

VIRGINIA DEPARTMENT OF MINES, MINERALS AND ENERGY

VIRGINIA GAS AND OIL BOARD HEARING

Tuesday, May 26, 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—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:** Ladies and gentlemen, good morning. I would ask if you have any
2 communication devices, please turn those off, put them on vibrate. If you do need to take a call,
3 please do so out in the hall. We are recording these proceedings and we need to be able to hear
4 what's being presented to the Board and comments from the Board. I'll begin these proceedings,
5 this morning, by asking the Board to please introduce themselves. I'll begin with Ms. Surratt.

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

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

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

9 **Donnie Ratliff:** Donnie Ratliff, with Alpha Natural Resources, representing coal.

10 **Donnie Rife:** Donnie Rife, with Dickenson County.

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

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

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

14 **Bradley Lambert:** Thank you.

15 **Item Number 1**

16 **Bradley Lambert:** This morning, we'll begin with public comments.

17 **Item Number 2**

18 Having no one signed up for public comments, we'll proceed to Item Number 2 on the Docket,
19 which is the First Bank and Trust, Escrow Agent for the Gas and Oil Board, will appear to
20 address the Board on the Quarterly Report. Good morning, gentlemen. Could you please state
21 your name for the record?

22 **Ken Lovelace:** My name is Ken Lovelace. I work for First Bank and Trust.

23 **Jack Phelps:** Jack C. Phelps, Jr., with First Bank and Trust Company.

24 **Bradley Lambert:** Good morning.

25 **Jack Phelps:** Thank you.

26 **Ken Lovelace:** First off, thank you very much for having us here, this morning. I have to pass
27 out a document that has an agenda that we're going to go over this morning. If you have any
28 questions during this, please just ask me. I'd be glad to address them for you. We're going to

1 start with the first document, which is the summary of the first quarter for 2015. As you can see,
2 it starts out with the beginning balance of \$28,750,724.37. During the first quarter, there were
3 deposits totaling \$656,600.52, which earned interest of \$16,399.53. There were some fees
4 associated with the management of this account. Those were \$7,155.17. There were some
5 distributions over the first quarter. Those totaled \$643,456. There were no audit expenses.
6 There were some adjustments during the quarter of \$15,820.79. Those adjustments were a result
7 of some reporting that was done in February for the March that had closed out. So, as you look
8 on the report that we have, further in this you'll see where those adjustments were done. Ending
9 balance of \$28,788,934.04. The next item on the list is the outstanding checks. This is just a
10 total and a display of the outstanding checks that we have, checks we have printed. They have
11 not been returned, yet. There's a good detail there, that shows all of those. Those total about
12 \$33,710.92. Any questions on those?

13 **Bill Harris:** Let me just ask a question.

14 **Ken Lovelace:** Yes, sir.

15 **Bill Harris:** Maybe this should be for the Board later, but when we have these outstanding
16 checks, who's responsibility is it to follow up on folks or is that even done? I don't know who
17 I'm asking. I know I'm asking you because you presented the information, but....

18 **Ken Lovelace:** I understand. We put the checks out and there is obviously a large sum of
19 checks. We maintain them and every month we review them. We have an investment
20 committee that reviews and we keep tabs with them. We do monitor what they are. As far as
21 following up, we don't follow up with them. If the ones are returned in the mail with bad mail,
22 we'll address that. But, these are checks that have been sent out there and nothing's happened
23 with them. For various reasons, people do not cash checks. We talked about that, previously.
24 There are some reasons why they don't. We don't understand all the reasons, but we know most
25 of them.

26 **Bill Harris:** I was just sort of surprised at the amount of that.

27 **Ken Lovelace:** This kind of leads into the next segment, checks over five years or the
28 escheatment checks which is this next step, as to what happens to these.

29 **Bill Harris:** Okay.

30 **Ken Lovelace:** If that answered your question.

31 **Bruce Prather:** Has that date started?

32 **Ken Lovelace:** Sir?

33 **Bruce Prather:** Has that date started, the escheatment date?

1 **Ken Lovelace:** Say it again.

2 **Bruce Prather:** Has the date started when these are...

3 **Ken Lovelace:** When they're written, when the checks are written. In other words, this next
4 page, where it talks about the five-year outstanding checks. You'll see on there where it actually
5 just has a few of the checks that are listed. It has a date where the check was written, actually a
6 settlement date. That is the date that the timer starts on these checks.

7 **Bruce Prather:** Okay.

8 **Ken Lovelace:** So, after five years, what happens is those checks are turned over for an
9 escheatment. As far as the bank is concerned, once a year, we will present the ones that have
10 passed that time and they're ready for escheatment. We do monitor that regularly. We also have
11 staff that is on the State website on a regular basis to see if there's anything out there that has to
12 do with this account. Then, we can address it if, for some reason, we didn't know it ahead of
13 time. We can pull those funds back in and putting back into the account. So, we're watching it
14 closely. That kind of covers the next item which is the 2015 Escheatment Report. You can see
15 there's not a lot, but there are some coming up. These were done in 2010. There are several out
16 there that we'll be reporting this year. We do that in October.

17 **Bradley Lambert:** Mr. Lovelace, there's not so many on there. Do you mind if I read those into
18 the record?

19 **Ken Lovelace:** No. Please do.

20 **Bradley Lambert:** These are the outstanding checks that will be escheated come October, as I
21 understand that's when the bank does their...

22 **Ken Lovelace:** Yes, sir.

23 **Bradley Lambert:** The parties that are listed are Betty Deal, Edna Sue Bailey, Betty Deal, Edna
24 Sue Bailey, Edna Sue Bailey, Betty Deal, Edna Sue Bailey, Betty Deal, Edna Sue Bailey, Betty
25 Deal, Betty Deal, Edna Sue Bailey and Betty F. Christians. Those checks will be escheated in
26 October?

27 **Ken Lovelace:** Yes, sir.

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

29 **Ken Lovelace:** Thank you. The next section is Three: Account Details. The very first
30 document, quite a lengthy one, is called a balance sheet. This is actually an excerpt from the
31 spreadsheet that goes out to the website the public can view. You can see that it's very detailed.
32 It starts on the left-hand column with the account number, docket number and has beginning
33 value, deposits, any money market interest that has been added, any CDARS interest, any fees,

1 distributions, audit costs, corrections and an ending market value for that individual account.
2 The last page of this report, you'll notice that the balance, the \$28,788,719.69, is the same
3 balance that we had in the beginning on our summary. Any questions on that report?

4 **Rick Cooper:** Mr. Chairman, before we get too far along, I just had one question, if I could ask.
5 On the escheated checks, are those people notified before you escheat that money? Do you all
6 do any type of notification to them?

7 **Ken Lovelace:** We have not, in the past.

8 **Rick Cooper:** Should we give one last attempt to notify these people prior to escheating their
9 funds in October? That would be my question.

10 **Bradley Lambert:** Mr. Cooper, do you have contact information for these folks?

11 **Rick Cooper:** I'm not sure.

12 **Bradley Lambert:** Do we have it in our files?

13 **Rick Cooper:** We may have. I'm not sure. If these people have been escrowed, we probably
14 have their address. So, I'm thinking we probably need to notify them one last time before the
15 money is escheated away from them, give them an opportunity.

16 **Mary Quillen:** I agree with that.

17 **Bradley Lambert:** If you'll look into that and see if we have that information, then we'll make a
18 recommendation on that and send out one last notification.

19 **Rick Cooper:** Okay.

20 **Mary Quillen:** Mr. Chairman, just one other thing on this. Those names are very familiar. I'm
21 trying to remember what the circumstances were. Were these the people that returned the checks
22 and marked them void or were these some that had bad addresses?

23 **Rick Cooper:** I would think, if they've all been escrowed, we should have had W-9's for them.

24 **Mary Quillen:** Right. That's what I'm asking. We should have that current address.

25 **Rick Cooper:** That's correct.

26 **Bill Harris:** These have never been cashed. Is that correct?

27 **Mary Quillen:** Right. Some of these that we had had returned, people will write over the
28 check, "Void." We've had several of those. I'm just wondering because those names are
29 familiar. It's something that we have heard many times over the years. I just don't recall the
30 specific circumstances for those particular people.

1 **Ken Lovelace:** These particular checks that are displayed. The report before that showed the
2 checks that are outstanding. The checks that are outstanding have not been cashed, have not
3 been mailed back, was obviously a good address. They get to the point to where they're five
4 years or older, that's their next step. That's when they mature. They mature into a check that is
5 going to be escheated. Then, we do have a good address. Excuse me. Let me re-phrase. We
6 have an address that we have used to send the check to, whether it's good or not, it has not been
7 returned. So, we're putting it out there.

8 **Mary Quillen:** So, you assume that it is a good address and it has not been returned.

9 **Ken Lovelace:** It just hasn't been cashed, for some reason.

10 **Mary Quillen:** We just need to make sure that that was clear and on the record, that we have
11 followed these steps and these are not some of those that had those circumstances that they wrote
12 "Void" on the check and sent them back.

13 **Ken Lovelace:** Correct. They are not.

14 **Rick Cooper:** I guess, one last point. There's thirteen checks here, but it's really just three
15 people. So, we'll put a letter together and present it at the next Board hearing to mail out to these
16 people.

17 **Mary Quillen:** Yes, I think that's a good idea.

18 **Ken Lovelace:** And that was my thought with the question. You just answered it. Are we
19 going to do it in writing? Are we not going to try to contact them any other way?

20 **Rick Cooper:** We will send them a certified letter.

21 **Ken Lovelace:** Okay. We'll move along, here. The balance sheet to the unfunded units, which
22 is the next page. There's a display of the units that have not been funded, yet. There were some
23 changes, recently, from one company to another on this report, moving from the ownership
24 changes. The next page is Annual Distributions. If you just take a second and look at that, you'll
25 see that it goes back to 2010. It boils down to the year-to-date 2015. The graph reflects that,
26 also. In 2015, again, the money that came in was the \$656,600.52. With the money going out,
27 \$643,456.00. Leaving a net of \$13,144.52. That just shows annual distributions, money
28 coming in, money going out. Then, the historicals for that and it's graphed. Any questions? [No
29 response] The next page, we'll go into current investments of the escrow account. There's a lot
30 going on on that page. Bear with me and I'll work through it as quickly as possible. The money
31 that is invested for the account is invested in several places. The First Bank and Trust and the
32 ICS money market is holding the majority of it, right now, at \$17,672,887. If you'll go down to
33 the bottom, we'll answer a couple of questions at the same time. There are percentage rates for
34 what those particular monies are earning. Down at the bottom, under "Total Dollars Invested
35 and Annual Return Income," there is a weighted average. The ICS money market is earning

1 .20%. That is what we're referring to, relating to the 17 million. It's currently earning .20, okay?
2 The CDARS, which is the very next category, there's only \$9,000,000 in there, right now. If
3 you'll notice on that particular category, there are due dates out there. This is important, relating
4 to what we're talking about here, relating to our distributions. The due dates on some of them are
5 April, July, October, September. These particular CDARS are coming due at that point. I won't
6 intermingle this with the question that I've been asked and I will answer. That relates to, "Do we
7 have some upcoming CDARS that are coming due? How many are coming due? What are the
8 maturity dates? If we do have to break them, what are the penalties involved in that?" I'll
9 address that, shortly. The interest rate on the CDAR is .29, as displayed below. So, you're
10 getting a little bit better interest rate on the CDARS. And CDARS, the explanation is there, they
11 are CD's that are put out with different banks. They're distributed with different banks so they all
12 have proper protection under FDIC. That's the reason they're out there like that, just for further
13 explanation. The category, below, is just regular CD's. Those CD's, if you'll notice, they don't
14 go over \$250,000. The reason for that is so they'll each have individual protection for FDIC.
15 There's the corresponding maturity dates, as you see out there. That total is 1.75
16 million...\$1,750,000. Those particular CD's are earning the interest rate that are right there
17 beside them. They're displayed beside the actual CD's. Kind of a detailed list of what's out there
18 and what it's getting, but I wanted to make sure that you all understood that. I have some
19 additional comments relating to investments that will address some questions I've been asked.
20 That's the next page. All the CD's that we have will mature by the end of 2015...every one of
21 them. That will need to be addressed at the end of the year. We have upcoming distributions
22 coming, a large amount of distributions. The thought of reinvesting those monies into
23 investment vehicles is going to return money, along with not knowing the total number of what's
24 going to be put out really quickly here, starting in July. We don't think that would be a good
25 idea. It would be best to put it into the money market, have it in the ICS money market, have it
26 drawing the .20. We can get access to it very quickly. We can get it over into the checkbook for
27 distribution purposes. As of 5/21/2015, \$18,390,000 was in the ICS money market. It's there to
28 meet the expected distributions that are coming up. That's the reason that's in there. Any
29 remaining CDARS CD's will mature and be reinvested in the ICS money market, which makes it
30 a little bit more liquid. It doesn't have a time frame that we have to be concerned with. The
31 CDARS have a time frame that you have to be concerned with, a little bit of a penalty, which I'm
32 going to go over in just a moment. By August 1, only \$3,930,000, will be left in CD's. The rest
33 of that is going to be out there in that ICS money market, available for distribution. If we happen
34 to need it, we can get into it and that will result in this. You'll notice the line that has EWP, that
35 stands for Early Withdrawal Penalty. I apologize. I need for you to make an alteration to this
36 particular line. It says, "EWP for CDARS CD's-13 weeks or longer." That really should say,
37 "Or shorter." So, if you would line through that and put "shorter" there. What that means is
38 these CDARS CD's are one year in duration. So, they last for a year. If you have to break it
39 within 13 weeks, then there will be a forfeit of the 100% of the interest, for that particular CD. If
40 it's shorter than 13 weeks, all right? The next line, it needs to be "longer than 13 weeks," not

1 "less." I apologize for that. If it's longer than 13 weeks, there will be a 50% surrender of the
2 interest. That is the penalty for surrendering those CDARS CD's, that we're thinking we won't
3 need to get into because there seems to be plenty of money available. Any questions about that?
4 I did a lot of discussion there, but I want to make sure I've covered everybody.

5 **Female member of the audience:** I have a question I would like to ask.

6 **Bradley Lambert:** Not now, please.

7 **Ken Lovelace:** The brokered CD's that are listed there, they have no early withdrawal penalty
8 on them. Those were the ones that are \$1,750,000. Those brokered CD's can be sold at the
9 market. In other words, if you want to get out of those, we sell them at the market at that point
10 and they bring what they bring. That's how those particular ones work. Relating to going
11 forward, it's likely that short-term interest rates will increase, somewhat, by the end of the year or
12 early next year. So, there's really no way of projecting what it's going to be. I've been asked that
13 question, "What is the interest rate that we can invest these at going forward?" That's a difficult
14 one to answer. If I could, then that would be good, but I won't be able to do that. The crystal
15 ball is foggy. Our recommendation is that no new investments be made in the CD's until the
16 distributions are finalized. That's going to be an ongoing process until the end of the year.

17 **Bradley Lambert:** So, we really don't know what to expect until December. Right? What
18 position we'll be in.

19 **Ken Lovelace:** Correct. So, we've made every effort to make money, 18 million, available
20 really quickly. That's the number I've been given and passed along to me that that's what we're
21 kind of looking at. So, hopefully, we won't have to get into the rest of those. If we do, then you
22 see what the penalties are. The next two pages are just rate comparisons. They're not specific to
23 the program, for the most part. They're just rate comparisons, relating to the CDARS, treasury
24 rates and ECT CD rates. It shows how the CDARS rates are compared to those treasury rates,
25 over a one-month to a five-year period. Basically, it's good to know information. It tells you
26 where the investments are lying. Having to be short-term and be made available, it's the best rate
27 out there right now that we can get. The last page that says, "Fred," and that's the "Fed" on there.
28 That's, basically, information relating to comparison to the Fed. Anyone have any questions for
29 me this morning?

30 **Donnie Ratliff:** I don't. It's a very comprehensive, good report. We certainly appreciate it.

31 **Ken Lovelace:** Thank you very much.

32 **Rick Cooper:** Mr. Chairman, I would like to thank Mr. Lovelace and Ms. Sally Ketron and Jim
33 Lovett. All of those transfers that Range brought forth last month have all been changed on the
34 escrow summaries, even the funded and un-funded. It's a pretty good task to undertake, but they
35 did do that within the month time frame, those three. I want to thank them for that.

1 **Ken Lovelace:** Thank you.

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

3 **Mary Quillen:** Just one comment. This \$18,390,000, you're saying this should have us covered
4 for those...

5 **Ken Lovelace:** Mary, I apologize, but I can't hear you. Sorry.

6 **Mary Quillen:** I'm sorry.

7 **Ken Lovelace:** I'm hard of hearing and I stepped on my hearing aids this past weekend.
8 Seriously.

9 **Mary Quillen:** The \$18,390,000, this is going to be available for this distribution that we are
10 anticipating. Is that correct?

11 **Ken Lovelace:** That is correct.

12 **Mary Quillen:** Okay. We were just discussing that. It makes us a little nervous.

13 **Ken Lovelace:** It's all right. There's a lot out there that's ready for it.

14 **Mary Quillen:** Because we don't know what it's going to be.

15 **Ken Lovelace:** We're ready to address the distributions.

16 **Mary Quillen:** Okay. Thank you.

17 **Ken Lovelace:** You're welcome.

18 **Mary Quillen:** Great report. Thank you so much.

19 **Bradley Lambert:** Thank you. Have a nice day.

20 **Item Number 3**

21 **Bradley Lambert:** The next item on our agenda is a petition from CNX Gas Company, LLC,
22 for Unit N41 for (1) re-pooling; (2) dismissal of certain coal claimants as conflicting claimants.
23 Docket Number VGOB-93-0420-0359-03. All parties wishing to testify please come forward.

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

25 **Bradley Lambert:** Good morning.

26 **Mark Swartz:** Good morning.

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

3 **Anita Duty:** Yes.

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

5 **Mark Swartz:** Thank you. It occurred to me during the bank's presentation that there may be
6 an assumption that escrow, that escheated money actually disappears. There's a Virginia
7 website, VAmoneysearch.org, which is administered by the Virginia government and you can
8 make claims for money that's escheated. You might want to put that on your website.

9 **Bradley Lambert:** Absolutely.

10 **Mark Swartz:** Just thought I would...

11 **Bradley Lambert:** Rick, can you do something with this system? You're just an echo, Mark. I
12 can hardly...

13 **Rick Cooper:** Sarah just said the same thing.

14 **Mark Swartz:** Is that better?

15 **Bradley Lambert:** No. Turn it off, Rick. See if that helps.

16 **Mark Swartz:** Does that help, or not? Not really?

17 **Bradley Lambert:** Turn that one off. We can hear you now, Mark, but it's just an echo.

18 **Mark Swartz:** Right. Hopefully, that will be better.

19 **Bradley Lambert:** That's the best.

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

21 **Anita Duty:** Anita Duty.

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

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

24 **Mark Swartz:** Who is the applicant here, today?

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

26 **Mark Swartz:** This pertains to Unit N41. Correct?

27 **Anita Duty:** Yes.

1 **Mark Swartz:** That's in the Oakwood Coalbed Methane gas field?

2 **Anita Duty:** It is.

3 **Mark Swartz:** It's an 80-acre unit?

4 **Anita Duty:** Yes.

5 **Mark Swartz:** What did you do to notify people interested in that unit that there would be a
6 hearing today?

7 **Anita Duty:** Mailed by certified mail, return-receipt requested on April 23, 2015. Published the
8 notice and location map in the *Bluefield Daily Telegraph* on April 29, 2015.

9 **Mark Swartz:** Do you want to add any people as respondents, today?

10 **Anita Duty:** No.

11 **Mark Swartz:** Do you want to dismiss any people that aren't already listed on B2?

12 **Anita Duty:** No.

13 **Mark Swartz:** The interest in this unit that you're seeking to re-pool is how many acres and
14 what percentage of the oil and gas?

15 **Anita Duty:** 0.3204%.

16 **Mark Swartz:** Except for that 0.3204%, you have agreements, ownership or leases where
17 you've got a right to develop the rest of it. Correct?

18 **Anita Duty:** Yes.

19 **Mark Swartz:** This is a unit that was pooled, originally pooled, a long time ago in 1993. Right?

20 **Anita Duty:** Yes.

21 **Mark Swartz:** We're actually here to re-pool this for a couple of reasons. Correct?

22 **Anita Duty:** Yes.

23 **Mark Swartz:** And what are those reasons?

24 **Anita Duty:** One of the reasons is we had a request from J.C. Franks to take a look at our
25 mapping and we came to an agreement on the lines between his property and the adjoining
26 property. We're here to correct those. It's small changes.

27 **Mark Swartz:** But, it would have changed percentages.

1 **Anita Duty:** Yes.

2 **Mark Swartz:** Are the updated percentages as a result of the line change, reflected on the tract
3 ID's and the percentages in your several exhibits?

4 **Anita Duty:** Yes.

5 **Mark Swartz:** Essentially, that line was moved after some due-diligence on your part, by an
6 agreement with Mr. Franks on behalf of his family.

7 **Anita Duty:** Yes.

8 **Mark Swartz:** In addition, I believe we're here to add a couple of wells.

9 **Anita Duty:** Yes.

10 **Mark Swartz:** How many?

11 **Anita Duty:** One.

12 **Mark Swartz:** Is it a frack well?

13 **Anita Duty:** Yes.

14 **Mark Swartz:** The reason we're adding a well is what?

15 **Anita Duty:** The Buchanan Mine Plant.

16 **Mark Swartz:** What is the number or ID of the well we're adding?

17 **Anita Duty:** N41A.

18 **Mark Swartz:** Have you provided a cost estimate with regard to N41A?

19 **Anita Duty:** We have.

20 **Mark Swartz:** What's that estimate?

21 **Anita Duty:** \$311,090.

22 **Mark Swartz:** If people wanted to participate at this time because the percentages are changing,
23 the two wells would then be N41 at \$281,980. Correct?

24 **Anita Duty:** Yes.

25 **Mark Swartz:** And N41A well that you just mentioned and the total that they would apply their
26 percentage to to figure out the participation cost would be \$593,070. Correct?

27 **Anita Duty:** Yes.

1 **Mark Swartz:** Do you have permits for those wells, yet?

2 **Anita Duty:** Yes, we do.

3 **Mark Swartz:** Why don't you tell us about the depth and the permit numbers for each of those
4 wells.

5 **Anita Duty:** For N40, the depth is 1,900, with a permit number...

6 **Mark Swartz:** Not N40.

7 **Anita Duty:** N41A...the depth is 2,200 feet and the permit number is 12071.

8 **Mark Swartz:** With regard to the cost estimate on N41, that was at 1,900 feet and the permit
9 number on that one?

10 **Anita Duty:** 8407.

11 **Mark Swartz:** Okay. Two of the wells are in the drilling window and one is outside. Correct?

12 **Anita Duty:** Yes.

13 **Mark Swartz:** And, of course, that's driven in part by the Buchanan Mine Plant?

14 **Anita Duty:** Yes.

15 **Mark Swartz:** Did you get a location exception for that?

16 **Anita Duty:** Yes, during the permitting process.

17 **Mark Swartz:** Do we have any people that are unknown that would require escrow?

18 **Anita Duty:** Yes.

19 **Mark Swartz:** In what tract?

20 **Anita Duty:** Tract 3D.

21 **Mark Swartz:** Have you provided an exhibit with regard to that?

22 **Anita Duty:** Yes.

23 **Mark Swartz:** Do we have any folks that have split agreements?

24 **Anita Duty:** Yes, in Tracts 3B & 3F.

25 **Mark Swartz:** Have you updated Exhibit EE so the Board has current information with regard
26 to split agreements?

1 **Anita Duty:** Yes.

2 **Mark Swartz:** Is it your opinion that the revised plat reflects the best current information that
3 you have with regard to acreage and mapping?

4 **Anita Duty:** Yes.

5 **Mark Swartz:** Is it your opinion that the drilling of this additional well in this unit will, in fact,
6 assist in the de-gas of the coal seam in advance of buying?

7 **Anita Duty:** Yes.

8 **Mark Swartz:** And obviously, produce some gas for the people that have interest in the unit.

9 **Anita Duty:** Yes.

10 **Mark Swartz:** With regard to anyone who might be subject to a presumed to have been leased
11 provision, what would the standard lease terms that you recommend be?

12 **Anita Duty:** \$5 per acre per year with a 5-year paid-up term and a 1/8 royalty.

13 **Mark Swartz:** Lastly, if you combine the agreements, the leases, and the ownership interest that
14 the applicant's acquired in this unit, would the pooling order pooling the percentage that is
15 outstanding, is it your opinion that the correlative rights of all people owning coalbed methane in
16 this unit would be protected?

17 **Anita Duty:** Yes.

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

19 **Bradley Lambert:** Any questions from the Board? [No response] Mr. Swartz, I think Ms.
20 Duty testified there were three wells. Is that correct?

21 **Mark Swartz:** Yes.

22 **Bradley Lambert:** I'm looking at my plat and I'm showing N41, N41A. Is 610 the third well?

23 **Anita Duty:** It is.

24 **Mark Swartz:** It is.

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

27 **Mark Swartz:** Just to point out that the '610' is the way that PGP numbered its wells back in
28 the day. This was an original Pocahontas Gas Partnership well in '93. That's why it has an odd
29 number.

1 **Bradley Lambert:** Is that one drilled?

2 **Mark Swartz:** Yes, that one is drilled a long time ago.

3 **Bradley Lambert:** But, the other two are not drilled yet?

4 **Mark Swartz:** Yes, they are.

5 **Bradley Lambert:** They are drilled?

6 **Mark Swartz:** They're permitted and drilled.

7 **Bradley Lambert:** I heard her testify they were permitted. I didn't hear testimony they were
8 drilled.

9 **Anita Duty:** They are.

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

12 **Mark Swartz:** No.

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

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

15 **Bradley Lambert:** I need to remind this. We didn't hear testimony about this, Mr. Swartz, but
16 your petition also seeks dismissals of certain coal claimants.

17 **Mark Swartz:** Yes, and there's an Exhibit B2 that we've submitted with regard to that. In that
18 regard, I understand that the Board is viewing the dismissal sort of from the escrow standpoint.
19 But, the problem is if we don't dismiss these people, every time something happens on one of
20 these units, we have to mail to them in the future. In some of these units, in this one, I think
21 we've got like 50 people on the coal side that we would be sending completely.... Let's say we
22 come back to drill, yet another de-gas well or we come back because another property line has
23 changed, we're going to have to notify all these coal claimants because they're still respondents.
24 We're required by your order to notify them. Really, from a housekeeping standpoint, that's why
25 we kept that in our application, not because of the escrow issues which are going to be addressed
26 once the law takes effect. Do we really want a bunch of additional respondents who we have to
27 notice? This particular unit, I think it's...B2 starts at page 50. On your PDF, if you've got the
28 same numbering that I do, it's Exhibit B2. This is the list of people that we would want to
29 dismiss, that we would have to notify in the future, even though they're coal claimants and have
30 no interest. In this unit, it's a page and a half of people. That's why we're continuing to ask for
31 that.

1 **Bill Harris:** Mr. Chairman, is there some way, and I'm not sure...we may need to seek counsel
2 on this...to come back after July 1 and retroactively remove the folks that we excluded over these
3 last few months? Is there some way to do that? What we've done is made motions, except the
4 one that's on the table now. I know it didn't include that. In the past, the ones we have included,
5 what we did was to not include the exclusion part.

6 **Mark Swartz:** In general, that's true, yes.

7 **Bill Harris:** In anticipation of the law passing or being in effect, rather, July 1. I realize that
8 puts us in a predicament and you all, also, in terms of the notification. Is there some mechanism
9 in place that we could go back and say, "We excluded those folks. They're now escrowed or
10 whatever." And, then remove those?

11 **Rick Cooper:** Not easily.

12 **Paul Kugelman:** That sounds like a very complicated process, unnecessarily complicated. If I
13 may, Mr. Chairman, I'm sorry.

14 **Bradley Lambert:** That's all right, Mr. Kugelman.

15 **Paul Kugelman:** I appreciate you guys' comments, concerns about doing all these mailings.
16 Unfortunately, in my view, the Board doesn't have the authority to do this in this way. The
17 reason I say that is because...and I appreciate trying to divide the escrow problem from the
18 notification problem, but I think that's a distinction that falls apart when we examine the reason
19 that they're being notified is because they have an interest in the escrow. So, regardless of how
20 we cast this to take someone, who has under the law now, a right to make a claim to these
21 escrowed funds and then say for mailing purposes and the way things are going to go in the near
22 future, we just need to take them out. It's jumping the gun, in my view. It's jumping the gun
23 without the authority to jump the gun.

24 **Mark Swartz:** Here's the problem with that analysis.

25 **Paul Kugelman:** I don't interrupt you and you don't interrupt me. We had that agreement last
26 month, right?

27 **Mark Swartz:** Well, I had to remind you that it was a good idea.

28 **Paul Kugelman:** Okay. Well, I'm reminding you that your good idea is a good idea still. The
29 bottom line is this: The Virginia Gas and Oil Act of 1991 says you're going to identify folks who
30 have an interest. They've been identified and the only way we get these things resolved under
31 361.225 is an agreement, arbitration award or a court order that involves the parties in the
32 petition. It narrows it to actual court cases that involves the folks that are involved in the actual
33 petition before the Board. We're running askew of that. Also, I think what happens is there's this
34 tacit implication that if we can do this, then House Bill 2058 that was recently passed and signed

1 into law is...we didn't need it. So, empirically, it doesn't make sense, either. Thank you for
2 letting me finish, Mark.

3 **Mark Swartz:** I think about this kind of stuff all the time because we have to wrap this up. We
4 have to tie a ribbon around these things and get rid of them. If the current plan to, essentially,
5 delegate the escrow calculations and tasks or the ministerial act, which I think is a good plan, is
6 to delegate this Board's authority to Rick on a routine case...to let him do the math...that's great.
7 The problem with that is are you going to delegate or can you delegate to him the power to clean
8 up the list of respondents? Can Rick dismiss respondents? Because we need to do that at some
9 point. So, the disconnect that I have is, let's assume it's now August and, in this unit, Mr. Cooper
10 has disbursed the money because you have delegated to him, as the Board, the chore of doing
11 that. Now, all the money is out of escrow, the payments are no longer going into escrow and we
12 have all these people on Exhibit B2 who are still respondents because they are still parties to the
13 order that you entered. If you're going to delegate the authority to him to dismiss those people,
14 cool! I don't think you can do that. I think that is a decision that is something other than
15 ministerial.

16 **Paul Kugelman:** You don't think that...I'm sorry. It's an interesting point. I understand what
17 you're saying, but my view and correct me if I'm wrong, but the way I'm looking at it is when
18 you look at the text of 22:2, I think it's going to be, under paragraph A.... When we look at the
19 text, it basically says, "Look. The petition gets filed. The coal owner has 45 days from the
20 notice date to file with DGO and the Board and whoever else is referencing the statute, evidence
21 of a proceeding or an agreement." If they don't do that, the gas owner gets the money.

22 **Mark Swartz:** But it doesn't say that you're dismissed. If you're cool with that...

23 **Paul Kugelman:** I think it does. It doesn't say it, expressly. I agree with that. But, I would say
24 that it's, under statutory construction, it would be like a necessity rule, almost. How can you still
25 be a respondent if you don't own...?

26 **Mark Swartz:** I'm just saying this is a problem.

27 **Paul Kugelman:** Does that make sense to you? Does what I'm saying make sense or do you
28 disagree with me?

29 **Mark Swartz:** I'm not going to argue with what you just said. If the Board is comfortable
30 doing that, based on your advice, I'm good with that. But, we need to clean up the list of people
31 going forward that are parties to the Board order. If you can do that this way and you're good
32 with that, that's fine with me. I think it's a second issue. It's a second housekeeping issue that
33 results from, all right, you no longer have a dog in the hunt. Can we get rid of you, from a
34 mailing standpoint or from a party standpoint? As long as that's on your radar, in terms of
35 creating a process, we're good with that. But, we do need to accomplish that, as well.

1 **Paul Kugelman:** I agree with that.

2 **Bradley Lambert:** I appreciate your all's back and forth, here. I think both of you have taken
3 us beyond July. There are some draft orders that we haven't even approved that are still in draft,
4 delegating that authority. We're not there, yet.

5 **Mark Swartz:** Right. But, I think it needs to be on the radar.

6 **Bradley Lambert:** Right now, we're just talking about this particular docket item and what we
7 need to do to address it. Let's pull us back to what we're doing now and not what we're going to
8 do in July. Is that okay?

9 **Mark Swartz:** Yes, obviously. You're the Chairman. Whatever you say is okay. I felt like we
10 needed to have that on the radar, in terms of if we want to postpone it. I just needed to make the
11 point that I think it's an issue that we're going to have to address, eventually, the "Are these
12 people still parties?" issue...if we don't do it today. And, when you're thinking about what to
13 delegate, please keep that on the screen, in terms of.... It may be an after July problem, but
14 maybe we can solve it by that delegation.

15 **Bradley Lambert:** Mark, I appreciate that. I think that's exactly where we need to go with this
16 and address what we're doing in a docket item, today. Then, as we move forward from here until
17 July, we can better define the road that we're going to take and get us ready for what's going to
18 happen after that.

19 **Mark Swartz:** It's something that we hadn't really talked about. I thought we needed to talk
20 about it sooner, rather than later. I'm good with that. We will not spend any more time on the
21 dismissal, Anita and I, on the theory that it will be addressed at some point in the future.

22 **Bradley Lambert:** Okay.

23 **Mark Swartz:** Then, I'm done.

24 **Bradley Lambert:** We had a motion to approve.

25 **Donnie Ratliff:** Withdraw the motion.

26 **Bradley Lambert:** That motion has been withdrawn. I'll call for a new motion.

27 **Donnie Ratliff:** I'll make a motion that we approve the docket item, with the exception of the
28 removal of the coal claimants.

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

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

1 **Board:** Yes.

2 **Bradley Lambert:** Opposed, no. [No response] Thank you.

3 **Item Number 4**

4 **Bradley Lambert:** Now, we're going to move to Docket Item Number 4. A petition from CNX
5 Gas Company, LLC, for Unit N40 for (1) re-pooling; (2) dismissal of certain coal claimants as
6 conflicting claimants. This is Docket Number VGOB-93-0420-0358-03. All parties wishing to
7 testify please come forward.

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

9 **Bradley Lambert:** Anita, you've been sworn. Mr. Swartz, you may proceed.

10 **Mark Swartz:** Anita, can you state your name for us, again?

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 supervise the preparation of this application, the
15 notices and the exhibits?

16 **Anita Duty:** Yes.

17 **Mark Swartz:** What did you do to tell people we were going to have a hearing, today?

18 **Anita Duty:** Mailed by certified mail, return receipt requested on April 23, 2015. Published the
19 notice and location map in the *Bluefield Daily Telegraph* on April 29, 2015.

20 **Mark Swartz:** Do you want to add any people as respondents, today?

21 **Anita Duty:** No.

22 **Mark Swartz:** This application or petition pertains to Unit N40. Right?

23 **Anita Duty:** Yes.

24 **Mark Swartz:** This was originally pooled in 1993.

25 **Anita Duty:** Yes.

26 **Mark Swartz:** What kind of a unit is it?

- 1 **Anita Duty:** Oakwood...80-acre.
- 2 **Mark Swartz:** Are the reasons for re-pooling this unit essentially the same as for the prior unit?
- 3 **Anita Duty:** Yes.
- 4 **Mark Swartz:** We've got a boundary line issue with Mr. Franks that we resolved.
- 5 **Anita Duty:** Yes.
- 6 **Mark Swartz:** And we're going to drill some additional de-gas wells.
- 7 **Anita Duty:** Yes.
- 8 **Mark Swartz:** What mine do those wells affect?
- 9 **Anita Duty:** The Buchanan Mine.
- 10 **Mark Swartz:** How many wells are we talking about here, in terms of adding?
- 11 **Anita Duty:** One.
- 12 **Mark Swartz:** Which one?
- 13 **Anita Duty:** N40A.
- 14 **Mark Swartz:** It's the one that's not highlighted on our sheet. Right?
- 15 **Anita Duty:** Yes.
- 16 **Mark Swartz:** Have you provided a cost estimate with regard to N40A?
- 17 **Anita Duty:** Yes.
- 18 **Mark Swartz:** The amount?
- 19 **Anita Duty:** \$298,760.
- 20 **Mark Swartz:** The estimated depth of that well?
- 21 **Anita Duty:** 1,600 feet.
- 22 **Mark Swartz:** Do you have a permit?
- 23 **Anita Duty:** 9348.
- 24 **Mark Swartz:** Is this an increased-density well to de-gas an area subject to a mine plant?
- 25 **Anita Duty:** Yes.

1 **Mark Swartz:** It's been drilled?

2 **Anita Duty:** Yes.

3 **Mark Swartz:** Is this particular well, do you recall if it's in or out of the drilling window?

4 **Anita Duty:** It's in.

5 **Mark Swartz:** Do we continue to have an escrow requirement?

6 **Anita Duty:** Yes.

7 **Mark Swartz:** What tracts?

8 **Anita Duty:** Tracts 2B, 2C, & 2D.

9 **Mark Swartz:** Have you provided a revised Exhibit E with regard to that?

10 **Anita Duty:** Yes.

11 **Mark Swartz:** Do we need to escrow for any unknowns in this unit?

12 **Anita Duty:** No.

13 **Mark Swartz:** Do we have some split agreements?

14 **Anita Duty:** Yes, Tracts 2A and 2E.

15 **Mark Swartz:** Have you provided an updated Exhibit EE?

16 **Anita Duty:** Yes.

17 **Mark Swartz:** We've provided an Exhibit B2 with regard to dismissals, but we're not going to
18 address that today. Correct?

19 **Anita Duty:** Correct.

20 **Mark Swartz:** The original well in this unit was the 611 well. Right?

21 **Anita Duty:** Yes.

22 **Mark Swartz:** Which is actually right in the middle of the drilling unit.

23 **Anita Duty:** Yes.

24 **Mark Swartz:** That was a Pocahontas Gas Partnership well?

25 **Anita Duty:** It was.

1 **Mark Swartz:** That it was drilled in this first pooling.

2 **Anita Duty:** Yes.

3 **Mark Swartz:** Is that still producing, as far as you know?

4 **Anita Duty:** Yes, it is.

5 **Mark Swartz:** Then, we're going to have the N40A, which we have just spoken about, which is
6 also in the corner of the drilling unit. Then, we've got a 608 well down in the bottom. Do you
7 see that?

8 **Anita Duty:** Yes.

9 **Mark Swartz:** Is that still producing in the unit?

10 **Anita Duty:** Yes.

11 **Mark Swartz:** That was a PGP well, as well?

12 **Anita Duty:** It was.

13 **Mark Swartz:** Did anybody participate in this unit, originally?

14 **Anita Duty:** No.

15 **Mark Swartz:** For purposes of participation going forward, what two wells and the totals are
16 you looking at, in terms of what the participation cost would be on a going-forward basis for this
17 new order?

18 **Anita Duty:** Just for N40A, \$298,760.

19 **Mark Swartz:** Everyone in the unit, in spite of the fact that not everyone's percentages have
20 changed, would have an opportunity to participate in that well, if they chose to do so?

21 **Anita Duty:** Yes.

22 **Mark Swartz:** What is the interest that you're seeking to pool in this unit?

23 **Anita Duty:** 0.1462%.

24 **Mark Swartz:** The balance of the 99, whatever is either interest that CNX has acquired, that
25 you've leased or you have other agreements. Correct?

26 **Anita Duty:** Yes.

1 **Mark Swartz:** Is it your opinion, if you combine the agreements and ownership interest that the
2 operator has with a pooling order pertaining to the .1462%, the correlative rights of all owners
3 would be protected?

4 **Anita Duty:** Yes.

5 **Mark Swartz:** Is drilling a frack well in the location shown on the plat map here, a reasonable
6 way to de-gas the coal seam that's under consideration for mining and has a mine plant?

7 **Anita Duty:** Yes.

8 **Mark Swartz:** Are you asking to the extent there are any folks who might be deemed to have
9 been leased when the dust clears here, what lease terms would you recommend for them?

10 **Anita Duty:** \$5 per acre per year, with a 5-year paid up term and a 1/8 royalty.

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

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

14 **Mark Swartz:** No.

15 **Bradley Lambert:** Again, Mr. Swartz, you didn't address number 2, the dismissal of certain
16 coal claimants as conflicting claimants. So, I guess the previous testimony still applies.

17 **Mark Swartz:** Actually, I did when I asked her that we weren't going to seek that today.

18 **Bradley Lambert:** Okay. I'm sorry. I apologize.

19 **Mark Swartz:** I gave in, voluntarily.

20 **Bradley Lambert:** I apologize.

21 **Mark Swartz:** I know it probably took you by surprise.

22 **Paul Kugelman:** Can we say that again?

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

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

25 **Bill Harris:** Mr. Chairman, again, this motion does not include number two because...

26 **Bradley Lambert:** It does not.

27 **Mark Swartz:** We agreed not to pursue that.

1 **Bill Harris:** Okay. So, we don't need to include that in our motion?

2 **Bradley Lambert:** As part of his testimony, he deleted it.

3 **Bill Harris:** Okay. Sorry.

4 **Bradley Lambert:** That's all right.

5 **Bill Harris:** I'll second that, if someone else hasn't.

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

8 **Board:** Yes.

9 **Bradley Lambert:** Opposed, no. [No response] Thank you, Mr. Swartz. That's approved.

10 **Mark Swartz:** Thank you.

11 **Item Number 5**

12 **Bradley Lambert:** We're calling Docket Item Number 5. A petition from CNX Gas Company,
13 LLC, for (1) the disbursement of escrowed funds heretofore deposited with the Board's Escrow
14 Agent, attributable to Tracts 1A, 1F & 1G to the persons identified in the table using the
15 percentages set forth in the table; (2) authorization to begin paying royalties directly to the
16 parties to the agreement or court order; and (3) dismissal of coal claimant(s) named in the Notice
17 of Hearing and identified in Exhibit B2. This is for Unit FF-15. Docket Number VGOB-05-
18 1018-1511-01. All parties wishing to testify please come forward.

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

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

21 **Mark Swartz:** Thank you. Anita, state your name for us, again, please.

22 **Anita Duty:** Anita Duty.

23 **Mark Swartz:** Did you participate in or prepare this petition?

24 **Anita Duty:** Yes.

25 **Mark Swartz:** Are you familiar with the exhibits and the petition, itself?

26 **Anita Duty:** Yes.

27 **Mark Swartz:** What did you do with regard to notice? Did you mail?

1 **Anita Duty:** Yes.

2 **Mark Swartz:** You would have, obviously, had to report that on the website.

3 **Anita Duty:** Yes.

4 **Mark Swartz:** On the Board's website.

5 **Anita Duty:** Yes.

6 **Mark Swartz:** This pertains to FF-15.

7 **Anita Duty:** Yes.

8 **Mark Swartz:** Is it a partial disbursement?

9 **Anita Duty:** It is.

10 **Mark Swartz:** So, the escrow account would remain in place pending further activity?

11 **Anita Duty:** Yes.

12 **Mark Swartz:** The reasons for this request to disburse are what?

13 **Anita Duty:** CBM deed and a court order.

14 **Mark Swartz:** Have you prepared a disbursement table or tables with regard to this unit that the
15 Board can use in directing the Escrow Agent?

16 **Anita Duty:** Yes.

17 **Mark Swartz:** And, it's Table 1?

18 **Anita Duty:** It is.

19 **Mark Swartz:** I think it's on page 6 of the Board's PDF. You list the three tracts. Correct?

20 **Anita Duty:** Yes.

21 **Mark Swartz:** In this instance, should the escrow agent use the percentages that you have listed
22 in the column second from the right, as opposed to dollars?

23 **Anita Duty:** Yes.

24 **Mark Swartz:** Could you go through the tracts, one at a time, and indicate the people that
25 should receive the payments and people or companies that should receive the payments and the
26 percentage that the escrow agent should use?

1 **Anita Duty:** For Tract 1A, Harrison-Wyatt and CNX Gas Company, LLC, should each receive
2 5.4303%. For Tract 1F, Kenneth Street should receive 34.2728%. For Tract 1G, Kenneth Street
3 should receive an additional 0.6764%.

4 **Mark Swartz:** When you're saying, "Kenneth," it's actually Kenneth W. and Kathy Mae.

5 **Anita Duty:** It is.

6 **Mark Swartz:** Okay. For both of those tracts.

7 **Anita Duty:** Yes.

8 **Mark Swartz:** And the wells that have been contributing to this escrow account?

9 **Anita Duty:** FF-15 and FF-15A.

10 **Mark Swartz:** After the disbursement, are you also requesting that the Board allow the operator
11 to pay these folks, directly?

12 **Anita Duty:** Yes.

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

14 **Anita Duty:** Yes.

15 **Mark Swartz:** That would be Exhibit J.

16 **Anita Duty:** It is.

17 **Mark Swartz:** If we look at PDF page 15, we've got it through the end of February...February
18 28, 2015. Is that correct?

19 **Anita Duty:** Yes.

20 **Mark Swartz:** Did you compare or did you have your troops compare all of the deposits, all of
21 the checks that the operator sent to the escrow agent, to the deposits that the escrow agents
22 booked over time?

23 **Anita Duty:** Yes.

24 **Mark Swartz:** When you compared the checks you sent with the deposits entered, did you find
25 that they had accounted for all the checks?

26 **Anita Duty:** Yes.

1 **Mark Swartz:** You've got a reconciliation here of the total you deposited, the interest and fees,
2 obviously, which you got from the escrow agent's records. You report a total and, then, you've
3 got the balance for February 2015. In this instance, they match. There's zero difference.

4 **Anita Duty:** Yes.

5 **Mark Swartz:** Have we received a request that the check for Kenneth and Kathy Street be
6 mailed to Mr. Cook, although it be payable to Kenneth and Kathy?

7 **Anita Duty:** Yes.

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

9 **Bradley Lambert:** Questions from the Board? [No response] I'm not sure if I missed it again,
10 or not.

11 **Mark Swartz:** No, you didn't miss it.

12 **Bradley Lambert:** Okay.

13 **Mark Swartz:** We're not going to pursue the dismissal issue on this, either.

14 **Bradley Lambert:** Okay. Thank you. Do we have any questions from the Board?

15 **Mary Quillen:** Just one clarification on you said the check for these two owners would be sent
16 to Shea Cook?

17 **Mark Swartz:** Be mailed to his office, but not payable to him.

18 **Mary Quillen:** Okay. I just wanted to get that on the record. Thank you.

19 **Anita Duty:** I did notice the last time that Mr. Lovelace wrote checks to an owner that he
20 represented, he actually put Shea Cook's name and address on there and put the owner at the top.
21 I'm not sure if that's the proper way to do that. He says he's using the Tax ID for the landowner,
22 so.... Just to bring it to your attention.

23 **Sarah Gilmer:** I asked him to clarify their email the other day. I asked him to make sure that he
24 was using the right social security number for the actual landowner. He said that he was. He
25 actually just started putting Shea's name and address on there, I think, just so he doesn't
26 accidentally mail it to the landowner. But, if you all prefer that he doesn't do that, you need to let
27 me know so that I can let him know.

28 **Bradley Lambert:** I think that's okay, as long as the payee's name is on the check.

29 **Sarah Gilmer:** The payee's name is the top line. Then, it has Mr. Cook's name and his address,
30 below. Anita and I talked through email about it and I asked him to clarify that he was actually

1 using the social security number of the landowner. He said, "yes," that he was. However, if you
2 all prefer that he write the check in a different manner... you just need to let me know what you
3 think is best.

4 **Bradley Lambert:** I think, as far as this Board's concerned, unless someone else disagrees, I
5 think his name and address should not be on there, just the payee.

6 **Sarah Gilmer:** Okay.

7 **Bradley Lambert:** Then, mailed to him.

8 **Sarah Gilmer:** Right. Okay.

9 **Bradley Lambert:** Does the Board disagree?

10 **Mary Quillen:** No, that was my comment.

11 **Donnie Ratliff:** I make a motion to that effect, Mr. Chairman.

12 **Mark Swartz:** All he needs to do is stick "C/O" in front of Cook's name. There needs to be an
13 indication the he's not a payee. I agree.

14 **Sarah Gilmer:** I can have him do that, if you would prefer.

15 **Bradley Lambert:** We just want to make it clear that this Board is not approving Shea Cook to
16 receive any funds, that it should be the payee.

17 **Bill Harris:** So, would the "C/O" take care of that?

18 **Paul Kugelman:** It should.

19 **Mary Quillen:** Has that Tax ID number been verified, that it is the Street, that it is their Tax ID
20 number?

21 **Anita Duty:** Yes.

22 **Mary Quillen:** Has it been verified?

23 **Mark Swartz:** They send it to us and sign it.

24 **Paul Kugelman:** When the checks get mailed out, is there a little window?

25 **Sarah Gilmer:** Yes.

26 **Paul Kugelman:** That's why it's got to be on there?

27 **Sarah Gilmer:** Right. I think that's why he does it that way, so he doesn't accidentally mail it to
28 the wrong address.

1 **Paul Kugelman:** I think, then, the "C/O" would be necessary, just as a legal precaution because
2 you don't want the bank to be confused that Shea Cook, somehow is the payee. "C/O" should
3 take care of that. Our bank folks are gone, now.

4 **Sarah Gilmer:** I'll let Mr. Lovelace know to do that.

5 **Bill Harris:** Mr. Chairman, I think there is a motion on the floor. Just, procedurally, did that get
6 withdrawn or do you want to modify that?

7 **Donnie Ratliff:** I wanted the motion to make sure that the check is made out to the payee.

8 **Bradley Lambert:** With the "C/O" in front of Mr. Cook's name.

9 **Donnie Ratliff:** As long as Mr. Cook does not have to endorse the check.

10 **Paul Kugelman:** That just lets you know it's being mailed to him. That's why "C/O."

11 **Bradley Lambert:** So, I have a motion before the Board. Could you restate the motion, Mr.
12 Ratliff?

13 **Donnie Ratliff:** I make a motion that we assure ourself that only the payee is getting the check.
14 If there's some indication that you can put on there, "In care of Shea Cook." I just want to make
15 sure that Shea Cook does not have to co-sign the check.

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

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

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

19 **Board:** Yes.

20 **Bradley Lambert:** Opposed, no. [No response] That motion carries. Now, back to our docket
21 item.

22 **Mark Swartz:** I think we're good.

23 **Bradley Lambert:** We're good and you're withdrawing the coal claimants?

24 **Mark Swartz:** Correct.

25 **Bradley Lambert:** Do I have a motion on Docket Item Number 5?

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

27 **Bill Harris:** Second.

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

3 **Board:** Yes.

4 **Bradley Lambert:** Opposed, no. [No response] Thank you, Mr. Swartz. That is approved.

5 **Mark Swartz:** Thank you.

6 **Item Number 6**

7 **Bradley Lambert:** We're calling Docket Item Number 6. A petition from CNX Gas Company,
8 LLC, for (1) the disbursement of escrowed funds heretofore deposited with the Board's Escrow
9 Agent, attributable to Tract 1A to the persons identified in the table using the percentages set
10 forth in the table; (2) authorization to begin paying royalties directly to the parties to the
11 agreement or court order; and (3) dismissal of coal owner(s)/claimant(s) named in the Notice of
12 Hearing. This is for Unit X-37. Docket Number VGOB-98-0324-0633-02. All parties wishing
13 to testify please come forward.

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

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

16 **Mark Swartz:** Thank you. Anita, state your name for us, again, please.

17 **Anita Duty:** Anita Duty.

18 **Mark Swartz:** This is a petition for disbursement of some of the funds in escrow, with regard to
19 X-37. Correct?

20 **Anita Duty:** Yes.

21 **Mark Swartz:** What tract does it pertain to?

22 **Anita Duty:** Tract 1A.

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

24 **Anita Duty:** A settlement agreement.

25 **Mark Swartz:** Essentially, I think, to summarize, CNX bought Mr. Pruitt's interest at some
26 point in time?

27 **Anita Duty:** Yes.

1 **Mark Swartz:** And the disbursement is designed to pay Mr. Pruitt out for his claims prior to the
2 purchase date and, then, distribute to CNX after the purchase?

3 **Anita Duty:** Yes.

4 **Mark Swartz:** I mean, in essence that's what we're doing.

5 **Anita Duty:** That's what we're doing.

6 **Mark Swartz:** Okay. If we go to Tables 1 and 2, we will see how you propose to do that. First,
7 if we look at Table 1, this is a "pay the exact dollar amount" table. Correct?

8 **Anita Duty:** It is.

9 **Mark Swartz:** So, with regard to Tract 1A, what should the Escrow Agent do first, with regard
10 to this disbursement request?

11 **Anita Duty:** It should pay an exact dollar amount to CNX Gas Company, LLC, for \$1,501.06.
12 For Elmer Pruitt, an exact dollar amount of \$3,502.48.

13 **Mark Swartz:** Then, Table 2, the Escrow Agent should be directed to do what?

14 **Anita Duty:** Pay 26.9748% of the escrow account that's on deposit.

15 **Mark Swartz:** Who should receive that check?

16 **Anita Duty:** I'm sorry. CNX Gas Company. In addition to the settlement agreement, there's
17 also a court order that awarded 100% of the royalty.

18 **Mark Swartz:** To CNX?

19 **Anita Duty:** Yes.

20 **Bradley Lambert:** I'm sorry, Mr. Swartz. Did you ask her "to CNX?"

21 **Mark Swartz:** Yes.

22 **Bradley Lambert:** Okay. Thank you. And, your answer was, "Yes?"

23 **Anita Duty:** For that particular property.

24 **Bradley Lambert:** For the Elmer Pruitt property?

25 **Anita Duty:** Since we're in the chain of title. Correct.

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

27 **Mark Swartz:** Is that right?

1 **Anita Duty:** It is.

2 **Mark Swartz:** How many wells were contributing to this escrow account and what's the
3 identification of those wells?

4 **Anita Duty:** Just one. Well X-37E.

5 **Mark Swartz:** And we're not pursuing the dismissal issue on this disbursement, either?

6 **Anita Duty:** Correct.

7 **Mark Swartz:** Did you do a reconciliation, to try and identify all deposits, all royalty checks
8 issued, and match them to deposits?

9 **Anita Duty:** Yes.

10 **Mark Swartz:** Okay. That's your Exhibit J to this petition, as well.

11 **Anita Duty:** It is.

12 **Mark Swartz:** I think you've got a re-cap at the end, which is page 18 of the PDF. You ran this
13 reconciliation through what date?

14 **Anita Duty:** February 28, 2015.

15 **Mark Swartz:** The total deposits were what?

16 **Anita Duty:** \$70,854.17.

17 **Mark Swartz:** There's some interest and fees, you've accounted for a correction, which we're
18 going to talk about in a minute, and a disbursement. You've got the total resulting of \$30,853.97.
19 Then, the bank balance as of February 28, 2015, at \$30,212.81. Correct?

20 **Anita Duty:** Yes.

21 **Mark Swartz:** The difference is?

22 **Anita Duty:** \$640.98.

23 **Mark Swartz:** Now, let's talk about the correction, what happened and what was done with
24 regard to that?

25 **Anita Duty:** During the process of reconciling the account, we found that there was payments
26 posted to that account that should have been in a different account. So, we just worked with Mr.
27 Cooper to have those amounts transferred.

1 **Mark Swartz:** Actually, in PDF page 19 of what the Board has, there's a summary of what
2 happened.

3 **Anita Duty:** Yes, there is.

4 **Mark Swartz:** It looks like the funds should have been paid to Unit V-37. Correct?

5 **Anita Duty:** Yes.

6 **Mark Swartz:** They found their way into this escrow account?

7 **Anita Duty:** Yes.

8 **Mark Swartz:** What was the date of that correction, when the money came out and where it
9 should have gone?

10 **Anita Duty:** March 31, 2014.

11 **Mark Swartz:** So, that was corrected over a year ago?

12 **Anita Duty:** Yes.

13 **Mark Swartz:** You then reconciled the balance, if we go back to page 18, you have reconciled
14 that to account for both the correction and a disbursement.

15 **Anita Duty:** Yes.

16 **Mark Swartz:** When you say "'01," that's not the year, that's the Docket Number?

17 **Anita Duty:** The suffix on the end, yes.

18 **Mark Swartz:** Okay. I think that's all I have on this one, Mr. Chairman.

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

20 **Bill Harris:** Mr. Chairman.

21 **Bradley Lambert:** Mr. Harris.

22 **Bill Harris:** Quick question. I notice, I think it's page 20 of our PDF, there is an affidavit from
23 Mr. Pruitt.

24 **Mark Swartz:** Yes.

25 **Bill Harris:** In which he says that he's the lawful owner of the coalbed methane. But, you all
26 are telling us.... That's dated February 15 of this year. You all are telling us that CNX purchased
27 his ownership of the gas. So, going forward, we just need to pay CNX. Is that what we're being
28 told?

1 **Anita Duty:** Yes, but we had an agreement with Mr. Pruitt...a 70/30 agreement for anything
2 prior to the date of the sale.

3 **Bill Harris:** Okay. Do we need to see that agreement or is that something that would normally
4 come before us? I'm asking our Chairman.

5 **Bradley Lambert:** I think, in the past, we've asked if they have seen that agreement and that's
6 what the agreement says. Is that your testimony?

7 **Anita Duty:** Right. It's a private agreement.

8 **Bill Harris:** Okay. Thank you.

9 **Bradley Lambert:** Any other questions from the Board? [No response]

10 **Mark Swartz:** Nothing further.

11 **Bradley Lambert:** Anything further? [No response] Okay. You've already answered. Thank
12 you, Mr. Swartz. Do I have a motion?

13 **Bill Harris:** Motion for approval and, again, the coal owner's part...was that dismissed? I didn't
14 hear that, but...

15 **Mark Swartz:** Correct.

16 **Bill Harris:** Okay. So, my motion is for approval of that petition, excluding that dismissal
17 clause.

18 **Bruce Prather:** Second.

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

21 **Board:** Yes.

22 **Bradley Lambert:** Opposed, no. [No response] Okay, ladies and gentlemen, we're going to
23 take about a ten minute break. We'll come back at 10:30.

24 **Item Number 7**

25 **Bradley Lambert:** Please have a seat. We'll resume our proceedings, this morning. At this
26 time, we're calling Docket Item Number 7. A petition from CNX Gas Company, LLC, for (1)
27 refund of escrow payments heretofore deposited with the Board's Escrow Agent to reimburse
28 overpayment of funds deposited with the Board's Escrow Agent. These are attributable to Unit
29 BA112 to CNX Gas Company, LLC. (2) The disbursement of escrowed funds heretofore
30 deposited with the Board's Escrow Agent, attributable to Tracts 3, 5, 7, & 8 to the persons

1 identified in the table using the percentages set forth in the table; and (3) authorization to begin
2 paying royalties directly to the parties to the agreement or court order (4) dismissal of coal
3 owner(s)/claimant(s) named in the Notice of Hearing. This is Docket Item VGOB-02-0416-
4 1025-03. All parties wishing to 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, again?

8 **Anita Duty:** Anita Duty.

9 **Mark Swartz:** And this disbursement request pertains to BA112. Correct?

10 **Anita Duty:** Yes.

11 **Mark Swartz:** Is it going to zero out the escrow account or is the account going to need to be
12 maintained going forward?

13 **Anita Duty:** It needs to be maintained.

14 **Mark Swartz:** Okay. What tracts does this request pertain to?

15 **Anita Duty:** Tracts 3, 5, 7, & 8.

16 **Mark Swartz:** We've also got an overpayment issue in this unit. Correct?

17 **Anita Duty:** Yes.

18 **Mark Swartz:** What happened there?

19 **Anita Duty:** We had a similar situation last month for a different unit where Ms. Caldwell had
20 received an additional interest through a court order. At the same time, we had placed her on
21 pay. All we're doing now is we need to get that overpayment because of the change in interest
22 and placing her on pay and go back and pay her what was in the account prior to the time she got
23 the additional interest.

24 **Bradley Lambert:** So, could you explain to the Board how you're going to recoup that
25 overpayment?

26 **Anita Duty:** We're asking for a refund of that, \$1,800, prior to the disbursement which will
27 make the account correct.

28 **Bradley Lambert:** A refund from the account?

29 **Anita Duty:** Yes.

1 **Mark Swartz:** Let's go to Table 1 and look at that issue, Anita. With regard to Table 1, is the
2 first payment an exact dollar amount payment and are the rest dollar amount payments or
3 percentage payments?

4 **Anita Duty:** They're actually percentage payments. The first one is a dollar amount. The others
5 are percentage.

6 **Bradley Lambert:** You mean the first one. You mean, in Tract 1, the one that says CNX Gas
7 Company, LLC?

8 **Anita Duty:** That's not really Tract 1. It's just a made-up tract.

9 **Bradley Lambert:** Item 1. You've got Tract 999.

10 **Anita Duty:** Yes. That's how we have to put it into e-Forms.

11 **Mark Swartz:** Usually, you give us two tables, one for the dollar amount and another one for
12 the percentages.

13 **Anita Duty:** Yes.

14 **Mark Swartz:** What's happened here is this was combined into one.

15 **Anita Duty:** Yes.

16 **Mark Swartz:** Okay. So, the first entry here that the Chairman has directed us to, the 999 Tract
17 ID, is actually a sum certainty paid to CNX Gas in what amount?

18 **Anita Duty:** \$1,863.98.

19 **Mark Swartz:** So, these are all exact dollar amounts?

20 **Anita Duty:** They're all exact dollar amounts. I apologize.

21 **Mark Swartz:** Okay. Then, going forward, are we going to come back? Are we going to use
22 percentages? What are we going to do?

23 **Anita Duty:** Going forward, we'll pay them directly on a percentage.

24 **Mark Swartz:** Okay.

25 **Bradley Lambert:** Is that after the payment comes back out for reimbursement of the \$1,863?

26 **Anita Duty:** Yes. That has to happen first. Actually, it doesn't matter because these are all
27 exact dollar payments. Because of the date of the change within our system, if you'll notice on
28 the column after their name, we're showing the actual date that we're using to make the payment
29 as February 28, 2012. Because from that point forward, we paid her directly from our account,

1 internally. She was on pay the whole entire time for a 1/9 interest. Then, when the court
2 awarded her an additional interest, which gave her a half interest, what we have to do now is take
3 the difference of what she was being paid and what we were escrowing and pay her that out,
4 effective prior to the date we put her on direct pay.

5 **Mark Swartz:** In 25 words or less.

6 **Paul Kugelman:** So, you just have to retroactively apply the difference back to when it was
7 originally funded and disbursed. Is that closer? No? Okay.

8 **Mark Swartz:** In 25 words or less, as of February 28, 2015, Katherine Caldwell was being paid
9 directly.

10 **Anita Duty:** 2012.

11 **Mark Swartz:** Of 2012. I'm sorry. She was being paid directly.

12 **Anita Duty:** She had been paid directly.

13 **Mark Swartz:** As of February 28, 2012, you started paying Katherine Caldwell directly and no
14 additional money for her went into the escrow account from that day forward. Correct?

15 **Anita Duty:** Yes.

16 **Mark Swartz:** So, that's why we don't have to apply a percentage to the balance in the escrow
17 account to square up with her because she's been getting her money from that date forward?

18 **Anita Duty:** Correct.

19 **Mark Swartz:** So, what we're accomplishing here by this payment as of February 28, 2012, is
20 we are giving her the portion of the escrowed funds as of that date that she would have been
21 entitled?

22 **Anita Duty:** Yes.

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

24 **Mary Quillen:** Are you saying that she was being paid directly and the same amount of money
25 was being escrowed?

26 **Anita Duty:** The difference in the amount that she originally owned and the amount that the
27 court awarded her.

28 **Mary Quillen:** Oh, a court order changed it. Okay.

29 **Bill Harris:** Basically, she was being underpaid.

1 **Anita Duty:** That's what the court order said.

2 **Bill Harris:** Initially, when she was paid directly. Now, we're trying to make up that.

3 **Mary Quillen:** It's that difference that the court order...

4 **Anita Duty:** We had a difference in.... They went to court and the court awarded her a different
5 amount than what our title originally showed.

6 **Mary Quillen:** Okay. That clears it up.

7 **Bill Harris:** My underpaid statement was not intentionally underpaid...

8 **Anita Duty:** It's not really that it's underpaid. It's just the fractional amount that she originally
9 had versus what the court awarded her was different. One-ninth versus one-half. Our title work
10 said one-ninth. The court said one-half.

11 **Bill Harris:** But, that was after you had started to pay her the one-ninth. Is that correct?

12 **Anita Duty:** That was several years after. Yes.

13 **Bill Harris:** Are you all trying to make up the difference, now? Is that what we're saying?

14 **Anita Duty:** Yes.

15 **Bill Harris:** Okay.

16 **Mark Swartz:** Well, we need to make sure you understand.

17 **Bradley Lambert:** I understand that part, but what I'm still confused about is where is the
18 recoupment coming from...the payment that now needs to be increased to Ms. Caldwell?

19 **Anita Duty:** There were other individuals that were involved in the court order, which was
20 James Rasnick. Do you need to know this part of it?

21 **Bradley Lambert:** No. I like sticking to 25 words or less.

22 **Anita Duty:** That's where the overpayment came.

23 **Rick Cooper:** This is Ms. Caldwell.

24 **Katherine Caldwell:** I don't understand, either. Are you taking the money back?

25 **Anita Duty:** No, this is a different amount. We have to get back the \$1,800, that we put in there
26 that was an overpayment. It doesn't affect anything that we talked about when you came to my
27 office.

28 **Rick Cooper:** Ms. Caldwell, before you speak, we need to swear you in?

1 **Sarah Gilmer:** Ms. Caldwell, do you swear and affirm that your testimony is the truth, the
2 whole truth and nothing but the truth?

3 **Katherine Caldwell:** I do.

4 **Bradley Lambert:** Do I have a question from the Board? Mr. Ratliff.

5 **Donnie Ratliff:** No.

6 **Katherine Caldwell:** I was referring the hundred and some dollars that was owed.

7 **Anita Duty:** From last month?

8 **Katherine Caldwell:** Yes.

9 **Anita Duty:** That's still coming to you. This doesn't affect that.

10 **Katherine Caldwell:** Okay. Thank you.

11 **Bradley Lambert:** Ms. Caldwell, do you understand, now?

12 **Katherine Caldwell:** I do.

13 **Bradley Lambert:** Good because I still don't.

14 **Katherine Caldwell:** I understand my part. I don't understand...

15 **Anita Duty:** We approved her from last month, for \$1,900. She thought that this \$1,800 was
16 the same money.

17 **Bill Harris:** I do still have a question, though.

18 **Bradley Lambert:** Mr. Harris.

19 **Bill Harris:** If the Chair would bear with me and the other folks. You may not have gotten to
20 this, yet. I know you gave an amount for Item 1, which was the 999 for CNX. The items below
21 that show both CNX and Ms. Caldwell receiving 100%. I'm not sure if I understand how the
22 royalty split say it's 100% for both.

23 **Anita Duty:** But, there's no royalty split. There was an agreement with James Rasnick and we
24 had a settlement agreement with him. We paid him a certain dollar amount. In that agreement,
25 we get whatever is in escrow.

26 **Bill Harris:** That was, originally, for him?

27 **Anita Duty:** That would have been for the interest that him and the others that were involved in
28 the court order. Ms. Caldwell's involved in the court order, but she's not involved in the

1 settlement. So, we need to pay her out of escrow. Then, the piece that we paid Mr. Rasnick and
2 others is going to come back to us through the money that we're being paid out of this account.
3 That was part of the agreement. You pay us a settlement agreement. You can have the escrow.
4 Ms. Caldwell wasn't part of that agreement. She gets paid her money out of escrow.

5 **Bill Harris:** I still don't understand each one getting 100%. That's the thing that...

6 **Anita Duty:** All the other owners that are involved in these tracts have already been paid.
7 Buckhorn Coal Company, which is the coal owner involved in these tracts, they've already been
8 paid their piece out of the settlement agreement, also. So, everything that's in escrow for these
9 tracts belongs to CNX and Ms. Caldwell.

10 **Bill Harris:** I guess what confuses me is that both are 100%.

11 **Anita Duty:** That's just the e-Forms thing. We have to put it in there that way because we're
12 doing an exact dollar amount. You have to put it in there that way in order for it to...

13 **Bill Harris:** Okay. Thank you.

14 **Mark Swartz:** How did the people you settled with, get money when the settlement happened?
15 Did it come out of escrow?

16 **Anita Duty:** CNX paid them, directly.

17 **Mark Swartz:** Okay. So, when you settled with the Rasnick folks, and so forth, CNX paid
18 them directly out of CNX funds, not out of escrow?

19 **Anita Duty:** Correct.

20 **Mark Swartz:** As part of the settlement agreement, did they agree to give CNX their claims to
21 escrowed funds?

22 **Anita Duty:** Yes.

23 **Mark Swartz:** And that's how this payment is coming out to CNX, out of the escrow account,
24 or the reason for it?

25 **Anita Duty:** Yes.

26 **Mark Swartz:** Okay.

27 **Bradley Lambert:** That makes sense, but that's not a recoupment. It's because of a settlement
28 agreement.

29 **Mark Swartz:** But, the \$1,863 is a recoupment. There are two things going on here. That
30 smaller amount, the \$1,863.98, is the result of a change in percentage.

1 **Bradley Lambert:** Okay.

2 **Mark Swartz:** That was an overpayment. All of the rest of these is money coming, to the
3 extent it's coming, to CNX is coming because of a settlement agreement with the people who
4 were originally assigned that piece.

5 **Bradley Lambert:** Okay. See, there, tell me again.

6 **Anita Duty:** He's better than me.

7 **Mark Swartz:** And Katherine.... Well, except, I needed a brain transplant to get there.
8 Katherine Caldwell, on the other hand, you did not settle with her and her payment is a result of
9 the court case.

10 **Anita Duty:** It's the same court case.

11 **Mark Swartz:** But, it's not a settlement. It's a court case.

12 **Anita Duty:** Right.

13 **Mark Swartz:** Okay.

14 **Bradley Lambert:** I think I understand it.

15 **Mark Swartz:** So, now, we need to deal with this exhibit in terms of instructions to the escrow
16 agent and put that in the record. For the record, tell us what the escrow agent should do with
17 regard to payments, dollar amounts and people that are receiving those from Table 1.

18 **Anita Duty:** All the payments are going to be exact dollar amounts. For CNX Gas Company,
19 LLC, we're requesting a reimbursement of an overpayment of \$1,863.98. For Tract 3, CNX Gas
20 Company and Katherine Caldwell should each receive \$18,739.64. For Tract 5, CNX and
21 Katherine Caldwell should each receive \$23,846.41. For Tract 7, CNX Gas and Catherine
22 Caldwell should each receive \$6,083.72. For Tract 8, CNX Gas Company and Katherine
23 Caldwell should each receive \$799.32.

24 **Mark Swartz:** Will these payments, then, zero out the balance in the escrow?

25 **Anita Duty:** Yes.

26 **Mark Swartz:** What well is contributing to this escrow?

27 **Anita Duty:** BA112.

28 **Mark Swartz:** Did you do a reconciliation, Exhibit J, with regard to this escrow account?

29 **Anita Duty:** We did.

1 **Mark Swartz:** When you compared the royalty checks that were issued by the operator to the
2 deposits that were booked by the bank, did you find all of them?

3 **Anita Duty:** Yes.

4 **Mark Swartz:** On page 20 of the PDF, you've got the difference when you compared the
5 balance and the deposits. Correct?

6 **Anita Duty:** Yes.

7 **Mark Swartz:** \$3.84.

8 **Anita Duty:** It is.

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

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

11 **Bill Harris:** Let me ask one last question. I'm sorry to keep doing this. So, Mrs. Caldwell gets
12 her money out of escrow. Going forward, she gets paid directly? Is that what happens?

13 **Anita Duty:** She's already being paid directly.

14 **Bill Harris:** Okay. So, this is just to take care of the escrow money? So, that account is closed
15 after this?

16 **Anita Duty:** It is not closed.

17 **Bill Harris:** There are other people involved in...

18 **Anita Duty:** Tract 6 and Tract 10 also have money going to escrow.

19 **Bill Harris:** But, pertaining to the account that she's part of, that part of the escrow will go away
20 and, then, the escrow would be for the other folks who didn't have some agreement or court case
21 and are still being carried there?

22 **Anita Duty:** Correct.

23 **Bill Harris:** Okay. I think I understand what's happening.

24 **Mark Swartz:** Buckhorn Coal has some money in escrow. We've got some other tracts, as
25 well. Correct?

26 **Anita Duty:** 6 and 10.

27 **Mark Swartz:** 6 and 10. With regard to those tracts, there will still be some money in escrow.
28 But, with regard to Katherine Caldwell's interest, it should all be paid out.

1 **Bill Harris:** Okay. Thank you.

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

4 **Mark Swartz:** Then, to avoid further dialogue on dismissals, we're throwing in the towel on
5 that at this time, as well.

6 **Bradley Lambert:** Thank you. Do I have a motion?

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

8 **Bill Harris:** Second.

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

11 **Board:** Yes.

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

13 **Bradley Lambert:** One abstention. Mr. Ratliff.

14 **Item Number 8**

15 **Bradley Lambert:** We're calling Docket Item Number 8. 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 Tracts 1C & 1D to the persons identified in the table; (2) authorization to
18 begin paying royalties directly to the parties to the agreement or court order; and (3) dismissal of
19 coal owner(s)/claimant(s) named in the Notice of Hearing. This is Docket Number VGOB-98-
20 0324-0628-02. 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, you're still under oath.

24 **Anita Duty:** Yes.

25 **Mark Swartz:** Could you give us your name?

26 **Anita Duty:** Anita Duty.

27 **Mark Swartz:** This pertains to drilling Unit X-36. Right?

28 **Anita Duty:** Yes.

1 **Mark Swartz:** It's another petition for disbursement.

2 **Anita Duty:** Yes.

3 **Mark Swartz:** The facts or the basis for the request are what?

4 **Anita Duty:** A court order/settlement agreement.

5 **Mark Swartz:** Have you prepared a disbursement table or tables to effectuate that court order
6 and agreement?

7 **Anita Duty:** Yes.

8 **Mark Swartz:** Is this a two-step process in this unit?

9 **Anita Duty:** Yes.

10 **Mark Swartz:** Table 1 is a "pay exact dollar amount" table.

11 **Anita Duty:** Yes.

12 **Mark Swartz:** Who is to receive what amounts of money from what tracts on Table 1?

13 **Anita Duty:** For Tract 1C, CNX Gas Company, should receive \$8,188.30. Elmer Pruitt should
14 receive \$19,106.04. For Tract 1D, CNX Gas should receive \$10,550.47. Elmer Pruitt should
15 receive \$24,617.77.

16 **Mark Swartz:** Those are exact amounts to those people and, then, step two of the escrow
17 disbursement request is shown on Table 2. Correct?

18 **Anita Duty:** Yes.

19 **Mark Swartz:** And that's a pay percentage, not a dollar amount.

20 **Anita Duty:** Correct.

21 **Mark Swartz:** And that pertains to Tracts 1C & 1D. Is that correct?

22 **Anita Duty:** Yes.

23 **Mark Swartz:** Who is to receive the disbursements under Table 2 and what percentage should
24 be used?

25 **Anita Duty:** For Tract 1C, CNX Gas should receive 41.3575%. For Tract 1D, CNX should
26 receive an additional 53.2884%.

27 **Mark Swartz:** What's the well or wells that have been contributing to this account?

1 **Anita Duty:** X-36A

2 **Mark Swartz:** Going forward, should CNX and Mr. Pruitt be on direct-pay?

3 **Anita Duty:** Just CNX Gas.

4 **Mark Swartz:** Just CNX.

5 **Anita Duty:** This is the same, similar situation as before.

6 **Mark Swartz:** Okay. Lastly, did you do a Table J, reconciliation?

7 **Anita Duty:** Yes.

8 **Mark Swartz:** When you attempted to locate all royalty checks as deposits made by the escrow
9 agent, were you able to find all of them?

10 **Anita Duty:** Yes.

11 **Mark Swartz:** On page 18, I think you have a summary. When you take the total deposits,
12 interest and fees, a disbursement and you compared that to the February 28 bank balance, what
13 was the difference?

14 **Anita Duty:** \$958.90.

15 **Mark Swartz:** That difference is not accounted for by missing royalty checks. You accounted
16 for all of them.

17 **Anita Duty:** Correct.

18 **Mark Swartz:** That's all I have, Mr. Chairman. I'm sorry. This is another...the check should be
19 addressed to Mr. Cook, paid to Pruitt, but addressed "In Care Of."

20 **Bradley Lambert:** Okay. Can I ask if this Docket Item Number 8, relating to Mr. Pruitt, the
21 same as what we heard in Docket Item Number 6? Is it, basically, the same kind of agreement?

22 **Anita Duty:** It is. It's exactly the same thing.

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

24 **Paul Kugelman:** Of course, there's a withdrawal of the...

25 **Mark Swartz:** Yes.

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

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

1 **Bill Harris:** Second.

2 **Bradley Lambert:** I have a motion and I have a second. With the motion also pertaining to
3 denying the dismissal of coal owners and coal claimants. All in favor signify by saying yes.

4 **Board:** Yes.

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

6 **Mark Swartz:** Thank you.

7 **Item Number 9**

8 **Bradley Lambert:** We're calling Docket Item Number 9. A petition from CNX Gas Company,
9 LLC, for (1) the disbursement of escrowed funds heretofore deposited with the Board's Escrow
10 Agent attributable to Tracts 1A & 5A to the persons identified in the table using the percentages;
11 (2) authorization to begin paying royalties directly to the parties to the agreement or court order;
12 and (3) dismissal of coal owner(s)/claimant(s). This is Docket Number VGOB-98-0324-0632-
13 01. All parties wishing to testify please come forward.

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

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

16 **Mark Swartz:** Anita, would you state your name for us, again?

17 **Anita Duty:** Anita Duty.

18 **Mark Swartz:** You're still under oath?

19 **Anita Duty:** Yes.

20 **Mark Swartz:** This pertains to W-37. Correct?

21 **Anita Duty:** Yes.

22 **Mark Swartz:** It's a petition for disbursement.

23 **Anita Duty:** Yes.

24 **Mark Swartz:** Once again, we have as part of the reason for the request, Mr. Pruitt and CNX
25 Gas and the similar situation, the settlement agreement that we talked about twice before, today?

26 **Anita Duty:** Yes.

27 **Mark Swartz:** We also have a royalty split agreement involving Hurt-McGuire Land Trust and
28 Hubbard Osborne, as a basis, as well. Correct?

1 **Anita Duty:** Yes.

2 **Mark Swartz:** Did you prepare a table or tables with regard to the requested disbursements,
3 here?

4 **Anita Duty:** Yes.

5 **Mark Swartz:** The first table is, again, a "pay exact dollar amount" as a result of the CNX-
6 Pruitt court case settlement agreement?

7 **Anita Duty:** Yes.

8 **Mark Swartz:** Who should be paid by the escrow agent and what are the dollar amounts, as
9 opposed to percentages, on Table 1 that the escrow agent should pay?

10 **Anita Duty:** For Tract 5A, CNX Gas Company should receive \$553.62. Elmer Pruitt should
11 receive \$1,291.78.

12 **Mark Swartz:** On Table 2, the going forward table, this pertains to the....at least in Tract 1A, it
13 pertains to the split agreement. Correct?

14 **Anita Duty:** Yes.

15 **Mark Swartz:** It's a 50/50 agreement.

16 **Anita Duty:** It is.

17 **Mark Swartz:** You've reviewed it?

18 **Anita Duty:** Yes.

19 **Mark Swartz:** Who's to receive the funds from Tract 1A, then?

20 **Anita Duty:** Hurt-McGuire Land Trust and Hubbard Osborne should each receive 19.4204%.

21 **Mark Swartz:** Of the balance in escrow after the disbursement for Table 1 is made?

22 **Anita Duty:** Yes.

23 **Mark Swartz:** With regard to Tract 5A, how is that to be paid?

24 **Anita Duty:** CNX Gas Company, should receive 4.2705% of the account.

25 **Mark Swartz:** The well that contributed to this escrow account?

26 **Anita Duty:** W-37B.

27 **Mark Swartz:** Did you do an Exhibit J, as well?

1 **Anita Duty:** Yes.

2 **Mark Swartz:** If you look at page 19 of the PDF, it looks like you ran this comparison through
3 March 31, 2015.

4 **Anita Duty:** Yes.

5 **Mark Swartz:** What was the difference?

6 **Anita Duty:** \$734.64.

7 **Mark Swartz:** When you were doing the reconciliation, you noted a correction that was made
8 back in '06. Correct? I'm sorry. It was corrected this year.

9 **Anita Duty:** Yes. The problem was the payment for '06, but it was corrected in March.

10 **Mark Swartz:** Okay. That should have gone into W-37?

11 **Anita Duty:** Yes.

12 **Mark Swartz:** You, obviously, had to correct W-36, as well.

13 **Anita Duty:** Yes.

14 **Mark Swartz:** Okay. Were you able to locate all royalty checks as deposits having been made
15 when you did the reconciliation?

16 **Anita Duty:** Yes.

17 **Mark Swartz:** That's all I have, Mr. Chairman. Except for we are not pursuing the dismissal.

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

19 **Mary Quillen:** I have just one question. Was this a court order?

20 **Anita Duty:** The Elmer Pruitt/CNX portion is and settlement agreement.

21 **Mary Quillen:** Okay.

22 **Mark Swartz:** This check for Mr. Pruitt, again, is in care of Mr. Cook.

23 **Bradley Lambert:** Again, do I have a motion?

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

25 **Bill Harris:** I'll second.

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

1 **Board:** Yes.
2 **Bradley Lambert:** Opposed, no. [No response] Thank you, Mr. Swartz. That's approved.
3 **Mark Swartz:** Thank you.

4 **Item Number 13**

5 **Bradley Lambert:** We're calling Docket Item 10. A petition from Range Resources-Pine
6 Mountain, Inc. (Formerly brought in front of the Board by EQT Production Company, LLC), for
7 the disbursement of funds and authorization for direct payment on behalf of the known owners
8 on Tracts 2 and 4 in Well VC-702846. This is Docket Number VGOB-93-0316-0343-03. All
9 parties wishing to testify please come forward.

10 **Jim Kaiser:** Unless there are folks in the audience for this particular one, we would ask that you
11 allow Mr. Scott to do Item Number 13 and, then, we would have all the rest of them after that, if
12 that's okay with everybody.

13 **Bradley Lambert:** Do Docket 10 and 13?

14 **Jim Kaiser:** No. He's got a forced-pooling item, number 13 on the Docket. All the rest of the
15 docket is Range disbursements. In order to kind of let him and some of the other Range folks get
16 out of here, we would let him go in front of us.

17 **Mary Quillen:** So, he's only Item 13?

18 **Jim Kaiser:** Yes, ma'am.

19 **Tim Scott:** I'm cutting line.

20 **Bradley Lambert:** Is that okay with you?

21 **Jim Kaiser:** Yes, sir.

22 **Bradley Lambert:** We're going to make an amendment to the agenda. At this time, we're going
23 to call Docket Item Number 13. A petition from Range Resources-Pine Mountain, Inc., for
24 pooling of Well No. VC-539283. This is Docket Number VGOB-15-0421-4066. All parties
25 wishing to testify please come forward.

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

27 **Sarah Gilmer:** Mr. Janson, do you swear and affirm that your testimony is the truth, the whole
28 truth and nothing but the truth?

29 **Gus Janson:** I do.

1 **Sarah Gilmer:** Mr. Horn, do you swear and affirm that your testimony is the truth, the whole
2 truth and nothing but the truth?

3 **Phil Horn:** I do.

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

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

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

9 **Tim Scott:** You participated in the preparation of this application. Is that right?

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

11 **Tim Scott:** Is this unit located in the Nora coalbed gas field?

12 **Phil Horn:** Yes, it is.

13 **Tim Scott:** How many acres does it contain?

14 **Phil Horn:** 58.77.

15 **Tim Scott:** Thank you. And Range owns drilling rights in this unit. Is that right?

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

17 **Tim Scott:** Both as an owner and as an operator. Is that correct?

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

19 **Tim Scott:** Are we going to dismiss anybody from this application, today?

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

21 **Tim Scott:** As to the parties listed on B3, as parties respondent, have you attempted to reach an
22 agreement with those individuals?

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

24 **Tim Scott:** How was the notice of this hearing provided to the parties listed on Exhibit B?

25 **Phil Horn:** By certified mail and also by publication in the *Dickenson Star* on April 1, 2015.

26 **Tim Scott:** We don't have any unknowns. Is that right?

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

1 **Tim Scott:** And we've provided to the Board, proof of publication and proof of mailing. Is that
2 right?

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

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

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

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

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

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

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

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

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

13 **Tim Scott:** We have a certain percentage of the gas estate under lease. Is that correct?

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

15 **Tim Scott:** What is that percentage?

16 **Phil Horn:** We own and have leased 68.67%.

17 **Tim Scott:** What about the coal estate?

18 **Phil Horn:** 100% of the coal estate is leased.

19 **Tim Scott:** So, we're not seeking to pool any ownership in the coal estate. Is that right?

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

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

22 **Phil Horn:** We'll pool 31.33%.

23 **Tim Scott:** Now, we don't have an escrow requirement. Is that correct?

24 **Phil Horn:** That's correct. Our oil and gas owners will be paid.

25 **Tim Scott:** And you're requesting the Board to pool the parties listed on Exhibit B3?

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

1 **Tim Scott:** And that Range be named as the operator for this unit. Is that also correct?

2 **Phil Horn:** That's correct, also.

3 **Tim Scott:** Now, if the Board grants our application today and we send out the order which
4 provides for elections for the parties on B3, what address should we use for any elections that are
5 made under the order?

6 **Phil Horn:** Range Resources-Pine Mountain, Inc.; PO Box 2136; Abingdon, VA 24212.

7 **Tim Scott:** Would that be the address for all correspondence on this unit?

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

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

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

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

14 **Gus Janson:** My name is Gus Janson. I'm employed by Range Resources-Pine Mountain, Inc.
15 asManager of Geology.

16 **Tim Scott:** You helped prepare this application. Is that correct?

17 **Gus Janson:** I did.

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

19 **Gus Janson:** Yes, I am. The proposed depth is 2,449 feet.

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

21 **Gus Janson:** The reserves are estimated at 525,000 cubic feet of gas.

22 **Tim Scott:** Are you also familiar with the cost? Is that correct?

23 **Gus Janson:** I am.

24 **Tim Scott:** And you participated in the preparation of the AFE. Is that also correct?

25 **Gus Janson:** I did.

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

27 **Gus Janson:** The estimated dry hole cost is \$147,764.

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

2 **Gus Janson:** The estimated completed cost is \$412,770.

3 **Tim Scott:** Now, the AFE was provided as an exhibit to our application. Is that right?

4 **Gus Janson:** That's correct.

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

6 **Gus Janson:** Correct.

7 **Tim Scott:** Now, if the Board grants our application today, would it prevent waste, promote
8 conservation, protect correlative rights?

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

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

11 **Bradley Lambert:** Questions from the Board? [No response] Anything further, Mr. Scott?

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

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

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

15 **Bill Harris:** Second.

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

18 **Board:** Yes.

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

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

21 **Item Number 10**

22 **Bradley Lambert:** Now, we'll go back to Docket Item Number 10. A petition from Range
23 Resources-Pine Mountain, Inc. (Formerly brought in front of the Board by EQT Production
24 Company, LLC), for the disbursement of funds and authorization for direct payment on behalf of
25 the known owners on Tracts 2 and 4 in Well VC-702846. Docket Number VGOB-93-0316-
26 0343-03. All parties wishing to testify please come forward.

1 **Jim Kaiser:** Mr. Chairman, Board members, on this particular hearing Jim Kaiser and Rita
2 Barrett. We would ask that she be sworn.

3 **Sarah Gilmer:** Ms. Barrett, do you swear and affirm that your testimony is the truth, the whole
4 truth and nothing but the truth?

5 **Rita Barrett:** I do.

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

7 **Jim Kaiser:** This is a petition that has been filed and continued and re-filed several times, I
8 think. It doesn't really fit our normal testimony patterns. I'm going to, if the Board will allow,
9 just have Ms. Barrett explain what's going on.

10 **Rita Barrett:** Basically, this one is done. I continued this at the March hearing because I had
11 the wrong exhibits in my packet, but EQT had revised all the exhibits. I think we're just ready to
12 roll on it aren't we, Sarah?

13 **Sarah Gilmer:** Yes. Everything is correct.

14 **Rita Barrett:** Everything is correct now, yes.

15 **Bradley Lambert:** Mr. Cooper, can you affirm?

16 **Rick Cooper:** Yes, they have submitted all the revisions. We're good to go.

17 **Bradley Lambert:** Having that affirmed from the Board staff, do I have a motion?

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

19 **Bill Harris:** Second.

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

22 **Board:** Yes.

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

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

25 **Bradley Lambert:** One abstention. Mr. Ratliff.

26 **Item Number 11**

27 **Bradley Lambert:** We're calling Docket Item Number 11. A petition from Range Resources-
28 Pine Mountain, Inc. (Formerly brought in front of the Board by EQT Production Company,

1 LLC), for the disbursement of funds and authorization for direct payment on behalf of known
2 owners on Tracts 2, 4, 5, 6, 7, 8, and 9, in Well VC-703655. Docket Number VGOB-97-0520-
3 0586-02. All parties wishing to testify please come forward.

4 **Jim Kaiser:** On this particular case, Jim Kaiser, Rita Barrett. We would ask that Larry Reeves
5 be sworn. We may need his testimony.

6 **Rita Barrett:** We also have some revised exhibits.

7 **Bradley Lambert:** Also, with us this morning, we have...please state your name for the record.

8 **Freddie Mullins:** Freddie Mullins.

9 **Sarah Gilmer:** Mr. Reeves, do you swear and affirm that your testimony is the truth, the whole
10 truth and nothing but the truth?

11 **Larry Reeves:** I do.

12 **Bradley Lambert:** Mr. Kaiser, you may proceed.

13 **Jim Kaiser:** Ms. Barrett, this is a disbursement request that was originally filed by EQT some
14 time ago. It's one of the wells that we transferred out to Range Resources-Pine Mountain, I
15 believe, last month. Is that correct?

16 **Rita Barrett:** Yes.

17 **Jim Kaiser:** And the parties have been notified as required by statute?

18 **Rita Barrett:** Yes.

19 **Jim Kaiser:** What unit are we talking about, here?

20 **Rita Barrett:** This is unit VC-3655.

21 **Jim Kaiser:** What tracts are we disbursing from?

22 **Rita Barrett:** Tracts 2, 4, 6, 7, 8, and 9.

23 **Paul Kugelman:** Not 5?

24 **Rita Barrett:** I don't have a 5 on my schedule. No.

25 **Bradley Lambert:** It's on Table 1.

26 **Rita Barrett:** We've got revised exhibits that I was going to pass out. I was saying that we've
27 got some revisions.

28 **Sarah Gilmer:** 5 has been removed.

1 **Paul Kugelman:** So, 5 has been removed?

2 **Sarah Gilmer:** I assume, originally, she had 5 on there and now they have revised the petition.

3 **Rita Barrett:** Right.

4 **Jim Kaiser:** So, 5 is no longer included?

5 **Rita Barrett:** Correct.

6 **Jim Kaiser:** That's reflected on the revised Exhibit.

7 **Bradley Lambert:** We still have it on our Exhibit.

8 **Sarah Gilmer:** 5 has been removed on the petition that I have.

9 **Rita Barrett:** If you look at the revised Exhibit E, you'll see that Tract 5 is on it. Tract 5 should
10 not be on Exhibit EE.

11 **Mary Quillen:** It's not on EE.

12 **Rita Barrett:** Correct.

13 **Paul Kugelman:** Are we good?

14 **Jim Kaiser:** We're good. Ms. Barrett, is this a partial or full disbursement?

15 **Rita Barrett:** This is a partial.

16 **Jim Kaiser:** Have the figures been reconciled?

17 **Rita Barrett:** They have, as of February 22, 2015.

18 **Jim Kaiser:** Have we provided the Board with a Table 1?

19 **Rita Barrett:** Yes.

20 **Jim Kaiser:** A revised Table 1?

21 **Rita Barrett:** Yes.

22 **Jim Kaiser:** And that revised Table 1 accurately reflects what percentage of escrow should be
23 used for disbursement in the next to last column to the right?

24 **Rita Barrett:** It does.

25 **Jim Kaiser:** And accurately reflects who should receive disbursements and at what percentage?

26 **Rita Barrett:** It does.

1 **Jim Kaiser:** Have you provided the Board with Exhibits E and EE to reflect the status of this
2 unit after this disbursement?

3 **Rita Barrett:** Yes, we just did.

4 **Jim Kaiser:** Did you ask that any order by the Board state that the royalties be paid directly to
5 these people that are being disbursed?

6 **Rita Barrett:** Yes.

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

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

9 **Bruce Prather:** What county is this well in?

10 **Rita Barrett:** Dickenson.

11 **Bruce Prather:** Okay. Some of these wells that Range got from you people are in Wise County
12 and I have to recuse myself on them.

13 **Rita Barrett:** I understand.

14 **Bruce Prather:** All these wells are in Dickenson.

15 **Rita Barrett:** I don't know that they're all in Dickenson, but this particular well is.

16 **Bruce Prather:** Okay.

17 **Bradley Lambert:** Mr. Mullins?

18 **Freddie Mullins:** Yes, sir.

19 **Bradley Lambert:** Questions? Comments?

20 **Larry Reeves:** No, sir. We're here on behalf of the estate of Dolphus and Dora Kiser. We've
21 been in touch with Ms. Barrett for some time and we would appreciate you all releasing the
22 money.

23 **Bradley Lambert:** Okay. Thank you. We seldom get that. Anything further, Mr. Kaiser?

24 **Jim Kaiser:** We ask that the application be approved with revised exhibits.

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

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

27 **Bill Harris:** Second.

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

2 **Board:** Yes.

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

4 **Donnie Ratliff:** We have one abstention. Mr. Ratliff.

5 **Rick Cooper:** Mr. Chairman.

6 **Bradley Lambert:** Mr. Cooper.

7 **Rick Cooper:** I guess the only thing I wanted to point out here.... It wasn't mentioned, but that
8 account was off by how much, Sarah?

9 **Sarah Gilmer:** \$4,592.16.

10 **Bradley Lambert:** Okay.

11 **Jim Kaiser:** We would ask that Mr. Reeves address that.

12 **Larry Reeves:** With our view with everything over the history of the account, it would appear
13 to be interest and CDARS. There's nothing we could find to put the account off.

14 **Bradley Lambert:** How much is in the account?

15 **Sarah Gilmer:** There's an extra \$10,592.16.

16 **Bradley Lambert:** Okay. I'm glad you cleared that up.

17 **Rita Barrett:** The bank is showing more than what...

18 **Rick Cooper:** I apologize for the delay on that one, Mr. Chairman.

19 **Bradley Lambert:** Thank you, Mr. Kaiser. That one is approved.

20 **Item Number 12**

21 **Jim Kaiser:** The next item, Item 12, we're going to continue. When do you want to continue it
22 to?

23 **Rita Barrett:** To July or June? I think we can work everything out by June. Continue it until
24 June, please.

25 **Bradley Lambert:** Okay. We're calling Docket Item Number 12. A petition from Range
26 Resources-Pine Mountain, Inc. (Formerly brought in front of the Board by EQT Production
27 Company, LLC), for disbursement and authorization for direct payment on behalf of all known

1 owners in Tracts 1, 2, 5, 6, 8, 9, 10, 11, 12 and 13 in Well VC-504482. This is Docket Number
2 VGOB-01-0619-0899-02. This one will be continued until June. Thank you.

3 **Item Number 14**

4 **Bradley Lambert:** We're calling Docket Item Number 14. A petition from Range Resources-
5 Pine Mountain, Inc., for disbursement and authorization for direct payment on behalf of known
6 owners in Tract 2. This is Docket Number VGOB-08-0916-2345-01. All parties wishing to
7 testify please come forward.

8 **Jim Kaiser:** Jim Kaiser and Rita Barrett. We have revised exhibits for this item, as well.

9 **Rita Barrett:** These revisions were, basically, just to clean it up and number the pages so it
10 would make it a little bit easier to follow.

11 **Bradley Lambert:** Mr. Mullins, will you be speaking in this one, as well?

12 **Freddie Mullins:** No, sir, Mr. Chairman, I am on Items Number 16 and 17.

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

14 **Jim Kaiser:** Ms. Barrett, this is a disbursement request filed by Range Resources-Pine
15 Mountain?

16 **Rita Barrett:** It is.

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

18 **Rita Barrett:** Yes.

19 **Jim Kaiser:** What unit are we dealing with, here?

20 **Rita Barrett:** This is unit Haysi 155.

21 **Jim Kaiser:** What tracts are we wishing to disburse from?

22 **Rita Barrett:** Tract 1.

23 **Jim Kaiser:** Is this a partial or a full disbursement?

24 **Rita Barrett:** This is a partial.

25 **Jim Kaiser:** Have the figures been reconciled between Range and the bank?

26 **Rita Barrett:** They have, as of February 28, 2014. We have some explanation to do on this
27 one. Ms. Bonk, her mother was initially shown as unknown. Chesapeake had found Karen Bonk
28 and leased her. Once Range leased her, they started paying her directly.

1 **Jim Kaiser:** Chesapeake leased her and, then Range bought Chesapeake.

2 **Rita Barrett:** Right. They started paying her directly after February 28, 2014. If you look at
3 your Exhibit J, your reconciliation, that's when Range started paying her, directly, was February
4 28, 2014. Why we're here today is just to get the money that she's due that was paid into the
5 escrow account prior to that date.

6 **Paul Kugelman:** How was the conflict resolved? If it was being escrowed, there had to be a
7 conflict.

8 **Jim Kaiser:** She was escrow listed as an unknown.

9 **Paul Kugelman:** Okay. Now, you found her. I've got it.

10 **Rita Barrett:** Correct.

11 **Jim Kaiser:** Did we provide the Board with a Table 1 to enable them to know what percentage
12 they are to use for disbursement purposes, if she receives the disbursement and at what
13 percentage?

14 **Rita Barrett:** We did.

15 **Jim Kaiser:** Have you provided the Board with revised exhibits E and EE to reflect the status of
16 this unit after the disbursement?

17 **Rita Barrett:** Yes.

18 **Jim Kaiser:** Have you asked that Ms. Bonk, again, continue to be paid her royalty going
19 forward, directly?

20 **Rita Barrett:** Yes.

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

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

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

24 **Bill Harris:** Second.

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

27 **Board:** Yes.

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

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

2 **Bradley Lambert:** One abstention. Mr. Ratliff. Thank you, folks. That one is approved.

3 **Rita Barrett:** Thank you.

4 **Item Number 15**

5 **Bradley Lambert:** We're calling Docket Item Number 15. A petition from Range Resources-
6 Pine Mountain, Inc., for disbursement of funds and authorization for direct payment on behalf of
7 known owners in Tracts 4 & 5. Well VC-537839. Docket Number VGOB-08-0617-2251-01.
8 All parties wishing to testify please come forward.

9 **Jim Kaiser:** Jim Kaiser and Rita Barrett, again. Ms. Barrett, again, this is a disbursement
10 request filed on behalf of parties by Range Resources.

11 **Rita Barrett:** Yes.

12 **Jim Kaiser:** Have all parties been notified according to statute?

13 **Rita Barrett:** Yes.

14 **Jim Kaiser:** Which unit are we dealing with here?

15 **Rita Barrett:** This is unit VC-537839.

16 **Jim Kaiser:** Which tracts are we disbursing from?

17 **Rita Barrett:** Tracts 4 & 5.

18 **Jim Kaiser:** Is it a partial or full disbursement?

19 **Rita Barrett:** This is a full disbursement.

20 **Jim Kaiser:** Have you provided the Board with Table 1 to enable them to know what
21 percentage of escrowed funds to use for disbursement purposes, who should receive the
22 disbursement and at what percentage?

23 **Rita Barrett:** We did.

24 **Jim Kaiser:** And the figures have been reconciled between the files and Range?

25 **Rita Barrett:** Yes, as of March 31, 2015.

26 **Jim Kaiser:** Have you provided the Board with Exhibits E and EE to reflect the status of this
27 unit after this disbursement?

1 **Rita Barrett:** E is not applicable because this closes the account, but yes, we have provided EE.
2 **Jim Kaiser:** Would you ask that any order direct that royalties be paid directly, going forward?
3 **Rita Barrett:** Yes.
4 **Jim Kaiser:** Nothing further of this witness at this time, Mr. Chairman.
5 **Bradley Lambert:** Anything from the Board? [No response] Mr. Mullins? [No response]
6 Anything further, Mr. Kaiser?
7 **Jim Kaiser:** I would ask that the petition be approved as submitted.
8 **Bradley Lambert:** Do I have a motion?
9 **Mary Quillen:** Motion to approve.
10 **Bill Harris:** Second.
11 **Bradley Lambert:** I have a motion and a second. Any further discussion? [No response] All
12 in favor signify by saying yes.
13 **Board:** Yes.
14 **Bradley Lambert:** Opposed, no.
15 **Donnie Ratliff:** I'll abstain, Mr. Chairman.
16 **Bradley Lambert:** One abstention. Mr. Ratliff.

17 **Item Number 16**

18 **Bradley Lambert:** We're calling Docket Item Number 16. A petition from Range Resources-
19 Pine Mountain, Inc., for disbursement of funds and authorization for direct payment on behalf of
20 known owners in Tracts 2 & 3. Well VC-535907. Docket Number VGOB-04-0420-1282-01.
21 All parties wishing to testify please come forward.
22 **Jim Kaiser:** Jim Kaiser, Rita Barrett and possibly Mr. Larry Reeves for and on behalf of Range
23 Resources. Ms. Barrett, again, this is a disbursement request filed by Range.
24 **Rita Barrett:** Yes.
25 **Jim Kaiser:** Have all parties been notified as required by statute?
26 **Rita Barrett:** Yes.
27 **Jim Kaiser:** What unit are we dealing with here?

1 **Rita Barrett:** This is unit 535907.

2 **Jim Kaiser:** Which tracts are we disbursing from?

3 **Rita Barrett:** We are disbursing from Tract 3.

4 **Jim Kaiser:** Is this a partial or full disbursement?

5 **Rita Barrett:** This is a partial.

6 **Jim Kaiser:** Have the figures been reconciled between the bank and Range?

7 **Rita Barrett:** They have, as of March 31, 2015.

8 **Jim Kaiser:** Have you provided the Board with a Table 1, in order to give them a percentage of
9 escrowed funds to be disbursed, who should receive the disbursements and at what percentage?

10 **Rita Barrett:** Yes.

11 **Jim Kaiser:** Have you provided the Board with E and EE to reflect that status of this unit after
12 this disbursement?

13 **Rita Barrett:** Yes.

14 **Jim Kaiser:** Would you ask that the order provide that all royalties due Mr. Mullins, in the
15 future, be paid directly?

16 **Rita Barrett:** Yes.

17 **Jim Kaiser:** Nothing further of this witness at this time.

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

19 **Rita Barrett:** I need to correct my testimony. I think I said that we were disbursing just Tract 3.
20 It's 2 & 3.

21 **Rick Cooper:** Yes.

22 **Jim Kaiser:** That's important. Is 2 & 3 on the revised exhibit?

23 **Rita Barrett:** Yes, I just passed them out.

24 **Bradley Lambert:** Any questions from the Board? [No response] Mr. Mullins?

25 **Freddie Mullins:** No, sir.

26 **Bradley Lambert:** Anything further, Mr. Kaiser?

27 **Jim Kaiser:** We would ask that the application be approved with the revised exhibit.

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

10 **Item Number 18**

11 **Bradley Lambert:** We're calling Docket Item Number 18. A petition from Range Resources-
12 Pine Mountain, Inc., for disbursement of funds and authorization for direct payment on behalf of
13 known owners in Tract 6. Well VC-537869. Docket Number VGOB-07-1016-2046-02. All
14 parties wishing to testify please come forward.
15 **Rita Barrett:** I think you missed one.
16 **Mary Quillen:** Did you skip Number 17?
17 **Bradley Lambert:** Let's go ahead and do that one and come back to 17, make it easier for the
18 Chairman. You may proceed, Mr. Kaiser.
19 **Jim Kaiser:** Ms. Barrett, again, this is a disbursement filed on behalf of parties by Range
20 Resources-Pine Mountain?
21 **Rita Barrett:** Yes.
22 **Jim Kaiser:** Have all parties been notified according to statute?
23 **Rita Barrett:** Yes.
24 **Jim Kaiser:** What unit are we dealing with here?
25 **Rita Barrett:** This is unit VC-537869.
26 **Jim Kaiser:** What tracts are we disbursing from?
27 **Rita Barrett:** We are disbursing from Tract Number 6.

1 **Jim Kaiser:** Is it a partial or full disbursement?

2 **Rita Barrett:** This is a partial.

3 **Jim Kaiser:** Have your figures been reconciled between the bank and Range Resources in
4 Exhibit J?

5 **Rita Barrett:** Yes, as of April 30, 2015.

6 **Jim Kaiser:** Have you provided the Board with a Table 1 to give them the percentage of
7 escrowed funds to be disbursed, who should be disbursed to and at what percentage?

8 **Rita Barrett:** Yes, we did.

9 **Jim Kaiser:** Have you provided the Board with revised Exhibit E and EE to reflect the status of
10 this unit after the disbursement?

11 **Rita Barrett:** We did.

12 **Jim Kaiser:** Would you ask that an order direct that any royalty due Mr. and Mrs. Edwards,
13 after this disbursement, be paid to them directly?

14 **Rita Barrett:** Yes.

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

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

18 **Jim Kaiser:** We would ask that the application be approved as submitted with revised exhibits.

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

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

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

22 **Bradley Lambert:** I have a motion and a second. Any further discussion? [No response] All
23 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. Thank you, folks. That's approved.

1 **Item Number 17**

2 **Bradley Lambert:** Now, we're backing up to Docket Item Number 17. A petition from Range
3 Resources-Pine Mountain, Inc., for disbursement of funds and authorization for direct payment
4 on behalf of known owners in Tract 1. This is Well VC-503308. Docket Number VGOB-04-
5 0420-1283-04. All parties wishing to testify please come forward.

6 **Jim Kaiser:** Mr. Chairman, Jim Kaiser and Rita Barrett again, on behalf of Range. Ms. Barrett,
7 again, this is a disbursement request filed on behalf of parties by Range Resources-Pine
8 Mountain?

9 **Rita Barrett:** It is.

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

11 **Rita Barrett:** Yes.

12 **Jim Kaiser:** What unit are we dealing with here?

13 **Rita Barrett:** It's unit VC-503308.

14 **Jim Kaiser:** And, what tract are we disbursing?

15 **Rita Barrett:** Tract 1.

16 **Jim Kaiser:** Is this a partial or full disbursement?

17 **Rita Barrett:** This is a partial.

18 **Jim Kaiser:** Have the figures been reconciled between the bank and Range and reflected in
19 Exhibit J?

20 **Rita Barrett:** Yes, as of August 14, 2014.

21 **Jim Kaiser:** Did we provide the Board with a Table 1 to give them the percentage of escrowed
22 funds to use for disbursement purposes, who should be disbursed to and what that amount should
23 be?

24 **Rita Barrett:** Yes, we did.

25 **Jim Kaiser:** Have you provided the Board with revised Exhibits E and EE to reflect the status
26 of this unit after the disbursement?

27 **Rita Barrett:** Yes.

28 **Jim Kaiser:** Would you ask that any order that the Board issues require Mr. Mullins be paid his
29 royalties directly, going forward?

1 **Rita Barrett:** Yes.

2 **Jim Kaiser:** Nothing further of this witness at this time.

3 **Freddie Mullins:** The only thing I would like to clarify for the Board, Mr. Chair, is that these
4 disbursements will be paid to the estate of Dolphus and Dora Kiser. We are in the process of
5 getting W-9's from all the heirs. We have a court order establishing who the heirs of Dolphus
6 and Dora Kiser are and, at that point, they are to be paid directly.

7 **Bradley Lambert:** Okay. Thank you. For the Board's information, that court order is attached
8 to the back of our petition. Anything further, Mr. Kaiser?

9 **Jim Kaiser:** I would ask that the application be approved as submitted with revised exhibits.

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

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

12 **Bill Harris:** 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'll abstain, Mr. Chairman.

18 **Bradley Lambert:** One abstention. Mr. Ratliff. Thank you, folks. That is approved. Thank
19 you, Mr. Mullins.

20 **Freddie Mullins:** Thank you.

21 **Item Number 19**

22 **Bradley Lambert:** We're calling Docket Item Number 19. A petition from Range Resources-
23 Pine Mountain, Inc., for disbursement of funds and authorization for direct payment on behalf of
24 known owners in Tract 2. This is Well VC-537011. Docket Number VGOB-08-0520-2227-01.
25 All parties wishing to testify please come forward.

26 **Jim Kaiser:** Mr. Chairman, Jim Kaiser and Rita Barrett. Ms. Barrett, again, this is a
27 disbursement request filed on behalf of the parties by Range Resources-Pine Mountain?

28 **Rita Barrett:** Yes.

1 **Jim Kaiser:** And have all parties been notified?

2 **Rita Barrett:** Yes.

3 **Jim Kaiser:** What unit are we dealing with here?

4 **Rita Barrett:** This is VC-537011.

5 **Jim Kaiser:** Which tracts are we disbursing from?

6 **Rita Barrett:** This is Tract 2.

7 **Jim Kaiser:** Is this a partial or full?

8 **Rita Barrett:** This is a full disbursement.

9 **Jim Kaiser:** Have the figures been reconciled between the escrow agent and Range Resources
10 reflected in Exhibit J?

11 **Rita Barrett:** Yes, as of March 31, 2015.

12 **Jim Kaiser:** Did you provide the Board with a Table 1, which gives them a percentage of
13 escrowed funds to be disbursed, who they should be disbursed to and what amount?

14 **Rita Barrett:** We did.

15 **Jim Kaiser:** And you provided the Board, I guess, with just an Exhibit EE, in this case, to
16 reflect the status of this unit going forward?

17 **Rita Barrett:** Well, we have B, E and EE, but E is not applicable because this closes the
18 account.

19 **Jim Kaiser:** Would you ask that the order state that the parties be paid their royalties, directly,
20 going forward?

21 **Rita Barrett:** Yes.

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

23 **Bradley Lambert:** Questions from the Board? [No response] Anything further, Mr. Kaiser?

24 **Jim Kaiser:** We would ask that the application be approved as submitted.

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

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

27 **Mary Quillen:** Second.

1 **Bradley Lambert:** I have a motion and a second. Any further discussion? [No response] All
2 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.

7 **Item Number 20**

8 **Bradley Lambert:** We're calling Docket Item Number 20. A petition from Range Resources-
9 Pine Mountain, Inc., for disbursement of funds and authorization for direct payment on behalf of
10 known owners in Tracts 2, 3 & 4. This is Well VC-537876. Docket Number VGOB-08-0617-
11 2250-01. All parties wishing to testify please come forward.

12 **Jim Kaiser:** Mr. Chairman, Jim Kaiser and Rita Barrett, again. Again, Ms. Barrett, is this a
13 disbursement request filed on behalf of parties by Range Resources-Pine Mountain?

14 **Rita Barrett:** Yes.

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

16 **Rita Barrett:** They have.

17 **Jim Kaiser:** What unit are we dealing with here?

18 **Rita Barrett:** This is Unit VC-537876.

19 **Jim Kaiser:** What tracts are we disbursing from?

20 **Rita Barrett:** Tracts 2, 3, & 4

21 **Jim Kaiser:** Is this a partial or full disbursement?

22 **Rita Barrett:** This is a full disbursement.

23 **Jim Kaiser:** Have the figures been reconciled between the escrow agent and Range, as reflected
24 in Exhibit J?

25 **Rita Barrett:** Yes, as of March 31, 2015.

26 **Jim Kaiser:** Have we provided the Board with a Table 1 to give them the percentage of
27 escrowed funds to be disbursed, who they should be disbursed to and what percentage?

1 **Rita Barrett:** We did.

2 **Jim Kaiser:** And we provided the Board with a, probably a revised I take it, EE, but no E,
3 because it's a full disbursement, to reflect the status of the unit after disbursement?

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

5 **Jim Kaiser:** Would we ask that any order from the Board direct that royalties be paid directly to
6 these folks going forward?

7 **Rita Barrett:** Yes.

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

9 **Bradley Lambert:** Questions from the Board? [No response] Anything further, Mr. Kaiser?

10 **Jim Kaiser:** We would ask that the application be approved as submitted with revised exhibits.

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

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

13 **Mary Quillen:** Second.

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

16 **Board:** Yes

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

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

19 **Bradley Lambert:** One abstention. Mr. Ratliff.

20 **Item Number 21**

21 **Bradley Lambert:** We're calling Docket Item Number 21. A petition from Range Resources-
22 Pine Mountain, Inc., for disbursement of funds and authorization for direct payment on behalf of
23 known owners in Tract 2. This is Well Haysi 28. Docket Number VGOB-07-0717-1966-01.
24 All parties wishing to testify please come forward.

25 **Jim Kaiser:** Jim Kaiser and Rita Barrett. Again, this is a disbursement petition filed on behalf
26 of Range for the parties?

27 **Rita Barrett:** It is.

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

2 **Rita Barrett:** Yes.

3 **Jim Kaiser:** What unit are we dealing with here?

4 **Rita Barrett:** This is Haysi 28.

5 **Jim Kaiser:** What tract are we disbursing from?

6 **Rita Barrett:** We are disbursing from Tract 2.

7 **Jim Kaiser:** Is it a partial or full disbursement?

8 **Rita Barrett:** This is a partial.

9 **Jim Kaiser:** Have the figures been reconciled between the Escrow Agent and Range, reflected
10 in Exhibit J?

11 **Rita Barrett:** Yes. Again, this is a Karen Bonk. She has been being paid directly since
12 February 28, 2014. This application is to disburse what money is in the escrow account to her.

13 **Jim Kaiser:** Have we provided the Board with a Table 1 to provide them with a percentage of
14 escrowed funds to be disbursed, who they should be disbursed to and what percentage?

15 **Rita Barrett:** We did.

16 **Jim Kaiser:** Have you provided the Board with some revised Exhibits E and EE to reflect the
17 status of this unit after disbursement?

18 **Rita Barrett:** We did. A lot of these exhibits were just to clean up the numbering and some
19 address changes. I apologize to dump all this paperwork on you guys, but I thought it would be
20 easier to follow.

21 **Jim Kaiser:** Would you ask that any order from the Board direct that Ms. Bonk be paid any
22 royalty due her directly going forward, as she is now?

23 **Rita Barrett:** Yes.

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

25 **Bradley Lambert:** Questions from the Board? [No response] Anything further, Mr. Kaiser?

26 **Jim Kaiser:** We would ask that the application be approved with the revised exhibits.

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

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

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

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

4 **Board:** Yes.

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

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

7 **Bradley Lambert:** One abstention. Mr. Ratliff.

8 **Bill Harris:** Mr. Chairman, let me just ask a quick question. I know you commented about all
9 of the paper. We were just saying years ago we used to complain about how thick the packets
10 were. That's when they went to an electronic version. Is there a way to email these to us or to
11 the Board office a couple of days beforehand?

12 **Rita Barrett:** I'd be happy to.

13 **Bill Harris:** Or print front and back. I guess I just am concerned.

14 **Rita Barrett:** This was all very late Friday afternoon.

15 **Bill Harris:** Okay. It being a holiday weekend, too, that's not....

16 **Rita Barrett:** I actually had, I think, Sarah, emailed you some of the revisions we had done.
17 But, these that we were just cleaning up stuff, we didn't send those to her, to my knowledge.

18 **Bill Harris:** I just thought it might save some trees.

19 **Rita Barrett:** I agree.

20 **Item Number 22**

21 **Bradley Lambert:** We're calling Docket Item Number 22. A petition from Range Resources-
22 Pine Mountain, Inc., to disburse funds and authorization for direct payment to Karen Bonk, in
23 Tract 2. This is Well Haysi 29. Docket Number VGOB-07-0717-1967-01. All parties wishing
24 to testify please come forward.

25 **Jim Kaiser:** Mr. Chairman, Jim Kaiser and Rita Barrett. Again, Ms. Barrett, this is a
26 disbursement petition filed on behalf of Ms. Bonk by Range Resources-Pine Mountain.

27 **Rita Barrett:** Yes.

28 **Jim Kaiser:** And she has been notified, as required by statute?

1 **Rita Barrett:** Yes.

2 **Jim Kaiser:** What unit are we dealing with here?

3 **Rita Barrett:** This is Haysi 29.

4 **Jim Kaiser:** And what tract?

5 **Rita Barrett:** This is Tract Number 2.

6 **Jim Kaiser:** Is this a partial or full disbursement?

7 **Rita Barrett:** This is a partial.

8 **Jim Kaiser:** Have the figures been reconciled between the bank and Range, as reflected in
9 Exhibit J?

10 **Rita Barrett:** Again, this is one where she was being paid. Range began paying her directly on
11 February 28, 2014. The purpose of this application is to get money that was paid into the escrow
12 account prior to that.

13 **Jim Kaiser:** Did we provide the Board with a Table 1 that gives them a percent of escrowed
14 funds to be disbursed to use for that purpose, who should receive the disbursement and at what
15 percent?

16 **Rita Barrett:** We did.

17 **Jim Kaiser:** Again, since Ms. Bonk is already being paid her royalty directly at this point, the
18 order just needs to reflect that it continue to be that way. Is that correct?

19 **Rita Barrett:** Yes.

20 **Jim Kaiser:** No further questions of this witness at this time.

21 **Bradley Lambert:** Any questions from the Board? [No response] Anything further, Mr.
22 Kaiser?

23 **Jim Kaiser:** We ask that it be approved with the revised exhibits.

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

25 **Donnie Rife:** Motion made, Mr. Chair.

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

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

1 **Board:** Yes.

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

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

4 **Bradley Lambert:** One abstention. Mr. Ratliff.

5 **Item Number 23**

6 **Bradley Lambert:** We're calling Docket Item Number 23. A petition from Range Resources-
7 Pine Mountain, Inc., to disburse funds and authorization for direct payment to the owners in
8 Tracts 5 & 6. This is Well VC-536768. Docket Number VGOB-05-1115-1530-02. All parties
9 wishing to testify please come forward.

10 **Jim Kaiser:** Again, Jim Kaiser and Rita Barrett. Ms. Barrett, is this a disbursement request
11 filed on behalf of the parties by Range Resources?

12 **Rita Barrett:** It is.

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

14 **Rita Barrett:** They have.

15 **Jim Kaiser:** What unit are we dealing with here?

16 **Rita Barrett:** This is drilling unit VC-536768.

17 **Jim Kaiser:** What tracts are we disbursing from?

18 **Rita Barrett:** Tracts 5 & 6.

19 **Jim Kaiser:** Is this a partial or full disbursement?

20 **Rita Barrett:** This is a full disbursement.

21 **Jim Kaiser:** Have the figures been reconciled between the escrow agent and Range, as reflected
22 in Exhibit J?

23 **Rita Barrett:** They have, as of February 27, 2015.

24 **Jim Kaiser:** Did we provide the Board with a Table 1 which gives them a percentage of
25 escrowed funds to be disbursed, who should receive these disbursements and what percentage?

26 **Rita Barrett:** We did.

1 **Jim Kaiser:** Did we provide the Board with revised Exhibit EE to reflect the status of the unit
2 after this disbursement?

3 **Rita Barrett:** Actually, this is one of the few we didn't have revised exhibits, Mr. Kaiser.

4 **Jim Kaiser:** Good. So, we don't have any revised exhibits. Would you ask any order by the
5 Board to direct that the parties being disbursed to, be paid the royalty directly, going forward?

6 **Rita Barrett:** Yes.

7 **Jim Kaiser:** Nothing further of this witness, Mr. Chairman.

8 **Bradley Lambert:** Questions from the Board? [No response] Anything further, Mr. Kaiser?

9 **Jim Kaiser:** We would ask that the application be approved as submitted.

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

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

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

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'll abstain, Mr. Chairman.

18 **Bradley Lambert:** One abstention. Mr. Ratliff.

19 **Item Number 24**

20 **Bradley Lambert:** We're calling Docket Item Number 24. A petition from Range Resources-
21 Pine Mountain, Inc., to disburse funds and authorization for direct payment to the owners in
22 Tract 5. This is Well VC-536772. Docket Number VGOB-05-1115-1531-02. All parties
23 wishing to testify please come forward.

24 **Jim Kaiser:** Jim Kaiser and Rita Barrett. Ms. Barrett, again, this is a disbursement request filed
25 on behalf of parties by Range Resources-Pine Mountain.

26 **Rita Barrett:** Yes.

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

1 **Rita Barrett:** They have.

2 **Jim Kaiser:** What unit are we dealing with here?

3 **Rita Barrett:** This is unit VC-536772.

4 **Jim Kaiser:** What tract are we disbursing from?

5 **Rita Barrett:** This is Tract 5.

6 **Jim Kaiser:** Is it partial or full?

7 **Rita Barrett:** This is a full disbursement.

8 **Jim Kaiser:** Have the figures been reconciled between Range and the Escrow Agent, reflected
9 in Exhibit J?

10 **Rita Barrett:** Yes, as of December 13, 2014.

11 **Jim Kaiser:** Did we provide the Board with a Table 1 to provide them with the percentage of
12 escrowed funds to be disbursed, who should receive any disbursement and what percentage?

13 **Rita Barrett:** We did.

14 **Jim Kaiser:** Did we provide the Board with revised exhibits to reflect the status of the unit after
15 this disbursement?

16 **Rita Barrett:** Yes, sir.

17 **Jim Kaiser:** Would you ask that any order by the Board direct that this party be paid their
18 royalty directly, going forward?

19 **Rita Barrett:** Yes.

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

21 **Bradley Lambert:** Questions from the Board? [No response] Anything further, Mr. Kaiser?

22 **Jim Kaiser:** We would ask that the application be approved with revised exhibits.

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

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

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

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

- 1 **Board:** Yes.
- 2 **Bradley Lambert:** Opposed, no.
- 3 **Donnie Ratliff:** I'll abstain, Mr. Chairman.
- 4 **Bradley Lambert:** One abstention. Mr. Ratliff. Thank you, folks. That's approved.
- 5 **Jim Kaiser:** Thank you.
- 6 **Rita Barrett:** Thank you.
- 7 **Bradley Lambert:** Thank you for all the paperwork.
- 8 **Rita Barrett:** I'm sorry.

9 **Item Number 25**

- 10 **Bradley Lambert:** At this time, the Board will receive an update of Board and Division
11 activities from the staff.
- 12 **Rick Cooper:** We have no additional information to add, other than we have moved all the EQT
13 items over to Range that were transferred last month. No additional information, other than that.
- 14 **Bradley Lambert:** Thank you, Rick.

15 **Item Number 26**

- 16 **Bradley Lambert:** At this time, we'll need approval, review and approval of the minutes for the
17 April meeting. Is there additions, deletions or correction needed to be added to those minutes?
18 [No response] If not, I need a motion to approve.
- 19 **Donnie Ratliff:** Motion to approve, as presented, Mr. Chairman.
- 20 **Bill Harris:** Second.
- 21 **Bradley Lambert:** I have a motion and a second. All in favor signify by saying yes.
- 22 **Board:** Yes.
- 23 **Bradley Lambert:** I need a motion to adjourn.
- 24 **Donnie Rife:** Motion made, Mr. Chairman.
- 25 **Bruce Prather:** Second.

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