

VIRGINIA DEPARTMENT OF MINES, MINERALS AND ENERGY

VIRGINIA GAS AND OIL BOARD HEARING

Tuesday, April 21, 2015

Lebanon, Virginia

BOARD MEMBERS:

Bill Harris—Public Member

Bruce Prather—Oil and Gas Industry Representative

Donnie Ratliff—Coal Industry Representative

Donnie Rife— 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— Senior 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 it's time to
2 begin our proceedings this morning. To start off with, I'll ask if you have any communication
3 devices, cell phones or pagers, I would ask that you please turn those off or put them on vibrate.
4 These proceedings are being recorded and that's just some communication that we don't need on
5 our recordings this morning. To begin with, I'll ask the board members to please introduce
6 themselves. I'll begin with Ms. Surratt.

7 **Rita Surratt:** I'm Rita Surratt, public member from Dickenson County.

8 **Paul Kugelman:** Paul Kugelman, with the Virginia Attorney General's Office. I represent the
9 Board.

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

11 **Donnie Ratliff:** Donnie Ratliff, representing coal. I'm with Alpha Natural Resources.

12 **Donnie Rife:** Donnie Rife, a public member from Dickenson County.

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

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

15 **Bradley Lambert:** Thank you, ladies and gentlemen. This morning, we have one thing that I
16 would like to do before we begin our proceedings this morning. Most of you may or may not
17 know that one of our board members lost her husband about a week and a half ago. That was
18 Mrs. Quillen and we certainly send our sympathies to Mrs. Quillen. Also, we lost another very
19 important member of the public last week, that being Mr. Richard Settle. Richard was a friend to
20 Russell County and did a lot of excellent work for the folks in Russell County. Not only that, he
21 reached out all across the Commonwealth of Virginia and some of the wonderful things he did
22 for the citizens of the Commonwealth. So, this morning, I would like to ask for this proceeding
23 that we take a moment of silence to remember Paul Quillen, Mrs. Quillen's husband, and also
24 Richard Settle. [Moment of silence observed.] Thank you. Also, this morning, to begin with, I
25 want to ask Ms. Sneeuwjagt if you will tell us a little bit about the flyer that you passed out this
26 morning. It's now public comments, so I'll give you the opportunity to speak about that.

27 **Item Number 1**

28 **Juanita Sneeuwjagt:** I'm Juanita Sneeuwjagt from the Edwards clan. Most people don't know
29 that, so I tend to fit right in when everybody knows that I spent my childhood in this area.
30 Although I was gone for fifty years and got myself a little education in Hypolimnas and this kind
31 of thing, I think Donnie's grinning about that. On this higher spirit that I'm in communication
32 with a lot gave me this inspiration and I thought so many people in our area are without food,
33 can't pay their utilities, maybe not their medications and so forth. So, I decided to take it upon

1 myself to have an Appalachian Artisan sale and whatever people would supply, quilts and
2 needlework, home-baked goods, peanut butter, whatever home-baked goods, anything. I don't
3 care if it's a jar of pickles as long as you hand made it or homemade it. So, all of the finances
4 will be footed. No one will be expected to put out a dime for themselves. This will be at the
5 industrial park in Clintwood. That will be at the Education Center up on the third floor. A lot of
6 folks have come forward like radio announcements, newspaper, etc. If people don't sell their
7 pickles or their quilts or whatever they bring, they take them home with them and they are out of
8 their pockets not a penny. So, that's a need to help the people. As we all know, to whom much
9 is given, much is expected. I feel that my higher power expects a lot from me because I've been
10 very, very blessed. So, I hope that you can come or you will pass the word to somebody who
11 would like to be there. It's from 1 to 5 in the afternoon. No, I'm not serving food. I tell people in
12 this area, "eat, go home." They don't stay and shop and buy, so no food. We will have local
13 music. We'll have bluegrass. I think it's a good opportunity for people to socialize and look
14 around and maybe these folks over here can buy this or that or the other and just help each other
15 out. That's what this event is about. May, the second Saturday, 1 to 5 in the upstairs building.
16 Everything is provided for you: tables, absolutely everything. Come out and enjoy. Help those
17 who are less fortunate. Buy something they have. Thank you for giving me the opportunity to
18 do that. I appreciate it.

19 **Bradley Lambert:** Thank you, Ms. Sneeuwjagt. First, on public comment this morning is
20 Martha Guilliams. Good morning, Ms. Guilliams. Would you please state your name for the
21 record?

22 **Martha Guilliams:** Martha Guilliams, Salem, Virginia. I'm an heir to the Linkous Horn estate.
23 I don't know exactly how I want to address this, but there is an issue that has been bothering me
24 for some time. I've brought it up before. I would, at least, like to have an open discussion or
25 something on this. I don't know exactly how to address it, but we have an issue here that has
26 bothered me for a while. The fees that have been paid out of these escrow accounts have been
27 charged to the property owners or the people that have had the money held in the escrow, which
28 we have not benefited from in any kind of way and were totally against going this route to begin
29 with. I would appreciate it if the Board.... I will say it again, very respectfully, I think the Board
30 members overstepped their boundaries when they did this because...especially the public
31 members. I do believe that any public member that would have my best interest at heart would
32 never have voted in agreement with this. It's too late to argue about that, now. What we do need
33 to do is have some way to have these fees reinstated by the energy companies because I think
34 this should have been a burden on them and not on the property owner. So, if you would please
35 think about that and, maybe when we come back for the next meeting, you can give me some
36 good explanation as to why the burden should have been placed on the property owners or give
37 me some kind of satisfaction of how it will be re-deposited into the escrow accounts. But I do
38 not feel that, in any way, should I have ever had any burden of any part of this expense or any of
39 my fellow property owners.

1 **Bill Harris:** Mr. Chairman, can I just ask a quick question?

2 **Bradley Lambert:** Mr. Harris.

3 **Bill Harris:** The fees you...I'm sorry. How are you, today? The fees you're referring to...are
4 you talking about the bank charge fees?

5 **Martha Guilliams:** Yes.

6 **Bill Harris:** Okay.

7 **Martha Guilliams:** See, I have some investments with SunTrust Bank, my family, myself. We
8 do have to pay a...there are expenses, but we are benefitting from that. We are drawing interest,
9 not that much, but it doesn't compare to all of this. I have never, in any way, benefitted. I had
10 nothing to do with making this decision and neither did my fellow landowners. I think that this
11 is an issue that needs to be addressed. This has been one of my big problems that I've had to
12 kind of wrestle with from day one. If you will look back on your books, you will find these
13 monies have been tied up in escrow for a long, long time.

14 **Bradley Lambert:** Anything further, Ms. Guilliams?

15 **Martha Guilliams:** I don't think so, not right now at this point. I do appreciate you allowing
16 me to speak this morning and I think the Board members are listening. I would like for you to
17 take this into consideration. At least, give me satisfaction of why you can't do it or, either, do it.

18 **Bradley Lambert:** Thank you, Ms. Guilliams. Genoa Dotson?

19 **Genoa Dotson:** Genoa Dotson. I would just like to know exactly where is this property located
20 that you want to go across? Can you tell me from what deed it's from?

21 **Bradley Lambert:** No, ma'am. The Board right now doesn't even know what Docket Item you
22 are referring to. Probably, what you would need to do is instead of coming up during public
23 comment, when we call that Docket Number, you're more than welcome to come up and testify
24 at that time.

25 **Genoa Dotson:** Okay.

26 **Bradley Lambert:** So, if you would just hold yours until we call the Docket Item and, then,
27 come up.

28 **Genoa Dotson:** That was my question.

29 **Bradley Lambert:** Okay. Thank you. Katherine Ruby Caldwell?

30 **Katherine Caldwell:** I have nothing. Thank you.

1 **Bradley Lambert:** Okay. Thank you, Ms. Caldwell. Russell Sutherland?

2 **Russell Sutherland:** Good morning.

3 **Bradley Lambert:** Good morning, Mr. Sutherland. Please state your name for the record.

4 **Russell Sutherland:** My name is Russell Sutherland and I am kind of in the same situation as
5 this previous lady. I was not fully aware of the procedures here, so I do want to speak regarding
6 one of the Docket numbers and I will reserve my comments whenever you get to that number.

7 **Bradley Lambert:** Okay. Thank you, Mr. Sutherland. Having no others on our sign-in sheet,
8 we'll close the public comment period at this time.

9 **Item Numbers 2 & 3**

10 **Bradley Lambert:** Calling Docket Item Number 2 which is a petition from CNX Gas
11 Company, LLC, for Modification of the Middle Ridge I Coalbed Methane Gas Field. This is
12 Docket Number VGOB-00-1017-0835-11. All parties wishing to testify please come forward.

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

14 **Bradley Lambert:** Good morning. Ms. Duty, could you be sworn please?

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

17 **Anita Duty:** Yes.

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

19 **Mark Swartz:** Thank you. Mr. Chairman, I think it might make sense to call Item 3, as well,
20 because they are the same unit. So, it's step 1 and step 2.

21 **Bradley Lambert:** Okay. We're also calling Docket Item Number 3, a petition from CNX Gas
22 Company, LLC, for re-pooling of Unit AV-127 in the Middle Ridge I Field & dismissal of
23 certain claimants as conflicting claimants. This is Docket Number VGOB-04-1214-1365-02.
24 All 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. These two Docket Items are related in the sense that the first item,
28 Docket Item Number 2, is a request to allow the drilling of a second well in Unit AV-127 under
29 the Middle Ridge I Field Rules and sort of add it to the in-field drilling that we have done in the
30 past. Then, Item 3 would simply be to re-pool that unit to allow for a second well and to give

1 people an opportunity to participate in that well. So, that's how they're related. Anita, would you
2 state your name for us, please?

3 **Anita Duty:** Anita Duty.

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

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

6 **Mark Swartz:** What do you do for them?

7 **Anita Duty:** Land Supervisor.

8 **Mark Swartz:** Did you prepare or supervise the preparation of the paperwork pertaining to
9 Docket Items 2 and 3, today?

10 **Anita Duty:** Yes.

11 **Mark Swartz:** Did you sign the applications and notices?

12 **Anita Duty:** I did.

13 **Mark Swartz:** Who is the applicant?

14 **Anita Duty:** CNX Gas Company.

15 **Mark Swartz:** And who is the operator of the previously pooled unit?

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

17 **Mark Swartz:** Is CNX Gas Company a Virginia Limited Liability Company?

18 **Anita Duty:** Yes.

19 **Mark Swartz:** Is it authorized to do business in the Commonwealth?

20 **Anita Duty:** Yes.

21 **Mark Swartz:** Has it registered with the Department of Mines, Minerals and Energy and the
22 DGO?

23 **Anita Duty:** Yes.

24 **Mark Swartz:** Does it have a blanket bond on file?

25 **Anita Duty:** Yes.

1 **Mark Swartz:** The two things that we are seeking to do here are (1) to do in-field drilling
2 outside a well in AV-127 and, then, re-pool the unit to give people an opportunity to participate
3 in that second well?

4 **Anita Duty:** Yes.

5 **Mark Swartz:** Whether or not they participated in the first one?

6 **Anita Duty:** Correct.

7 **Mark Swartz:** Okay. The plat which shows the location of these wells is actually attached to
8 the third Docket Item. Correct?

9 **Anita Duty:** Correct.

10 **Mark Swartz:** And both of the proposed wells are inside the drilling window?

11 **Anita Duty:** They are.

12 **Mark Swartz:** Okay. And, I think it looks like they are more than 600 feet apart?

13 **Anita Duty:** Yes.

14 **Mark Swartz:** Which is a requirement that we have found in the past?

15 **Anita Duty:** Yes.

16 **Mark Swartz:** The distance.

17 **Anita Duty:** Yes.

18 **Mark Swartz:** What did you do to tell people that we were going to have a hearing with regard
19 to modifying the field rules and, then, re-pooling the unit?

20 **Anita Duty:** For the modification of field rules, we mailed by certified mail, return receipt
21 requested, on February 13, 2015, published the notice and location map in the *Bluefield Daily*
22 *Telegraph* on February 14, 2015. For the re-pooling, we mailed by certified mail, return receipt
23 requested, on March 19, 2015, published in the *Bluefield Daily Telegraph* on March 25, 2015.

24 **Mark Swartz:** And the notice and publication information is actually in the PDF's that the
25 Board has?

26 **Anita Duty:** Yes.

27 **Mark Swartz:** Okay. With regard to this unit, what is the situation with regard to what you are
28 seeking to re-pool? The percentages.

1 **Anita Duty:** We lease 100% of the coal interest, 70.592% of the oil and gas interest, seeking to
2 pool 29.488% of the oil and gas.

3 **Mark Swartz:** With regard to this, Docket Item Number 3, are we also seeking to clean up the
4 Exhibit E in the escrow requirement by dismissing some coal owners?

5 **Anita Duty:** Yes.

6 **Mark Swartz:** Did you provide a notice to the coal owners that that would be a topic to be
7 considered this morning?

8 **Anita Duty:** I did.

9 **Mark Swartz:** There's actually additional language in the notice and the application alerting
10 them to that fact and that would be addressed this morning?

11 **Anita Duty:** Yes.

12 **Mark Swartz:** Okay. In that regard, have you presented the Board with an Exhibit B2, which
13 lists the people that are to be dismissed?

14 **Anita Duty:** Yes.

15 **Mark Swartz:** Okay. What was the cost estimate that you provided for the second well?

16 **Anita Duty:** For the second well, \$356,471.

17 **Mark Swartz:** And to an estimated depth of?

18 **Anita Duty:** 2,500 feet.

19 **Mark Swartz:** Okay.

20 **Anita Duty:** Permit Number 12954.

21 **Mark Swartz:** Have you provided a revised Exhibit E?

22 **Anita Duty:** Yes.

23 **Mark Swartz:** And is that revised Exhibit E to reflect the money that will remain in escrow
24 under the prior order?

25 **Anita Duty:** It is.

26 **Mark Swartz:** That we, eventually, will have to come back and deal with?

27 **Anita Duty:** Yes.

1 **Mark Swartz:** Going forward, though, there would be no escrow requirement. Is that correct?

2 **Anita Duty:** Correct.

3 **Mark Swartz:** Okay. You provided an updated Exhibit with regard to tracts subject to split
4 agreements?

5 **Anita Duty:** Yes.

6 **Mark Swartz:** Okay. Is the drilling of the second well in this Middle Ridge Unit, in your
7 opinion, a reasonable way to increase the production from the Uunit?

8 **Anita Duty:** Yes.

9 **Mark Swartz:** And if we combine the agreements that the operator has reached with a pooling
10 order or a modified pooling order, is it your opinion that the correlative rights of all of the
11 owners of the coalbed methane would be protected?

12 **Anita Duty:** Yes.

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

14 **Bradley Lambert:** Any questions from the Board? [No response] Mr. Swartz, I appreciate the
15 attempt to dismiss coal claimants, but I'm not so sure and I'll have to turn to our counsel. I'm not
16 so sure this Board can rule on dismissing coal claimants until after the law becomes effective.

17 **Paul Kugelman:** We had this discussion last month and I appreciate and respect your position.
18 I just don't feel in advising the Board that they have the authority, at this point, to make rights
19 determinations for coal claimants. Yes, I think the law is pretty clear, but when we start talking
20 about the background of the Gas and Oil Act and we get to the Board's authority under these
21 issues and given the recent action taken by the General Assembly, signed into law by the
22 Governor, my advice to the Board is to hold off on making any decisions on coal claimants rights
23 until the law becomes effective, which would be July 1. Then, after that, we get the petitions that
24 we get in and that provides a very clear procedure, protects the coal claimants' rights from due
25 process such that they are. My advice to the Board is that's the best course to pursue at this
26 point. I would recommend denying that portion of the petition, without prejudice, so that CNX
27 has the ability to bring this back at the appropriate time.

28 **Bradley Lambert:** I appreciate trying to get the jump on the gun here and get us out in front.
29 It's helpful for the Board to see this early on, to know what's coming that we will have to be
30 looking at the 1st of July. After then, let's go full-bore ahead in doing that, but I have to agree
31 with our counsel in recommending, as Chairman of the Board, that we pass by on that portion of
32 your petition. Any questions or thoughts from other Board members?

33 **Mark Swartz:** I guess my push back on that would be, just to make a simple observation.

1 **Bradley Lambert:** Sure.

2 **Mark Swartz:** When these units were pooled and going back to the early 1990's, the Board was
3 entering orders pooling coal owners. You did that because we recommended that you do it. We
4 said that these are the coal owners under this unit and the law is unsettled. What we're doing
5 today is the reverse of that. We're recommending to you that, given the Sword's Creek case,
6 given to some extent, Harrison-Wyatt and given the amendment with regard to presumptions in
7 terms of who is the CB owner that it is inappropriate to continue to escrow money for coal
8 owners and, I guess, where I part company with your counsel is I don't think you've ever made a
9 determination as to who owns anything. You have braced a procedure or a presumption that,
10 until it was clarified by the Supreme Court, you were going to assume that nobody knew and you
11 were going to make sure that the money was escrowed for the benefit of whoever might,
12 ultimately, prevail. I think we know who has prevailed. It's not a big deal because we're a
13 couple months away from July, but the problem you create here, today, for example, if you were
14 reluctant as a Board to say, "We are going to presume that oil and gas owners own the coalbed
15 methane." If you don't do that, then we have to escrow the money from today going forward for
16 people that are, pretty clearly, going to start receiving it immediately. So, I guess the reality of
17 what's happening today, if you follow your counsel's advice, you will continue to escrow money
18 which would be payable next month to oil and gas owners who own CBM. If you follow his
19 advice, you will not release from escrow money that's already in escrow, pending a further trip to
20 see you. If you follow my advice, you will not be releasing the money on escrow. We wouldn't
21 have to come back. So, the net effect of doing what Mr. Kugelman is suggesting you ought to
22 do, is to delay paying the oil and gas owners who, pretty clearly, own coalbed methane, at this
23 point. Our recommendation to you is not that you make a finding, but we have done title and we
24 have looked at the Supreme Court cases, which you have. Do you really want to delay paying
25 those people until later in the summer? That's really the only difference, practically speaking, if
26 you go ahead and do this or you don't. You're not disbursing money, currently, from escrow.
27 You're just not putting more in.

28 **Bradley Lambert:** I understand.

29 **Mark Swartz:** Okay. I just wanted to make a record.

30 **Bradley Lambert:** I understand your position.

31 **Mark Swartz:** Not that we're going to appeal because it's a couple of months. Who cares?

32 **Bradley Lambert:** The end result is that after July 1, those same folks are going to get their
33 money. We'll be able to dismiss the claimants, the coal claimants, and the money will be paid
34 out anyway. I think that's what the advice from our counsel is saying, that right now the Board
35 can't take a position on that because how we view things and how we've been advised to view
36 this issue in the past from previous AG's opinions. Now, after July 1, that goes away, it's cleared
37 up, we have a clear direction of how we proceed.

1 **Mark Swartz:** I understand your position. I just wanted to make it clear that the only effect of
2 that decision, the difference of opinion I have with Mr. Kugelman, is to go ahead and pay out to
3 the CBM owners. That's all.

4 **Paul Kugelman:** Since we're making the record clear, it's more than a practical consideration.
5 It's jurisdictional. That's the concern that I have. I don't really think I need to say much more
6 than that. I'm not going to advise this Board to ignore law for pragmatism.

7 **Mark Swartz:** I hear what you said, but we could be here all day. We have satisfied procedural
8 due process because we notified these people that we're seeking to dismiss. From the standpoint
9 of some jurisdictional issue, I could not disagree more with that. We have given procedural due
10 process, advance notice of this hearing to the coal owners that we are seeking to dismiss. So,
11 from a procedural due process, substantive due process, we have provided that notice. The point
12 that I have...

13 **Paul Kugelman:** Process doesn't change jurisdiction.

14 **Mark Swartz:** I didn't interrupt you. The point that I understand from the Chairman is that as
15 an agency decision, he believes it is more prudent to delay this until the law actually takes effect.
16 I can't quarrel with that. That is a pragmatic choice that you're making. We can deal with that.
17 It will help us move forward today because we don't need to have this discussion over and over
18 every time we have a Docket Item called. So, we probably needed to talk about it once. I think
19 we all understand where we are and the effect of that. I'm prepared to, obviously, move forward
20 without raising issue every time. We've got a whole bunch of cases where that's going to be an
21 issue.

22 **Bradley Lambert:** We've got nine.

23 **Mark Swartz:** We can still get relief there and get those disbursements made, just defer the
24 dismissal.

25 **Bradley Lambert:** Do you have anything further, Mr. Swartz?

26 **Mark Swartz:** Not on these two.

27 **Bruce Prather:** Mr. Chairman.

28 **Bradley Lambert:** I was going to ask for comments from the Board.

29 **Bruce Prather:** Okay.

30 **Bradley Lambert:** Mr. Prather.

31 **Bruce Prather:** I understood that the new law, that the coal companies have six months to
32 prove their ownership or no ownership. Is that the way that law was written?

1 **Bradley Lambert:** No, Mr. Prather. It's actually 45 days.

2 **Bruce Prather:** 45 days. Okay. I knew there was some provision in there, of time in which
3 they had to justify their position.

4 **Mark Swartz:** They will actually get a notice in advance of that. The time doesn't start to run
5 just because the law passed. They'll get a notice and the notice will say, "You've got 45 days to
6 step up to the plate with either proof of a pending case or proof of an agreement."

7 **Bruce Prather:** Okay.

8 **Mark Swartz:** You were on the right track, just 45 days instead of six months.

9 **Bruce Prather:** Okay. Thank you.

10 **Bradley Lambert:** Any other comments from the Board? Or questions? [No response] Do
11 you have anything further, Mr. Swartz, on these two?

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

13 **Bradley Lambert:** I need a motion on Docket Item Numbers 1 and 2. Please keep in mind,
14 when you're making the motion, the recommendation from the Attorney General's office. We'll
15 proceed with that. So, do I have a motion?

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

17 **Bruce Prather:** Second.

18 **Bradley Lambert:** I need a clarification in the motion on whether or not it's to include the
19 dismissal of the coal claimants, which would be the second portion of Docket Item Number 3.
20 Mr. Rife, you made the motion.

21 **Donnie Rife:** Yes, I did.

22 **Bradley Lambert:** Your motion needs to include whether or not to keep Docket Item Number
23 3, as it's being presented to dismiss the coal claimants or to, under the advice of counsel, to deny
24 the portion that requests the dismissal of certain coal claimants.

25 **Rick Cooper:** Mr. Chairman, if I may. Also, in regard to that, number two where you had the
26 second well per unit. We're hearing two at the same time.

27 **Bradley Lambert:** We are, yes. So, Mr. Rife, would you like to amend your motion?

28 **Donnie Rife:** Go over that one more time, sir.

29 **Bradley Lambert:** In your motion, you made a motion to approve Docket Item Numbers 2 and
30 Number 3. Given the advice of the Board's Counsel, we need a clarification in that motion,

1 whether to include the dismissal of certain coal claimants or to deny the portion of the petition
2 that adds dismissal of the coal claimants.

3 **Bill Harris:** There's a little confusion about the language.

4 **Bradley Lambert:** No hurry. If you need clarification, we'll be happy to do that. Just to clear it
5 up, Mr. Swartz is asking, in Docket Item Number 3, to dismiss certain coal claimants. The
6 advice from our counsel is that this Board do not approve dismissal of coal claimants because
7 that law does not take effect until the 1st of July.

8 **Donnie Rife:** That's what we need to do, sir, make a motion to make the amendment to reflect
9 that we, Number 2 dismissal of certain coal claimants as a conflicting claimant.

10 **Bradley Lambert:** We can approve Docket Item Number 2, to add the second well in Middle
11 Ridge I coalbed methane gas field, but the question on the table is Docket Item Number 3. Does
12 this Board agree to approve the request in the petition to dismiss certain coal claimants? Or, do
13 we deny that portion of the petition to dismiss coal claimants because the law hasn't taken effect
14 until the 1st of July?

15 **Donnie Rife:** That's what we need to do, deny dismissal until this law takes effect until July,
16 Mr. Chairman.

17 **Bradley Lambert:** Okay. Would you like to re-state your motion, Mr. Rife?

18 **Donnie Rife:** I will make that in the form of an amended motion to state exactly what we just
19 had, approve Items 1 and 2 with the exception.

20 **Bradley Lambert:** So, actually, we'll be approving Docket Item Number 2, as presented. The
21 motion is for Docket Item Number 3, to approve the re-pooling, but to deny the request for
22 dismissal of certain coal claimants. Mr. Harris, did you second that?

23 **Bill Harris:** I'm sorry.

24 **Bradley Lambert:** Did you second Mr. Rife's motion?

25 **Bill Harris:** Yes. So, the motion is for approval of everything presented except the dismissal
26 clause will not be approved at this vote, for this particular time.

27 **Bradley Lambert:** That was Mr. Rife's motion. Mr. Prather, just to clarify, you second that
28 motion?

29 **Bruce Prather:** I second it. Shouldn't we, since we've got a whole bunch more of them that's
30 got this same conflicting statement in it, shouldn't we take care of them all at the same time?

31 **Bradley Lambert:** We're going to take care of those as they come up one at a time. I think
32 that's going to be taken care of pretty quickly.

1 **Bruce Prather:** Okay.

2 **Bradley Lambert:** I have a motion and a second. All in favor, signify by saying yes.

3 **Board:** Yes.

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

5 **Donnie Ratliff:** I'll abstain, Mr. Chairman.

6 **Bradley Lambert:** One abstention. Mr. Ratliff. Mr. Swartz, hopefully, I got that right. I guess
7 it's approved, but it's not approved.

8 **Mark Swartz:** We're good to go. We'll move forward with the development.

9 **Item Number 4**

10 **Bradley Lambert:** We're calling Docket Item Number 4. A petition from CNX Gas Company,
11 LLC, for re-pooling and dismissal of certain coal claimants as conflicting claimants. This is Unit
12 AY-123. Docket Number VGOB-06-0117-1559-01. All parties wishing to testify, please come
13 forward.

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

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

16 **Mark Swartz:** This was heard last month. We completed the testimony. It was continued to
17 allow Mr. Christian, to give him a little more time. I wrote to him on March 18th. It may have
18 been the day after the hearing. I provided Mr. Cooper with a copy of my letter to him and the
19 additional information I gave him. I've heard nothing from him since then. As far as I'm
20 concerned, unless we have something today to demonstrate that they have an interest, we're
21 done.

22 **Bradley Lambert:** Is that letter in our packet?

23 **Rick Cooper:** It is not in the packet. I do not believe. It's not.

24 **Bradley Lambert:** Do you have a copy?

25 **Rick Cooper:** I do. I don't have it with me, but I do have a copy.

26 **Mark Swartz:** I can give you my copy.

27 **Bradley Lambert:** That would be fine. If you could do that, we would appreciate it.

1 **Mark Swartz:** Okay. I figured it would get into your stuff, but the first page, Mr. Chairman, is
2 a fax transmittal. The rest of it is what I sent to him.

3 **Rick Cooper:** Yes, I checked. Mr. Christian. I could not find him in the hall, but I think this
4 lady is testifying on behalf of this.

5 **Victoria Hyatt:** He represented me last time.

6 **Rick Cooper:** Right.

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

9 **Victoria Hyatt:** Yes, ma'am.

10 **Rick Cooper:** What's your name, ma'am?

11 **Victoria Hyatt:** Victoria Hyatt.

12 **Bradley Lambert:** What will you be testifying to? I'm sorry. I didn't understand your last
13 name.

14 **Victoria Hyatt:** Hyatt. H-Y-A-T-T.

15 **Bradley Lambert:** I'm sorry. Okay. Thank you.

16 **Victoria Hyatt:** I am the daughter of one of the heirs in here. My name is listed, along with
17 three of my sisters and my brother. Mr. Christian isn't here today because he said he wasn't an
18 expert in the case and he referred it to someone else. I live out of state. I came because I would
19 like, if you could, to explain to me how can you go about dismissal of claimants and what is it
20 that I need to prove ownership of? I mean, how do I need to prove ownership of it and how are
21 you dismissing claimants?

22 **Bradley Lambert:** I'm going to have to...

23 **Paul Kugelman:** Do you want me to answer that?

24 **Bradley Lambert:** Please. I wasn't here last month and I'm not sure.

25 **Victoria Hyatt:** And Mr. Christian just told me that we had until today to prove, I guess,
26 ownership.

27 **Paul Kugelman:** I want to back up a second and just kind of explain the overall view on a
28 couple of points. First of all, I want it to be clear to the Board and I wanted Mr. Swartz to know
29 that we appreciate this. The only interests that you can represent here today are your own. So,

1 anybody else's interests are not being represented here today. You're not licensed to practice law
2 in the Commonwealth of Virginia, are you?

3 **Victoria Hyatt:** No.

4 **Paul Kugelman:** I just want to make sure that's clear because I don't want to assume you're not
5 and, then, all of a sudden find out that you are. That would be very embarrassing. The second
6 thing is the Board cannot advise you on how to prove your claim. I think Mr. Swartz would take
7 great exception if we schooled you on how to prevail here. It's up to you to represent to this
8 Board, by whatever evidence you have, to show that. I think Mr. Swartz actually, in reading his
9 letter, basically explained in broad terms what needed to be shown today, which was to show that
10 you maintained an interest in, if I have this right, the gas interest after the partition suit had been
11 resolved. Do I have that right, Mr. Swartz?

12 **Mark Swartz:** Correct.

13 **Victoria Hyatt:** Now, I've received a letter, I guess it's been a couple years ago, asking for
14 permission to let them test for methane, which I let them do.

15 **Paul Kugelman:** Okay.

16 **Victoria Hyatt:** I haven't received anything else, until I received this in February. I signed for
17 it.

18 **Paul Kugelman:** Is that the evidence you want to present to the Board that demonstrates your
19 ownership in the methane gas?

20 **Victoria Hyatt:** Yes.

21 **Paul Kugelman:** Okay. I would recommend, at this point, that the Board receive that and I can
22 look at it. I think Mr. Swartz needs to get a chance to look at it first because he's going to have
23 to respond to it at some point.

24 **Bill Harris:** Can I ask a quick question? Have you been told that your claim had been
25 dismissed?

26 **Victoria Hyatt:** No. It had not been dismissed. Attorney Christian said that we were given
27 until today. I guess when he came March 17th, they gave him until today for us to prove. He is
28 no longer Counsel for me. He removed himself because he said he didn't feel that he was a
29 specialist in this.

30 **Bill Harris:** In gas and oil?

31 **Victoria Hyatt:** Yes.

32 **Bill Harris:** I don't mean to put words in your mouth.

1 **Victoria Hyatt:** I don't know. I'm not an attorney. I know that this is my family. This was my
2 family's land. I, personally, just want to know how can you just dismiss people?

3 **Paul Kugelman:** I guess that's for me, as well.

4 **Bradley Lambert:** From the exhibit, she's not being dismissed.

5 **Bill Harris:** That's why I was asking about the dismissal.

6 **Victoria Hyatt:** This is about re-pooling. It says "re-pooling and dismissal of certain coal
7 claimants as conflicting claimants."

8 **Bruce Prather:** I think, basically, what the problem is, is that CNX has got an abstract of the
9 title that shows that your interest is not, in their abstract, that your interest, somewhere back
10 years ago, has been deleted. So, you have an interest in the coal, but you don't have it in the gas.
11 Anyway, that was what I got out of the last meeting we had. He's got an abstract that says that
12 you are not in the title for this royalty payment. So, basically, what you've got to do is come up
13 with some sort of a title that conflicts with what they say. They've got one that's signed by an
14 attorney and on record. So, that's basically what we would have to do as a Board, take the
15 evidence and compare them.

16 **Paul Kugelman:** In other words, do you have anything that demonstrates, in any way, that you
17 have any ownership in the gas being pulled from the ground for this particular item?

18 **Victoria Hyatt:** Not with me, today. All I have is this that they sent me. They, evidently,
19 thought that I owned it when they asked permission.

20 **Paul Kugelman:** Who is "they?"

21 **Victoria Hyatt:** To test for it. CNX Gas.

22 **Paul Kugelman:** Okay.

23 **Victoria Hyatt:** And I gave permission, so if they thought I had ownership in it then, why don't
24 they think I am now?

25 **Paul Kugelman:** In a second, Mr. Swartz will explain that. I don't know the answer to that
26 right now.

27 **Bradley Lambert:** Mr. Swartz, is she listed in B2?

28 **Mark Swartz:** Yes.

29 **Bradley Lambert:** She is. So, you are asking to dismiss?

30 **Mark Swartz:** Right.

1 **Bradley Lambert:** But, we're not going down that road, so....

2 **Mark Swartz:** I understand. Well, except we were last month. That's why we're back here on
3 this. The only reason this was continued was to address the dismissal issue. If we're not going to
4 address the dismissal issue, the record was closed last month. It's ready for a motion, to sort of
5 cut to the total chase. The issue, eventually, though, I think that these folks need to look at is
6 they need to look at the letter that I sent to Mr. Christian, with regard to the fact that the partition
7 action didn't really resolve the oil and gas issue. There is this sort of open, unresolved gas issue
8 and that is not in their chain, as far as we can tell. That's not something we need to deal with
9 today. They were noticed of this hearing because we believe they are in the coal title.

10 **Bill Harris:** So, you were initially included because there must be some ownership of coal or
11 something?

12 **Mark Swartz:** Correct.

13 **Victoria Hyatt:** Yes.

14 **Bill Harris:** Coal owners had automatically been included in terms of ownership of gas. For
15 years, that's been done. There is a law that we've just discussed here, a few minutes ago, that
16 comes into effect in July that says coal owners don't automatically own the gas unless there is
17 some document that says they own the gas along with the coal or there is some court resolution
18 that says, as a coal owner, you automatically own this gas, also. So, the dismissal part is
19 separating out, an attempt to separate out the coal owners that the gas companies had
20 automatically included for some time, as gas owners, to separate those out because the new law,
21 that's not in effect yet, will say, basically, if you own the coal, you don't automatically own the
22 gas. So, that's probably why if you had a dismissal, if you've been listed as a person who is being
23 dismissed, it's because you had coal ownership or showed coal ownership, but that doesn't
24 automatically cover over to gas ownership.

25 **Paul Kugelman:** I can probably explain that really quickly. You're not being dismissed today.

26 **Victoria Hyatt:** Thank you.

27 **Bill Harris:** That was my next statement.

28 **Paul Kugelman:** That is the bottom line. You're not being dismissed today, but you will
29 receive notice of a hearing coming up probably in September or October, depending on when
30 CNX files the petition on this particular unit. At that time, you're going to have to come up with
31 evidence to show that you own the gas or evidence of a proceeding. Actually, it's evidence of a
32 proceeding or agreement. You need more than just showing ownership. You need to show that
33 you're getting it resolved or you have an agreement with somebody to split the royalty payments.
34 I would advise you to seek counsel, licensed in Virginia and someone who understands gas and
35 oil law.

1 **Victoria Hyatt:** Okay.

2 **Paul Kugelman:** If you're genuinely interested in pursuing this.

3 **Bill Harris:** And Mr. Cooper's office might give you a hand. I don't mean to put him on the
4 spot, but while you're here today, I'm not sure what your driving time or travel time.... You may
5 want to talk to him after the meeting. He can probably direct you to some laws and some folks
6 that would be able to help.

7 **Victoria Hyatt:** Okay. Mr. Christian was my attorney, long distance, so I never actually got to
8 see the letter that he received.

9 **Bradley Lambert:** Ms. Hyatt, if you'd like to see a copy of that letter, I would ask that you meet
10 with Mr. Cooper and he can supply you a copy of that.

11 **Victoria Hyatt:** Thank you.

12 **Mark Swartz:** Can I have my letter back?

13 **Bradley Lambert:** Yes, sir. You may have your letter. Since Mr. Cooper has a copy, you may
14 have that letter.

15 **Rick Cooper:** I do. I'm looking right at it. That's not a problem.

16 **Bradley Lambert:** Mr. Swartz, do you have anything further?

17 **Mark Swartz:** No.

18 **Bradley Lambert:** So, just bring me up to date since I wasn't here last month. The petition for
19 re-pooling was approved.

20 **Donnie Ratliff:** We did not vote, Mr. Chairman.

21 **Mark Swartz:** All the testimony was offered and it would have been approved, was my
22 impression, but for the fact that the Board thought that they wanted to give Mr. Christian a little
23 more time, wanted to give me an opportunity to give him some information, which I did. So, I
24 think we were done. We were ready to move forward and, to stay with the dismissal discussion
25 we had on the last docket, if you want to just extract that. The testimony was offered and I think
26 it's right for a motion.

27 **Bradley Lambert:** Okay. So, do I have a motion?

28 **Donnie Ratliff:** I make a motion to approve, Mr. Chairman, with the exception that we deny the
29 dismissal of coal claimants.

30 **Donnie Rife:** I second, Mr. Chairman.

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

2 **Board:** Yes.

3 **Bradley Lambert:** Opposed, no. [No response] That is approved, Mr. Swartz, for the re-
4 pooling and denied for dismissal of coal claimants. So, Ms. Wyatt, you are not dismissed today.

5 **Victoria Hyatt:** Hyatt.

6 **Bradley Lambert:** Hyatt. Sorry. One of our members said you are a hotel chain owner.

7 **Victoria Hyatt:** Well, I wish. They just don't recognize me when I go to them.

8 **Bradley Lambert:** Thank you, Ms. Hyatt. I appreciate you traveling so far to be with us today.

9 **Victoria Hyatt:** Thank you.

10 **Item Number 5**

11 **Bradley Lambert:** We're calling Docket Item Number 5. A petition from CNX Gas Company,
12 LLC, for re-pooling of Unit AW-146 in the Middle Ridge I Field & dismissal of certain coal
13 claimants as conflicting claimants. Docket Number VGOB-13-1217-4027-01. All parties
14 wishing to testify please come forward.

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

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

17 **Mark Swartz:** I'd like to incorporate Anita's testimony, with regard to her employment and the
18 applicant and operator, if I could.

19 **Bradley Lambert:** Accepted.

20 **Mark Swartz:** Anita, what did you do to notify people that we were going to have a hearing
21 today?

22 **Anita Duty:** Mailed by certified mail, return receipt requested on March 19, 2015. Published in
23 the *Bluefield Daily Telegraph* on March 25, 2015.

24 **Mark Swartz:** Have you filed your certificates with regard to mailing and with regard to
25 publication through the electronic filing system?

26 **Anita Duty:** Yes.

27 **Mark Swartz:** With regard to the interest that the applicant and operator has been able to obtain
28 in this unit, what are the interests?

1 **Anita Duty:** We've leased 100% of the coal interest, 78.4985% of the oil and gas interest.
2 Seeking to pool 21.5015% of the oil and gas interest.

3 **Mark Swartz:** And this unit is in the Middle Ridge Field?

4 **Anita Duty:** Yes.

5 **Mark Swartz:** And it has 58.74 acres, correct?

6 **Anita Duty:** Yes.

7 **Mark Swartz:** It's in Tazewell County?

8 **Anita Duty:** Yes.

9 **Mark Swartz:** And the reason for the re-pooling is to add a second well, I think?

10 **Anita Duty:** Yes, and we also had a minor change in the language.

11 **Mark Swartz:** Okay. The cost estimate with regard to the second well, is what?

12 **Anita Duty:** \$378,835.

13 **Mark Swartz:** And you've provided that information as an exhibit, right?

14 **Anita Duty:** Yes.

15 **Mark Swartz:** Do you have a permit for that, yet?

16 **Anita Duty:** No.

17 **Mark Swartz:** What's the proposed or estimated depth?

18 **Anita Duty:** 2,100 feet.

19 **Mark Swartz:** Where are these wells located in terms of the window?

20 **Anita Duty:** They are both within the window.

21 **Mark Swartz:** The first well was drilled some time ago?

22 **Anita Duty:** Yes.

23 **Mark Swartz:** Is there an escrow requirement here because of unknowns in a couple of tracts?

24 **Anita Duty:** Yes, for 2M and 6.

25 **Mark Swartz:** So, in addition to what we would normally see in Exhibit E, in terms of oil and
26 gas and coal conflicts, we also have some unknowns in 2M and 6, correct?

1 **Anita Duty:** Yes.

2 **Mark Swartz:** Is it your opinion that drilling a second well in this unit is a reasonable way to
3 produce additional coalbed methane from the unit?

4 **Anita Duty:** Yes.

5 **Mark Swartz:** Is it your opinion that, if you combine the agreements that the applicant and
6 operator has obtained with a pooling order or a re-pooling order, the correlative rights of all
7 claimants will be protected?

8 **Anita Duty:** Yes.

9 **Mark Swartz:** Okay. Let's look at the tract identifications or at the plat. Which boundary
10 changed or which tract?

11 **Anita Duty:** Tracts 2N, O, P, Q, R, S and T are all new, based on the language with the
12 Commonwealth of Virginia, as if it was an actual deed to the Commonwealth or if it was taken,
13 that caused us to...all those are...2U and 2V, also. We're showing those as Commonwealth of
14 Virginia and surface oil and gas, rather than just surface.

15 **Mark Swartz:** Okay. So, that was the change. I guess we probably need to make sure that we
16 give the Commonwealth an opportunity to participate.

17 **Anita Duty:** Yes.

18 **Bradley Lambert:** That would be nice.

19 **Mark Swartz:** We do that all the time, but you never do. I don't know why that is.

20 **Bradley Lambert:** We try to talk to them and get VDOT to comment, but they don't.

21 **Anita Duty:** They've called us a couple times, but that's about it.

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

23 **Bradley Lambert:** They could fix our roads with that money.

24 **Mark Swartz:** It would help.

25 **Bradley Lambert:** It would help.

26 **Mark Swartz:** At least, put some gravel on them.

27 **Bradley Lambert:** Any comments from the Board? [No response] Anything further, Mr.
28 Swartz?

1 **Mark Swartz:** No.

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

3 **Mark Swartz:** Well, you need to have the same sort of...

4 **Bradley Lambert:** I'll see if I get that. Do I have a motion?

5 **Donnie Rife:** Motion made, Mr. Chair. Motion made to deny the dismissal of the coal
6 claimants.

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

8 **Bill Harris:** Second.

9 **Bradley Lambert:** I have a motion and I have a second. All in favor signify by saying yes.

10 **Board:** Yes.

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

12 **Donnie Ratliff:** I'll abstain, Mr. Chairman.

13 **Bradley Lambert:** One abstention. Mr. Ratliff. Thank you, Mr. Swartz.

14 **Item Number 6**

15 **Bradley Lambert:** Now, we're calling Item Number 6. A petition from CNX Gas Company,
16 LLC, for (1) the disbursement of escrowed funds heretofore deposited with the Board's Escrow
17 Agent, attributable to Tract 1B, to the persons identified in Table 1 in our exhibits and (2) the
18 dismissal of coal owner(s)/claimant(s) named in the Notice of Hearing and identified in Exhibit
19 B2 who were pooled by the Board as conflicting claimants. This is Docket Number VGOB-90-
20 1010-0032-08. All parties wishing to testify, please come forward.

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

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

23 **Mark Swartz:** Anita, would you state your name for us, please?

24 **Anita Duty:** Anita Duty.

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

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

27 **Mark Swartz:** And this is a petition for disbursement, correct?

1 **Anita Duty:** Yes.

2 **Mark Swartz:** And did you either prepare or supervise the preparation of the notice, the petition
3 and their related exhibits?

4 **Anita Duty:** I did.

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

6 **Anita Duty:** CBM deeds.

7 **Mark Swartz:** And is that what Harrison-Wyatt, LLC, uses instead of a split agreement?

8 **Anita Duty:** Yes.

9 **Mark Swartz:** And does it, in effect, cause a 50/50 split?

10 **Anita Duty:** Yes.

11 **Mark Swartz:** And have you actually seen the deed?

12 **Anita Duty:** Yes.

13 **Mark Swartz:** Okay. And, that's the only reason for the request?

14 **Anita Duty:** It is.

15 **Mark Swartz:** Okay. If we go to Table 1, then, which is page 7 of the Board's PDF, that is the
16 instructions to the Escrow Agent on how to make the disbursement, correct?

17 **Anita Duty:** Yes.

18 **Mark Swartz:** Okay. What tract are we concerned with here?

19 **Anita Duty:** 1B.

20 **Mark Swartz:** If you look at the total acreage in escrow before the disbursement, it's a little
21 over 4 acres and when we do sort of a mental math of the acreage being disbursed, it's obvious
22 there's still going to be money in escrow.

23 **Anita Duty:** Correct.

24 **Mark Swartz:** Okay. And the well contributing to this escrow account has been...just the one
25 well, right?

26 **Anita Duty:** It is.

1 **Mark Swartz:** Would you go through Table 1 and just put on the record the persons or
2 companies to receive the disbursements and the percentages that the Escrow Agent should use
3 when it makes the disbursement?

4 **Anita Duty:** Harrison-Wyatt, LLC, should receive 7.2989%. Betty McClanahan should receive
5 0.2881%. Mary Webb-0.2881%. John Arms-3.3613%. Ruby Jenkins-3.3613%.

6 **Mark Swartz:** And all of those disbursements pertain to Tract 1B?

7 **Anita Duty:** Yes.

8 **Mark Swartz:** And, with regard to those folks, are you also requesting an order allowing the
9 operator to pay them directly in the future?

10 **Anita Duty:** Yes.

11 **Mark Swartz:** Did you do an accounting in Table J or Exhibit J?

12 **Anita Duty:** Yes.

13 **Mark Swartz:** Okay. That starts back in July '93, correct?

14 **Anita Duty:** Yes.

15 **Mark Swartz:** And proceeds forward to, I think the last date was in January of this year?

16 **Anita Duty:** Yes.

17 **Mark Swartz:** Okay. So, the comparison or the accounting information that you considered
18 was basically from the pooling of the unit and the first payment in '93 up through January of this
19 year?

20 **Anita Duty:** Yes.

21 **Mark Swartz:** Okay. I'd like to direct you to sort of a concluding summary at the bottom there.
22 You're showing a total deposit of \$114,000. Do you see that?

23 **Anita Duty:** Yes.

24 **Mark Swartz:** And, then some disbursements plus some interest and fees. Then, you're
25 showing a grand total that should be in the account of \$12,888.99.

26 **Anita Duty:** Yes.

27 **Mark Swartz:** And the bank actually has about \$1,700 more?

28 **Anita Duty:** Yes.

1 **Mark Swartz:** And the explanation for that would be that there were earnings.

2 **Anita Duty:** Yes.

3 **Mark Swartz:** There was one mistake, which you caught, which you note at the bottom, there.

4 **Anita Duty:** Yes.

5 **Mark Swartz:** And you caught that when you were doing this accounting and that's been
6 corrected?

7 **Anita Duty:** Yes.

8 **Mark Swartz:** Okay. When you compare your deposit records, as operator, to the earlier
9 payment records, as operator, the checks that you cut to the deposits made by the various banks,
10 were you able to account for all of those?

11 **Anita Duty:** We were.

12 **Mark Swartz:** With one adjustment at the bottom.

13 **Anita Duty:** Correct.

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

15 **Bradley Lambert:** Any questions from the Board? [No response] Ms. Duty, your
16 reconciliation was on January 31st?

17 **Anita Duty:** Yes.

18 **Bradley Lambert:** Okay. Anything further, Mr. Swartz?

19 **Mark Swartz:** No.

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

21 **Bill Harris:** Mr. Chairman, I'll make a motion for approval of that item, except... We didn't
22 discuss the dismissal issue, but not to approve the dismissal of coal claimants at this time. So,
23 my motion is for approval, except for part 2 of that.

24 **Donnie Ratliff:** Second.

25 **Bradley Lambert:** I have a motion and I have a second. All in favor signify by saying yes.

26 **Board:** Yes.

27 **Bradley Lambert:** Opposed, no. [No response] Thank you, Mr. Swartz.

1 **Item Number 7**

2 **Bradley Lambert:** We're calling Docket Item Number 7. A petition from CNX Gas Company,
3 LLC, for (1) the disbursement of escrowed funds heretofore deposited with the Board's Escrow
4 Agent, attributable to Tracts 2, 3, & 4, to the persons identified in the table in the exhibits and (2)
5 the dismissal of coal owners(s)/claimant(s) named in the Notice of Hearing and identified in
6 Exhibit B2 who were pooled by the Board as conflicting claimants. This is Docket Number
7 VGOB-02-0416-1024-01. All parties wishing to testify please come forward.

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

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

10 **Mark Swartz:** Anita, would you state your name for us one more time?

11 **Anita Duty:** Anita Duty.

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

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

14 **Mark Swartz:** This is another petition to disburse, correct?

15 **Anita Duty:** Yes.

16 **Mark Swartz:** And did you either prepare or supervise the preparation of the notice, petition
17 and related exhibits?

18 **Anita Duty:** Yes.

19 **Mark Swartz:** And the reason that you're requesting disbursements today?

20 **Anita Duty:** Royalty split agreements.

21 **Mark Swartz:** Was there also some litigation resolving...was it Caldwell?

22 **Anita Duty:** The court gave her an additional interest, but it still goes back to the royalty
23 agreement.

24 **Mark Swartz:** The court case actually increased her interest under the royalty split agreement.

25 **Anita Duty:** Yes.

26 **Mark Swartz:** Okay. And did you prepare a Table 1?

27 **Anita Duty:** Yes.

1 **Mark Swartz:** That's, I think, page 6 of the Board's PDF. Table 1 shows the total in escrow
2 almost eight acres, right?

3 **Anita Duty:** Right.

4 **Mark Swartz:** And, then if we look at the acreages disbursed, we're going to be somewhat shy
5 of that by just a little bit.

6 **Anita Duty:** Yes.

7 **Mark Swartz:** So, the escrow account would, nevertheless, need to be maintained even after
8 these disbursements.

9 **Anita Duty:** Yes.

10 **Mark Swartz:** And the disbursements that you're requesting pertain to which tracts?

11 **Anita Duty:** Tracts 2, 3, & 4.

12 **Mark Swartz:** What wells produced into this escrow account?

13 **Anita Duty:** BA-111 and BA-111A.

14 **Mark Swartz:** Again, the Escrow Agent should use Table 1 to make the disbursements?

15 **Anita Duty:** Yes.

16 **Mark Swartz:** And the Escrow Agent should use the percentages in the second column from
17 the right-hand side of the table and use those percentages for each person listed, to cut the check,
18 essentially.

19 **Anita Duty:** Yes.

20 **Mark Swartz:** And that percentage should be applied to the balance on deposit, in escrow, at
21 the time the disbursement is made.

22 **Anita Duty:** Yes.

23 **Mark Swartz:** Are you also requesting that the Board allow you, as operator, to pay the folks
24 listed in Table 1, directly...their royalties, directly, in the future?

25 **Anita Duty:** Yes.

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

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

1 **Bill Harris:** Mr. Chairman, a question about the plat. I only see one well on the plat. This is
2 page 4 of 21 of our PDF file. I see a BA-111.

3 **Anita Duty:** We should have included the re-pooling plat that included the second well. It
4 looks like we put the old one in there, by mistake.

5 **Bill Harris:** So, this isn't the...

6 **Anita Duty:** No.

7 **Bill Harris:** This is dated 3/15/02. So, it would need to include the new plat.

8 **Anita Duty:** I can submit a new file.

9 **Bill Harris:** That's fine.

10 **Bradley Lambert:** Any other questions? [No response] Mr. Swartz or Ms. Duty, if the Board
11 ordered to increase one owner's share, where did that come from? Did somebody else lose?

12 **Mark Swartz:** It was one of the Rasnake cases. I think there's a note in...isn't there a note on
13 one of the exhibits and units to what happened?

14 **Anita Duty:** I gave you notes.

15 **Mark Swartz:** Okay. Why don't you tell the Board what happened.

16 **Anita Duty:** Mrs. Caldwell wasn't a party to.... She's here, if she wants to come up and speak.
17 She wasn't a party to the court case that was Rasnake vs...and it was styled "Doris Smith, et al.,"
18 but it was actually what we refer to as the Jacob Fuller heirs. James Rasnake has been here in
19 the past because we had some of the clean-up units to do. Her interest went from a one-ninth to
20 a one-half. During the same time, we had a settlement agreement with James Rasnake and the
21 others. We have already paid him out his portion through a private settlement agreement. The
22 interest for that entire tract was still remaining in escrow. So, it really didn't affect anybody
23 because we paid him out of pocket, not out of the account. The money that we paid him directly,
24 we were to get the escrow money for that payment. Actually, we just washed and we're giving
25 that money to Mrs. Caldwell.

26 **Bradley Lambert:** The money that was in the escrow because you made a separate agreement,
27 that money stayed in escrow. So, it didn't change the parties, but you used that money to pay
28 Mrs. Caldwell. Is that right?

29 **Anita Duty:** We paid the other parties not out of escrow, but out of pocket. So, the money that
30 was in the escrow account for that tract was still in hold. We've had split agreements that took
31 care of the other. Now, we're paying her the portion...the only portion that's left. She will be on
32 pay, going forward, from this account. Everything should be cleared up. That tract is no longer

1 escrowed. Everybody has been paid. I do want to say that I appreciate Mrs. Caldwell's patience
2 because I know she talks to Melissa Cumbow that works for me. I do want her to know that I
3 really appreciate her patience because she's been holding on for about two years, waiting for the
4 money. I do appreciate that.

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

6 **Mark Swartz:** I do need to add something. There is an Exhibit J. Anita, when you got to the
7 end of the day on Exhibit J, there was a difference between the deposits, interest and fees and the
8 amount on deposit at the present time was \$23.45. Right?

9 **Anita Duty:** Correct.

10 **Mark Swartz:** When you did that reconciliation, were you able to find a deposit for every
11 royalty payment?

12 **Anita Duty:** We were.

13 **Mark Swartz:** And you didn't need to make any corrections.

14 **Anita Duty:** Right.

15 **Mark Swartz:** I omitted that. I'm sorry.

16 **Bradley Lambert:** Okay. Thank you, Mr. Swartz. Anything further from the Board? [No
17 response] Do I have a motion?

18 **Donnie Rife:** Motion made for approval, Mr. Chairman, with the exception to deny relief sought
19 for the dismissal of coal owners named in the Notice of Hearing.

20 **Bradley Lambert:** Okay.

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

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

24 **Board:** Yes.

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

26 **Donnie Ratliff:** I'll abstain, Mr. Chairman.

27 **Bradley Lambert:** One abstention. Mr. Ratliff. That is approved, with the exception.

1 **Item Number 8**

2 **Bradley Lambert:** We're calling Docket Item Number 8. A petition from CNX Gas Company,
3 LLC, for (1) the disbursement of escrowed funds heretofore deposited with the Board's Escrow
4 Agent, attributable to Tracts 2A & 2B, to the persons identified in the exhibits and (2) the
5 dismissal of coal owner(s)/claimant(s) named in the Notice of Hearing and identified in Exhibit
6 B2. This is Docket Number VGOB-02-0820-1051-02. All parties wishing to testify please come
7 forward.

8 **Mark Swartz:** Mark Swartz and Anita Duty

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

10 **Mark Swartz:** Anita, state your name for us, please.

11 **Anita Duty:** Anita Duty.

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

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

14 **Mark Swartz:** Did you either prepare or cause to be prepared under your supervision the notice,
15 the petition and the related exhibits with regard to this request for disbursement?

16 **Anita Duty:** Yes.

17 **Mark Swartz:** The factual basis for the request is what?

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

19 **Mark Swartz:** And page 8 of the Board's packet...I think it's the same page numbers...you
20 identified the result and you give the case number.

21 **Anita Duty:** Yes.

22 **Mark Swartz:** Also, I think at the end of the documents, there is a copy of the order.

23 **Anita Duty:** Yes.

24 **Mark Swartz:** Have you prepared a Table 1 that's consistent with the terms of the court order?

25 **Anita Duty:** Yes.

26 **Mark Swartz:** That Table is on page 6, I think. Correct?

27 **Anita Duty:** Yes.

28 **Mark Swartz:** Does this zero out the escrow account?

1 **Anita Duty:** It doesn't.

2 **Mark Swartz:** Okay. So, there will still be a little bit left.

3 **Anita Duty:** Yes.

4 **Mark Swartz:** What tracts does this pertain to?

5 **Anita Duty:** Tracts 2A & 2B.

6 **Mark Swartz:** Since there's only a couple of people, would you read into the record who the
7 Escrow Agent should pay and the percentage the Escrow Agent should use?

8 **Anita Duty:** For Tract 2A, Ruth Stilwell should receive 74.7271%. For Tract 2B, she should
9 receive an additional 16.7926%.

10 **Mark Swartz:** And those percentages are what the Escrow Agent should apply to the balance
11 on deposit in the escrow account at the time the disbursements are made.

12 **Anita Duty:** Yes.

13 **Mark Swartz:** And are you also requesting the ability, as operator, to pay Ms. Stilwell going
14 forward and not escrow her money?

15 **Anita Duty:** Yes.

16 **Mark Swartz:** Apparently, there's a request that, although the check would be made payable to
17 Ms. Stilwell, that it be mailed to Mr. Shea Cook.

18 **Anita Duty:** Yes.

19 **Mark Swartz:** With regard to the reconciliation here, did you do a reconciliation of royalty
20 checks to deposits?

21 **Anita Duty:** Yes.

22 **Mark Swartz:** When you did that, were you able to account for all of your royalty checks and
23 find a deposit for each one?

24 **Anita Duty:** We were.

25 **Mark Swartz:** Did you do a calculation to determine how close the current bank balance is to
26 the total of what you deposited and interest and fees?

27 **Anita Duty:** Yes.

1 **Mark Swartz:** And there is actually a little more in the escrow account than the math would
2 indicate?

3 **Anita Duty:** Yes.

4 **Mark Swartz:** And that's attributable, probably, to earnings.

5 **Anita Duty:** Yes.

6 **Mark Swartz:** What's the difference?

7 **Anita Duty:** \$523.90.

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

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

11 **Mark Swartz:** No.

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

13 **Donnie Rife:** Motion made for approval, with the exception to deny relief sought for the
14 dismissal of the coal owners named in the Notice of Hearing, Mr. Chairman.

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

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

18 **Board:** Yes.

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

20 **Donnie Ratliff:** I'll abstain, Mr. Chairman.

21 **Bradley Lambert:** One abstention. Mr. Ratliff. Thank you, Mr. Swartz. At this time, we're
22 going to take about a five or ten minute break.

23 **Item Number 9**

24 **Bradley Lambert:** Okay, ladies and gentlemen, it's time for us to get started back with our
25 proceedings. We're calling Docket Item Number 9. A petition from CNX Gas Company, LLC,
26 for (1) the disbursement of escrowed funds heretofore deposited with the Board's Escrow Agent,
27 attributable to Tract 1G, to the person identified in the exhibit and (2) dismissal of coal

1 owner(s)/claimant(s) named in the Notice of Hearing. This is Docket Number VGOB-03-0916-
2 1189-02. All parties wishing to testify please come forward.

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

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

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

6 **Anita Duty:** Anita Duty.

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

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

9 **Mark Swartz:** Did you either prepare or supervise the preparation of the notice, the petition and
10 exhibits with regard to this request for disbursement?

11 **Anita Duty:** Yes.

12 **Mark Swartz:** What's the reason?

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

14 **Mark Swartz:** Have you attached the court order to the end of the application?

15 **Anita Duty:** Yes.

16 **Mark Swartz:** And that court order determined that someone or some collection of people were
17 entitled to 100%, correct?

18 **Anita Duty:** Yes.

19 **Mark Swartz:** What tract does this pertain to?

20 **Anita Duty:** Tract 1G.

21 **Mark Swartz:** Have you prepared a Table 1?

22 **Anita Duty:** Yes.

23 **Mark Swartz:** Obviously, when we look at Table 1, it's pretty clear that there will still be some
24 money in escrow.

25 **Anita Duty:** Yes.

26 **Mark Swartz:** What was the well that contributed to this escrow account?

27 **Anita Duty:** BA-100.

1 **Mark Swartz:** What should the Escrow Agent do in making this disbursement, in terms of who
2 to pay and the percentage?

3 **Anita Duty:** Jimmy Harris should receive 17.7314%.

4 **Mark Swartz:** That percentage should be applied to the balance on deposit at the time the
5 disbursement is made.

6 **Anita Duty:** Yes.

7 **Mark Swartz:** In the future, are you asking, as operator, to be allowed to pay Mr. Harris
8 directly, rather than escrowing his funds?

9 **Anita Duty:** Yes.

10 **Mark Swartz:** Did you do a reconciliation?

11 **Anita Duty:** Yes.

12 **Mark Swartz:** And that's Exhibit J, I think.

13 **Anita Duty:** It is.

14 **Mark Swartz:** Was that through 1/31/2015?

15 **Anita Duty:** Yes.

16 **Mark Swartz:** Did you do a re-cap at the end of Exhibit J?

17 **Anita Duty:** Yes.

18 **Mark Swartz:** When you did that, what was the difference?

19 **Anita Duty:** \$13.76.

20 **Mark Swartz:** As that turned out, when you did your math, you were \$13.76 more than the
21 bank balance.

22 **Anita Duty:** Yes.

23 **Mark Swartz:** Presumably, that's an issue or a result of fees and interest. We don't really have
24 that, other than the numbers.

25 **Anita Duty:** Correct.

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

27 **Rick Cooper:** Mr. Chairman, I would like to ask who is the check to be mailed to?

1 **Mark Swartz:** See, we're trying to give you some work. Mr. Cook.

2 **Rick Cooper:** Thank you.

3 **Mark Swartz:** Anita was like, you need to tell him. No, Rick will take care of that.

4 **Bradley Lambert:** So, Mr. Cooper, who is the check to be mailed to?

5 **Rick Cooper:** Mr. Shea Cook.

6 **Mark Swartz:** But, it's to be made payable to...

7 **Rick Cooper:** Jimmy Harris.

8 **Bradley Lambert:** Any other questions from the Board? [No response] Mr. Cooper, do you
9 have a copy of that for our record?

10 **Rick Cooper:** I do.

11 **Bradley Lambert:** Did we get a letter from Mr. Cook?

12 **Rick Cooper:** Mr. Shea Cook came by and dropped some things off one day last week. We do
13 have a copy.

14 **Bradley Lambert:** We've got one. We just wanted to make sure that you had a copy for the
15 file. Any other questions from the Board? [No response] Anything further, Mr. Swartz?

16 **Mark Swartz:** No.

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

18 **Donnie Ratliff:** Motion to approve, Mr. Chairman, with the exception to deny relief sought in
19 the dismissal of coal owners' claims.

20 **Donnie Rife:** I'll second, Mr. Chairman.

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

23 **Board:** Yes.

24 **Bradley Lambert:** Opposed, no. [No response] Thank you, Mr. Swartz.

25 **Item Number 10**

26 **Bradley Lambert:** We're calling Docket Item Number 10. A petition from CNX Gas
27 Company, LLC, for (1) the disbursement of escrowed funds heretofore deposited with the

1 Board's Escrow Agent, attributable to Tracts 1D & 1F, to the persons identified in our exhibits
2 and (2) the dismissal of coal owner(s)/claimant(s) named in the Notice of Hearing and identified
3 in Exhibit B2. This is Docket Item Number VGOB-04-0120-1252-02. All parties wishing to
4 testify please come forward.

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

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

7 **Mark Swartz:** Anita, would you state your name for us, please?

8 **Anita Duty:** Anita Duty.

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

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

11 **Mark Swartz:** Did you either prepare or supervise the preparation of the petition, notice and
12 related exhibits with regard to this request for disbursement?

13 **Anita Duty:** I did.

14 **Mark Swartz:** Okay. The reason for the disbursement request or, actually, reasons?

15 **Anita Duty:** A court order and a CBM deed.

16 **Mark Swartz:** Have you attached a copy of the court order at the end?

17 **Anita Duty:** Yes.

18 **Mark Swartz:** Of the application?

19 **Anita Duty:** Yes.

20 **Mark Swartz:** You've reviewed that and, I assume, have prepared Table 1 with that 100% court
21 case award in mind.

22 **Anita Duty:** Yes.

23 **Mark Swartz:** And, then the Harrison-Wyatt CBM deed, that is, essentially, a substitute for a
24 split agreement.

25 **Anita Duty:** It is.

26 **Mark Swartz:** And does that result in a 50/50 claim?

27 **Anita Duty:** Yes.

1 **Mark Swartz:** Have you taken that into account when you prepared Table 1?

2 **Anita Duty:** I did.

3 **Mark Swartz:** Let's go to Table 1, then. I think it's page 7. Would you summarize Table 1 on
4 the record, with regard to who is to receive the payment, the percentage the Escrow Agent should
5 use when making the disbursement for the two tracts that are affected.

6 **Anita Duty:** For Tract 1D, Jimmy Harris should receive 36.7291%. For Tract 1F, Harrison-
7 Wyatt, LLC, and Clara Austin should each receive 21.0903%.

8 **Mark Swartz:** The well that's contributed to the escrow account?

9 **Anita Duty:** BA-99.

10 **Mark Swartz:** It's obvious that the acreage is not equal to the total acreage in escrow, so that
11 account is going to remain in place. Correct?

12 **Anita Duty:** Yes.

13 **Mark Swartz:** Did you do a reconciliation?

14 **Anita Duty:** We did.

15 **Mark Swartz:** Have you included that?

16 **Anita Duty:** Yes.

17 **Mark Swartz:** If we go to page 16, you've got a re-cap at the end, I think.

18 **Anita Duty:** Yes.

19 **Mark Swartz:** Comparing your math to the deposit or the amount on hand, according to First
20 Bank, it looks like First Bank had \$41.72 less than your accounting.

21 **Anita Duty:** Yes.

22 **Mark Swartz:** Which would be fee related or income related or both.

23 **Anita Duty:** Yes.

24 **Mark Swartz:** When you compared the royalty checks that the operator issued to the deposits
25 that the various banks booked, did you find all of the checks?

26 **Anita Duty:** Yes, we did.

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

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

3 **Mark Swartz:** No.

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

5 **Donnie Ratliff:** Motion to approve, Mr. Chairman, with the exception to deny relief sought for
6 coal owners' claims.

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

8 **Bradley Lambert:** I have a motion and I have a second. Any further discussion?

9 **Rick Cooper:** Mr. Chairman.

10 **Bradley Lambert:** Mr. Cooper.

11 **Rick Cooper:** I would like for the record to state who the check is to be written to and to whom
12 the check should go.

13 **Anita Duty:** Just the check for Jimmy Harris should be made payable to Jimmy Harris, but
14 mailed to Shea Cook's office.

15 **Bradley Lambert:** Thank you, Mr. Cooper.

16 **Rick Cooper:** Thank you.

17 **Bradley Lambert:** All in favor of the motion and the second signify by saying yes.

18 **Board:** Yes.

19 **Bradley Lambert:** Opposed, no. [No response] Thank you, Mr. Swartz.

20 **Mark Swartz:** Thank you.

21 **Item Number 11**

22 **Bradley Lambert:** We're calling Docket Item Number 11. A petition from CNX Gas
23 Company, LLC, for (1) refund of escrow payments heretofore deposited with the Board's Escrow
24 Agent; Reimburse overpayment of funds deposited with the Board's Escrow Agent attributable to
25 Unit BD120, to CNX Gas Company, LLC. (2) the disbursement of escrowed funds heretofore
26 deposited with the Board's Escrow Agent attributable to Tracts 1C, 1F, 1L, 1Q, 1R, 1S, & 1T to
27 the persons identified in the exhibits and (3) dismissal of coal owner(s)/claimant(s) named in the
28 Notice of Hearing and identified in B2. This is Docket Number VGOB-05-0215-1398-02. All
29 parties wishing to testify please come forward.

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

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

3 **Mark Swartz:** Anita, if you would state your name again.

4 **Anita Duty:** Anita Duty.

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

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

7 **Mark Swartz:** Did you personally either prepare or supervise the preparation of the notice, the
8 petition and the related exhibits to this request for a disbursement?

9 **Anita Duty:** Yes.

10 **Mark Swartz:** This is a two-step process here. We've got a split agreement, correct?

11 **Anita Duty:** Yes.

12 **Mark Swartz:** Is it 50/50?

13 **Anita Duty:** Yes.

14 **Mark Swartz:** Have you prepared a disbursement table to effectuate the terms of that split
15 agreement?

16 **Anita Duty:** Yes.

17 **Mark Swartz:** But before the Escrow Agent pays out the split agreement, the Escrow Agent
18 needs to refund some money to the operator, right?

19 **Anita Duty:** It does.

20 **Mark Swartz:** This case was initially pooled and, when it was first pooled, how many acres
21 were in escrow?

22 **Anita Duty:** 39.987.

23 **Mark Swartz:** What percent of the unit would that have been?

24 **Anita Duty:** 68.074%.

25 **Mark Swartz:** Then we came back and re-pooled this unit, when?

26 **Anita Duty:** In October 2011.

27 **Mark Swartz:** At that point, after the re-pooling, how many acres were in escrow?

1 **Anita Duty:** 36.266.

2 **Mark Swartz:** And the percentage in escrow went down to what?

3 **Anita Duty:** 61.7403%.

4 **Mark Swartz:** The operator then, between those periods of time, actually overpaid the escrow
5 account, right?

6 **Anita Duty:** Yes.

7 **Mark Swartz:** What was the amount of the overpayment?

8 **Anita Duty:** Currently, it's \$4,307.78.

9 **Mark Swartz:** And that refund of that amount, then, would effectuate the re-pooling and square
10 up the escrow account because less is required to be in there.

11 **Anita Duty:** Correct.

12 **Mark Swartz:** Are you requesting...I think you've given the Board a table on that...that the
13 Escrow Agent be directed to make that disbursement just in a fixed amount to CNX before
14 making the disbursements required by the split agreement?

15 **Anita Duty:** Yes.

16 **Mark Swartz:** So, you've got a Table 1, which says, "Pay exact dollar amount based on account
17 balance of..." And you report that the Escrow Agent should pay CNX \$4,307.78.

18 **Anita Duty:** Yes.

19 **Mark Swartz:** Then, if we go to the table that you prepared, which you're calling Table 2, "Pay
20 percentage on balance after deducting the recoupment." That's slightly longer than one page,
21 correct?

22 **Anita Duty:** Yes.

23 **Mark Swartz:** And it pertains to Tracts 1C, 1F, 1L, 1Q, 1R, 1S, & 1T. Correct?

24 **Anita Duty:** Yes.

25 **Mark Swartz:** And for each of the disbursements that you're requesting, have you identified the
26 person or company that should receive the disbursement?

27 **Anita Duty:** I have.

28 **Mark Swartz:** And you've provided an address?

1 **Anita Duty:** Yes.

2 **Mark Swartz:** And in the second column from the right hand side, you've given the Escrow
3 Agent the percentage that it should use to apply to the balance on hand at the time those
4 disbursements are made.

5 **Anita Duty:** Yes.

6 **Mark Swartz:** Are you requesting, as operator, the right to pay all of the folks listed, that are
7 receiving these disbursements, directly in the future as opposed to escrowing their funds?

8 **Anita Duty:** Yes.

9 **Mark Swartz:** Did you do a reconciliation with regard to this account?

10 **Anita Duty:** We did.

11 **Mark Swartz:** Through what time?

12 **Anita Duty:** December 31, 2014.

13 **Mark Swartz:** Did you do a re-cap at the end?

14 **Anita Duty:** Yes.

15 **Mark Swartz:** That would be page 40, I think.

16 **Anita Duty:** Yes.

17 **Mark Swartz:** In this instance, the bank has slightly more on deposit than your math would
18 indicate.

19 **Anita Duty:** It does.

20 **Mark Swartz:** \$44.92?

21 **Anita Duty:** Yes.

22 **Mark Swartz:** When you compared the royalty checks that the operator issued to the deposits
23 that the various banks booked, did you find every royalty check as a deposit?

24 **Anita Duty:** We did.

25 **Mark Swartz:** You also provided the Board with a re-cap of the recoupment and you've taken
26 all of the overpayments, it starts at page 45 in your PDF. You've totaled those to get to the
27 number that you're using to square up the account. Correct?

28 **Anita Duty:** Yes.

1 **Mark Swartz:** You've summarized at the foot of that exhibit the acres initially escrowed,
2 compared to the acres subject to escrow on the re-pooling.

3 **Anita Duty:** Yes.

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

5 **Bradley Lambert:** Ms. Duty, your recoupment amount table says, "As of January 31, 2015."
6 How does that coincide with your Table 1 in the Docket that shows overpayment of \$4,000? It
7 doesn't seem like the math would work out if you're saying you reconciled it in December 2014.
8 Then, you did the recoupment in January 2015. Your table for reimbursement to CNX, when
9 was that one done? That was in 2014, right? How do they balance?

10 **Anita Duty:** The way that the recoupment works is that every month, whatever amount is due
11 the escrow account, that comes off of the balance that we are waiting to zero out. It's a change in
12 numbers. At the point that they tell us that they're going to give us that money or whenever we
13 get that \$4,300 back in, we take that and credit the account to zero out the recoupment balance.
14 At the point we receive it, it may be less than that but we will put that additional
15 amount...everything will be cleared up once we make a deposit. Right now, if you look at the
16 escrow account, we're not making deposits into it because we're showing that we have actually
17 overpaid the \$4,300. Until we zero that out, we won't be making payments to the account. Each
18 month, there's a credit to it because, say we should have sent \$500 last month. Well, this
19 recoupment balance will go down to \$3,800. It changes each month. So, there's really
20 nothing.... I don't know how to tell you.

21 **Bradley Lambert:** I guess, as you can tell from my look on my face, I'm totally confused.
22 You're showing your reconciliation...it's not on here, but you testified December as a difference
23 of \$44.92. Is that before?

24 **Anita Duty:** This has nothing to do with the recoupment. The recoupment is internal. That's
25 just the total deposits, the interest and fees...it's just a math calculation.

26 **Bradley Lambert:** How does your Table 1 for the recoupment of \$4,000 relate to your
27 reconciliation?

28 **Anita Duty:** It doesn't. That's what I'm saying. This is internal. It doesn't relate to it because
29 it's not....

30 **Mark Swartz:** They had to figure out the amount they were overpaying every month to
31 calculate what they were entitled to receive back. That's what this recoupment exhibit is.

32 **Bradley Lambert:** So, how did you determine that you had overpaid?

1 **Anita Duty:** We, initially, were escrowing. We were escrowing 68%. Now that we have a re-
2 pooling, the re-pooling we're only escrowing 61%. That additional 6% that we were sending to
3 escrow is your overpayment. So, 6% of everything that's paid into there needs to come back.

4 **Bradley Lambert:** So, were other accounts overpaid as well? What accounts are you recouping
5 it from? Am I so confused here that I...

6 **Mark Swartz:** Listen to my explanation. If I've got it wrong, then straighten me out. Pages 45,
7 46 and 47 that you have is a calculation is the piece of the monthly checks that went to the
8 Escrow Agent that should not have been paid, but were paid. So, we're calculating what was the
9 overpayment into escrow that we made each month. That's what this is, on pages 45, 46 and 47.
10 When you total the pluses and minuses at the end, we overpaid \$4,307.78, into the escrow
11 account because we were escrowing too many acres. We need to recover that overpayment in a
12 one-time, lump sum payment out of the escrow account.

13 **Paul Kugelman:** How did you determine that it was an overage in acreage?

14 **Mark Swartz:** The Board re-pooled it.

15 **Paul Kugelman:** Okay. I just wanted to make sure I got the timing right. We're not talking
16 about a retroactive pool. You're talking about it was re-pooled and CNX never changed what
17 was going in.

18 **Mark Swartz:** And the money never came out.

19 **Paul Kugelman:** Do I have that right? Okay. I just wanted to make sure it wasn't retroactive.

20 **Mark Swartz:** We continued to overpay and all of the overpayments are tracked on this chart to
21 get a calculation.

22 **Anita Duty:** Right. Internally, our division order group will not change anything that they're
23 doing as far as Board related or anything like that without a new order. So, from 2005 to 2011 or
24 whenever we received the new order, which would have probably been after that date. They
25 continued to pay on at 68%. Once they received the new order, then they made the update and
26 the update is when they discovered the recoupment. They'll do an in and out. They'll say, "This
27 is what we should have paid based on the acres. This is what we did pay."

28 **Paul Kugelman:** So, this is just a lag between the new pooling order and when the order was
29 entered.

30 **Anita Duty:** It's a correction, an internal correction.

31 **Paul Kugelman:** What I mean by "lag" is it kept going in until they caught up with it.

1 **Anita Duty:** We always go back to first production. Whenever we tell you we're re-pooling,
2 our thought is we're saying it should have been this way all along. So, we go back to first
3 production and correct all the payments going forward.

4 **Paul Kugelman:** Okay.

5 **Bradley Lambert:** So, you're going back to February 2005 and not the re-pooling date.

6 **Anita Duty:** Correct. We go back to the first production. Every time we re-pool, we go back to
7 first production and re-calculate.

8 **Bradley Lambert:** Okay. I think I've got it.

9 **Mark Swartz:** The sales data you can actually see it goes back on page 45 to 2006, March 31st,
10 \$3.96. Because you've got to re-book it to the beginning because it was wrong from the
11 beginning. Then, you move forward. Sometimes what happens, and it may have happened here,
12 the Board order on re-pooling may have actually been entered beforehand, but our division order
13 people didn't catch up with it. So, we've booked, obviously, a payment through November 30,
14 2014. I don't have the date of that, but we may have actually received it in advance and
15 continued to make those payments. This is a square-up of payments we made into escrow that, if
16 you go back to the beginning of time and straighten out the percentage of escrow, acres in
17 escrow and work it forward, this is what we overpaid over time. It is in Table J. That's a
18 different calculation. That's how much total did we pay. What we're saying is that \$4,307.78
19 needs to come out first because there's more money in escrow than there should be. Then, we
20 make the disbursements in Table 2. Has that helped?

21 **Bradley Lambert:** Yes.

22 **Mark Swartz:** This stuff is complicated. I understand.

23 **Bradley Lambert:** Any other questions from the Board? [No response] Do I have a motion?
24 Anything further Mr. Swartz?

25 **Mark Swartz:** No.

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

27 **Donnie Ratliff:** Motion to approve, Mr. Chairman, with the exception to deny the relief sought
28 for the dismissal of the coal owners' claims as listed in the Notice.

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

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

32 **Board:** Yes.

1 **Bradley Lambert:** Opposed, no. [No response] Thank you, Mr. Swartz.

2 **Item Number 12**

3 **Bradley Lambert:** Now, we're calling Docket Item Number 12. A petition from CNX Gas
4 Company, LLC, for (1) the disbursement of escrowed funds heretofore deposited with the
5 Board's Escrow Agent, attributable to Tract 2A, to the persons identified in the exhibits and (2)
6 the dismissal of coal owner(s)/claimant(s) named in the Notice of Hearing and identified in
7 Exhibit B2. Docket Number VGOB-06-1219-1828-01. 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:** Anita, state your name for us again.

12 **Anita Duty:** Anita Duty.

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

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

15 **Mark Swartz:** Did you either prepare yourself or supervise the preparation of the notice, the
16 petition and the related exhibits to this request for a disbursement?

17 **Anita Duty:** Yes.

18 **Mark Swartz:** Part of the disbursement pertains to a judgment in a case. Correct?

19 **Anita Duty:** Yes.

20 **Mark Swartz:** That determination pertains to Kenneth and Kathy Street.

21 **Anita Duty:** Yes.

22 **Mark Swartz:** They were determined to be entitled, by a court, to 100% of the royalties,
23 pertaining to their acreage.

24 **Anita Duty:** Yes.

25 **Mark Swartz:** That decision also validated, apparently, some split agreements.

26 **Anita Duty:** No, just the court order only.

27 **Mark Swartz:** Do we have any split agreements in this disbursement?

1 **Anita Duty:** No.

2 **Mark Swartz:** So, the factual basis for the determination to the extent it refers to split
3 agreements in Exhibit E is a mistake.

4 **Anita Duty:** Yes.

5 **Mark Swartz:** If we go to Table 1, it pertains only to the court decision, the disbursement.

6 **Anita Duty:** It does.

7 **Mark Swartz:** Who is to receive the disbursement?

8 **Anita Duty:** Kenneth and Kathy Street

9 **Mark Swartz:** At what address?

10 **Anita Duty:** 1426 Whitt Branch Road; Rowe, Virginia.

11 **Mark Swartz:** What percentage should the Escrow Agent use to calculate the dollar amount of
12 the disbursement?

13 **Anita Duty:** 5.4299%.

14 **Mark Swartz:** And that percentage should be applied by the Escrow Agent as of the date the
15 disbursement is made.

16 **Anita Duty:** Yes.

17 **Mark Swartz:** In the future, after today, with regard to Kenneth and Kathy Street, are you
18 asking permission, as operator, to pay them the royalties due them with regard to Tract A,
19 directly?

20 **Anita Duty:** Yes.

21 **Mark Swartz:** It looks like this escrow account is going to remain in existence because the
22 disbursement does not zero it out.

23 **Anita Duty:** Correct.

24 **Mark Swartz:** What was the well that was contributing to this?

25 **Anita Duty:** AV-102.

26 **Mark Swartz:** Did you do a reconciliation?

27 **Anita Duty:** We did.

1 **Mark Swartz:** That's on page 15, I think. This was a miracle reconciliation. Zero difference?

2 **Anita Duty:** Yes.

3 **Mark Swartz:** When you looked at all of the royalty checks that the operator issued and tried to
4 find them as deposits, were you able to find all of them?

5 **Anita Duty:** We did.

6 **Mark Swartz:** You didn't need to make any adjustments?

7 **Anita Duty:** No.

8 **Mark Swartz:** You've attached a copy of the court order?

9 **Anita Duty:** Yes.

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

11 **Bradley Lambert:** Ms. Duty, that reconciliation was done as of what date?

12 **Anita Duty:** January 31, 2015.

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

14 **Rick Cooper:** Mr. Chairman.

15 **Bradley Lambert:** Mr. Cooper.

16 **Rick Cooper:** I'd like to know to whom the check is written and to whom it should be mailed.

17 **Anita Duty:** The check should be written to Kenneth and Kathy Street and mailed to Shea
18 Cook's office.

19 **Rick Cooper:** One other thing I would like to point out here, with all these revisions on each
20 and every Docket, we need these revisions in by Friday to keep us on the timely schedule that the
21 Board holds us to.

22 **Bradley Lambert:** I saw Ms. Duty shaking her head.

23 **Paul Kugelman:** Affirming that she could do it.

24 **Anita Duty:** We're kind of busy, but we'll do it.

25 **Bradley Lambert:** Mr. Swartz, do you have anything further?

26 **Mark Swartz:** No.

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

1 **Donnie Rife:** Motion made, Mr. Chairman, with the exception to deny relief sought for
2 dismissal of the coal owners named in the Notice of Hearing.

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

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

6 **Board:** Yes.

7 **Bradley Lambert:** Opposed, no. [No response] Thank you, Mr. Swartz.

8 **Mark Swartz:** Thank you.

9 **Item Number 13**

10 **Bradley Lambert:** We're calling Docket Item Number 13. A petition from Range Resources-
11 Pine Mountain, Inc., for pooling of Well No. VC-537047. This is Docket Number VGOB-15-
12 0217-4061. All parties wishing to testify please come forward.

13 **Tim Scott:** Tim Scott, Gus Janson and Aaron Anderson for Range Resources-Pine Mountain,
14 Inc.

15 **Bradley Lambert:** Good morning. Could you gentlemen please be sworn?

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

18 **Aaron Anderson:** Yes, I do.

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

20 **Tim Scott:** Thank you, Mr. Chairman. Mr. Anderson, please state your name, by whom you are
21 employed and your job description.

22 **Aaron Anderson:** Aaron Anderson. I'm a Land Tech for Range Resources-Pine Mountain, Inc.

23 **Tim Scott:** And you're familiar with this application. Is that right?

24 **Aaron Anderson:** I am.

25 **Tim Scott:** In what field is this unit located?

26 **Aaron Anderson:** The Nora Coalbed Gas Field.

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

1 **Aaron Anderson:** 58.77.

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

3 **Aaron Anderson:** That's correct.

4 **Tim Scott:** Are we going to dismiss any respondents as unleased on Exhibit B3, today?

5 **Aaron Anderson:** No, sir.

6 **Tim Scott:** And, with those parties that are listed on B3, have you attempted to reach an
7 agreement with those individuals?

8 **Aaron Anderson:** Yes.

9 **Tim Scott:** And we sent notice of this hearing. Is that right?

10 **Aaron Anderson:** That's correct.

11 **Tim Scott:** And how did we do that?

12 **Aaron Anderson:** *Bluefield Daily Telegraph.*

13 **Tim Scott:** And everybody else was sent by certified mail?

14 **Aaron Anderson:** That's correct.

15 **Tim Scott:** And when was the notice published in the newspaper?

16 **Aaron Anderson:** January 20, 2015.

17 **Tim Scott:** We had continued this hearing from last month, as a result of Mr. Street's request.
18 So, we did notify each of the parties responding that we were going to continue this to today.

19 **Aaron Anderson:** Yes.

20 **Tim Scott:** Okay. Do we have any unknown owners in this unit?

21 **Aaron Anderson:** No.

22 **Tim Scott:** You have filed the proof of publication, proof of mailing, with the Board. Is that
23 right?

24 **Aaron Anderson:** That is correct.

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

26 **Aaron Anderson:** Yes.

1 **Tim Scott:** And do we have a bond on file?

2 **Aaron Anderson:** We do.

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

5 **Aaron Anderson:** \$25 an acre for a 5-year paid-up lease.

6 **Tim Scott:** Do you consider that to be reasonable compensation for a lease in this area?

7 **Aaron Anderson:** Yes.

8 **Tim Scott:** And what percentage out of the gas estate does Range have under lease?

9 **Aaron Anderson:** 98.96555556.

10 **Tim Scott:** Does that percentage also include tracts which Range has a fee-simple interest in the
11 oil and gas?

12 **Aaron Anderson:** Yes.

13 **Tim Scott:** What percentage of the coal estate does Range have under lease?

14 **Aaron Anderson:** 98.96555556.

15 **Tim Scott:** What percentage of the coal estate are you seeking to pool?

16 **Aaron Anderson:** 1.03444444.

17 **Tim Scott:** And, that's the same for the gas estate. Is that correct?

18 **Aaron Anderson:** That is correct.

19 **Tim Scott:** And there is no escrow requirement for this unit. Is that right?

20 **Aaron Anderson:** Correct.

21 **Tim Scott:** You're requesting the Board to pool the parties listed on Exhibit B3?

22 **Aaron Anderson:** Yes.

23 **Tim Scott:** Are you also requesting that Range be named the operator for this unit?

24 **Aaron Anderson:** Yes.

25 **Tim Scott:** And, if the Board grants our application today and we send out the order for parties
26 respondent to make elections, what would be the address that would be used for any
27 correspondence regarding this order?

1 **Aaron Anderson:** 406 W. Main Street; P.O. Box 2136; Abingdon, VA 24212. Attn: Phil
2 Horne, Land Manager.

3 **Tim Scott:** And that would be the address for all communications with this pooling order. Is
4 that correct?

5 **Aaron Anderson:** That's correct.

6 **Tim Scott:** That's all I have for Mr. Anderson.

7 **Bradley Lambert:** Any questions from the Board? [No response] You may continue, Mr.
8 Scott.

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

11 **Gus Janson:** My name is Gus Janson, employed by Range Resources-Pine Mountain, Inc. as a
12 Manager of Geology.

13 **Tim Scott:** And you're familiar with this application. Is that right?

14 **Gus Janson:** I am.

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

16 **Gus Janson:** Yes, the proposed depth is 2,342 feet.

17 **Tim Scott:** And what are the estimated reserves for this unit?

18 **Gus Janson:** 525 million cubic feet of gas.

19 **Tim Scott:** And I believe you also, you signed the AFE that was attached as Exhibit B to this
20 application. Is that right?

21 **Gus Janson:** I did.

22 **Tim Scott:** So, you're familiar with the well cost?

23 **Gus Janson:** I am.

24 **Tim Scott:** What's the estimated dry well cost for this unit?

25 **Gus Janson:** \$157,569.

26 **Tim Scott:** And the estimated completed well cost?

27 **Gus Janson:** \$452,830.

1 **Tim Scott:** And, again, you did participate in the preparation of the AFE. Is that right?

2 **Gus Janson:** I did.

3 **Tim Scott:** In your opinion, if this application is granted, would it be in the best interest of
4 conservation, protection of correlative rights and prevention of waste?

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

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

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

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

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

10 **Bill Harris:** Motion for approval, Mr. Chairman.

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

12 **Bruce Prather:** Second.

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

15 **Board:** Yes.

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

17 **Donnie Ratliff:** I need to abstain.

18 **Bradley Lambert:** One abstention. Mr. Ratliff. Thank you, Mr. Scott.

19 **Tim Scott:** Thank you, sir.

20 **Item Number 14**

21 **Bradley Lambert:** We're calling Docket Item Number 14. A petition from Range Resources-
22 Pine Mountain, Inc., requesting the VGOB to enter an order, transferring the right to operate all
23 units listed in this application that were established by Board Order, from EQT Production
24 Company and EQT Production Nora, LLC, to Range Resources-Pine Mountain, Inc. Docket
25 Number VGOB-15-0421-4065. Yes, Mr. Scott or Mr. Kaiser.

26 **Jim Kaiser:** Jim Kaiser, on behalf of Range Resources. Our witness in this matter has already
27 been sworn, I believe. If you would state your name for the Board, who you're employed by and
28 what capacity.

1 **Aaron Anderson:** Aaron Anderson. I'm a Land Tech for Range Resources-Pine Mountain, Inc.

2 **Jim Kaiser:** And, you're familiar with the application we filed, seeking to have Range
3 Resources-Pine Mountain, Inc., designated as the new unit operator for a great deal of units
4 inside Southwest Virginia, that being basically the EQT Nora units?

5 **Aaron Anderson:** Yes.

6 **Jim Kaiser:** And, did we effect notice in accordance with 361.19B of the statute, that being
7 publication of this matter?

8 **Aaron Anderson:** Yes, we did.

9 **Jim Kaiser:** Attached to the application is a letter from Steven Prelipp, Senior Vice-President at
10 EQT, asking that the operatorship of these units be changed.

11 **Aaron Anderson:** Yes.

12 **Jim Kaiser:** Also attached to the application is a list of all the applicable units.

13 **Aaron Anderson:** That's correct.

14 **Jim Kaiser:** Established by a Board Order, correct?

15 **Aaron Anderson:** That's correct.

16 **Jim Kaiser:** And this transaction took place, closed on June 6, 2014, and was effective January
17 1, 2014. Is that correct?

18 **Aaron Anderson:** That's correct.

19 **Jim Kaiser:** And the different assignments of these unit ownership and operatorship have been
20 recorded in the various counties in which the units lie.

21 **Aaron Anderson:** That is correct.

22 **Jim Kaiser:** Nothing further of this witness at this time, Mr. Chairman. We would ask that the
23 application to make Range Resources-Pine Mountain, Inc., the new unit operator for these units
24 be approved as submitted.

25 **Bradley Lambert:** Any questions or discussion from the Board?

26 **Bruce Prather:** One question.

27 **Bradley Lambert:** Mr. Prather.

28 **Bruce Prather:** Are any of these wells in Wise County?

1 **Aaron Anderson:** Some of them are, yes.

2 **Bruce Prather:** Are these the ones that the Foundation I work for is being paid since July?

3 **Aaron Anderson:** It will be part of that, yes.

4 **Bruce Prather:** Okay. I can't vote on this.

5 **Bradley Lambert:** Any other questions from the Board? [No response] Do I have a motion?

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

7 **Bill Harris:** Second.

8 **Bradley Lambert:** I have a motion and a second. All in favor signify by saying yes.

9 **Board:** Yes.

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

11 **Bruce Prather:** Abstain.

12 **Donnie Ratliff:** I'll abstain also, Mr. Chairman.

13 **Bradley Lambert:** I have two abstentions. Mr. Prather and Mr. Ratliff. Thank you, gentlemen.

14 It's approved.

15 **Item Number 14**

16 **Bradley Lambert:** We're calling Docket Item Number 14 . A petition from Range Resources-

17 Pine Mountain, Inc., for pooling of Well VC-539283. This is a Nora Grid BD-63. Docket

18 Number VGOB-15-0421-4066. All parties wishing to testify please come forward.

19 **Rick Cooper:** Mr. Chairman.

20 **Bradley Lambert:** Mr. Cooper.

21 **Rick Cooper:** Mr. Joe McAfee, who is involved in this particular unit, has requested that this

22 item be continued until May. He's got a family sickness. I think Range is aware of that.

23 **Tim Scott:** We have no issue with that, Mr. Chairman.

24 **Bradley Lambert:** That Docket Item will be continued until May.

1 **Item Number 15**

2 **Bradley Lambert:** We're calling Docket Item Number 15. A petition from Range Resources-
3 Pine Mountain, Inc., for pooling of Well VC1-530406. This is Docket Number VGOB-15-0421-
4 4067. All parties wishing to testify please come forward.

5 **Tim Scott:** Tim Scott, Gus Janson, and Aaron Anderson for Range Resources-Pine Mountain,
6 Inc. Mr. Chairman, before we get started, the AFE that was attached to the application was
7 incorrect, but I would alert the Board to the fact that the application does have the correct figures
8 for well depth and proposed well cost. This is a replacement Exhibit C. I believe the one that
9 was attached was a conventional well. It had in excess of a half a million for the total well cost.

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

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

13 **Aaron Anderson:** Aaron Anderson. I'm a Land Tech with Range Resources-Pine Mountain,
14 Inc.

15 **Tim Scott:** And you're familiar with this application. Is that right?

16 **Aaron Anderson:** I am.

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

18 **Aaron Anderson:** 58.77.

19 **Tim Scott:** And it is located in the Nora Coalbed Gas Field. Is that right?

20 **Aaron Anderson:** That's correct.

21 **Tim Scott:** And Range does have a significant portion of this unit under lease. Is that right?

22 **Aaron Anderson:** Yes.

23 **Tim Scott:** Are we going to dismiss any parties responding today?

24 **Aaron Anderson:** No.

25 **Tim Scott:** Those parties listed on Exhibit B3, have you attempted to reach an agreement with
26 those individuals?

27 **Aaron Anderson:** Yes, we have.

28 **Tim Scott:** And we provided notice of this hearing by certified mail. Is that right?

1 **Aaron Anderson:** That's correct.

2 **Tim Scott:** And by what other means?

3 **Aaron Anderson:** *Dickenson Star*.

4 **Tim Scott:** When was that published?

5 **Aaron Anderson:** April 1, 2015.

6 **Tim Scott:** Do we have any unknown owners in this unit?

7 **Aaron Anderson:** No.

8 **Tim Scott:** And you filed the proof of publication, mail certification with the Board. Is that
9 right?

10 **Aaron Anderson:** Yes, we have.

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

12 **Aaron Anderson:** That's correct.

13 **Tim Scott:** And there is a blanket bond on file.

14 **Aaron Anderson:** That's correct.

15 **Tim Scott:** Now, if you were able to reach an agreement with the parties listed on Exhibit B3,
16 what lease terms would you offer these parties?

17 **Aaron Anderson:** \$25 an acre for a five-year paid up lease.

18 **Tim Scott:** Do you consider this to be a reasonable compensation for a lease in this area?

19 **Aaron Anderson:** We do.

20 **Tim Scott:** What percentage of the gas estate does Range have under lease?

21 **Aaron Anderson:** 99.77916667.

22 **Tim Scott:** Does that include tracts in which Range has a fee-simple interest in the minerals?

23 **Aaron Anderson:** Yes.

24 **Tim Scott:** What percentage of the coal estate does Range have under lease?

25 **Aaron Anderson:** 100%.

26 **Tim Scott:** And you're not seeking to pool any of the coal estate interest. Is that right?

1 **Aaron Anderson:** That's correct.

2 **Tim Scott:** What about the gas estate?

3 **Aaron Anderson:** 0.22083333.

4 **Tim Scott:** We don't have an escrow requirement. Is that right?

5 **Aaron Anderson:** No.

6 **Tim Scott:** You're asking the Board to pool the parties listed on Exhibit B3. Is that right?

7 **Aaron Anderson:** That is correct.

8 **Tim Scott:** And that Range be named the operator for this unit.

9 **Aaron Anderson:** That's correct.

10 **Tim Scott:** Again, if the Board were to grant our application today and we sent the order out for
11 parties respondent to make elections, what address would they use for any elections that would
12 be made?

13 **Aaron Anderson:** Range Resources-Pine Mountain, Inc.; 406 W. Main Street; PO Box 2136;
14 Abingdon, VA 24212. Attn: Phil Horne, Land Manager.

15 **Tim Scott:** And that should be the address for all communications with regard to this order. Is
16 that correct?

17 **Aaron Anderson:** That is correct.

18 **Tim Scott:** That's all I have for Mr. Anderson.

19 **Bradley Lambert:** Questions from the Board? Mr. Kugelman.

20 **Paul Kugelman:** Just real quick. You asked your witness whether there's an escrow
21 requirement. There isn't any escrow requirement. Is that right? You said, "No."

22 **Aaron Anderson:** There is no escrow requirement.

23 **Paul Kugelman:** That's what I just wanted to clear up on record.

24 **Tim Scott:** Yes, sir. That's right.

25 **Paul Kugelman:** I knew that was the answer, but I wanted it to be heard.

26 **Bradley Lambert:** You may continue, Mr. Scott.

27 **Tim Scott:** Mr. Janson, your name, by whom you're employed and your job description, please.

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

3 **Tim Scott:** And you are also familiar with this application. Is that correct?

4 **Gus Janson:** I am.

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

6 **Gus Janson:** 2,958 feet.

7 **Tim Scott:** And that's reflected on the AFE that we provided to the Board just recently.
8 Correct?

9 **Gus Janson:** Correct.

10 **Tim Scott:** What are the estimated reserves for this unit?

11 **Gus Janson:** 525 million cubic feet.

12 **Tim Scott:** And you're familiar with the well cost. Is that also correct?

13 **Gus Janson:** I am.

14 **Tim Scott:** What's the estimated dry hole cost?

15 **Gus Janson:** \$201,336.

16 **Tim Scott:** And the estimated completed well cost?

17 **Gus Janson:** \$475,816.

18 **Tim Scott:** Again, you've approved and signed the AFE that was provided to the Board as our
19 Exhibit C. Is that right?

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

21 **Tim Scott:** As corrected.

22 **Gus Janson:** Correct.

23 **Tim Scott:** Okay. In your opinion, if the application is granted, would it be in the best interest
24 of conservation, protect correlative rights and prevention of waste?

25 **Gus Janson:** Yes.

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

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

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

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

3 **Donnie Rife:** Motion made for approval, Mr. Chairman.

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

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

7 **Board:** Yes.

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

9 **Donnie Ratliff:** I'll abstain, Mr. Chairman.

10 **Bradley Lambert:** One abstention. Mr. Ratliff. Thank you, Mr. Scott.

11 **Tim Scott:** Thank you.

12 **Bradley Lambert:** Thank you, gentlemen.

13 **Item Number 17**

14 **Bradley Lambert:** At this time, the Board will receive an update of the Board and Division
15 activities from the staff. Mr. Cooper.

16 **Rick Cooper:** Two items I wanted to point out, just to make sure that everyone is aware that we
17 have moved next month's meeting forward one week. So, it will be 5/26. It will be the fourth
18 Tuesday instead of the third Tuesday in May. Secondly, in regard to Mr. Kugelman and the
19 Board's request at the last meeting that we put a link on the W-9's. That's part of the
20 conversation last month, to put a link to W-9's for anyone that needs access to that. We have that
21 on our website. It's on the quick links that takes you to the Federal Government's W-9 tax form
22 site and gives a brief discussion that require the W-9's. So, we did update.

23 **Bradley Lambert:** Anything further?

24 **Rick Cooper:** No.

25 **Item Number 18**

26 **Bradley Lambert:** At this time, I'll ask that we review and approve the minutes of the March
27 meeting. Are there any discussion on those minutes, needing additions or deletions? [No
28 response] Do I have a motion to approve?

- 1 **Donnie Rife:** Motion made for approval, Mr. Chairman.
- 2 **Bill Harris:** Second.
- 3 **Bradley Lambert:** I have a motion and a second. Any further discussion? [No response] All
4 in favor signify by saying yes.
- 5 **Board:** Yes.
- 6 **Bradley Lambert:** Opposed, no. [No response] At this time, Mr. Sutherland, you asked to
7 participate, but you never came forward.
- 8 **Russell Sutherland:** It was postponed until next month.
- 9 **Bradley Lambert:** Okay. I just wanted to make sure we got you in there.
- 10 **Russell Sutherland:** Thanks.
- 11 **Bradley Lambert:** At this time, I'll ask for a motion to dismiss.
- 12 **Donnie Rife:** Motion made, sir.
- 13 **Bill Harris:** Second.
- 14 **Bradley Lambert:** A motion and a second. All in favor signify by saying yes.
- 15 **Board:** Yes.