

VIRGINIA DEPARTMENT OF MINES, MINERALS AND ENERGY

VIRGINIA GAS AND OIL BOARD HEARING

Tuesday, June 16, 2015

Lebanon, Virginia

BOARD MEMBERS:

Bill Harris—Public Member

Donnie Ratliff—Coal Industry Representative

Donnie Rife— Public Member

Mary Quillen—Public Member

Rita Surratt— Public Member

APPEARANCES:

Bradley Lambert—Chairman of the Virginia Gas & Oil Board

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

Paul Kugelman, Jr.—Senior Assistant Attorney General

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

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

Prepared by: Margaret Linford

Agenda Items

<u>Item Number</u>	<u>Docket Number</u>		<u>Page</u>
1	Public Comment	(one comment begins on page 3)	1
2	VGOB-15-0616-4068	(Approved)	1
3	VGOB-15-0616-4069	(Approved)	11
4	VGOB-15-0616-4070	(Approved)	15
5	VGOB-96-0116-0530-03	(Approved)	17
6	VGOB-96-0116-0533-02	(Approved)	20
7	VGOB-99-0720-0729-02	(Approved)	29
8	VGOB-99-0720-0730-02	(Approved)	32
9	VGOB-02-0319-1008-03	(Approved)	34
10	VGOB-99-0922-0747-02	(Approved)	38
11	VGOB-89-0126-0009-83	(Approved)	40
12	VGOB-01-0619-0899-02	(Approved)	45
13	VGOB-02-1119-1098-01	(Approved)	47
14	VGOB-03-0715-1164-01	(Approved)	50
15	VGOB-04-0420-1281-02	(Approved)	51
16	VGOB-04-0316-1269-02	(Approved)	54
17	VGOB-05-0215-1403-01	(Approved)	57
18	VGOB-06-0718-1679-01	(Approved)	59
19	VGOB-07-1218-2100-02	(Approved)	60
20	VGOB-08-0620-2249-01	(Approved)	62
21	VGOB-09-0818-2578-01	(Approved)	64
22	VGOB-09-1020-2618-01	(Approved)	66

Agenda Items (Continued)

<u>Item Number</u>	<u>Docket Number</u>	<u>Page</u>
23	Additional Items not on the Agenda	
	Letter from Janie Smith	67
	House Bill 2058 Announcement	69
24	Board Review of April 2015 Minutes (Approved)	73

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

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

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

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

9 **Donnie Ratliff:** Donnie Ratliff, representing coal.

10 **Donnie Rife:** I'm Donnie Rife, public member from Dickenson County.

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

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

13 **Bradley Lambert:** Thank you.

14 **Items Number 1 and 2**

15 **Bradley Lambert:** The first item on the agenda is the Board will receive public comments. We
16 have no one signed up for public comments, this morning. We'll move on to Docket Item
17 Number 2. That's a petition from CNX Gas Company, LLC, for Pooling of Unit K73. This is
18 Docket Number VGOB-15-0616-4068. All parties wishing to testify please come forward.

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

20 **Bradley Lambert:** Good morning.

21 **Sarah Gilmer:** Ms. Duty, do you swear and affirm that your testimony is the truth, the whole
22 truth and nothing but the truth?

23 **Anita Duty:** Yes.

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

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

26 **Anita Duty:** Anita Duty.

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

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

1 **Mark Swartz:** This Docket Item pertains to a pooling application. Correct?

2 **Anita Duty:** Yes.

3 **Mark Swartz:** And it involves Unit Number K73.

4 **Anita Duty:** Yes.

5 **Mark Swartz:** And that's in the Nora coalbed field?

6 **Anita Duty:** It is.

7 **Mark Swartz:** How many acres?

8 **Anita Duty:** 58.65.

9 **Mark Swartz:** And we're going to be talking about two wells in that unit, under this application.
10 Correct?

11 **Anita Duty:** Yes.

12 **Mark Swartz:** One is going to be located in the drilling window and one would be located
13 outside the window. Is that correct?

14 **Anita Duty:** Yes.

15 **Mark Swartz:** And we have included with the documents you filed with the Board, a copy of
16 the location exception?

17 **Anita Duty:** We have.

18 **Mark Swartz:** And that pertains to some reclamation activities. We located one of the wells to
19 accommodate those activities.

20 **Anita Duty:** Yes.

21 **Mark Swartz:** With regard to the applicant and the operator here, who is the applicant?

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

23 **Mark Swartz:** Has CNX Gas Company filed, has it registered with the DMME and the
24 Division of Gas and Oil?

25 **Anita Duty:** Yes.

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

27 **Anita Duty:** Yes.

1 **Mark Swartz:** Is it a Virginia Limited Liability Company?

2 **Anita Duty:** Yes.

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

4 **Anita Duty:** Yes.

5 **Mark Swartz:** If the application is granted, the operator would also be CNX. Right?

6 **Anita Duty:** Yes.

7 **Mark Swartz:** These would be CBM frack wells?

8 **Anita Duty:** They are.

9 **Mark Swartz:** What did you do to notify people that we were going to be having a hearing
10 today?

11 **Anita Duty:** Mailed by certified mail, return receipt requested on May 15, 2015, and published
12 in the *Bluefield Daily Telegraph*, the notice and location map, on May 18, 2015.

13 **Mark Swartz:** And that information has been lodged with the Division, electronically, and it
14 should be part of the Board's packet. Correct?

15 **Anita Duty:** It is.

16 **Mark Swartz:** Have you listed the respondents in the Notice of Hearing and in Exhibit B?

17 **Anita Duty:** Yes.

18 **Mark Swartz:** Do you want to add any people to the list of respondents, today?

19 **Anita Duty:** No.

20 **Mark Swartz:** Do you want to dismiss anybody?

21 **Anita Duty:** No.

22 **Mark Swartz:** What interest have you obtained and what interest are you seeking to pool?

23 **Anita Duty:** We have acquired 100% of the coal interest, 80.6087% of the oil and gas owner's
24 claim to CBM. Seeking to pool 19.3913% of the oil and gas owner's claim to CBM.

25 **Mark Swartz:** The only interest you're seeking to pool would be those outstanding oil and gas
26 interests. Correct?

27 **Anita Duty:** Yes.

1 **Mark Swartz:** In that regard, if you combined the pooling order, pooling 19.3913% of the unit,
2 with the agreements and leases that the operator has obtained, would it be true that the
3 correlative rights of all the owners of the CBM would be protected?

4 **Anita Duty:** Yes.

5 **Mark Swartz:** Have you provided cost estimates with regard to the two frack wells?

6 **Anita Duty:** Yes.

7 **Mark Swartz:** This is a rare instance, where they're actually the same amount?

8 **Anita Duty:** Yes.

9 **Mark Swartz:** That's because they are estimates and, roughly, the same kind of terrain and to
10 the same depth?

11 **Anita Duty:** Yes.

12 **Mark Swartz:** Has Mr. Staton signed those and have you submitted them with the application?

13 **Anita Duty:** Yes.

14 **Mark Swartz:** It looks like we have, even though we're only pooling the oil and gas side of the
15 equation here, it looks like we do have an escrow requirement?

16 **Anita Duty:** We do.

17 **Mark Swartz:** Have you provided an Exhibit E with regard to the escrow requirement, to the
18 Board?

19 **Anita Duty:** Yes.

20 **Mark Swartz:** And, what's the reason for the escrow?

21 **Anita Duty:** An unknown and unlocatable.

22 **Mark Swartz:** What tracts would the escrow pertain to?

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

24 **Mark Swartz:** Since this is a new pooling and we don't have a conflict between coal and oil and
25 gas, there's no EE. Correct?

26 **Anita Duty:** Correct.

27 **Mark Swartz:** Do you have permits, yet, for these wells?

1 **Anita Duty:** No.

2 **Mark Swartz:** What lease terms would you propose to the Board, as being appropriate, in the
3 event that there is deemed to have a lease requirement?

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

5 **Mark Swartz:** Is it your opinion that drilling two frack wells in the locations shown on the plat,
6 here, one in the drilling window and one up in the northeast corner of the unit, outside of the
7 window, that that is a reasonable development plan to develop the coalbed methane under and
8 within this 58.65 acre unit?

9 **Anita Duty:** Yes.

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

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

13 **Mark Swartz:** No.

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

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

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

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

19 **Board:** Yes.

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

21 **Rick Cooper:** Mr. Chairman, if we could, Ms. Penny Ball.... She had a distance to drive over
22 here. She's requested that, if you could, since she was a few minutes late, could she speak to the
23 Board?

24 **Bradley Lambert:** Did you have an announcement, too, about the hearing-impaired?

25 **Rick Cooper:** No, but when I looked and saw we only had four or five people back there, I did
26 not announce it. If anyone needs any hearing-impaired devices, we now have those here. Just let
27 me know. Ms. Sneeuwjagt can tell you they work really well.

28 **Bradley Lambert:** Mr. Swartz, if you don't mind, could I interrupt and allow Ms. Ball to
29 provide some public comment?

1 **Mark Swartz:** You are the Chairman, so...

2 **Bradley Lambert:** Ms. Ball, please state your name for the record.

3 **Penny Ball:** Penny Ball. I have been requesting that they release the royalties from the gas
4 wells surrounding my property. I've been e-mailing the information that's needed. I'm getting
5 responses back that make no sense because they tell me they need a legal court decree.
6 According to the Code of Virginia, this is a legal court decree. The Code says that "all
7 proceedings had in any case, under the provision of 8.01394, where a final judgment or decree
8 has stood un-impeached for twenty years, are declared valid and binding in all respects." The
9 court decree...I have the original, but I typed it, so I can read it better. It goes through the names.
10 It's in Chancery Book 65, Page 65 and 66. Chancery Book 1.

11 **Paul Kugelman, Jr.:** Can you tell us what court that's from, ma'am, so the record is clear?

12 **Penny Ball:** Buchanan County. Here, in Grundy.

13 **Paul Kugelman, Jr.:** Thank you.

14 **Penny Ball:** On Page 65, it lists the names of the people who petitioned. There's a whole list of
15 names. John Knuckles is the land owner for my property. He's listed in here. I can go over all
16 the names, if you'd like. The petition is filed before Mr. Alex Beaver, who is a Special
17 Commissioner in Grundy. The court decree states, after it lists all the names..."has been filed
18 and returned to court a report and journal of his proceedings, together with evidence taken before
19 him. In each case and, upon inspection of the petitions and said causes, the proof therein taken
20 and report of the said Commissioner. The report of the said Commissioner is each of the above
21 cases is hereby confirmed and it is further order and decreed that the Clerk of Courts proceed to
22 record this special report of the said Commissioner, made in each case, as and for the deeds."
23 Then, it goes on in the papers which were destroyed by fire that each petitioner pay the cost and
24 they be filed. But, these documents, this decree for our property, was recorded "as and for the
25 deed." I've turned it in over and over. There is a court case in 1906, where John Knuckles
26 petitioned the court, the logging company petitioned and the land owners won because this
27 decree was upheld. Then, again in 1911.... In the one in 1911, John Knuckles is mentioned
28 specifically as the petitioner against Big X Coal Company. The one in 1906, his name isn't
29 mentioned, specifically, in the court records. But, it does show that they upheld the land owner's
30 decision and he is in the index books as a petitioner. But, the one in 1911 is the Pocahontas Coal
31 Company taking land owners to court. There's a whole list of land owners there.

32 **Mary Quillen:** Are you the owner?

33 **Penny Ball:** Of the property, now...yes. Anyway, it was Pocahontas Coal Company taking the
34 land owners to court and, there again, the land owners won.

35 **Paul Kugelman, Jr.:** We can assume, for the sake of discussion, that you own the land.

1 **Penny Ball:** Yes.

2 **Paul Kugelman, Jr.:** I think that will probably forego a lot of what...

3 **Penny Ball:** Yes, we own the land. We have had mineral searches and stuff done. We even,
4 like I said, hired the lawyer who, I have no idea what's gone on with that, but that we're trying to
5 take care of, as well. He quit us. When I kept telling him that we own the mineral rights because
6 he was disputing the wording of the mineral deed. The mineral document deed has an
7 unsatisfied lien on it. That's why there's the court case in 1888. The mineral lien is dated 1887,
8 which really doesn't matter because in 1888 he has a fee simple decree.

9 **Paul Kugelman Jr.:** You can still have a lien on fee simple property.

10 **Penny Ball:** Hmmm?

11 **Paul Kugelman, Jr.:** You can still have a lien on fee simple property.

12 **Penny Ball:** The court case in 1888 is after the lien was supposedly satisfied, even.

13 **Paul Kugelman, Jr.:** Anyway, okay.

14 **Penny Ball:** So, 1888 is another case. It's brought up as a dispute, his petition.

15 **Mary Quillen:** How many wells are you talking about and who are the well operators?

16 **Paul Kugelman, Jr.:** If I could interject there, I actually asked Rick Cooper, the Director of the
17 Division of Oil and Gas, to look up what wells may be involved here and he has provided me
18 with four: EE12, FF12A, FF13 & EE11. I presume that the royalties out of these are being force
19 pooled, or do we know that?

20 **Rick Cooper:** Right off, I don't know that. One of those particular wells, the one closest to Ms.
21 Ball, has not been fractured, yet. So, it's not yet producing. It's been sitting there about six
22 years.

23 **Paul Kugelman, Jr.:** Okay. So, one of these wells is identified, but not producing.

24 **Rick Cooper:** Correct.

25 **Paul Kugelman, Jr.:** So, there's nothing to release there because there are no royalties.

26 **Rick Cooper:** That's the one closest to her property. Yes.

27 **Paul Kugelman, Jr.:** Okay. Ms. Ball, my name is Paul Kugelman. I'm with the Attorney
28 General's Office. I represent the Board and I represent the Department of Mines, Minerals and
29 Energy. I've also reviewed the information that you've provided to Mr. Cooper. As you've

1 represented today, you are asking the Board to order the release of certain escrowed royalty
2 payments. Do I have that correct?

3 **Penny Ball:** Yes.

4 **Paul Kugelman, Jr.:** The way that is done, under current Virginia law, is that the well
5 operator...not the Board...the well operator, which would be CNX or Range, would petition this
6 Board for release of the escrowed royalty payments. It can only be for one of three grounds.
7 Those are listed in 45.1-361.22, subparagraph five. The release of the escrowed funds, force
8 pooled escrowed funds, can only occur if there is a court decree, with respect to those parties,
9 with respect to the mineral rights, which we don't have here.

10 **Penny Ball:** This is mineral rights. This shows that John Knuckles owns the mineral rights.

11 **Paul Kugelman, Jr.:** Okay. Hear me out, please. The Board doesn't have the authority to make
12 that determination. It doesn't have the jurisdiction to make determinations about mineral rights.
13 That's part of why you're getting the answer.

14 **Penny Ball:** I understand that.

15 **Paul Kugelman, Jr.:** Ma'am, can you please let me finish?

16 **Penny Ball:** Okay.

17 **Paul Kugelman, Jr.:** So, we don't have that. There is no agreement, as far as I know, for the
18 release of the escrowed funds. Getting back to the point, there's nothing pending before the
19 Board, from the well operator, for the release of the escrowed funds. Now, on July 1st, a new
20 law comes into effect. That will be 45.1-361.22:2. Under that law, for funds that are currently
21 escrowed, by January 1, 2016, all the well operators have to submit a petition to release
22 escrowed funds. Unless the coal owner comes in and says and either provides evidence of a
23 court proceeding or an agreement, the coal owners' conflicting interest in coalbed methane gas
24 royalties is, basically, deemed void and the escrowed funds will be disbursed. Getting back to
25 your point, you're trying to move the ball forward. I would propose or suggest that you get up
26 with the well operators, figure out what their basis is, what they're saying is the conflict that's
27 causing the funds to be escrowed, under law. If there is no conflict, ask them to petition the
28 Board for the release and, if there is a conflict, provide them with the documentation and they'll
29 update their title search if they believe what you've provided alters what their title search
30 revealed. That should take care of it.

31 **Penny Ball:** I have contacted the well owners. Like I said, these are legal and valid court
32 decrees that should stand for the property. According to the Code of Virginia, they are legal and
33 valid and binding.

34 **Paul Kugelman, Jr.:** Nobody here is disputing that.

1 **Mark Swartz:** I think you need to be aware that there is a case pending in Buchanan County
2 Circuit Court, based on Virginia Court Case Information data that I'm looking at, at the moment.
3 CL-12,389-00.

4 **Paul Kugelman, Jr.:** Where is it pending, Mark? I'm sorry.

5 **Mark Swartz:** Buchanan County. Jerry Ball and Penny Ball are Plaintiffs. The defendants are
6 Harrison Wyatt and CNX Gas Company. The case was filed by the Plaintiffs in June 2012.

7 **Paul Kugelman, Jr.:** Okay.

8 **Mark Swartz:** Shea Cook is their lawyer, counsel of record.

9 **Paul Kugelman, Jr.:** But, he has withdrawn, basically, is what you're saying.

10 **Penny Ball:** He has quit.

11 **Paul Kugelman, Jr.:** I know. I'm just making sure it's all clear on the record, Mark. I'm not
12 disputing you.

13 **Mark Swartz:** And, as far as I can tell, from this court information data, that case is pending. It
14 hasn't been resolved. There is no judgment. There's no final order date. So, she's telling you
15 she's got uncontroverted evidence and she started declaratory judgment action regarding that
16 issue and it hasn't been resolved. I think you probably, at least, needed to note that.

17 **Paul Kugelman, Jr.:** I appreciate that, Mr. Swartz. Ms. Ball, I just wanted to make sure.... I've
18 looked at, not your particular case, but I know those websites don't tell us everything. Is that true
19 that the declaratory judgment action filed on your behalf.... Can I finish asking the question
20 before you answer it, please?

21 **Penny Ball:** Okay.

22 **Paul Kugelman, Jr.:** Does that case involve the rights that we're talking about here, today?

23 **Penny Ball:** I have been to the courthouse numerous times, telling them that I do not have a
24 lawyer and I need the information on this case that's pending.

25 **Paul Kugelman, Jr.:** Is the case about rights that you're here about, today?

26 **Penny Ball:** I don't know.

27 **Paul Kugelman, Jr.:** You don't know. Okay.

28 **Penny Ball:** They won't give me the information. They won't tell me the Judge involved. The
29 Clerk says that the Judge that was over the case has retired and that another Judge is not

1 assigned. I have requested from every lawyer on the list of names involved, that they send me
2 the information. It's been months and nobody has.

3 **Paul Kugelman, Jr.:** What's the case about? What are you trying to resolve?

4 **Penny Ball:** We were supposed to be resolving the right-of-way issues, the mineral ownership,
5 the land.... Like I said, when I talked to the lawyer, he wouldn't tell us nothing. When I asked
6 him questions, we never even found out about the case where they were trying to prove the
7 wording of the mineral deed, which he had us in, which in my opinion didn't pertain to us. We
8 didn't even find out about that until after he quit, which was a year after the case was closed. A
9 year after the case was closed.

10 **Paul Kugelman, Jr.:** Okay. Well, ma'am...

11 **Mark Swartz:** The motion to withdraw as counsel was filed, according to the court records,
12 June 12, 2015, four days ago.

13 **Paul Kugelman, Jr.:** Okay.

14 **Penny Ball:** He quit us over a year ago.

15 **Mark Swartz:** That may be, but according to the court record...

16 **Paul Kugelman, Jr.:** All Mr. Swartz is pointing out is what the court record said. First of all,
17 what he's saying is just information that doesn't have any bearing on our decision. Secondly,
18 nobody is disputing what you're saying, with respect to Mr. Cook's representation. It's
19 unfortunate. It's sad, but it doesn't impact what's before us here, today, with you. What I would
20 say, is that, based on what you've represented...not what Mr. Swartz has said, but what you've
21 represented, that you have a case pending in Buchanan County Circuit Court about mineral rights
22 that we're here about today. So, there is a controversy that exists. And for the Board to even
23 entertain a petition to release the escrowed funds, would require it to, basically, jump into the
24 court's shoes, which it doesn't have the authority to do and resolve the action that you have filed.
25 The Board can't do that. So, the escrowed funds, under current Virginia law, cannot be released.
26 Now, after July 1st, whoever the well owner is...I'm guessing it's CNX, based on the defendants
27 in the case. They'll have to file a petition by January 1st, for the release of the escrowed funds.
28 Unless the coal owner comes forward with evidence of a proceeding or an agreement, within 45
29 days of the Notice of Petition being filed for disbursement, those funds will be disbursed to the
30 mineral owners unless there's some other conflict. I know that's not a satisfactory answer, but
31 that's really the best answer I can give you now. That's just the State of Virginia law, based on
32 the circumstances, as I understand them.

33 **Penny Ball:** Doesn't the State of Virginia say that, if there is a court case pending, don't they
34 have to give me information?

1 **Paul Kugelman, Jr.:** I'm not here to address that, ma'am. I can't speak for what the Circuit...

2 **Penny Ball:** But, you're saying there is a court case pending.

3 **Paul Kugelman, Jr.:** I asked you if there was one. You said there was one and you said it
4 involved mineral rights.

5 **Penny Ball:** I said, again, I'm not sure. But, I've been told there is.

6 **Paul Kugelman, Jr.:** Okay.

7 **Penny Ball:** Like I said, when I go to the court, there is no response. I have written letters and
8 sent registered mail to the courthouse and I find that they haven't gotten to any judge. I've been
9 told there's no judge assigned. If there's no judge, there's no case.

10 **Paul Kugelman, Jr.:** Again, the Board really cannot address what's going on in the court.
11 Neither one has jurisdiction over the other.

12 **Penny Ball:** Like I said, I'm letting the whole State know that I own my mineral rights and I'm
13 not the only one. I'm trying to get in touch with these people and every one of these people in
14 these documents has been told pretty much the same thing as me, as I'm finding out. They're not
15 happy, either. I'm not going to be alone in this, anymore.

16 **Bradley Lambert:** Thank you, Ms. Ball.

17 **Penny Ball:** Thank you.

18 **Item Number 3**

19 **Bradley Lambert:** We're calling Docket Item Number 3. A petition from CNX Gas Company,
20 LLC, for Pooling of Unit BB54. This is Docket Number VGOB-15-0616-4069. All parties
21 wishing to testify please come forward.

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

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

24 **Mark Swartz:** I'd like, if I could, to incorporate Anita's testimony from the prior case, with
25 regard to the applicant and operator, her employment and standard lease terms.

26 **Bradley Lambert:** Accepted.

27 **Mark Swartz:** Thank you.

28 **Bradley Lambert:** Wait a minute. Did we vote on that first one?

1 **Mark Swartz:** Yes, you did.

2 **Bradley Lambert:** Okay.

3 **Mark Swartz:** It was a fair question.

4 **Bradley Lambert:** Her testimony will be accepted.

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

6 **Anita Duty:** Anita Duty.

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

8 **Anita Duty:** Yes.

9 **Mark Swartz:** This is another pooling application. Correct?

10 **Anita Duty:** Yes.

11 **Mark Swartz:** And, it pertains to what unit?

12 **Anita Duty:** BB54.

13 **Mark Swartz:** What field is that located in?

14 **Anita Duty:** Oakwood.

15 **Mark Swartz:** How many wells are we going to be talking about?

16 **Anita Duty:** Two.

17 **Mark Swartz:** Where are they located in relation to the window?

18 **Anita Duty:** They are within the window.

19 **Mark Swartz:** Both of them, correct?

20 **Anita Duty:** Yes.

21 **Mark Swartz:** Have you provided well cost information?

22 **Anita Duty:** I have.

23 **Mark Swartz:** With regard to those wells, the total is \$731,139. Correct?

24 **Anita Duty:** Yes.

25 **Mark Swartz:** What are the amounts for each well?

1 **Anita Duty:** Well BB54-estimated cost \$366,719; BB54A \$364,420.

2 **Mark Swartz:** Have these wells been drilled, yet?

3 **Anita Duty:** No.

4 **Mark Swartz:** What interest are you seeking to pool?

5 **Anita Duty:** We are seeking to pool 26.675% of the oil and gas interest.

6 **Mark Swartz:** And with regard to other interest, you have either purchased those interests or
7 leased those interests. Is that correct?

8 **Anita Duty:** Yes.

9 **Mark Swartz:** If the Board will grant this pooling application and a pooling order, the pooling
10 order with the agreements that you have with regard to the other folks that you have leased or
11 purchased, would it be true that the correlative rights of all owners of the coalbed methane would
12 be protected?

13 **Anita Duty:** Yes.

14 **Mark Swartz:** What did you do to notify people that we were going to have a hearing today?

15 **Anita Duty:** Mailed by certified mail return receipt requested on May 15, 2015. Published the
16 Notice and location map in the *Bluefield Daily Telegraph* on May 19, 2015.

17 **Mark Swartz:** Have you included the mailing records and the certificate of publication with the
18 application on file with the DGO?

19 **Anita Duty:** Yes.

20 **Mark Swartz:** Okay. And the Board should have that information in their packet.

21 **Anita Duty:** Yes.

22 **Mark Swartz:** Do you want to add anybody as respondents, today?

23 **Anita Duty:** No.

24 **Mark Swartz:** Do you want to dismiss some people?

25 **Anita Duty:** Yes.

26 **Mark Swartz:** Okay. Who do you want to dismiss and for what reasons?

27 **Anita Duty:** Dennis Smith, Carolyn Horton, Teresa Sharp and Clement Smith.

1 **Mark Swartz:** Okay. And, they're in what tract?

2 **Anita Duty:** Tract 4.

3 **Mark Swartz:** Why are you asking that they be dismissed?

4 **Anita Duty:** We have leased their interest.

5 **Mark Swartz:** Okay. So, you have an agreement with them. Has that changed the percentage,
6 at all, or have you given us the revised percentage?

7 **Anita Duty:** I gave you the revised percentage.

8 **Mark Swartz:** Okay. Could you repeat that?

9 **Anita Duty:** 26.675%.

10 **Mark Swartz:** Originally, I think it was 27.9750%? Does that sound right?

11 **Anita Duty:** Yes.

12 **Mark Swartz:** So, it went down slightly?

13 **Anita Duty:** Yes, it did.

14 **Mark Swartz:** With regard to the development plan here, is it your opinion that drilling two
15 frack wells within the window of this unit is a reasonable way to develop the coalbed methane in
16 this unit?

17 **Anita Duty:** Yes.

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

19 **Bradley Lambert:** Mr. Swartz, if you did, I apologize. Did she testify to the terms?

20 **Mark Swartz:** We incorporated those.

21 **Bradley Lambert:** That's right. I'm sorry.

22 **Mark Swartz:** That's okay.

23 **Bradley Lambert:** Thank you. Any other questions from the Board? [No response] Anything
24 further Mr. Swartz?

25 **Mark Swartz:** No.

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

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

1 **Bill Harris:** I'll second that.
2 **Bradley Lambert:** I have a motion and I have a second. Any further discussion? [No
3 response] All 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. Thank you, Mr. Swartz. That one is approved.

8 **Item Number 4**

9 **Bradley Lambert:** We're calling Docket Item Number 4. A petition from CNX Gas Company,
10 LLC, for Pooling of Unit BB55. Docket Number VGOB-15-0616-4070. All parties wishing to
11 testify please come forward.
12 **Mark Swartz:** Mark Swartz and Anita Duty.
13 **Bradley Lambert:** You may proceed Mr. Swartz.
14 **Mark Swartz:** Thank you. If I could, I would like to incorporate Anita's prior testimony, with
15 regard to the applicant and operator, her employment and the standard lease terms.
16 **Bradley Lambert:** Accepted.
17 **Mark Swartz:** Thank you. Anita, would you state your name for us, again?
18 **Anita Duty:** Anita Duty.
19 **Mark Swartz:** Who do you work for?
20 **Anita Duty:** CNX Land, LLC.
21 **Mark Swartz:** This is another pooling application. Correct?
22 **Anita Duty:** Yes.
23 **Mark Swartz:** In what field?
24 **Anita Duty:** Oakwood.
25 **Mark Swartz:** Is it an 80-acre unit?
26 **Anita Duty:** It is.

1 **Mark Swartz:** Okay. How many wells are proposed?

2 **Anita Duty:** Two.

3 **Mark Swartz:** With regard to those wells, have you provided well cost estimates?

4 **Anita Duty:** Yes.

5 **Mark Swartz:** What is the total estimated cost of the two wells?

6 **Anita Duty:** \$743,639.

7 **Mark Swartz:** Would you give us the breakdown for each of the two wells?

8 **Anita Duty:** For Well BB55, the estimated cost is \$365,286; BB55A \$378,353.

9 **Mark Swartz:** What interest are you seeking to pool?

10 **Anita Duty:** Seeking to pool 5.6485% of the oil and gas interest.

11 **Mark Swartz:** What did you do to notify people that we were going to have a hearing today?

12 **Anita Duty:** Mail by certified mail, return receipt requested on May 15, 2015. Published the
13 notice and location map in the *Bluefield Daily Telegraph* on May 19, 2015.

14 **Mark Swartz:** Have you provided that information via the electronic filing system and should
15 the Board have that in their packets?

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

17 **Mark Swartz:** Do you want to add anybody as a respondent, today?

18 **Anita Duty:** No.

19 **Mark Swartz:** Do you want to dismiss anyone?

20 **Anita Duty:** No.

21 **Mark Swartz:** Is it your opinion that drilling two coalbed methane frack wells at the locations
22 shown on the plat map is a reasonable way to develop the coalbed methane resource within and
23 under Unit BB55?

24 **Anita Duty:** Yes.

25 **Mark Swartz:** Is it your further testimony that if you combine a pooling order with your leasing
26 and acquisition activities, the correlative rights of all owners of the CBM should be protected?

27 **Anita Duty:** Yes.

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

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

4 **Mark Swartz:** No.

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

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

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

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

10 **Board:** Yes.

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

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

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

14 **Item Number 5**

15 **Bradley Lambert:** We're calling Docket Item Number 5. 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 7, 7A & 16, to the persons identified in the table, using the
18 percentages set forth in the table; (2) authorization to begin paying royalties directly to the
19 parties to the agreement or court order. This is Docket Number VGOB-96-0116-0530-03. All
20 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:** Thank you. Anita, is this a petition for disbursement?

24 **Anita Duty:** Yes.

25 **Mark Swartz:** Did you either prepare this or supervise its preparation?

26 **Anita Duty:** I did.

27 **Mark Swartz:** What unit does it pertain to?

1 **Anita Duty:** V28.

2 **Mark Swartz:** What tracts does it pertain to?

3 **Anita Duty:** Tracts 16, 7 & 7A.

4 **Mark Swartz:** Is it a partial disbursement, as opposed to a complete disbursement, of this
5 account?

6 **Anita Duty:** Partial.

7 **Mark Swartz:** And the reason that you're asking for a disbursement, or reasons, are what?

8 **Anita Duty:** We have court orders.

9 **Mark Swartz:** And those court orders, essentially, assign the interest to one of the conflicting
10 parties. Correct?

11 **Anita Duty:** Yes.

12 **Mark Swartz:** Have you provided a copy of those orders to the Board?

13 **Anita Duty:** Yes, we have.

14 **Mark Swartz:** Have you prepared a table that the Escrow Agent should use in disbursing these
15 funds?

16 **Anita Duty:** Yes.

17 **Mark Swartz:** That would be Table 1, I think?

18 **Anita Duty:** It is.

19 **Mark Swartz:** Table 1, for each of the tracts, in which you indicate who is to receive the
20 disbursement and how the Board's Escrow Agent should calculate the disbursement.

21 **Anita Duty:** For Tract 7A, Bonnie King Clemmons...

22 **Mark Swartz:** You skipped one. Do you want to start with 7?

23 **Anita Duty:** I said, "7A," but I meant "7."

24 **Mark Swartz:** Okay.

25 **Anita Duty:** Sorry. Let's start over. For Tract 7, Bonnie Clemmons should receive 21.5012%
26 of the escrow account. For Tract 7A, Oakwood Full Gospel Church should receive 1.5609%.
27 For Tract 16, Oakwood Full Gospel Church should receive 11.6801%.

1 **Mark Swartz:** And the Escrow Agent should pay those people. With regard to Clemmons, I
2 think there's a Power of Attorney attached. The check should be made payable to Bonnie
3 Clemmons, but sent to Shea Cook. Correct?

4 **Anita Duty:** Yes.

5 **Mark Swartz:** And the Escrow Agent, on the day of the disbursement, should apply the
6 percentages you've mentioned to the balance on the account?

7 **Anita Duty:** Yes. He should also receive the Oakwood Full Gospel Church.

8 **Mark Swartz:** They should be mailed to him.

9 **Anita Duty:** Should be mailed to him, yes.

10 **Mark Swartz:** Did you do an escrow account reconciliation, as well?

11 **Anita Duty:** Yes.

12 **Mark Swartz:** And, that would be Exhibit J. Correct?

13 **Anita Duty:** Yes.

14 **Mark Swartz:** In preparing Exhibit J, did you seek to match all of the royalty payments that the
15 operator made to the Escrow Agent, to deposits, to see whether or not all of the checks sent for
16 royalty, were deposited by the Agent?

17 **Anita Duty:** Yes.

18 **Mark Swartz:** When you did that, what did you find?

19 **Anita Duty:** They were all accounted for.

20 **Mark Swartz:** At the very end of the Exhibit J, we can tell by looking at the last entry there, it
21 looks like this accounting was through February 28, 2015. Is that correct?

22 **Anita Duty:** Yes.

23 **Mark Swartz:** What was the difference between the amounts calculated, in terms of total
24 deposited and interest and fees and, so forth, and the bank balance on hand?

25 **Anita Duty:** There was a difference of \$25.71.

26 **Mark Swartz:** And the \$25.71 was \$25.71 less than the math?

27 **Anita Duty:** Yes.

28 **Mark Swartz:** And the difference would be accounted for by interest and fees.

1 **Anita Duty:** Yes.

2 **Mark Swartz:** Apparently, the fees slightly exceeded the interest.

3 **Anita Duty:** Yes.

4 **Mark Swartz:** Okay. Are you also, in addition to requesting the disbursements, are you also
5 requesting that you be allowed to pay the people identified in Table 1 directly, in the future?

6 **Anita Duty:** Yes.

7 **Mark Swartz:** And, also, are you requesting that you be allowed to pay the people identified in
8 Exhibit EE, in the future?

9 **Anita Duty:** Yes.

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

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

13 **Mark Swartz:** No.

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

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

16 **Donnie Rife:** Second, Mr. Chair.

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

19 **Board:** Yes.

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

21 **Item Number 6**

22 **Bradley Lambert:** We're calling Docket Item Number 6. This is a petition from CNX Gas
23 Company, LLC, for (1) the disbursement of escrowed funds heretofore deposited with the
24 Board's Escrow Agent, attributable to Tract 2, to the persons identified in the table, using the
25 percentages set forth in the table; (2) authorization to begin paying royalties directly to the
26 parties to the agreement or to the court order. This is Docket Number VGOB-96-0116-0533-02.
27 All parties wishing to testify please come forward.

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

1 **Steven Minor:** My name is Steven Minor. I'm not here to testify. I'm a lawyer for the Deskins
2 heirs, who are involved in Items 6, 7, 8, 9 & 10 on your Docket, today. This has been a project
3 I've worked on for a long time. So, I'm hoping that I can say nothing, but enjoy the chance to see
4 it concluded and tell Ms. Duty how grateful I am for her putting up with me for this long time.
5 Hopefully, that will be all that there is. So, thank you.

6 **Bradley Lambert:** She doesn't hear that very often. You may proceed, Mr. Swartz.

7 **Mark Swartz:** Anita, will you state your name for us, again?

8 **Anita Duty:** Anita Duty.

9 **Mark Swartz:** I'm going to remind you that you're under oath.

10 **Anita Duty:** Yes.

11 **Mark Swartz:** Okay. This Docket Item is another petition for disbursement. Correct?

12 **Anita Duty:** Yes.

13 **Mark Swartz:** And it pertains to what unit?

14 **Anita Duty:** V31.

15 **Mark Swartz:** Okay. Did you either prepare this petition and exhibits or supervise their
16 preparation?

17 **Anita Duty:** Yes.

18 **Mark Swartz:** Okay. The reason for the request for disbursement is what?

19 **Anita Duty:** We have a settlement agreement.

20 **Mark Swartz:** And that settlement agreement, essentially, requires or dictates a 100% payment,
21 as opposed to a split.

22 **Anita Duty:** Yes.

23 **Mark Swartz:** Okay. Have you prepared a Disbursement Table 1 that is consistent with the
24 terms of the settlement agreement?

25 **Anita Duty:** Yes.

26 **Mark Swartz:** Okay. This is a pretty lengthy table, so I'm not going to have you read the
27 names and percentages. We're going to talk about it in summary fashion. But, this disbursement
28 request pertains to what tract or tracts in this unit?

1 **Anita Duty:** Tract 2.

2 **Mark Swartz:** And only Tract 2. Correct?

3 **Anita Duty:** Yes.

4 **Mark Swartz:** Is this a partial disbursement of the escrowed funds for this unit?

5 **Anita Duty:** It is.

6 **Mark Swartz:** Okay. And have you identified, by name and address, the people that are to
7 receive the escrow disbursements?

8 **Anita Duty:** Yes.

9 **Mark Swartz:** And for each person that you've listed and you've listed 32 people. Correct?

10 **Anita Duty:** Yes. Some of them are duplicates, but yes.

11 **Mark Swartz:** But, there are 32 line entries?

12 **Anita Duty:** Yes.

13 **Mark Swartz:** Okay. Some of the names appear more than once.

14 **Anita Duty:** Yes.

15 **Mark Swartz:** Okay. Have you, for each name and address on those 32 lines, provided the
16 Board and its Escrow Agent with a percentage that the Escrow Agent is to use to apply to the
17 balance on hand when the disbursements are made?

18 **Anita Duty:** Yes.

19 **Mark Swartz:** Okay. And that percentage that the Escrow Agent should use, is that reported
20 for every person to receive a disbursement, in the second column from the right?

21 **Anita Duty:** It is.

22 **Mark Swartz:** Okay. For example, with regard to Marie McNeely Deskins Ferguson, what's
23 the percentage that the Escrow Agent should use?

24 **Anita Duty:** 5.2805%.

25 **Mark Swartz:** And that should be the same for the rest of these 32 lines?

26 **Anita Duty:** Yes.

27 **Mark Swartz:** Did you also have your troops compare royalty payments to deposits?

1 **Anita Duty:** Yes.

2 **Mark Swartz:** And we have an Exhibit J, with regard to that?

3 **Anita Duty:** We do.

4 **Mark Swartz:** And that Exhibit J, if we go to the last page, which I think is page 30 of the PDF,
5 it shows the last entry.... So, this is through what date?

6 **Anita Duty:** March 31, 2015.

7 **Mark Swartz:** And you've accounted for the total deposited, disbursement, interest and fees and
8 come up with a total. How does the total of those items compare to the bank balance?

9 **Anita Duty:** We have a difference of \$540.36.

10 **Mark Swartz:** In this instance, the bank actually has more money?

11 **Anita Duty:** Yes.

12 **Mark Swartz:** Are you also requesting, in addition to disbursements, that the operator be
13 allowed to pay the people identified in Table 1, directly in the future, so that you don't continue
14 escrowing their funds?

15 **Anita Duty:** Yes.

16 **Mark Swartz:** And, are you also asking that you be allowed to pay, going forward, the people
17 listed in Exhibit EE?

18 **Anita Duty:** Yes.

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

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

21 **Bill Harris:** Mr. Chairman?

22 **Bradley Lambert:** Mr. Harris.

23 **Bill Harris:** I just had a curiosity. I notice again, Tract 2, there are some folks, many folks that
24 are listed more than once. I'm a little confused as to how that happens.

25 **Anita Duty:** The reason that we have them divided out separately is because there's an
26 additional interest they inherited from another heir. It's more for eForms than it is for us, to
27 show how those interests are.... Because the original people listed on the last order, those people
28 aren't there. Those people inherit it. So, it's like an interest from a sibling went back into the
29 family, again. What you see on the old order is the original heir that is deceased. We wanted to

1 make sure we kept that original person in there, so you know why they're getting an additional
2 interest, rather than just lumping them together.

3 **Mary Quillen:** So, one person would inherit at a different tier of that heirship because it may be
4 a grandson that inherited from their parent.

5 **Anita Duty:** They would have their own interest that they inherited, originally, and then they
6 gained an additional interest...

7 **Mary Quillen:** Exactly, from other family members.

8 **Anita Duty:** Yes.

9 **Bill Harris:** Thank you.

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

11 **Steven Minor:** I have a question. I didn't respond to your email, but the answer to your
12 question about the escrowed money. I was hoping that you could send the check to me for each
13 drilling unit. Is that what would happen?

14 **Anita Duty:** We've gone back and forth with several emails, trying to figure out because we
15 need a W-9 for all the individuals. I sent Mr. Minor an email, yesterday, just to be sure how he
16 wants these payments to be made. I think he would prefer, rather than the way that we showed
17 each individual person with individual checks, that he wants them lumped together and sent to
18 him, so he can disburse.

19 **Steven Minor:** Just for the escrowed money, not for the going forward money.

20 **Anita Duty:** Right.

21 **Bradley Lambert:** Okay.

22 **Paul Kugelman, Jr.:** So, you want, basically, one lump-sum check?

23 **Steven Minor:** Yes.

24 **Anita Duty:** I don't know if we need to update our tables or how do you want to handle the. He
25 just wants to take everybody and lump them together in one check, not individual checks.

26 **Paul Kugelman, Jr.:** I don't think that's a good idea. The reason I say that is....

27 **Mary Quillen:** Is this making the check to him?

28 **Anita Duty:** Yes. I mean, that's how.... We have funds in internal accounts and that's how we
29 handled it, then. We paid him and he is responsible for paying the individuals.

1 **Mary Quillen:** But, in several cases, the Board was not comfortable doing that, in several other
2 cases that we have handled. They can send checks to the person that is going to disburse them,
3 but the checks were not made to that person. They were made to each of the individuals and
4 those checks were disbursed.

5 **Steven Minor:** I just don't want to have to chase people around all over America to get my little
6 sliver of the money.

7 **Anita Duty:** Those people are from different....

8 **Steven Minor:** There are people from multiple States, here. There's 21 different individuals.
9 It's a lot.

10 **Bill Harris:** Do we have agreements or do you have agreements from those folks, that that can
11 be done?

12 **Steven Minor:** Yes. I have signed agreements from every one of them, with regard to how they
13 are paid.

14 **Bill Harris:** That allows you to receive the check and...

15 **Mark Swartz:** Otherwise, we wouldn't have paid out in the past.

16 **Anita Duty:** He does.

17 **Steven Minor:** That's how we handled this money that was held in suspense by the gas
18 companies in the earlier part of this settlement.

19 **Bill Harris:** In view of everyone asking for their monies and whatever and trying to get them
20 disbursed, it just looks like it sort of clouds the issue because you really can't see individuals. If
21 someone were to look at.... That's just my opinion. It's not a legal opinion.

22 **Anita Duty:** That's one of the reasons that we did it the way we did, so we could see the
23 individuals. Plus, it helps us double check that we've got 100% of everybody when we break
24 them out, individually. So, we have done that check and the people were mailed individual
25 copies of this notice, so they all know what to expect, minus whatever his fees are. But, he does
26 have an agreement from all these heirs, to receive that money.

27 **Mary Quillen:** In other cases, we have had the same thing. How do we justify doing this for
28 one and not.... I mean, the Board is being responsible.

29 **Anita Duty:** This is a settlement agreement. This is not a court order or anything. This is an
30 actual settlement agreement between CNX and these heirs and he represents those heirs.

31 **Mark Swartz:** I guess what we're saying is, if you are comfortable with that, we're okay with it
32 because we think he has the authority, the written authority from these people, to do that.

1 **Mary Quillen:** I just feel like the Board...

2 **Bradley Lambert:** Folks, let me interrupt. I think we can put this to ease pretty quickly. Either
3 last month or the month before, this Board, on a motion, voted to cut the check to the individual
4 and we voted it was okay to send to the attorney, "In Care Of." This was a motion before the
5 Board and approved before the Board. So, that's the way that I think we're going to have to
6 proceed, since we have that motion approved.

7 **Rick Cooper:** Currently, I don't think we have.... I guess I would say, Mr. Chairman, we need
8 some verification from these people that he has the authority to accept that check. We don't have
9 a problem in writing the 32 checks and mailing to them, if the Board, mailing to Mr. Minor, if
10 the Board approves that. But, I guess we need some validation that, indeed, he should be the
11 recipient.

12 **Bradley Lambert:** Do you have that, Mr. Minor? Can you submit that to the Board?

13 **Paul Kugelman, Jr.:** Power of attorney.

14 **Bradley Lambert:** Power of attorney for these checks to be mailed to you.

15 **Paul Kugelman, Jr.:** Or an agreement that...

16 **Steven Minor:** I have, not in my possession right at this moment, but I have the signed
17 settlement agreements that were made between the parties and CNX. Some of them have died
18 since then.

19 **Paul Kugelman, Jr.:** Do those agreements make you the recipient of the checks?

20 **Steven Minor:** I don't remember whether they say it in those terms, or not. I also have separate
21 representation agreements with each one of these people, signed, that says that we will be paid
22 \$.25 of the dollars that we collect from the escrow funds.

23 **Paul Kugelman, Jr.:** But, does that designate you as the recipient of the checks? That's the real
24 question before the Board, at the moment. If the answer is, "No," the Board may need to send
25 them directly to your clients.

26 **Steven Minor:** I don't know that it says that I'm to be the recipient of the checks. It says that
27 I'm to be paid from that money.

28 **Bradley Lambert:** That's between you and your client.

29 **Mary Quillen:** That's right.

30 **Bradley Lambert:** That's not for this Board.

31 **Mary Quillen:** A separate contract, not with the Board.

1 **Steven Minor:** Again, I'm at the one-yard line. I just want to get into the end zone and,
2 whatever the Board's practice is. I'm not interested in establishing new precedence or causing
3 any trouble, but lawyers deal with the question of how to get paid all the time. So, we are always
4 trying to figure out that the check doesn't get out in a way that we can't get our share of it. That's
5 what I'm used to, but that's not what you're used to and that's fine with me. So, whatever. If the
6 checks can be sent to me, for distribution, that's fine. If something else has to be done, that's
7 fine. Just let me know and I'll deal with it.

8 **Bradley Lambert:** In order for this Board to approve the checks to be sent to you, we need
9 something from your clients saying it's okay for us to send the check to you.

10 **Steven Minor:** Checks made to them can be sent to me, as well. I'm suggesting.

11 **Paul Kugelman, Jr.:** If you have something from them that says it's okay to do that. That's
12 what Mr. Lambert is trying to tell you.

13 **Bill Harris:** So, the check is written to them "In Care Of" you and they're sent to you.

14 **Mary Quillen:** But, we have to have documentation, instructing us to do that.

15 **Bill Harris:** We have to have something on record that says...

16 **Bradley Lambert:** If you can get us that within the next day or two.

17 **Rick Cooper:** I would say if you can get it in the next two weeks, we can hold the checks, but
18 we probably need some type of validation to that. We don't have a problem doing it. We just
19 need validation. Okay?

20 **Steven Minor:** Okay.

21 **Rick Cooper:** And also include, when you do that, your address and that type of thing, too. We
22 just need validation that, indeed, you are legally allowed to get their checks. It's not a problem,
23 other than a tracking mechanism and we want to assure that, each party that's getting disbursed,
24 is aware of that.

25 **Steven Minor:** All right. Of course, this applies to all five of these.

26 **Bradley Lambert:** Yes, sir.

27 **Mary Quillen:** Yes.

28 **Bradley Lambert:** So, all we would require from you is just a confirmation from your clients
29 that the checks will be made to them, made "In Care" to your address.

30 **Steven Minor:** Okay.

1 **Rick Cooper:** And, Mr. Chairman, to make this more timely, if you could have that in before
2 the end of the month, it would be greatly appreciated, so we just do not get behind on processing.

3 **Steven Minor:** Of course, if I'm going to contact 21 people, those letters are going to say they
4 can write the checks to me. If I'm chasing everybody down, it's going to be a lot simpler than
5 you writing a check to them. It's going to say...

6 **Paul Kugelman, Jr.:** Actually, it makes no difference to us.

7 **Steven Minor:** I understand that. That's why....

8 **Paul Kugelman, Jr.:** If you want the checks made out to you, you will need notarized and
9 power of attorney. The Board will not, with legal advice, distribute the check to you for their
10 royalty payments, without some very firm confirmation that that's, indeed, what's supposed to
11 happen.

12 **Steven Minor:** Yes, sir. Thank you.

13 **Bradley Lambert:** Anything further, Mr. Minor? Do you understand what we need to be able
14 to send the check to you?

15 **Steven Minor:** I do.

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

18 **Mark Swartz:** No.

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

20 **Donnie Ratliff:** Motion to approve, with the understanding that Mr. Minor will send us
21 documentation on how the checks are to be distributed. And, if not, send them directly to the
22 client.

23 **Donnie Rife:** Second.

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

26 **Board:** Yes.

27 **Bradley Lambert:** Opposed, no. [No response] Thank you, Mr. Swartz. That's approved.
28 We're going to take about a ten-minute recess.

1 **Item Number 7**

2 **Bradley Lambert:** We'll get started back with the proceedings, this morning. We're calling
3 Docket Item Number 7. A petition from CNX Gas Company, LLC, for (1) the disbursement of
4 escrowed funds heretofore deposited with the Board's Escrow Agent, attributable to Tract 3, to
5 the persons identified in the table, using the percentages set forth in the table; (2) authorization to
6 begin paying royalties directly to the parties to the agreement or the court order. This is Docket
7 Number VGOB-99-0720-0729-02. All parties wishing to testify please come forward.

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

9 **Steven Minor:** I'm still Steven Minor, for the Deskins heirs.

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

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

12 **Anita Duty:** Anita Duty.

13 **Mark Swartz:** I'll remind you that you're still under oath.

14 **Anita Duty:** Yes.

15 **Mark Swartz:** This is a petition for disbursement. Correct?

16 **Anita Duty:** Yes.

17 **Mark Swartz:** It pertains to S32.

18 **Anita Duty:** It does.

19 **Mark Swartz:** And, the reason for the request?

20 **Anita Duty:** Settlement agreement.

21 **Mark Swartz:** Same situation we had in the last hearing.

22 **Anita Duty:** It is.

23 **Mark Swartz:** Have you prepared a table for the Escrow Agent and the Board to use in its order
24 and the Escrow Agent to use, in making the disbursement?

25 **Anita Duty:** Yes.

26 **Mark Swartz:** Is this going to be a partial disbursement?

27 **Anita Duty:** It is.

1 **Mark Swartz:** What tracts does it involve?

2 **Anita Duty:** Tract 3.

3 **Mark Swartz:** Have you provided, in your Table 1, a list of the folks and their addresses, who
4 are supposed to receive the collection of disbursements we've proposed?

5 **Anita Duty:** Yes.

6 **Mark Swartz:** Are some of the people listed more than once?

7 **Anita Duty:** They are.

8 **Mark Swartz:** And we gave the reason for that in the last hearing.

9 **Anita Duty:** We did.

10 **Mark Swartz:** When the Escrow Agent is calculating the amount due each of the people
11 listed.... Again, there are 32 line items. Correct?

12 **Anita Duty:** Yes.

13 **Mark Swartz:** When the Escrow Agent is calculating the dollars and cents due each person on
14 each line, how should the Escrow Agent make that calculation?

15 **Anita Duty:** The percentage based on the amount of the deposit at the date.

16 **Mark Swartz:** So, the Escrow Agent, for example, with regard to Line Item 1, the check to
17 Marie McNeely Deskins Ferguson, should be calculated by the Escrow Agent taking 5.2809%
18 times the balance on deposit in the account at the time the check is going to be disbursed?

19 **Anita Duty:** Yes.

20 **Mark Swartz:** Should that be the situation for all 32 lines on this exhibit?

21 **Anita Duty:** Yes.

22 **Mark Swartz:** Also, with regard to the work that was done to prepare this application, did you
23 or your troops do an account reconciliation?

24 **Anita Duty:** We did.

25 **Mark Swartz:** So, we have an Exhibit J. Correct?

26 **Anita Duty:** Yes.

27 **Mark Swartz:** The end of Exhibit J is at page 28 of the PDF, I think. We can go to that. The
28 reconciliation was through what date?

1 **Anita Duty:** March 31, 2015.

2 **Mark Swartz:** When you compared the royalty checks the operator cut and sent to the Escrow
3 Agents, to the deposits booked, what did you find?

4 **Anita Duty:** They were all accounted for.

5 **Mark Swartz:** What was the difference between your math and the bank balance on March 31,
6 2015?

7 **Anita Duty:** \$29.91.

8 **Mark Swartz:** And the bank actually...the bank's amount on deposit was slightly less than your
9 math?

10 **Anita Duty:** Yes.

11 **Mark Swartz:** Okay.

12 **Anita Duty:** More.

13 **Mark Swartz:** I'm sorry, slightly more. Correct? I think that's all I have, other than to ask Mr.
14 Minor if we have the same issue that we had in the last two?

15 **Steven Minor:** We do. I understood how it was resolved. I don't have anything to add to the
16 prior discussion, which is my understanding that I would be given a very short period of time
17 writing set in the form, satisfactory to the Board, to have the checks directed someplace other
18 than to the individual owners. And, if that's not received, then those checks will be sent to the
19 owners, directly.

20 **Bradley Lambert:** Question for the Staff. Mr. Cooper, I read into the record Docket Number
21 99-0720-0729-02, but the Docket Item in our packet reads Docket Number VGOB-91-0219-
22 0078-01. Could you explain that for us, please?

23 **Sarah Gilmer:** Originally, it was pooled under Docket 0078. That Board order expired and it
24 was then brought back under 0729. That would account for both of those Docket Numbers. So,
25 the current, correct Docket Number is VGOB-99-0720-0729-02. The reason I'm accounting for
26 both of those is on the escrow account statement, it was using Docket 0078. So, we had that
27 corrected. Everything is up-to-date, now.

28 **Bradley Lambert:** So, let the record show that, as far as our official record, that Docket
29 Number has been changed to what the Chairman read. Is that correct?

30 **Rick Cooper:** Yes. That's correct.

1 **Bradley Lambert:** Thank you. Do I have any questions from the Board for Mr. Swartz? [No
2 response] Do you have anything further, Mr. Swartz?

3 **Mark Swartz:** No.

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

5 **Donnie Ratliff:** Motion to approve, Mr. Chairman, with the stipulation that we will receive
6 documentation from Mr. Minor on how and where the checks will be cut and distributed.

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

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

10 **Board:** Yes.

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

12 **Item Number 8**

13 **Bradley Lambert:** We're calling Docket Item Number 8. A petition from CNX Gas Company,
14 LLC, for (1) the disbursement of escrowed funds heretofore deposited with the Board's Escrow
15 Agent, attributable to Tract 1, for the persons identified in the table, using the percentages set
16 forth in the table; (2) authorization to begin paying royalties directly to those parties to the
17 agreement or the court order. This is Docket Number VGOB-99-0720-0730-02. All parties
18 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:** Anita, would you state your name for us, again, please?

22 **Anita Duty:** Anita Duty.

23 **Mark Swartz:** Are you under oath?

24 **Anita Duty:** Yes.

25 **Mark Swartz:** This is a disbursement request for Unit T32. Correct?

26 **Anita Duty:** Yes.

27 **Mark Swartz:** And this is, essentially, the same situation that we've been talking about, now,
28 for several units. It involves some of the Deskins heirs, right?

1 **Anita Duty:** Yes.

2 **Mark Swartz:** The reason for the disbursement request is a settlement agreement.

3 **Anita Duty:** It is.

4 **Mark Swartz:** You've prepared a Table 1?

5 **Anita Duty:** Yes.

6 **Mark Swartz:** In Table 1, do we have, again, 32 line items?

7 **Anita Duty:** We do.

8 **Mark Swartz:** Do we have, essentially, the same situation with regard to the folks, their
9 addresses, how the Escrow Agent and the Board should calculate the amount due, that we had in
10 the cases involving the Deskins and Mr. Minor, this morning?

11 **Anita Duty:** Yes.

12 **Mark Swartz:** We'll incorporate the proceedings. We're dealing with exactly the same thing,
13 here, Mr. Chairman. We would request that the Board authorize the disbursements identified in
14 the 32 lines on Table 1 and that Mr. Minor be given the opportunity to submit the
15 documentation, that he had been allowed to in the other units. The only remaining thing would
16 be to ask Anita, whether or not, with regard to this particular unit, you also did a reconciliation?

17 **Anita Duty:** Yes.

18 **Mark Swartz:** So, there's an Exhibit J that pertains, exclusively to this unit. Correct?

19 **Anita Duty:** Yes.

20 **Mark Swartz:** The last page of Exhibit J is PDF 26. This reconciliation goes through what
21 date?

22 **Anita Duty:** March 31, 2015.

23 **Mark Swartz:** When you compared the checks that the operator sent to the Escrow Agent's to
24 the deposits that they booked, what was the difference?

25 **Anita Duty:** There's a difference of \$122.37.

26 **Mark Swartz:** And that difference, actually, the Escrow Agent has that amount greater than
27 your calculation?

28 **Anita Duty:** Yes.

1 **Mark Swartz:** Okay. In addition to making the disbursements described in Table 1, are you
2 also asking for the ability to pay these folks listed on Table 1, directly, in the future, and also to
3 pay any folks identified as Exhibit EE split agreement folks, directly, in the future?

4 **Anita Duty:** Yes.

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

6 **Bradley Lambert:** Any questions from the Board? [No response] Mr. Minor, same issue?

7 **Steven Minor:** Yes, sir.

8 **Bradley Lambert:** Anything further, Mr. Swartz?

9 **Mark Swartz:** No, sir.

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

11 **Donnie Ratliff:** Motion to approve, with the stipulation that Mr. Minor will furnish us with
12 documentation as to how to make the checks out and where to mail them.

13 **Bill Harris:** Second.

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

16 **Board:** Yes.

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

18 **Item Number 9**

19 **Bradley Lambert:** We're calling Docket Item Number 9. A petition from CNX Gas Company,
20 LLC, for (1) the disbursement of escrowed funds heretofore deposited with the Board's Escrow
21 Agent, attributable to Tracts 11, 35, 36, 37, 45 & 46, to the persons identified in the table, using
22 the percentages set forth in the table; (2) authorization to begin paying royalties directly to the
23 parties to the agreement or the court order. Docket Number VGOB-02-0319-1008-03. All
24 parties wishing to testify please come forward.

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

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

27 **Mark Swartz:** Anita, this is another request for disbursement. Correct?

28 **Anita Duty:** Yes.

1 **Mark Swartz:** And it pertains to drilling Unit VP2SGU1. Correct?

2 **Anita Duty:** It does.

3 **Mark Swartz:** And the reasons that you're asking for a disbursement, here, are?

4 **Anita Duty:** We have a settlement agreement and some court orders.

5 **Mark Swartz:** The tracts involved in this request are which tracts?

6 **Anita Duty:** 11, 35, 36, 37, portion of 45, and 46.

7 **Mark Swartz:** And, once the disbursements contemplated by this petition are made, will there
8 still be an escrow requirement?

9 **Anita Duty:** There will.

10 **Mark Swartz:** Have you prepared a table for disbursements, consistent with the settlement
11 agreement and the order?

12 **Anita Duty:** Yes.

13 **Mark Swartz:** Is that Table 1?

14 **Anita Duty:** It is.

15 **Mark Swartz:** Table 1 here is pretty lengthy, right?

16 **Anita Duty:** Yes.

17 **Mark Swartz:** It consists of three pages, I think. Correct?

18 **Anita Duty:** Yes.

19 **Mark Swartz:** And it pertains to each of the tracts that you've just named?

20 **Anita Duty:** Yes.

21 **Mark Swartz:** With regard to each tract, have you separately listed the tract and, then, is there a
22 line under, for example, Tract 11 that lists all of the folks that are to receive a check?

23 **Anita Duty:** Yes.

24 **Mark Swartz:** Then, in the second column from the right, looking back from the right, have
25 you listed a percentage that the Escrow Agent is to use in calculating the amount due?

26 **Anita Duty:** Yes.

1 **Mark Swartz:** Again, taking Line 1 for Marie Ferguson that we've used as an example, in the
2 past, the Escrow Agent should take 1.6570% with regard to this Line 1 interest in Tract 11,
3 multiply that times the balance on hand at the time the disbursement is made and that will
4 generate the amount of the check.

5 **Anita Duty:** Yes.

6 **Mark Swartz:** And the Escrow Agent should do that for each line under each of the tracts.
7 Correct?

8 **Anita Duty:** Yes.

9 **Mark Swartz:** After those disbursements are made, are you also asking, as operator, the ability
10 to pay all of these people identified in Table 1, directly, rather than escrowing the money, in the
11 future?

12 **Anita Duty:** Yes.

13 **Mark Swartz:** And, to the extent that we have EE split agreements, with regard to other folks,
14 we would also request that the operator be allowed to pay them, directly, in the future?

15 **Anita Duty:** Yes.

16 **Mark Swartz:** Did you do a balance reconciliation?

17 **Anita Duty:** Yes.

18 **Mark Swartz:** Do we have an Exhibit J?

19 **Anita Duty:** We do.

20 **Mark Swartz:** The last page of that is PDF 73. You did this through what date?

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

22 **Mark Swartz:** When you compared the checks for royalty that the operator sent to the Escrow
23 Agents, to the booked deposits, what did you determine?

24 **Anita Duty:** They were all accounted for.

25 **Mark Swartz:** When you compared your calculated balance to the balance on hand, the end of
26 February 2015, what was the difference?

27 **Anita Duty:** \$343.75.

28 **Mark Swartz:** The balance on hand was slightly less than your calculation.

1 **Anita Duty:** Yes.

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

3 **Bradley Lambert:** Any questions from the Board? [No response] Same issue, Mr. Minor?

4 **Steven Minor:** Yes. Could I clarify one thing for Ms. Duty? That is that the Deskins heirs that
5 I represent are only involved with Tracts 11, 45 & 46, out of this group. So, what I am asking
6 you to do only applies to those people, not the other people and their money.

7 **Bradley Lambert:** I understand. Thank you, sir. Anything further, Mr. Swartz? Ms. Duty.

8 **Anita Duty:** For Tracts 35, 36 & 37, those are to be sent to Shea Cook's office. Mailed. Tracts
9 11, 45 & 46, are Mr. Minor's cases. Tracts 35, 36 & 37 are Mr. Cook's.

10 **Bradley Lambert:** Do we have a document on file?

11 **Anita Duty:** There are affidavits.

12 **Rick Cooper:** For Mr. Cook.

13 **Bradley Lambert:** We have that.

14 **Rick Cooper:** For Mr. Cook, we do.

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

16 **Mark Swartz:** No.

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

18 **Donnie Ratliff:** Motion to approve, Mr. Chairman, with the understanding that Mr. Minor is
19 going to furnish documentation on how the checks will be cut and mailed for the Deskins heirs.
20 The others would be made out to the individuals, mailed to Shea Cook.

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

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

24 **Board:** Yes.

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

1 **Item Number 10**

2 **Bradley Lambert:** We're calling Docket Item Number 10. A petition from CNX Gas
3 Company, LLC, for (1) the disbursement of escrowed funds heretofore deposited with the
4 Board's Escrow Agent, attributable to Tract 3, for the persons identified in the table, using the
5 percentages set forth in the table; (2) authorization to begin paying royalties directly to the
6 parties to the agreement or the court order. Docket Number VGOB-99-0922-0747-02. All
7 parties wishing to testify please come forward.

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

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

10 **Mark Swartz:** Anita, this is another disbursement request?

11 **Anita Duty:** Yes.

12 **Mark Swartz:** Involving U32?

13 **Anita Duty:** Yes.

14 **Mark Swartz:** What tract?

15 **Anita Duty:** Tract 3.

16 **Mark Swartz:** If the disbursement is made, are we still going to need to maintain the escrow
17 account?

18 **Anita Duty:** Yes.

19 **Mark Swartz:** The reason for this request is the same settlement agreement we've been talking
20 about regarding some of the Deskins heirs, this morning?

21 **Anita Duty:** It is.

22 **Mark Swartz:** Have you prepared a table that would accomplish the disbursement?

23 **Anita Duty:** Yes.

24 **Mark Swartz:** And, it's Table 1. Correct?

25 **Anita Duty:** Yes.

26 **Mark Swartz:** I think we have 32 line items and we do.

27 **Anita Duty:** Yes.

1 **Mark Swartz:** And you've already testified as to what use the Escrow Agent should make of
2 Table 1, in making the disbursements?

3 **Anita Duty:** Yes.

4 **Mark Swartz:** Are you asking, again, to pay these people, in the future, after the disbursement
5 is made, directly?

6 **Anita Duty:** Yes.

7 **Mark Swartz:** And the same request for the people in this unit who have split agreements, but
8 are not listed on this table?

9 **Anita Duty:** Correct.

10 **Mark Swartz:** Did you do a reconciliation of royalty checks tendered and deposits booked?

11 **Anita Duty:** Yes.

12 **Mark Swartz:** I think the last page of that is PDF 27. You did that reconciliation through what
13 date?

14 **Anita Duty:** March 31, 2015.

15 **Mark Swartz:** When you compared royalty checks sent to deposits booked, what did you find?

16 **Anita Duty:** They were all accounted for.

17 **Mark Swartz:** What was the difference between your math and the bank balance, if any?

18 **Anita Duty:** \$128.38.

19 **Mark Swartz:** In this instance, the bank actually had a little more money than your calculations
20 would show.

21 **Anita Duty:** Yes.

22 **Mark Swartz:** That's all I have, except with regard to Mr. Minor's issue. I think we're in the
23 same place, probably.

24 **Steven Minor:** Yes.

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

27 **Mark Swartz:** No.

28 **Bradley Lambert:** Same issue, Mr. Minor?

1 **Steven Minor:** Yes, sir.

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

3 **Donnie Ratliff:** Motion to approve, with the understanding that Mr. Minor will furnish the Staff
4 information regarding how the checks will be paid and where they will be mailed, Mr. Chairman.

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

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

8 **Board:** Yes.

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

11 **Steven Minor:** Thank you all, ladies and gentlemen. It's a big day for my clients and I'm happy
12 that I could be here to see it. Thank you.

13 **Bradley Lambert:** Thank you, Mr. Minor.

14 **Item Number 11**

15 **Bradley Lambert:** We're calling Docket Item Number 11. A petition from Range Resources-
16 Pine Mountain, Inc., for (1) modification of the Nora Coalbed Methane Gas Field rules, to allow
17 one additional coalbed gas well to be drilled within each of the 58.77 acre Nora units identified
18 in the petition; (2) an administrative order providing that additional well permits may be issued
19 in the Nora Field after this application is filed and while it is pending. Docket Number VGOB-
20 89-0126-0009-83. All parties wishing to testify please come forward. Are you on your own,
21 Gus?

22 **Gus Janson:** Apparently.

23 **Jim Kaiser:** Mr. Chairman, Board Members, Jim Kaiser, Gus Janson and Phil Horn on behalf of
24 Range Resources-Pine Mountain.

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

27 **Gus Janson:** I do.

28 **Phil Horn:** I do.

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

1 **Jim Kaiser:** We'll start with Mr. Horn. Mr. Horn, if you would state your name for the record,
2 who you are employed by and in what capacity.

3 **Phil Horn:** My name is Phil Horn. I'm Land Manager for Range Resources-Pine Mountain, Inc.
4 One of my job descriptions is to try to get wells permitted and drilled.

5 **Jim Kaiser:** And this is an increased density application that Range has filed here. Did you
6 notice everybody, as required by statute?

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

8 **Jim Kaiser:** And we did have some unknowns in some of the units and we published. Is that
9 correct?

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

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

12 **Bradley Lambert:** Any questions from the Board? [No response] You may continue, Mr.
13 Kaiser.

14 **Jim Kaiser:** Mr. Janson, if you would state your name for the record, who you are employed by
15 and in what capacity?

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

18 **Jim Kaiser:** Now, in conjunction with this application, we filed seeking to drill one additional
19 well in the units that are named, here. Did you prepare a package of information to assist you in
20 your testimony to the Board?

21 **Gus Janson:** Yes, I did. Exhibit K has been uploaded to the DGO eForms. If any of the Board
22 members need a paper copy, please let me know. Otherwise, if you have reference, I'll go
23 through that presentation. On Page 1 of Exhibit K, that simply restates the units that are being
24 applied for today for the increased density. Page 2 of Exhibit K gives you a zoomed-out view of
25 the Nora Field, showing the location of the proposed units in relationship to units that have
26 previously been approved by the Board, to date. As you can see, there are several units that are
27 in the Nora Field and in the adjacent Oakwood Field unit that have been approved, so far. Page
28 3 gives an update on it to the Board on the wells that have been drilled, increased density wells
29 that have been drilled, so far. That's identified by the red dots inside those units. Again, within
30 the Nora Field, we're approaching 200 wells, at this point in time, of increased density. Page 4,
31 again, zooms back in and shows which well units have already had a first well drilled in those
32 units. We do have a few wells that have no wells in them, at this point in time, which we
33 anticipate drilling in the near future. You can also see, in some of the surrounding areas, where
34 there are two wells in some of the units that represent some of the infill drilling done so far, to

1 date. Page 5 is a graph of the production associated with the increased density wells and the
2 original wells in each of those units. Again, with the 196 wells that Range is involved with in
3 the Nora Field, so far. For pink or magenta or red or whatever color it will be on your computers
4 there, it shows the production associated with the increased density wells and the lower
5 production line is associated with the original well drilled in each of those associated units. As
6 you can see, we're nearing the production between those two sets of wells in these subsets that
7 we're representing here. You also notice out here, at the very end, April 15, you'll start to see a
8 little increase in production there. There had not been any increased density wells drilled in
9 Nora since about 2010 until last year, when Range started drilling again, due to market
10 conditions. Those wells that we drilled last year have finally been completed and turned in line
11 and we're getting some of that initial production back. It's not anticipated that that production
12 will turn back up and you'll see that associated with the original wells, also. I think they'll be
13 tracking very similar to what the wells have in the past. Some of the benefits that we have
14 discussed in the previous testimony with the increased density drilling it helps increase the
15 fractured network and promotes the gas flow and as low pressure resumes. It also increases the
16 dewatering timeframe. It decreases the dewatering timeframe. It allows the gas to come up to
17 the wells quicker. It also helps to increase recovery associated with each of the wells in these
18 units. It will achieve faster and more economical. Again, we've not seen any significant impact,
19 negative impacts, to the first wells producing in these areas. In general, we see it increasing
20 production in the opposite well for a short period of time. In summary, the working interest
21 owners, the royalty owners and the State will likely benefit from maximizing the production.
22 This will promote the conservation of the gas resources to prevent waste by more effectively
23 extracting the resources. It allows for sharing facilities, such as roads, pipelines, etc., while
24 minimizing environmental impact. We have no correlative rights issues within the proposed
25 units. The final page of Exhibit K is, at the Board's request, showing the topography and any
26 impacts to any potential abandoned or active mine works. In this situation, we have neither of
27 those cases involved with these units. Are there any questions that the Board may have?

28 **Bradley Lambert:** Anything further, Mr. Kaiser?

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

30 **Bradley Lambert:** I'd like to back up. We didn't hear any testimony or any discussion at all
31 about Item Number 2, "an administrative order providing that additional well permits may be
32 issued in the Nora Field after this application is filed and while it is pending." Can we hear a
33 little bit about that? That's in your relief sought in the front of the application.

34 **Jim Kaiser:** There's got to be some reason. We've always had that in there. Was there some
35 reason that, maybe that froze additional permits or something?

36 **Bradley Lambert:** I'm not sure. Mr. Cooper, can you help us out?

1 **Rick Cooper:** I'm not sure. They actually requested that. Correct, Sarah? That's actually what
2 they write in when they request...

3 **Bradley Lambert:** It's in the docket, in the relief sought.

4 **Bill Harris:** So, it's been there before?

5 **Jim Kaiser:** It's always been there.

6 **Mary Quillen:** It's always been there.

7 **Rick Cooper:** I don't think it's always been there.

8 **Jim Kaiser:** Yes, it has. Go look at them. Yes, it has.

9 **Bradley Lambert:** I'm just...

10 **Jim Kaiser:** Asking why it's in there.

11 **Bradley Lambert:** Right. What's that dealing with?

12 **Paul Kugelman, Jr.:** How does it hamper you if you don't get the additional wells that are
13 requested here?

14 **Phil Horn:** They won't issue the second permit until we get the infill approved, I think is what
15 they're trying to say.

16 **Paul Kugelman, Jr.:** Okay.

17 **Phil Horn:** If we apply for one and DGO will not issue the second well until it's been approved.

18 **Jim Kaiser:** That's what it is.

19 **Rick Cooper:** That is correct.

20 **Paul Kugelman:** Okay.

21 **Bill Harris:** So, what's being asked is that, once we approve it, as a Board, then they would
22 issue that second permit?

23 **Jim Kaiser:** Yes, and they can issue that additional permit.

24 **Bill Harris:** Okay.

25 **Bradley Lambert:** Mr. Cooper, do you understand it?

26 **Rick Cooper:** Pardon me.

27 **Bradley Lambert:** Are you okay with it?

1 **Rick Cooper:** Yes.

2 **Jim Kaiser:** It has to be in there for some reason. It's been in there forever.

3 **Rick Cooper:** It was not on the last one that was submitted.

4 **Jim Kaiser:** Really?

5 **Rick Cooper:** Yes.

6 **Mary Quillen:** But, it was previously, for a long time.

7 **Jim Kaiser:** I promise you it was in all the other ones. That was a mistake.

8 **Mary Quillen:** I think that question was asked some time ago.

9 **Rick Cooper:** We're okay with Mr. Horn's explanation, that a separate well would not be
10 approved, unless it's brought in front of the Board and you all approve that. We would not.

11 **Bradley Lambert:** Okay.

12 **Jim Kaiser:** Until the order for this is approved, you can't issue any additional wells.

13 **Bradley Lambert:** Any other discussion from the Board? [No response] Anything further, Mr.
14 Kaiser?

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

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

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

18 **Bill Harris:** I'll 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.

23 **Donnie Ratliff:** I'll abstain.

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

25 **Jim Kaiser:** Thank you.

1 **Item Number 12**

2 **Bradley Lambert:** We're calling Docket Item Number 12. A petition from Range Resources-
3 Pine Mountain, Inc. (formerly brought in front of the Board by EQT Production Company,
4 LLC), for disbursement and authorization for direct payment on behalf of all known owners in
5 Tracts 1, 2, 5, 6, 8, 10, and 12, for Well VC-504482. Docket Number VGOB-01-0619-0899-02.
6 All parties wishing to testify please come forward.

7 **Jim Kaiser:** Mr. Chairman, Jim Kaiser and Rita Barrett, on behalf of Range Resources.

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

10 **Rita Barrett:** Yes, ma'am.

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

12 **Jim Kaiser:** Ms. Barrett, is this a petition filed by Range on behalf of the claimants for
13 disbursement?

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 disbursing from?

18 **Rita Barrett:** This is Unit VC-4482.

19 **Jim Kaiser:** What tracts?

20 **Rita Barrett:** Tracts 1, 2, 8, 10, 5, and 6.

21 **Jim Kaiser:** Could you repeat, for the Board, what tracts we are disbursing from?

22 **Rita Barrett:** 1, 2, 5, 6, 8, and 10.

23 **Jim Kaiser:** Our petition says 1, 2, 5, 6, 8, 9, 10, 11, 12 and 13.

24 **Rita Barrett:** That's incorrect.

25 **Sarah Gilmer:** They revised it, yesterday.

26 **Rick Cooper:** The exhibits for that were uploaded yesterday. I passed those out at Ms. Barrett's
27 request.

28 **Rita Barrett:** Thank you, Rick.

1 **Jim Kaiser:** Okay. So, we're on board, here.

2 **Bradley Lambert:** But, the relief sought still doesn't reflect the exhibits.

3 **Rita Barrett:** I'm sorry.

4 **Bradley Lambert:** The relief sought in the beginning of the docket...

5 **Sarah Gilmer:** It does, now, in our system. It was corrected yesterday. It might not show up
6 on your Board packet because it was sent out prior to. Now, it has been updated and everything
7 is correct in our system.

8 **Rick Cooper:** So, again, all these items that I handed out, they just uploaded those yesterday.
9 What you're looking at on your PDF is wrong. Correct me if I'm wrong.

10 **Rita Barrett:** Correct. That was done yesterday around 4:00.

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

12 **Jim Kaiser:** We're no longer disbursing from 9, 11, 12 and 13.

13 **Rita Barrett:** Correct.

14 **Jim Kaiser:** So, Table 1 and the corresponding exhibits are not correct?

15 **Rita Barrett:** Correct.

16 **Jim Kaiser:** Is this a partial or full disbursement?

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

18 **Jim Kaiser:** The reason for the disbursement?

19 **Rita Barrett:** I'll need to explain this one a little bit, I guess. As everyone knows, we've
20 continued this well several times. On the initial, in May, some of this property has been sold,
21 over the years. In May, I had left the previous owners on Exhibit B, just to show the Board how
22 it was handled. On these exhibits that you have today, we are disbursing to the current owners.

23 **Jim Kaiser:** The reason for disbursement?

24 **Rita Barrett:** There's a letter dated March 21, 2014, where Range Resources relinquished the
25 claim to the coalbed methane royalties on these tracts.

26 **Jim Kaiser:** Have the figures been reconciled between the Escrow Agent and Range?

27 **Rita Barrett:** They have, as of August 14, 2014.

1 **Jim Kaiser:** As to what percentage of escrow should be used for purposes of disbursement,
2 would you direct the Board to the next to last column to the right on our revised Table 1 for this
3 unit?

4 **Rita Barrett:** Yes.

5 **Jim Kaiser:** Does that accurately reflect who should receive the disbursements and at what
6 percentage?

7 **Rita Barrett:** It does.

8 **Jim Kaiser:** Have we provided the Board with Exhibits E and EE to reflect the status of this
9 unit after this disbursement?

10 **Rita Barrett:** Yes.

11 **Jim Kaiser:** Would you ask that these people that are being disbursed to, be paid, that the order
12 state that they be paid their royalty directly, going forward?

13 **Rita Barrett:** Yes.

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

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

16 **Jim Kaiser:** We would ask that the petition be approved with the revised exhibits.

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

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

19 **Donnie Ratliff:** Second.

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

22 **Board:** Yes.

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

24 **Item Number 13**

25 **Bradley Lambert:** We're calling Docket Item Number 13. A petition from Range Resources-
26 Pine Mountain, Inc., for disbursement of funds in the escrow account for Well Number VC-
27 551127. This is Docket Number VGOB-02-1119-1098-01. All parties wishing to testify please
28 come forward.

1 **Jim Kaiser:** Jim Kaiser and Rita Barrett, again, on behalf of Range.

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

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

5 **Reeves:** I do.

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

7 **Jim Kaiser:** Again, Ms. Barrett, this is a disbursement request?

8 **Rita Barrett:** It is.

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

10 **Rita Barrett:** They have.

11 **Jim Kaiser:** What unit are we disbursing from?

12 **Rita Barrett:** This is Unit VC-536260.

13 **Jim Kaiser:** Which tracts?

14 **Rita Barrett:** Tracts 3, 4, and 5.

15 **Rick Cooper:** We're on the wrong Docket Item.

16 **Rita Barrett:** Wait. I've got the wrong one. I'm sorry, folks. It's Unit VC-551127, Tract 5.

17 **Jim Kaiser:** Is this a partial or full disbursement?

18 **Rita Barrett:** This is a full disbursement.

19 **Jim Kaiser:** The reason for the disbursement?

20 **Rita Barrett:** By this application, Range is relinquishing its claim to the coalbed methane
21 royalties on the tracts on EE.

22 **Jim Kaiser:** Have the figures been reconciled between the bank and Range?

23 **Rita Barrett:** They have.

24 **Jim Kaiser:** As of what date?

25 **Rita Barrett:** As of March 31, 2015.

1 **Jim Kaiser:** Would you direct the Board to the last column, next to last column to the right in
2 Table 1, for their percentage of escrow?

3 **Rita Barrett:** Yes.

4 **Jim Kaiser:** Does Table 1 also accurately reflect who should receive the disbursements and at
5 what percentage?

6 **Rita Barrett:** It does. Your Table A1 has the wrong address for CNR Associates. It is actually
7 PO Box 267; Blountville, TN 37617. He signed, I think, an affidavit that we just gave to you
8 guys this week.

9 **Rick Cooper:** Correct. I think we've been in contact with them and they've actually uploaded
10 the green card with the correct date on them since we published this.

11 **Jim Kaiser:** He actually came by the office. I've got copies of all that, if you need it.

12 **Rick Cooper:** Okay.

13 **Sarah Gilmer:** And the address has been updated in our system.

14 **Jim Kaiser:** I think that's where he actually lives is Echo Drive. And, have you provided the
15 Board with Exhibits E and EE to reflect the status of this unit after this disbursement?

16 **Rita Barrett:** Yes, we have.

17 **Jim Kaiser:** Would you ask that CNR Associates be paid any royalty due them, directly, going
18 forward?

19 **Rita Barrett:** Yes, sir.

20 **Jim Kaiser:** No further questions, Mr. Chairman.

21 **Bradley Lambert:** Any questions from the Board? [No response] Anything further, Mr.
22 Kaiser?

23 **Jim Kaiser:** We would ask that the application be approved as submitted.

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

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

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

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. [No response] Thank you, Mr. Kaiser. That is approved.

3 **Jim Kaiser:** Thank you.

4 **Item Number 14**

5 **Bradley Lambert:** We're calling Docket Item Number 14. A petition from Range Resources-
6 Pine Mountain, Inc., for disbursement of funds in the escrow account for Well Number VC-
7 505206. This is Docket Number VGOB-03-0715-1164-01. All parties wishing to testify please
8 come forward.

9 **Jim Kaiser:** Again, Jim Kaiser and Rita Barrett. Ms. Barrett, is this a disbursement request we
10 filed on behalf of CNR Associates?

11 **Rita Barrett:** It is.

12 **Jim Kaiser:** Have all parties been notified, as required?

13 **Rita Barrett:** Yes.

14 **Jim Kaiser:** What unit are we disbursing from?

15 **Rita Barrett:** This is Unit VC-505206.

16 **Jim Kaiser:** Which tract?

17 **Rita Barrett:** It is Tract Number 2.

18 **Jim Kaiser:** Is this a partial or full disbursement?

19 **Rita Barrett:** This is a full disbursement.

20 **Jim Kaiser:** The reason for the disbursement?

21 **Rita Barrett:** Again, Range, by this application, has relinquished its claim to the coalbed
22 methane royalties on this tract.

23 **Jim Kaiser:** Have the figures been reconciled between the Escrow Agent and Range?

24 **Rita Barrett:** They have, as of March 31, 2015.

25 **Jim Kaiser:** Would you direct the Board to the next to last column on the right, as far as
26 percentage of escrowed funds to be disbursed?

27 **Rita Barrett:** Yes, sir.

1 **Jim Kaiser:** Does Table 1 also accurately reflect who should receive those disbursements and at
2 what percentage?

3 **Rita Barrett:** Yes.

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

6 **Rita Barrett:** Yes.

7 **Jim Kaiser:** Would you ask that any order provide that CNR Associates be paid any royalty,
8 directly, going forward?

9 **Rita Barrett:** Yes, at that new address.

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

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

12 **Jim Kaiser:** We would ask that the application be approved as submitted.

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

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

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.

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

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

22 **Item Number 15**

23 **Bradley Lambert:** Calling Docket Item Number 15. A petition from Range Resources-Pine
24 Mountain, Inc., for disbursement of funds in the escrow account for Well Number VC-535872.
25 This is Docket Number VGOB-04-0420-1281-02. All parties wishing to testify please come
26 forward.

1 **Jim Kaiser:** I think, in this one, we'll have Jim Kaiser, Rita Barrett and Larry Reeves testify.
2 We'll start with Ms. Barrett. Again, Ms. Barrett, this is a disbursement request filed by Range on
3 behalf of CNR Associates.

4 **Rita Barrett:** It is.

5 **Jim Kaiser:** Have all parties been notified?

6 **Rita Barrett:** Yes.

7 **Jim Kaiser:** What unit are we disbursing from, here?

8 **Rita Barrett:** This is Unit 535872.

9 **Jim Kaiser:** What tracts?

10 **Rita Barrett:** Tracts 2 & 5.

11 **Jim Kaiser:** Partial or full?

12 **Rita Barrett:** This is a full disbursement.

13 **Jim Kaiser:** The reason for disbursement?

14 **Rita Barrett:** Again, Range, by this application, has relinquished its claim to the coalbed
15 methane royalties on these tracts.

16 **Jim Kaiser:** Here, I'm going to switch over to Mr. Reeves. Mr. Reeves, have the figures been
17 reconciled between the Escrow Agent and Range?

18 **Larry Reeves:** They have, but there is a sizable difference in the amounts, which we have
19 noticed going back through the Escrow Agent summaries and found that there was deposits made
20 into, which is actually our next docket item, for Well V-550329. The first deposits made were,
21 according to our records, were 12/7/2006. At that time, there was an existing balance, which
22 should not have been in this account, for \$12,342, which had been paid from the 550329,
23 therefore, accounting for this difference in the balances.

24 **Jim Kaiser:** In other words, we have the same royalty owner, Mr. Counts, CNR Associates. He
25 had two wells. You have the one that's been called, which is 535872. The next item on the
26 docket, which is 550329. I think what you're saying is what happened was that, I guess in this
27 case it would have been EQT, basically, mixed the royalties up between the two wells and put
28 escrowed monies from 550329 into the account for 535872.

29 **Larry Reeves:** Correct.

1 **Jim Kaiser:** Mr. Counts is well aware of this. He was in my office this week. We went over all
2 this with him. He doesn't have any problem with it. He's not here. In other words, he's still
3 getting the right amount of money. He's just getting \$12,000 more from one unit than he should
4 have and \$12,000 less from the other unit because they paid it in the wrong account.

5 **Rita Barrett:** And they're both full disbursements.

6 **Jim Kaiser:** And both full disbursements.

7 **Mary Quillen:** It was just, inadvertently, deposited to the...

8 **Jim Kaiser:** It was deposited in the wrong account.

9 **Larry Reeves:** Monies were put in the wrong account, but they're both full disbursements.

10 **Mary Quillen:** So everything, money-wise, balances out, once you match up...

11 **Jim Kaiser:** Once we disburse it, yes.

12 **Bradley Lambert:** I don't want to jump us forward in docket items, but let me ask this question.
13 We may get there. When we get to the next docket item, we'll be disbursing the same amount
14 that's less in this docket item?

15 **Jim Kaiser:** Yes.

16 **Bradley Lambert:** So, it's going to be even.

17 **Jim Kaiser:** Yes.

18 **Larry Reeves:** The difference in the next docket item is less than the amount that's accounted
19 for in this.

20 **Jim Kaiser:** This actually works in his favor, a little bit.

21 **Bradley Lambert:** So, that won't make a difference in our disbursements, at all. It's just...

22 **Rick Cooper:** Once we make both disbursements, it closes the account and balances out the
23 dollar figure. It's just coming out of separate accounts. The dollar figures will balance out.

24 **Bradley Lambert:** Okay.

25 **Jim Kaiser:** Back to Ms. Barrett, would you direct the Board, for disbursement purposes, to the
26 percentage of escrowed funds to be disbursed in the next to last column to the right on Table 1?

27 **Rita Barrett:** Yes.

28 **Jim Kaiser:** Those calculations are through what date?

1 **Rita Barrett:** Through March 31, 2015.

2 **Jim Kaiser:** Would you agree that Table 1 accurately reflects who should receive the
3 disbursements and at what percentage?

4 **Rita Barrett:** It does.

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

7 **Rita Barrett:** Yes.

8 **Jim Kaiser:** Would you ask that Mr. Counts, CNR Associates, be paid any royalty due him,
9 directly, going forward?

10 **Rita Barrett:** Yes, again, at that new address in Blountville.

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

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

13 **Jim Kaiser:** We would ask that the application be approved as submitted.

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

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

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

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

19 **Board:** Yes.

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

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

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

23 **Item Number 16**

24 **Bradley Lambert:** We're calling Docket Item Number 16. A petition from Range Resources-
25 Pine Mountain, Inc., for disbursement of funds in the escrow account for Well Number V-
26 550329. Docket Number VGOB-04-0316-1269-02. All parties wishing to testify please come
27 forward.

1 **Jim Kaiser:** Mr. Chairman, Jim Kaiser, Rita Barrett and Larry Reeves.

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

3 **Jim Kaiser:** Ms. Barrett, again, this is a disbursement request filed on behalf of CNR
4 Associates, by Range?

5 **Rita Barrett:** It is.

6 **Jim Kaiser:** Have all parties been notified, as required?

7 **Rita Barrett:** Yes.

8 **Jim Kaiser:** What unit are we disbursing from, here?

9 **Rita Barrett:** This is Unit V-550329.

10 **Jim Kaiser:** What tracts?

11 **Rita Barrett:** Tracts 3 & 4

12 **Jim Kaiser:** And this is a full disbursement?

13 **Rita Barrett:** It is.

14 **Jim Kaiser:** Have the figures been reconciled between the bank and Range, as the testimony in
15 the previous hearing would reflect?

16 **Rita Barrett:** Yes, as of March 31, 2015.

17 **Jim Kaiser:** Would you direct the Board to the last column, next to the right column, on Table
18 1, as to the percentage of escrowed funds to be disbursed?

19 **Rita Barrett:** Yes.

20 **Jim Kaiser:** Does Table 1 accurately reflect who should receive the disbursements and at what
21 percentage?

22 **Rita Barrett:** It does.

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

25 **Rita Barrett:** We have.

26 **Jim Kaiser:** Would you ask that CNR Associates, Inc., be paid any royalties due them, directly,
27 going forward?

1 **Rita Barrett:** Yes.

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

3 **Bradley Lambert:** Questions from the Board? [No response] You may continue, Mr. Kaiser.

4 **Jim Kaiser:** We would ask that the application be approved as submitted.

5 **Bradley Lambert:** Mr. Kaiser, I noticed there's a difference, if we check the reconciliations
6 between the previous one and this one, there's still just a little over \$4,000...almost
7 \$5,000...difference in the amounts of the reconciliations. I understood that they would balance
8 out, once we disbursed both units. They would be zeroed out. They're still showing a major
9 difference.

10 **Larry Reeves:** I was just saying that they would balance out in his favor for the \$11,000 that
11 was short on the 550329.

12 **Bradley Lambert:** The previous one shows a difference of \$16,424 and this one shows a
13 difference of....

14 **Larry Reeves:** And there's still overage of \$4,000?

15 **Bradley Lambert:** Shows what? I'm sorry.

16 **Larry Reeves:** There's still overages of \$4,000?

17 **Bradley Lambert:** Yes.

18 **Larry Reeves:** Yes.

19 **Paul Kugelman, Jr.:** This is \$4,000 more going to him, as opposed to...

20 **Bradley Lambert:** More going to him?

21 **Larry Reeves:** Yes, in his favor.

22 **Paul Kugelman, Jr.:** Okay.

23 **Bradley Lambert:** Okay. Thank you. Any other questions from the Board? [No response] Do
24 I have a motion?

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

26 **Bill Harris:** Second.

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 17**

6 **Bradley Lambert:** We're calling Docket Item Number 17. A petition from Range Resources-
7 Pine Mountain, for disbursement of funds in escrow account for Well VC-551130. Docket
8 Number VGOB-05-0215-1403-01. All parties wishing to testify please come forward.

9 **Jim Kaiser:** Jim Kaiser, Rita Barrett and Larry Reeves. Ms. Barrett, again, this is a
10 disbursement request filed by Range, on behalf of CNR Associates?

11 **Rita Barrett:** It is.

12 **Jim Kaiser:** Have all parties been notified?

13 **Rita Barrett:** Yes.

14 **Jim Kaiser:** What unit are we disbursing from, here?

15 **Rita Barrett:** This is VC-551130.

16 **Jim Kaiser:** What tracts?

17 **Rita Barrett:** Tract 3.

18 **Jim Kaiser:** Is this a full disbursement?

19 **Rita Barrett:** It is.

20 **Jim Kaiser:** Reason for the disbursement?

21 **Rita Barrett:** Again, by this application, Range is relinquishing its claim to the coalbed
22 methane royalties on this tract.

23 **Jim Kaiser:** Larry, have the figures been reconciled between the bank and Range?

24 **Larry Reeves:** They have.

25 **Jim Kaiser:** Have we got any issues, here?

26 **Larry Reeves:** No. Again, in his favor.

1 **Jim Kaiser:** So, the balance is \$391.65 in his favor?

2 **Larry Reeves:** Okay.

3 **Jim Kaiser:** Rita, would you direct the Board to the next to last column to the right on Schedule
4 1, as to the percentage of escrowed funds to be disbursed?

5 **Rita Barrett:** Yes.

6 **Jim Kaiser:** As of what date?

7 **Rita Barrett:** As of March 31, 2015.

8 **Jim Kaiser:** Would you agree that Table 1 accurately reflects who should receive the
9 disbursements and at what percentage?

10 **Rita Barrett:** It does.

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

13 **Rita Barrett:** Yes.

14 **Jim Kaiser:** Would you ask that any order provide that CNR Associates, Inc., be paid any
15 royalty due them, directly, going forward?

16 **Rita Barrett:** Yes, at that new address.

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

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

20 **Jim Kaiser:** We would ask that the application be approved as submitted.

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

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

23 **Bill Harris:** Second.

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

26 **Board:** Yes.

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

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

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

3 **Item Number 18**

4 **Bradley Lambert:** We're calling Docket Item Number 18. A petition from Range Resources-
5 Pine Mountain, Inc., to disburse funds from the escrow account for Well Number VC-536260.
6 Docket Number VGOB-06-0718-1679-01. All parties wishing to testify please come forward.

7 **Jim Kaiser:** Jim Kaiser and Rita Barrett, on behalf of Range

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

9 **Jim Kaiser:** Ms. Barrett, again, this is a disbursement request?

10 **Rita Barrett:** It is.

11 **Jim Kaiser:** Have all parties been properly notified?

12 **Rita Barrett:** Yes.

13 **Jim Kaiser:** What unit are we disbursing from?

14 **Rita Barrett:** This is VC-536260.

15 **Jim Kaiser:** What tracts?

16 **Rita Barrett:** Tracts 3, 4 & 5.

17 **Jim Kaiser:** Is this a partial or a full disbursement?

18 **Rita Barrett:** This is a full disbursement.

19 **Jim Kaiser:** The reason for the disbursement?

20 **Rita Barrett:** Again, by this application, Range has relinquished its claim to the coalbed
21 methane royalties on these tracts.

22 **Jim Kaiser:** Have the figures been reconciled between the Escrow Agent and Range?

23 **Rita Barrett:** They have, as of March 31, 2015.

24 **Jim Kaiser:** Would you direct the Board to the last column next to the right on Table 1, as to
25 the percentage of escrowed funds to be disbursed?

26 **Rita Barrett:** Yes.

1 **Jim Kaiser:** Would you agree that Table 1 accurately reflects who should receive the
2 disbursements and at what percentage?

3 **Rita Barrett:** It does.

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

6 **Rita Barrett:** Yes, sir.

7 **Jim Kaiser:** Would you ask that all these parties be paid any royalty due them, directly, going
8 forward?

9 **Rita Barrett:** Yes.

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

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

12 **Jim Kaiser:** We would ask that the application be approved as submitted.

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

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

15 **Bill Harris:** Second.

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

18 **Board:** Yes.

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

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

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

22 **Item Number 19**

23 **Bradley Lambert:** We're calling Docket Item Number 19. A petition from Range Resources-
24 Pine Mountain, Inc., to disburse funds from the escrow account for Well Number VC-536517.
25 Docket Number VGOB-07-1218-2100-02. All parties wishing to testify please come forward.

26 **Jim Kaiser:** I think we've got a problem with the well number. No, we don't. Ms. Barrett, is
27 this a disbursement request filed by Range on behalf of the folks listed on Table 1?

1 **Rita Barrett:** It is.

2 **Jim Kaiser:** Have all parties been notified?

3 **Rita Barrett:** Yes.

4 **Jim Kaiser:** What unit are we disbursing from?

5 **Rita Barrett:** This is VC-536517.

6 **Jim Kaiser:** And, what tracts?

7 **Rita Barrett:** Tract 2.

8 **Jim Kaiser:** Is this a partial or full disbursement?

9 **Rita Barrett:** This is a full.

10 **Jim Kaiser:** Have the figures been reconciled between the Escrow Agent and Range?

11 **Rita Barrett:** They have, as of March 31, 2015.

12 **Jim Kaiser:** Would you direct the Board to the next to last column on the right of Table 1, as to
13 the percentage of escrowed funds to be disbursed?

14 **Rita Barrett:** Yes.

15 **Jim Kaiser:** Would you agree that Table 1 accurately reflects who should receive the
16 disbursements and at what percentage?

17 **Rita Barrett:** It does.

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

20 **Rita Barrett:** Yes.

21 **Jim Kaiser:** Would you ask that these parties be paid any royalty due them, directly, going
22 forward?

23 **Rita Barrett:** Yes.

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

25 **Bradley Lambert:** Any questions from the Board? [No response] Anything further?

26 **Jim Kaiser:** We would ask that the application be approved as submitted.

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

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

9 **Item Number 20**

10 **Bradley Lambert:** We're calling Docket Item Number 20. A petition from Range Resources-
11 Pine Mountain, Inc., for disbursement to release funds in escrow for Well Number VC-537875.
12 Docket Number VGOB-08-0620-2249-01. All parties wishing to testify please come forward.
13 **Jim Kaiser:** Jim Kaiser, Rita Barrett and Larry Reeves. Ms. Barrett, again, this is a
14 disbursement request?
15 **Rita Barrett:** It is.
16 **Jim Kaiser:** Have all parties been properly notified?
17 **Rita Barrett:** Yes.
18 **Jim Kaiser:** What unit are we disbursing from?
19 **Rita Barrett:** This is VC-537875.
20 **Jim Kaiser:** What tract?
21 **Rita Barrett:** Tract 4.
22 **Jim Kaiser:** Is this a partial or full disbursement?
23 **Rita Barrett:** This is a full disbursement.
24 **Jim Kaiser:** The reason for the disbursement?
25 **Rita Barrett:** Again, by this application, Range has relinquished its claim to the coalbed
26 methane royalties on this tract.

1 **Jim Kaiser:** Larry, have all the figures been reconciled between the Escrow Agent and Range?

2 **Larry Reeves:** They have.

3 **Jim Kaiser:** Here, we have a slight difference in the favor of the royalty owner?

4 **Larry Reeves:** \$25.13, yes.

5 **Jim Kaiser:** Okay. Ms. Barrett, would you direct the Board to the next to last column to the
6 right on Table 1, as to the percentage of escrowed funds to be disbursed?

7 **Rita Barrett:** Yes.

8 **Jim Kaiser:** Would you agree that the parties listed on Table 1 are the parties who should
9 receive the disbursement and at what percentage?

10 **Rita Barrett:** Yes.

11 **Jim Kaiser:** Have you provided the Board with Exhibits E and EE, to reflect the status of this
12 unit subsequent to this disbursement?

13 **Rita Barrett:** We have.

14 **Jim Kaiser:** Would you ask that these parties be paid any royalty due them, directly, going
15 forward?

16 **Rita Barrett:** Yes.

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

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

19 **Mary Quillen:** Could you just repeat the reconciliation date?

20 **Rita Barrett:** Yes, it's March 31, 2015.

21 **Mary Quillen:** Thank you.

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

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

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

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

27 **Bill Harris:** Second.

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

3 **Board:** Yes.

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

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

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

7 **Item Number 21**

8 **Bradley Lambert:** We're calling Docket Item Number 21. A petition from Range Resources-
9 Pine Mountain, Inc., to disburse funds from the escrow account for Well Number VC-536516.
10 Docket Number VGOB-09-0818-2578-01. All parties wishing to testify please come forward.

11 **Jim Kaiser:** Jim Kaiser and Rita Barrett. Ms. Barrett, again, is this a disbursement request
12 filed, on behalf of the parties, by Range?

13 **Rita Barrett:** It is.

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

15 **Rita Barrett:** Yes.

16 **Jim Kaiser:** What unit are we disbursing from, here?

17 **Rita Barrett:** This is VC-536516.

18 **Jim Kaiser:** What tract?

19 **Rita Barrett:** Tract 2.

20 **Jim Kaiser:** Is this a partial or full disbursement?

21 **Rita Barrett:** This is a full disbursement.

22 **Jim Kaiser:** Reason for the disbursement?

23 **Rita Barrett:** We have a 75/25 split agreement between Mr. Rose and Range, dated August
24 2009.

25 **Jim Kaiser:** Have the figures been reconciled between the Escrow Agent and Range?

26 **Rita Barrett:** Yes, as of March 31, 2015.

1 **Jim Kaiser:** Would you direct the Board to the next to last column to right on Table 1, as to the
2 percentage of escrowed funds to be disbursed?

3 **Rita Barrett:** Yes.

4 **Jim Kaiser:** Would you agree that Table 1 accurately reflects who should receive the
5 disbursements and at what percentage?

6 **Rita Barrett:** Yes.

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

9 **Rita Barrett:** Yes.

10 **Jim Kaiser:** Would you ask that these parties be paid any royalty due them, directly, going
11 forward?

12 **Rita Barrett:** Yes.

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

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

16 **Jim Kaiser:** We would ask that the application be approved as submitted.

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

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

19 **Bill Harris:** Second.

20 **Bradley Lambert:** I have a motion and I have a second. Any further discussion? [No
21 response] All 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.

1 **Item Number 22**

2 **Bradley Lambert:** We're calling Docket Item Number 22. A petition from Range Resources-
3 Pine Mountain, Inc., to disburse funds from the escrow account for Well Number VC-531334.
4 This is Docket Number VGOB-09-1020-2618-01. All parties wishing to testify please come
5 forward.

6 **Jim Kaiser:** Jim Kaiser and Rita Barrett. Ms. Barrett, again, this is a disbursement request filed
7 by Range on behalf of the parties named in Table 1?

8 **Rita Barrett:** Yes.

9 **Jim Kaiser:** Have they all been notified?

10 **Rita Barrett:** Yes.

11 **Jim Kaiser:** What unit are we disbursing from, here?

12 **Rita Barrett:** This is Unit VC-531334.

13 **Jim Kaiser:** What tracts?

14 **Rita Barrett:** Tracts 1, 2 & 5.

15 **Jim Kaiser:** Is this a partial or full disbursement?

16 **Rita Barrett:** This is a full disbursement.

17 **Jim Kaiser:** The reason for the disbursement?

18 **Rita Barrett:** For Tract 1, we have a 75/25 split with Mr. Rose, dated August 2009. For Tracts
19 2 & 5, Range, by this application, is relinquishing its claim to the coalbed methane royalties on
20 these tracts.

21 **Jim Kaiser:** Have the figures been reconciled between the Escrow Agent and Range?

22 **Rita Barrett:** Yes, as of March 31, 2015.

23 **Jim Kaiser:** Would you direct the Board to the next to last column in Table 1, as to the
24 percentage of escrowed funds disbursed?

25 **Rita Barrett:** Yes.

26 **Jim Kaiser:** Would you agree that Table 1 accurately reflects who should receive the
27 disbursements and at what percentage?

28 **Rita Barrett:** Yes.

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.

4 **Jim Kaiser:** Would you ask that all these parties be paid any royalty due them, directly, going
5 forward?

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? [No response] Anything further, Mr.
9 Kaiser?

10 **Jim Kaiser:** We would ask that the application be approved as submitted.

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

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

13 **Bill Harris:** Second that.

14 **Bradley Lambert:** I have a motion and I have a second. Any further discussion? [No
15 response] All 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. Thank you, folks.

20 **Jim Kaiser:** Thank you.

21 **Rita Barrett:** Thank you.

22 **Item Number 23**

23 **Bradley Lambert:** For the Board's information, we had a very late date and we weren't able to
24 get it on the docket. But, we received a correspondence that requested that this letter be read into
25 the record. I'm not going to take time to read the entire letter and the documents are pretty
26 lengthy. However, I will summarize, just for the Board's information. This is pertaining to some
27 unknowns/unlocatables and the letter that I received is in the Attorney General's Office received
28 it, as well. I think Mr. Cooper received the same letter. It's from Janie Smith from Xenia, Ohio.

1 Mrs. Smith raises an issue of an unknown/unlocatable that relates to Range Resources. In short
2 summary, Mrs. Smith had several communications with the Board Staff, with Mr. Cooper, Ms.
3 Gilmer. She even had contact with Mrs. Diane Davis, while she was still here. She has been in
4 contact with Ms. Rita Barrett and Mrs. Kristy Rudick, claiming that she is not an
5 unknown/unlocatable and that Range should have known, if they had done their due diligence,
6 that they would have known that she does exist, as well as her heirs. She has made several
7 inquiries by the Chairman of the Board and, also, the Staff, wanting to know why we are
8 approving Board orders for unknowns/unlocatables when all of her records are in the Dickenson
9 County Court and why Range Resources hasn't been able to find those records. In essence, that's
10 the short of her letter. I know Mr. Horn has come forward. Mr. Horn, if you would like to
11 respond, we'll give you that opportunity.

12 **Phil Horn:** I sure would. This oil and gas title on the record in Dickenson County, Ms. Smith's
13 great-great-grandfather, G.W. Smith, Jr., the coal had been severed in 1887. George W. Smith,
14 Jr., owned the surface and everything but the coal. He sold a 131-acre tract in 1887, reserved the
15 oil and gas. I think back to when he said, "except the minerals, coal and minerals." We consider
16 that the oil and gas. If you run the records of Dickenson County forward, nothing happened to
17 George W. Smith, Jr., in Dickenson County until 2013, when Janie Smith, the great-great-
18 granddaughter of Mr. Smith, filed a list of heirs. She has connected her family, through her
19 grand-daddy and great-grand-daddy, to this gentleman, but I don't have any documentation as to
20 how many children the original owner had, how many children he had. So, I have no way of
21 knowing what percent they own. I've asked them if they could provide me with that and, then
22 she's saying that I need to be able to figure this out. Basically, her great-great-grandfather
23 reserved oil and gas in 1887 and nothing popped up in his name until 2013, 126 years later and
24 she files a list of heirs. If you're doing a title tree, the branches go out and, then, the branches go
25 out and the branches go out. All I have is just coming straight down into them. I've asked them
26 to provide us with documentation. She said they can't do it. So, I would like nothing more than
27 to get this money out of the escrow account because that's what I've been told to do by my boss.
28 I can't pay these people because I don't know what to pay them. So, that's my side of it.

29 **Bradley Lambert:** So, you have had direct contact with Ms. Smith and asked her to provide a
30 list of heirs and there's no record in Dickenson County courthouse as to those heirs?

31 **Phil Horn:** Only her group of heirs, her family, which is three generations down. Yes. I wrote
32 a letter to her on April 15th and I've been talking to her brother, Jerry Smith. I think Janie does
33 the writing, but I've been talking to him on the phone. He called me, yesterday. I told him that,
34 based on what we had; we could not release the royalties. We're talking about.... This is one of
35 the largest accounts that we have. There are six wells involved, 5 coalbed methane wells and a
36 conventional well. In a perfect world, George W. Smith, Jr., would have left a will, with a list of
37 heirs and EQT would have had it. They force pooled this as unknowns. I'm not exactly sure
38 how Janie Smith, in 2013, popped up, but she did and then, of course, we just bought...a year ago
39 today is when we closed on EQT property. Range has only been involved with this for a year.

1 **Bradley Lambert:** As I understand, how she popped up, she had read some of our media
2 advisories out there about unknowns/unlocatables. I'm sure that started her to thinking. You're
3 coming to the Board. If you're continuing to have communications with these folks and trying to
4 work this out, then I don't think there's any issues from the Board, at all. Thank you, Mr. Horn.
5 At this time, there's a couple more issues that we need to take up on the Board time, this
6 morning. They're also not on the agenda. As the Board knows, beginning July 1, there will be a
7 new law into effect, whereby some coal claimants may be dismissed and I'm going to ask Mr.
8 Kugelman, at this time, if he could do a brief summary for the Board, as to what that new law
9 will mean and what impact it might have on the Board, going forward, after July 1.

10 **Paul Kugelman, Jr.:** Sure. For those of you who follow developments in the General
11 Assembly, Delegate Kilgore put in House Bill 2058, this year. It was passed. It's been signed by
12 the Governor. It becomes effective July 1. It will become 45.1-361.22:2, if I have that right.
13 Basically, what this law does is it addresses three different areas, with respect to coalbed
14 methane royalties that have been escrowed under 361.22. The object of the law is to get the
15 money moving. What .22:2a does is it addresses money that's already forced into the escrow
16 account, required to be escrowed. In dealing with the money that's already in the escrow
17 accounts, what has to happen by January 1, 2016, and there's an exception. I'll get to that in a
18 moment. All of the coalbed methane gas well operators have to file a petition with this Board,
19 seeking disbursement of funds and notifying any coal claimants, as well. The coal claimants will
20 have 45 days from the date of the notice to file either evidence of a court proceeding that is
21 active or evidence of an agreement, a split agreement. You all have heard those. If we get those,
22 we have to treat it differently. If we don't get those, the coal owners are going to be deemed to
23 not have any rights in the coalbed methane royalties and the Board will order the disbursement of
24 those funds. Some of the wrinkles here that the Board will have to deal with when it's not a
25 clean case, if there are still unknown or unlocatables or if there are still conflicts that exist, we're
26 not going to be able to disburse the funds. Based on the estimates that we have, I think we're
27 figuring somewhere between 85 and 90 percent of the money is going to go out. Do I have that
28 right, Rick?

29 **Rick Cooper:** That's correct. Somewhere between 15 and 20 million dollars would be what
30 should be heard.

31 **Paul Kugelman, Jr.:** Right. So, the object of the exercise is to get the money to these folks.
32 Butch, I think, is going to read a motion that we considered. We've been working with some
33 folks to figure out how to do this. We're going to propose that this be done administratively, that
34 the Board delegate to Mr. Cooper the authority to, administratively, issue the orders only where
35 it's, what I'll call, the clean case, where no problems and there's no evidence of a proceeding or
36 agreement filed. The law would require the Board to disburse the funds, anyway. So, rather
37 than taking up the Board's time with something that they would have to do, as a matter of course,
38 we'll delegate that to Mr. Cooper and we can get the orders out more expeditiously. The Board
39 will also have the authority, upon application from a well operator, to extend the time to file the

1 application for disbursement beyond January 1, 2016. But, there are enumerated circumstances
2 that we can take up at those times. The Board will have the authority to grant or deny the request
3 for the extension. Paragraph B deals with going forward, in the future. So, after July 1, 2015,
4 somebody makes an application for forced-pool and there is some coal interest involved, again,
5 coal owners will have an opportunity to file some kind of response. But, if they don't, the money
6 is just going to go straight to the gas owner. That's what the Board's order will reflect. It won't
7 go into escrow, anymore. So, not only are we getting stuff out, we're trying to avoid repeating
8 history. So, that's what the second part is. Paragraph C deals with voluntary pooling. This
9 Board really doesn't deal with that, so I'm not really going to brief that part of it. If you have any
10 questions about that, I can certainly address those, but as more come before the Board, as a
11 matter of course, I didn't see any reason to brief that. Do you all have any questions, right now?
12 [No response] Anybody? [No response] I can't have been that clear.

13 **Mary Quillen:** We'll probably have plenty of questions after July 1.

14 **Paul Kugelman, Jr.:** Yes, ma'am. I expect so.

15 **Mary Quillen:** Right now, we don't know the right questions to ask.

16 **Paul Kugelman, Jr.:** Is that all you needed?

17 **Bradley Lambert:** Absolutely. Thank you, Paul. To summarize, we're going to enter a motion
18 here, in a second, that's going to expedite the process by which we disburse the funds, as Paul
19 used the term "clean case." We're dismissing the coal claimant and we're delegating the
20 authority to Mr. Cooper, only for those petitions where it's a clean case and the coal claimant's
21 being dismissed. So, I'll ask Mr. Ratliff if he'll please read the motion.

22 **Donnie Ratliff:** I, hereby, move the Board to approve delegating to the Director of the Division
23 of Oil and Gas, our authority to issue administrative orders for the disbursement of escrowed
24 coalbed methane gas royalty funds for petition filed in pursuit of Paragraph A of Chapter 396 of
25 the Act of the Assembly 2015, which becomes Section 45.1-361.22:2A, as of July 1, 2015. This
26 delegation is limited to those petitions where the coal owner has not filed evidence of proceeding
27 or agreement within 45 days of the well operator's notice of application for the release of funds
28 and where the well operator has not petitioned the Board for an extension of time to file a
29 petition, for any reason or delay payment, for any reason. Additionally, this delegation provides
30 the authority to modify any of the Board's orders, but only to the extent that the modification
31 removes coal owners, who are not gas owners, from the order. Further, this delegation applies
32 only to those orders that are affected by disbursement petitions, where this delegation is
33 effective. Finally, I ask that this delegation be deemed granted effective as of July 1, 2015, when
34 this law takes effect.

35 **Bradley Lambert:** Any discussion?

1 **Donnie Rife:** Second, Mr. Chair.

2 **Bill Harris:** We will be kept abreast of the status of these. In other words, there will be a
3 summary at meetings?

4 **Bradley Lambert:** Yes. It's going to be a requirement that the Staff to the Board, track each
5 and every one of these. It will be reported on, monthly.

6 **Mary Quillen:** One other thing. I think a lot of the media has misled, in a lot of their reporting
7 of this, that this is coalbed methane only. I think that can't be stressed enough. It doesn't include
8 anything outside of coalbed methane. Is that correct?

9 **Paul Kugelman, Jr.:** Yes, ma'am.

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

12 **Board:** Yes.

13 **Bradley Lambert:** Opposed, no. [No response] That is approved. An order will be entered, at
14 the Board's own motion, to that effect, that Mr. Cooper has the delegated authority to approve
15 those orders that are clean, with coal claimant dismissal, only. Okay, next on the agenda is that
16 we'll receive an update from the Board and the Division activities.

17 **Rick Cooper:** I've really got two items. A couple of hearings ago, Mr. Ratliff had brought up
18 that, somewhere in the past, that the Board had granted the Staff or myself the authority to close
19 some of these accounts that had a certain dollar amount on those. I brought them in here, from
20 one penny to \$20 to \$50. We've had trouble finding that. I guess my question to the Board,
21 today, can you revisit that motion and put a dollar amount on any of those accounts that we can
22 close without coming back in front of the Board? I think Mr. Ratliff, at the time, may have
23 said.... I think there's a discrepancy on dollars, but we have been unable to find that motion in
24 the past transcripts. That's my question. Is the Board willing to bring that motion up again,
25 today, on what dollar amount that we can close, without coming back in front of the Board, on
26 some of these unfunded accounts?

27 **Bradley Lambert:** Mr. Cooper, let me ask you one question. Where does the money go, left in
28 that account that would close...be it \$50 or \$5?

29 **Rick Cooper:** It would go back to the company.

30 **Bill Harris:** Do you remember if we put an amount on it?

31 **Rick Cooper:** It may have been \$500, but we have not been able to find it on transcripts, so
32 that's my question, today.

1 **Mary Quillen:** That's, sort of, my memory. Donnie, was that your memory? \$500? That was
2 my memory.

3 **Donnie Ratliff:** It was not in a full Board meeting. We had workshops, when we were getting
4 ready for the audits. We had the bankers in here, with us.

5 **Bradley Lambert:** So, if you want to make that motion.

6 **Donnie Ratliff:** I'll make the motion that, for adjustments \$500 and less, that the Director has
7 the authority to clean those accounts out.

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

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

11 **Board:** Yes.

12 **Bradley Lambert:** Opposed, no. [No response]

13 **Rick Cooper:** One more item. I have to give Mr. Jim Lovett credit for this, but Debbie
14 Louthian, for Range, was doing a reconciliation on a future disbursement. It's going to be real
15 similar to what we talked about earlier, on Items 15 & 16, misappropriated funds in different
16 accounts. I guess Ms. Louthian had found out that one account only had \$28 in it and it should
17 have had several more dollars. I'll hand this to you all. Mr. Lovett, we did break that account
18 down from permitting to drilling to completion, production. Based on production, she is correct.
19 The money was, inappropriately, put into the wrong account. \$22,395. For clarity, when it
20 comes up in the future, just asking your permission or letting you all know that we're going to
21 move the monies out of Well 508999, Docket 1000 to file number VU-2231. We want to move
22 that money over to Well Number 536595, Docket Item 1760. It's Dickenson County, file
23 number 1367. We want to transfer that \$22,395.69 from Docket 1000 to Docket 1760.
24 According to production, that would be correct to do that.

25 **Mary Quillen:** Will you do this before the next Board meeting?

26 **Rick Cooper:** We will do that, quickly, if you all approve it. The way this, generally, works....
27 It's not uncommon for us, to give you a little history, to find one off. The companies do the best
28 on this when they reconcile these accounts that come before the Board. They may find, just
29 like we had one or two, today. Before they were brought before you all, they had found money,
30 \$100 here or \$90 there that had, incorrectly, over the years, been deposited into the wrong
31 account. So, what we do, as a staff, is we send a letter to the Escrow Agent and they move it
32 from Account A to Account B and they send us back verification and copy the companies that
33 discover that.

34 **Bradley Lambert:** Mr. Cooper, are you asking the Board for approval to transfer funds?

1 **Rick Cooper:** Yes.

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

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

4 **Bill Harris:** I second.

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

7 **Board:** Yes.

8 **Bradley Lambert:** Opposed, no. [No response] Anything further, Mr. Cooper?

9 **Rick Cooper:** No, sir.

10 **Donnie Ratliff:** Just as a point of reference, when we did the audit, we found several of these.

11 **Rick Cooper:** Yes, we did.

12 **Donnie Ratliff:** We gave you the authority to make the adjustments, if the evidence was there
13 that it was, plainly, in the wrong account. It didn't come back to the Board. We got a summary
14 report later of all the changes and the moves, but we did several of these in audit report. I don't
15 know if there's any this big, but we did several.

16 **Rick Cooper:** Yes, we have. Over the years, we've had several of these, but because of the
17 amount of this, I just wanted to refresh everyone's memory, so if we report out on this, in the
18 future, you'll know what's going on.

19 **Donnie Ratliff:** Thank you.

20 **Rick Cooper:** Based on production, this would be true and accurate.

21 **Bradley Lambert:** Anything further?

22 **Rick Cooper:** No, sir.

23 **Item Number 24**

24 **Bradley Lambert:** The last item on the agenda is the approval of the minutes from the last
25 meeting. Any additions or corrections that need to be made to those minutes? If not, I need a
26 motion to approve.

27 **Donnie Ratliff:** Motion to approve the minutes, as presented, Mr. Chairman.

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

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

2 **Board:** Yes.

3 **Bill Harris:** Mr. Chairman, quick question.

4 **Bradley Lambert:** Mr. Harris.

5 **Bill Harris:** In the past, I think the staff had sent us a link to the minutes site and we don't
6 always get that. Can I just request that we get those, in the future? Otherwise, I have to really....
7 I don't think they're located in the same location as the, unless I'm mistaken, as our dockets are.

8 **Sarah Gilmer:** They're on our web page. I'll send you the link, so you'll have it, again.

9 **Bill Harris:** I'm sorry to be lazy, but....

10 **Rick Cooper:** It's not a problem. We'll send you the link to where it's at.

11 **Bill Harris:** Thank you.

12 **Bradley Lambert:** One addition item. Mr. Ratliff.

13 **Donnie Ratliff:** Are we okay on transferring funds from CDARS and.... Are we going to be
14 able to write these checks by the end of the year? Will that money be free and available?

15 **Rick Cooper:** Yes. According to when the bank reported out that the money is available right
16 now. I don't remember their exact dollar amount, but there's several million dollars that's
17 available. Just remember, the penalty on that is...we're getting very little interest on that.

18 **Bradley Lambert:** I think Mr. Lovelace reported when he was here last month, there was just
19 over 19 million dollars available.

20 **Rick Cooper:** I was going to say that. I was afraid to put the exact number down.

21 **Donnie Ratliff:** Okay.

22 **Bradley Lambert:** Do I have a motion to adjourn?

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

24 **Donnie Ratliff:** Second.

25 **Bradley Lambert:** All in favor signify by saying yes.

26 **Board:** Yes.