

COMMONWEALTH OF VIRGINIA  
VIRGINIA GAS AND OIL BOARD HEARINGS  
MINUTES DECEMBER 18, 2012

Pursuant to Sections 45.1-361.9B and 45.1361.22.B of the Code of Virginia, the Virginia Gas and Oil Board held its scheduled monthly hearing commencing at 9 a.m. on Tuesday, December 18, 2012 at the Russell County Government Conference Center, 139 Highland Drive, Lebanon, Virginia.

Board members present were Bradley C. Lambert (Chairman), Bill Harris (Public Representative), Bruce A. Prather (Oil and Gas Industry Representative), Donald Lewis Ratliff (Coal Industry Representative), Mary Addington Quillen (Public Representative), Rita Surratt (Public Representative)

Also present were Diane Davis (Division of Gas and Oil), Jim Lovett (Division of Gas and Oil), Rick Cooper (Principal Executive to the Board), Sharon M. B. Pigeon (Sr. Assistant Attorney General) Mary Baker and Matt Salyers from OMIS

1. The board will receive public comments.

Public comments were received from Karen Simmons, Katherine Jewell, Janet Ratliff, Allen Bostic and Margaret Ratliff.

2. The Board will receive a quarterly/year-end report from First Bank and Trust, Escrow Agent for the Virginia Gas and Oil Board.

Debbie Davis represented First Bank and Trust. She announced that Tom and Karen are no longer with First Bank. Mr. George Taylor and C. J. Carter from the First Bank and Trust Christiansburg office are now involved with the Escrow Account for the Board. These new employees will be at the January hearing to meet the Board. Ms. Davis reported that the ending balance for the quarter ending September 2012 was \$27,567,903.45. The ending balance for November 2012 was \$27,578,323.69.

3. A petition from EQT Production Company LLC for the disbursement of funds from tracts 1, 2 and 4 for Alcie Keen for unit VC-536070, Castlewood District, Russell County, Virginia. Docket Number VGOB 04-0921-1337-06. Continued from September 2012.

At the request of the applicant, the petition was continued to February 2013.

4. A petition from EQT Production Company LLC for the disbursement of funds from escrow and authorization of direct payment to Range Resources-Pine Mountain, Inc. for Tract 4, Well VC-504658, Ervinton District, Dickenson County, Virginia. Docket Number VGOB 05-0517-1453-01.

The petition was granted and the disbursement will close the account.

5. A petition from EQT Production Company LLC for disbursement of funds from escrow for well VC-536768 from Tract 1 to Lambert Land. Docket Number VGOB 05-1115-1530-01.

The account will remain open.

6. A petition from EQT Production Company LLC for disbursement of funds from Unit VC-536772 for Lambert Lands in Tract 3. Docket Number VGOB 05-1115-1531-01.

The account will remain open.

7. A petition from EQT Production Company LLC for disbursement of funds from Tract 9 for well V-536778. Docket Number VGOB 06-0815-1703-01.

The account will remain open.

8. A petition from EQT Production Company LLC for the disbursement of funds from escrow for parties in Tracts 2, 5 and 6 for Well VC-536509, New Garden District, Russell County, Virginia. Docket Number VGOB 06-1114-1759-01.

The account will remain open.

9. A petition from EQT Production Company LLC for disbursement of funds to Virgie Dean Presley, Julia Jacquelyn Presley, Donnie Lee Presley and Virgil and Kathleen Presley from Tracts 2 and 3 for Well VC-501843, Ervinton District, Dickenson County, Virginia. Docket Number VGOB 06-1114-1763-02.

This account will remain open.

10. A petition from EQT Production Company LLC for disbursement of funds for Well V-537538 for funds for Tessie M. Bates in Tract 2 previously identified as an unknown owner. Docket Number VGOB 06-1114-1765-01.

The account will remain open.

11. A petition from EQT Production Company LLC for the disbursement of funds and authorization of direct payment to Range Resources-Pine Mountain, Inc. in Tract 2 of Well 536086, Ervinton District, Dickenson County, Virginia. Docket Number VGOB 06-1219-1838-01.

The account will remain open.

12. A petition from EQT Production Company LLC for disbursement of funds from Unit 501842 for a portion of Tracts 1, 2, 3 and 4. Docket Number VGOB 07-0417-1919-02.

The account will remain open.

13. A petition from EQT Production Company LLC for disbursement of funds from Tracts 2 and 3 Virgie Dean Presley, Julia Jacquelyn Presley, Donnie Lee Presley, Virgil Jack and Kathleen Presley for Well VC-537102, Ervinton District, Dickenson County, Virginia. Docket Number VGOB 07-0515-1933-02.

The account will remain open.

14. A petition from EQT Production Company LLC for disbursement of funds on behalf of Virgie Presley, Virgil & Kathleen Presley, Donnie Presley and Julia Jacquelyn Presley from Tracts 5, 7 and 8 for Unit 536589, Ervinton District, Dickenson County, Virginia. Docket Number VGOB 07-0515-1935-02.

The account will remain open.

15. A petition from EQT Production Company LLC for the disbursement of funds and authorization of direct payment to Virgie Presley, Julia Presley, Donnie Presley, Virgil & Kathleen Presley in a portion of Tracts 1, 3, 4, 5, 6, 7, 8 and 10 for Well VC-537111, Ervinton District, Dickenson County, Virginia. Docket Number VGOB 07-0619-1953-02.

The account will remain open.

16. A petition from EQT Production Company LLC for the disbursement of funds from Tract 4 to Range Resources-Pine Mountain Inc. for Well VC-539939, Ervinton District, Dickenson County, Virginia. Docket Number VGOB 08-0819-2311-01.

The account will be closed.

17. A petition from EQT Production Company LLC for the disbursement of funds from Tracts 1 and 2 and authorization of direct payment of royalties for Unit 537108, Ervinton District, Dickenson County, Virginia. Docket Number VGOB 09-0421-2515-02.

The account will remain open.

18. A petition from CNX Gas Company, LLC for disbursement of funds from escrow from Tract 2 for Unit U-13, Hurricane District, Buchanan County, Virginia. Docket Number VGOB 92-1117-0285-01.

The account will remain open.

19. A petition from CNX Gas Company for disbursement from escrow regarding tract 2, unit V-15, Hurricane District, Buchanan County, Virginia. (royalties being paid under VPISGU3 and VGOB 06-0321-1598). Docket Number VGOB 95-0919-0518-01.

The account will remain open.

20. A petition from CNX Gas Company, LLC for the disbursement of funds from escrow regarding Tract 4 for Torch Oil & Gas Company, Roscoe Deskings, Jr. and Calvin Deskings for Unit U-27, Keen Mountain Quadrangle, Buchanan, County, Virginia. Docket Number VGOB 97-0218-0563-04.

The account will remain open.

21. A petition for the disbursement of funds from tract 8, for Unit U-28, Garden District, Buchanan County, Virginia.

. Docket Number VGOB 97-0218-0564-03.

The account will remain open.

22. A petition from CNX Gas Company, LLC for the disbursement of funds from tracts 3, 4, 7 and 8 for Unit Y-32, Garden District, Keen Mountain Quadrangle. Docket Number VGOB 97-0318-0573-01.

The account will be closed.

23. A petition from CNX Gas Company, LLC for the disbursement of funds from escrow regarding tracts 1C, 1E and 1F in exact dollar amounts to correct prior disbursement of \$9007.93 posted to wrong account, unit FF-32, New Garden District, Russell County, Virginia. Docket Number VGOB 03-0318-1132-02.

Approval is for exact dollar amount based on percentage of the \$9007.93.

24. A petition from CNX Gas Company, LLC for disbursement of funds and authorization of direct payment of royalties for Tract 2, Unit AY-119, New Garden District, Russell County, Virginia. Docket Number VGOB 03-0513-1149-03.

The account will remain open.

25. A petition from CNX Gas Company, LLC for the disbursement of funds from escrow regarding tracts 11 and 2A and the authorization for direct payment of royalties for Unit FF-39, Maiden Springs District, Tazewell County, Virginia. Docket Number VGOB 03-1021-1208-03.

The account will remain open.

26. A petition from CNX Gas Company, LLC for the disbursement of funds from escrow for unit AV-120 for Tract 1B and authorization for direct payment of royalties, New Garden District, Russell County, Virginia. Docket Number VGOB 03-1118-1217-01.

The petition was withdrawn by the applicant because there was a dispute over the split-agreement.

27. A petition from CNX Gas Company, LLC for the disbursement of funds from escrow regarding a portion of Tracts 2A and 2G to Swords Creek Land Partnership, Bernice Matney and Geraldine Smith for Unit AY-120, New Garden District, Russell County, Virginia. Docket Number VGOB 04-0615-1296-04.

The petition was granted and the account will remain open.

28. A petition from Range Resources-Pine Mountain, Inc. for a well location exception for well 900120, Prater District, Buchanan County, Virginia. Docket Number VGOB 12-1016-3089.

The petition was granted.

29. A petition from Range Resources-Pine Mountain, Inc. for a well location exception for proposed well 900122, Prater District, Buchanan County, Virginia. Docket Number VGOB 12-1016-3090.

The petition was granted.

30. A petition from Range Resources-Pine Mountain, Inc. for a well location exception for proposed well 900123, Prater District, Buchanan County, Virginia. Docket Number VGOB 12-1016-3091.

The petition was granted.

31. A petition from Range Resources-Pine Mountain, Inc. for a well location exception for proposed well 900125, Sandlick District, Dickenson County, Virginia. Docket Number VGOB 12-1016-3092.

The petition was granted.

32. An appeal of the director's decision relative to Unit V-3. Docket Number VGOB 12-1113-3093.

The decision rendered by the Director of the Division of Gas and Oil in this matter was affirmed by the Board.

33. A petition from Range Resources-Pine Mountain, Inc. for a well location exception for proposed well 900124, Prater District, Buchanan County, Virginia. Docket Number VGOB 12-1113-3094.

The petition was granted.

34. A petition from CNX Gas Company LLC to modify the Nora Coalbed Gas Field to allow for a second well to be drilled in Unit AX99, Hurricane District, Buchanan County, Virginia. Docket Number VGOB 89-0126-0009-79.

The petition was granted to allow for a second well in the unit to be drilled.

35. A petition from CNX Gas Company, LLC to modify the Middle Ridge 1 Field Rules to allow for a second well to be drilled in unit BB117. Docket Number VGOB 00-1017-0835-10.

The petition was granted.

36. A petition from CNX Gas Company, LLC for re-pooling Unit CC-36, Garden & Maiden Districts, Buchanan & Tazewell Counties, Virginia. Docket Number VGOB 02-0716-1041-01.

The petition was granted.

37. A petition from Range Resources-Pine Mountain, Inc. for a well location exception for proposed well 900116, Prater District, Buchanan County, Virginia. Docket Number VGOB 12-1218-3096.

The petition was granted.

38. A petition from Range Resources-Pine Mountain, Inc. for a well location exception for proposed well 900126, Rock Lick District, Buchanan County, Virginia. Docket Number VGOB 12-1218-3097.

The petition was granted.

39. A petition from Range Resources-Pine Mountain, Inc. for pooling of coalbed methane unit Lovers Gap-40-CMB Unit AB-74, Prater District, Buchanan County, Virginia. Docket Number VGOB 12-1218-3098.

The petition was granted.

40. The Board will consider election rights of the second well in a unit. Continued from September.

The Board approved that each pooled well will require the operator to allow election rights.

41. Geomet will provide testimony to the Gas and Oil Board regarding the escrow audit for years 2000-2009. Docket Number VGOB 12-1218-3095.

The testimony by Rocky Stillwell representing Geomet regarding the escrow agent was accepted by the Board.

42. CNX will provide testimony to the Gas and Oil Board regarding the escrow audit for years 2000-2009. Docket Number VGOB 12-1218-3099.

The testimony by Anita Duty and Mark Swartz representing CNX Gas Company, LLC regarding the escrow agent was accepted by the Board.

43. Range Resources will provide testimony regarding the escrow audit for years 2000-2009. Docket Number VGOB 12-1218-3100.

The testimony provided by Phil Horn representing Range Resources-Pine Mountain Inc. regarding the escrow agent was accepted by the Board.

44. Dart will provide testimony regarding the escrow audit for years 2000-2009. Docket Number VGOB 12-1218-3101.

The Director of the Division of Gas and Oil provided a signed certified affidavit from Dart Oil and Gas agreeing with the Board's audit findings. The affidavit was accepted by the Board.

45. Appalachian Energy will provide testimony regarding the escrow audit for years 2000-2009. Docket Number VGOB 12-1218-3102.

The testimony by Brad Crabtree and Melissa Dempsey representing Appalachian Energy regarding the escrow agent was accepted by the Board.

46. EQT will provide testimony regarding the escrow audit for years 2000-2009. Docket Number VGOB 12-1218-3103.

The Board ruled that they would extend EQT Production Company's audit reconciliation to January 2013 hearing. EQT Production Company Company LLC would not be allowed to place any items on the agenda except for disbursements for the month of January 2013. EQT Production Company LLC must address the issues in the Board audit at the January 15, 2013 hearing.

47. The board will receive an update of Board and Division activities from the staff.

Rick Cooper, Director of the Division of Gas and Oil and Principal Executive to the Board discussed the implementation of the Board E-forms system, the new AFE which will be used by all operators, the nomenclature of Exhibit names, process of submittal of W-9's, and requested and received approval to retain the temporary employee for three months to continue scanning of the board material.

48. The board will review the September minutes for approval.

The September minutes were approved.

The hearing adjourned at 5:00 p.m.