON PIGEON: The gas is needing to be corrected.

MARY QUILLEN: ---estate, what's the gas estate?

RITA BARRETT: The gas estate percentage unleased is 1.77574603%.

MARY QUILLEN: Because I think earlier that both of the unleased was the 3.68.

JIM KAISER: Right. That's incorrect.

RITA BARRETT: Yeah. It's wrong on our---.

JIM KAISER: It's wrong on our questions.

RITA BARRETT: ---questions.

MARY QUILLEN: Thank you.

RITA BARRETT: Thank you.

BUTCH LAMBERT: Any further questions from the Board?

BRUCE PRATHER: I've got a comment.

BUTCH LAMBERT: Mr. Prather.

BRUCE PRATHER: Rita, you're to be commented for putting these offset CBM wells on your map. That's not required by law, but it does help the Board a lot. So, I do appreciate you doing that.

JIM KAISER: Thank you.

RITA BARRETT: Thank you for saying that. I will say that that is costing us additional surveyor dollars.

BUTCH LAMBERT: And we'll exhibit handout AA.

JIM KAISER: Are all the operators providing that to you?

BUTCH LAMBERT: They are.

JIM KAISER: Okay.

BUTCH LAMBERT: Uh-huh. We wouldn't treat you

unfairly.

JIM KAISER: Just making sure.

BRUCE PRATHER: You're still to be commented
for---

JIM KAISER: Thank you.

BRUCE PRATHER: This is great.

SHARON PIGEON: It's helpful.

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, 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. Kaiser. It's approved.

JIM KAISER: Thank you.

RITA BARRETT: Thank you.

BUTCH LAMBERT: Calling docket item thirteen, a petition from EQT Production Company for pooling of coalbed methane unit VCI-531625, docket number VGOB-11-0125-2883. All parties wishing to testify, please come forward.

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

BUTCH LAMBERT: Good morning, Mr. Sheffield.

JOHN SHEFFIELD: Good morning.

(John Sheffield is duly sworn.)

BUTCH LAMBERT: You may proceed, Mr. Kaiser.

RITA BARRETT

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

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Ms. Barrett, are you familiar with the

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

A. I am.

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

A. We do.

Q. And prior to the filing of the
application, were attempts made to work out a voluntary
lease agreement with all respondents owning an interest?

A. Yes.

Q. What percentage of the gas estate is
under lease to EQT in this unit?

A. 98.60171875%.

Q. And the coal estate?

A. 98.60171875%.

Q. Okay. So, what percentage of both the
gas and coal estate remain unleased in this unit?

A. 1.39828125%.

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

A. Yes.

Q. And this is a increased density well?

A. It is.

Q. Okay. Do we have any unknowns and

unlocateables in this unit?

A. No.

Q. Okay. Are you requesting the Board to force pool all unleased interest listed at 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. I am.

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

A. Twenty-five dollars per acre bonus for a five year term and a one-eighth royalty.

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

A. Yes.

JIM KAISER: Mr. Chairman, again, I'd ask that we be allowed to incorporate the statutory election option testimony taken earlier in item number ten.

BUTCH LAMBERT: Accepted.

Q. Ms. Barrett, does the Board need to establish an escrow account for this well?

A. No.

Q. Okay. And that is because in Tract 2 there's a royalty split agreement?

A. That's correct.

Q. Okay. And that's represented as EE in the application?

A. That's correct. The gas owners also are the same in 3 and 4.

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

A. EQT Production Company.

Q. The total depth of the proposed well?

A. 2,528 feet.

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

A. 350 million cubic feet.

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

A. Yes.

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

A. Yes.

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

A. Yes. Dry hole costs are \$119,884.20.
Completed well costs are \$329,256.12.

Q. Do these costs anticipate a multiple completion?

A. Yes.

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

A. It does.

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

A. Yes.

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

BUTCH LAMBERT: Any questions from the Board?

(No audible response.)

BUTCH LAMBERT: Mr. Sheffield.

JOHN SHEFFIELD: Yes. Mr. Kaiser, is this...this is the second well in this unit. I believe you guys had an increased density last month. Is that correct?

RITA BARRETT: This is the increased density.

JIM KAISER: This is the increased density.

JOHN SHEFFIELD: Okay. Yes, it's the second the well in unit.

JIM KAISER: It's the second well in the unit, correct.

JOHN SHEFFIELD: Yes, sir. And first of all in this unit, BU-3276 it started production it looks like in December of 2006. Since then up to October of 2010, it has like 91,124 mcf. Does that seem satisfactory for a second well to go ahead and come into the unit?

RITA BARRETT: I can't testify to that.

JOHN SHEFFIELD: Okay. I'm sorry.

JIM KAISER: Well, I mean, I don't have any idea on that.

JOHN SHEFFIELD: Okay.

JIM KAISER: I mean, my assumption would be that they wouldn't have asked us to...they would have taken the time and effort to file this application if they didn't think it was worth while to drill the increased density well.

JOHN SHEFFIELD: Okay. All right.

RITA BARRETT: We're estimating it at 350 million cubic feet.

JIM KAISER: Yeah. And we're estimating it at 350 over the life of the unit---.

JOHN SHEFFIELD: Yes, sir.

JIM KAISER: ---or life of the well.

JOHN SHEFFIELD: Okay. Let's see here. And the total depth was, let's see, 2,528 feet.

RITA BARRETT: That's correct.

JOHN SHEFFIELD: And where's the...how far is the...how far down is the lowest coal seam in that...in that depth? I'm sorry, I don't have anything in front of me.

RITA BARRETT: It looks like the Poca 2.

JOHN SHEFFIELD: And what's that depth and thickness?

RITA BARRETT: I have no idea.

JOHN SHEFFIELD: Okay. And this might be a questions before the...to the Board and maybe not so much EQT, but I'll ask both or the Director. From the time of production, let's say somebody deemed leased or a participate, how long should it be until they should receive any payment on their interest in the well?

RITA BARRETT: From initial production it usually...it's a 60 day lag until we start paying royalties and then it's every month after that.

JOHN SHEFFIELD: A 60 lag.

RITA BARRETT: From the time the well is turned

in line and the division or set out and all the divisional---.

JOHN SHEFFIELD: Sure.

RITA BARRETT: ---orders are mailed out to the parties, it's usually 60 days before we get all of that information back in.

JIM KAISER: And that would be the same also for another working interest owner and not just a royalty owner.

RITA BARRETT: That's correct.

JOHN SHEFFIELD: Okay. Okay. I was a little surprised because...and this is...Board this is the only thing I have to go on in the history. BU-3276 I didn't receive any elections on that. We had some...and that's just something that happened because I changed Trustees in January of '06. This thing came up before the Board in September of '06 and there was some mailings sent to my former Trustee and returned. They were returned refused. Last month I received a check from EQT for the first time on BU-2376, and I have copies here if anybody would like to see them---.

JIM KAISER: Well, time out. That well is not before the Board right now.

BUTCH LAMBERT: Yeah. Yeah, he---.

JOHN SHEFFIELD: Okay. But this is the only history that I have dealing with you.

BUTCH LAMBERT: Mr. Kaiser is correct, Mr. Sheffield. We're not here on that particular well. So, if you would like to discuss that with Mr. Asbury on the break---

JOHN SHEFFIELD: Okay. Okay. My apologies.

BUTCH LAMBERT: ---we'll be...we'll be happy to---

RITA BARRETT: And I will say this, Mr. Sheffield is always welcome to call my office and talk to me about these issues.

BUTCH LAMBERT: Thank you, Ms. Barrett.

JOHN SHEFFIELD: And, Ms. Barrett, we've talked about this many times and about the addresses three times being switched back and forth between us.

BUTCH LAMBERT: Yeah, Mr. Sheffield, on break or during lunch if you'll talk with Mr. Asbury we'll see if we can help you with that issue.

JOHN SHEFFIELD: Well, I appreciate that. I apologize. Excuse me. Let's see here. Now, you mentioned that this is a...is that a dual or multiple completion well?

RITA BARRETT: Yes, sir.

JIM KAISER: Yes.

JOHN SHEFFIELD: So, that's multiple completion.
I'm sorry, I'm---

JIM KAISER: That means that they will complete
more than one coal seam.

JOHN SHEFFIELD: More than one coal seam?

JIM KAISER: Right.

JOHN SHEFFIELD: Okay. All right. And I kind
of have a funny question because the last time Mr.
Kaiser and I were talking about things and talking about
that somebody wanted to be a carried interest or
participate in the order or in his...yeah, it was in the
order. We were talking about this is the Nora Field
Rule coalbed methane well, but it also including in the
wording oil and gas. If I'm not mistaken, please
correct me, Jim, you had mentioned that well that, you
know, is just wording that has been there forever and
corrected and things like that. Once again, let me just
hand you this. Jim, I'm a little confused this out for
somebody. I'll hand copies to the Board.

(John Sheffield passes out exhibits.)

JOHN SHEFFIELD: Now, at the bottom, it says,
"Take note...", if you guys would like to follow along
where I have highlighted. "Take note and please be

advised if the order provides that any oil, gas and coalbed methane claimant who has not already leased their oil and gas", not coalbed methane but their oil and gas, "and who does not make an election within 30 calendar days following the recordation date..." Let's stop there. The recordation date in my mine is October 13, 2009 up at the top highlighted...not the top but halfway up. "Shall be deemed to have elected not to participate and shall be deemed to have leased their interest in accordance with (inaudible) of the order and to be compensated in according with paragraph 9.2 of the order." I'm sure I'm wrong, but the first notice I had of this was December the 28th at the top of the letter. So, let's say I...hypothetically, let's say I wanted to participate in this well, 10% of the well, let's say hypothetically it's a \$100,000 or \$50,000 or whatever. So, I participate \$50,000 and I'm a participate in the coalbed methane. Does that mean I'm only going to get a deemed leased part of the oil or other gas if this well happens to produce that?

JIM KAISER: No. I guess your problem is that it was recorded on the 12th and then the letter is not even dated until the 28th. So, we now, as you probably just previously heard in testimony say that each

unleased party has...and I guess we need to change this letter, which by the way, as far as I know, we're the only applicant that even sends this out with the election. Everybody else just sends the order and it's up to you to read it and figure it out yourself. But that being said, I guess what we need to do is have this say make an election within 30 calendar following the receipt of the recorded Board order because we do...that's what we...that's what's in the testimony at the hearing and that's what...and that's what you get.

JOHN SHEFFIELD: Okay. Right. And I appreciate that, Jim,---.

JIM KAISER: All right.

JOHN SHEFFIELD: ---because it was very misleading. I've had some other situations and---.

JIM KAISER: Right.

JOHN SHEFFIELD: ---I'm not trying to include you, but I've had some other situations where, you know, if I sign that, I read it, I understand it and that's a new agreement above what the Board order says.

JIM KAISER: Yeah. So, we either need to change that or quit sending the letters, I guess. We can...I'll see what the client wants to do.

JOHN SHEFFIELD: So, that's...that's not the

intent of the letter is to say---

JIM KAISER: No, no, no.

JOHN SHEFFIELD: ---you...you know, even though the order comes through the same way.

JIM KAISER: No, the testimony in the hearing...and the order should say...the order will say within 30 days of the receipt of the actual recorded order.

JOHN SHEFFIELD: And I understand that, but once you sign this agreement, you've said you read it and understand it.

JIM KAISER: Oh, I'm glad you pointed that out.

JOHN SHEFFIELD: Okay.

JIM KAISER: I haven't looked at that letter in a while.

SHARON PIGEON: It has been around for a long time I bet.

JIM KAISER: Yeah. About 25 years.

JOHN SHEFFIELD: Sorry, about...you got the front of that, Jim, but---

JIM KAISER: That's all right.

JOHN SHEFFIELD: ---it made me a little nervous because of other things.

JIM KAISER: That's all right. It's not a

problem.

SHARON PIGEON: He probably inherited that.

JIM KAISER: I'm pretty sure I did.

RITA BARRETT: Well, we will continue to send the letters.

SHARON PIGEON: Just change them so that they are not confusing. That's good.

BUTCH LAMBERT: Just change the language.

JIM KAISER: Yeah.

JOHN SHEFFIELD: So...so, let me followup with that. Are we producing any oil out of any of these gas wells or coalbed methane wells?

JIM KAISER: No, sir.

JOHN SHEFFIELD: No oil whatsoever?

JIM KAISER: Unh-huh.

JOHN SHEFFIELD: And do we know what pipeline we're looking at this gas is going to be going into?

RITA BARRETT: I don't know.

JOHN SHEFFIELD: Okay. I can find out for you. Excuse me, I'll be right back with you. I'm just making a note. How about...do you know what kind of compression you're using to move this gas, by chance? I mean, are we using...are we using straight electricity from Appalachian Energy or Electric or are these gas

fired situations?

RITA BARRETT: I can't answer that. I can find out for you.

JOHN SHEFFIELD: Okay. That's all---.

BUTCH LAMBERT: Is that specific...is that specific to this well, Mr. Sheffield, that question?

JOHN SHEFFIELD: Yes, it is. Sure. Sure. If that---

JIM KAISER: Yeah, and that's fine. Yeah.

RITA BARRETT: That's fine. I can find that stuff out for him.

BUTCH LAMBERT: Okay. Thank you.

JIM KAISER: We just need to set up a---

JOHN SHEFFIELD: If this gas is being moved, I'm just asking how it's being moved.

JIM KAISER: We just need to set up a...and we will...I think it would be...the best course of interest would be to set up a meeting with Mr. Sheffield and one of their operational field, you know, engineers.

JOHN SHEFFIELD: Okay.

JIM KAISER: And let him go through all of that with him.

JOHN SHEFFIELD: I appreciate that, Jim.

JIM KAISER: It won't be any problem.

RITA BARRETT: We'll be happy to.

JOHN SHEFFIELD: Thank you much.

BUTCH LAMBERT: Thank you. I appreciate it.

JOHN SHEFFIELD: That's all the questions I have at this time.

BUTCH LAMBERT: Okay, thank you. Any questions from the Board?

(No audible response.)

BUTCH LAMBERT: I have one question. Ms. Barrett, we were handed out another Revised Exhibit B.

RITA BARRETT: Yes. That just reflects some address changes. The parties got noticed and they called and told us that their addresses had actually changed. So, we changed it on the exhibit.

BUTCH LAMBERT: Okay. So---.

RITA BARRETT: That's all it is.

BUTCH LAMBERT: That's...okay, thank you.

RITA BARRETT: You're welcome, sir.

BUTCH LAMBERT: Any further questions from the Board?

SHARON PIGEON: I have a question and it's about addresses as well. Are you getting signed green cards back on Lucille Vickers at this Wise, Virginia address because she actually resides in Tennessee.

JIM KAISER: No. She's showing up as unclaimed.

SHARON PIGEON: Well, she resides in Tennessee.

RITA BARRETT: You have given us that information before.

SHARON PIGEON: Yes, I have.

RITA BARRETT: And I thought we had changed it. I apologize.

JIM KAISER: No, here's here package.

BUTCH LAMBERT: It's returned from the Wise address?

JIM KAISER: Yes, sir, unclaimed.

SHARON PIGEON: She lives in Brentwood, Tennessee. Also, you have Hugh and Nancy Cline. Both of them are deceased. So, I don't know if their son is maybe accepting their mail.

JIM KAISER: Somebody did.

SHARON PIGEON: But they are both...I mean, you need to change your ownership there.

BUTCH LAMBERT: Anything further, Mr. Kaiser?

JIM KAISER: It was signed for by a Mary Cline.

SHARON PIGEON: It must be his sister. The parents are both deceased.

JIM KAISER: No, actually, it was signed for by...well, it looks like somebody signed it and then

somebody else received it. Nancy Black received it and Mary somebody signed for it. Mary Black signed for it. But they still list it as 312 Henry Street.

SHARON PIGEON: Well, that was the family home. I mean, that I think is still in the family. But the individuals are both deceased.

JIM KAISER: Oh, it was the family, okay. All right. We'll get that cleaned up in the supplemental order.

BUTCH LAMBERT: Anything further, Mr. Kaiser?

JIM KAISER: No, sir. We'd ask that the application be approved as submitted with the revised exhibits.

BUTCH LAMBERT: The Chairman recuse himself in calling for a vote or voting on this application. I just saw a relative that's in one of your lessees. So, I'll recuse myself. Ms. Quillen, would you call for the vote, please?

MARY QUILLEN: I'm sorry?

BUTCH LAMBERT: Would you call for a vote, please?

MARY QUILLEN: Oh.

BUTCH LAMBERT: I recused myself from this application.

MARY QUILLEN: I apologize. Do I hear a motion to approve?

BRUCE PRATHER: Motion to approve.

MARY QUILLEN: A second?

BILL HARRIS: Second.

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

(All members signify by saying yes, but Butch Lambert.)

MARY QUILLEN: Opposed.

BUTCH LAMBERT: One abstention.

MARY QUILLEN: Motion carries.

BUTCH LAMBERT: One abstention Mr. Lambert.

MARY QUILLEN: One abstention Ms. Dye.

BILL HARRIS: And I'm a yes, if you didn't hear me.

BUTCH LAMBERT: Thank you. Do you want to do that again, Ms. Quillen? Apparently, there some confusion over the second.

BILL HARRIS: Yeah. I just thought I heard her--.

MARY QUILLEN: Well, I made the motion and Bruce seconded it.

BILL HARRIS: No, no. You didn't make the

motion because you asked for the motion.

BRUCE PRATHER: I asked...I motioned it.

BUTCH LAMBERT: I abstained. So, I asked you to call for the motion.

BRUCE PRATHER: I don't know who seconded it.

MARY QUILLEN: To call for a motion.

BILL HARRIS: Yes. Bruce made the motion and then you seconded it.

BRUCE PRATHER: That's all right.

BILL HARRIS: And I don't know...my question was can you make...can you ask for the motion and second it?

MARY QUILLEN: Oh, I didn't realize that I seconded it. Did I second it?

BRUCE PRATHER: Yeah.

BILL HARRIS: You said second.

MARY QUILLEN: Did I? Oh, pardon me. Okay, we'll do that again.

BILL HARRIS: I just want to make sure the record is okay.

MARY QUILLEN: Do I hear a motion to approve?

BRUCE PRATHER: Motion to approve.

BILL HARRIS: Second.

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

(All members signify by saying yes, but Butch Lambert.)

MARY QUILLEN: Opposed, no.

(No audible response.)

MARY QUILLEN: Motion for approval.

BUTCH LAMBERT: One abstention.

MARY QUILLEN: One abstention, Mr. Lambert.

RITA BARRETT: Thank you.

BUTCH LAMBERT: We're calling docket item number fourteen, a petition from EQT Production Company for pooling of horizontal conventional gas unit VH-531528, docket number VGOB-11-0125-2844. All parties wishing to testify, please come forward.

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

RITA BARRETT

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

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Ms. Barrett, this is a horizontal well.

A. It is.

Q. The unit has already been established?

A. Yes.

Q. Does EQT own drilling rights in the unit involved?

A. We do.

Q. Are you familiar with the application that we filed seeking to pool any unleased interest?

A. I am.

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

A. Yes.

Q. What percentage of the gas estate within the unit is under lease to EQT?

A. 95.26768488%.

Q. So, all unleased parties are set out in B-3?

A. They are.

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

A. 4.73231512%.

Q. Okay. We do have some unknowns in this unit?

A. Yes, we do.

Q. Were reasonable and diligent efforts made and the sources checked to attempt to identify and locate these unknowns?

A. Yes.

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

A. Yes.

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

A. I am.

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

A. Yes.

Q. Advise the Board as to what those are?

A. Twenty-five dollars per acre bonus for a five year paid up term and a one-eighth royalty.

Q. Before I get ahead of myself, we passed out a Revised Exhibit B, I guess. What was that for?

A. That reflects an address change on one of the lessors.

Q. Okay. And in your opinion, do the terms that you testified to previous to that question

represent the fair market value and the fair and reasonable compensation to be paid for drilling rights within this unit?

A. Yes.

JIM KAISER: Mr. Chairman, again, I'd ask to be allowed to incorporate the statutory option testimony taken in item ten of the docket.

BUTCH LAMBERT: Accepted.

Q. Ms. Barrett, does the Board need to establish an escrow account for this unit?

A. Yes. Tracts 15, 16, 19, 22 and 35 due to unknowns and unlocateables.

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

A. EQT Production Company.

Q. The total depth of the proposed well?

A. 8,356 feet.

Q. Estimated reserves over the life of the well?

A. 800 million cubic feet.

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

A. Yes.

Q. In your opinion, does it represent a

reasonable estimate of well costs?

A. It does.

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

A. Yes. The dry hole costs are \$633,055, The completed well costs are \$1,308,493.

Q. Do these costs anticipate a multiple completion?

A. Yes.

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

A. Yes.

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

A. Yes.

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

BUTCH LAMBERT: 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 revised exhibits.

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: Abstention.

BUTCH LAMBERT: One abstention Mr. Prather. Calling item fifteen on the docket. It's a petition from EQT Production Company for pooling of coalbed methane unit VCI-538428, docket number VGOB-11-0125-2855. All parties wishing to testify, please come forward.

JIM KAISER: Jim Kaiser and Rita Barrett.

RITA BARRETT

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

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Ms. Barrett, are you familiar with the application that we filed here seeking to pool any unleased interest in this unit?

A. Yes.

Q. This is an increased density well?

A. It is.

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

A. Yes, we do.

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

A. Yes.

Q. What percentage is under lease to EQT in the...well, wait a minute. What are handing out?

A. We're handing out the---.

Q. Okay, no revised exhibits.

A. No revised exhibits.

Q. All right. What's the interest of EQT in the gas estate in the unit?

A. 99.85518519%.

Q. In the coal estate?

A. 100%.

Q. All unleased parties are set out in Exhibit B-3?

A. They are.

Q. So, what small percentage of the gas estate remains unleased?

A. 0.014481481%.

Q. And the coal estate is a 100% leased, right?

A. That's correct.

Q. Do we have any unknowns in this unit?

A. Yes.

Q. Okay. And were reasonable and diligent efforts made and attempts made to identify and locate these unknown parties?

A. Yes.

Q. Are you sure we do?

A. I'm sure we've got unknowns.

Q. Where? Yeah, Emory Clyde Presley. Are you---

SHARON PIGEON: Could you recheck that percentage that's unleased on the gas? I think you testified one digit off, sorry.

RITA BARRETT: The percentage that's unleased

is 0.014481481%.

SHARON PIGEON: That's not what we have on---.

RITA BARRETT: That's what I'm showing.

JIM KAISER: No. It should be 0.14. There's not a 0 in front of the 1 on the other side of the decimal. The question is wrong again.

RITA BARRETT: Yeah. The percentage leased is 99.85518519%. The percentage of gas unleased is 0.14481481%.

JIM KAISER: Thank you.

SHARON PIGEON: Thank you.

RITA BARRETT: You're welcome.

Q. All right. And are you requesting this Board to force pool all unleased interest listed at Exhibit B-3?

A. Yes.

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

A. I am.

Q. Please advise the Board as to what those are.

A. Twenty-five dollars per acre bonus for a five year paid up term and a one-eighth royalty.

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

A. Yes.

JIM KAISER: Again, Mr. Chairman, I'd ask that we be allowed to incorporate the testimony regarding the statutory election options previously taken in item ten.

BUTCH LAMBERT: Accepted.

Q. Ms. Barrett, does the Board need to establish an escrow account for this unit?

A. Yes. Escrowed portion of Tract 3.

Q. Okay. And is there a royalty split agreement on the tract?

A. There is.

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

A. EQT Production Company.

Q. The total depth of the proposed well?

A. 3,147 feet.

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

A. 150 million cubic feet.

Q. Has an AFE been reviewed, signed and

submitted to the Board as Exhibit C?

A. Yes.

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

A. It does.

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

A. Yes. The dry hole costs are \$146,856.90. The completed well costs are \$425,973.89.

Q. Do these costs anticipate a multiple completion?

A. Yes.

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

A. Yes.

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

A. Yes.

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

BUTCH LAMBERT: Questions from the Board?

BILL HARRIS: Let me ask a question---

BUTCH LAMBERT: Mr. Harris.

BILL HARRIS: ---about the location of the well there. It's---.

RITA BARRETT: It is outside the interior, but we've determined that there's no correlative rights issues.

BILL HARRIS: And there wasn't another location that it could be placed?

RITA BARRETT: It looks like we probably put it there due to terrain possibly. No, I mean, we try to find locations inside the interior, but in this instance we were not able to.

JIM KAISER: Yeah, if you'll notice in this case, they're both outside the window.

RITA BARRETT: Yes.

JIM KAISER: That's got to be a topography issue.

RITA BARRETT: It is.

JIM KAISER: If you'll look at the...did they get that?

RITA BARRETT: Yes.

JIM KAISER: Yeah, if you'll look at that, you'll see how steep---.

BILL HARRIS: I mean, it just...I was just

curious because it looks like there were other areas.
But---

RITA BARRETT: It could have been, Mr. Harris, that we were working with the coal company or we were working with the surface owner. It could have be topography. We try to get them in the interior, but in this case we weren't able to get the initial well in the interior.

BILL HARRIS: Yeah...yeah, I noticed that.

JIM KAISER: Yeah, it looks like it was almost a straight line between them. So---

BILL HARRIS: Yeah.

JIM KAISER: ---my guess is that's some kind of ridge top or something where we can get a location.

BILL HARRIS: Yeah. It just looked like to the left of that...I mean, the contour lines are further apart. It just appeared to be flatter. So, I was just curious---

BRUCE PRATHER: It would be...it would be easier to lay a pipeline between the well to the north and to the one to the south just coming out the top of that ridge.

RITA BARRETT: I'm sorry?

BRUCE PRATHER: It would be easier to lay a

pipeline to marked this well going out that ridge to
toward that other well. That's part of it.

BILL HARRIS: Thank you. I was just curious.

JIM KAISER: Sure.

BUTCH LAMBERT: Any other questions?

(No audible response.)

BUTCH LAMBERT: Anything further, Mr. Kaiser?

JIM KAISER: Yes, sir. We'd ask that the
application 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. It's
approved.

RITA BARRETT: Thank you.

BUTCH LAMBERT: Calling item sixteen, a petition

from EQT Production Company for pooling of coalbed methane unit VCI-537447, docket number VGOB-11-0125-2886. All parties wishing to testify, please come forward.

JIM KAISER: Jim Kaiser and Rita Barrett.

RITA BARRETT

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

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Ms. Barrett, again, this is an increased density well?

A. Yes.

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

A. Yes.

Q. Does EQT own drilling rights within this unit?

A. We do.

Q. Prior to the filing of the application, were efforts made to contact each respondent and an attempt made to work out an agreement with each?

A. Yes.

Q. What percentage of the gas estate is under lease to EQT?

A. 98.75414815%.

Q. And the coal estate?

A. 100%.

Q. All unleased parties are set out in Exhibit B-3?

A. Yes.

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

A. 1.24585185%.

Q. Okay. And we do have an unknown and undivided interest in Tract 2, is that correct?

A. That's correct.

Q. And were all reasonable and diligent efforts made and the sources checked to identify and locate this unknown?

A. Yes.

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

A. I am.

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

A. Yes.

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

A. Yes. Twenty-five dollars per acre bonus for a five year paid up term and a one-eighth royalty.

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

A. Yes.

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

BUTCH LAMBERT: Accepted.

Q. Ms. Barrett, does the Board need to establish an escrow account for this well?

A. Yes. Escrow Tract 2.

Q. And Tract 4 has a royalty split agreement?

A. That's correct.

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

A. EQT Production Company.

Q. The total depth of the proposed well?

A. 1,487 feet.

Q. Estimated reserves for the life of the unit?

A. 150 million cubic feet.

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

A. Yes.

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

A. It does.

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

A. Yes. Dry hole costs are \$103,250.30. The completed well costs are \$296,774.23.

Q. Do these costs anticipate a multiple completion?

A. Yes.

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

A. Yes.

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

A. Yes.

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

Q. Well, wait a minute. Is this one outside the interior window?

A. It is.

Q. And have you determined that there's no correlative rights issues?

A. There are no correlative rights issues associated with this unit for this well.

Q. And then under the Nora Coalbed Gas Field Rule, Mr. Asbury and his office will have the right to grant the permit?

A. Yes.

JIM KAISER: Okay. Nothing further.

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?

KATIE DYE: 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. Kaiser. It's approved.

JIM KAISER: Thank you.

RITA BARRETT: Thank you.

BUTCH LAMBERT: Calling item seventeen, a petition from EQT Production Company for pooling of coalbed methane unit VCI-537428, docket number VGOB-11-0125-2887. All parties wishing to testify, please come forward.

JIM KAISER: Jim Kaiser and Rita Barrett.

BUTCH LAMBERT: You may proceed, Mr. Kaiser.

RITA BARRETT

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

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Ms. Barrett, are you familiar with the

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

A. I am.

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

A. Yes, we do.

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

A. Yes.

Q. What percentage of the gas estate is under lease to EQT?

A. 99.77388889%.

Q. And the coal estate?

A. 100%.

Q. And, again, we have the Lowe/Barton Heirs that are unknown party in this unit?

A. Yes. There is an unknown in Tract 2.

Q. And, again, were reasonable and diligent efforts made and sources checked to identify and locate these unknown people?

A. Yes.

Q. Are you requesting the Board to force

pool all unleased interest listed at Exhibit B-3?

A. Yes.

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

A. I am.

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

(Rita Barrett confers with Jim Kaiser.)

Q. Oh, I'm sorry. Did I not cover the unleased portion?

A. No.

BUTCH LAMBERT: No.

JIM KAISER: Sorry.

Q. What portion of the gas estate remains unleased?

A. .22611111%

JIM KAISER: I apologize. We probably could have combined this with the previous one. It's the same people.

Q. All right. Back to...are you requesting the Board to force pool all unleased interest listed at B-3?

A. I am.

Q. And you have already advised the Board as to what the fair market value of drilling rights are? Did you do it for this one?

A. No. No.

Q. Would you do that, please?

A. Yes, sure. A twenty-five dollar per acre bonus for a five year term and a one-eighth royalty.

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

A. Yes.

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

BUTCH LAMBERT: Accepted.

Q. Ms. Barrett, does the Board need to establish an escrow account for this unit?

A. Yes. Tract 2.

Q. Okay. And, again, this well is outside the interior window?

A. That's correct.

Q. Have you determined that there is not correlative rights issues?

A. We have.

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

A. EQT Production Company.

Q. The total depth of this proposed well?

A. 1,488 feet.

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

A. 150 million cubic feet.

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

A. Yes.

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

A. It does.

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

A. Yes. Dry hole costs are \$96,231.20. Completed well costs are \$293,667.52.

Q. Do these costs anticipate a multiple completion?

A. Yes.

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

A. Yes.

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

A. Yes.

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

BUTCH LAMBERT: Questions from the Board?

BRUCE PRATHER: Mr. Chairman, I've got one question.

BUTCH LAMBERT: Mr. Prather.

BRUCE PRATHER: Looking at your map here, there's an approximate location VCI-538594. That's 690 feet. Do you have a permit on that one or is that just a proposed location? It's one that's northwest of the...it doesn't have any insignia around it like it's a---

RITA BARRETT: I would think that that's a proposed well, Mr. Prather.

BRUCE PRATHER: Okay. Okay. Thank you.

BUTCH LAMBERT: Any other questions from the Board?

(No audible response.)

BUTCH LAMBERT: Anything further, Mr. Kaiser?

JIM KAISER: Mr. Chairman, we'd ask that the application 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. It's approved.

JIM KAISER: Thank you.

RITA BARRETT: Thank you.

BUTCH LAMBERT: Calling docket item eighteen, a petition from EQT Production Company for pooling or coalbed methane unit VCI-538847, docket number VGOB-11-0125-2888. All parties wishing to testify, please come forward.

JIM KAISER: Jim Kaiser and Rita Barrett.

BUTCH LAMBERT: You may proceed, Mr. Kaiser.

RITA BARRETT

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

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. All right. Ms. Barrett, are you familiar with the application that we filed seeking to pool any unleased interest in this unit?

A. Yes.

Q. And 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 respondent and an attempt made to work out a voluntary lease agreement with each?

A. Yes.

Q. What is the interest under lease to EQT in the gas estate in this unit?

A. 97.30%.

Q. Okay. And the coal estate?

A. 87.30%.

Q. So, 12.70% in both estates remain
unleased?

A. That's correct.

Q. Okay. And there's no unknowns in this
unit, right?

A. That's correct.

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

A. Yes.

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

A. Yes.

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

A. Twenty-five dollars per acre bonus for a
five year paid up term and a one-eighth royalty.

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

A. Yes.

JIM KAISER: Again, we'd ask that to be allowed
to incorporate the statutory election testimony taken in

item ten today.

BUTCH LAMBERT: Oh, I'm sorry. Accepted.

JIM KAISER: That's all right.

Q. Ms. Barrett, does the Board need to establish an escrow account for this unit?

A. Yes. Escrow Tract 2.

Q. And does Tract 3 have a royalty split agreement?

A. Yes.

Q. Okay. And is this well outside the window?

A. This well is outside the interior window. It is 25.5 feet inside the exterior window and there are no correlative rights issues associated with it.

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

A. EQT Production Company.

Q. The total depth of the proposed well?

A. 2,485 feet.

Q. The estimated reserves over the life of the well?

A. 200 million cubic feet.

Q. Has an AFE been reviewed, signed and

submitted to the Board as Exhibit C?

A. Yes.

Q. Does this AFE, in your opinion, represent a reasonable estimate of the well costs?

A. Yes.

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

A. Yes. The dry hole costs are \$126,614.50. The completed well costs are \$336,203.65.

Q. Do these costs anticipate a multiple completion?

A. Yes.

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

A. It does.

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

A. Yes.

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

BUTCH LAMBERT: Questions from the Board?

BILL HARRIS: Mr. Chairman---

BUTCH LAMBERT: Mr. Harris.

BILL HARRIS: ---let me ask a question. We have two handouts here, but the well locations differ on the two handouts. The 8 1/2 X 11 shows the well location actually in the...near the center of AP-80. Then the larger one shows it in the lower---.

RITA BARRETT: Yeah. The mine works...this is incorrect. The correct exhibit...this is...with the plat, yes.

BILL HARRIS: Okay. Because you mentioned about 25 feet into the---.

RITA BARRETT: I apologize for that.

BILL HARRIS: So, we scrap this 8 1/2 X 11?

RITA BARRETT: Correct.

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, 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: It's approved, Mr. Kaiser.

Thank you.

JIM KAISER: Thank you.

BUTCH LAMBERT: Calling item nineteen on the docket, a petition from EQT Production Company for pooling of a horizontal conventional gas unit VH-531556, docket number VGOB-11-0125-2889. All parties wishing to testify, please come forward.

JIM KAISER: Jim Kaiser and Rita Barrett, again.

RITA BARRETT

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

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Ms. Barrett, are you familiar with the application that we filed seeking to pool any unleased interest in this unit?

A. I am.

Q. And this is a horizontal well, where the unit has been previously established?

A. That's correct.

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

A. Yes, we do.

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

A. Yes.

Q. What percentage is under...of the unit is under lease to EQT?

A. 89.06%.

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

A. Yes.

Q. So, what percentage of the unit remains unleased?

A. 10.94%.

Q. Okay. Are there any unknowns?

A. No.

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

A. Yes.

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

A. Yes.

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

A. Yes. A twenty-five dollar per acre bonus for a five year paid up term and a one-eighth royalty.

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

A. Yes.

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

BUTCH LAMBERT: Accepted.

Q. Ms. Barrett, does the Board need to

establish an escrow account for this unit?

A. No.

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

A. 8,381 feet.

Q. The estimated reserves of the well over the life of the well?

A. 800 million cubic feet.

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

A. Yes.

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

A. Yes.

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

A. Yes. Dry hole costs are \$598,000 and...I'm sorry, \$598,023. The completed well costs are \$1,164,637.

Q. Do these costs anticipate a multiple completion?

A. Yes.

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

A. Yes.

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

A. Yes.

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

BUTCH LAMBERT: Any 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?

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: One abstention.

BUTCH LAMBERT: One abstention, Mr. Prather.

Thank you, Mr. Kaiser. It approved.

JIM KAISER: Mr. Chairman, if you would, I think we can combine items twenty and twenty-one. They're the exact same parties.

BUTCH LAMBERT: Okay. We're calling item twenty on the docket, a petition from EQT Production Company for pooling of horizontal conventional gas unit VH-531588, docket number VGOB-11-0125-2890. Also, calling docket item number twenty-one, a petition from EQT Production Company for pooling of horizontal conventional gas unit VH-531559, docket number VGOB-11-0125-2891. All parties wishing to testify, please come forward.

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

RITA BARRETT

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

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Ms. Barrett, are you familiar with the

applications that we filed here seeking to pool any
unleased interest in these two units?

A. I am.

Q. These are horizontal wells?

A. They are.

Q. The units have previously been
established by the Board?

A. Yes.

Q. Does EQT own drilling rights in the
units involved here?

A. Yes, we do.

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

A. Yes.

Q. What's under...what is the interest of
EQT under lease in both of the units?

A. 96.74%.

Q. And the unleased percentage?

A. The unleased percentage is 3.26%.

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

A. Yes.

Q. We do have some unknowns in both units?

A. We do.

Q. And they're represented in Tracts 14 and 15 in both units?

A. That's correct.

Q. And were reasonable and diligent efforts made and the sources checked to attempt to identify and locate these unknowns?

A. Yes.

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

A. Yes.

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

A. I am.

Q. Again, advise the Board as to what those are?

A. Yes. A twenty-five dollar per acre bonus for a five year paid up term and a one-eighth royalty.

Q. In your opinion, do the terms that you've testified to represent the fair market value of and the fair and reasonable compensation to be paid for

drilling rights within these units?

A. Yes.

JIM KAISER: Mr. Chairman, again, I'd ask that we be allowed to incorporate the statutory election testimony taken previously in item ten.

BUTCH LAMBERT: Accepted.

Q. Ms. Barrett, does the Board need to establish an escrow account for both of these units?

A. Yes. Escrow Tracts 14 and 15 due to unknowns and unlocateables.

Q. And that would be for both units, 14 and 15 in each of them?

A. That's correct.

(Sharon Pigeon indicates in the negative.)

JIM KAISER: She's saying no.

SHARON PIGEON: Twenty-one is 15 and 16.

Q. Okay. It will certainly be 14 and 15 in 531588, correct, and then---

A. In 531588 it is Tracts 14 and 15 and in 531559---

Q. 15 and 16?

A. ---it is Tracts 15 and 16.

JIM KAISER: Thank you, Ms. Pigeon.

SHARON PIGEON: You're so welcome.

JIM KAISER: I know it was close.

DAVID ASBURY: Mr. Chairman, a question.

BUTCH LAMBERT: Mr. Asbury.

DAVID ASBURY: I want to make sure the well numbers are right. We...on the AFE we've got 531558 instead of 588. Our petition is 588. I'm sure it's just a typo made.

RITA BARRETT: I think that may be a typo, but I will verify that and if this is a different well number, I will certainly get the AFE to you. I will say on these AFEs the reason we have revised AFEs, while we're talking about it, there were two mines to be encountered. We were going to run on casing string and it was determined by DGO, Mr. Asbury, that we needed to run two casing strings and that's why we had to revise the AFE.

JIM KAISER: My AFE says 531588.

BUTCH LAMBERT: The revised AFE is---

RITA BARRETT: Wait, wait, wait.

JIM KAISER: The one I filed with this petition is the one that's in my file.

RITA BARRETT: Well, but...I handed out a revised AFE.

MARY QUILLEN: Revised ones.

JIM KAISER: Oh.

RITA BARRETT: That's what I was just testifying to.

JIM KAISER: Okay. So, your revised one is wrong?

DAVID ASBURY: Typo.

RITA BARRETT: I think it's a typo. I think it's a typo.

JIM KAISER: A typo, okay. The initial one that you've got...did the AFE change?

RITA BARRETT: That's what I just testified to.

BUTCH LAMBERT: Yeah.

BRUCE PRATHER: Yeah. But she changed it.

JIM KAISER: Okay.

SHARON PIGEON: Well, the AFE number is the same on both. So, that ver...would support that the well number is a typo.

RITA BARRETT: That actually---.

JIM KAISER: Okay. It's a typo on the well number then.

RITA BARRETT: Yeah. There's a typo on the well number for 558. It should be 588.

JIM KAISER: 588. Okay. All right. We've straightened out the escrow for both units, right, Ms.

Pigeon?

RITA BARRETT: Yes.

JIM KAISER: 14 and 15 for the one and 15 and 16
for the other?

RITA BARRETT: Yes.

JIM KAISER: Okay.

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

A. EQT Production Company.

Q. Okay. Let's stay with 588. What's the
proposed depth of that well?

A. The proposed depth is 9,549 feet.

Q. Staying with 8588, what's the estimated
reserves for the well in that unit?

A. 800 million cubic feet.

Q. Has an AFE been prepared and submitted
to the Board as Exhibit C?

A. Yes.

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

A. Yes.

Q. Okay. Again, we're on 588, could you
state both the dry hole costs and completed well costs
for that well?

A. Yes. The dry hole costs are \$5,086.12 and the completed well costs are \$1,542,828.

Q. That's not what we got in the application.

A. Jim, I gave them a revised AFE.

SHARON PIGEON: But she give us corrected ones. So, that is what she gave us.

JIM KAISER: Oh, okay. You didn't give me one. I'm sorry. I didn't get one.

SHARON PIGEON: You didn't get one.

Q. All right. Now, let's switch to well number...maybe I won't combine any more.

A. That's what I think.

Q. Let's switch to well number 559. What's the total proposed depth of that well?

A. 8,727 feet.

Q. The estimated reserves over the life of that well?

A. 800 million cubic feet.

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

A. Yes.

Q. And what at the dry hole costs and completed well costs for this well?

A. The dry hole costs are \$582,939. The completed well costs are \$1,482,146.

Q. Okay. And are both of these wells anticipating multiple completions?

A. They are.

Q. And do both of your AFEs include a reasonable charge for supervision?

A. Yes, they do.

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

A. Yes.

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

BUTCH LAMBERT: Ms. Barrett, are you going to submit us a new application with completed well costs---?

RITA BARRETT: I'm sorry?

BUTCH LAMBERT: ---to match the AFEs that we've got?

RITA BARRETT: Yeah. I was just wanting to give you the AFEs as a revised exhibit, if you will, because I just got those AFEs yesterday.

BUTCH LAMBERT: Okay. Are we going to get another revised exhibit that shows the correct well number?

RITA BARRETT: Yes. Yeah. Yeah.

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

(No audible response.)

BUTCH LAMBERT: Anything further, Mr. Kaiser?

JIM KAISER: Yes, sir. We'd ask that the applications be approved as submitted with the addition of the...of an AFE with the correct well number.

BUTCH LAMBERT: Okay. Thank you. 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: One abstention.

BUTCH LAMBERT: One abstention Mr. Prather.
Both of those are approved. Thank you, Mr. Kaiser.

JIM KAISER: Thank you.

BUTCH LAMBERT: Calling docket item twenty-two, a petition from EQT Production Company for pooling of a horizontal conventional gas unit VH-531528, docket number VGOB-11-0125-2892. All parties wishing to testify, please come forward.

JIM KAISER: Jim Kaiser and Rita Barrett for EQT Production.

BUTCH LAMBERT: You may proceed, Mr. Kaiser.

RITA BARRETT

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

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Ms. Barrett, are you familiar with the application that we filed here---?

A. Yes.

Q. ---seeking to pool any unleased interest in this unit?

A. Yes.

Q. Is this a horizontal well?

A. It is.

Q. Is the unit been established by the Board?

A. Yes.

Q. Does EQT own drilling rights in the unit involved?

A. Yes, we do.

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

A. Yes.

Q. What percentage of the unit is under lease to EQT?

A. 83.94842857. We received some new leases.

Q. Okay. So, your revised exhibits that Ms. Davis are passing out reflect some additional leases that you've picked up since the time of the application was filed?

A. Yes.

Q. So, obviously, even after you filed these force pooling applications you continue to try to get voluntary leases from the unleased parties?

A. Yes, we do.

Q. That's very good. What is the unleased interest in the unit at this time?

A. The unleased interest is 16.05157143%.

Q. Okay. I notice that we are going to have an escrow. So, I assume there's some unknowns.

A. Yes.

Q. Were reasonable and diligent efforts made and the sources checked to attempt to identify and locate these unknowns?

A. Yes.

Q. Okay. In your professional opinion, was due diligence exercised to locate each interest owner within this unit?

A. Yes.

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

A. Yes.

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

A. Yes.

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

A. Yes. Twenty-five dollars per acre bonus for a five year paid up term and a one-eighth royalty.

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

A. Yes.

JIM KAISER: Mr. Chairman, again, I'd ask that we be allowed to incorporate the statutory election testimony taken earlier.

BUTCH LAMBERT: Accepted.

Q. Ms. Barrett, does the Board need to establish an escrow account for this unit?

A. Yes. For Tracts 12 and 19.

Q. That's due to unknowns?

A. That's correct.

Q. Who should be named operator under the order?

A. EQT Production Company.

Q. The total depth of this proposed well?

A. 8,529 feet.

Q. The estimated reserves over the life of the well?

A. 750 million cubic feet.

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

A. Yes.

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

A. Yes.

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

A. The dry hole costs are \$561,108. The completed well costs are \$1,403,618.

Q. Do these costs anticipate a multiple completion?

A. Yes.

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

A. Yes.

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

A. Yes.

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

BUTCH LAMBERT: Any questions from the Board?

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

BUTCH LAMBERT: Ms. Quillen.

MARY QUILLEN: I have just one question. The item...the well number that you called originally that's on the agenda is VH-531528, but on all of the exhibits and the application it's VH-531558.

RITA BARRETT: The docket number is incorrect. The correct well number is VH-531558.

MARY QUILLEN: Okay.

DAVID ASBURY: Our mistake, Ms. Quillen.

BUTCH LAMBERT: Okay. The docket item will reflect that it should have been read into the record as VH-531558. Any further questions from the Board?

(No audible response.)

BUTCH LAMBERT: Anything further, Mr. Kaiser?

JIM KAISER: Yes, sir. I'd ask that the application be approved as submitted with the revised set of exhibits.

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: One abstention.

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

JIM KAISER: Thank you.

RITA BARRETT: Eric just found something here. The AFE that we passed out for 531558 actually goes in this file. So, we've got another AFE in here somewhere in another file that went with the previous well.

BUTCH LAMBERT: Okay. So, that should be docket item number twenty, which is VGOB-11-0125-2890, well 531588.

MARY QUILLEN: What about the one for...is there a 531559?

RITA BARRETT: Yeah. That's...that's the one that we just combined.

MARY QUILLEN: So both of those two---?

RITA BARRETT: Yeah, that AFE is right. Yes.

JIM KAISER: So, does the Board have the correct

AFEs for the correct units at this point?

RITA BARRETT: Yes.

BUTCH LAMBERT: I'm not sure.

BILL HARRIS: I don't know.

JIM KAISER: Yes?

RITA BARRETT: Yeah.

JIM KAISER: Okay.

BUTCH LAMBERT: So---.

SHARON PIGEON: We don't where they are located in our files.

RITA BARRETT: Well here, Eric, would you give that to Sharon?

DAVID ASBURY: Mr. Chairman---.

SHARON PIGEON: Did you testify on these to the correct numbers?

RITA BARRETT: Yes. I testified on the correct amounts because I wrote the amounts of the AFEs on my questionnaire. So, that's right. The testimony is correct.

MARY QUILLEN: But we don't have the...okay. That's twenty and twenty-one both?

RITA BARRETT: No. Twenty-one you have---.

JIM KAISER: That's 559.

RITA BARRETT: ---559. You have 559 for item twenty-one. That's correct.

JIM KAISER: What he's passing out, I guess, is the correct one for item number twenty.

(Board members confer among themselves.)

DAVID ASBURY: The question is whether or not we have the correct AFE for docket item twenty.

BUTCH LAMBERT: Well, the one that he just passed out---.

RITA BARRETT: Was...the one that Eric just gave you is for item number twenty.

BUTCH LAMBERT: Yeah.

BRUCE PRATHER: We've got two of them.

RITA BARRETT: Yeah. The one we thought had a typo on it is---.

MARY QUILLEN: Well, two had a typo on them.

RITA BARRETT: Yeah. The one Eric just gave you is for 531588, item twenty.

BUTCH LAMBERT: But the well number doesn't match, the one he handed out.

SHARON PIGEON: It's just like the one we had.

RITA BARRETT: What---?

ERIC STROUTH: What happened here---?

SHARON PIGEON: So, whatever you're trying to

correct here isn't corrected with this.

RITA BARRETT: All right. Well, I'm sorry.
What do we got?

MARY QUILLEN: No, he didn't...he didn't pass
one out for this item.

BRUCE PRATHER: Yeah. We do...he passed it---.

MARY QUILLEN: The twenty-two?

BRUCE PRATHER: Yeah. This one. See it's the
same as this one. It's identical.

BUTCH LAMBERT: Diane, is lunch here?

DIANE DAVIS: I think so.

RITA BARRETT: We don't have a revised AFE for
531558.

BUTCH LAMBERT: 531558. Which is which one?

BILL HARRIS: That's number twenty-two.

JIM KAISER: Which is item twenty-two?

RITA BARRETT: Which is item twenty-two, which
is what we're talking about right now.

MARY QUILLEN: Okay. There is not a revised one
for---.

SHARON PIGEON: So, the AFE in the packet---?

BRUCE PRATHER: That's---.

RITA BARRETT: There's not...yeah, there's not a
revised AFE for 531558.

MARY QUILLEN: Okay.

BRUCE PRATHER: It's 1...it's 1557, isn't it?
That's what we've got---

JIM KAISER: That's the next one coming up.

RITA BARRETT: Yeah.

BRUCE PRATHER: That's what we've got under
twenty-two, 1528.

BUTCH LAMBERT: Okay. Well, what we're going to
do---?

SHARON PIGEON: So, what we did originally was
correct.

BUTCH LAMBERT: What we're going to do at this
point is we're going to break for lunch and let the
folks figure out what goes with what and then
we'll...we'll continue at a quarter till 1:00.

JIM KAISER: A quarter till 1:00?

BUTCH LAMBERT: Well, let's make it 1:00 o'clock
so it have the folks time to set up. So, we'll...we'll
reconvene at 1:00 o'clock.

(Lunch.)

BUTCH LAMBERT: Okay, ladies and gentlemen, it's
now 1:00 o'clock. It's time to go back into session.
At this time, Ms. Barrett, would you kind of straighten
us out of where we left off with our exhibits and let's

get those in the right package?

RITA BARRETT: Yes, sir. Okay. For docket item twenty, which is well 531588, the correct AFE amount is for dry hole costs \$586,012, The completed well costs are \$1,542,828. For docket item twenty-one---

BUTCH LAMBERT: Wait just a minute now.

MARY QUILLEN: We don't have the AFE for that one.

BUTCH LAMBERT: That's...we don't have an AFE for that one and that's not what's in the application.

RITA BARRETT: Okay. We submitted a revised AFE for that.

BUTCH LAMBERT: We got twenty-one and twenty-two---

MARY QUILLEN: But not twenty.

BUTCH LAMBERT: ---but not twenty.

SHARON PIGEON: What is the AFE amount?

RITA BARRETT: The AFE amount for well 531588 is the dry hole costs are \$596,012. The completed well costs are \$1,542,828.

SHARON PIGEON: Now, those numbers coincide with the revised exhibit that you gave us originally. Are you telling us---

RITA BARRETT: They should.

SHARON PIGEON: ---this isn't the right one?
You know we corrected the well number. We're not to use
it.

BUTCH LAMBERT: Now, wait a minute. Let's hold
up. We don't have an...the rest of us don't have an...a
corrected AFE for twenty.

SHARON PIGEON: This is the one they gave us
originally as a corrected one. It has the same
numbers---.

BUTCH LAMBERT: Diane took them back.

DIANE DAVIS: Yeah, because Rita wanted them
back.

RITA BARRETT: Hang on. I just collect...I
thought just went through them and---

JIM KAISER: I've got one. Do you want mine?

SHARON PIGEON: Well, if I'm not supposed to be
using it, I don't want to. I'm just trying to confirm.

BRUCE PRATHER: Rita...Rita, isn't this the well
that you had the two strings of coal casing?

RITA BARRETT: Yes.

BRUCE PRATHER: That's what---

RITA BARRETT: There's two of them.

BRUCE PRATHER: Yeah.

RITA BARRETT: 1588 and 1559 had dual casings.

BRUCE PRATHER: Okay.

RITA BARRETT: Yes. A second string of casing was added.

BUTCH LAMBERT: Okay.

BRUCE PRATHER: Okay.

BUTCH LAMBERT: Okay. So, we probably had it, but somebody took them back up.

RITA BARRETT: Yeah. I will get them to you. I'm telling the correct AFE amount is what I've testified to.

BUTCH LAMBERT: Okay. So, twenty...the corrected AFE for twenty will be submitted?

RITA BARRETT: Yes, sir.

BUTCH LAMBERT: Okay. All right.

RITA BARRETT: Okay.

BUTCH LAMBERT: Twenty-one.

RITA BARRETT: Twenty-one well number 531559, and I've got those right here, the correct AFE amount is the dry hole costs are \$582,939. The completed well costs are \$1,482,146. Again, I've got---

BUTCH LAMBERT: Okay. We have that.

SHARON PIGEON: And that's what you testified to.

BUTCH LAMBERT: We...we got that one.

RITA BARRETT: You got that one, okay. All right.

BUTCH LAMBERT: We got that one. That's in twenty-one. Twenty-two?

RITA BARRETT: Okay. Docket item twenty-two well number 531559, which that's the one that had the wrong well number on the docket. The correct AFE amount is for the dry hole costs \$586,012. The completed well costs \$1,542,828.

SHARON PIGEON: Now, that's not what you originally testified to.

RITA BARRETT: I'm sorry?

SHARON PIGEON: That is not what you testified to before lunch. So, that's corrected testimony?

RITA BARRETT: Yeah. If I didn't testify to it, that's the correct amount.

BRUCE PRATHER: You testified a \$1,405,618.

RITA BARRETT: I beg your pardon.

BRUCE PRATHER: You testified a \$1,405,618 to that one previously.

SHARON PIGEON: 403, I'm sorry.

JIM KAISER: Okay. So, that would be corrected testimony then.

RITA BARRETT: Yes.

BRUCE PRATHER: Now, what is it now?

RITA BARRETT: For well number 531558, which is docket item twenty-two, the dry hole costs are \$586,012. The completed well costs are \$1,542,828.

BRUCE PRATHER: Okay.

BUTCH LAMBERT: Okay. Now, we're calling docket item twenty-three, a petition from EQT Production Company for pooling of horizontal conventional gas unit VH-531557, docket number VGOB-11-0125-2893. All parties---

RITA BARRETT: Guess what?

BUTCH LAMBERT: ---wishing to testify, please come forward.

JIM KAISER: Jim Kaiser and Rita Barrett for EQT Production Company. I guess, we've got a revised AFE on this one.

RITA BARRETT: We do.

JIM KAISER: I think I'm going to let her pass that out before I start.

RITA BARRETT: Yeah.

BUTCH LAMBERT: Okay.

RITA BARRETT: Hang on.

SHARON PIGEON: Let's all get on the same page.

JIM KAISER: Yeah.

RITA BARRETT: Well, yeah, what was confusing was combining those two and I'm not going to let Jim ever do that again.

SHARON PIGEON: That's right. It's all Jim's fault.

BUTCH LAMBERT: Yeah. Yeah, don't let him do that again.

RITA BARRETT: I'm not.

JIM KAISER: It's always my fault.

SHARON PIGEON: It's always Jim's fault.

RITA BARRETT: Well, you're the lawyer. We always blame the lawyer.

BUTCH LAMBERT: By combining those, it really sped us up.

(Laughs.)

JIM KAISER: That worked out well, didn't it?

SHARON PIGEON: We appreciate the intent there.

JIM KAISER: Some of the best moves I've made.

RITA BARRETT: Okay. I have marked these REV for revised number twenty-three.

BUTCH LAMBERT: okay.

RITA BARRETT: Thanks, Diane.

DIANE DAVIS: You're welcome.

RITA BARRETT: Okay.

SHARON PIGEON: They're going to burn your hands off.

(Laughs.)

RITA BARRETT: Okay.

RITA BARRETT

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

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Okay. Ms. Barrett, we've had a break. So, if you would state your name, who you're employed by and in what capacity.

A. Yes. My name is Rita McGlothlin-Barrett. I'm employed by EQT Production Company in their Clintwood facilities as regional land manager.

Q. Now, this is a force pooling application on a horizontal well?

A. It is.

Q. And the Board has already established the unit?

A. Yes.

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

that unit?

A. I am.

Q. Does EQT own drilling rights in the unit involved?

A. Yes, we do.

Q. And prior to the filing of the application, were efforts made to contact each respondent and an attempt made to work out an agreement with each?

A. Yes.

Q. What percentage of the unit is under lease to EQT?

A. 96.74%.

Q. Are all unleased parties set out in Exhibit B-3?

A. Yes.

Q. So, what is the interest that remains unleased?

A. 3.26%.

Q. And I do believe we have a couple of unknowns in this unit?

A. Yes, we do. Tracts 15 and 16.

Q. Were reasonable and diligent efforts made and sources checks to identify and locate these

folks?

A. Yes.

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

A. I am.

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

A. Yes.

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

A. Yes. A twenty-five dollar per acre bonus for a five year paid up term and a one-eighth royalty.

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

A. Yes.

JIM KAISER: Now, Mr. Chairman, we'd ask that we be allowed to incorporate the statutory election option testimony first taken in item ten on today's docket.

BUTCH LAMBERT: Accepted.

Q. Ms. Barrett, does the Board need to establish an escrow account for this unit?

A. Yes. For Tracts 15 and 15 due to unknowns and unlocateables.

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

A. EQT Production Company.

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

A. 8,952 feet.

Q. The estimated reserves for the life of the well?

A. 800 million cubic feet.

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

A. Yes.

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

A. It does.

Q. And the dry hole costs and completed well costs that you're about to testify to are represented by and on the revised exhibit that the Board now...the revised AFE that the Board now has?

A. That's correct.

Q. Okay. What would the dry and completed...the dry hole costs and completed well costs be?

A. The dry hole costs are \$608,104. The completed well costs are \$1,249,622.

Q. Do these costs anticipate a multiple completion?

A. Yes.

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

A. Yes.

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

A. Yes.

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

BUTCH LAMBERT: Any 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?

JIM KAISER: With the revised AFE.

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: One abstention.

BUTCH LAMBERT: One abstention, Mr. Prather.

JIM KAISER: Mr. Chairman, I'd ask that we go ahead and call twenty-four, twenty-five and twenty-six together.

BUTCH LAMBERT: Ms. Barrett, are you okay with that?

RITA BARRETT: I'm not sure. Eric?

(Laughs.)

JIM KAISER: Is he going to do that?

RITA BARRETT: Yes.

BUTCH LAMBERT: Calling docket item twenty-four,

a petition from EQT Production Company for the establishment of a 320 acre drilling unit EQT 2894 for the drilling of horizontal conventional gas well, docket number VGOB-11-0125-2894. Calling docket item twenty-five, a petition from EQT Production Company for the establishment of a 320 acre drilling unit EQT 2895 for the drilling of horizontal conventional gas well, docket number VGOB-11-0125-2895. Calling docket item twenty-six, a petition from EQT Production Company for the establishment of a 320 acre drilling unit EQT 2896 for the drilling of horizontal conventional gas well, docket number VGOB-11-0125-2896. All parties wishing to testify, please come forward.

JIM KAISER: Mr. Chairman, Jim Kaiser, Eric Strouth and Taylor Vactor for EQT. I'll ask that they both be sworn at this time.

(Eric Strouth and Taylor Vactor is duly sworn.)

JIM KAISER: We'll start with Eric.

ERIC STROUTH

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

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Eric, if you'd state your name for the record, who you're employed by and in what capacity?

A. William Eric Strouth, EQT. I help prepare force pooling exhibits and manage lease acquisitions in Southwest Virginia.

Q. And you've testified before the Board on several other occasions?

A. Yes.

Q. And would it be your testimony taking these three unit establishment applications together that all parties as required by statute, that being the oil, gas and coal owners within these units have been notified by certified mail?

A. Yes, they have.

Q. And would it also be your testimony that all three units contain unknown oil and gas interest owners and, therefore, we published in all three cases?

A. Yes, we did.

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

BUTCH LAMBERT: Any questions from the Board?

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

BUTCH LAMBERT: Ms. Quillen.

MARY QUILLEN: ---one question about this.

Each one of these three have unknown heirs, but in the item...yeah, all three of them say that you either lease or control a 100% of the gas estate. Is this---?

JIM KAISER: Well-.

MARY QUILLEN: ---part of the Penn Virginia?

JIM KAISER: No.

MARY QUILLEN: No?

JIM KAISER: Where does it say we lease or control a 100%?

MARY QUILLEN: It says, "Applicant has leased or controls 320% or 100% of the gas estate, but there are some unknown heirs."

JIM KAISER: Well, what we'll do...what we're doing there and what we've done in the past is you've seen a lot of the previous items that we just completed once we...I'm sure we have large portion of it under lease, but obviously once we get the unit formed we'll come back and file a force pooling to take care of the unknown. So, it probably should say we will control 100% and not that we do.

BRUCE PRATHER: Well, why put that in the literature.

MARY QUILLEN: Okay. Yeah, that's...Mr. Prather---.

JIM KAISER: And the purpose of unit establishment, it doesn't really matter anyway. That's just an incorrect statement in the application. If you want us to strike it we will.

MARY QUILLEN: Oh, okay. I think that would be better---.

JIM KAISER: Okay.

MARY QUILLEN: ---to strike the 100% when, you know, very obviously there are some unknown acreage.

JIM KAISER: Okay. Well, I'll go ahead and try to that through testimony.

MARY QUILLEN: Okay.

Q. Mr. Strouth, would it be your testimony that at least at this point we still...we're here today to establish the 320 acre unit, correct?

A. That's correct.

Q. And after establishing the unit, we will...I'm sure we're working on it now, we are attempting to lease every gas owner within the unit, correct?

A. That's correct.

Q. And if we are unsuccessful in obtaining a 100% of the unit under voluntary lease then we will come back before the Board and file a force pooling

application?

A. Yes, we will.

Q. And based upon that testimony, would you agree that we can strike Section 2.5 from these applications?

A. Yes.

BUTCH LAMBERT: Any other questions from the Board?

(No audible response.)

BUTCH LAMBERT: Anything further, Mr. Kaiser.

TAYLOR VACTOR

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

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Mr. Vactor,---.

A. Yes.

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

A. Taylor Vactor. I'm employed by EQT as lead Virginia geologist.

Q. And you've testified on the establishment of these horizontal units on numerous

occasions?

A. That's correct.

Q. And you have prepared an informational packet for your testimony today before the Board?

A. I have.

Q. All right. If you would go ahead and go through that for us now.

A. Okay. So, starting on page AA, the proposal is for a 320 acre square unit with the dimensions of 3,733 X 3,733 feet. The unit will have a 5,280 foot diagonal with a 300 foot interior in the window with a 600 foot standoff from adjacent grid horizontal wellbores. We should be able to drill the surface location outside of the unit so long as production comes from within the unit. There will be a minimum of 600 feet between horizontal wellbores and vertical wells producing from the same horizon. This will allow for multiple wells and/or laterals for the 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 a diagram of the dimensions that we've previously just discussed. On page CC, the benefits of horizontal drilling there fewer issues with coal mining and less surface disturbance.

We are more effectively extracting the resource. These laterals can reach into areas otherwise inaccessible by vertical wellbores. We see higher depletion rates and shorter lives to the wells and this will encourage the development of the resource. On page DD...wait. Did you do your testimony for all of them already?

Q. Yes.

A. Okay. So, I can just go all of the units. On page DD, it's showing all three units that we are seeking an establishment for. In red on blown back map, you can see EQT unit 2894, 2895 and 2896. Then if you go to page EE, this is a zoomed in map of the unit itself with the surrounding verticals that are producing at the moment. That's for 2894. On page FF, this is the unit for 2895 and the surrounding vertical wellbores. On page GG, this is the unit for 2896 and the surrounding vertical wellbores.

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

BUTCH LAMBERT: Any questions from the Board?

(No audible response.)

BUTCH LAMBERT: Anything further?

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

BUTCH LAMBERT: Do I have a motion?

JIM KAISER: With the 2.5 stricken from the application.

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: One abstention.

BUTCH LAMBERT: One abstention Mr. Prather. Thank you, Mr. Kaiser. Those are approved.

JIM KAISER: Thank you.

BUTCH LAMBERT: Calling docket item twenty-eight, a petition from EQT Production Company for the establishment of a 480 acre unit for the drilling of horizontal conventional gas well, docket number VGOB-11-0125-2898. All parties wishing to testify, please come forward.

JIM KAISER: It will be Jim Kaiser and Eric

Strouth and Taylor Vactor again.

ERIC STROUTH

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

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Mr. Strouth, would it be your testimony that all parties owning a coal, oil or gas ownership interest in this 480 acre unit have been notified of this hearing by certified mail return receipt requested?

A. Yes, they have.

Q. And this particular unit is completely under lease, would that be correct?

A. Yes.

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

BUTCH LAMBERT: Any questions from the Board?

(No audible response.)

JIM KAISER: And before I start with Mr. Vactor, I'll point out to the Board that we're actually asking for a modification of the relief that we requested in the application that established...this unit has already been established by the Board. Once they put together

the development plan, it was discovered that because of where the wellbore...I'll kind of let him...I don't want to testify for him, but because of where the wellbore is being located outside the unit, we have another situation where by the time we make the horizontal leg, we are in the setback area and, you know, therefore want to try to prevent waste and we're asking permission to be able to produce from that area. So, just a little background on the history of this particular unit. So, with that, I'll let Mr. Vactor testify as to our reasoning here.

TAYLOR VACTOR: Okay. So, starting on page AA, again, we're seeking approval for a modification of the provisional unit EQT 2433 to allow production from outside of the 300 foot interior window. The plan is to drill a 4,800 foot lateral drilled in the southeastern direction. Initial drilling results in the field indicate a direct correlation between lateral length, orientation and well production. No existing vertical wells will be impacted by the exception area. Of course, we will stay more than 600 feet away from verticals producing from the same formation as the horizontal. Completion and production of the formation in the exception area maximizes the resource recovery

and the leased owners within the unit will benefit proportionally from the production. Moving to page BB, this is a map of the unit will hopefully better describe what we're telling you here. So, the outside of the unit is the dark bold line. The dashed outline within that is the 300 foot interior window setback. You can see the horizontal wellbore is the line going across that. Where the yellow dot, that's the top hole location that we are able to find a buildable location. Whenever our guys went out into the field, that best helped us to develop this unit in the proper orientation that we feel is the most economic. As you can see, it's well outside of the unit. So, by the time we build the curve and actually get the horizontal in this wellbore we're going to be wasting a lot of wellbore that we won't be able to complete until we get within that dashed line, the interior window. So, what we're hoping to get her is to be able to produce from with inside that dark unit, the dark line inside the unit itself. You can see that red line there is where the top of our completion string...the top of our completion packer will be. So, all of our completion and our frac will be initiated with inside of the unit itself.

JIM KAISER: And have we asked for this type of

relief on several other occasions?

TAYLOR VACTOR: We have, yes.

JIM KAISER: And has the Board seen fit to grant us that?

TAYLOR VACTOR: That's correct, yes.

JIM KAISER: Thank you.

BILL HARRIS: Mr. Chairman, I do have a question.

BUTCH LAMBERT: I do too. Go ahead, Mr. Harris.

BILL HARRIS: Your AA---

TAYLOR VACTOR: Yeah.

BILL HARRIS: ---your number A says, "Seeking approval for a modification of provisional unit of EQT 2433 to allow production from outside of the 300 foot interior window.:"

TAYLOR VACTOR: Yeah.

BILL HARRIS: But we're not...your production doesn't begin until this red line that you have indicated. Isn't that within that? I guess, I'm asking you about the language there.

TAYLOR VACTOR: Yeah, I guess the wording is kind of confusing there. We're asking for---

JIM KAISER: It should say from inside the 300 foot interior.

TAYLOR VACTOR: Yeah, exactly.

BILL HARRIS: I think it should say inside rather than outside.

TAYLOR VACTOR: Yeah, we'll change that in the future.

JIM KAISER: Or inside the 300 foot setback area.

BILL HARRIS: Yeah, that's...yeah. When he said outside, I was---

TAYLOR VACTOR: Yeah. But in between the dark line and the dashed line of the unit, yeah.

JIM KAISER: And it's not really a modification of the...I'm not trying to correct Taylor's stuff, but it's not really a modification of the unit either. It's a modification of the relief that we requested in the original application. We did not ask to be able to produce from the setback area in the original application.

BILL HARRIS: Okay. So, that just...well, I was just...I guess, I just took issue with the outside and the diagram showed inside. Okay, thank you. That's all I have.

TAYLOR VACTOR: Yeah. No, you're absolutely correct.

BILL HARRIS: I just...okay. Thank you.

Next---

MARY QUILLEN: So, you are...I have a question, Mr. Chairman.

BUTCH LAMBERT: Ms. Quillen.

MARY QUILLEN: You are produce...you're not producing until you get inside the unit. You are just outside of the interior window.

JIM KAISER: Correct. That's exactly correct.

TAYLOR VACTOR: Okay, yeah.

SHARON PIGEON: This is a location exception.

JIM KAISER: Well, I mean, we've got a semantical thing going on here. I mean, the way I look at it, a location exception...the way I've been treating it...the way we title these applications or head these applications, I've been looking at it in the sense where we're combining units and having the lateral being both, you know, crossing into both units. I've been looking at those as location exceptions. I don't know why this would...this to me is something if we'd known where the top hole was going to be we could have requested it when we established the unit because the unit establishment designates where you can produce from. It says, you know, inside the interior window. So, I mean, we'll

call them whatever you want to call them. I don't want to confuse anybody. But I thought...in my mind this was more akin to modifying what...the relief that we had requested in the earlier application.

BUTCH LAMBERT: Mr. Vactor, are there adjacent units to this one because you usually provide us in your package the adjacent units and you don't...you don't have that.

TAYLOR VACTOR: You know what, we haven't been putting them on the location exceptions. We definitely do do that for...whenever we give you like odd shaped units that we're establishing. In this particular case, I feel like to the east there is one.

BUTCH LAMBERT: Okay. In the future...for future references, the Board would like you to please submit those adjacent units with these as well.

TAYLOR VACTOR: Okay. We certainly will.

BUTCH LAMBERT: Also, Mr. Kaiser, I just need to clear up one thing, an error. Your narrative of this petition says for the establishment of a 480 acre drilling unit and 4.5 in your application also says that the provisional unit will be established.

JIM KAISER: I'm sorry. I think we've got something other than this, Ms. Barrett says we do, in

the file. It shows the northern unit.

(Rita Barrett, Eric Strouth and Jim Kaiser confer.)

SHARON PIGEON: Do you have the docket number on what we're modifying here.

TAYLOR VACTOR: On when it was established?

BUTCH LAMBERT: Yeah, we're getting to that. A lot of confusion.

(Taylor Vactor and Rita Barrett confer.)

TAYLOR VACTOR: So, Rita is showing me a plat and she's saying that we have one established...a unit established to the north. I apologize for the confusion. Certainly in the future we'll add the adjacent units on to the map for you.

BUTCH LAMBERT: Okay.

MARY QUILLEN: So, has this unit been established? Is that what you're saying?

TAYLOR VACTOR: Yes. This unit has been established.

MARY QUILLEN: Well, this whole thing...the whole petition is incorrect then, correct?

JIM KAISER: And we...I apologize for the docket number. Everybody missed that all around. Do you remember about when that was?

ERIC STROUTH: I don't know.

JIM KAISER: It would have been within the last six months, I'd say.

BUTCH LAMBERT: Okay, let's---.

JIM KAISER: We haven't had many 480s.

BUTCH LAMBERT: Okay. Let's bring it back and focus in on exactly what we're talking about. The unit has been established. However, the language in the application says it will be established and the docket says it will be established.

JIM KAISER: I'm sorry? I've got too many things going.

MARY QUILLEN: It says, "Applicant seeks by this application the establishment..."

JIM KAISER: Well, yeah, the way it's written up on the docket is incorrect. I mean---.

BUTCH LAMBERT: Okay. How about in Section 4.5 in the application? It says, "That the provisional unit be established with a 300 foot interior window (inaudible.)" That leads us to believe that we're establishing the unit too.

JIM KAISER: Well, it should have said that the...it should say...that's a mistake again, "The provisional unit was established with the 300 foot

interior window."

SHARON PIGEON: So, the docket is correct.

BUTCH LAMBERT: Then if that's the case---.

JIM KAISER: No. My relief sought...look at the first page of the application. My relief sought says, "A modification of relief granted for a provisional drilling unit consisting of 480 acres described in this application and depicted in Exhibit A...", blah, blah, blah. So, I should have referenced the original docket number.

DAVID ASBURY: I'm searching for it.

JIM KAISER: It should still be the same well number. So, if you could query it that way.

DAVID ASBURY: It's not in June or July.

JIM KAISER: No, it was probably later than that.

DAVID ASBURY: Later?

JIM KAISER: Yeah. I bet it was in the fall.

BUTCH LAMBERT: In Section 2.3...Mr. Kaiser, would you like to just continue this one. It's kind of---.

TAYLOR VACTOR: He was saying it's January, 2009 that it was established.

ERIC STROUTH: Yeah, this unit was...it was

originally established for 99...VH-539909 and VH-531021.

JIM KAISER: I tell you what, let's continue this until March.

BUTCH LAMBERT: Okay. Docket item twenty-eight, VGOB-11-0125-2898 will be continued until March.

JIM KAISER: We'll refile it with all the correct language and stuff.

BUTCH LAMBERT: Thank you, Mr. Kaiser.

SHARON PIGEON: We want to make sure we keep the same docket number. That's really the heart of our concern.

BUTCH LAMBERT: Calling docket item twenty-nine, a petition from EQT Production Company for modification of Nora Coalbed Gas Field to allow for drilling of an additional well in units 52BA, 51BB and 52BC, docket number VGOB-89-0126-0009-74. All parties wishing to testify, please come forward.

JIM KAISER: Jim Kaiser, Eric Strouth and Abby Tomkiewicz who needs to be sworn when she gets done here.

BUTCH LAMBERT: You may proceed, Mr. Kaiser.

(Abby Tomkiewicz is duly sworn.)

ERIC STROUTH

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

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Mr. Strouth, would it be your testimony that everybody required to be noticed by statute has been noticed of this hearing?

A. Yes, they have.

Q. And that is just basically Range and ACIN, right?

A. Yes.

JIM KAISER: Okay. That's all I have for this witness, Mr. Chairman.

BUTCH LAMBERT: Any 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, if you'd state your name for the Board, who you're employed by and in what capacity?

A. My name is Abby Tomkiewicz. I'm a geologist at EQT.

Q. And you have testified on a request for the ability to drill a second well, an increased density well, in certain coalbed methane units before the Board on numerous occasions?

A. Yes, I have.

Q. And you've prepared a packet of information to help with your testimony today?

A. Yes, I have.

Q. If you've go through that for the Board now.

A. Sure. This is a normal packet that we have put together for when we are seeking approval for increased density wells. On AA, you can see over the past...from 2006 to 2010 we have broke down the number of wells that we have drilled and the cumulative production totals of 186 infill wells and 7,892 mmcf total just to give you an idea of what we've produced and what we've drilled. On BB, it is a graph showing

the blue is our original wells, the production rate and then the red line is our increased density wells. So, this is just to illustrate the additional production that we're getting off our infill wells, you know, and that...you know, that's really making up for the little bit of loss that we see in our original wells. So, the areas we're targeting we feel it's worth it to be drilling an increased density well. In CC, it's just a graph of the field or a map of the field showing that all the grey units are previously approved for increased density drilling. The green are the units that we are requesting for this month be approved and they are located in the center of the field. Then DD, it just has a blown up view so you can see what grids we are seeking approval on. These wells...these grids that we have requested here, 52BA, 51BB and 52BC, they all have original wells drilled in them. We have seen good production on those and offsetting wells, obviously, that we think given a good indication that this would be a good area to drill infills or increased density wells. So, we're seeking approval today to do that.

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

BUTCH LAMBERT: Questions from the Board?

MARY QUILLEN: Just...Mr. Chairman, just one question for Abby.

BUTCH LAMBERT: Ms. Quillen.

MARY QUILLEN: This is one additional well in each---?

ABBY TOMKIEWICZ: Yes. Yeah. One additional well.

MARY QUILLEN: That's all. Thank you.

BRUCE PRATHER: Mr. Chairman, I've got one question.

BUTCH LAMBERT: Mr. Prather.

BRUCE PRATHER: I assume that Equitable has control of all of the acreage around this so there will be no correlative rights problems from...like BA-5352. These adjacent units, I assume you own them all.

ABBY TOMKIEWICZ: Correct. I mean, unless you feel differently.

BRUCE PRATHER: Okay.

JIM KAISER: No, to the best of my knowledge it's all Range.

ABBY TOMKIEWICZ: Yeah.

BRUCE PRATHER: Okay.

BUTCH LAMBERT: Any further questions?

(No audible response.)

BUTCH LAMBERT: Anything further, Mr. Kaiser?

JIM KAISER: We'd ask that the application be approved as submitted, 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. Kaiser. It's approved.

JIM KAISER: Thank you.

BUTCH LAMBERT: Calling docket item number thirty, a petition from Range Resources-Pine Mountain, Inc. for modification of relief for a provisional drilling unit for drilling of horizontal conventional gas well VH-530173, docket number VGOB-08-0916-2332-01. All parties wishing to testify, please come forward.

JIM KAISER: Jim Kaiser, Phil Horn and Gus

Jansen for Range Resources.

BUTCH LAMBERT: You may proceed, Mr. Kaiser.

(Phil Horn and Gus Jansen are duly sworn.)

JIM KAISER: All right. This is the same thing that we just tried to do with Equitable, but it looks like maybe I did it right in this case. Other than 4.5, which should say, and 4.4, "Consist of two 320 acres and the provisional unit was established with the 300 foot." So, we just changed two words. Because if you look at 2.3 and it says, "Applicant established a 320 acre provisional drilling on September 16, 2008." Of course, at that time, we didn't ask that we be allowed to produce from inside...from the setback area, which is what we're looking for here also. So, we're---

BUTCH LAMBERT: So, we'll hear testimony to correct 4.5...to correct 4.5?

JIM KAISER: Yes.

BUTCH LAMBERT: Okay.

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

PHIL HORN

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

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Mr. Horn, have all parties as required by statute, that being the oil, gas and coal owners in this unit been notified of this hearing?

A. Yes, they have.

Q. And should...I'd like to ask you to turn your attention now to Section 4.5 of the application. Should that say that the provisional unit was established instead of be established with a 300 foot window with a 600 foot setback and then that we're asking to be allowed to produce gas outside the interior window?

A. Yes, that's correct.

JIM KAISER: Okay. I think we're okay on everything else. That's all I have for this witness at this time.

BUTCH LAMBERT: Any questions from the Board?

(No audible response.)

BUTCH LAMBERT: You may continue.

GUS JANSEN

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

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

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

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

Q. And you've testified before the Board on the establishment and pooling and the location exceptions and really everything to do with horizontal units in the past, correct?

A. That is correct.

Q. And you've prepared a package of information for the Board to further illustrate your testimony on this request?

A. That's correct.

Q. And if you'd go through that form now.

A. Yes. If the Board will refer to Exhibit AA, you'll see the location of previously established units that have been approved by the Board and also the unit that we are seeking the exception on today is unit 2332. Just for your information, on these six units, we have drilled wells in all of those units except for 2544 or at least one well or multiple wells in some of these units. Exhibit BB is sort of a little more detailed

look at the exception area that we're seeking to day. You're see the location of proposed...of well 530173 drilled to the east and also the well 530143, which was drilled from the same paid in the adjacent unit. You also see the location of the top packer or completion packer for the well 530173, which would indicate that we would be wanting to produce gas from that packer down through the remaining portion of the whole that's inside that exception area. On age...on Exhibit C, I'll sort of go through each of the points here again. We have a 300 foot interior window with a 600 foot standoff from adjacent units and that's what we're seeking the exception here today for. The reason today we're seeking this is the planned TD of the well was not achieved due to hole conditions. We also, when we set our packer completion string, we did not get that packer string all the way to the bottom of the well, which in essence means those packers are further up the well than we want. Again, we did utilize the same surface location to minimize environment impacts to the coal mining in the area by using a single pad rather than using another pad closer inside of our other unit. So, by getting this exception today, we will be able to complete...this will be a nine stage completion. It

will maximize the well production and again we've testified that there are no correlative rights issues in this area. Finally, Exhibit DD again is just the benefits of horizontal drilling that we've seen on...when we established the unit benefitting all of the owners in the units, promoting the conservation of the gas resource, preventing waste and, again, our laterals being able to drill into areas inaccessible from the surface. Less impact on the coal and less impact on the surface disturbance and, again, no stranded units...no stranded acreage with these units.

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

BUTCH LAMBERT: Mr. Jansen, is it...are you see more and more of these cases where you're not getting your TD?

GUS JANSEN: I believe it's going to be...it's going to continue to be an issue where we try to utilize a surface location. If you sort of remember the formation of these 320 acre squares, you're sort of limited to where a surface location that can be used to multi...to get into multiple units. The further away you get on one side or the other of the unit, you're going to end with maybe situations where you're not

going to be able to complete everything that you would like to depending on those issues. Again, this are drilling issues. I think...I think you're always going to have a percentage of wells which you're not going to drill to the TB because of hole conditions and you're also going to have a percentage of wells that you're never going to get packers all the way to the bottom of these wells. I think we've had a fairly low percentage at this point out of the 50 or so wells that we've drilled.

BUTCH LAMBERT: Are this occurring in one specific horizon or is it kind wide spread?

GUS JANSEN: I think it will probably be more the deeper vertically you're down is probably where you tend to have the most issues. That's going to be a Lower Huron shale.

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

MARY QUILLEN: Mr. Chairman---

BUTCH LAMBERT: Ms. Quillen.

MARY QUILLEN: ---just one, I guess, comment. By using the same pad even though you are not going to the total depth is there's surface disturbance. Is that an offset, I guess, plus for the fact that you're not

able to go all the way to the bottom of the---?

GUS JANSEN: I'm not sure if that was a comment or a question.

JIM KAISER: I think her question is, is it a benefit to Range or is it just mainly a benefit to the surface owner?

MARY QUILLEN: Yeah, is...do the benefits outweigh the liabilities of the fact that you can't go all the way?

GUS JANSEN: You know, under our plans, we would have...in this particular case, our plan was to drill all the way to the 300 foot line. We just weren't able to do it.

MARY QUILLEN: Right.

GUS JANSEN: We weren't able to extend that...the horizontal that long. Now, we have had cases where we've drilled all the way to the line and had to stop because that was the end of our unit. So, that sort of goes both ways.

MARY QUILLEN: I guess what I'm asking is if you had drilled from another pad would the chance of going all the way to the 300 foot---?

GUS JANSEN: I would say that you would probably increase your chances. But, again, I think we've seen

where we've been able to extend the limits of the unit too in many cases where it wouldn't have mattered where we had the pad---

MARY QUILLEN: Right.

GUS JANSEN: ---and we would have still been able to get...we wouldn't have been able to...we've had cases were no matter where the pad was we wouldn't have gotten all the way to the extent of the unit.

MARY QUILLEN: Oh, okay. So, that...drilling from the same pad does not necessarily mean that that was the factor that---

GUS JANSEN: Right. That doesn't...I don't think that's an impact to the length of the lateral. I think that is a cost benefit and it is a benefit---

MARY QUILLEN: Okay. A cost benefit and an environmental benefit. A surface---

JIM KAISER: To the surface owner.

GUS JANSEN: An environmental benefit and a---

MARY QUILLEN: Right.

GUS JANSEN: ---less impact to the coal benefit.

MARY QUILLEN: Okay. Good.

PHIL HORN: And the land department likes that too. We can drill both of the wells on the same pad.

MARY QUILLEN: Well, yeah, that's good.

PHIL HORN: That is good. Yeah, surface owners like it more.

MARY QUILLEN: Right.

SHARON PIGEON: In looking at BB here, it looks like you may have 600 feet between the top packers on these two even though, you know, they're not---

GUS JANSEN: Yeah, we've got 750...about 750 feet right there. So, if we had another...we actually had another packer above this, but it would be in the next unit so we did not ask for that type of exception today. So, we could have completed more, but we would have been within 600 feet. Coming in the future.

BRUCE PRATHER: I've got a question.

BUTCH LAMBERT: Mr. Prather.

BRUCE PRATHER: Where you say the end of the location, now, that is the end of the location when you drilled.

GUS JANSEN: Right. That's---.

BRUCE PRATHER: That's not the end of the location when you ran your packers. In other words, your packers didn't get down that deep.

GUS JANSEN: Correct.

BRUCE PRATHER: Okay. So---.

GUS JANSEN: That's just the TD of the well basically.

BRUCE PRATHER: Yeah. The TD of the well now unless, you know, you wanted to frac that bottom zone with a long area and maybe that's what you want to do.

GUS JANSEN: And that's what we are doing. The last...the first stage completion will be longer than normally because---

BRUCE PRATHER: Exactly.

GUS JANSEN: ---the entire string did not get to the bottom.

BRUCE PRATHER: Right. Right. Okay.

BILL HARRIS: Let me just clarify. When you all saying TD---

GUS JANSEN: Total depth, I'm sorry.

BRUCE PRATHER: Total depth.

MARY QUILLEN: Total depth.

BILL HARRIS: Oh, no, no, no. I understand that. But we're not...we're talking about the total length though, right, as opposed to the total depth?

GUS JANSEN: Right.

BILL HARRIS: I mean, I hate to be---

GUS JANSEN: The totaled measured depth. There's...there's...the terminology that's with

horizontal drilling is total measured depth, which would be the---.

BILL HARRIS: Is actually the length of that---?

GUS JANSEN: ---length of the pipe or the length of the bore itself.

BILL HARRIS: So, it's not literally the depth of---?

GUS JANSEN: TVD, total vertical depth, is the total---.

BILL HARRIS: Oh, okay. Okay.

GUS JANSEN: ---depth of the well from the surface.

BILL HARRIS: Okay. Okay. Okay, good.

GUS JANSEN: Those are the two terminologies that we use.

BILL HARRIS: I was interpreting the TD as TVD.

GUS JANSEN: Right. TVD is completely different (inaudible) for horizontal wells.

BILL HARRIS: Okay. Thank you. I appreciate that. Yeah, thank you.

BUTCH LAMBERT: Any other questions?

(No audible response.)

BUTCH LAMBERT: Anything further, Mr. Kaiser?

JIM KAISER: We'd ask that the application be

approved, Mr. Kaiser.

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. It's approved.

JIM KAISER: Mr. Chairman, if you would, I'm going to ask...I'm going to go ahead and ask that you call the next five all together.

BUTCH LAMBERT: The next five?

JIM KAISER: Yeah.

BUTCH LAMBERT: I'd certainly better wait until Ms. Barrett comes back and clear that with her.

JIM KAISER: She's not involved in these.

SHARON PIGEON: She may be though before you get them right.

BUTCH LAMBERT: The next five.

MARY QUILLEN: Through item thirty-six?

BUTCH LAMBERT: Yes. That would be five. Okay, calling docket item thirty-two, a petition from Range Resources-Pine Mountain, Inc. for the establishment of a provisional drilling unit consisting of 320 acres for the drilling of horizontal conventional gas well, docket number VGOB-11-0125-2900. Calling docket item thirty-three, a petition from Range Resources-Pine Mountain, Inc. for the establishment of a provisional drilling unit consisting of 320 acres for the drilling of horizontal conventional gas well, docket number VGOB-11-0125-2901. Calling docket item thirty-four, a petition from Range Resources-Pine Mountain, Inc. for the establishment of a provisional drilling unit consisting of 320 acres for the drilling of horizontal conventional gas well, docket number VGOB-11-0125-2902. Calling docket item thirty-five, a petition from Range Resources-Pine Mountain, Inc. for the establishment of a provisional drilling unit consisting of 320 acres for the drilling of horizontal conventional gas well, docket number VGOB-11-0125-2903. Calling docket item thirty-six, a petition from Range Resources-Pine Mountain, Inc. for the establishment of a provisional drilling unit

consisting of 320 acres for the drilling of horizontal conventional gas well, docket number VGOB-11-0125-2900. All parties wishing to testify, please come forward.

JIM KAISER: Mr. Chairman, Jim Kaiser, Phil Horn and Gus Jansen for Range Resources-Pine Mountain.

BUTCH LAMBERT: You may---

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

PHIL HORN

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

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

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

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

Q. And would it be your testimony that all parties required by statute to receive notice of these hearings, that being the oil, gas and coal owners have been notified?

A. That's correct.

Q. And would it be your testimony that in four of the five units Range owns a 100% of the oil and

gas?

A. That's correct.

Q. And then in one unit...one of the five units there's another oil and gas owner, which is Bull Creek?

A. Yes.

Q. And then would be your testimony that Penn Virginia operating was notified in some of these units as a coal owner?

A. Yes.

Q. Correct, okay. And are these units a 100% under lease?

A. Yes, they are.

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

BUTCH LAMBERT: Questions from the Board?

BRUCE PRATHER: Mr. Chairman, I've got a question.

BUTCH LAMBERT: Mr. Prather.

BRUCE PRATHER: On the map submittal that were given for these wells, this is...this is the map to the last well.

BUTCH LAMBERT: I think...can we hold that question, Mr. Prather, until we get those exhibits?

BRUCE PRATHER: This is for the one that...the last well that we did.

JIM KAISER: I've got a feeling that you need to pull that back page off of there.

GUS JANSEN: It got mixed in.

BRUCE PRATHER: This is the one I've got. See I put my numbers on this.

JIM KAISER: It's not numbered. My guess is it got stapled on there by mistake.

SHARON PIGEON: Let's blame that on somebody that is not here.

BILL HARRIS: Are you saying that should not---?

JIM KAISER: Blame that on me.

SHARON PIGEON: No. Blame it on your secretary.

PHIL HORN: Blame it on Gus.

JIM KAISER: Yeah.

SHARON PIGEON: I heard that.

MARY QUILLEN: Tell Rita so Rita can see this so she---.

JIM KAISER: He's trying to make sure everybody is paying attention.

SHARON PIGEON: These little test just keep coming, don't they?

JIM KAISER: Yeah, a big test day.

BUTCH LAMBERT: Any other questions from the Board?

(No audible response.)

BUTCH LAMBERT: You may continue, Mr. Kaiser.

GUS JANSEN

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

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

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

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

Q. And you've testified on numerous occasions as to the establishment of these provisional units for horizontal wells?

A. That's correct.

Q. And you've prepared a package of information to go along with your testimony today?

A. That is correct.

Q. And would you go through that for the Board now?

A. Yes. If the Board will refer to the information handed out, Exhibit AA, will show the location of units that have previously been approved by the Board. Three of the units were approved for CNX Coal and two of the units were...the two Range units to the north were actually approved for CN...or for Chesapeake Energy and we have since acquired those rights to those units there. So, they're actually Range units not. The five units that we are establishing today are the five units shown in the red dashed areas. These units, just for your information, match with the units that we have established in the northern half of the Nora Field in previous units. These units will not match to any of the units that Chesapeake had created earlier in their operations or with any of the CNX match their units. None of those units matched each other. So, as these units continue to grow there will be gaps at some point in time which will have to be cleaned up at some point.

MARY QUILLEN: Mr. Chairman, could I ask Mr. Jansen a question?

BUTCH LAMBERT: Ms. Quillen.

MARY QUILLEN: These three units that have...that indicate that they're owned by CNX, did you

say you had acquired those or just those from Chesapeake?

GUS JANSEN: No. Those are for your information. Just the two to the north, the ones that are labeled as Range now.

MARY QUILLEN: Okay. And so this one on the bottom, is that one of those long---?

GUS JANSEN: That was one of those that CNX had approved...that you had approved for CNX, which was using two and a half Oakwood units or two units in Oakwood and one in Nora.

BRUCE PRATHER: Yeah.

MARY QUILLEN: Yeah. Yeah. Okay. I gotcha.

BRUCE PRATHER: Will that still be used as a coalbed methane horizontal?

GUS JANSEN: It was actually a conventional well horizontal for a Lower Huron well.

BRUCE PRATHER: Um, okay.

MARY QUILLEN: Um.

BRUCE PRATHER: I don't remember that one.

GUS JANSEN: Exhibit BB, again, shows the dimensions of the 320 acre square unit with the 300 foot setback and the maximum completeable length of 4,431 feet if you're drilling them diagonal. Exhibit CC,

again, the unit dimensions are again reiterated. The 300 foot window with a 600 foot stand back from adjacent grid horizontal wellbores and producing from the same horizon. We also have a 600 foot distance between a horizontal wellbore and any vertical wellbore producing from the same horizon. The unit will allow for multiple wells and/or laterals for the maximum drainage in all conventional reservoirs. Again, you will be able to drill the surface location inside or outside the unit so long as production is within the unit. Exhibit DD is the typical Range horizontal well plan. Again, we're adhering to the same standards for vertical wells for casing plans for surface water protection and coal protection in the vertical portion of the well. You'll see the curve is being build to produce in this example from the Lower Huron Shale. Again, we can produce from any other formation that may be productive from inside of the unit. Finally, Exhibit EE, those again for the benefits of horizontal drilling. It would benefit the working interest owners, the royalty owners and the county would benefit by maximizing the production and promoting the conservation of gas resources, prevent waste by more effectively draining and extracting the resource. These laterals will be able to drill

underneath areas that you would otherwise be inaccessible from the surface. You would have less potential impact on the coal and less potential surface disturbance and the square units allow for no stranded acreage.

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

BUTCH LAMBERT: Any questions from the Board?

BILL HARRIS: May I just ask a question?

BUTCH LAMBERT: Mr. Harris.

BILL HARRIS: This is really just for my own information. Those four that are adjacent, are you all going to be so lucky as to use one pad to drill those or are the laterals...I know that usually you want to have them in a certain direction.

GUS JANSEN: In this case, and the reason we haven't got all four of those, this is sort of a step out area for us in this area and we wanted to be able to try some different things there as we developed those new areas. We are looking at a single location that's actually on an existing vertical well. I'm not...I don't know if it has been determined at this point in time and if it's suitable for how many wells we can get on that. But it's near the center of these four units.

BILL HARRIS: Yeah, I was just curious.

GUS JANSEN: We're also evaluating other pads in each of these units at this point.

BILL HARRIS: Thank you.

SHARON PIGEON: Phil, did you testify that all five of these units are a 100% leased?

PHIL HORN: Yes.

BUTCH LAMBERT: Any other questions?

(No audible response.)

BUTCH LAMBERT: Anything further, Mr. Kaiser?

JIM KAISER: Mr. Chairman, we'd ask that all five applications be approved as submitted.

BUTCH LAMBERT: Do I have a motion on docket items thirty-two, thirty-three, thirty-four, thirty-five and thirty-six?

MARY QUILLEN: Motion to approve thirty-two,---.

BRUCE PRATHER: Second.

MARY QUILLEN: ---thirty-three, thirty-four, thirty-five and thirty-six.

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. All five are approved.

JIM KAISER: Thank you.

BUTCH LAMBERT: Calling docket item thirty-seven, a petition from Range Resources-Pine Mountain, Inc. for a well location exception for proposed conventional gas well V-530084, docket number VGOB-11-0125-2905. All parties wishing to testify, please come forward.

TIM SCOTT: This is where I'm supposed to be, the last. See I was uncomfortable last week.

BUTCH LAMBERT: Oh.

(Laughs.)

BUTCH LAMBERT: Good evening, Mr. Scott.

SHARON PIGEON: You couldn't be comfortable though. It's only 2:00 o'clock.

TIM SCOTT: I know. It needs to be..it needs to be a quarter till 5:00. I just ask that the applications be approved as submitted as we can leave.

SHARON PIGEON: We can go shopping for a while

and come back and handle this later.

TIM SCOTT: Yeah, no big deal. We'll just go ahead and take it up like that. All right, Tim Scott, Gus Jansen and Phil Horn for Range Resources-Pine Mountain, Inc.

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

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

Q. And you're familiar with this application?

A. Yes, I am.

Q. Are you familiar with the ownership of the minerals underlying this unit?

A. Yes, I am.

Q. Are the parties who own the minerals set

forth on Exhibit B?

A. Yes, they are.

Q. Okay. Who operates the wells from which we're seeking the well location exception today?

A. These are all operated by Range or by our partner Equitable Prod...EQT Production Company.

Q. Okay. How was notice of this hearing provided?

A. By certified mail.

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

A. Yes, you have.

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

BUTCH LAMBERT: Any 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, your name, by whom you're

employed and your job description.

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

Q. Are you familiar with this application?

A. Yes, I am.

Q. Please tell the Board why we're seeking a well location exception today.

A. Yes. I've passed out to the Board members Exhibit AA, which shows the location of proposed well 530084. This well is circled in red and has a green area representing the stranded acreage. The nearest non-location exception area would be greater than probably 1300 or 1400 feet to the west...to the east, excuse me, and would result in even more stranded acreage being left behind at that point. This location ...at this location, we would have approximately 89.73 acres stranded if we are not able to drill at this point.

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

A. 5,616 feet.

Q. And the potential loss of reserves if the application were not granted?

A. 350 million cubic feet of gas.

Q. In your opinion, if this application is granted, it would prevent waste, protect correlative rights and promote conservation, is that right?

A. That is correct.

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

BUTCH LAMBERT: Any questions from the Board?

MARY QUILLEN: Mr. Chairman, I have a question about well V-537557. That does not appear on the plat. The well that appears on the plat is P-422.

PHIL HORN: It appears that our GIS gentleman has left the wrong well on there. It should be P-422 well. This well is located to the north in this area. We probably got an exception from it during the past and we'll mail the Board revised exhibits showing the correct well there. But we listed P-422 in the application.

MARY QUILLEN: Right. And it's on the plat.

TIM SCOTT: And that is the correct well.

PHIL HORN: Yes, ma'am.

SHARON PIGEON: So, the handout is wrong?

PHIL HORN: The handout has the wrong well number. To the south, it should be P-422.

MARY QUILLEN: Is that in approximately same location and the same amount of overlap?

GUS JANSEN: I guess, what it is where they're copied the well number and just...he failed to change the well number in his CAD program.

MARY QUILLEN: Okay. The location is okay. It's just the well number is incorrect.

GUS JANSEN: The location is correct. Correct.

MARY QUILLEN: Okay. Okay. Thank you.

BUTCH LAMBERT: Anything further 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 with the corrected Exhibit AA to be sent to the Gas and Oil Office.

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. Scott. It's approved. Calling item thirty-eight on the docket, a petition from Range Resources-Pine Mountain, Inc. for a well location exception for proposed conventional gas well V-530085, docket number VGOB-11-0125-2906. All parties wishing to testify, please come forward.

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

BUTCH LAMBERT: You may proceed, Mr. Scott.

TIM SCOTT: Thank you. Mr. Chairman, as far as Mr. Jansen's and Mr. Horn's job descriptions and employment are concerned, I'd ask that that testimony be incorporated from this prior hearing.

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 you're familiar with the ownership of the minerals underlying this unit?

A. Yes. Steinman Development Company owns 100% of the minerals in this unit.

Q. And that's set forth on Exhibit B, is that right?

A. That's correct.

Q. Who operates the wells from which the offset is requested today?

A. EQT Production Company and Range Resources-Pine Mountain, Inc.

Q. And we've provided notice of this hearing, is that correct?

A. That's correct.

Q. And that was done by certified mail, was that also correct?

A. That's correct.

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

A. Yes, you have.

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

BUTCH LAMBERT: Questions from the Board?

(No audible response.)

BUTCH LAMBERT: You may continue, Mr. Scott.

TIM SCOTT: 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. Please tell the Board why we're seeking a well location exception today.

A. Yes. Referring to Exhibit AA, I'll first point out that the well in the very northern edge of this map and the one down here have the same well number, which is the mistake we saw on the previous application also. This should be the P-422 well down here even though it's not impacted by this location. You'll see the location proposed well 530084 circled in red with the green area representing the acreage to be

drained by this well. This was a little bit different. We also have two horizontal wells that have been drilled in the Big Lime formation, which we will produce from this vertical well, VH-530086 and the 530163 and that is the location of those wells. That is the location of those wells. They're surface location and they're laterals that have been drilled. So, in this case, we are attempting to keep a reasonable spacing from those wells as well as the existing vertical wells in the area. We've also located the 530085 well on an abandoned surface mine bench to minimize the environmental disturbance of future drilling in this area. If we are not allowed to drill on this location, we will have approximately 96.33 acres of stranded acreage.

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

A. 5,567 feet.

Q. And the potential loss of reserves if the application were not granted?

A. 350 million cubic feet of gas.

Q. And in this case, if the application is granted, it will prevent waste, promote conservation and protect correlative rights, 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: Do I have a motion?

MARY QUILLEN: Motion to approve.

BILL HARRIS: Second.

BUTCH LAMBERT: Is that a motion to approve with the Revised Exhibit AA?

TIM SCOTT: Yes.

BUTCH LAMBERT: Okay. 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.

BUTCH LAMBERT: Calling docket item thirty-nine, a petition from Range Resources-Pine Mountain, Inc. for a well location exception for proposed conventional gas

well V-530294, docket number VGOB-11-0125-2907. All parties wishing to testify, please come forward.

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

BUTCH LAMBERT: You may proceed, Mr. Scott.

TIM SCOTT: Thank you, Mr. Chairman. Again, I'd ask that the testimony regarding the job description and employment be incorporated from the prior testimony from prior docket numbers.

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 you helped in the preparation, is that correct?

A. Yes, I did.

Q. Are the owners of the minerals set forth on Exhibit B?

A. Yes, they are.

Q. And please tell the Board why...who operates the wells from which we are seeking a well location exception.

A. V-535653 well is operated by EQT Production Company. We also have an interest in that well. V-530293 to the north is a permitted well op...permitted and not drilled and operated by Range Resources-Pine Mountain, Inc.

Q. And we've notified the parties listed on Exhibit B of this hearing, is that right?

A. Yes, you have.

Q. And how was that done?

A. By certified mail.

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

A. That's correct.

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

BUTCH LAMBERT: Any 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 also participated in the preparation of the application, is that right?

A. I did.

Q. Can you tell us why we're seeking a well location exception today?

A. Yes. If the Board refers to Exhibit AA, you'll see the location of proposed well 530294 outlined in red. The reason for the exception request today is topographic reasons. In order to get a location that it suited for drilling, you would have to move this well approximately 1400 feet to the south side west and it would result in even more stranded acreage that would not be developed. In the event if we're not able to develop this location, you would have 97.29 acres of

stranded acreage.

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

A. 6,241 feet.

Q. And the potential loss of reserves?

A. 300 million cubic feet of gas.

Q. In your opinion, if this application is granted, it will promote conservation, prevent waste and protect correlative rights, is that correct?

A. That is correct.

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

BUTCH LAMBERT: Any questions from the Board?

SHARON PIGEON: Was that 97.29 or 97.21?

GUS JANSEN: 97.21.

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.)

BUTCH LAMBERT: Opposed, no.

(No audible response.)

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

TIM SCOTT: Thank you.

BUTCH LAMBERT: Item number forty on the docket, a petition from Range Resources-Pine Mountain, Inc. for a well location exception for proposed conventional gas well 2...I'm sorry, 823793, docket number VGOB-11-0125-2909. All parties wishing to testify, please come forward.

TIM SCOTT: Tim Scott, Gus Jansen and Phil Horn for Range Resources-Pine Mountain, Inc. Mr. Chairman, when we submitted this application apparently I wanted to get everything on last week. So, the docket number was 11-0118. The notice was correct. I just provided...I'm going to provide the Board with a corrected first page of the application.

BUTCH LAMBERT: Okay.

(Tim Scott passes out a revised exhibit.)

TIM SCOTT: Again, as far as the testimony concerning employment and job description I'd ask that that be incorporated from the prior testimony.

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 minerals underlying this unit?

A. That's correct. Buchanan Energy Company owns 100% of the oil and gas in this unit.

Q. Okay. And who operates the well...the wells from which we're seeking the well location exception?

A. 826463 is operated by Range Resources and 823794 will be operated by Range when we apply for permit and drill it.

Q. Okay. And the parties who are listed on Exhibit B, how are they notified of this hearing?

A. By certified mail.

Q. And we've provided proof of mailing to the Board?

A. Yes, we have.

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

BUTCH LAMBERT: Any questions from the Board?

BRUCE PRATHER: I've got one question.

BUTCH LAMBERT: Mr. Prather.

BRUCE PRATHER: I notice that your prefix number is 82 on this. Is that going to be the normal from now on on wells in this area?

GUS JANSEN: Actually, I'll address the first part of it. These...these three...next three wells that we're asking for a location exception on are wells that Chesapeake Appalachia had actually permitted and had been before this Board before and had a location exception approved. We are basically resubmitting these permits for approval again and coming before you again to get these locations approved since those permits expired before we took over the operations here. So, we maintained the same exact well numbers. Any well that was already in the works or had been established as a well number, we sort of kept the existing well number. Going forward the new Range wells in this acreage will

be a nine hundred thousand series well number.

TIM SCOTT: It's done to confuse me and it works.

(Laughs.)

BUTCH LAMBERT: Mr. Jansen, did you say the previous permits had expired?

GUS JANSEN: That is correct.

DAVID ASBURY: So, you actually had well permits?

PHIL HORN: Chesapeake had well permits that expired and they had exceptions and we're assuming the exceptions expired with the permits. So, we've resubmitted them.

BUTCH LAMBERT: Okay. Thank you. Any other questions from the Board?

(No audible response.)

TIM SCOTT: We've got to get him testified first.

BUTCH LAMBERT: Oh. Yeah, I guess we ought to.

SHARON PIGEON: He did give us this nice picture to look at.

BUTCH LAMBERT: Mr. Scott, I know why you're last every day now.

(Laughs.)

TIM SCOTT: That's right. Just roll through it.

GUS JANSEN

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

DIRECT EXAMINATION

QUESTIONS BY MR. SCOTT:

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

A. Yes, I am.

Q. And, please, tell the Board why we're seeking a well location exception today.

A. Yes. If the Board will refer to Exhibit AA, you'll see the location of proposed well 823793 circled in red. This location was...as I said earlier was previously permitted and located by Chesapeake Appalachia at this location. Part of the reason that was done was topographic reason and also related to future mining operations that may be occurring in this area for removing the reserves above this elevation. So, we've worked with the coal company and they do want us to keep the well location as they had previously worked with Chesapeake for this one. If we're not able to drill at this location, we'd have to move further to

the south, which would result in additional stranded acreage. If we're not able to drill here, we would have 109.99 acres of stranded acreage.

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

A. 5,262 feet.

Q. And the potential loss of reserves?

A. 400 million cubic feet of gas.

Q. And if the Board approves our application today as we've submitted it and it would prevent waste, protect correlative rights and promote conservation, 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: The potential stranded acreage, did you get that?

GUS JANSEN: Yes. 109.99 acres.

SHARON PIGEON: I got it off of this nice picture. I'm wondering if we actually got it into the record.

BUTCH LAMBERT: Any other 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.)

BUTCH LAMBERT: Opposed, no.

(No audible response.)

BUTCH LAMBERT: Thank you, Mr. Scott. That's approved. Calling docket item forty-one, a petition from Range Resources-Pine Mountain, Inc. for a well location exception for proposed conventional gas well 823794, docket number VGOB-11-0125-2909. You may proceed, Mr. Scott.

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

BUTCH LAMBERT: You may proceed.

TIM SCOTT: Thank you. Again, Mr. Chairman, that Mr. Horn and Mr. Jansen's testimony regarding their

job descriptions and their employment be incorporated from the prior testimony.

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, would you please tell us who owns the minerals underlying this unit?

A. Buchanan Energy Company owns a 100% of the mineral...oil and gas and coal under this tract.

Q. And we've filed a revised application, is that right?

A. That's correct.

Q. And why did we do that?

A. We...we added the well that we just got an exception from to this so we wouldn't be...we could drill either one first of second. So, we added---

Q. And that's 823793, is that correct?

A. Yes. 823793 was added to this.

Q. And so as far as the notice was

concerned, we sent both the notice of the application and the revised application, is that right,---?

A. That's correct.

Q. ---by certified mail?

A. That's correct.

Q. And would you please tell us who operates the wells from which the offset is...the well location exception is sought today?

A. Range Resources-Pine Mountain, Inc.

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

BUTCH LAMBERT: Any questions from the Board?

(No audible response.)

BUTCH LAMBERT: You may continue, Mr. Scott.

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 what

we're...what we're doing today?

A. Yes. If the Board again will refer to Exhibit AA, you'll see the location of proposed well 823794. It's outlined in red. Again, this well was previously permitted by Chesapeake Appalachia and the location approved at this particular spot. Again, we're seeking a location exception for topographic reasons as well as the coal company's desire to have the well drilled at this elevation to preserve future mining from upper seams in this area. The nearest location that we would have to move would be a somewhat distance away from here depending on the impact of their surface mining and it would result in omitting of 107.12 acres of stranded acreage.

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

A. 5,278 feet.

Q. And the loss of reserves...and the potential loss of reserves here?

A. 400 million cubic feet of gas.

Q. In your opinion, if this application is granted, it will prevent, promote conservation and protect 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: I've got one. How come we got four well plats? Two are the same and two match. We have three in the application and one that was separate. It looks like two of them match. This one and this one are different, but these two match and then these two match.

TIM SCOTT: This is the original and this is the revised right here.

BUTCH LAMBERT: okay.

TIM SCOTT: And that's what I just filed was the revised application.

BUTCH LAMBERT: Okay. So, we got copies of the revised?

TIM SCOTT: Yes, sir. Yes, sir.

BUTCH LAMBERT: Okay. All right. Thank you, Mr. Scott. Any other 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.)

BUTCH LAMBERT: Opposed, no.

(No audible response.)

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

TIM SCOTT: Thank you.

BUTCH LAMBERT: And calling item forty-two on the docket. It is a petition from Range Resources-Pine Mountain, Inc. for a well location exception for proposed conventional gas well 826621, docket number VGOB-11-0125-2910. All parties wishing to testify, please come forward.

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

BUTCH LAMBERT: You may continue...proceed, Mr. Scott.

TIM SCOTT: Thank you. Mr. Chairman, I'd ask that Mr. Jansen and Mr. Horn's testimony regarding their

job description and employment be incorporated...their testimony be incorporated from a prior hearing.

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. Are you familiar with the ownership of the minerals underlying this unit?

A. Yes. Once again Buchanan Energy Company owns a 100% of the minerals in this unit.

Q. And who...who operates the well from which the well location exception is sought today?

A. Range Resources-Pine Mountain, Inc.

Q. And notice of hearing was provided to the parties on Exhibit B, is that right?

A. Yes.

Q. And that was done by certified mail?

A. That's correct.

Q. Have we provided proof of mailing to the Board?

A. Yes, you have.

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.

BRUCE PRATHER: I've got a question.

BUTCH LAMBERT: Oh, Mr. Prather.

BRUCE PRATHER: Is this the state line? Is that the reason that that thing doesn't go across?

PHIL HORN: Yes, sir. Yes, sir. It's West Virginia.

BRUCE PRATHER: Okay. Okay.

TIM SCOTT: And we don't want to go there.

BUTCH LAMBERT: Well, we're probably going to ask some questions about it.

PHIL HORN: They have no spacing in West Virginia.

BUTCH LAMBERT: I know.

(Laughs.)

MARY QUILLEN: We've already been down that road once today.

PHIL HORN: Okay. I didn't know. I wasn't here.

TIM SCOTT: It must have been GeoMet. Surprise, surprise.

(Laughs.)

GUS JANSEN

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

DIRECT EXAMINATION

QUESTIONS BY MR. SCOTT:

Q. Mr. Jansen---?

A. Yes.

Q. ---are you familiar with this application?

A. Yes, I am.

Q. Will you please tell the Board why we're seeking a well location exception as indicated on the plat?

A. Yes. Referring to Exhibit AA, you'll see the location of proposed well 826621. This well is situated at this particular location for topographic reasons. We've positioned this well on the edge of an

existing reclaimed surface mine area. We were not able to get down further into the hall without going a further distance away, which would result in additional stranded acreage and we also have future development to the northwest planned in this general area. The stranded acreage that would be left if we were unable to drill at this location would be 84.85 acres.

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

A. 5,809 feet.

Q. The potential loss of reserves?

A. 300 million cubic feet of gas.

Q. In your opinion, if this application is granted it would prevent waste, promote conservation and protect 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: Mr. Jansen, that unit to the far east that we can only see part of the circle. You wouldn't by any chance happen to know the number of that, would you?

GUS JANSEN: I do not know right off the top of my head without having another map with me to identify

that with.

BUTCH LAMBERT: By that circle being there, has this Board already approved that?

GUS JANSEN: The one that we have part of the unit spilling into West Virginia?

BUTCH LAMBERT: Yeah.

GUS JANSEN: I would assume, yes. That would have been a Chesapeake/Appalachia well that was drilled in the past. I would know the exact timing of that without doing some further research.

BUTCH LAMBERT: Would your...would your 826621 propose to drain any gas across the state line?

GUS JANSEN: We do not consider the acreage beyond the state line because I think that is outside the authority of the DGO in Virginia.

BUTCH LAMBERT: That's...I am going to respect your opinion. But would you...would you think---?

GUS JANSEN: But, yes, you could in fact drain the acreage beyond the state line with the well. That is a possibility.

BUTCH LAMBERT: Have you contacted any of those land owners or those gas owners to let you know what you propose to...maybe drain gas from their ownership?

PHIL HORN: No, sir. During the past before you

were in charge here, we ran into this same thing in Kentucky, I did when I working for another company, and we were told to stop the unit at the state line.

TIM SCOTT: Mr. Chairman, I have had the privilege of being on both sides of the state line and actually been before the Virginia...the West Virginia Coalbed Methane Review Board. That issue was brought up to Mr. Lay, who is the Chairman of that particular body. Our concern was, do we...because we had wells that were actually located in West Virginia that were going to be...we were going to be draining acreage in Virginia and he said, "We don't want to hear about that." So, I guess, the position that is being taken at least in West Virginia is, well, Virginians are going to steal our gas and we're going their gas. I mean, that's basically what I've...I mean, just to put it bluntly.

BILL HARRIS: So, what you're actually conceivably there could be another...there could be a conventional well---

TIM SCOTT: Oh, there are many, many wells, Mr. Harris, that are running along that line that I would say if you were to look at the line and you would see...just look at a farm map, you can see probably...I know personally of at least dozen wells along that line

that spill both across into Virginia and then from Virginia back into West Virginia. I don't...I don't think it's proper, but I think---

(Gus Jansen confers with Tim Scott.)

TIM SCOTT: These are just...you know, they kind of have these, pardon me, bastardized units that kind of look like, you know, they're trapezoids and they're rectangles and they're triangles. So, you just pick the unit configuration that best fits your particular idea of what the drainage would be. But if you look at the way the well...the way the wells are actually configured along the line, they do actually come back and forth across both into Virginia and West Virginia.

BUTCH LAMBERT: Okay.

DAVID ASBURY: Mr. Chairman.

BRUCE PRATHER: Yeah, if I recall right on this, when you're in West Virginia if there's a well here that you think is too close to yours you can go in as close as you want to get to that well and you can drill the thing and you two...you two---

TIM SCOTT: That's right.

BRUCE PRATHER: ---just more or less---

TIM SCOTT: Duke it out. That's right.

BRUCE PRATHER: ---share in the reserves---

TIM SCOTT: Yes, sir.

BRUCE PRATHER: ---if you want to put it that way. You know, to answer Gus' first question there---

TIM SCOTT: Well, to be truthful, Mr. Prather, if you look at...if you're trying to...when you are actually pooling in West Virginia, you are trying to apportion acreage, you know, to the particular tracts that are within the unit. I mean, it's...it's...there's nothing uniform about anything that you do.

BRUCE PRATHER: That's right.

TIM SCOTT: So, it's pretty difficult. I've had to do some poolings up there. You know, when I would get the plats I'd just say what kind of mess is this. But it would...but it would...they would only...if they weren't able to reach an agreement with a...they knew who they were pooling and this helped dealt with the Rogers Cousins that, you know, they would configure the wells in such a fashion that it would be most favorable to them for both drainage and for lease position.

MARY QUILLEN: So, they just kind of cut those people out, right?

BRUCE PRATHER: Yeah. Yeah.

SHARON PIGEON: They don't have any field rules or statutory spacing?

TIM SCOTT: No, ma'am. None.

DAVID ASBURY: Is it not true that West Virginia has the rule of capture?

TIM SCOTT: Yes.

BRUCE PRATHER: I was on a location one time up out of Charleston and the rig was actually sitting on an adjacent land owner. In other words, the well was being drilled on this coal company property and the end of the rig was off his property. That's how close they were drilling to the property line.

TIM SCOTT: Well recently, there are...you all have heard of the Mary Lou Bolling Crowe Heirs. I've done some work on them. They actually have tracts that are lying both in Virginia and West Virginia. So, those units would include both of those...both areas even though it stops at the state line. The actual boundary lines themselves actually cross...you know, they have 5 acres in Virginia and then 50 acres in West Virginia only to include the 50 acres with the West Virginia side and then the 5 acres on the Virginia side when establishing a unit. So, it's kind of particular.

BUTCH LAMBERT: I guess if we drew that one and we drew 60621 that way, then how come the one to the east we showed over into...if this Board approved that

one, how---?

TIM SCOTT: I don't believe that would be correct, this configuration. It should be the line. So, it just may...may just have been a CAD area. But it should be the...the state line should be the top of that unit. Isn't that right, Gus?

GUS JANSEN: That would be correct. The...our standard mapping is to put a 2500 foot circle around every well even if it was approved as a 500 foot well or anything going forward so that we could recognize that we needed to get the location exceptions or keep the spacing somewhat relative to the other wells. So, there are...there are multiple wells in the Chesapeake area that...Chesapeake/Appalachia area that are along the state line between Kentucky and West Virginia that would all have the same situation with it.

BUTCH LAMBERT: Would the gas owner be the same across the state line?

PHIL HORN: I don't know. We did not...we did not obtain any acreage in anywhere except for Virginia.

BUTCH LAMBERT: We had one this morning from GeoMet that was on the state line. You may have heard that testimony where they---.

PHIL HORN: I wasn't here, but I seen the plat.

BUTCH LAMBERT: They testified that they're the same gas owners on both sides of the line.

PHIL HORN: I don't know who owns the gas over in West Virginia. Like I said, we didn't acquire... Chesapeake still owns that acreage.

BUTCH LAMBERT: Okay.

DAVID ASBURY: Mr. Chairman. The well to the east is identified as a Chesapeake well, which is now Range Resources. It's number is 826619. That well is actually 402 feet estimated from the West Virginia line. It was drilled and completed on October the 16th, 2007. There are just...from our mapping circumstances, we show five other wells closer than the well that is before you today. The closest one is less than 400 feet.

BUTCH LAMBERT: That couldn't have been the GeoMet well, could it?

DAVID ASBURY: No, these are all...no. These are all Chesapeake wells. There are roughly a dozen in this same area that border West Virginia and they're all Chesapeake.

PHIL HORN: The GeoMet wells are further south than this.

TIM SCOTT: They've coming further down this down this way.

PHIL HORN: Down the state line down---.

TIM SCOTT: Mr. Chairman, we actually asked the Board in West Virginia, you know, we would like to notify these people across the line and they said we don't have any jurisdiction over that. The land manager, who was not Mr. Stevenson at that point, actually requested in writing some direction from the Board up there about how this should be handled to which she received no reply.

BUTCH LAMBERT: Well, we agree, Mr. Scott, because we have tried to have communication with those folks up there and they---.

TIM SCOTT: They're pretty ornery.

BUTCH LAMBERT: ---will not even engage in a conversation with us about this issue. So---.

TIM SCOTT: Including a return phone call. So, I guess I'll never go up there again, right, because this all on the record?

SHARON PIGEON: Do you want to get a copy?

MARY QUILLEN: Burning all those bridges, huh?

BRUCE PRATHER: Like substitute a well.

TIM SCOTT: Yeah, I guess, I'd better shut up. Sorry.

BUTCH LAMBERT: Well, that...I guess, that's a

good point that we need to make to this Board too is that David and I have on a couple of occasions tried to communicate with West Virginia on maybe even developing an MOU or an MOI with West Virginia on how to handle these situations and they just told us they weren't interested. So---

TIM SCOTT: Yes, sir. So, sometimes doing the right thing falls on deaf ears, right?

BUTCH LAMBERT: That's right. 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.)

BUTCH LAMBERT: Opposed, no.

(No audible response.)

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

TIM SCOTT: Thank you.

GUS JANSEN: Thank you.

PHIL HORN: Thank you.

BUTCH LAMBERT: From this point forward, Mr. Scott, we're going to try to get you first on the agenda so maybe---

SHARON PIGEON: Maybe before public comments.

(Laughs.)

TIM SCOTT: I like it just like it is.

SHARON PIGEON: So do we.

TIM SCOTT: Thank you. You're a very, very nice crowd.

(Laughs.)

BUTCH LAMBERT: We don't have any minutes from the...I didn't have any in my packet.

DIANE DAVIS: I handed them out to you while you weren't there.

BUTCH LAMBERT: Oh. Did you just hand them out?

DIANE DAVIS: At lunch time.

BUTCH LAMBERT: Oh, I'm sorry.

DIANE DAVIS: That's okay.

BUTCH LAMBERT: Well, I didn't...okay.

DIANE DAVIS: I didn't know what you wanted to do them or if wanted to wait until next month.

BUTCH LAMBERT: Okay. Have folks had a chance to review the minutes? If not, we can wait until next month. If folks had a chance to review the minutes, do I have a motion to accept the minutes or would you like a chance to review them?

KATIE DYE: Motion to accept.

BUTCH LAMBERT: Okay. I have a motion to accept.

BILL HARRIS: I second it.

BUTCH LAMBERT: I have a motion to accept 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: Folks, we have...we still have...I talked about this last week of maybe trying to get to the discussion with the APA audit today. But as I understand it, the February docket is very, very small. Maybe no more than fifteen or twenty items.

DIANE DAVIS: At the most twenty. Right now there's about twelve new items and then I would have to see what was continued and then whatever the Board decides to place on it.

BUTCH LAMBERT: Okay. So, if it's...if it's okay with the Board, I'd like to postponed the discussion of the APA audit until the February meeting...yeah, the February meeting, if that's all right.

BRUCE PRATHER: It sounds good.

BUTCH LAMBERT: So, are there any other business for the Board?

DAVID ASBURY: The software.

DIANE DAVIS: The software.

BUTCH LAMBERT: I'm glad you mentioned it. If you'll recall last week we asked Mr. Asbury to come back before the Board with the estimate on the scanning software that the ladies that are working on the audit do. We think we've worked out a solution. We found out after a lot of research that that software is probably going to cost somewhere in the neighborhood of \$3,000. But what we can do is, other Division within DMME also needs the use of that software. So, what I asked the other Division and the Director if they would be agreeable to split the cost of that software with this Board. All Divisions said they would. So, what that means that we would only have to pay \$400 at the most for the software and that way we could use it as well as

the Gas and Oil Division could use it too. The thing we have...you know, we're going to try to reduce our cost as much as possible.

BRUCE PRATHER: Can they all use it simultaneously?

BUTCH LAMBERT: Yes, they can.

BRUCE PRATHER: Okay.

BUTCH LAMBERT: Once we purchase this full version, we'll all have access and they all can use it.

BRUCE PRATHER: Okay.

BUTCH LAMBERT: So, if---

DAVID ASBURY: How do we...how do we do that with the First Bank & Trust and then our DMME group?

BUTCH LAMBERT: We're going to work internally with our office of Financial Services on how that we manage that internally and get that payment done.

DAVID ASBURY: Okay.

BUTCH LAMBERT: So, if this Board is agreeable, I'll entertain a motion to go ahead and authorize the purchase of that software for the Board at approximately \$400.

BILL HARRIS: So moved.

MARY QUILLEN: Second.

BUTCH LAMBERT: I have a motion and a second.

Are there 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: Any further business before the Board?

(No audible response.)

BUTCH LAMBERT: Thank you, Ladies and Gentlemen. I certainly appreciate everybody on the Board willing to do this extra meeting this month. It has really helped us along and we've caught the dockets up. We're okay for the beginning of the year. I appreciate that. Thank you. We're 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 13th day of February, 2011.

NOTARY PUBLIC

My commission expires: August 31, 2013.