

VIRGINIA DEPARTMENT OF MINES, MINERALS AND ENERGY

VIRGINIA GAS AND OIL BOARD HEARING

Tuesday, December 16, 2014

Lebanon, Virginia

**BOARD MEMBERS:**

Bill Harris—Public Member

Donnie Ratliff—Coal Industry Representative

Donnie Rife— Public Member

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

Paul Kugelman—Assistant Attorney General

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

Sally Ketron—Staff Member of the Division of Gas & Oil

*Prepared by: Margaret Linford*

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1 **Bradley Lambert:** Good morning, ladies and gentlemen. It's now after 9:00 and time to begin  
2 our proceedings this morning. I'd like to remind those that are in attendance, if you have cell  
3 phones or other communication devices, please turn those off or put them on vibrate. If you  
4 must take a call, please do so outside. We'll begin this morning by asking the Board to please  
5 introduce themselves. I'll begin with Ms. Surratt.

6 **Rita Surratt:** I'm Rita Surratt. I'm a public member from Dickenson County.

7 **Paul Kugelman:** Paul Kugelman, with the Attorney General's Office.

8 **Bradley Lambert:** I'm Butch Lambert, with the Department of Mines, Minerals and Energy.

9 **Donnie Ratliff:** Donnie Ratliff, representing coal. I work for Alpha Natural Resources.

10 **Donnie Rife:** Donnie Rife, Chairman of the Dickenson County Board of Supervisors.

11 **Bill Harris:** I'm Bill Harris, a public member from Wise County.

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

13 **Item Number 1**

14 **Bradley Lambert:** Thank you, ladies and gentlemen. At this time, we'll begin with our first  
15 docket item. The Board will receive public comments. I don't think we had anyone to sign up  
16 for public comments.

17 **Item Number 2**

18 **Bradley Lambert:** We'll move on to Docket Item Number 2. A petition from CNX Gas  
19 Company, LLC, for the disbursement of escrowed funds heretofore deposited with the Board's  
20 Escrow Agent attributable to Tract 3A as depicted upon the annexed Table 1; and authorization  
21 to begin paying royalties directly to the parties to the prevailing plaintiff. That would be Dollie  
22 S. Absher. This is Docket Number VGOB 02-0820-1055-01. All parties wishing to testify  
23 please come forward.

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

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

27 **Anita Duty:** Yes.

28 **Bradley Lambert:** You may begin, Mr. Swartz.

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

1 **Anita Duty:** Anita Duty.

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

3 **Anita Duty:** CNX Land, LLC.

4 **Mark Swartz:** Do your duties for that company include the preparation of petitions for the  
5 disbursement and the related exhibits?

6 **Anita Duty:** Yes.

7 **Mark Swartz:** Did you prepare a petition regarding EE34 that's on the Docket today?

8 **Anita Duty:** Yes.

9 **Mark Swartz:** Are you asking, in that petition, for a partial disbursement from the escrow  
10 account and for permission for the operator to pay certain persons directly, rather than escrowing  
11 their funds in the future?

12 **Anita Duty:** Yes.

13 **Mark Swartz:** Okay. And the reason for this request is what?

14 **Anita Duty:** We received a court order.

15 **Mark Swartz:** Okay. And that was a final order awarding 100% interest to one of the parties of  
16 the litigation. Correct?

17 **Anita Duty:** Yes.

18 **Mark Swartz:** And have you provided the Board with a copy of that order, as part of your  
19 petition?

20 **Anita Duty:** Yes.

21 **Mark Swartz:** It may be the last item, I think, isn't it...in the petition?

22 **Anita Duty:** Yes, we uploaded it as a supporting document.

23 **Mark Swartz:** Okay. And have you provided a table, although it's a pretty simple one, Table 1,  
24 with regard to the proposed disbursement?

25 **Anita Duty:** Yes.

26 **Mark Swartz:** Okay. And that is in page, at least in my PDF, it's at page 5 of 29. Who is to  
27 receive the payment?

28 **Anita Duty:** Dollie Absher.

1 **Mark Swartz:** What percentage of the escrow account should the agent use when making that  
2 disbursement?

3 **Anita Duty:** She should receive 66.2069% of the account.

4 **Mark Swartz:** Okay. And that percentage should be used at the time the disbursement is made?

5 **Anita Duty:** Yes.

6 **Mark Swartz:** It looks like that's not a complete disbursement, so there will still be money in  
7 that account and that sub-account needs to be maintained in the future.

8 **Anita Duty:** Yes.

9 **Mark Swartz:** Okay. The well, or wells, contributing to that escrow account are which?

10 **Anita Duty:** EE34 and EE34A.

11 **Mark Swartz:** With regard to the funds on deposit here, did you obtain the operator's records  
12 and also the deposit records from the various escrow agents and compare them?

13 **Anita Duty:** We did.

14 **Mark Swartz:** And when you did that, were you able to locate a bank deposit for every royalty  
15 check that the operator sent?

16 **Anita Duty:** We were.

17 **Mark Swartz:** Okay. So, there was a one-for-one match?

18 **Anita Duty:** There was.

19 **Mark Swartz:** When you ran the numbers, in terms of the total amount you deposited and then  
20 the interest and fees that the various banks debited or credited, what was the difference between  
21 the bank account and the amount that the operator deposited over time?

22 **Anita Duty:** There was a difference of \$79.51.

23 **Mark Swartz:** And the way you express that, I think that means that the account has \$79.51  
24 more than you deposited? Actually, this one's less, isn't it?

25 **Anita Duty:** Yes.

26 **Mark Swartz:** Okay. So, this one, the bank has \$110,995.43, and the total deposits were 107.  
27 Then, we had interest and fees of, roughly, \$3,500. That's the difference.

28 **Anita Duty:** Yes.

1 **Mark Swartz:** Okay. Have you provided, along with this petition, a revised Exhibit E and a  
2 revised Exhibit EE?

3 **Anita Duty:** Yes.

4 **Mark Swartz:** That would reflect the status of conflicting claims and split agreements, in the  
5 event this application is approved?

6 **Anita Duty:** Yes.

7 **Mark Swartz:** I think that's all I have, Mr. Chairman.

8 **Bradley Lambert:** Ms. Duty, on what date did you reconcile that?

9 **Anita Duty:** September 30, 2014.

10 **Bradley Lambert:** Thank you. Any other questions from the Board?

11 **Paul Kugelman:** Just a quick one, Mr. Chairman.

12 **Bradley Lambert:** Mr. Kugelman.

13 **Paul Kugelman:** Just to make the record clear, the 66% that she's being paid or whatever it is, is  
14 reflected in the Table on page 5 of the PDF. Is that just because that's the percentage she owns in  
15 surface tract, acreage-wise?

16 **Anita Duty:** That's her percentage of her acreage, of the total acreage being escrowed.

17 **Paul Kugelman:** Okay. That's right. I'm sorry. Thank you. I just wanted to make the record  
18 clear on that.

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

20 **Rick Cooper:** Mr. Chairman, I have one question. Is this one that Shea Cook has requested the  
21 check be sent to him on?

22 **Anita Duty:** I was just telling Mark, we did receive a Power of Attorney from Shea Cook from  
23 Dollie Absher, for him to receive the funds on her behalf.

24 **Bradley Lambert:** Do you have a copy of that for the Board?

25 **Anita Duty:** Yes.

26 **Rick Cooper:** He did email me one, also, just to let you know.

27 **Anita Duty:** That's why I didn't bring any. I thought...

28 **Bradley Lambert:** Could you pass that to our counsel, make sure it's properly executed?

1 **Paul Kugelman:** Thank you.

2 **Mary Quillen:** Mr. Chairman, I have just one question about that.

3 **Bradley Lambert:** Ms. Quillen.

4 **Mary Quillen:** Was that that the check would just be sent to him or the check was made  
5 payable to him?

6 **Anita Duty:** It's made payable to Ms. Absher, but sent to him so he can....

7 **Mary Quillen:** Thank you. That clarifies. Thank you.

8 **Mark Swartz:** The bank needs to do that because they have her W-9.

9 **Anita Duty:** For tax purposes.

10 **Paul Kugelman:** That's correct. It counsels you that the Board should make the check payable  
11 to Ms. Absher and send it to Mr. Cook, based on the Power of Attorney that I'm reading, which  
12 has just been handed to me by Mr. Cooper. I'm happy to pass this along or answer any questions  
13 anybody on the Board may have.

14 **Rick Cooper:** There's two more on the docket.

15 **Paul Kugelman:** Are those for a later docket?

16 **Bradley Lambert:** Are those for later?

17 **Rick Cooper:** That's for later.

18 **Paul Kugelman:** So, this is 6 and 8, Mr. Cooper?

19 **Rick Cooper:** Correct.

20 **Paul Kugelman:** Okay. Thank you.

21 **Bradley Lambert:** Could you make sure that's made part of the record?

22 **Rick Cooper:** We will do that. Yes, sir.

23 **Bradley Lambert:** Is that your original copy, Ms. Duty?

24 **Anita Duty:** No. He emailed it to me, so I've got...

25 **Bradley Lambert:** Okay. Thank you. Any other questions from the Board? [No response]  
26 Anything further, Mr. Swartz?

27 **Mark Swartz:** No.

1 **Bradley Lambert:** Do I have a motion?  
2 **Donnie Rife:** Motion made, Mr. Chairman.  
3 **Bill Harris:** Second.  
4 **Bradley Lambert:** I have a motion and I have a second. Any further discussion? [No  
5 response] All in favor signify by saying yes.  
6 **Board:** Yes.  
7 **Bradley Lambert:** Opposed, no.  
8 **Donnie Ratliff:** I'll abstain, Mr. Chairman.  
9 **Bradley Lambert:** One abstention, Mr. Ratliff. Thank you, Mr. Swartz. That one is approved.

10 **Item Number 3**

11 **Bradley Lambert:** We're calling docket item Number 3. A petition from CNX Gas Company,  
12 LLC, for the disbursement of escrowed funds heretofore deposited with the Board's Escrow  
13 Agent attributable to Tracts 3A, 3B and 3C as depicted upon the annexed Table 1; and  
14 authorization to begin paying royalties directly to the parties to the royalty split agreement  
15 between Tazewell Coal and Gas Company, LLC, and Frances Ann McGlothlin, Euva Dane  
16 Lyons, Bobby Curtis McGlothlin, Glenna Ruth Couch, and Sandra Street. This is Docket  
17 Number VGOB 05-0215-1400-01. All parties wishing to testify please come forward.

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

19 **Bradley Lambert:** You may begin, Mr. Swartz.

20 **Mark Swartz:** Anita, I'm going to remind you that you're still under oath, okay?

21 **Anita Duty:** Okay.

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

23 **Anita Duty:** CNX Land, LLC.

24 **Mark Swartz:** Did you either prepare or supervise the preparation of this petition?

25 **Anita Duty:** I did.

26 **Mark Swartz:** And this petition is a request for an order from the Board directing the escrow  
27 agent to make a partial disbursement from an escrow account, correct?

28 **Anita Duty:** Yes.

1 **Mark Swartz:** Pertaining to what drilling unit?

2 **Anita Duty:** BF-102.

3 **Mark Swartz:** And pertaining to what tracts in that unit?

4 **Anita Duty:** A portion of 3A, 3B and 3C.

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

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

7 **Mark Swartz:** Have you seen that agreement?

8 **Anita Duty:** I have.

9 **Mark Swartz:** Is it a 50/50 agreement?

10 **Anita Duty:** Yes.

11 **Mark Swartz:** And did you prepare a Table 1 distribution chart, based on that agreement?

12 **Anita Duty:** Yes.

13 **Mark Swartz:** That chart has a number of people listed on it.

14 **Anita Duty:** It does.

15 **Mark Swartz:** So, rather than read that into the record, I would ask you a couple of questions  
16 about it. First of all, is Table 1, basically, the directions to the escrow agent that the agent should  
17 use in making the distribution that we're asking for?

18 **Anita Duty:** Yes.

19 **Mark Swartz:** The first point I would make is there is total acreage of 13.73 acres in escrow?

20 **Anita Duty:** Yes.

21 **Mark Swartz:** And, just to repeat, not all of that acreage or monies associated with that acreage,  
22 is being disbursed pursuant to this petition. Correct?

23 **Anita Duty:** Correct.

24 **Mark Swartz:** So, there will still be some remaining acres in escrow?

25 **Anita Duty:** There will.

1 **Mark Swartz:** Okay. With regard to Tract 3A, have you prepared a portion of Table 1 to list  
2 the people that should receive disbursements out of the funds pertaining to 3A and also list the  
3 percentage that the escrow agent should use when making those disbursements?

4 **Anita Duty:** Yes.

5 **Mark Swartz:** Okay. The second column from the right hand side sets forth the percentages  
6 that the escrow agent should use. Is that correct?

7 **Anita Duty:** It does.

8 **Mark Swartz:** Okay. Have you done the same identification and calculations with regard to  
9 Tract 3B?

10 **Anita Duty:** Yes.

11 **Mark Swartz:** Have you reported the names of the people who should receive the  
12 disbursements pertaining to 3B and, then again, in the second column from the right, the  
13 percentages that the escrow agent should use?

14 **Anita Duty:** Yes.

15 **Mark Swartz:** With regard to 3C, have you done the same?

16 **Anita Duty:** Yes.

17 **Mark Swartz:** Okay. And the wells contributing to this escrow account are which wells?

18 **Anita Duty:** BF 102 and BF102A.

19 **Mark Swartz:** When the escrow agent makes the disbursement, even if additional funds have  
20 come in, using the percentage in the second column from the right, will make the appropriate  
21 calculation?

22 **Anita Duty:** Yes.

23 **Mark Swartz:** Okay. After the disbursement is made, or after this order is entered, are you  
24 asking permission as operator to pay these folks that you identified in Table 1, directly?

25 **Anita Duty:** Yes.

26 **Mark Swartz:** Have you provided the Board with a Table or Exhibit J, which is a reconciliation  
27 of the deposits and the payments?

28 **Anita Duty:** I have.

29 **Mark Swartz:** That's page 44, I guess?

1 **Anita Duty:** Yes.

2 **Mark Swartz:** When you did that comparison of the checks that the operator paid into escrow  
3 for this unit and the deposits that the various escrow agents booked, what was the date that was  
4 effective as of?

5 **Anita Duty:** September 30, 2014.

6 **Mark Swartz:** When you did the comparison, were you able to account for every check the  
7 operator issued as a deposit by one or more of the escrow agents?

8 **Anita Duty:** We were.

9 **Mark Swartz:** When you compared the amounts deposited, interest and fees, to the balance,  
10 what was the result of that comparison?

11 **Anita Duty:** We matched exactly, no difference.

12 **Mark Swartz:** Okay. I believe that's all I have, Mr. Chairman.

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

14 **Donnie Ratliff:** Mr. Chairman.

15 **Bradley Lambert:** Mr. Ratliff.

16 **Donnie Ratliff:** On Exhibit J, Anita, where there's...on the deposits, the third one down is  
17 \$49,000 and then that's shown as an adjustment on the one to the right. Why is that listed like  
18 that?

19 **Anita Duty:** It was an adjustment?

20 **Donnie Ratliff:** It's showing the difference. The bank balance is blank.

21 **Anita Duty:** Sometimes the bank won't credit it the same month that we send it. It gets credited  
22 the following month. If you look at the following month, it's the \$49,000 plus the 348.

23 **Donnie Ratliff:** Okay. Thank you.

24 **Bradley Lambert:** Any other questions? [No response] Do you have anything further, Mr.  
25 Swartz?

26 **Mark Swartz:** I do not.

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

28 **Donnie Ratliff:** Motion to approve, Mr. Chairman.

1 **Bill Harris:** Second.  
2 **Bradley Lambert:** I have a motion and a second. Any further discussion? [No response] All  
3 in favor signify by saying yes.  
4 **Board:** Yes.  
5 **Bradley Lambert:** Opposed no. [No response] Thank you, folks. That is approved.

6 **Item Number 4**

7 **Bradley Lambert:** We're calling Docket Item Number 4. A petition from CNX Gas Company,  
8 LLC, for the disbursement of escrowed funds heretofore deposited with the Board's Escrow  
9 Agent attributable to Tracts 1A and 1B as depicted upon the annexed Table; and authorization to  
10 begin paying royalties directly to the parties to the royalty split agreement between Tazewell  
11 Coal and Gas Company, LLC, and Frances Ann McGlothlin, Euva Dane Lyons, Bobby Curtis  
12 McGlothlin, Glenna Ruth Couch, and Sandra Street. This is Docket Number VGOB 05-1018-  
13 1507-01. All parties wishing to testify please come forward.

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

15 **Bradley Lambert:** You may proceed, Mr. Swartz.

16 **Mark Swartz:** Anita, are you still under oath?

17 **Anita Duty:** Yes.

18 **Mark Swartz:** Your name?

19 **Anita Duty:** Anita Duty.

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

21 **Anita Duty:** CNX Land, LLC.

22 **Mark Swartz:** Did you either prepare or supervise the preparation of this petition for  
23 disbursement?

24 **Anita Duty:** Yes.

25 **Mark Swartz:** Okay. This petition pertains to what unit?

26 **Anita Duty:** BF101.

27 **Mark Swartz:** And what tracts in that unit?

28 **Anita Duty:** A portion of 1A and 1B.

1 **Mark Swartz:** And is it a partial disbursement of the escrow account?

2 **Anita Duty:** It is.

3 **Mark Swartz:** Okay. The reason you're asking for this disbursement is what?

4 **Anita Duty:** Royalty agreement.

5 **Mark Swartz:** Have you seen that agreement?

6 **Anita Duty:** I have.

7 **Mark Swartz:** Is it a 50/50 agreement?

8 **Anita Duty:** Yes.

9 **Mark Swartz:** Have you prepared a table, you've identified probably as Table 1, describing the  
10 disbursements that need to be made by the escrow agent?

11 **Anita Duty:** Yes.

12 **Mark Swartz:** Once again, we have quite a list. Correct?

13 **Anita Duty:** We do.

14 **Mark Swartz:** Okay. With regard to Table 1 that you have submitted with this application, on  
15 the PDF I have, it's page 4 of 36. Right?

16 **Anita Duty:** Yes.

17 **Mark Swartz:** You show the total acres in escrow is 54.26. Correct?

18 **Anita Duty:** Yes.

19 **Mark Swartz:** And that is not all of the acres that we're asking to be disbursed. Correct?

20 **Anita Duty:** Correct.

21 **Mark Swartz:** There will still be some on deposit?

22 **Anita Duty:** Yes.

23 **Mark Swartz:** Have you listed, with regard to Tracts 1A and 1B, the names of all of the people  
24 who should receive a disbursement?

25 **Anita Duty:** Yes.

1 **Mark Swartz:** In the second column from the right hand side of this table, have you listed the  
2 percentage that the escrow agent should use to apply to the balance on deposit at the time the  
3 disbursement is made?

4 **Anita Duty:** Yes.

5 **Mark Swartz:** Okay. And, the wells that have contributed to this account?

6 **Anita Duty:** BF101.

7 **Mark Swartz:** Did you do a comparison?

8 **Anita Duty:** We did.

9 **Mark Swartz:** It looks like it's 36 of 36. What was the date, as of which, you made the  
10 comparison?

11 **Anita Duty:** September 30, 2014.

12 **Mark Swartz:** When you did that, did you identify all of the royalty payments that the operator  
13 had made into escrow or tendered to the escrow agents, to the deposits that were booked by the  
14 various agents?

15 **Anita Duty:** Yes.

16 **Mark Swartz:** And were you able to account for all of the checks matching a deposit?

17 **Anita Duty:** We were.

18 **Mark Swartz:** When you compared the balance deposited and accounted for interest and fees,  
19 what was the difference, if any?

20 **Anita Duty:** We matched exactly on that one, too.

21 **Mark Swartz:** Another miracle. In the event the Board approves this disbursement, is it your  
22 request that the operator be allowed to pay the folks identified in Table 1 directly with their  
23 royalties, rather than paying them into escrow?

24 **Anita Duty:** Yes.

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

26 **Bradley Lambert:** Any questions from the Board? [No response] Do you have anything  
27 further, Mr. Swartz?

28 **Mark Swartz:** I do not.

1 **Bradley Lambert:** Do I have a motion?  
2 **Donnie Rife:** Motion made, Mr. Chairman.  
3 **Bill Harris:** I'll second that.  
4 **Bradley Lambert:** I have a motion and a second. All in favor signify by saying yes.  
5 **Board:** Yes.  
6 **Bradley Lambert:** Opposed no. [No response] Thanks, folks. That one is approved.

7 **Item Number 5**

8 **Bradley Lambert:** We're calling Docket Item Number 5. A petition from CNX Gas Company,  
9 LLC, for the disbursement of escrowed funds heretofore deposited with the Board's Escrow  
10 Agent attributable to Tracts 1A, 1B, 1D, 1E, 1F, 1G, 1H, and 2, as depicted upon the annexed  
11 table; and authorization to begin paying royalties directly to the parties to the royalty split  
12 agreement between Tazewell Coal and Gas Company, LLC, and Frances Ann McGlothlin, Euva  
13 Dane Lyons, Bobby Curtis McGlothlin, Glenna Ruth Couch, and Sandra Street; Tazewell Coal  
14 and Gas Company, LLC., and Gent Enterprises. This is Docket Number VGOB 05-1018-1508-  
15 01. All parties wishing to testify please come forward.

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

17 **Bradley Lambert:** You may proceed, Mr. Swartz.

18 **Mark Swartz:** Your name, again, Anita.

19 **Anita Duty:** Anita Duty.

20 **Mark Swartz:** Did you either prepare or cause this petition to be prepared?

21 **Anita Duty:** Yes.

22 **Mark Swartz:** You're employed by CNX Gas?

23 **Anita Duty:** CNX Land, LLC.

24 **Mark Swartz:** CNX Land. Okay. The petitioner is CNX Gas Company, LLC. Right?

25 **Anita Duty:** Yes.

26 **Mark Swartz:** Okay. And you're asking, in this petition, for an order directing the escrow  
27 agent to make certain disbursements?

28 **Anita Duty:** Yes.

1 **Mark Swartz:** From what tracts?

2 **Anita Duty:** A portion of 1A, 1B, 1D, 1E, 1F, 1G, 1H and all of 2.

3 **Mark Swartz:** And those tracts are within what drilling unit?

4 **Anita Duty:** BG102.

5 **Mark Swartz:** It looks like this would be a partial disbursement of the funds on deposit for this  
6 unit?

7 **Anita Duty:** It is.

8 **Mark Swartz:** Okay. So, the escrow agent would still have funds on deposit that needed to be  
9 maintained.

10 **Anita Duty:** Yes.

11 **Mark Swartz:** In the event the petition is approved, are you asking the Board for authority, as  
12 operator, to pay the people identified in Table 1, directly?

13 **Anita Duty:** Yes.

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

15 **Anita Duty:** Royalty agreement.

16 **Mark Swartz:** Have you seen that agreement?

17 **Anita Duty:** Yes.

18 **Mark Swartz:** Is it a 50/50 agreement?

19 **Anita Duty:** Yes.

20 **Mark Swartz:** Have you prepared, once again, a table that you've identified as Table 1 to  
21 identify the people that are going to receive disbursements?

22 **Anita Duty:** Yes.

23 **Mark Swartz:** Again, we have a fairly lengthy list here.

24 **Anita Duty:** We do.

25 **Mark Swartz:** Okay. With regard to each of the tracts in question, that you've already  
26 identified, have you listed by name each of the people or companies that should receive a  
27 disbursement?

1 **Anita Duty:** Yes.

2 **Mark Swartz:** And, with regard to each person or company, have you in the second column  
3 from the right hand side of this table, given a percentage that the escrow agent should use?

4 **Anita Duty:** Yes.

5 **Mark Swartz:** And the escrow agent should use those percentages and apply them to the  
6 amount on deposit at the time the disbursement is made?

7 **Anita Duty:** Yes.

8 **Mark Swartz:** And then disburse the resulting dollars to the folks identified?

9 **Anita Duty:** Yes.

10 **Mark Swartz:** And you've done that exercise with regard to Tracts 1A, 1B, 1D, 1E, 1F, 1G, 1H  
11 and Tract 2?

12 **Anita Duty:** Yes.

13 **Mark Swartz:** And what well or wells have contributed to this escrow account?

14 **Anita Duty:** BG102.

15 **Mark Swartz:** Did you do a comparison of the checks that the operator issued for royalties to  
16 be escrowed to the various deposits made by the escrow agents?

17 **Anita Duty:** Yes.

18 **Mark Swartz:** Okay. It's a pretty lengthy application. Page 87 of 87 there is an Exhibit J.  
19 Correct?

20 **Anita Duty:** Yes.

21 **Mark Swartz:** And this was done through what date?

22 **Anita Duty:** September 30, 2014.

23 **Mark Swartz:** And were you able to find a bank deposit for every check that the operator  
24 issued?

25 **Anita Duty:** We were.

26 **Mark Swartz:** And when you had the funds that were deposited, accounted for interest and fees  
27 reported by the bank and compared those totals, were they in agreement?

28 **Anita Duty:** Yes, they were.

1 **Mark Swartz:** Okay. I think that's all I have, Mr. Chairman.  
2 **Bradley Lambert:** Any questions from the Board? [No response] Do you have anything  
3 further, Mr. Swartz?

4 **Mark Swartz:** I do not.

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

6 **Donnie Rife:** Motion made, Mr. Chairman.

7 **Bill Harris:** I'll second that. That's for approval, right?

8 **Donnie Rife:** Right.

9 **Bradley Lambert:** I have a motion and I have a second. Are there any further discussions?  
10 [No response] All in favor signify by saying yes.

11 **Board:** Yes.

12 **Bradley Lambert:** Opposed no. [No response] Thank you, folks. That one is approved. At  
13 this time, we're going to take about a five-minute break. Some of our laptops, our iPads, have  
14 died. So, let's take about a five-minute recess.

15 **Item Number 6**

16 **Bradley Lambert:** Ladies and gentlemen, if you'll please take your seats, we'll go ahead and  
17 resume our hearing this morning. We're calling Docket Item Number 6. A petition from CNX  
18 Gas Company, LLC, for the disbursement of escrowed funds heretofore deposited with the  
19 Board's Escrow Agent attributable to Tracts 1A and 1B as depicted upon the annexed Table 1;  
20 and authorization to begin paying royalties directly to the parties to the prevailing plaintiff; ELE,  
21 LLC. Docket Number VGOB 06-0620-1647-01. All parties wishing to testify please come  
22 forward.

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

24 **Anita Duty:** You may proceed, Mr. Swartz.

25 **Mark Swartz:** Thank you. Anita, state your name for us.

26 **Anita Duty:** Anita Duty.

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

28 **Anita Duty:** CNX Land, LLC.

1 **Mark Swartz:** Who is the operator?

2 **Anita Duty:** CNX Gas Company, LLC.

3 **Mark Swartz:** This is a petition for disbursement?

4 **Anita Duty:** It is.

5 **Mark Swartz:** Did you either prepare the petition or supervise its preparation?

6 **Anita Duty:** Yes.

7 **Mark Swartz:** And, this pertains to what unit?

8 **Anita Duty:** O-76.

9 **Mark Swartz:** And what tracts in that unit?

10 **Anita Duty:** Tracts 1A and 1B.

11 **Mark Swartz:** Is this a partial distribution request?

12 **Anita Duty:** Yes.

13 **Mark Swartz:** And is it based on a final order and decision by a court?

14 **Anita Duty:** It is.

15 **Mark Swartz:** Have you attached to the petition a copy of that?

16 **Anita Duty:** Yes.

17 **Mark Swartz:** Okay. Did that decision and order award 100% of the CBM royalties to one  
18 person?

19 **Anita Duty:** Yes, company.

20 **Mark Swartz:** Or one side of the equation, I guess I should say. Have you prepared a Table 1  
21 to be used by the escrow agent in making the disbursement, if the Board approves it?

22 **Anita Duty:** We have.

23 **Mark Swartz:** Okay. In Table 1, who is to receive the disbursement with regard to Tracts 1A  
24 and 1B?

25 **Anita Duty:** For Tract 1A, ELE, LLC, is to receive 37.2048% and for Tract 1B, ELE is to  
26 receive an additional 5.6628%.

1 **Mark Swartz:** Okay. The escrow agent should use those percentages, apply them to the  
2 balance on deposit at the time the disbursement is made to calculate the amount of the  
3 disbursement.

4 **Anita Duty:** Yes.

5 **Mark Swartz:** The well contributing to this account?

6 **Anita Duty:** O-76.

7 **Mark Swartz:** Did you do a comparison of royalty checks to deposits?

8 **Anita Duty:** We did.

9 **Mark Swartz:** That is Page 14 of 16 in the PDF?

10 **Anita Duty:** Yes.

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

12 **Anita Duty:** September 30, 2014.

13 **Mark Swartz:** Were you able to locate a deposit for every check the operator issued?

14 **Anita Duty:** We were.

15 **Mark Swartz:** When you considered the deposits and the interest and fees booked by the bank  
16 and compared those numbers and the bank balance, what difference did you find?

17 **Anita Duty:** We found no difference.

18 **Mark Swartz:** So, it's a zero difference again?

19 **Anita Duty:** Yes.

20 **Mark Swartz:** Are you requesting, if this is approved, that the operator be allowed to pay ELE  
21 directly, immediately?

22 **Anita Duty:** Yes.

23 **Mark Swartz:** In terms of future royalty payments?

24 **Anita Duty:** Yes.

25 **Mark Swartz:** Okay. That's all I have, Mr. Chairman.

26 **Bradley Lambert:** Questions from the Board?

27 **Rick Cooper:** Mr. Chairman.

1 **Bradley Lambert:** Mr. Cooper.

2 **Rick Cooper:** I guess I would ask Ms. Duty if this is a check that goes to Shea Cook?

3 **Mark Swartz:** We've got another Power of Attorney here.

4 **Paul Kugelman:** This is, in substance, the same Power of Attorney that was submitted in an  
5 earlier petition. As before, the check would be made payable to Mr. Delaney, ELE, or to ELE,  
6 LLC...

7 **Mark Swartz:** ELE.

8 **Paul Kugelman:** And forwarded to Mr. Cook. If anybody has any questions about that...

9 **Bradley Lambert:** Could you make a copy for the record, Mr. Cooper, and submit it?

10 **Paul Kugelman:** Do you need this?

11 **Rick Cooper:** We have that.

12 **Paul Kugelman:** Okay. I'll just give this to Mr. Cooper.

13 **Bradley Lambert:** Do we have any other questions? [No response] Anything further, Mr.  
14 Swartz?

15 **Mark Swartz:** Nothing further. That same Power of Attorney applies to the next item, as well.

16 **Paul Kugelman:** Number 8, I think, is the next one.

17 **Mark Swartz:** The next one is the same deal.

18 **Paul Kugelman:** Okay.

19 **Mark Swartz:** Number 8, I'm sorry.

20 **Rick Cooper:** It's actually 6 and 8. We will download this into 6 and 8 for the record.

21 **Bradley Lambert:** Okay. Mr. Swartz has nothing further. Do I have a motion?

22 **Donnie Rife:** Motion made, Mr. Chairman.

23 **Bill Harris:** I'll second that...for approval.

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

26 **Board:** Yes.

27 **Bradley Lambert:** Opposed no. [No response] Thank you, folks. That is approved.

1 **Item Number 7**

2 **Bradley Lambert:** We're calling Docket Item Number 7. A petition from CNX Gas Company,  
3 LLC, for the disbursement of escrowed funds heretofore deposited with the Board's Escrow  
4 Agent attributable to a portion of Tract 3 as depicted upon the annexed Table and authorization  
5 to begin paying royalties directly to the parties in the CBM deed between Harrson-Wyatt, LLC  
6 and Willie Ronald Newberry, Roger L. Miller, Teresa McGlothlin, Sherrie Boyd Street, Barbara  
7 G. Price. This is Docket Number VGOB 90-0905-0012-02. All parties wishing to testify please  
8 come forward.

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

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

11 **Mark Swartz:** State your name for us, Anita.

12 **Anita Duty:** Anita Duty.

13 **Mark Swartz:** You're still under oath, okay?

14 **Anita Duty:** Yes.

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

16 **Anita Duty:** CNX Land, LLC.

17 **Mark Swartz:** Who is the operator making this request or petition?

18 **Anita Duty:** CNX Gas Company, LLC.

19 **Mark Swartz:** And, the petition pertains to what drilling unit?

20 **Anita Duty:** AA10.

21 **Mark Swartz:** What tract or tracts in that unit?

22 **Anita Duty:** A portion of 3.

23 **Mark Swartz:** So, the escrow account would need to be maintained, even if this disbursement is  
24 made?

25 **Anita Duty:** Yes.

26 **Mark Swartz:** If the disbursement is made, are you requesting as operator or on behalf of the  
27 operator, that the operator be allowed to pay the folks identified in Table 1 directly if the order is  
28 approved?

1 **Anita Duty:** Yes.

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

3 **Anita Duty:** CBM deed.

4 **Mark Swartz:** And that CBM deed, essentially, divides the royalties on a 50/50 basis. Is that  
5 right?

6 **Anita Duty:** Yes.

7 **Mark Swartz:** Have you seen the deed?

8 **Anita Duty:** Yes.

9 **Mark Swartz:** Have you prepared a table consistent with the terms of that CBM deed?

10 **Anita Duty:** Yes.

11 **Mark Swartz:** Have you identified that as Table 1?

12 **Anita Duty:** Yes.

13 **Mark Swartz:** The total acreage in escrow before this disbursement is 6.92?

14 **Anita Duty:** Yes.

15 **Mark Swartz:** And, if we add up the acreage subject to the disbursement, it's obvious that it's  
16 less than the total.

17 **Anita Duty:** Yes.

18 **Mark Swartz:** Who are the people that are to receive the disbursement?

19 **Anita Duty:** Harrison-Wyatt and Willie Newberry should each receive 8.3333%. Harrison-  
20 Wyatt and Roger Miller should each receive 8.3333%. Harrison-Wyatt and Teresa McGlothlin  
21 should each receive 4.1667%. Harrison-Wyatt and Sherrie Boyd Street should each receive  
22 4.1667%. Barbara Price and Harrison-Wyatt should each receive 1.3889%.

23 **Mark Swartz:** And the wells contributing to this escrow account are which wells?

24 **Anita Duty:** AA10 and AA10A.

25 **Mark Swartz:** Have you prepared a comparison of checks issued by the operator for royalties  
26 and deposits booked by the various escrow agents?

27 **Anita Duty:** Yes.

1 **Mark Swartz:** When you did that, subject to one issue that we need to resolve, did you, in  
2 general, find that every check issued by the operator, with regard to these wells, found its way  
3 into a deposit booked by one or more of the escrow agents?

4 **Anita Duty:** Yes.

5 **Mark Swartz:** Did you find a mistake, however, when you were doing that?

6 **Anita Duty:** We did.

7 **Mark Swartz:** Okay. If we look at the chart Exhibit J and we go to 10/25/2006, you have  
8 highlighted in yellow the problem. Correct?

9 **Anita Duty:** Yes.

10 **Mark Swartz:** Then, if we go to the end of this Exhibit J, there's a notation with regard to that.  
11 What issue did you discover?

12 **Anita Duty:** The escrow agent had incorrectly deposited \$340.18, into this account. It should  
13 have gone into the AA8 account.

14 **Mark Swartz:** The Board order here should require the escrow agent to make that transfer and  
15 straighten that out before these disbursements are made, correct?

16 **Anita Duty:** We actually have a confirmation email from the escrow agent, saying they  
17 transferred that on December 10th.

18 **Mark Swartz:** Okay. So, that's been fixed?

19 **Anita Duty:** Yes.

20 **Mark Swartz:** Just to kind of look back at the Board's audit, was this something that was  
21 actually identified in the audit, as well?

22 **Anita Duty:** It was.

23 **Mark Swartz:** So, this is something that just didn't pop up this time, but it had popped up in the  
24 audit.

25 **Anita Duty:** It did.

26 **Mark Swartz:** Okay. Which indicates, I think, that the audit was doing what it should have  
27 done. Correct?

28 **Anita Duty:** Correct.

1 **Mark Swartz:** Okay. When you account for the \$340.18 and then compare the deposits,  
2 interest and fees and the total on hand at this point, what's the difference?

3 **Anita Duty:** \$463.19.

4 **Mark Swartz:** Okay. And that is actually...the bank has a little more, quite a bit more, than the  
5 total deposits?

6 **Anita Duty:** Yes.

7 **Mark Swartz:** Okay. I think that's all I have.

8 **Bradley Lambert:** So, Ms. Duty, if you have email confirmation that that deposit was  
9 transferred back to AA8, what would make the difference in your bottom line, since you did your  
10 audit on September 30th?

11 **Anita Duty:** It would only be about \$120 difference once the transfer.....we kind of did this in  
12 advance and then we have to do these.

13 **Mark Swartz:** It would be \$123.01. Correct?

14 **Anita Duty:** Yes.

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

16 **Bill Harris:** Mr. Chairman, let me make sure I understand what happened. So, the money has  
17 already been transferred or is to be transferred?

18 **Anita Duty:** At the time we did this, it wasn't transferred. But, now, as of December 10, we  
19 have confirmation that it had been transferred.

20 **Bill Harris:** Okay.

21 **Mark Swartz:** From the bank.

22 **Bill Harris:** Okay.

23 **Anita Duty:** Mr. Cooper had requested them to transfer it and then we were all copied on the  
24 email, so we knew the transfer had been completed.

25 **Mary Quillen:** So, the difference now can be attributed to fees and interest. Right?

26 **Anita Duty:** Correct. It's just \$120.

27 **Mary Quillen:** \$120.

28 **Bradley Lambert:** \$123.01. Mr. Cooper, do you have those in your records?

1 **Rick Cooper:** Yes, we did. We actually checked where we had conducted our internal audit  
2 and we did agree with CNX that the money was incorrectly deposited. So, I did do a letter and  
3 had the money transferred. That is correct.

4 **Bradley Lambert:** Thank you, Mr. Cooper. Any other questions from the Board? [No  
5 response] Mr. Swartz, do you have anything further?

6 **Mark Swartz:** No, I do not.

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

8 **Donnie Ratliff:** Motion to approve, Mr. Chairman.

9 **Bill Harris:** I'll second that.

10 **Bradley Lambert:** I have a motion and I have a second. Any further discussion? [No  
11 response] All in favor signify by saying yes.

12 **Board:** Yes.

13 **Bradley Lambert:** Opposed no. [No response] Thank you, folks. That one is approved.

14 **Item Number 8**

15 **Bradley Lambert:** We're calling Docket Item Number 8. A petition from CNX Gas Company,  
16 LLC, for the disbursement of escrowed funds heretofore deposited with the Board's Escrow  
17 Agent attributable to Tract 5 as depicted upon the annexed Table 1 and authorization to begin  
18 paying royalties directly to the parties to the prevailing plaintiff; ELE, LLC. Docket Number  
19 VGOB 06-0815-1693-01. All parties wishing to testify please come forward.

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

21 **Bradley Lambert:** You may proceed, Mr. Swartz.

22 **Mark Swartz:** Thank you. Anita, would you state your name for us, again.

23 **Anita Duty:** Anita Duty.

24 **Mark Swartz:** Are you still under oath?

25 **Anita Duty:** Yes.

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

27 **Anita Duty:** CNX Land, LLC.

28 **Mark Swartz:** Who is the applicant here?

1 **Anita Duty:** CNX Gas Company, LLC.

2 **Mark Swartz:** The Power of Attorney that we provided to the Board in relation to Item 6 also  
3 applies to this application. Correct?

4 **Anita Duty:** It does.

5 **Mark Swartz:** This pertains to what unit?

6 **Anita Duty:** N76.

7 **Mark Swartz:** And what tract or tracts in that unit?

8 **Anita Duty:** Tract 5.

9 **Mark Swartz:** It's pursuant to a final order. Correct?

10 **Anita Duty:** It is.

11 **Mark Swartz:** So, it's 100% disbursement from this account?

12 **Anita Duty:** Yes.

13 **Mark Swartz:** And can the account be closed after that disbursement is made?

14 **Anita Duty:** It should be. Yes.

15 **Mark Swartz:** Have you attached a copy of the order to the petition?

16 **Anita Duty:** We have.

17 **Mark Swartz:** Have you prepared a Table1?

18 **Anita Duty:** Yes.

19 **Mark Swartz:** In Table 1, you have indicated with regard to Tract 5, the total acreage before  
20 disbursement is .37 acres. Right?

21 **Anita Duty:** Yes.

22 **Mark Swartz:** Then, you've identified the acres to be disbursed to the prevailing plaintiff as .37.  
23 So, that does zero it out.

24 **Anita Duty:** It does.

25 **Mark Swartz:** And the percentage that the escrow agent should use to make the disbursement at  
26 the time it's made is 100%.

27 **Anita Duty:** Yes.

1 **Mark Swartz:** Did you do a reconciliation of royalty checks tendered to the escrow agents and  
2 the deposits that they made?

3 **Anita Duty:** We did.

4 **Mark Swartz:** When you made that comparison, were you able to account for every check the  
5 operator issued?

6 **Anita Duty:** Yes.

7 **Mark Swartz:** When you compared the total deposited, accounted for interest and fees and then  
8 looked at the current balance, what was the difference, if any?

9 **Anita Duty:** Zero.

10 **Mark Swartz:** What was the date as of which you made this comparison?

11 **Anita Duty:** September 30, 2014.

12 **Mark Swartz:** In the event that the Board approves this disbursement, are you asking for the  
13 ability to pay the prevailing plaintiff directly with future royalties that might be due before the  
14 disbursement is made?

15 **Anita Duty:** Yes.

16 **Mark Swartz:** That's all I have.

17 **Bradley Lambert:** Any questions from the Board? [No response] Anything further, Mr.  
18 Swartz?

19 **Mark Swartz:** No.

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

21 **Bill Harris:** Motion for approval.

22 **Donnie Ratliff:** Second.

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

25 **Board:** Yes.

26 **Bradley Lambert:** Opposed no. [No response] Thank you, folks. That is approved.

1 **Item Number 9**

2 **Bradley Lambert:** We're calling Docket Item Number 9. A petition from CNX Gas Company,  
3 LLC, for reimbursement of funds incorrectly deposited for the production period of 11/2007 to  
4 5/2008 with the Board's Escrow Agent attributable to Unit W8 to CNX Gas Company, LLC., and  
5 the disbursement of escrowed funds heretofore deposited with the Board's Escrow Agent  
6 attributable to Tracts 1C, 3B, 3E, and 3F as depicted upon the annexed Table. Royalties  
7 currently paid under VP8SGU5, Docket Number VGOB 07-1113-2083. This is Docket Number  
8 VGOB 05-0816-1490-01. All parties wishing to testify please come 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.

12 **Anita Duty:** Anita Duty.

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

14 **Anita Duty:** CNX Land, LLC.

15 **Mark Swartz:** And the applicant is?

16 **Anita Duty:** CNX Gas Company, LLC.

17 **Mark Swartz:** And this is a petition for disbursement?

18 **Anita Duty:** Yes.

19 **Mark Swartz:** And you either prepared it yourself or supervised its preparation?

20 **Anita Duty:** Yes.

21 **Mark Swartz:** And there are really two reasons for this request today. Correct?

22 **Anita Duty:** Yes.

23 **Mark Swartz:** One is to reimburse the operator for funds mistakenly paid into the account,  
24 which they should have paid directly. Right?

25 **Anita Duty:** Actually, it was the sealed gob was approved and we continued to pay into that  
26 individual account.

27 **Mark Swartz:** Then, the other reason is there is a CBM deed.

28 **Anita Duty:** Yes.

1 **Mark Swartz:** And have you seen that deed?

2 **Anita Duty:** Yes.

3 **Mark Swartz:** And it resolves the conflict or debate between the people you have identified in  
4 Table 1. Is that correct?

5 **Anita Duty:** Yes.

6 **Mark Swartz:** Let's go to Table 1. Table 1 deals with the double-payment issue. Correct?

7 **Anita Duty:** Correct.

8 **Mark Swartz:** And Table 2, which we're going to talk about first, deals with the CBM deed.

9 **Anita Duty:** Yes.

10 **Mark Swartz:** Okay. Let's look at Table 2. Who are the people that should have...it's a phase  
11 thing here. The reimbursement needs to occur first. But, just looking at Table 2, after that  
12 reimbursement has been made, then what should the escrow agent do with regard to this request?

13 **Anita Duty:** For Tract 1C, Harrison-Wyatt and Janet and Lonnie Brown should each receive  
14 0.1893%. For Tract 3B, Harrison-Wyatt and CNX Gas Company should each receive 14.0862%.  
15 For Tract 3E, Harrison-Wyatt and CNX should each receive 7.9765%. For Tract 3F, Harrison-  
16 Wyatt and CNX should each receive 0.0522%.

17 **Mark Swartz:** The wells that contributed to this escrow account were which wells?

18 **Anita Duty:** W8, W8C, W8A, W8E and W8D.

19 **Mark Swartz:** Okay. Ultimately, the production from this unit started to occur under another  
20 unit. Correct?

21 **Anita Duty:** Correct. Under the sealed gob.

22 **Mark Swartz:** Okay. And which sealed gob unit is that?

23 **Anita Duty:** VP8SGU5.

24 **Mark Swartz:** Okay. And, so, at the present time that's where the royalties are going.

25 **Anita Duty:** Yes.

26 **Mark Swartz:** And the disbursement or reimbursement to CNX is because why?

1 **Anita Duty:** For that period from November 2007 to May 2008, we were incorrectly paying  
2 those funds into the individual W8 account rather than the sealed gob account. So, we corrected  
3 that internally, but we never have asked for the refund for what we put into W8 incorrectly.

4 **Mark Swartz:** With regard to what would occur after the disbursements are made to the people  
5 identified on Table 2, are you asking to be able to pay them directly?

6 **Anita Duty:** Yes.

7 **Mark Swartz:** Okay. So, the phasing would be reimburse CNX as requested in Table 1?

8 **Anita Duty:** Yes.

9 **Mark Swartz:** Then, make the disbursements in Table 2?

10 **Anita Duty:** Correct.

11 **Mark Swartz:** Then, allow the operator to pay the folks identified in Table 2, directly.  
12 Actually, you're not going to have to because it's going into the sealed gob unit. Correct?

13 **Anita Duty:** Correct.

14 **Mark Swartz:** Clear as mud?

15 **Bradley Lambert:** No.

16 **Mark Swartz:** Okay.

17 **Anita Duty:** We're not going to pay directly because we're already paying them in the sealed  
18 gob. W8 is an underlying unit, underlying the sealed gob.

19 **Mark Swartz:** There are no current royalties being paid to anyone with regard to these wells  
20 because they're being paid into the sealed gob unit.

21 **Anita Duty:** In a separate account.

22 **Bradley Lambert:** Okay. I think I understand it. Mr. Cooper, does your audit reflect the fact  
23 of overpayment to that?

24 **Rick Cooper:** That's correct. They paid into single units, when it should have went into the gob  
25 units, is what happened here.

26 **Bradley Lambert:** Okay. And our audit reflects that?

27 **Rick Cooper:** Yes, we agree with their numbers. Yes.

28 **Bradley Lambert:** Okay. Thank you. Anything further, Mr. Swartz?

1 **Mark Swartz:** No.

2 **Bradley Lambert:** Do I have any questions from the Board? [No response] Anything further,  
3 Mr. Swartz?

4 **Mark Swartz:** No.

5 **Donnie Ratliff:** Motion to approve, Mr. Chairman.

6 **Donnie Rife:** Second, Mr. Chairman.

7 **Bradley Lambert:** I have a motion and I have a second. Any further discussion? [No  
8 response] All in favor signify by saying yes.

9 **Board:** Yes.

10 **Bradley Lambert:** Opposed no. [No response] Thank you, folks. That is approved.

11 **Mark Swartz:** Thank you.

12 **Item Number 10**

13 **Bradley Lambert:** At this time, we're calling Docket Item Number 10. A petition from Range  
14 Resources-Pine Mountain, for pooling of Well No. V-530340. Docket Number VGOB 14-1216-  
15 4058. All parties wishing to testify please come forward.

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

18 **Tim Scott:** Yes, I do.

19 **Gus Jansen:** Yes.

20 **Phil Horn:** Yes.

21 **Bradley Lambert:** You may proceed, Mr. Scott.

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

24 **Phil Horn:** My name is Phil Horn. I'm employed by Range Resources-Pine Mountain, Inc. as  
25 Land Manager. One of my job descriptions is to get wells permitted and drilled.

26 **Tim Scott:** In this particular application, we're requesting the establishment of the unit and  
27 pooling of the unleased interest. Is that right?

28 **Phil Horn:** That's correct.

1 **Tim Scott:** How many acres does this unit contain?

2 **Phil Horn:** 112.69.

3 **Tim Scott:** I believe Range has a significant lease hold position in this unit. Is that correct?

4 **Phil Horn:** That's correct.

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

6 **Phil Horn:** No, we're not.

7 **Tim Scott:** Okay. Have you attempted to locate and reach an agreement with those individuals?

8 **Phil Horn:** Yes, we have.

9 **Tim Scott:** Based on the current application, what is the lease hold position that Range has in  
10 this unit?

11 **Phil Horn:** 96.77785714% .

12 **Tim Scott:** Approximately, right?

13 **Phil Horn:** Yes, exactly.

14 **Tim Scott:** How were the parties listed on Exhibit B notified of this hearing today?

15 **Phil Horn:** They were notified by certified mail and also by publication in the *Dickenson Star*  
16 on November 19, 2014.

17 **Tim Scott:** Based on our application, we don't have any unknowns. We have no conflicts in  
18 this one. Is that correct?

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

20 **Tim Scott:** Okay. Have we filed a proof of publication, proof of mailing, with the Board?

21 **Phil Horn:** Yes, you have.

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

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

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

25 **Phil Horn:** That's right.

26 **Tim Scott:** If you were able to reach an agreement with the parties listed on Exhibit B3, what  
27 lease terms would you offer?

1 **Phil Horn:** \$25 per acre for a five-year paid up lease, that provides for a 1/8 royalty.

2 **Tim Scott:** Do you think this is reasonable compensation for a lease in this area?

3 **Phil Horn:** Yes, I do.

4 **Tim Scott:** Based on Exhibit B3, what percentage of the oil and gas estate is Range seeking to  
5 pool?

6 **Phil Horn:** 3.22214286%.

7 **Tim Scott:** And, again, we have no escrow requirement. Is that right?

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

9 **Tim Scott:** You're asking the Board to name Range as the operator. Is that right?

10 **Phil Horn:** That's correct.

11 **Tim Scott:** And to also pool the unleased parties listed on Exhibit B3?

12 **Phil Horn:** Yes, we are.

13 **Tim Scott:** Now, if the Board grants our application today and the parties that make an election  
14 pursuant to the order, what would be the address for making such elections?

15 **Phil Horn:** Range Resources-Pine Mountain, Inc., P.O. Box 2136, Abingdon, VA 24212.

16 **Tim Scott:** And that would be the address for any correspondence regarding this order. Is that  
17 correct?

18 **Phil Horn:** That's correct.

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

20 **Bradley Lambert:** Mr. Horn, on your Exhibit B, you have a handwritten note that said  
21 "tracking sheet." Down, beginning at number four, there's a series of numbers that are  
22 handwritten in. Is that a certified mail receipt number?

23 **Tim Scott:** Yes, sir.

24 **Bradley Lambert:** Okay. And, you testified that you didn't have any unknowns but, under  
25 several of these, there is a note that says, "attempted-not known."

26 **Tim Scott:** Mr. Chairman, I think the Post Office is incorrect about that. Those are unclaimed  
27 versus unknown. They came back. A lot of times when we send certified mailings out, the

1 people refuse them and they won't pick them up. I think it's a misnomer when they put that on  
2 there.

3 **Bradley Lambert:** Okay. So, you think it's just a return.

4 **Tim Scott:** In fact, we've actually spoken with the Post Office about that. They just, willy-nilly,  
5 do whatever they want, on there. But, I think those are correct addresses.

6 **Bradley Lambert:** Surely, not the Post Office...

7 **Tim Scott:** Believe it or not.

8 **Paul Kugelman:** Sir, is "willy-nilly, do what they want" a term of art?

9 **Tim Scott:** I believe it's a legal term.

10 **Bradley Lambert:** Do I have any other questions from the Board? [No response] You may  
11 continue, Mr. Scott.

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

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

16 **Tim Scott:** And you participated in the preparation of this application. Is that right?

17 **Gus Janson:** I did.

18 **Tim Scott:** Are you familiar with the proposed depth of this well?

19 **Gus Janson:** Yes. Proposed depth is 5,179 feet.

20 **Tim Scott:** And also the estimated reserves of this unit?

21 **Gus Janson:** Estimated reserves is 450 million cubic feet of gas.

22 **Tim Scott:** I believe you did sign the AFE that was provided as an exhibit to our application. Is  
23 that right?

24 **Gus Janson:** I did.

25 **Tim Scott:** Are you familiar with the well cost, then?

26 **Gus Janson:** I am.

27 **Tim Scott:** What's the estimated dry hole cost of this unit?

1 **Gus Janson:** The estimated dry hole cost is \$241,791.

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

3 **Gus Janson:** \$529,699.

4 **Tim Scott:** Again, we provided the AFE with our application. Is that right?

5 **Gus Janson:** We did.

6 **Tim Scott:** Does the AFE include a charge for supervision?

7 **Gus Janson:** Yes, it does.

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

9 **Gus Janson:** Yes, I do.

10 **Tim Scott:** In your opinion, if the Board grants our application, would it prevent waste, promote  
11 conservation and protect correlative rights?

12 **Gus Janson:** Yes, it would.

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

14 **Bradley Lambert:** Any other questions from the Board? [No response] Anything further, Mr.  
15 Scott?

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

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

18 **Donnie Rife:** Motion made, Mr. Chairman.

19 **Bill Harris:** I'll second that.

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

22 **Board:** Yes.

23 **Bradley Lambert:** Opposed no. [No response] Thank you, folks. That one is approved.

24 **Tim Scott:** Thank you.

1 **Item Number 11**

2 **Bradley Lambert:** The next item on the agenda is the Board will receive an update of Board  
3 and Division activities from the staff. Mr. Cooper, would you like to begin by introducing your  
4 new staff member to the Board?

5 **Rick Cooper:** I would like to do that. This is Miss Sally Ketron. She's a Program Support  
6 Technician. It's a pleasure to have her on board. I would encourage all of you to meet her, if you  
7 haven't met her, when we break. I think she'll be an asset to DGO and DMME, as a whole.

8 **Bradley Lambert:** We're pleased to have you, Miss Ketron. Anything further, Mr. Cooper?

9 **Rick Cooper:** We have two items I just wanted to update everybody on. We're working on the  
10 hearing-impaired problem that has been brought up. We have been working with Mr. Walter  
11 Gibson at UVA - Wise right down the hall here. He's the IT person for this center. We tested  
12 one type of hearing impairment at one of our previous hearings and it was terrible. We have a  
13 meeting regarding a better system later this week. Thursday, I believe. We hope to get a better  
14 quality of wireless, hearing-impaired. So, if we have someone in the audience who can't hear,  
15 then we can assist them. We've been working on this for a few months, but we've not found the  
16 system that's compatible with everything we have. We're continuing to work on that. Hopefully,  
17 we'll have that in the near future. The only other topic is that I can see our electronic usage drops  
18 in and out here, and it creates a problem. So, what we will try to do is put together some type of  
19 document and show you or instruct you how you can download docket items, drop them into a  
20 folder, iBooks or something like that. Then, you don't have to work live, here, if the system  
21 fails. We'll try to get something out to everyone before the next Board meeting and give some  
22 directions. If they're not clear, you can let us know. If we need to do training, we'll work on that  
23 in the very near future. We're always changing the system slightly, doing tinkering, so  
24 sometimes, things change and I apologize for that but we're just trying to improve the system.

25 **Bradley Lambert:** I would encourage the Board that any time you're having difficulties with  
26 downloading the Docket, please either call me or one of the staff members at DGO. We'll help  
27 you all through that.

28 **Donnie Rife:** Every time I call and complain, they tell me it's the nut behind the mouse that's  
29 loose.

30 **Paul Kugelman:** Operator error.

31 **Bradley Lambert:** Do you have anything further, Mr. Cooper?

32 **Rick Cooper:** No.

1 **Item Number 12**

2 **Bradley Lambert:** The last item on our Docket is approval of last month's minutes. Do you  
3 have any additions, deletions, or do I have a motion to approve?

4 **Mary Quillen:** I could not download the minutes. It said, "Minutes Pending."

5 **Rick Cooper:** We're checking live here. We'll let you know, shortly.

6 **Sarah Gilmer:** It says, "Transcript Pending." The minutes are over to the left. I sent you all an  
7 e-mail earlier with the link attached. The minutes are out there.

8 **Mary Quillen:** Oh, are they? Oh, okay.

9 **Sarah Gilmer:** They are out there.

10 **Rick Cooper:** So, we have two hot links. One to the minutes and one to the transcript.

11 **Sarah Gilmer:** The transcript is the one that has not been placed on the internet, as of now. The  
12 minutes are out there. You should be able to view them.

13 **Bill Harris:** Where is that link? Is that in the email that you sent?

14 **Sarah Gilmer:** It's always out there, on the internet, but I sent you all a link this morning  
15 because I had someone ask me about the location of the minutes. I went ahead and re-sent out a  
16 link to you guys, just so you would have it, to view them in case you didn't know where they  
17 were located.

18 **Bradley Lambert:** Okay. Since all the Board members didn't have an opportunity to review the  
19 minutes, we'll carry that Docket Item over. Mr. Cooper, would you see that that gets on the  
20 Docket for next month, for the approval of the minutes for November?

21 **Rick Cooper:** We will. Yes, sir. Just remember there's two links if you go on the Gas and Oil  
22 website, where it says, "VGOB Hearing Minutes and Transcripts."

23 **Mary Quillen:** I had hit the wrong thing. I apologize. It's my fault.

24 **Rick Cooper:** No problem. We'll continue that.

25 **Bradley Lambert:** Make sure you re-send the link for everyone so they can review the  
26 November minutes.

27 **Rick Cooper:** We will.

28 **Bradley Lambert:** Okay. Do I have a motion to adjourn?

29 **Donnie Rife:** Motion made, Mr. Chairman.

- 1 **Bill Harris:** Second.
- 2 **Bradley Lambert:** I have a motion and a second. All in favor signify by saying yes.
- 3 **Board:** Yes.
- 4 **Bradley Lambert:** We're adjourned. Thank you, ladies and gentlemen.