

BEFORE THE VIRGINIA GAS AND OIL BOARD

APPLICANT: OXY USA Inc.

RELIEF SOUGHT: POOLING

LOCATION: SEE EXHIBITS "A" AND "A1"

UNIT NUMBER M-33
IN THE OAKWOOD COALBED GAS FIELD,

BUCHANAN COUNTY, VIRGINIA

) DIVISION OF GAS AND OIL
) DOCKET NO.: VGOB-0430-99
)
)

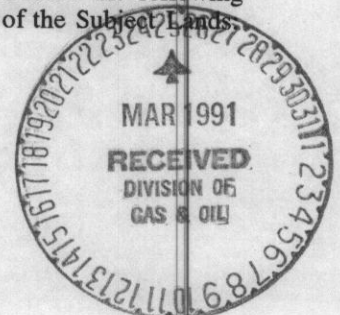
) HEARING DATE: April 30, 1991
)
)

APPLICATION

1. Parties: Applicant is OXY USA Inc., P.O. Drawer Q, Richlands, Virginia 24641, 703/964-9802. Applicant's designated representatives are Glenn Vangolen and Martin E. Wirth, whose address and telephone number are above stated. Applicant is a Delaware corporation, duly authorized and qualified to transact business in the Commonwealth of Virginia. Respondents are listed on Exhibit "B", attached hereto and made a part hereof. Set forth in Exhibit "B" is the name and last-known address of each owner of record (who has not leased to or in writing agreed with Applicant) identified by the Applicant as having or claiming an interest in the coalbed methane gas underlying the drilling unit pooled herein. Each of the individuals named in Exhibit "B" if living, is made a party hereto. If any such individual is deceased, then the known and unknown heirs, executors, administrators, devisees, trustees and assigns, both immediate and remote, of any such deceased individual are made parties hereto. Each of the legal entities named in Exhibit "B", if such entity continues to have legal existence, is made a party hereto. If any such legal entity is dissolved, then the known and unknown successors, trustees, and assigns, both immediate and remote, of such entity are made parties hereto.

2. Facts:

- a) Applicant owns or claims to own oil and gas leases, coalbed methane gas leases, and/or coal leases and claims the right thereunder to explore for, develop and produce coalbed methane gas from coal seams below the Tiller seam, including but not limited to the Upper Seaboard, Greasy Creek, Middle Seaboard, Lower Seaboard, Upper Horsepen, Middle Horsepen, War Creek, Lower Horsepen, Pocahontas No. 9, Pocahontas No. 8, Pocahontas No. 7, Pocahontas No. 6, Pocahontas No. 5, Pocahontas No. 4, Pocahontas No. 3, Pocahontas No. 2, and various unnamed seams (hereinafter "Subject Formations") in Unit Number M-33 in Buchanan County, Virginia (hereinafter "Subject Lands"), which Subject Lands are more particularly described in Exhibit "A" attached hereto and made a part hereof. Said Exhibit "A" is a map certified by a licensed land surveyor or a licensed professional engineer showing the size and shape of the drilling unit to be pooled, as well as Applicant's interest in the subject drilling unit. Applicant attests to the fact that it believes said map conforms to existing orders issued by the Board.
- b) On Exhibits "A" and "B", Applicant has shown 1) the percentage of ownership in the drilling unit of each acreage (tract) being pooled, 2) the status of ownership of each acreage (tract) being pooled (including a description of the interest of each owner or claimant as disclosed by the examination of record title), i.e. whether leased to Applicant, leased to another person or unleased, and 3) the approximate percentage of interest in the drilling unit to be escrowed under Va. Code Ann. § 45.1-361.21D for each un-identifiable owner or claimant of a conflicting interest.
- c) The Virginia Gas and Oil Board (hereinafter "Board") heretofore has established the following drilling units in the Oakwood Coalbed Gas Field underlying and comprised of the Subject Lands.



<u>Pool & Formations</u>	<u>Unit Shape & Size</u>	<u>Permitted Well Location</u>	<u>Field & Well Classification</u>	<u>Order No. & Date</u>
All coal seams below the Tiller seam	Approximately 80 acre square drilling units	Any point within the drilling unit allowed by Order No. OGCB3-90	Oakwood Coalbed Gas Field & Coalbed Methane Gas (CBM) Well	Order issued by Va. Oil & Gas Conservation Board in Va. Oil & Gas Conservation Docket No. OGCB 3-90 on 5/18/90

- d) Applicant has filed its application for a well work permit with the Department of Mines, Minerals and Energy and said well work permit No. 1562 was issued on November 29, 1990.
 - e) Applicant has drilled a coalbed methane gas well at the permitted location to an approximate depth of 1,960 feet on the Subject Lands to test for coalbed methane gas in the Subject Formations. Applicant estimates the cost for a well to said depth to be \$ 243,700 for a well completed for production. Exhibit "C", attached hereto and made a part hereof, is Applicant's Detailed Well Estimate ("DWE") which shows the estimated cost of drilling, completing and equipping said well.
 - f) The estimated production over the life of the proposed well is 125-550 MMCF. The estimated amount of reserves from the subject drilling unit is 125-550 MMCF. These figures concerning estimated production and the amount of reserves are, however, estimates only that are not based upon actual production and should not be relied upon for any purpose.
 - g) Applicant has exercised diligence to locate each person owning or claiming an interest in coalbed methane gas in the subject drilling unit underlying the Subject Lands. It is necessary to prevent waste, to protect correlative rights and to ensure the safe and efficient development and production of gas and oil resources in the Commonwealth that the Board hear this matter and adjudicate the rights and equities as between Applicant and the herein named persons.
 - h) Simultaneously with the filing of this application, pursuant to Va. Code Ann. § 45.1-361.19.A, Applicant is providing notice by certified mail, return receipt requested to each person having or claiming an interest in the coalbed methane gas underlying the Subject Lands pooled herein. Applicant hereby notifies the Board that where the identity or location of any person is shown as "unknown" on Exhibit "B", then Applicant is unable to provide said person with written notice of the application herein.
 - i) Applicant requests the Board establish an escrow account pursuant to Va. Code Ann. § 45.1-361.22.A., into which the payment of costs or proceeds attributable to conflicting interests (to the extent they are subject to escrow) shall be deposited and held for the interests of the claimants. Applicant will submit a plan for the escrowing of such funds attributable to conflicting interests at the hearing herein.
3. Legal Authority: Va. Code Ann. § 45.1 - 361.1 et seq. VR 480-05-22 et seq. and such other regulations promulgated pursuant to law.
 4. Relief Sought: Applicant requests the Board issue an order providing as follows:
 - a. Pooling all the interests and estates of the persons named herein and their known and unknown heirs, executors, administrators, devisees, trustees, assigns and successors, both immediate and remote, for the drilling, development and production of coalbed methane gas from the subject drilling unit for the Subject Formations underlying and comprised of the Subject Lands;

- b. Establishing a procedure whereby each person named herein shall have the right to elect (1) to assign or lease his coalbed methane gas interest in the subject drilling unit to the designated operator; (2) to enter into a voluntary agreement with the designated operator to share in the operation (including the sharing in all reasonable costs of the drilling of the well and development of the unit) at a rate of payment mutually agreed to by the person making the election hereunder and the designated operator herein or (3) to share in the operation of the well as a nonparticipating operator on a carried basis after the proceeds allocable to such person's share equal the following:

In the case of a leased tract, 300 percent of the share of such costs allocable to such person's interest; or

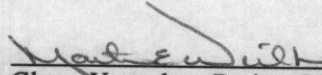
In the case of an unleased tract, 200 percent of the share of such costs allocable to such person's interest,

all as determined by the Board;

- c. Providing that any person named herein who does not make a timely written election under the terms of the Order to be entered herein shall be deemed to have leased his coalbed methane gas interests in the subject drilling unit to the operator designated herein at a rate to be established by the Board;
- d. Designating Applicant, OXY USA Inc., as Unit Operator; providing that the operator shall have the right to drill, develop, produce, market and sell coalbed methane gas produced from the subject drilling unit; granting the operator the right to market and sell the coalbed methane gas produced from the subject drilling unit which is attributable to the conflicting claims and interests pooled herein; providing that the operator shall have an operator's lien on the coalbed methane gas estate and rights owned or claimed by the persons named herein in the subject drilling unit; and granting the operator the right to drill at any legal or specially permitted location on the subject drilling unit.
- e. Making any necessary provisions for the escrowing of funds pursuant to Va. Code Ann. § 45.1-361.21 and 361.22;
- f. Providing that the order to be entered herein shall expire one (1) year from the date of its issuance if operations for the development of the subject drilling unit have not commenced by said date; but further providing that if operations have commenced during said one year period, then said order shall remain in effect for so long as operations continue on the subject drilling unit;
- g. Providing that the conduct of operations on any tract in the subject drilling unit shall be deemed to be the conduct of operations on all tracts in the drilling unit; and providing that the production allocated to any tract in the pooled drilling unit shall be in the same proportion as the acreage of that tract bears to the total acreage in the drilling unit; and
- h. Granting such other relief as is merited by the evidence and is just and equitable, whether or not such relief has been specifically requested herein.

Dated this 22nd day of MARCH, 1991.

OXY USA Inc.

By: 

Glenn Vangolen, Project Manager
Martin E. Wirth, Project Land Manager
Mid-Continent Region
P.O. Drawer Q
Richlands, VA 24641
703/964-9802

APPLICANT

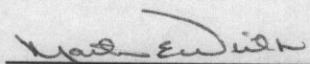
CERTIFICATE

I hereby certify pursuant to VR-480-05-22.4 C that the foregoing Application is true and correct to the best of my knowledge, information and belief.

I hereby further certify that I am complying with the notice provisions of Va. Code Ann. § 45.1-361.19.A. and § 45.1-361.22 by simultaneously with the filing of this Application, providing notice by certified mail, return receipt requested to each owner shown on Exhibit "B" having or claiming an interest in coalbed methane gas underlying the tract(s) which are the subject of this Application, and to each other gas or oil owner, coal owner or mineral owner having an interest underlying the tract(s) which are the subject of the Application, which other owners are shown on Exhibit "B1" attached hereto and made a part hereof.

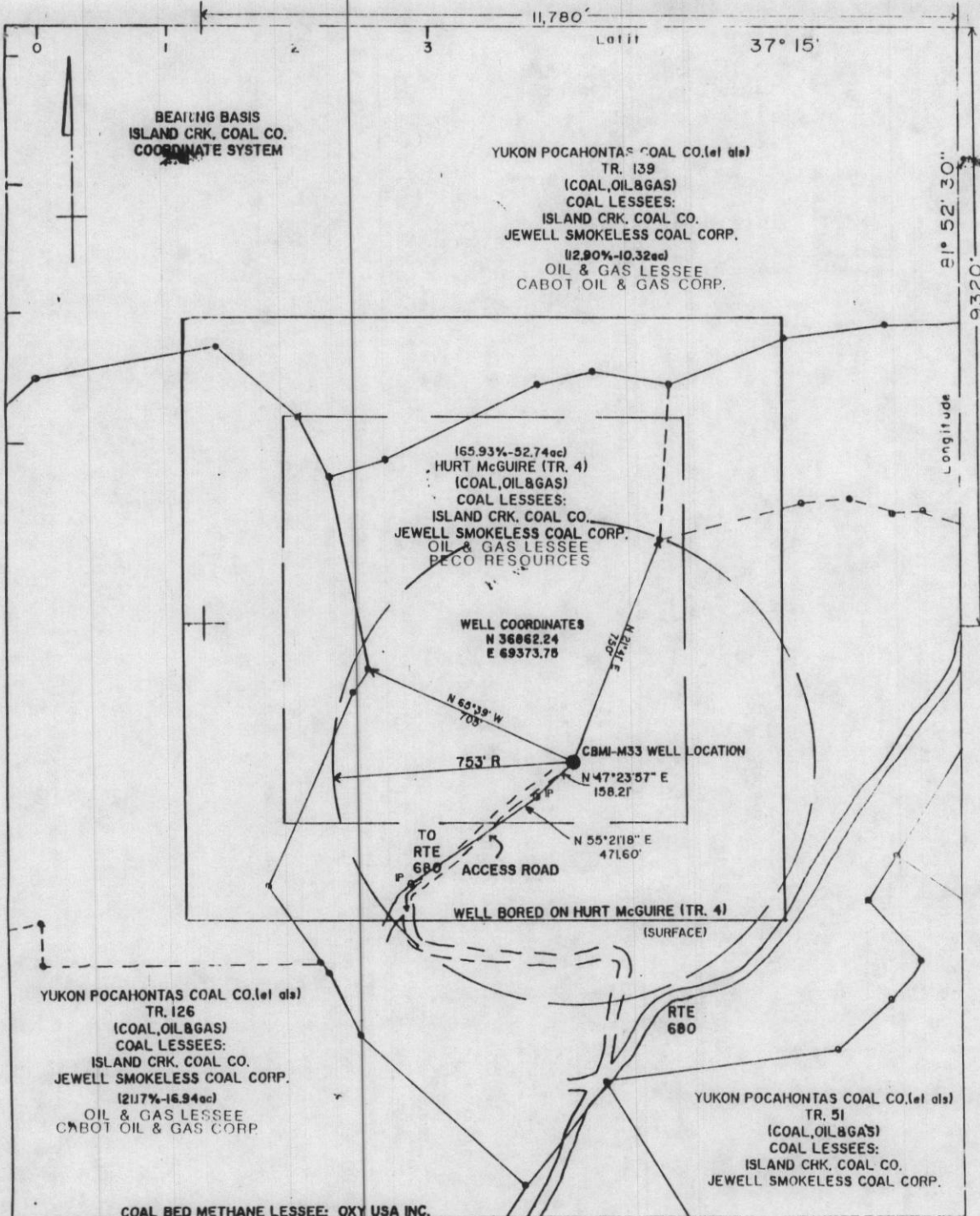
Dated this 22nd day of MARCH, 1991.

OXY USA Inc.

By: 

Glenn Vangolen, Project Manager
Martin E. Wirth, Project Land Manager
Mid-Continent Region
P.O. Drawer Q
Richlands, VA 24641
703/964-9802

APPLICANT



COMPANY OXY USA INC.
 ADDRESS DRAWER Q RICHLANDS, VA. 24641
 WELL NAME CBMI-M33
 FARM TRACT HURT McGUIRE TR. 4
 LEASE NO. 2280.54
 ACRES 334.75 QUADRANGLE KEEN MOUNTAIN
 COUNTY BUCHANAN DISTRICT GARDEN
 REG. ENGINEER VA. REG. NO. 2597
 CERT. LAND SURVEYOR CERT NO.
 FILE NO. DRAWING NO.
 DATE 9/25/90 SCALE 1"=400'

This plot is ☒ new ☐ updated
 This plot ☒ is ☐ is not based on a mine
 coordinate system established for the areas
 of the well location.

EXHIBIT "A", page 1
 FORM 5

VGOB-0430-99

WELL LOCATION MAP WELL NO. CBMI-M33

+ Denotes location of well on United States
 Topographic Maps, scale 1 to 24,000, lat-
 itude and longitude lines being represented
 by border lines as shown.

CERTIFICATION OF WELL PLAT

I, the undersigned, hereby certify that
 this plat is correct to the best of my
 knowledge and belief, and shows all the
 information required by law and the regulations
 of the Well Review Board.

NEILSON L. LIGHT
 Registered Engineer or Certified
 Land Surveyor in Charge

EXHIBIT "A1"
Description of the location of the land
which is subject of the hearing

RE: **VGOB-0430-99**

M-33

"Notice of Hearing"

- Represents approximate location of Unit VGOB-0430-99

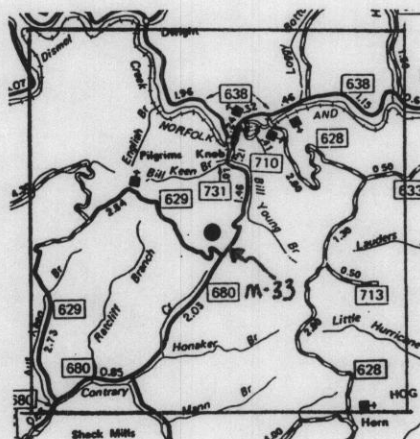


EXHIBIT "A", Page 2

Ownership information pertaining to the unit.

1. Percent of coalbed methane rights leased to OXY:
 - a. Coal owners(s) 100 % (Gross)
 - b. Oil & Gas Owner(s) 100 % (Gross)
2. Percent of coalbed methane rights not leased to OXY:
 - a. Coal Owner(s) -0-% (Gross)
 - b. Oil & Gas Owner(s) 65.93 (Gross)
3. Percent of coal leased 100%.

Docket No. VGOB-0430-99

PARTIES RESPONDENT

EXHIBIT "B"

Well No.: CBM I M-33

RESPONDENT(S) WHO HAVE NOT LEASED OR OTHERWISE CONTRACTED WITH APPLICANT

	<u>Owner</u>	<u>Mineral Ownership</u>	<u>Gross Acreage Within Unit</u>	<u>Undivided Interest Within Unit</u>
	Tract <u>Hurt-McGuire Tr (4)</u>			
1.	Equitable Resources Exploration, Inc. 1989 East Stone Drive Kingsport, Tennessee 37660	Oil & Gas Lessee	52.74 %	65.93 %

Docket No. VGOB-0430-109

EXHIBIT "B1"

Other persons entitled to notice under Va. Code Ann. § 45.1-361.19

	<u>Name</u>	<u>Status of Ownership</u>
1.	None.	

Applicant, has under lease or contract the Coalbed Methane Gas underlying the tract(s) within this unit from all other interest owners.

Location: Buchanan County, Virginia**Projected Target:** Pocahontas #3 coal seam

Detail:	Materials	Labor & Incidentals	Total
33' 12-3/4", 22#, Conductor	\$ 262		\$ 262
430' 9-5/8", 32.30#, H-40 Casing	4,773		4,773
1860' 5-1/2", 15.5#, J-55 Casing	9,300		9,300
1800' 2-3/8", 4.7#, J-55 Tubing	7,002		7,002
1800' 3/4" Rods	1,494		1,494
200' 2" Line Pipe	500		500
Skid Mounted Separator & Meter Run	3,114		3,114
Subsurface Casing Equipment	1,700		1,700
Miscellaneous Fittings	600		600
Casing Head	650		650
100 BBL Fiberglass Tank	1,995		1,995
Moyno 18/2 LV Pump	8,160		8,160
Cement & Cement Services		9,000	9,000
Service Rig		15,300	15,300
Wireline Services		4,200	4,200
Fracture Stimulation		81,100	81,100
Rental Equipment		3,700	3,700
Contract Hauling		12,000	12,000
Contract Services		8,750	8,750
Contract Drilling		40,500	40,500
Subsurface Casing Equipment	2,100		2,100
Logs		1,000	1,000
Location, Title, etc.		25,000	25,000
Core, Bits, Reamers	500		500
Miscellaneous	500	500	1,000
(Lab Services and Erosion Control Materials)			
Total Estimated Cost	<u>\$42,650</u>	<u>\$201,050</u>	<u>\$243,700</u>

AUTHORIZATION:Project Mgr.: Glenn VangolenDate Prepared: 3/11/91Prepared By: Mark S. Karam

BEFORE THE VIRGINIA GAS AND OIL BOARD

APPLICANT: OXY USA Inc.

RELIEF SOUGHT: POOLING

LOCATION: SEE EXHIBIT "A1"

UNIT NUMBER M-33

IN THE OAKWOOD COALBED GAS FIELD,

BUCHANAN COUNTY, VIRGINIA

) DIVISION OF GAS AND OIL
) DOCKET NO.
) VGOB-0430-99

NOTICE OF HEARING

HEARING DATE: April 30, 1991

PLACE: Library Conference Room, United Company
Glenway Avenue, 1 Bristol, Virginia 24201

TIME: 9:00 A.M.

COMMONWEALTH OF VIRGINIA: To all persons owning or claiming an interest in oil and gas, coalbed methane gas, coal or other minerals and to all other persons who have or claim to have an interest in the coalbed methane underlying and within Unit M-33, and the lands described on Exhibit "A" to the Application, which is attached to this Notice, in Buchanan County, Virginia (hereinafter "Subject Lands") and adjacent lands, and in particular to the following persons, their known and unknown heirs, executors, administrators, devisees, trustees, assigns and successors, both immediate and remote:

Equitable Resources Exploration, Inc.
1989 East Stone Drive
Kingsport, Tennessee 37660

NOTICE IS HEREBY GIVEN that the Applicant is requesting that the Virginia Gas and Oil Board (hereinafter "Board") issue an order pooling all the rights, interests, and estates of the above named persons pursuant to Virginia Code Ann. § 45.1-361.1 et seq. in regard to the drilling, development and production of coalbed methane gas from drilling Unit M-33, containing approximately 80.0 acres, for all coal seams below the Tiller seam, including but not limited to the Upper Seaboard, Greasy Creek, Middle Seaboard, Lower Seaboard, Upper Horsepen, Middle Horsepen, War Creek, Lower Horsepen, Pocahontas No. 9, Pocahontas No. 8, Pocahontas No. 7, Pocahontas No. 6, Pocahontas No. 5, Pocahontas No. 4, Pocahontas No. 3, Pocahontas No. 2, and various unnamed seams (hereinafter "Subject Formations") as established by Order No. OGCB 3-90 dated May 18, 1990. Applicant requests that the Board issues an order providing as follows:

- a. Pooling all the interests and estates of the persons named herein and their known and unknown heirs, executors, administrators, devisees, trustees, assigns and successors, both immediate and remote, for the drilling, development and production of coalbed methane gas from the subject drilling unit for the Subject Formations underlying and comprised of the Subject Lands;
- b. Establishing a procedure whereby each person named herein shall have the right to elect (1) to assign or lease his coalbed methane gas interest in the subject drilling unit to the designated operator; (2) to enter into a voluntary agreement with the designated operator to share in the operation (including the sharing in all reasonable costs of the drilling of the well and development of the unit) at a rate of payment mutually agreed to by the person making the election hereunder and the designated operator herein or (3) to share in the operation of the well as a nonparticipating operator on a carried basis after the proceeds allocable to such person's share equal the following:

In the case of a leased tract, 300 percent of the share of such costs allocable to such person's interest; or

In the case of an unleased tract, 200 percent of the share of such costs allocable to such person's interest,

all as determined by the Board;

- c. Providing that any person named herein who does not make a timely written election under the terms of the Order to be entered herein shall be deemed to have leased his coalbed methane gas interests in the subject drilling unit to the operator designated herein at a rate to be established by the Board;
- d. Designating Applicant, OXY USA Inc., as Unit Operator; providing that the operator shall have the right to drill, develop, produce, market and sell coalbed methane gas produced from the subject drilling unit; granting the operator the right to market and sell the coalbed methane gas produced from the subject drilling unit which is attributable to the conflicting claims and interests pooled herein; providing that the operator shall have an operator's lien on the coalbed methane gas estate and rights owned or claimed by the persons named herein in the subject drilling unit; and granting the operator the right to drill at any legal or specially permitted location on the subject drilling unit.
- e. Making any necessary provisions for the escrow of funds pursuant to Va. Code Ann. § 45.1-361.21 and 361.22;
- f. Providing that the order to be entered herein shall expire one (1) year from the date of its issuance if operations for the development of the subject drilling unit have not commenced by said date; but further providing that if operations have commenced during said one year period, then said order shall remain in effect for so long as operations continue on the subject drilling unit;
- g. Providing that the conduct of operations on any tract in the subject drilling unit shall be deemed to be the conduct of operations on all tracts in the drilling unit; and providing that the production allocated to any tract in the pooled drilling unit shall be in the same proportion as the acreage of that tract bears to the total acreage in the drilling unit; and
- h. Granting such other relief as is merited by the evidence and is just and equitable, whether or not such relief has been specifically requested herein.

NOTICE IS FURTHER GIVEN that this cause has been set for hearing and the taking of evidence before the Board at 9:00 a.m. on April 30, 1991 at the Library Conference Room, United Company, Glenway Avenue in Bristol, Virginia and that notice will be published as required by law and the rules of the Board.

NOTICE IS FURTHER GIVEN that you may attend this hearing, with or without an attorney, and offer evidence or state any comments you have. The Board rules require that any written objections you wish to file must be filed with the Board at least 10 days before the hearing. For further information, contact the Virginia Gas and Oil Board, State Gas and Oil Inspector, Department of Mines, Minerals and Energy, Division of Gas and Oil, P.O. Box 1416, Abingdon, Virginia 24210, 703/628-8115 or the Applicant at the address shown below.

DATED this 22nd day of MARCH, 1991.

OXY USA Inc.

By: Glenn Vangolen

Glenn Vangolen, Project Manager
Martin E. Wirth, Project Land Manager
Mid-Continent Region
P.O. Drawer Q
Richlands, VA 24641
703/964-9802

APPLICANT

EXHIBIT "A1"
Description of the location of the land
which is subject of the hearing

RE: VGOB-0430-99

M-33

"Notice of Hearing"

- Represents approximate location
of Unit VGOB-0430-99

