

VIRGINIA DEPARTMENT OF MINES, MINERALS AND ENERGY

VIRGINIA GAS AND OIL BOARD HEARING

Tuesday, October 22, 2013

Lebanon, Virginia

**BOARD MEMBERS:**

Bruce Prather – Gas & Oil Industry Representative

William Harris – Public Member

Donald Ratliff, Coal Industry Representative

Mary Quillen – Public Member

Rita Surratt – Public Member

**APPEARANCES:**

Bradley Lambert – Chairman of the Virginia Gas & Oil Board

Rick Cooper – Director of the Division of Gas & Oil and Principal Executive to the Staff of the Board

Sharon Pigeon – Senior Assistant Attorney General

Diane Davis – Staff Member of the Division of Gas & Oil

Sarah Gilmer – Staff Member of the Division of Gas & Oil

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1 **Bradley Lambert:** Good morning ladies and gentlemen it is now nine o'clock and time  
2 to begin our proceedings this morning. I'd like to remind you that if you have cell  
3 phones or any other communicating devices that you please either put them on vibrate or  
4 turn them off. If you must take a call, please do so out in the hall. We are recording  
5 these proceedings and we don't need interruptions of phone calls. Thank you for that this  
6 morning. At this time, I'd ask each Board Member to please introduce themselves and I  
7 will begin with Ms. Surratt.

8 **Rita Surratt:** I'm Rita Surratt with Dickenson County and I'm a public member.

9 **Sharon Pigeon:** I am Sharon Pigeon with the Office of the Attorney General.

10 **Bradley Lambert:** And I am Butch Lambert with the Department of Mines, Minerals  
11 and Energy.

12 **Donald Ratliff:** Donnie Ratliff representing coal.

13 **William Harris:** I am Bill Harris, a public member from Wise County.

14 **Bruce Prather:** Bruce Prather, I represent the oil and gas industry on the Board.

15 **Mary Quillen:** Mary Quillen, public member.

16  
17 **Item Number 1 - Public Comments**

18 **Bradley Lambert:** At this time we'll enter into public comment. The first person I have  
19 for public comment is Shirley Keene. Ms. Keene will you please state your name for the  
20 record?

21 **Shirley Keene:** My name is Shirley Keene.

22 **Bradley Lambert:** Thank you. Go ahead please.

23 **Shirley Keene:** I have asked CNX, Consol or whatever they are calling their selves, time  
24 and time again, my mother's part of our escrow is not right. I have brought stuff to David  
25 Asbury three different times. He was supposed to have got that fixed and he never did.  
26 And my fam...and you Mr. Lambert, yourself told them not to send anymore checks  
27 because there was too much discrepancy. This has been several months down the road.  
28 And ah...or behind us, and my family got checks this week, this month for ah...\$1.69  
29 for four years of gas and this is for two wells. And my Mom's part is not near what her  
30 sibling's part is. And I don't want no more checks sent to my family until this is  
31 corrected. I have proof that her part is not right. And I have asked time and time and  
32 time again to get it fixed. I've been ignored. It's not been fixed. And all of these checks

1 will be returned because the funds are not accurate. And I've may have been other things  
2 that has happened that is inexcusable and we cannot tolerate this kind of stuff. I am a  
3 landowner, a gas owner and my part is going to be like everybody else's.

4 **Bradley Lambert**: Thank you Ms. Keene. Next I have on the list is Martha Guilliams.

5 **Martha Guilliams**: Good morning Mr. Chairman.

6 **Bradley Lambert**: Good morning.

7 **Martha Guilliams**: Board members, fellow property owners.

8 **Bradley Lambert**: Ms. Guilliams will you state your name for the record please?

9 **Martha Guilliams**: Martha Guilliams, Salem, Virginia. The heir to the Linkous Horne  
10 estate. And I have come here today with some pretty sad issues. Ah...we've been  
11 fighting this thing for a very long time and I know that we do come here to argue our  
12 point with the energy companies, lawyers and representatives, but it really saddens me to  
13 my heart that we are fighting people from the Attorney General's Office and I am very  
14 very sad about that. It is very very hard. This has been a difficult fight for a lot of years.  
15 And I am...I am so very disappointed. I love the state of Virginia. It is my home. I have  
16 always loved it, but I have never ever thought that one time that I would have to fight the  
17 government and the very people that I have voted for to protect me from outside energy  
18 or outside anything else. And I...I'm...I have to make this statement and I am so  
19 disappointed. I still want to be a Virginian. I still love being a Virginian but I hope that  
20 Mr. Cuccinelli will never ever be able to hold another public office in his life.

21 **Bradley Lambert**: Ms. Guilliams thank you for your comments, but we're....this is not  
22 a political forum....

23 **Martha Guilliams**: You are right it is not.

24 **Bradley Lambert**: We are not here to...

25 **Martha Guilliams**: But we do have Ms. Pigeon present and she is supposed to be here  
26 to protect us as well as the energy companies Mr. Lambert.

27 **Bradley Lambert**: Thank you for your comments Ms. Guilliams.

28 **Martha Guilliams**: Thank you.

29 **Bradley Lambert**: Edith Buchheister.

30 **Peggy Crabtree**: Good morning Board and Trustees and Landowners.

31 **Bradley Lambert**: Will you please state your name for the record?

1 **Peggy Crabtree:** My mom's name is Edith Buchheister and I am Peggy Crabtree. We're  
2 disputing that the EQT and all is the landowners of our property of Fielding Musick they  
3 should not have had the right for any permits on that property. There was two Drayton  
4 Musick's at the time. One was a great uncle and one was a brother. And that...my  
5 grandfather Fielding Lemann R. Musick and my great-grandfather Fielding Musick did  
6 not sign any of their rights to their property for any mineral rights to be taken off of it.  
7 So...that ah...my mom's in dispute of it. When they said that there was no objection  
8 letters, yes there was. Um...my mom received hers I don't know if she did check  
9 whether it was yes or no, I don't even know if she signed it because the signature at the  
10 time when we had seen a copy of it did not look like her signature to start with. But my  
11 aunt in Florida did deny and says no for any trespassing, for any rights to be taken, or any  
12 mineral rights, so we're here today to object that we feel that we have been robbed. And  
13 object to what is going on up on the mountain of my grandfather's property. Of Fielding  
14 Musick's property.

15 **Bradley Lambert:** Thank you Ms. Crabtree.

16 **Peggy Crabtree:** Thank you.

17 **Bradley Lambert:** Mitchell Counts.

18 **Mitchell Counts:** Good morning. My name is Mitchell Counts.

19 **Bradley Lambert:** Good morning.

20 **Mitchell Counts:** It is nice to see you all today. The only thing I'd like to say is that it is  
21 a shame that we have to see old people drug in here and trying to get things done right  
22 and get them done for themselves. I don't think the gas companies are trying to settle. I  
23 think that's the furthestest thing from their minds. They'd just soon us old people die off.  
24 Ah...there's lots of accounts that are coal only. These accounts...its cut...clear cut that  
25 the people own the gas. Their...and it should be a simple matter of getting them their  
26 money. And in the mean time if you have an escrow account...ah...and you have money  
27 in the bank there's a dispute over a split agreement, it's still your money why can't you  
28 borrow money on that. Why hasn't someone in our government made it to where the  
29 poor people have a little access to their monies? For lawyers fees or whatever else that  
30 we might need. I sure would like to see a lot of things changed and I hope all of you have  
31 a good day.

32 **Item Number 2**

33 **Bradley Lambert:** At this time we will be calling docket item number two. A petition  
34 from EQT Production Company for disbursement of escrow funds on behalf of Linda  
35 Gail Chafin, William Counts, Kevin Counts, Lonnie Rayford Counts, James Counts, Lora

1 Lee Counts, Maynard Counts and Range Resources-Pine Mountain, for their interests in  
2 tracts two and four for well VC-502832. This docket number is VGOB-02-12-17-1109-  
3 06. All parties wishing to testify, please come forward.

4 **Jim Kaiser**: Good morning Mr. Chairman and Board Members. Jim Kaiser and Rita  
5 Barrett on behalf of EQT Production.

6 [Swearing in of Rita Barrett]

7 **Sarah Gilmer**: Do you swear or affirm that your testimony is the truth, the whole truth  
8 and nothing but the truth?

9 **Rita Barrett**: Yes ma'am.

10 **Bradley Lambert**: You may proceed Mr. Kaiser.

11 **Jim Kaiser**: Ms. Barrett if you can state your name for the record, who you work for,  
12 and in what capacity.

13 **Rita Barrett**: Yes. My name is Rita McGlothlin Barrett. I am employed by EQT  
14 Production Company as a contract land man.

15 **Jim Kaiser**: And is this a request for disbursement from escrow?

16 **Rita Barrett**: It is.

17 **Jim Kaiser**: Have all parties been notified as required by statute?

18 **Rita Barrett**: Yes.

19 **Jim Kaiser**: And what unit are we disbursing from?

20 **Rita Barrett**: Unit VC-502832.

21 **Jim Kaiser**: And what tracts does this disbursement come from?

22 **Rita Barrett**: Tracts 2 and 4.

23 **Jim Kaiser**: And that's a portion of both tracts 2 and 4?

24 **Rita Barrett**: Yes sir.

25 **Jim Kaiser**: Okay. And so this is a partial disbursement?

26 **Rita Barrett**: Yes sir.

27 **Jim Kaiser**: And the reason for this disbursement?

1       **Rita Barrett:** There is a royalty split agreement dated February 25, 2009, between  
2       Range Resources and the parties.

3       **Jim Kaiser:** Now have the figures or numbers been reconciled between the escrow agent  
4       and EQT?

5       **Rita Barrett:** Yes they have as of September 12, 2012.

6       **Jim Kaiser:** Okay and what percentage of escrow should be used for disbursement  
7       purposes? Would it be the percentage of escrowed funds that are in the last column to  
8       the...the next to the last column to the right? In the Schedule A?

9       **Rita Barrett:** Yes sir.

10       **Jim Kaiser:** And who should receive the disbursements? Or should the disbursements be  
11       received by the folks that are listed as the owners that are entitled to disbursement in both  
12       the portion of tract 2 and a portion of tract 4?

13       **Rita Barrett:** Yes.

14       **Jim Kaiser:** And have you provided the Board with Exhibits E and EE to reflect the  
15       facts of this disbursement?

16       **Rita Barrett:** Yes.

17       **Jim Kaiser:** And would you ask that all royalties be paid directly to the royalty owners  
18       going forward that the orders state that?

19       **Rita Barrett:** Yes.

20       **Jim Kaiser:** Nothing further of this witness at this time Mr. Chairman.

21       **Bradley Lambert:** Any questions from the Board? [No response from the Board] Ms.  
22       Barrett have you seen the split agreement?

23       **Rita Barrett:** I'm sorry?

24       **Bradley Lambert:** Have you seen the split agreement?

25       **Rita Barrett:** Yes.

26       **Bradley Lambert:** Did you testify to what their split was?

27       **Rita Barrett:** It's 75/25.

28       **Bradley Lambert:** Thank you. And what date was the split agreement?

1        **Rita Barrett**: Ah...February 25, 2009, January 8, 2009, and December 5, 2008,  
2        December 29, 2008, January 22, 2009, January 12, 2009, January 23, 2009, January 12,  
3        2009.

4        **Bradley Lambert**: So pretty much they were all in eight and nine?

5        **Jim Kaiser**: Yes sir.

6        **Rita Barrett**: Yes sir.

7        **Bradley Lambert**: Just for information how come it took so long after the split  
8        agreement to get to this point?

9        **Rita Barrett**: I have ah...Mr. Lovett may be able to explain this better than I but there  
10       are several e-mails here. There was several other disbursements on this and ah...

11       **Jim Kaiser**: This is the sixth disbursement out of this unit.

12       **Rita Barrett**: Yes.

13       **Sharon Pigeon**: All on the same split agreements just different tracts?

14       **Rita Barrett**: I'm sorry?

15       **Sharon Pigeon**: Are the previous disbursements arising out of the same split  
16       agreements?

17       **Rita Barrett**: Yes ma'am.

18       **Bradley Lambert**: Okay.

19       **Rita Barrett**: We were just...I think that we had to wait for the other disbursements to  
20       kind of be taken care of and all the housekeeping done on that to get to this point.

21       **Bradley Lambert**: Okay. Thank you.

22       **Rita Barrett**: You're welcome.

23       **Bradley Lambert**: Any other questions from the Board? Anything further Mr. Kaiser?

24       **Jim Kaiser**: No sir. We'd ask that the application be approved as submitted.

25       **Bradley Lambert**: Do I have a motion?

26       **Mary Quillen**: Motion to approve.

27       **Bruce Prather**: Second.

1 **Bradley Lambert:** I have a motion and a second. All voters signify by saying yes.

2 **Board:** Yes.

3 **Bradley Lambert:** Opposed no.

4 **Donald Ratliff:** I abstain Mr. Chairman.

5 **Bradley Lambert:** One abstention Mr. Ratliff. Thank you folks. That's approved.

6 **Rita Barrett:** Thank you.

7

8

**Item Number 3**

9 **Bradley Lambert:** We are calling docket item number three. A petition from EQT  
10 Production Company for the disbursement of escrowed funds on behalf of Alcie Keen,  
11 tract five of well VC-502832. This is docket number VGOB-02-1217-1109-07. All  
12 parties wishing to testify, please come forward.

13 **Jim Kaiser:** Jim Kaiser and Rita Barrett again Mr. Chairman.

14 **Bradley Lambert:** You may proceed Mr. Kaiser.

15 **Jim Kaiser:** Ms. Barrett could you again state your name, who you are employed by and  
16 in what capacity?

17 **Rita Barrett:** Yes. My name is Rita McGlothlin Barrett. I am employed by EQT  
18 Production Company, as a contract land man.

19 **Jim Kaiser:** And this is a petition requesting a disbursement again from the same unit  
20 VC-502832?

21 **Rita Barrett:** That's correct.

22 **Jim Kaiser:** And what tract is this disbursement from?

23 **Rita Barrett:** This is tract five.

24 **Jim Kaiser:** It's a portion of tract five?

25 **Rita Barrett:** Yes.

26 **Jim Kaiser:** So this is a partial disbursement?

27 **Rita Barrett:** Yes sir.

1           **Jim Kaiser**: And the reason for this disbursement?

2           **Rita Barrett**: There is a letter dated May 3, 2011, wherein Range Resources relinquishes  
3 its claim to the coalbed methane royalty.

4           **Jim Kaiser**: Okay. And have the figures been reconciled between the escrow agent and  
5 EQT?

6           **Rita Barrett**: Yes as of September of 2012.

7           **Jim Kaiser**: And....the Board for to figure out the percentage of escrowed funds to be  
8 disbursed the Board should look to the next to last column to the right on our Schedule  
9 A?

10          **Rita Barrett**: That is correct.

11          **Jim Kaiser**: And who should receive this disbursement?

12          **Rita Barrett**: Alcie B. Keen.

13          **Jim Kaiser**: And have you provided the Board with Exhibits E and EE to reflect the  
14 facts of this disbursement?

15          **Rita Barrett**: Yes.

16          **Jim Kaiser**: And would you ask the order of the Board to draft the order to reflect that  
17 any royalty due be paid directly to the royalty owners going forward?

18          **Rita Barrett**: Yes.

19          **Jim Kaiser**: Nothing further at this time Mr. Chairman.

20          **Bradley Lambert**: Any questions from the Board? [No response from the Board] Ms.  
21 Barrett would you provide the date that you reconciled with the bank? If you did I  
22 apologize.

23          **Rita Barrett**: I did, it's September of 2012.

24          **Bradley Lambert**: Thank you.

25          **Rita Barrett**: And again this is one of those we are trying to get the other disbursements  
26 caught up prior to....

27          **Jim Kaiser**: Same unit as number two

28          **Rita Barrett**: Same unit.

1        **Bradley Lambert:** Right.

2        **Mary Quillen:** Have there been prior disbursements?

3        **Jim Kaiser:** Yes ma'am this is the seventh one.

4        **Mary Quillen:** The same as the previous?

5        **Jim Kaiser:** Yeah.

6        **Rita Barrett:** Yes.

7        **Bradley Lambert:** Any other questions from the Board? Anything further Mr. Kaiser?

8        **Jim Kaiser:** We would ask that the application be approved as submitted Mr. Chairman.

9        **Bradley Lambert:** Do I have a motion?

10       **Mary Quillen:** Motion to approve.

11       **Bruce Prather:** Second.

12       **Bradley Lambert:** I have a motion and a second. Any further discussion? All in favor

13       signify by saying, yes.

14       **Board:** Yes.

15       **Bradley Lambert:** Opposed, no.

16       **Donald Ratliff:** I'll abstain Mr. Chairman.

17       **Bradley Lambert:** One abstention, Mr. Ratliff. Thank you folks, that's approved.

18       **Rita Barrett:** Thank you.

19       **Jim Kaiser:** Mr. Chairman before you call the next item, Mr. Swartz has agreed

20       to..ah...if it's okay with you all obviously to let...I've only got one more matter for

21       Range which is item number thirteen an increased density petition. He has stated that it

22       would be okay with him if I jumped ahead of all of his if that is alright with you all.

23       **Bradley Lambert:** Do you agree with that Mr. Swartz?

24       **Mark Swartz:** Yes, that is great.

25       **Bradley Lambert:** Alright.

26

27

1 **Item Number 13**

2 **Bradley Lambert:** Okay at this time we are calling docket item number thirteen. A  
3 petition from Range Resources-Pine Mountain for modification of the Nora Field Rules  
4 to allow one additional well to be drilled within each 58.77 acre Nora units identified as  
5 71AD, 72X, 72AF, 73V and 76V. Docket number VGOB-89-0126-0009-81. All parties  
6 wishing to testify, please come forward.

7 **Jim Kaiser:** Mr. Chairman, Board members. Jim Kaiser, Phil Horn and Gus Janson on  
8 behalf of Range Resources.

9 [Swearing in of Phil Horn and Gus Janson]

10 **Sarah Gilmer:** Do you swear or affirm that your testimony is the truth, the whole truth  
11 and nothing but the truth?

12 **Phil Horn:** I do.

13 **Gus Janson:** I do.

14 **Bradley Lambert:** You may proceed Mr. Kaiser.

15 **Jim Kaiser:** Phil could you state your name for the Board, who you're employed by and  
16 in what capacity?

17 **Phil Horn:** My name is Phil Horn. I'm employed by Range Resources-Pine Mountain,  
18 Inc., as Land Manager.

19 **Jim Kaiser:** This is a petition seeking permission to drill an additional coalbed methane  
20 well in five different units?

21 **Phil Horn:** That is correct.

22 **Jim Kaiser:** And have all...and this is in the Nora field?

23 **Phil Horn:** Yes.

24 **Jim Kaiser:** And have all coal, oil and gas owners been notified of this hearing as  
25 required by statute?

26 **Phil Horn:** Yes they have.

27 **Jim Kaiser:** Now four of the units are voluntary units. Correct?

28 **Phil Horn:** That is correct.

1       **Jim Kaiser**: And one of the units was force pooled from the first well and should you  
2       get permission to drill this increased density well you would come back and force pool  
3       that unit again. Is that correct?

4       **Phil Horn**: That is correct.

5       **Jim Kaiser**: That's because there are some unknown/unlocatable interest owners in that  
6       unit?

7       **Phil Horn**: Yes and there are some unleased owners, like a hundred heirs involved in  
8       that tract.

9       **Jim Kaiser**: And some unleased and a hundred heirs. And as such because of the  
10      unknown coal, gas or oil interest owners we did publish notice of this hearing.

11      **Phil Horn**: That is correct.

12      **Jim Kaiser**: That is all I have for this witness, Mr. Chairman.

13      **Bradley Lambert**: Any questions from the Board?

14      **Bruce Prather**: I have a question.

15      **Bradley Lambert**: Mr. Prather.

16      **Bruce Prather**: Are these directional wells or is this just regular conventional CBM  
17      well?

18      **Gus Janson**: These are conventional vertical CBM wells, correct.

19      **Bruce Prather**: Conventional, okay.

20      **Bradley Lambert**: Any other questions? Anything further, Mr. Kaiser?

21      **Jim Kaiser**: I'd like to call Mr. Janson.

22      **Bradley Lambert**: Proceed.

23      **Jim Kaiser**: Mr. Janson if you would state your name for the Board, who you are  
24      employed by, and in what capacity.

25      **Gus Janson**: My name is Gus Janson. I'm employed by Range Resources-Pine  
26      Mountain, Inc., as the Manager of Geology.

27      **Jim Kaiser**: And you've testified before the Board on numerous occasions when Range  
28      has been seeking permission to drill an increased density well in these coal bed methane  
29      units?

1 **Gus Janson:** That is correct.

2 **Jim Kaiser:** And you have prepared for the Board today a packet of information to  
3 explain what's taking place here and why Range wants to...has filed this petition?

4 **Gus Janson:** That is correct.

5 **Jim Kaiser:** I'll let you go ahead and explain.

6 **Gus Janson:** Yes. If the Board will refer to Exhibit K, page one, this is just a  
7 regurgitation of the information provided in the application showing the proposed  
8 location of the five units that we are seeking increased density today for. Those are the  
9 ones highlighted in heavy black outline. The gray units are the ones that have been  
10 previously approved by the Board and also there is a note on the right hand side of the  
11 map or the east side you will see where the north field is adjoining with the oakwood  
12 field and you will see the eighty acre units over there that have also been approved by  
13 CNX in similar activities. On page two you will see sort of a pull out view of the Nora  
14 field. Again showing in gray all of the units that have been previously approved by the  
15 Board for increased density drilling and also the six units proposed today by Range  
16 Resources up in the northwest part of the Nora field. Moving on to page three, this  
17 exhibit here adds into the map, all previously drilled and increased density wells today. It  
18 is showing in red that it occurred in the Nora field. Again you will see some of the  
19 activity up in the Haysi area where we have done some of this work in the past. Page  
20 four is a blow-up area again of the area in question in which we are here today  
21 discussing. You will see the location of the wells that have been drilled and the existing  
22 units offsetting these areas for proposed increased density today. And you will see that  
23 several of the units already have two wells in them and that's the activity that's occurred  
24 in the past as well as many of the wells have been...all of the proposed wells today have  
25 one well already drilled in the unit today. Moving on to page five, I've shown this  
26 exhibit several times in the past but again we are using the data from the Nora field  
27 proper which is down southwest of this specific area because there is more data and more  
28 increased density well drilling has taken place in the past. This graph represents the  
29 drilling between 2006 and 2011 of 183 in-field units. The blue line on the graph shows  
30 the cumulative production from all of those wells from the original well drilled in those  
31 units. The red or magenta line sort of comes into place in 2006 when the infilling  
32 program started in Nora and that just shows the cumulative production from all of those  
33 second wells drilled in each of those units at the time. Please note that around 2011 that  
34 is when the infield drilling in Nora has sort of stopped due to the economic conditions.  
35 You will see that there is a decline that now goes on that production curve that is very  
36 similar to the decline of the first wells. What we see here is that the benefits of increased  
37 density drilling that it increases the fracturing network which promotes the gas flow and  
38 the flow pressure as you see here in the regime. It also decreases the dewatering to allow

1 the gas to flow faster and increases the recovery factor from the coal bed formations over  
2 time. The reservoir production achieved faster and more economically and there has  
3 been no significant impact of the first well production that we do generally see an  
4 improvement in that first well's production. And that it sort of born out in this graph as  
5 you see the blue wells haven't been significantly impacted over time. That's sort of a  
6 normal decline that CBM wells will go through over time. And when that drilling  
7 stopped around the 2011 time frame you see that the second well is actually has a similar  
8 decline overall. So that to me shows that we have been accelerating in some of the  
9 production out of the formations as well as gaining new decreased recovery from the  
10 formations. Moving on to page six, this is just a summary of the infield drilling benefits.  
11 Again, the working interest owners, royalty owners, and the state will likely benefit from  
12 maximizing production. This will promote conservation of the gas resource and prevent  
13 the wastes by more effectively extracting the resource. It allows for shared facilities such  
14 as roads, pipelines, etc., to help minimize the environmental impact. And there are no  
15 correlative rights issues within the proposed units we have in consideration today. And  
16 the final page seven, is just a map view of the five units with a topographic back drop and  
17 the back ground for the Board's information. It also shows the location that we need.  
18 The existing coal mine activity, the black stippled areas are old mine works/abandoned  
19 mine works within the splashdam coal seam. And the orange outlined areas are DMLR  
20 permits that are still under permit at this time to that agency and we see no significant  
21 impact from those. The one permit that does go through the one unit there is the permit  
22 that's inactive at this time. It is in the reclamation phase at this point.

23 **Bradley Lambert:** Would that be the unit in the northeast?

24 **Gus Janson:** Correct. That will be the V-73 unit.

25 **Bradley Lambert:** That's in a mined area. You are not targeting that seam are you?  
26 Where the coalbed...

27 **Gus Janson:** Actually that is just a road that goes into a pond area. I think that is what  
28 that is.

29 **Bradley Lambert:** The one to the right of that one.

30 **Gus Janson:** Oh the one in that area. Yeah that's ah...the splashdam seam will be  
31 below drainage in that area.

32 **Bradley Lambert:** All right. But your well is not targeting the splashdam seam?

33 **Gus Janson:** No we would not target that [inaudible]

34 **Bradley Lambert:** And just for the record that is an inactive mine works in the  
35 splashdam seam.

1 **Gus Janson:** That is correct. Correct.

2 **Bradley Lambert:** Okay.

3 **Mary Quillen:** That's 76V, correct?

4 **Gus Janson:** Correct V76 unit.

5 **Bradley Lambert:** Any other questions from the Board? [No response from the Board]  
6 Anything further Mr. Kaiser?

7 **Jim Kaiser:** We would ask that the petition be approved as submitted Mr. Chairman.

8 **Bradley Lambert:** Do I have a motion?

9 **Mary Quillen:** Motion to approve.

10 **Bruce Prather:** Second.

11 **Bradley Lambert:** I have a motion and a second. Any further discussion? All in favor  
12 signify by saying yes.

13 **Board:** Yes.

14 **Bradley Lambert:** Opposed no.

15 **Donald Ratliff:** I'll abstain Mr. Chairman.

16 **Bradley Lambert:** One abstention, Mr. Ratliff. Thank you gentlemen.

17

18 **Item Number 4**

19 **Bradley Lambert:** The next item on the docket is item number four. A petition from  
20 CNX Gas Company, LLC, for the disbursement of escrowed funds heretofore deposited  
21 with the Board's escrow agent attributable to tract four for unit U16. This is docket  
22 number VGOB-06-0321-1598, and oh wait are we calling two dockets?

23 **Diane Davis:** [Inaudible]

24 **Bradley Lambert:** So this is docket number 93-0622-0381-03. All parties wishing to  
25 testify please come forward.

26 **Mark Swartz:** Mark Swartz and Anita Duty. Anita would you state your name for us  
27 please?

28 **Anita Duty:** Anita Duty.

1           **Mark Swartz**: Who do you work for?

2           **Anita Duty**: CNX Land Resources.

3           **Bradley Lambert**: Did you get her sworn? Let's swear her in first.

4           [Swearing in of Anita Duty]

5           **Sarah Gilmer**: Do you swear or affirm that your testimony is the truth, the whole truth  
6           and nothing but the truth?

7           **Anita Duty**: Yes.

8           **Bradley Lambert**: You may proceed Mr. Swartz.

9           **Mark Swartz**: Will you repeat your name for us please?

10          **Anita Duty**: Anita Duty.

11          **Mark Swartz**: Who do you work for?

12          **Anita Duty**: CNX Land Resources.

13          **Mark Swartz**: Do you have a cold?

14          **Anita Duty**: Yes.

15          **Mark Swartz**: Will you do your best?

16          **Anita Duty**: Yes.

17          **Mark Swartz**: With regard to your employment duties and obligations, do you have  
18          some responsibilities with regard to distributions from escrow?

19          **Anita Duty**: Yes.

20          **Mark Swartz**: Okay. And with regard to that we have a number of escrow items or  
21          petitions for distribution from escrow this morning. Correct?

22          **Anita Duty**: Yes.

23          **Mark Swartz**: And would it be true that you either supervised or actually prepared all of  
24          those petitions?

25          **Anita Duty**: I did.

26          **Mark Swartz**: And I believe that you signed all of them.

27          **Anita Duty**: Yes.

1       **Mark Swartz**: Okay. Ah...with regard to the petitions on the docket collectively this  
2 morning, did you send notices to the people involved directly that are receiving  
3 disbursements?

4       **Anita Duty**: Yes.

5       **Mark Swartz**: And did you do that with certified mail?

6       **Anita Duty**: I did.

7       **Mark Swartz**: Okay. Ah...do you want to make any amendments at all to any of the  
8 petitions in terms of adding people or changing numbers? Is there anything today?

9       **Anita Duty**: No.

10       **Mark Swartz**: Okay. And I am just talking about the disbursements. With regard to  
11 each of the disbursements did you actually try to reconcile your deposits, the royalty  
12 deposits that you've made with the bank records?

13       **Anita Duty**: Yes.

14       **Mark Swartz**: Okay. And in all instances have you provided the Board with an Exhibit J  
15 which would sort of recap your efforts in that regard.

16       **Anita Duty**: Yes. We have.

17       **Mark Swartz**: Okay. And with regard to this item number four and the other  
18 disbursement items have you also provided the Board with either one or two tables that  
19 would serve as the instructions that the Board could give or should give if the petitions  
20 are approved to the escrow agent to make the disbursements?

21       **Anita Duty**: Yes.

22       **Mark Swartz**: And in some instances have you provided the Board with two tables?

23       **Anita Duty**: Yes.

24       **Mark Swartz**: And why is that?

25       **Anita Duty**: In order to make the e-Forms system work we had to in some cases file  
26 separate...do separate tables.

27       **Mark Swartz**: Okay so and if you didn't file separate tables it would not be balanced is  
28 that the problem?

29       **Anita Duty**: Correct.

1 **Mark Swartz**: So the separate table in some of the requests we'll be looking  
2 at...ah...and I don't believe docket four involves more than one table but the separate  
3 tables were driven by the e-Forms and when you have separate tables the first one  
4 requires a specific amount to be distributed?

5 **Anita Duty**: Yes.

6 **Mark Swartz**: And the second one a percentage and we will talk about that as we need  
7 to. Correct?

8 **Anita Duty**: Yes.

9 **Mark Swartz**: But that's something that was driven not by your accounting or  
10 reconciliation but rather by the way the e-Forms work?

11 **Anita Duty**: Exactly.

12 **Mark Swartz**: Okay. And with regard to the efforts to compare the deposits that the  
13 operator made, I'm sorry, to the checks that the operator issued and sent to the banks to  
14 the deposits that were [inaudible], you know in all instances were all of the deposits  
15 ultimately accounted for?

16 **Anita Duty**: The were.

17 **Mark Swartz**: Okay. And so and have you given the Board a recap at the end of each  
18 Exhibit J of whether you are at a plus or minus when you look at the entire history of the  
19 account?

20 **Anita Duty**: Yes.

21 **Mark Swartz**: And...ah...and...and...most instances the account has a balance that's  
22 slightly larger than the total of the deposits that the operator made.

23 **Anita Duty**: It is.

24 **Mark Swartz**: And that would be accounted for as a net gain because of interest that did  
25 not exceed the bank's expenses?

26 **Anita Duty**: Yes.

27 **Mark Swartz**: And I think there is one instance where there is a slight I think it's like  
28 \$80 or something but we'll talk about that. There is one instance where the accounting is  
29 slightly less, obviously there since you have accounted for all of the deposits the bank  
30 fees must have been in excess of the interest.

31 **Anita Duty**: I would assume. Yes.

1        **Mark Swartz**: We don't know for sure but that would be a likely explanation.

2        **Anita Duty**: Correct.

3        **Mark Swartz**: With regard to now, coming back specifically to the disbursement request  
4        that we are making for unit U16 docket item number four, what is the reason that  
5        triggered your request?

6        **Anita Duty**: CBM deed between the coal and oil and gas owner.

7        **Mark Swartz**: Okay. And this unit involves Landon Wyatt. Right?

8        **Anita Duty**: It does.

9        **Mark Swartz**: And typically what we see with him or his company is a deed as opposed  
10       to a split agreement.

11       **Anita Duty**: Yes.

12       **Mark Swartz**: Okay. And so this...in this case we are looking for a disbursement from a  
13       portion of tract four in this unit?

14       **Anita Duty**: Yes.

15       **Mark Swartz**: Ah...and the reason is the deed...the CBM deed giving us a well location  
16       plat and then in table one you have shown with regard to tract four the recipients which  
17       would be Harrison Wyatt, LLC, correct?

18       **Anita Duty**: Yes.

19       **Mark Swartz**: And Ralph Reedy and you have stated the acreages and the percentages  
20       that the escrow agent should use to pay them?

21       **Anita Duty**: Yes.

22       **Mark Swartz**: And what is the percentage that the escrow agent should use?

23       **Anita Duty**: 0.7662% in each.

24       **Mark Swartz**: Okay. And that percentage should be applied at the time the payment is  
25       paid out of escrow?

26       **Anita Duty**: Yes.

27       **Mark Swartz**: And after that payment is made out of escrow are you also requesting  
28       authorization from the Board to be able to pay these folks directly with regard to this  
29       tract?

1           **Anita Duty**: I am.

2           **Mark Swartz**: Okay. Um....and have you provided the Board with a revised Exhibit E  
3           and a revised Exhibit EE that would pertain after this disbursement is made and when  
4           you start paying these people directly?

5           **Anita Duty**: Yes. This one actually within a sealed gob unit.

6           **Mark Swartz**: So there is....

7           **Anita Duty**: It will be paid directly.

8           **Mark Swartz**: Okay. I think that is all I have Mr. Chairman with regard to U16.

9           **Bradley Lambert**: Mr. Cooper does the Board have the revised Exhibit E in our packet?  
10          [Inaudible]

11          **Mark Swartz**: I'm seeing 7/31/13.

12          **Anita Duty**: It was one that was filed but it was just revised as of when we filed it.

13          **Sharon Pigeon**: I have that as a hard copy.

14          **Bradley Lambert**: So we have that. It has been updated in our package as well.

15          **Rick Cooper**: Yes.

16          **Bradley Lambert**: Okay. Thank you. Any questions from the Board?

17          **Mary Quillen**: Mr. Chairman just a question. This is 50/50, right?

18          **Anita Duty**: It is.

19          **Sharon Pigeon**: Anita, did you identify which well or wells attributed to this?

20          **Bradley Lambert**: You don't have that space filled out on exhibit...on table one.

21          **Sharon Pigeon**: On your reconciliation you usually have that in the information and it is  
22          not on there this time.

23          **Anita Duty**: It's on the table.

24          **Mark Swartz**: Which one is it?

25          **Anita Duty**: It should be U16B.

26          **Sharon Pigeon**: Is it B or just U16?

1       **Anita Duty**: U16B. It's the way that it comes up on mine is BU16 but that's...that gets  
2 populated by the e-Forms system. We pick the permit number and it populates the name.

3       **Mary Quillen**: Did you say U16B?

4       **Anita Duty**: Yes ma'am.

5       **Bradley Lambert**: Any other questions?

6       **Mark Swartz**: Since we're going to have the same issue going forward the forms don't  
7 necessarily...when you take the docket and trying to access what we are dealing with  
8 today electronically they're not always populated exactly as we would like them to be  
9 and sometimes you know, we know that they've filed Exhibit E's and Exhibit EE's  
10 because I've looked at the hard copy but it's not showing up. So we are going to have  
11 some of those issues today because there is a problem with the system now but...you  
12 know, it's getting better.

13       **Bradley Lambert**: It is still our electronic system and we are working through it.

14       **Mark Swartz**: Oh it is great. No we are not complaining. I am just saying....

15       **Bradley Lambert**: Oh I understand.

16       **Mark Swartz**: ...that there are some...like this you know I've got when I go to the  
17 website it hasn't populated that blank for me and she's got it on her form. So when I'm  
18 looking at some of this stuff I'm asking her all of these questions and she is like well it's  
19 in there...well you know. I think you and I are somewhat on the same page there  
20 sometimes, we don't see it.

21       **Bradley Lambert**: Right.

22       **Anita Duty**: I don't think you can get past this section of the uploading until you  
23 actually put that [inaudible] in so I don't know how it has happened but it has happened.

24       **Bradley Lambert**: We will work on it and see if we can figure it out.

25       **Anita Duty**: Yeah because...

26       **Bradley Lambert**: Ms. Duty was this reconciled I think on your Exhibit J you've got a  
27 reconciliation date of 6/30/13. Does that sound right?

28       **Anita Duty**: Yes. Some of these ones they've been a work in progress for a little while.  
29 Especially these older accounts and some of them have prior disbursements so it's just  
30 depending on just different timing.

1 **Bradley Lambert:** Okay. Thank you. Any other questions from the Board? Anything  
2 further Mr. Swartz?

3 **Mark Swartz:** No.

4 **Rick Cooper:** I have one question. Are the monies being paid out of this unit going  
5 directly to the people or are they being paid into the escrow account under the GOB unit?  
6 The royalties?

7 **Anita Duty:** They are already been paid for the Sealed GOB.

8 **Rick Cooper:** They are?

9 **Anita Duty:** Right now we are just paying the underlying unit.

10 **Rick Cooper:** U16B underlying unit that's located in that GOB unit?

11 **Anita Duty:** That's what we are paying, yeah, that's what we are paying today and they  
12 are already being paid for the Sealed Gob.

13 **Sharon Pigeon:** These are old.

14 **Anita Duty:** These are older.

15 **Mark Swartz:** It's a frac well that got included in a Sealed GOB unit and their...the  
16 production has been tracked through the Sealed GOB unit for some time and there isn't  
17 any additional money going into this account to make sure that....

18 **Rick Cooper:** No additional monies are going into the account?

19 **Mark Swartz:** Currently. Correct.

20 **Diane Davis:** So the order should say royalty [Inaudible]

21 **Anita Duty:** There's nothing else to pay. Once you pay this account is not...this isn't  
22 active anymore.

23 **Mark Swartz:** To these people.

24 **Anita Duty:** So all we're doing is paying this underlying unit.

25 **Diane Davis:** So we don't need to get this confused with royalties.

26 **Anita Duty:** No.

27 **Sharon Pigeon:** So is it a partial like you said?

1 **Mark Swartz:** Well it...it closes out a piece of tract four for these people and their future  
2 revenue stream from this well is folded into the sealed gob and they are being paid out of  
3 that because of their split agreement and you know you can't enter an order and stock it  
4 with regard to the sealed gob anyway. I mean we would have to file...

5 **Sharon Pigeon:** There are still funds escrowed in tract four?

6 **Mark Swartz:** Correct there are other people...if you look at the acreage on the table you  
7 can see that...um...let me see if I can find that.

8 **Sharon Pigeon:** That's okay I...I [Inaudible]

9 **Mark Swartz:** But you can tell that this is just a piece of the acreage that is escrowed  
10 with regard to tract four.

11 **Bradley Lambert:** Anything further Mr. Cooper?

12 **Rick Cooper:** Nothing. We are good.

13 **Bradley Lambert:** Okay. Anything further Mr. Swartz? [No response] Do I have a  
14 motion?

15 **Mary Quillen:** Motion to approve.

16 **Bruce Prather:** Second.

17 **Bradley Lambert:** I have motion and a second, any further discussion? [No response  
18 from the Board] All in favor signify by say yes.

19 **Board:** Yes.

20 **Bradley Lambert:** Any opposed? Say no. Thank you folks that is approved.

21

22 **Item Number 5**

23 **Bradley Lambert:** We are calling docket item number five. A petition from CNX Gas  
24 Company, LLC, for the disbursement of escrowed funds heretofore deposited with the  
25 escrow agent attributable to tracts two and six of unit T15. This will be docket number  
26 VGOB-92-1215-0306-03. All parties wishing to testify, please come forward.

27 **Mark Swartz:** Mark Swartz and Anita Duty.

28 **Bradley Lambert:** You may proceed Mr. Swartz.

29 **Mark Swartz:** Will you state your name for us Anita?

1       **Anita Duty**: Anita Duty.

2       **Mark Swartz**: And who do you work for?

3       **Anita Duty**: CNX Land Resources.

4       **Mark Swartz**: Mr. Chairman I would like to incorporate Anita's testimony from the first  
5       disbursement petition today with regard to her practices generally and her job  
6       responsibilities with regard to these disbursement petitions.

7       **Bradley Lambert**: That will be accepted.

8       **Mark Swartz**: Thank you sir. Ah....Anita with regard to this particular unit T15, is this  
9       also a partial distribution?

10       **Anita Duty**: It is.

11       **Mark Swartz**: So the escrow account would need to be maintained after the  
12       disbursement, in general, and particular with regard to tracts two and six.

13       **Anita Duty**: Yes.

14       **Mark Swartz**: Okay. The reason for this disbursement again?

15       **Anita Duty**: The CBM deed.

16       **Mark Swartz**: The same folks or at least the Landon Wyatt that we had in the first one  
17       that we talked about today.

18       **Anita Duty**: Yes.

19       **Mark Swartz**: Okay and you've seen that deed?

20       **Anita Duty**: I have.

21       **Mark Swartz**: And it is a 50/50 deed?

22       **Anita Duty**: Yes.

23       **Mark Swartz**: And so you've designed the table to split this on a 50/50 basis?

24       **Anita Duty**: Yes.

25       **Mark Swartz**: Okay. The...ah...going to the table...here we just have one table correct?

26       **Anita Duty**: Yes.

1 **Mark Swartz**: And you have provided who should receive the payments with regard to a  
2 portion of tract two and a portion of tract six that are being disbursed. Correct? You  
3 have identified them by name and then you have given the percentages that the escrow  
4 agent should use in both instances to make the disbursements?

5 **Anita Duty**: Yes.

6 **Mark Swartz**: And those disbursements should be...ah...those percentages should be  
7 applied to the balance at the time the disbursement is made?

8 **Anita Duty**: They should.

9 **Mark Swartz**: And this is another situation where we have I think...um...yes the  
10 revenue stream is being paid out of VP8 sealed gob unit three on these?

11 **Anita Duty**: Yes.

12 **Mark Swartz**: So at least as far as these folks who are receiving this money is  
13 concerned, they will not be getting further disbursements with regard to these tracts out  
14 of unit T15?

15 **Anita Duty**: Correct.

16 **Mark Swartz**: And they are receiving their future...current and future revenue under this  
17 sealed gob unit?

18 **Anita Duty**: Yes.

19 **Mark Swartz**: Um...you did a reconciliation here and we have talked about that  
20 generally. Correct?

21 **Anita Duty**: Yes.

22 **Mark Swartz**: And in this instance when you did the reconciliation I believe you  
23 determined that the balance was slightly more than the total of the deposits payments that  
24 you...

25 **Anita Duty**: It was. It was.

26 **Mark Swartz**: Okay. You have provided the Board I think with a revised Exhibit E.  
27 Correct?

28 **Anita Duty**: Yes.

29 **Mark Swartz**: And a EE as well or just an E?

30 **Anita Duty**: Both.

1 **Mark Swartz**: Okay. Mr. Chairman I think that is all I have on this unit.

2 **Bradley Lambert**: Any questions from the Board?

3 **Mary Quillen**: Mr. Chairman just one question.

4 **Bradley Lambert**: Ms. Quillen.

5 **Mary Quillen**: What is that reconciliation date?

6 **Anita Duty**: June 30, 2013.

7 **Bradley Lambert**: Any other questions? Anything further Mr. Swartz?

8 **Mark Swartz**: No.

9 **Bradley Lambert**: Do I have a motion?

10 **Donald Ratliff**: Motion to approve Mr. Chairman.

11 **Bruce Prather**: Second.

12 **Bradley Lambert**: I have a motion and I have a second. Any further discussion? All in  
13 favor signify by saying yes.

14 **Board**: Yes.

15 **Bradley Lambert**: Opposed, no. Thank you folks that is approved.

16

17

### **Item Number 6**

18 **Bradley Lambert**: We are calling docket item number six. A petition from CNX Gas  
19 Company, LLC, for the disbursement of escrowed funds heretofore deposited with the  
20 Board's escrow agent for Unit Q41 attributable to tract 4 and authorized to begin paying  
21 royalties directly to the parties having a royalty split agreements. This is a James  
22 McGuire Land Trust and Greta Meek, Tamala Pelphrey, and Consolidation Coal  
23 Company/CNX Gas Company, LLC. Docket number VGOB-93-0216-0327-05. All  
24 parties wishing to testify, please come forward.

25 **Mark Swartz**: Mark Swartz and Anita Duty.

26 **Bradley Lambert**: You may proceed Mr. Swartz.

27 **Mark Swartz**: Thank you. Anita, would you state your name for us please?

28 **Anita Duty**: Anita Duty.

1           **Mark Swartz**: Mr. Chairman if I could incorporate Anita's testimony with regard to her  
2 duties generally and with regard with what she does in the process of preparing these  
3 petitions and then dealing with the accounts.

4           **Bradley Lambert**: Ladies and gentlemen I am going to have to ask you to please keep  
5 your talking down. We are having a hard time hearing our witnesses up here. If you  
6 can't do that, we are going to ask you to move to the back of the room please. Thank  
7 you. Accepted Mr. Swartz.

8           **Mark Swartz**: Anita this pertains to drilling unit Q41, correct?

9           **Anita Duty**: Yes.

10          **Mark Swartz**: And it would be again a partial disbursement?

11          **Anita Duty**: It is.

12          **Mark Swartz**: The tract we are talking about is a portion of tract four.

13          **Anita Duty**: Yes.

14          **Mark Swartz**: And the reason for the disbursement is what?

15          **Anita Duty**: A royalty agreement.

16          **Mark Swartz**: Okay. And is it a 50/50 agreement?

17          **Anita Duty**: It is.

18          **Mark Swartz**: And have you employed 50/50 in preparing the tables?

19          **Anita Duty**: Yes.

20          **Mark Swartz**: Did you undertake to do a reconciliation comparing the royalty checks  
21 that the operator tendered to the banks and then the deposits that the banks made?

22          **Anita Duty**: I did.

23          **Mark Swartz**: Okay. And when you got to the bottom line, was there a plus or a minus  
24 number when you made the comparison?

25          **Anita Duty**: It was a plus. It was over.

26          **Mark Swartz**: Okay. And the date of the comparison was when?

27          **Anita Duty**: November...August 31, 2013.

1        **Mark Swartz**: Okay. And...ah...and...the...ah...there was a slight difference of how  
2        much?

3        **Anita Duty**: \$80.27.

4        **Mark Swartz**: Okay and that looks like it was a negative though.

5        **Bruce Prather**: You're right.

6        **Mark Swartz**: Or is that just a smudge?

7        **Anita Duty**: [Inaudible]

8        **Mark Swartz**: Okay. Since you accounted for all of the royalty checks and there were  
9        deposits for all of them, the assumption here would be that the banks fees actually  
10       exceeded the interest that the bank earned.

11       **Anita Duty**: Yes.

12       **Mark Swartz**: Okay. With regard to this as well, have you...ah...have you  
13       provided...um...revised Exhibits E and EE?

14       **Anita Duty**: Yes.

15       **Mark Swartz**: Okay. And with regard to the table or tables here this is one of those  
16       instances where you actually have two tables, correct?

17       **Anita Duty**: Correct.

18       **Mark Swartz**: We've talked about the reason for that. Right?

19       **Anita Duty**: Yes.

20       **Mark Swartz**: Okay. Table one is the table where the escrow agent should be directed to  
21       actually make the payments in the dollar amounts stated in the far right column to the  
22       four people listed?

23       **Anita Duty**: That is correct.

24       **Mark Swartz**: Okay. Table two then, and that disbursement should be made first.

25       **Anita Duty**: Yes. It has to be made first.

26       **Mark Swartz**: The table one disbursement should be made first and then table two is a  
27       percentage disbursement which should be made immediately after the table one  
28       disbursements?

1           **Anita Duty**: Yes.

2           **Mark Swartz**: And when making that second disbursement from this account and this  
3 tract, the escrow agent should use the percentages recorded in the second column from  
4 the right hand side, correct?

5           **Anita Duty**: Yes.

6           **Mark Swartz**: They are all the same 2.1023%.

7           **Anita Duty**: Yes.

8           **Mark Swartz**: And the four people to receive those or four companies to receive those  
9 are listed on the table as well. Correct?

10          **Anita Duty**: Yes.

11          **Mark Swartz**: And in this instance I don't think this is in a sealed gob is it?

12          **Anita Duty**: No it isn't.

13          **Mark Swartz**: Okay so the...we do need an order allowing us to pay these people  
14 directly in the future. That's all I have Mr. Chairman.

15          **Bradley Lambert**: Any questions from the Board?

16          **William Harris**: Mr. Chairman I want to ask about these two tables again. I'm a little  
17 confused. One shows the citizens receiving the money and the others the company's?

18          **Anita Duty**: We purchased the interest of those two individuals. CNX Gas purchased  
19 those interests and that is the reason for the date specific of November 30, 2011.

20          **William Harris**: I guess I am asking about the difference in the dollar amount and that is  
21 due to that...if you look at the last column in both tables, again, this is what my  
22 confusion is the...we have one 1129.59 and then 1128.32?

23          **Anita Duty**: It's just a coincidence that they own....the numbers are close. Only thing  
24 we are doing here is we are paying Greta Meek and Tamala Pelphrey their interest that  
25 accumulated up until the date that we purchased their interest and then from that date  
26 forward we are paying....that money will go to us because we purchased their interest. It  
27 is just a coincidence that the numbers are close.

28          **William Harris**: I guess I am just confused on purchasing their interest.

29          **Mark Swartz**: We bought them out of the unit and there was money in there that they  
30 were entitled to at the time we bought their interest and we are splitting the total amount.

1 Table one says pay exact dollar amount based on account balance as of 11/30/2011,  
2 which is when we bought them out so if we could have got the money out when we  
3 bought them out to them, that is what they would have received. And then once that is  
4 paid, we get a percentage of what was paid in after and it is a coincidence that the dollar  
5 amounts are so close. We are not splitting this on a 50/50 basis. We are making the  
6 calculation I've just described is that right?

7 **Anita Duty**: Yes.

8 **Mark Swartz**: Does that help?

9 **William Harris**: Yes. Thank you.

10 **Bradley Lambert**: Did I hear you say Mr. Swartz that you are not making this based  
11 upon a 50/50 split agreement?

12 **Mark Swartz**: No. We are not splitting between table one and table two based on a  
13 50/50.

14 **Bradley Lambert**: I understand.

15 **Mark Swartz**: I mean it is so close it looks like that. But no this is not...this is just what  
16 happened as opposed to making some random calculation. Which I think was the basis  
17 why you were asking why is it so close, you know what's the deal.

18 **William Harris**: Oh well no, I was a little confused the process that you used to get the  
19 two tables.

20 **Mark Swartz**: Okay.

21 **William Harris**: And I guess part of that confusion was seeing 50% in each of the tables  
22 but then looking at the dollar amounts they weren't...in my mind you know 50% means  
23 you would have equal amounts for each of those. But the difference is this interest that...

24 **Anita Duty**: Different time period. Up until 2011 pays to those owners and then from  
25 2011 forward the percent gets paid to us.

26 **Mark Swartz**: And to take Mr. Chairman Lambert's question the split agreements are  
27 actually employed I guess it would be the third column from...well the fourth column  
28 from the right hand side in both of these tables using the split agreement but obviously  
29 since you have purchased it, it's applying to somebody else with the split agreement still  
30 enforced.

31 **Anita Duty**: Yes it is 50/50 but you have to look at the tables individually. Table one,  
32 that disbursement takes place first and then table two.

1 **Mary Quillen**: These are two separate transactions. One to...

2 **Anita Duty**: And the only reason we had to do it this way is because of e-Forms  
3 normally we would show you the normal sheet that we do that shows you how we stop at  
4 a certain date and then go forward but e-Forms is the only reason we do it this way.

5 **Diane Davis**: [Inaudible]

6 **Bradley Lambert**: Okay so...but Ms. Duty's statement that the reason it is done this  
7 way is because of e-Forms. This is the way it has to be set up this way in e-Forms.

8 **Diane Davis**: Exactly. But it is set up following the format that we used prior to e-  
9 Forms.

10 **Rick Cooper**: And for the record I want to let everyone know this is \$1.27 difference.

11 **Sharon Pigeon**: So that was just a smudge on the eighty dollar number? Is that what  
12 you all did [inaudible].

13 **Bradley Lambert**: It looks like it is a minus eighty in our....

14 **Anita Duty**: Well they have access to that information that is on microfilm that we don't  
15 have access to and they can reconcile that eighty dollars. I mean that's...I do know now  
16 that is out there on the website. You do have that scanned now but at the time that we did  
17 this we did not have access to that for this period of time.

18 **Bradley Lambert**: So I agree with Mr. Swartz it looks like a smudge but if you do the  
19 math it actually is an eighty dollar plus.

20 **Anita Duty**: But we are balancing check for check, I mean we've got check for check.  
21 We've known that we do have that.

22 **Bradley Lambert**: Any other questions? Anything further Mr. Swartz?

23 **Mark Swartz**: No.

24 **Bradley Lambert**: Do I have a motion?

25 **Mary Quillen**: Motion to approve.

26 **Bruce Prather**: Second.

27 **Bradley Lambert**: I have a motion and I have a second. Any further discussion? All in  
28 favor signify by saying yes.

29 **Board**: Yes.

1 **Bradley Lambert:** Opposed, no. Thank you folks that is approved. Okay at this time  
2 we are going to take about a ten minute recess. We will resume at ten after ten.

3  
4 **Item Number 7**

5 **Bradley Lambert:** We are now calling docket item number seven. A petition from CNX  
6 Gas Company, LLC, for the disbursement of escrowed funds heretofore deposited with  
7 the Board's Escrow Agent attributable to Unit Q40. This will be tract 3 and authorization  
8 to begin paying royalties directly to the parties to the royalty split agreements between  
9 James M. McGuire Land Trust and Greta Meek, Tamala M. Pelphrey, and Consolidation  
10 Coal Company. Docket number VGOB-93-0216-0328-04. All parties wishing to testify,  
11 please come forward.

12 **Mark Swartz:** Mark Swartz and Anita Duty.

13 **Bradley Lambert:** You may proceed Mr. Swartz.

14 **Mark Swartz:** Anita will you state your name for us please?

15 **Anita Duty:** Anita Duty.

16 **Mark Swartz:** Mr. Chairman, I would ask that you incorporate Anita's prior testimony  
17 generally with regard to the process of filing petitions and preparing them and  
18 reconciliation with regard to these requests for disbursement.

19 **Bradley Lambert:** Accepted.

20 **Mark Swartz:** Thank you. Anita, this petition docket item number seven, pertains to  
21 Q40, correct?

22 **Anita Duty:** Yes.

23 **Mark Swartz:** And we are asking for an order directing the escrow agent to disburse a  
24 portion of the motion held with regard to tract three. Is that correct?

25 **Anita Duty:** Yes.

26 **Mark Swartz:** And then in addition we are asking that the operator be allowed to pay  
27 these folks directly in the future?

28 **Anita Duty:** Yes.

29 **Mark Swartz:** Okay. The basis for the...or the reason for disbursement request is what?

30 **Anita Duty:** A 50/50 royalty agreement.

1       **Mark Swartz**: Okay. And did you use that 50/50 agreement in preparing the tables for  
2       disbursement?

3       **Anita Duty**: Yes.

4       **Mark Swartz**: Okay. And again here we have as we discussed earlier, we have two  
5       tables. Correct?

6       **Anita Duty**: We do.

7       **Mark Swartz**: And this again isn't this very similar to what we have just seen and this  
8       was a purchase of an interest by CNX as of November 30, 2011. Correct?

9       **Anita Duty**: Yes.

10      **Mark Swartz**: And there is a table that pertains to that?

11      **Anita Duty**: Yes.

12      **Mark Swartz**: And it essentially disburses funds to the people that CNX bought from?

13      **Anita Duty**: Yes.

14      **Mark Swartz**: As of a date certain and...so table one gives the four names that the  
15      escrow agent should pay?

16      **Anita Duty**: It does.

17      **Mark Swartz**: And then it gives a dollar amount that the escrow agent should pay which  
18      is \$1,659.74, to each of the four people.

19      **Anita Duty**: Yes.

20      **Mark Swartz**: And the escrow agent should be directed to make those cash payments  
21      first and then use table two to implement the split agreement from the sales date forward?

22      **Anita Duty**: Yes.

23      **Mark Swartz**: And should use the percentages in the second column from the right hand  
24      side to pay the four folks listed on table two. Right?

25      **Anita Duty**: Yes.

26      **Mark Swartz**: And the percentage is the same for all four?

27      **Anita Duty**: It is.

28      **Mark Swartz**: And that percentage is 5.5556. Correct?

1       **Anita Duty**: Yes.

2       **Mark Swartz**: Okay. Have you provided the Board with revised Exhibit E and EE?

3       **Anita Duty**: Yes.

4       **Mark Swartz**: Have you also provided the Board with a reconciliation that tracks any  
5       royalty checks that were issued and the deposits that were booked by the banks?

6       **Anita Duty**: Yes.

7       **Mark Swartz**: And that was as of what date? It looks like August 31, 2013, is that right?

8       **Anita Duty**: It is.

9       **Mark Swartz**: And when you did the math, it looks like it is a negative twenty-six  
10       twenty something.

11       **Anita Duty**: 2624.

12       **Mark Swartz**: Okay. And although we covered this initially, you were able when you  
13       did this reconciliation with regard to Q40, to actually match all royalty checks to the  
14       deposits?

15       **Anita Duty**: We were.

16       **Mark Swartz**: Okay. So you know that all of the money that the operator paid got into  
17       these accounts?

18       **Anita Duty**: Yes.

19       **Mark Swartz**: And your explanation for the slight difference here would be a bank  
20       accounting issue between interest earned and fees charged?

21       **Anita Duty**: Yes.

22       **Mark Swartz**: Okay. That is all I have on this one.

23       **Bradley Lambert**: Any questions from the Board?

24       **Mary Quillen**: Mr. Chairman.

25       **Bradley Lambert**: Ms. Quillen.

26       **Mary Quillen**: Just clarify that reconciliation date. I couldn't hear it. The reconciliation  
27       date.

28       **Anita Duty**: August 31, 2013.

1 **Mary Quillen**: Thank you.

2 **Sharon Pigeon**: And this is a partial?

3 **Anita Duty**: It is.

4 **Bradley Lambert**: Any other questions? Anything further Mr. Swartz?

5 **Mark Swartz**: No.

6 **Bradley Lambert**: Do I have a motion?

7 **Mary Quillen**: Motion to approve.

8 **Bruce Prather**: Second.

9 **Bradley Lambert**: I have a motion and a second. Any further discussion? All in favor  
10 signify by saying yes.

11 **Board**: Yes.

12 **Bradley Lambert**: Opposed no.

13 **Donald Ratliff**: I'll abstain Mr. Chairman

14 **Bradley Lambert**: One abstention Mr. Ratliff. Thank you folks that is approved.

15

16

### **Item Number 8**

17 **Bradley Lambert**: We are calling docket item number eight. A petition from CNX Gas  
18 Company, LLC, for the disbursement of escrowed funds heretofore deposited with the  
19 Board's escrow agent for Unit P-41 attributable to tract 2C and authorization to begin  
20 paying royalties directly to the parties to the royalty split agreement between James M.  
21 McGuire Land Trust and Greta Meek, Tamala M. Pelphrey, and Consolidation Coal  
22 Company. Docket number VGOB-93-0217-0329-05. All parties wishing to testify,  
23 please come forward.

24 **Mark Swartz**: Mark Swartz and Anita Duty.

25 **Bradley Lambert**: You may proceed Mr. Swartz.

26 **Mark Swartz**: Thank you. Anita will you state your name for us please?

27 **Anita Duty**: Anita Duty.

1           **Mark Swartz**: Mr. Chairman I would like to incorporate part of Anita's testimony today  
2 generally with regard to the process she follows and the work that she does concerning  
3 these requests for disbursement.

4           **Bradley Lambert**: Accepted.

5           **Mark Swartz**: Thank you. Anita this disbursement request docket number eight  
6 pertains to P-41, correct?

7           **Anita Duty**: Yes.

8           **Mark Swartz**: And it's a portion of tract 2C in that unit?

9           **Anita Duty**: It is.

10          **Mark Swartz**: And the reason for the request?

11          **Anita Duty**: A 50/50 royalty agreement.

12          **Mark Swartz**: And are we also requesting as an operator the right to pay these folks  
13 directly after the disbursement is made?

14          **Anita Duty**: Yes.

15          **Mark Swartz**: Okay. And again we have two tables here?

16          **Anita Duty**: We do.

17          **Mark Swartz**: Okay. Let's look at those. Table one with regard to tract 2C lists four  
18 people. Correct?

19          **Anita Duty**: It does.

20          **Mark Swartz**: And table one, the escrow agent should be directed to pay the amount in  
21 the right hand column of table one to the four folks listed. Correct?

22          **Anita Duty**: Yes.

23          **Mark Swartz**: And they all get the same amount and that amount is \$1,576.47 each.  
24 Correct?

25          **Anita Duty**: Correct.

26          **Mark Swartz**: And again we've got a purchase here that closed on November 30, 2011.  
27 Correct?

28          **Anita Duty**: Yes.

1       **Mark Swartz**: And table one basically pays the folks that we bought an interest from as  
2       of the date of that closing.

3       **Anita Duty**: Yes.

4       **Mark Swartz**: Okay. And then table two accounts for monies coming into this escrow  
5       account with regard to tract 2C after that closing.

6       **Anita Duty**: Yes.

7       **Mark Swartz**: And with regard to table two the escrow agent should be directed to pay  
8       the percentage which is listed in the second column from the left of the exhibit. Right?

9       **Anita Duty**: Yes.

10      **Mark Swartz**: And that percentage for all four people receiving the table two  
11      disbursement is identical?

12      **Anita Duty**: It is.

13      **Mark Swartz**: And it is 2.9059%.

14      **Anita Duty**: Correct.

15      **Mark Swartz**: And the four folks who are to receive the payments on table two are also  
16      listed on table two?

17      **Anita Duty**: Yes.

18      **Mark Swartz**: Okay. Have you provided the Board with revised Exhibits E and EE?

19      **Anita Duty**: Yes.

20      **Mark Swartz**: Did you do a reconciliation here and have you provided that to the Board?

21      **Anita Duty**: Yes.

22      **Mark Swartz**: Okay. And if we go to the end of that reconciliation, the date of that was  
23      what?

24      **Anita Duty**: August 31, 2013.

25      **Mark Swartz**: Okay. And when you accounted... strike that... were you able to track all  
26      royalty payments that were sent to the banks and matched them with a corresponding  
27      deposit?

28      **Anita Duty**: Yes.

1 **Mark Swartz**: And when you accounted for prior disbursements and deposits and so  
2 forth you were left I think with a plus of \$161.06. Is that correct?

3 **Anita Duty**: Yes.

4 **Mark Swartz**: Which causes us to conclude that the bank's earnings on this account  
5 slightly exceeded their expenses.

6 **Anita Duty**: Yes.

7 **Mark Swartz**: That's all I have Mr. Chairman.

8 **Bradley Lambert**: Any questions from the Board? Anything further Mr. Swartz?

9 **Mark Swartz**: No.

10 **Bradley Lambert**: Do I have a motion?

11 **Mary Quillen**: Motion to approve.

12 **Bruce Prather**: Second.

13 **Bradley Lambert**: I have a motion and a second. Any further discussion? [No response  
14 from the Board] All in favor signify by saying yes.

15 **Board**: Yes.

16 **Bradley Lambert**: Opposed, no. Thank you folks that is approved.

17  
18  
19 **Item Number 9**

20 **Bradley Lambert**: Calling docket item number nine. A petition from CNX Gas  
21 Company, LLC, for the disbursement of escrowed funds heretofore deposited with the  
22 Board's Escrow Agent attributable to Unit P40 Tracts 2L, 2M, 2N and 2P and  
23 authorization to begin paying royalties directly to the parties to the royalty split  
24 agreement between James M. McGuire Land Trust and Greta Meek, Tamala Pelphrey,  
25 and Consolidation Coal Company. Docket number VGOB 93-0216-0330-06. All parties  
26 wishing to testify, please come forward.

27 **Mark Swartz**: Mark Swartz and Anita Duty.

28 **Bradley Lambert**: You may proceed Mr. Swartz.

1 **Mark Swartz**: Thank you. Mr. Chairman if you could incorporate Anita's prior  
2 testimony today with regard to the process that she follows in preparing these petitions  
3 and the related exhibits, I would appreciate that.

4 **Bradley Lambert**: Accepted.

5 **Mark Swartz**: Thank you. Anita, this pertains to Unit P40?

6 **Anita Duty**: Yes.

7 **Mark Swartz**: And it is a partial distribution with regard to certain tracts that you have  
8 identified?

9 **Anita Duty**: Yes.

10 **Mark Swartz**: And those tracts are 2L, 2M, 2N, and 2P. Correct?

11 **Anita Duty**: Yes.

12 **Mark Swartz**: And after the disbursement is made if it is approved you are also asking  
13 as operator for the authority and ability to pay these folks who are getting these  
14 disbursements directly?

15 **Anita Duty**: Yes.

16 **Mark Swartz**: The reason for this disbursement request?

17 **Anita Duty**: 50/50 royalty agreement.

18 **Mark Swartz**: Okay. And have you used the 50/50 agreement as a basis for preparing  
19 your tables?

20 **Anita Duty**: Yes.

21 **Mark Swartz**: And I think that when we go to the tables we are going to see that we  
22 have a similar, a very similar situation where we've got two tables because we have a  
23 transaction where an interest is purchased. Right?

24 **Anita Duty**: Yes.

25 **Mark Swartz**: Okay. Um...turning to table one, you've taken the tracts on that table  
26 one at a time, correct?

27 **Anita Duty**: Yes.

28 **Mark Swartz**: And you have listed for each tract on table one the names of the folks  
29 who should receive a disbursement pertaining to each of the four tracts?

1        **Anita Duty**: Yes.

2        **Mark Swartz**: And then in the second column from the left you have indicated that with  
3 regard to each tract the four people who are receiving payments get an identical amount.

4        **Anita Duty**: Yes.

5        **Mark Swartz**: And the identical dollar amount coming out of 2L would be \$2,357.89.  
6 Correct?

7        **Anita Duty**: Yes.

8        **Mark Swartz**: Coming out of 2M would be \$504.14?

9        **Anita Duty**: Yes.

10       **Mark Swartz**: Out of 2N as in Nellie \$182.43?

11       **Anita Duty**: Yes.

12       **Mark Swartz**: And coming out of 2P as in Paul, \$364.87. Correct?

13       **Anita Duty**: Yes.

14       **Mark Swartz**: And the escrow agent should be directed by the Board's order to make  
15 these cash distributions first?

16       **Anita Duty**: Yes.

17       **Mark Swartz**: Okay. And this exhibit table one, again indicates that there was a  
18 transaction that closed on November 30, 2011?

19       **Anita Duty**: Yes.

20       **Mark Swartz**: And the intent of this table one is to distribute the monies on deposit as of  
21 the closing to the people that you purchased from?

22       **Anita Duty**: Yes.

23       **Mark Swartz**: Okay and then when we go to table two, we're now dealing with  
24 percentages as opposed to dollars and cents?

25       **Anita Duty**: We are.

26       **Mark Swartz**: And this accounts for money that came in after the closing essentially?

27       **Anita Duty**: Yes.

1 **Mark Swartz**: Okay. Ah...with regard...once again you have four people identified as  
2 receiving money from each of the four tracts?

3 **Anita Duty**: We do.

4 **Mark Swartz**: And within the four tracts the percentage to be applied is the same for all  
5 four people?

6 **Anita Duty**: Yes.

7 **Mark Swartz**: Okay. So the percentage that the escrow agent should use at the time the  
8 disbursement is made from 2L as in Larry, is 2.7640 percent?

9 **Anita Duty**: Yes.

10 **Mark Swartz**: And the percentage for tract 2M as in Mary is .5910 percent?

11 **Anita Duty**: Yes.

12 **Mark Swartz**: The percentage for the four folks receiving money out of 2N as in Nellie,  
13 is .2139 percent?

14 **Anita Duty**: Yes.

15 **Mark Swartz**: And the percentage for tract 2P as in Paul, is .4276 percent. Right?

16 **Anita Duty**: Correct.

17 **Mark Swartz**: And have you provided the Board with a revised Exhibit E and a revised  
18 EE?

19 **Anita Duty**: Yes.

20 **Mark Swartz**: That would obtain after these disbursements are made?

21 **Anita Duty**: It will.

22 **Mark Swartz**: Okay. And lastly, you did a reconciliation but what was the date of that?

23 **Anita Duty**: August 31, 2013.

24 **Mark Swartz**: Okay. And...um...and that reconciliation took into account a couple of  
25 disbursements from 02 and 03. Correct?

26 **Anita Duty**: It did.

27 **Mark Swartz**: And...ah...and were you able to track all of the operator's royalty  
28 payments to...and tie them to a deposit?

1       **Anita Duty**: We were.

2       **Mark Swartz**: Okay. So all of the royalties the operator paid to the various banks found  
3       its way into this account?

4       **Anita Duty**: Yes.

5       **Mark Swartz**: Okay. And then when you did the reconciliation, what was the  
6       difference?

7       **Anita Duty**: Negative \$2,438.73.

8       **Mark Swartz**: Okay. And that difference since you were able to account for all of your  
9       payments and track them as deposits is a bank accounting with regard to expenses and  
10      interest?

11      [No response from Anita Duty]

12      **Mark Swartz**: Well....they got all of your money....

13      **Anita Duty**: Yes they do.

14      **Mark Swartz**: Okay. Um.....that's it.

15      **Bradley Lambert**: Any questions from the Board? Anything further, Mr. Swartz?

16      **Mark Swartz**: Nope.

17      **Bradley Lambert**: Do I have a motion?

18      **Mary Quillen**: Motion to approve.

19      **Bruce Prather**: Second.

20      **Bradley Lambert**: I have a motion and a second, any further discussion? All in favor  
21      signify by saying yes.

22      **Board**: Yes.

23      **Bradley Lambert**: Opposed, no.

24      **Donald Ratliff**: I'll abstain Mr. Chairman.

25      **Bradley Lambert**: One abstention Mr. Ratliff. Thank you folks that will be approved.

26

27

1 **Item Number 10**

2 **Bradley Lambert:** Now we are calling docket item number ten. A petition from CNX  
3 Gas Company, LLC, for the disbursement of escrowed funds heretofore deposited with  
4 the Board's escrow agent attributable to Unit VP2SGU1, Tract 47 and authorization to  
5 begin paying royalties directly to the parties to the royalty split agreements between  
6 Torch Oil and Gas Company and Roscoe Deskins, Jr., and Calvini Eddie Deskins.  
7 Docket number VGOB-02-0319-1008-01. All parties wishing to testify, please come  
8 forward.

9 **Mark Swartz:** Mark Swartz and Anita Duty.

10 **Bradley Lambert:** You may proceed Mr. Swartz.

11 **Mark Swartz:** Thank you. Anita state your name for us please.

12 **Anita Duty:** Anita Duty.

13 **Mark Swartz:** Anita would...strike that. Mr. Chairman if we could incorporate Anita's  
14 testimony earlier today with regard to the process and the work that she and her company  
15 does to prepare these petitions I would appreciate that.

16 **Bradley Lambert:** Accepted.

17 **Mark Swartz:** Thank you. Anita, this is a request for a disbursement from one of the  
18 tracts in a sealed gob unit?

19 **Anita Duty:** Yes.

20 **Mark Swartz:** Which tract? Forty-seven?

21 **Anita Duty:** Ah yeah. Yes.

22 **Mark Swartz:** And after this disbursement it's just a partial so the account would need to  
23 be maintained.

24 **Anita Duty:** It would.

25 **Mark Swartz:** Okay. Ah...but with regard to the folks receiving this disbursement are  
26 you also asking permission to pay them directly in the future?

27 **Anita Duty:** Yes.

28 **Mark Swartz:** The reason for this request is what?

29 **Anita Duty:** A 50/50 royalty agreement.

1 **Mark Swartz**: Okay. And this is a fairly large unit as we can tell from the plat that  
2 you've provided and you're asking however just for a disbursement from one tract, tract  
3 forty-seven to some of the members or some of the claimants to that tract, right?

4 **Anita Duty**: Yes.

5 **Mark Swartz**: And you have prepared a disbursement table I am thinking.

6 **Anita Duty**: Yes.

7 **Mark Swartz**: In this instance we only have one table.

8 **Anita Duty**: Correct.

9 **Mark Swartz**: And ah...the table identifies four folks to receive payment.

10 **Anita Duty**: Yes.

11 **Mark Swartz**: And it identifies them by name.

12 **Anita Duty**: It does.

13 **Mark Swartz**: And it provides in the second column from the right hand side a  
14 percentage that the escrow agent should be directed to use when making the  
15 disbursements?

16 **Anita Duty**: Yes.

17 **Mark Swartz**: And the escrow agent should use that percentage and apply it to the  
18 balance at the time the disbursement is made?

19 **Anita Duty**: They should.

20 **Mark Swartz**: And the percentage for all four people is identical?

21 **Anita Duty**: It is.

22 **Mark Swartz**: And that identical percentage that the escrow agent should use is  
23 2.0388%. Is that correct?

24 **Anita Duty**: Yes.

25 **Mark Swartz**: Okay. And you provided the Board a revised Exhibit E and a revised  
26 Exhibit EE that would obtain after these disbursements are made?

27 **Anita Duty**: Yes.

28 **Mark Swartz**: And you also provided the Board with a reconciliation?

1        **Anita Duty**: Yes.

2        **Mark Swartz**: And that was as of what date...

3        **Anita Duty**: July of...

4        **Mark Swartz**: July 31<sup>st</sup>?

5        **Anita Duty**: Yes.

6        **Mark Swartz**: Okay. And the bottom line is a plus or a minus?

7        **Anita Duty**: It's a plus \$343.75.

8        **Mark Swartz**: And again were you able to track all of the royalty payments that the  
9        operator has made to the various banks and tie them to deposits?

10       **Anita Duty**: We were.

11       **Mark Swartz**: So the excess money is presumably interest earned in excess of fees  
12       charged by the banks?

13       **Anita Duty**: Yes.

14       **Mark Swartz**: That's all I have on this one.

15       **Bradley Lambert**: Any questions from the Board?

16       **Sharon Pigeon**: That was a partial?

17       **Mark Swartz**: Yes.

18       **Sharon Pigeon**: Thank you.

19       **Bradley Lambert**: Anything further Mr. Swartz?

20       **Mark Swartz**: No.

21       **Bradley Lambert**: Do I have a motion?

22       **Mary Quillen**: Motion to approve.

23       **Bruce Prather**: Second.

24       **Bradley Lambert**: I have a motion and a second. Any further discussion? [No response  
25       from the Board] All in favor signify by saying yes.

26       **Board**: Yes.

1 **Bradley Lambert**: Opposed, no.

2 **Donald Ratliff**: I'll abstain Mr. Chairman.

3 **Bradley Lambert**: One abstention, Mr. Ratliff.

4

5

**Item Number 11**

6 **Bradley Lambert**: We are calling docket item number eleven. A petition from CNX  
7 Gas Company, LLC, for the disbursement of escrowed funds heretofore deposited with  
8 the Board's escrow agent attributable to Unit B1.

9 **Mark Swartz**: Bun 1, Bune 1.

10 **Bradley Lambert**: Mr. Cooper is that B1 or Bune 1?

11 **Rick Cooper**: Bune 1.

12 **Anita Duty**: There is a Bun and a Bune, so this is Bune.

13 **Rick Cooper**: There is a Bune and a Bun.

14 **Bradley Lambert**: Okay. This is Bune 1. For tracts 13A and 13C and authorization to  
15 begin paying royalties directly to the parties to that royalty split agreement or court orders  
16 between Torch Oil and Gas Company and Fern Duecaster, and Monta Mutter. Docket  
17 number VGOB-91-1119-0161-02. All parties wishing to testify, please come forward.

18 **Mark Swartz**: Mark Swartz and Anita Duty.

19 **Bradley Lambert**: You may proceed Mr. Swartz.

20 **Mark Swartz**: Thank you. Mr. Chairman if we could incorporate Anita's prior  
21 testimony today with regard to the petition for disbursement process that she follows and  
22 the work that CNX does in that regard I would appreciate it.

23 **Bradley Lambert**: That would be accepted.

24 **Mark Swartz**: Thank you. Anita this is a request from what drilling unit?

25 **Anita Duty**: Bune 1.

26 **Mark Swartz**: Okay. And it's a request involving two tracts within that sealed unit?

27 **Anita Duty**: Yes.

28 **Mark Swartz**: 13A and 13C?

1       **Anita Duty**: And then we have a separate...this is another one of those cases where we  
2       filed...had to file two petitions.

3       **Mark Swartz**: Okay. So the next petition pertains to this a well?

4       **Anita Duty**: Well it's a Bune 02 and a 03. So however you want to....

5       **Mark Swartz**: Well it's number twelve...I mean the way they have broken it out...it  
6       looks like...

7       **Anita Duty**: Oh I am sorry. I am sorry. I wasn't...

8       **Mark Swartz**: So that is a Emily Litella never mind?

9       **Anita Duty**: Yes.

10      **Mark Swartz**: Okay.

11      **Anita Duty**: 13A and 13C.

12      **Mark Swartz**: Okay. So this particular petition eleven, pertains to tracts 13A and 13C  
13      and is a partial disbursement?

14      **Anita Duty**: It is.

15      **Mark Swartz**: And in the event that this disbursement order is made then you are asking  
16      for authority to pay the folks subject to the order, directly in the future?

17      **Anita Duty**: Yes.

18      **Mark Swartz**: Okay. And the reason for this request is what? Actually there is more  
19      than one of these.

20      **Anita Duty**: A court order.

21      **Mark Swartz**: Okay. Ah...and you've seen that court order?

22      **Anita Duty**: Yes.

23      **Mark Swartz**: And you talk about it in your petition as well?

24      **Anita Duty**: Yes.

25      **Mark Swartz**: And have you used that court order to generate the disbursement table?

26      **Anita Duty**: We have.

1       **Mark Swartz**: Okay. And if we get to the table....there is only one table in this  
2 instance?

3       **Anita Duty**: Correct.

4       **Mark Swartz**: And you've got a separate worksheet for 13A and 13C, is that correct?

5       **Anita Duty**: Actually there is two tables.

6       **Mark Swartz**: I'm sorry. You're right. Okay. Um....and why do we have two tables  
7 with regard to the Bune 1?

8       **Anita Duty**: This court order applied to an individual unit that we had already paid out  
9 in 2010, and once we realized that we needed to also pay it out on the sealed gob we  
10 thought it was only fair to go back to the same date that we paid the underlying unit  
11 which was August 2010. Because that was how the court order was written because of  
12 the date the escrowed monies were paid.

13       **Mark Swartz**: Okay. So this was then to square up the account as of that date that the  
14 court selected? And then work forward from that date?

15       **Anita Duty**: Yes. Because the agreement....they have different...it's 7 ½ %, 92 ½% and  
16 then you pay 100% going forward so...

17       **Mark Swartz**: Okay that was referenced in your application?

18       **Anita Duty**: Yes.

19       **Mark Swartz**: Okay. And the date, the relevant date for table one is August 31, 2010?

20       **Anita Duty**: It is.

21       **Mark Swartz**: Okay. And again is this...the table one a situation where the escrow  
22 agent should be ordered to pay the dollars and cents as opposed to user percentage?

23       **Anita Duty**: Correct.

24       **Mark Swartz**: And with regard to tract 13A in table one, Fern Duecaster should receive  
25 \$1754.37?

26       **Anita Duty**: Yes.

27       **Mark Swartz**: Torch should receive with regard to 13A, \$142.25?

28       **Anita Duty**: Yes.

29       **Mark Swartz**: And with regard to tract 13C, Monta Mutter should receive \$74.65?

1       **Anita Duty**: Yes.

2       **Mark Swartz**: And Torch should receive \$6.05?

3       **Anita Duty**: Yes.

4       **Mark Swartz**: Okay. And then going to table two, now we've got percentages that  
5       should be used, correct?

6       **Anita Duty**: Correct.

7       **Mark Swartz**: And with regard to...in this table two then tracks the court order because  
8       now we're at 100%. Right?

9       **Anita Duty**: Correct.

10       **Mark Swartz**: And with regard to 13A, Fern Duecaster should receive...the percent of  
11       the escrowed funds would be representing her 100% interest, right?

12       **Anita Duty**: Correct.

13       **Mark Swartz**: Would be .3524% and the escrow agent should use that percentage and  
14       apply it to the balance at the time the disbursement is made?

15       **Anita Duty**: Yes.

16       **Mark Swartz**: And then with regard to tract 13C, to Monta Mutter again you are  
17       showing that she is getting 100% and to make that happen the escrow agent should use  
18       the percentage of .0150 and apply that to the balance on hand in the escrow at the time  
19       the disbursement is made to get her share out to her?

20       **Anita Duty**: Yes.

21       **Mark Swartz**: Okay. And then at that point, obviously you want to be able to pay these  
22       people directly.

23       **Anita Duty**: We do.

24       **Mark Swartz**: Okay. And obviously the Bune1 is going to continue forward?

25       **Anita Duty**: Yes.

26       **Mark Swartz**: Have you provided the Board with revised Exhibits E and EE?

27       **Anita Duty**: Yes.

1       **Mark Swartz**: Okay. And then lastly, I think you have a reconciliation exhibit at the  
2       end. Right?

3       **Anita Duty**: We do.

4       **Mark Swartz**: And that was as of what date?

5       **Anita Duty**: July 31, 2013.

6       **Mark Swartz**: Okay. And do we show...when the dust clears on the comparison, do we  
7       show a plus or a minus?

8       **Anita Duty**: A plus \$156.83.

9       **Mark Swartz**: Okay. And we are assuming...strike that. Were you able to track and  
10       account for all of the royalties that were paid and tie them to deposits made?

11       **Anita Duty**: We were.

12       **Mark Swartz**: So then the assumption that we make is that this...this slight excess in the  
13       account represents interest earned in excess by fees charged by the banks?

14       **Anita Duty**: Yes.

15       **Mark Swartz**: That's all I have on this one.

16       **Bradley Lambert**: Ms. Duty, on table two you've got in parenthesis, "pay percentage on  
17       balance after deducting the above balance." What exactly does that mean and what's the  
18       above balance?

19       **Anita Duty**: Number one.

20       **Mark Swartz**: Table one.

21       **Bradley Lambert**: The above balance in table one.

22       **Anita Duty**: It probably shouldn't have said balance. It should have said payment. You  
23       have to assume.

24       **Mark Swartz**: Actually what it should say is on deposit. Pay percentage on deposit after  
25       deducting , right? I mean the money that still...

26       **Anita Duty**: We just want to make sure that this deposit, this payout gets... happens  
27       first. And then pay...we have to actually put in a dollar amount when we did the second  
28       table. You have to put like an estimated balance. So the estimated balance if you look at  
29       what it actually is, is not going to match because it assumes that this \$1500 has already

1 been paid. So it's kind of to make it work, it's one of those make it work things. Not  
2 what we said, we said that but what we meant was that we need a payout first.

3 **Bradley Lambert**: Thank you Mr. Swartz. Yours made more since.

4 [Laughter]

5 **Anita Duty**: I ramble too much I don't know why. You'd think I'd learn by now.

6 [Laughter]

7 **Mark Swartz**: Well it proves that there are at least two ways to say the same thing.  
8 Right?

9 **Bradley Lambert**: Any other questions from the Board? Anything further Mr. Swartz?

10 **Mark Swartz**: No.

11 **Bradley Lambert**: Do I have a motion?

12 **Mary Quillen**: Motion to approve.

13 **Bruce Prather**: Second.

14 **Bradley Lambert**: I have a motion and a second, any further discussion? [No response  
15 from the Board] All in favor signify by saying yes.

16 **Board**: Yes.

17 **Bradley Lambert**: Opposed no. Thank you folks that is approved.

18

19 **Item Number 12**

20 **Bradley Lambert**: Calling docket item number twelve. A petition from CNX Gas  
21 Company, LLC, for the disbursement of escrowed funds heretofore deposited with the  
22 Board's escrow agent attributable to Unit Bune 1to tracts 11A, 11B and 12 and  
23 authorization to begin paying royalties directly to the parties of the split agreements  
24 between Torch Oil and Gas Company and CNX Gas Company, LLC, Ira Mutter, et ux.  
25 This is docket number VGOB-91-1119-0161-03. All parties wishing to testify, please  
26 come forward.

27 **Mark Swartz**: Mark Swartz and Anita Duty.

28 **Bradley Lambert**: Anita would you state your name for us please?

1           **Anita Duty**: Anita Duty.

2           **Mark Swartz**: Mr. Chairman, I would like to incorporate Anita's prior testimony,  
3 generally with regard to the petition for disbursement process and the work that her  
4 company does and I would also like to incorporate her testimony with regard to the  
5 immediately preceding petition on the Bune 1 because this sort of tracks the  
6 reconciliation and so forth. It is additional tracts within that unit but the work that  
7 pertained to the reconciliation and so forth and the Exhibits E in the prior...um...I guess  
8 it would be eleven, docket number eleven, would pertain to this as well. Is that correct  
9 Anita?

10          **Anita Duty**: That is correct.

11          **Mark Swartz**: Okay. Is there any...

12          **Bradley Lambert**: She hesitated Mr. Swartz.

13          [Laughter]

14          **Anita Duty**: We really didn't file two petitions; we only just filed one, but...

15          **Mark Swartz**: Right. We filed the petition and they separated it.

16          **Anita Duty**: We only had to do this because of e-Forms. Normally we would have  
17 everything all on one. So there is only one set of E's and EE's.

18          **Mark Swartz**: Right. And I am trying to deal with that.

19          **Anita Duty**: Just so...yeah.

20          **Mark Swartz**: Okay. Alright.

21          **Bradley Lambert**: So that would be accepted.

22          **Mark Swartz**: Okay. Ah...because that will tie to this. This docket item number twelve  
23 pertains to again it pertains to Bune 1. Right?

24          **Anita Duty**: Yes.

25          **Mark Swartz**: But it's three different tracts 11a, a portion of 11b and twelve. Correct?

26          **Anita Duty**: Right.

27          **Mark Swartz**: And the reason for this request is what?

28          **Anita Duty**: Royalty agreements.

1       **Mark Swartz**: Okay. And the last one I think may have been in litigation, if I'm not  
2       mistaken. Oh I'm not sure.

3       **Anita Duty**: No.

4       **Mark Swartz**: Okay.

5       **Anita Duty**: The Ira Mutter tract that appears on this particular one was not part of the  
6       litigation and they negotiated this one separately.

7       **Mark Swartz**: Oh okay. So this is actually an agreement that they made and you've  
8       seen that agreement?

9       **Anita Duty**: I have.

10      **Mark Swartz**: And you used that agreement in preparing the disbursement table?

11      **Anita Duty**: Yes.

12      **Mark Swartz**: Okay. Um...if we go again we've got, you know, a fairly large sealed  
13      gob area. We've identified the tracts that we are seeking to get approval to disburse from  
14      and if we go to the table....in this instance we only have one table. Correct?

15      **Anita Duty**: Yes.

16      **Mark Swartz**: Okay. And I am looking at the acreage in this and it looks to me  
17      like...um...are you actually disbursing all of the money pertaining to these people's  
18      interest in these three tracts?

19      **Anita Duty**: Yes.

20      **Mark Swartz**: Okay. And that would explain the total acreage in parenthesis after each  
21      one of the tracts?

22      **Anita Duty**: Yes.

23      **Mark Swartz**: Okay. So there will continue to be an escrow account for Bune 1  
24      generally, but with regard to these three tracts they will be zeroed out within that larger  
25      account?

26      **Anita Duty**: That is correct.

27      **Mark Swartz**: Okay. And are you asking for the ability to pay these folks directly in the  
28      future with regard, you know, consistent with their agreement?

29      **Anita Duty**: Yes.

1       **Mark Swartz**: Okay. Is this a percentage disbursement by the escrow agent or a dollar  
2       amount?

3       **Anita Duty**: Percentage.

4       **Mark Swartz**: Okay. And with regard to tract 11a you identified the two companies that  
5       would receive the disbursement. Correct?

6       **Anita Duty**: Yes.

7       **Mark Swartz**: And they would each be...the escrow agent should use the same  
8       percentage in calculating that and the escrow agent should apply 3.1114% to the balance  
9       on hand at the time the disbursement is made and pay that the dollars that result from  
10      using that percentage to Torch and to CNX. Right?

11      **Anita Duty**: Yes.

12      **Mark Swartz**: And with regard to tract 12, the folks are identified Ira C. Mutter should  
13      receive 5.7467% of the balance on deposit?

14      **Anita Duty**: Yes.

15      **Mark Swartz**: And Torch Oil and Gas should receive 1.9156% of the balance on  
16      deposit?

17      **Anita Duty**: Yes.

18      **Mark Swartz**: And with regard to tract 11B, both Torch and CNX should receive the  
19      dollars resulting from multiplying 2.4282% times the balance on deposit and that will  
20      zero out that account.

21      **Anita Duty**: 11B will still have an interest escrowed.

22      **Mark Swartz**: Okay.

23      **Anita Duty**: It's going to have a half interest.

24      **Mark Swartz**: Well...so it looks to me. It's all coming out. Am I right? Well know it  
25      doesn't because if we look at the total acreage which is 25.981 correct?

26      **Anita Duty**: Right.

27      **Mark Swartz**: And then you are looking at the escrow acres that are coming out it is  
28      roughly 12 ½. So there's...that...okay so do we need to amend your testimony with  
29      regard to tract 11B that tract will still have a balance in the overall escrow account.

30      **Anita Duty**: It will.

1           **Mark Swartz**: Okay. And with regard to tract 11A, that balance will be zero.

2           **Anita Duty**: It would.

3           **Mark Swartz**: And with regard to tract 12 that balance would be zero.

4           **Anita Duty**: Correct.

5           **Mark Swartz**: Okay. Have you done....well you've already testified with regard to the  
6 reconciliation because it's the same as...

7           **Anita Duty**: It is.

8           **Mark Swartz**: Ah...as you testified to with regard to a petition for docket item number  
9 eleven. That's all I have Mr. Chairman.

10          **Bradley Lambert**: Any questions from the Board? [No response from the Board]  
11 Anything further Mr. Swartz?

12          **Mark Swartz**: No.

13          **Bradley Lambert**: Do I have a motion?

14          **Mary Quillen**: Motion to approve.

15          **Bruce Prather**: Second.

16          **Bradley Lambert**: I have a motion and a second. Any further discussion? All in favor  
17 signify by saying yes.

18          **Board**: Yes.

19          **Bradley Lambert**: Opposed, no. Thank you folks.

20          **Donald Ratliff**: Mr. Chairman, the gas company that we control over in the Hurley area,  
21 I checked with Mr. Horn, is Buchanan Energy Company. So that is why I abstained on  
22 the one before last because I wasn't sure.

23          **Mark Swartz**: I was wondering about that.

24          **Donald Ratliff**: Mr. Horn set me straight.

25          **Mark Swartz**: Mr. Scott I think is next.

26          **Bradley Lambert**: So you're not, you didn't have to abstain from this one?

27          **Donald Ratliff**: No.

1 **Bradley Lambert**: Okay. Thank you folks that is approved.

2

3

**Item Number 14**

4 **Bradley Lambert**: We are calling docket item number fourteen. A petition from Range  
5 Resources-Pine Mountain for pooling of well V-530345, this is docket number VGOB-  
6 13-0820-4019. All parties wishing to testify, please come forward.

7 **Tim Scott**: Tim Scott, Gus Janson and Phil Horn for Range Resources-Pine Mountain,  
8 Inc.

9 **Bradley Lambert**: Good morning.

10 **Tim Scott**: Good morning. I'm not last and I'm not late.

11 [Laughter]

12 **Tim Scott**: It's a miracle.

13 **Bradley Lambert**: Those who are last shall be first.

14 **Tim Scott**: Alright Mr. Horn would you please state your name, by whom you are  
15 employed and your job description?

16 **Phil Horn**: My name is Phil Horn. I am employed by Range Resources-Pine Mountain,  
17 Inc., as Land Manager.

18 **Tim Scott**: Are you familiar with this application?

19 **Phil Horn**: Yes I am.

20 **Tim Scott**: And how much acreage does this unit contain?

21 **Phil Horn**: Right at 12.69 acres.

22 **Tim Scott**: And it is subject to statewide spacing. Is that correct?

23 **Phil Horn**: That is correct.

24 **Tim Scott**: And Range has a significant portion of this unit under lease. Is that right?

25 **Phil Horn**: That is correct.

26 **Tim Scott**: Are we going to dismiss any respondents today?

27 **Phil Horn**: No.

1 **Tim Scott:** As far as the individuals listed on exhibit or the companies listed on Exhibit  
2 B3. Have you attempted to reach an agreement with those individuals or companies?

3 **Phil Horn:** There's actually do you want me to explain?

4 **Tim Scott:** Please do. This is kind of a complex situation here.

5 **Phil Horn:** There are two individuals that own their oil and gas rights outright that are  
6 being subject to our pooling today. The other parties are ACIN which has a lease with  
7 EQT Production Company, and the lease expired and there's a dispute between those two  
8 parties as to how much acreage is being held by the lease so there kind of...they have not  
9 decided. So I talked to both parties and we agreed to go ahead and pool as either/or. It is  
10 either Equitable leased or either ACIN unleased and to go ahead and put the money in the  
11 escrow account. So that's basically the gist of the ACIN/EQT.

12 **Tim Scott:** That's why you have the either/or on your Exhibit B3. Is that correct?

13 **Phil Horn:** That is correct.

14 **Tim Scott:** And also on our Exhibit E. Is that right?

15 **Phil Horn:** That is correct.

16 **Tim Scott:** Okay.

17 **Bradley Lambert:** And that is for tract number three?

18 **Phil Horn:** That is for five tracts. It is...

19 **Bradley Lambert:** I see...I see. There are several.

20 **Phil Horn:** three, six, seven, eight and nine.

21 **Bradley Lambert:** Okay. Thank you.

22 **Tim Scott:** What percentage of the unit does Range have under lease presently?

23 **Phil Horn:** 87.47.

24 **Tim Scott:** And how was notice of this hearing sent to the parties listed on Exhibit B?

25 **Phil Horn:** By certified mail. Also by publication in the Coalfield Progress on August 2,  
26 2013.

27 **Tim Scott:** And we don't have any unknowns in this unit. Is that right?

28 **Phil Horn:** That is correct.

1       **Tim Scott**: Okay. Have you filed the proof of publication and mail certification with the  
2       Board?

3       **Phil Horn**: Yes you have.

4       **Tim Scott**: Range is authorized to conduct business in the Commonwealth. Is that right?

5       **Phil Horn**: That is correct.

6       **Tim Scott**: And there is a bond on file?

7       **Phil Horn**: That is correct.

8       **Tim Scott**: What lease terms would you offer the two parties that are not subject to the  
9       conflict?

10      **Phil Horn**: \$25 per acre for a 5 year paid up lease provides 1/8 royalty.

11      **Tim Scott**: Okay. Is this a reasonable term for a lease in this area?

12      **Phil Horn**: In my opinion, yes.

13      **Tim Scott**: Okay. And what percentage from the unit is Range seeking to pool?

14      **Phil Horn**: 12.6%.

15      **Tim Scott**: And you already indicated to the Board that we have an escrow requirement.  
16      Is that right?

17      **Phil Horn**: That is correct.

18      **Tim Scott**: And it results from conflicting claims. Is that right? As to whether they are  
19      being leased or unleased. Is that right?

20      **Phil Horn**: That is correct.

21      **Tim Scott**: Okay. And what tract or tracts are subject to escrow then?

22      **Phil Horn**: Tracts 3, 6, 7, 8 and 9.

23      **Tim Scott**: And what is the total percentage?

24      **Phil Horn**: 10.47%.

25      **Tim Scott**: So you are requesting the Board to pool the unleased parties or the parties  
26      listed on Exhibit B3. Is that right?

27      **Phil Horn**: That is correct.

1       **Tim Scott**: And also that Range be named the operator of this unit?

2       **Phil Horn**: That is correct.

3       **Tim Scott**: And if parties make election under any order that the Board would enter  
4       today, what would be the address used for the coorespondence?

5       **Phil Horn**: Range Resources-Pine Mountain, Inc., Post Office Box 2136, Abingdon,  
6       Virginia, 24212.

7       **Tim Scott**: Is that the address for all correspondence?

8       **Phil Horn**: Yes.

9       **Tim Scott**: That's all I have for Mr. Horn.

10      **Bradley Lambert**: Any questions from the Board? You may continue Mr. Scott.

11      **Tim Scott**: Thank you Mr. Chairman. Mr. Janson, please state your name, by whom  
12      you are employed and your job description please.

13      **Gus Janson**: My name is Gus Janson. I am employed by Range Resources-Pine  
14      Mountain, Inc., as the Manager of Geology.

15      **Tim Scott**: And you are familiar with this application, is that right?

16      **Gus Janson**: Yes I am.

17      **Tim Scott**: And you participated in the preparation of the application. Is that also  
18      correct?

19      **Gus Janson**: That is true.

20      **Tim Scott**: What's the proposed depth of this well?

21      **Gus Janson**: 5,296 feet.

22      **Tim Scott**: And the estimated reserves for this unit?

23      **Gus Janson**: 450 million cubic feet of gas.

24      **Tim Scott**: And you also assisted in the preparation of the AFE, is that correct?

25      **Gus Janson**: That is correct.

26      **Tim Scott**: So you are familiar with the well costs? Is that right?

27      **Gus Janson**: I am.

1           **Tim Scott**: What's the estimated dry hole cost for this well?

2           **Gus Janson**: \$282,496.

3           **Tim Scott**: And the completed well cost?

4           **Gus Janson**: \$564,451.

5           **Tim Scott**: We submitted the AFE with our application. Is that right?

6           **Gus Janson**: That is correct.

7           **Tim Scott**: And does this AFE include a charge for supervision?

8           **Gus Janson**: Yes it does.

9           **Tim Scott**: Do you consider that charge to be reasonable?

10          **Gus Janson**: Yes.

11          **Tim Scott**: In your opinion, if this application is granted would it promote conservation  
12          and protect correlative rights?

13          **Gus Janson**: Yes it would.

14          **Tim Scott**: That's all I have for Mr. Janson.

15          **Bradley Lambert**: Questions from the Board? Anything further Mr. Scott?

16          **Tim Scott**: That's all I have Mr. Chairman.

17          **Bradley Lambert**: Do I have a motion?

18          **Mary Quillen**: Motion to approve.

19          **Bruce Prather**: Second.

20          **Bradley Lambert**: I have a motion and a second. Any further discussion? [No response  
21          from the Board] All in favor signify by saying yes.

22          **Board**: Yes.

23          **Bradley Lambert**: Opposed, no.

24          **Donald Ratliff**: I'll abstain Mr. Chairman.

25          **Bradley Lambert**: One abstention, Mr. Ratliff. Thank you gentlemen that is approved.

26          **Tim Scott**: Thank you Mr. Chairman.

1 **Item Number 15**

2 **Bradley Lambert:** We are calling docket item number 15. A petition from Range  
3 Resources-Pine Mountain for a Well Location Exception for well number 900145. This  
4 is docket number VGOB-13-0917-4025. All parties wishing to testify, please come  
5 forward.

6 **Tim Scott:** Tim Scott, Gus Janson and Phil Horn for Range Resources-Pine Mountain,  
7 Inc.

8 **Bradley Lambert:** You may proceed Mr. Scott.

9 **Tim Scott:** Thank you Mr. Chairman. Mr. Horn your name, by whom you are  
10 employed, and your job description?

11 **Phil Horn:** My name is Phil Horn. I am employed as the Land Manager for Range  
12 Resources-Pine Mountain, Inc.

13 **Tim Scott:** And you are familiar with this application?

14 **Phil Horn:** Yes I am.

15 **Tim Scott:** Are you familiar with the mineral ownership underlying this unit?

16 **Phil Horn:** Yes I am.

17 **Tim Scott:** Are those mineral owners set forth on Exhibit B?

18 **Phil Horn:** Yes they are.

19 **Tim Scott:** Who operates the wells from which the Well Location Exception is sought  
20 today?

21 **Phil Horn:** Range Resource-Pine Mountain, Inc.

22 **Tim Scott:** Now in this particular unit is Range both an owner and an operator?

23 **Phil Horn:** That is correct.

24 **Tim Scott:** Okay. And we've provided notice of this hearing to the parties listed on  
25 Exhibit B. Is that right?

26 **Phil Horn:** Yes.

27 **Tim Scott:** And how was that accomplished?

28 **Phil Horn:** By certified mail.

1        **Tim Scott:** And we've provided proof of mailing to the Board. Is that correct?

2        **Phil Horn:** That is correct.

3        **Tim Scott:** That's all I have for Mr. Horn.

4        **Bradley Lambert:** Any questions from the Board? You may continue Mr. Scott.

5        **Tim Scott:** Thank you sir. Mr. Janson, your name, by whom you are employed and your  
6        job description please.

7        **Gus Janson:** My name is Gus Janson. I am employed by Range Resources-Pine  
8        Mountain, Inc., as the Manager of Geology.

9        **Tim Scott:** And you participated in the preparation of this application is that correct?

10       **Gus Janson:** That is correct.

11       **Tim Scott:** Please explain to the Board why we are seeking a Well Location Exception  
12       for this particular unit?

13       **Gus Janson:** Yes. I've handed out to the Board an Exhibit H2 which shows the  
14       locations of proposed well 900145. This well has been positioned to maximize the  
15       recovery and manning natural resources stranded with relationship to the offsetting wells.  
16       We would be known a location available that would meet the statewide spacing  
17       requirements in the event that we weren't able to drill this location. In the event that we  
18       are not able to drill this well, approximately 104.5 acres of resources would be stranded.

19       **Tim Scott:** What's the proposed depth of this well?

20       **Gus Janson:** 5,227 feet.

21       **Tim Scott:** And what would be the potential loss or reserves if this application were not  
22       granted today?

23       **Gus Janson:** 450 million cubic feet of gas.

24       **Tim Scott:** Then if the Board approves our application today, it would prevent waste to  
25       promote conservation, prevent and protect correlative rights. Is that correct?

26       **Gus Janson:** That is correct.

27       **Tim Scott:** That's all I have for Mr. Janson.

28       **Bradley Lambert:** Any questions from the Board? Anything further Mr. Scott?

29       **Tim Scott:** That's all I have Mr. Chairman.

1 **Bradley Lambert**: Do I have a motion?

2 **Mary Quillen**: Motion to approve.

3 **Bruce Prather**: Second.

4 **Bradley Lambert**: I have a motion and a second. Any further discussion? [No response  
5 from the Board] All in favor signify by saying yes.

6 **Board**: Yes.

7 **Bradley Lambert**: Opposed no. Thank you folks that is approved.

8 **Tim Scott**: Thank you Mr. Chairman.

9

10

**Item Number 16**

11 **Bradley Lambert**: We are calling docket item number sixteen. A petition from Range  
12 Resources-Pine Mountain for pooling of well number Lovers Gap 123-CBM Unit 79W.  
13 Docket number VGOB-13-0917-4026. All parties wishing to testify, please come  
14 forward.

15 **Tim Scott**: Tim Scott, Gus Janson and Phil Horn for Range Resources-Pine Mountain,  
16 Inc.

17 **Bradley Lambert**: You may proceed Mr. Scott.

18 **Tim Scott**: Thank you Mr. Chairman. Mr. Horn, one more time, your name, by whom  
19 you are employed and your job description.

20 **Phil Horn**: My name is Phil Horn, I am the Land Manager for Range Resources-Pine  
21 Mountain, Inc.

22 **Tim Scott**: And you are familiar with this application, is that right?

23 **Phil Horn**: Yes I am.

24 **Tim Scott**: How many acres does this unit contain?

25 **Phil Horn**: 58.66.

26 **Tim Scott**: And it's within the Nora Coalbed Gas Field. Is that right?

27 **Phil Horn**: That is correct.

28 **Tim Scott**: And Range has a significant portion of this unit under lease. Is that correct?

1           **Phil Horn**: That is correct.

2           **Tim Scott**: Are we going to dismiss any respondents listed on Exhibit B3 today?

3           **Phil Horn**: No we're not.

4           **Tim Scott**: Okay. Now would you...we've got another unusual situation here. Is that  
5 right Mr. Horn? Would you please tell the Board what is going on there?

6           **Phil Horn**: Range Resources-Pine Mountain, Inc., owns the oil and gas under tracts one,  
7 two and three. Bull Creek Coal Company owns the coal and gas under tracts four and  
8 five. Range Resources has the oil and gas leased from Bull Creek Coal Company  
9 currently tracts four and five. CNX has the CBM leased from Bull Creek Coal Company  
10 covering tracts four and five. So therefore we are here to force pool CNX's CBM lease.

11          **Tim Scott**: How was the notice of this hearing provided to the respondents listed on  
12 Exhibit B?

13          **Phil Horn**: By certified mail and also by publication in the Bluefield Daily Telegraph on  
14 August 22, 2013.

15          **Tim Scott**: Thank you. Are we...do you have any unknown owners in this unit?

16          **Phil Horn**: No we do not.

17          **Tim Scott**: And we've filed a proof of publication and mail certification with the Board.  
18 Is that right?

19          **Phil Horn**: That is correct.

20          **Tim Scott**: And again, Range is authorized to conduct business in the Commonwealth?

21          **Phil Horn**: That is correct.

22          **Tim Scott**: And there is a blanket bond on file. Is that correct?

23          **Phil Horn**: That is correct.

24          **Tim Scott**: Now as far as...how are you handling...there is no escrow on this. Is that  
25 correct?

26          **Phil Horn**: That is correct. Bull Creek owns the coal, oil and gas on tracts four and five.

27          **Tim Scott**: Okay. Alright, so there would be no offering of any lease terms is that right  
28 as far as these individuals? Correct?

29          **Phil Horn**: Right.

1       **Tim Scott**: What is the percentage of the gas estate that Range has under lease?

2       **Phil Horn**: 100%.

3       **Tim Scott**: And does this include tracts in which Range has a fee simple ownership? Is  
4 that right?

5       **Phil Horn**: Yes.

6       **Tim Scott**: And what percentage of the coal estate are you seeking to pool?

7       **Phil Horn**: 3.41%.

8       **Tim Scott**: And we don't have an escrow requirement is that right?

9       **Phil Horn**: That is correct.

10       **Tim Scott**: And you are asking the Board to pool the unleased parties listed on Exhibit  
11 B3. Is that right?

12       **Phil Horn**: That is correct.

13       **Tim Scott**: And also ask that Range be named as the operator for this unit?

14       **Phil Horn**: That is correct.

15       **Tim Scott**: And what would be the address used for making any elections or any  
16 correspondence regarding this unit today.

17       **Phil Horn**: Range Resources-Pine Mountain, Inc., Post Office Box 2136, Abingdon ,  
18 Virginia, 24212.

19       **Tim Scott**: And that's the address for all correspondence. Is that correct?

20       **Phil Horn**: That is correct.

21       **Tim Scott**: That's all I have for Mr. Horn.

22       **Bradley Lambert**: Any questions from the Board? You may continue Mr. Scott.

23       **Tim Scott**: Thank you Mr. Chairman. Mr. Janson, your name, by whom you are  
24 employed, and your job description please?

25       **Gus Janson**: My name is Gus Janson. I am employed by Range Resource-Pine  
26 Mountain, Inc., as the Manager of Geology.

27       **Tim Scott**: And you are familiar with this application. Is that correct?

1           **Gus Janson**: Yes I am.

2           **Tim Scott**: What's the proposed depth of this well?

3           **Gus Janson**: 2,432 feet.

4           **Tim Scott**: And the estimated reserves?

5           **Gus Janson**: 475 million cubic feet of gas.

6           **Tim Scott**: And you again participated in the preparation of the AFE. Is that right?

7           **Gus Janson**: That is correct.

8           **Tim Scott**: So you are familiar for the well costs for this well?

9           **Gus Janson**: I am.

10          **Tim Scott**: What is the estimated dry hole cost?

11          **Gus Janson**: \$126,791.

12          **Tim Scott**: And the estimated completed well cost?

13          **Gus Janson**: \$379,033.

14          **Tim Scott**: We attached to our application an AFE. Is that right?

15          **Gus Janson**: That is correct.

16          **Tim Scott**: And you assisted in the preparation of the AFE. Is that right?

17          **Gus Janson**: I did.

18          **Tim Scott**: And the AFE includes the charge for supervision. Is that also correct?

19          **Gus Janson**: Yes.

20          **Tim Scott**: Do you consider that charge to be reasonable?

21          **Gus Janson**: Yes I do.

22          **Tim Scott**: In your opinion, if this application is granted would it prevent wastes,  
23          promote conservation, and protect correlative rights?

24          **Gus Janson**: Yes it would.

25          **Tim Scott**: That's all I have for Mr. Janson.

1 **Bradley Lambert:** Any questions from the Board? [No response from the Board]  
2 Anything further Mr. Scott?

3 **Tim Scott:** That's all I have Mr. Chairman.

4 **Bradley Lambert:** Do I have a motion?

5 **Mary Quillen:** Motion to approve.

6 **Bruce Prather:** Second.

7 **Bradley Lambert:** I have a motion and I have a second. Any further discussion? [No  
8 response from the Board] All in favor signify by saying yes.

9 **Board:** Yes.

10 **Bradley Lambert:** Opposed no.

11 **Donald Ratliff:** I abstain Mr. Chairman.

12 **Bradley Lambert:** One abstention, Mr. Ratliff. Thank you folks that is approved.

13 **Tim Scott:** Thank you.

14

15

**Item Numbers 17, 18, 20, 22 & 23**

16 **Bradley Lambert:** We are calling docket item number seventeen. A petition from CNX  
17 Gas Company, LLC, for pooling of unit BH 114. This is docket number VGOB-13-  
18 0917-4020. All parties wishing to testify, please come forward.

19 **Mark Swartz:** Mark Swartz and Anita Duty.

20 **Bradley Lambert:** Ms. Duty you are still under oath. Mr. Swartz you may proceed.

21 **Mark Swartz:** Thank you. Mr. Chairman, these last...it looks like eight pooling units  
22 are either re-poolings or new poolings but they all pertain to the same folks and the same  
23 issue or issues. I thought to maybe make the most judicious use of our time...um...I'm  
24 thinking that if we could combine 17, 18, 20, 22 and 23, we could save a lot of repetitive  
25 testimony and then...and those are poolings. And then we have re-poolings which are  
26 19, 21 and 24, and we could put those together and I will tell you why I think it makes  
27 some sense to do this. There were a handful of folks that were missed when these units  
28 were originally designed and missed in terms of the permitting and pooling process.  
29 They are basically the five folks, let me get into the one that you just called. If you look  
30 at the BH 114 that you just called Mr. Chairman, there are five people: Elizabeth Ryan,

1 Jill Norris, Tommy Worley, Patricia Thomas and Connie Thomas. They appear in all of  
2 these that we are talking about and we need to pool them in units 17, 18, 20, 22 and 23.  
3 And we need to re-pool units 19, 21 and 24 because they were omitted when those units  
4 were pooled. So these five people would have election rights in all wells in all of these  
5 units. Ah...and...and....ah...we are dealing with the same 199 acre tract that's in all of  
6 these units that they have a tiny little interest in. So it makes some since I think to  
7 combine them, I mean we will take the things that we need to talk about in each unit  
8 individually, but I think it might make some since to combine them.

9 **Bradley Lambert**: Okay. Okay so we are also calling docket item number eighteen, a  
10 petition from CNX Gas Company, LLC, for pooling of unit BI 113, docket number  
11 VGOB-13-0917-0421. We are calling docket item number twenty a petition from CNX  
12 Gas Company, LLC, for pooling of Unit BI 114, docket number VGOB-13-0917-4022.  
13 And we are calling docket item number twenty-three. A petition from CNX Gas  
14 Company, LLC, for pooling of Unit BI 116, docket number VGOB-13-0917-4024.

15 **Mark Swartz**: Thank you. It would be Mark Swartz and Anita Duty appearing on all of  
16 those as well.

17 **Bradley Lambert**: Okay. Accepted.

18 **Mark Swartz**: Anita would you state your name for us please?

19 **Anita Duty**: Anita Duty.

20 **Mark Swartz**: Who do you work for?

21 **Anita Duty**: CNX Land Resources.

22 **Mark Swartz**: And these are pooling applications. Correct?

23 **Anita Duty**: Yes.

24 **Mark Swartz**: And did you sign all of the applications and all of the notices?

25 **Anita Duty**: I did.

26 **Mark Swartz**: Taking these one at a time, I'm going to inquire as to what you did to  
27 notify people that we would be having a hearing today. So let's start with the notice that  
28 you provided with regard to docket item 17, BH 114.

29 **Anita Duty**: I mailed the notice on August 16, 2013, and published the notice and  
30 location map in the *Bluefield Daily Telegraph* on August 20, 2013.

31 **Mark Swartz**: And have you filed that with the DGO filing system?

1           **Anita Duty**: Yes.

2           **Mark Swartz**: Okay. And with regard to item 18 on the docket. What did you do to  
3 notify people that we were involved in that unit, that we were going to have a hearing  
4 today?

5           **Anita Duty**: Mailed by certified mail, return receipt requested on August 16, 2013,  
6 published in the *Bluefield Daily Telegraph* on August 20, 2013.

7           **Mark Swartz**: Okay. And again did you file that information with the DGO?

8           **Anita Duty**: I did.

9           **Mark Swartz**: Then skipping to 20. What did you do to notify the respondents with  
10 regard to docket item 20 which is BI 114, that we were going to have a hearing?

11           **Anita Duty**: Mailed by certified mail return receipt requested on August 16, 2013, and  
12 published in *The Bluefield Daily Telegraph* on August 21, 2013.

13           **Mark Swartz**: And you filed that information with the DGO?

14           **Anita Duty**: Yes.

15           **Mark Swartz**: Okay. And then with regard to docket item number 22, BI 115, what  
16 kind of notice have you provided?

17           **Anita Duty**: Mailed by certified mail return receipt requested on August 16, 2013,  
18 published in *The Bluefield Daily Telegraph* on August 21, 2013.

19           **Mark Swartz**: And then lastly with regard to docket item 23, BI 116, what notice have  
20 you provided?

21           **Anita Duty**: Mailed by certified mail return receipt requested on August 16, 2013,  
22 published in *The Bluefield Daily Telegraph* on August 22, 2013.

23           **Mark Swartz**: And with regard to these five pooling applications that we are speaking  
24 of today are in this combined group. They are all middle ridge units. Correct?

25           **Anita Duty**: They are.

26           **Mark Swartz**: And they all have 58.74 acres in them.

27           **Anita Duty**: They do.

28           **Mark Swartz**: And they're all located in Russell County.

29           **Anita Duty**: They are.

1           **Mark Swartz**: In all of these applications is CNX Gas Company, LLC, the applicant?

2           **Anita Duty**: Yes.

3           **Mark Swartz**: And is CNX Gas Company, LLC, a Virginia Limited Liability  
4           Company?

5           **Anita Duty**: Yes.

6           **Mark Swartz**: Is it authorized to do business in the Commonwealth?

7           **Anita Duty**: It is.

8           **Mark Swartz**: Does it have a blanket bond on file with the department?

9           **Anita Duty**: Yes.

10          **Mark Swartz**: And is it registered with the DMME?

11          **Anita Duty**: Yes.

12          **Mark Swartz**: You've told us what you've done with regard to notice to the respondents  
13          that we were going to have a hearing today. Do you want to add any respondents or do  
14          you see a need to add any respondents to docket items 17, 18, 20, 22 or 23?

15          **Anita Duty**: No.

16          **Mark Swartz**: Do you need to dismiss any folks from those five units because you have  
17          leased them or any other reason?

18          **Anita Duty**: No.

19          **Mark Swartz**: Okay. The...um...um...before we go to them and start taking them  
20          individually for some specific information, what was it that has happened or that was  
21          discovered that has caused you to file these five pooling applications as well as the other  
22          three re-poolings?

23          **Anita Duty**: Updated title. There was a 1/7 that was being [inaudible] that for some  
24          reason was not included in our prior...in our prior information.

25          **Mark Swartz**: So when you were doing your drilling and plannings, that 1/7 interest just  
26          didn't get in the mix?

27          **Anita Duty**: No.

28          **Mark Swartz**: And you discovered it when?

1        **Anita Duty**: Just 2 months ago, 3 months ago.

2        **Mark Swartz**: When you were putting a pooling together and you realized you miss...

3        **Anita Duty**: Oh yes.

4        **Mark Swartz**: Right. Okay. And this is to correct that?

5        **Anita Duty**: It is.

6        **Mark Swartz**: Okay. With regard to let's take these one at a time now and get some  
7        specific information. Okay? Let's start with BH 114 okay. If we look at the plat, you  
8        are, we are talking about two wells in that unit. Correct?

9        **Anita Duty**: Yes.

10       **Mark Swartz**: And one of them is in the drilling window, the BH 114?

11       **Anita Duty**: Yes.

12       **Mark Swartz**: And the other one is outside of the window, BH 114A. Correct?

13       **Anita Duty**: Correct.

14       **Mark Swartz**: And have you provided cost estimates with regard to both of those wells?

15       **Anita Duty**: Yes.

16       **Mark Swartz**: And do you have, already have a permit for one of them?

17       **Anita Duty**: Yes.

18       **Mark Swartz**: Okay. And what is the well that you have permitted in 17? What is the  
19       permit number?

20       **Anita Duty**: 6089.

21       **Mark Swartz**: Okay and the depth of that well is what?

22       **Anita Duty**: 2,635 feet.

23       **Mark Swartz**: And have you provided a cost estimate with regard to the well that you  
24       drilled?

25       **Anita Duty**: Yes. \$287,001.

1           **Mark Swartz**: And that estimated obviously would have been as of the time it was  
2 drilled which was quite a while ago. And then have you provided a cost estimate for the  
3 proposed BH 114A?

4           **Anita Duty**: Yes. \$351,534.

5           **Mark Swartz**: And since this is a pooling application, everybody would have a right to  
6 participate in both of these wells if they choose to do so?

7           **Anita Duty**: Yes.

8           **Mark Swartz**: Okay. We've talked about the drilling window...okay, have you, is there  
9 an escrow requirement here?

10          **Anita Duty**: Yes for tract 2.

11          **Mark Swartz**: Okay. And have you provided the...ah...have you filed an Exhibit E  
12 with regard to that?

13          **Anita Duty**: Yes.

14          **Mark Swartz**: And there's no Exhibit EE here?

15          **Anita Duty**: Correct.

16          **Mark Swartz**: Okay. And is one of the reasons in addition to conflicts, the fact that we  
17 have a couple of folks that are unlocatable?

18          **Anita Duty**: I think that's the only reason.

19          **Mark Swartz**: Okay. And also there is another one in addition to this. But we had a  
20 location exception issue here and you have provided a copy of your letter to Rick about  
21 that. Correct?

22          **Anita Duty**: Yes.

23          **Mark Swartz**: And also the map that was submitted showing what the issue was in  
24 terms of the [inaudible].

25          **Anita Duty**: Yes.

26          **Mark Swartz**: Okay. What interests have you acquired in BH 114?

27          **Anita Duty**: We have acquired 98.4828% of the coal, oil and gas owners [inaudible]

28          **Mark Swartz**: Okay. This application is seeking to pool what percent?

1       **Anita Duty**: 1.5172%

2       **Mark Swartz**: And that's the percent that these five folks that we are talking about  
3 repeatedly have.

4       **Anita Duty**: Yes.

5       **Mark Swartz**: Okay. Ah...Unless there are any questions with regard to this unit, I'd  
6 like to move to the...

7       **Bradley Lambert**: No. Actually, we don't have an Exhibit E. Do you have one?

8       **Diane Davis**: Which one are we on again?

9       **Bradley Lambert**: Seventeen.

10       **Mark Swartz**: BH 114.

11       **Diane Davis**: An E?

12       **Bradley Lambert**: Yes.

13       **Diane Davis**: No because it says no escrowing required.

14       **Mark Swartz**: Well we've got an Exhibit E.

15       **Anita Duty**: Escrow for unknowns or unlocatables.

16       **Sharon Pigeon**: I don't have one either.

17       **Diane Davis**: [Inaudible] It's putting in. You know you have to click either pooling no  
18 escrowing required or pooling escrowing required. And you picked no escrowing  
19 required. Therefore, I expected no escrowing. So... [inaudible]

20       **Mark Swartz**: Well I guess you can file a...well have you already filed this  
21 electronically though?

22       **Anita Duty**: I mean. Everything that is in here is supposed to be there. So I don't know  
23 what happened.

24       **Diane Davis**: It was filed as a pooling no escrowing required. Which...

25       **Sharon Pigeon**: All of these were.

26       **Anita Duty**: Well the only reason for escrowing is there are two unknown people.

27       **Sharon Pigeon**: Well now 22 has an Exhibit E attached. But the rest of them do not.

1 **Mark Swartz**: Why don't you take that one out? Can you take that out of your packet?  
2 We will file that.

3 **Bradley Lambert**: Okay.

4 **Diane Davis**: We need you to do that electronically.

5 **Mark Swartz**: I understand but we're having a hearing.

6 **Bradley Lambert**: Let her give us that copy for today and then she can re-file it.

7 **Mary Quillen**: Anita, before you all leave today, there's a possibility that I might give  
8 you a lead on these two people that are unknowns.

9 **Mark Swartz**: Great.

10 **Anita Duty**: So we may not need to do it anything? We may not need to do that anyway.  
11 [Laughter]

12 **Mary Quillen**: May not.

13 **Mark Swartz**: Great.

14 **Sharon Pigeon**: We need it today though.

15 **Mary Quillen**: For today you will need it.

16 **Mark Swartz**: We can print another copy and load it electronically, but here's the  
17 Exhibit E that pertains to this with regard to missing the two addresses.

18 **Bradley Lambert**: Okay.

19 **Anita Duty**: I know we had some of the family members that were trying to help us  
20 locate them. Hopefully we will...

21 **Bradley Lambert**: Okay. Mr. Swartz before we move on to the next one, let's just clear  
22 up one issue. I know you've got your estimated allowable costs. You included two  
23 AFE's for \$648,535, and if you are giving election options, I think the Board some time  
24 ago said that when you've got two wells you could do one of the two. But are you saying  
25 that they have to participate in both wells in 17?

26 **Mark Swartz**: We're saying that they have to do what the Board has decided.

27 **Sharon Pigeon**: Which was election rights per well.

28 **Mark Swartz**: Right. Which is what I said.

1 **Sharon Pigeon**: But that is not what your application says. You have the total figure in  
2 the amount. It should be broken out.

3 **Mark Swartz**: Well the order that you enter as a Board, okay, we don't enter that order,  
4 okay. We assume because you have told us repeatedly, we are not on the same page on  
5 this but you know, the Board is running this show. You have told us repeatedly that  
6 people can pass on the first, take the second, take the first, pass on the second. My  
7 understanding of the Board's policy is folks can participate in one or both in either order  
8 and I assume that you are going to say that in your order.

9 **Sharon Pigeon**: But in...item number nine, estimate of allowable costs you should have  
10 two figures there.

11 **Mark Swartz**: We do in the application.

12 **Anita Duty**: In the Order we'll actually have the cost listed individually and will have a  
13 total.

14 **Sharon Pigeon**: This Notice of Hearing goes out to folks that might be something that  
15 impacts their decision to attend or not should have the two figures broken out. Not a total  
16 figure.

17 **Mark Swartz**: I hear what you are saying, but I am not sure that we are showing one  
18 permit in our application and we are showing the estimate of allowable costs and we are  
19 saying "See Exhibit C", which we send to people, which has two wells and has two  
20 numbers in it. I mean, I feel like we are telling people what is going on. And I am also  
21 telling the Board that it is clear to us that your take on election or participation rights is  
22 folks can participate in all, none, or either one. But you deal with that in your orders you  
23 know.

24 **Mary Quillen**: Can I ask a question on that particular one. I don't know what that looks  
25 like that you are filling in, your template and could you just break it down into two for  
26 that estimated allowable costs?

27 **Mark Swartz**: We could certainly do that but I mean, we are saying, our template,  
28 paragraph nine says: "Estimate of allowable costs \$638,535, see Exhibit C." I mean that  
29 follows it. An Exhibit C is both of these well estimates.

30 **Mary Quillen**: Right. I understand that, but to further clarify it maybe.

31 **Mark Swartz**: We can do that. It's not a problem.

32 **Mary Quillen**: If there's room on the template.

33 **Mark Swartz**: Aw for goodness sakes, sure we can put that in there.

1       **Mary Quillen**: I mean I think that would sort of...

2       **Sharon Pigeon**: Ours does not say, "See Exhibit C," number one.

3       **Anita Duty**: The application does.

4       **Mark Swartz**: The application says that.

5       **Sharon Pigeon**: But the notice to people telling them about this in case they are  
6 interested in attending this hearing in particular.

7       **Mark Swartz**: The people that get the notice get the application and all of the exhibits.  
8 So I mean, I...they get, the folks that we mail to get this stuff. They get all of it.

9       **Mary Quillen**: What she is saying is on what we actually get, it doesn't have that "See  
10 Exhibit C."

11       **Mark Swartz**: You are looking at the notice. The application which goes to these  
12 people...

13       **Mary Quillen**: But the application has it. The notice doesn't. But do they get a copy of  
14 the application or the notice?

15       **Mark Swartz**: Yes. They get all of it.

16       **Anita Duty**: If you flip a couple more pages, you will see application.

17       **Sharon Pigeon**: Don't you think that is a built in confusion that is unnecessary?

18       **Mark Swartz**: No. I mean, we are sending people a notice of hearing, a copy of the  
19 application we are making, and all of the exhibits to that application. And within that  
20 application are two Exhibit C's indicating two wells. There is a plat that has two wells on  
21 it, I mean, now you're asking me two questions. One, can we break this out in the notice  
22 or the application and say: "this is the cost of this well and that's the cost of that well."  
23 And I am saying to you that is a simple thing if you want us to do that, we can do that.  
24 But the other question I am being asked, though is: "Do I think this is confusing?" And  
25 my answer to that question is no. I mean we are sending people a packet of information  
26 that if you spend a few moments with it you will figure out there are two wells.

27       **Mary Quillen**: Okay. You know that and...but...does the general public that would be  
28 receiving this know? That's what I think the point that she's making. It's just to make  
29 sure that we clarify. Just in case they...

30       **Mark Swartz**: If you look at the plat there are two in this, taking this is a perfect  
31 example, there are two clearly marked wells. One in the window and one not in the  
32 window.

1        **Mary Quillen**: Right.

2        **Mark Swartz**: There are two AFE's for each of the wells.

3        **Mary Quillen**: Right.

4        **Mark Swartz**: So I guess, I don't buy into that somebody getting this wouldn't know  
5        there are two wells. I just don't agree with that. Now, do I buy into a request from this  
6        Board or a Board Member that we should put in our application or our notice there are  
7        two wells and this is the individual cost? I have no problem with that. It's a sentence.  
8        You know we are not going to argue about that.

9        **Bradley Lambert**: Mr. Ratliff correctly pointed out that in the application that we have  
10       before us that we weren't looking at, it says "See Exhibit C."

11       **Mark Swartz**: Right.

12       **Bradley Lambert**: We do have that.

13       **Mark Swartz**: I understand it but...

14       **Sharon Pigeon**: But that still doesn't tell people that that can choose one or the other.  
15       So I don't think [inaudible]

16       **Mark Swartz**: But they don't have to make that choice until you give them an order.  
17       Let's think about this. People can't come to this hearing...

18       **Sharon Pigeon**: That is true but they may not attend because of this.

19       **Mark Swartz**: No. But people cannot come to this hearing today and say I want to  
20       make an election. They can't make an election until there is a Board Order. The Board  
21       Order that is mailed to them says: "this is how you make an election," and you know,  
22       they are getting, this is about pooling today, and about you know, two wells in this unit.  
23       It's not about elections, so you know, people are being told very clearly there is a hearing  
24       today to pool these units. They are being told in the packet that they look at that we are  
25       talking about two wells. They're not being told that they need to do anything today in  
26       terms of participation and anything else, but if they don't want the unit pooled or if they  
27       want to have questions about it then they need to show up today. But the participation is  
28       way down the road, you guys have complete control over that and that's not something  
29       that happens today. Now, we...Anita is making a note and we will put that sentence in  
30       that says this particular unit or this application has two wells and this is the break-out.  
31       No problem. But you know I think...

32       **Bradley Lambert**: Thank you. If you will add that...

1        **Sharon Pigeon**: Thank you.

2        **Bruce Prather**: You are basically clearing up the royalty problem aren't you? I mean  
3        they're going in as part of the royalty interests.

4        **Mark Swartz**: We are clearing up the correlative rights issue in a pooling as opposed to a  
5        exactly...exactly.

6        **Bruce Prather**: Yeah, right.

7        **Mary Quillen**: Where they were left off.

8        **Bruce Prather**: Where they were left out, you are correcting that error.

9        **Mark Swartz**: Right.

10       **Bradley Lambert**: So if you will add that statement Mr. Swartz I think we will be okay.

11       **Mark Swartz**: My abled boss will add that sentence.

12       [Laughter]

13       **Bradley Lambert**: Thank you. I think that's cleared that up.

14       **Mark Swartz**: And that is not an unreasonable request.

15       **Mary Quillen**: Thank you.

16       **Bradley Lambert**: Ok now we need to proceed to eighteen?

17       **Mark Swartz**: That would be great.

18       **Mary Quillen**: It's those same people in all of these?

19       **Mark Swartz**: Correct. That is why we are putting them together. In eighteen, Anita,  
20       eighteen is also a pooling, right?

21       **Anita Duty**: Yes.

22       **Mark Swartz**: And the interest that you required in eighteen are what percentage?

23       **Anita Duty**: 99.7551% of the oil and gas owners [inaudible]

24       **Mark Swartz**: And we are pooling what?

25       **Anita Duty**: 0.2449%.

26       **Mark Swartz**: And we are talking about the same five people that were in the last one?

1        **Anita Duty**: Yes.

2        **Mark Swartz**: Okay. And we're talking about...I don't think I covered this with you, but  
3 all of these units pertain to the same 199 acre tract that these folks have an interest in?

4        **Anita Duty**: Yes.

5        **Mark Swartz**: Okay. And if we go to the plat here, well let's look at the...let's look at  
6 the application for a minute. The application indicates that one well has already been  
7 drilled in this unit. Correct?

8        **Anita Duty**: Yes.

9        **Mark Swartz**: And that's the 6253 well?

10       **Anita Duty**: Yes.

11       **Mark Swartz**: Permit number. Okay and then the application also gives a combined  
12 estimate of allowable costs of \$601,982. Correct?

13       **Anita Duty**: Yes.

14       **Mark Swartz**: And refers to Exhibit C?

15       **Anita Duty**: Yes.

16       **Mark Swartz**: And that Exhibit C when we get to that will show that there are two wells  
17 being estimated?

18       **Anita Duty**: Yes.

19       **Mark Swartz**: Okay. If you look at the plat, in this instance we've got, actually we were  
20 able to get both of the wells in the window.

21       **Anita Duty**: Yes.

22       **Mark Swartz**: Okay. And we've got...do we have an escrow requirement?

23       **Anita Duty**: Yes.

24       **Mark Swartz**: And I'd bet we've got the same issue, so why don't you get that out so we  
25 can file that. Is it just because of unlocatables? Again, the two folks.

26       **Anita Duty**: Yes.

27       **Mark Swartz**: If you could find the AFE's Anita, I will come back and ask you about  
28 that. With regard to the existing well, we have a cost estimate of what?

1           **Anita Duty**: \$259,856.

2           **Mark Swartz**: And with regard to the second well which is not drilled yet.

3           **Anita Duty**: \$342,176.

4           **Mark Swartz**: Okay. And they are both frac wells?

5           **Anita Duty**: Yes.

6           **Mark Swartz**: Okay. And since we are pulling this unit from scratch the respondents  
7 would have election rights according to the Board's order with regard to one, both or  
8 none of the wells?

9           **Anita Duty**: Yes.

10          **Mark Swartz**: Or either as well.

11          **Anita Duty**: Yes.

12          **Mark Swartz**: That's all I have in particular with regard to 18.

13          **Bradley Lambert**: Is there any questions from the Board regarding 18?

14          **Bruce Prather**: Mr. Chairman, I've got a question.

15          **Bradley Lambert**: Mr. Prather.

16          **Bruce Prather**: On the...what's been said you said that you were beginning starting this  
17 thing from scratch on the pooling, well the well has been pooled two or three years  
18 maybe ten years before this. Is this a re-pooling or is this a pooling?

19          **Mark Swartz**: This is a pooling because we thought we had a voluntary unit, we missed  
20 these folks.

21          **Bruce Prather**: Okay.

22          **Mark Swartz**: Am I right?

23          **Anita Duty**: That's right.

24          **Mark Swartz**: So every...

25          **Bruce Prather**: I mean the thing originally had been pooled years ago when the well  
26 was drilled wasn't it?

27          **Sharon Pigeon**: No it was not leased.

1 **Mark Swartz**: No no. We thought we had a voluntary unit because we missed this  
2 .2449% interest. That surfaced a couple of months ago when Anita was doing another  
3 unit. She was like we've got to go back and deal with this. And you will see later on that  
4 we actually did pool three units where we missed these people and we are re-pooling  
5 those to get them in. But here we thought we had voluntary units.

6 **Bruce Prather**: Okay.

7 **Mary Quillen**: That's the difference between this group and the second group we are  
8 going to look at.

9 **Mark Swartz**: Correct. The difference is we made the same mistake but we made it  
10 differently. Well we admitted the same five people from voluntary units which is what  
11 we thought we had voluntary units which is what we are talking about with these five.  
12 And then we had other people that we needed to pool in three other units and we pooled  
13 those but we missed those people when we pooled those. So that's the difference between  
14 the two. And obviously you need to get it right which is why we are here.

15 **Mary Quillen**: These are very small it's 1/576.

16 **Mark Swartz**: Right. But as we have said before.

17 **Mary Quillen**: And split it over 4.5 acres, so it's...

18 **Mark Swartz**: Right. As we have said before you know, they need to work out.

19 **Bradley Lambert**: Any other questions? Do you want to move on to number twenty?

20 **Mark Swartz**: Okay. Docket item number twenty Anita is BI 114. Correct?

21 **Anita Duty**: Yes.

22 **Mark Swartz**: We've got the same five folks. Right?

23 **Anita Duty**: Yes.

24 **Mark Swartz**: And this is a pooling from scratch again. Correct?

25 **Anita Duty**: Yes.

26 **Mark Swartz**: Go and fish out the Exhibit E while we are talking here. Ah...this is if we  
27 look at the ah...at the plat, we will see that we again have two wells in the drilling unit.  
28 Right?

29 **Anita Duty**: We do.

30 **Mark Swartz**: Okay. Or frac wells.

1        **Anita Duty:** Yes.

2        **Mark Swartz:** And is this a situation where we have one drilled already and we are  
3 seeking in this order to allow us to put another well in the unit?

4        **Anita Duty:** Correct.

5        **Mark Swartz:** And the one that is drilled already has a permit number of...what's the  
6 permit number?

7        **Anita Duty:** 6090.

8        **Mark Swartz:** Okay. With regard to the wells, the existing well and the proposed well,  
9 have you provided AFE's?

10       **Anita Duty:** Yes.

11       **Mark Swartz:** And with regard to the well that exists in the unit, what is the amount of  
12 that cost?

13       **Anita Duty:** \$283,883.

14       **Mark Swartz:** And with regard to the well, the additional well that is proposed, what is  
15 that cost?

16       **Anita Duty:** \$382,628.

17       **Mark Swartz:** And they are both frac wells?

18       **Anita Duty:** Yes.

19       **Mark Swartz:** Okay. And is the reason for escrowing this unit limited to the fact that we  
20 are missing two addresses?

21       **Anita Duty:** It is.

22       **Mark Swartz:** Okay. I don't think I asked you what percentage you have leased here.  
23 Correct?

24       **Anita Duty:** No.

25       **Mark Swartz:** And what is that?

26       **Anita Duty:** We have 98.0401% in the coal [inaudible].

27       **Mark Swartz:** Okay. Is this the one where we had a location issue? I don't think so  
28 but...

1        **Anita Duty**: No.

2        **Mark Swartz**: That's all I have on this one.

3        **Bradley Lambert**: Any questions from the Board on item twenty? Let's proceed to  
4        docket item number twenty-two.

5        **Mark Swartz**: Okay. Docket item number twenty-two Anita is BI 115. Right?

6        **Anita Duty**: Yes.

7        **Mark Swartz**: Okay. And...

8        **Bruce Prather**: Is that the one? I thought it was twenty-three?

9        **Anita Duty**: We are doing twenty-two.

10       **Mark Swartz**: Twenty-two then twenty-three.

11       **Bruce Prather**: Ah...okay. I didn't have twenty-two circled is why.

12       **Mark Swartz**: That's okay. This involves the same five folks that we've been talking  
13       about.

14       **Anita Duty**: Yes.

15       **Mark Swartz**: The same 199 acre tract.

16       **Anita Duty**: Yes.

17       **Mark Swartz**: Your combined estimate for cost is?

18       **Anita Duty**: \$631,049.

19       **Mark Swartz**: Okay and you have a permit for one of these wells? Right or no?

20       **Anita Duty**: Yes. BI 115 is 6100.

21       **Mark Swartz**: Okay the permit number is 6100 and obviously you don't have a permit  
22       for the other.

23       **Anita Duty**: Correct.

24       **Mark Swartz**: Okay. If we look at the well plat here, it looks like BI 115 is in the  
25       drilling window and BI 115A is to the west of the drilling window. Correct?

26       **Anita Duty**: Correct.

27       **Mark Swartz**: Both are frac wells?

1       **Anita Duty**: Yes.

2       **Mark Swartz**: Okay. And what are the interests that you've acquired in this unit and  
3       what are you seeking to pool?

4       **Anita Duty**: We've acquired 97.3108% in oil and gas owners [inaudible] seeking to pool  
5       2.6892% in the coal and gas owners [inaudible].

6       **Mark Swartz**: Okay. We are probably going to need an Exhibit E again for the  
7       unlocatables. Right?

8       **Anita Duty**: Yes.

9       **Mark Swartz**: I think there was one attached.

10       **Sharon Pigeon**: I think we have one on this one.

11       **Mark Swartz**: You guys have one with regard to this unit.

12       **Bradley Lambert**: We do.

13       **Mark Swartz**: Go figure. Okay...um...and then if we come down to the AFE's...okay  
14       the cost or the estimate of the cost to drill and complete the first well is what?

15       **Anita Duty**: \$311,405.

16       **Mark Swartz**: Okay. And the proposed cost with regard to the second well is what?

17       **Anita Duty**: \$319,664.

18       **Mark Swartz**: Okay.

19       **Mary Quillen**: Ah... could you repeat that?

20       **Anita Duty**: \$319,664.

21       **Mary Quillen**: 64 dollars?

22       **Mark Swartz**: Is it 44 or 64?

23       **Bradley Lambert**: We've got 44. That's close.

24       **Anita Duty**: \$319,644. My sheet is wrong.

25       **Mark Swartz**: And in this one we did have a location issue and you attached a copy of  
26       your August 12<sup>th</sup> letter to Mr. Cooper and the explanation with regard to that and a copy  
27       of the mine map. Correct?

1       **Anita Duty**: Yes.

2       **Mark Swartz**: Okay. I think that's all I have with regard to this one Mr. Chairman.

3       **Bradley Lambert**: Any questions on docket item number 22?

4       **Mary Quillen**: Are you asking for approval for that Location Exception?

5       **Mark Swartz**: Actually I think we get that from that fellow.

6       [Mark Swartz points to Rick Cooper]

7       **Mary Quillen**: Okay. Thank you.

8       **Mark Swartz**: But I think we've been told to alert you to that.

9       **Mary Quillen**: Right.

10       **Mark Swartz**: That fellow.

11       **Bradley Lambert**: Pointing at Mr. Cooper.

12       **Sharon Pigeon**: Since it's CBM.

13       **Mark Swartz**: Well there's only one fellow there as far as I can tell. It shouldn't have  
14       been too confusing you know. So then are we good to go?

15       **Bradley Lambert**: Any other questions on twenty-two? [No response from the Board]  
16       Okay. So we will address docket item number twenty-three.

17       **Mark Swartz**: Okay great. Let's see...docket item number twenty-three Anita looks like  
18       BI 116. Correct?

19       **Anita Duty**: Yes.

20       **Mark Swartz**: Okay. And again we have the same five folks we are talking about and  
21       they have an interest in the same 199 acre tract. Correct?

22       **Anita Duty**: Yes.

23       **Mark Swartz**: With regard to this you have a combined estimate of allowable cost for  
24       the two wells of what?

25       **Anita Duty**: \$598,559.

26       **Mark Swartz**: Okay. And one of the wells is permitted and that permit number is what?

27       **Anita Duty**: 6088.

1       **Mark Swartz**: Okay. And we will get to this but have you provided two cost estimates  
2       one for each well?

3       **Anita Duty**: Yes.

4       **Mark Swartz**: Okay. If we look at the plat we have BI 116 pretty much in the middle of  
5       the drilling window. Correct?

6       **Anita Duty**: Yes.

7       **Mark Swartz**: And then we've got the second well BI 116A sort of in the south west  
8       corner outside of the drilling window?

9       **Anita Duty**: Yes.

10       **Mark Swartz**: Both frac wells?

11       **Anita Duty**: Yes.

12       **Mark Swartz**: Okay. We've filed an Exhibit E so we are good to go on that one for  
13       some reason. Okay. And again the Exhibit E requirement on docket item twenty-three  
14       because two of the folks are unlocatable at the moment?

15       **Anita Duty**: Yes.

16       **Mark Swartz**: Okay. With regard to the cost estimates, the well that has been drilled in  
17       the unit, what was the cost of that?

18       **Anita Duty**: \$271,069.

19       **Mark Swartz**: And the estimate with regard to the proposed well is what?

20       **Anita Duty**: \$327,490.

21       **Mark Swartz**: And the interest that CNX, the applicant, has acquired in docket item  
22       number twenty-three is what percentage?

23       **Anita Duty**: 97.3877%.

24       **Mark Swartz**: Okay. And the interest that you are seeking to pool that is controlled by  
25       the respondents is what?

26       **Anita Duty**: 2.6123%.

27       **Mark Swartz**: Okay. I think we have a location exception issue here as well. We've  
28       provided the letter and the map as well. Correct?

1           **Anita Duty**: Yes.

2           **Mark Swartz**: I think that's all I have on this one.

3           **Bradley Lambert**: Any questions from docket item number twenty-three from the  
4 Board?

5           **Sharon Pigeon**: We don't have an E.

6           **Bradley Lambert**: An Exhibit E.

7           [Mr. Swartz passes out copies to the Board Members of Exhibit E]

8           **Bradley Lambert**: Is that all you have on twenty-three Mr. Swartz? Anything further?

9           **Mark Swartz**: Yes. That's all I have.

10          **Bradley Lambert**: Do I have a motion on....

11          **Mark Swartz**: I do have a couple of general questions I need to ask.

12          **Bradley Lambert**: Sure.

13          **Mark Swartz**: A couple of accompanying questions. First of all we've gone through  
14 well development plans in five different units and we've looked at the plats, and we've  
15 looked at the cost estimates and so forth. So my first question is the production plan as  
16 illustrated by the exhibits to each of these five applications in your judgment is it  
17 reasonable means and method of producing the coalbed methane from within these units?

18          **Anita Duty**: It is.

19          **Mark Swartz**: And given the fact that we have located these five folks that we had  
20 missed, okay, and that we have lease agreements with the other folks that we have talked  
21 about the percentages of pool and what you have in agreement with. Is it your testimony  
22 that if we combine a pooling order in each of the five units, with the interest that you  
23 have either purchased or leased that their correlative rights of all folks will be accounted  
24 for in each of these units?

25          **Anita Duty**: Yes.

26          **Mark Swartz**: Okay. And then the last question that I have for you is with regard to the  
27 extent that anybody gets...is deemed to be leased in these units, what are the lease terms  
28 that you've been using for folks that you have reached agreements with?

29          **Anita Duty**: It is \$5 per acre per year with a 5 year [inaudible] term

30          **Mark Swartz**: And a 1/8<sup>th</sup> royalty.

1 **Anita Duty**: And a 1/8<sup>th</sup> royalty.

2 **Mark Swartz**: Okay. That's all I have.

3 **Bradley Lambert**: Do I have a motion for docket items 17, 18, 20, 22, and 23? If  
4 there's no further discussion.

5 **Mary Quillen**: Motion to approve.

6 **Bruce Prather**: Second.

7 **Bradley Lambert**: I have a motion and I have a second, any further discussion? [No  
8 response from the Board] All in favor signify by saying yes.

9 **Board**: Yes.

10 **Bradley Lambert**: Opposed, no.

11 **Donald Ratliff**: I'll abstain Mr. Chairman.

12 **Bradley Lambert**: One abstention, Mr. Ratliff.

13 **Bradley Lambert**: So docket items 17, 18, 20, 22, and 23 are approved. Ladies and  
14 Gentlemen of the Board it's time for lunch if it is okay with the Board we will continue  
15 on and try to get done with the docket. Is that okay with you Mr. Swartz?

16 **Mark Swartz**: That will be awesome.

17

18 **Item Numbers 19, 21, 24**

19 **Bradley Lambert**: At this time, we are calling docket item number nineteen. A petition  
20 from CNX Gas Company, LLC, for re-pooling of unit BI 117. Docket number VGOB-  
21 05-0118-1392-01. All parties wishing to testify, please come forward.

22 **Mark Swartz**: Mark Swartz and Anita Duty.

23 **Bradley Lambert**: You may proceed Mr. Swartz.

24 **Mark Swartz**: Thank you. Now this is a re-pooling with regard to the same five people  
25 and the same tract that we were talking about on the last five. And there are two more  
26 just like this. Docket items twenty-one and twenty-four.

27 **Bradley Lambert**: Okay so also calling docket item number twenty-one, a petition from  
28 CNX Gas Company, LLC, for re-pooling of unit BJ 116. Docket number VGOB-06-  
29 0221-1581-01. We are also calling docket item number twenty-four. A petition from

1 CNX Gas Company, LLC, for re-pooling of BJ-115. Docket number VGOB-04-1214-  
2 1371-01. All parties wishing to testify on those, come forward please.

3 **Mark Swartz**: Mark Swartz and Anita Duty.

4 **Bradley Lambert**: You may proceed Mr. Swartz.

5 **Mark Swartz**: Thank you Mr. Chairman. With regard to these three combined hearings I  
6 would also like to incorporate Anita's testimony with regard to her employment with  
7 regard to CNX as a company, you know, authorized to do business and so forth and also  
8 with regard to standard lease terms.

9 **Bradley Lambert**: Accepted.

10 **Mark Swartz**: Thank you. Anita, this is as I have indicated to the Board, very similar to  
11 what we have seen except that these are re-poolings because these units were pooled in  
12 the past but the same five folks that we have been talking about were not included.

13 **Anita Duty**: Correct.

14 **Mark Swartz**: Okay. And...and...with regard to these, the five respondents that we are  
15 talking about in these three units, they will have their participation rights in both wells?

16 **Anita Duty**: Yes.

17 **Mark Swartz**: And the rest of the folks will have a participation right and the new well  
18 because they already had one in the old well to the extent they were pooled. Right?

19 **Anita Duty**: Yes.

20 **Mark Swartz**: Okay. Or they cannot participate.

21 **Anita Duty**: Correct.

22 **Mark Swartz**: Okay. With regard to these three units we will do sort of a collective  
23 testimony. These, all three of these are also middle ridge units. Correct?

24 **Anita Duty**: They are.

25 **Mark Swartz**: And all three of them have the standard 58.74 acres?

26 **Anita Duty**: Yes.

27 **Mark Swartz**: They are all in Russell County?

28 **Anita Duty**: Yes.

1 **Mark Swartz**: What did you do taking them one at a time starting with nineteen. What  
2 did you do to notify the respondents that we were going to have a hearing?

3 **Anita Duty**: Mailed by certified mail return receipt requested on August 16, 2013,  
4 published in *The Bluefield Daily Telegraph* on August 22, 2013. For item number  
5 twenty-one, BJ 116, mailed by certified mail return receipt requested on August 16, 2013,  
6 published in the *The Bluefield Daily Telegraph* on August 23, 2013. Item twenty-four,  
7 BJ 115, mailed by certified mail return receipt requested on August 16, 2013, published  
8 in *The Bluefield Daily Telegraph* on August 23, 2013.

9 **Mark Swartz**: Anything with regard to your certificates with regard to mailing and  
10 tracking the green cards and so forth and with regard to the publication. Have you filed  
11 all of that with the DGO?

12 **Anita Duty**: Yes.

13 **Mark Swartz**: Okay. Let's turn to nineteen then. Docket item number nineteen was  
14 pooled back in 05. Correct?

15 **Anita Duty**: Yes.

16 **Mark Swartz**: Okay. And you've listed everyone because it is being re-pooled.  
17 Correct?

18 **Anita Duty**: Yes.

19 **Mark Swartz**: And you have notified those folks?

20 **Anita Duty**: Yes.

21 **Mark Swartz**: Okay. And in addition to the original well you are seeking to put in  
22 another well in the unit. Correct?

23 **Anita Duty**: Yes.

24 **Mark Swartz**: And what's the total...what's the estimate of cost for both wells?

25 **Anita Duty**: \$604,699.03.

26 **Mark Swartz**: Okay. And the permit number for the well that is already there?

27 **Anita Duty**: 6445.

28 **Mark Swartz**: And if we look at the plat, we have a actually it looks like both of the  
29 wells are just within the drilling unit.

30 **Anita Duty**: Yes.

1           **Mark Swartz**: Okay. And they are both frac wells?

2           **Anita Duty**: Yes.

3           **Mark Swartz**: Okay. And this we will get to in a moment. You have provided cost  
4 estimates for both of those wells?

5           **Anita Duty**: Yes.

6           **Mark Swartz**: And you have used the cost of the original well for the people that we are  
7 adding so they have the same opportunity to participate at the same number that the first  
8 folks did?

9           **Anita Duty**: Correct.

10          **Mark Swartz**: Um...okay...in this...um...unit nineteen, at this point, what is that you've  
11 leased and what are you seeking to re-pool?

12          **Anita Duty**: We've leased 94.1972% of the coal or gas owners claim to CBM. Seeking  
13 to pool 5.8028%.

14          **Mark Swartz**: Okay. And if we get to the cost estimates here...with regard to the  
15 existing well, you've got a cost estimate from December of 04 in what amount?

16          **Anita Duty**: \$222,586.03.

17          **Mark Swartz**: Okay. And that would be the relevant number for the new people?

18          **Anita Duty**: Yes.

19          **Mark Swartz**: Okay. And then for the proposed second well in this unit. What's your  
20 cost estimate?

21          **Anita Duty**: \$382,113.

22          **Mark Swartz**: Okay. And it looks like you have an Exhibit E here.

23          **Anita Duty**: Yes.

24          **Mark Swartz**: And it is a little more complicated because we have other people that have  
25 been pooled in this unit so it's not just the unlocatables.

26          **Anita Duty**: Right.

27          **Mark Swartz**: What else does it account for?

28          **Anita Duty**: We have a conflict, or a title conflict along with the [inaudible].

1           **Mark Swartz**: Okay.

2           **Anita Duty**: In tract 11.

3           **Mark Swartz**: I believe Mr. Chairman that is all I have affirmatively with regard to  
4           nineteen.

5           **Sharon Pigeon**: Are you re-pooling the folks who were pooled before, this isn't a  
6           voluntary unit, so that they are going to have election rights?

7           **Mark Swartz**: They are only going to have a...none of their percent, well strike that.  
8           Have the percentages for the people that we pooled the first time around changed in any  
9           way?

10          **Anita Duty**: No.

11          **Mark Swartz**: So the idea would be that they would not have the right to participate a  
12          second time in that first well. Correct?

13          **Anita Duty**: Correct.

14          **Mark Swartz**: But that they would have a right to participate in the second well if they  
15          wanted to?

16          **Anita Duty**: Yes.

17          **Mark Swartz**: And the new people would have a right to participate in both wells, either  
18          well, or no well.

19          **Anita Duty**: Correct.

20          **Sharon Pigeon**: It didn't change any of the other folk's percentages?

21          **Mark Swartz**: Correct. We did not.

22          **Bradley Lambert**: Anything further?

23          **Mark Swartz**: Not on nineteen.

24          **Bradley Lambert**: Any questions from the Board on nineteen? Okay, let's go on to  
25          twenty-one.

26          **Mark Swartz**: Twenty-one, right. Okay Anita, twenty-one Anita is unit BJ 116. Right?

27          **Anita Duty**: Yes.

1        **Mark Swartz**: And there is a well in that unit that was drilled when it was first pooled  
2        which is 7146. Correct?

3        **Anita Duty**: Yes.

4        **Mark Swartz**: And you have quite a list of respondents. Right? In addition to the five  
5        people that we are talking about.

6        **Anita Duty**: Yes.

7        **Mark Swartz**: But the re-pooling here is to add those five folks that we have been  
8        talking about today?

9        **Anita Duty**: Correct.

10       **Mark Swartz**: Okay. Has the percentages of the people that we originally pooled  
11       changed?

12       **Anita Duty**: No.

13       **Mark Swartz**: So with regard to participation rights, and we will get to the two wells in a  
14       little bit here, the folks that you originally pooled would not have a chance to make a  
15       participation election for a second time in the first well but they will definitely have an  
16       opportunity to elect to participate in the second well. Correct?

17       **Anita Duty**: Correct.

18       **Mark Swartz**: And the people that we are adding, the five folks, would have a right to  
19       participate in either of the wells, both of the wells, or neither of them?

20       **Anita Duty**: Correct.

21       **Mark Swartz**: Okay. The combined...strike it. Well maybe...is this just one well?

22       **Anita Duty**: There is just one well.

23       **Mark Swartz**: There is just one. So we are good to go. Okay, so strike all of that, my  
24       question then is the folks that you originally pooled had a right, had an option to  
25       participate in the one well?

26       **Anita Duty**: They did.

27       **Mark Swartz**: So they are either in or out already?

28       **Anita Duty**: Right.

1           **Mark Swartz**: And the folks who get a shot at that at this point are the five people that  
2           we are talking about.

3           **Anita Duty**: Yes.

4           **Mark Swartz**: Okay. Have you provided a cost estimate that was in play at the time that  
5           the unit was first pooled?

6           **Anita Duty**: Yes. \$249,622.06.

7           **Mark Swartz**: If we look at that....it looks like it was in 06, January of 06?

8           **Anita Duty**: Yes.

9           **Mark Swartz**: Okay so you are giving these five folks that we are re-pooling an  
10           opportunity to participate at the same number as the original people had in play when  
11           they had the choice?

12           **Anita Duty**: Yes.

13           **Mark Swartz**: Have you...is escrow required here?

14           **Anita Duty**: Yes.

15           **Mark Swartz**: Have you provided an Exhibit E?

16           **Anita Duty**: I have.

17           **Mark Swartz**: Okay. And is there...are there any split agreements? Is there an EE?

18           **Anita Duty**: Ah...no.

19           **Mark Swartz**: Okay. Let's look at the plat. I assume this well is in the drilling window  
20           but let's look to make sure. Okay...um...just barely. Do you see it? Okay. It is a frac  
21           well?

22           **Anita Duty**: Yes.

23           **Mark Swartz**: Okay. In this unit, the interests that you have acquired by ownership or  
24           lease is what percentage?

25           **Anita Duty**: 98.408% coal owner's claim and we have leased 97.5784% of the oil and  
26           gas owner's claim.

27           **Mark Swartz**: And what are you seeking to pool?

1        **Anita Duty**: Seeking to pool 1.592% of the coal owner's claim and 2.4216% of the oil  
2        and gas owner's claim.

3        **Mark Swartz**: And in this instance with regard to docket item twenty-one, you've got a  
4        whole bunch of reasons for escrow. Correct?

5        **Anita Duty**: Yes.

6        **Mark Swartz**: Which include?

7        **Anita Duty**: Just the normal conflict for CBM and for tracts 8 and 9 we have an  
8        additional type of conflict.

9        **Mark Swartz**: And then we have the same unlocatable or unknowns issue and you have  
10       identified the tracts that that pertains to?

11       **Anita Duty**: Yes.

12       **Mark Swartz**: I think that's all I have with regard to twenty-one, Mr. Chairman.

13       **Bradley Lambert**: Any questions from the Board on item twenty-one?

14       **William Harris**: Mr. Chairman let me ask just one question about the five people added  
15       and no change in percentage. Could...I'm not sure if I understand, if we've added people  
16       to the overall group, who does that not change, and I must have missed something up  
17       front, how does that not change the percentages of other folks?

18       **Mark Swartz**: We didn't have 100% when we pooled it.

19       **Anita Duty**: Just on one particular tract. All of the other tracts were good. We had one  
20       particular tract that had an outstanding 1/7<sup>th</sup> interest and we have leased all of them  
21       except for the five people but it is just within that one tract not anybody else affected in  
22       the unit.

23       **Bruce Prather**: Well, since this was drilled...

24       **Anita Duty**: There wasn't a change in acreage or anything like that it was just a change  
25       in that particular heirship. Where one group of people were left out.

26       **William Harris**: Oh okay.

27       **Bruce Prather**: Since this is your mistake, I assume that these people get paid for their  
28       back royalty payments. It will come out of CNX, it won't come out of what you've paid  
29       these other royalty owners.

30       **Anita Duty**: [Inaudible]

1        **Bruce Prather**: Okay.

2        **Mark Swartz**: Fortunately their interests are tiny so it will be something that we can  
3 handle.

4        [Laughter]

5        **Sharon Pigeon**: Fortunately good for you.

6        **Bruce Prather**: That is good for you.

7        **Bradley Lambert**: Any other questions? Let's move on to docket item number twenty-  
8 four.

9        **Mark Swartz**: Okay. Anita, item twenty-four is BJ 115. Correct?

10       **Anita Duty**: Yes.

11       **Mark Swartz**: And in this one we've got a permit for a well that is already there which is  
12 permit number?

13       **Anita Duty**: 6395.

14       **Mark Swartz**: Okay. And in this one we are actually looking at a second well as wells  
15 so your estimate of allowable costs combined is two wells. Correct?

16       **Anita Duty**: Yes.

17       **Mark Swartz**: What's that number?

18       **Anita Duty**: \$572,107.43.

19       **Mark Swartz**: And if we look at the plat, we've got both wells in the drilling window?

20       **Anita Duty**: Yes.

21       **Mark Swartz**: Okay. They are both frac wells?

22       **Anita Duty**: Yes.

23       **Mark Swartz**: Okay. Um...and are we dealing with the same five folks in the heirship  
24 that you missed?

25       **Anita Duty**: Yes.

26       **Mark Swartz**: Okay. And does adding them to this unit change any of the percentages  
27 of the folks we originally pooled back in...it looks like...

1       **Anita Duty**: 2004.

2       **Mark Swartz**: Does it affect their percentages?

3       **Anita Duty**: No.

4       **Mark Swartz**: Okay. And with regard to the existing well, it looks like there is a cost  
5 estimate from November of 2004. Correct?

6       **Anita Duty**: Yes.

7       **Mark Swartz**: And what number should the order report with regard to that?

8       **Anita Duty**: \$227,330.43.

9       **Mark Swartz**: So that the folks that we are adding on this re-pooling would have an  
10 opportunity to participate in that well, the existing well, at the same number?

11       **Anita Duty**: Yes.

12       **Mark Swartz**: And then with regard to the second well that's proposed for this unit,  
13 what's the cost estimate on that?

14       **Anita Duty**: \$344,777.

15       **Mark Swartz**: Okay. And you have provided the Board with your application, Exhibit  
16 E. Correct?

17       **Anita Duty**: Yes.

18       **Mark Swartz**: And it looks like we have conflicts in a couple of tracts?

19       **Anita Duty**: Tracts 1 and 3.

20       **Mark Swartz**: Okay and we've got the unknowns in tract 1. Correct?

21       **Anita Duty**: Yes.

22       **Mark Swartz**: Any double E exhibit here?

23       **Anita Duty**: No.

24       **Mark Swartz**: Okay. And what interests has CNX acquired?

25       **Anita Duty**: 98.0894% of the coal and the gas owner's claim to CBM. Seeking to pool  
26 1.9106% of the coal and the gas owner's claim to CBM.

1 **Mark Swartz**: And is it your opinion with regard to these three units that we are pooling  
2 that you have now accounted for all owners and claimants?

3 **Anita Duty**: Yes.

4 **Mark Swartz**: Okay. And if the Board enters an order adding these five folks and the  
5 interest that was missed to the pooling order that we already have and also to the claims  
6 that you have purchased or leased, is it your opinion that we will have accounted for  
7 everyone and protected the correlative rights of everybody in this unit?

8 **Anita Duty**: Yes.

9 **Mark Swartz**: Is the development plan disclosed by the well plats and the AFEs that we  
10 have been talking about for these three units, is it a reasonable plan with regard to these  
11 three units to develop the coalbed methane from within and under these units?

12 **Anita Duty**: Yes.

13 **Mark Swartz**: That's all I have Mr. Chairman.

14 **Bradley Lambert**: Any questions from the Board? Do I have a motion for docket item  
15 numbers 19, 21 and 24?

16 **Mary Quillen**: Motion to approve.

17 **Bruce Prather**: Second.

18 **Bradley Lambert**: I have a motion and I have a second. Again this is for docket items  
19 19, 21 and 24. All in favor signify by saying yes.

20 **Board**: Yes.

21 **Bradley Lambert**: Opposed, no.

22 **Donald Ratliff**: I'll abstain Mr. Chairman.

23 **Bradley Lambert**: One abstention, Mr. Ratliff. Thank you folks that's approved.

24 **Mark Swartz**: Thank you.

25  
26 **The Board Questions CNX on the status of Well W-35 VGOB-98-0324-0627-08**

27 **Bradley Lambert**: Ms. Duty, while you are here, before you leave. We have a matter  
28 before the Board that you were instructed by the Board to address well number W-35,  
29 which was docket number VGOB-98-0324-0627-08, and have that information ready for

1 the Board in June. And since we missed a couple of months, could you update us and tell  
2 us why we don't have that information today?

3 **Anita Duty**: We are working through on the accounting side and every month I get an  
4 update from them to make sure there is progress being made. We are tracking it back and  
5 recreating those payments from the beginning of time forward. There has been a lot of  
6 disbursements in between there so I am just...I will let them know that something needs  
7 to be a priority but...

8 **Bradley Lambert**: You need to let them know that they are under Board order. And  
9 they have gone beyond their deadline for the Board order to have that information  
10 produced. And we will give you until December, and if we don't have that information  
11 by December, this Board may take further action.

12 **Anita Duty**: On the docket in December or filed by December?

13 **Bradley Lambert**: Filed by December.

14 **Mark Swartz**: Do you have a fall back plan because of the problems you've been  
15 having in terms of how to have them calculate a different way? Didn't we talk about that  
16 or was that a different unit?

17 **Anita Duty**: Well I think one of things that I've thought would be a way to look at it is if  
18 they take all of the production numbers and just look at it. What should the payment  
19 have been rather than trying to recreate what happened. They take the total production  
20 and then work out owner decimal and then give me a dollar amount. Then we could kind  
21 of compare about disbursements that were made, I mean we had interests that were re-  
22 pooled and we had to go back into the account so there was all kinds of things that  
23 happened with that one that made it really complicated and now we are on our forth  
24 system and that makes it even more complicated for them to go back and [inaudible].  
25 Maybe if we just take production and go from there and calculate that way, maybe that  
26 will be a simpler way rather than try to recreate.

27 **Bradley Lambert**: You might want to remind your people that they could be under  
28 sanctions in December if they don't produce that information.

29 **Anita Duty**: I will give my manager a call this time because they are not listening to me  
30 obviously.

31 **Bradley Lambert**: Okay.

32 **Martha Guilliams**: May I also ask a question about that?

1 **Bradley Lambert:** Well we don't normally do that Ms. Guilliams, but if you have a  
2 question pertaining directly to that item I will let you come forward and address the  
3 Board.

4 **Martha Guilliams:** Martha Guilliams from Salem, Virginia, an heir to the Linkous Horn  
5 estate. Okay my question is...does that mean that you are going back through....going  
6 all the way back from the very beginning?

7 **Anita Duty:** Yes. That's the only way, the...you know, once we start and build it  
8 forward [inaudible]

9 **Martha Guilliams:** Okay. I thought that some of that had been corrected but what you  
10 are talking about, I mean what I am talking about...I'm sorry. I'm saying, you know, you  
11 had our grandmother listed as a grandchild.

12 **Anita Duty:** All of that has been corrected.

13 **Martha Guilliams:** All of that has been corrected?

14 **Anita Duty:** And now, as far as I know we've got the heirship itself corrected. Unless  
15 you all found something else that you don't agree with.

16 **Martha Guilliams:** Well I've found plenty that I don't agree with but I don't think we  
17 can take care of that here. But um...so that you are...that I mean this one was in dispute  
18 to begin with, so you are saying that when you come here in December or when you  
19 bring it to the Board, the whole, it will be corrected?

20 **Bradley Lambert:** That was the request from the Board Ms. Guilliams that they would  
21 correct all of those accountings and have it back before the Board. I think the answer to  
22 your question is...

23 **Martha Guilliams:** Well I don't...I did not realize you were saying all of the accounts.

24 **Anita Duty:** I think that is the only way to make sure that what we have paid out is  
25 correct from the very beginning is to go back and go by production.

26 **Mark Swartz:** [Inaudible]

27 **Martha Guilliams:** I can't hear you Mr. Swartz.

28 **Mark Swartz:** What?

29 **Martha Guilliams:** I can't hear you.

30 **Mark Swartz:** Typically when you change something like with these five people today,  
31 okay and you are adding a decimal, if you didn't...if that decimal interest was not in play

1 from the first production, what we do normally is we re-run the computer program and  
2 credit everything backwards and start over and literally book the production and the  
3 decimals coming forward for page after page after page after page. And the problem that  
4 Amanda is having here, Anita, Amanda is my office manager, they are just you know,  
5 what can I do.

6 [Laughter]

7 **Sharon Pigeon**: And you think everything you say is clear.

8 **Mark Swartz**: The problem that she is having or the people that you know she  
9 occasionally gets their attention are having, I think there is like four different accounting  
10 operators.

11 **Anita Duty**: Yes. We are up to four.

12 **Mark Swartz**: You are on four. And when they are running these numbers, they are not  
13 working. And Anita has tried her work around is we just need to...we know the  
14 production volumes and we just need to take the decimals apply them to production  
15 volumes and engineer the, you know, the fair number that way. And that is what she is  
16 talking about. Ah...so literally it is a way to go back to zero, once you square the title on  
17 the decimal interest away, apply those decimals to the total production volumes and the  
18 revenue and get a number for everybody because we cannot run our accounting systems  
19 backwards to generate numbers that are consistent on this unit. And I think you, I'm  
20 pretty sure you guys have seen us, you know, the reams of paper that we generate when it  
21 works because that's how you do it, but it's not working here.

22 **Anita Duty**: I mean there were eight groups changes during a re-pooling so if you go  
23 back to the beginning, you are not comparing the same information and preparing the  
24 same acreages. So there are just a lot of...it is just really complicated and half of the unit  
25 is in the sealed gob the other half is frac production. There is a lot of problems.

26 **Mark Swartz**: But there is no reason, I know you and I talked to John and there is no  
27 reason that we can't get back here and get it done. We are just going to have to do it a  
28 different way because what they are trying to do is not working.

29 **Bradley Lambert**: Okay. So we expect to see that in December.

30 **Mark Swartz**: Right.

31 **Bradley Lambert**: Thank you folks.

32 **Marth Guilliams**: Thank you Mr. Chairman.

33 **Bruce Prather**: Do you think you can have it ready in December?

1 **Mark Swartz**: Oh yeah.

2 **Bruce Prather**: Okay.

3 **Mark Swartz**: John will make it a priority.

4 **Bruce Prather**: Okay.

5 **Anita Duty**: John is my Manager.

6

7

### **Item Number 25 – DGO Staff Update**

8 **Bradley Lambert**: Item number twenty-five on the docket is the Board will now receive  
9 an update of the Board and Division activities from the staff.

10 **Rick Cooper**: I will try to make this as quick as I can. We've got a couple of items we  
11 need to go over. I guess first of all we need to put on record that we believe that we have  
12 all disbursements in process. We don't believe we have any back log. What I mean  
13 when I say processed, they are either, we have checks ordered, or there are in the court  
14 house waiting on them to come back. But we don't believe that we have any back  
15 disbursements on record to process other than the ones that we are working on now.

16 **Bradley Lambert**: Thank you Mr. Cooper. I know you all have worked very hard and  
17 there was a major backlog of disbursements and I want to give thanks to you and your  
18 staff for being able to catch those up.

19 **Rick Cooper**: I wanted to first thank the Board and Ms. Pigeon for allowing us to  
20 implement processes and put programs in place. And we've heard a lot about the e-  
21 Forms today. The e-Forms has really been very beneficial for us. It is the only way  
22 moving forward and it's a new way of doing business. It is different than what the Board  
23 has done for the past twenty-three years, but I believe that moving forward that it is much  
24 more efficient and we can track items much better. We do have a few difficulties as you  
25 have seen today but we are working through those. It sometimes creates a couple of  
26 more docket items but for the tracking and the processing of that it is very beneficial for  
27 us to have that. But I also wanted to thank, I take very little credit for the disbursements.  
28 I want to give the credit to DGO staff named Diane Davis, Jim Lovett and Sarah Gilmer,  
29 without them it would have never been accomplished. A couple of other people I need to  
30 mention that have been very helpful for us would be CNX Anita Duty, Melissa Cumbow,  
31 and Hilarey Mullins. With Range, Phil Horn, and with EQT, Rita Barrett and Kristie  
32 Rudick. Without any of those helping us, they have been very cooperative and we've got  
33 a couple of more items to go over here also. Without their assistance in auditing these  
34 accounts we would never have gotten to where we are. I want to thank all of those

1 people for that. One item I want to go over today, it is something that the Board brought  
2 forward last time our escrow agent was here, wanting us to put something on the website  
3 for the escheated people. We have placed this letter on the website in September and if  
4 we have anybody of interest to call us back or contact us we will let you know. But that  
5 was a Board order that was requested that we come up with some type of means to try to  
6 summons some of these people in and Debbie Davis is aware of this. If any contacts are  
7 made we will process on that.

8 **Bradley Lambert**: So that is on the website?

9 **Rick Cooper**: It is on the website and posted.

10 **Bradley Lambert**: I had a comment this morning that they couldn't find it.

11 **Rick Cooper**: It is under News and Announcements at the bottom of the Home Page on  
12 DGO.

13 **Bradley Lambert**: Okay.

14 **William Harris**: Let me just ask a question. The language here says "for what checks  
15 have not been timely negotiated," does that mean cashed by the folks?

16 **Rick Cooper**: Correct. That means not cashed.

17 **William Harris**: Are they going to...well...is everyone...well I had to think about that  
18 because I knew what this I guess was for. Well...I mean it's out there so it's a move  
19 point now. I'm not sure if I were the person receiving a check that I haven't...I'm not  
20 sure that I would see that language as meaning I haven't cashed my check yet.

21 **Rick Cooper**: I believe that Ms. Davis' testimony was that if a check is not cashed  
22 within five years.

23 **William Harris**: Well I understand that. I'm just saying that the language "timely  
24 negotiated..."

25 **Rick Cooper**: Okay. I understand.

26 **William Harris**: Doesn't translate in my brain to...

27 **Donald Ratliff**: The second paragraph plainly says that.

28 **Mary Quillen**: If you have failed to cash checks...

29 **William Harris**: Oh okay. Okay, okay I'm sorry. We're...we're...I'm okay, thank you.

1 **Rick Cooper:** Okay and also I wanted to let the Board know that we have scanned all of  
2 the old bank items that we have that are on microfilm. We have those posted on the  
3 website. We believe that the 19,792 pages of old escrow information is now posted on  
4 the website available to the general public. Some of it is searchable depending on the  
5 quality of the document. Some may or may not be searchable but it is there and printable  
6 and it is available to anyone that wants to access that from the beginning of the Board  
7 1990 forward. It is there. And also on that, we have also scanned in all of the transcripts  
8 that we have on microfilm and some of them were paper copies. We went back to 1987,  
9 we have actually scanned those in, digitized those and we have all of the transcripts that  
10 we have available to us posted on the website in year and month sequence. We do have, I  
11 believe, eight items, eight transcripts missing and I have contacted Michelle Street and  
12 I've been real hesitant to call her too many times, as some of you all may or may not  
13 know that she takes dialysis three days a week. That is the past transcriptionist, and that  
14 she says that if she actually transcribed it, she would have a copy. And I have told her  
15 that we would even send a representative over to her and help her search her files, but  
16 again I am in contact with her and when those are made available, we will update that but  
17 to our knowledge everything that has been microfilmed and all of the books that we have,  
18 we have those scanned and they are posted on the website and available to the public and  
19 they are printable and searchable. Another item I am going to bring in front of the Board,  
20 again working with the operators in helping us to audit the account. EQT on this right  
21 here, we have twenty-three items that we need to close the account. And we actually  
22 need to refund the money back to the company. All twenty-three of these items, none of  
23 the wells were ever drilled and they're two years has well passed and we need to have the  
24 Board to approve for us to close these accounts and you can see that the dollar amount, if  
25 you flip it over, the total dollar amount of these twenty-three accounts comes out to be  
26 \$1,324.70.

27 **Bradley Lambert:** And you are asking the Board today to vote to close these accounts?

28 **Rick Cooper:** That is correct.

29 **Bradley Lambert:** And for the record would you mind reading each of those for us?

30 **Rick Cooper:** I will read these in. The first one...

31 **Bruce Prather:** Does this include interest?

32 **Rick Cooper:** If there was any interest on the account, it would include that. Yes it  
33 would. Most of this is just working interest that was just put in these accounts. The wells  
34 were never drilled. So it has sat out there some of them for a good period of time. They  
35 really have no purpose in being out there. So the first one is docket number 09-07-21-  
36 2557. It's for well VC-531259 and it has \$0.02 in it. The second one is 10-05-18-2707,  
37 for well VCI-531374. It has \$6.62 in it. The next one is docket item 10-06-15-2725, for

1 well VCI-538296. It has \$155.95. The next item is 10-04-20-2692 for well VC-531502.  
2 It has \$0.20 in it. The next item is 10-05-18-2706, for well VCI-538630. It has \$140.83.  
3 The next item is 10-05-18-2705, for well VCI-538710. It has \$70.01 in the account. The  
4 next item is 09-04-21-2513, well VC-531147. It has \$70.50 in it. The next item 10-01-  
5 19-2663, well VC-531328. It has \$18.88. The next item is 08-12-09-2394, well number  
6 VCI-539486. It has \$293.78. The next item is 10-04-20-2691, well number VC-504069.  
7 It has \$24.54 in it. The next item docket number is 09-09-15-2591, well number VC-  
8 531127. It has \$55.09 in it. The next docket item is 09-09-15-2588, VCI-531436. It has  
9 \$15.94 in it. The next item is 09-10-20-2616, VC-531356. It has \$47.38 in the account.  
10 The next docket item 09-11-17-2627, well VCI-537337. It has \$39.08 in the account.  
11 The next docket item 08-11-18-2369, well number VC-502947. It has \$ 0.59 in it. The  
12 next item 08-07-15-2274, well VCI-538761, has \$1.57 in it. The next item 08-08-19-  
13 2309, well numberVH-539573, it has \$22.23 in it. The next item 08-04-15-2204, well  
14 VC-539627. It has \$7.02 in it. The next item 07-03-20-1904, well VC-537212. It has  
15 \$26.39 in it. The next item 07-04-17-1916, well VC-537614. It has \$49.30 in it. The  
16 next item 07-02-20-1890, well VC-537621, has \$43.25 in it. The next item 07-03-20-  
17 1903, well VC-537629, has \$32.21. And finally, the last docket number is 08-10-21-  
18 2363, well V-530117, has \$203.32. Again, for a total of \$1,324.70, that we request that  
19 be sent back to EQT.

20 **Bradley Lambert:** It is because that these wells were never drilled and the permits had  
21 expired?

22 **Rick Cooper:** Yes.

23 **Bradley Lambert:** Okay.

24 **Mary Quillen:** Do you need a motion?

25 **Bradley Lambert:** Yes.

26 **Mary Quillen:** Motion to approve.

27 **Bruce Prather:** Second.

28 **Bradley Lambert:** I have a motion and I have a second. Any further discussion? [No  
29 response from the Board] All in favor signify by saying yes.

30 **Board:** Yes.

31 **Bradley Lambert:** Opposed, no.

32 **Rick Cooper:** I have five more from CNX. Again, I want to thank everyone for helping  
33 us on this because without all of the operators helping us we probably couldn't achieve

1 this under this timeline. So how should I proceed on this? Do you have any questions?  
2 Or should I just read it on?

3 **Bradley Lambert:** Read them into the record please.

4 **Rick Cooper:** Okay. These first four the orders have expired for: Unit B50, VGOB-06-  
5 0620-1642, no well drilled. And actually the next one, the order has expired, we want to  
6 close that account. It is TA-133 is the well, VGOB-08-0617-2242, no well drilled. The  
7 next one is well V19, VGOB-92-0915-0264, no well drilled. The next one V34, VGOB-  
8 92-0317-0191, and the funds were escrowed under VGOB order 99-0216-0710. We want  
9 to vacate the first order and there is \$1,683.65 in that...

10 **Mary Quillen:** Say that amount again please.

11 **Rick Cooper:** \$1,683.65. Moving on to an order that needs vacated it is well BD121,  
12 VGOB-03-0218-1117. And these are unfunded accounts, these two here are. The next  
13 two are unfunded accounts. Invalid account, we need to close the S17 well. This is a  
14 combined unit that came in front of the Board where they combined S17 and S19, so it is  
15 an invalid account VGOB-03-0415-1144, and it has \$104.54 in it.

16 **Bradley Lambert:** We are just closing seven of them?

17 **Rick Cooper:** Yes.

18 **Bradley Lambert:** Okay, do I have a motion?

19 **Mary Quillen:** Motion to approve.

20 **Bruce Prather:** Second.

21 **Bradley Lambert:** I have a motion and a second, any discussion? All in favor signify  
22 by saying yes.

23 **Board:** Yes.

24 **Bradley Lambert:** Opposed, no. Anything further Mr. Cooper?

25 **Rick Cooper:** Does the staff have anything to add?

26 **Bruce Prather:** Rick, I'd like to ask you a question. How is all of this new information  
27 affecting our audit that we had in affect on this escrow account?

28 **Rick Cooper:** Meaning...

29 **Bruce Prather:** Is it...are we about done with our audit since you've got everything put  
30 together.

1       **Rick Cooper:** What we have done with the previous audit that was approved by the  
2 Board is pretty much done. And you know we have implemented an electronic means for  
3 this data to be submitted monthly and so there is a couple of the operators that are a bit  
4 behind but they have all been contacted and they all have been told that all of that data  
5 needs to be caught up by December of this year. But a couple of operators are a bit  
6 behind. We have a specific way that it has to be submitted and it is for a couple of  
7 purposes, we can extract that data out of there for the auditor to prescribe fields that that  
8 want and it lays it in a great format and also Debbie Davis our escrow agent can extract  
9 information out of there and actually update her files. But for the people that have  
10 actually...and I will give CNX the biggest credit, they have the biggest account, they  
11 have probably done the best on that. Trying to get that in they have thousands of pages.

12       **Bruce Prather:** Good.

13       **Bradley Lambert:** Mr. Prather, just to further answer your question, if you recall a  
14 couple of years ago when the state auditor looked at the escrow account and the way it  
15 was managed, the electronic system that Rick mentioned was part of the recommendation  
16 of the state audit and we think we have met the requirements of that state auditor.

17       **Mary Quillen:** Good job. Congratulations.

18       **Bruce Prather:** When do you think we will have the certified audit?

19       **Rick Cooper:** I think that will be up to the Board to determine that in the future if we are  
20 going to have a certified audit would it not?

21       **Bradley Lambert:** It think that is something that the Board needs to discuss at our  
22 December meeting but since we will have our year end. And we will have one year of  
23 electronic submission of the data and at that time, we need to discuss moving forward  
24 with an audit.

25       **Bruce Prather:** Okay.

26       **Bradley Lambert:** With a certified audit.

27       **Rick Cooper:** And again, I give full credit to the staff. They have been very diligent to  
28 try and get this done.

29       **Mary Quillen:** Congratulations. Good job.

30       **Bruce Prather:** Very good job.

31       **Bradley Lambert:** Anything further Mr. Cooper?

32       **Rick Cooper:** No.

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**Item Number 26 – Approval of Board Minutes**

**Bradley Lambert:** The last order of business is the review and approval of the minutes from our last two meetings. Has everyone had a chance to review those? I know those are sent electronically now, hopefully everybody has had a chance to review them. Are there any comments, suggestions, additions, or deletions to those minutes? [No response from the Board] If not, do I have a motion to approve?

**Mary Quillen:** Motion to approve.

**Bruce Prather:** Second.

**Bradley Lambert:** I have a motion and a second. All in favor signify by saying yes.

**Board:** Yes.

**Bradley Lambert:** Do I have a motion to adjourn?

**Mary Quillen:** Motion to adjourn.

**Bruce Prather:** Second.

**Bradley Lambert:** I have a motion and a second. All in favor signify by saying yes.

**Board:** Yes.

**Bradley Lambert:** Thank you ladies and gentlemen. We are adjourned for the day.