

IN THE COUNTY OF RUSSELL

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

FEBRUARY 15, 2011

APPEARANCES:

BOARD MEMBERS:

MARY QUILLEN - PUBLIC MEMBER
BRUCE PRATER - GAS REPRESENTATIVE
KATIE DYE - PUBLIC MEMBER

CHAIRMAN:

BUTCH LAMBERT - CHAIRMAN OF THE VIRGINIA GAS & OIL BOARD

DAVID ASBURY - DIRECTOR OF THE DIVISION OF GAS & OIL AND
PRINCIPAL EXECUTIVE TO THE STAFF OF THE BOARD

DIANE DAVIS - STAFF MEMBER OF THE DGO

SHARON PIGEON - SR. ASSISTANT ATTORNEY GENERAL

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BUTCH LAMBERT: Good morning, ladies and gentlemen. It's now after 9:00 o'clock. It's time for us to begin these proceedings. I'd like to remind you if you have cell phones or other communication devices, please turn them off or put them on vibrate. If you do need to make a call or take a call, please do that out in the hall. At this time, I would ask the Board to please introduce themselves starting with Ms. Dye.

KATIE DYE: Good morning. I'm Katie Dye and I'm public member for Buchanan County.

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

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

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

MARY QUILLEN: Mary Quillen, public member.

BUTCH LAMBERT: Thank you. At this time, we'll enter into public comments. I have Ronnie Osborne.

RONNIE OSBORNE: Good morning.

BUTCH LAMBERT: Good morning.

RONNIE OSBORNE: I'm Ronnie Osborne. I was up here last month and CNX kind of withdrew theirselves about them 50/50 splits. Mine, the envelopes that mine

came in, has got CNX on the upper lefthand corner of the envelopes. My 50/50 split contract, the sixteen page one that's in question and I don't where the other four page one that Mr. Asbury gave me, I don't know where it come from. I do know two of them come from CNX Company because the envelopes that I received them in has got CNX on the envelopes. I'm still, you know, wondering how Claude Morgan got one contract on record in Grundy and I asked him and he laughed about it. He just...he just laughed at me when I was asking him about before he retired. I'm still trying to figure out who put my signatures on them contracts and how they got them on contracts and what it's doing on the record in the Buchanan County Courthouse, Grundy, Virginia. You know, when I seen these other people up here with the same questions, it makes me wonder why there's so many people that's got this going on and nothing has been done. Nothing has been done. It has been brought up how many years now? How many years ago did I bring this up? I believe it was in 2006, wasn't it? I've asked...I've asked and asked Mr. Asbury where he got the contract that he gave me that don't match the contract that I agreed and told you all. I gave you all copies of the contracts, the one I didn't sign, the one I signed and

the one that's one record in Grundy. I gave you all copies, all of you'uns. I even gave Sharon Pigeon a copy. You all should have know when I gave you'uns a copy of the other ones, you should have compared them and seen what was going on. I mean, that's in my opinion. I don't understand what's going on. I'm going to keep pushing this and talking to whoever I need to talk to until something is done. The people needs to be protected of what belongs to them. That's all I've got to say.

BUTCH LAMBERT: Thank you, Ronnie. Juanita Sneeuwaght.

JUANITA SNEEUWAGHT: I will allocate my time to whoever needs to it. (Inaudible). Thank you.

BUTCH LAMBERT: Thank you. The public comments will be closed. The next item on the docket is the Board on its own motion will discuss provisional drilling units for horizontal wells. This has been an issue that the Board members have been interested in for the past couple of meetings. We now have thirty-five or forty-five...forty-five provisional units. It's...the Board feels like at this point in time we need to have an open discussion on whether or not to continue to allow provisional units or whether it's time that we

study and we form a work group to study the issue more in-depth or if we...if it's time now to develop field rules for provisional units...or provisional wells. So, I'd open it to discussion from Board on how we think the best way to proceed with the provisional drilling units.

BRUCE PRATHER: Mr. Chairman, I've got a few comments.

BUTCH LAMBERT: Mr. Prather.

BRUCE PRATHER: The biggest problem that I see with provisional units is the fact that the...that these provisional horizontal units are drilled on the basis of structures and not on the basis on configuration to the Board units and I don't how we're going to resolve this. Some of these structures that have known gas under it, some of these structures are trending east/west, some are going north/south and some are going north/east/south/west. And when we put all of that together, it doesn't fit our current spacing provisions that the state provides us with. So, I think what I would recommend is that we kind of have a group meeting with the industry and find out how can we go about maybe keep our units, but maybe orient them in a different direction or something. I mean, we have to do something because we're going to provisional and variances on all

of these units particularly the ones that...particularly the ones that would be on an east/west structure. They would be completely adverse to the ones that are fitting the normal reasonable structure in these fields in Southwest Virginia.

BUTCH LAMBERT: Any other comments?

MARY QUILLEN: Well, one of the things that Mr. Prather and I had talked about this is that...for example, sometimes we see a unit that is a provisional...or a request for a provisional unit. The...and there was an example of that...there was an example of that the leg was not actually shown on the plat and it looks like that they are crossing over. This could be a problem particularly if they are drilling in the same horizon. You know, that's something that we weren't aware of and Mr. Prather and I had talked about that. He had pointed that out. I think that's something that needs to be considered when we are being asked to approve a provisional well is to be sure that that's not happening. He had some drawings that could help us to see what...I believe you have that.

BUTCH LAMBERT: We don't have copies for the Board, Ms. Quillen.

BRUCE PRATHER: No.

BUTCH LAMBERT: Those were just copies...these were...I'm passing out some copies of some units that Mr. Swartz provided to us that we may...may need to be part of this discussion.

MARY QUILLEN: But I do believe that that's a serious potential problem if we don't have some sort of guidelines.

BUTCH LAMBERT: Well, that's the biggest problem that I see that we're going to into now. We don't have any uniformed guidelines to go by. It seems like that every well has a different twist to it.

MARY QUILLEN: Exactly.

BUTCH LAMBERT: So, at this point, I think that it's important that we need to move forward and have some guidelines in improving these wells. At this point what...what I would recommend is that we form a work group. We ask for industry representatives. I'd like to have one...at least one and maybe a couple of representatives from the Board. I also would invite members of the public to participate in a work group to look at these and if the Board is open to that, I would also like to entertain that the Board recommend members for this work group if we think that's a good idea. Ms.

Pigeon, as to the size of the group, I don't think this needs to be a large group. Maybe seven to nine members that needs to be on this committee. So, I would entertain a motion that we form a work group to study the provisional drilling units and maybe develop guidelines for those units. Do I have a motion?

MARY QUILLEN: I'm sorry. Motion to approve.

BRUCE PRATHER: Second.

BUTCH LAMBERT: A motion and a second. Are there any further discussion?

(No audible response.)

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

(All members signify by saying yes.)

BUTCH LAMBERT: Opposed, no.

(No audible response.)

BUTCH LAMBERT: At this time, let me ask the Board, does the Board members have recommendations for who should be on this committee?

MARY QUILLEN: I would recommend that Mr. Prather because of his extensive knowledge and background in the gas and oil industry, as well as his surface to this Board.

BUTCH LAMBERT: So, Mr. Prather, are you willing

to serve?

BRUCE PRATHER: I'm willing.

BUTCH LAMBERT: Thank you, Mr. Prather. Certainly, we would open it up for any other members that wanted to attend the meetings. I will also ask Mr. Asbury if you would have staff available to serve as well so we have representatives from Division of Gas and Oil that can be on there. Are there a representative from VOGA here? Is there anybody can speak for VOGA?

(No audible response.)

BUTCH LAMBERT: Mr. Kaiser, would you approach VOGA about serving on this committee and maybe leave it up to you of three to four members from VOGA with two representatives from the Board would be six? Maybe...well, let's say four representatives from VOGA and two representatives from the Board. Does the Board...does the members have any recommendations for public members? Yes, sir.

TOM PRUITT: Sir, I don't know if you're taken comments from the audience or not. You have some major lessors who have (inaudible). It might be advantageous to have input from the lessors.

BUTCH LAMBERT: Absolutely. We would welcome that. Do you have a recommendation?

TOM PRUITT: Dennis Willis, would be a good
one---?

BUTCH LAMBERT: I'm sorry, I didn't hear the
name.

TOM PRUITT: Dennis Willis.

BUTCH LAMBERT: Dennis Willis. Mr. Willis,
would you be willing to serve on such a committee?

DENNIS WILLIS: Yes, sir.

MARY QUILLEN: And who is he? We would like to
know who he is.

BUTCH LAMBERT: Okay. And who are you with, Mr.
Willis?

DENNIS WILLIS: Willis Engineering.

MARY QUILLEN: And where is that?

BUTCH LAMBERT: And representing yourself?

TOM PRUITT: He represents probably 20,000 acres
of different methane and coal properties (inaudible).

BUTCH LAMBERT: So, Mr. Willis, would you be
representing yourself as a citizen or would you be
representing an individual company?

DENNIS WILLIS: Probably myself as an
individual.

BUTCH LAMBERT: Okay. Thank you.

MARY QUILLEN: Where is he from, Mr. Lambert?

BUTCH LAMBERT: Mr. Kaiser, would four representatives from VOGA be sufficient?

JIM KAISER: Well, we was just talking about that. I mean---.

BUTCH LAMBERT: We want to keep this---.

JIM KAISER: I know you want to keep it small, but at this time we want to put our best foot forward. I think that there's primarily three operators who are drilling horizontals right now. That being EQT, Range and CNX. I think you've got have at least one member from each of those entities and maybe two because I think it might be a reasonable idea or a reasonable approach to have an engineer and a geologist from both those companies.

BUTCH LAMBERT: Why don't we keep it small and then if you need to bring in people in the meeting, I think that maybe that would be the way.

JIM KAISER: They could come in to present stuff to the committee, but they don't have to be on the committee?

BUTCH LAMBERT: Yes, sir.

JIM KAISER: That's fine.

BUTCH LAMBERT: So, would you think that four representatives from VOGA would be sufficient?

JIM KAISER: I think so.

BUTCH LAMBERT: Okay.

MARY QUILLEN: Would you find out where that Mr. Willis is from?

BUTCH LAMBERT: Sure. Mr. Willis, where are you located?

DENNIS WILLIS: I'm in Bluefield.

BUTCH LAMBERT: Okay. Thank you.

MARY QUILLEN: And what about Penn Virginia?

DENNIS WILLIS: I represent several different oil and gas owners and property members, Mountain Mission, Harrison-Wyatt and other (inaudible). Several parties that I look after their properties.

BUTCH LAMBERT: All right. Thank you, sir.

MARY QUILLEN: What about a Penn Virginia representative?

BUTCH LAMBERT: We would need to contact them and see.

MARY QUILLEN: Yeah.

BRUCE PRATHER: They've got about a 180,000 acres.

MARY QUILLEN: Yeah, because they're a big...big...so, that probably would...how many is that? How many members is that?

BUTCH LAMBERT: Eight.

MARY QUILLEN: Is that including---?

BUTCH LAMBERT: That's including the gas and oil Board. So, we would entertain one more public member.

MARY QUILLEN: Did that include---?

BUTCH LAMBERT: That includes this.

MARY QUILLEN: Oh, okay.

SHARON PIGEON: You've only got one Board on there.

BUTCH LAMBERT: Well, one Board member and I would invite any Board member to attend that they would like to, but Mr. Prather could represent the Board. So, does the Board have any other public member that would be willing to serve?

RICHARD COUNTS: Can the public appoint someone in there? I would like to (inaudible).

COURT REPORTER: You need to speak up.

BUTCH LAMBERT: We can't hear you. The recorder can't hear you.

RICHARD COUNTS: I would like to nominate or ask that this lady be put on the Board.

BUTCH LAMBERT: Well, it's not a Board. It's just a work group.

RICHARD COUNTS: The committee.

BUTCH LAMBERT: Ms. Sneeuwaght, he's recommending you. But I want you to understand, this is a very complicated issue and you need a...you really would need a good geology background. I'm discouraging you. I just wanting you to know how in-depth this going to be. So, the knowledge of the gas and oil drilling and with geology, it's going to be very important to be able to lend---.

JUANITA SNEEUWAGHT: Let me just say that if I feel unqualified for the effort, I will attempt to find somebody who is qualified. If I can't, I will let you know (inaudible).

BUTCH LAMBERT: Okay.

JUANITA SNEEUWAGHT: Would that suffice?

BUTCH LAMBERT: That will be sufficient.

AUDIENCE MEMBER: I second the nomination.

BUTCH LAMBERT: Well, we're not taking nominations. I'm sorry. We're just...we'll keep one more public member open and we'll be...we'll entertain folks at the next meeting from the public who will sufficient to serve. But what I would like to ask Mr. Asbury, if you would coordinate the first meeting. You don't have to attend, but if you will just coordinate the first meeting with these folks from...as Chairman of

the Board, I would hope that we would have some kind of a report back to evaluate within at least six months. Is that sufficient? Mrs. Dye, do you think six months?

KATIE DYE: Yes, that's fine.

MARY QUILLEN: And who is going to contact Penn Virginia?

BUTCH LAMBERT: I will.

MARY QUILLEN: Okay.

BUTCH LAMBERT: I will contact Penn Virginia.

MARY QUILLEN: Okay.

JIM KAISER: Mr. Lambert, so then we'll just get you the VOGA names as soon as possible? Is Mr. Prather going to Chair the committee?

BUTCH LAMBERT: Well, I'll ask Mr. Prather if he'll Chair the first committee...the first committee meeting and then maybe you will want to decide a different structure. But I would think this would be a self-directed committee. I just...if Mr. Asbury would set up the first meeting sometime in the month of March.

DAVID ASBURY: Yes, sir. I'll work with Mr. Prather and make that happen.

BUTCH LAMBERT: All right.

KATIE DYE: Mr. Lambert, I have just one more question. So, for this period of six months, we

will...the Board will not be hearing any more applications for provisional---?

BUTCH LAMBERT: Well, I think we will continue to hear, but I think this is going to be important of whether or not we move forward after six months.

KATIE DYE: Okay. I just needed to understand. Thank you.

BUTCH LAMBERT: Okay. Any further discussion on the provisional drilling unit issues?

(No audible response.)

BUTCH LAMBERT: Okay. Thank you, folks. The next item on the Board or on the docket is the Board will consider a petition from CNX Gas Company, LLC for disbursement of funds from escrow and authorization of direct payment of royalties from unit AW-116, docket number VGOB-10...I'm sorry, VGOB-01-0116-0858-02. All parties wishing to testify, please come forward.

MARK SWARTZ: Mark Swartz and Anita Duty.

BUTCH LAMBERT: Good morning.

MARK SWARTZ: Good morning.

(Anita Duty is duly sworn.)

ANITA DUTY

having been duly sworn, was examined and testified as

follows:

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

Q. Would you state your name for us, please?

A. Anita Duty.

Q. Who do you work for?

A. CNX Gas Company.

Q. With regard to this miscellaneous petition concerning Exhibit...or unit AW-116, what are your duties?

A. I prepare the petition and review the agreements.

Q. Okay. And in this instances, we're talking about a disbursement of a portion of the escrow account, is that correct?

A. Yes.

Q. So, the escrow account would need to be maintained after the disbursement occurs?

A. Yes.

Q. Have you provided the Board with an exhibit that they can use to direct the escrow agent as to how to make the disbursement?

A. Yes.

Q. And is that Exhibit A-1?

A. It is.

Q. And who's going to receive the disbursement?

A. Michael Hughes.

Q. And what percentage should the escrow agent use when they're paying...when it is paying Mr. Hughes?

A. 0.1846%.

Q. Of the entire escrow account?

A. Yes.

Q. Okay. And obviously given the amount that you've estimated would come out compared to what's in the account, there's quite a bit that's going to remain?

A. Yes.

Q. Okay. To prepare Exhibit A-1, did you use any records that were supplied to you to get a balance in the escrow account?

A. The records were provided the Gas and Oil office.

Q. Okay. And when they provide those records, what do they...what do they give you?

A. A beginning balance, then the fees,

deposits and an ending balance.

Q. Okay. From the---?

A. From First Bank & Trust.

Q. Okay. So, you're supplied essentially with a number as of a date?

A. Yes.

Q. And this Exhibit A-1 is as of what date?

A. November the 30th, 2010.

Q. And does the...do the dollars and cents in terms of the amount in escrow as of that date agree with the records that you were provided by the DGO?

A. It did.

Q. Okay. This is not a split agreement, correct?

A. No.

Q. It's simply that we found Mr. Hughes...Mr. Michael Hughes?

A. That's correct.

Q. And so he's being paid because he has been located?

A. Yes.

Q. And once this...well, not once. If this disbursement is approved, are you requesting permission to pay him directly in the future now that you know

where he is?

A. Yes.

Q. Okay. And we need to revise Exhibit EE because for some reason or another he got put in as having a split agreement. We just need to take that out and re-file that, right?

A. That's correct, yes.

Q. Okay.

A. EE.

Q. The double E?

A. Yes.

MARK SWARTZ: Okay. I have nothing further with regard to this.

BUTCH LAMBERT: Ms. Duty, just one question. One your Exhibit A-1, you have listed in your little spreadsheet at the top Michael Hughes. All through the petition, you list Jack Hughes.

ANITA DUTY: They are one of each. They're brothers.

MARK SWARTZ: They're two different people.

ANITA DUTY: There's a Michael Hughes and there is a---

MARK SWARTZ: Jack.

ANITA DUTY: ---Jack Hughes.

MARK SWARTZ: Jack's money is staying in escrow. So, he's on Exhibit E. He remains on the revised Exhibit E. You'll notice that Michael Hughes has disappeared from the revised Exhibit E. At least he should have.

ANITA DUTY: Yes. One of the...one thing that may cause confusion is we had previously come before the Board and asked for Jack Hughes' portion to be disbursed. Before that was...that could disbursed, he was incarcerated. So, now we don't have an administrator to handle that. So, we have to keep...continue to escrow that.

SHARON PIGEON: And that's the reason for the asterisks?

ANITA DUTY: That's the reason for the note so Mr. Asbury will know why we...so, will know why...so we agree on our numbers.

BUTCH LAMBERT: Any further questions from the Board?

KATIE DYE: Mr. Chairman, I have---

BUTCH LAMBERT: Mrs. Dye.

KATIE DYE: ---a question for Mr. Asbury. In looking at this plat, it shows to be in an Oakwood Field unit, but it shows 58.7 acres in the unit.

DAVID ASBURY: Yes, ma'am.

KATIE DYE: So, is it an Oakwood 80? Is it a makeup unit?

DAVID ASBURY: I'm not sure at this time. I didn't have any problem with the plat when we first reviewed it, but I can review it again before disbursement. It was the original plat that was in the...that was escrowed in the unit.

KATIE DYE: Okay. I just wanted to bring that to your attention that the acreage and the field unit does not match.

AUDIENCE MEMBER: I beg your pardon, we can't hear you back here, honey.

KATIE DYE: I'm sorry. I'll try to speak up. I'm very, very hoarse. But if you don't hear me, ask me again and I will speak louder.

DAVID ASBURY: The...to answer more specifically, the actually tracts that were escrowed, the acreage was the same in the original pooling. The 58.7 acres would remain the same for the Jack Hughes disbursement and this disbursement. So, the consistency about the size of the unit, but I will check before disbursing it.

KATIE DYE: Well, what I was wondering, you

know, typically, when we see an Oakwood unit, it's 80 acres unless it is a makeup unit.

DAVID ASBURY: Yes.

MARK SWARTZ: It's a Middle Ridge unit.

KATIE DYE: I'm sorry, sir?

MARK SWARTZ: It's a Middle Ridge unit.

KATIE DYE: Oh, okay. All right.

MARK SWARTZ: Yeah. I mean, the label is wrong. But to answer your question, was it Oakwood or something else? It's actually Middle Ridge. That's why the acreage is the 58...whatever it is...58.7.

KATIE DYE: 58.7. Okay. Thank you.

MARK SWARTZ: You're welcome.

BUTCH LAMBERT: Any other questions from the Board?

(No audible response.)

BUTCH LAMBERT: Will you correct the plat...or will we need to get a corrected plat? We're just changing the name.

MARK SWARTZ: Well, we've got a recorded order from '01. Do we want to modify that on a disburse...I just don't know because as Mr. Asbury pointed out, it doesn't affect anything. I mean, we'll do it if you want. But I'm concerned that we're...you know, we

noticed this as a disbursement and now we're going to modify an exhibit that goes back to a 2001 order. I'm a little---.

DAVID ASBURY: Why don't I research that and provide---?

MARK SWARTZ: I mean, we'll do whatever you want.

DAVID ASBURY: I provide...if we need a corrected plat, Mr. Chairman, I can bring that back to the Board next month. It won't affect the disbursement.

MARK SWARTZ: Right.

BUTCH LAMBERT: Okay.

MARK SWARTZ: But then it will be noticed and we can---.

BUTCH LAMBERT: I understand.

MARK SWARTZ: ---if you feel like it's necessary and we'll do it. Just let us know.

BUTCH LAMBERT: Okay. Anything further, Mr. Swartz?

MARK SWARTZ: No.

BUTCH LAMBERT: Do I have a motion?

BRUCE PRATHER: Motion to approve.

MARY QUILLEN: Second.

BUTCH LAMBERT: I have a motion to approve the

disbursement and asking Mr. Asbury to research the plat to see if we need a new plat. I have a motion and a second. Any further discussion?

(No audible response.)

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

(All members signify by saying yes, but Katie Dye.)

BUTCH LAMBERT: Opposed, no.

KATIE DYE: I abstain.

BUTCH LAMBERT: One abstention, Mrs. Dye. The next item on the docket is item number four. The Board will consider a petition from CNX Gas Company, LLC for disbursement of funds from escrow and the authorization of direct payment of royalties from unit AW-118, docket number VGOB-03-0513-1147-01. All parties wishing to testify, please come forward.

MARK SWARTZ: Mark Swartz and Anita Duty.

BUTCH LAMBERT: You may proceed, Mr. Swartz.

MARK SWARTZ: Thank you.

ANITA DUTY

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

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

Q. Anita, could you state your name for us, again?

A. Anita Duty.

Q. And who do you work for?

A. CNX Land Resources.

Q. And what are your duties in working for CNX that pertain to this application?

A. To prepare the petition.

Q. Okay. And the related exhibits?

A. Yes.

Q. Okay. The...this petition is to authorize the escrow agent to make a partial disbursement from an escrow account, is that correct?

A. It is.

Q. And it pertains to unit AW-118?

A. Yes.

Q. Which is a Middle Ridge unit?

A. It is.

Q. We're talking about Tract 1?

A. Yes.

Q. And in this instances, is the disbursement request based on a split agreement?

A. It is.

Q. And have you seen that agreement?

A. I have.

Q. Is it a 50/50 agreement?

A. Yes.

Q. And have you used 50/50 to make the calculations that we'll get to in a moment?

A. Yes.

Q. Okay. Do you obtain or are you provided with records to allow you or to assist you in preparing Exhibit A-1?

A. Yes.

Q. Who gives those to you?

A. David Asbury's office.

Q. Okay. And the record that he provides is essentially another parties record, correct?

A. Yes. The First Bank & Trust.

Q. Okay. Did the balance...this shows account balances as of 11/30/2010. Did that account balance as of that date come from the bank's record?

A. Yes.

Q. Okay. So, the 3278.99 is off of those

records that were provided to you?

A. It is.

Q. Okay. There's a slight math disconnect here. If we look at Exhibit EE, the note, it says 7.0...in the red sort of in the middle, 7.090009 and then if we go to the next page under tracts, the little blue number, it's 7.08.

A. Yes.

Q. Which is the correct number?

A. 7.08.

Q. Okay. And the...and the 7.090009 should be 7.08, correct?

A. Yes.

Q. And you've checked the math to be sure?

A. I have.

Q. Okay. There's an allocation here before we move on. There's really only one seam that was in conflict, correct?

A. Yes.

Q. And which seam is that?

A. The Pocahontas seam.

Q. And this is a vertical well?

A. Yes.

Q. So, it penetrates more seams than just

the Pocahontas?

A. It does.

Q. And was there an allocation required to make escrow deposits?

A. Yes.

Q. And are you using the same allocation than as you come out with the percentages?

A. Yes.

Q. And did you allocate based on feet of coal exposed to production in the well?

A. Yes.

Q. Okay. And is that the math that you're reporting in the right hand column on, for example, Exhibit EE under well AW-118?

A. It is.

Q. You escrowed 42.8572% and paid the difference?

A. Yes.

Q. Now, with regard to what the escrow agent needs to do here, have you revised some of these numbers?

A. Yes.

Q. Okay. Have you...can you pass it out to the Board before we get there?

(The exhibit is passed out to the Board.)

Q. And what is it that changed, Anita?

A. The total percent of escrow to pay H. C. Bostic Coal Company.

Q. It went up from 25% and changed to 38% and change, correct?

A. Yes. We didn't have three oil and gas owners correctly---

Q. Okay.

A. ---or coal.

Q. Okay. So, when the escrow agent is directed to make the disbursement here, should the...what...who should the escrow agent be directed to pay and what percentages?

A. It should pay H. C. Bostic Coal Company 38.6886%, James R. Grace 12.8962%, Bill and Helen McReynolds 12.8962% and Peggy Arnett 12.8962%.

Q. And then after that, the escrow account would need to be maintained because it's not paying it in full, correct?

A. That's correct.

Q. And are you also requesting authorization to pay the coal company that you've just named and the three oil and gas owners directly in the

future so that more of their money does not go into escrow?

A. Yes.

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

BUTCH LAMBERT: Anything from the Board?

(No audible response.)

BUTCH LAMBERT: Ms. Duty, you testified that on Exhibit EE there was a percentage of...I think you said 7.09.

ANITA DUTY: It's just in the note. There's a note at the bottom. It says, "Although the tract is 16.52 acres only the ownership of the Pocahontas seam is in conflict."

BUTCH LAMBERT: Okay. Thank you. That's all I had. Any other questions from the Board?

(No audible response.)

SHARON PIGEON: You're going to get a revised copy of that, right?

ANITA DUTY: Yes.

BUTCH LAMBERT: Anything further, Mr. Swartz?

MARK SWARTZ: No.

BUTCH LAMBERT: Do I have a motion?

MARY QUILLEN: Motion to approve.

BRUCE PRATHER: Second.

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

(No audible response.)

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

(All members signify by saying yes, but Katie Dye.)

BUTCH LAMBERT: Opposed, no.

KATIE DYE: Abstain.

BUTCH LAMBERT: One abstention, Mrs. Dye.

MARK SWARTZ: Mr. Chairman, to sort of anticipate five, six and seven, we've had some discussions with Mr. Asbury about continuing those three docket items, I think. I'm right or no?

ANITA DUTY: Yes.

MARK SWARTZ: And...so, we...how long do we need?

ANITA DUTY: Until May.

MARK SWARTZ: May. May. Does that work for you?

(No audible response.)

MARK SWARTZ: We would like to continue five, six and seven until May.

BUTCH LAMBERT: Okay. Docket item number five,

the Board will consider a petition from CNX Gas Company, LLC for disbursement of funds from escrow for unit T-28, docket number VGOB-97-0218-0565-02. It is continued until May. Docket item number six, the Board will consider a petition from CNX Gas Company, LLC for disbursement of funds from escrow for unit U-27, docket number VGOB-97-0218-0563-03 will be continued until May. Docket number seven, the Board will consider a petition from CNX Gas Company, LLC for disbursement of funds from escrow from unit U-28, docket number VGOB-97-0218-0564-02 will be continued until May. We're calling docket number eight. The Board will consider a petition from CNX Gas Company, LLC for disbursement of funds from escrow from unit AV-118, docket number VGOB-03-0415-1136-01. All parties wishing to testify, please come forward.

MARK SWARTZ: Mark Swartz and Anita Duty.

BUTCH LAMBERT: You may proceed, Mr. Swartz.

MARK SWARTZ: We've got some revised exhibits, which we'll pass out here.

(Exhibits are passed out to the Board.)

ANITA DUTY

having been duly sworn, was examined and testified as

follows:

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

Q. Anita, would you state your name for the record, please?

A. Anita Duty.

Q. Who do you work for?

A. CNX Land Resources.

Q. And in relation to this miscellaneous petition, what is that you do for them?

A. I prepare the petition and review the agreements.

Q. Okay. This pertains to a disbursement request for unit AV-118, is that right?

A. Yes.

Q. And it pertains to Tract 2 in that unit?

A. It does.

Q. And it's only a partial disbursement, correct?

A. Yes.

Q. So, the escrow account with regard to this unit would need to survive the payments?

A. Yes.

Q. Are you also requesting that with regard

to the folks who have received payments though if this miscellaneous petition is approved that you be allowed...the operator be allowed to pay them directly in the future?

A. Yes.

Q. Is this request based on a split agreement?

A. It is.

Q. Have you seen it?

A. I have.

Q. Is it a 50/50 agreement?

A. Yes.

Q. And have you used 50/50 to do the math on your Exhibit A-1?

A. Yes.

Q. You've passed out some revised exhibits today. What's revised and what's the reason for that?

A. I spoke to Mr. Asbury's office yesterday and we were comparing our escrowed acres and we had missed...there should have been on Tract 2 3.75727 and we had left out the 5 in the calculation.

Q. So, is that the only number that has changed on the revised A-1?

A. Well, that changes the owner's percent

of escrow. That kind of affects everything.

Q. That was my question.

A. Yes.

Q. So, that changes then all of the percentages slightly---?

A. It does.

Q. ---as well?

A. Yes.

Q. Okay. And the new percentages then reflect the correct acreage?

A. It does.

Q. Okay. And who is to receive escrow disbursements based on this application and what percentages should the escrow agent use?

A. H. C. Bostic Coal Company 34.5511%, James R. Grace 11.517%, Bill and Helen McReynolds 11.517% and Peggy Arnett 11.517%.

Q. And have you...is this a Pocahontas 3 seam issue again just like the one we saw moments ago?

A. It is.

Q. And just to explain, Exhibit E, for example, you've been paying money into escrow based on coal thicknesses of the Pocahontas 3 seam compared to all of the seams that contributing to the production,

correct?

A. That's correct.

Q. And you've done that to escrow the money and, obviously, you needed to do that escrow...you needed to do that to take the money out?

A. Yes.

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

BUTCH LAMBERT: Any questions from the Board?

(No audible response.)

BUTCH LAMBERT: Anything further, Mr. Swartz?

MARK SWARTZ: No.

BUTCH LAMBERT: Do I have a motion?

MARY QUILLEN: Motion to approve.

BRUCE PRATHER: Second.

BUTCH LAMBERT: I have a motion and a second.

Any further discussion?

(No audible response.)

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

(All members signify by saying yes, but Katie Dye.)

BUTCH LAMBERT: Opposed, no.

KATIE DYE: Abstain.

BUTCH LAMBERT: One abstention, Mrs. Dye.

Calling docket item number nine, a petition from CNX Gas Company, LLC for modification of prior order executed on June 22, 2006 to address election rights for the second well in unit EE13, Well EE13A, docket number VGOB-04-0921-1333-02. All parties withing to testify, please come forward.

MARK SWARTZ: Mark Swartz and Anita Duty.

JOHN SHEFFIELD: John Sheffield.

(John Sheffield is duly sworn.)

BUTCH LAMBERT: Good morning, Mr. Sheffield.

JOHN SHEFFIELD: Good morning.

(Exhibits are passed out to the Board.)

BUTCH LAMBERT: You may proceed, Mr. Swartz.

MARK SWARTZ: I'm sort of waiting for Michelle to get back to her station.

SHARON PIGEON: Without injury.

COURT REPORTER: It's like an obstacle course.

ANITA DUTY

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

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

Q. Anita, would you state your name for us,

please?

A. Anita Duty.

Q. Who do you work for?

A. CNX Land Resources.

Q. And CNX Gas Company, LLC is the operator of this unit, correct?

A. Yes.

Q. It was pooled in 2004?

A. Yes.

Q. And at the time it was pooled, there was one well?

A. That's...yes.

Q. And the reason that we're here today is to add a second well, correct?

A. That's correct.

Q. Have you provided a well cost estimate with regard to that second well?

A. I have.

Q. And tell us about that then?

A. It's \$328,760.26.

Q. Is it .26 or .28?

A. 26.

Q. Okay. And the permit number?

A. 9996.

Q. The estimated depth?

A. 2,425 feet.

Q. Okay. And that's the only well that we're adding, correct?

A. Yes.

Q. And what are your...I assume your lease terms are slightly different in terms of the amount of money then they were in '04. What are the current lease terms?

A. It's five dollars per acre per year with a ten year paid up term and a one-eighth royalty.

Q. Okay. And would you recommend those terms with regard to people who do not elect to participate in this additional well?

A. Yes.

Q. Okay. And you've noticed the folks in your notice here of hearing that would have election rights in the second well, correct?

A. Yes.

Q. And you've provided the Board with some revised exhibits today?

A. I have.

Q. The first one pertains to the tract IDs. What, if anything, has changed with regard to tract IDs?

A. Tract 2 revised...revised it to show that we actually have a JOA with Range Resources-Pine Mountain. Therefore, that interest is deemed lease.

Q. Okay. With regard to Exhibit A, page two then, that would have changed because you've got some additional acreage leased, correct?

A. Yes.

Q. Okay. And that's the reason for then...for Exhibit A, page two?

A. It is.

Q. Okay. Exhibit B-2 would be to dismiss some folks because of the JOA, correct?

A. That's correct.

Q. And B-3 then would subtract the people you've dismissed, right?

A. That's right.

Q. Any other changes in B-3?

A. No.

Q. Okay. And Exhibit E, what are the changes in E?

A. For E I think we added the escrow percentage for EE-13A. I don't think it (inaudible). Yes, it was. The calculations were incorrect on the first exhibit for the percent of the P-3 seam.

Q. Oh, okay. So, for the---

A. So, we've corrected the percentages.

Q. ---coal in the P-3?

A. Yes.

Q. Okay. Is that the only change?

A. It is.

Q. Okay. And I sort of skipped EE because I was taking stuff in order. What would be the changes in EE? The same issues with regard to the P-3 seam or is there something else?

A. I don't have a EE.

Q. Okay, hold on.

A. It's not on here.

Q. Okay. I must temporarily had blurred vision.

A. Yes.

Q. Okay. No EE. All right. Other than the revisions in the revised...the five exhibits that you've handed out today, anything else that you need to change today?

A. No.

Q. Okay. Just one last thing with regard to...have you provided the Board with a plat that actually shows the location of the additional

thirteen...well in EE-13?

A. Yes.

Q. Okay. Both of these wells turn out to still be in the drilling unit, is that correct?

A. Yes.

Q. And it's an 80 acre Oakwood?

A. Yes.

MARK SWARTZ: That's all I have.

BUTCH LAMBERT: Any questions from the Board?

(No audible response.)

BUTCH LAMBERT: Mr. Sheffield.

JOHN SHEFFIELD: Yes, I do have a few questions. When was this...the second well EE-13A, when was it permitted? Does anybody---

BUTCH LAMBERT: I see Mr. Asbury searching for that as we speak.

JOHN SHEFFIELD: Okay, Mr. Asbury.

DAVID ASBURY: May 30, 2009.

BUTCH LAMBERT: I'm sorry?

DAVID ASBURY: May 30, 2009.

BUTCH LAMBERT: 200...May 30, 2009, Mr. Sheffield.

JOHN SHEFFIELD: Okay. All right. And this well has already been producing, is that correct?

DAVID ASBURY: It only shows as being issued. I can check the production status.

BUTCH LAMBERT: Can we ask another question while Mr. Asbury is looking that up?

JOHN SHEFFIELD: Sure. Sure, that's fine. Thank you. I'm a little concerned. I have a completion report here and Ms. Duty had mentioned that it was 2400 feet. I didn't know...let's see...I thought it was a little bit deeper. I could be incorrect with that though. I thought I had that docket here. I'm thumbing through EE-13 and EE-13A.

BUTCH LAMBERT: Mr. Asbury.

DAVID ASBURY: The records the very first month of production was June of 2009. There is no break in production through the end of December, 2010, which we have records.

BUTCH LAMBERT: Okay. Thank you. Does that answer your question, Mr. Sheffield?

JOHN SHEFFIELD: Okay. Yes. So, we permitted before we pooled this well?

DAVID ASBURY: It was permitted May of 2009.

BUTCH LAMBERT: Okay.

JOHN SHEFFIELD: Okay. So, yeah. So, we pooled it after we permitted it and after production. I'll go

with what Mr. Duty said about 2400 feet. I don't have the record on that as far as EE-13A. Previously...now, we're pooling the whole unit, right, EE-13?

MARK SWARTZ: No, we're not pooling.

JOHN SHEFFIELD: Oh, okay. I'm sorry. Re-pooling, I'm sorry.

MARK SWARTZ: We're not...we're really not re-pool...we're adding a second well. We're not re-pooling it. I mean, we're here authorizing the second well. Nobody is---.

JOHN SHEFFIELD: I'm sorry. I'm just going with what was sent to me.

MARK SWARTZ: Yeah. But nobody's rights have changed. We're adding a second well and giving people an election option. So, you can call it what you want.

ANITA DUTY: That's the cover letter.

JOHN SHEFFIELD: Okay. All right. Well, I'm just going by what the letter says. It's re-pooling.

MARK SWARTZ: Well, the relief sought is modification of prior orders and we're asking in the application to be---.

JOHN SHEFFIELD: Right.

MARK SWARTZ: ---allowed to give people an election right in the second well. I mean, that's why

we're here.

BUTCH LAMBERT: That's what the order says.

MARK SWARTZ: Right.

JOHN SHEFFIELD: Okay. Thank you, Mr. Swartz. Previously back, I believe, it was January the 18th I was talking with Mr. Swartz and Mr. Arrington concerning...and the Board concerning like if you want to participate or be a carried interest and was there anything that we could go by as far as...specifically as a carried interest to know when you've met your 200% that should go to the operator. Since that time I found that in September, 2006 there was some testimony from Mr. Morgan and it had said...it had talked about the charges and fees and went through great detail of charges and fee and he said all of that was based on the TECO price index. So, that might be helpful. I don't know how to ask that. But, I mean, since that was the testimony from Mr. Morgan and he's the vice president... or at that time was the vice president of gas operations of CNX Gas Company. I didn't know if that might be a good starting point as far as somebody that might be in a carried interest or...well, in a carried interest to be able to calculate, you know, the production with whatever it is per month they should be paid. Does that

sound...is that---?

SHARON PIGEON: Are you currently in this situation or is this---?

JOHN SHEFFIELD: Yes, ma'am. I'm currently in that situation and looking at for this well also.

BUTCH LAMBERT: So, Ms. Duty, what...what do you all use to calculate the 200% interest when you reach that---?

ANITA DUTY: That's done by the accounting department. I can't answer that. I can find out, but I don't know the answer to it.

BUTCH LAMBERT: Okay.

ANITA DUTY: I mean, I'm sure if he---.

JOHN SHEFFIELD: Yeah.

ANITA DUTY: If he would request that they give him where he is on his 200%, they would provide it to him.

BUTCH LAMBERT: Okay. Have you done that, Mr. Sheffield? Have you given them a call to ask?

JOHN SHEFFIELD: Well, I have. Ms. Duty has been very helpful, by the way, on some matters that we had on a different point. But I haven't gotten anything from accounting on that. But Ms. Duty has been more than helpful with some other situations that we've been

involved with.

BUTCH LAMBERT: Okay.

JOHN SHEFFIELD: Something else. As a participating member right now in this well and looking at if I'm going to participate in this well also is that we also...and Ms. Duty has been helpful in this too, we had a situation where we had a supplemental order, and I have a very fractional interest in this unit, but the supplemental order, and please bear with me on the numbers, was .000063. I did receive payment back, let's see when this payment came through, April the 20th of 2010 it backed up to June the 30th of '06 and came forward but it was paid on .0000078, which equals up to one-eighth instead of a participatory situation. Ms. Duty and I have brought that to the attention of accounting, but evidently we're having trouble combining the one-eighth into seven-eighths. If that would like to speak with that, that's fine.

BUTCH LAMBERT: Ms. Duty, you all...Mr. Sheffield and you are working with your office to resolve that issue, is that correct?

ANITA DUTY: Yes, that's correct.

BUTCH LAMBERT: Okay.

ANITA DUTY: And I think there are still some

things that need to be done. But I will go back to the office and make sure that we discuss it and we will let Mr. Sheffield know where we are. I mean, we do understand that there are problems on our side.

JOHN SHEFFIELD: Okay. That's all the questions that I have.

BUTCH LAMBERT: Anything further from the Board? Any questions from the Board?

(No audible response.)

BUTCH LAMBERT: Ms. Duty, I'd like to go back to your completion costs again. I think we've got some different numbers in our petition...in the application. What were the...what was your completed well costs?

ANITA DUTY: \$328,760.26.

BUTCH LAMBERT: Okay. If you'll go---

ANITA DUTY: Oh, I see what...that's the combined cost of EE-13 and 13A, yes.

BUTCH LAMBERT: Okay. So, you did combine those. So, you will separate those and resubmit?

ANITA DUTY: Well, the individual well cost estimate is just for EE-13A that's included for some reason. I don't know what happened there with our application.

BUTCH LAMBERT: Okay. On the application,

\$657,478.22 is a combined cost.

ANITA DUTY: That's an error.

BUTCH LAMBERT: Okay, so---.

ANITA DUTY: I will need to double check that.

If you want to correct that page, I can.

BUTCH LAMBERT: If you would please correct that page to reflect the actual well costs for this well.

JOHN SHEFFIELD: What was that number again on your application? That's probably the one that I---.

BUTCH LAMBERT: On the application we have a \$657,478.22. Ms. Duty says that's an error. That's probably the combined cost and that she will submit a new exhibit correcting that.

MARK SWARTZ: Well---.

ANITA DUTY: Exhibit C is correct. It's just the application.

BUTCH LAMBERT: The application?

ANITA DUTY: Yes.

BUTCH LAMBERT: Okay.

JOHN SHEFFIELD: With that, if I may, Mr. Lambert, the cost of EE-13A is \$328,760.26. If we take that away from \$657,478.22, that would leave us around \$329,000 or somewhere in there. I don't know if that was the actually drilling cost at the time that EE-13

was done also.

BUTCH LAMBERT: Well, Ms. Duty is going to check that for us and get back with us.

ANITA DUTY: It's an error.

JOHN SHEFFIELD: Oh, okay.

ANITA DUTY: I mean, it's an error. I will check it. That was just my guess as to what happened.

JOHN SHEFFIELD: Okay.

MARK SWARTZ: Well, the Board's order needs to give people the right to participate by paying a percentage of \$328,760.26, correct?

ANITA DUTY: Yes.

MARK SWARTZ: And if the order says that, everybody is square, right?

ANITA DUTY: That's correct.

JOHN SHEFFIELD: Yeah. That's fine. But I don't want the order to say something different for EE-13, the original well.

MARK SWARTZ: Why would it?

JOHN SHEFFIELD: Well, it's a modification of the unit, right?

BUTCH LAMBERT: Well, Ms. Duty is going to check and correct that for us and send us back what the combined total would be.

JOHN SHEFFIELD: Thank you.

BUTCH LAMBERT: Thank you, Mr. Sheffield.

Anything further from the Board?

(No audible response.)

BUTCH LAMBERT: Anything further, Mr. Swartz?

MARK SWARTZ: No.

BUTCH LAMBERT: Do I have a motion?

MARY QUILLEN: Motion to approve.

BRUCE PRATHER: Second.

BUTCH LAMBERT: I have a motion and a second.

Any further discussion?

(No audible response.)

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

(All members signify by saying yes, but Katie Dye.)

BUTCH LAMBERT: Opposed, no.

KATIE DYE: I'll abstain.

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

MARK SWARTZ: Thank you.

BUTCH LAMBERT: Calling item number ten on the docket, a petition from CNX Gas Company, LLC to allow election rights in Unit C-29, well C-29A, docket number

VGOB-10-1116-2848. All parties wishing to testify, please come forward.

MARK SWARTZ: Mark Swartz and Anita Duty.

BUTCH LAMBERT: You may proceed, Mr. Swartz, unless we have something to pass out.

ANITA DUTY: I was told that this one was continued. That Mr. Shea Cook had asked for a continuance.

DIANE DAVIS: He asked, but we just have to put it on the record because I'd already---

BUTCH LAMBERT: Okay.

ANITA DUTY: Okay.

BUTCH LAMBERT: Yeah, we---

MARK SWARTZ: Well, we'd rather pool it.

BUTCH LAMBERT: Do you have that letter with you, Mr. Asbury, or that notice?

DAVID ASBURY: Yes, sir. Do you want me to read it into the record?

BUTCH LAMBERT: Would you please?

DAVID ASBURY: "The above-matter, VGOB-04-1913-4301, scheduled for hearing on February 15 at 9:00 a.m. at the Russell County Conference Center. This is to advise the Board that Mr. Horn will be undergoing surgery and unable to be present at that time."

Therefore, I am specifically requesting that this matter be continued until March 15, 2011 at 9:00 a.m. I ask that the Board kindly follow and send a response to the request advising its request has been granted." Staff did do that. Diane did the correspondence.

MARK SWARTZ: I need to say that this started out on the October the 19th docket last year. We have had repeated requests from Mr. Cook to continue this. We're now into five months later. You know, at some point I think you need to be aware of that. At some point, I think, you know, we probably have...they've been told that they didn't have to come today. But, I mean, obviously they need to understand that they need to be here in March because...I would hope.

BUTCH LAMBERT: Okay. We---.

MARK SWARTZ: Keep that in mind.

BUTCH LAMBERT: ---will take that into consideration. Thank you, Mr. Swartz. That docket item...could you read that docket item again, Mr. Asbury? It doesn't match with the docket item that we have on our docket.

MARK SWARTZ: Well, it's 10-1116, right?

BUTCH LAMBERT: Yes. That's what we have, but that's not what he read I don't think.

MARK SWARTZ: Oh, really.

DIANE DAVIS: No, he said 1343.

DAVID ASBURY: In the letter, it's 1343. So, we've stated the docket item.

BUTCH LAMBERT: 1343 is what the letter says?

DAVID ASBURY: Yes.

ANITA DUTY: I think this is one of the situations where we were in disagreement as to whether or not we needed a new number or we were going to use a modified number like an 01 or 02. I don't know if we've...I think he...I think Mr. Asbury convinced me that we needed to put another new number and that's what we've done. Maybe Mr. Cook is still referencing the original number.

BUTCH LAMBERT: So, Mr. Asbury, do you think that they are the same docket items, just different numbers?

DAVID ASBURY: Yes, sir, I do because of the mention Mr. Horn.

BUTCH LAMBERT: Okay.

DAVID ASBURY: Yes.

DIANE DAVIS: And he verified the well number when I spoke to them again yesterday to make certain...that we were all on the same page.

BUTCH LAMBERT: Okay. So, docket number 10-1116...I'm going to read that again. I'm sorry. Docket number 10-1116-2848 will be continued until March.

MARK SWARTZ: That's the right number. Good.

SHARON PIGEON: The current right number.

MARK SWARTZ: It's what we're going with.

BUTCH LAMBERT: And we're calling docket item number eleven, a petition from CNX Gas Company, LLC for re-pooling of unit AW-123, docket number VGOB-03-1118-1222-01. All parties wishing to testify, please come forward.

MARK SWARTZ: Mark Swartz and Anita Duty.

BUTCH LAMBERT: You may proceed, Mr. Swartz.

ANITA DUTY

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

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

Q. Anita, would you state your name for us, please?

A. Anita Duty.

Q. Who do you work for?

A. CNX Land Resources.

Q. And did you prepare the notice of hearing, application and related exhibits and/or supervise their preparation?

A. Yes.

Q. Did you provide the folks listed in the notice of hearing with notice that we were going to have a hearing today?

A. I did.

Q. And how did you do that?

A. We mailed by certified mail return receipt requested on January the 14th, 2011. Published the notice and location map in the Bluefield Daily Telegraph on January the 22nd, 2011.

Q. And are you providing Mr. Asbury with copies of those documents today?

A. Yes.

Q. Okay. Do you want to add anybody as a respondent?

A. No.

Q. Do you want to subtract anybody?

A. No.

Q. And what we're doing here today is we're seeking to add a second well to the unit and give the people that you've noticed an election option in that

second well, correct?

A. Yes. Also, re-pool the unit.

Q. Okay.

A. The acreage.

Q. You're re-pooling the acreage as well?

A. Yes.

Q. So, this is more than just adding a well?

A. Yes.

Q. Okay. The...if we look at the plat here, this is a 58.74 acre Middle Ridge unit, is that right?

A. Yes.

Q. And the two wells that we're going to be talking about are located inside the drilling window?

A. They are.

Q. And are they both frac wells?

A. Yes.

Q. Okay. The combined cost of those two wells is what?

A. \$516,427.92.

Q. And could you give us the information with regard to each of the wells then?

A. Okay. For well AW-123, estimated costs

are \$248,651.05, depth 2,410 feet and permit number 5717. Well AW-123A, the cost is \$267,776.87, depth 2,509 feet and permit number 11,442.

Q. Okay. From your application, it looks like you have leased up all of the coal claims and interest?

A. Yes.

Q. And what are you seeking to pool on the oil and gas side?

A. We are seeking to pool 4.9711% of the oil and gas claim.

Q. Okay. And give us the other number as well, what you've acquired in terms of oil and gas?

A. We have acquired 95.0289% of the oil and gas claim.

Q. Okay. The...is this unit going to continue to require an escrow?

A. Yes.

Q. And there are conflicts and title issues as reasons for the escrow?

A. There is.

Q. and what tracts need to be escrowed?

A. Tracts 2B, 2E and 2H.

Q. Do we have any split agreements?

A. Yes. 2A, 2C, 2D, 2F and 2G.

Q. Okay. And the reason for the re-pooling?

A. There was a...the Commonwealth of Virginia had a surface oil and gas tract that wasn't mapped originally and it is going to be added as Tract 2H.

Q. Okay.

A. So, that changes the acreage of all of the tracts that it overlays.

Q. And that's why it needs to be re-pooled--?

A. Yes.

Q. ---because you're changing the percentages?

A. Yes.

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

BUTCH LAMBERT: Ms. Duty, on your tract identification page two or two, Tract 2H. You list Joanne Richardson and you highlighted and under-lighted oil the Commonwealth of Virginia.

ANITA DUTY: There's an issue there with whether or not the Commonwealth takes their...just the surface or if it's surface oil and gas. Because we can't really

determine that, we always show that as an or. It could either be her or it could be the Commonwealth of Virginia.

BUTCH LAMBERT: So, you just escrow that. Do you get an response back from the Commonwealth when you send those green cards---?

ANITA DUTY: No.

BUTCH LAMBERT: ---to Bristol Highway District?

ANITA DUTY: No.

BUTCH LAMBERT: Okay.

MARK SWARTZ: We've been doing it for twenty some years and I don't think we've ever gotten a response, have we?

ANITA DUTY: No.

BUTCH LAMBERT: Well---.

ANITA DUTY: They won't lease. They won't...just nothing.

BUTCH LAMBERT: ---just so that you know, we're checking...I'm checking with the Department of Treasury to see if that's probably not the correct place that that should go. We will be getting back with you on what we find out.

MARK SWARTZ: That would be great because if we could negotiate---.

BUTCH LAMBERT: Yeah.

MARK SWARTZ: ---with the Commonwealth instead-

--.

BUTCH LAMBERT: That's right.

MARK SWARTZ: ---of pooling them too, it would-

--.

BUTCH LAMBERT: Yeah, we're we need...we're in bad financial shape. We need the money.

MARK SWARTZ: You know, after five or six years of calling them and nobody calling us back, we quit. But, you know, it would be great. So, thanks.

BUTCH LAMBERT: Well, when I saw that or and then saw where the notices were going, I wasn't sure that might not be correct. So, I contacted the Department of Treasury. We're working on that. There might be some other place those notices need to go, but we will let you know when we find that out.

MARK SWARTZ: Super. Great.

BUTCH LAMBERT: Any questions from the Board?

(No audible response.)

BUTCH LAMBERT: Anything further, Mr. Swartz?

MARK SWARTZ: No.

BUTCH LAMBERT: Do I have a motion?

MARY QUILLEN: Motion to approve.

BRUCE PRATHER: Second.

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

(No audible response.)

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

(All members signify by saying yes, but Katie Dye.)

BUTCH LAMBERT: Opposed, no.

KATIE DYE: I will abstain.

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

BUTCH LAMBERT: Calling item twelve on the docket, a petition from CNX Gas Company, LLC for a re-pooling of unit Z-37, docket number VGOB-0324-0631-01. All parties wishing to testify, please come forward.

MARK SWARTZ: Mark Swartz and Anita Duty.

BUTCH LAMBERT: You may proceed, Mr. Swartz.

ANITA DUTY

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

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

Q. State your name for us, please.

A. Anita Duty.

Q. Who do you work for?

A. CNX Land Resources.

Q. And did you either prepare yourself or supervise the preparation of the notice of hearing, exhibits and the application here?

A. Yes.

Q. What's the reason for re-pooling this unit?

A. There was also an acreage change.

Q. Okay. So, it's not just a well issue? In fact, it's not a well issue, it's acreage percentage change, correct?

A. Yes. Very small, but yes.

Q. Okay. This was originally pooled in '98 it's looks like. Is that correct?

A. Yes.

Q. Okay. All right. What did you do to notify Mr. Short, the respondent here, and others who might be interested in this unit that there was going to be a hearing today?

A. Mailed by certified mail return receipt requested on January the 14th, 2011. Published the

notice and location exhibits in the Bluefield Daily Telegraph on January the 22nd, 2011.

Q. And have you provided or are you going to provide before you leave today Mr. Asbury with the certificates with regard to mailing and the proof of publication?

A. Yes.

Q. And when you published, as usual, you published both a copy of the notice and the location map, correct?

A. Yes.

Q. Did you want to add anybody as a respondent or...obviously, you don't want to dismiss Mr. Short, right?

A. That's right.

Q. And you don't want to add anybody?

A. No.

Q. Okay. What interest is it that you're seeking to pool by this application?

A. We are seeking to pool 0.725%. And we have acquired 99.275% of the oil and gas claim.

Q. And is the coal claim a 100% acquired or---?

A. It is.

Q. Okay. So, we're just talking about the oil and gas side in the percentage that you've mentioned?

A. Yes.

Q. Okay. And this is over, I think, an area of the Buchanan Mine where they are projections?

A. It is.

Q. And does that account for the location of these wells?

A. It does.

Q. Okay. Are they both frac wells?

A. Yes.

Q. I'm sorry. They're frac wells. And have you provided cost estimates?

A. Yes.

Q. Okay. And with regard to the second well, what's that estimate?

A. The second one or just---?

Q. Well, let's start with the latest one and then we'll go back.

A. Okay. For Z-37D, the cost is \$283,520.46, depth 2,030 feet and permit number 10,140.

Q. And that's a cost estimate as of January of this year, correct?

A. Yes.

Q. And then going back to the original cost estimate for the first well, what was that data?

A. Estimated cost...well cost \$225,028.62, depth 2,166.1 feet and the permit number is 3466. The original costs had a typo.

Q. And the...so, it's 3536?

A. 3566...3466.

Q. 3466 is the---?

A. Yes.

Q. ---accurate permit number?

A. Yes.

Q. And the \$225,028.62 was the number that was provided to people originally when they had an opportunity to participate?

A. It was.

Q. And then you've totaled those two numbers and you've come up with what?

A. \$508,549.08.

Q. Is there escrow...has been required, correct?

A. Yes.

Q. And is it going to continue to be required?

A. It will.

Q. And have you provided an Exhibit E in that regard?

A. Yes.

Q. No split agreements?

A. No.

Q. Is it your view that...or opinion that combining a pooling order pooling Mr. Swartz with the leasing and acquisition efforts that the applicant has been successful in would protect the correlative rights of all owners and claimants?

A. Yes.

Q. And what are the lease terms that you would recommend to the Board to be included in any order?

A. Five dollars per acre per year with a ten year paid up term and a one-eighth royalty.

Q. These are both frac wells, correct?

A. Yes.

Q. And it's your opinion that drilling two frac wells in the locations shown on your plat is a reasonable way to develop the coalbed methane from this 80 acre Oakwood unit?

A. Yes.

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

BUTCH LAMBERT: Ms. Duty, will you submit us a new AFE showing the corrected permit number---?

ANITA DUTY: I can.

BUTCH LAMBERT: ---for well 37A?

ANITA DUTY: That's the original cost from '98. Do you want us to---?

SHARON PIGEON: The permit number is wrong.

BUTCH LAMBERT: No, the permit number is wrong.

ANITA DUTY: I know. But, I mean, for the cost, I mean, when it's dated? I mean, it's going to have today's date, which it really don't reflect the correct estimate. I do whatever you ask me to.

MARK SWARTZ: No, leave everything...I think what he's saying is leave everything as it was except fix the permit number.

BUTCH LAMBERT: Except the permit number.

SHARON PIGEON: Why is it different?

BUTCH LAMBERT: Why was the permit number different?

MARK SWARTZ: No. Just take a photocopy of this and white it out and fix the permit number.

ANITA DUTY: Okay.

BUTCH LAMBERT: Is there a reason why the permit

number is wrong? Has it been that way through... originally in the AFE?

ANITA DUTY: It was just wrong on the original cost. We double checked it. I think we had a...we had an email from Mr. Asbury's office asking us to verify it.

BUTCH LAMBERT: Well, all throughout the petition you list 3466 except on that AFE it's 34...3534.

MARK SWARTZ: Right. It was wrong.

BUTCH LAMBERT: So, it just...you're just going to correct that---?

ANITA DUTY: We pulled that from the original---

BUTCH LAMBERT: ---and submit it?

ANITA DUTY: Okay.

SHARON PIGEON: Or even if you need to do one of you asterisk notes on there. That would be okay too for a corrected copy.

ANITA DUTY: Okay.

BUTCH LAMBERT: Any other questions from the Board?

(No audible response.)

BUTCH LAMBERT: Anything further, Mr. Swartz?

MARK SWARTZ: No.

DAVID ASBURY: Mr. Chairman.

BUTCH LAMBERT: Mr. Asbury.

DAVID ASBURY: If I may ask, how is the pooling elections going to be handled for this...both of this wells in the unit?

MARK SWARTZ: Well, he's going to get an election in both because the percentages have changed.

DAVID ASBURY: Okay.

MARK SWARTZ: A fair question. But, yeah, he's going to have an election to participate in the five...whatever the number was, in both wells. I mean, fair enough. But it's not...it's not an add on because ---.

DAVID ASBURY: Sure.

MARK SWARTZ: ---the percentage changed.

DAVID ASBURY: Just a correction. Thank you.

MARK SWARTZ: No problem.

BUTCH LAMBERT: Anything further from the Board?

(No audible response.)

BUTCH LAMBERT: Anything further, Mr. Swartz?

MARK SWARTZ: No.

BUTCH LAMBERT: Do I have a motion?

MARY QUILLEN: Motion to approve with the

corrected permit number on the AFE.

BRUCE PRATHER: Second.

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

(No audible response.)

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

(All members signify by saying yes, but Katie Dye.)

BUTCH LAMBERT: Opposed, no.

KATIE DYE: I'll abstain.

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

BUTCH LAMBERT: We're calling item thirteen. It's a petition from CNX Gas Company, LLC for re-pooling and modification of an order entered June the 19th, 2007, unit VP8SGU3, docket number VGOB-06-0321-1598-02. All parties wishing to testify, please come forward.

MARK SWARTZ: Mark Swartz and Anita Duty.

BUTCH LAMBERT: Mr. Asbury, I understand there's some history with this well that the Board members may need to be refreshed upon. If you could please do that for us.

DAVID ASBURY: Yes, sir. Thank you, Mr.

Chairman. During May of 2008, the Board heard a petition from CNX Gas for re-pooling of this unit 1598-01. At that time, there was issues of notice and after discussion concerning the notice specifically for Tract 45, which was further subdivided and notice of elections provided or not provided, the Board chose not to act on that particular day. There was...the motion and the petition before the Board failed for lack of a motion. This issue lingered for sometime and no moneys were placed in escrow for the sealed gob unit. In April of 2010, the petition was brought back before the Board and discussed regarding the actions and inactions of the Board and the Board at that time voted to ask CNX to come back before the Board with the petition of re-pooling and re-notice.

BUTCH LAMBERT: Any questions of Mr. Asbury from the Board as to the history and why we're dealing with this particular unit again?

(No audible response.)

BUTCH LAMBERT: Okay. Mr. Swartz, you may proceed.

MARK SWARTZ: Just to add, I think Mr. Asbury has been sort of pushing everyone to get this straightened out for two years now. I mean...you know,

we were here in '08 to try and fix it and actually there was a lot of arguing about acreage. Do you remember that as well?

DAVID ASBURY: Yes, sir.

MARK SWARTZ: And I think the Board just in 2008 sort of threw up its hands and decided a non-decision was better than the decisions. David has stayed on this to...you know, because we needed at some point to address it. So, what we have done...what Anita has done is we have recycled the petition that we were here on in May of '08 basically. But she's fleshed it out some. So, if you look at the notice of hearing, she has broken down with regard to the few tracts that we're here on. She has sort of broken out, you know, what we're trying to accomplish today to finish the job, you know. We've been...that we've been sort of working with David on for a couple of years. So, that...if you'll look just in sort of the cliff notes of what it is that the applicant would like to see happen in response to Mr. Asbury's request that we get this taken care of, the three things that we're generally trying to accomplish are listed in the notice and that's where...what Anita and I are planning to talk about.

ANITA DUTY

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

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

Q. With that in mind, Anita, would you state your name for us again.

A. Anita Duty.

Q. Okay. Were you here back in May of '08 on this?

A. Yes.

Q. Do you remember it?

A. I do.

Q. Okay. The...who do you work for?

A. CNX Land Resources.

Q. And did you assist and did you prepare this notice of hearing?

A. I did.

Q. Okay. Did you prepare the application?

A. I did.

Q. Did you either prepare or supervise the drafting of the exhibits?

A. Yes.

Q. Okay. What did you do to notify the

respondents that you've listed and other people who might be interest that there was going to be a hearing today?

A. Mailed by certified mail return receipt requested on January the 14th, 2011. Published the notice and location map in the Bluefield Daily Telegraph on January the 24th, 2011.

Q. And are you going to provide those certifications and proof...proof publication to Mr. Asbury, if you haven't already done so, today?

A. Yes.

Q. Okay. Do you want to add anybody as respondents?

A. No.

Q. Do you want to dismiss anyone?

A. No.

Q. The...what are the tracts that we're seeking to deal with this application?

A. 45A, 45B, 41 and 52.

Q. Okay. And, in essence, have you listed what it is that we're trying to do with regard to each of those tracts in terms of housekeeping?

A. Yes.

Q. Okay. In a nutshell, would it be fair

to say that Tracts 52 and 51 were pooled in the original application?

A. Yes.

Q. But that with regard to Tract 52 it was pooled as an oil and gas tract and it needs to be pooled again today as a coal tract, correct?

A. Coal, oil and gas tract.

Q. Coal, oil and gas.

A. Yes.

Q. We need to add coal to the...correct?

A. Well, the way that I identified it in the application is the original order had the correct owners showing the oil and gas, but not the identical showing the coal side. So---

Q. Okay. My question...I'm going to break it into two parts.

A. Okay.

Q. When it was originally pooled it was shown as a oil and gas tract?

A. Yes.

Q. And it needs to be shown as an oil and gas tract and also a coal tract?

A. That's correct.

Q. And we're back here to get the and also

a coal tract added to the 52, correct?

A. Yes, that's correct.

Q. Okay. And with regard to Tract 41, when that was...the original pooling order was entered, that was pooled as a coal tract, correct?

A. That's correct.

Q. And now we're back here to say coal and oil and gas to get that straightened out?

A. Yes.

Q. Okay. And then with regard to Tract 45, what is it that you're seeking to do?

A. We had originally shown this as Tract 45, but once we reviewed the title, it should actually be broken out because the ownership is different. So, it's going to be...just to re-pool the entire Tract 45A and 45B as it exists today.

Q. Okay. And with regard to elections, we're staying with this, did the folks in Tract 52 get an election opportunity in the original order?

A. Yes.

Q. Did the folks in Tract 41 get an election option in the original order?

A. Yes.

Q. You're not adding any people to Tract 51

or 52, correct?

A. That's correct.

Q. You're just changing the description from an oil and gas tract only or a coal tract only to all three?

A. That's right.

Q. All right. Did the people in those tracts make enquiry with regard to elections?

A. What---?

Q. Meaning, did they write a letter to you all?

BUTCH LAMBERT: In which tracts, Mr. Swartz?

A. Yes.

Q. 51 and 41.

A. Yes.

Q. Okay.

JOHN SHEFFIELD: 52 I think it is.

Q. 52 and 41, okay. With regard to Tract 45, which we're breaking into two pieces, we are changing people's percentages, correct?

A. Yes.

Q. And so the folks in Tract 45A and 45B will have to be afforded election opportunities because they're percentages have changed, correct?

A. That's correct.

Q. Okay. With regard to the re-pooling then, you've provided the Board with the Exhibit A-1, which is the overall location of this in the Oakwood Field in Virginia, right?

A. Yes.

Q. And you've got a tract map of VP8 sealed gob unit 3. Does this tract map has it been updated... the one that's dated April the 27th of 2010, has it been updated to split Tract 45?

A. Yes.

Q. Okay. And has your...has your tract IDs for this unit been updated?

A. They have.

Q. And this unit contains a total of 4,549.54 acres, is that right?

A. Yes.

Q. The exterior boundary has not changed?

A. It hasn't.

Q. The boundaries of none of the tracts except for the split of 45, those have not changed?

A. That's correct.

Q. Moving through the exhibits, you've provided an Exhibit B-3, which is a list of the

respondents and their addresses and so forth, correct?

A. Yes.

Q. Okay. And you have provided the original...copies of the original cost estimate, correct?

A. Yes.

Q. And that's not changing either?

A. It's not.

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

BUTCH LAMBERT: Any questions from the Board?

MARY QUILLEN: Yeah. Mr. Chairman.

BUTCH LAMBERT: Ms. Quillen.

MARY QUILLEN: I just want to be sure that I have gotten this clear. You've crossed back over several times. Tract 45A and 45B both coal and oil and gas is the group that the percentages change so they do have election options, correct?

ANITA DUTY: Yes.

MARY QUILLEN: Okay. Tract 41 coal and oil and gas. What was the changes on Tract 41 oil and gas? Was the Tract 41...is that the one that you said that the coal was not included?

MARK SWARTZ: Tract 41 was originally pooled as

a coal tract and it needed to be pooled as a coal, oil and gas tract.

MARY QUILLEN: Okay. Tract 41 was the coal, oil and gas?

MARK SWARTZ: It was...but it was originally pooled as coal---

MARY QUILLEN: Originally.

MARK SWARTZ: ---and the owners of that tract actually own coal, oil and gas.

MARY QUILLEN: I gotcha.

MARK SWARTZ: They had an election option for that acreage as a coal owner. But we needed to straighten out the designation.

MARY QUILLEN: So, they now have to have the...get the election option for the oil and gas?

MARK SWARTZ: No. They already had their election option. If they had elected as a coal owner, they would have got their participation. I mean, they have the same percentage today that they had then. They were at the hearing, okay. So, they don't get another election option.

MARY QUILLEN: But at that time, they only thought that they had an option to elect for the coal.

MARK SWARTZ: Well, let's put it this way---

MARY QUILLEN: Is that correct?

MARK SWARTZ: ---if they...if they had...if we had noticed them as an oil and gas tract and they opted to elect to participate, they would have written a check for a number. If we noticed them as a coal tract, they would have written a check for the same number. If noticed them as a coal, oil and gas tract, they would have written a check for the same number. In other words, we provided an owner with notice that we were going to have a hearing---

MARY QUILLEN: Right.

MARK SWARTZ: ---to pool their interest in a tract and we said with regard to 41 you have a coal tract.

MARY QUILLEN: Right. So, they only thought that they had an option on a coal tract?

MARK SWARTZ: I don't know what they thought. I was---

MARY QUILLEN: Well, obviously, if they only got the coal thing---

MARK SWARTZ: No, no. I would assume they knew what they owned.

MARY QUILLEN: Oh, okay. Okay.

MARK SWARTZ: We should have noticed this...I

would be astonished if Mr. Sheffield came in and told us that he didn't know what he owned then. But, I guess, it's possible. But what I'm saying is we noticed this as a coal tract with X amount of percent. To participate, you have taken that percent times the number. You would have participated to the extent that you owned anything. And what I'm saying is he had a participation option. He did not participate. He sued us over it and the Board. We were in Circuit Court. That case was ultimately dismissed, okay, and we're back here now. So, our position is, you know, he had his election opportunity. I know his position is different because he sued us. He sued the Board. He then non-suited that case. I assume he's here to say that he entitled to an election option. I can't change his mind. He's not going to change mine. But to answer your question, we believe that he was afforded an election opportunity or his trust were under the original order and that he's not entitled to a...

(Tape messed up. Court Reporter stopped the proceeding to switch tapes.)

MARY QUILLEN: Okay.

BUTCH LAMBERT: Okay, Ms. Quillen.

MARY QUILLEN: Okay. Tract 52, they were

noticed for...Tract 52 for a gas and oil percentage---?

MARK SWARTZ: Correct.

MARY QUILLEN: ---and should have been coal, oil and gas?

MARK SWARTZ: Correct. It was just the flip of that.

MARY QUILLEN: Okay. And your position is that the same as for Tract 41 that they do not have an election---?

MARK SWARTZ: Another election option.

MARY QUILLEN: ---on...? Let me ask you a question. If a person has both coal interest and oil and gas interest and they can elect to participate if they have the oil and gas, but they elect not to participate if they only have the coal, does that...does that happen?

MARK SWARTZ: We occasionally...we occasionally have people who don't own fee participate, okay, but it would be rare.

MARY QUILLEN: But it does happen?

MARK SWARTZ: It can happen because then you've got twice the money in escrow, you know, waiting for a determination.

MARY QUILLEN: Right.

MARK SWARTZ: And people tend to participate when they have fee as opposed to a an uncertain interest. But it has happened.

MARY QUILLEN: Okay.

BRUCE PRATHER: Mr. Chairman, I have a question.

BUTCH LAMBERT: Mr. Prather.

BRUCE PRATHER: Go ahead.

MARY QUILLEN: That's okay. Go ahead.

BRUCE PRATHER: Have all of these matters been adjudicated through the Court system?

MARK SWARTZ: Well, they have become final because of the non-suit that he took.

BRUCE PRATHER: I mean, it would be very helpful to us if we knew what the Court ruling on all of this.

MARK SWARTZ: Well, what happened was the lawsuit started from...from a Board order and it panned for, I don't know, six or seven or eight months. Sharon Pigeon moved to dismiss. I moved to dismiss. There was a law firm, I think, in Tennessee representing Mr. Sheffield's interest and they ultimately non-suited the case the next year. So---.

SHARON PIGEON: With prejudice. It cannot be re-filed.

MARK SWARTZ: So, I guess, the answer to your

question, you know, in a weird way it's a final order of the Court. But it wasn't because it got tried. It was because it got dismissed. I don't know how else to answer that question.

BUTCH LAMBERT: Mr. Asbury, to kind of refresh our memory again, is this the one, I wasn't Chairman at that time, that we had the notice issue where there was all...so many on one page and---?

DAVID ASBURY: Yes, sir. Mr. Chairman, at that May, 2008 hearing Mr. Sheffield provided copies of a noticed document of more than one page. I think the...it was four pages was put on one page. Both Bob Wilson, who was the Director of Staff...the Director at that time, had instructed CNX to provide Mr. Sheffield a new notice of the pooling and election options at that time.

BUTCH LAMBERT: Did that happen?

SHARON PIGEON: A new copy and, yes, it did happen.

DAVID ASBURY: Yes.

DAVID ASBURY: Now, additionally, if I might, at the April, 2010 hearing before the Board, and this is from the transcripts of April, 2010, Ms. Pigeon indicated that originally CNX wanted to just re-pool

those two tracts. Bob Wilson and I both said you have to re-pool the whole thing. It was back and forth in the discussion. At the April, 2010 hearing, again, it was discussed, but Ms. Quillen made a motion and her motion was that a new application for re-pooling, including those two units that were not included in the original Board order, and proceed from there. That was approved. CNX was to re-pool the entire unit and offer elections to all those in the unit. That was the Board's motion at that time in April of 2010.

MARY QUILLEN: And what was the result of that?

MARK SWARTZ: We filed this.

BUTCH LAMBERT: I guess we're here today.

DAVID ASBURY: Yes. There hasn't been action again. There is significant funds to be deposited into escrow, I believe.

MARK SWARTZ: Which we sent...they sent back, you know. We're trying to give them the money.

DAVID ASBURY: (Inaudible.)

SHARON PIGEON: But you all are maintaining that in a suspense account?

MARK SWARTZ: Oh, right.

SHARON PIGEON: Yeah.

MARK SWARTZ: But, I mean, we've sent...I think

we've sent a several hundred thousand dollar check at---.

ANITA DUTY: Yes.

SHARON PIGEON: Well, they can't set up an escrow account for this.

MARK SWARTZ: I understand. I'm just saying we're trying to pay.

SHARON PIGEON: Well, I'm just helping other people understand.

MARK SWARTZ: Right.

SHARON PIGEON: I know you already know everything.

MARK SWARTZ: Well, I will say that the...I don't recall that we were at the meeting at the time that bringing this back was discussed and you made a motion, okay. You know, when I look at the quote from the motion that you made, the words in transcript are, "re-pooling including those two units that were not included in the original Board order. Well, you couldn't have meant two units. You had to mean two tracts. I mean, this is one sealed gob unit. So...I mean, I assume...you know, when we were here in '08 we weren't re-pooling this whole thing. We were arguing about the two tracts he was interested in and we were

arguing about splitting Tract 45. Everybody kind of threw up their hands and we went home. I mean, to re-pool the lineup of people for no reason...you know, I mean, as we understood the direction, we were supposed to fix what didn't get fixed when we were here in '08 and that's what we did. So, we noticed the people that have a dog in the hunt in those tracts. So, to the extent that there is a suggestion that this entire unit needed to be re-pooled, I would quarrel with that.

MARY QUILLEN: And...and I agree with that. That was my mistake. It should have been tracts rather than units.

BUTCH LAMBERT: Could you...I know you have a...Mr. Asbury you have those minutes in front of you. How do those read? How does the motion read?

DAVID ASBURY: Mary Quillen: "Okay. My motion it to include that docket number, a new application for re-pooling including those two units that were not included in the original Board order and proceed from there. I don't think we need to say anything about the payment because it will be...the payment will be made into escrow.

BUTCH LAMBERT: So, there was a mistake when...really we couldn't...she couldn't...we couldn't

do units. It would have been tracts.

MARY QUILLEN: Tracts.

BRUCE PRATHER: Tracts.

MARY QUILLEN: That was a mistake in---.

MARK SWARTZ: See we didn't go back and look at the transcript. I mean, David just told us fix it and we have in our minds it was a tract issue and then, you know, he brought this to our attention. I mean, that's what it says. But that's the...that's why we did what we did. We were focused on fixing the tract issues that we had addressed in '08.

BUTCH LAMBERT: Well, let me ask one question, and I know Mr. Sheffield is going to get to this real soon. I'll give you the opportunity. But I want to ask before we do. Was the notice issue with Mr. Sheffield ever resolved as far as we know?

DAVID ASBURY: I don't know.

MARK SWARTZ: Well, it was the central issue in the lawsuit. I mean, you know, I have documents pertaining to that lawsuit where he, you know, signed for the order, where he wrote to my client and asked them to supply him a number so he could participate, you know, and then he didn't timely participate. He starts a lawsuit and ultimately he dismissed that lawsuit and,

in my view, gave up all of these arguments that we're going to hear about participation and notice and all of that sort of stuff. I mean, he's going to tell you something different, but that case was resolved. It went away. And you're right, you're going to hear from him. You're going to hear the other side, you know.

BUTCH LAMBERT: Any questions from the Board for Mr. Swartz on the tracts and the unit itself?

(No audible response.)

BUTCH LAMBERT: Okay, Mr. Sheffield.

JOHN SHEFFIELD: A little housecleaning, if I may. I didn't hear anything...I'm sorry, but I am in this petition. I didn't hear anything about Tract 53. Tract 53 was not in the original petition. It was added. I don't if E. E. Fletcher was notified. There has been no mention of Tract 53 that I can recall. Please correct me if you can.

SHARON PIGEON: I don't think we're understanding what you're saying. That's not what's in the---.

JOHN SHEFFIELD: Tract 53 is in here and I didn't hear anything---.

SHARON PIGEON: But that's not in the application.

BUTCH LAMBERT: It's not in the application.

JOHN SHEFFIELD: Oh, well, it's here in mine. It was Tract 45 originally back in 2008. Well, it was a split between 45 and Tract 53.

MARY QUILLEN: Oh, yeah, it is in...yeah, it is in the application.

JOHN SHEFFIELD: And now---.

SHARON PIGEON: It's in the attachments and but it's not in the application. That's what I'm saying.

JOHN SHEFFIELD: Okay, I'm sorry. It now...Tract 45 is Tract 45A, B and Tract 53. That's what has changed from the original petition.

MARK SWARTZ: Tract 53, just to cut to the chase, what's the story of Tract 53?

ANITA DUTY: Tract 53 is a 100% leased. Like we were saying earlier, 45 is broken out into different tracts. That 53 happens to be a 100% leased. There's no issue with---.

JOHN SHEFFIELD: Oh, okay.

MARK SWARTZ: We wouldn't notice somebody who is a 100% leased?

ANITA DUTY: Right.

JOHN SHEFFIELD: Okay. So, I saw CBM leased 97.22 on mine. That has changed. I'll give it the

Board. That's what you sent me.

DAVID ASBURY: Mr. Chairman.

BUTCH LAMBERT: Mr. Asbury.

DAVID ASBURY: My office received also just another piece of this puzzle. We received a call from a Mr. Howard Hutton who believe he owns a significant part of Tract 45. Howard Hutton. I haven't met him personally. This was just a phone call. He doesn't understand or hasn't been...it hasn't been discussed, according to him, about how his Tract 45 has been subdivided into other tracts.

SHARON PIGEON: Did he get a notice? Is that why he was calling you?

DAVID ASBURY: Yes. He...I'm not sure if he got a notice about this specifically or not. It's my opinion that he did not and he heard about this or read that this was being re-pooled. He had not...it had not been discussed as to how his tract was subdivided or why. Now, again, that's a telephone conversation. In the affidavit that was provided to us, I don't see his name in the notice.

SHARON PIGEON: Well, have et al there.

BUTCH LAMBERT: Mr. Swartz, do you have anything further?

MARK SWARTZ: What was that person's name,
David?

DAVID ASBURY: Howard Hutton.

MARK SWARTZ: Who?

DAVID ASBURY: Hutton, H-U-T-T-O-N, I believe.

MARK SWARTZ: And he says he's in what tract?

DAVID ASBURY: 45.

MARK SWARTZ: We don't show a Hutton...I mean,
we just don't show a Hutton in that tract.

ANITA DUTY: Is he maybe a surface owner?

DAVID ASBURY: I couldn't find...I could not
find documents saying that he was or was not.

BRUCE PRATHER: He wasn't one of the original
petitioners or any of that?

DAVID ASBURY: No, sir.

BRUCE PRATHER: Okay.

SHARON PIGEON: Did he know about this hearing
today?

DAVID ASBURY: Yes, he did.

BUTCH LAMBERT: So, CNX didn't notice of him.
He must have found it in the paper.

MARK SWARTZ: Yeah. I mean, we...we would have
noticed him if we thought he had a mineral interest in
those tracts. I mean, he may be a surface owner or he

may not be in these tracts at all. I mean, our title doesn't show him in these tracts. It would have been great if he came today.

BRUCE PRATHER: Do you have the surface tracts on your abstract?

MARK SWARTZ: We don't do surface tracts, you know, unless we're going to disturb the surface. So, I can't really...I can't really tell on this.

BUTCH LAMBERT: Well, haven't had him listed now since '08.

DAVID ASBURY: His name is not in the original 45 documents---.

MARK SWARTZ: Well, actually since '06.

BUTCH LAMBERT: '06.

DAVID ASBURY: Unless it's an heirship issue.

BUTCH LAMBERT: Okay. Mr. Sheffield, do you have anything further?

JOHN SHEFFIELD: Yes, sir.

BUTCH LAMBERT: Please continue.

JOHN SHEFFIELD: In the original petition, it was sent out in February of '06, let me make it clear, I was unleased in all tracts that I had. I have tracts that are leased. I have tracts that are force pooled. In my estimation, of course, different than Mr. Swartz,

at least in the gas estate of 41 and the coal estate of both 52 and 47 unpooled within 4,549 acres. At the---

SHARON PIGEON: Unpooled or unleased?

JOHN SHEFFIELD: Huh?

SHARON PIGEON: Are you saying you are unpooled or unleased?

JOHN SHEFFIELD: Unpooled and...unleased and unpooled, yes, ma'am. The day of that hearing, March the 21st, 2006, the Board received a different copy, which that's perfectly within the rules and everything. I did not get a copy of that. That's when I ended up with different tracts at that time leased and unleased. Now, I notice that Tract 41 was represented to this Board in 2006 as leased sometime later when I got...obtained documents, not from CNX, as to what the Board had in hand. I didn't speak that day because my attorney, Peter Glubiak was not going to be able to present and he spoke of it in a letter. So, therefore, my representation wasn't here and rightfully so, I couldn't speak. Now---

SHARON PIGEON: You could speak, Mr. Sheffield. You could not act as Co-Counsel. I made that clear to you then.

JOHN SHEFFIELD: Correct. Yes. I'm sorry. I

couldn't as Co-Counsel. My apologies again. But, when we came forward, I called...in June of '06 when I found this out on Tract 41, I called Scott Hodges and told him, I said, "Hey, Scott, you know, on Tract 41 in this VP83 it shows me as leased and I'm unleased." He called me back the next day. He said, you're right. So, I thought, okay, they'll get that taken care of before they came out with all of their documentation. Then we come down with the fact that we received notice with...the elections with four pages 8 1/2" X 11" to 1. I did call Bob Wilson about it. I said, "Hey, I got this." He goes, "Well, that's not notice." is what he told me. I said, "Well, do I need to act on this?" He goes, "No, you need to get noticed again. That's not representative of notice from the DGO." So, CNX did. They sent another one that some people couldn't read it, is what they said on a sheet. So, they were reading notice. I participated. But what was decided was that because the original petition...I mean, the original elections that came out that was the time that started instead of the one that was sent to me on the second the time was started. So, it was beyond the thirty days of the election and not of paying money on participation. That was voted on here at the Board. Bob Wilson was

here saying, well, that wasn't representative and what happens happens. In 2008, we came up and it was discussed between Bob and Mr. Swartz, Bob Wilson, and the Board got into a discussion and I...I was there that day and Ms. Pigeon asked me to come back and Mr. Wampler and I and the Board spoke of it. At that time, the Board voted to re-pool. I didn't...you know, I just received notice later and that was what was re-pooled is what Mr. Swartz is pertaining to. But in my estimation, if Ms. Quillen...if Ms. Quillen or John Sheffield or anybody is not leased and the information that comes forward to the Board to create a unit, which if this 4,549 acres is a creation, I don't know of any others that were exactly that acreage, and she's represented as leased, but she was unleased, then the Board did not...in my opinion only, of course, did not give permission to force pool that unit. That's where we are. The only way you can...in the state of Virginia that I'm aware, and please correct, Ms. Pigeon, or Mr. Swartz, that you can produce gas on an unleased piece of property is by the Board giving permission to do so. That includes the paperwork that comes up before the Board being correct. I would say what we have now is a gob unit for however many years that is 4,549 acres less

the Sheffield interest in Tract 41, Tract 52 and Tract 47 on the coal side because they're showing that on 52 because in the application in the asking they didn't represent the property as leased or, excuse me, unleased. They represented it as leased in the original petition. So...and the only way to secure the 4,549 acres as a gob unit would be without the Board's permission.

BUTCH LAMBERT: So, we're right back at the beginning of election options?

JOHN SHEFFIELD: Well, election options of making sure that we have what's asked for of 4,549 acres because right now in my estimation it's not because that wasn't asked of the Board. It was represented as something different than what it is.

BUTCH LAMBERT: So...but your suit that was non-suited---?

JOHN SHEFFIELD: And I can...if I may speak to that, and Ms. Pigeon is correct. It was an absolute fatal error on my young attorney's part. They did not sufficiently supply a transcript from that hearing. That is a fatal error. And that's why it was non-suited and rightfully so.

BUTCH LAMBERT: Okay.

SHARON PIGEON: But with prejudice. And that means that that's over.

JOHN SHEFFIELD: And that's the only way...in a fatal error, that's the only way you can do it. That's the only way you can do it when you don't have---

SHARON PIGEON: And that's a complication here---

JOHN SHEFFIELD: That is a fatal error. But when it's a fatal error, you can't do anything else.

SHARON PIGEON: ---in your argument.

JOHN SHEFFIELD: It has be with prejudice.

SHARON PIGEON: It was fatal error in your argument.

JOHN SHEFFIELD: Fatal error in the fact that we did not send the transcript.

SHARON PIGEON: It's a fatal error in you rearguing that issue.

JOHN SHEFFIELD: I don't know if it was argued specifically about leased and unleased representation. I understand about the notice and everything. But the leased and the unleased...right now we have a 4,549 acre unit less those tracts because this Board did not approve those tracts because it wasn't asked of the Board to approve those tracts. So, whatever the acreage

is of the Sheffield interest it's minus that. It's really a unit of...I mean, we're getting into all kinds of things such as payments and things like that. You know, it could be 4,540 acres or 4,549 acres. I believe that's why the Board in April, 2010 voted on the fact that they were going to re-pool the whole unit. You couldn't just do those two tracts. Correction to the tracts and not the unit. The unit is correct. The unit 4,549 acres and the two tracts could not just be re-pooled only. The whole unit has to be re-pooled because it would be a difference in acreage actually.

BUTCH LAMBERT: So, Mr. Sheffield, what relief are you asking this Board?

JOHN SHEFFIELD: Exactly what I feel the Board intended to do in 2010, which is to re-pool VP8SGU3 all individuals.

BUTCH LAMBERT: I'm not sure that was the motion after we re-read and discussed it. I think that we all agree that the motion by Ms. Quillen really mean to say the two tracts that we're talking about and not the entire unit. Is that correct, Ms. Quillen?

JOHN SHEFFIELD: So, we're just---

MARY QUILLEN: Uh-huh. Correct.

JOHN SHEFFIELD: And so we presently don't have

4...yes, that's what they've asked the Board to do is 4,549 acres, but those tracts are not force pooled because they didn't list them as unleased. They listed them as leased.

BUTCH LAMBERT: Listing them as deemed leased because of the notification issue that was non-suited, if I'm following the history correctly.

JOHN SHEFFIELD: You know, I don't...I don't have that in front of me. I don't believe 41 did have that.

MARK SWARTZ: He's actually making two arguments, but I don't want to interrupt him until he's done.

BUTCH LAMBERT: Yeah. Anything further, Mr. Sheffield?

JOHN SHEFFIELD: Only with respect to be able to come back.

BUTCH LAMBERT: Sure. Absolutely.

MARK SWARTZ: I think I heard him say that Tracts 40, 41 and 52 were not identified.

JOHN SHEFFIELD: 40.

MARK SWARTZ: 40, 41 and 52.

JOHN SHEFFIELD: I think it was 41...I'm sorry, Mark. 41, 52 and 47 is when I added that in, yes,

because I looked through the original thing here, if you want to look at. 47 is the coal side was not mentioned there. It was unleased in both sides.

MARK SWARTZ: One minute here. I'll find one more exhibit.

JOHN SHEFFIELD: Yes, sir.

DAVID ASBURY: Mr. Chairman, while they're looking for that information. I misspoke about the name. The name is Eddie Fletcher who is a part of the E. E. Fletcher instead of Howard Hutton. He was part of 45.

BUTCH LAMBERT: Okay. 45.

JOHN SHEFFIELD: With respect to that, was he not noticed in the...Mr. Asbury, in respect to that was he not noticed in the re-pool back in May of '08 under Tract 45 and 53.

DAVID ASBURY: I don't know that answer. I do know he stated that he wasn't noticed for this re-pooling on 45.

BUTCH LAMBERT: So, Mr. Swartz--.

MARK SWARTZ: Okay. I think I heard Mr. Sheffield say that Tracts 40, 41, 47 and 52 were not pooled by this Board's order because they weren't identified as unleased tracts. I mean, I think that's

what he's saying. I'm looking at the Board order that was entered on June the 19th, 2007 and recorded. On page twenty-seven of the recorded documents, Exhibit B-3 that's part of the order entitled "List of Unleased Owners and Claimants", Tract 40 lists the John Tollman Sheffield Trust.

JOHN SHEFFIELD: And at the top, it says, "Coal Fee Ownership", correct?

MARK SWARTZ: We're going to get to the oil and gas.

JOHN SHEFFIELD: Okay. I just---

MARK SWARTZ: Tract 41 lists...is listed under unleased owners and claimants. If you go to 55 of the order, page fifty-five recorded, Tract 47 under list of unleased owners and claimants, John Tollman Sheffield Trust was listed. If you go to page 59, Tract 52 was listed as one of the list of unleased owners and claimants, John Tollman Sheffield Trust is in there. So, what I said earlier to you was we identified the Sheffield Trust with regard to all of those tracts. We noticed them. But with regard to Tract 52 and 41, we didn't indicate that they were in fee. We simply noticed the trust indicating that it either on one instance had a coal estate interest or an oil and gas

interest. So, to the extent that Mr. Sheffield is suggesting we didn't list each one of those tracts and list them as unleased, he's wrong because all those tracts showed his Trust as either having an interest in them and show that they were unleased and it's in the Board order that was recorded. Now, the second point that I would make, his complaint that his lawyer filed in the lawsuit from that order that was ultimately dismissed with prejudice it talked about these tracts and it talked about the four to a page issue that he's trying to raise again today. You know, he raised all of these issues in his appeal to the Circuit Court and he and his lawyer dismissed that with prejudice. It's done. It's over. I mean, this order was final in '07. It was appealed. When the appeal was dismissed, I think it was in '08, it's over. So, the question today is do we straighten out these three Tracts, 52, 41 and split 45 into 45A and B so that we can pay this money that we've been holding for a really long time to the escrow agent? That's the question.

BUTCH LAMBERT: Mr. Sheffield.

JOHN SHEFFIELD: I stand again, the documentation they they put before the Board didn't say that the gas was leased in Tract 41---.

BUTCH LAMBERT: Any questions from the Board?

JOHN SHEFFIELD: ---making the unit different than what it is as far as acreage.

BUTCH LAMBERT: Anything further from the Board?

MARY QUILLEN: Mr. Chairman, I have just a question. Exactly what are you asking us to consider that would make this right for you?

JOHN SHEFFIELD: A re-pool of all tracts in VP8SGU3 now.

BUTCH LAMBERT: And why would we ask to re-pool the entire unit?

JOHN SHEFFIELD: Because, totally my opinion, the acreage is not sufficient when you don't ask to force pool certain tracts and you represent them as leased and not unleased.

MARK SWARTZ: When he dismissed his case in the Circuit Court, he lost his opportunity to challenge a participation again. His only way to get from point A to point B to force you and us to notify all of these people to re-pool this entire unit for some bogus reason. I mean, that's...that's where he's...I mean, that's why he's asking us to re-pool an entire unit is because he gave up his right to participate when he dismissed...his argument that he had a right to

participate when he dismissed his lawsuit. I mean, that's the bottom line here.

JOHN SHEFFIELD: And take John Sheffield and Mark Swartz out of it. Bob Wilson, and sorry, Mark, I have to use your name again, because you two discussed this in January of '08 and it became quite a heated subject, the Board voted to re-pool it because of the inadequacy of the documentation sent before this Board. The Board did. Bob Wilson said the lawsuit is not the point. The point is the paperwork came in.

BUTCH LAMBERT: I understand, Mr. Sheffield.

JOHN SHEFFIELD: I'm sorry.

BUTCH LAMBERT: Thank you for your argument, but I think what we have heard here is that what you're asking us to do has already been settled in Court or not settled in Court. Now, you're asking this Board to re-pool that entire unit to give you another shot at it again. From what we have already determined through discussion and Ms. Quillen admits that she was only making the motion to re-pool the two tracts. So, I think that's what this Board is being asked to consider today is based upon her motion is to reconsider the re-pooling of those tracts and not the whole unit. Any further discussion from the Board?

KATIE DYE: I just have a question.

BUTCH LAMBERT: Mrs. Dye.

KATIE DYE: I would like to know what Mr. Asbury has to say about this. I'm sorry, I can't hardly talk.

BUTCH LAMBERT: Could you restate the question, Mr. Asbury, so everyone can hear?

DAVID ASBURY: Mrs. Dye has asked my opinion of the circumstances here. Again, my effort was to bring back this sealed gob unit, which the Board didn't properly pool, and we did not properly get the funds into escrow. It's truly up to the Board what decision and direction they would like to go with.

BUTCH LAMBERT: Well, I understand we have nearly three quarters of a million dollars that needs to be deposited into escrow from this unit.

DAVID ASBURY: Yes, sir.

BUTCH LAMBERT: And that's what this Board needs to make a decision on is to approving this re-pooling of these two tracts so that this money can be deposited into escrow.

DAVID ASBURY: If there are...and this is just my opinion, I'm not a Board member, but my opinion is if there are a total number of acreage that was not accurately force pooled in the original documents, that

needs to be corrected in total.

BUTCH LAMBERT: Anything further from the Board?

BRUCE PRATHER: Mr. Chairman---

BUTCH LAMBERT: Mr. Prather.

BRUCE PRATHER: -I'd like to know what Ms. Pigeon thinks about this. I'm not an attorney, but I'd like to know an opinion from our legal source.

SHARON PIGEON: Well, we're talking about two or three different things. You know, the thing about the notice, the four pages to one page, that was in the lawsuit. That is...you know, that's over with. That has been decided. It was Mr. Sheffield's attorney who dismissed his case with prejudice. I'm sure that he understands that that's over with. So, we don't need to go back and revisit that notice issue. As far as whether or not he was listed as coal or a fee owner, the only difference that that would make is whether or not it would go into escrow if there was a difference in ownership. So, to me that doesn't seem to be a major problem. We just corrected that. So, now, it's not going to go into escrow. So, beyond that you need to make your decision.

BUTCH LAMBERT: A decision being based upon Ms. Quillen's motion from the last Board meeting---

SHARON PIGEON: That brought you back here.

BUTCH LAMBERT: ---that brought us back to where we are here today.

BRUCE PRATHER: And that was a mistake and we're trying to ratify that?

SHARON PIGEON: Well, she made the motion to ratify an earlier mistake and then we have a mistake in the motion. So, we seem to have---.

BRUCE PRATHER: Right.

SHARON PIGEON: ---a definite problem.

BUTCH LAMBERT: So, what her motion did at that meeting was to ask the company to go back and to correct the errors in that order, which they have done and they have presented to us here today.

JOHN SHEFFIELD: If I may, in the January...correction, in the May of '08 re-pool, Tract 41 was not identified as interest properly pooled and deemed leased. That was not in that re-pooling. Tract 41 or 52.

MARK SWARTZ: Well, you know, to me if '08 was the punt, nothing happened.

JOHN SHEFFIELD: Yeah, but you had a---.

MARK SWARTZ: It's not an order.

JOHN SHEFFIELD: The Board voted. And I would

say...I would say---

MARK SWARTZ: Well---

JOHN SHEFFIELD: ---it was your application.

SHARON PIGEON: But it was your argument about the four pages to one sheet that got, I think, the Board off on another topic.

MARK SWARTZ: Right. And they just threw up their hands.

JOHN SHEFFIELD: It was...I think it was the representation...in May of '08 it was acreage. He was correct in his original...I guess, that's not actually testimony, but Mr. Swartz was correct it was over an acreage differing at Buchanan County versus in and amongst the tracts of land. That was...in May of '08 that was what we got off on on that. But in their request in May of '08, they didn't have Tract 41 and 52 as pooled deemed leased. It had elections attached to it.

BUTCH LAMBERT: I understand. But, that... again, no action was taken.

JOHN SHEFFIELD: I understand.

BUTCH LAMBERT: And we're here today with the evidence that we have in front of us with Tract 41.

JOHN SHEFFIELD: It's not pooled.

BUTCH LAMBERT: Well, that goes back to the...to
the---.

MARK SWARTZ: Argument.

BUTCH LAMBERT: ---argument that we started out
with and what got us here.

JOHN SHEFFIELD: Yes.

BUTCH LAMBERT: Okay. Anything further the
Board?

(No audible response.)

BUTCH LAMBERT: Do I have a motion on this
petition?

MARY QUILLEN: To correct the motion that I had
made previously of re-pooling the unit instead to re-
pool the two tracts in question.

BUTCH LAMBERT: So, I have a motion to approve?

MARY QUILLEN: Yes.

BUTCH LAMBERT: And do I have a second?

BRUCE PRATHER: I'll second.

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

(No audible response.)

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

(All members signify by saying yes, but Katie

Dye.)

BUTCH LAMBERT: Opposed, no.

KATIE DYE: I'll abstain.

BUTCH LAMBERT: One abstention, Mrs. Dye.

Docket item thirteen is approved. Ladies and gentlemen, we're going to take a quick ten minute break and then we're going to resume. But in ten minutes we'll be back in session.

(Break.)

BUTCH LAMBERT: Okay, ladies and gentlemen, it's time for us to get started back. If you'll please take your seats. We're calling docket item fourteen, a petition from CNX Gas Company, LLC for creation of a sealed gob unit and pooling unit Buchanan No. 1 SGU3, docket number VGOB-11-0215-2911.

MARK SWARTZ: Mark Swartz, Anita Duty and possibly Les Arrington.

(Leslie K. Arrington is duly sworn.)

BUTCH LAMBERT: You may proceed, Mr. Swartz.

MARK SWARTZ: Thank you.

ANITA DUTY

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

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

Q. Anita, would you state your name for us, please?

A. Anita Duty.

Q. Who do you work for?

A. CNX Land Resources.

Q. And did you prepare the notice and application and participate in the preparation of the related exhibits?

A. Yes.

Q. And you signed the notice of hearing and the application, did you not?

A. Yes.

Q. Okay. What did you do to notify people that we were going to have a hearing today?

A. Mailed by certified mail return receipt requested on January the 14th, 2011. I published the notice and location map in the Bluefield Daily Telegraph on January the 24th, 2011.

Q. And have you either already provided copies of your certificates with regard to mailing and proof of publication to Mr. Asbury or do you plan on doing it before you leave today?

A. Yes.

Q. Okay. Have you...do you want to add anybody as respondents today?

A. No.

Q. Do you want to dismiss anyone?

A. No.

Q. Do you have some revised exhibits?

A. I do.

Q. Could you maybe pass those out before we start?

(Exhibits are passed out to the Board.)

Q. Okay, this...in this case we actually have two requests of the Board, right?

A. Yes.

Q. We would like to create a sealed job unit and then we would like to pool?

A. Yes.

Q. Have you provided the Board with maps of the proposed unit?

A. I have.

Q. Okay. And we've given the Board a map that shows the mining under the proposed unit, correct?

A. Yes.

Q. And we've...and ventilation holes and

wells within the unit, correct?

A. Yes.

Q. And they're obviously a number of wells and holes?

A. There is.

Q. Okay. And then we've given them another map, which is a little cleaner, which shows the various tracts, correct?

A. That's correct.

Q. Okay. And then we've given...that was published, Exhibit A-1, we've sort of located the unit in Southwest Virginia, correct?

A. Yes.

Q. Okay. The...could you...first of all, could you tell the Board what interest you have...the applicant has been able to obtain in this unit either by lease or purchase and what interest you're seeking to pool?

A. We've acquired 100% of the coal claim and 99.2795% of the oil and gas claim and we are seeking to pool 0.7205% of the oil and gas claim.

Q. So, you've been able to lease over 99% of this unit?

A. Yes.

Q. Okay. In addition to the maps, have you provided the Board as is required with a courses of and distances under the Virginia State Plain Coordinate system of the exterior boundary and have you reported that in your notice?

A. I have.

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

A. 1,474.57.

Q. Okay. And with regard to the map, in relation to the mining underground, the western boundary of the unit does that butt up against another sealed job unit?

A. Yes.

Q. Okay. So, you've actually designed this unit to not strand any acreage?

A. That's correct.

Q. Okay. And that's the reason for the location of the line on the west rather than following the entries?

A. It is.

Q. Okay. Have you provided cost information with regard to both the wells that we're seeking and the cost of sealing of this...this sealed

gob unit off from the rest of the mining?

A. Yes.

Q. And the cost of installing the panels to seal it and isolated from the active mine is what number?

A. The---.

Q. No, the cost of sealing.

A. Oh, \$2,615,000.

Q. Okay. And have you provided the Board with a revised Exhibit with regard to the wells?

A. Yes.

Q. Okay. And you've got sort of a collective well cost of \$231,145.90, correct?

A. Yes.

Q. And then you've simply multiplied that times the number of wells you're seeking to recover and come up with what number?

A. \$6,082,188.50.

Q. Okay. And that's a combination of the seals and the wells?

A. It is.

MARK SWARTZ: Okay. Les, I'm probably going to have you testify to a couple of things, okay.

LESLIE K. ARRINGTON: Uh-huh.

LESLIE K. ARRINGTON

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

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

Q. You need to state your name for us, please.

A. Leslie K. Arrington.

Q. Who do you work for?

A. Consol Energy.

Q. Have you been involved in creating a number of sealed gob units over the years?

A. Yes, I have.

Q. Did I asked you to take a look at this particularly unit so that you could share with the Board and with people who might want to participate an estimate with regard to production?

A. Yes.

Q. Okay. And did you do that? Did you do the homework?

A. Yes, I did.

Q. Okay. And what is the applicant's estimate of production that might be obtained from this

proposed unit?

A. Approximately, 5.5 bcf.

Q. Okay. It could be more or could be less, but that's an estimate?

A. Yes, it is.

Q. Is that a reasonable estimate in your view?

A. It is reasonable. That's based on curves from our other sealed gob units that we've had or had.

Q. Okay. And is it your understanding, based on your experience, that the number of wells that being proposed is a reasonable number to really obtain a sufficient production from this proposed unit?

A. Yes, it is.

Q. (Inaudible)?

A. Yes.

MARK SWARTZ: Okay. That's all I have of Les. I'd like to go back to Anita for a moment.

BUTCH LAMBERT: Okay. Let me see if there's any questions from the Board. Any questions from the Board?

(No audible response.)

BUTCH LAMBERT: You may continue, Mr. Swartz.

MARK SWARTZ: Okay.

ANITA DUTY

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

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

Q. Anita, the...did you also notify our lessors who we normally wouldn't notify of this application...some of the lessors?

A. Everyone, yes.

Q. Okay. And that would have been because their leases don't allow for the creation of a unit this big, correct?

A. Yes.

Q. So, we want them to have an opportunity to come into today if they had any heartburn with the size of this unit, correct?

A. That's correct.

Q. With regard to pooling, however, we're not seeking to pool our lessors, we already have leases from them?

A. That's correct.

Q. And so the...with regard to the election options under a pooling order, we would be limiting that

to the people listed in Exhibit B-3, correct?

A. Yes.

Q. Okay. Is there an escrow requirement in this unit?

A. Yes. Tracts 16A and 16B.

Q. And the reason for escrow is traditional conflicts?

A. Yes.

Q. Okay. Are there some split agreements in this unit?

A. There are. Tracts 1, 3, 5, 6, 10, 16A and 16B.

Q. Okay. And you have provided the Board with a schedule that shows other Board orders that would be affected by this---?

A. I have.

Q. Okay. That's Exhibit F, correct?

A. Yes.

Q. Okay. Lastly, is it your view that if you combine a pooling order pooling the less than 1% of the owners that we don't have an agreement with with the owners that we have leases and agreements with that the correlative rights of everyone will be protected?

A. Yes.

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

BUTCH LAMBERT: Ms. Duty, you testified that there are some split agreements and you gave the tracts that you have the split agreements. Have you seen this?

ANITA DUTY: Yes.

BUTCH LAMBERT: Any further questions from the Board?

(No audible response.)

BUTCH LAMBERT: Anything further, Mr. Swartz?

(No audible response.)

BUTCH LAMBERT: Do I have a motion?

BRUCE PRATHER: Motion to approve.

BUTCH LAMBERT: Do I have a---?

MARY QUILLEN: Second.

BUTCH LAMBERT: I have a motion to approve and a second. All those in favor, signify by saying yes.

(All members signify by saying yes, but Katie Dye.)

BUTCH LAMBERT: Opposed, no.

KATIE DYE: I'll abstain.

BUTCH LAMBERT: One abstention, Mrs. Dye. Mr. Swartz, that's approved.

MARK SWARTZ: Thank you very much.

BUTCH LAMBERT: Calling item fifteen on the

docket, a petition from GeoMet Operating Company, Inc. for pooling of coalbed methane unit 6665 VA unit XXX-43, docket number VGOB-11-0215-2912. All parties wishing to testify, please come forward.

TOM MULLINS: On behalf of GeoMet, Tom Mullins, Rocky Stilwell and Tim Blackburn.

BUTCH LAMBERT: Good morning, gentlemen.

ROCKY STILWELL: Good morning.

BUTCH LAMBERT: I guess, it's still morning, isn't it?

TOM MULLINS: It is.

(Rocky Stilwell and Tim Blackburn are duly sworn.)

(Exhibits are passed out to the Board.)

TOM MULLINS: Mr. Chairman, on behalf of GeoMet, we're here today for a pooling.

ROCKY STILWELL

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

DIRECT EXAMINATION

QUESTIONS BY MR. MULLINS:

Q. If I could, I'd like to ask Mr. Stilwell to state his full name for the record, please.

A. Rocky Stilwell.

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

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

Q. And are you familiar with the
application for the pooling of unit XXX-43?

A. Yes.

Q. This what we have been calling a border
unit. It adjoins the State of West Virginia, is that
correct?

A. Yes.

Q. That's why acreage is so small?

A. Correct.

TOM MULLINS: Okay. And Mr. Blackburn will be
testifying from these plats. One of the things that I
wanted to note for the Board and the application itself,
the approximate well spot was a place different than is
indicated on this top plat. The reason for that is
we've ran into some mining issues and Mr. Blackburn will
testify to that.

Q. How many acres are in this unit?

A. 18.24.

Q. And this is an Oakwood unit?

A. Yes.

Q. Does GeoMet have drilling rights for this unit?

A. Yes.

Q. Are you aware of any folks or respondents in Exhibit B-3 that should be dismissed?

A. No.

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

A. 94.19%.

Q. And the gas ownership?

A. 70.6425%.

Q. And notice was sent as required by statute and we just deliver an affidavit to Mr. Asbury's folks, is that correct?

A. Yes.

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

A. Yes.

Q. And there's a bond of record covering its activities?

A. Correct, yes.

Q. Okay. Could you explain to the Board the terms that GeoMet offers to those folks who voluntarily lease with them?

A. GeoMet offers twenty dollars per acre for a five year paid up lease with a one-eighth royalty.

Q. Okay. And based upon your experience in the oil and gas business, do you consider that a fair and reasonable lease term?

A. Yes.

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

A. 29.3575.

Q. And the coal estate?

A. 5.81.

Q. There are no unknown or unlocateable owners, is that correct?

A. Yes.

Q. Now, there are parties whose interest are in dispute, is that...and that's why we're here today?

A. Yes.

Q. And those are what we know and have been referring to as the Rogers Cousins, is that correct?

A. Correct.

Q. Okay. Which tracts are involved?

A. Tract 1 and 3.

Q. And what's the total percentage to be

escrowed due to these conflicting ownership claims?

A. 23.5475%.

Q. And that's indicated on Exhibit E with the application, is that correct?

A. Yes.

Q. And you're asking on behalf of GeoMet that the Board pool these unleased interest in this unit, is that correct?

A. Yes.

Q. Okay. To whom should any correspondence be sent concerning GeoMet?

A. Joseph L. Stevens, the land manager, GeoMet Operating Company, Inc., 5336 Stadium Trace Parkway, Suite 206, Birmingham, Alabama.

Q. You said Stevens, but it's actually Stevenson.

A. Stevenson, yes.

Q. Okay. Now, are you familiar with the well cost estimate that was attached to the application?

A. Yes.

Q. Could you tell the Board what the proposed depth of the well is going to be?

A. 2,192 feet.

Q. And the estimated reserves?

A. 188.78 million.

Q. Okay. And the estimated well completion costs?

A. \$452,311.

Q. And the dry hole costs?

A. \$222,272.

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

A. Yes.

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

A. Yes.

TOM MULLINS: All right. I don't have any other questions of this witness.

BUTCH LAMBERT: Any questions from the Board?

(No audible response.)

BUTCH LAMBERT: Mr. Stilwell, could you give us the acreage in dispute again? I'm not sure...the acreage in dispute again.

ROCKY STILWELL: Okay.

BUTCH LAMBERT: I think I heard it wrong. I may not have.

ROCKY STILWELL: Let's see.

TOM MULLINS: The acreage or the percentage?

BUTCH LAMBERT: The percentage, I'm sorry. The percentage.

ROCKY STILWELL: 23.5475%.

BUTCH LAMBERT: Thank you. I just misunderstood you. I appreciate you. Any further questions from the Board?

BRUCE PRATHER: I've got one question.

BUTCH LAMBERT: Mr. Prather.

BRUCE PRATHER: On your...the last exhibit, the LB Holdings Company apparently has the unit and there's only 18 acres of it that's in the State of Virginia. Do you own the rest of that unit?

TOM MULLINS: The lease that we have encompasses that entire tract.

BRUCE PRATHER: Okay. That's what I wanted to know. Thank you.

TIM WESLEY BLACKBURN

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

DIRECT EXAMINATION

QUESTIONS BY MR. MULLINS:

Q. Would you please state your name?

A. Tim Wesley Blackburn.

Q. And we have handed out to the Board and to the folks at the Gas and Oil office several plats. Tell me what...what these plats are and who prepared them.

A. The plats were prepared by T Engineering. We're consultants for GeoMet. The first plat that you see is the pooling plat showing the unit in question. It shows the ownership and tract numbers.

TOM MULLINS: Okay. Can we label this plat as Exhibit AA?

(No audible response.)

Q. And this is a revised plat, is it not?

A. It is.

Q. All right. What is different about this plat is the location of the approximate well spot?

A. That's correct.

Q. And that will be explained on the next plat, BB, is that correct?

A. Yes.

Q. Could you tell the Board what Exhibit BB shows?

A. This plat shows, as the title indicates, mining activities in the area. The mining activity in

this immediate vicinity usually occurs in the Red Ash and Jawbone seams. The Jawbone as you see by this plat is being mined. This is an active mine operated by Jewell Smokeless. You'll see that there is Red Ash work shown. There is anticipated mining in the area. But there's no mine plan available at this time. So, it's future mining.

Q. So, the well spot...the approximate location of the well spot was placed where?

A. Right. We moved...we moved the well spot to be drilled in the Barrier block, as you see, between the one...the main to the north is the active main. The area down to the south here has been sealed. So, we're positioning the well to be drilled in the Barrier block.

Q. All right, sir. Now, the next plat CC is actually to show the Red Ash works, but there are no Red Ash works, is that correct?

A. That's correct.

Q. Then the next exhibit, which is DD---?

A. Which order---?

BUTCH LAMBERT: I think we're out of order.

TOM MULLINS: This is the one I have.

BUTCH LAMBERT: That's the one we have. That

one.

TOM MULLINS: This is the one I have.

A. Okay. Well, it's a---.

Q. You can use mine.

A. Okay. It's the Jawbone works shown in relation with the unit and topographic map. It's showing the well position in the same Barrier block.

Q. Okay. The next one, which is a topographic map, and we'll label as EE?

A. It merely shows the well spot in the unit and a topographic background.

Q. Is that to give some idea as to the terrain in the area?

A. Yes.

Q. And the last one that I have, we'll label FF, could you explain to the Board what that shows?

A. This shows the subjected unit and the surrounding unit with the ownership.

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

BUTCH LAMBERT: Any questions from the Board?

(No audible response.)

BUTCH LAMBERT: Anything further, Mr. Mullins?

TOM MULLINS: No, sir.

BUTCH LAMBERT: Do I have a motion?

BRUCE PRATHER: Motion to approve.

MARY QUILLEN: Second.

BUTCH LAMBERT: I have a motion and a second.

Any further discussion?

(No audible response.)

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

(All members signify by saying yes.)

BUTCH LAMBERT: Opposed, no.

(No audible response.)

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

TOM MULLINS: Thank you.

ROCKY STILWELL: Thank you all.

BUTCH LAMBERT: Ladies and gentlemen, just for the information of the audience and the folks that are remaining, we're going to try to finish out these two docket items before lunch. Then immediately after lunch, I think we'll have something to show that the folks that the audience will be interested in seeing. It's called the new DMME...Virginia Gas and Oil Board Escrow Estimator that's going to be made public

tomorrow. We're going to have...we've got folks from our DMME staff who are going to demonstrate that to you and show you how to use it. So, if you would...I would welcome you all to come back after lunch. We'll do this...start it at 1:00 o'clock. So, please come back. I think you'll be real excited about what you're going to see. Okay, calling docket item sixteen, a petition from Range Resources-Pine Mountain for a well location exception for proposed well 90017, docket number VGOB-11-0215-2913. All parties wishing to testify, please come forward.

TIM SCOTT: Tim Scott and Gus Jansen and Phil Horn from Range Resources-Pine Mountain, Inc.

(Gus Jansen and Phil Horn are duly sworn.)

BUTCH LAMBERT: You may proceed, Mr. Scott.
Good morning.

TIM SCOTT: Thank you. Mr. Horn, would you please state your name, by whom you're employed and your job description?

PHIL HORN: Did he call number sixteen?

TIM SCOTT: Yeah, isn't that right?

BUTCH LAMBERT: Yes.

PHIL HORN: Isn't that the one that we had the publication notice.

TIM SCOTT: Eighteen is the one...yeah, that's the one we had a problem with.

PHIL HORN: Do what now?

TIM SCOTT: Number eighteen is the one that we had the notice problem with that. 53...yeah, 530300, that's the one we had the notice problem with. Well, I got...my docket sixteen and nineteen as the same one. Maybe I was looking at something.

DIANE DAVIS: You've got an old one.

BUTCH LAMBERT: You've got an old docket.

PHIL HORN: So...okay, excuse me, which one are we one then. Well number?

TIM SCOTT: It's well 17.

PHIL HORN: Okay, thank you.

BUTCH LAMBERT: Help him out, Mr. Scott.

TIM SCOTT: Mr. Chairman, as...while we're doing this, docket item 11-0215-2915 we had sent by email the notice to the Dickenson Star three times and it was never published. So, we're going to continue that one until March so that can be---

BUTCH LAMBERT: Okay, let me call that right now. We'll go ahead and continue that while we're getting our exhibits passed out. Item eighteen on the docket is a petition from Range Resources-Pine Mountain,

Inc. for the establishment of a drilling unit and pooling of conventional gas well V-530300, docket number VGOB-11-0215-2915 will be continued until March.

TIM SCOTT: Yes, sir. Thank you.

BUTCH LAMBERT: You may proceed, Mr. Scott.

TIM SCOTT: Thank you.

PHIL HORN

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

DIRECT EXAMINATION

QUESTIONS BY MR. SCOTT:

Q. Mr. Horn, please state your name, by whom you're employed and your job description.

A. My name is Phil Horn. I'm the land manager for Range Resources-Pine Mountain, Inc.

Q. Are you familiar with this application?

A. Yes, I am.

Q. And you're familiar with the ownership of the minerals underlying this unit?

A. Yes, I am.

Q. Are the owners of the minerals set forth on Exhibit B?

A. Yes, they are.

Q. And who operates the wells from which we're seeking a well location exception today?

A. Range Resources-Pine Mountain, Inc. operates both of those wells.

Q. Okay. In this particular case, I believe we're...you're both an owner and operator, is that right?

A. That's correct.

Q. Okay. How as notice of this hearing provided to those parties listed on Exhibit B?

A. By certified mail.

Q. And we've provided proof of our mailing to Mr. Asbury, is that right?

A. Yes, you have.

TIM SCOTT: Okay. That's all I have for Mr. Horn.

BUTCH LAMBERT: Any questions from the Board?

(No audible response.)

BUTCH LAMBERT: You may continue, Mr. Scott.

TIM SCOTT: Thank you.

GUS JANSEN

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

DIRECT EXAMINATION

QUESTIONS BY MR. SCOTT:

Q. Mr. Jansen, would you please state your name, by whom you're employed and your job description?

A. My name is Gus Jansen. I'm employed by Range Resources-Pine Mountain, Inc. as the manager of geology.

Q. Are you familiar with this application?

A. Yes, I am.

Q. You also participated in the preparation, is that right?

A. That is correct.

Q. Please tell the Board why we're seeking a well location exception today.

A. Yes. If the Board will refer to Exhibit AA, which I've passed out, you'll see the location of proposed well 900017 and we've submitted the map. This area is also outlined in red with a green stippled area. This location has been selected for topographic constraint reasons in order to maximize the resources in

this area and the recovery of the resources and also to facilitate the future drilling that we have planned in the area. You'll see the location of proposed well 900029 to the Southwest. At this point, we're not able to drill this well at this location which would result in approximately 82.43 acres of stranded acreage of reserves.

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

A. 6,019 feet.

Q. And what's the potential loss of reserves?

A. 450 million cubic feet of gas.

Q. Then, in your opinion, if this application is granted it will protect correlative rights, prevent waste and promote conservation, is that right?

A. That is correct.

TIM SCOTT: That's all I have for Mr. Jansen.

BUTCH LAMBERT: Any questions from the Board?

MARY QUILLEN: Mr. Chairman.

BUTCH LAMBERT: Ms. Quillen, the plat does not have a signature. Can you all provide---?

TIM SCOTT: Sure.

PHIL HORN: Mine does. I've got some originals

here, if you need them.

MARY QUILLEN: Just if...do they have one?

DAVID ASBURY: Yes.

MARY QUILLEN: Do you have it?

DAVID ASBURY: Yes, ma'am. The original does have a signature on the plat.

MARY QUILLEN: Okay.

BUTCH LAMBERT: Any other questions from the Board?

BRUCE PRATHER: I just have one question.

BUTCH LAMBERT: Mr. Prather.

BRUCE PRATHER: I assume this is part of your Chesapeake buyout. In other words, these wells are original Columbia wells.

GUS JANSEN: That's correct.

BRUCE PRATHER: Okay. That's what I thought.

BUTCH LAMBERT: Any other questions from the Board?

(No audible response.)

BUTCH LAMBERT: Anything, Mr. Scott?

TIM SCOTT: That's all I have, Mr. Chairman.

BUTCH LAMBERT: Do I have a motion?

MARY QUILLEN: Motion to approve.

BRUCE PRATHER: Second.

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

(No audible response.)

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

(All members signify by saying yes.)

BUTCH LAMBERT: Opposed, no.

(No audible response.)

BUTCH LAMBERT: Thank you, Mr. Scott. It's approved. Calling item seventeen on the docket, a petition from Range Resources-Pine Mountain, Inc. for a well location exception for proposed well V-530288, docket number VGOB-11-0215-09...I'm sorry, let me start that over again. Docket number VGOB-11-0215-2914. All parties wishing to testify, please come forward.

TIM SCOTT: Tim Scott, Gus Jansen and Phil Horn for Range Resources-Pine Mountain, Inc.

BUTCH LAMBERT: You may proceed, Mr. Scott.

TIM SCOTT: Thank you.

PHIL HORN

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

DIRECT EXAMINATION

QUESTIONS BY MR. SCOTT:

Q. Again, Mr. Horn, would you please state your name, by whom you're employed and your job description?

A. My name is Phil Horn. I'm land manager for Range Resources-Pine Mountain, Inc.

Q. And you're familiar with this application?

A. Yes, I am.

Q. Are you familiar with the ownership of the minerals underlying this tract or unit?

A. Yes, I am.

Q. Okay. Are the owners of the minerals set forth on Exhibit B?

A. Yes, they are.

Q. Who operates the wells from which we're seeking a well location exception today?

A. EQT Production Company.

Q. Okay.

A. And Range Resources also owns an interest in those wells.

Q. Okay. So, in this case, again, you're both an owner and an operator, is that right?

A. That's correct.

Q. How as notice of this hearing provided to the parties listed on Exhibit B?

A. By certified mail.

Q. And we've provided proof of mailing to Mr. Asbury, is that right?

A. Yes, you have.

TIM SCOTT: Okay. That's all I have for Mr. Horn.

BUTCH LAMBERT: Any questions from the Board?

(No audible response.)

BUTCH LAMBERT: You may continue, Mr. Scott.

TIM SCOTT: Thank you.

GUS JANSEN

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

DIRECT EXAMINATION

QUESTIONS BY MR. SCOTT:

Q. Mr. Jansen, your name, by whom you're employed and your job description.

A. My name is Gus Jansen. I'm employed by Range Resources-Pine Mountain, Inc. as the manager of geology.

Q. And you participated in the preparation of this application, is that right?

A. That is correct.

Q. And you say you're familiar with the contents?

A. That is correct.

Q. Can you please tell the Board why we're seeking a well location exception today?

A. If the Board will refer to Exhibit AA, which has been handed out. You'll see the location of proposed well 530288 in the center of a cluster of approximately six off setting wells. There is no other location in this area to recover these reserves without impacting at least one of these wells. We've located

this well at the most suitable topographic location to recover the remaining resources. In the event that this well is not drilled, there will be approximately 101.82 acres of drained acreage left behind.

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

A. 6,032 feet.

Q. And what would be the potential loss of reserves if the Board doesn't approve our application today?

A. 400 million cubic feet of gas.

Q. And in your opinion, if the application, it would prevent waste, promote conservation and protect correlative rights, is that correct?

A. That is correct.

TIM SCOTT: That's all I have for Mr. Jansen.

BUTCH LAMBERT: Any questions from the Board?

MARY QUILLEN: Again, do you have the signature on the plat?

DAVID ASBURY: Yes, Ms. Quillen.

BUTCH LAMBERT: Any other questions?

(No audible response.)

BUTCH LAMBERT: Do I have a motion?

MARY QUILLEN: Motion to approve.

BRUCE PRATHER: Second.

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

(No audible response.)

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

(All members signify by saying yes.)

BUTCH LAMBERT: Opposed, no.

(No audible response.)

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

TIM SCOTT: Thank you very much.

GUS JANSEN: Thank you.

PHIL HORN: Thank you.

BUTCH LAMBERT: Ladies and gentlemen, we're going to have a break for lunch, but try to be back at 1:00 o'clock and we'll start our presentation at 1:00.

(Lunch break.)

MARY QUILLEN: Take your seat and bring your conversations to a halt right now. If you have any electronic devices, please make sure that you turn those off. Chairman Lambert was called away and I would be acting chair for this portion of the meeting. We're on item eighteen...excuse me, nineteen. The staff of DGO will provide an update regard escrow account activities

and staff of DMME will demonstrate the online escrow program developed for use by Board customers. At this time, I'll turn it over to David Asbury and he will do the update and then we'll introduce our presenter for the demonstration.

DAVID ASBURY: Thank you, Madam Chairman. Board members, I'll call your attention the handout that you have in front of you, which updates the escrow account for January 31, 2010. The beginning year balance started at 26.437 million dollars. There were contributions from gas companies for royalties in the amount of \$124,228 in January. The escrow agent fees, which is set at 10 basis points was \$2,447. There were audit costs of \$1,903. There were disbursements for the month of January of \$161,589 for parties that we're being disbursed as approved by the Board. So, the ending market value for the escrow account at January 31, 2010 was \$26,395,337. Do you have any questions?

SHARON PIGEON: Was there absolutely no interest income?

DAVID ASBURY: The interest income was part of the \$124,328. We'll need to break that out. Any other questions?

(No audible response.)

DAVID ASBURY: Okay. As the Board knows, the detailed audit began January the 3rd, 2011, the expanded audit, which is beginning to look at each of the more than 820 unit accounts in escrow. We have the ladies with us today. We wanted to introduce them to you who are conducting that audit. They have made excellent progress. If you don't care, as I call your name, let the Board know who you are. First, we have Shirley Ball. There's Shirley. Sara Gilmer. And we have Rita Musick. As we discussed before at our January board meetings, they began January the 3rd and we've begin the unit account, unit by unit, looking at the details from gas companies and their payments, the action by the bank at Wachovia and the summary that was provided to the Board. They're making excellent progress on it. We certainly appreciate them. I'm sorry that Chairman Lambert is not here to introduce these other folks. This is the projects that he has spearheaded for the Board. He has guided DMME and some of the office activities of creating what you're about to say for the Board and the escrow account. A number of departments with the Department of Mines, Minerals and Energy has been involved in this effort. I'll introduce the folks that are here today. As I call your name, if you don't

care, just let the folks know who you are. The first gentleman we have is David Sanders, who is the senior program analyst. He's back in the back and will be making the presentation for the group today. We have Daniel Kestner. Daniel the geographic information officer at DMME. He does...Daniel works with the technical mapping group as well in our mapping program for the entire department. I have Lacy Martin. We have Jim Lovett from DGO. Diane Davis, all of you know Diane. Matt Salyers, Matt does a lot of the programing with David. There's another gentleman that's not here, Brent Hughes, he works with Daniels group as far as doing some of the technical mapping and unitization. What you're about to see is a first step for the Board's electronic presentation, which will bring transparency of what the Board does in the escrow account and it will provide an electronic opportunity for individuals and parties for our gas units of Southwest Virginia. It's a more transparent project to where they can get in at their will. It's a 24/7 available electronic database that they can go in and access their account if they are part of the force pooled parties by the Gas and Oil Board. I think you will be very impressed. These folks that you see before you work very hard on this. There's

thousands of hours that has gone into making this first step. At this time, I'll turn it over to Mr. Sanders. David.

DAVID SANDERS: Thank you, David. This big build up here, it's not like the I-phone. It's not going to just knock you out of your seats. As some of you all were here six months ago, I guess it was, five or six months ago. We gave you a little sample of what we thought we could do to present to the public the values in the escrow account. Since that time, we've had a lot of input into these couple of screens that you're going to see. There has been a lot of different opinions on what we should put out and what we shouldn't put out and how we should put it out. This is the consolidated efforts of several teams. As I go through here, I'll try to point out where all the effort went. This is an external website that any of you all can get to. This is for the public. You don't have to have login ID or a password. Any John Doe can get to it. If you'll look up at the top, I think, Mike, officially tomorrow is when the press release goes out if everything goes well today. But it's dmme.virginia.gov, that makes sense, dogboard. That's all you'll have to enter on your web browser. Okay, so [dmme.virginia](http://dmme.virginia.gov).

gov/dogboard and you should come up with this screen as you all see. We tried to keep this screen as simple and as few of button clicks as we could, but there's a lot of information here. So, don't get overwhelmed or sidetracked with all of the buttons that I'm clicking on because it's going to jump to other screens. If you notice, there's a big disclaimer down at the bottom. Of course, that's the fine print that you probably shouldn't ever read that we have to put on all of these websites.

CATHERINE JEWELL: Could you please read that for us?

DAVID SANDERS: Do you really want me to?

CATHERINE JEWELL: Yeah.

JUANITA SNEEUWAGHT: I can't see it.

DAVID SANDERS: "The Virginia Gas and Oil Board escrow accounts are updated monthly and represent the latest ending market values for each gas unit. The individual value calculator is intended to provide an estimate for gas owners to determine their potential value in escrow as of the last accounting period. The estimated value may be less than or greater than the actual amount disbursed because of account activities from record"---.

AUDIENCE MEMBER: Recorded.

DAVID SANDERS: "recorded Board orders, the individual gas owner can compare total acreage in escrow and their individual gas acreage owned within the gas unit from Exhibit E. This is only estimate and does not reflect the official disbursement calculation that will be provided at the time the Board approved the disbursements from escrow. Payments made into the escrow and disbursements from escrow are based on individual gas ownership acreage for each unit." So, that's our instruction.

CATHERINE JEWELL: I have a question.

DAVID SANDERS: Yes?

CATHERINE JEWELL: I don't mean to keep interrupting, but is that the extent of the disclaimer? I mean, you know, you've identified...you're going to be identifying names that are not identified by the state. These names that go on this pooling orders and things are identified by an operator. Okay, sometimes they're not correct. If they've got me down and my name in and I put name in and I see, oh, I've got all of this money in escrow when, in fact, that was improperly assigned to me. I think maybe a notation needs to be that, you know, this information...that if you are accessing here

is operator provided.

DAVID SANDERS: But it's actually the Board order that is recorded here.

CATHERINE JEWELL: No. The orders are verified the accuracy...the Board doesn't do a darn thing with going out and identifying owners. They're accepting the verification of the operators that these are accurate. They are not...they are not doing anything to check. I mean...so, I would put something in there that this (inaudible) information that is provided by the operators.

DAVID SANDERS: Okay.

CATHERINE JEWELL: I mean, it's just a suggestion.

DAVID ASBURY: Ms. Jewell, it's noted.

DAVID SANDERS: Yeah, we'll take that into consideration.

CATHERINE JEWELL: Thank you.

DAVID SANDERS: Now, with this tool and use this as a tool, you have a couple of options. One, if you know your unit or your docket number, you can select those. I'll quickly show you that there is a drop down list of all of the dockets...four digit docket numbers, okay. If you select one of those, it will then bring

back the unit name. Of course, if you know the unit name, you can find the docket number. That gives you a way if you have your paperwork in front of you to take right off of your paperwork the information from the docket. Now, if you notice, there's actually some other buttons here. 1B and the map button. The map button will actually pop up a Google looking map that has all of the units identified on it. So, if you don't have your paperwork, you don't have the unit or the docket number, you can come over here and I'll put Wise's zip code. You can put several different variations in here. You can put the street address. You can put the zip code. You can put the town and it basically just zooms to it. This is a simple mapping tool to help you locate the docket information. Okay, that's all it's for. Find your address, find the...hopefully the unit that you're concerned about and return back over to estimator. So, nothing elaborate there. Nothing complicated. Now, if you notice, down here when I picked that 1478 it brought back 25.2866 acres. From the DGO team, there's a database underneath this screen that continually gets updated everyday. Diane and the staff, they work on this database updating the information. It went out and took this docket...this

unit and found that these were the acres as of our database values that are in escrow. Now, if you have your escrow payment or you escrow paperwork or you know, hopefully, how many acres you own, you put it in. For instance, I'll put three acres in. This is all you need to find out or to get an estimate on what's in the escrow account for you. Now, if you look at this screen, what it says is this unit has \$53,215.59. The last deposit into that account was \$263.74. Equitable is the operator. There is the total acres. There's the dollar per acre that's in escrow. You own...if you feel you own three acres. You own 11.86% of that money, which is a total of \$6,313.49. This estimator is simply going out and giving you a tool to find your docket, go to the bank records, find what the last deposit was and if you notice here it's November of 2010. We'll update that before tomorrow to January's. I assume, David, we've got January's, 2011. That's it. That gives you your dollar value that's in escrow.

Now, it raises a few other questions, and I'll go back to here. If you don't have your paperwork and if you don't have your docket number, there's other ways to search.

SHARON PIGEON: David, on that previous screen,

I don't mean to interrupt you, but I saw a pdf there by Board order number. Can you pull up the Board order itself?

DAVID SANDERS: Yeah. I'm stepping back a screen because now we're going to talk about the actual board orders. If you don't have your paperwork, you don't the docket number or, for whatever reason, don't know where you live or can't get the map to find the docket number, we also have scanned all the dockets that are in escrow, all the supplements, re-poolings, so forth and so on, right, Lacy?

LACEY MARTIN: Yes.

DAVID SANDERS: She has been scanning now for about six months. We took all of the scans and put those in pdf searchable files. So, you can go out here now and under this field put in a name, an address, so forth and so on and hit the search button. Now, this is just like you would go on Google and search for your name except it only searches these board dockets, okay. So, if you look through here it found a 101 documents that has that word in it. So, there's a whole lot of information out there. Then you can click on one of these and it will then actually pull up that scanned information. If you notice, signatures, it's exactly

like it would be if you went to the filing cabinet and pulled out the paperwork. It's all at your fingertips, when it was recorded and everything in there. Of course, you've got your search capabilities and your print capabilities. You can get copies yourself. Now, that gives you a tool to search all of the documents... all of the dockets that we have associated with the escrow accounts. Now, as you just pointed out, if you know your docket, let's go...I'm just going to grab one. If you'll notice the pdf button comes on right here and if you push that it will then list the documents that we have just for the single docket. The same way. If you come over here and .5 (inaudible) 012 acres. You also have that same pdf here that shows you the same two. You can click on it and open it. So, it gives you multiple ways to get to the same thing that's handed out here, the actual docket paperwork. Now, one...I'm going to call it a disclaimer. But one thing that you need to consider and it's back to the lady that's concerned about her name. If you do a search and it doesn't find your name, it doesn't necessarily mean it's not out there. That simply means the process of scanning and converting to a pdf and indexing may have not recognized that typing in the document. When we converted them

from the tiff images, the scans, from the paper to the scanner to the tif image to the pdf version of it, occasionally stuff is lost. We bought the best software that we could find. To my knowledge, it's extremely accurate. That disclaimer there that it potentially could miss your name, okay. So, simply put, two screens with a map, a pdf search, an estimator that goes out and gets the current value of that unit that's in the bank as of the last statement and by you giving it the number of acres you fill you own, it will tell you your portion of that money that's in escrow. Any questions?

CATHERINE JEWELL: Yeah, I have a couple. Okay, the way that that's presented in there---

COURT REPORTER: Catherine, you need to come to a mic. We can't hear you back there.

CATHERINE JEWELL: I thought I had a big loud voice.

COURT REPORTER: I can't help that.

CATHERINE JEWELL: Okay. Can you hear me?

COURT REPORTER: Yes, ma'am.

CATHERINE JEWELL: Okay. Where you have the...I think the entry was total acres in which were force pooled. I think that the correct statement there would not...would actually be total...total acres in which are

in escrow and not which are force pooled. In other words, I think...is that correct, Sharon?

SHARON PIGEON: That's correct.

CATHERINE JEWELL: Yeah.

SHARON PIGEON: Because that's all you're working with is what's in the escrow account and not the whole unit.

DAVID SANDERS: The total acres in unit escrowed?

CATHERINE JEWELL: Yes. Escrowed with the Board because you have no way of providing information to me who might be leased in a 100% unit of which is being held in suspense by the operator. Do you see?

DAVID SANDERS: Okay.

CATHERINE JEWELL: Not that I'm saying that that is the way the Code was set up, but that's the way it's done. So, I think that that needs to be corrected. Are you...is the only thing on here...I mean, the thing that a person would pull up is a supplemental order, is that correct, or is pulling...I couldn't see from back there.

DAVID SANDERS: No, it's---

SHARON PIGEON: He had a couple of things. So, I think it's both.

CATHERINE JEWELL: Pooling order and

supplemental order?

SHARON PIGEON: You're pulling up every order associated with that number, correct?

DAVID SANDERS: Yes.

CATHERINE JEWELL: Would it have the pooling applications there too?

DAVID ASBURY: It has the recorded orders.

CATHERINE JEWELL: The recorded orders?

DAVID ASBURY: Yes.

CATHERINE JEWELL: Okay.

SHARON PIGEON: And any supplemental ones after that. You know, sometimes we go back on a re-pooling and we have the same number with a different suffix.

CATHERINE JEWELL: Uh-huh.

SHARON PIGEON: That will be, I think, if I'm not---

CATHERINE JEWELL: -01, so that you can---?

SHARON PIGEON: Yes.

CATHERINE JEWELL: ---keep up and see where...where things that have changed in Exhibit E and EE or whatever?

SHARON PIGEON: Right.

BUTCH LAMBERT: That's correct.

SHARON PIGEON: Correct.

CATHERINE JEWELL: Okay. I had a question here. Now, say that...I get this all the time. Well, I've lived at the same address for fifteen years. They never have notified me, okay. I own 1500 hundred acres...a portion of 15...you know, I get these things, you know. How do I go and find out if there's wells on my property? Well, now, this tool is great for doing that. Now, let's take it one step forward and maybe you've got this mechanism in there. Okay, I pull up this pooling order and I'm trying to figure out what it is and I see my address listed as maybe the wrong place. Now, is there a mechanism in which I can notify you, which in turn can notify the operator and say, hey, look guys my address is wrong...is incorrect, which is why I've not received any notification? Is there a mechanism for correcting and maybe finally getting to the proper owner?

DAVID SANDERS: Okay. Not built into the current version.

CATHERINE JEWELL: Okay.

DAVID SANDERS: They would have to address that in the next version or, you know, through the regular channels by notifying the company and then through the Division.

CATHERINE JEWELL: Right. Right. Okay, because otherwise that person could be unclaimed. Well, I see--.

DAVID SANDERS: Now, keep in mind, this is an anonymous website. So, we don't know who's looking at it. So, we couldn't take your request or your information and process it not knowing who you are. Anybody in the world wide web can pull up these screens and look at them.

CATHERINE JEWELL: Right.

DAVID SANDERS: So, this is just for informational purposes to help you take the next step in getting this stuff resolved.

CATHERINE JEWELL: Okay. As long as...I mean, there's a way that a person could contact or leave an email...you know, contact us or something like that. Of course, your due diligence would be to check it and make sure this person is authentic, okay.

DAVID SANDERS: Correct.

CATHERINE JEWELL: You know, instead of saying, I happened to be so and so and I'm checking my address for the \$30,000 you have in escrow.

SHARON PIGEON: Yeah. Please send it on over tonight.

CATHERINE JEWELL: Send it on over tonight. I've signed that split. Anyway, those were my questions. Thank you.

DAVID ASBURY: Ms. Jewell, as far as the...there is an email address that you can contact DMME through this website. If there are incorrect addresses, yes, ma'am, we will address those.

CATHERINE JEWELL: Okay. That's a great mechanism for getting those green cards...you know, the number that's getting returned or not...that are still out there---.

DAVID ASBURY: And the unknowns and unlocateables. We hope that this is a mechanism for them as well.

CATHERINE JEWELL: Good. Because there seems to be a lot in Southwest Virginia. I don't (inaudible).

DAVID SANDERS: Additional questions? Those were some good ones. Are you standing up, Butch, to ask questions?

BUTCH LAMBERT: I'm sitting down.

DAVID SANDERS: Do you all, other than the previous comments, see any other additions or any other tools that you feel might make your alls inquires easier? Is there pieces of information that we didn't

show that you feel we should show? Like I say, a lot of people have put a lot of effort into thinking through these screens and keeping them as simple and straight forward as we could. So, if you do have comments, please give them to us.

CATHERINE JEWELL: I do have one. EQT...okay. You know, a lot of the wells go by, you see this with conventional, a unit number or they have five or six different names. I'm sure that that's built into this. One thing which, you know, as far as the grid, maybe we could at some point think of adding EQT's equivalent to their long well name numbers. You know, match that up to where it is in the grid. In other words, say it's, I don't know where they are, YYY-6. I don't know if that's even a...and it would be VC-18421 or whatever that well would be so that I could see now I've searched here and I've seen that I have a well, you know, that's on...a portion of my property that's in here. I want to look over in that next unit and see if I'm included in that unit, which I know I am because my property is 50 acres and they only have me 30 acres. So, I've got to be somewhere so that I could go and ask in that next unit and search under that and see what well that is because there's no way in heck I can figure out what

well is over in the next unit. Is that clear or...I mean---?

DAVID SANDERS: Yeah. And, I guess, this is the tool that we used here is once you locate your residence or your property---

CATHERINE JEWELL: Right.

DAVID ASBURY: ---you know, you have, for instance, here on the screen three different possible units. So, you could take that unit then and return to the estimator and actually look at the pdf copy of the dockets to see how it is worded and if you're listed. So---

CATHERINE JEWELL: But see in my example here, I'm named as owner of one of those units and not in the other. So, I want to get over here and I want to see what that well is in the other unit. I mean, we've had people come before this Board and say, look, I'm leased with them, but they've assigned me as an unknown over here. In that case, this would help. But where they've assigned it to another person. So, that, you know, this allows you...this affords you, you know, a tool to make some corrections here.

SHARON PIGEON: But she's asking that it be listed by the field rule grid and I think that's

helpful.

CATHERINE JEWELL: Yeah. That would be my translation there.

BUTCH LAMBERT: Well, keep in mind, how much information do you want on this map? Everything you put on it, it's going to make it more and more complicated and more and more busy to be looking at.

CATHERINE JEWELL: Well...well, keep in mind that you're searching by a thing here. I mean, you know---

BUTCH LAMBERT: Well, we are searching by a thing. I understand. And we'll try to work that out and see if we can do that.

CATHERINE JEWELL: Yeah. I'd like to know if there's two wells in my unit too.

BUTCH LAMBERT: Well, we are---

SHARON PIGEON: That will show---

BUTCH LAMBERT: The wells aren't here, but they will be here.

CATHERINE JEWELL: Yeah. Okay, so---

BUTCH LAMBERT: We're working on that.

CATHERINE JEWELL: ---I'm suggesting that. Just, you know...right.

BUTCH LAMBERT: You know, just keep in mind,

this is just a kick off and we've got more and more additions that we want to do to this. Adding the wells is the next step.

CATHERINE JEWELL: I'm just telling you some problems that I've had where people have asked me and---

BUTCH LAMBERT: Yeah. Good suggestions. Very good.

CATHERINE JEWELL: I run into this and it's hours and hours of searching. Where this is a tool and you've got it set up and it would be great.

BUTCH LAMBERT: Yeah.

DAVID ASBURY: And, Ms. Jewell, thank you for your comments too. We--.

BUTCH LAMBERT: A comment over here.

CATHERINE JEWELL: Well---

BUTCH LAMBERT: Go ahead, David. I'm sorry.

DAVID ASBURY: One of the things that we hope to do, as Chairman Lambert just said, this is a kickoff. This is a working progress. We hope to receive feedback from the general public and our gas operators to make this a better tool. This is a better way for us and the Board to be transparent and to improve on things that we not done in the past that we can carry forward going

forward in the future with all of our escrowed units.

RITA BARRETT: Well, I just wanted to reiterate again where I've said at many hearings that if people have questions about their units, they're always welcome to call me and come by our office and look at the maps and the grids and the information that we have available at our offices.

CATHERINE JEWELL: The purpose of making it public.

DAVID SANDERS: Any other questions or comments? That's the demo.

SHARON PIGEON: Good job. Good job.

CATHERINE JEWELL: Good job.

(Applause.)

BUTCH LAMBERT: Well, I apologize that I missed the introduction. I have to go to take an important phone call. But let me say, these are the folks that are the backbones behind the project. They're the ones that deserve the credit. They have put just hours and hours of work in developing this. You just don't realize the tons and tons of information that's behind this little simply program. So, our hats off to these folks and they've done a great job. But they've had support. There's other people that's helped. But these

five right here are the ones behind it. So, they deserve all of the credit.

(Applause.)

BUTCH LAMBERT: Of course, we have our ladies against the wall over there. I hope you introduced them.

SHARON PIGEON: Yes.

MARY QUILLEN: Yes.

BUTCH LAMBERT: And they're doing the backbone of the escrow audit. We certainly appreciate all of their work. What they're developing is also being used in this program. So, it's a very complicated process. This looks simple. But let me tell you, as these folks can tell, it has taken a lot of work. I want to personally say a thank you to folks for all of your work.

SHARON PIGEON: Yes, thank you. We're pleased.

BUTCH LAMBERT: Ms. Sneeuwaght, do you have a comment?

JUANITA SNEEUWAGHT: Yes, thank you. I want to say thank you. I think this a great step forward. Although, I realize it's not complete, I can't see it even with my new eyes. So, anyway, but I think she has taken enough...but I think this is a really good step

forward. So, many people say we don't know...we don't know how to access it and so forth. So, my hats off to you too. Although, I realize that this is not perfected yet and there's some things that need to be done, I have every confidence that you will complete it so that it will be easier for all of us. Those who don't have computers and then those of us who do perhaps can help (inaudible). So, it's just a good way to go. Thank you very much.

BUTCH LAMBERT: Thank you for that comment.

JIM LOVETT: Butch, if I could add one more thing, you know, to the record. To make a very simple component of that up there such as the total number of acres held in escrow, there's I think 36 different perimeters that we collect and have out of the Board orders. There's about 12 different things as far as tracking the legal process to make sure that things are recorded properly. There's about 12 different components to identify the operator of the units, the wells that go with and there's about 12 different components to identify the tracks. Those are that are unleased gas or unleased coal, unknown or unlocateables. I did a quick calculation yesterday. I believe that we collected over a 150,000 different individual data

pieces to be able to make just the 800 acres records of the escrow units valid within this database. As we find problems...I mean, one of the processes of this is to be able to make equally available to all...to all of the information that is held in public records and has been recorded and within that is the plat tract identification all of your names and things like that, as this is then available to you as you find problems, these are the things that can be brought to the operator's attention and to the Board's attention to do our best to be able to correct these things. So, you know, even though that last screen, I think that there's 12 different or 11 different perimeters that are reported out, there's a very, very complex database and data set working behind the scenes both to be able to generate the maps and to be able to accurately generate the statistical information that ends up coming out of that.

BUTCH LAMBERT: Thank you, Jim. Any other comments from any of the folks that lost a lot of sweat over this project?

(No audible response.)

BUTCH LAMBERT: Well, let me just say again, thank you to each and every one of you'uns. This is a

great project and we really appreciate it. Thank you.

SHARON PIGEON: Yes, great project.

BUTCH LAMBERT: Okay.

(Applause.)

BUTCH LAMBERT: Thank you, David.

(Butch Lambert and Sharon Pigeon confer.)

BUTCH LAMBERT: Okay, the last item on the docket is the review of the January the 25th minutes. I hope all of the Board members have received those minutes and have reviewed those. Are there any additions or corrections that we need to make to those minutes?

(No audible response.)

BUTCH LAMBERT: If not, may I have a motion to approve?

MARY QUILLEN: Motion to approve.

BRUCE PRATHER: Second.

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

(No audible response.)

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

(All members signify by saying yes.)

BUTCH LAMBERT: Opposed, no.

(No audible response.)

BUTCH LAMBERT: Thank you. Those minutes are approved. Ladies and gentlemen, we are adjourned.

STATE OF VIRGINIA,

COUNTY OF BUCHANAN, to-wit:

I, Sonya Michelle Brown, Court Reporter and Notary Public for the State of Virginia, do hereby certify that the foregoing hearing was recorded by me on a tape recording machine and later transcribed under my supervision.

Given under my hand and seal on this the 10th day of March, 2011.

NOTARY PUBLIC

My commission expires: August 31, 2013.