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2 Division of Gas and Oil
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8 B. T. Fulmer, Director, Division of Gas and Oil

9
10 By Decision of the
11 Director, Division of Gas and Oil

12 Ms. Sarah Katherine Horn Day (herein "DAY")) Informal Fact Finding Hearings 9297 and 9397
13 Gas and Oil Owner/Conflicting Coalbed Methane)
14 Owner) (Consolidated for Hearing)-
15 vs.) Applications for Coalbed Methane Gas
16 Pocahontas Gas Partnership (herein) Operations: #2991 (for Well CBM T-36) and
17 "APPLICANT") #3008 (for Well CBM S-36), respectively.

18
19 Background:

20 On October 22, 1997 the Virginia Department of Mines, Minerals and Energy's Division of Gas and Oil (herein
21 "DGO") received from APPLICANT an application for a permit to conduct coalbed methane gas operations for its
22 proposed CBM T-36 well (herein "T-36 Well"), and on November 14, 1997 DGO received from APPLICANT an application
23 for a permit to conduct coalbed methane gas operations for its proposed CBM S-36 well (herein "S-36 Well"). The
24 operations proposed by these permit application are located in the Garden District of Buchanan County (*see plat and*
25 *tract identification sheet for the drilling unit to be served by the T-36 Well attached hereto as Exhibit A and the plat*
26 *and tract identification sheet for the drilling unit to be served by the S-36 Well attached hereto as Exhibit B*). The
27 applications were entered into the Division's data base and were assigned the following application numbers:
28 Application # 2991 for the drilling and operation of the T-36 Well (herein T-36 Application) and Application #3008 for the
29 drilling and operation of the S-36 Well (herein S-36 Application).

1 On October 31, 1997 DGO received from DAY written notice that she was an heir to the Estate of Linkous
2 Horn, who according to the T-36 Application is a surface, gas and oil owner within Tract 2J of the drilling unit to be
3 served by the T-36 Well. DAY objected to the T-36 Application on the grounds that she was not identified by the
4 APPLICANT in the T-36 Application as one of the heirs to the Linkous Horn Estate, and that she did not receive proper
5 notice of the T-36 Application¹. DAY further alleged that the operation of the T-36 Well as proposed in the T-36
6 Application would impinge upon her gas and oil royalty interest.² The DGO provided the APPLICANT with a copy of
7 DAY'S objections and required that APPLICANT comply with the requirements of Va. Code § 45.1-361.35 with respect to
8 notice to her before any further action would be taken by the DGO with respect to the processing the T-36 Application.

9 On December 8, 1997, DGO received from DAY written notice that she was an heir to the Estate of Linkous
10 Horn, who according to the S-36 Application is a gas and oil owner within Tract 3 of the drilling unit to be served by
11 the S-36 Well. DAY objected to the S-36 Application on the grounds that the operations of the S-36 Well as proposed in
12 the S-36 Application would impinge upon here gas and oil royalty interest.

13 On December 16, 1997 DGO gave written notice to DAY and APPLICANT that an Informal Fact Finding
14 Hearing³ (herein "IFFH Hearing") was scheduled for 10:00 a.m. on January 13, 1998 in the Conference Room of DGO's
15 offices at 230 Charwood Drive, Abingdon, Virginia. Present at the IFFH Hearing regarding DAY'S objections were
16 DAY; Mr. White of the law firm White and Bundy of Abingdon as counsel for DAY; Mark Swartz of the law firm Swartz
17 & Stump, L.C. of Abingdon as counsel for APPLICANT; and Les Arrington as a representative of APPLICANT. Several
18 interested members of the public attended the hearing as observers (*see attached listing*), but these persons had and
19 did not establish standing to object pursuant to the provisions of Va. Code 45.1-361.30⁴ and/or did not file written
20 objections to the T-36 Application and/or the S-36 Application as required by Va. Code 45.1-361.35.

21
22 ¹ Va. Code 45.1-361.30 establishes the notice requirements for the permit applications.

23 ² Va. Code 45.1-361.35.C. sets forth the only objections to permits or permit modifications which may be raised by
24 royalty owners and includes, as a basis for objection, whether the proposed well work "... directly impinges upon the
25 royalty owner's gas and oil interest".

26 ³ Va. Code 45.1-361.35.H.

27 ⁴ Va. Code 45.1-361.30 provides that "Only those persons entitled to notice under subsections A, B, and C of this section
28 shall have standing to object to the issuance of the proposed permit or permit modification for a gas, oil, or
29 geophysical operation as the use may be."

1
2 **Findings of Fact:**

- 3 1. That APPLICANT has given notice of the T-36 Application and for the S-36 Application to DAY as required
4 by Va. Code § 45.1-361.30.
- 5 2. Pursuant to Va. Code 45.1-361.30.D, as a person claiming to be an heir of the Linkous Horn Estate, DAY
6 had standing to object to the applications, and pursuant to Va. Code 45.1-361.35.A DAY did object to the
7 T-36 Application and to the S-36 Application on a ground allowed by Va. Code 45.1-361.35.C.1., DAY
8 alleges that the proposed well work for the T-36 Well and the S-36 Well would impinge upon DAY'S gas
9 and oil interests.
- 10 3. That the evidence presented in the permit applications and at the IFFH Hearing indicates that with
11 respect to Tract 2J of the drilling unit to be served by the T-36 Well, and with respect to Tract 3 of the
12 drilling unit to be served by the S-36 Well there are conflicting claims of ownership to the coalbed
13 methane gas to be produced from said wells.
- 14 4. That the Virginia Gas and Oil Board in exercising its duties and responsibilities as set forth in Article 2
15 of the Virginia Gas and Oil Act¹, and more particularly in Va. Code 45.1-361.20² has:
- 16 a. by its Order No. 3-90 dated May 18, 1990, as amended, (herein "Oakwood I CBM Field
17 Rules"), among other things, established 80-acre drilling units within the boundaries
18 of the Oakwood I Field for the production of coalbed methane gas, and provided that
19 wells located in said units could be no closer than 300' feet from the outside boundary
20 of the unit or closer than 600' to any other well completed or produced in the Oakwood
21 I Field.

22
23
24 ¹ Va. Code 45.1-361.13 et seq.

25 ² Va. Code 45.1-361.20 provides that "[I]n order to prevent the waste of gas or oil, the drilling of unnecessary wells, or
26 to protect correlative rights, the Board on its own motion or upon application of the gas or oil owner shall have the
27 power to establish or modify drilling units. Drilling units, to the extent reasonably possible, shall be of uniform shape
28 and size for an entire pool. Any gas, oil, or royalty owner may apply to the Board for the establishment of field rules
29 and the creation of drilling units for the field. . ."

1 b. by its Order No. 91-1119-0162 dated December 17, 1991, as amended (herein "Oakwood
2 II CBM Field Rules"), among other things, provided for the production of coalbed
3 methane gas from shorthole, active gob areas of a mine and from any additional
4 well, and created a system of allocation of revenue and costs for each unit within
5 said field under which longwall mining was or has occurred.

6 5. The drilling units to be served by the T-36 Well and by the S-36 Well which are depicted on the plats
7 attached hereto as Exhibits A and B are located within the Oakwood I and II Fields and were created by
8 the Oakwood I Field Rules and/or the Oakwood II Field Rules and are subject to their terms and
9 conditions.

10 6. That APPLICANT has indicated its intention to avail itself of the protection afforded by Va. Code 45.1-
11 361.22¹, including applicable portions of Va. Code 45.1-361.21, due to the conflicting claims of ownership
12 of the coalbed methane gas proposed to be produced from the T-36 and the S-36 drilling units.

13 14 Decision of the Director

15 THEREFORE, based upon the factual evidence and available testimony received in this matter with respect
16 to DAY'S objection to the permit applications, it is the decision of the Director that further evidence and testimony is
17 not required. Further, DAY'S objections to the T-36 Application and to the S-36 Application, and the evidence
18 submitted in support thereof, establish that there are conflicting claims to the ownership of the coalbed methane gas
19 to be produced from the T-36 Well and the S-36 Well; however, said evidence does demonstrate or establish that the
20 proposed well works will directly impinge upon DAY'S gas and oil interest. The Virginia Gas and Oil Act
21 acknowledges that a dispute exists between the owners of coal and the owners of gas and oil underlying a drilling
22 units with respect to the ownership of coalbed methane gas produced from the units, and the Act provides a
23 mechanism by which any claimant to the coalbed methane gas can petition the Virginia Gas and Oil Board for a
24 pooling of the drilling unit to be affected by a proposed well. The Virginia Gas and Oil Board has addressed the
25 protection of correlative rights through the adoption of the Oakwood I and II Field Rules with respect to the T-36 and S-

27 ¹ Va. Code 45.1-361.22 provides that "[W]hen there are conflicting claims to the ownership of coalbed methane gas,
28 the Board, upon application from any claimant shall enter an order pooling all interests or estates in the coalbed
29 methane gas drilling unit for the development and operation thereof. . ."

1 36 drilling units. To seek further protections from the Board either DAY or the APPLICANT may petition the Board for
2 the pooling of said units under §45.1-361.22 of the Code of Virginia¹, a statutory remedy that may be sought at the
3 discretion of a claimant, but cannot be mandated by either the Director or the Board.

4 The applications for the T-36 Application and the S-36 Application have been reviewed and found to be in
5 compliance with statutory and regulatory requirements pertaining to same. The permits shall be issued for the
6 proposed T-36 and for the proposed S-36 gas and oil operations.

7 Under the facts of this case, the Virginia Gas and Oil Act does not provide for nor does the evidence in this
8 matter warrant a stay of the permitting process pending a resolution of the conflicting claims to ownership of the
9 coalbed methane gas proposed to be produced from the T-36 and/or the S-36 Wells, and therefore DAY'S request for a
10 stay is denied.

11 This order is issued pursuant to the authority of the Director granted under § 45.1-361.27.E and 4 VAC 25-150-
12 50 of the Gas and Oil Regulation.

13 Right of Appeal

14 DAY, as a party to these proceedings aggrieved by this decision of the Director, may appeal this decision to
15 the Virginia Gas and Oil Board by filing a petition with the Board² within ten days following the appealed decision. No
16 petition of appeal may raise any matter other than matters raised by the Director or which the petitioner put in issue
17 either by application or objections, proposals or claims made and specified in writing at the IFFH Hearing.

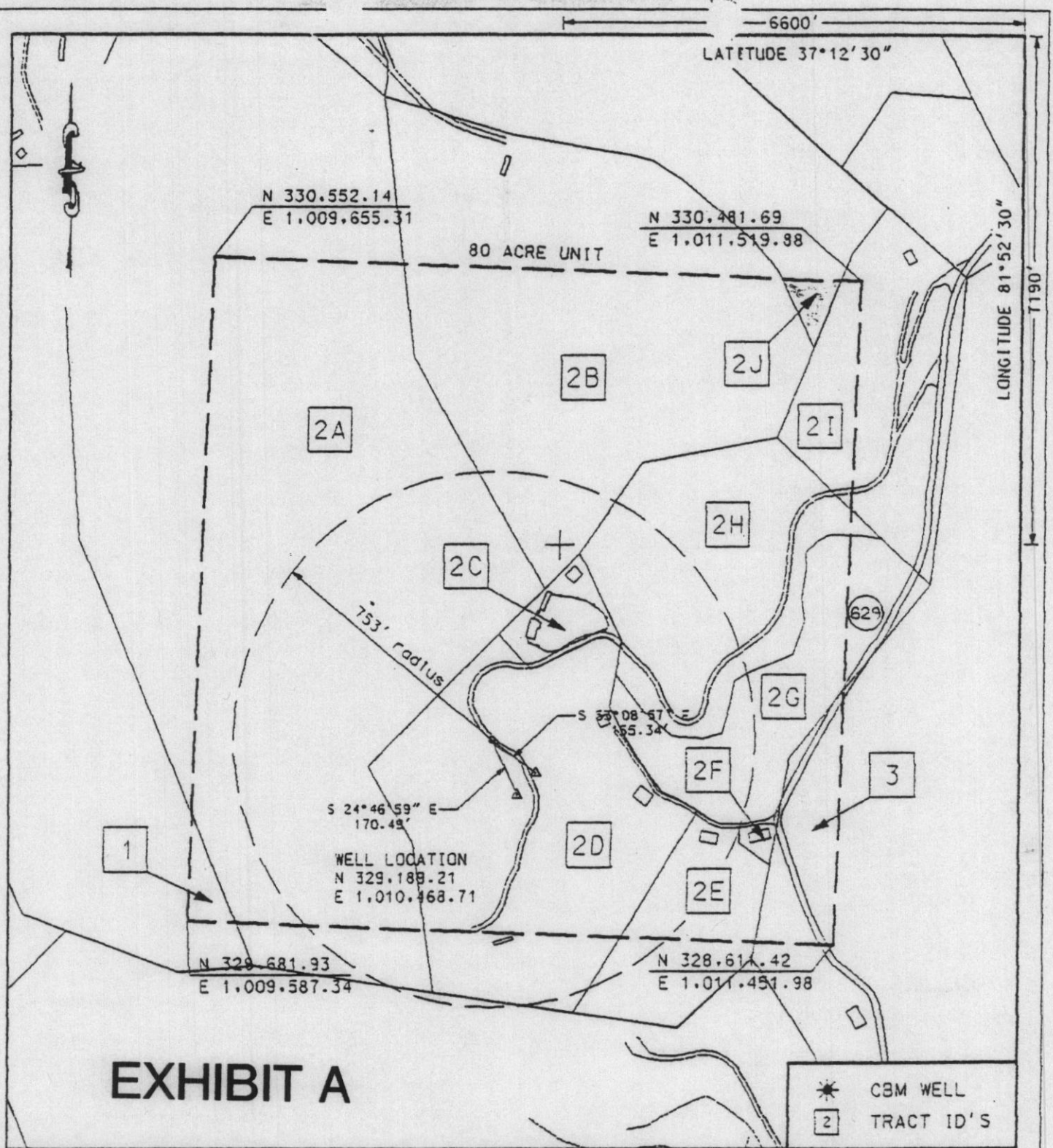
18
19 Signed this 27th day of January, 1998

20 Dylon J. Tufner (signature)

21 Director, Division of Gas and Oil
22
23
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27 ¹ Va. Code 45.1-361.35.G provides that "[T]he Director shall have no jurisdiction to hear objections with respect to any
28 matter subject to the jurisdiction of the Board as set out in Article 2 (§ 45.1-361.13 et seq.) of this chapter. Such
29 objections shall be referred to the Board in a manner prescribed by the Director.

² Va. Code 45.1-361.36

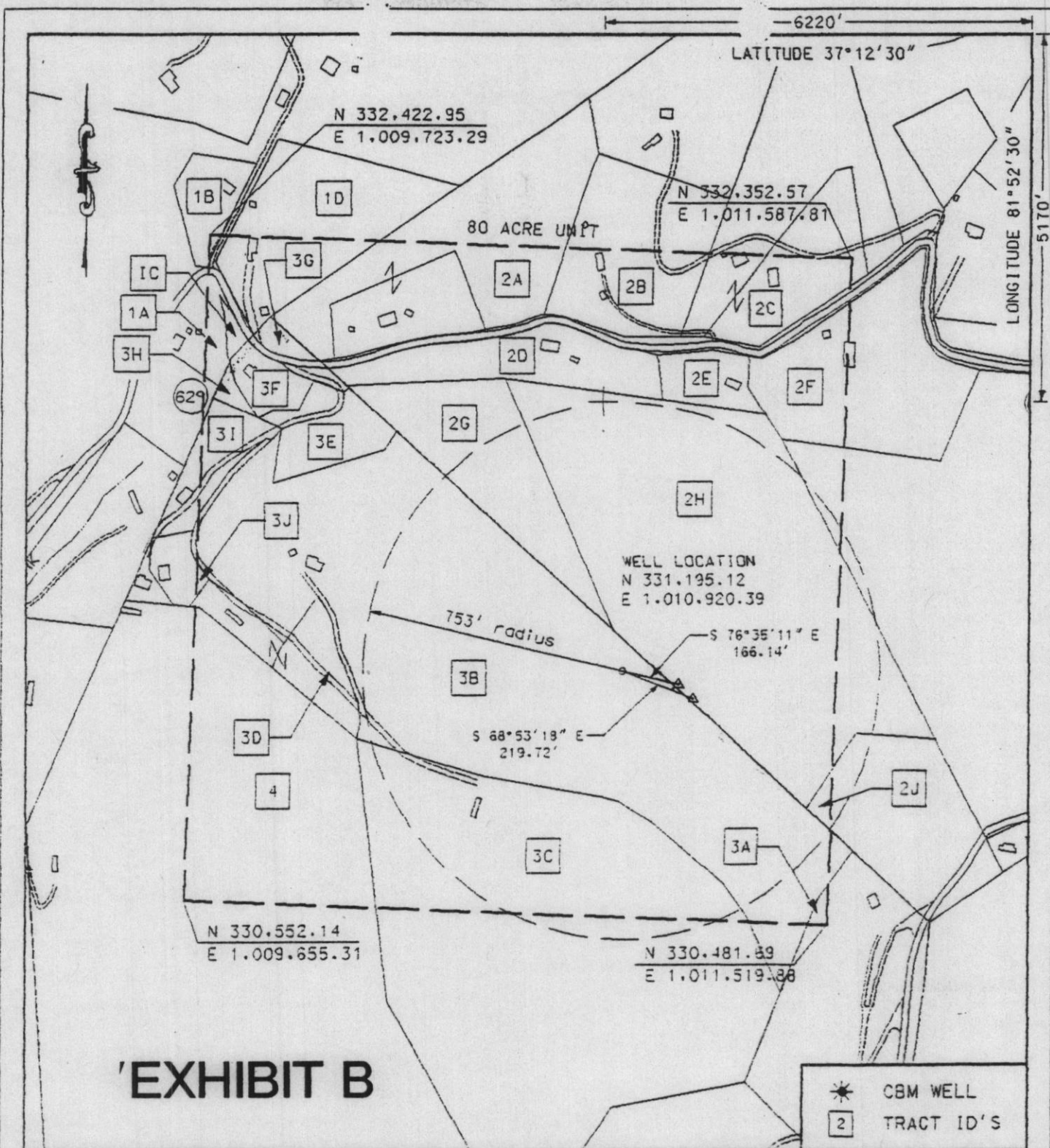


CONSOL INC.
UNIT T-36
Tract Identification

1. Alpha Stickley, et al - Coal, Oil & Gas
Coal Lessees
Island Creek Coal Company
Jewell Smokeless Coal Corporation
Permac, Inc.
Pocahontas Gas Partnership - CBM Lessee
0.45 acres 0.5625%
- 1A. Joel L. Absher - Surface
- 2A. McGuire & Hurt Heirs - Coal
Consolidation Coal Co. - Below drainage coal Leased
United Coal Company - Above drainage coal Leased
Pocahontas Gas Partnership - CBM Lessee
Thomas Stillwell Heirs - Surface, Oil & Gas
30.05 acres 37.5625%
- 2B. McGuire & Hurt Heirs - Coal
Consolidation Coal Co. - Below drainage coal Leased
United Coal Company - Above drainage coal Leased
Pocahontas Gas Partnership - CBM Lessee
Danny McClanahan - Surface, Oil & Gas
14.71 acres 18.3875%
- 2C. McGuire & Hurt Heirs - Coal
Consolidation Coal Co. - Below drainage coal Leased
United Coal Company - Above drainage coal Leased
Pocahontas Gas Partnership - CBM Lessee
Walter Underwood - Surface, Oil & Gas
1.25 acres 1.5625%
- 2D. McGuire & Hurt Heirs - Coal
Consolidation Coal Co. - Below drainage coal Leased
United Coal Company - Above drainage coal Leased
Pocahontas Gas Partnership - CBM Lessee
Joe Nipper - Surface, Oil & Gas
12.07 acres 15.0875%
- 2E. McGuire & Hurt Heirs - Coal
Consolidation Coal Co. - Below drainage coal Leased
United Coal Company - Above drainage coal Leased
Pocahontas Gas Partnership - CBM Lessee
Donald Nipper - Surface, Oil & Gas
2.21 acres 2.7625%

CONSOL INC.
UNIT T-36
Tract Identification

2F.	McGuire & Hurt Heirs - Coal Consolidation Coal Co. - Below drainage coal Leased United Coal Company - Above drainage coal Leased Pocahontas Gas Partnership - CBM Lessee Osborne Mountain Pentecostal Church - Surface, Oil & Gas 0.17 acres 0.2125%
2G.	McGuire & Hurt Heirs - Coal Consolidation Coal Co. - Below drainage coal Leased United Coal Company - Above drainage coal Leased Pocahontas Gas Partnership - CBM Lessee Mitchell Counts - Surface, Oil & Gas 4.80 acres 6.0000%
2H.	McGuire & Hurt Heirs - Coal Consolidation Coal Co. - Below drainage coal Leased United Coal Company - Above drainage coal Leased Pocahontas Gas Partnership - CBM Lessee Albert Ball Heirs - Surface, Oil & Gas 9.38 acres 11.7250%
2I.	McGuire & Hurt Heirs - Coal Consolidation Coal Co. - Below drainage coal Leased United Coal Company - Above drainage coal Leased Pocahontas Gas Partnership - CBM Lessee Beulah Osborne - Surface, Oil & Gas 1.93 acres 2.4125%
2J.	McGuire & Hurt Heirs - Coal Consolidation Coal Co. - Below drainage coal Leased United Coal Company - Above drainage coal Leased Pocahontas Gas Partnership - CBM Lessee Linkous Horn Heirs - Surface, Oil & Gas 0.38 acres 0.4750%
3.	Coal Mountain Mining Tr 26 - Fee Consolidation Coal Co. - Below drainage coal Leased United Coal Company - Above drainage coal Leased Pocahontas Gas Partnership - CBM Lessee Pocahontas Gas Partnership - Oil & Gas Lessee 2.60 acres 3.2500%



WELL LOCATION PLAT

Company Pocahontas Gas Partnership Well Name and Number CBM-PGP-S36
 Tract No. HURT-MCGUIRE Elevation 2428.54' Quadrangle Keen Mountain
 County Buchanan District Garden Scale: 1" = 400' Date 11/5/97
 This plat is a new plat X ; an updated plat ; or a final plat

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

Form DGO-GO-7
 Rev. 9/91

Cloud J. Meyer
 Licensed Professional Engineer or Licensed Land Surveyor

Attix Seal

POCAHONTAS GAS PARTNERSHIP

UNIT S-36

Tract Identifications

1. Alpha Stickley, et al - Coal, Oil & Gas
Coal Lessees
Island Creek Coal Company
Jewell Smokeless Coal Corporation
Permac, Inc.
Pocahontas Gas Partnership - CBM Lessee
2.25 acres 2.8125%
- 1A. Betty Ferrell - Surface
- 1B. Kenneth Byrd - Surface
- 1C. Crobbie Smith - Surface
- 1D. John Osborne - Surface
2. J. P. Royall, et al - Coal, Oil & Gas
Consolidation Coal Company - Coal Below Drainage Lessee
United Coal Company - Coal Above Drainage Lessee
Permac Inc. - Coal Above Drainage Lessee
Pocahontas Gas Partnership - Oil & Gas Lessee
Pocahontas Gas Partnership - CBM Lessee
34.57 acres 43.2125%
- 2A. John Horn Jr. - Surface
- 2B. Jessie Matney - Surface
- 2C. Jerry Horn - Surface
- 2D. Goldie Horn - Surface
- 2E. Helen Compton - Surface
- 2F. Melissa Vandyke - Surface
- 2G. Dexter Mounts - Surface
- 2H. Jimmy Lee Horn - Surface
- 2I. Ethel Burke - Surface
- 2J. Roby Horn - Surface
3. Hurt & McGuire - Coal
Consolidation Coal Co. - Coal below Tiller seam Leased
Jewell Smokeless Coal - Tiller & above coal Leased
Pocahontas Gas Partnership - CBM Lessee
Linkous Horn Heirs - Oil & Gas
35.63 acres 44.5375%
- 3A. Beulah Osborne - Surface
- 3B. Arlin Osborne - Surface
- 3C. Danny McClanahan - Surface
- 3D. Robert Trent - Surface
- 3E. Clifford Osborne - Surface
- 3F. Crobbie Smith - Surface
- 3G. John Osborne - Surface
- 3H. Betty Ferrell - Surface
- 3I. Bertha Goodwin - Surface
- 3J. Noah Keen - Surface

POCAHONTAS GAS PARTNERSHIP

UNIT S-36

Tract Identifications

4. Hurt & McGuire - Coal
Consolidation Coal Co. - Coal below Tiller seam Leased
Jewell Smokeless Coal - Tiller & above coal Leased
Pocahontas Gas Partnership - CBM Lessee
Thomas Stillwell Heirs - Surface, Oil & Gas
7.55 acres 9.43750%

INFORMAL FACT FINDING HEARING

IFFH 9297 AND IFFH 9397

JANUARY 13, 1998

DIVISION OF GAS AND OIL
230 CHARWOOD DRIVE
ABINGDON, VA 24210

SARAH HORN DAY HEIRS

VS.

POCAHONTAS GAS PARTNERSHIP
PROPOSED OPERATIONS CBM PGP-T36

Tom Fulmer In most cases an informal hearing draws only two or three people. So bare with us. I am sure some of you are here observing and some may provide testimony, so I hope we can get through this and bare with us. Again I apologize for the inconvenience. The first thing I will do is to read into record a preliminary review of why we are here today and then we will proceed from there. My name is Tom Fulmer and I am the director of the Division of Gas and Oil. To my left is Mrs. Susan Korell who will be recording the proceedings this morning. This mornings proceedings are being convened pursuant to Section 45.1-361.35.G of the Code of Virginia. For future reference the case docket numbers for this hearing is IFFH 9297 and IFFh 9397, respectively. As to the IFFH hearing 9297 proposed coalbed methane well CBM PGP-T36, application 2991 was received by this office on October 22, 1997. An objection to application number 2991 was received from Robert M. Lilly, Jr., of Warren & Scheid, PC on behalf of Sarah Kathelene Horn Day an heir of the Linkous Horn estate. The objection to the proposed application was lack of notice and that the activity would directly impinge upon her property rights under Section 45.1-361.35.C.2. At that time the Division of Gas and Oil suspended review of the application and notified PGP of the notice issue. PGP notified Ms. Day by certified return receipt mail on November 12, 1997. Notice was received by Ms. Day on November 19, 1997 of the T-36 proposed well. A letter of objection to the T-36 well was received on December 8, 1997 from Mr. Lilly referencing the CMB PGP-S36 well and "what we can only assume is this same permit" which refers to the original application for the T-36. As to the IFFH 9397 proposed coalbed methane well CBM PGP-S36, application #3008 was received by this office from PGP on November 14, 1997. An objection to application #3008 was received from Mr. Lilly on behalf of Sarah Kathlene Horn Day an heir of the Linkous Horn Estate on December 8, 1997. The objections were the same as those previously filed for the T-36 application. PGP sent notice to Ms. Day on December 18, 1997. Ms. Day received notice of the S36 application on December 19, 1997. Upon review of the objections of Ms. Day, the Director determined that an Informal Fact Finding hearing was appropriate in this matter. By letter dated December 16, 1997, Ms. Day was notified of the scheduling of an informal hearing scheduled for January 13, 1997 at 10 a.m. in the DGO Conference Room, 230 Charwood Drive, Abingdon, Virginia. Notice was sent by certified mail to all parties required to be notified under Section 45.1-361.35.H. As to the T-36 application, the application lists Joe Nipper as the surface owner on the tract to be drilled and in the matter of the S-36 application, Arlin Osborne is listed as the surface owner. In both applications the Linkous Horn heirs are listed as gas and oil owners in the unit. This mornings proceedings will be conducted pursuant to Section 6.14:11 of the Code of Virginia regarding proceedings to be conducted under informal fact finding hearings. The evidence and testimony will be examined in accordance with the criteria set out in Section 45.1-361.35. As to this morning hearing, please confine your evidence and testimony to the issues which can be raised under 45.1-361.35. For this mornings

proceedings will you please acknowledge your presence and if you are being represented by counsel. Ms. Sarah Kathelene Horn Day

Ms. Day Here and I am represented by counsel.

Mr. White Let me just say for the record that the gentleman, Mr. Lilly had a court engagement that conflicted on this day and asked me to come in his place and if you will count as related or successors.

Mr. Fulmer No problem. Pocahontas Gas Partnership (PGP)

Mr. Swartz Mark Swartz, I am their attorney and Les Arrington is also here if necessary a couple of other folks.

Mr. Fulmer Ms. Korell, for the purpose of notification under notice of hearings for these proceedings, was all parties required to be notified under 45.1-361.35.G been notified.

Ms. Korell Yes to the best of my knowledge all parties have been notified by certified return receipt mail.

Mr. Fulmer The proceedings will be conducted as follows. I will receive testimony and evidence on proposed operations T-36 and S-36 from the objecting party, Ms. Day, and then PGP will be allowed to cross-examine. Then I will receive testimony and evidence from PGP and the objecting party Ms. Day will be allowed to cross-examine. Both parties will have the opportunity to summarize their positions. The Director reserves the right to conduct any inquiry which would facilitate his decision in his hearing. Before we proceed, does either party wish to have the opportunity to conference with the opposing party to settle this matter.

Mr. Swartz We have already spoken this morning, although cordial, we probably need to have the hearing.

Mr. White Right

Mr. Fulmer O.k., fine, I call upon counsel for Ms. Day to state her objection and to present her testimony and evidence in this matter.

Mr. White As we said when we were in your office, I think she and the other heirs of Linkous Horn are unsure of the rights under which PGP is proceeding for the purpose and they would like to have a chance to raise some questions on that. Hopefully they will be answered in the course of the hearing. Ms. Day go ahead and tell them why you have made this objection and what your feeling is.

Ms. Day Well, I feel like the Linkous Horn heirs owns the mineral rights of the gas, coal and oil. We have a deed stating that. I was contacted by PGP by telephone. This was in November. They offered me \$125 for a ten year lease to drill on for the gas. I feel like that is not a fair price. I feel like we need a percentage or to reserve it for our grandchildren. I feel like we own and I feel like if they want to pay a fair price, then there could be some negotiations with that.

Mr. Swartz Is she done? I don't have any questions.

Mr. Fulmer Mr. Swartz

Mr. Swartz As I understand the objections, there was a notice objection in regards to both of these well permit applications. I gather that that is no longer an objection.

Mr. White They didn't at first but they eventually got notice.

Mr. Swartz We got it right eventually. With regard to the first objection I think that has been cured and we have filed further records with Mr. Fulmer's office indicating that that mailing had occurred. With regard to the second issue in both units, there is a provision in the Virginia Code which specifies objections that owners within units can make. I gather that there is an impinging upon rights objection here. Frankly I am not sure we need to call for any testimony with regard to that but my comments would be as follows. In Virginia you have in coalbed methane, you essentially have two choices, if you want to proceed to develop coalbed methane. You can attempt to enter into a lease with the people whose methane who own part or all of the methane you want to develop. It sounds like there was an effort to lease here. Either the person from PGP was not making himself clear or perhaps you misunderstood him. But, every lease I have ever seen from PGP has an acreage payment, which is a bonus payment, and also has a 1/8 royalty. So if you did not understand you were being offered a royalty, they were not doing a very good job of telling you about it or they were and you missed it. I have Les Arrington here with me today for PGP. Les what are the standard terms for coalbed methane leases that you would offer anyone in this room who had an ownership interest in either of these units?

Mr. Arrington It would be a \$1 per acre per year for a five year term on coalbed methane lease with a 1/8 royalty.

Mr. Swartz One eighth is 12 1/2 percent?

Mr. Arrington Yes it is.

Mr. Swartz Are those terms that you literally offer your people everyday to coalbed methane owners?

Mr. Arrington	For coalbed methane owners.
Mr. Swartz	That is not oil, that is natural gas and that is not coal, that is just coalbed methane.
Mr. Arrington	Just coalbed methane.
Mr. Swartz	That is what we are talking about.
Mr. Arrington	That is correct.
Mr. Swartz	So to the extent that there are people in this room that have not leased to PGP, they want to talk to you or some of the other representatives from PGP at the end of this hearing about leasing, you will be available.
Mr. Arrington	I will be here and we do have a landman with us today and will be available to talk about negotiations, negotiate.
Mr. Swartz	That will be the terms of what is on the table to start with.
Mr. Arrington	Yes
Mr. Swartz	Sometimes people, the negotiations don't work.
Mr. Arrington	Correct
Mr. Swartz	For example, in this unit lets pick T-36, you want to look over my shoulder for a second. From the permit application you filed and I assume you mailed copies to some of the people in this room, there is a map of the tracts in the unit. Then there is a listing in regards to each tract as to what your title searching has shown in terms of ownership.
Mr. Arrington	That is correct, it does.
Mr. Swartz	In the T-36 unit, how many acres are in that unit?
Mr. Arrington	Eighty acres.
Mr. Swartz	Of that eighty acres, there appear to me to be two, four, six, eight, ten, twelve, thirteen tracts that you have addressed.
Mr. Arrington	Yes, probably.

Mr. Swartz And, with regard to each one of those tracts in that unit, you have tried to break out who owns what.

Mr. Arrington That is correct, we do.

Mr. Swartz You have also indicated whether or not you have a lease.

Mr. Arrington We did.

Mr. Swartz Lets just take a tract that, the well is going to be on a Nipper tract, lets just pick tract 2-C. What is the title information, for example, with regard to that tract?

Mr. Arrington McGuire Hurt heirs own the coal, Consolidation Coal Company has the coal below drainage coal leased from McGuire Hurt, United Coal Company has the above drainage, PGP has a cbm lease from McGuire Hurt heirs.

Mr. Swartz Who owns the surface?

Mr. Arrington Joe Nipper owns the surface.

Mr. Swartz That is 12.07 acres of the total of 80 acres.

Mr. Arrington Correct

Mr. Swartz Another tract to focus on a tract that Ms. Day might have an interest in would be Tract 3.

Mr. Arrington Thats correct.

Mr. Swartz Give us a rundown of that tract.

Mr. Arrington Again, McGuire Hurt owns the coal

Unknown No they don't.

Mr. Arrington Consolidation Coal Company has a lease on the below drainage coal, United Coal Company has a lease on the above drainage coal and of course Linkous Horn heirs own the oil and gas. We do have a cbm lease from McGuire Hurt heirs.

Mr. Swartz Where does this title information come from, do you hire people?

Mr. Arrington Yes we do.

Mr. Swartz In this particular case did you hire a law firm to do title?

Mr. Arrington Yes we did.

Mr. Swartz What firm would that have been?

Mr. Arrington Altizer White of Tazewell.

Mr. Swartz Do you actually have a title opinion from that law firm that you have relied on in setting forth the information you just reported in regard to Tract 3.

Mr. Arrington Yes we do. I don't have a copy with me though.

Mr. Swartz Is it common when you are developing coalbed methane to have situations where the people in a tract who have different ownership interests in a tract, do not agree on who owns coalbed methane?

Mr. Arrington That is correct, we do.

Mr. Swartz So this is something that you see pretty often.

Mr. Arrington Yes we do.

Mr. Swartz Has the Virginia legislature provided a solution to that problem, at least a temporary solution, to that problem?

Mr. Arrington Yes they have.

Mr. Swartz That is proceedings before, not before Mr. Fulmer's office, but before the Virginia Gas and Oil Board, right?

Mr. Arrington Yes it is.

Mr. Swartz With regard to the T-36 unit and the S-36 unit, do you anticipate that PGP is going to have to file applications in front of the Virginia Gas and Oil Board?

Mr. Arrington Yes we will. In the very near future.

Mr. Swartz Do you normally permit before you file before the Virginia Gas and Oil Board?

Mr. Arrington	Yes I do.
Mr. Swartz	So this is step one and step two is a pooling procedure?
Mr. Arrington	Yes it is.
Mr. Swartz	How often does the Virginia Gas and Oil Board meet?
Mr. Arrington	Once a month.
Mr. Swartz	They have a meeting next Tuesday?
Mr. Arrington	Yes they do.
Mr. Swartz	They meet what, the third Tuesday of every month?
Mr. Arrington	Yes they do.
Mr. Swartz	Part of the Virginia Gas and Oil Board's job is to allow production where there are arguments about who owns what?
Mr. Arrington	Coalbed methane.
Mr. Swartz	But where people are arguing, I own it or you own it, the Virginia Gas and Oil Board's job is to allow production to occur under certain limitations when there is that kind of an argument?
Mr. Arrington	Yes they do.
Mr. Swartz	With regard to both S-36 and T-36, is it your intention to file for pooling?
Mr. Arrington	Yes it is.
Mr. Swartz	Will people who have not leased to you who have been identified as having an interest in this unit, or these units, get notice of that pooling application?
Mr. Arrington	Yes they will.
Mr. Swartz	So Ms. Day, to the extent that you can't work out a lease arrangement with her, would get notice and be advised of the date and time to go before the Board?

Mr. Arrington Yes they would.

Mr. Swartz That Board meets in Abingdon, also, correct?

Mr. Arrington The majority of time they do meet in Abingdon.

Mr. Swartz Usually?

Mr. Arrington Yes

Mr. Swartz Normally they are over on the 4-H Center over by Hillman Highway?

Mr. Arrington Yes sir.

Mr. Swartz With regard to the, I know you can't always predict what the Virginia Gas and Oil Board might do, but generally when there are pooling hearings in front of them, do they make provisions for the payment of royalty and other payments for people who have not entered into leases?

Mr. Arrington Yes they do.

Mr. Swartz And generally speaking, what kind of provision do they make?

Mr. Arrington For coalbed methane leases, it is a \$1 per acre, five year term, 1/8 royalty.

Mr. Swartz Does the Virginia Gas and Oil Board also make provisions when there are arguments about who owns the coalbed methane?

Mr. Arrington Yes they do.

Mr. Swartz Is there something called an escrow agent?

Mr. Arrington Yes they do.

Mr. Swartz Could you describe that for Ms. Day what might happen here.

Mr. Arrington There is an escrow account controlled by the state. That escrow account, the royalties attributable to those interests, the oil and gas interest and the coal interest will be placed in that escrow account. Which time there is a court decision on who owns the coalbed methane, be it the coal owner or

the oil and gas owner, those funds would then be released by the state to the proper owners.

Mr. Swartz To look specifically and take a general answer and make it a specific answer, if we look at unit T-36 for example. The tract that Ms. Day, or the Linkous Horn heirs have an interest in, is a 17.02 acre tract. It is 21.275 percent of the unit.

Mr. Arrington That is correct.

Unknown It is 26 acres.

Mr. Swartz Would 21.275 percent of the 1/8 royalty be set aside if there is an argument between the McGuire Hurt heirs and the Linkous Horn heirs as to owns what?

Mr. Arrington That is correct. It would be.

Mr. Swartz And that would be set aside by order of the Virginia Gas and Oil Board.

Mr. Arrington That is correct, it would be.

Mr. Swartz Where would that money go?

Mr. Arrington It would be paid to Primer Trust, First Virginia Bank.

Mr. Swartz That is a bank that works with the state?

Mr. Arrington Yes the state.

Mr. Swartz Then if Linkous Horn heirs and the McGuire Hurt heirs reach an agreement they could take their agreement to the Board and the Board would order the money dispersed?

Mr. Arrington That is correct, they would.

Mr. Swartz Or if they had a law suit the board would order the money paid out to the winner.

Mr. Arrington That is correct, they would.

Mr. Swartz If, to the extent you are able to obtain some additional leases, pooling would not be required with regard to those people.

Mr. Arrington That is correct.

Mr. Swartz But certainly people are free to lease or not lease?

Mr. Arrington That is correct.

Mr. Swartz That is all I have.

Mr. White Did I understand correctly that you, this may not be exactly the right form, but just to get a brief overview, you are relying upon the title examination, title report made by the Altizer firm in Tazewell, is that correct?

Mr. Arrington Yes sir we do.

Mr. White To the extent that you tract identification, just tell the people here what the T and the S are. Are those two separate wells?

Mr. Arrington Yes sir, the S and T, let me start out first, all the area in that vicinity is broken up into something that has been named the Oakwood Coalbed Methane Field.

Mr. White Was that done by the state or your company?

Mr. Arrington That is by order of the Virginia Gas and Oil Board and those are 80 acre units that it is broken up into. The two units that you see are the S and T 36, 80 acre units within that field.

Mr. White Those units were established by the Virginia state authorities?

Mr. Arrington Yes sir it was.

Mr. White Now you are proposing to drill a well within each of those two units?

Mr. Arrington That is correct we are.

Mr. White This partnership is a subsidiary or affiliate of Consol, is that right?

Mr. Arrington Yes sir it is.

Mr. White Now, could I see that, some reason I got only the information on the S-36 and not the T. I did not realize until I got here that these people, let me see it just a moment since I have not seen that.

Mr. Swartz You will notice in T-36 it is 21.275 percent and in S it is 44.537, it is how the tract hits the unit that causes that.

Mr. White So the people that I am specifically working with, the Linkous Horn heirs, are listed as owning the oil and gas in both of these tracts. Is that correct?

Mr. Arrington That is correct, yes sir they are.

Mr. White Unless that is challenged, if things proceed according to the way it is on your tract identification, they would be the sole people entitled to the 21.27 percent on the T-36 and the 44 ½ percent roughly on the in the S-36, is that correct or not?

Mr. Arrington To the oil and gas interests?

Mr. White Yes.

Mr. Arrington Yes sir.

Mr. Swartz That is different than what we are talking about today.

Mr. White No, I understand.

Mr. Swartz O.k.

Mr. White But when it finally comes out of the ground and you are successful in getting it out of the ground, as far as that 21.2 or the 44.5 percent that would go to them and not the other people listed?

Mr. Arrington No sir. It would be in conflict between McGuire Hurt heirs who we see owns the coal and between the Linkous Horn heirs. It would be in a conflict with them.

Mr. Swartz We know from prior experiences with the Hurt McGuire and the McGuire and Hurt heirs that they are going to claim coalbed methane. So you can expect....

Mr. White My question, maybe I did not make it clear, I said if it finally turned out that, as it is written on this piece of paper, with Linkous owning the oil and gas...

Mr. Swartz Mean a court determine that?

Unknown We also own the coal.

Mr. White That would be the case?

Mr. Swartz If a court told us that....

Mr. White A court or it wasn't challenged or whatever.

Mr. Swartz Right, except we know the Hurt would....

Mr. White Ok, fine.

Unknown How do you know the McGuires own all the coal?

Mr. Swartz I am not saying, well we have a title opinion from a law firm that we are relying on that says this is the title under this tract.

Unknown So our deeds lie? We need to object to the permit until we find out for sure.

Mr. Swartz I understand why you are objecting. It is clear, but what we are trying to do, I guess, it would be silly for me to sit here and pretend that Hurt & McGuire and the McGuire Hurt heirs are not going to claim entitlement to coalbed methane when they have done it 50 times in other units. I need to share that with you rather than have you think that you are not looking for that kind of an argument. I can assure you it is going to happen.

Unknown Well we may not want to sell our part of it right now.

Mr. Swartz This is a two step process. Mr. Fulmer, I don't want to hurt his feelings, but he has limited authority. He is what is called the Gas and Oil Inspector for the State of Virginia. He basically is in charge of issuing permits for wells, permits for pipelines, gathering lines and that kind of stuff. He does not have anything to do with pooling.

Unknown What is pooling?

Mr. Swartz Pooling is deciding who gets what out of the well. The gas comes out of the well and gets sold. So it generates money. Pooling is the provision, that is in front of the Virginia Gas and Oil Board, the Chairman of the Virginia Gas and Oil Board is his boss. A guy by the name of Benny Wampler and he works out of Big Stone Gap. What the Virginia Gas and Oil Board does, which is not going to happen today because you are not in front of the Virginia Gas and Oil Board, what they do is they look at the title information that is submitted by you guys, submitted by us or by the lawyers that work for my client and they make a

decision as to whether or not people have conflicting claims. If they have conflicting claims, they say we are not going to pick, we are going to pay this money to a bank that is our escrow agent, the States escrow agent, and you guys are going to have to work out an agreement as to what you are entitled to or you going to have to work it out in court. If you come to them with an agreement where you have reached an agreement with McGuire & Hurt heirs, a lot of people reach an agreement where they don't want to fight about it in court, they just say we are going to split this 50/50. It is up to you.

Unknown They ain't never offered nobody 50/50.

Mr. Swartz Why would they. There is nothing coming out of the ground here.

Unknown But there will be.

Unknown They come out there on these mountains, we are country people, they come out with big lawyers, PCA and all this bunch of bull and if I come up there and tell you I am going to sink something in your yard. What are you going to do. You are going to kick me out of there.

Mr. Swartz You are going to have to come to Mr. Fulmer just like everybody else.

Unknown What date was the coal sold? I want it in writing.

Mr. Swartz You can get it at the court house.

Unknown Everything we get at the court house says it is our.

Mr. Swartz Well, then you are going to have to duke it out with the McGuire Hurt heirs. We have to pay 12 ½ percent.

Unknown We ain't never seen where McGuires own the property.

Mr. Swartz Excuse me, we have to pay 12 ½ percent royalty to somebody. All we care about is we pay the right person. That is all we want. I am serious.

Unknown That is what we want.

Mr. Swartz It is not like we are ever going to keep that 12 ½ percent. It would make our life a lot simpler if we did not have all these title problems. We spent a fortune who might be fighting over the money.

Unknown How come we ain't never heard about money until now. This is the first time I have ever heard anything about any money is right now. When you spoke it there. There have been hassling me for the last four years.

Mr. Swartz I assume they were trying to lease from you.

Unknown Yea, a dollar a year.

Mr. Swartz A dollar an acre a year and a 1/8 royalty.

Unknown You can't even pay the taxes with that.

Unknown Two hundred seventy nine million dollars pumped out of there in this part of 98 and then pay us a dollar a year.

Mr. Swartz You seem to be skipping a part here. O.k. I have never seen a Pocahontas Gas Partnership lease and they have thousands and thousands and thousands of acres leased, that didn't have at least a 1/8 royalty plus the dollar an acre. All I can say to you is I have never ever seen a lease that didn't have a 1/8 royalty from this company period.

Unknown They didn't give me one. See none of them never said nothing about no royalty, we are going to give you five dollars an acre and take and leave it for ten years.

Mr. Swartz Somebody is missing a step here.

Unknown There is one other....

Mr. Swartz There are people, and I am not talking Hurt & McGuire, the people that I see, like you all, that come in front of the Virginia Gas and Oil Board or they will look at leases that they have signed with PGP, have a 1/8 royalty in them.

Unknown I called here, or I called some where and talked to him (Les) I think and I asked him to send me some of these papers two months ago and I never got no papers.

Mr. Arrington Is that the point you gave me some addresses?

Unknown Yes. I never did get no papers, so do a whole lot of people don't get no papers.

Unknown My son is familiar with this, he has worked with the coal company for about 20 years.

Unknown I am with my mother, the biggest thing she has run into all the deeds she has pulled does show them the coal rights. They ain't nobody given them proof that the coal rights belong to anyone else. Second, from talking to her is the gentleman called her and offered her the \$125, said he would come by and see her and he never showed that is my understanding. The gentleman never came to meet with her. The permit went on through and that is when she...

Mr. Swartz Now wait....

Unknown I am sorry, the permit was submitted.

Mr. Swartz Ok.

Unknown Let me rephrase that, the permit was submitted so therefore she contacted an attorney to try and find out.

Mr. Swartz Which is fine.

Unknown That is correct, that is what the hearing is for, so her biggest problem is they still have the coal rights, the gas and the oil rights. They don't want to be railroaded to fast until they get a chance to find out who owns what.

Mr. Swartz Les will certainly get you a deed reference on the severance deed.

Unknown On these McGuires and not only them on the Consol and all these deeds that have been signed, can't we have that ink and that date liquidated to see when this was done.

Mr. White Is there anybody here from the McGuire interest?

Unknoww No

Unknown On our deeds McGuire's never owned.

Unknown They don't have no business here.

Unknown We have deeds back.....

Mr. Swartz All I can tell you guys is my client pays the Altizer law firm a lot of money every year to do title. These are title reports that they have got from a law firm. If they are wrong, then you...

Unknown We have deeds to back this up...

Mr. Swartz Then you need to deal with Hurt McGuire in terms of whether or not they have...

Unknown Why should we have to. They should deal with us.

Mr. White We can work that out.

Mr. Swartz I guess the point I am trying to make to you guys in coming back to it. We are going to pay somebody 12 ½ percent of the revenue that comes out of both of these units. We don't care who it is. We know we are going to pay it to somebody. It is up to you all to work something out with Hurt McGuire, either to convince them that they don't have it, and we will give you the deed reference of the severance deeds so you can take a look at where our lawyers are coming from in terms of why they think this, but it is up to all to either work it out with them in an agreement basis or sue them.

Unknown That is true.

Mr. Swartz Get a declaratory judgement as to own the gas.

Unknown Can it not be left alone until we determine ownership?

Mr. Swartz It will be left alone, but the money will be paid into escrow.

Unknown No, leave everything alone like it is today until we determine the ownership.

Mr. Swartz The problem is this is degassing in association with coal mining.

Unknown I don't believe they can do what they want to do.

Mr. Swartz The problem is, the realty is if we mine this coal, if the sister company mines this coal without getting the gas out of the ground it is going in the air and nobody is going to get any money.

Unknown How are they going to mine the coal?

Unknown	They can't mine it.
Unknown	I have worked for Island Creek for 20 some years and the gas don't go anywhere. It will be there when the coal is gone hundreds of year later.
Mr. Swartz	There is going to be a hugh amount of gas vented during mining.
Unknown	Yea, but
Mr. Swartz	And nobody is going to get paid for it....
Unknown	But the gas will be there when the coal is gone.
Mr. Swartz	Nobody gets paid for gas that is vented during mining.
Unknown	So that is what they are doing, they are shutting our coal industry, the coal industry is shutting down and they are drilling gas and putting our coal miners out of work and these guys out of New York, Pennsylvania or where else are coming in here working and pushing people's property all to pieces, destroying it and pushing them around just like Iraqies
Unknown	We might as well be in Iraq.
Mr. Swartz	I guess guys where I am coming from and all I can tell you is why I am here today and what we are doing and deal with you on that basis.
Mr. White	Who is Kenneth Owens?
Mr. Swartz	Terry Owens?
Unknown	O.k. Terry Owens.
Mr. Swartz	He is a landman for Pocahontas Gas, a contract landman.
Unknown	Does a \$125 represent what 1/8 percent?
Mr. Swartz	No
Unknown	That is the offer he went to several family members and tried to make a deal with. That was the offer.

Unknown That was \$110 more than he offered me for 11 years.

Mr. Swartz All I can tell you guys is if you want to lease from Pocahontas Gas Partnership, you can sign at the door as you leave and you will get a 1/8 royalty on the production.

Unknown In other words, let me speak this, if we don't want one, you are going to go and drill anyway, right?

Mr. Swartz If you don't want to lease, we will see you again in front of the Virginia Gas and Oil Board in about two months for pooling.

Unknown So there won't be anything done until we meet with the Virginia Board.

Mr. Swartz Once he issues the permit, they can drill if they want to.

Unknown That is what we don't want. We don't want nothing done until we prove who owns what here.

Mr. Swartz I understand that, unfortunately for you guys, the law allows coalbed methane development in spite of arguments about who owns what.

Unknown O.k., you keep saying coalbed methane.

Mr. Swartz Right

Unknown Then you use the same sentence and you say gas...

Unknown It is the same thing.

Mr. Swartz No it is not. Well they are both forms of it. The statute in Virginia defines coalbed methane as gas that is produced from coal seams or strata associated with coal seams. You can put it in a natural gas pipeline as roughly the same btu content and it is essential a fungible good.

Unknown Then methane is not gas is what you are telling me.

Mr. Swartz No it is, because you can use it in your stove. But there is a statute, a law here, that says that coalbed methane is gas produced from a coal seam or a collection of coal seams and the strata associated with those seams. That is what the legislature called.

Unknown Which gas are talking about, post or what?

Mr. Swartz	From coal seams and associated strata.
Unknown	There is one more thing, if somebody wanted to buy the coal, they can't sell the coal for 25 years until this pump gets out of the way.
Mr. Swartz	Who says that?
Unknown	That is in them papers that you send out.
Unknown	It is law.
Mr. Swartz	What papers?
Unknown	Them big packs of paper that you send out. It says 25 years the coal is tied up as long as the gas is in use.
Unknown	Excuse me, you say the 12 ½ percent you say was established by the Virginia Gas and Oil Board, is that correct? Who determined 12 ½ percent on pooling?
Mr. Swartz	It depends on where you go, on pooling the board typically orders 12 ½ percent.
Unknown	O.k., so that is the Virginia Gas and Oil Board.
Mr. Swartz	Correct.
Mr. Fulmer	That is common all over the United States and the world.
Mr. White	So ultimately it is up to you today to decide whether to issue the permit or not. Is that correct?
Mr. Fulmer	Right.
Unknown	I own most of the property where this 36 well is going to be. Consol is the dirtiest bunch of people I have ever seen in my life. They are so dirty...
Unknown	I would like to ask a question if I could. Can I get a permit to drill a coalbed methane or gas well and pay you people 12 ½ percent?
Mr. Swartz	You would have to figure out who the owners were and pay them.

Unknown	That is what I mean.
Mr. Swartz	Sure
Unknown	Well if we own.....
Unknown	You would accept 12 ½ percent.
Mr. Swartz	That is standard royalty.
Unknown permit or not?	This is the guy that determines whether you can get a
Mr. Swartz	Right
Unknown	We, as heirs, today buy gas drilling permits to drill on our own property so we can sell it.
Mr. Swartz	If you could buy them, we wouldn't be here.
Unknown	Do what?
Mr. Swartz permit.	I would not be here talking to you if we could buy a
Unknown	What do you mean, that is what....
Mr. Swartz	You have to give notice, you have to have a hearing.
Unknown	How do you drill them?
Mr. Swartz	What?
Unknown	How do you drill them with a permit?
Mr. Arrington	You have to file for them.
Mr. Swartz	You have to file for them, that is why we are here.
Unknown	That is what I mean.
Unknown	That is what he is asking, can we file for a permit?
Unknown	Can we file our own permit is what he is asking?

Mr. Fulmer Anybody can file for a permit. You will have to follow the same procedures as PGP or any other.

Unknown So if we file a permit that ties you up?

Mr. Swartz You have to come in here with a permit and demonstrate that you are going to produce gas and sell it. If you are coming in here and saying we want a permit so we can tie it up for two years, you are not going to get it.

Unknown No, I am not going to try and tie you up but if I can do it myself, why would I want you to do it? Because, I would get 100% out of it instead of 12.5.

Mr. Swartz Go for it.

Unknown Is there a limitation as to how many wells can be on a particular 80 acre tract?

Mr. Fulmer That is determined by the Board.

Unknown O.k.

Mr. Swartz Sometimes there is more than one.

Unknown Is there a standard?

Mr. Swartz Sometimes there is more than one.

Unknown Is there a maximum.

Mr. Fulmer Depending on the particular situation is involved.

Unknown How much gas is in the ground.

Mr. Fulmer Which in this case, if you degas and you have two panels which would cross a particular unit, in other words you would have one panel of coal and one panel next to it and they may split that unit, so you may have two wells in that unit.

Unknown If they are degassing the mine, per say to get the methane as a product to get some revenue, and also for safety sake of mining the coal, do they have to show permits or show a mining plan prior to putting in the gas well for degasification? In other words...

Mr. Swartz Yes and no. For one well, no to answer your question. By definition each of these 80 acre units when the state created them, the rules that created them allow one well per 80 acre unit period. So, you don't need to have a mine plan to drill one. If you are going to drill multiple wells, which we would call increased density, you would have to show the Board in pooling your mine plan, your projected mine plan to justify the need, you have to show the panels to justify the need for the increased density wells. That is typically, there are a lot of pooling applications in front of the board where there are mine plans attached. So you get two answers. To have one well, no you don't show mine plans, to get increase density wells, yes you do.

Unknown Mr. Fulmer, if they were issued, can they be issued a permit without the heirs being notified? Because my understanding is they have received a permit already, which no one was notified of. They did not protest it because it was already proved from the papers I found afterwards.

Mr. Swartz We don't have any permits on these wells.

Mr. Fulmer If I have a reference to deal with. These two particular permit applications have not been issued in any way, shape nor form.

Unknown O.k., is there any others applied for on this property? Can I ask that question? Has there been any other permits applied for on this particular tract of land?

Mr. Arrington I don't have all of it right here, but I don't think there has been.

Unknown Are you aware of any sir on these particular two 80 acre tracts? Have there been any other applications filed for permits? I know you are going by recollection.

Mr. Fulmer I can't remember any 36 issued in the T's or S's.

Unknown Are you aware of any that have been applied for?

Mr. Fulmer No.

Unknown The only two to your knowledge and belief today that have been applied for are the two that have applications pending right now?

Mr. Fulmer Yes

Unknown Both by Pocahontas Gas Partnership identified as S and
T 36?

Mr. Fulmer Yes

Unknown If you understood that he is saying the only two applications he is aware of that have ever been filed for these two 80 acre tracts are these two that Pocahontas Gas has applied for and are pending have not been issued but is on the way to.

Unknown Will they be issued before we meet again?

Mr. Swartz That is up to Mr. Fulmer.

Mr. Fulmer I will finish that up once we get through here. I am allowing, as I told Mr. White, I am allowing a lot of latitude in the discussion here. All I have before me is Ms. Day's objection of which I have to rule upon. There are certain concerns that I am sure everybody here has and I am allowing a lot of latitude in this particular hearing. You have to understand that my scope is very very narrow here. The larger scope exists with the Board and not me. I have been listening to the comments and trying to get some information being transferred back and forth so everybody has a better understanding of this whole process. But as far as my decision goes, I am bound by the law to render a decision within ten working days, of which I will do. That particular decision is then appealable on to the next administrative board which is the Virginia Gas and Oil Board. At that hearing, whatever decision they make is then again appealable on to the circuit court.

Unknown I believe I can speak for all of them. I don't think any of the heirs are going to let no drill come in there for \$11 a year. That is before we go out the door or behind the little green door or whatever. I don't think no heir is going to let no drill go down for \$11 a year, do you?

Mr. Fulmer I am impartial here.

Mr. Swartz I have said it about six times, there is going to be a 1/8 royalty. Some of you are hearing and some are not.

Unknown What is the 1/8 royalty, what does it amount to?

Mr. Swartz If you get a 1,000 out of the well, after you get it to Columbia Gas it would be \$125. That is 12 1/2 percent.

Unknown But they will be pumping more than that out though in here.

Unknown Read the meter on the well.

Unknown There are all kinds of getting around meters.

Mr. Swartz If you want to tell people you don't trust them and they are going to cheat you, there are ways to audit the account. I guess that is something you would need to take into consideration. We have meters, we keep good records, occasionally we share them with the Board and we file production with the state. Some of our lessors audit those results.

Unknown Excuse me sir. I dealt with Oxy when Oxy come in and that was before Oakwood Gathering, Pocahontas Gas and anybody. They went over our property. I fixed in my contract, my sister and I, we fixed in our contract this cannot be sold to anyone, no one when Oxy leaves here this contract is dead as of that day. Well kept coming back, coming back, coming back saying I need you to sign this, we are just changing the name. I said no sire I don't sign nothing. Now I had a problem with these guys. But Oakwood gathering does not have a right-of-way over my property or our property. Because they sold out to Oakwood Gathering. That is my concern here today. I want to know who owns what before I do anything.

Mr. Swartz The leases say that the partners in Pocahontas Gas Partnership are Consolidation Coal Company and Conoco. Those are the two partners. It says it right in the lease.

Unknown But Oakwood Gathering bought out Oxy.

Mr. Swartz That is a completely different company. Oakwood Gathering did not buy out Oxy. Oakwood Gathering was a company that was owned by Oxy but it did not buy out Oxy.

Unknown Why did they want me to resign the contracts to fix it to Oakwood Gathering?

Mr. Swartz I have no idea.

Unknown That is my concern here. I want everything legal and I want it done right. I want it done to the people that it belongs to. We pay taxes on this property and we live there.

Mr. Swartz I understand that.

Unknown The mountains are being torn all to pieces. Wells going in every where. We do have some rights, don't we?

Mr. Swartz Yes you do.

Unknown No we don't.

Unknown That is the reason this group is here today.

Mr. Swartz I understand.

Unknown We are tired of it. We are going to do something about it.

Unknown That is what he is just telling us. This meeting today is not to determine who owns this and who doesn't. The next step takes that.

Unknown I need I want to know who owns what.

Mr. Swartz I could not be more serious when I say this. We wish, we really do, that the owner of the royalty and the owner of the estate was something that was simple to figure out. It is a nightmare here. The titles in West Virginia and Virginia, because of the way the land was out because of the severance is a nightmare for everybody, not just for you guys.

Unknown Yes but we live there.

Mr. Swartz I understand, trying to figure who owns what and all the arguments that come up that we are talking about today. We are going be paying 12 ½ percent to somebody. Unfortunately it is complicated for you guys and us and the state to figure out who that might be. It is not money that we are going to get to keep. It is going to be paid to somebody.

Unknown You are not reading the deed.

Mr. Swartz I can read a deed, but Hurt McGuire can read it to and I hear the same thing from them that I hear from you.

Unknown Has their deed got a statement in it....

Mr. Swartz Our lawyers are not crazy. Altizer is a good lawyer and I am sure he has some severance deed he is relying on to give us a title opinion.

Unknown Well, we need to see that.

Mr. Swartz We will give you that deed reference so you can look at it. It is not a secret. We don't care because we are going to be paying anyway.

Unknown Let me say one word and we get this on with. That is what we hired him for here is to represent us. Lets let him represent us and the rest of us just be quiet.

Mr. Swartz I would be delighted to talk to just one person but we kind of felt like people might have questions and although you may not always like the answer you hear from me I am trying to be straight with you guys. I am trying to tell you what the process is and what the lease terms are and if it has been helpful great and if it hasn't I am sorry, but at least I tried.

Unknown You said earlier that you met with McGuires fifty some odd time, right?

Mr. Swartz I know that on 50 some odd units, in dealing with them you are going to have an argument.

Unknown Who is these people?

Unknown Owners

Unknown We hired this guy, so he knows more than we do so...

Unknown That is right, that is what we got him for John, so lets him do the talking.

Unknown Mr. Fulmer my mother asked me to speak one of the biggest things she run into and there is a genuine concern is it seems like they are being railroaded into either you take this or that is it. You either take what we are offering or you are going to get it. That is it in a nutshell. That is the mentality that is being handed across from everybody I have talked to. Basically, the gentleman called up and again I relaying conversations that have been conveyed to me and told them that it was \$125 and he never came to meet with them. He told them, part of them signed a lease the rest would have to take it whether they wanted it or not was the remark that was made. I am hearing today that yes, he wants to pay 12 ½ percent which is what he saying. In other words, they are going to do it regardless. Whether the people want it or don't want it. That is the impression I am getting. So apparently you already know you are going to get the permit or you would not be making the remark.

Unknown They have done got it.

Mr. Fulmer Let me address that a little bit and tell you that quite frankly this is not something new.

Unknown I am sure.

Mr. Fulmer Unfortunately, I will tell you nothing contained within the lease can contradict state law.

Unknown Understand

Mr. Fulmer The other thing I want to tell you is I can't control what other people say. Unfortunately there are reports, and have been reports for years, from different places that I have heard that have come to me about how things were said to a person. I would bear in mind that using those types of tactics is not good for the company. I don't think the company wants those tactics to be used. Unfortunately they probably can't control that person either or whatever. It is a situation that I have been aware of in several places, I have heard it in the Richmond Basin coming back to me from different places. But unfortunately it has been said and basically it is not true. You have your options that you can go with.

Unknown But at the same time if a pool is worked out you can force the taking, as I understand, the gas whether it is coalbed methane or not or oil as long as the people within that area get paid. I think we discussed that before we came up here.

Unknown So the law dictates they can do it regardless.

Mr. Fulmer The law dictates they do what?

Unknown That they can drill for the gas and take the gas as long as they put money in the pool, whether the owners want them to or not. Is that what you are saying?

Mr. Fulmer What the law provides is for the ability to produce the gas.

Unknown Yes sir.

Mr. Fulmer Now the one thing you have to remember, is no person in this room can tell me where that gas is coming from. You have a law which is based going on about 100 years back.

Unknown Educated guess on where it is coming from.

Unknown But it goes back over 100 years in regards to what you call compulsory pooling. You hear the term force pooling which has a connotation that you are being forced into something. The better term is compulsory pooling. Whereas you, say for instance, and I am just talking off hand here. You for instance want to develop your property but your next door neighbor says no I don't want

my gas produced. So your option is, if he don't want his gas produced, I can't produce my gas. What are you going to do? Your situation is you are going to produce the well. Well, you have no idea whether you are producing his gas or your gas. You get into that controversy type of thing. So in a general sense when you have a group of owners together and you are going to drill a well and gas is going to be produced, then you don't know where that gas is coming from. You want to make sure that everybody is being paid the amount of money for the gas that is being taken from their land in proportion to what they have within that unit. In otherwords if they have 10 percent unit they would get 10 percent of the royalty off that gas. Regardless of where this well is. That is the concept I am talking about, is compulsory pooling. This is usually done where there have been concrete evidence as to who owns the gas there is no question, there is no severance and usually it is big properties.

Unknown Go ahead and answer that other question he asked.
Have they already got a permit?

Unknown He said no

Unknown The answer is no.

Mr. Fulmer You can extend that one step further and that is within the coalbed methane. You have the same concept here. People are being produced but here in this case you have a conflict of ownership. You have Hugh McGuire here saying this is theres. You have the Linkous Horn heirs saying this is theirs. See how this conflicts. What is happening now, or what would happen, is the gas would be produced, revenues would be generated and those revenues contributed to that part of the property would be put in escrow drawing a minimum amount of interest on that escrow. Once that conflict is resolved, then those monies will then be dispersed according to the court system. The lawyers can probably tell you, I can't I am not a legal expert on this, but the Board has taken a position, the Department has taken a position that property rights issues is something that they can not determine but that the court system can determine. That is kind of that in a whole nutshell. Does that satisfy your question?

Unknown Yes

Unknown Can I ask you one thing? Cheryl said that Pocahontas contacted her and said they could tie it up in escrow for years if we didn't want to sign it. Is that right?

Mr. Fulmer If there is a conflict, either Pocahontas can go to court, you can go to court, any party can go to court. I don't remember the last time any person could not go to court. That is your options. To answer your questions, they can't tie it for 25 years unless the parties let them tie it up for 25 years.

Unknown You either reach an agreement or determine it by litigation. As soon as that is decided, who ever wins gets their money.

Unknown A statement was made earlier...

Unknown Excuse me, let me say this, I think it is clear that they can issue a permit if they meet the requirements. They have the right slopes, right protection of the environment and all those kinds of things. Those are the types of issues that you would normally would deal with. If this is a proper permit. Not having to do with ownership but technology, geology and engineering are proper.

Unknown A statement was made earlier about splitting the profit 50/50 if the ownership is established?

Unknown He said that sometimes if you have competing parties they will agree to do it that way rather than fight it out in court.

Unknown Is that 50/50 of the 12.5 percent?

Unknown Yes

Unknown Whoever produces the gas gets the 87 ½. They are incurring the cost and all that stuff. The owner gets 12 ½ normally. You could go in and ask for a greater amount.

Mr. Swartz There is no harm in asking. It is not in the law.

Unknown You can ask for more, but you would have to have a pretty good case why you should get more than most everybody else has. I am not saying under no circumstances could there be, but that is a pretty well established ever since I have been working with this. For twenty years that has been the percentage.

Unknown And the _____ percent is established by the Virginia Gas and Oil Board.

Mr. Swartz It is customary. It is not law.

Mr. Fulmer That is normally known in the industry as a risk factor. In otherwords you provide all the financing, backing, labor you incur all that cost to produce that gas.

Unknown And pipe it out to some place...

Mr. Fulmer The 12 ½ percent that they are talking about is 12 ½ percent of the revenue generated by the gas.

Unknown Just the revenue?

Mr. Fulmer The cost that they confer is not just this company, but just any company, the drilling cost to establish it, the environmental costs, the cost of application. In other words it costs about, on an average, it costs around \$300,000 to drill a well.

Unknown If the Horn heirs prove that they own this and we still did not want them to take it, they could still take it and only give us 12 ½ percent is what you are telling us.

Mr. Swartz You would have an opportunity in front of the Virginia Gas and Oil Board to make a pitch that there is not to be any development. I can not speak for the Board. The Board has done it a number of times over objections. But he is not going to make that determination.

Mr. Fulmer I am not going to make that determination. I will tell you this. What you are talking about basically is in the beginning of gas development which goes all the way back almost prior to coal development in this country. You are talking about a theory called the rule of capture. And the rule of capture basically stated that if I was two feet off your property and I put a well down I would take all the gas I want and I won't give you a dime. If you say that, o.k., we don't want you to take our gas, if somebody puts a well across your line over there and drills a well, they will drain your gas.

Unknown That is what that guy told us. We can take it all and you would not get a thing and you would not know anything about it.

Mr. Fulmer Again, I hate that people say that sort of thing. I would hope that people would be up front with people and be very honest. I can't control from the state point of view. That sort of thing. That is not true in this state. You have a system of notice, everybody is suppose to get notice that the company do due diligence and in this case apparently I understand that PGP tried to do due diligence. They were notified of other people and the names and addresses. I had them go back, I stopped review on the permits and I had them go back and notify Ms. Day.

Unknown Mr. Owens also told me that day, he said if you don't sign this, we are going to drill anyway and you are not going to get anything.

Mr. Fulmer I would suggest that on these questions, I can force any company to do whatever they don't want to do, I would suggest if you have any questions like that then maybe you could talk to Les. If these things start to disturb you on that type of thing. You can talk to him about it. I can't force him to do it. I would suggest that you talk to Les. Maybe Les can tell you somebody to talk to that he knows. If you have questions of that nature, if something they say to you bothers you, because a lot of these things are not really true. They are not explaining them to you basically because you are not telling me that you understand them.

Unknown I had one that tell me that it wasn't worth nothing. I said why are you wasting money if it is not worth anything. It is things like that this, and we did feel like we were being railroaded into something. It ain't right.

Mr. Fulmer I understand. Again, what I would suggest is to call Les Arrington with Consol if you have questions like that in your mind.

Unknown Has it ever been determined who owns methane gas?

Mr. Fulmer No

Unknown When is that suppose to be determined who actually owns methane gas?

Mr. Fulmer It has got to come before the court system. I will tell you this on each case it will be individual. Because not all leases or deeds have the same title work. Mr. White may be able to explain that better than me. I guarantee you it is going to be a case by case basis.

Unknown If the deed states you own the oil and gas and the company is arguing that the methane comes from the coal, isn't there a federal report somewhere now that determines which one does own the methane gas?

Mr. Fulmer It would still be within the court system. There are two different cases that have been done. One was in Pennsylvania and one was in Alabama. In each case different parties won. Again, it is based upon the deed work and how it comes down. The whole title work going all the way back. I will tell you I have seen deeds that say, o.k. I own this. You can go back 30 years before that and it would have been severed. But somebody is wrote in the other deed that you own it just to sell it.

Unknown Is that not fraud?

Mr. Fulmer It may be fraud, but it is buyer beware. That is the same thing I do when I bought the piece of property to my house. I had to do my

title work on my house to make sure I have what I got. Some people don't go all the way to the beginning of their deeds. Some of them have been severed way before they get their deeds.

Unknown One thing else I would like to ask. One of you gentlemen can answer this that is smarter than I am. How close can they drill to your property line for methane gas without paying you for it?

Mr. Fulmer Again, it goes through this system, this permitting system. If you give notice you have a right to object to it. Then you go into the pooling situation. In otherwords if they want to drill a well, they have to notify parties and it is required who they are to notify. Those parties have a right to object to the permitting process.

Unknown If the law states they can drill within 300' and they come within 50' of your property and drill it and frac the hole in order to pull the gas out from under your property, would not you be entitled to be paid a percentage of what methane comes out of that hole?

Mr. Fulmer That is the process we have been talking about here. That is the whole overall process. That is how you get to the end of it. You are entitled to it once the process starts you go through the permitting phase. That does not determine who gets what, but they are required to bring this before the Board because they can not produce it unless they have some kind of order. In that order it states who is to receive royalties. Maybe I am not explaining it good enough. Basically what we have been talking about here in this process before me is I have a permit application before me. There are requirements in the law of who they are required to notify and that includes surface owners, oil and gas owners, coalbed methane owners and so forth. In this case one of the gas and oil owners in the unit that is proposed to be drilled is the Linkous Horn heirs.

Unknown I want to ask you a question, I own the property, we have sold them the gas well on our property, if they don't drill the well, will we have to pay the money back or what?

Mr. Fulmer I would not think so. I would not.

Unknown That is their bad luck for buying it.

Mr. Fulmer I don't know but in my case I wouldn't.

Unknown Is Mr. Owens here today?

Mr. Fulmer I don't know.

Unknown Is there any specific amount of footage that you have to get away from a cemetery.

Mr. Fulmer No

Unknown In otherwords you are saying you could drill in that cemetery if you want to.

Mr. Fulmer You did not ask me that. You said how far away? You asked me far away and I said no there is not.

Unknown Did you see the words that were put in the paper saying that they had a right, if they wanted to, to put a well down in the middle of a cemetery.

Mr. Fulmer If that was in the paper, I would be appalled that they would even say that.

Unknown Right there it is.

Mr. Fulmer Who said it Tom.

Unknown I will answer that question for you Dallas. These fellows can object to it if they want to. You can mine just so close to a cemetery. You have to leave so much coal boundary at that cemetery and providing they leave so much coal boundary, they are not taking the coal out in order to do that. No they can not do that legally, they could not do it.

Unknown They can take coal out from under cemeteries now. The laws that they have...

Unknown The state and federal law states that they can just mine so close to a cemetery.

Unknown There is a law to date that will permit them to take the coal out from under a cemetery. It is a dirty law and I don't know who made it but I sure would like to tell him what he done.

Mr. Fulmer Kyle said somebody said, I would take issue that that was even said to Kyle. I mean here from this office, now some company official might have said something.

Unknown I am going to dispute what Tom Huffman wrote in there. He said it was at least 100' from the cemetery, the well is. I say it would be lucky if it were 50' away. I have been on the property. I have been on the gas

well. I have been in the cemetery and all. It is a lucky 50' if it is that far. Right where the well is put down, the old man that owned that farm, he specified that he wanted an acre of that land right where the well was put down to stand for a cemetery.

Mr. Swartz Mr. Fulmer I have offered what I plan to offer in defense of these two applications. I just leave it in your hands to make a decision within ten days.

Mr. Fulmer Mr. White, do you have anything further.

Mr. White No, I think that everything that could be said here today has been said. We have a lot of conferring to do for the next step.

Mr. Fulmer Accordingly I will render a decision within ten working days. You will be sent a decision by certified mail. Again, I say this appealable on to the Virginia Gas and Oil Board.

Unknown Everybody on the list will get a copy of the decision?

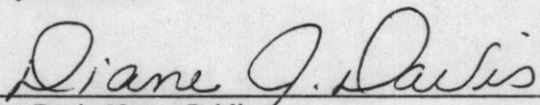
Unknown Your mother is an heir, she would get it.

Mr. Fulmer We will send a copy to those people listed. This meeting is adjourned.

STATE OF VIRGINIA,
COUNTY OF WASHINGTON, to-wit:

I, Diane Davis, Program Support Technician Sr. and Notary Public for the State of Virginia, do hereby
certify that the foregoing informal fact finding hearing was recorded by Susan Korell on tape and later
transcribed by myself. That this is a true copy of that transcript.

Given under my hand and seal on this the 9th day of March, 1998.



Diane Davis, Notary Public

My commission expires September 30, 2001

PGP-536

PGP-T36

DATE: Jan 13, 1998IFFH 92+93

NAME	ADDRESS	PHONE
Gerlene Davis	10 Davis street	988-7011
Merrin Osborne	P.O. Box 1607 Cedar Bluff	498-3028
Paul Dellinger	150 Nottingham Dr Wytheville VA 24382	- 228 4752
Arline Mary Osborne	P.O. Box 446	
Joyce & James Street	Box 203 Ravenscroft, Va 24639	
Charles Ham	RT 1, Box 147, RAVEN, VA 24639	
Tom & Nancy Stinebaugh	RT 4 Box 722 N. Tazewell, VA 24630	988-9018
Quay & Horn	P.O. Box 748 RAVEN VA 24639	963-2585
Jim & Nellie Maynard	PO Box 296 RAVEN VA 24639	
Sammy Boyd	PO Box 1019 Raven, VA 24639	963-2283
May & Ken	RT 1, Box 159 Roanoke Va 24639	498-4095
Shirley Reese	PO Box 581 Keen mtn Va. 24624	498-7111
Joseph Ham	PO Box 775 RAVEN VA 24639	596 996
Sarah A. Day	PO Box 208 Petersburg WV 24963	304 757-96
Martha Smith Guthrie	1911 McCutty Rd Salem VA 24153	
Kenneth Roy Osborne	1425 24th St. N.E. Roanoke Va. 24012	
FRANK STACY	Box 1209 RUPERT W.V. 25984	

DATE: Jan 13, 1998

IFFH 92 v93

PGP-536 + PGP-T36

<u>NAME</u>	<u>ADDRESS</u>	<u>PHONE</u>
Thelma Osborne	PO Box 33 Raven VA 24639	540-963-9141
Martha Smith	PO Box 395 Max Meadows Va	
Bryan Slaughter	500 Ct. square, Sta 300 Cville	24360 24450 (804) 980-9507
Anna Ruth Herr	Rt.1. Box 147 Raden Va.	24635
Gris contull	HC 62 BOX 86 Raden VA	24639
Ronnie H Osborne Osborne	Rt.1 Box 159F Raden Va	24639
Johnny D Osborne	Rt 1 Box 157 B Raden Va	24639 4444
Hubert H Osborne	Osborn Mountain	
Jana J. McClandra	P.O. Box 456 Oakwood VA.	540-498-4654
Mike Osborn	P.O. Box 586 KEN MT. VA.	24624
Richard Osborne		
Carl Bales	207 VINE ST. PRINCETON, WV	24740 (304) 425-3325
Claude Morgan	P.O. Box 947, Bluefield, VA	24701 540-988-1014
LES ABBINGTON	P.O. Box 947, Bluefield, VA	24701 540-988-1016
JACKSON S. WHITE, JR	P.O. Box 429, ABINGDON VA	24212 540-628-9515
MARK A. SWARTZ	P.O. BOX 517 ABINGDON VA	540-628-92



COMMONWEALTH of VIRGINIA
Department of Mines, Minerals and Energy

Division of Gas and Oil
P. O. Box 1416
Abingdon, Virginia 24212
Phone: (703) 676-5423
Fax: (703) 676-5459
Bryon T. Fulmer, Division Director

December 16, 1997

Ms. Sarah Kathelene Horn Day
PO Box 208
Peterstown, WV 24963

RE: Letter of objections dated October 31, 1997 and December 4, 1997, respectively in reference to proposed gas and oil operations CBM-PGP-T36, Application # 2991 and S36, Application #3008.

Dear Ms. Day:

This letter is in reference to the above gas and oil applications proposed by Pocahontas Gas Partnership. On November 3, 1997, and December 8, 1997, the Division of Gas and Oil received letters of objections written on your behalf by Robert M. Lilly, Jr., Esquire of the law firm of Warren and Scheid, P.C. of Narrows, Virginia. After the review of the October 31, 1997 letter, I forwarded your letter on to Pocahontas Gas Partnership and required notice to be sent in accordance with the statutory requirements of notice.

I have completed review of your second letter of objection dated December 4, 1997 and received on December 8, 1997, submitted by the above mentioned law firm on your behalf. I find that the basis of your objections for the proposed T-36 and the S-36 are within the scope of 45.1-361.35.C and have therefore scheduled an informal fact finding hearing to hear your objections to the issuance of the above referenced applications. The hearing has been scheduled for January 13, 1998 at 10:00 AM in the Division's Abingdon, Virginia office at 230 Charwood Drive. Please note that you may be represented by counsel at this hearing.

If I can be of further assistance to you in this matter, please contact my office.

Sincerely,

cc: Sandra Riggs, Assistant Attorney General
Les Arrington, Pocahontas Gas Partnership
Mark Deering, Area Inspector
File



COMMONWEALTH of VIRGINIA

Department of Mines, Minerals and Energy

Division of Gas and Oil

P. O. Box 1416

Abingdon, Virginia 24212

Phone (540) 676-5423

Fax: (540) 676-5459

Byron T. Fulmer, Division Director

NOTICE OF INFORMAL FACT FINDING HEARING

PGP-S36 W/PIPELINE

PGP-T36 W/PIPELINE

Garden District, Buchanan County

Docket Number: IFFH 9297 & 9397

Pursuant to Section 45.1-361.35.G. of the Code of Virginia, the Director of the Division of Gas & Oil has scheduled an Informal Fact Finding Hearing to consider objections filed by Mr. Robert Lilly, Attorney at Law on behalf of Ms. Sarah K. Horn Day under Section 45.1-361.35.C. Ms. Day's objections are concerning direct impingement upon her property rights.

This notice of hearing has been sent by certified mail to the well operator and to parties identified in the application. All parties are entitled to bring counsel to the hearing if desired.

DATE OF HEARING: The hearing is scheduled for Tuesday, Januray 13, 1997⁸, in the Conference Room of the Division of Gas & Oil, located at 230 Charwood Drive, Abingdon, Virginia. The time of the hearing is 10:00am. If you should have any questions, you may contact the Division at 540-676-5423.

Date mailed by certified return receipt mail Thursday, December 18, 1997

LAW OFFICES
WARREN AND SCHEID, P.C.

225 MAIN STREET

P. O. Box 392

NARROWS, VIRGINIA 24124

December 4, 1997

JAMES L. WARREN, RETIRED

BRIAN T. SCHEID

ROBERT M. LILLY, JR.

ASSOCIATE

TELEPHONE

540-726-2357

FAX

540-726-2549

CERTIFIED MAIL

Return Receipt # P 317 662 651

Virginia Gas and Oil Inspector
Department of Mines, Minerals and Energy
Division of Gas and Oil
Post Office Box 1416
Abingdon, Virginia 24210



Re: CBM-PGP-S36

Dear Sir/Madam:

I am writing to you on behalf of Mrs. Sarah Kathelene Horn Day, an heir of Linkous Horn, who recently received notice of the above referenced permit application.

As was indicated in our previous letter to your office of October 31, 1997 (a copy of which is enclosed for your convenience), Mrs. Day's brother is not the administrator of Mr. Horn's estate. Proper notice is not provided to the heirs of this estate by simply contacting him. All correspondence to Mrs. Day should be mailed directly to her at the previously provided address.

Furthermore, Mrs. Day has received no copy of a notice previously tendered by your office and dated October 2, 1997 regarding what we can only assume is this same permit.

Please provide copies of this and all previous notices and dispositions of these matters directly to Mrs. Day at her home address, Post Office Box 208, Peterstown, West Virginia 24963.

Pursuant to Virginia Code Section 45.1-361.35, Mrs. Day does hereby recite her objections to the requested permit based in part upon the aforesaid grounds.

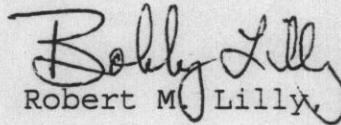
Mrs. Day, an heir of Linkous Horn, is an owner of interest in all mineral rights reserved by said Linkous Horn in a certain deed from Grantors Linkous and Mary Horn unto Grantee Thurman Osborne, said deed being recorded in the office of the Clerk of the Circuit Court of Buchanan County, in Deed Book No. 64, at page 144.

Sarah H. Day - Correspondence
Virginia Gas Oil Inspector
Page 2

The requested permit and proposed activity on the property directly impinges upon Mrs. Day's property rights. Although the Linkous Horn heirs are listed in attachment DG0-GO-5 as "Gas and Oil Owners within the drilling unit", Mrs. Day was not provided with notice of the pending application. She learned about this action from another member of her extended family.

Please notify Mrs. Day directly concerning the time and place of the statutorily prescribed informal fact-finding hearing concerning her objection.

Very truly yours,


Robert M. Lilly, Jr.

/lws

enclosure

cc: Sarah H. Day



COMMONWEALTH of VIRGINIA

Department of Mines, Minerals and Energy

Division of Gas and Oil

P. O. Box 1416

Abingdon, Virginia 24212

Phone (540) 676-5423

Fax: (540) 676-5459

Byron T. Fulmer, Division Director

January 6, 1998

Robert M. Lilly Jr.
Warren & Scheid, P.C.
255 Main Street
PO Box 392
Narrows, VA 24124

Dear Robert:

In response to your letter dated December 30, 1997, attached is a copy of the notice of Informal Fact Finding hearing which was sent to Mrs. Day by certified return receipt mail. As you will see, the informal hearing has been scheduled for January 13, 1998, at 10:00am in our office.

I apologize for not forwarding a copy directly to you. I hope this clarifies any questions you might have. If you have further inquiries, please contact me at 540-676-5423.

Sincerely,

A handwritten signature in dark ink, appearing to read "Byron T. Fulmer".

Byron T. Fulmer
Director, Division of Gas & Oil

BTF/sak

en

LAW OFFICES
WARREN AND SCHEID, P.C.
225 MAIN STREET
P. O. Box 392

JAMES L. WARREN, RETIRED
BRIAN T. SCHEID

ROBERT M. LILLY, JR.
ASSOCIATE

NARROWS, VIRGINIA 24124

December 30, 1997

TELEPHONE
540-726-2357
FAX
540-726-2549

CERTIFIED MAIL RETURN RECEIPT # P 317 733 705

Virginia Gas and Oil Inspector
Department of Mines, Minerals and Energy
Division of Gas and Oil
Post Office Box 1416
Abingdon, VA 24210

Re: CBM - PGP - S36

Dear Sir/Madam:

I am writing to you once again on behalf of Mrs. Sarah Kathlene Horn Day, an heir of Linkous Horn, who recently received notice of the above referenced permit application.

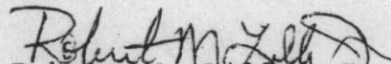
Pursuant to Virginia Code Section 45.1 - 361.35, Mrs. Day does hereby recite her objections to the requested permit based in part upon the aforesaid grounds.

Mrs. Day, an heir of Linkous Horn, is an owner of interest in all mineral rights reserved by said Linkous Horn in a certain deed from Grantors Linkous and Mary Horn unto Grantee Thurman Osborne, said deed being recorded in the office of the Clerk of the Circuit Court of Buchanan County, in Deed Book No. 64, at page 144.

The requested permit and proposed activity on the property directly impinges upon Mrs. Day's property rights. Although the Linkous Horn heirs are listed in attachment DG0-GO-5 as "Gas and Oil Owners within the drilling unit", Mrs. Day was not provided with notice of the pending application. She learned about this action from another member of her extended family.

Please notify Mrs. Day directly concerning the time and place of the statutorily prescribed informal fact-finding hearing concerning her objection.

Very truly yours,


Robert M. Lilly, Jr.

/lws

enclosure

cc: Sarah H. Day



LAW OFFICES
WARREN AND SCHEID, P.C.
225 MAIN STREET
P. O. Box 392

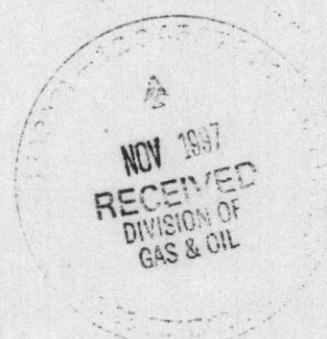
JAMES L. WARREN, RETIRED
BRIAN T. SCHEID
ROBERT M. LILLY, JR.
ASSOCIATE

NARROWS, VIRGINIA 24124
October 31, 1997

TELEPHONE
540-726-2357
FAX
540-726-2549

CERTIFIED MAIL
RETURN RECEIPT REQUESTED
Receipt No. P 317 733 696

Virginia Gas and Oil Inspector
Department of Mines, Minerals and Energy
Division of Gas and Oil
Post Office Box 1416
Abingdon, Virginia 24210



Re: CBM-PGP-T36

Dear Sir/Madam:

I am writing to you on behalf of Mrs. Sarah Kathelene Horn Day, an heir of Linkous Horn, who received notice this past week from other family members of the above-referenced permit application.

Pursuant to Virginia Code Section 45.1-361.35, Mrs. Day does hereby recite her objections to the requested permit based in part upon the following grounds.

Mrs. Day, an heir of Linkous Horn, is an owner of interest in all mineral rights reserved by said Linkous Horn in a certain deed from Grantors Linkous and Mary Horn unto Grantee Thurman Osborne, said deed being recorded in the Office of the Clerk of the Circuit Court of Buchanan County, in Deed Book No. 64, at page 144.

The requested permit and proposed activity on the property directly impinges upon Mrs. Day's property rights. Although the Linkous Horn heirs are listed in attachment DGO-GO-5 as "Gas and Oil Owners within the drilling unit", Mrs. Day was not provided with notice of the pending application. She learned about this action from another member of her extended family.

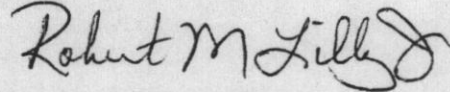
Please notify Mrs. Day directly concerning the time and place of the statutorily prescribed informal fact-finding hearing concerning her objection. Her address is: Sarah Kathelene Horn Day, Post Office Box 208, Peterstown, West Virginia 24963.

Virginia Gas and Oil Inspector
October 31, 1997
Page Two

A list of heirs of Linkous Horn is enclosed for your convenience.

Thank you for your prompt attention to this matter.

Very truly yours,

A handwritten signature in dark ink, appearing to read "Robert M. Lilly, Jr.", with a stylized flourish at the end.

Robert M. Lilly, Jr.

RMLjr/ljb

✓ Enclosure

cc: Mrs. Sarah Day
Leslie K. Arrington
Pocahontas Gas Partnership

PERMIT FOR GAS AND OIL OPERATIONS

This certifies that Permit No. 3636
Operation Name PGP-S36 W/PIPELINE
Has been issued to: (Company) Pocahontas Gas Partnership
Whose main office is located at P. O. Box 947
Bluefield, VA 24605

Applicant Leslie K Arrington

This permit is issued on this 2nd day of February, 1998.

This permit was requested for Operations under
Section 45.1-361.29.B.

The permitted operations are located in the Garden District
of Buchanan County.

THIS PERMIT IS ISSUED BY THE DIRECTOR PURSUANT TO CHAPTER 22.1, TITLE 45.1 OF THE CODE OF VIRGINIA,
*Being an Act to require permits for gas and oil operations and to fix conditions for issuance thereof ; to provide for the safe and
environmentally sound operations performed by the Permittee and for the inspection thereof ; to provide for a method of maximizing
gas, oil, mineral and coal resources ; to protect correlative rights of persons owning interest in gas and oil resources ; to provide for
enforcement by the Director.*

This permit shall expire 02/02/2000 unless the permittee has commenced
operations as determined by the Inspector.

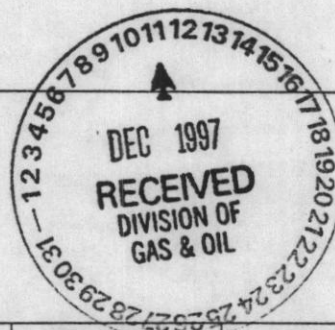
Fee Paid \$250.00
File No. BU-1326

FILE COPY

ENTERED

CERTIFICATION OF NOTICE
Pocahontas Gas Partnership

Well # CBM-PGP-S36
Permit Application



NAME		MAILED	RECEIPT #	RECEIVED
Arnold	Cora	11-13-97	P 462 577 627	11-22-97
Ball	Danny R.	11-13-97	P 462 577 628	11-17-97
Ball	Donald E.	11-13-97	P 462 577 629	11-14-97
Ball	Lawrence E.	11-13-97	P 462 577 630	11-14-97
Ball	Steve R.	11-13-97	P 462 577 631	11-20-97
Buchanan County Admin.	W.J. Caudill	11-13-97	P 462 577 632	11-17-97
Casey	Lois	11-13-97	P 462 577 633	11-14-97
Davis	Jerline	11-13-97	P 462 577 634	11-15-97
Gillespie/Royal Estate		11-13-97	P 462 577 666	11-17-97
Hagy	Wanda	11-13-97	P 462 577 635	11-14-97
Horn	Linkous heirs	11-13-97	P 462 577 636	11-14-97
Hurt & McGuire heirs		11-13-97	P 462 577 637	returned
H.S.T. Group, L.C.	A. Easley Johnson, Jr.	11-13-97	P 462 577 638	returned
H.S.T. Group, L.C.	Presley Engineering	11-13-97	P 462 577 639	11-14-97
Jewell Smokeless		11-13-97	P 462 577 640	11-14-97
Lawson	Melissa R.	11-13-97	P 462 577 641	11-17-97
Lowe	Bessie	11-13-97	P 462 577 642	11-14-97
Lowe	D. Faye	11-13-97	P 462 577 643	11-14-97
Osborne	Arlin W.	11-13-97	P 462 577 645	11-14-97
Osborne	Beulah	11-13-97	P 462 577 646	11-14-97
Osborne	Daniel J.	11-13-97	P 462 577 647	11-21-97
Osborne	Exie	11-13-97	P 462 577 648	11-14-97
Osborne	Hubbard	11-13-97	P 462 577 649	11-14-97
Osborne	Jackie D.	11-13-97	P 462 577 650	11-17-97
Osborne	Marvin J.	11-13-97	P 462 577 651	11-19-97
Permac, Inc.	Bill Copley	11-13-97	P 462 577 652	11-18-97
Permac, Inc.	Gene Clark	11-13-97	P 462 577 653	11-17-97
Shelton	Linda S.	11-13-97	P 462 577 654	11-14-97
Shelton	Sylvia A.	11-13-97	P 462 577 655	returned
Shreve	A.E.	11-13-97	P 462 577 656	11-15-97
Shreve	Nell L.	11-13-97	P 462 577 657	11-14-97
Stilwell	Arthur M.	11-13-97	P 462 577 658	11-14-97
Stilwell	Curtis	11-13-97	P 462 577 659	11-14-97
Stilwell	Jay C.	11-13-97	P 462 577 660	11-17-97
Stilwell	Leonard C.	11-13-97	P 462 577 661	11-14-97
Stilwell	Martha J.	11-13-97	P 462 577 662	11-17-97
Stilwell	Theodore	11-13-97	P 462 577 663	11-22-97
Stilwell	Virginia N.	11-13-97	P 462 577 664	11-14-97
United Coal Co.		11-13-97	P 462 577 665	11-14-97

**NOTICE OF APPLICATION
FOR OPERATION'S NAME**

CBM-PGP-S36

Take notice that, pursuant to Code of Virginia, Section 45.1-361.30 F, the undersigned operator proposes to file, or has filed, an application for gas and oil operations known as CBM-PGP-S36 and pipeline with the Virginia Gas and Oil Inspector, Department of Mines, Minerals and Energy, Division of Gas and Oil under Code of Virginia, Section 45.1-361.29, with respect to an operation on the Hunt & McIntire, etal, coal tract, a tract of 1436 acres more or less, Albert Ball Heirs surface tract, a tract of 15.00 acres, more or less, Beulah Osborne surface tract, a tract of 4.00 acres, more or less and the Linkous Horn surface tract, a tract of 100.00 acres, more or less in the Garden District, Buchanan County, Virginia.

The application is on file with the Division of Gas and Oil identifying the proposed location and all work to be performed at the described site. Any inquiries should be directed to the Division of Gas and Oil at (540) 676-5423.

Code of Virginia Section 45.1-361.30 identifies persons with rights to file objections to the gas and oil operation. Persons objecting to a permit must state their reasons for objecting within 15 days of the date of receipt of notice. Written objections must be filed with the Virginia Gas and Oil Inspector, Division of Gas and Oil, P.O. Box 1416, Abingdon, VA 24210.

Operator: Pwanchuan Gas Partnership

Address: P.O. Box 947,

Bluefield, VA 24605

Telephone Number: (540) 988-1000

CERTIFICATE OF PUBLICATION

State of West Virginia, }
County of Mercer, }

To-wit:—

I, Shirley Smith of the
Bluefield Daily Telegraph, a daily morning newspaper published in the City
of Bluefield, Mercer County, West Virginia, do certify that the notice attached
hereto under the caption;

was published in the said Bluefield Daily Telegraph
One (1)

Times

on the following days, namely: Nov. 17th

in the year 19 97

\$26.57

Publication Fee

Shirley Smith

Subscribed and sworn to before me this 17th day of
November 97

My Commission expires

Feb. 20 19 2005

Paul J. Hopper

Notary Public



POCAHONTAS GAS PARTNERSHIP

P.O. Box 947
Bluefield, Virginia 24605
(540) 988-1015

*Revision
moo
12/19/97*

December 18, 1997

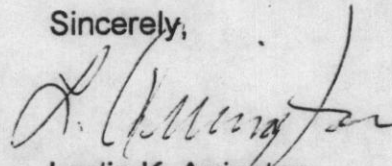
Mr. Mark Deering
Division of Gas & Oil
P.O. Box 1416
Abingdon, VA 24210

Dear Mark,

Please find enclosed a revised DGO-GO-5a for **CBM-PGP-S36** permit application.

If you should have any questions, please do not hesitate to call.

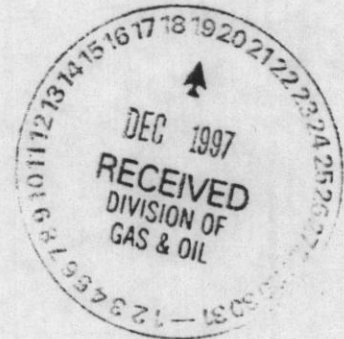
Sincerely,



Leslie K. Arrington
Permit Specialist

Enclosures
LKA:ksg

Certified Mail: P 462 580 726



*App# 3003
additional notice
added in system
12/19/97
SK*

CBM-PGP-S36
ATTACHMENT DGO-G0-5

Persons receiving official Notice of Permit Application or Permit Modification

1) Surface, coal, and mineral owners of record on tract to be drilled:

Hurt & McGuire heirs
c/o Charles Green
1837 1/2 Jefferson Avenue
Bluefield, WV 24701

Jewell Smokeless Coal Company
P.O. Box 70
Vansant, VA 24656

Consolidation Coal Company - Coal (bel.drg.) Lessee, Surface
1800 Washington Rd.
Pittsburgh, PA 15241
Attn: Land Dept.

Pocahontas Gas Partnership
P.O. Box 200
Mavisdale, VA 24627

United Coal Company
Attn.: Mark Goff
P.O. Box 901
Grundy, VA 24614

Permac, Inc.
Attn.: Gene Clark
P.O. Box 1349
Bluefield, VA 24605-4349

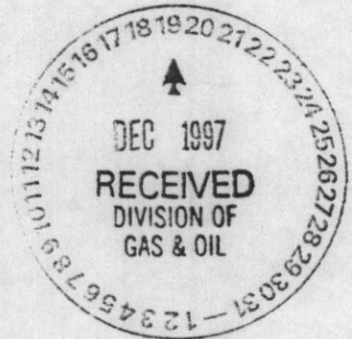
Permac, Inc.
Attn.: Bill Copley
P.O. Box 296
Oakwood, VA 24631

Linkous Horn Heirs - Oil & Gas
(See Attachment)

Arlin W. Osborne - Surface
P.O. Box 446
Raven, VA 24639

2) Surface owners of record on tracts where surface is to be disturbed:

Arlin W. Osborne - Surface
P.O. Box 446
Raven, VA 24639



Beulah Osborne - Surface
HC 62 Box 109
Raven, VA 24639

Albert Ball heirs, et al - Surface, Oil & Gas
(See Attachment)

3) **Gas and oil owners within drilling unit:
Oakwood Field Unit S-36**

Consolidation Coal Company - Oil & Gas Lessee and Coal
1800 Washington Road
Pittsburgh, PA 15241
Attn: Land Dept.

Pocahontas Gas Partnership - Oil & Gas,
P.O. Box 200
Mavisdale, VA 24627

Linkous Horn Heirs - Surface, Oil & Gas
(See Attachment)

Thomas Stilwell heirs - Oil & Gas
(See Attachment)

G.W. Gillespie and J.P. Royal Estates, et al - Coal, Oil & Gas
c/o John W. Gillespie
P.O. Box 675
Tazewell, VA 24651

Hurt & McGuire heirs
c/o Charles Green
1837 1/2 Jefferson Avenue
Bluefield, WV 24701

Alpha Stickley Heirs, et al - Coal, Oil & Gas

a. H.S.T. Group, L.C.
A. Easley Johnson, Jr.
3305 Cartwright Court
Richmond, VA 23233

b. H.S.T. Group, L.C.
c/o Bette Hawkins
3308 Dover Road
Richmond, VA 23221

4) **Local Government**

Mr. William Caudill
Buchanan County Administrator
P.O. Box 950
Grundy, VA 24614

5) **All coal operators, coal or mineral owners within 750 feet of the proposed well location:**

Linkous Horn Heirs - Oil & Gas
(See Attachment)

G.W. Gillespie and J.P. Royal Estates, et al - Coal, Oil & Gas
c/o John W. Gillespie
P.O. Box 675
Tazewell, VA 24651

Consolidation Coal Company - Coal, Oil & Gas Lessee
1800 Washington Rd.
Pittsburgh, PA 15241
Attn: Land Dept.

Pocahontas Gas Partnership
P.O. Box 200
Mavisdale, VA 24627

Permac, Inc.
Attn.: Gene Clark
P.O. Box 1349
Bluefield, VA 24605-4349

6) **All surface owners of record along the proposed pipeline right-of-way:**

Beulah Osborne - Oil & Gas
HC 62 Box 109
Raven, VA 24639

Arlin W. Osborne - Surface
P.O. Box 446
Raven, VA 24639

LINKOUS HORN HEIRS

Sidney Osborne
1911 McViey Road
Salem, VA 24253

Martha Guilliams
1911 McViey Road
Salem, VA 24253

Perry W. Horn
Address Unknown

Dorothy Horn
Address Unknown

Michelle Varney
Address Unknown

Stephanie Horn
Address Unknown

Martha H. Smith
P.O. Box 395
Max Meadows, VA 24360

Joseph H. Horn
P.O. Box 775
Raven, VA 24639

Clifford Osborne
Address Unknown

Shirley Keene
P.O. Box 581
Keen Mountain, VA 24624

John Osborne
Address Unknown

Brenda Justice
P.O. Box 27
Oakwood, VA 24631

Charles M. Osborne
Address Unknown

Patsy Moore
Address Unknown

Roy Osborne
Address Unknown

Ivory J. Horn
P.O. Box 748
Raven, VA 24639

Larry M. Horn
Address Unknown

Merl Ann Taylor
Rt. 1, Box 1445
Cedar Bluff, VA 24609

Carletta Ball
Address Unknown

Thelma H. Osborne
P.O. Box 33
Raven, VA 24639

Sarah H. Day
P.O. Box 208
Peterstown, WV 24963

Nancy H. Stilwell
Rt. 4, Box 722
N. Tazewell, VA 24630

James R. Osborne
P.O. Box 484
Keen Mountain, VA 24624

Mary Keen
Address Unknown

Ron Osborne
Address Unknown

Richard Osborne
Address Unknown

Ruth Keen
Address Unknown

CERTIFICATION OF NOTICE
Pocahontas Gas Partnership

Well # CBM-PGP-S36
Permit Application - Addition
Add Linkous Horn Heirs

NAME		MAILED	RECEIPT #	RECEIVED
Day	Sarah H. ✓	12/18/97	P 462 580 727	12/19/97
Guilliams	Martha ✓	12/18/97	P 462 580 728	12/20/97
Horn	Ivory J. ✓	12/18/97	P 462 580 729	12/19/97
Horn	Joseph H. ✓	12/18/97	P 462 580 730	12/19/97
Justice	Brenda ✓	12/18/97	P 462 580 731	12/20/97
Keene	Shirley ✓	12/18/97	P 462 580 732	12/29/97
Osborne	James R. ✓	12/18/97	P 462 580 733	12/19/97
Osborne	Sidney ✓	12/18/97	P 462 580 734	12/20/97
Osborne	Thelma H. ✓	12/18/97	P 462 580 735	12/19/97
Smith	Martha H. ✓	12/18/97	P 462 580 736	12/22/97
Stilwell	Nancy H. ✓	12/18/97	P 462 580 737	12/19/97
Taylor	Merl Ann ✓	12/18/97	P 462 580 738	RETURNED

1/2



NOTICE OF APPLICATION
FOR OPERATION'S NAME

(BM-PGP-SM)

Take notice that pursuant to Code of Virginia, Section 45-1-601 to 607, the undersigned operator proposes to file, or has filed, an application for gas and oil operations known as CDM PGP-SM and pipeline with the Virginia Gas and Oil Inspector, Department of Mines, Minerals and Energy, Division of Gas and Oil under Code of Virginia, Section 45-1-601, with respect to an operation on the Fort A. McClure, et al. coal tract, a tract of 143.6 acres more or less, Albert Ball Heitz surface tract, a tract of 15.00 acres, more or less, Beulah Osborne surface tract, a tract of 4.00 acres, more or less and the Linkous Horn surface tract, a tract of 100.00 acres, more or less in the Garden District, Buchanan County, Virginia.

The application is on file with the Division of Gas and Oil identifying the proposed location and boundaries to be performed at the described site. All inquiries should be directed to the Division of Gas and Oil at (540) 676-5423.

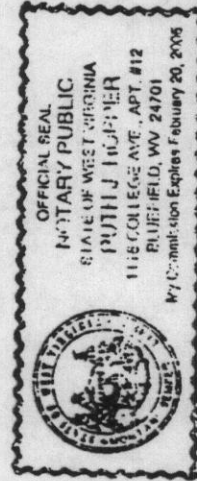
Code of Virginia Section 45-1-361.30 identifies persons with rights to file objections to the gas and oil operation. Persons objecting to a permit must state their reasons for objecting within 15 days of the date of receipt of notice. Written objections must be filed with the Virginia Gas and Oil Inspector, Division of Gas and Oil, P.O. Box 1416, Abingdon, VA 24210.

Operator: Powhomas Gas Partnership

Address: P.O. Box 947,

Bluefield, VA 24605

Telephone Number: (540) 998-1000



CERTIFICATE OF PUBLICATION

State of West Virginia, }
County of Mercer, } To-wit:—

I, Shirley Smith of the
Bluefield Daily Telegraph, a daily morning newspaper published in the City
of Bluefield, Mercer County, West Virginia, do certify that the notice attached
hereto under the caption:

was published in the said Bluefield Daily Telegraph
One (1)

on the following days, namely: Nov. 17th Times

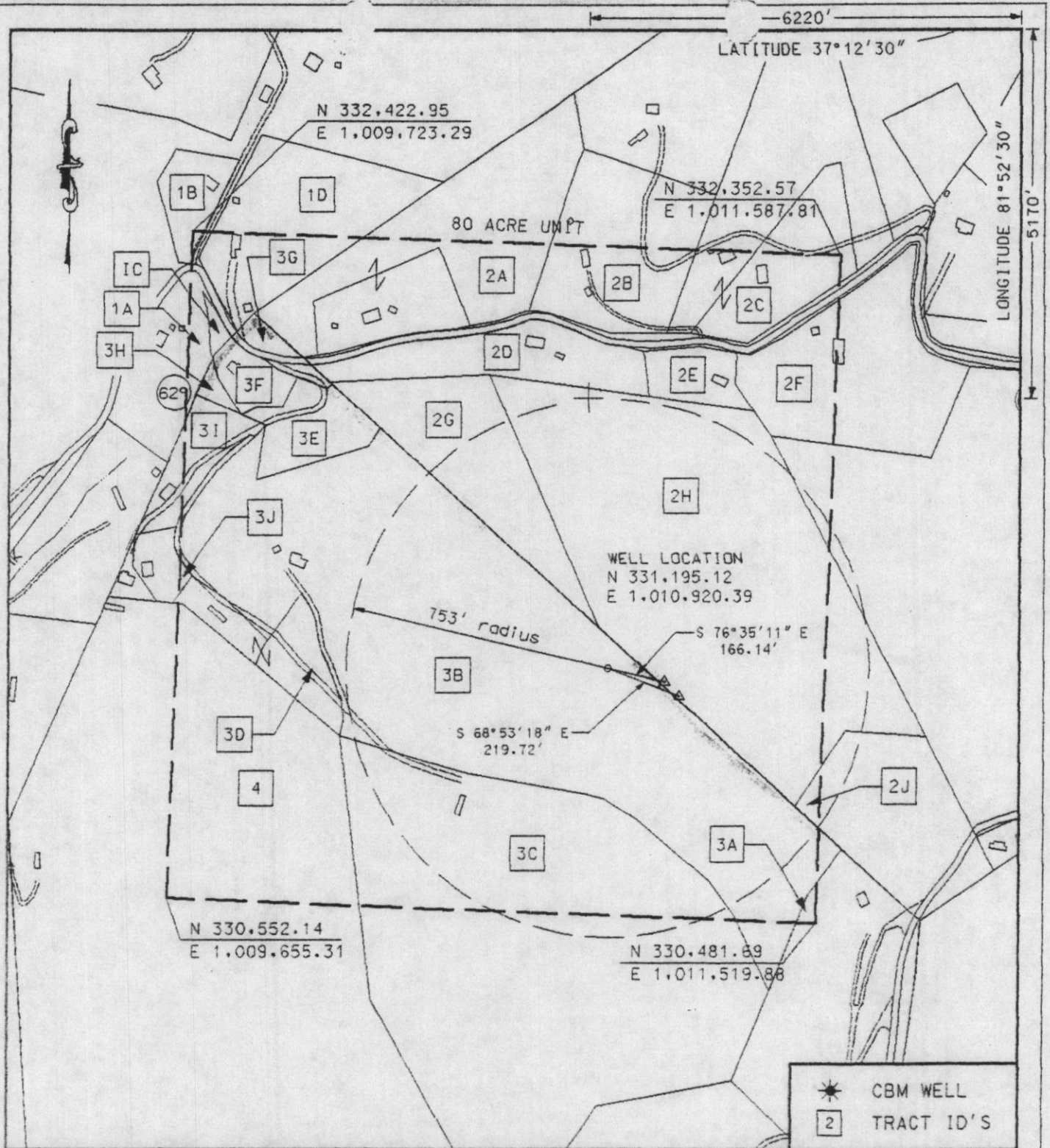
in the year 19 97

Publication Fee \$26.57

Shirley Smith

Subscribed and sworn to before me this 17th day of
November 97

My Commission expires Feb 20 19 2005
Ruth J. Stopper
Notary Public



WELL LOCATION PLAT

Company Pocahontas Gas Partnership Well Name and Number CBM-PGP-S36
 Tract No. HURT-MCGUIRE Elevation 2428.54' Quadrangle Keen Mountain
 County Buchanan District Garden Scale: 1" = 400' Date 11/5/97
 This plat is a new plat X ; an updated plat _____ ; or a final plat _____

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

Form DGO-GO-7
Rev. 9/91

Claude D. Meyer
Licensed Professional Engineer or Licensed Land Surveyor

Affix Seal

POCAHONTAS GAS PARTNERSHIP

UNIT S-36

Tract Identifications

1. Alpha Stickley, et al - Coal, Oil & Gas
Coal Lessees
Island Creek Coal Company
Jewell Smokeless Coal Corporation
Permac, Inc.
Pocahontas Gas Partnership - CBM Lessee
2.25 acres 2.8125%
- 1A. Betty Ferrell - Surface
1B. Kenneth Byrd - Surface
1C. Crobbie Smith - Surface
1D. John Osborne - Surface
2. J. P. Royall, et al - Coal, Oil & Gas
Consolidation Coal Company - Coal Below Drainage Lessee
United Coal Company - Coal Above Drainage Lessee
Permac Inc. - Coal Above Drainage Lessee
Pocahontas Gas Partnership - Oil & Gas Lessee
Pocahontas Gas Partnership - CBM Lessee
34.57 acres 43.2125%
- 2A. John Horn Jr. - Surface
2B. Jessie Matney - Surface
2C. Jerry Horn - Surface
2D. Goldie Horn - Surface
2E. Helen Compton - Surface
2F. Melissa Vandyke - Surface
2G. Dexter Mounts - Surface
2H. Jimmy Lee Horn - Surface
2I. Ethel Burke - Surface
2J. Roby Horn - Surface
3. Hurt & McGuire - Coal
Consolidation Coal Co. - Coal below Tiller seam Leased
Jewell Smokeless Coal - Tiller & above coal Leased
Pocahontas Gas Partnership - CBM Lessee
Linkous Horn Heirs - Oil & Gas
35.63 acres 44.5375%
- 3A. Beulah Osborne - Surface
3B. Arlin Osborne - Surface
3C. Danny McClanahan - Surface
3D. Robert Trent - Surface
3E. Clifford Osborne - Surface
3F. Crobbie Smith - Surface
3G. John Osborne - Surface
3H. Betty Ferrell - Surface
3I. Bertha Goodwin - Surface
3J. Noah Keen - Surface

POCAHONTAS GAS PARTNERSHIP

UNIT S-36

Tract Identifications

4. Hurt & McGuire - Coal
Consolidation Coal Co. - Coal below Tiller seam Leased
Jewell Smokeless Coal - Tiller & above coal Leased
Pocahontas Gas Partnership - CBM Lessee
Thomas Stillwell Heirs - Surface, Oil & Gas
7.55 acres 9.43750%

PREDICT

HOLE:
CBM-PGP-S36

EASTING:
1010920.39

NORTHING:
331195.12

ELEVATION:
2428.54

SEAM	DEPTH FROM (FEET)	DEPTH TO (FEET)	ELEVATION (TOSE)	THICKNESS (FEET)
TOPO	0.00	0.00	2428.54	0.00
KN2	92.20	93.41	2336.34	1.21
AL1	195.37	196.39	2233.17	1.02
RA1	316.24	317.19	2112.30	0.95
RA2	358.14	360.25	2070.40	2.11
RA3	372.90	374.40	2055.64	1.50
JB1	483.58	485.33	1944.96	1.75
JB3	529.62	531.79	1898.92	2.17
T1	602.11	602.21	1826.43	0.10
TI	615.43	616.30	1813.11	0.87
US1	724.84	725.14	1703.70	0.30
SE1	1004.71	1005.01	1423.83	0.30
*SE2	1037.90	1038.83	1390.64	0.93
*LS1	1077.76	1079.70	1350.78	1.94
*LS2	1093.59	1093.68	1334.95	0.09
*UH1	1136.86	1138.22	1291.68	1.36
*UH2	1189.57	1190.25	1238.97	0.68
*UH3	1196.80	1197.20	1231.74	0.40
*MH1	1251.48	1252.73	1177.06	1.25
*MH2	1316.49	1317.10	1112.05	0.61
*P11	1362.59	1364.71	1065.95	2.12
*P10	1386.84	1387.71	1041.70	0.87
*LH3	1450.67	1451.50	977.87	0.83
*P91	1524.42	1525.18	904.12	0.76
*P92	1536.95	1538.01	891.59	1.06
*P81	1572.49	1572.73	856.05	0.24
*P71	1628.89	1629.22	799.65	0.33
*P62	1792.86	1795.59	635.68	2.73
*P51	1807.59	1808.25	620.95	0.66
*P42	1894.69	1895.76	533.85	1.07
*P3	1975.81	1980.76	452.73	4.95

* Coal seam subject to coalbed methane production

** Mined Out

Schema : SCHEMA4

10/16/97

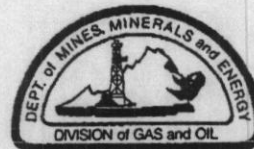
Target Stimulation

Pocahontas Gas Partnership proposes to install a 8 5/8" fresh water/coal protection casing and 5 1/2" production casing. The Pocahontas No. 3 Seam may be stimulated with a fluid carrier and propant process through the 5 1/2" casing. All 5 1/2" casing set above the P-3 seam shall be made of steel. Dependent upon the production from the primary target seam(s), the production casing may be perforated and the remaining target seams may be stimulated to increase production.

The production obtained from the 5 1/2" casing will continue until the longwall mining commences.



Division of Gas and Oil
Virginia Gas and Oil Inspector
P. O. Box 1416
Abingdon, Virginia 24210
540/676-5423



TECHNICAL DATA SHEET FOR GATHERING PIPELINES

Pursuant to the Code of Virginia, s 45.1-361.29, the applicant is applying for a permit for a gathering pipeline and associated facilities.

Location of Proposed Pipeline:

City/County(s): Buchanan

District(s): Garden

Quadrangle(s): Jewell Ridge

Watershed(s): Clifton Fork

Type(s) of Pipeline: ☒ Surface ☒ Buried ☒ Gas ☐ Oil

Size(s) of Pipeline: 8" inches

Length of Proposed Pipeline: 1320 feet

Width of Right-of-Way: 50 feet

Area to be Disturbed: 1.5 acres

Associated Pipeline or Well Permit Number _____

Location of Facility (i.e. compressor stations)*:

Latitude: _____ Ft. South of _____

Longitude: _____ Ft. West of _____

or State Plane Coordinates Zone ____ N/S _____ E/W _____

* For multiple compressor stations or other associated facilities use this format.

Area to be Disturbed: _____ acres

Associated Pipeline Permit Number _____

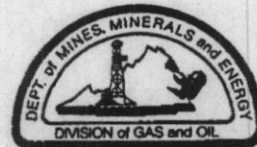
Requirements under VR 480-05-22.1, s 5.01:

In addition to the Operations Plan requirements under VR 480-05-22.1, s 1.10, an accurate map, depicting topography, on a scale of not less than 1 inch equals 600 feet (1:7200) and showing the total distance of the proposed line and width of right-of-way is to be submitted in the case of a pipeline or facility with the application. The map shall indicate the placement of all erosion and sediment control structures to be installed under the requirements of VR 480-05-22.1, s 1.26. In addition to the Operations Plan the applicant is to submit information as to the materials to be used in the gathering pipeline system and/or the facility, the construction standards to be met, a plan of disposal of fluids generated by production, and the quality control testing program to be followed prior to putting the gathering pipeline or facility into service.

SEE EXHIBIT 1, WELL LOCATION MAP & DGO-G0-12



Division of Gas and Oil
Virginia Gas and Oil Inspector
P. O. Box 1416
Abingdon, Virginia 24210
540/676-5423



TECHNICAL DATA SHEET FOR PERMIT MODIFICATION TO PLUG OR REPLUG

Under Code of Virginia, s 45.1-361.34, the proposed plugging work is for the purpose checked below:

- ☒ Abandonment of the well or corehole by the operator
- ☐ Replugging to permit the safe mining through a well
- ☐ Partial plugging from the bottom of the hole to ___ feet below the surface,
with continued operation by the operator
- ☐ Partial plugging from the bottom of the hole to ___ feet below the surface,
for development as a water well under s 45.1-361.39

The date when the plugging or replugging is proposed to be commenced: _____, 19 __

Copies of all logs required to be filed and not heretofore filed with the Inspector are submitted with this form.

PROPOSED PLUGGING PROCEDURE (Hole Schematic Attached)

INTERVAL
(FROM BOTTOM OF HOLE) MATERIALS TO BE USED
FROM TO FORMATION(S) (CEMENT, GEL, BRIDGES, ETC.) OPEN HOLE DIAMETER CASING SIZE (ID)

SEE ATTACHMENT DGO-GO-11 (a) AND (b)

(FOR OFFICE USE ONLY:)
(Approved _ Denied _)
(_____ DATE _____)
(State Gas and Oil Inspector)

Proposed Plugging and Abandonment Procedure

If well:

I. has never produced gas the plugging will be:

1. cement* from bottom of hole(min. 50' below P-3) to 20 ft. above the P-4 seam.
2. hole to be filled with gel water and cement* from above the Pocahontas No. 4 seam to within 50' below the surface according to the noted procedure**
3. cement* from 50' below the surface to the surface

NOTE: *all cement to be Class A cement
**to be filled with gel water and cement to a point 40 ft below the lowest mineable coal seam from this point to 20 ft. above the seam a cement plug will be set. From this point, the same procedure will be followed to 50 ft. from the surface.

II. produced as a frac well the plugging will be:

1. uncemented portion of 5 1/2" casing removed.
2. cement* from bottom of hole(min. 50' below P-3) to 20 ft. above the P-4 seam.
2. hole to be filled with gel water and cement* from above the Pocahontas No. 4 seam to within 50' below the surface according to the noted procedure**
3. cement* from 50' below the surface to the surface

NOTE: *all cement to be Class A cement
**to be filled with gel water and cement to a point 40 ft below the lowest mineable coal seam from this point to 20 ft. above the seam a cement plug will be set. From this point, the same procedure will be followed to 50 ft. from the surface.

III. 5 1/2" casing removed, redrilled and gobbled, the plugging will be:

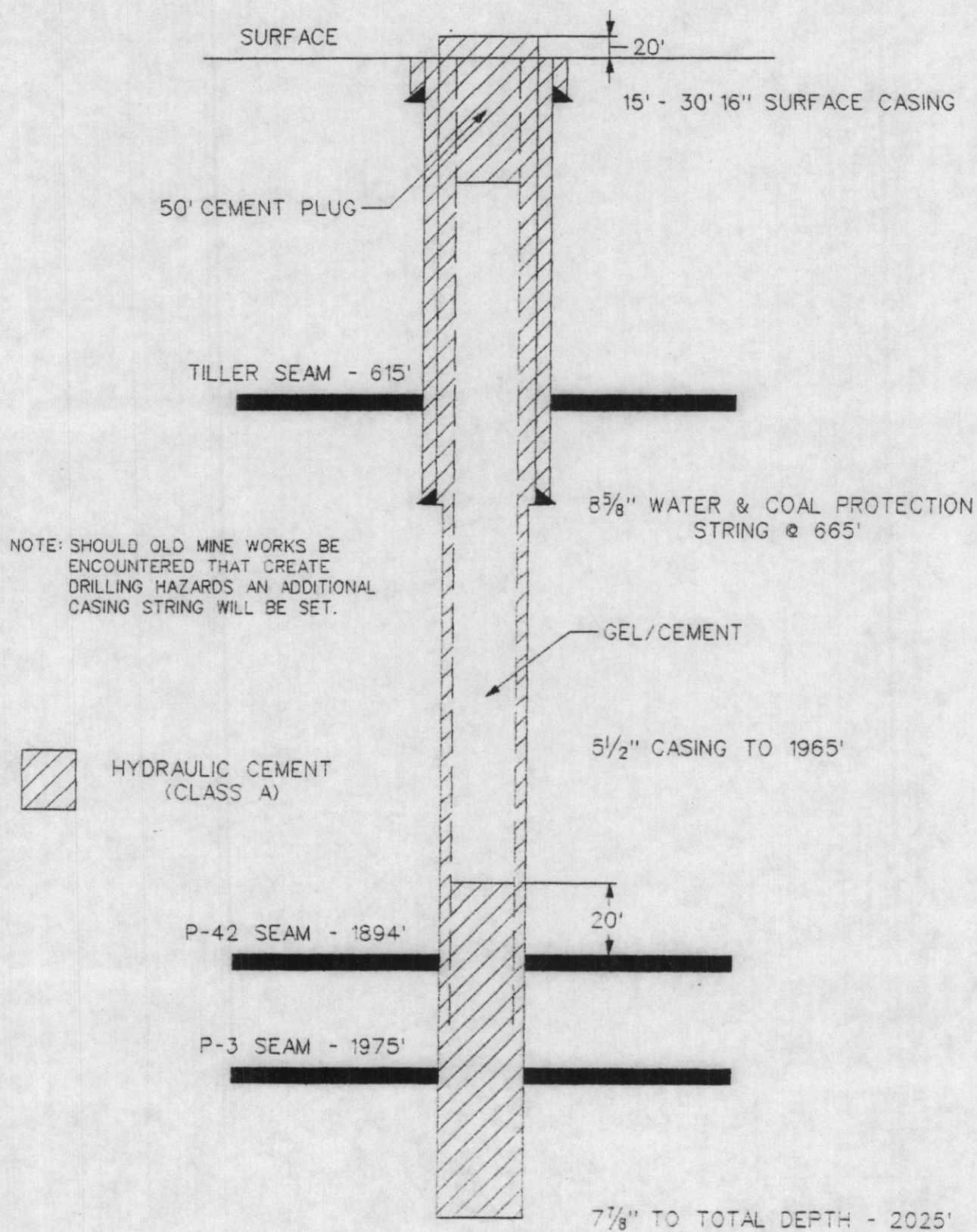
1. plug set at the bottom of the coal and water protection string (13 3/8" or 8 5/8" casing), with a 100 ft. cement plug placed on top of the plug.
2. cased hole will be filled with gel water and cement plugs* set across all mineable coal seams**.
3. cement* from 50' below the surface to the surface

NOTE: *all cement to be Class A cement
**to be filled with gel water and cement to a point 40 below the lowest mineable coal seam from this point to 20 ft. above the seam a cement plug will be set. From this point, the same procedure will be followed to 50 ft. from the surface.

POCAHONTAS GAS PARTNERSHIP

CBM-PGP-S36

PROPOSED PLUGGING AND ABANDONMENT SCHEMATIC



OPERATIONS PLAN

CBM-PGP-S36/with pipeline

I. Pre-development Site Condition

Pocahontas Gas Partnership (PGP) proposes to drill Well No. CBM-PGP-S36 situated approximately 2,000 ft north of CBM-PGP-T36 on Osborne Mountain in the drainage of Clifton Fork in the Garden District of Buchanan County, Virginia. The existing land use adjacent to the project area consists of unmanaged forest. Slopes within the project area range from 5 to 60 percent. Subsurface geology is comprised of alternating beds of siltstone, sandstone, shale and coal of the Pennsylvanian age.

Surface water from the site area flows into Clifton Fork of Contrary Creek of the Levisa Fork and proceeds in a northwesterly direction to the Big Sandy. Adjacent lands and waters will be protected by the implementation of the erosion and sediment control plan. The proposed site is not located in wetland or 100 year Floodplain. Groundwater quality is addressed in Section V. Groundwater will be protected by using those procedures as described within the casing program. There are no surface water, public water intakes or man-made improvements in proximity to the site. There is no active mining being conducted within 500 feet of the well. This well is located in the Buchanan No. 1 Mine (DMLR permit 1400047). Approximately 4.0 acre will be disturbed during construction

of the proposed operation. Access to the proposed well site shall be from State Route 629 and County Route 5330 then over approximately 1560 ft of new road to the site.

II. Construction Plan

The access will be as previously stated. The road is shown on the Well Location Map (Exhibit 1).

In order to facilitate drilling operations, a minimum 80 x 300 foot well pad will be required. The site will be constructed according to the attached Well Site Layout (Exhibit 3) and Well Site Cross-Sections (Exhibits 4). Existing slopes are shown on the Well Site Cross-Sections. Vegetation will be cleared as necessary before any proposed site construction begins. Residue materials available from clearing will be windrowed below the anticipated fill slopes to intercept and retain sediment. All disturbed areas will be kept to the minimum practical and safe size needed to accomplish access to the well site, drilling, completion and operation of the well. The well site will be graded to direct drainage as shown on the Well Site Layout (Exhibit 3). This drainage will be intercepted by a temporary diversion prior to leaving the site. Straw bale barriers shall be placed in the diversion as shown on the Well Site Layout (Exhibit 3) to ensure sediment-laden runoff flows either through or over the barrier until the area is stabilized.

Pocahontas Gas Partnership
DGO-GO-12
CBM-PGP-S36/with pipeline

Approximately 1320' of 8" polyethylene pipe (PE) will be buried and connected to the proposed pipeline in the permit application of well CBM-PGP-T37. (See Exhibit 1a). The right-of-way will be approximately 50' wide by 1320' in length.

No buildings exists within 50 feet of the r-o-w. The pipeline will be tested to maintain 110% of its anticipated pressure. This pipeline shall be visually inspected annually.

The previously mentioned vegetative and mechanical methods of erosion and sediment control will be implemented as soon as practical and are designed to fit the topography, soil, drainage and land use. All surface water runoff will be directed to stable areas before being discharged into the natural drainage system. All sediment and erosion control measures will be inspected after each significant storm event with repairs being made as promptly as possible. All erosion and sediment measures implemented at this site will be modeled after the Virginia Erosion and Sediment Control Handbook.

Blasting is not anticipated on this site, but if it becomes necessary to complete site construction, all blasting operations will be conducted by a certified blaster. The distance to the nearest inhabited building is greater than 300 feet. Flyrock will not be allowed to fall farther from the blast than one-half the distance between the blast and the nearest inhabited building, and in no case outside of the

permitted area.

Before a blast is fired, a warning signal audible to a distance of at least one-half mile will be given by the blaster in charge, who will make certain that all surplus explosives are in a safe place and that all persons are at a safe distance from the blast site or under sufficient cover to protect them from the effects of the blast.

A code of warning signals will be established and posted in one or more conspicuous places on the permitted site, and all employees will be required to conform to the code.

Blasting shall be conducted by a certified blaster without seismographic monitoring provided the maximum charge is determined by the formula, $W=(D/D_s)^2$, where W is the maximum weight of explosive in pounds per delay (eight milliseconds or greater); D is the actual distance in feet from the blast location to the nearest inhabited building; and D_s is the scaled distance factor to be applied without seismic monitoring. Records of all blasts will be retained at least three years.

III. Erosion and Sediment Controls

As previously described in the Construction Plan, Section II above, all measures possible will be taken during site construction to stabilize the disturbed area as quickly as possible and direct surface runoff away from these areas into

Pocahontas Gas Partnership
DGO-GO-12
CBM-PGP-S36/with pipeline

stable outlets. No surface runoff will be discharged over unprotected outcrops. These measures will prevent migration of sediment from the site and reduce erosion.

Any culverts, ditches and diversions to be placed or constructed at the well site shall safely pass the flow from a 10 year/24 hour storm event and will be constructed as shown on Exhibits 1 and 2.

Final reclamation of the site will include the removal of all equipment, structures and facilities not required for monitoring the site and permanently marking the well or corehole. A permanent vegetative cover will be established on denuded areas that are to be left inactive for more than one year or not surfaced with stone.

IV. Pit Design and Installation

All fluids from the well will be handled in a properly constructed and lined pit. The drilling pit will be constructed of sufficient size to contain all fluids and solids which may accumulate during operations and maintain a 2' freeboard. The drilling pit shall be approximately 40'x 20'x 6' deep and shall be constructed to reasonably conform to the lines as shown on Exhibit 3. The embankment, prior to beginning construction of the area, will be cleared of all vegetative material. Topsoil, if any, will be segregated and stockpiled for use in final reclamation of the site and pit.

Pocahontas Gas Partnership
DGO-GO-12
CBM-PGP-S36/with pipeline

The constructed pit will have a properly installed liner consisting of a single 20 mil HDPE sheet or two 10 mil HDPE sheets separated by 8 to 12 inches of dirt or other suitable material. Outslopes of the constructed pit will be stabilized immediately.

V. Drilling or Stimulating Media

In order to meet the requirements of the State Water Control Board, "Groundwater Standards", regulation /R 680-21-04, and "Water Quality Criteria for Groundwater", regulation VR 680-21-05, an analysis of the closest water source to the proposed drilling location and the water to be used for drilling is provided with this application. The analysis shows that the drilling water quality equals or exceeds the quality of the water nearest the site. After the water protection string is set, waters which do not meet the standards may be used.

Aqua-flow, a multi-purpose foaming agent, will be added to the water to help remove drill cutting during drill operations. A description and certificate of analysis are on file with the Division of Gas and Oil. The use of this additive will not lessen the groundwater quality within the area. Ground water in Buchanan County, Virginia is more a function of topography than of any specific water bearing formations. It is not possible to delineate specific bed-rock

aquifers with any degree of confidence throughout Buchanan County. The same stratum that yields abundant ground water next to a large stream in a valley will be dry beneath a ridge. Generally, the ground water table imitates the topographic surface in a subdued form and at a lower level.

The most reliable source of ground water is found in valleys or lower slopes within unconsolidated alluvial or colluvial deposits. Most useable ground water occurs within 300' of local stream levels.

Most domestic wells are 50' - 250' deep with yields of 3 - 10 GPM. Almost all wells are located in valleys. Formations at higher elevations such as ridge tops and those at greater depths (below stream level) are dry. Due to their high elevations, the Wise Formation and Gladeville Sandstone are not considered good sources of ground water nor is the deep-lying Pocahontas Formation. Sandstones of the Norton Formation due to their medial topographic positions along the lower slopes and valley floors are better candidates for good quantities of ground water.

Ground water occurrence in Buchanan County can better be defined in terms of major stream basins; The Levisa Fork (above Oakwood), Garden Creek, Big Prater Creek, Levisa Fork (between Vansant and Oakwood), Ball Creek, Russell Fork (above Davenport), and Hurricane Creek Basins.

Pocahontas Gas Partnership
DGO-GO-12
CBM-PGP-S36/with pipeline

Water in Buchanan County is highly variable in chemical character and composition. Bicarbonate is the dominate water type. In some ground waters sulfate, chlorides, iron and manganese occur at levels exceeding the recommended limits for drinking water. Buchanan County's ground water is characteristically acidic to slightly alkaline (6.3 to 8.2 pH), high in iron, hard and may have a sulfurous odor.

Pocahontas Gas Partnership based this information on a paper by Ms. Susan Epps, "Buchanan County Groundwater: Present Conditions and Prospects", Virginia State Water Control Board and a paper by Mr. Stanley Rogers and Mr. John Powell, "Quality of Ground Water in Southern Buchanan County", United States Geological Survey Water Resources Investigations 82-4022.

Pocahontas Gas Partnership has designed its surface casing programs so as to protect ground water and shallow coal seams. Should mining plans dictate, this well may be intentionally plugged back to within approximately 50 feet of the bottom of the casing (as shown on the attached sidetrack well schematic). Once this is complete, the well will be redrilled to a mine plan deviated bottom hole location.

Pocahontas Gas Partnership hereby request a variance from VR 480-05-22.1 Section 2.05 A.2 and VR 480-05-22.1 Section 3.07 A.1.b. which requires the operator to allow the

Pocahontas Gas Partnership
DGO-GO-12
CBM-PGP-S36/with pipeline

water protection string and cement to stand for 12 hours before drilling out from under the casing. It also requires that the water protection string and cement shall be designed to withstand 300 psig surface pressure.

Accordingly a regular Class A cement at 80 degrees and 0 psi has a compressive strength of 265 psi in 8 hours and 580 psi in 12 hours, which would meet the above requirements. However, PGP proposes to add a 2% Calcium Chloride Accelerator in the fresh water cement slurry, which will realize a compressive strength of approximately 1,230 psi in 8 hours. Therefore, Pocahontas Gas Partnership request to be allowed to drill out from under the casing after a water protection string and cement stand of 8 hours.

VI. Disposal

Fluids will be drained from the pit to leave no free liquids. All drill cuttings and solids will be disposed of in the pit by covering with a 20 mil HDPE liner or a low permeability clay cap covered with soil. The combination of soil and liner or clay cap will be at least four feet thick. The cap will be graded to provide positive drainage and prevent ponding. Any produced fluid will be contained in approved holding tanks and stored on location until such time that the fluid is transferred to an approved waste disposal site. Produced fluids shall be transported for final disposal

Pocahontas Gas Partnership
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CBM-PGP-S36/with pipeline

by Noah Horn to the Ball injection well (VAS2D921BBUC) or Hughes injection well (UIC2D04568) or when the well is being used in the initial stages of active longwall mining the water drop process (EPA area permit VAS2D929BBUC) may be used. CBM-PGP-S36 is expected to produce approximately one barrel of fluid per day which equates to approximately 30 barrels per month.

VII. On-Site Facilities

This site shall require the following five basic pieces of equipment:

- 1) Pump Jack
- 2) Compressor
- 3) Electric Utility Skid
- 4) Meter
- 5) Water Storage Tank(s)

The compressor and pump jack shall be electric driven skid mounted ranging from 20 to 200 in horsepower. The meter is also skid mounted and equipped with a flow computer which will monitor the flow and compressor status to a central location. Permanent storage tank installations will be diked to contain 1.5 times the volume of the single tank or largest tank within the tank battery. Dikes will be kept free from debris, brush, water, oil or the fluids. Installation of on-site facilities is shown on the attached Well Site Layout (Exhibit 4).

The vent system will incorporate the flame arrestor. The flame arrestor will be on the vent stack. Back pressure

Pocahontas Gas Partnership
DGO-GO-12
CBM-PGP-S36/with pipeline

systems are manually operated valves. The pressure relief systems are incorporated into the compressors themselves which in turn will send the excess pressure to the vent system requiring no backup system. Adequate fire-fighting equipment will be strategically placed on site.

VIII. Production

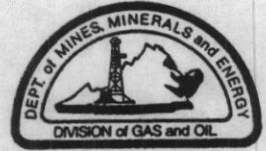
Production shall be from the 5 1/2" casing.

IX. Mine Plans

Upon commencement of the drilling operations, should the mine plans change, this well may be intentionally deviated to a new bottom hole location. Should mining plans change after drilling, this well may be intentionally plugged back within approximately 50' of the bottom casing. Once this is complete, the well shall be redrilled to a mine plan deviated bottom hole.



Division of Gas and Oil
Virginia Gas and Oil Inspector
P. O. Box 1416
Abingdon, Virginia 24210
540/676-5423



APPLICATION FOR DISPOSAL OF PIT OR PRODUCED FLUIDS

Pursuant to VR 480-05-22.1, s 1.42, the undersigned permittee requests:

- A. ☒ Approval to transport and dispose of pit or produced fluids through an approved disposal site, which accepts pit or produced fluids from gas and oil operations.
- B. ☐ Approval for a one time application of pit fluids on the permitted site.

For applications under A, the permittee is required to submit the following with this application.

1. Submit the appropriate federal, state, and/or local permit number of the facility the permittee is proposing to dispose of the fluids under.
2. Attach a copy of the appropriate sections of the permit, which allows acceptance of fluid waste from the gas and oil operations. Submit the total estimated volume of fluid to be transported. **SEE DGO-GO-12, SECTION IV.**

For applications under B, the permittee must complete the following information with the appropriate documentation with this application.

A. Pit Fluid Characterization:

Date Pit was First Used _____ Estimated Volume of Pit Fluid _____ (Gals.)
Description of the Constituents of the fluid placed in Pit _____

B. Analysis of the Pit Fluid:

Analysis

Standard Limits

pH _____
Oil and Grease _____
Iron _____
Manganese _____
Acidity _____
Alkalinity _____
Chlorides _____
Sodium Balance _____

6-9 Standard Units
< 15 mg/l
< 7 mg/l
< 4 mg/l
< alkalinity
> acidity
5,000 mg/l *
SAR of 8-12 **

* For chlorides above 5,000 mg/l, the application will be reviewed to determine whether a permit would be required from the Virginia Water Control Board.

** The Sodium Absorption Rate shall be determined on the soils to which the liquid is to be applied.

C. Verification of Analysis:

Attach the lab analysis and its results. Denote on the attachment the date, time, and method of collection and the date of the analysis.

D. Description of Application Area:

Soil Type _____ Soil Permeability _____ Depth to Bedrock _____ Depth to Water Table _____ Nearest Water Supply _____ Type: Well
____ Spring _____ Nearest Surface Water Courses _____ Nearest Occupied Dwelling _____ Total Acreage of Proposed Application
Area _____ Average slope of the proposed area of land application _____

E. Location and Design Map:

A map on the scale of 1" = 400' showing the acreage within the permitted site to used for land application identifying all surface waters, wells, springs, natural rock outcrops and property lines in relation to the proposed area of land application. The map shall also delineate any buffer zones.

F. Method of Land Application:

Provide a narrative, describing the method in which you plan to land apply the pit fluids. The description shall include supporting calculations and other data to justify the flow rates, erosion controls and monitoring to used during the application of the pit fluids. The narrative shall include supporting site measurements and other data concerning the noninterference to the groundwater within and adjacent to the land application and supporting site measurements and other data concerning the protection of the existing vegetation.

CERTIFICATION:

I the undersigned applicant or permittee, certify that this document and all attachments were prepared under my direction. The information submitted is, to the best of my knowledge, true, accurate, and complete.

(Signature) _____

(Title) Permit Specialist

(Date) 11/13/97

(FOR OFFICE USE ONLY: _____)

(Approved _____ Denied _____)

(_____ Date _____)

(State Gas and Oil Inspector _____)



ENVIRONMENTAL MONITORING, INCORPORATED
ENVIRONMENTAL CONSULTANTS ▲ ANALYTICAL LABORATORIES
P.O. BOX 1477 ▲ COEBURN, VIRGINIA 24230 ▲ 540/395-3661

CERTIFICATE OF ANALYSIS

CONSOL, INC.
P.O. BOX 947
BLUEFIELD, VA

24605

REPORT DATE: 06/28/96

SAMPLE IDENTIFICATION: SOURCE: GRASSY CREEK AT BETSY BRANCH PRO # 743.6

EMI SAMPLE NUMBER: 228730

DATE COLLECTED: 06/18/96

EMI ANALYSIS CODE: VO

TIME COLLECTED: 1045

COLLECTED BY: J STANLEY

FLOW: 1000.0 GPM

DEPTH: 0.0 FEET

TEMPERATURE: 22 DEGREES CELSIUS

PARAMETER	RESULT	PARAMETER	RESULT
ACIDITY	0.00	PH	7.70
ALKALINITY	70.00	SULFATE	18.00
CHLORIDE	80.00	TOTAL DISSOLVED SOLIDS	214.00
CONDUCTIVITY	400.00	TOTAL SUSPENDED SOLIDS	5.00
TOTAL IRON	< 0.02		
HARDNESS	102.00		
TOTAL MANGANESE	< 0.02		
SODIUM	33.90		
OIL & GREASE	< 3.00		

APPEARANCE CODE: 1 COLOR CODE: A

UNITS: PH-STD UNITS, SET SOLIDS-mg/l, COND.-µMOS/cm, OTHERS-mg/l UNLESS NOTED

Best of my knowledge and belief the above results were obtained by accepted analytical procedures and are submitted for Environmental Monitoring, Incorporated.

QA/QC Officer

Lab Manager

**CONSENT TO STIMULATION AND
STATEMENT OF NO OBJECTION TO A
UNIT DESIGNATION AND FORCE POOLING**

The undersigned hereby acknowledges receipt of Notice and Application for the S-36 unit and force pooling and accompanying plats and exhibits from Pocahontas Gas Partnership. The applications may require the stimulation of a coal seam or seams which the undersigned will operate, and proposed the conversion of vertical ventilation holes (VVH's) to coalbed methane gas wells on tracts containing 80 acres, more or less (as shown on Exhibit DGO-GO-7), in the Keen Mountain Quadrangle, Buchanan County, Virginia.

Execution of this statement is to record the fact that the undersigned has no objection to the stimulation of a coal seam or seams, which the undersigned controls in the Oakwood Coalbed Gas Field unit S-36.

Execution of this statement is to record the fact that the undersigned has no objection to the unit and force pooling applications or to the Virginia Gas and Oil Inspector issuing a permit for wells in S-36.

Execution of this statement is to record the fact that the undersigned has no objections to variances from spacing or a variance of the production casing requirements from VR 480-05-22.1 § 3.07.G.1.b.

Execution of this statement is to record the fact that the undersigned agrees that the unit and force pooling proposed conform to its mine plan and is requesting the location of multiple wells within this unit which is required under §45.1-361.20C to conform coalbed methane development to the mine plan and by the Oakwood II order VGOB-91/11/19-0162 and amended by VGOB-93/03/16-0349 § 7D.

If any other person entitled to notice of the Application files an objection, the undersigned does not waive the right to notice of subsequent hearings and their proceedings and reserves the right to appear and be heard.

By: _____

B.D. Dangerfield
B.D. Dangerfield
Vice President of Operations
Consolidation Coal Company
Mid-Continent Region
Virginia Operations

Date: 9/23/97

Address: Consolidation Coal Company
Drawer L
Oakwood, VA 24631

Telephone: (540) 498-8200



Consolidation Coal Company

Drawer L

Oakwood, Virginia 24631

(540) 498-8200

September 19, 1997

Mr. Tom Fulmer
Division of Gas and Oil
P.O. Box 1416
Abingdon, VA 24210

Dear Mr. Fulmer:

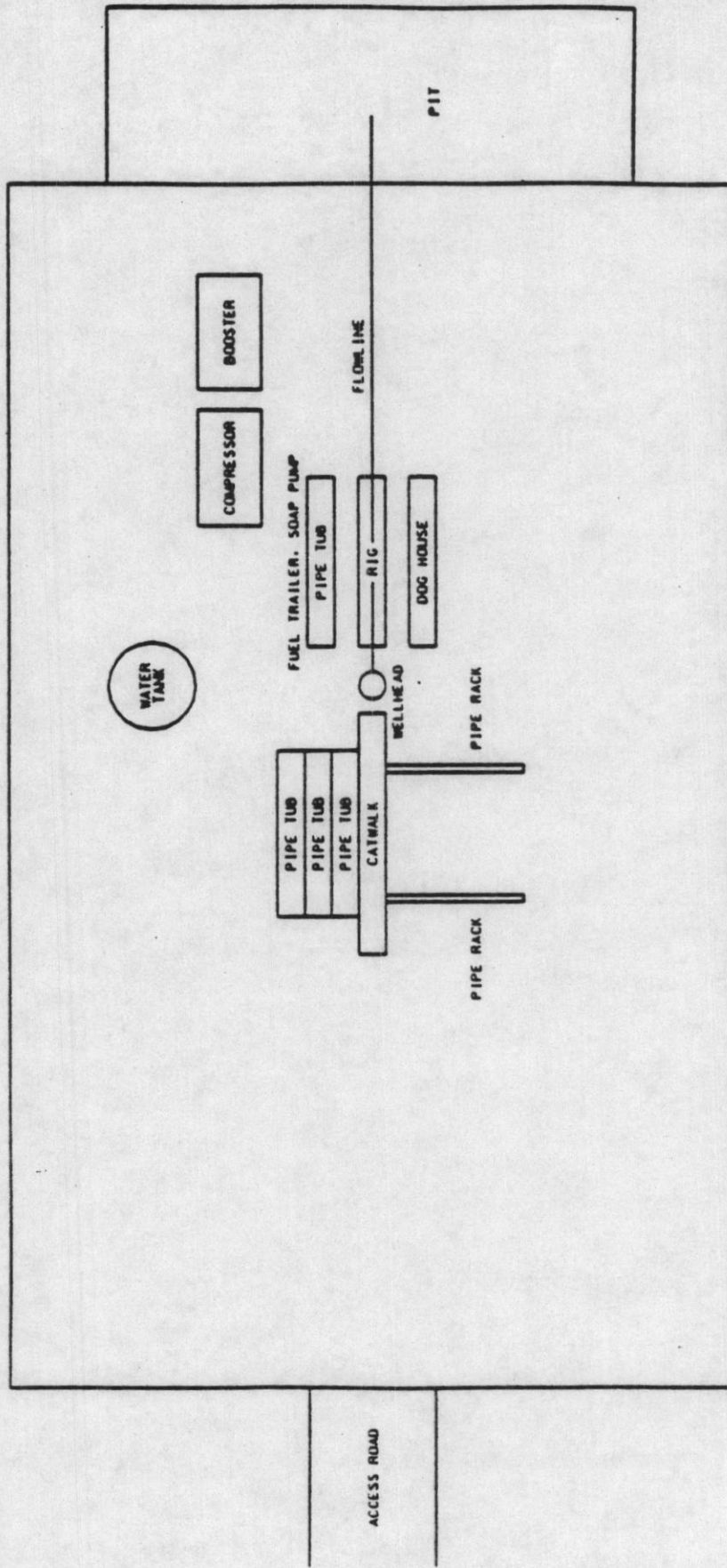
Please be advised Consolidation Coal Company has no objection to wells drilled or proposed to be drilled by CONSOL Inc. Gas Operations deviating more than one degree from vertical.

A handwritten signature in cursive script, reading "B.D. Dangerfield", written over a horizontal line.

B.D. Dangerfield
Vice President of Operations
Consolidation Coal Company
Mid-Continent Region
Virginia Operations

WELL: CBM-PGP-S36

BDD:ksg



NOTE:

SEE EXHIBITS 3 & 4 FOR DETAILED LAYOUT OF PROPOSED SEDIMENT AND EROSION CONTROL PRACTICES TO BE IMPLEMENTED ON THIS SITE.

ALL E & S CONTROL PRACTICES UTILIZED SHALL BE INSTALLED AND MAINTAINED IN ACCORDANCE WITH THE VIRGINIA EROSION AND SEDIMENT CONTROL HANDBOOK.

NOTE:

STRAW BALES SHALL BE INSTALLED & MAINTAINED AT THE INLET & OUTLET OF ALL CULVERTS AND AT ALL DRAINAGE WINDOWS UNTIL THE DISTURBED AREA IS STABILIZED.

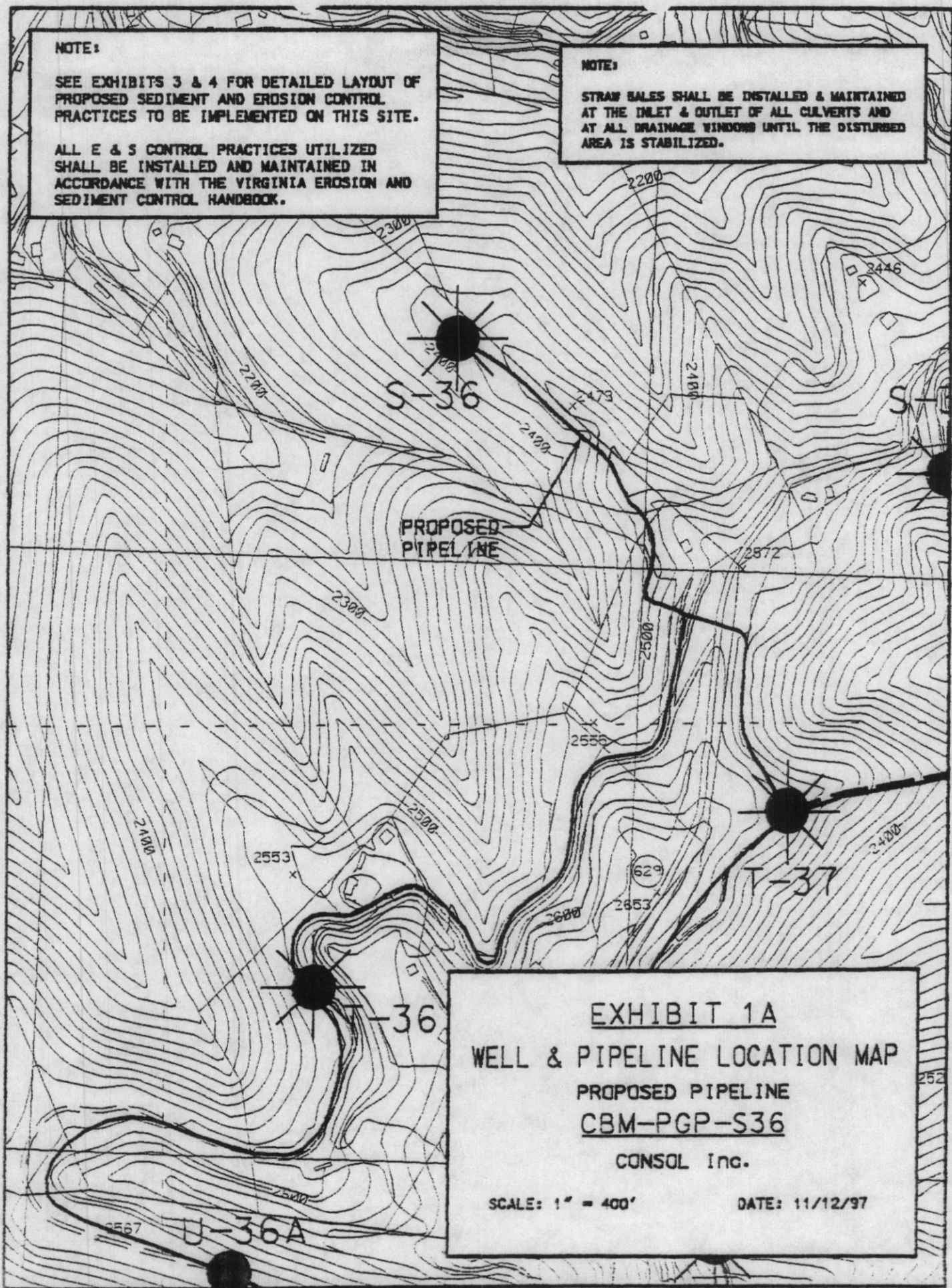


EXHIBIT 1A

WELL & PIPELINE LOCATION MAP

PROPOSED PIPELINE

CBM-PGP-S36

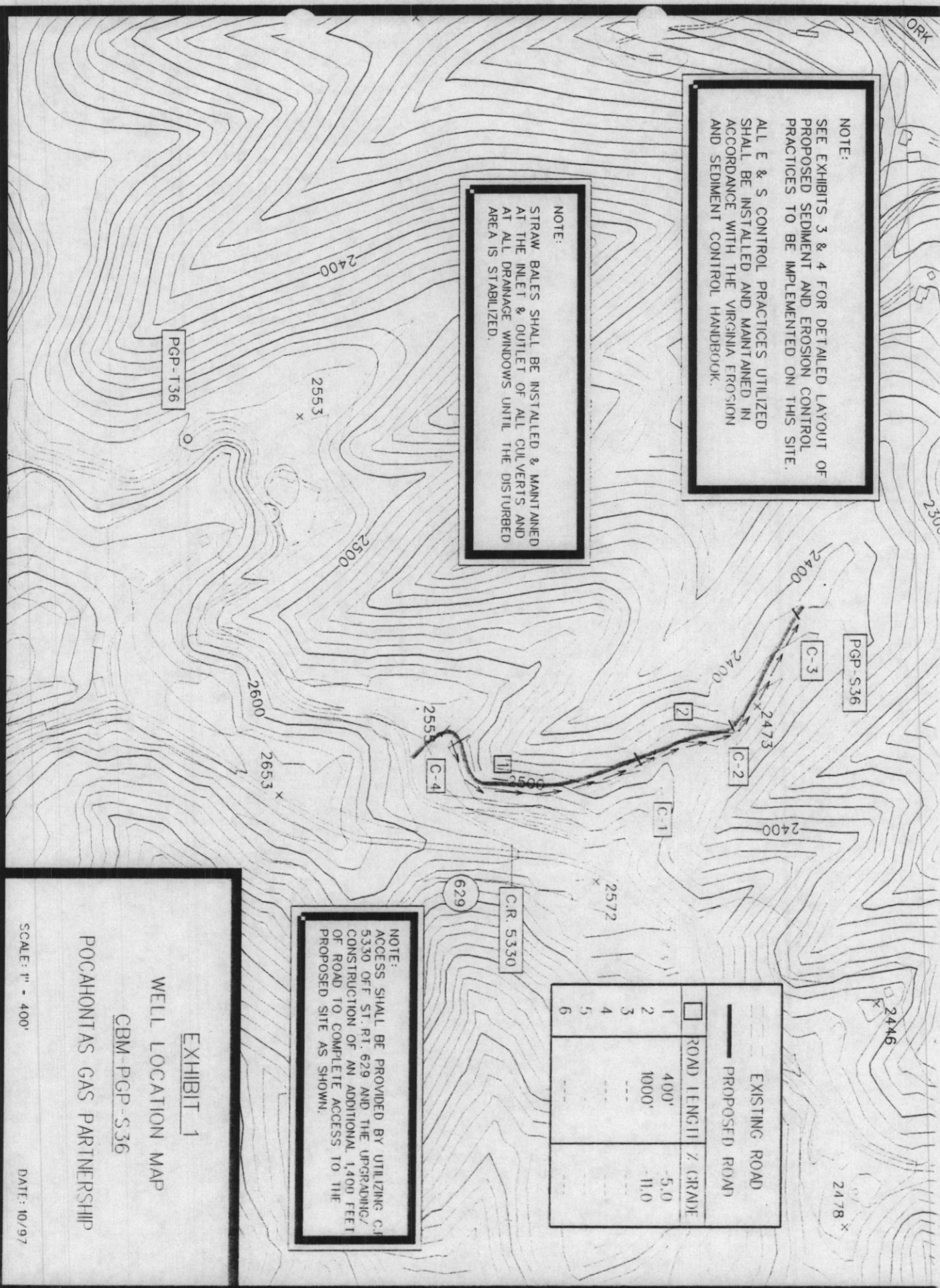
CONSOL Inc.

SCALE: 1" = 400'

DATE: 11/12/97

NOTE:
SEE EXHIBITS 3 & 4 FOR DETAILED LAYOUT OF PROPOSED SEDIMENT AND EROSION CONTROL PRACTICES TO BE IMPLEMENTED ON THIS SITE.
ALL E & S CONTROL PRACTICES UTILIZED SHALL BE INSTALLED AND MAINTAINED IN ACCORDANCE WITH THE VIRGINIA EROSION AND SEDIMENT CONTROL HANDBOOK.

NOTE:
STRAW BALES SHALL BE INSTALLED & MAINTAINED AT THE INLET & OUTLET OF ALL CULVERTS AND AT ALL DRAINAGE WINDOWS UNTIL THE DISTURBED AREA IS STABILIZED.

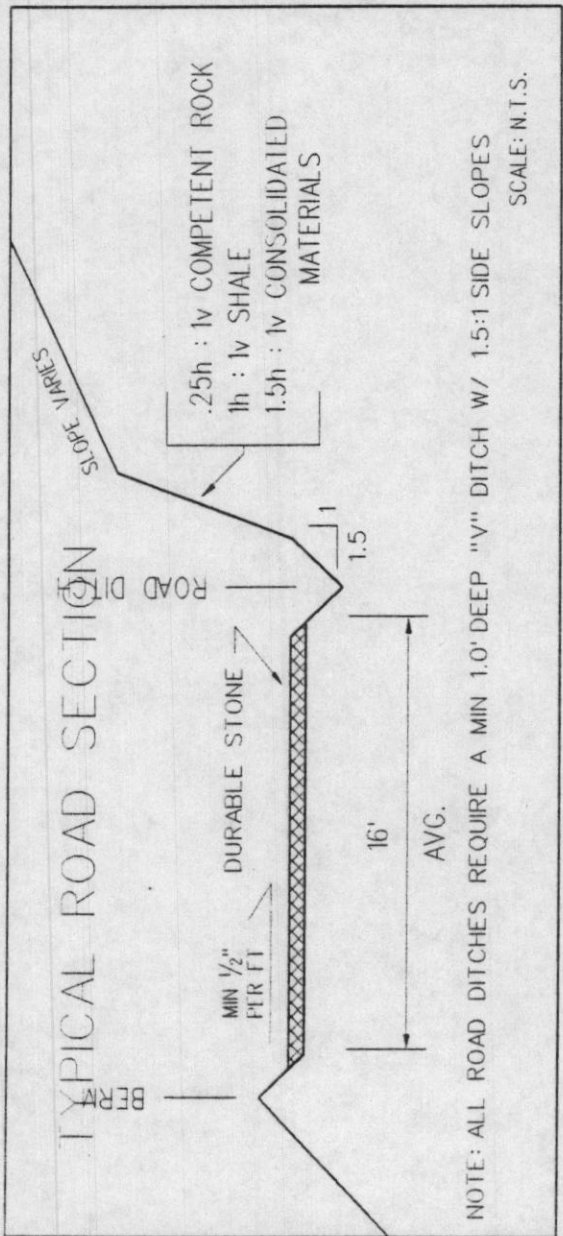


NOTE:
ACCESS SHALL BE PROVIDED BY UTILIZING C.R. 5330 OFF ST. RT. 629 AND THE UPGRADING/CONSTRUCTION OF AN ADDITIONAL 1,400 FEET OF ROAD TO COMPLETE ACCESS TO THE PROPOSED SITE AS SHOWN.

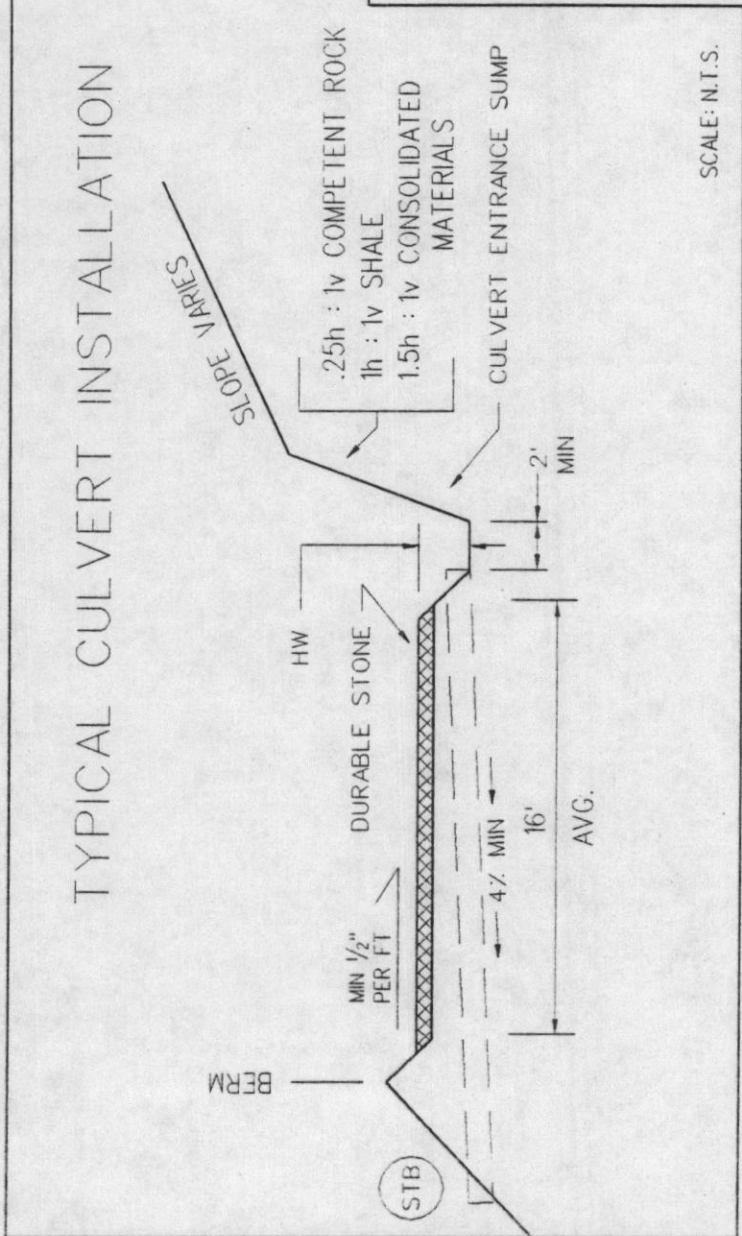
EXHIBIT 1
WELL LOCATION MAP
CBM-PPG-S36
POCAHONTAS GAS PARTNERSHIP

SCALE: 1" = 400'

DATE: 10/97



CULVERT SCHEDULE				
CULVERT ID. NO.	Q ₁₀ (cfs)	Ø (in)	MIN HW (ft) REQUIRED	
C - 1	3.4	12	2.1	
C - 2	0.8	12	0.7	
C - 3	1.0	12	0.8	
C - 4	---	12	---	
C - 5	---	---	---	
C - 6	---	---	---	
C - 7	---	---	---	
C - 8	---	---	---	
C - 9	---	---	---	



NOTES:

1. STRAW BALES TO BE PLACED AT ENTRANCE AND OUTLET OF ALL CULVERTS UNTIL AREA IS STABILIZED.
2. ROADS SHALL BE SURFACED WITH A DURABLE NON-TOXIC STONE.

EXHIBIT 2

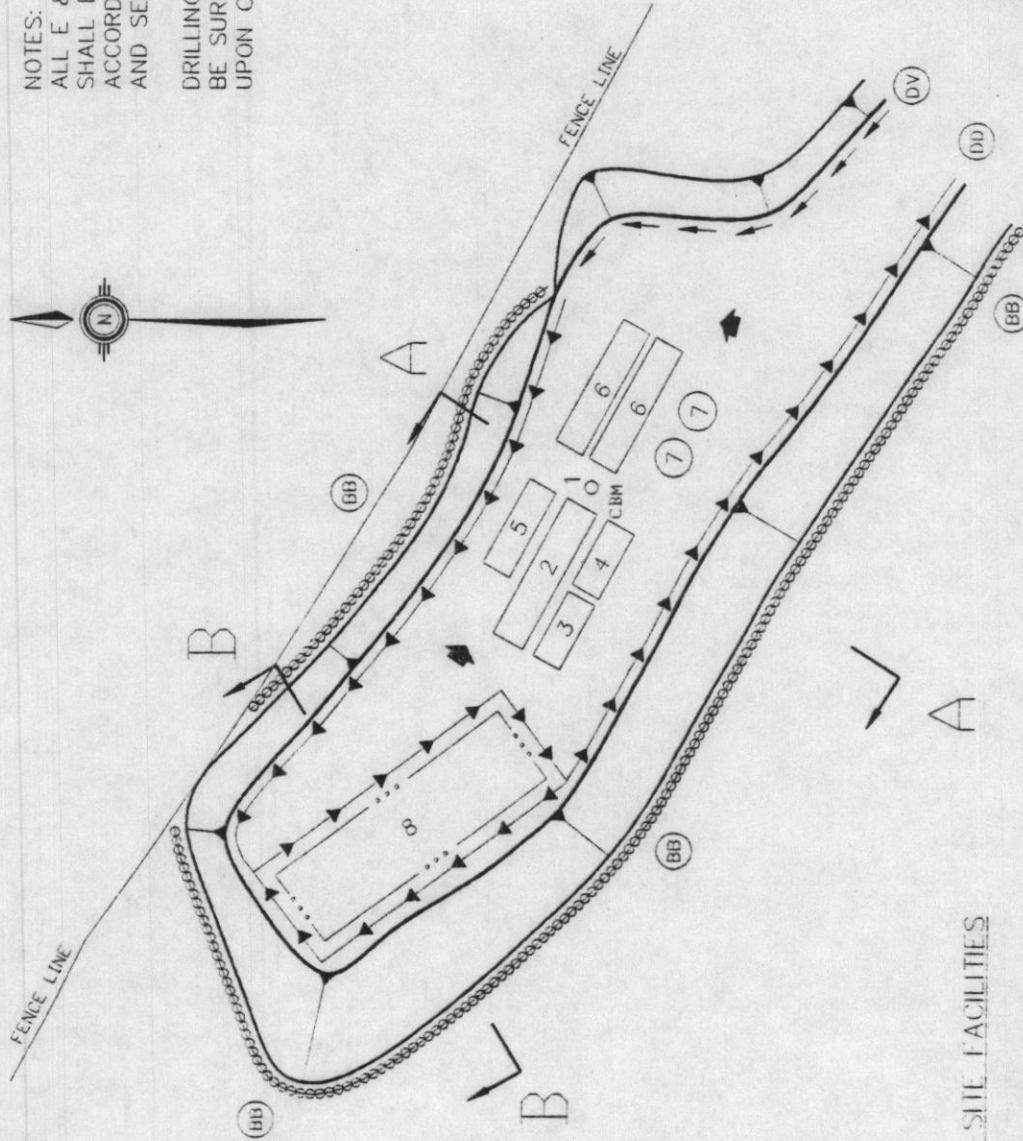
ROAD AND CULVERT DETAILS

CBM-PGP-S36

POCAHONTAS GAS PARTNERSHIP



NOTES:
ALL E & S CONTROL PRACTICES UTILIZED SHALL BE INSTALLED & MAINTAINED IN ACCORDANCE W/ THE VIRGINIA EROSION AND SEDIMENT CONTROL HANDBOOK.
DRILLING PAD & ACCESS ROAD SHALL BE SURFACED WITH DURABLE STONE UPON COMPLETION OF GRADING OPERATIONS.



ON-SITE FACILITIES

- 1 WELL
- 2 DRILLING RIG
- 3 AIR BOOSTER
- 4 AIR COMPRESSOR
- 5 DOGHOUSE
- 6 PIPE TUB
- 7 WATER TANK
- 8 DRILLING PIT 80' x 30' x 8'

- (DD) MIN 1.5' HIGH BERM REQD.
(DV) MIN 1.5' DEEP "V" DITCH W/ 1.5:1 SIDE SLOPES REQD.

LEGEND

- | | |
|-------|---------------------|
| (DD) | DIRECTION OF FLOW |
| (STB) | STRAW BALE BARRIERS |
| (PS) | PERMANENT SEEDING |
| (MU) | MULCHING |
| —▲— | DIVERSION DIKE |
| —▲— | DIVERSION |
| (BB) | BRUSH BARRIER |

EXHIBIT 3

WELL SITE LAYOUT

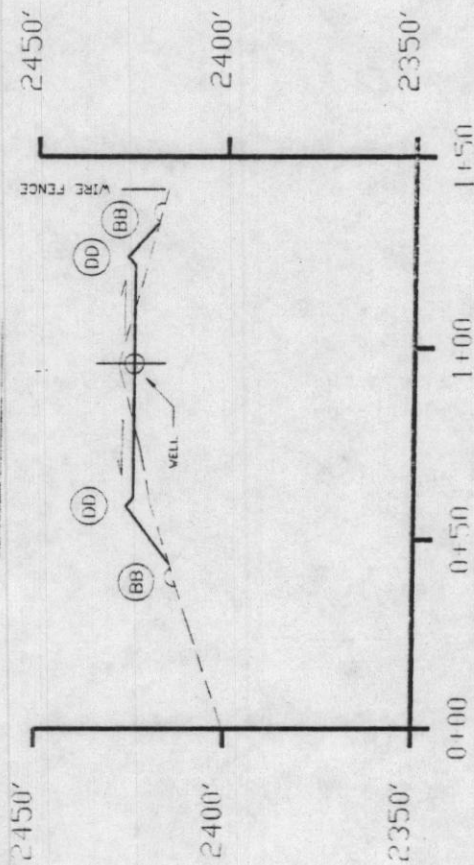
CBM-PCP-S36

POCAHONTAS GAS PARTNERSHIP

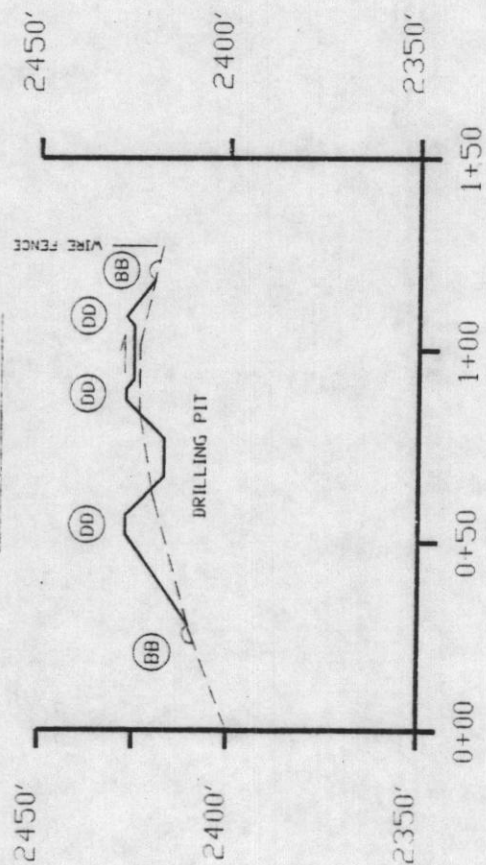
SCALE: 1" = 50'

DATE: 10/97

SECTION A-A



SECTION B-B



LEGEND

---	EXISTING GRADE
—	PROPOSED GRADE
—<—	DIRECTION OF FLOW
—o—o—o—	BRUSH BARRIER
—>—	DIVERSION
—<—>—	TEMP. DIVERSION DIKE

(BB)
(DV)
(DD)

EXHIBIT 4

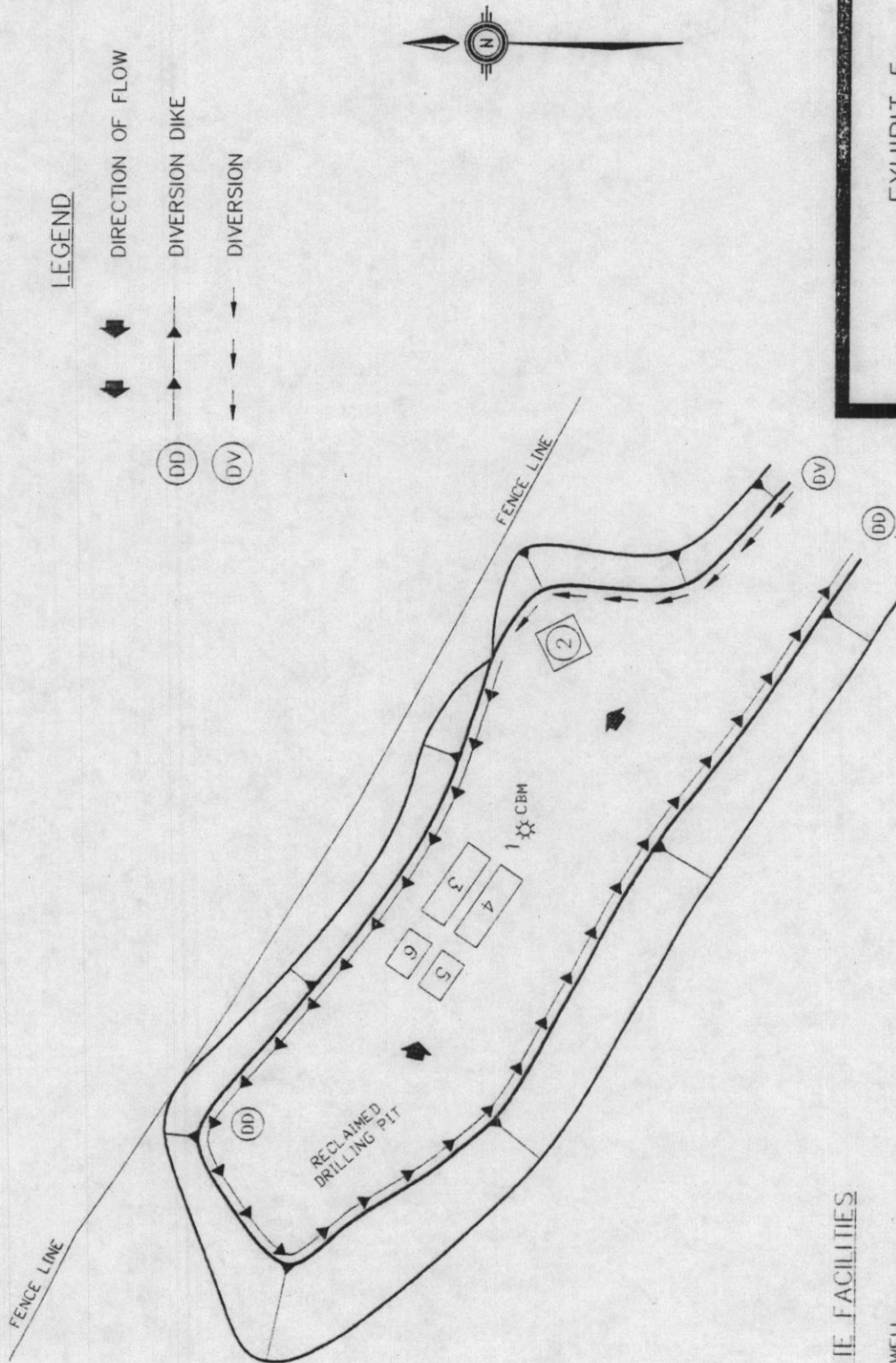
WELL SITE CROSS SECTIONS

CBM—PGP—S36

POCAHONTAS GAS PARTNERSHIP

SCALE: 1" = 50'

DATE: 10/97



LEGEND

- DIRECTION OF FLOW
- DIVERSION DIKE
- DIVERSION

ON-SITE FACILITIES

- 1 WELL
- 2 DIKED WATER TANK
- 3 PUMP JACK
- 4 COMPRESSOR
- 5 METER
- 6 ELECTRIC STARTER SKID

EXHIBIT 5 PRODUCTION FACILITIES

CBM-PGP-S36

POCAHONTAS GAS PARTNERSHIP

SCALE: 1" = 50'

DATE: 10/97

LINKOUS HORN HEIRS

✓ Sidney Osborne
1911 McViey Road
Salem, VA 24253

✓ Martha Guilliams
1911 McViey Road
Salem, VA 24253

Perry W. Horn
Address Unknown

Dorothy Horn
Address Unknown

Michelle Varney
Address Unknown

Stephanie Horn
Address Unknown

✓ Martha H. Smith
P.O. Box 395
Max Meadows, VA 24360

✓ Joseph H. Horn
P.O. Box 775
Raven, VA 24639

Clifford Osborne
Address Unknown

✓ Shirley Keene
P.O. Box 581
Keen Mountain, VA 24624

John Osborne
Address Unknown

✓ Brenda Justice
P.O. Box 27
Oakwood, VA 24631

Charles M. Osborne
Address Unknown

Patsy Moore
Addresss Unknown

Roy Osborne
Address Unknown

✓ Ivory J. Horn
P.O. Box 748
Raven, VA 24639

Larry M. Horn
Address Unknown

✓ Merl Ann Taylor
Rt. 1, Box 1445
Cedar Bluff, VA 24609

Carletta Ball
Address Unknown

✓ Thelma H. Osborne
P.O. Box 33
Raven, VA 24639

Sarah H. Day
P.O. Box 208
Peterstown, WV 24963

✓ Nancy H. Stilwell
Rt. 4, Box 722
N. Tazewell, VA 24630

✓ James R. Osborne
P.O. Box 484
Keen Mountain, VA 24624

Mary Keen
Address Unknown

Ron Osborne
Address Unknown

Richard Osborne
Address Unknown

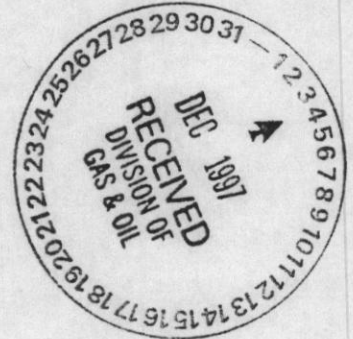
Ruth Keen
Address Unknown

POCAHONTAS GAS PARTNERSHIP

P.O. Box 947
Bluefield, Virginia 24605
(540) 988-1015

*Revision
m2Q
12/4/97*

December 2, 1997



Mr. Mark Deering
Division of Gas and Oil
P.O. Box 1416
Abingdon, VA 24210

Dear Mark:

Please find enclosed the background water inventory for the **CBM-PGP-S36** well.

If you should have any questions, please do not hesitate to call.

Sincerely,

A handwritten signature in cursive script, reading "Leslie K. Arrington".

Leslie K. Arrington
Permit Specialist

Attachments
LKA:ksg

CERTIFIED MAIL: P 462 580 516



ENVIRONMENTAL MONITORING, INCORPORATED

ENVIRONMENTAL CONSULTANTS ▲ ANALYTICAL LABORATORIES
P.O. BOX 1477 ▲ COEBURN, VIRGINIA 24230 ▲ 540/395-3661

November 28, 1997

Consol
PO Box 947
Bluefield, VA 24605

ATTN: Mr. Les Arrington

RE: CBM-PGP-S36 GW INVENTORY
EMI NO. 743.510

Dear Mr. Arrington:

On November 18, 1997 Environmental Monitoring, Inc. (EMI) conducted a groundwater inventory in an area surrounding proposed well CBM-PGP-S36. This inventory was conducted at your request and consisted of collecting samples from domestic groundwater sources within a 500' radius of the proposed well site.

This groundwater inventory was performed by Jerry Stanley of EMI. There was no residence located within 500' of the proposed well which had a groundwater source. The residence located approximately 550' SW of the proposed well, Danny McClanahan, was sampled as part of the Osborne Mountain inventory on April 29, 1997. A copy of this analysis is included for your review.

Please call 888-2EMILAB should you have questions concerning this project.

Respectfully,

ENVIRONMENTAL MONITORING, INC.

David W. Porter
Project Manager

attachments





ENVIRONMENTAL MONITORING, INCORPORATED

ENVIRONMENTAL CONSULTANTS ▲ ANALYTICAL LABORATORIES

P.O. BOX 1477 ▲ COEBURN, VIRGINIA 24230 ▲ 540/395-3661

CERTIFICATE OF ANALYSIS

CONSOL, INC.
P.O. BOX 947
BLUEFIELD, VA

24605

REPORT DATE: 05/07/97

SAMPLE IDENTIFICATION: OSBORNE MTN-DANNY MCCLANAHAN SPRING PRO #743.369

EMI SAMPLE NUMBER: 264210

DATE COLLECTED: 04/29/97

EMI ANALYSIS CODE: VB

TIME COLLECTED: 1905

COLLECTED BY: J STANLEY

FLOW: 0.0 GPM

DEPTH: 0.0 FEET

TEMPERATURE: 13 DEGREES CELSIUS

PARAMETER	RESULT	PARAMETER	RESULT
ACIDITY	0.00	pH	5.60
ALKALINITY	1.00	SULFATE	124.00
CHLORIDE	5.50	T COLIFORM col/100ml	> 16.00
CONDUCTIVITY	340.00	TOTAL DISSOLVED SOLIDS	204.00
TOTAL IRON	0.28	TOTAL SUSPENDED SOLIDS	5.00
HARDNESS	134.00		
TOTAL MANGANESE	< 0.05		
SODIUM	3.72		
OIL & GREASE	< 3.00		

APPEARANCE CODE: 0 COLOR CODE:

UNITS: pH-STD UNITS, SET SOLIDS-ml/l, COND.-uMHOS/cm, OTHERS-mg/l UNLESS NOTED

To the best of my knowledge and belief the above results were obtained by accepted analytical procedures and are submitted for Environmental Monitoring, Incorporated.

QA/QC Officer

Lab Manager



ENVIRONMENTAL MONITORING, INC.

SITE VISIT FORM

VISIT DATE: 4-23-97 MAP ID NUMBER: -45 PROJECT NO. 743.369 CUST. ID: Consol osborne mtn

NAME: Danny McLanahan
ADDRESS: Box 496 Oakwood, VA
PHONE NUMBER: (703) 498-4654 CONVENIENT CONTACT TIME: _____
OWNER NAME: same RENTER: _____
PERSONS PRESENT DURING INTERVIEW: same

SPECIFIC LOCATION: _____ DISTANCE: _____
DIRECTION: _____
FROM: N/A

SURFACE ELEVATION: _____ FEET
USE (CHECK APPROPRIATE BLANKS)
☒ DOMESTIC ☐ AGRICULTURAL ☐ INDUSTRIAL ☐ OTHER ☐ NOT IN USE

DESCRIBE OTHER: _____

***** WELLS *****

TOTAL DEPTH: _____ CASSED DEPTH: _____ WELL DIAMETER: _____
YEAR DRILLED: _____ WHO DRILLED: _____ LOG AVAILABLE: _____
STATIC WATER LEVEL: _____ HOW MEASURED: _____ WELL YIELD: _____ WELL SCREENED: Y N
SLOTTED CASING Y N SAMPLE TAKEN: Y N

TYPE OF FILTER: _____
MODEL NUMBER: _____
YEAR INSTALLED: _____
SAMPLE LOCATION(S): _____

***** WELLS *****

TOTAL DEPTH: _____ CASSED DEPTH: _____ WELL DIAMETER: _____
YEAR DRILLED: _____ WHO DRILLED: _____ LOG AVAILABLE: _____
STATIC WATER LEVEL: _____ HOW MEASURED: _____ WELL YIELD: _____ WELL SCREENED: Y N
SLOTTED CASING Y N SAMPLE TAKEN: Y N

TYPE OF FILTER: _____
MODEL NUMBER: _____
YEAR INSTALLED: _____
SAMPLE LOCATION(S): _____

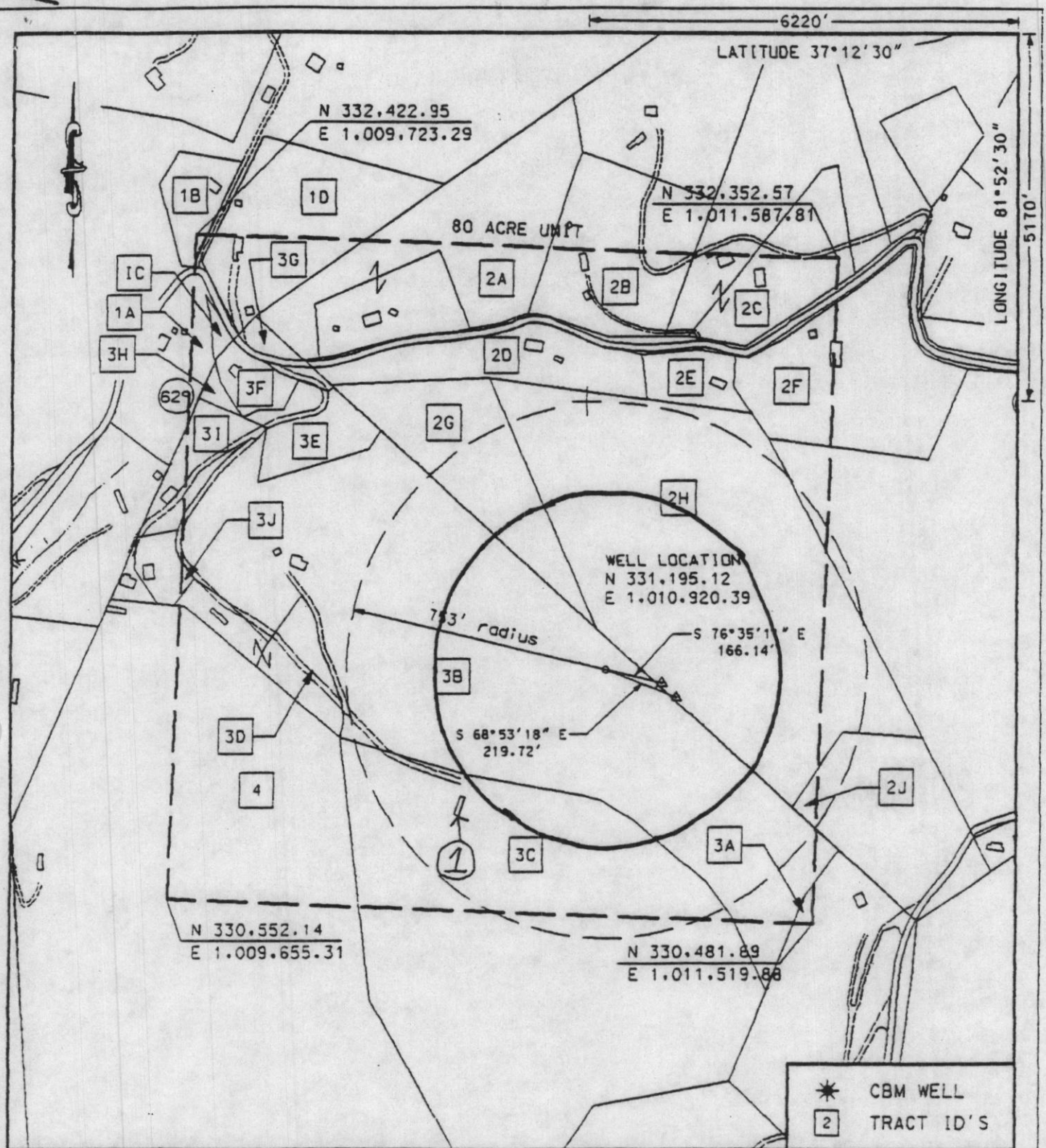
***** SPRINGS *****

FLOW RATE: N/A HOW MEASURED: --- PROTECTED: ☒ N HOW PROTECTED: Spring Box
ANY TREATMENT ON SPRING: Sand Filter - Tap Before Sand Filter

***** QUALITY INFORMATION *****

DESCRIBE ANY SEASONAL VARIATIONS: None
HAS WELL/SPRING EVER BEEN DRY? IF SO, WHEN: NO
TASTE: Good ODOR: None
HAS WATER BEEN TESTED PREVIOUSLY? IF SO, BY WHOM: Health Dept.
DOES WATER LEAVE STAINS, DISCOLORATIONS? BEFORE FILTER None AFTER FILTER _____
ADDITIONAL COMMENTS: Resident ~~STATCO~~ ~~STATCO~~ that he had been work
on his Spring Box and would like me to get sample on next visit to allow Spring
to settle for a more representative sample.

PERSON CONDUCTING INTERVIEW: Jerry Stanley
INTERVIEWEE'S SIGNATURE: Danny McLanahan
INTERVIEWER'S SIGNATURE: J. Stanley



743.510

CBM-PGP-S36

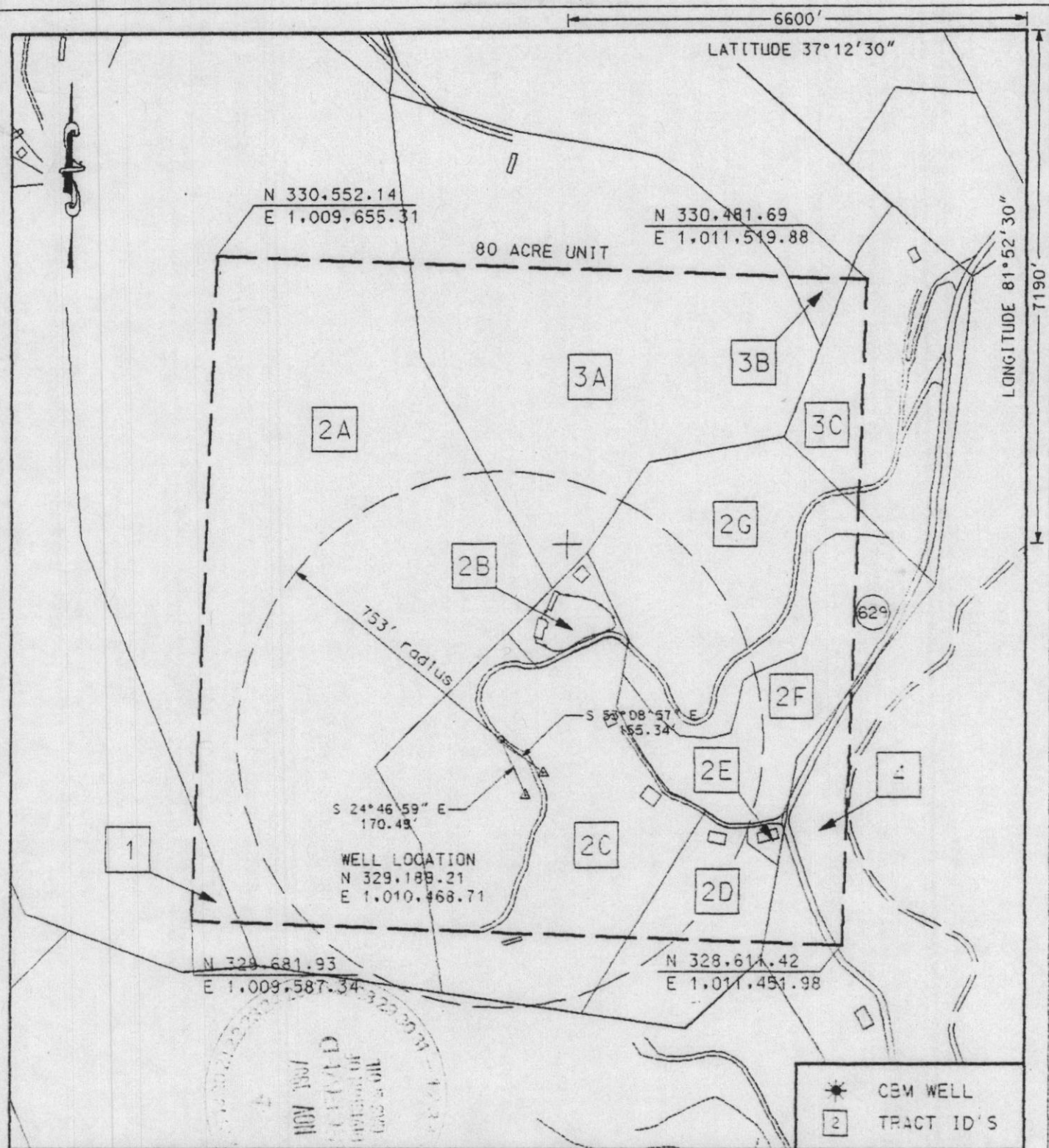
WELL LOCATION PLAT

Company Pocahontas Gas Partnership Well Name and Number CBM-PGP-S36
 Tract No. HURT-MCGUIRE Elevation 2428.54' Quadrangle Keen Mountain
 County Buchanan District Garden Scale: 1" = 400' Date 11/5/97
 This plat is a new plat X ; an updated plat ; or a final plat

Denotes the location of a well on United States Topographic Maps, scale 1 to 24,000. Latitude and longitude lines being represented by border lines as shown.

Form DGC-20-7
Rev. 9/81

Charles D. Morgan
 Licensed Professional Engineer & Licensed Land Surveyor



WELL LOCATION PLAT

Company Pocahontas Gas Partnership Well Name and Number CBM-PGP-T36
 Tract No. Hurt-McGUIRE Elevation 2562.29' Quadrangle Keen Mountain
 County Buchanan District Garden Scale: 1" = 400' Date 11/5/97
 This plat is a new plat X ; an updated plat _____ ; or a final plat _____

+ Denotes the location of a well on United States Topographic Maps, scaled to 24,000. latitude and longitude lines being represented by border lines as shown.

Form DGO-GD-7
Rev. 9/91

Charles E. Noy
Licensed Professional Engineer or Licensed Land Surveyor

(Affix Seal)

POCAHONTAS GAS PARTNERSHIP

UNIT T-36

Tract Identification

1. Alpha Stickley, et al - Coal, Oil & Gas
Coal Lessees
Island Creek Coal Company
Jewell Smokeless Coal Corporation
Permac, Inc.
Pocahontas Gas Partnership - CBM Lessee
Joel L. Absher - Surface
0.45 acres 0.5625%
- 2A. McGuire & Hurt Heirs - Coal
Consolidation Coal Co. - Below drainage coal Leased
United Coal Company - Above drainage coal Leased
Pocahontas Gas Partnership - CBM Lessee
Thomas Stillwell Heirs - Surface, Oil & Gas
30.05 acres 37.5625%
- 2B. McGuire & Hurt Heirs - Coal
Consolidation Coal Co. - Below drainage coal Leased
United Coal Company - Above drainage coal Leased
Pocahontas Gas Partnership - CBM Lessee
Walter Underwood - Surface, Oil & Gas
1.25 acres 1.5625%
- 2C. McGuire & Hurt Heirs - Coal
Consolidation Coal Co. - Below drainage coal Leased
United Coal Company - Above drainage coal Leased
Pocahontas Gas Partnership - CBM Lessee
Joe Nipper - Surface, Oil & Gas
12.07 acres 15.0875%
- 2D. McGuire & Hurt Heirs - Coal
Consolidation Coal Co. - Below drainage coal Leased
United Coal Company - Above drainage coal Leased
Pocahontas Gas Partnership - CBM Lessee
Donald Nipper - Surface, Oil & Gas
2.21 acres 2.7625%
- 2E. McGuire & Hurt Heirs - Coal
Consolidation Coal Co. - Below drainage coal Leased
United Coal Company - Above drainage coal Leased
Pocahontas Gas Partnership - CBM Lessee
Osborne Mountain Pentecostal Church - Surface, Oil & Gas
0.17 acres 0.2125%

POCAHONTAS GAS PARTNERSHIP

UNIT T-36

Tract Identification

- 2F. McGuire & Hurt Heirs - Coal
Consolidation Coal Co. - Below drainage coal Leased
United Coal Company - Above drainage coal Leased
Pocahontas Gas Partnership - CBM Lessee
Mitchell Counts - Surface, Oil & Gas
4.80 acres 6.0000%
- 2G. McGuire & Hurt Heirs - Coal
Consolidation Coal Co. - Below drainage coal Leased
United Coal Company - Above drainage coal Leased
Pocahontas Gas Partnership - CBM Lessee
Albert Ball Heirs - Surface, Oil & Gas
9.38 acres 11.7250%
3. McGuire & Hurt Heirs - Coal
Consolidation Coal Co. - Below drainage coal Leased
United Coal Company - Above drainage coal Leased
Pocahontas Gas Partnership - CBM Lessee
Linkous Horn Heirs - Oil & Gas
17.02 acres 21.2750%
- 3A. Danny McClanahan - Surface
3B. Arlen Osborne - Surface
3C. Beulah Osborne - Surface
4. Coal Mountain Mining Tr 26 - Fee
Consolidation Coal Co. - Below drainage coal Leased
United Coal Company - Above drainage coal Leased
Pocahontas Gas Partnership - CBM Lessee
Pocahontas Gas Partnership - Oil & Gas Lessee
2.60 acres 3.2500%

CBM-PGP-T36
ATTACHMENT DGO-G0-5

Persons receiving official Notice of Permit Application or Permit Modification

1) Surface, coal, and mineral owners of record on tract to be drilled:

Hurt & McGuire heirs
c/o Charles Green
1837 ½ Jefferson Avenue
Bluefield, WV 24701

Joe Nipper, et al - Surface, Oil & Gas
HC 62 Box 103A
Raven, VA 24639

Jewell Smokeless Coal Company
P.O. Box 70
Vansant, VA 24656

Consolidation Coal Company - Coal (bel.drg.) Lessee, Surface
1800 Washington Rd.
Pittsburgh, PA 15241
Attn: Land Dept.

Pocahontas Gas Partnership
P.O. Box 200
Mavisdale, VA 24627

United Coal Company
Attn.: Mark Goff
P.O. Box 901
Grundy, VA 24614

Permac, Inc.
Attn.: Gene Clark
P.O. Box 1349
Bluefield, VA 24605-4349

Permac, Inc.
Attn.: Bill Copley
P.O. Box 296
Oakwood, VA 24631

2) Surface owners of record on tracts where surface is to be disturbed:

Joe Nipper, et al - Surface, Oil & Gas
HC 62 Box 103A
Raven, VA 24639

Walter Underwood
HC 62 Box 105
Raven, VA 24639

3) **Gas and oil owners within drilling unit:
Oakwood Field Unit T-36**

Consolidation Coal Company - Oil & Gas Lessee and Coal
1800 Washington Road
Pittsburgh, PA 15241
Attn: Land Dept.

Pocahontas Gas Partnership - Oil & Gas,
P.O. Box 200
Mavisdale, VA 24627

Thomas Stilwell heirs - Oil & Gas
(See Attachment)

Walter Underwood - Oil & Gas
HC 62 Box 105
Raven, VA 24639

Joe Nipper, et al - Oil & Gas
HC 62 Box 103A
Raven, VA 24639

Donald Nipper - Oil & Gas
P.O. Box 655
Raven, VA 24639

Osborne Mountain Pentecostal Church - Oil & Gas
Address Unknown

Mitchell Counts - Oil & Gas
P.O. Box 57
Shortt Gap, VA 24647

Albert Ball heirs, et al - Oil & Gas
(See Attachment)

Linkous Horn Heirs - Oil & Gas
(See Attachment)

Coal Mountain Mining -Coal, Oil & Gas
c/o Coal Mountain Trust
P.O. Box 675
Tazewell, VA 24651

Alpha Stickley Heirs, et al - Coal, Oil & Gas

- a. H.S.T. Group, L.C.
A. Easley Johnson, Jr.
3305 Cartwright Court
Richmond, VA 23233

- b. H.S.T. Group, L.C.
c/o Bette Hawkins
3308 Dover Road
Richmond, VA 23221

4) **Local Government**

Mr. William Caudill
Buchanan County Administrator
P.O. Box 950
Grundy, VA 24614

5) **All coal operators, coal or mineral owners within 750 feet of the proposed well location:**

Consolidation Coal Company - Coal, Oil & Gas Lessee
1800 Washington Rd.
Pittsburgh, PA 15241
Attn: Land Dept.

Pocahontas Gas Partnership
P.O. Box 200
Mavisdale, VA 24627

Permac, Inc.
Attn.: Gene Clark
P.O. Box 1349
Bluefield, VA 24605-4349

Walter Underwood
HC 62 Box 105
Raven, VA 24639

Joe Nipper, et al - Oil & Gas
HC 62 Box 103A
Raven, VA 24639

Donald Nipper - Oil & Gas
P.O. Box 655
Raven, VA 24639

Thomas Stilwell heirs - Oil & Gas
(See Attachment)

Mitchell Counts - Oil & Gas
P.O. Box 57
Shortt Gap, VA 24647

Albert Ball heirs, et al - Oil & Gas
(See Attachment)

6) All surface owners of record along the proposed pipeline right-of-way:

Joe Nipper, et al - Surface
HC 62 Box 103A
Raven, VA 24639

Albert Ball heirs, et al - Oil & Gas
(See Attachment)

Beulah Osborne - Surface
HC 62 Box 109
Raven, VA 24639

Coal Mountain Mining -Coal, Oil & Gas
c/o Coal Mountain Trust
P.O. Box 675
Tazewell, VA 24651

ALBERT BALL HEIRS. et al

ALBERT BALL HEIRS

Donald E. Ball
Rt.1, Box 16
Raven, VA 24639

Lawrence E. Ball
P.O. Box 1016
Raven, VA 24639

Melissa R. Lawson
P.O. Box 155
Raven, VA 24639

Steve R. Ball
Rt. 1, Box 970
Pounding Mill, Va 24637

Danny R. Ball
Rt. 1, Box 15B
Raven, VA 24639

A.E. SHREVE

P.O. Box 8
Doran, VA 24612

REECE SHREVE HEIRS

D. Faye Lowe
2706 Brown St.
Richlands, VA 24641

Neil L. Shreve
Rt. 3, Box 778
Bluefield, VA 24701

Nancy Steele Young
Address Unknown

THOMAS STILWELL HEIRS

Beulah V. Osborne
HC 62 Box 109
Raven, VA 24639

Virginia N. Stilwell
HC 62 Box 97
Raven, Va 24639

Exie Osborne
General Delivery
Shortt Gap, VA 24647

Linda S. Shelton
P.O. Box 8
Shortt Gap, VA 24647

Arlin W. Osborne
P.O. Box 446
Raven, VA 24639

Daniel J. Osborne
HC 62 Box 80
Raven, VA 24639

Cora Arnold
P.O. Box 626
Raven, VA 24639

Jay C. Stilwell
P.O. Box 1035
Raven, VA 24639

Bessie Lowe
P.O. Box 47
Shortt Gap, VA 24647

Marvin J. Osborne
P.O. Box 1607
Cedar Bluff, VA 24609

Curtis Stilwell
General Delivery
Doran, VA 24612

Martha J. Stilwell
HC 62 Box 95
Raven, VA 24639

Arthur M. Stilwell
HC 62 Box 93
Raven, VA 24639

Hubbard Osborne
HC 62 Box 89
Raven, VA 24639

Jerline Davis
10 Davis Street
N. Tazewell, VA 24630

Jackie D. Osborne
Rt. 1, Box 209
Raven, VA 24639

Sylvia A. Shelton
St. Rt. 81A
Raven, VA 24639

Leonard C. Stilwell
P.O. Box 932
Raven, VA 24639

Wanda Hagy
P.O. Box 1738
Richlands, VA 24641

Theodore Stilwell
P.O. Box 626
Raven, VA 24639

Lois Casey
P.O. Box 162
Raven, VA 24639

Charlie Stilwell heirs
Addresses Unknown

CERTIFICATION OF NOTICE
Pocahontas Gas Partnership

Well # CBM-PGP-T36

Permit Application - Addition

Add Linkous Horn Heirs

NAME		MAILED	RECEIPT #	RECEIVED
Day	Sarah H.	11-18-97	P 462 577 727	11-19-97
Guilliams	Martha	11-18-97	P 462 577 728	11-19-97
Horn	Ivory J.	11-18-97	P 462 577 729	11-19-97
Horn	Joseph H. Horn	11-18-97	P 462 577 730	11-20-97
Justice	Brenda	11-18-97	P 462 577 731	11-21-97
Keene	Shirley	11-18-97	P 462 577 732	11-19-97
Osborne	James R.	11-18-97	P 462 577 733	11-19-97
Osborne	Sidney	11-18-97	P 462 577 734	11-22-97
Osborne	Thelma H.	11-18-97	P 462 577 735	11-19-97
Smith	Martha H.	11-18-97	P 462 577 736	11-21-97
Stilwell	Nancy H.	11-18-97	P 462 577 737	11-20-97
Taylor	Merl Ann	11-18-97	P 462 577 738	returned

1/3

SENDER:		RECIPIENT:	
1. Sender's Name and Address (Print Name) 2. Sender's City, State, and Zip 3. Article Addressed to:		4. Article Number 5. Article Addressed to:	
6. Signature (Address of Sender) 7. Date of Delivery		8. Addressee's Address (Only if requested and fee is paid)	
9. Service Type 10. Return Receipt for Merchandise		11. Addressee's Address (Only if requested and fee is paid)	
12. Addressee's Address (Only if requested and fee is paid)		13. Addressee's Address (Only if requested and fee is paid)	

Thank you for using Return Receipt Service.

SENDER:		RECIPIENT:	
1. Sender's Name and Address (Print Name) 2. Sender's City, State, and Zip 3. Article Addressed to:		4. Article Number 5. Article Addressed to:	
6. Signature (Address of Sender) 7. Date of Delivery		8. Addressee's Address (Only if requested and fee is paid)	
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Thank you for using Return Receipt Service.

SENDER:		RECIPIENT:	
1. Sender's Name and Address (Print Name) 2. Sender's City, State, and Zip 3. Article Addressed to:		4. Article Number 5. Article Addressed to:	
6. Signature (Address of Sender) 7. Date of Delivery		8. Addressee's Address (Only if requested and fee is paid)	
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12. Addressee's Address (Only if requested and fee is paid)		13. Addressee's Address (Only if requested and fee is paid)	

Thank you for using Return Receipt Service.

CERTIFICATION OF NOTICE
Pocahontas Gas Partnership

ENTERED

Well # CBM-PGP-T36
Permit Application

10/31
it's
can't
reach
can

NAME		MAILED	RECEIPT #	RECEIVED
Arnold	Cora	10/20/97	P 462 577 542	10/21/97 ✓
Ball	Danny R.	10/20/97	P 462 577 543	10/21/97 ✓
Ball	Donald E.	10/20/97	P 462 577 544	10/21/97 ✓
Ball	Lawrence E.	10/20/97	P 462 577 545	10/22/97 ✓
Ball	Steve R.	10/20/97	P 462 577 546	10/28/97 ✓
Buchanan County Admin.	W.J. Caudill	10/20/97	P 462 577 547	10/21/97 ✓
Casey	Lois	10/20/97	P 462 577 548	10/21/97 ✓
Coal Mountain Mining Co.		10/20/97	P 462 577 549	10/21/97 ✓
Counts	Mitchell	10/20/97	P 462 577 550	10/21/97 ✓
Davis	Jerline	10/20/97	P 462 577 551	10/22/97 ✓
Hagy	Wanda	10/20/97	P 462 577 552	10/21/97 ✓
Horn	Linkous heirs	10/20/97	P 462 577 553	10/21/97 ✓
Hurt & McGuire heirs		10/20/97	P 462 577 554	10/21/97 ✓
H.S.T. Group, L.C.	A. Easley Johnson, Jr.	10/20/97	P 462 577 555	10/23/97 ✓
H.S.T. Group, L.C.	Presley Engineering	10/20/97	P 462 577 556	10/21/97 ✓
Jewell Smokeless		10/20/97	P 462 577 557	10/21/97 ✓
Lawson	Melissa R.	10/20/97	P 462 577 558	10/21/97 ✓
Lowe	Bessie	10/20/97	P 462 577 559	10/21/97 ✓
Lowe	D. Faye	10/20/97	P 462 577 560	10/21/97 ✓
McClanahan	Danny	10/20/97	P 462 577 561	10/21/97 ✓
Nipper	Donald	10/20/97	P 462 577 562	10/21/97 ✓
Nipper	Joe	10/20/97	P 462 577 563	10/21/97 ✓
Osborne	Arlin W.	10/20/97	P 462 577 564	10/21/97 ✓
Osborne	Beulah	10/20/97	P 462 577 565	10/21/97 ✓
Osborne	Daniel J.	10/20/97	P 462 577 566	10/21/97 ✓
Osborne	Exie	10/20/97	P 462 577 567	10/22/97 ✓
Osborne	Hubbard	10/20/97	P 462 577 568	10/22/97 ✓
Osborne	Jackie D.	10/20/97	P 462 577 569	10/21/97 ✓
Osborne	Marvin J.	10/20/97	P 462 577 570	10/24/97 ✓
Permac, Inc.	Bill Copley	10/20/97	P 462 577 571	10/22/97 ✓
Permac, Inc.	Gene Clark	10/20/97	P 462 577 572	10/21/97 ✓
Shelton	Linda S.	10/20/97	P 462 577 573	10/21/97 ✓
Shelton	Sylvia A.	10/20/97	P 462 577 574	10/30/97 ✓
Shreve	A.E.	10/20/97	P 462 577 575	10/21/97 ✓
Shreve	Nell L.	10/20/97	P 462 577 576	10/22/97 ✓
Stilwell	Arthur M.	10/20/97	P 462 577 577	10/21/97 ✓
Stilwell	Curtis	10/20/97	P 462 577 578	10/24/97 ✓
Stilwell	Jay C.	10/20/97	P 462 577 579	10/21/97 ✓
Stilwell	Leonard C.	10/20/97	P 462 577 580	10/22/97 ✓
Stilwell	Martha J.	10/20/97	P 462 577 581	10/21/97 ✓
Stilwell	Theodore	10/20/97	P 462 577 582	10/31/97 ✓
Stilwell	Virginia N.	10/20/97	P 462 577 583	10/21/97 ✓
Underwood	Walter	10/20/97	P 462 577 584	10/21/97 ✓
United Coal Co.		10/20/97	P 462 577 585	10/21/97 ✓

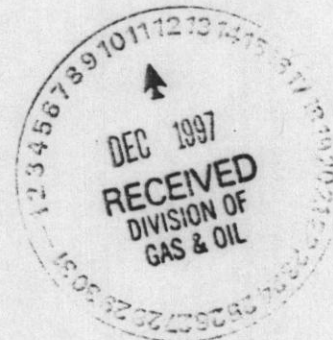
CERTIFICATION OF NOTICE
Pocahontas Gas Partnership

Well # CBM-PGP-T36
Permit Application - Addition
Add Linkous Horn Heirs

NAME		MAILED	RECEIPT #	RECEIVED
Day	Sarah H.	11-18-97	P 462 577 727	11-19-97
Guilliams	Martha	11-18-97	P 462 577 728	11-19-97
Horn	Ivory J.	11-18-97	P 462 577 729	11-19-97
Horn	Joseph H. Horn	11-18-97	P 462 577 730	11-20-97
Justice	Brenda	11-18-97	P 462 577 731	11-21-97
Keene	Shirley	11-18-97	P 462 577 732	11-19-97
Osborne	James R.	11-18-97	P 462 577 733	11-19-97
Osborne	Sidney	11-18-97	P 462 577 734	11-22-97
Osborne	Thelma H.	11-18-97	P 462 577 735	11-19-97
Smith	Martha H.	11-18-97	P 462 577 736	11-21-97
Stilwell	Nancy H.	11-18-97	P 462 577 737	11-20-97
Taylor	Merl Ann	11-18-97	P 462 577 738	returned

12/3

THH
THH
THH



**NOTICE OF APPLICATION
FOR OPERATOR'S NAME**

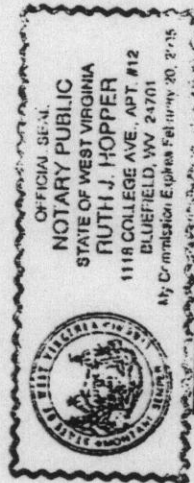
CBM-FGP-T36

Take notice that, pursuant to Code of Virginia, Section 45.1-361.30B, the undersigned operator proposes to file, or has filed, an application for gas and oil operations known as CBM-FGP-T36 and pipeline with the Virginia Gas and Oil Inspector, Department of Mines, Minerals and Energy, Division of Gas and Oil under Code of Virginia, Section 45.1-361.29, with respect to an operation on the Hirt & McGuire, coal tract, a tract of 143.6 acres more or less, Albert Ball Heitz, et al surface tract, a tract of 15.00 acres, more or less Boullah Osborne surface tract, a tract of 4.00 acres, more or less, Coal Mountain Mining tract, a tract of 1,355.00 acres, more or less, Joe Mopper surface tract, a tract of 13.7 acres, more or less and Walter Underwood surface tract, a tract of 2.0 acres, more or less in the Carlin District, Buchanan County, Virginia.

The application is on file with the Division of Gas and Oil identifying the proposed location and all work to be performed at the described site. Any inquiries should be directed to the Division of Gas and Oil at (540) 676-3423.

Code of Virginia, Section 45.1-361.30 identifies persons with rights to file objections to the gas and oil operation. Persons objection to a permit must state their reasons for objecting within 15 days of the date of receipt of notice. Written objections must be filed with the Virginia Gas and Oil Inspector, Division of Gas and Oil, P.O. Box 1416, Abingdon, VA 24210.

Operator: Pocahontas Gas Partnership
Address: P.O. Box 947,
Bluefield, VA 24605
Telephone Number: (540) 988-1000



CERTIFICATE OF PUBLICATION

State of West Virginia, }
County of Mercer, }

To-wit:—

I, Shirley Smith of the
Bluefield Daily Telegraph, a daily morning newspaper published in the City
of Bluefield, Mercer County, West Virginia, do certify that the notice attached
hereto under the caption:

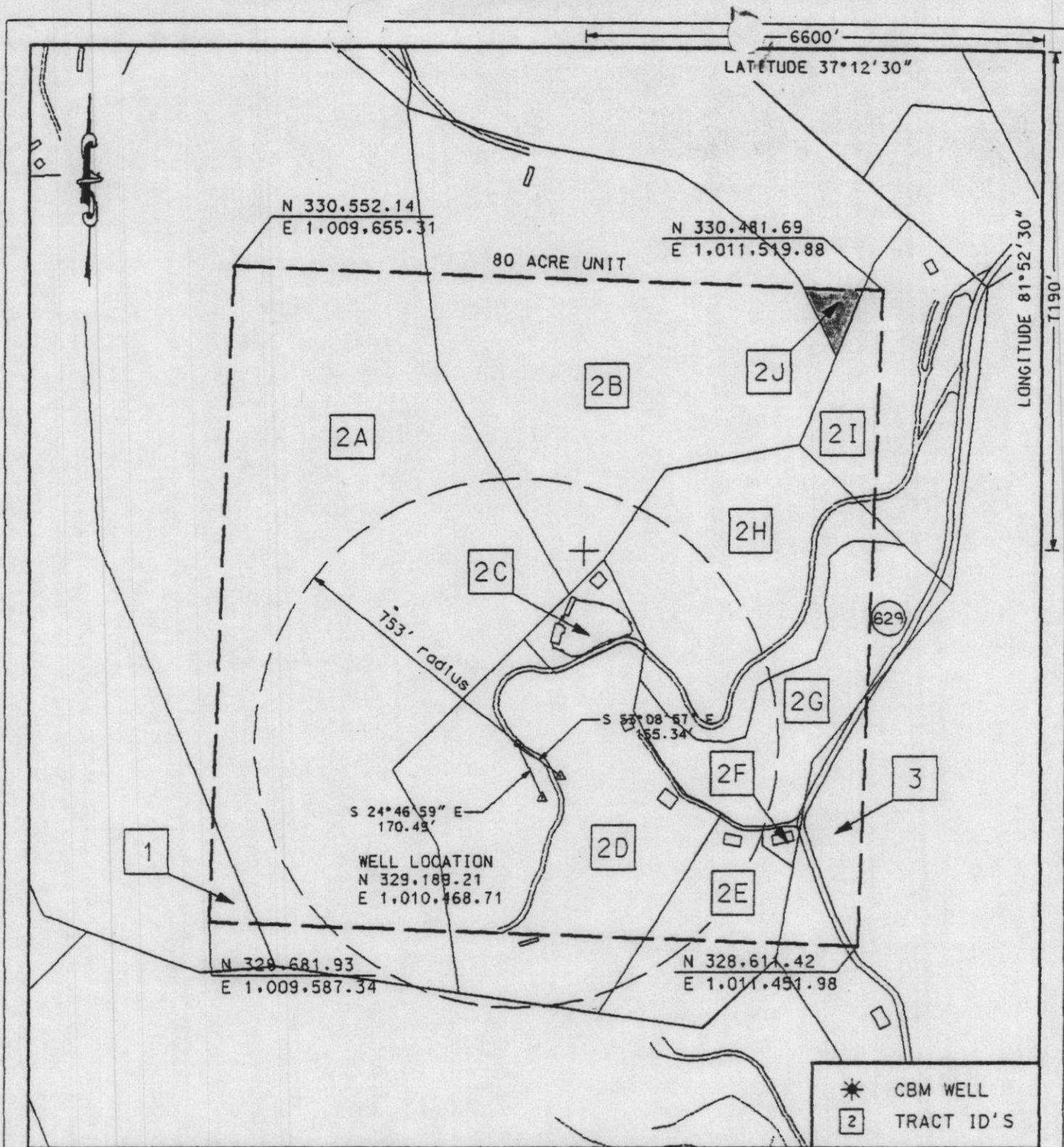
was published in the said Bluefield Daily Telegraph
one (1)

on the following days, namely: Oct. 25th Times

in the year 19 97
Publication Fee \$28.46

Subscribed and sworn to before me this 27th day of
October 97

My Commission expires Feb 20 19 2005
Ruth J. Hopper Notary Public



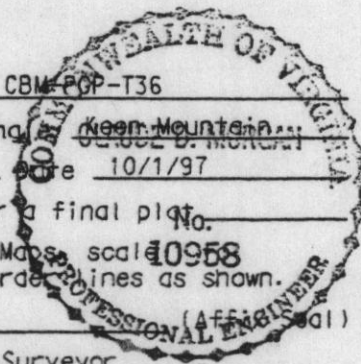
WELL LOCATION PLAT

Company Pocahontas Gas Partnership Well Name and Number CBM-POP-T36
 Tract No. Hurt-McGUIRE Elevation 2562.29' Quadrangle Keen Mountain
 County Buchanan District Garden Scale: 1" = 400' Date 10/1/97
 This plat is a new plat X ; an updated plat ; or a final plat .

+ Denotes the location of a well on United States Topographic Maps, scale 1:100,000, latitude and longitude lines being represented by border lines as shown.

Form DGO-GO-7
 Rev. 9/91

Charles D. Moya
 Licensed Professional Engineer or Licensed Land Surveyor

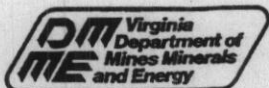


CONSOL INC.
UNIT T-36
Tract Identification

1. Alpha Stickley, et al - Coal, Oil & Gas
Coal Lessees
Island Creek Coal Company
Jewell Smokeless Coal Corporation
Permac, Inc.
Pocahontas Gas Partnership - CBM Lessee
0.45 acres 0.5625%
- 1A. Joel L. Absher - Surface
- 2A. McGuire & Hurt Heirs - Coal
Consolidation Coal Co. - Below drainage coal Leased
United Coal Company - Above drainage coal Leased
Pocahontas Gas Partnership - CBM Lessee
Thomas Stillwell Heirs - Surface, Oil & Gas
30.05 acres 37.5625%
- 2B. McGuire & Hurt Heirs - Coal
Consolidation Coal Co. - Below drainage coal Leased
United Coal Company - Above drainage coal Leased
Pocahontas Gas Partnership - CBM Lessee
Danny McClanahan - Surface, Oil & Gas
14.71 acres 18.3875%
- 2C. McGuire & Hurt Heirs - Coal
Consolidation Coal Co. - Below drainage coal Leased
United Coal Company - Above drainage coal Leased
Pocahontas Gas Partnership - CBM Lessee
Walter Underwood - Surface, Oil & Gas
1.25 acres 1.5625%
- 2D. McGuire & Hurt Heirs - Coal
Consolidation Coal Co. - Below drainage coal Leased
United Coal Company - Above drainage coal Leased
Pocahontas Gas Partnership - CBM Lessee
Joe Nipper - Surface, Oil & Gas
12.07 acres 15.0875%
- 2E. McGuire & Hurt Heirs - Coal
Consolidation Coal Co. - Below drainage coal Leased
United Coal Company - Above drainage coal Leased
Pocahontas Gas Partnership - CBM Lessee
Donald Nipper - Surface, Oil & Gas
2.21 acres 2.7625%

CONSOL INC.
UNIT T-36
Tract Identification

2F.	McGuire & Hurt Heirs - Coal Consolidation Coal Co. - Below drainage coal Leased United Coal Company - Above drainage coal Leased Pocahontas Gas Partnership - CBM Lessee Osborne Mountain Pentecostal Church - Surface, Oil & Gas 0.17 acres 0.2125%
2G.	McGuire & Hurt Heirs - Coal Consolidation Coal Co. - Below drainage coal Leased United Coal Company - Above drainage coal Leased Pocahontas Gas Partnership - CBM Lessee Mitchell Counts - Surface, Oil & Gas 4.80 acres 6.0000%
2H.	McGuire & Hurt Heirs - Coal Consolidation Coal Co. - Below drainage coal Leased United Coal Company - Above drainage coal Leased Pocahontas Gas Partnership - CBM Lessee Albert Ball Heirs - Surface, Oil & Gas 9.38 acres 11.7250%
2I.	McGuire & Hurt Heirs - Coal Consolidation Coal Co. - Below drainage coal Leased United Coal Company - Above drainage coal Leased Pocahontas Gas Partnership - CBM Lessee Beulah Osborne - Surface, Oil & Gas 1.93 acres 2.4125%
2J.	McGuire & Hurt Heirs - Coal Consolidation Coal Co. - Below drainage coal Leased United Coal Company - Above drainage coal Leased Pocahontas Gas Partnership - CBM Lessee Linkous Horn Heirs - Surface, Oil & Gas 0.38 acres 0.4750%
3.	Coal Mountain Mining Tr 26 - Fee Consolidation Coal Co. - Below drainage coal Leased United Coal Company - Above drainage coal Leased Pocahontas Gas Partnership - CBM Lessee Pocahontas Gas Partnership - Oil & Gas Lessee 2.60 acres 3.2500%



For Office Use Only:

Operation Name: CBM-PGP-T36

Application #: 2991

Department of Mines, Mineral and Energy
Division of Gas and Oil
P. O. Box 1416
Abingdon, Virginia 24210
(540)676-5423

APPLICATION FOR A NEW PERMIT, PERMIT MODIFICATION, OR TRANSFER OF PERMIT RIGHTS

1. Applicant Information:

Name: Pocahontas Gas Partnership
Address: P.O. Box 947, Bluefield, Virginia 24605
Telephone No.: (540) 988-1000
Designated Agent: Edward R. Parker

2. Type of Application (check one):

☒ New permit ☐ Permit Modification ☐ Transfer of Permit Rights

3. Type of Operation (check one):

☐ Gas or oil well	☐ Waste Disposal Injection Well
☐ Enhanced Recovery Injection Well	☐ Underground Storage Injection Well
☒ Coalbed Methane Gas Well	☐ Corehole/Other Geophysical Operation
☒ Gathering Pipeline	☐ Conversion of Vertical Ventilation Hole To A Coalbed Methane Gas Well

4. Other Items Included With Application (check all that apply):

☐ Registration Form, Form DGO-GO-A (if not previously submitted)
☐ Operator's Surety Bond, Form DGO-GO-2
☐ Operator's Cash Bond, Form DGO-GO-3
☒ Notice of Application for a Permit, Form DGO-GO-4
☒ Persons Receiving Official Notice of Permit Application or Permit Modification, Form DGO-GO-5 and attached proof notice in accordance with VR 480-05-22.1, § 1.08.C.3
☐ Affidavit of Publication, in accordance with §45.1-361.30.E of the *Code of Virginia*
☒ Plat, Form DGO-GO-7
☐ Information Sheet for Application to Transfer Permit Rights, Form DGO-GO-8
☒ Technical Data Sheet for Permit Applications, Form DGO-GO-9
☒ Technical Data Sheet for Gathering Pipeline Applications, Form DGO-GO-10
☒ Technical Data Sheet for Permit Modification To Plug or Replug Under Section 45.1-361.29C of The *Code of Virginia*, Form DGO-GO-11
☒ Operations Plan Requirements, Form DGO-GO-12 or Operations Plan Checklist, Form DGO-GO-12A
☐ DMME's Division of Mined Land Reclamation permit number, in accordance with VR 480-05-22.1, §1.08.C.9
☐ SPCC Plan, in accordance with VR 480-05-22.1, §1.08.C.8
☒ Technical Data Sheet for Application To Dispose of Pit Fluid, Form DGO-GO-16
☐ Environmental Impact Assessment required under Section 62.1-195.1.C of the *Code of Virginia*
☐ Proposed plugging plan if the well is a dry hole or a corehole (optional)
☐ Other (please specify): _____

5. Operator's Bond (check the applicable statement and supply the bond number):

___ Single well bond Bond number _____

___ New blanket bond Bond number _____

X Verify Previously Submitted Blanket Bond Bond number 10954 No. of Wells Covered All

6. Has a unit been established under Article 27 (check one) ___ No X Yes
(If yes, please submit a unit map showing the unit boundaries and the distance from the well to the boundary.)

7. List all Board orders relative to the operation:

VGOB-_____ VGOB-_____ VGOB-_____ VGOB-_____

8. Applicant Certification:

I, Leslie K. Arrington, representing Pocahontas Gas Partnership

certify, that all persons required to be notified under Section 45.1-361.30 of the *Code of Virginia* have been notified. Proof of notice is included as part of this application. In the case of an application for Permit, Permit Modification, or an application under VR 480-05-22.1, §1.12, I hereby state that the Applicant named above has the right to conduct operations as set forth in the application and operations plan.

Leslie K. Arrington
(Signature of Certifying Individual)

Permit Specialist
(Title of Certifying Individual-please print)

10/20/97
(Date)

9. Verification by Notary Public:

In the state of Virginia, County of Tazewell,

on the 20th day of October, 1997, before me a Notary

Public for the aforementioned county and state, appeared Leslie K. Arrington,

who, being duly sworn, did say that he is Leslie K. Arrington,

of Pocahontas Gas Partnership, the applicant in the foregoing application; that he

executed the same on behalf of the applicant, and was authorized to do so; and that the information set forth

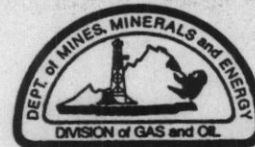
therein true and correct to the best of his knowledge.

[Signature]
Notary Public

1-31-2001
Date my commission expires



NOTICE AND APPLICATION FOR A PERMIT



Take notice that Pocahontas Gas Partnership, pursuant to Code of Virginia, S 45.1-361.29, is filing this Notice and Application of a permit with the Virginia Division of Gas and Oil with respect to an operation on the Hurt & McGuire, etal, coal tract, a tract of 143.6 acres, more or less, Albert Ball Heirs surface tract, a tract of 15.00 acres, more or less, Beulah Osborne surface tract, a tract of 4.00 acres, more or less, Coal Mountain Mining tract, a tract of 1,355.00 acres, more or less, the Joe Nipper surface tract, a tract of 13.7 acres, more or less and the Walter Underwood surface tract, a tract of 2.0 acres, more or less in the Garden District, Buchanan County, Virginia.

Attached to this Notice of Application is a copy of the required plat or map, operations plan and other information required by the Director. The operations plan describes the work to be done and meets the requirements of Regulation VR 480-05-22.1.

You may have the right to file an objection to the proposed operations within fifteen (15) days from the receipt of this notice, pursuant to the Code of Virginia, S 45.1-361.35.

S 45.1-361.35.A "Objections to new or modification permits may be filed with the Director by those having standing as set out in S 45.1-361.30. Such objections shall be filled within fifteen days of the objecting party's receipt of the notice required by S 45.1-361.30. Persons objecting to a permit must state the reasons for their objections."

After receipt of a valid objection, an informal fact finding hearing will be scheduled pursuant to the Code of Virginia, S 45.1-361.35.G.

S 45.1-361.35.G "The Director shall fix a time and place for an informal fact finding hearing concerning such objections. The hearing shall not be scheduled for less than twenty nor more than thirty days after an objection is filed."

County: Buchanan District: Garden Quadrangle: Keen Mountain Watershed: Clifton Fork
Farm Name: Joe Nipper Surface Elevation: 2562.29 Ft. S. of Latitude and Ft. W. of Longitude
or, State Plane Coordinates: N 329.189.21
E 1.010.468.71

A permit is requested for a: X A. A new Permit under S 45.1-361.29.B.
X B. Gathering pipeline under S 45.1-361.29.B.
— C. Permit modification under S 45.1-361.29.C.
— D. Geophysical operations under S 45.1-361.29.B.

OBJECTIONS MUST BE FILED WITH

Department of Mines, Minerals and Energy
Division of Gas and Oil
P. O. Box 1416
Abingdon, VA 24210
540/676-5423

1. Percentage of coalbed methane rights owned, leased or previously pooled by applicant:

Coal Owners

Gross Percentages

56.785%

Net Percentages

56.785%

Oil & Gas Owners

Gross Percentages

11.07029%

Net Percentages

11.07029%

2. Percentage of coalbed methane rights not owned, leased or previously pooled by applicant:

Coal Owners

Gross Percentages

43.21250%

Net Percentages

43.21250%

Oil & Gas Owners

Gross Percentages

88.92971%

Net Percentages

88.92971%

3. Percentage of coal owned/leased: 100.00%

4. Total interest to be pooled:

- a. Coal interest: 43.21250%
- b. Oil & Gas interest: 88.92971%

§ 45.1-361.3. Construction.

Statute text

The provisions of this chapter shall be liberally construed so as to effectuate the following purposes:

1. To foster, encourage and promote the safe and efficient exploration for and development, production, utilization and conservation of the Commonwealth's gas and oil resources;
2. To provide a method of gas and oil conservation for maximizing exploration, development, production and utilization of gas and oil resources;
3. To recognize and protect the rights of persons owning interests in gas or oil resources contained within a pool;

§ 45.1-361.15. Additional duties and responsibilities of the Board.

Statute text

A. In executing its duties under this chapter, the Board shall:

1. Foster, encourage and promote the safe and efficient exploration for and development, production and conservation of the gas and oil resources located in the Commonwealth;
2. Administer a method of gas and oil conservation for the purpose of maximizing exploration, development, production and utilization of gas and oil resources;
3. Administer procedures for the recognition and protection of the rights of gas or oil owners with interests in gas or oil resources contained within a pool;
4. Promote the maximum production and recovery of coal without substantially affecting the right of a gas owner proposing a gas well to explore for and produce gas; and
5. Hear and decide appeals of Director's decisions and orders issued under Article 3 of this chapter.

B. Without limiting its general authority, the Board shall have the specific authority to issue rules, regulations or orders pursuant to the provisions of the Administrative Process Act (§ 9-6.14:1 et seq.) in order to:

1. Prevent waste through the design spacing, or unitization of wells, pools, or fields.
2. Protect correlative rights.
3. Enter spacing and pooling orders.
4. Establish drilling units.

§ 45.1-361.22. Pooling of interests for coalbed methane gas wells; conflicting claims to ownership.

Statute text

A. When there are conflicting claims to the ownership of coalbed methane gas, **the Board**, upon application from any claimant, **shall** enter an order pooling all interests or estates in the coalbed methane gas drilling unit for the development and operation thereof. In addition to the provisions of § 45.1-361.21, the following provisions shall apply: [emphasis supplied]

1. Simultaneously with the filing of such application, the gas or oil owner applying for the order shall provide notice pursuant to the provisions of § 45.1-361.19 to each person identified by the applicant as a potential owner of an interest in the coalbed methane gas underlying the tract which is the subject of the hearing.
2. The Board shall cause to be established an escrow account into which the payment for costs or proceeds attributable to the conflicting interests shall be deposited and held for the interest of the claimants.

§ 45.1-361.29. Permit required; gas, oil, or geophysical operations; coalbed methane gas wells; environmental assessment.

- E. No permit or permit modification shall be issued by the Director until he has received from the applicant a written certification that (i) all notice requirements of this article have been complied with, together with proof thereof, and (ii) the applicant has the right to conduct the operations as set forth in the application and operations plan.

§ 45.1-361.3. Construction.

Statute text

The provisions of this chapter shall be liberally construed so as to effectuate the following purposes:

1. To foster, encourage and promote the safe and efficient exploration for and development, production, utilization and conservation of the Commonwealth's gas and oil resources;
2. To provide a method of gas and oil conservation for maximizing exploration, development, production and utilization of gas and oil resources;
3. To recognize and protect the rights of persons owning interests in gas or oil resources contained within a pool;

§ 45.1-361.15. Additional duties and responsibilities of the Board.

Statute text

A. In executing its duties under this chapter, the Board shall:

1. Foster, encourage and promote the safe and efficient exploration for and development, production and conservation of the gas and oil resources located in the Commonwealth;
2. Administer a method of gas and oil conservation for the purpose of maximizing exploration, development, production and utilization of gas and oil resources;
3. Administer procedures for the recognition and protection of the rights of gas or oil owners with interests in gas or oil resources contained within a pool;
4. Promote the maximum production and recovery of coal without substantially affecting the right of a gas owner proposing a gas well to explore for and produce gas; and
5. Hear and decide appeals of Director's decisions and orders issued under Article 3 of this chapter.

B. Without limiting its general authority, the Board shall have the specific authority to issue rules, regulations or orders pursuant to the provisions of the Administrative Process Act (§ 9-6.14:1 et seq.) in order to:

1. Prevent waste through the design spacing, or unitization of wells, pools, or fields.
2. Protect correlative rights.
3. Enter spacing and pooling orders.
4. Establish drilling units.

§ 45.1-361.22. Pooling of interests for coalbed methane gas wells; conflicting claims to ownership.

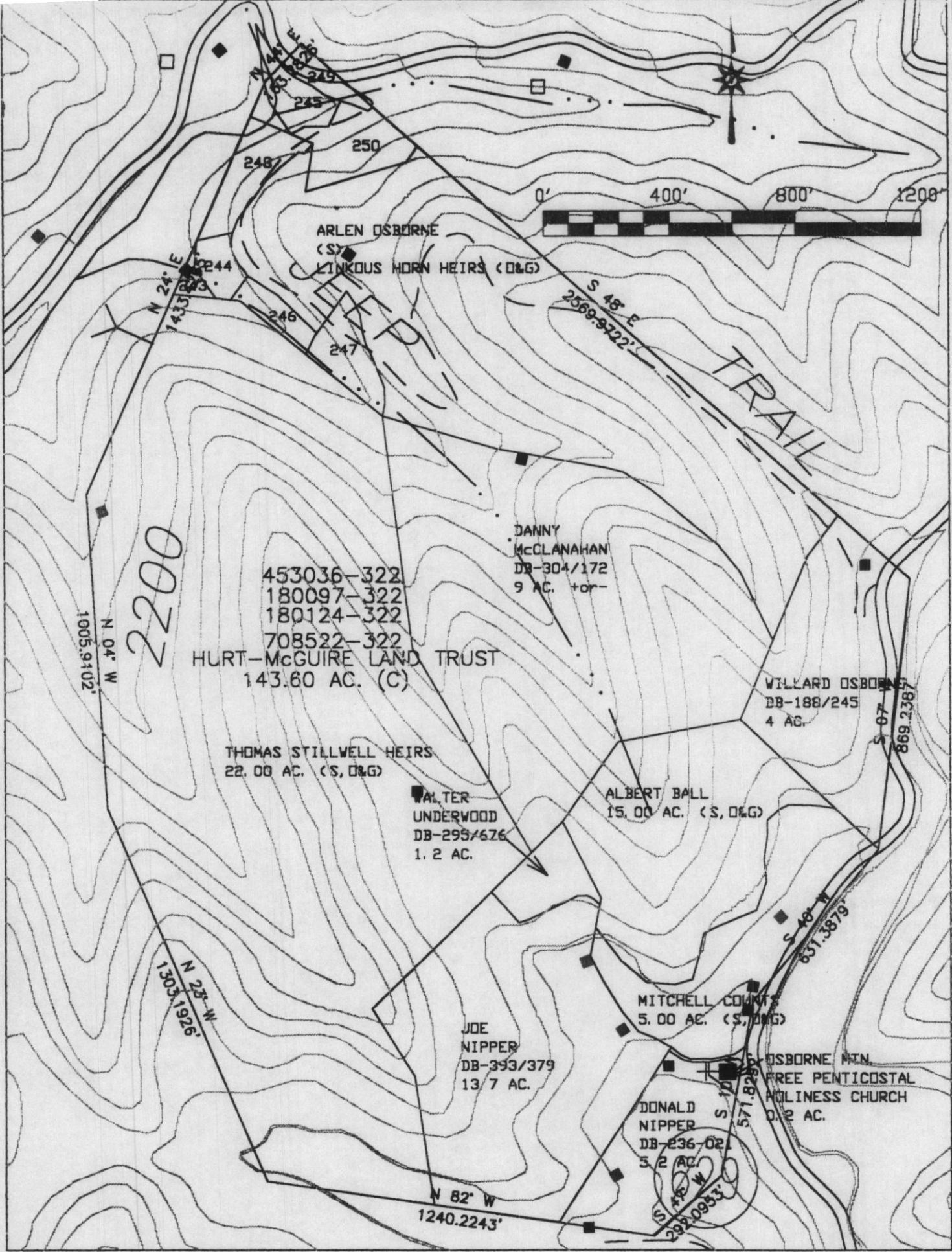
Statute text

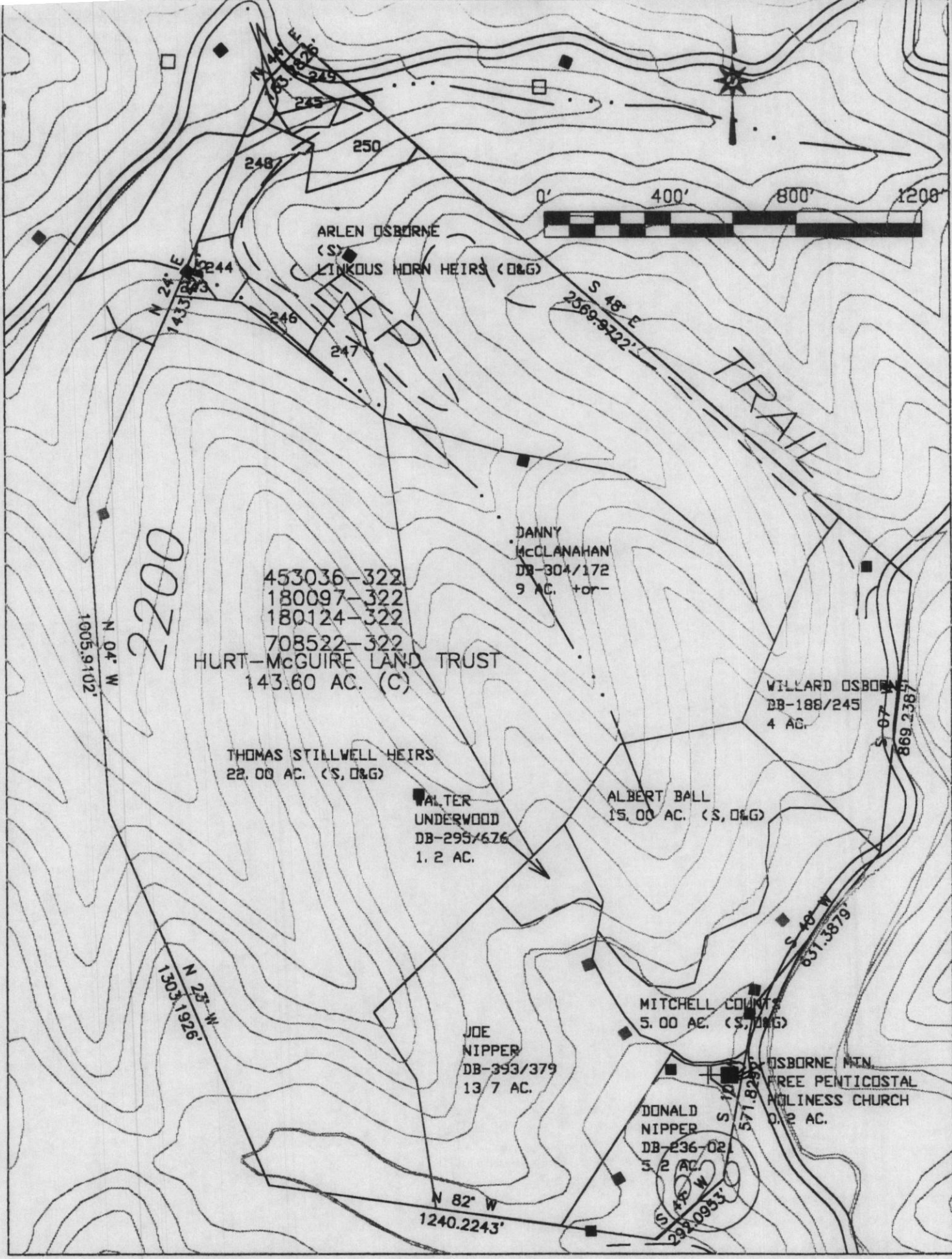
A. When there are conflicting claims to the ownership of coalbed methane gas, the Board, upon application from any claimant, shall enter an order pooling all interests or estates in the coalbed methane gas drilling unit for the development and operation thereof. In addition to the provisions of § 45.1-361.21, the following provisions shall apply: [emphasis supplied]

1. Simultaneously with the filing of such application, the gas or oil owner applying for the order shall provide notice pursuant to the provisions of § 45.1-361.19 to each person identified by the applicant as a potential owner of an interest in the coalbed methane gas underlying the tract which is the subject of the hearing.
2. The Board shall cause to be established an escrow account into which the payment for costs or proceeds attributable to the conflicting interests shall be deposited and held for the interest of the claimants.

§ 45.1-361.29. Permit required; gas, oil, or geophysical operations; coalbed methane gas wells; environmental assessment.

- E. No permit or permit modification shall be issued by the Director until he has received from the applicant a written certification that (i) all notice requirements of this article have been complied with, together with proof thereof, and (ii) the applicant has the right to conduct the operations as set forth in the application and operations plan.





ARLEN OSBORNE
(S)
LINDOUS HORN HEIRS (O&G)

DANNY
McCLANAHAN
DB-304/172
9 AC. + or -

453036-322
180097-322
180124-322
708522-322
HURT-McGUIRE LAND TRUST
143.60 AC. (C)

THOMAS STILLWELL HEIRS
22.00 AC. (S, O&G)

WALTER
UNDERWOOD
DB-295/676
1.2 AC.

ALBERT BALL
15.00 AC. (S, O&G)

WILLARD OSBORNE
DB-188/245
4 AC.

JOE
NIPPER
DB-393/379
13.7 AC.

MITCHELL COUNTS
5.00 AC. (S, O&G)

DONALD
NIPPER
DB-236-02
5.2 AC.

OSBORNE MTN.
FREE PENTECOSTAL
HOLINESS CHURCH
0.2 AC.

2200

N 04° W
1005.9102'

N 23° W
1303.1926'

N 82° W
1240.2243'

S 48° E
2069.9722'

TRAIL

S 07° E
869.2387'

S 48° W
631.3879'

S 10° E
571.826'

S 45° W
299.0953'

UNIT S-36 FORCE POOLING

VGOB-98-0324-0626

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Return Receipts

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Publication

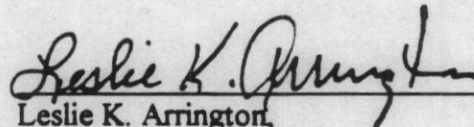
AFFIDAVIT OF DUE DILIGENCE

**COMMONWEALTH OF VIRGINIA
COUNTY OF TAZEVELL**

I, Leslie K. Arrington, after being duly sworn upon oath, state as follows:

1. I am a permit specialist of Pocahontas Gas Partnership and am responsible for the notification process required by Va. Code Ann. § 45.1-361.19 and VR 480-05-22.2 § 4.
2. That Pocahontas Gas Partnership has exercised due diligence in attempting to locate and notice all owners and claimants who are unleased and/or who were not previously pooled by prior order(s) of the Virginia Gas and Oil Board regarding Unit S-36, all as required by Va. Code Ann. § 45.1-361.19 and VR 480-05-22.2.
3. That on February 20, 1998 a true and correct copy of the Notice of Hearing with Exhibits will be mailed, via certified mail return receipt requested, to all owners and claimants listed in Exhibit B-3 for whom mailing addresses were then available.
4. That every individual or entity having an unleased or unpooled interest in the methane gas underlying the tracts in the S-36 unit, whether known or unknown, including those persons whose mailing address were unknown, was notified of the filing of Pocahontas Gas Partnership's application by publication of the Notice of Hearing in the *Bluefield Daily Telegraph*.
5. That Pocahontas Gas Partnership will continue to exercise due diligence in attempting to locate and identify the names and/or addresses of any unknown or unlocatable parties and, if located or identified, will notify them of Pocahontas Gas Partnership's application.

I have read the foregoing, and the information given above is true and correct to the best of my knowledge and belief.



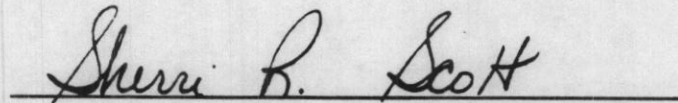
Leslie K. Arrington,
Permit Specialist for
Pocahontas Gas Partnership

ACKNOWLEDGMENT

COMMONWEALTH OF VIRGINIA

COUNTY OF TAZEWELL, TO-WIT:

TAKEN, SUBSCRIBED AND SWORN to before me this 19th day of
February, 1998.



Notary Public

My commission expires: 11/30/01

CERTIFICATION OF NOTICE
Pocahontas Gas Partnership

Unit S-36

VGOB-98-0324-0626 --

Force Pooling

NAME		MAILED	RECEIPT #	RECEIVED
Day	Sarah H.	02-20-98	P 581 462 077	02-23-98
Guilliams	Martha	02-20-98	P 581 462 082	02-25-98
Horn	Dorothy	02-20-98	P 581 462 084	02-23-98
Horn	Ivory J.	02-20-98	P 581 462 085	02-23-98
Horn	Joseph H.	02-20-98	P 581 462 086	02-23-98
Horn	Larry M.	02-20-98	P 581 462 087	02-24-98
Horn	Perry W.	02-20-98	P 581 462 088	02-23-98
Justice	Brenda	02-20-98	P 581 462 089	02-23-98
Keen	Mary	02-20-98	P 581 462 090	02-25-98
Keene	Shirley	02-20-98	P 581 462 091	02-21-98
Lamb	Bernice R.	02-20-98	P 581 462 093	03-04-98
Lisburg	Bernadine R.	02-20-98	P 581 462 094	02-24-98
Moore	Patsy	02-20-98	P 581 462 097	Returned
Osborne	Charles M.	02-20-98	P 581 462 100	02-21-98
Osborne	Clifford	02-20-98	P 581 462 101	02-24-98
Osborne	James R.	02-20-98	P 581 462 103	02-21-98
Osborne	John	02-20-98	P 581 462 104	02-23-98
Osborne	Kenneth Roy	02-20-98	P 581 462 105	02-21-98
Osborne	Richard	02-20-98	P 581 462 107	02-21-98
Osborne	Ronnie	02-20-98	P 581 462 108	Returned
Osborne	Thelma H.	02-20-98	P 581 462 109	02-23-98
Pollert	Gladys E.	02-20-98	P 581 462 112	02-27-98
Royall	G.W. Gillespie & J.P.	02-20-98	P 581 462 114	02-23-98
Smith	Martha H.	02-20-98	P 581 462 118	02-23-98
Smith	Sydney	02-20-98	P 581 462 119	02-25-98
Stilwell	Daniel J.	02-20-98	P 581 462 120	02-25-98
Stilwell	David W.	02-20-98	P 581 462 121	02-26-98
Stilwell	Nancy H.	02-20-98	P 581 462 122	02-21-98
Stilwell	Quentin A.	02-20-98	P 581 462 124	02-25-98
Stilwell	Thomas H.	02-20-98	P 581 462 126	02-26-98
Taylor	Merl Ann	02-20-98	P 581 462 129	Returned

UNIT T-36 FORCE POOLING

VGOB-98-0324-0625

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Return Receipts

13

Publication

AFFIDAVIT OF DUE DILIGENCE

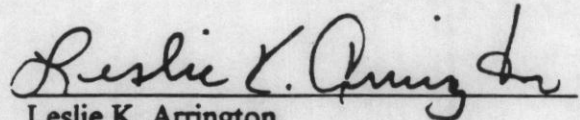
**COMMONWEALTH OF VIRGINIA
COUNTY OF TAZEWELL**

I, Leslie K. Arrington, after being duly sworn upon oath, state as follows:

1. I am a permit specialist of Pocahontas Gas Partnership and am responsible for the notification process required by Va. Code Ann. § 45.1-361.19 and VR 480-05-22.2 § 4.
2. That Pocahontas Gas Partnership has exercised due diligence in attempting to locate and notice all owners and claimants who are unleased and/or who were not previously pooled by prior order(s) of the Virginia Gas and Oil Board regarding Unit T-36, all as required by Va. Code Ann. § 45.1-361.19 and VR 480-05-22.2.
3. That on February 20, 1998 a true and correct copy of the Notice of Hearing with Exhibits will be mailed, via certified mail return receipt requested, to all owners and claimants listed in Exhibit B-3 for whom mailing addresses were then available.
4. That every individual or entity having an unleased or unpooled interest in the methane gas underlying the tracts in the T-36 unit, whether known or unknown, including those persons whose mailing address were unknown, was notified of the filing of Pocahontas Gas Partnership's application by publication of the Notice of Hearing in the *Bluefield Daily Telegraph*.
5. That Pocahontas Gas Partnership will continue to exercise due diligence in attempting to locate and identify the names and/or addresses of any unknown or unlocatable parties and, if located or identified, will notify them of Pocahontas Gas Partnership's application.

Docket No. VGOB-98-8324-0625
Affidavit of Due Diligence

I have read the foregoing, and the information given above is true and correct to the best of my knowledge and belief.

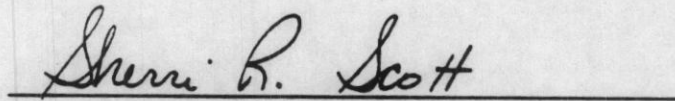

Leslie K. Arrington,
Permit Specialist for
Pocahontas Gas Partnership

ACKNOWLEDGMENT

COMMONWEALTH OF VIRGINIA

COUNTY OF TAZEWELL, TO-WIT:

TAKEN, SUBSCRIBED AND SWORN to before me this 19th day of
February, 1998.



Notary Public

My commission expires: 11/30/01

CERTIFICATION OF NOTICE
Pocahontas Gas Partnership

Unit T-36

VGOB-98-0324-0625

Force Pooling

NAME		MAILED	RECEIPT #	RECEIVED
Counts	Mitchell	02-20-98	P 462 581 075	Returned
Day	Sarah H.	02-20-98	P 462 581 077	02-23-98
Guilliams	Martha	02-20-98	P 462 581 082	02-25-98
Horn	Dorothy	02-20-98	P 462 581 084	02-23-98
Horn	Ivory J.	02-20-98	P 462 581 085	02-23-98
Horn	Joseph H.	02-20-98	P 462 581 086	02-23-98
Horn	Larry M.	02-20-98	P 462 581 087	02-24-98
Horn	Perry W.	02-20-98	P 462 581 088	02-23-98
Justice	Brenda	02-20-98	P 462 581 089	02-23-98
Keen	Mary	02-20-98	P 462 581 090	02-25-98
Keene	Shirley	02-20-98	P 462 581 091	02-21-98
Lamb	Bernice R.	02-20-98	P 462 581 093	03-04-98
Lisburg	Bernadine	02-20-98	P 462 581 094	02-24-98
Moore	Patsy	02-20-98	P 462 581 097	Returned
Nipper	Donald	02-20-98	P 462 581 099	Returned
Osborne	Charles M.	02-20-98	P 462 581 100	02-21-98
Osborne	Clifford	02-20-98	P 462 581 101	02-24-98
Osborne	James R.	02-20-98	P 462 581 103	02-21-98
Osborne	John	02-20-98	P 462 581 104	02-23-98
Osborne	Richard	02-20-98	P 462 581 107	02-21-98
Osborne	Ronnie	02-20-98	P 462 581 108	Returned
Osborne	Thelma H.	02-20-98	P 462 581 109	02-23-98
Osborne	Kenneth Roy	02-20-98	P 462 581 105	02-21-98
Osborne Mountain Pentecostal	Church	02-20-98	P 462 581 110	03-02-98
Pollert	Gladys E.	02-20-98	P 462 581 112	03-27-98
Smith	Martha H.	02-20-98	P 462 581 118	02-23-98
Smith	Sydney	02-20-98	P 462 581 119	02-25-98
Stilwell	Daniel J.	02-20-98	P 462 581 120	02-25-98
Stilwell	David W.	02-20-98	P 462 581 121	02-26-98
Stilwell	Nancy H.	02-20-98	P 462 581 122	02-21-98
Stilwell	Quentin A.	02-20-98	P 462 581 124	02-25-98
Stilwell	Thomas H.	02-20-98	P 462 581 126	02-26-98
Taylor	Merl Ann	02-20-98	P 462 581 129	Returned

BEFORE THE VIRGINIA GAS AND OIL BOARD

APPLICANT: Pocahontas Gas Partnership

DIVISION OF GAS AND OIL
DOCKET NO.: VGOB-98-0324-0625RELIEF SOUGHT: POOLING
UNIT NUMBER: F-36

NOTICE OF HEARING

HEARING DATE: March 24, 1998

PLACE: Southwest Virginia 4-H Center, Hillman Highway, Abingdon, Virginia 24210 TIME: 9:00 AM
COMMONWEALTH OF VIRGINIA:

To: Thomas Stilwell heirs, devisees, successors, or assigns; Bernadine R. Lisburg, Gladys E. Pollert, David W. Stilwell, Thomas H. Stilwell, Quentin A. Stilwell, Daniel J. Stilwell, Bernice R. Lamb, Donald Nipper, Osborne Mountain Pentecostal Church, Mitchell Counts, Linkous Horn heirs, devisees, successors, or assigns, Sydney Smith Kenneth Roy Osborne, Martha Guillema, Ivory J. Horn, Perry W. Horn, Larry M. Horn, Dorothy Horn, Marilyn Taylor, Thelmas H. Osborne, Martha H. Smith, Sarah H. Day, Joseph H. Horn, Nancy H. Stilwell, Clifford Osborne, James R. Osborne, Shirley Keene, Mary Keen, John Osborne, Ronnie Osborne, Brenda Justice, Richard Osborne, Charles M. Osborne, Ruth Keen, Patsy Moore.

1. Applicant and its counsel: Applicant is Pocahontas Gas Partnership, P.O. Box 947, Bluefield, Virginia 24605, 540/988-1016. Applicant's counsel is Mark A. Swartz, P.O. Box 517, Abingdon, VA 24212.

2. Relief sought: Pooling.

3. Proposed Order: (a) Pooling all the interests and estates of the persons named above in coalbed methane in the unit in question; (b) Establishing a procedure whereby each respondent shall have the right to make elections; (c) Providing that any respondent who does not make a timely election shall be deemed to have leased or assigned his coalbed methane gas interests to the applicant at a rate to be established by the Board; (d) Designating Pocahontas Gas Partnership, as Unit Operator; (e) Making any necessary provisions for the escrow of funds; (f) 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.

4. Legal Authority: Va. Code Ann. §45.1-361.1 et seq. 4 VAC 25-160-10 et seq. and relevant Virginia Gas and Oil Board Orders heretofore promulgated pursuant to law including OGCB 3-90; VGOB-91-1119-162; VGOB 92/02/16-0336; and VGOB 93/03/16-0349.

5. Type of well(s): Coalbed methane.

6. Plat: Annexed hereto are Exhibit A, Exhibit A1 and the Plat Legend to Exhibit A. The Plat shows the size and shape of the unit and the boundaries of the tracts within the unit. The Legend shows the percentage of acreage in each tract. The plat is certified by a licensed professional engineer and is attested by the undersigned on behalf of the applicant to be in conformity with existing orders issued by the Board.

7. Your interest or claims sought to be pooled by this Application pertains to coalbed methane gas.

8. Formation(s) to be produced and estimates: All coal seams and associated strata below the Tiller seam of coal all as more particularly described in the annexed proposed order. The estimated total production from subject unit is 125 to 550 MMCF. The estimated amount of reserves from the subject drilling unit is 125 to 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. It should not be assumed that final production before plugging and abandonment will equal estimated reserves.

9. Estimate of allowable costs: \$250,475.20.

10. Attestation: The foregoing application to the to the best of my knowledge, information, and belief is true and correct.

NOTICE IS FURTHER GIVEN that this cause has been set for hearing and the taking of evidence before the Board at 9:00 AM, on March 24, 1998, at the Southwest Virginia 4-H Center, Hillman Highway, Abingdon, Virginia 24210, 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 or a copy of the application and exhibits, either contact the Virginia Gas and Oil Board, State Oil and Gas Inspector, Department of Mines, Minerals and Energy, Division of Gas and Oil, P.O. box 1416, Abingdon, Virginia 24210, (540) 676-5423 or the Applicant at the address shown below.

DATED: February 19, 1998.

Pocahontas Gas Partnership APPLICANT By: Leslie K. Arrington, Permit Specialist
P.O. Box 947, Bluefield, Virginia 24605 (540) 988-1016

CERTIFICATE OF PUBLICATION

State of West Virginia, }

To-wit:—

County of Mercer.

I, Shirley Smith of the Bluefield Daily Telegraph, a daily morning newspaper published in the City of Bluefield, Mercer County, West Virginia, do certify that the notice attached hereto under the caption:

was published in the said Bluefield Daily Telegraph
_____ ne (1) _____ Times

on the following days, namely: Mar. 4th

in the year 19 98Publication Fee \$159.39Subscribed and sworn to before me this 4th day ofMarch 19 98

My Commission expires

Feb. 20, 2005
Ruth J. Stoppert
Notary Public

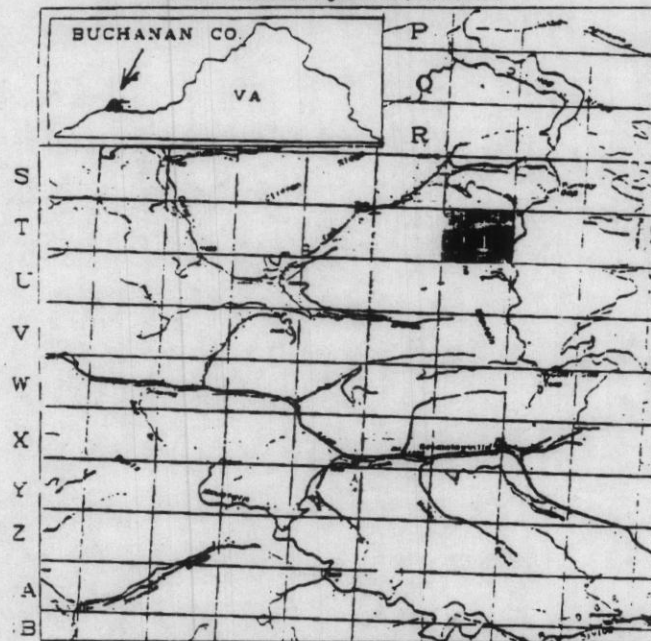
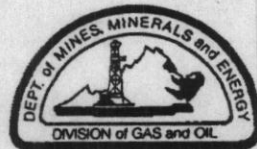


EXHIBIT A1
VGOB-98-0324-0625



Division of Gas and Oil
Virginia Gas and Oil Inspector
P. O. Box 1416
Abingdon, Virginia 24210
540/676-5423



PERSONS RECEIVING OFFICIAL NOTICE OR PERMIT APPLICATION OR PERMIT MODIFICATION

For the purposes of an application for a new permit or permit modification, list such persons by name and address on additional sheets as needed with the title, "Supplemental Sheet for Persons Receiving Official Notice of Permit Application", and indicate the category for each person or group affected.

All Applications (Except Pipeline or Geophysical)

- ☒ Surface, coal and mineral owners of record on the tract to be drilled:
- ☒ Surface owners of record on tracts where the surface is to be disturbed:
- ☒ Gas, oil and royalty owners within:
 - ☐ (A) one-half the distance specified in s 45.1-361.17.
 - ☐ (B) one-half the distance to the nearest well completed in the same pool or
 - ☒ (C) within the drilling unit established by the Virginia Gas and Oil Board.
- ☐ Coal operators who have a registered operation plan with the Department for activities located on the tract to be drilled:
- ☐ All coal operators who have applied for or obtained a mining or prospecting permit with respect to tracts within 500 feet of the proposed well location:
- ☐ All coal or mineral owners on tracts located within 500 feet of the proposed well location:
- ☒ Local Government pursuant to s 45.1-361.30.E:
- ☒ Public notice pursuant to s 45.1-361.30.E, such as an affidavit of publication from the newspaper.

Coalbed Methane Well Applications (In Addition to Above)

- ☒ All coal operators, coal owners or mineral owners within 750 feet of the proposed well location:
- ☐ All coal operators who have applied for or obtained a mining or prospecting permit with respect to tracts within 750 feet of the proposed well location:

Pipeline Applications Only

- ☒ Surface owners of record along the right-of-way of the proposed pipeline or an associated facility site:

Geophysical Applications Only

- ☐ Surface owners on tracts where the surface is to be disturbed:
- ☐ Coal owners at the site:
- ☐ Mineral owners at the site:
- ☐ Coal operators who have registered operations plans with the Department for activities located on the tract to be drilled:

CBM-PGP-T36
ATTACHMENT DGO-G0-5

Persons receiving official Notice of Permit Application or Permit Modification

1) Surface, coal, and mineral owners of record on tract to be drilled:

Hurt & McGuire heirs
c/o Charles Green
1837 ½ Jefferson Avenue
Bluefield, WV 24701

Joe Nipper, et al - Surface
HC 62 Box 103A
Raven, VA 24639

Jewell Smokeless Coal Company
P.O. Box 70
Vansant, VA 24656

Consolidation Coal Company - Coal (bel.drg.) Lessee, Surface
1800 Washington Rd.
Pittsburgh, PA 15241
Attn: Land Dept.

Pocahontas Gas Partnership
P.O. Box 200
Mavisdale, VA 24627

United Coal Company
Attn.: Mark Goff
P.O. Box 901
Grundy, VA 24614

Permac, Inc.
Attn.: Gene Clark
P.O. Box 1349
Bluefield, VA 24605-4349

Permac, Inc.
Attn.: Bill Copley
P.O. Box 296
Oakwood, VA 24631

2) Surface owners of record on tracts where surface is to be disturbed:

Joe Nipper, et al - Surface
HC 62 Box 103A
Raven, VA 24639

Walter Underwood
HC 62 Box 105
Raven, VA 24639

3) **Gas and oil owners within drilling unit:
Oakwood Field Unit T-36**

Consolidation Coal Company - Oil & Gas Lessee and Coal
1800 Washington Road
Pittsburgh, PA 15241
Attn: Land Dept.

Pocahontas Gas Partnership - Oil & Gas,
P.O. Box 200
Mavisdale, VA 24627

Danny McClanahan - Oil & Gas
P.O. Box 456
Oakwood, VA 24631

Thomas Stilwell heirs - Oil & Gas
(See Attachment)

Walter Underwood - Oil & Gas
HC 62 Box 105
Raven, VA 24639

Joe Nipper, et al - Oil & Gas
HC 62 Box 103A
Raven, VA 24639

Donald Nipper - Oil & Gas
P.O. Box 655
Raven, VA 24639

Osborne Mountain Pentecostal Church - Oil & Gas
Address Unknown

Mitchell Counts - Oil & Gas
P.O. Box 57
Shortt Gap, VA 24647

Albert Ball heirs, et al - Oil & Gas
(See Attachment)

Beulah Osborne - Oil & Gas
HC 62 Box 109
Raven, VA 24639

Linkous Horn Heirs - Oil & Gas
c/o Joseph P. Horn
P.O. Box 775
Raven, VA 24639

Coal Mountain Mining -Coal, Oil & Gas
c/o Coal Mountain Trust
P.O. Box 675
Tazewell, VA 24651

Alpha Stickley Heirs, et al - Coal, Oil & Gas

- a. H.S.T. Group, L.C.
A. Easley Johnson, Jr.
3305 Cartwright Court
Richmond, VA 23233
- b. H.S.T. Group, L.C.
c/o Bette Hawkins
3308 Dover Road
Richmond, VA 23221

4) Local Government

Mr. William Caudill
Buchanan County Administrator
P.O. Box 950
Grundy, VA 24614

5) All coal operators, coal or mineral owners within 750 feet of the proposed well location:

Consolidation Coal Company - Coal, Oil & Gas Lessee
1800 Washington Rd.
Pittsburgh, PA 15241
Attn: Land Dept.

Pocahontas Gas Partnership
P.O. Box 200
Mavisdale, VA 24627

Permac, Inc.
Attn.: Gene Clark
P.O. Box 1349
Bluefield, VA 24605-4349

Walter Underwood
HC 62 Box 105
Raven, VA 24639

Joe Nipper, et al - Oil & Gas
HC 62 Box 103A
Raven, VA 24639

Donald Nipper - Oil & Gas
P.O. Box 655
Raven, VA 24639

Thomas Stilwell heirs - Oil & Gas
(See Attachment)

Mitchell Counts - Oil & Gas
P.O. Box 57
Shortt Gap, VA 24647

Albert Ball heirs, et al - Oil & Gas
(See Attachment)

6) **All surface owners of record along the proposed pipeline right-of-way:**

Joe Nipper, et al - Surface
HC 62 Box 103A
Raven, VA 24639

Albert Ball heirs, et al - Oil & Gas
(See Attachment)

Beulah Osborne - Oil & Gas
HC 62 Box 109
Raven, VA 24639

Coal Mountain Mining -Coal, Oil & Gas
c/o Coal Mountain Trust
P.O. Box 675
Tazewell, VA 24651

ALBERT BALL HEIRS, et al

ALBERT BALL HEIRS

Donald E. Ball
Rt.1, Box 16
Raven, VA 24639

Lawrence E. Ball
P.O. Box 1016
Raven, VA 24639

Melissa R. Lawson
P.O. Box 155
Raven, VA 24639

Steve R. Ball
Rt. 1, Box 970
Pounding Mill, Va 24637

Danny R. Ball
Rt. 1, Box 15B
Raven, VA 24639

A.E. SHREVE

P.O. Box 8
Doran, VA 24612

REECE SHREVE HEIRS

D. Faye Lowe
2706 Brown St.
Richlands, VA 24641

Nell L. Shreve
Rt. 3, Box 778
Bluefield, VA 24701

Nancy Steele Young
Address Unknown

THOMAS STILWELL HEIRS

Beulah V. Osborne
HC 62 Box 109
Raven, VA 24639

Virginia N. Stilwell
HC 62 Box 97
Raven, Va 24639

Exie Osborne
General Delivery
Shortt Gap, VA 24647

Linda S. Shelton
P.O. Box 8
Shortt Gap, VA 24647

Arlin W. Osborne
P.O. Box 446
Raven, VA 24639

Daniel J. Osborne
HC 62 Box 80
Raven, VA 24639

Cora Arnold
P.O. Box 626
Raven, VA 24639

Jay C. Stilwell
P.O. Box 1035
Raven, VA 24639

Bessie Lowe
P.O. Box 47
Shortt Gap, VA 24647

Marvin J. Osborne
P.O. Box 1607
Cedar Bluff, VA 24609

Curtis Stilwell
General Delivery
Doran, VA 24612

Martha J. Stilwell
HC 62 Box 95
Raven, VA 24639

Arthur M. Stilwell
HC 62 Box 93
Raven, VA 24639

Hubbard Osborne
HC 62 Box 89
Raven, VA 24639

Jerline Davis
10 Davis Street
N. Tazewell, VA 24630

Jackie D. Osborne
Rt. 1, Box 209
Raven, VA 24639

Sylvia A. Shelton
St. Rt. 81A
Raven, VA 24639

Leonard C. Stilwell
P.O. Box 932
Raven, VA 24639

Wanda Hagy
P.O. Box 1738
Richlands, VA 24641

Theodore Stilwell
P.O. Box 626
Raven, VA 24639

Lois Casey
P.O. Box 162
Raven, VA 24639

Charlie Stilwell heirs
Addresses Unknown



NOTICE BY PUBLICATION OF AN APPLICATION
FOR A PERMIT



For purposes of publication requirements under S 45.1-361.30.E, the following format shall be used.

NOTICE OF APPLICATION
FOR
OPERATION'S NAME CBM-PGP-T36

Take notice that, pursuant to Code of Virginia, Section 45.1-361.30.E, the undersigned operator proposes to file, or has filed, an application for gas and oil operations known as CBM-PGP-T36 and pipeline with the Virginia Gas and Oil Inspector, Department of Mines, Minerals and Energy, Division of Gas and Oil under Code of Virginia, Section 45.1-361.29, with respect to an operation on the Hurt & McGuire, etal, coal tract, a tract of 143.6 acres, more or less, Albert Ball Heirs, etal surface tract, a tract of 15.00 acres, more or less, Beulah Osborne surface tract, a tract of 4.00 acres, more or less, Coal Mountain Mining tract, a tract of 1,355.00 acres, more or less, the Joe Nipper surface tract, a tract of 13.7 acres, more or less and the Walter Underwood surface tract, a tract of 2.0 acres, more or less in the Garden District, Buchanan County, Virginia.

The application is on file with the Division of Gas and Oil identifying the proposed location and all work to be performed at the described site. Any inquiries should be directed to the Division of Gas and Oil at 540 676-5423.

Code of Virginia Section 45.1-361.30 identifies persons with rights to file objections to the gas and oil operation. Persons objecting to a permit must state their reasons for objecting within 15 days of the date of receipt of notice. Written objections must be filed with the Virginia Gas and Oil Inspector, Division of Gas and Oil, P. O. Box 1416, Abingdon, VA 24210.

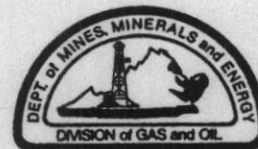
Operator: Pocahontas Gas Partnership

Address: P.O. Box 947, Bluefield, VA 24605

Telephone Number: (540) 988-1000



Division of Gas and Oil
Virginia Gas and Oil Inspector
P. O. Box 1416
Abingdon, Virginia 24210
540/676-5423



TECHNICAL DATA SHEET FOR PERMIT APPLICATIONS UNDER S 45.1-361.29

☐ Check if the information is related to the conversion of a VVH to a CBM under VR 480-05-22.1, s 3.03.

Drilling Contractor: No contract for drilling at present date Registered: ☐ Yes ☐ No
Address: _____ Telephone Number: _____
Geological Target Formation: Pocahontas No. 3 Estimated Depth of the Completed Well: 2206 Feet

GEOLOGICAL DATA (ESTIMATED)
DEPTH THICKNESS

Fresh Water: fresh water records not available in this area

Salt Water

	NAME	DEPTH	THICKNESS	MINING IN AREA	
				YES	NO MINED OUT
Coal Seams:					

SEE ATTACHMENT DGO-GO-9(a)

Gas and Oil*: ALL SEAMS IN THE PENNSYLVANIAN COALS BELOW THE TILLER SEAM THROUGH THE POCAHONTAS NO. 3 SEAM.

*List zones subject to the Application. SEE ATTACHMENT DGO-GO-9(a) & (b).

PROPOSED CASING AND TUBING PROGRAM

	Size	Depth	Cement Details
Conductor or surface casing:	16"	30'	Cemented to Surface
Water protection casing:	8 5/8"	786'	Cemented to Surface
Coal Protection Casing:	8 5/8"	786'	Cemented to Surface
Other Casing:			
Production Casing and Tubing:	5 1/2"	2096'	Cemented to surface

Attach proposed plugging plan if well is a dry hole or corehole. SEE FORM DGO-GO-11

Will samples be made available to the Division of Mineral Resources? ☐ Yes ☒ No

PREDICT

HOLE:
CBM-PGP-T36

EASTING:
1010468.71

NORTHING:
329189.21

ELEVATION:
2562.29

SEAM	DEPTH FROM (FEET)	DEPTH TO (FEET)	ELEVATION (TOSE)	THICKNESS (FEET)
TOPO	0.00	0.00	2562.29	0.00
UB2	34.80	36.37	2527.49	1.57
LB1	42.54	44.58	2519.75	2.04
LB2	112.90	113.16	2449.39	0.26
KN2	210.68	212.69	2351.61	2.01
AL1	307.36	308.86	2254.93	1.50
AL2	352.37	352.54	2209.92	0.17
RA1	440.97	442.32	2121.32	1.35
RA2	480.94	483.17	2081.35	2.23
RA3	493.11	494.07	2069.18	0.96
JB1	600.41	602.37	1961.88	1.96
JB3	647.59	649.92	1914.70	2.33
T1	726.83	726.84	1835.46	0.01
TI	736.53	737.35	1825.76	0.82
US1	858.05	858.59	1704.24	0.54
SE1	1130.92	1130.98	1431.37	0.06
*SE2	1162.81	1163.69	1399.48	0.88
*LS1	1204.44	1206.34	1357.85	1.90
*LS2	1219.99	1220.35	1342.30	0.36
*UH1	1266.86	1268.22	1295.43	1.36
*UH2	1320.87	1321.92	1241.42	1.05
*UH3	1327.57	1327.79	1234.72	0.22
*MH1	1379.17	1380.39	1183.12	1.22
*MH2	1445.25	1445.96	1117.04	0.71
*P11	1489.66	1491.97	1072.63	2.31
*P10	1510.88	1511.93	1051.41	1.05
*LH1	1557.20	1557.24	1005.09	0.04
*LH3	1574.07	1574.81	988.22	0.74
*P91	1655.20	1655.71	907.09	0.51
*P92	1664.15	1664.67	898.14	0.52
*P81	1693.37	1695.33	868.92	1.96
*P71	1754.38	1754.64	807.91	0.26
*P62	1912.32	1913.79	649.97	1.47
*P51	1932.40	1933.38	629.89	0.98
*P42	2025.32	2026.24	536.97	0.92
*P3	2106.24	2110.72	456.05	4.48

* Coal seam subject to coalbed methane production

** Mined Out

Schema : SCHEMA4

09/30/97

CBM-PGP-T36

ATTACHMENT DGO-GO-9(b)

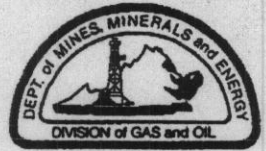
Target Stimulation

Pocahontas Gas Partnership proposes to install a 8 5/8" fresh water/coal protection casing and 5 1/2" production casing. The Pocahontas No. 3 Seam may be stimulated with a fluid carrier and propan process through the 5 1/2" casing. All 5 1/2" casing set above the P-3 seam shall be made of steel. Dependent upon the production from the primary target seam(s), the production casing may be perforated and the remaining target seams may be stimulated to increase production.

The production obtained from the 5 1/2" casing will continue until the longwall mining commences.



Division of Gas and Oil
Virginia Gas and Oil Inspector
P. O. Box 1416
Abingdon, Virginia 24210
540/676-5423



TECHNICAL DATA SHEET FOR GATHERING PIPELINES

Pursuant to the Code of Virginia, s 45.1-361.29, the applicant is applying for a permit for a gathering pipeline and associated facilities.

Location of Proposed Pipeline:

City/County(s): Buchanan

District(s): Garden

Quadrangle(s): Jewell Ridge & Keen Mountain

Watershed(s): Clifton Fork

Type(s) of Pipeline: ☒ Surface ☒ Buried ☒ Gas ☐ Oil

Size(s) of Pipeline: 8" inches

Length of Proposed Pipeline: 2840 feet

Width of Right-of-Way: 50 feet

Area to be Disturbed: 3.3 acres

Associated Pipeline or Well Permit Number _____

Location of Facility (i.e. compressor stations)*:

Latitude: _____ Ft. South of _____

Longitude: _____ Ft. West of _____

or State Plane Coordinates Zone _____ N/S _____ E/W _____

* For multiple compressor stations or other associated facilities use this format.

Area to be Disturbed: _____ acres

Associated Pipeline Permit Number _____

Requirements under VR 480-05-22.1, s 5.01:

In addition to the Operations Plan requirements under VR 480-05-22.1, s 1.10, an accurate map, depicting topography, on a scale of not less than 1 inch equals 600 feet (1:7200) and showing the total distance of the proposed line and width of right-of-way is to be submitted in the case of a pipeline or facility with the application. The map shall indicate the placement of all erosion and sediment control structures to be installed under the requirements of VR 480-05-22.1, s 1.26. In addition to the Operations Plan the applicant is to submit information as to the materials to be used in the gathering pipeline system and/or the facility, the construction standards to be met, a plan of disposal of fluids generated by production, and the quality control testing program to be followed prior to putting the gathering pipeline or facility into service.

SEE EXHIBIT 1, WELL LOCATION MAP & DGO-G0-12



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Virginia Gas and Oil Inspector
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Abingdon, Virginia 24210
540/676-5423



TECHNICAL DATA SHEET FOR PERMIT MODIFICATION TO PLUG OR REPLUG

Under Code of Virginia, s 45.1-361.34, the proposed plugging work is for the purpose checked below:

- ☒ Abandonment of the well or corehole by the operator
- ☐ Replugging to permit the safe mining through a well
- ☐ Partial plugging from the bottom of the hole to ___ feet below the surface,
with continued operation by the operator
- ☐ Partial plugging from the bottom of the hole to ___ feet below the surface,
for development as a water well under s 45.1-361.39

The date when the plugging or replugging is proposed to be commenced: _____, 19__

Copies of all logs required to be filed and not heretofore filed with the Inspector are submitted with this form.

PROPOSED PLUGGING PROCEDURE (Hole Schematic Attached)

INTERVAL

(FROM BOTTOM OF HOLE) MATERIALS TO BE USED
FROM TO FORMATION(S) (CEMENT, GEL, BRIDGES, ETC.) OPEN HOLE DIAMETER CASING SIZE (ID)

SEE ATTACHMENT DGO-GO-11 (a) AND (b)

(FOR OFFICE USE ONLY:)
(Approved ___ Denied ___)
(_____ DATE _____)
(State Gas and Oil Inspector)

CBM-PGP-T36

Proposed Plugging and Abandonment Procedure

If well:

I. has never produced gas the plugging will be:

1. cement* from bottom of hole(min. 50' below P-3) to 20 ft. above the P-4 seam.
2. hole to be filled with gel water and cement* from above the Pocahontas No. 4 seam to within 50' below the surface according to the noted procedure**
3. cement* from 50' below the surface to the surface

NOTE: *all cement to be Class A cement
**to be filled with gel water and cement to a point 40 ft below the lowest mineable coal seam from this point to 20 ft. above the seam a cement plug will be set. From this point, the same procedure will be followed to 50 ft. from the surface.

II. produced as a frac well the plugging will be:

1. uncemented portion of 5 1/2" casing removed.
2. cement* from bottom of hole(min. 50' below P-3) to 20 ft. above the P-4 seam.
2. hole to be filled with gel water and cement* from above the Pocahontas No. 4 seam to within 50' below the surface according to the noted procedure**
3. cement* from 50' below the surface to the surface

NOTE: *all cement to be Class A cement
**to be filled with gel water and cement to a point 40 ft below the lowest mineable coal seam from this point to 20 ft. above the seam a cement plug will be set. From this point, the same procedure will be followed to 50 ft. from the surface.

III. 5 1/2" casing removed, redrilled and gobbled, the plugging will be:

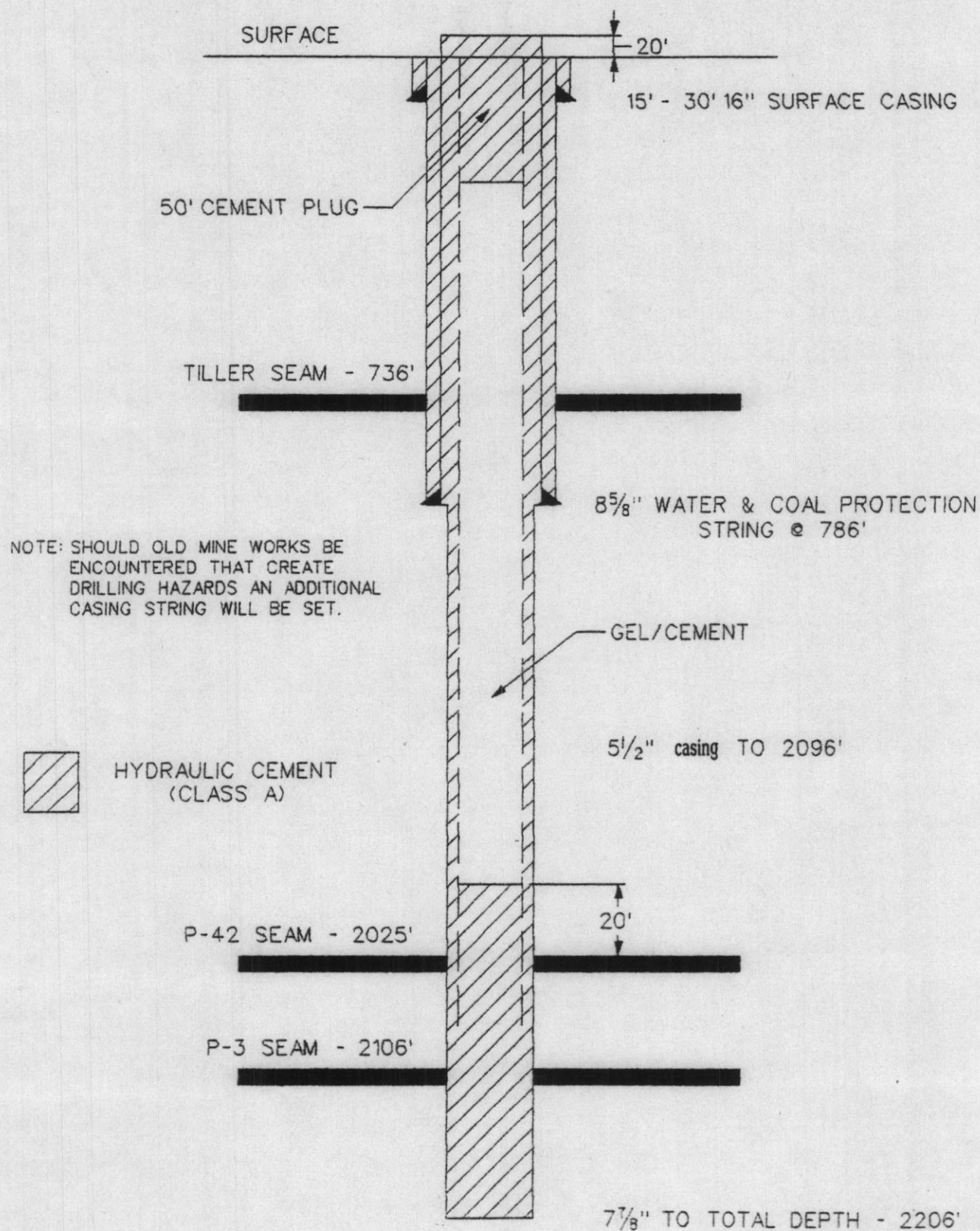
1. plug set at the bottom of the coal and water protection string (13 3/8" or 8 5/8" casing), with a 100 ft. cement plug placed on top of the plug.
2. cased hole will be filled with gel water and cement plugs* set across all mineable coal seams**.
3. cement* from 50' below the surface to the surface

NOTE: *all cement to be Class A cement
**to be filled with gel water and cement to a point 40 below the lowest mineable coal seam from this point to 20 ft. above the seam a cement plug will be set. From this point, the same procedure will be followed to 50 ft. from the surface.

Pocahontas Gas Partnership

CBM-PGP-T36

PROPOSED PLUGGING AND ABANDONMENT SCHEMATIC



OPERATIONS PLAN

CBM-PGP-T36/with pipeline

I. Pre-development Site Condition

Pocahontas Gas Partnership (PGP) proposes to drill Well No. CBM-PGP-T36 situated on a existing strip bench on Osborne Mountain in the drainage of Clifton Fork in the Garden District of Buchanan County, Virginia. The existing land use adjacent to the project area consists of unmanaged forest. Slopes within the project area range from 5 to 60 percent. Subsurface geology is comprised of alternating beds of siltstone, sandstone, shale and coal of the Pennsylvanian age.

Surface water from the site area flows into Clifton Fork of Contrary Creek of the Levisa Fork and proceeds in a northwesterly direction to the Big Sandy. Adjacent lands and waters will be protected by the implementation of the erosion and sediment control plan. The proposed site is not located in wetland or 100 year Floodplain. Groundwater quality is addressed in Section V. Groundwater will be protected by using those procedures as described within the casing program. There are no surface water, public water intakes or man-made improvements in proximity to the site. There is no active mining being conducted within 500 feet of the well. This well is located in the Buchanan No. 1 Mine (DMLR permit 1400047). Approximately 4.3 acre will be disturbed during construction of the proposed operation. Access to the proposed well site

Pocahontas Gas Partnership
DGO-GO-12
CBM-PGP-T36/with pipeline

shall be from State Route 629 and County Route 5330 then over approximately 250 ft, along a existing strip mine bench, with a new road to the site.

II. Construction Plan

The access will be as previously stated. The road is shown on the Well Location Map (Exhibit 1).

In order to facilitate drilling operations, a minimum 80 x 300 foot well pad will be required. The site will be constructed according to the attached Well Site Layout (Exhibit 3) and Well Site Cross-Sections (Exhibits 4). Existing slopes are shown on the Well Site Cross-Sections. Vegetation will be cleared as necessary before any proposed site construction begins. Residue materials available from clearing will be windrowed below the anticipated fill slopes to intercept and retain sediment. All disturbed areas will be kept to the minimum practical and safe size needed to accomplish access to the well site, drilling, completion and operation of the well. The well site will be graded to direct drainage as shown on the Well Site Layout (Exhibit 3). This drainage will be intercepted by a temporary diversion prior to leaving the site. Straw bale barriers shall be placed in the diversion as shown on the Well Site Layout (Exhibit 3) to ensure sediment-laden runoff flows either through or over the barrier until the area is stabilized.

Pocahontas Gas Partnership
DGO-GO-12
CBM-PGP-T36/with pipeline

Approximately 2840' of 8" polyethylene pipe (PE) will be buried and connected to the proposed pipeline in the permit application of well CBM-PGP-T37. (See Exhibit 1a). The right-of-way will be approximately 50' wide by 2840' in length.

No buildings exists within 50 feet of the r-o-w. The pipeline will be tested to maintain 110% of its anticipated pressure. This pipeline shall be visually inspected annually.

The previously mentioned vegetative and mechanical methods of erosion and sediment control will be implemented as soon as practical and are designed to fit the topography, soil, drainage and land use. All surface water runoff will be directed to stable areas before being discharged into the natural drainage system. All sediment and erosion control measures will be inspected after each significant storm event with repairs being made as promptly as possible. All erosion and sediment measures implemented at this site will be modeled after the Virginia Erosion and Sediment Control Handbook.

Blasting is not anticipated on this site, but if it becomes necessary to complete site construction, all blasting operations will be conducted by a certified blaster. The distance to the nearest inhabited building is greater than 300 feet. Flyrock will not be allowed to fall farther from the blast than one-half the distance between the blast and the nearest inhabited building, and in no case outside of the

permitted area.

Before a blast is fired, a warning signal audible to a distance of at least one-half mile will be given by the blaster in charge, who will make certain that all surplus explosives are in a safe place and that all persons are at a safe distance from the blast site or under sufficient cover to protect them from the effects of the blast.

A code of warning signals will be established and posted in one or more conspicuous places on the permitted site, and all employees will be required to conform to the code.

Blasting shall be conducted by a certified blaster without seismographic monitoring provided the maximum charge is determined by the formula, $W=(D/D_s)^2$, where W is the maximum weight of explosive in pounds per delay (eight milliseconds or greater); D is the actual distance in feet from the blast location to the nearest inhabited building; and D_s is the scaled distance factor to be applied without seismic monitoring. Records of all blasts will be retained at least three years.

III. Erosion and Sediment Controls

As previously described in the Construction Plan, Section II above, all measures possible will be taken during site construction to stabilize the disturbed area as quickly as possible and direct surface runoff away from these areas into

stable outlets. No surface runoff will be discharged over unprotected out slopes. These measures will prevent migration of sediment from the site and reduce erosion.

Any culverts, ditches and diversions to be placed or constructed at the well site shall safely pass the flow from a 10 year/24 hour storm event and will be constructed as shown on Exhibits 1 and 2.

Final reclamation of the site will include the removal of all equipment, structures and facilities not required for monitoring the site and permanently marking the well or corehole. A permanent vegetative cover will be established on denuded areas that are to be left inactive for more than one year or not surfaced with stone.

IV. Pit Design and Installation

All fluids from the well will be handled in a properly constructed and lined pit. The drilling pit will be constructed of sufficient size to contain all fluids and solids which may accumulate during operations and maintain a 2' freeboard. The drilling pit shall be approximately 40'x 20'x 6' deep and shall be constructed to reasonably conform to the lines as shown on Exhibit 3. The embankment, prior to beginning construction of the area, will be cleared of all vegetative material. Topsoil, if any, will be segregated and stockpiled for use in final reclamation of the site and pit.

Pocahontas Gas Partnership
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CBM-PGP-T36/with pipeline

The constructed pit will have a properly installed liner consisting of a single 20 mil HDPE sheet or two 10 mil HDPE sheets separated by 8 to 12 inches of dirt or other suitable material. Outslopes of the constructed pit will be stabilized immediately.

V. Drilling or Stimulating Media

In order to meet the requirements of the State Water Control Board, "Groundwater Standards", regulation /R 680-21-04, and "Water Quality Criteria for Groundwater", regulation VR 680-21-05, an analysis of the closest water source to the proposed drilling location and the water to be used for drilling is provided with this application. The analysis shows that the drilling water quality equals or exceeds the quality of the water nearest the site. After the water protection string is set, waters which do not meet the standards may be used.

Aqua-flow, a multi-purpose foaming agent, will be added to the water to help remove drill cutting during drill operations. A description and certificate of analysis are on file with the Division of Gas and Oil. The use of this additive will not lessen the groundwater quality within the area. Ground water in Buchanan County, Virginia is more a function of topography than of any specific water bearing formations. It is not possible to delineate specific bed-rock

aquifers with any degree of confidence throughout Buchanan County. The same stratum that yields abundant ground water next to a large stream in a valley will be dry beneath a ridge. Generally, the ground water table imitates the topographic surface in a subdued form and at a lower level.

The most reliable source of ground water is found in valleys or lower slopes within unconsolidated alluvial or colluvial deposits. Most useable ground water occurs within 300' of local stream levels.

Most domestic wells are 50' - 250' deep with yields of 3 - 10 GPM. Almost all wells are located in valleys. Formations at higher elevations such as ridge tops and those at greater depths (below stream level) are dry. Due to their high elevations, the Wise Formation and Gladeville Sandstone are not considered good sources of ground water nor is the deep-lying Pocahontas Formation. Sandstones of the Norton Formation due to their medial topographic positions along the lower slopes and valley floors are better candidates for good quantities of ground water.

Ground water occurrence in Buchanan County can better be defined in terms of major stream basins; The Levisa Fork (above Oakwood), Garden Creek, Big Prater Creek, Levisa Fork (between Vansant and Oakwood), Ball Creek, Russell Fork (above Davenport), and Hurricane Creek Basins.

Pocahontas Gas Partnership
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CBM-PGP-T36/with pipeline

Water in Buchanan County is highly variable in chemical character and composition. Bicarbonate is the dominate water type. In some ground waters sulfate, chlorides, iron and manganese occur at levels exceeding the recommended limits for drinking water. Buchanan County's ground water is characteristically acidic to slightly alkaline (6.3 to 8.2 pH), high in iron, hard and may have a sulfurous odor.

Pocahontas Gas Partnership based this information on a paper by Ms. Susan Epps, "Buchanan County Groundwater: Present Conditions and Prospects", Virginia State Water Control Board and a paper by Mr. Stanley Rogers and Mr. John Powell, "Quality of Ground Water in Southern Buchanan County", United States Geological Survey Water Resources Investigations 82-4022.

Pocahontas Gas Partnership has designed its surface casing programs so as to protect ground water and shallow coal seams. Should mining plans dictate, this well may be intentionally plugged back to within approximately 50 feet of the bottom of the casing (as shown on the attached sidetrack well schematic). Once this is complete, the well will be redrilled to a mine plan deviated bottom hole location.

Pocahontas Gas Partnership hereby request a variance from VR 480-05-22.1 Section 2.05 A.2 and VR 480-05-22.1 Section 3.07 A.1.b. which requires the operator to allow the

Pocahontas Gas Partnership
DGO-GO-12
CBM-PGP-T36/with pipeline

water protection string and cement to stand for 12 hours before drilling out from under the casing. It also requires that the water protection string and cement shall be designed to withstand 300 psig surface pressure.

Accordingly a regular Class A cement at 80 degrees and 0 psi has a compressive strength of 265 psi in 8 hours and 580 psi in 12 hours, which would meet the above requirements. However, PGP proposes to add a 2% Calcium Chloride Accelerator in the fresh water cement slurry, which will realize a compressive strength of approximately 1,230 psi in 8 hours. Therefore, Pocahontas Gas Partnership request to be allowed to drill out from under the casing after a water protection string and cement stand of 8 hours.

VI. Disposal

Fluids will be drained from the pit to leave no free liquids. All drill cuttings and solids will be disposed of in the pit by covering with a 20 mil HDPE liner or a low permeability clay cap covered with soil. The combination of soil and liner or clay cap will be at least four feet thick. The cap will be graded to provide positive drainage and prevent ponding. Any produced fluid will be contained in approved holding tanks and stored on location until such time that the fluid is transferred to an approved waste disposal site. Produced fluids shall be transported for final disposal

Pocahontas Gas Partnership
DGO-GO-12
CBM-PGP-T36/with pipeline

by Noah Horn to the Ball injection well (VAS2D921BBUC) or Hughes injection well (UIC2D04568) or when the well is being used in the initial stages of active longwall mining the water drop process (EPA area permit VAS2D929BBUC) may be used. CBM-PGP-T36 is expected to produce approximately one barrel of fluid per day which equates to approximately 30 barrels per month.

VII. On-Site Facilities

This site shall require the following five basic pieces of equipment:

- 1) Pump Jack
- 2) Compressor
- 3) Electric Utility Skid
- 4) Meter
- 5) Water Storage Tank(s)

The compressor and pump jack shall be electric driven skid mounted ranging from 20 to 200 in horsepower. The meter is also skid mounted and equipped with a flow computer which will monitor the flow and compressor status to a central location. Permanent storage tank installations will be diked to contain 1.5 times the volume of the single tank or largest tank within the tank battery. Dikes will be kept free from debris, brush, water, oil or the fluids. Installation of on-site facilities is shown on the attached Well Site Layout (Exhibit 4).

The vent system will incorporate the flame arrestor. The flame arrestor will be on the vent stack. Back pressure

Pocahontas Gas Partnership
DGO-GO-12
CBM-PGP-T36/with pipeline

systems are manually operated valves. The pressure relief systems are incorporated into the compressors themselves which in turn will send the excess pressure to the vent system requiring no backup system. Adequate fire-fighting equipment will be strategically placed on site.

VIII. Production

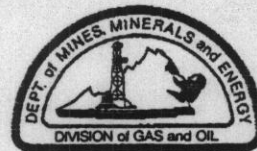
Production shall be from the 5 1/2" casing.

IX. Mine Plans

Upon commencement of the drilling operations, should the mine plans change, this well may be intentionally deviated to a new bottom hole location. Should mining plans change after drilling, this well may be intentionally plugged back within approximately 50' of the bottom casing. Once this is complete, the well shall be redrilled to a mine plan deviated bottom hole.



Division of Gas and Oil
Virginia Gas and Oil Inspector
P. O. Box 1416
Abingdon, Virginia 24210
540/676-5423



APPLICATION FOR DISPOSAL OF PIT OR PRODUCED FLUIDS

Pursuant to VR 480-05-22.1, s 1.42, the undersigned permittee requests:

- A. ☒ Approval to transport and dispose of pit or produced fluids through an approved disposal site, which accepts pit or produced fluids from gas and oil operations.
B. ☐ Approval for a one time application of pit fluids on the permitted site.

For applications under A, the permittee is required to submit the following with this application.

1. Submit the appropriate federal, state, and/or local permit number of the facility the permittee is proposing to dispose of the fluids under.
2. Attach a copy of the appropriate sections of the permit, which allows acceptance of fluid waste from the gas and oil operations. Submit the total estimated volume of fluid to be transported. SEE DGO-GO-12, SECTION IV.

For applications under B, the permittee must complete the following information with the appropriate documentation with this application.

A. Pit Fluid Characterization:

Date Pit was First Used _____ Estimated Volume of Pit Fluid _____ (Gals.)
Description of the Constituents of the fluid placed in Pit _____

B. Analysis of the Pit Fluid:

Analysis

Standard Limits

pH _____	6-9 Standard Units
Oil and Grease _____	< 15 mg/l
Iron _____	< 7 mg/l
Manganese _____	< 4 mg/l
Acidity _____	< alkalinity
Alkalinity _____	> acidity
Chlorides _____	5,000 mg/l *
Sodium Balance _____	SAR of 8-12 **

* For chlorides above 5,000 mg/l, the application will be reviewed to determine whether a permit would be required from the Virginia Water Control Board.

** The Sodium Absorption Rate shall be determined on the soils to which the liquid is to be applied.

C. Verification of Analysis:

Attach the lab analysis and its results. Denote on the attachment the date, time, and method of collection and the date of the analysis.

D. Description of Application Area:

Soil Type _____ Soil Permeability _____ Depth to Bedrock _____ Depth to Water Table _____ Nearest Water Supply _____ Type: Well _____ Spring _____
Nearest Surface Water Courses _____ Nearest Occupied Dwelling _____ Total Acreage of Proposed Application Area _____ Average
slope of the proposed area of land application _____

E. Location and Design Map:

A map on the scale of 1"= 400' showing the acreage within the permitted site to used for land application identifying all surface waters, wells, springs, natural rock outcrops and property lines in relation to the proposed area of land application. The map shall also delineate any buffer zones.

F. Method of Land Application:

Provide a narrative, describing the method in which you plan to land apply the pit fluids. The description shall include supporting calculations and other data to justify the flow rates, erosion controls and monitoring to used during the application of the pit fluids. The narrative shall include supporting site measurements and other data concerning the noninterference to the groundwater within and adjacent to the land application and supporting site measurements and other data concerning the protection of the existing vegetation.

CERTIFICATION:

I the undersigned applicant or permittee, certify that this document and all attachments were prepared under my direction. The information submitted is, to the best of my knowledge, true, accurate, and complete.

(Signature) _____

(Title) Permit Specialist

(Date) 10/20/97

(FOR OFFICE USE ONLY:)

(Approved _____ Denied _____)

(_____ Date _____)

(State Gas and Oil Inspector)

**CONSENT TO STIMULATION AND
STATEMENT OF NO OBJECTION TO A
UNIT DESIGNATION AND FORCE POOLING**

The undersigned hereby acknowledges receipt of Notice and Application for the T-36 unit and force pooling and accompanying plats and exhibits from Pocahontas Gas Partnership. The applications may require the stimulation of a coal seam or seams which the undersigned will operate, and proposed the conversion of vertical ventilation holes (VVH's) to coalbed methane gas wells on tracts containing 80 acres, more or less (as shown on Exhibit DGO-GO-7), in the Keen Mountain Quadrangle, Buchanan County, Virginia.

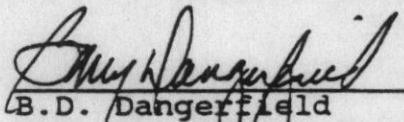
Execution of this statement is to record the fact that the undersigned has no objection to the stimulation of a coal seam or seams, which the undersigned controls in the Oakwood Coalbed Gas Field unit T-36.

Execution of this statement is to record the fact that the undersigned has no objection to the unit and force pooling applications or to the Virginia Gas and Oil Inspector issuing a permit for wells in T-36.

Execution of this statement is to record the fact that the undersigned has no objections to variances from spacing or a variance of the production casing requirements from VR 480-05-22.1 § 3.07.G.1.b.

Execution of this statement is to record the fact that the undersigned agrees that the unit and force pooling proposed conform to its mine plan and is requesting the location of multiple wells within this unit which is required under §45.1-361.20C to conform coalbed methane development to the mine plan and by the Oakwood II order VGOB-91/11/19-0162 and amended by VGOB-93/03/16-0349 § 7D.

If any other person entitled to notice of the Application files an objection, the undersigned does not waive the right to notice of subsequent hearings and their proceedings and reserves the right to appear and be heard.

By: 

B.D. Dangerfield
Vice President of Operations
Consolidation Coal Company
Mid-Continent Region
Virginia Operations

Date: 9/23/97

Address: Consolidation Coal Company
Drawer L
Oakwood, VA 24631

Telephone: (540) 498-8200



Consolidation Coal Company

Drawer L

Oakwood, Virginia 24631

(540) 498-8200

September 19, 1997

Mr. Tom Fulmer
Division of Gas and Oil
P.O. Box 1416
Abingdon, VA 24210

Dear Mr. Fulmer:

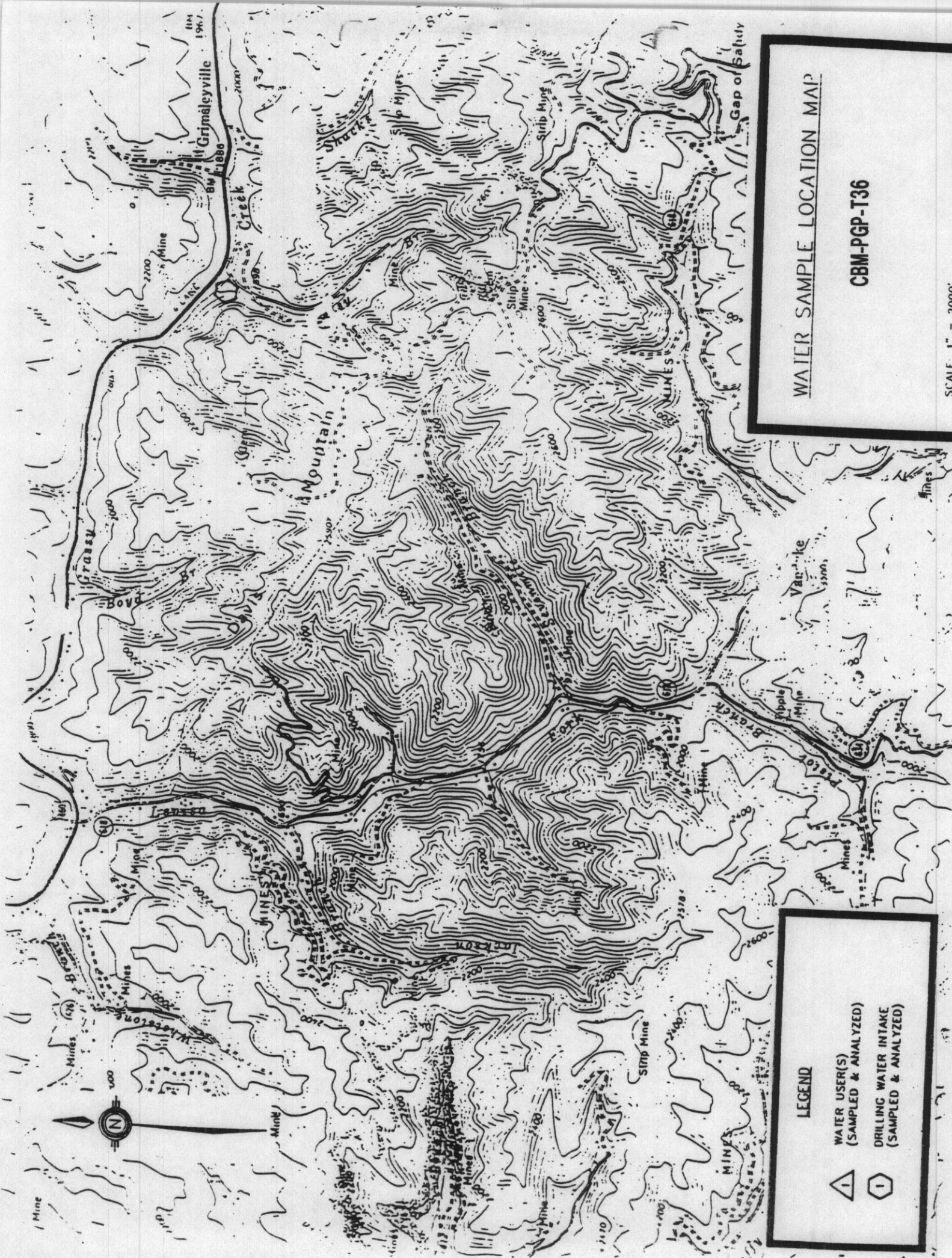
Please be advised Consolidation Coal Company has no objection to wells drilled or proposed to be drilled by CONSOL Inc. Gas Operations deviating more than one degree from vertical.

A handwritten signature in cursive script, reading "B.D. Dangerfield", written over a horizontal line.

B.D. Dangerfield
Vice President of Operations
Consolidation Coal Company
Mid-Continent Region
Virginia Operations

WELL: CBM-PGP-T36

BDD:ksg



WATER SAMPLE LOCATION MAP

CBM-PGP-T36

LEGEND

- WATER USER(S)
(SAMPLED & ANALYZED)
- DRILLING WATER INTAKE
(SAMPLED & ANALYZED)

SCALE: 1" = 2000'

DATE: 6/964



ENVIRONMENTAL MONITORING, INCORPORATED
ENVIRONMENTAL CONSULTANTS ▲ ANALYTICAL LABORATORIES
P.O. BOX 1477 ▲ COEBURN, VIRGINIA 24230 ▲ 540/395-3661

CERTIFICATE OF ANALYSIS

CONSOL. INC.
P.O. BOX 947
BLUEFIELD, VA

24605

REPORT DATE: 06/28/96

SAMPLE IDENTIFICATION: SOURCE: GRASSY CREEK AT BETSY BRANCH PRO # 743.6

EMI SAMPLE NUMBER: 228730

DATE COLLECTED: 06/18/96

EMI ANALYSIS CODE: VO

TIME COLLECTED: 1045

COLLECTED BY: J STANLEY

FLOW: 1000.0 GPM
DEPTH: 0.0 FEET
TEMPERATURE: 22 DEGREES CELSIUS

PARAMETER	RESULT	PARAMETER	RESULT
ACIDITY	0.00	pH	7.70
ALKALINITY	70.00	SULFATE	16.00
CHLORIDE	60.00	TOTAL DISSOLVED SOLIDS	214.00
CONDUCTIVITY	400.00	TOTAL SUSPENDED SOLIDS	5.00
TOTAL IRON	< 0.02		
HARDNESS	102.00		
TOTAL MANGANESE	< 0.02		
SODIUM	33.90		
OIL & GREASE	< 3.00		

APPEARANCE CODE: 1 COLOR CODE: A

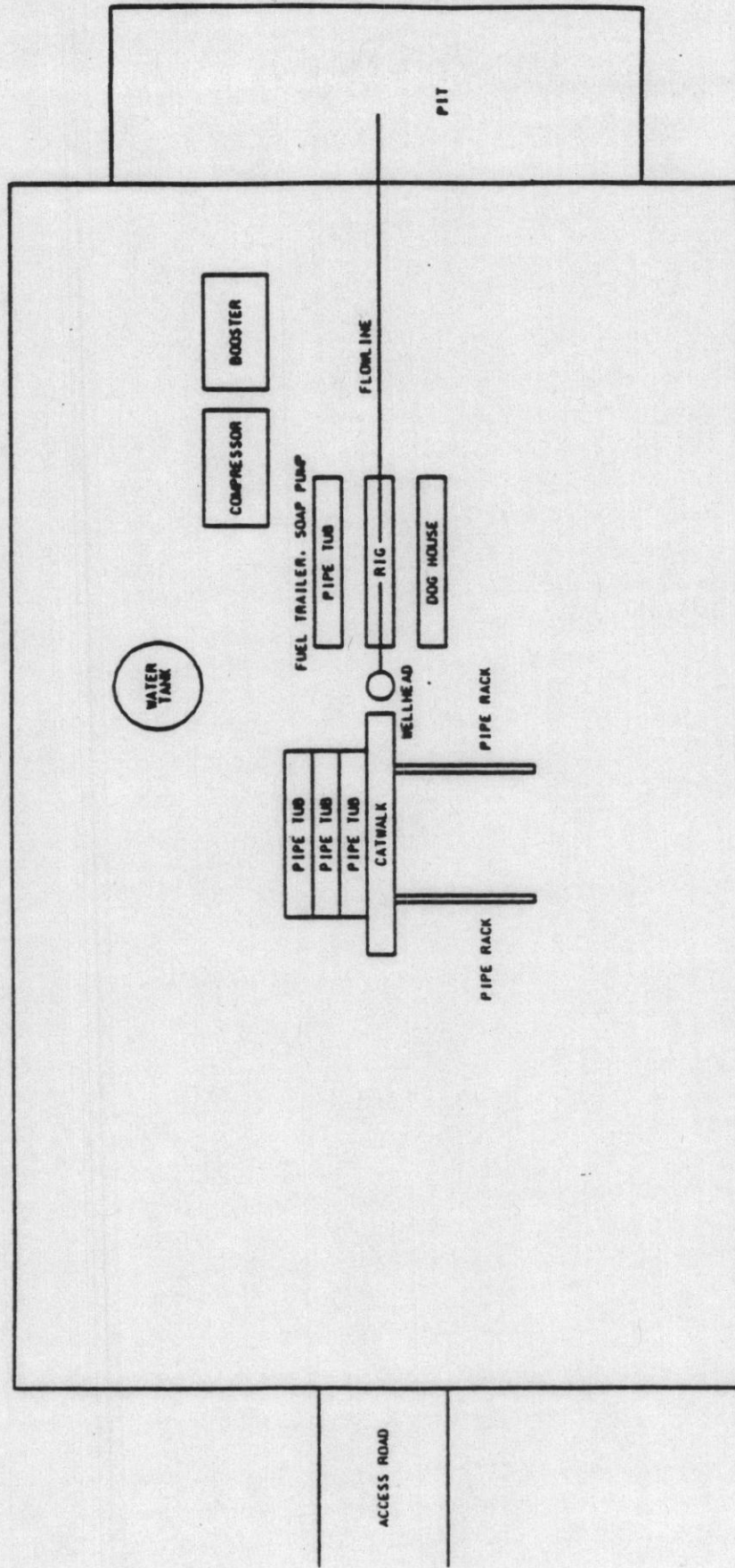
UNITS: pH-STD UNITS, SET SOLIDS-mg/l, COND.-µMHOS/cm, OTHERS-mg/l UNLESS NOTED

I, best of my knowledge and belief the above results were obtained by accepted analytical procedures and are submitted for Environmental Monitoring, Incorporated.

QA/QC Officer

Lab Manager

TYPICAL DRILLING DIAGRAM
CONSOL INC.
COALBED METHANE PROJECT



NOTE:

SEE EXHIBITS 3 & 4 FOR DETAILED LAYOUT OF PROPOSED SEDIMENT AND EROSION CONTROL PRACTICES TO BE IMPLEMENTED ON THIS SITE.

ALL E & S CONTROL PRACTICES UTILIZED SHALL BE INSTALLED AND MAINTAINED IN ACCORDANCE WITH THE VIRGINIA EROSION AND SEDIMENT CONTROL HANDBOOK.

NOTE:

STRAP SALES SHALL BE INSTALLED & MAINTAINED AT THE INLET & OUTLET OF ALL CULVERTS AND AT ALL DRAINAGE WINDOWS UNTIL THE DISTURBED AREA IS STABILIZED.

PROPOSED
PIPELINE

T-36

T-37

EXHIBIT 1A

WELL & PIPELINE LOCATION MAP

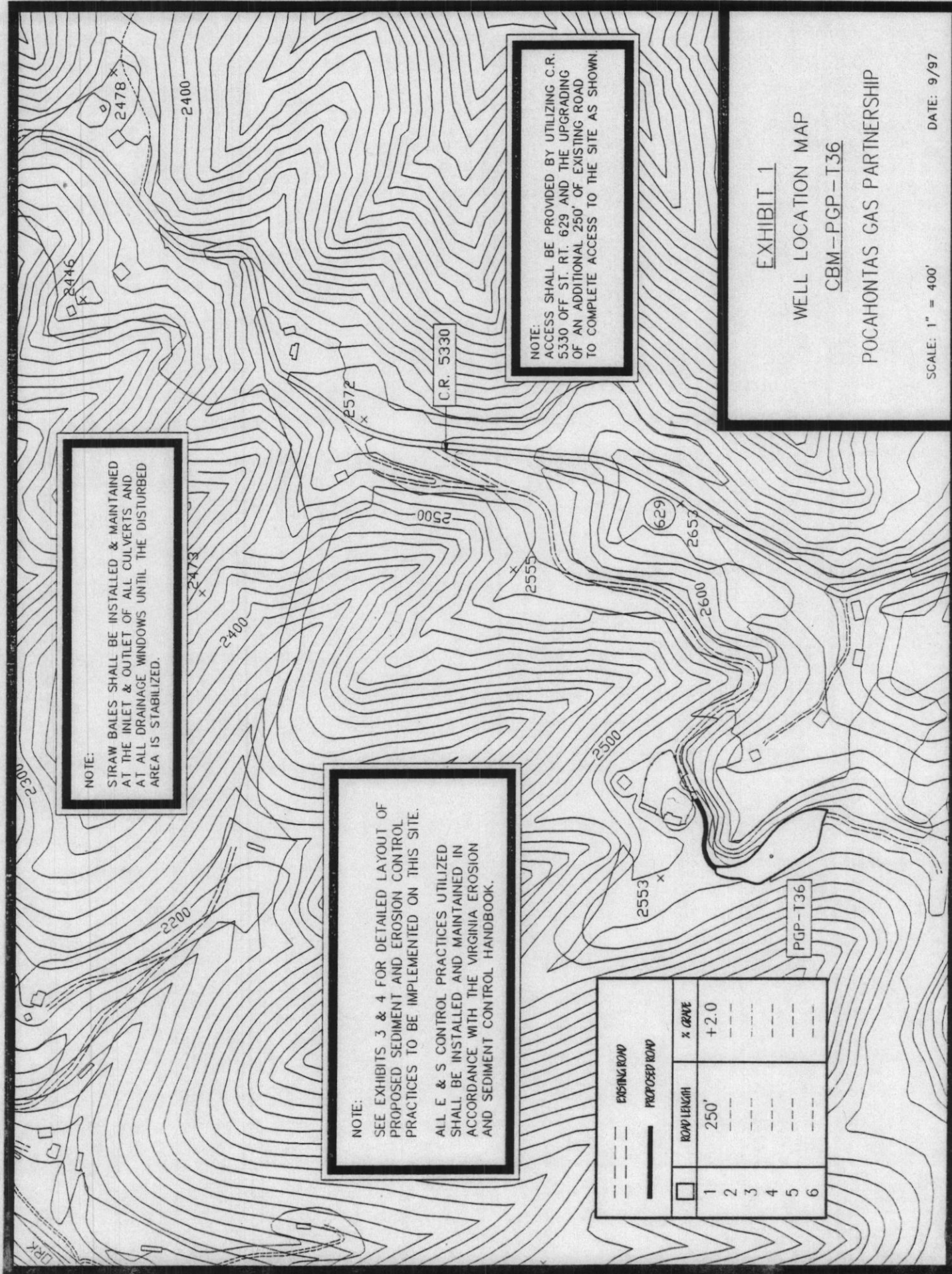
PROPOSED PIPELINE

CBM-PGP-T36

CONSOL Inc.

SCALE: 1" = 400'

DATE: 10/17/97



NOTE:

STRAW BALES SHALL BE INSTALLED & MAINTAINED AT THE INLET & OUTLET OF ALL CULVERTS AND AT ALL DRAINAGE WINDOWS UNTIL THE DISTURBED AREA IS STABILIZED.

NOTE:

SEE EXHIBITS 3 & 4 FOR DETAILED LAYOUT OF PROPOSED SEDIMENT AND EROSION CONTROL PRACTICES TO BE IMPLEMENTED ON THIS SITE.

ALL E & S CONTROL PRACTICES UTILIZED SHALL BE INSTALLED AND MAINTAINED IN ACCORDANCE WITH THE VIRGINIA EROSION AND SEDIMENT CONTROL HANDBOOK.

NOTE:

ACCESS SHALL BE PROVIDED BY UTILIZING C.R. 5330 OFF ST. RT. 629 AND THE UPGRADING OF AN ADDITIONAL 250' OF EXISTING ROAD TO COMPLETE ACCESS TO THE SITE AS SHOWN.

EXISTING ROAD		PROPOSED ROAD		% GRADE
ROAD LENGTH	250'	ROAD LENGTH	250'	
1	---	1	---	2.0
2	---	2	---	---
3	---	3	---	---
4	---	4	---	---
5	---	5	---	---
6	---	6	---	---

EXHIBIT 1

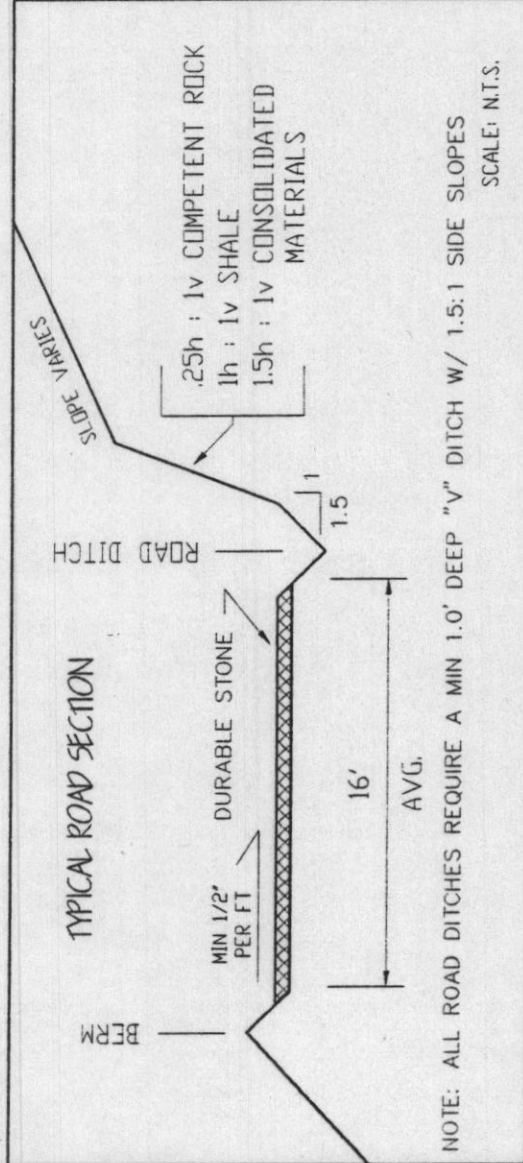
WELL LOCATION MAP

CBM-PGP-T36

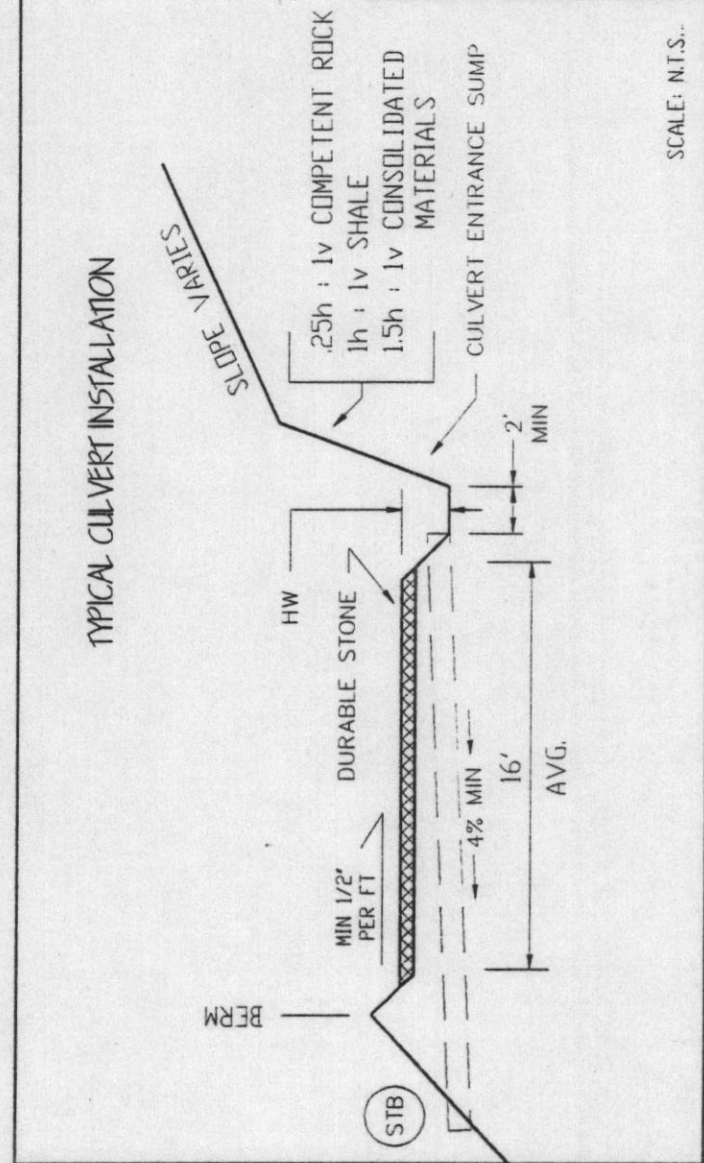
POCAHONTAS GAS PARTNERSHIP

SCALE: 1" = 400'

DATE: 9/97



CULVERT SCHEDULE				
CULVERT ID. NO.	Q ₁₀ (cfs)	Ø (in)	MIN HW (ft) REQUIRED	
C - 1	---	---	---	---
C - 2	---	---	---	---
C - 3	---	---	---	---
C - 4	---	---	---	---
C - 5	---	---	---	---
C - 6	---	---	---	---
C - 7	---	---	---	---
C - 8	---	---	---	---
C - 9	---	---	---	---



- NOTES:
1. STRAW BALES TO BE PLACED AT ENTRANCE AND OUTLET OF ALL CULVERTS UNTIL AREA IS STABILIZED.
 2. ROADS SHALL BE SURFACED WITH A DURABLE NON-TOXIC STONE.

EXHIBIT 2

ROAD AND CULVERT DETAILS

CBM-PGP-T36

POCAHONTAS GAS PARTNERSHIP

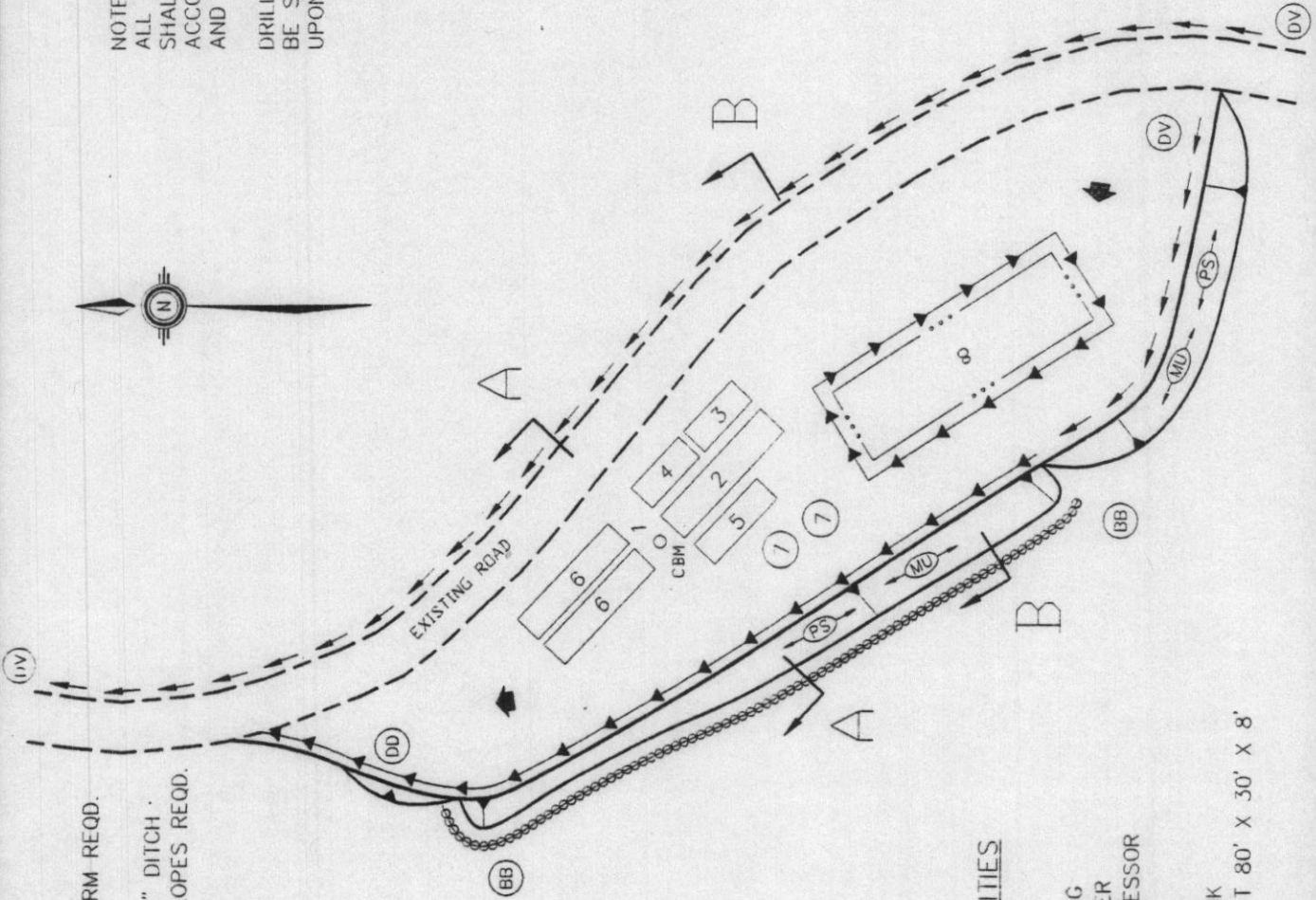
DATE: 9/97

(DD) MIN 1.5' HIGH BERM REQD.

(DV) MIN 1.5' DEEP "V" DITCH W/ 1.5:1 SIDE SLOPES REQD.



NOTES:
ALL E & S CONTROL PRACTICES UTILIZED SHALL BE INSTALLED & MAINTAINED IN ACCORDANCE W/ THE VIRGINIA EROSION AND SEDIMENT CONTROL HANDBOOK.
DRILLING PAD & ACCESS ROAD SHALL BE SURFACED WITH DURABLE STONE UPON COMPLETION OF GRADING OPERATIONS.



ON-SITE FACILITIES

- 1 WELL
- 2 DRILLING RIG
- 3 AIR BOOSTER
- 4 AIR COMPRESSOR
- 5 DOGHOUSE
- 6 PIPE TUB
- 7 WATER TANK
- 8 DRILLING PIT 80' X 30' X 8'

LEGEND

- (DD) DIRECTION OF FLOW
- (STB) STRAW BALE BARRIERS
- (PS) PERMANENT SEEDING
- (MU) MULCHING
- (DD) DIVERSION DIKE
- (DV) DIVERSION
- (BB) BRUSH BARRIER

EXHIBIT 3

WELL SITE LAYOUT

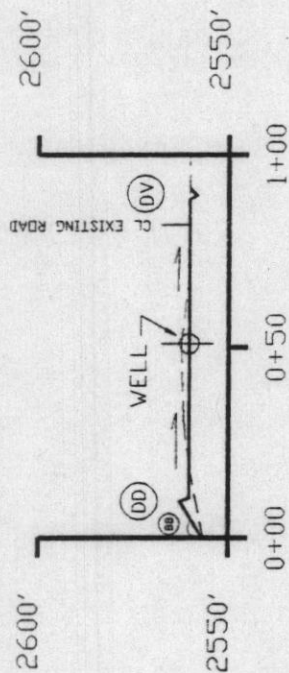
CBM-PGP-T36

POCAHONTAS GAS PARTNERSHIP

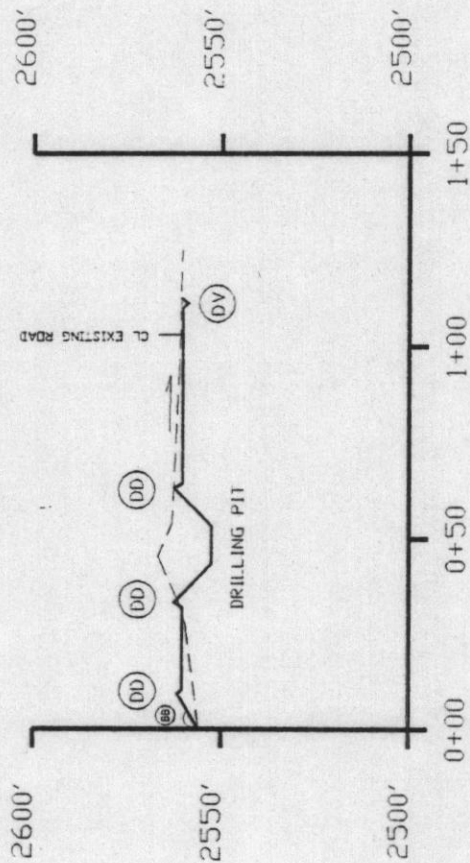
SCALE: 1" = 50'

DATE: 9/97

SECTION A-A



SECTION B-B



LEGEND

---	EXISTING GRADE
—	PROPOSED GRADE
→	DIRECTION OF FLOW
	BRUSH BARRIER
- - -	DIVERSION
↔	TEMP. DIVERSION DIKE

(BB)
(UV)
(DD)

EXHIBIT 4

WELL SITE CROSS SECTIONS

CBM--PGP--T36

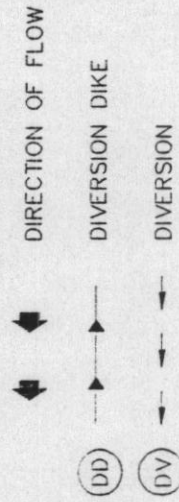
POCAHONTAS GAS PARTNERSHIP

SCALE: 1" = 50'

DATE: 9/97



LEGEND



ON-SITE FACILITIES

- 1 WELL
- 2 DIKED WATER TANK
- 3 PUMP JACK
- 4 COMPRESSOR
- 5 METER
- 6 ELECTRIC STARTER SKID

EXHIBIT 5

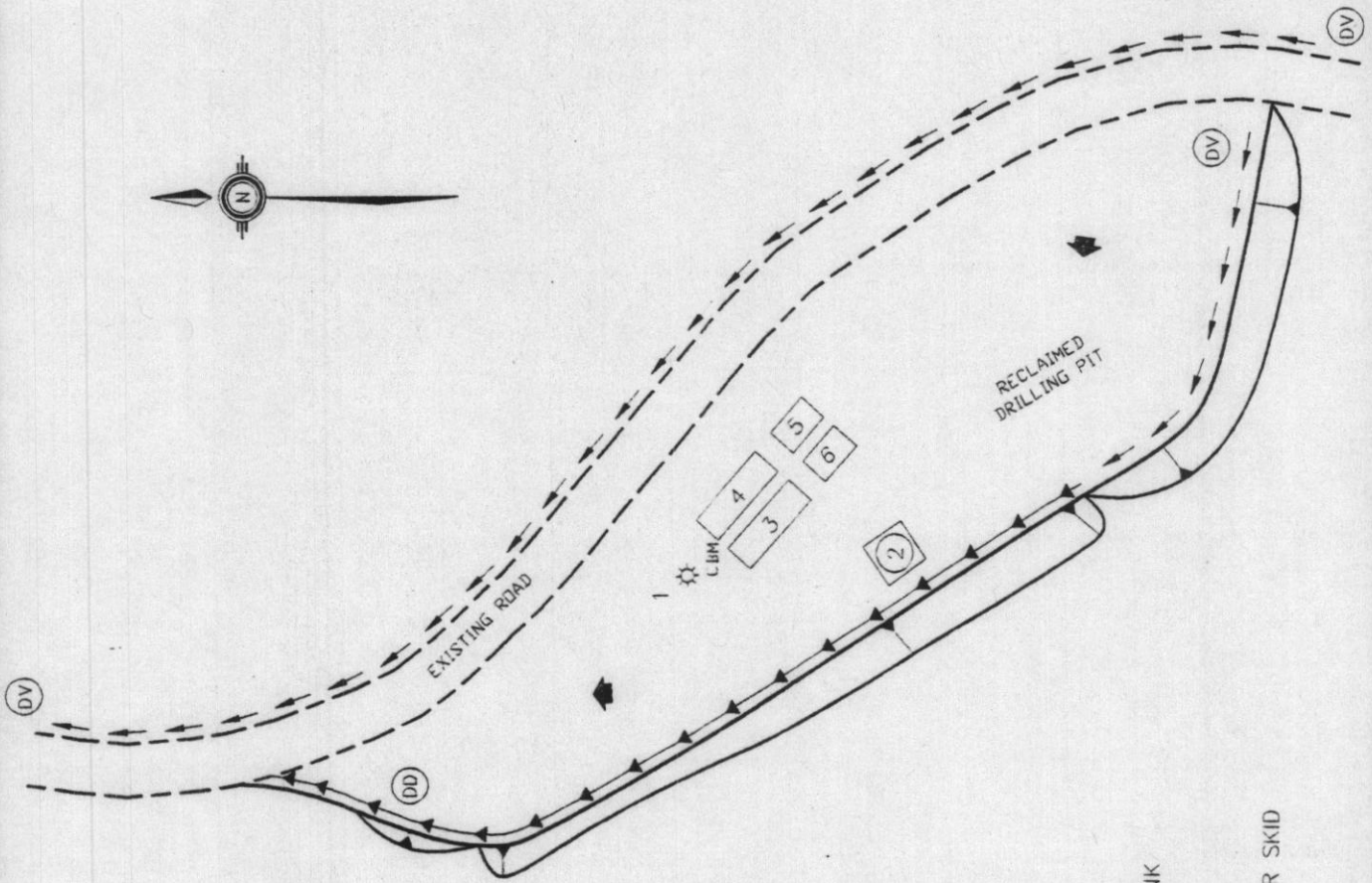
PRODUCTION FACILITIES

CBM-PCP-T36

POCAHONTAS GAS PARTNERSHIP

SCALE: 1" = 50'

DATE: 9/97



Original

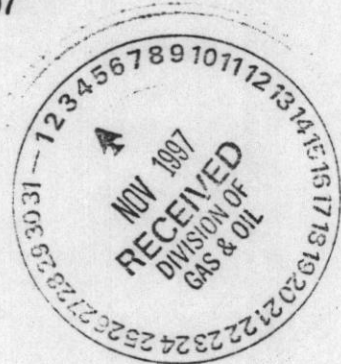
POCAHONTAS GAS PARTNERSHIP

P.O. Box 947
Bluefield, Virginia 24605
(540) 988-1015

*Revision
moe
11/4/97*

October 28, 1997

Mr. Mark Deering
Division of Gas and Oil
P.O. Box 1416
Abingdon, VA 24210



Dear Mark:

Please find enclosed the following background water inventory:

CBM-PGP-T36

If you should have any questions, please do not hesitate to call.

Sincerely,

Leslie K. Arrington
Permit Specialist

Attachments
LKA:ksg

CERTIFIED MAIL: P 158 963 644



ENVIRONMENTAL MONITORING, INCORPORATED

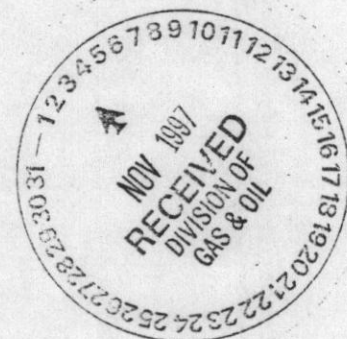
ENVIRONMENTAL CONSULTANTS ▲ ANALYTICAL LABORATORIES
P.O. BOX 1477 ▲ COEBURN, VIRGINIA 24230 ▲ 540/395-3661

October 24, 1997

Consol
PO Box 947
Bluefield, VA 24605

ATTN: Mr. Les Arrington

RE: CBM-PGP-T36 GW INVENTORY
EMI NO. 743.503



Dear Mr. Arrington:

On October 22, 1997 Environmental Monitoring, Inc. (EMI) conducted a groundwater inventory in an area surrounding proposed well CBM-PGP-T36. This inventory was conducted at your request and consisted of collecting samples from domestic groundwater sources within a 500' radius of the proposed well site.

This groundwater inventory was performed by Jerry Stanley of EMI. Residences located within 500' of the proposed well were sampled as part of the Osborne Mountain groundwater inventory in April, 1997. Certificates of Analysis are included for the Walter Underwood residence, located approximately 350' north, and the Joe Nipper residence, located approximately 450' SE of the proposed well.

Please call 888-2EMILAB should you have questions concerning this project.

Respectfully,

ENVIRONMENTAL MONITORING, INC.

David W. Porter
Project Manager

attachments

**OIL AND GAS GROUNDWATER SURVEY
ENVIRONMENTAL MONITORING, INC.
P.O. Box 1477, Coeburn, VA 24230
888-2EMILAB**

DATE: 10-22-97
PROJ. #: 743.503
WELL #: CBM-PGP-T36
SAMPLED BY: J.STANLEY

[illegible]

ADDITIONAL COMMENTS: Memorandums are placed at locations with no one home or no answer explaining the reason of the visit. Residences located within 500' of the proposed well were sampled as part of the Osborne Mountain inventory April, 1997.



ENVIRONMENTAL MONITORING, INC.

SITE VISIT FORM

Osborne Mtn

VISIT DATE: 4-18-97 MAP ID NUMBER: -18-19 PROJECT NO. 743.369 CUST. ID: Conso1

NAME: Richard Nipper
ADDRESS: P.O. Box 0001 Kilauea, HI
PHONE NUMBER: (703) 495-4953 CONVENIENT CONTACT TIME: Any
OWNER NAME: Ronald + Fernie Nipper RENTER: _____
PERSONS PRESENT DURING INTERVIEW: _____

SPECIFIC LOCATION: DISTANCE: _____
DIRECTION: N / W
FROM: 100 ft

SURFACE ELEVATION: _____ FEET
USE (CHECK APPROPRIATE BLANKS)
☒ DOMESTIC ☐ AGRICULTURAL ☐ INDUSTRIAL ☐ OTHER ☐ NOT IN USE

DESCRIBE OTHER: _____

***** WELLS *****

TOTAL DEPTH: 191' CASED DEPTH: _____ WELL DIAMETER: 6"
YEAR DRILLED: 1970's WHO DRILLED: Arthur Hein LOG AVAILABLE: _____
STATIC WATER LEVEL: _____ HOW MEASURED: _____ WELL YIELD: _____ WELL SCREENED: Y N
SLOTTED CASING Y N SAMPLE TAKEN: X Y N
TYPE OF FILTER: None
MODEL NUMBER: _____
YEAR INSTALLED: _____
SAMPLE LOCATION(S): _____

***** WELLS *****

Well #2 Joe Nipper
TOTAL DEPTH: 200 + feet CASED DEPTH: _____ WELL DIAMETER: 6"
YEAR DRILLED: 1987 WHO DRILLED: Arthur Hein LOG AVAILABLE: _____
STATIC WATER LEVEL: inaccessible HOW MEASURED: _____ WELL YIELD: _____ WELL SCREENED: Y N
SLOTTED CASING Y N SAMPLE TAKEN: X Y N
TYPE OF FILTER: None
MODEL NUMBER: _____
YEAR INSTALLED: _____
SAMPLE LOCATION(S): _____

***** SPRINGS *****

FLOW RATE: _____ HOW MEASURED: _____ PROTECTED: Y N HOW PROTECTED: _____
ANY TREATMENT ON SPRING: _____

***** QUALITY INFORMATION *****

DESCRIBE ANY SEASONAL VARIATIONS: Well #1 marks in late summer or winter weather. Well #2 - none
HAS WELL/SPRING EVER BEEN DRY? IF SO, WHEN: late winter
TASTE: Good / both ODOR: None
HAS WATER BEEN TESTED PREVIOUSLY? IF SO, BY WHOM: not at
DOES WATER LEAVE STAINS, DISCOLORATIONS? BEFORE FILTER: _____ AFTER FILTER: _____
ADDITIONAL COMMENTS: Well #1 Services House #17 + #18. Well #2 Services House #19. All
170th Wells owned by RICHARD NIPPER. Richard Nipper (son) requests copies of results

PERSON CONDUCTING INTERVIEW: Terra Starnes
INTERVIEWEE'S SIGNATURE: Richard Nipper
INTERVIEWER'S SIGNATURE: Anna Starnes



ENVIRONMENTAL MONITORING, INC.

SITE VISIT FORM

osborne mtn

VISIT DATE: 4-18-97 MAP ID NUMBER: -20 PROJECT NO. 743.369 CUST. ID: Conso 1

NAME: Walter A. Underwood
ADDRESS: HCR-1-2 Box 105 Raven VA 24639
PHONE NUMBER: (703) 495 - 3921 CONVENIENT CONTACT TIME: Any
OWNER NAME: Same RENTER: _____
PERSONS PRESENT DURING INTERVIEW: Same

SPECIFIC LOCATION: _____ DISTANCE: _____
DIRECTION: _____
FROM: N/H

SURFACE ELEVATION: _____ FEET
USE (CHECK APPROPRIATE BLANKS)
☒ DOMESTIC ☐ AGRICULTURAL ☐ INDUSTRIAL ☐ OTHER ☐ NOT IN USE

DESCRIBE OTHER: _____

***** WELLS *****

TOTAL DEPTH: _____ CASSED DEPTH: _____ WELL DIAMETER: _____
YEAR DRILLED: _____ WHO DRILLED: _____ LOG AVAILABLE: _____
STATIC WATER LEVEL: _____ HOW MEASURED: _____ WELL YIELD: _____ WELL SCREENED: Y N
SLOTTED CASING Y N SAMPLE TAKEN: Y N

TYPE OF FILTER: _____
MODEL NUMBER: _____
YEAR INSTALLED: _____
SAMPLE LOCATION(S): _____

***** WELLS *****

TOTAL DEPTH: 104' CASSED DEPTH: 100' WELL DIAMETER: 6"
YEAR DRILLED: 1987 WHO DRILLED: Grady Horn LOG AVAILABLE: _____
STATIC WATER LEVEL: inaccessible HOW MEASURED: _____ WELL YIELD: _____ WELL SCREENED: Y N
SLOTTED CASING Y N SAMPLE TAKEN: X Y N

TYPE OF FILTER: None
MODEL NUMBER: _____
YEAR INSTALLED: _____
SAMPLE LOCATION(S): _____

***** SPRINGS *****

FLOW RATE: _____ HOW MEASURED: _____ PROTECTED: Y N HOW PROTECTED: _____
ANY TREATMENT ON SPRING: _____

***** QUALITY INFORMATION *****

DESCRIBE ANY SEASONAL VARIATIONS: None
HAS WELL/SPRING EVER BEEN DRY? IF SO, WHEN: No
TASTE: Good ODOR: None
HAS WATER BEEN TESTED PREVIOUSLY? IF SO, BY WHOM: No
DOES WATER LEAVE STAINS, DISCOLORATIONS? BEFORE FILTER None AFTER FILTER _____

ADDITIONAL COMMENTS: Water Quality Good

PERSON CONDUCTING INTERVIEW: Terry Stanley
INTERVIEWEE'S SIGNATURE: Walter A. Underwood
INTERVIEWER'S SIGNATURE: [Signature]



ENVIRONMENTAL MONITORING, INCORPORATED

ENVIRONMENTAL CONSULTANTS ▲ ANALYTICAL LABORATORIES

P.O. BOX 1477 ▲ COEBURN, VIRGINIA 24230 ▲ 540/395-3661

CERTIFICATE OF ANALYSIS

CONSOL, INC.
PO BOX 940
BLUEFIELD, VA 24605

REPORT DATE: 04/29/97
PROJECT: 743.369
SITE: OSBORNE MOUNTAIN GW SURVEY
COLLECTED BY: J. STANLEY
EMI #: 970418-03-D
ANALYZED BY: EMI

DATE COLLECTED: 04/18/97
DATE RECEIVED: 04/18/97

SAMPLE IDENTIFICATION: JOE NIPPER WELL #2
(UNFILTERED WELLHOUSE)
(BONNIE NIPPER OWNER)

PARAMETER	DATE ANALYZED	METHOD	UNITS	DL	RESULT
Acidity	04/28/97	EPA 305.1	PPM	-	0.0
Alkalinity	04/28/97	EPA 310.1	PPM	-	34.0
Chloride	04/24/97	SW846(9252)	PPM	2.0	5.0
Conductance	04/18/97	EPA 120.1	UMHOS/CM	10.0	220
Hardness	04/24/97	EPA 130.2	PPM	5.0	114
Iron	04/25/97	EPA 200.7	PPM	0.05	2.06
Manganese	04/25/97	EPA 200.7	PPM	0.05	0.07
Oil & Grease	04/23-24/97	EPA 413.1	PPM	3.0	BDL
pH	04/18/97	EPA 150.1	STD.	-	6.4
Sodium	04/25/97	EPA 273.1	PPM	0.050	4.65
Sulfate	04/25/97	EPA 375.4	PPM	5.0	36.0
TDS	04/21/97	EPA 160.1	PPM	20.0	195
TSS	04/21/97	EPA 160.2	PPM	4.0	BDL

MATRIX: AQUEOUS

DL - DETECTION LIMIT
BDL - BELOW DETECTION LIMIT

TEMP: 3 ° C
DEPTH: 200'

To the best of my knowledge and belief the above results were obtained by accepted analytical procedures and are submitted for Environmental Monitoring, Incorporated.

QA/QC Officer

Lab Manager



ENVIRONMENTAL MONITORING, INCORPORATED

ENVIRONMENTAL CONSULTANTS ▲ ANALYTICAL LABORATORIES

P.O. BOX 1477 ▲ COEBURN, VIRGINIA 24230 ▲ 540/395-3661

CERTIFICATE OF ANALYSIS

CONSOL, INC.
PO BOX 940
BLUEFIELD, VA 24605

REPORT DATE: 04/29/97
PROJECT: 743.369
SITE: OSBORNE MOUNTAIN GW SURVEY
COLLECTED BY: J. STANLEY
EMI #: 970418-03-D
ANALYZED BY: EMI

DATE COLLECTED: 04/18/97
DATE RECEIVED: 04/18/97
DATE ANALYZED: 04/19/97

SAMPLE IDENTIFICATION: JOE NIPPER WELL #2
(UNFILTERED WELLHOUSE)
(BONNIE NIPPER OWNER)

<u>PARAMETER</u>	<u>DL (MPN)</u>	<u>RESULT (MPN)</u>
TOTAL COLIFORM	2.2	<2.2

MATRIX: AQUEOUS

METHOD: EPA MPN

To the best of my knowledge and belief the above results were obtained by accepted analytical procedures and ~~are~~ submitted for Environmental Monitoring, Incorporated.

QA/QC Officer

Lab Manager

966A WEST MAIN STREET, SUITE A ▲ ABINGDON, VIRGINIA 24210 ▲ 540/676-4586

330 HARPER PARK DRIVE, SUITE D ▲ BECKLEY, WEST VIRGINIA 25801 ▲ 304/252-1485



ENVIRONMENTAL MONITORING, INCORPORATED

ENVIRONMENTAL CONSULTANTS ▲ ANALYTICAL LABORATORIES

P.O. BOX 1477 ▲ COEBURN, VIRGINIA 24230 ▲ 540/395-3661

CERTIFICATE OF ANALYSIS

CONSOL, INC.
PO BOX 940
BLUEFIELD, VA 24605

REPORT DATE: 04/29/97
PROJECT: 743.369
SITE: OSBORNE MOUNTAIN GW SURVEY
COLLECTED BY: J. STANLEY
EMI #: 970418-03-C
ANALYZED BY: EMI

DATE COLLECTED: 04/18/97
DATE RECEIVED: 04/18/97

SAMPLE IDENTIFICATION: RICHARD NIPPER WELL #1
(UNFILTERED KITCHEN TAP)
(BONNIE NIPPER OWNER)

PARAMETER	DATE ANALYZED	METHOD	UNITS	DL	RESULT
Acidity	04/28/97	EPA 305.1	PPM	-	0.0
Alkalinity	04/28/97	EPA 310.1	PPM	-	56.0
Chloride	04/24/97	SW846(9252)	PPM	2.0	4.0
Conductance	04/18/97	EPA 120.1	UMHOS/CM	10.0	440
Hardness	04/24/97	EPA 130.2	PPM	5.0	282
Iron	04/25/97	EPA 200.7	PPM	0.05	0.16
Manganese	04/25/97	EPA 200.7	PPM	0.05	BDL
Oil & Grease	04/23-25/97	EPA 413.1	PPM	3.0	3.3
pH	04/18/97	EPA 150.1	STD.	-	7.1
Sodium	04/25/97	EPA 273.1	PPM	0.050	6.95
Sulfate	04/21/97	EPA 375.4	PPM	5.0	181
TDS	04/21/97	EPA 160.1	PPM	20.0	391
TSS	04/21/97	EPA 160.2	PPM	4.0	BDL

MATRIX: AQUEOUS

DL - DETECTION LIMIT
BDL - BELOW DETECTION LIMIT

TEMP: 10 ° C
DEPTH: 191'

To the best of my knowledge and belief the above results were obtained by accepted analytical procedures and are submitted for Environmental Monitoring, Incorporated.

QA/QC Officer

Lab Manager

966A WEST MAIN STREET, SUITE A ▲ ABINGDON, VIRGINIA 24210 ▲ 540/676-4586

330 HARPER PARK DRIVE, SUITE D ▲ BECKLEY, WEST VIRGINIA 25801 ▲ 304/252-1485



ENVIRONMENTAL MONITORING, INCORPORATED

ENVIRONMENTAL CONSULTANTS ▲ ANALYTICAL LABORATORIES

P.O. BOX 1477 ▲ COEBURN, VIRGINIA 24230 ▲ 540/395-3661

CERTIFICATE OF ANALYSIS

CONSOL, INC.
PO BOX 940
BLUEFIELD, VA 24605

REPORT DATE: 04/29/97
PROJECT: 743.369
SITE: OSBORNE MOUNTAIN GW SURVEY
COLLECTED BY: J. STANLEY
EMI #: 970418-03-C
ANALYZED BY: EMI

DATE COLLECTED: 04/18/97
DATE RECEIVED: 04/18/97
DATE ANALYZED: 04/19/97

SAMPLE IDENTIFICATION: RICHARD NIPPER WELL #1
(UNFILTERED KITCHEN TAP)
(BONNIE NIPPER OWNER)

<u>PARAMETER</u>	<u>DL (MPN)</u>	<u>RESULT (MPN)</u>
TOTAL COLIFORM	2.2	<2.2

MATRIX: AQUEOUS

METHOD: EPA MPN

To the best of my knowledge and belief the above results were obtained by accepted analytical procedures and are submitted for Environmental Monitoring, Incorporated.

QA/QC Officer

Lab Manager



ENVIRONMENTAL MONITORING, INCORPORATED
ENVIRONMENTAL CONSULTANTS ▲ ANALYTICAL LABORATORIES
P.O. BOX 1477 ▲ COEBURN, VIRGINIA 24230 ▲ 540/395-3661

CERTIFICATE OF ANALYSIS

CONSOL, INC.
PO BOX 940
BLUEFIELD, VA 24605

REPORT DATE: 04/29/97
PROJECT: 743.369
SITE: OSBORNE MOUNTAIN GW SURVEY
COLLECTED BY: J. STANLEY
EMI #: 970418-03-E
ANALYZED BY: EMI

DATE COLLECTED: 04/18/97
DATE RECEIVED: 04/18/97

SAMPLE IDENTIFICATION: WALTER UNDERWOOD WELL
(UNFILTERED KITCHEN TAP)

<u>PARAMETER</u>	<u>DATE ANALYZED</u>	<u>METHOD</u>	<u>UNITS</u>	<u>DL</u>	<u>RESULT</u>
Acidity	04/28/97	EPA 305.1	PPM	-	5.0
Alkalinity	04/28/97	EPA 310.1	PPM	-	0.0
Chloride	04/24/97	SW846(9252)	PPM	2.0	5.0
Conductance	04/18/97	EPA 120.1	UMHOS/CM	10.0	360
Hardness	04/24/97	EPA 130.2	PPM	5.0	152
Iron	04/25/97	EPA 200.7	PPM	0.05	0.85
Manganese	04/25/97	EPA 200.7	PPM	0.05	0.20
Oil & Grease	04/23-24/97	EPA 413.1	PPM	3.0	BDL
pH	04/18/97	EPA 150.1	STD.	-	5.3
Sodium	04/25/97	EPA 273.1	PPM	0.050	3.96
Sulfate	04/25/97	EPA 375.4	PPM	5.0	94.0
TDS	04/21/97	EPA 160.1	PPM	20.0	244
TSS	04/21/97	EPA 160.2	PPM	4.0	BDL

MATRIX: AQUEOUS

DL - DETECTION LIMIT
BDL - BELOW DETECTION LIMIT

TEMP: 20 ° C
DEPTH: 104'

To the best of my knowledge and belief the above results were obtained by accepted analytical procedures and are submitted for Environmental Monitoring, Incorporated.

QA/QC Officer

Lab Manager



ENVIRONMENTAL MONITORING, INCORPORATED
ENVIRONMENTAL CONSULTANTS ▲ ANALYTICAL LABORATORIES
P.O. BOX 1477 ▲ COEBURN, VIRGINIA 24230 ▲ 540/395-3661

CERTIFICATE OF ANALYSIS

CONSOL, INC.
PO BOX 940
BLUEFIELD, VA 24605

REPORT DATE: 04/29/97
PROJECT: 743.369
SITE: OSBORNE MOUNTAIN GW SURVEY
COLLECTED BY: J. STANLEY
EMI #: 970418-03-E
ANALYZED BY: EMI

DATE COLLECTED: 04/18/97
DATE RECEIVED: 04/18/97
DATE ANALYZED: 04/19/97

SAMPLE IDENTIFICATION: WALTER UNDERWOOD WELL
(UNFILTERED KITCHEN TAP)

<u>PARAMETER</u>	<u>DL (MPN)</u>	<u>RESULT (MPN)</u>
TOTAL COLIFORM	2.2	>16

MATRIX: AQUEOUS

METHOD: EPA MPN

To the best of my knowledge and belief the above results were obtained by accepted analytical procedures and are submitted for Environmental Monitoring, Incorporated.

QA/QC Officer

Lab Manager

98-03/24-0646



LEROY R. HAMLETT, JR.
EDWARD B. LOWRY
BRUCE D. RASMUSSEN
RONALD R. TWEEL
GARY W. KENDALL
JOHN V. LITTLE
KEVIN W. RYAN
ELIZABETH P. COUGHTER
JAMES P. COX III
ROBERT W. JACKSON

MICHIE, HAMLETT, LOWRY, RASMUSSEN & TWEEL, P.C.
Attorneys at Law

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M. BRYAN SLAUGHTER

Of Counsel
THOMAS J. MICHIE

February 5, 1998



B. T. Fulmer, Director
Department of Mines, Minerals and Energy
Division of Gas and Oil
230 Charwood Drive
Post Office Box 1416
Abingdon, Virginia 24212

Re: Ms. Sarah Katherine Horn Day, Gas and Oil Owner/Conflicting Coalbed Methane
Owner v. Pocahontas Gas Partnership

Dear Mr. Fulmer:

Enclosed, please find a Petition for Appeal on behalf of Ms. Sarah Katherine Horn Day. Ms. Day is appealing your decision of January 27, 1998, resulting from the Informal Fact Finding Hearings 9297 and 9397. We have mailed a copy of this Petition to Mr. Swartz.

Thank you for your attention to this matter.

Very truly yours,


M. Bryan Slaughter

MBS:caj

cc: Mark Swartz

**BEFORE THE DEPARTMENT OF MINES, MINERALS, AND ENERGY
DIVISION OF GAS AND OIL:**

Ms. Sarah Katherine Horn Day	)	
Gas and Oil Owner/	)	
Conflicting Coalbed Methane Owner	)	
	)	Petition for Appeal
vs.	)	Informal Fact Finding Hearings
	)	9297 and 9397
Pocahontas Gas Partnership	)	
(herein "POCAHONTAS")	)	

INTRODUCTION

COMES NOW the Petitioner, Ms. Sarah Katherine Horn Day (hereinafter "petitioner"), a party to the Informal Fact Findings Hearings 9297 and 9397 (Consolidated for Hearing), and aggrieved by the decision of the Director dated January 27, 1998, and APPEALS that decision to the Virginia Gas and Oil Board and files this Petition with the Board within 10 days of that decision.

BACKGROUND

On October 22, 1997, the Virginia Department of Mines, Minerals and Energy's Division of Gas and Oil (herein "DGO") received from Pocahontas an application for a permit to conduct coalbed methane gas operations for its proposed CBM T-36 well (herein "T-36 Well"), and on November 14, 1997, DGO received from Pocahontas an application for a permit to conduct coalbed methane gas operations for its proposed CBM S-36 well (herein "S-36 Well"). The operations proposed by these permit applications are located in the Garden District of Buchanan County. The applications were entered into the Division's data base and were assigned the following application numbers: Application #2991 for the drilling and operation of the T-36 Well (herein T-36 Application) and Application #3008 for the drilling and operation of the S-36 Well (herein S-36 Application).

On October 31, 1997, DGO received from Petitioner written notice that she was an heir to the Estate of Linkous Horn, who according to the T-36 Application is a surface, gas and oil owner within Tract 2J of the drilling unit to be served by the T-36 Well. Petitioner objected to the T-36 Application on the grounds that she was not identified by Pocahontas in the T-36 Application as one of the heirs to the Linkous Horn Estate, and that she did not receive proper notice of the T-36 Application. Petitioner further alleged that the operation of the T-36 Well as proposed in the T-36 Application would impinge upon her gas and oil royalty interest. The DGO provided Pocahontas with a copy of Petitioner's objections and required that Pocahontas comply with the requirements of Va. Code § 45.1-361.35 with respect to notice to her before any further action would be taken by the DGO with respect to the processing the T-36 Application.

On December 8, 1997, DGO received from Petitioner written notice that she was an heir to the Estate of Linkous Horn, who according to the S-36 Application is a gas and oil owner within Tract 3 of the drilling unit to be served by the S-36 Well. Petitioner objected to the S-36 Application on the grounds that the operations of the S-36 Well as proposed in the S-36 Application would impinge upon her gas and oil royalty interest.

In its Finding of Fact, the DGO found that Petitioner had standing to object to the applications pursuant to VA Code 45.1-361.30.d, and Petitioner did object to the T-36 Application and to the S-36 Application on a ground allowed by VA Code 45.1-361.35.c.1. The Director decided the Petitioner's objections established that there are conflicting claims to the ownership of the coalbed methane gas to be produced from the T-36 Well and the S-36 Well, and that such evidence demonstrated or established that the proposed well works would directly impinge upon Petitioner's gas and oil interests. The Director directed that permits shall be issued for the proposed T-36 and

for the proposed S-36 gas and oil operations.

GROUND FOR APPEAL

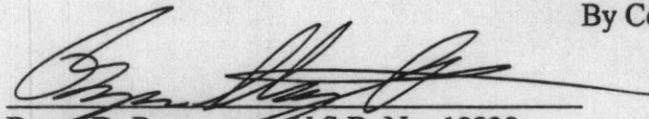
Petitioner claims that under Va. Code 45.1-361.35, Pocahontas, if it were to drill the S-36 and T-36 wells, would: 1) directly impinge upon Petitioner's gas and oil interest, and 2) threaten to violate Petitioner's property or statutory rights aside from her contractual rights for the following reasons. Petitioner claims that the initial deed given to the Petitioner's previous counsel by Pocahontas dated August 17, 1893, between Wm. P. Stilwell and Nancy C. Stilwell and J. M. McGuire John B. Hurt which transferred a certain piece of property from the Stilwell's to McGuire Hurt was given as proof that the McGuire Hurt heirs owned the coal rights for the property upon which the T-36 and S-36 Wells are going to be drilled. Upon information and belief, Petitioner claims that this deed is not the deed for the property on which these gas wells are going to be drilled. Thus, Pocahontas has not complied with the requirements of Va. Code 45.1-361.29.E, in that Pocahontas has not properly shown that it has the right to conduct the operations as set forth in the applications and operations plan. Petitioner further claims that she made this argument at the Informal Fact Finding Hearing on January 13, 1998. Petitioner argues that since Pocahontas did not follow proper application procedures, it has no right to enter upon Petitioner's land for the purpose of drilling coalbed methane wells, and that the applications for Well CBM T-36 and Well CBM S-36 should be denied.

CONCLUSION

For the above mentioned reasons, Petitioner hereby appeals the decision of the Director of

the Division of Gas and Oil dated January 27th, 1998, to the Virginia Gas and Oil Board.

Respectfully submitted,
Ms. Sarah Katherine Horn Day
By Counsel

A handwritten signature in black ink, appearing to read "Bruce D. Rasmussen", is written over a horizontal line.

Bruce D. Rasmussen, V.S.B. No. 12832

M. Bryan Slaughter, V.S.B. No. 41910

MICHIE, HAMLETT, LOWRY,

RASMUSSEN & TWEEL

500 Court Square, Suite 300

Post Office Box 298

Charlottesville, Virginia 22902-0298

(804) 977-3390

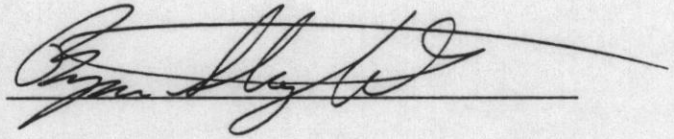
Counsel for Petitioner

CERTIFICATE OF SERVICE

I hereby certify that a true copy of the foregoing was mailed via Federal Express this 5th day of February, 1998, to:

Mark A. Swartz, Esquire
Swartz & Stump, L.C.
152 East Main Street
Abingdon, Virginia 24210

Counsel for Applicant



VIRGINIA:

In the Clerk's Office of the Circuit Court of the County of Buchanan:
Estate of William Linkous Horn, deceased.

I, the undersigned, who this day qualified before the Clerk of the Circuit Court of the County of Buchanan as Administrator of the estate of William Linkous Horn, deceased, late of the County of Buchanan, Virginia, on my oath do say that I have made diligent inquiry and that I believe the following to be a true and correct list together with the ages and the addresses of the heirs of my decedent William Linkous Horn who died Intestate on November 9, 1957.

LIST OF HEIRS			
NAME	Approximate Age	RELATIONSHIP	ADDRESS
Mary L. Horn	58	Widow	Raven, Virginia, Rt. 1
Arizona Osborne	32	Daughter	Raven, Virginia, Rt. 1
Lydia Bell Osborne	31	Daughter	Raven, Virginia, Rt. 1
Henry Horn	30	Son	Raven, Virginia, Rt. 1
Thelma Osborne	26	Daughter	Raven, Virginia, Rt. 1
Ernest Horn	25	Son	Grimsleyville, Virginia
Martha Smith	23	Daughter	Raven, Virginia, Rt. 1
Sarah Stacy	20	Daughter	Raven, Virginia, Rt. 1
Joseph Horn	19	Son	Raven, Virginia, Rt. 1
Nancy Horn	17	Daughter	Raven, -Virginia, Rt. 1

3. The minimum distance from the nearest outside boundary of the drilling unit at which a coalbed methane well may be drilled shall be 300 feet. Any coalbed methane well proposed to be drilled closer to a unit boundary than 300 feet shall require a location exception Order from the Virginia Oil and Gas Inspector.

4. The minimum spacing distance between coalbed methane wells from the above-named coal seams shall be 600 feet.

5. The drilling units established hereby shall be aligned and arranged so that they shall constitute a grid beginning at the intersection of latitude line 37 degrees, 10 minutes (37°10'00") and longitude line 82 degrees, 2 minutes, 30 seconds (82°02'30") in the southeastern quadrant of the Vansant quadangle, being the boundary lines separating the proposed drilling units designated as X-13, X-14, Y-13 and Y-14, as depicted on the map submitted by Applicant, Oxy USA, Inc. as Exhibit Number One.

6. That the Order of this Board dated March 20, 1989, establishing sixty (60)-acre drilling units, and setting minimum set-back distances from unit boundaries and other wells for Nora Coalbed Gas Field is hereby modified to the extent of any lands covered by the March 20, 1989 Order which are situated within the Oakwood Coalbed Gas Field. Therefore, the drilling units contained in that portion of the Nora Coalbed Gas Field bounded on the north by latitude line 37 degrees, 17 minutes, 30 seconds (37°17'30"), on the east by longitude line 82 degrees (82°00'00"), on the south by latitude line 37 degrees, 7 minutes, 30 seconds (37°07'30"), and on the west by longitude line 82 degrees, 7 minutes, 30 seconds (82°07'30") are hereby modified so as to conform to the drilling units, minimum set-back distances, and other requirements set forth herein.

7. The Virginia Oil and Gas Inspector may consider and grant location exceptions on a case-by-case basis for proposed coalbed methane gas wells drilled in the Oakwood Coalbed Gas Field.

8. No venting of a coalbed methane well drilled in the Oakwood Coalbed Gas Field shall be allowed without the prior approval of the Inspector, except that:

i) Venting shall be allowed at any time and for any duration as is necessary for mine safety upon approval by the Chief, Virginia Division of Mines.

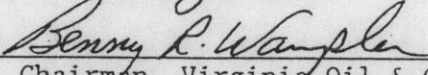
ii) Venting may be allowed for periods not to exceed thirty (30) days as deemed necessary by the well operator for production testing.

9. The terms of this Order shall apply to all coalbed methane gas wells drilled into and producing from the seams referred to above. This Order shall not, however, apply to coalbed methane wells drilled into the gob area of any working mine or any other conventional gas well.

10. Except as otherwise provided by law, by Order of this Board, or by any emergency Order issued by the Inspector, no more than one coalbed methane gas well shall be hereafter produced from any drilling unit in the Oakwood Coalbed Gas Field.

All members present and in agreement.

Done and executed this 18th day of May, 1990.


Chairman, Virginia Oil & Gas
Conservation Board

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All members present and in agreement.

Done and executed this 18th day of May, 1990.

Benny R. Wampler
Chairman, Virginia Oil & Gas
Conservation Board

§ 45.1-361.17. Statewide spacing of wells.

Statute text

B. Unless prior approval has been received from the Board or a provision of the field or pool rules so allows:

2. A coalbed methane gas well shall not be drilled closer than 500 feet, or in the case of such well located in the gob, not closer than 250 feet, from the boundary of the acreage supporting the well, whether such acreage is a single leasehold or other tract or a contractual or statutory drilling unit.

§ 45.1-361.20. Field rules and drilling units for wells; hearings and orders.

B. At any hearing of the Board regarding the establishment or modification of drilling units, the Board shall make the following determinations:

5. The area within which wells may be drilled on each unit; and

C. In establishing or modifying a drilling unit for coalbed methane gas wells, and in order to accommodate the unique characteristics of coalbed methane development, the Board shall require that drilling units conform to the mine development plan, if any, and if requested by the coal operator, well spacing shall correspond with mine operations, including the drilling of multiple coalbed methane gas wells on each drilling unit.

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*Pocahontas Partnership
can go on with extraction*

Methane appeal denied

Southwest Virginians seeking more money for their coal-bed methane are bucking a tradition that goes back 100 years or more.

By PAUL DELLINGER
THE ROANOKE TIMES

3-27-98

ABINGDON — The Virginia Gas and Oil Board has denied an appeal by mineral rights owners who sought to stop the extraction of methane as part of coal mining operations in Buchanan County.

That means the Pocahontas Gas Partnership, formed by the Delaware-based Consolidation Coal Co. and Conoco Inc., can harvest coal-bed methane as a part of mining operations in the county.

Sarah Katherine Horn Day of Peterstown, W.Va., had filed objections to two extraction permits sought by the partnership. Hearing officer Byron Fulmer, with the Gas and Oil Division of the Virginia Department of Mines, Minerals and Energy, ruled last month against a stay in the permitting process.

The ruling was appealed to the full board, which upheld the decision.

The board's meeting in Abingdon, this week drew people from as far away as Roanoke, who, like Day, are heirs of Linkous Horn, a Buchanan County farmer, miner and businessman who died in 1957. The

heirs had been approached by Pocahontas Gas Partnership about extracting the methane for energy use.

But the Horn descendants are not the only people who claim mineral and natural gas rights to some of the same properties. Until title to the mineral rights is ruled upon by a court, or the claimants work out a settlement, the property owners' share of the proceeds will go into a state-controlled escrow

*The heirs of
Linkous Horn
object not only to
the amount they
will be paid, but
also to damage to
their land caused
by the extraction
work. Some
would rather
keep their
property intact
than sell the
methane at all,
but the state law
does not allow
that.*

Methane

account.

By tradition, that share is 12.5 percent of the methane's value.

The Pocahontas contracts being offered to mineral rights owners in Southwest Virginia also include \$1 per acre for a 10-year lease. Considering that more than \$273 million worth of methane has been extracted from Southwest Virginia since 1988, the Horn heirs say the offers are low.

Board member William Harris of Big Stone Gap told the heirs at Tuesday's hearing that no one really knows how that 12.5 percent royalty for property owners was arrived at, but it has been a tradition for at least 100 years. He said the company, which goes to the expense and risk of sinking methane wells, should get the bulk of the proceeds.

At one time, the methane was vented because mining companies considered it a dangerous nuisance that could build up in mines and cause explosions. Now it has become a valuable energy resource.

But it must be tapped before mining begins, or it will be lost into the atmosphere. That was why the General Assembly enacted a law in 1990 allowing coal companies to extract methane immediately, and, where ownership disputes exist, reserving 12.5 percent of the proceeds in an escrow account for whoever wins the dispute.

The heirs object not only to the amount they will be paid, but also to damage to their land caused by the extraction work. Some would rather keep their property intact than sell the methane at all, but the state law does not allow that.

Horn had 20 grandchildren when he died in a 1957 car accident at age 54. Now, many of those grandchildren and their children hold mineral rights to land he once owned.

Day and the other heirs are represented by M. Bryan Slaughter of Charlottesville, who said they were only seeking more equitable treatment from the companies that would profit from the methane. He said the board's decision ends the appeals process.

"We just have to see what our options are beyond that," he said. "We just think that what's going on down here is unfair."

Paul Dellinger can be reached at (540) 228-4752 or pauld@roanoke.com

PLEASE SEE METHANE/64

VA DIVISION OF GAS & OIL

PO BOX 1416

ABINGDON, VA 24212

540-676-5423

540-676-5459 FAX

FACSIMILE TRANSMITTAL

TO: Les Arington

DATE: 4/1

COMPANY: _____

FROM: J. Lane

PAGES: _____

NOTES: