VIRGINIA DEPARTMENT OF MINES, MINERALS AND ENERGY

VIRGINIA GAS AND OIL BOARD HEARING

Tuesday, November 17, 2015

Lebanon, Virginia

BOARD MEMBERS:

Bruce Prather—Public Member

Donnie Ratliff—Coal Industry Representative

Donnie Rife— Public Member

Mary Quillen—Public Member

Rita Surratt— Public Member

APPEARANCES:

Mary Quillen—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

Butch Lambert–Department of Mines, Minerals, and Energy

Donnie Ratliff – Coal Representative

Donnie Rife–Citizen Representative for Dickenson County

Bruce Prather–Representative of Oil and Gas Industry

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

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

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Butch Lambert: …the board members to please introduce themselves and I'll begin with Mr. Kugelman.

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

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

Donnie Ratliff: Donnie Ratliff representing coal.

Donnie Rife: Donnie Rife, representing citizens for Dickenson County.

Bruce Prather: Bruce Prather, I represent the Oil & Gas Industry on the Board.

Mary Quillen: Mary Quillen, Public Representative.

Item Number 1

Butch Lambert: Thank you. First item on our agenda this morning is the Board will receive public comments. Those who signed up to speak this morning during public comment? We have none? Ok, thank you.

Item Number 2

Butch Lambert: A petition from CNX Gas Company, LLC, for (1) disbursement of escrow funds heretofore deposited with the boards escrow's agent attributing to Tract 4A, 4B, 4C and 7, as depicted upon the annexed Table and (2) authorization to begin privately paying royalties directly to the parties listed in the petition. This is Docket Number VGOB-97-0318-0572-01. All parties that are here this morning to testify, please come forward.

Mark Swartz: Mark Swartz and Anita Duty.

Butch Lambert: Good morning.

Mark Swartz: Good morning.

Butch Lambert: You may begin, Mr. Swartz.

Mark Swartz: Thank you. We need to swear Anita, probably.

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

Anita Duty: Yes.

Mark Swartz: Could you state your name for us?

Anita Duty: Anita Duty.

Mark Swartz: Who do you work for?

Anita Duty: CNX Land, LLC.

Mark Swartz: Okay, and are you here on behalf of the petitioner this morning?

Anita Duty: Yes.

Mark Swartz: Okay, and the petitioner is CNX Gas Company, LLC, correct?

Anita Duty: It is.

Mark Swartz: And what's your job title with them?

Anita Duty: Pooling Supervisor.

Mark Swartz: Okay, and did you either prepare or supervise the preparation of this petition?

Anita Duty: I did.

Mark Swartz: Okay, and you're asking in this petition for a disbursement of escrow funds and for several reasons, correct?

Anita Duty: Yes.

Mark Swartz: And this pertains to X34?

Anita Duty: It does.

Mark Swartz: And let's look at the various reasons here. First of all, Harrison-Wyatt, LLC and CNX Gas Company, have a royalty split agreement, correct?

Anita Duty: Yes.

Mark Swartz: And that pertains to one of the tracts in question?

Anita Duty: It does.

Mark Swartz: And then there's a, there was a conflict between VDOT and CNX Gas, with in no longer an issue, and VDOT can be paid on that tract?

Anita Duty: Yes.

Mark Swartz: And then the third reason is that the House Bill 2058, that resolved a coal owner, gas owner conflict, correct?

Anita Duty: Yes.

Mark Swartz: Okay, and based on those collection of reasons, have you prepared a disbursement table?

Anita Duty: Yes.

Mark Swartz: Okay. That table is pdf 86, correct?

Anita Duty: Yes.

Mark Swartz: And with regard to Tract 4A, could you tell the board who the recipients of the disbursements should be and what the escrow agent should, the percentage the escrow agent should use to make the distribution?

Anita Duty: Hurt McGuire Land Trust and CNX Gas Company, LLC should each receive 4.3913 percent of the escrow account.

Mark Swartz: Okay, at the time the disbursement is made, correct?

Anita Duty: Yes.

Mark Swartz: And then with regard to Tract 4B, who are the recipients and what are the percentages should the escrow agent use?

Anita Duty: Paul Bohon, Harty Loria, Jennilyn Quillen, Joe Bohon and Charles Bohon, should all receive 3.0229 percent.

Mark Swartz: Okay, regarding Tract 4C?

Anita Duty: For Tract 4C, CNX Gas Company should receive 14.7059 percent and for Tract 7, the Commonwealth of Virginia and Department of Transportation should receive 61.3971 percent.

Mark Swartz: And the well that contributed to this escrow account?

Anita Duty: X34A.

Mark Swartz: And the good news, with regard to Exhibit E, once these disbursements are made, this escrow account can be closed in its entirety, correct?

Anita Duty: Yes.

Mark Swartz: Okay, and are you also asking that going forward, the operator be allowed to pay all these folks directly and in accordance with their agreements or in accordance with the house bill?

Anita Duty: Yes.

Mark Swartz: And then have you prepared sort of a summary, as you always do, Exhibit EE, with regard to the status of the pay?

Anita Duty: Yes.

Mark Swartz: Okay, and you have provided your affidavit of mailing?

Anita Duty: Yes.

Mark Swartz: And your certification of notice that pertains to that, correct?

Anita Duty: We have.

Mark Swartz: And your cards, and then have you prepared a reconciliation exhibit, as Exhibit J?

Anita Duty: Yes.

Mark Swartz: Through what date?

Anita Duty: August 31, 2015.

Mark Swartz: And in that exhibit, did you undertake to identify all checks that the operator cut to escrow agents for royalties and then try to locate a deposit for all of those checks?

Anita Duty: Yes.

Mark Swartz: And when you did that, were you able to find a deposit for each check?

Anita Duty: We were.

Mark Swartz: Okay, and then when you compared what you paid, the interest and fees, and totaled that to what the First Bank and Trust had on deposit, as of August 31, 2015, what did you find?

Anita Duty: They had $97.46 more in the bank than we deposited.

Mark Swartz: Actually, it looks like less? I'm sorry, well.

Anita Duty: Oh, I'm sorry. I was looking at the wrong line. You're right.

Mark Swartz: Okay, that's alright, but they did have more than you deposited but if you add the interest and fees to your deposits, there was a difference of $97.46, correct?

Anita Duty: Correct.

Mark Swartz: Okay, alright. With regard to the next exhibit, you provided coal owner notices?

Anita Duty: Yes.

Mark Swartz: And that's your certification of notice with regard to that?

Anita Duty: Yes.

Mark Swartz: And that's followed by the signature cards?

Anita Duty: Yes.

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

Butch Lambert: Any questions from the board? Anything further Mr. Swartz?

Mark Swartz: No.

Butch Lambert: Do I have a motion?

Donnie Rife: Motion made for approval, Mr. Chair.

Bruce Prather: I second.

Butch Lambert: I have a motion and I have a second. Any further discussion? All in favor, signify by saying yes.

Board: Yes.

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

Mark Swartz: Thank you.

Item Number 3

Butch Lambert: A petition from CNX Gas Company, LLC, for (1) the disbursement of escrowed funds heretofore deposited with the Board's Escrow Agent, attributable to Tract 2A, as depicted upon the annexed table; and (2) authorization to begin paying royalties directly to the parties listed in the petition. This is Docket Number VGOB 99-0216-0709-02. All parties wishing to testify, please come forward.

Mark Swartz: Mark Swartz and Anita Duty.

Jen Shaver: Jen Shaver on behalf of Jeff Hale, Jamie Hale, and Pamela Keene. Pardon me, I didn't receive copies of these petitions. Mark's sharing his with me.

Butch Lambert: He's such a nice guy.

Mark Swartz: Finally. [Laughs]

Butch Lambert: You may proceed, Mr. Swartz.

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

Anita Duty: Anita Duty.

Mark Swartz.: Who do you work for?

Anita Duty: CNX Land, LLC.

Mark Swartz: And you are here on behalf of the applicant today?

Anita Duty: Yes.

Mark Swartz: This is a petition for disbursement with regard to Unit FF23?

Anita Duty: Yes.

Mark Swartz: And did you either supervise the preparation of this petition or prepare it yourself?

Anita Duty: Yes.

Mark Swartz: Okay, and in this petition you were seeking a disbursement, as well as, an authorization to paying certain parties directly, in the future. Is that correct?

Anita Duty: Yes.

Mark Swartz: And what are the reasons that you are seeking this disbursement?

Anita Duty: We received a letter from Torch, disclaiming their claim to CBN.

Mark Swartz: Okay, and that resolved the conflict?

Anita Duty: Yes.

Mark Swartz: And you're proposing that the escrow agent disburse to the gas owners?

Anita Duty: Yes.

Mark Swartz: And that's set forth in your…file of your application, correct?

Anita Duty: Yes.

Mark Swartz: And you've also, once that happens, this is another situation where the escrow account can be closed?

Anita Duty: Yes.

Mark Swartz: Let's go to your table, page 4, and the table pertains to which tract?

Anita Duty: 2A.

Mark Swartz: And could you identify the parties that are going to receive the benefit of the disbursement that we proposed to make, and then give the percentage that the escrow agent should use in calculating the amount that they are to be paid, or that's to be paid on their behalf?

Anita Duty: Pamela Keene should receive 11.1111%. Jamie Hale and Jeffrey Carlos Hale should also receive 11.1111%. They also receive an additional interest. Pamela Keene, Jamie Hale, Jeffery Hale, of 22.2222%.

Mark Swartz: The escrow agent should use those percentages to square up or to calculate the dollar amounts for those interests by applying those percentages to the balance on hand when the disbursements are made, correct?

Anita Duty: Yes.

Mark Swartz: And the wells that contributed to this escrow account are which wells?

Anita Duty: FF23 and FF23A.

Mark Swartz: And is there a special payment arrangement here? Usually when I see Ms. Shaver, I assume there is.

Jen Shaver: Wrong assumption this time.

Mark Swartz: Alright. You're just looking over our shoulder.

Jen Shaver: Yes, we would ask that the royalties be sent directly to the Hale's and Ms. Keene.

Mark Swartz: Okay. And then you've got a revised Exhibit E which is consistent with what we previously told the Board, that once these disbursements are made, the escrow account can be closed, right?

Anita Duty: Yes.

Mark Swartz: And as we work through here, we have, obviously, the sort of recap, Exhibit EE with regard to the pay status, correct?

Anita Duty: Yes.

Mark Swartz: And then we have your copies of your notices and certificates of notice, the green cards, and on this one, we've got, we had an adjustment that we needed to make because when you did the reconciliation, you found an error, correct?

Anita Duty: Yes.

Mark Swartz: And have you included, on pages 11 and 12, some emails that Melissa, who works with you, has exchanged with Sarah, about a deposit that was made into this account that needs to be removed from the account, correct?

Anita Duty: Yes.

Mark Swartz: And what was the amount of that deposit?

Anita Duty: $64.81.

Mark Swartz: Okay, and that's shown on the emails but then if we go to Exhibit J, your reconciliation, correct?

Anita Duty: Yes.

Mark Swartz: You have at page 15 of the pdf, I think it's 15, yes. There is a highlighted deposit with double asterisk next to it, 9/30/2008, that's the $64.81, right?

Anita Duty: Yes.

Mark Swartz: And the escrow agent needs to be told to take that out of the account before making the disbursement, correct?

Anita Duty: Actually, that…

Mark Swartz: Has it already happened? I'm sorry.

Rick Cooper: It has happened.

Mark Swartz: It has happened?

Rick Cooper: Yes.

Mark Swartz: So we're good to go. And do you have a footnote at the bottom that's happened?

Anita Duty: It was actually credited to…at the time we did this it wasn't done yet.

Mark Swartz: Okay, but its good now. So the escrow agent then can use the percentages in Table 1? Doesn't need to make any further adjustments and should be good to go?

Anita Duty: Right.

Mark Swartz: Okay. When you compared but for this one deposit that you determined needed to be corrected, when you made the comparison, took into consideration a prior disbursement, were you able to find all other deposits that should have gone into the account as deposits?

Anita Duty: Yes.

Mark Swartz: Okay, so your checks matched the deposits with the once exception?

Anita Duty: Right.

Mark Swartz: And when your account for your record keeping and the bank balance, it looks like the bank had, roughly, well not roughly, had $59.61 less than your accounting that included interest bank fees?

Anita Duty: Yes.

Mark Swartz: Okay, I think that's all I have, Mr. Chair.

Butch Lambert: Any questions from the Board? Ms. Shaver?

Jen Shaver: No, Mr. Chairman.

Butch Lambert: Anything further Mr. Swartz?

Mark Swartz: No.

Butch Lambert: Do I have a motion?

Donnie Rife: Motion to approve, Mr. Chair.

Bruce Prather: Second, Mr. Chair.

Butch Lambert: I have a motion and a second. Any further discussion? All in favor, signify by saying yes.

Board: Yes.

Butch Lambert: Opposed. No. [No response]. Thank you folks, that one is approved.

Item Number 4

Butch Lambert: At this time we are calling Docket Item Number 4; A petition from CNX Gas Company, LLC, for (1) the disbursement of escrowed funds heretofore deposited with the Board's Escrow Agent, attributable to Tract 5, as depicted upon the annexed table; and (2) authorization to begin paying royalties directly to the parties listed in the petition. This is Docket Number VGOB 01-0116-0852-02. All parties present wishing to testify, please come forward.

Mark Swartz: Mark Swartz and Anita Duty.

Jen Shaver: Jen Shaver on behalf of Jeff Hale, Jamie Hale, and Pamela Keene.

Butch Lambert: You may proceed, Mr. Swartz.

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

Anita Duty: Anita Duty.

Mark Swartz: Who do you work for?

Anita Duty: CNX Land, LLC.

Mark Swartz: And are you here on behalf of the petition for CNX Gas Company, LLC?

Anita Duty: Yes.

Mark Swartz: And this pertains to Unit AV-1111?

Anita Duty: Yes.

Mark Swartz: And it is a request for disbursement and authorization to pay certain royalty owners directly as we go forward?

Anita Duty: Yes.

Mark Swartz: And the factual basis, or the reason for this disbursement request is the same as we saw in the last docket item, correct?

Anita Duty: It is.

Mark Swartz: Torch has disclaimed any interest as a coal owner?

Anita Duty: Yes.

Mark Swartz: Okay, and once again, once these disbursements are made, this escrow account can be closed, is that right?

Anita Duty: Yes.

Mark Swartz: We go to Table 1. We are talking about Tract 5, correct?

Anita Duty: Yes.

Mark Swartz: And could you identify the folks, obviously they are going to be identified twice again here, but could you identify the folks who are going to receive the disbursements and then state the percentages the escrow agent should use in calculating the disbursements?

Anita Duty: Pamela Keene, Jamie Hale, and Jeffrey Hale should each receive 11.1111% and an additional 22.2222%.

Mark Swartz: Percentages should be applied to the balances on hand when the disbursement is made?

Anita Duty: Yes.

Mark Swartz: And the wells that contributed to this escrow account are what wells?

Anita Duty: AV111 and AV111-A.

Mark Swartz: And you've provided Exhibit E that shows that escrow is no longer required, correct?

Anita Duty: Yes.

Mark Swartz: A summary EE, with regard to pay status?

Anita Duty: Yes.

Mark Swartz: And you've provided copies of your notices and certificates, with regard to notice?

Anita Duty: Yes.

Mark Swartz: And the green cards. This, I think, had another correction.

Anita Duty: It did.

Mark Swartz: Okay, and there's an email at pdf Page 12. In this instance, there was a deposit that was missing, I believe.

Anita Duty: Right.

Mark Swartz: And that was in the amount of $12.27, correct?

Anita Duty: Yes.

Mark Swartz: Okay, when you or your troops, did the reconciliation Exhibit J, did you account for that?

Anita Duty: We noted that it needed to be confirmed before the payout.

Mark Swartz: Okay, and at the very bottom of Exhibit J, you've got, sort of a highlighted, well a note and a deposit that was missing, is that correct?

Anita Duty: Yes.

Mark Swartz: So the 05/31/15 payment is blank and that's where that deposit needs to go?

Anita Duty: Yes.

Mark Swartz: And as long as that gets into the escrow account before the disbursements are made, the escrow agent can use the percentages and they can disburse those?

Anita Duty: Yes.

Mark Swartz: Okay, and when you compared the total royalty checks that you deposited, accounted for a prior disbursement, and took into consideration bank interest and bank fees, you got a total, and when you compare that total to the amount on hand, in this instance, it looks like the bank had a little bit more?

Anita Duty: Yes.

Mark Swartz: $39.38, correct?

Anita Duty: Yes.

Mark Swartz: That's all I have.

Butch Lambert: Any questions from the Board? Ms. Duty, just for the Board's information and for the record, can you go back to Table 1 and kind of walk us through and explain to us why the same parties are listed twice with different percentages?

Anita Duty: Well, probably the easiest way to explain it, if you go back to the Exhibit EE…okay, originally there mother had an interest, Lorraine Hale, and she passed away recently. So they had 2/9 interest in their own right and then when she passed away, that interest gave them an additional 1/9 that she had. In order to keep it so that you can tell what happened between the last order and what we're going to do today, we left those names, we left her name there and just broker her interest out so we didn't lose her interest.

Butch Lambert: Okay.

Anita Duty: Tried to show it separate and tried to show where…how it comes down now.

Butch Lambert: Okay.

Mark Swartz: If you look at Page 2 of 2 of Exhibit EE, it actually, at the bottom half of that page, it kind of shows that.

Butch Lambert: Got it.

Mark Swartz: They've got interest from two different sources and we are trying to account for that.

Anita Duty: So if you look at the last order, you would see Lorraine Hale, Pamela, Jamie and Jeffrey, all listed on that order. So we just didn't want to get rid of Lorraine's interest. We wanted to show how it comes down.

Mary Quillen: So Lorraine's interest is that 1/9? Is that what you said?

Anita Duty: No, she has 3/9 and each of her children divided that, so it gave them…

Mary Quillen: For the children though, that's what that 1/9 represents on those, is from their mother's estate?

Anita Duty: Yes. It is. And then they had 2/9 in their own right already.

Mary Quillen: Okay. Gotcha.

Butch Lambert: Okay. Thank you. Any other questions from the Board? Anything Ms. Shaver?

Jen Shaver: Yes, [Inaudible] to the missing deposit, my understanding that that check was given to the bank and just put in the wrong account by the bank, or did it never get to the bank?

Anita Duty: It credited to the wrong account.

Jen Shaver: Okay. Has that been corrected yet, do we know?

Rick Cooper: Yes, it has.

Jen Shaver: Okay. No further questions.

Butch Lambert: Anything further, Mr. Swartz?

Mark Swartz: No.

Butch Lambert: Do I have a motion?

Bruce Prather: Motion.

Donnie Rife: Second, Mr. Chair.

Butch Lambert: I have a motion and I have a second. Any further discussion? All in favor, signify by saying yes.

Board: Yes.

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

Item Number 5

Butch Lambert: A petition from CNX Gas Company, LLC, for (1) the disbursement of escrowed funds heretofore deposited with the Board's Escrow Agent, attributable to Tracts 1E, 1F, & 1J, as depicted upon the annexed table; and (2) authorization to begin paying royalties directly to the parties to the prevailing plaintiffs listed in the petition. This is Docket Number VGOB 02-0618-1033-03. All parties wishing to testify, please come forward.

Mark Swartz: Mark Swartz and Anita Duty.

Butch Lambert: You may proceed Mr. Swartz.

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

Anita Duty: Anita Duty.

Mark Swartz: Who do you work for?

Anita Duty: CNX Land, LLC.

Mark Swartz: And are you here on behalf of the petitioner CNX Gas Company, LLC?

Anita Duty: Yes.

Mark Swartz: And we're here with regard to a petition concerning Unit FF34?

Anita Duty: Yes.

Mark Swartz: And we're requesting a disbursement?

Anita Duty: Yes.

Mark Swartz: And authorization to pay certain parties directly in the future, is that correct?

Anita Duty: Yes.

Mark Swartz: And this, I think, is the reason for this…well, actually there's two reasons. First, there was a case, a decision in a court case, correct?

Anita Duty: Yes.

Mark Swartz: And that case awarded 100% of the CBM royalties to the parties we've identified, correct?

Anita Duty: Yes.

Mark Swartz: I think you provided a copy of that decision toward the end of your documents?

Anita Duty: We did.

Mark Swartz: Okay, and then another reason is that some of the other folks in the escrow account, or with claims against funds in the escrow account, have entered into split agreements, correct?

Anita Duty: Yes.

Mark Swartz: Okay. And with regard to the court case and the split agreements, have you prepared a Table 1, which provides for…gives instructions to the escrow agent, regarding how to make the disbursements.

Anita Duty: Yes.

Mark Swartz: And we're talking about three different tracts, correct?

Anita Duty: Yes.

Mark Swartz: And with regard to Tract 1E, who are the folks who should receive the disbursement and what percentages should the escrow agent use to calculate the disbursements?

Anita Duty: Paul Richardson, Shelby Richardson, and Loretta Richardson, should each receive 22.9556% of the escrow account. For Tract 1F, Paul Richardson, Shelby Richardson, and Loretta Richardson should each receive 9. 6721%; and for Tract 1J, Kimberly White should receive 0.0441%. Randall White, Laura White, and Jeremy White, should each receive 0.0221%. Joann Richardson should receive 0.5293% and Swords Creek Land Partnership to receive 0.6395%.

Mark Swartz: And the well that was contributing to this escrow account was what well?

Anita Duty: FF34.

Mark Swartz: And we have…we are still going to retain this escrow account and you've provided a revised Exhibit E, which explains why?

Anita Duty: Yes.

Mark Swartz: And it's missing W-9's correct?

Anita Duty: It is.

Mark Swartz: Okay. If and when we get those, we should be good to go and we won't need this escrow account, correct?

Anita Duty: Correct.

Mark Swartz: In addition to providing a revised Exhibit E, have you updated your pay status in Exhibit EE?

Anita Duty: Yes.

Mark Swartz: Okay. And have you provided the Board with copies of the certification of notice, you filed the green cards, they came back, and so forth?

Anita Duty: Yes.

Mark Swartz: Also, have you, did you or your troops undertake to do a reconciliation of royalty checks sent to the escrow agent and deposits made by the escrow agents?

Anita Duty: Yes.

Mark Swartz: And that's Exhibit J, right?

Anita Duty: It is.

Mark Swartz: And did you do this one presumably also through, this one was through July 31, correct?

Anita Duty: It is.

Mark Swartz: And did we have any, well when you compared the checks that were sent to the escrow agent by the operator for royalty, to the deposits that were actually made, were you able to account for all of the checks as a deposit made?

Anita Duty: Yes.

Mark Swartz: So we don't need to do any corrections here?

Anita Duty: Now there was a correction that was done earlier on.

Mark Swartz: Okay, but it's all squared away, at this point?

Anita Duty: Correct.

Mark Swartz: Okay, so the escrow agent can use the balance on hand and the percentages you provided when the disbursement is made?

Anita Duty: Yes.

Mark Swartz: When you compared the total paid in as royalty, accounted for two disbursements, accounted for bank interests, bank fees, and you got a total and then when you compared that total to the July 31 bank balance, there was a difference, right?

Anita Duty: Yes, $71.34.

Mark Swartz: And the bank balance was in that amount less than your comparison, correct?

Anita Duty: Yes.

Mark Swartz: And you've made a note in asterisk under that with regard to the previous correction?

Anita Duty: Yes.

Mark Swartz: Okay.

Anita Duty: It still shows up in the account, historically, and then they corrected it.

Mark Swartz: Okay, and then you've got a copy of the judgement?

Anita Duty: Yes.

Mark Swartz: And that's your last exhibit, correct?

Anita Duty: Yes.

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

Butch Lambert: Any questions from the Board?

Rick Cooper: Mr. Chairman?

Butch Lambert: Mr. Cooper.

Rick Cooper: Ms. Duty, do you want to mention Mr. Shea Cook, who are receiving checks on behalf of some of these people?

Mark Swartz: We've talked about that and his affidavit doesn't require them to send checks to them. It just says he represents them. If I'm not mistaken.

Anita Duty: Sometimes that part is not, I mean, I made a note of that…

Mark Swartz: I know you want something that actually says, this is what you're supposed to do…

Butch Lambert: Yes, we do. [That's exactly right.]

Rick Cooper: It says in here, to receive the escrow royalty check from the VGOB, the Power of Attorney.

Sarah Gilmer: The ones I sent you yesterday.

Mark Swartz: Oh, they came yesterday?

Rick Cooper: He revised them.

Anita Duty: He submitted new ones?

Rick Cooper: He revised them, yes.

Mark Swartz: Oh, okay.

Sarah Gilmer: And they are uploaded into the petition, so everything is uploaded, but you don't have a copy because they weren't uploaded until yesterday. He faxed them in.

Rick Cooper: He had seen that it was not correct and he revised his affidavit.

Butch Lambert: Have you seen it?

Mark Swartz: No.

Butch Lambert: Yeah, that would be good. [Inaudible]

Anita Duty: Well, I guess the reason we, he usually will send them to both of us, and I did get the email from Sarah but, it's always like, I kind of get redundant things, so I guess I didn't look at it. I didn't read it yesterday.

Rick Cooper: Not a problem.

Mary Quillen: So exactly where are these checks supposed to go?

Mark Swartz: I don't know. What should I do with them?

Butch Lambert: I'm thinking, based on my review of that, my recommendation to the Board would be to send the checks to Mr. Cook, made out to the client, because it doesn't say make the check out to Mr. Cook, it just says he can deposit them into his account. It says send the check to him and he can deposit them into the account. It doesn't say how it's supposed to be made payable or anything like that. We don't know what the [inaudible] content of the agreement is.

Donnie Rife: Mr. Chair, would you consider tabling this until we get a little better clarification?

Butch Lambert: I think our council is making a recommendation to it.

Paul Kugelman, Jr.: Yes sir, I think if we can, we should get the money out.

Donnie Rife: Okay, as long as we've got somebody else's neck on the block.

Paul Kugelman, Jr.: Saying make the check payable to?

Butch Lambert: Richardson, mailed to Mr. Cook.

Paul Kugelman, Jr.: Yes, sir.

Mark Swartz: That works for us, as well.

Rick Cooper: I believe in his letter, he wanted the checks written to Paul Richardson and Shelby Richardson and Lorreta Richardson. There's three checks.

Paul Kugelman, Jr.: Okay.

Mary Quillen: Once he gets them, it's between him and his clients, how they're contract reads.

Rick Cooper: You are correct.

Mary Quillen: I just want that on the record.

Mark Swartz: They're actually going to get two checks for each client.

Paul Kugelman, Jr.: Are the Richardson's here?

Butch Lambert: I know, but we've seen affidavits that…

Paul Kugelman, Jr.: Yes, I forgot about that.

Butch Lambert: Mr. Swartz, do you have anything further?

Mark Swartz: I do not.

Butch Lambert: Do I have a motion?

Donnie Rife: Motion made Mr. Chair, for approval.

Mary Quillen: Second.

Butch Lambert: Could you also include in the motion, Mr. Rife, that these checks be made out to the Richardson's and mailed to Mr. Cook address?

Donnie Rife: I'll put that in the form of motion on there, attorney's advice.

Butch Lambert: Thank you, Mr. Rife. And I do have a second?

Mary Quillen: Second.

Butch Lambert: All those in favor signify by saying yes.

Board: Yes.

Butch Lambert: Opposed, no.

Donnie Ratliff: I'll abstain, Mr. Chair.

Butch Lambert: One abstention, Mr. Ratliff. Thank you. That is approved, folks.

Item Number 6

Mary Quillen: A petition from CNX Gas Company, LLC, for 1) the disbursement of escrowed funds heretofore deposited with the Board's Escrow Agent, attributable to of Tracts 2A & 2C, as depicted upon the annexed table; and (2) authorization to begin paying royalties directly to the parties listed in the petition. This is Docket Number VGOB 02-0917-1072-02. All parties wishing to testify, please come forward.

Mark Swartz: Mark Swartz and Anita Duty.

Mary Quillen: You may proceed, Mr. Swartz.

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

Anita Duty: Anita Duty.

Mark Swartz: Who do you work for?

Anita Duty: CNX Land, LLC.

Mark Swartz: And are you here on behalf of the petitioner CNX Gas Company, LLC?

Anita Duty: Yes.

Mark Swartz: The petition pertains to drilling unit BA110?

Anita Duty: Yes.

Mark Swartz: It's a request for disbursement and authorization to make direct pay?

Anita Duty: Yes.

Mark Swartz: And the basis for this disbursement requested, or actually there are several, we've got some royalty split agreements, correct?

Anita Duty: Yes.

Mark Swartz: And we have some folks that, their conflict with gas…with coal owners has been resolved by the House Bill, correct?

Anita Duty: Yes.

Mark Swartz: And you've notified the coal owners and they have not responded.

Anita Duty: Correct.

Mark Swartz: So, that resolves the conflict, correct?

Anita Duty: Yes.

Mark Swartz: Have you provided a table to assist the, or direct the escrow agent in making the disbursements?

Anita Duty: Yes.

Mark Swartz: Okay. And Table 1, with regard to Tract 2A, who are the folks who would receive the disbursement and what percentages should the escrow agent use?

Anita Duty: Buckhorn Coal should, Buckhorn Coal and Lowie Perkins should each receive 0.3197 % and Earnest and Nancy Perkins should receive 0.6394%.

Mark Swartz: Okay. With regard to Tract 2C?

Anita Duty: Donald Whited should receive 7.1615%.

Mark Swartz: The wells that contributed to this escrow account?

Anita Duty: BA110 and BA110A.

Mark Swartz: The escrow agent should use those percentages to make checks to those folks and should apply the percentages at the time the disbursement is made?

Anita Duty: Yes.

Mark Swartz: Have you provided a revised Exhibit E?

Anita Duty: Yes.

Mark Swartz: And, basically, what you're indicating there is that we're missing some W-9's?

Anita Duty: We are.

Mark Swartz: You provided an Exhibit EE, which sort of updates the pay status?

Anita Duty: Yes.

Mark Swartz: You've got your Certification of Notice, correct?

Anita Duty: Yes.

Mark Swartz: And the cards that go behind that, and then we have, as usual, an Exhibit J?

Anita Duty: Yes.

Mark Swartz: And in Exhibit J, did you attempt to identify all royalty checks that were paid and try to find a deposit for each one of those checks?

Anita Duty: We did.

Mark Swartz: And you did this comparison as of or through August 31, 2015, correct?

Anita Duty: Yes.

Mark Swartz: When you totaled the amount you deposited accounted for a disbursement and a correction to a working interest account, account for bank interest and fees, you came up with a total, correct?

Anita Duty: Yes.

Mark Swartz: When you compared that with the bank balance on August 31, the bank had, looks like $1,067.88 more?

Anita Duty: Yes.

Mark Swartz: The working interest correction…tell the Board about that.

Anita Duty: There are two accounts that are set up. One as a working interest account and one as a royalty interest account, and, I think at one time, the bank had combined those two accounts together and we, I think we worked with them to give them the dollar amount that should be transferred back to separate accounts. Because we don't want the working interest and royalty interest mingled…the funds.

Mark Swartz: And that's been corrected?

Anita Duty: Yes, I think we may need to just double check it before the disbursement is made, to make sure those accounts stay separated. I know we've had a change in administration, as far as on the bank side. To make sure their aware of the same issue.

Mark Swartz: So you might add to the order that the escrow agent should actually confirm that there is a working interest account that received that money?

Sarah Gilmer: It has been corrected.

Mark Swartz: Oh, it has been?

Sarah Gilmer: It's been made out in two separate accounts.

Mark Swartz: Now we're good to go. That's all I have, Mr. Chairman.

Butch Lambert: Any questions from the Board? Mr. Swartz, I know you testified that there's $1,067.88 more in the account?

Mark Swartz: Correct.

Bruce Prather: That seems like a little bit high based upon, just interest, based upon the amount that's in that account.

Mark Swartz: Every once in a while we see that and I don't, I mean, it's the banks numbers and I can't really account for that. I mean, when you look, you're right. I mean, when you look at the interest and fees, that a pretty big net amount for this small amount of money. I agree with you, but every once in a while, we see pretty big difference and I...obviously, it the way they're allocating, but I don't, we don't have any backup for that, but that's the source of that.

Mary Quillen: Is this an old account? Has this been in existence for some time?

Mark Swartz: Well, yeah. If you go back…

Mary Quillen: Would that be cumulative?

Mark Swartz: Seems like a lot though.

Sarah Gilmer: 2005.

Mark Swartz: It's only…2005, so 10 years. It's not 25 years. It does seem like a lot.

Butch Lambert: Ms. Gilmer, as you're working with the bank to make sure those accounts are split up, could you check into that a little bit further on where that large difference may be? It just seems like an awful lot for interest. Maybe you can help us understand why that one, something like that is a thousand dollar difference.

Sarah Gilmer: I see where like, when they made the correction, they corrected $13,339.93 that on her Exhibit J. I wonder if something happened…

Anita Duty: I wonder if they didn't just take the amount that was deposited and not apply the interest to that also, and, that may just…

Mark Swartz: Or fees, interest and fees.

Anita Duty: Right. That may just be the amount that we had, or the working interest party had paid in, or that we had paid in on their behalf and maybe they didn't apply whatever interest would have accumulated to that amount of money.

Donnie Rife: Maybe they just made a mistake.

Mary Quillen: About how long had that working interest, that had been since the beginning…

Mark Swartz: It should have been since the beginning.

Mary Quillen: And it was $13,000. So that sounds more reasonable, if that be, that kind of interest over that cumulative over that period of time because the two were…

Anita Duty: For both accounts.

Mary Quillen: Yeah, when you split the accounts, that split, that was just a recent…the royalty and the working interest…

Anita Duty: I think, I'm trying to remember when we first talked about, was it, maybe June that we discovered that it was combined:

Mary Quillen: It was pretty recent, you know, for that, and for that amount of money, that very possibly could be. That sounds more reasonable.

Sarah Gilmer: We will check on that.

Butch Lambert: Check back on it and report back to next month under Board items. I appreciate that. Thank you. Any other questions from the Board? Anything further, Mr. Swartz?

Mark Swartz: No.

Butch Lambert: Do I have a motion?

Mary Quillen: Motion to approve.

Butch Lambert: I have a motion. Do I have a second?

Mark Swartz: You know, I think you should hold this until next month. I really do. I mean, if we make the disbursements and we figure out what happened, I would appreciate it if you would approve it but put it on next month's docket to get a report back from, I mean, don't let them disburse it yet.

Butch Lambert: Ms. Duty's not [Inaudible]

Rick Cooper: You're requesting to continue this item?

Mark Swartz: I think if you make the disbursement now and you want to make a subsequent adjustment, you don't want to try to get the money back from the people you paid.

Donnie Rife: You're absolutely correct.

Mary Quillen: That's true.

Anita Duty: Well, if we find that between, Ms. Gilmer and I, that they did apply the interest amount to it, then it okay, then I would hate for it to be on hold if it didn't have to be. That's the only…I think what had happened is when Debbie Davis left, when Mr. Lovelace took over, he didn't realize that, he didn't understand why there were two accounts and he just put them together, so all we really need to do is go back to the point where they were separated and, you know, check the allocations…

Butch Lambert: I don't think that'll clear up $1000 difference because the accounts are small, well not small, but not enough money to generate that kind of interest.

Donnie Rife: Mr. Chairman, I'm going to recommend that we table this. I'm all for escrow disbursement as quickly as possible, but I don't think there's any point in maybe having to, I'd rather table it for next month and approve it at one time after we get clarification than have to give him the money then go back and get it and then readjust on it.

Butch Lambert: Mr. Rife, would you like to make a substitute motion?

Donnie Rife: I will. I'll make a substitute motion to table this until next month with more clarification.

Mary Quillen: Second.

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

Board: Yes.

Butch Lambert: Opposed, no. [No response] Thank you, folks. That will be continued until next month.

Mark Swartz: If you look at the total deposits and you share those, it's almost, well it's like, roughly 25% and if the interest and fees, we might be a lot closer. But anyway, we'll know in December and then we can make, we can order that disbursement.

Butch Lambert: Right. Thank you.

Item Number 7

Butch Lambert: A petition from CNX Gas Company, LLC, for Pooling of Unit AV148. Docket Number VGOB 15-1117-4076. All parties wishing to testify, please come forward.

Mark Swartz: Mark Swartz and Anita Duty.

Butch Lambert: You may proceed, Mr. Swartz.

Mark Swartz: Thank you. Would you state your name for us, Anita?

Anita Duty: Anita Duty.

Mark Swartz: Who do you work for?

Anita Duty: CNX Land, LLC.

Mark Swartz: And you're here on behalf of the applicant, correct?

Anita Duty: Yes.

Mark Swartz: Who is the applicant and proposed operator?

Anita Duty: CNX Gas Company.

Mark Swartz: And is CNX Gas Company, LLC a Virginia Limited Liability company?

Anita Duty: Yes.

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

Anita Duty: Yes.

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

Anita Duty: Yes.

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

Anita Duty: It does.

Mark Swartz: Okay. What did you do to notify people that we were going to have a pooling hearing with regard to Unit AV148 today?

Anita Duty: Mailed by Certified Mail, Return Receipt Requested, on October 16, 2015. Published the notice and location map in the Bluefield Daily Telegraph on October 30, 2015.

Mark Swartz: And do you want to add any respondent's today?

Anita Duty: No.

Mark Swartz: Do you want to dismiss any?

Anita Duty: Yes.

Mark Swartz: Okay. Who do you want to dismiss?

Anita Duty: Barry Bandy.

Mark Swartz: And so if you go to Paragraph 7 of your application, that is a woman, and I'm guessing that it is, Barry was listed as a respondent in Paragraph 7, correct?

Anita Duty: Yes.

Mark Swartz: Okay. And what's the reason you're requesting her to be dismissed?

Anita Duty: We purchased the interest.

Mark Swartz: Okay, between filing and today?

Anita Duty: Yes.

Mark Swartz: So we're going to just be pulling the unknown heirs of Edward Folten, correct?

Anita Duty: Yes.

Mark Swartz: Okay. And have you provided or placed on the E Forms, the certificates with regard to mailing or proof of mailing of publication?

Anita Duty: Yes.

Mark Swartz: And you've also included the certificates with regard to mailing with this application other than her file, correct?

Anita Duty: Yes.

Mark Swartz: Okay. If we go to the map here, this is a 45.69 acre unit, correct?

Anita Duty: Yes.

Mark Swartz: And it is what kind of a unit?

Anita Duty: Middleridge.

Mark Swartz: What wells are we talking about?

Anita Duty: Two.

Mark Swartz: And the map, the plat shows that they're both in the drilling window, correct?

Anita Duty: Yes.

Mark Swartz: Okay, have you provided cost information with regard to these wells?

Anita Duty: Yes.

Mark Swartz: And what is that?

Anita Duty: For AV148, the estimated cost is $285,449. The estimated depth is 2,200 feet and the permit is 7665. For AV148-A, the estimated cost is $290,094. The estimated depth is 2,200 feet and no permit at this time.

Mark Swartz: What's the total [Inaudible] $575,543?

Anita Duty: Yes.

Mark Swartz: Okay. And you have a Tract Identifications Page associated with your plat, and if you look at Exhibit B3, that's the folks that, when you filed this, you were intending to pool, correct?

Anita Duty: Yes, we have since loaded revision to the E Forms but I noticed that it says the reason for dismissal is leased and we need to correct that.

Mark Swartz: Because you purchased it?

Anita Duty: And we actually purchased it, yes.

Mark Swartz: So, with regard to the, if the Board has what I have, their looking at an Exhibit B3 that shows an oil and gas owner being pooled in Tract 4, and that's Barry Bandy, and we've already discussed why we're not going to be pooling her, okay. And then we have some unknown heirs under, in Tract 5 that will remain in Exhibit E?

Anita Duty: Yes.

Mark Swartz: And you revised that already but you need to show…have you revised your Exhibit E on the web, as well?

Anita Duty: Well, it didn't need a correction.

Mark Swartz: I mean B3, I'm sorry B3.

Anita Duty: Yes. B3 has been corrected. The only problem is the B2 where we're showing dismissal. We're showing it as a lease and we'll correct that.

Mark Swartz: And you've provided an escrow Exhibit E, which deals with the unknown heirs that we just spoke of?

Anita Duty: Yes.

Mark Swartz: And if the Board issues a pooling order pooling these unknown heirs, and you combine that with what the operator has acquired in the unit and leased in the unit, is it your testimony that the correlative rights of everyone in this unit will be protected?

Anita Duty: Yes.

Mark Swartz: And is the drilling 2 frack wells in the window of this unit a reasonable way to develop the coalbed methane resource?

Anita Duty: Yes.

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

Butch Lambert: Any questions from the Board? [No response] Mr. Swartz, I didn't hear Ms. Duty testify as per the AFE's. They are correct?

Mark Swartz; Did you provide…you gave us your cost information earlier, right?

Anita Duty: Yes.

Mark Swartz: Okay, and is there an AFE for each of those wells?

Anita Duty: Yes.

Mark Swartz: Okay, and the totals are in the amounts that you've reported?

Anita Duty: Yes.

Mark Swartz: And these have not been drilled yet because we don't have currence, as I recall, correct?

Anita Duty: The AV148A is drilled.

Mark Swartz: Okay, and the other one is not, okay. And I forgot to ask, with regard to the unknown [inaudible] in the event they should service, what is the typical lease terms that you've been offering.

Anita Duty: $5.00 [inaudible] per year with 5-year, paid up term and a 1/8 royalty.

Mark Swartz: And would you recommend that to the Board with regard to folks who are deemed and have been leased?

Anita Duty: Yes.

Mark Swartz: That's all I have, Mr. Chairman. Thank you.

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

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

Bruce Prather: Second.

Butch Lambert: I have a motion and I have a second. Any further discussion? All in favor signify by say yes.

Board: Yes.

Butch Lambert: Opposed, no. [No response]. Folks, that one is approved.

Item Number 8

Butch Lambert: A petition from CNX Gas Company, LLC, for Pooling for Unit U55. Docket Number VGOB 15-1117-4077. All parties wishing to testify, please come forward.

Mark Swartz: Mark Swartz and Anita Duty.

Butch Lambert: You may proceed, Mr. Swartz.

Mark Swartz: If I could incorporate Ms. Duty's testimony from the prior hearing, with regard to her employment, the operator, and the standard lease terms, I would appreciate it.

Butch Lambert: Accepted.

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

Anita Duty: Anita Duty.

Mark Swartz: Okay, and this is a pooling petition, correct?

Anita Duty: Yes.

Mark Swartz: Pertaining to what unit?

Anita Duty: Unit 55.

Mark Swartz: And that unit is in what field?

Anita Duty: 90 Oakwood field.

Mark Swartz: Is it an 80-acre unit?

Anita Duty: It is.

Mark Swartz: Okay. And what did you do to notify people that we were going to have a hearing today, a pooling hearing today?

Anita Duty: We mailed by Certified Mail, Return Receipt Requested on October 16, 2015 and published the notice and location map, in the Bluefield Daily Telegraph on October 30, 2015.

Mark Swartz: Okay, and you've uploaded that to the E-forms systems?

Anita Duty: Yes.

Mark Swartz: And the Board should have that information in their packet, correct?

Anita Duty: Yes.

Mark Swartz: If we look at the plat, it shows an 80-acre Oakwood unit, right?

Anita Duty: Yes.

Mark Swartz: And it shows the drilling window, and I believe both of the wells are within the window, correct?

Anita Duty: They are.

Mark Swartz: Okay. In your notice and in your application, the application we stay with that, in Paragraph 7 identified the folks that are respondents or were intended to be respondents when you filed this and subject to pooling, correct?

Anita Duty: Yes.

Mark Swartz: Do you want to add any people to that list today?

Anita Duty: No.

Mark Swartz: Do you want to subtract some people from that list?

Anita Duty: Yes.

Mark Swartz: Who?

Anita Duty: Arthur Stiltner.

Mark Swartz: And the reason for that is?

Anita Duty: We have leased his interest.

Mark Swartz: Okay, so between the time you filed this and today, you have entered into an agreement with him, to lease his interest?

Anita Duty: Yes.

Mark Swartz: And have you already uploaded that or is that something that is yet to occur.

Anita Duty: No, we already have.

Mark Swartz: Okay. With regard to notice you published and mailed again?

Anita Duty: I'm sorry?

Mark Swartz: You published and mailed the notice?

Anita Duty: Yes.

Mark Swartz: And when did that occur?

Anita Duty: Mailed on October 16 and published on October 30.

Mark Swartz: Okay. And the...have you provided the exhibits, with regard to the well cost?

Anita Duty: Yes.

Mark Swartz: And are these wells drilled or proposed?

Anita Duty: They're proposed, at this point.

Mark Swartz: Okay, do you have pooling, I'm sorry, do you have permit numbers yet?

Anita Duty: No.

Mark Swartz: Okay. With regard to these two wells, what are your estimated costs, at this point?

Anita Duty: For U55, the estimated cost is $279, 238. Estimated depth 2,200 feet. U55-A, estimated cost, $294,238 and estimated depth 2,200 feet.

Mark Swartz: Okay, and a total of those is $573,476, right?

Anita Duty: Yes.

Mark Swartz: You've provided in the application or in the packet that the Board should have, you're certifications, with regard to notice, and copies of the green cards, correct?

Anita Duty: Yes.

Mark Swartz: Let's look at your escrow exhibit here. Looks like escrow is required, is that correct?

Anita Duty: It is.

Mark Swartz: It is?

Anita Duty: Yes.

Mark Swartz: Are there any that I missed or that's not in the packet?

Anita Duty: Per A, oil and gas conflict.

Mark Swartz: Okay, so this is Exhibit E, should be on the E-forms?

Anita Duty: It should. [Sarah said that's it's not there.]

Mark Swartz: So why don't you tell us what is shown on Exhibit E, what tract are we talking about?

Anita Duty: Okay, for Tract 4C.

Mark Swartz: And there's .11 acres that's an issue on that tract?

Anita Duty: Yes.

Mark Swartz: And needs to be escrowed and the reason for the escrow is a title conflict?

Anita Duty: It's a title issue with those conveyances to the Commonwealth of Virginia.

Mark Swartz: Okay, so…

Anita Duty: On the roads.

Mark Swartz: So who is on one side of the argument?

Anita Duty: Raymond Nelson.

Mark Swartz: Okay. And who is on the other side?

Anita Duty: The Commonwealth of Virginia.

Mark Swartz: Okay. And we're not talking about an oil and gas coal conflict, we're talking about an actual issue, with regard to who took title?

Anita Duty: The title. Right.

Mark Swartz: Okay. And that's the reason for the escrow.

Anita Duty: Yes [inaudible]

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

Butch Lambert: Do you have a…

Rick Cooper: So when they requested this, they requested no escrow, so it did not give them the option to include an E, so there is no E in this application, so they'll have to revise that.

Anita Duty: I think that's one of the things you choose at the very beginning, right?

Rick Cooper: That's correct.

Anita Duty: Before you even…

Sarah Gilmer: Actually, I think you can go into the petition and change the petition type on the first page, I see it here.

Anita Duty: And change it now.

Sarah Gilmer: You can change it to escrow and required, so you can go in and make the change and then let me know.

Anita Duty: And then load the E? Okay.

Butch Lambert: Any other questions from the Board? [No response] Anything further, Mr. Swartz?

Mark Swartz: No.

Butch Lambert: Do I have a motion?

Bill Harris: Motion to approve, once we get Exhibit E submitted to the Division.

Donnie Rife: Second, Mr. Chair.

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

Board: Yes.

Butch Lambert: Opposed, no. [No response] Thank you, folks. That's approved.

Mark Swartz: Thank you very much.

Butch Lambert: Thank you all.

Item Number 9

Butch Lambert: A petition from Virtex Eastern Producing Company, LLC. And in this petition, the applicant requests the Virginia Gas and Oil Board to enter an order transferring the right to operate all units listed in this application that were established by Board Order from Dart Oil and Gas Corporation to Virtex Eastern Production Company, LLC. Docket Number VGOB-15-1117-4078. All parties wishing to testify, please come forward.

Jim Kaiser: Mr. Chairman, Board Members, Jim Kaiser, on behalf of Virtex Producing. We are before you today that you may see that you have a revised Exhibit G. The original exhibit to the petition contained all eleven wells that were transferred from Dart to Virtex but DGO informed us yesterday that there was only one well that was actually subject to a Board Order and that would be the Sherman Well 042801, which was force pooled for unknown/unlocatables. So at this time, Virtex would request that you enter an order the transferring the right to operate the Sherman Well in that particular unit.

Mary Quillen: Just the Sherman well?

Jim Kaiser: Correct.

Rick Cooper: For the Board's information, all these other wells have been transferred and there has been a little delay in that, so when Dart sold this project, it got a little disseminated, so it took us a while to get the right people and so they have to do a monthly escrow summary and they were 2 years behind in it and I wouldn't let them transfer them until they caught their escrow summary up, which they have done. And that's where we're at today.

Butch Lambert: So, I think we're a little bit confused then. Have all the others besides Sherman been transferred?

Rick Cooper: The permits have been transferred but only one of them is a Board item. They all have been transferred, yes. This well has been transferred as a permit, but the VGOB item, they only have one unknown/unlocatable. All the rest of them, there was no conflicts of any kind in the other 10. So they're not Board items.

Jim Kaiser: They're all, the rest of them are voluntary units that wouldn't be subject to the Board's jurisdiction.

Mary Quillen: Oh, okay.

Paul Kugelman, Jr.: That's what we were looking for.

Jim Kaiser: Okay.

Paul Kugelman, Jr.: Cause I'm sitting here scratching my head. Alright.

Bruce Prather: I assume these are the wells that are in Virginia. You know, they drill wells in West Virginia.

Jim Kaiser: Yeah, these are the, I believe, Abs Valley wells. It's what it looks like to me.

Bruce Prather: You're talking about the Virginia wells?

Jim Kaiser: Yes. Tazewell County.

Butch Lambert: I assume since the permit, these other permits have already been transferred, that Virtex is licensed to do business in Virginia?

Rick Cooper: They are licensed and bonded, yes.

Butch Lambert: They're bonded? Okay. Any other questions from the Board?

Mary Quillen: Just curiosity, are we going to see any of these people from this company.

Jim Kaiser: I doubt it. I assume, I don't think they have any plans to do any further development. I think they are just going to operate these wells.

Mary Quillen: They're just going to be operating this…

Jim Kaiser: As far as I know. I don't really know them very well.

Mary Quillen: Where are they from?

Jim Kaiser: Corpus Christie, Texas. They have a local connection, Mr. Phipps. Basil Phipps. You also may know him.

Mary Quillen: Where is he located?

Jim Kaiser: He's in Tazewell.

Mary Quillen: In Tazewell? Okay.

Jim Kaiser: Yeah

Mary Quillen: Okay. That was my…

Jim Kaiser: Yeah, so they do have some local connection.

Mary Quillen: They do have someone? Okay, okay. Thank you.

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

Donnie Rife: Motion made for approval, Mr. Chair.

Bruce Prather: Second.

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

Board: Yes.

Butch Lambert: Opposed no? [No response] Thank you, Mr. Kaiser.

Jim Kaiser: Thank you.

Item Number 10

Butch Lambert: A petition from Range Resources-Pine Mountain, for Modification of the Nora Coalbed Methane Gas Field Rules, to allow one additional coalbed gas well to be drilled within each of the 58.77 acre Nora Units identified above. For an administrative order providing that additional well permits may be issued in the Nora Field after this application is filed and while it is pending for the units listed in the petition. This is Docket Number VGOB 89-0126-0009-85. All parties wishing to testify, please come forward.

Jim Kaiser: Mr. Chair, Jim Kaiser, Larry Reeves, and Gus Janson, for Range Resources. Gus noticed that, I don't know, I guess it might matter for notice purposes, but on the docket, the docket for this item did not include all the units that are in this application. I know you didn't read it, but that's apparently not a complete list of all the ones that are included in this application.

Larry Reeves: I think what's been uploaded on E-Forms has been truncated off.

Jim Kaiser: It was just a function of the printing.

Paul Kugelman, Jr.: The petition's right but the docket's incomplete?

Jim Kaiser/Larry Reeves: Correct.

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

Larry Reeves: Yes.

Jim Kaiser: Mr. Reeves, if you would state your name for the Board, who you're employed by, and what capacity.

Larry Reeves: Larry Reeves, Range Resources. Land Agent.

Jim Kaiser: And have all these parties involved in this petition been notified in accordance with the statute?

Larry Reeves: They have.

Jim Kaiser: Nothing further of this witness, Mr. Chairman.

Butch Lambert: Let me back up, Mr. Kaiser, just a minute. So the petition we have on file, lists 21, so there's more than that?

Larry Reeves: No.

Paul Kugelman, Jr.: The petition's right.

Larry Reeves: The petition's right, the docket's [inaudible]

Butch Lambert: What's wrong with this? Okay, I gotcha.

Mary Quillen: So it is 21 of this, oh okay. I've got a hard copy of it.

Jim Kaiser: Alright. Mr. Janson, would you state your name for the Board, who you're employed by and what capacity?

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

Jim Kaiser: And have you prepared a handout today for the Board which will help with your testimony to illustrate why Range is seeking this opportunity to drill and increase density wells in these units?

Gus Janson: That's correct. I assume that the handout has been uploaded to everyone. Do I need to pass out the handouts or does everybody have access to it? It should have gone out in time.

Butch Lambert: We've got…

Gus Janson: Exhibit K?

Butch Lambert: All that we have is just the units. It's all I've got.

Gus Janson: Exhibit K didn't get uploaded?

Rick Cooper: Yes, it's in there. K is in there. Page 21.

Paul Kugelman, Jr.: Yeah it is. Pages 20 and 21.

Butch Lambert: Yeah, that's what I said, that's what we have, unless you have anything additional.

Gus Janson: No. It'll be exactly what has been uploaded. So again, in a typical outline of what we've presented the Board before, the Exhibit K, that page 1 is just a recreation of the units being presented today for increased density that was part of the original application. Just as an identification [inaudible]. Page 2, again gives you a pulled out view of the Nora Field, showing these units that we are proposing today, along with all of the units that have been previously approved by the Board. Again, these are all in Dickenson County. Page 3, we'll again add some more information to this, a map showing well that have already been drilled with increased density well, but the red dots are those, of the wells that have been drilled to date by Range and other operators. And then again, Page 4 of Exhibit K, we zoom back into the area and again, showing you the drilled wells and the proposed wells that are currently pursuing permits and where we are requesting the increased density again. And again, the greyed areas are ones that have been previously approved by the Board. And again, we're just expanding out our areas as we continue to do the increased density throughout the field, as we continue to have success with this development. Page 5, again is showing you some of the production results of the wells. And if you recall, previous infield drilling that occurred in the field, sort of terminated around 2010 and you'll see on this plot as that production growth continued up to sort of a peak, and then

these were the original well in blue, underneath, on their normal decline, and at that point in time, in 2010, was the last significant amount of infield drilling occurred until 2014, last year, when Range instituted the program again. And again, you'll see that production started to increase up with that minimal amount of wells drilled. Between 10-15 wells have gone into production since then. And again, no effect on the original wells of the [inaudible] production also. What this is hopefully telling us is that we're tapping into this fracturing network that promoting this gas flow at a low pressure. Again, we are decreasing the dewatering time frame, getting wells on production quicker, we're increasing the recovering factor of the reservoir and it's been economical by doing that. Again, no significant impact to the first well. We generally see just a minor increase in production of the first well. So again, we're adding new resources, we're not just accelerating the existing resource that's out there, I think by the new wells that are being drilled in these units are actually producing more gas and again, this is a representation of about 196 cases that have occurred over the last 10 years or so. So on Page 6 is sort of the summary of the increased density drilling, the benefits of it, again our working interest or royalty owner, and that being someone who owns the natural gas, has an ownership in it, will benefit by maximizing the production of the resource out of these individual units. We are obviously recovering more of the resource so there will be more revenue generated. Increased density also promotes conservation of the gas resource and prevents waste by more effectively extracting the resources. In other words, if we don't do this increased density, we're going to be leaving resources behind. And again, we're getting the benefit of the shared facility, such as roads, pipelines and any other construction that may take place on the service, which will help also to minimize the environmental impacts. And again, we have no curative rights issues within these proposed units. And finally, on Page 7, for the Board's information, this gives you sort of an indication of the coal mine activity around where these proposed units are. There has been a significant amount of deep mining occur but these are all abandoned mine works at this point in time. And various seams include the Upper Banner, Lower Banner, Raven, and Jawbone. Again, Range consistently works with the coal companies to establish these units and to establish drilling locations so that we're not in conflict with any activity that's going on in those areas. Would be glad to answer any questions that the Board may have at this time.

Bruce Prather: Gus, I've got a question. This morning, we received a certified mail that said that Range was selling out their Nora and Haysi interest to Enervest. If we approve these, will you be the operator of these, all these new wells or when is the time that you transfer the assets to Enervest?

Gus Janson: The sale that you've mentioned is subject to the customary closing and due diligence by Enervest, and right now that probably not occur before the end of the year and it's my anticipation that after the first of the year, these assets and their permits and any Board items will be transferred to the new operator.

Bruce Prather: Okay. Just making sure.

Butch Lambert: Just for the Boards information, Mr. Granthom contacted me last week and requested that representative from Range and the new company will be here at the December hearing to give the Board an update on the activities of the companies.

Mary Quillen: This company, is it EnerVest?

Gus Janson: Enervest.

Mary Quillen: I.N.N.E

Gus Janson: E.N.E.R.V.E.S.T

Mary Quillen: I'm sorry. E.N.T.E.R

Gus Janson: E.N.E.R.V.E.S.T. Enervest.

Mary Quillen: E.N.E.R.V.E.S.T. Okay.

Gus Janson: Yeah, their corporate office is in Houston, Texas, and they also have a regional headquarters in Charleston, WV.

Butch Lambert: And just for the Board's information, they already have wells in Virginia.

Rick Cooper: They do have wells in Wise County, yes.

Mary Quillen: Okay. Gotcha.

Butch Lambert: Any other Board questions for Mr. Janson? [No response] Anything further Mr. Kaiser?

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

Butch Lambert: Do I have a motion?

Donnie Rife: Motion made for approval, Mr. Chair.

Mary Quillen: Second.

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

Board: Yes.

Butch Lambert: Opposed, no?

Donnie Ratliff: I'll abstain, Mr. Chair.

Butch Lambert: One abstention, Mr. Ratliff. Thank you. It's approved.

Item Number 11

Butch Lambert: A petition from Range Resources-Pine Mountain, to disburse funds from the escrow account for well VC-2844, to all known parties in Tract 6. This is Docket Number VGOB 93-0420-0366-04. All parties wishing to testify, please come forward.

Jim Kaiser: Jim Kaiser and Larry Reeves.

Butch Lambert: You may proceed, Mr. Kaiser.

Jim Kaiser: Mr. Reeves, this is a disbursement request that Range filed on behalf of the parties?

Larry Reeves: Yes.

Jim Kaiser: And have all parties been notified as required?

Larry Reeves: Yes they have.

Jim Kaiser: And what unit does this effect? Is it VC-2844?

Larry Reeves: Yes.

Jim Kaiser: And what tract? Tract 6?

Larry Reeves: Yes.

Jim Kaiser: Now is this a partial or full disbursement?

Larry Reeves: It'll be a full disbursement.

Jim Kaiser: And the reason for the disbursement.

Larry Reeves: To release the escrow funds held.

Jim Kaiser: Right. And there's a letter signed by Mr. Horn, dated July 1 from Pine Mountain, waiving any of their claim to conflicting interest, that's attached with the application? Is that correct?

Larry Reeves: Yes.

Jim Kaiser: Okay. And have the figures been reconciled between the escrow agent and Range?

Larry Reeves: They have.

Jim Kaiser: And would you direct the Board to the next to the last column to the right on Table 1 as to the percent of escrowed funds for them to use for disbursement purposes?

Larry Reeves: Yes.

Jim Kaiser: And what date was the reconciliation good through?

Larry Reeves: May 2015.

Jim Kaiser: May 2015. And does Table 1 represent who should receive the disbursements and at what percentage?

Larry Reeves: Yes.

Jim Kaiser: And have you provided the Board with Exhibits E and EE, to reflect the status of this unit moving forward, after this disbursement?

Larry Reeves: Yes we have.

Jim Kaiser: And would you ask the Board to provide in the order that the folks receiving disbursements today be paid their royalty directly going forward?

Larry Reeves: Yes I would.

Jim Kaiser: Nothing further of this witness at this point in time, Mr. Chairman.

Butch Lambert: Any questions from the Board? [No response] Anything further, Mr. Kaiser?

Jim Kaiser: We'd ask that the application be approved and submitted, please.

Butch Lambert: Do I have a motion?

Donnie Rife: Motion made for approval, Mr. Chair.

Bruce Prather: Second.

Butch Lambert: I have a motion and I have a second. Any further discussions? [No response] All in favor, signify by saying yes.

Board: Yes.

Butch Lambert: Opposed, no?

Donnie Ratliff: I'll abstain, Mr. Chair.

Butch Lambert: One abstention, Mr. Ratliff. Thank you, folks. That's approved.

Item Number 12

Mary Quillen: A petition from Range Resources-Pine Mountain, Inc., to disburse funds from the escrow account for well VC-703596, to all known parties in Tracts 3 and 4. Unit VC-3596. Docket Number VGOB 97-0318-0568-01. All parties wishing to testify, please come forward.

Jim Kaiser: Jim Kaiser and Larry Reeves.

Butch Lambert: You may proceed.

Jim Kaiser: Again, Mr. Reeves, this is a disbursement request?

Larry Reeves: Yes it is.

Jim Kaiser: And have all parties been notified?

Larry Reeves: They have.

Jim Kaiser: And it effects the well for Unit VC-3596.

Larry Reeves: Yes it is.

Jim Kaiser: And its Tracts 3 and 4 that we're disbursing from?

Larry Reeves: Yes sir.

Jim Kaiser: Will this be a partial or full disbursement?

Larry Reeves: Full disbursement.

Jim Kaiser: Okay, and this involves a, 2/3, 1/3 royalty split agreement between James Hamilton and Susan C. and Kurtz Lance. Is that correct?

Larry Reeves: Yes.

Jim Kaiser: And have all the fees been…

Larry Reeves: 75/25.

Jim Kaiser: Is it 75/25? I'm sorry, 75/25, but they're representing, one has; okay, you're fine. Have the fees been reconciled between the bank and the escrow agent?

Larry Reeves: They have.

Jim Kaiser: As of what date?

Larry Reeves: May 2015.

Jim Kaiser: And you want to explain, I think we have a little difference on this one.

Larry Reeves: Yeah, it's not actually showing on the exhibit, but we went back through and looked and it, except for just a small portion of that would be interest. It's an older well that goes back into the 90's, which I think is a $1,900 difference, would be for that time period.

Jim Kaiser: Right, but it would be in favor of the petitioners, right?

Larry Reeves: Yes.

Jim Kaiser: Okay.

Larry Reeves: It's overage.

Jim Kaiser: It's overage, right?

Larry Reeves: Yes.

Jim Kaiser: And the percentage of funds to be disbursed for escrow purposes, we direct the Board to the next to the last column to the right on Table 1.

Larry Reeves: Yes sir.

Jim Kaiser: And again, directing to Table 1, as to who should receive disbursements and what percentage?

Larry Reeves: Yes.

Jim Kaiser: And have you provided the Board with an E and an EE, to reflect the status of this unit going forward?

Larry Reeves: We have.

Jim Kaiser: Would you ask that the Board include in the order the folks receiving disbursements today be paid their royalties going forward?

Larry Reeves: Yes we would.

Jim Kaiser: Nothing further at this time, Mr. Chair.

Butch Lambert: Any questions from the Board?

Mary Quillen: Just one clarification. You did say that difference, because it was an old well, that this was interest?

Jim Kaiser: Interest, cedars and others that have accumulated since, I think it was '97.

Mary Quillen: Okay. It was an accumulation of that long period of time?

Jim Kaiser: Yes.

Mary Quillen: Okay.

Butch Lambert: Mr. Kaiser, I'd like to go back to Table 1. You testified that all the splits was a 75/25 split, but you have, you're showing one party, Susan C. and Kurt C. Lance, as receiving 100 percent?

Larry Reeves: Yes, there was the 75/25 percent only pertaining to James Hamilton. [Inaudible]

Butch Lambert: And what was the reason for the 100 percent for the Lance's? Was there a split agreement or some kind of agreement worked out that they receive 100?

Larry Reeves: There was no split agreement.

Jim Kaiser: Range just relinquished the claim.

Butch Lambert: Okay. Thank you. Any other questions from the Board? [No response]. Anything further Mr. Kaiser?

Jim Kaiser: We'd ask that the application be approved and submitted, Mr. Chairman.

Butch Lambert: Do I have a motion?

Donnie Rife: Motion made, Mr. Chairman.

Bruce Prather: Second.

Butch Lambert: I have a motion and I have a second. Any further discussion? All in favor, signify by saying yes.

Mary Quillen: Oh, before we vote on that, you said that there was only one that was the 100 percent but that was in Tract 3, but there's also 100 percent in Tract 4, correct?

Larry Reeves: Charles, the older gentleman.

Mary Quillen: Yes. Oh, okay, and there was no split agreement?

Larry Reeves: There was no split agreement with him.

Mary Quillen: Okay. Just wanted to clarify that. Thank you.

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

Board: Yes.

Butch Lambert: Opposed, no.

Donnie Ratliff: I'll abstain, Mr. Chair.

Butch Lambert: One abstention, Mr. Ratliff. Thank you, folks. That's approved.

Item Number 14

Butch Lambert: A petition from Range Resources-Pine Mountain, to disburse funds from the escrow account for well VC-535592, to all known owners in Tracts 1 and 2. Unit VC-535592. Docket Number VGOB 08-0617-2252-01. All parties wishing to testify…

Rick Cooper: Did we get Item 13?

Butch Lambert: I don't know, did we? Did I miss one?

Mary Quillen: Yeah, we haven't done…

Butch Lambert: Okay. Alright. Sorry. I skipped one. Let me back up.

Item Number 13

Butch Lambert: A petition from Range Resources-Pine Mountain, to disburse funds from the escrow account for well VC-537867, to all known parties in Tract 1 of this unit. Docket Number VGOB 08-0415-2202-01. All parties wishing to testify, please come forward.

Jim Kaiser: Jim Kaiser and Larry Reeves, again Mr. Chairman. He's has a revised exhibit to pass out. Mr. Reeves, again, this is a disbursement request filed by Range on behalf of the petitioners?

Larry Reeves: Yes it is.

Jim Kaiser: And have all parties been notified, as required by statute?

Larry Reeves: They have.

Jim Kaiser: This pertains to the production for Well VC-537867?

Larry Reeves: Yes.

Jim Kaiser: And we are going to be disbursing from Tract 1, is that correct?

Larry Reeves: It would be Tract 3. That's, in fact, the revision we've had.

Jim Kaiser: Okay.

Larry Reeves: We had mistakenly uploaded our wrong exhibit. Instead of the Tract 1, it would be Tract 3. Tract 1 had, actually in fact, disbursed previously during the forced pooling, with a supplement. That had been noticed and we changed our exhibits, and therefore, the [inaudible]. Yes.

Mary Quillen: Okay.

Rick Cooper: It has been revised, yes.

Butch Lambert: Table 1 has been revised?

Rick Cooper: Yes.

Jim Kaiser: The reflect is Tract 3 not Tract 1?

Rick Cooper: Yes.

Jim Kaiser: Alright. Is this a partial or full disbursement?

Larry Reeves: Partial.

Jim Kaiser: Okay, and the reason for the disbursement is a 75/25 split agreement?

Larry Reeves: Yes sir.

Jim Kaiser: That's between Mr. Edwards and Range Resources?

Larry Reeves: Yes.

Jim Kaiser: And have the figures been reconciled between the escrow agent and Range Resources?

Larry Reeves: Yes they have.

Jim Kaiser: As of what date?

Larry Reeves: April 2015.

Jim Kaiser: Okay, and would you direct the Board to the revised Table 1 next to the last column to the right for the percentage of escrow funds to be disbursed?

Larry Reeves: Yes I would.

Jim Kaiser: And as to who should receive those disbursements and what percentage?

Larry Reeves: Yes.

Jim Kaiser: And have you provided the Board with Exhibits E and EE to reflect the status of this unit after this disbursement?

Larry Reeves: We have.

Jim Kaiser: And would you ask that all parties subject to this disbursement be paid their royalties directly going forward?

Larry Reeves: Yes, please.

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

Mary Quillen: Okay, that Table 1…are those figures correct. We just have the wrong Tract? Okay. So you did not do a revised Table 1, correct?

Jim Kaiser: Is the table in there still showing Rosko Edwards?

Sarah Gilmer: Your all's is not accurate. They revised it this morning.

Mary Quillen: Oh, okay.

Sarah Gilmer: Everything has been revised in our system, but you will not be able to see it on your iPads.

Mary Quillen: Okay, okay.

Jim Kaiser: But really, the only actual revision was changing it from Tract 1 to Tract 3, right? None of the numbers changed, did they?

Larry Reeves: The name changed and the numbers changed slightly. It went from like 12.89333% to 12.98 acres.

Sarah Gilmer: But they have been corrected and everything seems to be…

Mary Quillen: But you have received that, we just don't have it?

Sarah Gilmer: Correct.

Mary Quillen: Okay.

Butch Lambert: On the revised exhibit that you handed out to us, there's a note that says Range is paying royalties direct on Tract 3 and no payment have been made into the escrow on this tract.

Larry Reeves: Yes sir.

Butch Lambert: But now we're disbursing from this tract.

Larry Reeves: This gentleman's acreage is still shown as being held. Range is paying him.

Paul Kugelman, Jr.: Paying him directly or…

Larry Reeves: Paying him directly. None of his funds have been put into escrow. His split was done prior to this well and he should have, I'm assuming, been a party to the first disbursement that Mr. Rosko Edwards was as well.

Mary Quillen: If no money has been paid into escrow, then how can he get disbursed money from the escrow?

Donnie Rife: How can he be getting paid?

Larry Reeves: Well, I don't know that there would be a disbursement of funds from the escrow, for Mr. Edwards, other than us just coming to correct these exhibits and kind of set the record straight.

Mary Quillen: But our…

Butch Lambert: Ms. Gilmer, is there an escrow account set up for this one, for this gentleman?

Sarah Gilmer: I can't tell you specifically if it's set up for him, specifically, but I can tell you…

Butch Lambert: Well, who's it showing?

Sarah Gilmer: There is an escrow account set up for that well.

Donnie Rife: But there's no money in the escrow account?

Sarah Gilmer: …money in the escrow account, but apparently what he's saying, all he wants to do is remove that person from the Exhibit E, and I think that's what he's trying to do here.

Rick Cooper: And continue the account.

Sarah Gilmer: And continue the account. I didn't realize that's what they were doing when they were making their corrections this morning.

Mary Quillen: But we have been asked to approve disbursement on this agenda item.

Jim Kaiser: No, there's still unknowns.

Butch Lambert: Mr. Kugelman?

Paul Kugelman, Jr.: As council to the Board, I'm going to try to drill down to the bedrock here. I think the question that's really before everybody here that's having us scratch our heads is, how can we order disbursement from escrow account, where no money's ever been put into it, and why is there an escrow account created if there wasn't any need.

Jim Kaiser: There are still unknowns in this account.

Paul Kugelman, Jr.: There are unknowns?

Jim Kaiser: There are unknowns and money in the account. So I guess what he's trying to do is just clean up the account, not disburse.

Paul Kugelman, Jr.: Alright, but does the petition ask for a disbursement? Maybe the petition needs to be modified to accurately reflect, I mean, you know, I'm sure the Board would entertain a verbal motion to modify the petition accordingly, but I think that that probably could help a lot.

Mary Quillen: This states no payments have been made to escrow on this tract for this particular person.

Jim Kaiser: That's correct. If the payments have been made to escrow for the unknowns [inaudible]

Mary Quillen: …disbursement. I mean you still have an account but there are other people that have money in that escrow from this tract, I'm assuming.

Larry Reeves: No, it would be from another tract, in which Mr.…

Donnie Rife: That's clear as mud, ain't it? [Laughs]

Jim Kaiser: Let's just continue this one. We'll continue this one and bring it back to you.

Donnie Rife: Mr. Chair, I'll put that in the form of a motion to continue next month until we get a little bit better clarification.

Butch Lambert: Okay. Good. Thank you. I have a motion, do I have a second?

Mary Quillen: Second.

Butch Lambert: I have a motion and I have a second.

Sarah Gilmer: I'm thinking that maybe we don't even need to continue this one, but they could do a revised supplemental order and make these corrections.

Butch Lambert: The whole petitions not correct. They're asking for disbursement.

Jim Kaiser: I'll tell you what, we're going to, I'll ask that you all make a motion that we withdraw this petition. How about that?

Donnie Rife: I'll make a substitute motion and withdraw this request, Mr. Chair.

Butch Lambert: Do I have a second?

Mary Quillen: Second.

Butch Lambert: Okay, all in favor of withdrawing, as per Mr. Kaiser's request, signify by saying yes.

Board: Yes.

Butch Lambert: Opposed, no [No response].

Item Number 14

Butch Lambert: A petition from Range Resources-Pine Mountain, to disburse funds from the escrow account for well VC-535592, to all known owners in Tracts 1 and 2 of the unit. This is Docket Number VGOB 08-0617-2252-01. All parties wishing to testify, please come forward.

Rick Cooper: Mr. Chairman, if I could. Before they start their testimony, I would like to point out this was one where we had two coal objections and they can speak on that from a Gertrude Crago and a Joyce Spannel, in regard as a coal owner, and so maybe they can help clear that up. They did send in a written objection as a coal owner and we have talked to those multiple times, those people, multiple times.

Butch Lambert: Does their objection list as why they object?

Rick Cooper: Well, their only position is that…

Butch Lambert: Did they provide the information that needed to be provided, in order to make that objection?

Rick Cooper: They did not. The only thing they objected to is they were a coal owner. They did not provide any additional documentation, other than that.

Paul Kugelman, Jr.: There's no evidence of agreement or proceeding.

Rick Cooper: You are correct.

Jim Kaiser: Yeah, they didn't provide [inaudible] date, or anything.

Butch Lambert: Okay. You may proceed.

Jim Kaiser: Alright, Mr. Reeves, again this is a disbursement request filed by Range, on behalf of the petitioners?

Larry Reeves: Yes sir.

Jim Kaiser: And have all parties been notified?

Larry Reeves: Yes, they have.

Jim Kaiser: And what unit does this effect?

Larry Reeves: VC-535592.

Jim Kaiser: And what tract are we disbursing from?

Larry Reeves: One and two.

Jim Kaiser: Is this a partial or full disbursement?

Larry Reeves: Partial disbursement.

Jim Kaiser: And, have the figures been reconciled between Range and the escrow agent?

Larry Reeves: Yes, they have.

Jim Kaiser: As through what date?

Larry Reeves: May 2015.

Jim Kaiser: And again, we have a small difference that could be attributed to interest. There's actually more money in the escrow account than payment that have gone in, so again, it's in favor of the royalty owner?

Larry Reeves: Yes.

Jim Kaiser: And probably represents interest, correct?

Larry Reeves: Correct.

Jim Kaiser: And, have we provided the Board with a Table 1, particularly directing their attention to the next to last column to the right, as far as the percentage of escrowed funds they should use for disbursement?

Larry Reeves: Yes.

Jim Kaiser: And have we provided them with who should receive these disbursements and at what percentage?

Larry Reeves: Yes, we have.

Jim Kaiser: And have we provided the Board with an Exhibit E and EE to reflect the status of this unit after this disbursement?

Larry Reeves: Yes.

Jim Kaiser: Would you ask that the Board [inaudible] these royalty owners be paid their royalty directly going forward?

Larry Reeves: Yes please.

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

Butch Lambert: Any questions from the Board? [No response] Anything further?

Jim Kaiser: We would ask that the petition be approved as submitted.

Butch Lambert: Do I have a motion?

Donnie Ratliff: Motion to approve, Mr. Chair.

Bruce Prather: Second.

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

Board: Yes.

Butch Lambert: Opposed, no? [No response] Thank you, Mr. Kaiser.

Jim Kaiser: Thank you.

Item Number 15

Butch Lambert: A petition from Range Resources-Pine Mountain, to disburse funds from the escrow account for well VC-504284, to all known parties in Tract 3 for this unit. Docket Number VGOB 09-1117-2628-01. All parties wishing to testify, please come forward.

Rick Cooper: Mr. Chairman?

Butch Lambert: Mr. Cooper.

Rick Cooper: I would also like, for a matter of record, to point out that Ms. Gertrude Crego and Ms. Joyce Bennel, also objected to this well as coal owner.

Butch Lambert: And they provided no information as to their objection?

Rick Cooper: Other than they were the coal owner.

Butch Lambert: Thank you. You may proceed, Mr. Kaiser.

Jim Kaiser: Mr. Reeves, again this is a disbursement request?

Larry Reeves: Yes sir.

Jim Kaiser: All parties have been notified as required by statute?

Larry Reeves: Yes, they have.

Jim Kaiser: And it effects the unit for well VC-504284?

Larry Reeves: Yes, it does.

Jim Kaiser: And what tract are we disbursing from?

Larry Reeves: Tract 3.

Jim Kaiser: Tract 3, and is it a full or partial disbursement?

Larry Reeves: This is a full disbursement.

Jim Kaiser: And, have the figures been reconciled between Range and the escrow agent?

Larry Reeves: Yes, they have.

Jim Kaiser: As of what date?

Larry Reeves: May 2015.

Jim Kaiser: And have we provided the Board with Table 1, drawing their attention, particularly to the next to the last column to the right, as far as the percentage of escrowed funds to be disbursed?

Larry Reeves: Yes.

Jim Kaiser: And, we have also included in Table 1, who should receive that disbursement and what amount?

Larry Reeves: Yes, we have.

Jim Kaiser: And we've provided the Board with Exhibits E and EE, to reflect the status of this unit after this disbursement?

Larry Reeves: Yes.

Jim Kaiser: And we would ask that the order include that these parties be paid their royalties directly going forward?

Larry Reeves: Yes, please.

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

Butch Lambert: Any questions from the Board? [No response] Anything further, Mr. Kaiser?

Jim Kaiser: We would ask that the application be approved as submitted, sir.

Butch Lambert: Do I have a motion?

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

Bruce Prather: Second.

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

Board: Yes.

Butch Lambert: Opposed, no?

Donnie Ratliff: I'll abstain, Mr. Chair.

Butch Lambert: One abstention, Mr. Ratliff.

Jim Kaiser: Thank you.

Butch Lambert: Okay. Thank you folks. Have a happy Thanksgiving. We'll see you in December.

Jim Kaiser: You too. The end of summer with our extension petitions.

Butch Lambert: Yeah, bunches of them. Okay, at this time…

Jim Kaiser: It's getting there, I mean, I think it made some pretty good progress.

Item Number 16

Butch Lambert: The Board will receive an update of Board and Division activities from the staff. Mr. Cooper.

Rick Cooper: I have a couple of things we want to talk about here in our continuing efforts to clean up some of the escrow items, some of the Board items. What we have here is 15 items that we have. All of these wells have never been drilled and the orders should expire and so why I'm here today is to ask the Board, and every one of these has unknown/unlocatables on them, that we return the money back to EQT and close these accounts. There's no wells drilled and the orders have technically expired, once we return the money back to EQT.

Donnie Rife: You trying to tell me nobody is claiming any of this money and every effort has been made...

Rick Cooper: Well, if you'll see, they've put a bonus payment in there for unknown/unlocatables $19.62, $0.17, you can see there under the market value. Some of them have been in there for a few years. The wells have never been drilled and, technically, the Board Order should have expired after two years, and so, once the money refunded back to EQT, we will close these accounts. And if they decide to do anything in the future, they would have to go back through the process again.

Butch Lambert: So the money was just placed into the account for…

Jim Kaiser.: For owners who delay [inaudible].

Butch Lambert: Yeah, I forgot the word there.

Donnie Rife: By EQT?

Rick Cooper: Correct.

Donnie Rife: Okay, so it's EQT's money?

Rick Cooper: That is correct. And the only thing I do want to point out and it should not make any difference, but, I know there is litigation on Yellow Poppler, on three of these, but since they have never been drilled and the Board Order has expired, it should not make any difference.

Donnie Rife: No harm, no foul.

Rick Cooper: So my request is, can we close these accounts and mail these 15 checks back to EQT?

Donnie Rife: I make a motion for approval, Mr. Chair.

Bill Harris: Second

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

Board: Yes.

Butch Lambert: Opposed, no [No response]. Thank you. Mr. Cooper, you can close those accounts.

Rick Cooper: So you can see in the letter here, and Mr. Reeves is here, this is another account. The well has never been drilled and we request that this money be refunded back to Range in $45.63.

Donnie Rife: Motion made for approval, Mr. Chair.

Paul Kugelman, Jr.: Just to be clear, this is the same situation we were dealing with before. This is Range's money, there's a pooling order, no drills were sunk…

Rick Cooper: You are correct on this one, yes. So it's never been drilled and really, the order has technically expired. We want to extend the money back to Range. We want to expire the order and take it off the account.

Donnie Rife: Motion made, Mr. Chair, for approval.

Bill Harris: Second

Butch Lambert: Do we have a second?

Bill Harris: Second

Butch Lambert: Okay, we have a motion and a second. Any further discussion? [No response] All in favor, signify by saying yes.

Board: Yes.

Butch Lambert: Opposed, no [No response]. Thank you, Mr. Cooper. You can close those.

Rick Cooper: Okay, we've got one more. Did you pass the other one out? [Yes] Okay, so this one is sort of similar, except this is a producing well. What happened on this particular one, and we have done our, our staff has also verified this, there is no escrow in this account, and the monies, the $68.03 was place in there, but this account has no escrowing. So therefore, the money should be refunded back to Range.

Paul Kugelman, Jr.: How'd the money get there?

Donnie Rife: Right, where'd it come from?

Rick Cooper: It was also a bonus payment, right Mr. Reeves?

Larry Reeves: Yeah, it was bonus payment, mistaken…

Paul Kugelman, Jr.: A bonus payment, for an operating well? I don't think…

Rick Cooper: Well, it was prior to it being operating when they set this account up.

Paul Kugelman, Jr.: But the bonus payment is to secure the interest, right?

Donnie Rife: That should go to the land owner.

Paul Kugelman, Jr.: Right.

Rick Cooper: Right, but, go ahead.

Larry Reeves: Yes, but if the check would be disbursed back to Range, then it would be distributed to the landowners in their proportionate parts, as the landowners; the reason for putting that fee in there in the first place.

Rick Cooper: But there is nobody escrowed, correct?

Larry Reeves: No.

Rick Cooper: Everyone has signed a lease.

Larry Reeves: There were no conflicting parties within this unit.

Donnie Rife: But why are we not giving the money to the landowners instead of back to Range so Range so Range can give it to the landowners?

Butch Lambert: Do we need to table this and bring it back to the Board next month as a miscellaneous petition?

Donnie Rife: Motion made for table, Mr. Chair, for more clarification.

Butch Lambert: I have a motion. Do I have a second?

Bill Harris: Second

Butch Lambert: Any further discussion? All if favor, signify by saying yes.

Board: Yes.

Butch Lambert: Opposed, no [No response].

Rick Cooper: Another item. So I guess, during the last Board meeting, you all wanted me to report to you the status of any available funds to disbursement. A lot of the conversation was on the money market. At that time, there was $1,125,000.00 and all of that money becomes due in December to be renewed. I guess some of the questions were, do we have available money to disburse, in the event that we need that? So for everyone's information, the $1,125,000.00, the bank had the option in their contract to automatically renew those, unless we tell them not to. But for the disbursements, there's $25,167,815.00 that they can disburse out of any day. And it's the one that has the 1/10 one percent interest, so it really, there's no penalty involved, it's just like taking it out of the account and writing a check. So I'm reporting that again. Unless you all direct me differently, the bank had the option to renew those. I think there was five CD's due in December, but as far as having that money readily assessable to be able to disburse, we have $25,000,000.00, in addition to that if we need to make any disbursements.

Donnie Rife: Does that renew per year?

Rick Cooper: $25,000,000.00 is an interest-bearing account, so it, just like a savings account, it just has 1/10 of one percent interest all the time. So you can disburse out of it any time.

Mary Quillen: Those were, refresh my memory. Were those 6 month or 12 month?

Donnie Rife: That's what I was asking. On the renewal.

Mary Quillen: The ones that were coming due.

Rick Cooper: To be honest, I don't really know, but there was one due on the 4th, one on the 7th, one on the 9th, two on the 10th, and one on the 15th.

Donnie Rife: I think as long as we're not renewing this thing for like a five-year term, or something like that.

Mary Quillen: No, no, nothing like that long.

Donnie Rife: That's why we were wanting to know the date and time frame.

Mary Quillen: I think a year, 12 months, was the longest, I believe.

Rick Cooper: And I think you're good with 12 months. I don't think, with $25,000,000.00 available elsewhere. So that was the report, unless you all direct me elsewhere, we'll just let the bank go ahead and renew that.

Donnie Rife: I make a motion to let it go, as is, Mr. Chair.

Mary Quillen: Second.

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

Board: Yes.

Butch Lambert: Thank you, Mr. Cooper. We'll just the let the bank roll that one over.

Rick Cooper: What this is, [inaudible] you all have directed me to [inaudible] and as you can see, reading from the top, from January to June, we had disbursed $1,915,414.14, and as of July 1, under the coal dismissal, you can see that I have that broken down by months, but we have disbursed $1,995,482.42 from July until last Thursday. Which is a total of $3,910,896.58. Which is a record year. We've never disbursed $3 million or more in any given year. We had a 2.87 one year, so…

Donnie Rife: It would be nice if we could disburse the rest of it.

Rick Cooper: Just to let you all know, internally, that we're operating on this, of that money, $409,821.95, we have done under the coal dismissal without bringing those to the Board.

Donnie Rife: Doing good, need to do better.

Rick Cooper: We're always trying to do better. That's our goal.

Bruce Prather: Coal dismissals were all associated with a certain [inaudible].

Rick Cooper: Correct.

Bruce Prather: So you just went ahead and because the legislation said that anything past that, that had not been adjudicated, that you could do this?

Rick Cooper: And the Board approved us to do that. So anything that has a split agreement in it, or any type of court order, even though it comes up, we still put it on the Docket for the Board to hear.

Butch Lambert: Anything further, Mr. Cooper?

Rick Cooper: That's all.

Butch Lambert: Thank you.

Mary Quillen: Good job. Thank you. Good job, ladies.

Item Number 17

Butch Lambert: Okay, at this time, I would ask the Board to review the minutes from our October meeting and if there's any additions or corrections that need to be done, we'll hear those at this time. If not, I'll entertain a motion to accept the minutes.

Donnie Rife: Motion made to accept the minutes as presented, Mr. Chair.

Donnie Ratliff: Second.

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

Board: Yes.

Butch Lambert: Okay, minutes are accepted and I'll entertain a motion to dismiss.

Mary Quillen: Motion to dismiss.

Donnie Rife: Second, Mr. Chair.

Butch Lambert: All in favor, signify by saying yes.

Board: Yes.

Butch Lambert: Thank you, ladies and gentlemen.