

VIRGINIA DEPARTMENT OF MINES, MINERALS AND ENERGY

VIRGINIA GAS AND OIL BOARD HEARING

Tuesday, February 16, 2016

Lebanon, Virginia

BOARD MEMBERS:

Bill Harris—Public Member

Bruce Prather—Oil and Gas Industry Representative

Donnie Rife— Public Member

Mary Quillen—Public Member

APPEARANCES:

Bradley Lambert—Chairman of the Virginia Gas & Oil Board

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

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

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

Prepared by: Margaret Linford

Agenda Items

<u>Item Number</u>	<u>Docket Number</u>		<u>Page</u>
1	Public Comment		1
2	VGOB-07-0717-1970-01	(Approved)	1
3	VGOB-08-0415-2202-01	(Approved)	6
4	VGOB-09-1117-2633-03	(Approved)	8
5	VGOB-09-1117-2636-01	(Approved)	12
6	VGOB-16-0216-4086	(Approved)	15
7	VGOB-92-0218-0183-03	(Approved)	17
8	VGOB-98-0421-0651-01	(Approved)	22
9	VGOB-01-0320-0877-03	(Approved)	25
10	VGOB-01-0821-0910-01	(Approved)	28
11	VGOB-02-0820-1050-02	(Approved)	32
12	VGOB-02-0820-1051-03	(Approved)	36
13	VGOB-05-0419-1427-01	(Approved)	43
14	VGOB-05-0517-1447-01	(Approved)	46
15	VGOB-07-0320-1894-01	(Approved)	49
16	Board & Division Activities from the Staff		53
	- VGOB-94-0816-0467-04 disbursement, request for resubmittal.		
	- Update on escheatment letters.		
	- Escrow disbursement statistics.		
17	Board Review of January 2016 Minutes (Approved)		55

1 **Bradley Lambert:** Before we begin, this morning, I'll ask our Board members to please
2 introduce themselves. I'll begin with Mr. Rife.

3 **Donnie Rife:** Donnie Rife, public member, Dickenson County.

4 **Bradley Lambert:** Butch Lambert, Department of Mines, Minerals and Energy.

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

6 **Bruce Prather:** Bruce Prather. I represent the oil and gas industry, on the Board.

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

8 **Items Number 1 & 2**

9 **Bradley Lambert:** Thank you, ladies and gentlemen. At this time, we have no one signed up
10 for public comments, so we'll move on to Docket Item Number 2. A petition from Range
11 Resources-Pine Mountain, to disburse funds from escrow account for well VC-536602, to all
12 known owners in Tract 4. This is Docket Number VGOB-07-0717-1970-01. All parties wishing
13 to testify please come forward.

14 **Jim Kaiser:** Mr. Chairman, members of the Board, Jim Kaiser and Larry Reeves. We'd ask that
15 the witness be sworn, please.

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

18 **Larry Reeves:** Yes.

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

20 **Jim Kaiser:** Mr. Reeves, this is a disbursement request we filed?

21 **Larry Reeves:** Yes.

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

23 **Larry Reeves:** Yes, they have.

24 **Jim Kaiser:** What unit does this affect?

25 **Larry Reeves:** VC-536602.

26 **Jim Kaiser:** We're disbursing from Tract 4. Is that correct?

27 **Larry Reeves:** Yes.

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

2 **Larry Reeves:** Full.

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

4 **Larry Reeves:** Coal dismissal.

5 **Jim Kaiser:** Have the figures been reconciled between the bank and you all?

6 **Larry Reeves:** Yes, they have, as of July 2015.

7 **Jim Kaiser:** Would you direct the Board to Table 1 that was submitted with our application for
8 disbursement, as to what percentages they should use and who they should disburse to?

9 **Larry Reeves:** Yes.

10 **Jim Kaiser:** Have we provided the Board with Exhibits E and EE to reflect the facts of this
11 disbursement?

12 **Larry Reeves:** Yes, we have.

13 **Jim Kaiser:** And we ask that all parties be paid their royalties directly, going forward?

14 **Larry Reeves:** Yes.

15 **Jim Kaiser:** This is not a normal coal dismissal, obviously. That's why we're before the Board.
16 Can you explain to them what's going on here?

17 **Larry Reeves:** Initially, there was a payment made into escrow on December 9, 2008, for
18 production. Within that payment, as you can see on J, in parentheses, there are some figures here
19 that were paid in incorrectly. Those figures total \$3,945.11 that were supposed to have been paid
20 back to the operator, at that time. That did not happen. That amount stayed in escrow. We are
21 requesting that you refund that initial amount that was overpaid. Then, Wellmore Energy
22 Company had elected to participate in this well. They did not send their participation check in
23 correspondence with EQT, anything we've looked at. Also, emails that I've sent with them
24 within the past six months have also said that they have not sent that check in. So, 7/8 of that
25 would also need to be refunded back to the operator that was placed in escrow, not only for that
26 royalty interest, but the working interest, up until July 10, was the last date of payment, 2013.
27 After that date, all monies placed into the escrow account are for the royalty interest, only, and
28 do not include the working interest. So, as of July 2013 back to the start of the account, 7/8 of
29 that would need to be paid back to the operator, as well, for the working interest.

30 **Jim Kaiser:** So, to recap, there's a force-pooled unit. Wellmore was a force-pooled party. They
31 elected to participate. We sent them their election. Along with the election letter, we notified

1 them what it would cost them to be a working-interest partner. That check was never received
2 by EQT.

3 **Larry Reeves:** EQT, at that time.

4 **Jim Kaiser:** It was never received by EQT, but the escrow process continued along for a period
5 of time, as if they were a 8/8 working-interest partner. So, what we're trying to do now is get the
6 operator the initial overpayment back, the 7/8 that was paid in incorrectly under the pretense that
7 they were a working-interest partner, and then get Wellmore their 1/8 interest, as a royalty
8 owner.

9 **Bruce Prather:** Is this a well that Equitable drilled?

10 **Jim Kaiser:** Yes.

11 **Bill Harris:** Mr. Chairman, I have a question, also.

12 **Bradley Lambert:** Go ahead.

13 **Bill Harris:** I'm a little confused about, you mentioned Table 1, Tract 4. The Table 1 we have
14 has a Tract 999, EnerVest Operating, and then the next table is Table 2 that's Tract 4. That's one
15 with Wellmore Energy. Am I...?

16 **Rick Cooper:** Yes.

17 **Sarah Gilmer:** The way our system is set up, you have to trick the system by putting "999" in
18 there...[inaudible].

19 **Rick Cooper:** We have to put that number in to make the system calculate correctly.

20 **Bill Harris:** So, it has to have a Tract number, is what you're saying?

21 **Sarah Gilmer:** Yes. It's just a generic number.

22 **Bill Harris:** So, that's not Tract 4, then?

23 **Jim Kaiser:** It is Tract 4.

24 **Rick Cooper:** It is Tract 4, as 999.

25 **Bill Harris:** Why didn't we put "4" down there? I'm just a little confused.

26 **Sarah Gilmer:** The system wouldn't have taken a "4."

27 **Donnie Rife:** Why couldn't we have put a memo down there that stated that this was a...?

1 **Sarah Gilmer:** There's not a place to put a note on there. This is how CNX does theirs every
2 time.

3 **Bradley Lambert:** Before we get to the tract problems, we haven't had, unless you plan on
4 presenting testimony that you're disbursing the amount that's listed in this table, to EnerVest.

5 **Donnie Rife:** Is that who it's going to? Is it going back to EQT?

6 **Jim Kaiser:** No, it's got its own Table 1.

7 **Bruce Prather:** See, there are 25 wells that were sold to Range Resources about a year and a
8 half ago. I think this is one of them. Equitable was the operator and Equitable is the one that's
9 done the land work on this thing. When Range Resources bought the thing, then they inherited
10 this thing from Range that is going on. Now, it's been sold to EnerVest. So, that's the problem.
11 The only thing that I'd like to know is this buying out of this well.... In other words, these people
12 participating in the well, they have already agreed that they're not going to fund the money. Is
13 that correct?

14 **Jim Kaiser:** They had a certain amount of time to do that and that time expired. In all the
15 correspondence with them, they never responded to anybody.

16 **Bruce Prather:** Okay. So, that whole thing is out.

17 **Jim Kaiser:** That whole thing is out. Right. They're now just a 1/8 royalty interest owner.

18 **Bruce Prather:** Okay.

19 **Mary Quillen:** They're not involved in this, at all.

20 **Jim Kaiser:** Only as a royalty interest owner.

21 **Mary Quillen:** Right, the 1/8 royalty.

22 **Jim Kaiser:** If you look at Table 1, there is one page that shows what EnerVest is supposed to
23 get and one page that shows what Wellmore is supposed to get. EnerVest is on there.

24 **Bill Harris:** I think my confusion was that it was not mentioned in the testimony.

25 **Bradley Lambert:** We haven't had any testimony.

26 **Jim Kaiser:** Okay. Who is it the escrow should be disbursed to, in this case?

27 **Larry Reeves:** EnerVest Operating and Wellmore Energy Company

28 **Bruce Prather:** That's effective when?

29 **Jim Kaiser:** The reconciliation is through what date?

1 **Larry Reeves:** July 2015.

2 **Bruce Prather:** Okay.

3 **Larry Reeves:** As of July 2013, they did not pay any working interest into that account. So,
4 after July 2013, that would all just be the 1/8 royalty interest.

5 **Jim Kaiser:** It was straightened out, as far as the escrow account goes, as of July 2013. That's
6 when somebody realized.

7 **Bruce Prather:** It went back to the 1/8 royalty.

8 **Mary Quillen:** That was July 2013?

9 **Larry Reeves:** Yes.

10 **Mary Quillen:** That that happened. You mentioned July, your reconciliation for what has gone
11 on between July 2013 and July 2015 are reconciled in July 2015?

12 **Jim Kaiser:** Correct.

13 **Mary Quillen:** Okay.

14 **Jim Kaiser:** So, what you're seeing in the EnerVest figure of \$21,086.18 is a refund of the
15 initial overpayment of thirty-nine something and then the 7/8 that was incorrectly paid into
16 escrow for the Wellmore interest from the date of production to July 2013. Then, what you're
17 seeing for Wellmore is...

18 **Larry Reeves:** Would be the remainder of the account.

19 **Jim Kaiser:** The remainder of their account to close it out, as a 1/8 royalty interest owner.

20 **Bill Harris:** I think you've already answered this, but going forward, Wellmore will receive
21 theirs directly?

22 **Jim Kaiser:** Correct.

23 **Bill Harris:** Their 1/8.

24 **Jim Kaiser:** Correct. EnerVest will be out. They'll just be a regular, working-interest.

25 **Bruce Prather:** EnerVest will be the operator.

26 **Jim Kaiser:** Exactly.

27 **Mary Quillen:** Okay. So, then, will this close this escrow account?

28 **Jim Kaiser:** Yes.

1 **Mary Quillen:** Okay. I think that was the over-riding question we should have asked first.
2 Sorry about that.

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

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

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

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

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

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

11 **Board:** Aye.

12 **Bradley Lambert:** Opposed, no. [No response] That's approved.

13 **Item Number 3**

14 **Bradley Lambert:** We're calling Docket Item Number 3. A petition from Range Resources-
15 Pine Mountain, to disburse funds from the escrow account for well VC-537867, to all known
16 owners in Tract 3. This is Docket Number VGOB-08-0415-2202-01. All parties wishing to
17 testify please come forward.

18 **Jim Kaiser:** Right off the bat, we do have a problem. Our petition states that it's Tract 1 we're
19 disbursing from, not Tract 3.

20 **Donnie Rife:** It's got Tract 1 on the docket for us.

21 **Bradley Lambert:** It's got Tract 3 in your relief sought, but in Table 1 it does have Tract 1.

22 **Mary Quillen:** Table 1 is correct.

23 **Jim Kaiser:** In my relief sought, it has Tract 1.

24 **Rick Cooper:** So, I guess for the record, does the company type this in Sarah, for the relief
25 sought? So that is a company typo, so if we want to move forward, you need to revise that.

26 **Bradley Lambert:** That's no problem, just revise the relief sought.

27 **Sarah Gilmer:** I can take care of it right here.

28 **Mary Quillen:** Actually, what's on here says, "Tract 1."

1 **Jim Kaiser:** What's wrong is this.

2 **Bradley Lambert:** In your relief sought that we have, it says, "Tract 3."

3 **Jim Kaiser:** It says, "3?"

4 **Bradley Lambert:** Yes.

5 **Rick Cooper:** So that is where the docket comes from, off the relief sought that you type in.

6 **Jim Kaiser:** Have you got it?

7 **Sarah Gilmer:** I have got it corrected now.

8 **Jim Kaiser:** All right. Thank you.

9 **Bradley Lambert:** Okay.

10 **Jim Kaiser:** Mr. Reeves, is this another disbursement request?

11 **Larry Reeves:** Yes.

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

13 **Larry Reeves:** Yes, they have.

14 **Jim Kaiser:** What unit does this involve?

15 **Larry Reeves:** VC-537867.

16 **Jim Kaiser:** We're disbursing from Tract 1?

17 **Larry Reeves:** Yes.

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

19 **Larry Reeves:** Partial.

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

21 **Larry Reeves:** Split agreement with Roscoe Edwards.

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

23 **Larry Reeves:** They have, as of August 2015.

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

1 **Larry Reeves:** Yes.

2 **Jim Kaiser:** Would you direct them to Table 1, as to who should receive those disbursements
3 and what amount?

4 **Larry Reeves:** Yes.

5 **Jim Kaiser:** And, we provided the Board with Exhibits E and EE to reflect the facts of this unit,
6 following this disbursement?

7 **Larry Reeves:** Yes, we have.

8 **Jim Kaiser:** Would we ask that all royalties be paid to these parties directly, going forward?

9 **Larry Reeves:** Yes, we would.

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

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

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

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

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

15 **Bill Harris:** Second.

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

18 **Board:** Yes.

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

20 **Jim Kaiser:** Thank you.

21 **Item Number 4**

22 **Bradley Lambert:** We're calling Docket Item Number 4. A petition from Range Resources-
23 Pine Mountain, to disburse funds from the escrow account for well VC-536630 to all known
24 parties in Tracts 3, 4, 5 & 6. Docket Number VGOB-09-1117-2633-03. All parties wishing to
25 testify please come forward.

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

27 **Larry Reeves:** Yes.

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

2 **Larry Reeves:** Yes, they have.

3 **Jim Kaiser:** What unit does this affect?

4 **Larry Reeves:** VC-536630.

5 **Jim Kaiser:** We're going to be disbursing from Tracts 3, 4, 5 & 6?

6 **Larry Reeves:** Yes.

7 **Jim Kaiser:** This is going to be a full disbursement?

8 **Larry Reeves:** Yes, it will.

9 **Jim Kaiser:** It will close out the escrow?

10 **Larry Reeves:** Yes.

11 **Jim Kaiser:** Have all the figures been reconciled?

12 **Larry Reeves:** They have, as of November 2015.

13 **Jim Kaiser:** The reason for the disbursement is a split agreement?

14 **Larry Reeves:** No. We've just got some.... It will just be a coal dismissal, but there are some
15 discrepancies.

16 **Jim Kaiser:** Before we go through the basic testimony, explain to the Board what happened to
17 this unit.

18 **Larry Reeves:** Rick has just passed out the old plat for this unit. In updating this for the
19 disbursement, we realized that, in changing surveyors and getting the new plats updated, that the
20 old plats that you have were incorrect. We've uploaded the new plat with the new information
21 for each individual that would receive the disbursement. Also, there was a disbursement done to
22 Hurley Ratliff on this one. His percentage was a little bit off and we've talked to Rick and Sarah
23 and have agreed to pay that amount back into the account. It's just a little under \$200, \$199.96
24 from my calculations, that we would put back into that account because of the discrepancy plat
25 versus what was disbursed to Hurley Ratliff. With the update, everyone's interest has changed,
26 so we've corrected that.

27 **Mary Quillen:** So, with that amount that you put back into the account, everything balances.
28 Right?

29 **Larry Reeves:** Once we put that amount back in, it would balance to the new plat.

1 **Mary Quillen:** Was this through an overpayment to one of these people?

2 **Larry Reeves:** An overpayment to Hurley Ratliff in a prior disbursement.

3 **Mary Quillen:** Okay.

4 **Larry Reeves:** He is Tract 2 in this new plat.

5 **Mary Quillen:** You said Tract 2?

6 **Larry Reeves:** In the new plat, he is Tract 2. Hurley Ratliff. That the overpayment was for the
7 disbursement.

8 **Mary Quillen:** Right, but we're not looking at Tract 2.

9 **Larry Reeves:** That's correct. I was just...

10 **Mary Quillen:** This was just an aside.

11 **Jim Kaiser:** The 1.9 million is going in to make sure that these people are receiving full
12 payment for their interest. In other words, the 1.9 million will be disbursed among these people
13 that we're disbursing to today, not Hurley Ratliff.

14 **Mary Quillen:** So, the Hurley thing is just an aside, explaining where it came from.

15 **Larry Reeves:** I was just directing you to the tract that Hurley Ratliff...

16 **Jim Kaiser:** Hurley got a little bonus. Then, we had to make everybody else right. We had to
17 put that money back in and it's being disbursed, now.

18 **Mary Quillen:** Okay. That clears that up. Thank you.

19 **Bruce Prather:** Is your surveying error a correction of GPS? In other words, a lot of these
20 wells were drilled back, say, 10 years ago. When they got these new GPS standards, the survey
21 was right but it was wrong as far as the way it was on the ground. Is that what this is?

22 **Larry Reeves:** No. This is a relatively new well.

23 **Bruce Prather:** It's a real survey error.

24 **Larry Reeves:** Yes. There were some incorrect tracts in that unit.

25 **Bill Harris:** I'm confused. We are on Item Number 4. Is that correct?

26 **Bradley Lambert:** Yes.

27 **Bill Harris:** The handout that we received, the well numbers are different than what we have in
28 our electronic copy, unless I'm not looking at the right thing.

1 **Bradley Lambert:** Mr. Cooper, I think you passed out the wrong one. That's what the
2 confusion is.

3 **Bill Harris:** We'll save those.

4 **Bradley Lambert:** That's for the next one. Disregard the plats that were just passed out and go
5 with what's on your docket, on the computer.

6 **Mary Quillen:** Okay.

7 **Bradley Lambert:** These are very confusing. We should have never had them to start with. Do
8 you still have a question, Mr. Harris?

9 **Bill Harris:** No. I don't mean to be the troublemaker, today.

10 **Larry Reeves:** We have requested that, I think Sarah's got note of it, that these wouldn't be
11 disbursed until that corrected amount was deposited back into the account.

12 **Bradley Lambert:** So, that hasn't been done, yet?

13 **Larry Reeves:** No, not as of today.

14 **Bradley Lambert:** So, you cannot disburse until we receive that.

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

16 **Bradley Lambert:** So, make a note to send reminders. Any other questions from the Board?
17 [No response] Anything further, Mr. Kaiser?

18 **Jim Kaiser:** Yes, we've still got a few more basic questions. Have the figures been reconciled?

19 **Larry Reeves:** They have, as of November 2015.

20 **Jim Kaiser:** Would you direct the Board, as to the percentage of escrowed funds to be
21 disbursed, to the next to last table on the right in Table1?

22 **Larry Reeves:** Yes.

23 **Jim Kaiser:** Are the parties who are to receive the disbursement from this unit, the amounts
24 they are to receive, are they listed on Table 1?

25 **Larry Reeves:** Yes, they are.

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

28 **Larry Reeves:** Yes, we have.

1 **Jim Kaiser:** Will we ask that these parties be paid their royalty directly, going forward?

2 **Larry Reeves:** Yes, please.

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

4 **Bradley Lambert:** Any other questions from the Board, at this time?

5 **Mary Quillen:** Just one little clarification. Now, this one is just the 1/8 royalty owners that
6 we're addressing here? Right?

7 **Jim Kaiser:** Right.

8 **Mary Quillen:** Okay. And, this is a partial disbursement? We will still need this escrow
9 account.

10 **Larry Reeves:** No. It would be a full disbursement.

11 **Mary Quillen:** It's a full disbursement?

12 **Larry Reeves:** Yes, ma'am.

13 **Mary Quillen:** Okay. Very good. Thank you. That answers my question.

14 **Bradley Lambert:** Any other questions? [No response] Anything further, Mr. Kaiser?

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

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

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

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

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

21 **Board:** Yes.

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

23 **Item Number 5**

24 **Bradley Lambert:** We're calling Docket Item Number 5. A petition from Range Resources-
25 Pine Mountain, to disburse funds from the escrow account for well VC-537305, to all known
26 owners in Tracts 4 & 5. Docket Number VGOB-09-1117-2636-01. All parties wishing to testify
27 please come forward.

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

2 **Larry Reeves:** Yes, it is.

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

4 **Larry Reeves:** Yes, they have.

5 **Jim Kaiser:** It affects Unit 537305?

6 **Larry Reeves:** Yes.

7 **Jim Kaiser:** What tracts?

8 **Larry Reeves:** 4 & 5.

9 **Jim Kaiser:** Do you want to explain the reason that we brought this disbursement to the Board?

10 **Larry Reeves:** More or less, the same as the last item that we heard. Hurley Ratliff, again, with
11 a change of plats, was credited with too much interest in this unit. The two parties that are being
12 disbursed, we would need to deposit, by my estimate, \$166.78, back into the account for the
13 disbursement to even out. This would also close that account, after our deposit.

14 **Jim Kaiser:** Exact same situation, although in this case he was paid directly. It wasn't a
15 disbursement on this. He was just overpaid directly.

16 **Mary Quillen:** Okay. So, if he was paid directly, then this money wouldn't be in the escrow.

17 **Jim Kaiser:** No. That's why we've got to re-deposit the amount that he was overpaid to take
18 care of these folks.

19 **Mary Quillen:** Okay.

20 **Jim Kaiser:** Everybody's interest changed a little bit when the plat changed. That resulted in
21 Hurley being overpaid. So, now we have to put that money back in so that the folks in Tracts 4
22 & 5 can receive the correct amount, based upon the correct plat.

23 **Mary Quillen:** Okay. So, it's showing that circle there. There's a little bit of Tract 3, but
24 nobody in Tract 3 was involved. Is that correct?

25 **Larry Reeves:** Are you talking about the circle in this plat?

26 **Mary Quillen:** Yes.

27 **Larry Reeves:** I believe that's just a coal modification circle.

28 **Mary Quillen:** Okay.

1 **Bruce Prather:** What about Tract 1? It's within that circle, too.

2 **Mary Quillen:** But, those aren't involved.

3 **Bradley Lambert:** So, the difference in the survey didn't include 1 & 3.

4 **Larry Reeves:** No.

5 **Jim Kaiser:** Correct.

6 **Mary Quillen:** Okay. That was the question.

7 **Jim Kaiser:** That circle is not a unit. It's just the area that you had to notify coal in.

8 **Mary Quillen:** Okay.

9 **Jim Kaiser:** It almost makes you think there's a dual well in there.

10 **Bruce Prather:** Yes.

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

13 **Jim Kaiser:** The figures have been reconciled between you all and the bank?

14 **Larry Reeves:** Yes, as of November 2015.

15 **Jim Kaiser:** Would you direct the Board to the next to last column on the right of Table 1, as to
16 the percentage of escrowed funds to be disbursed and who they should be disbursed to?

17 **Larry Reeves:** Yes.

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

20 **Larry Reeves:** Yes, we have.

21 **Jim Kaiser:** Would you ask that both these parties be paid their royalties directly, going
22 forward?

23 **Larry Reeves:** Please.

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

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

26 **Mary Quillen:** Again, just to clarify, this escrow account, this money is not in the escrow
27 account or just the money that has to be put back in?

1 **Jim Kaiser:** Before they can disburse, EnerVest will have to make a deposit of \$166.78 or
2 whatever it is, to square everybody up. Then, you can disburse, based upon Table 1.

3 **Mary Quillen:** Okay. Did you say this was a partial?

4 **Jim Kaiser:** It's a full.

5 **Mary Quillen:** A full?

6 **Jim Kaiser:** Yes.

7 **Mary Quillen:** Okay. Very good. Thank you.

8 **Bradley Lambert:** Any other questions? [No response] Anything further, Mr. Kaiser?

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

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

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

12 **Bill Harris:** Second.

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

15 **Board:** Yes.

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

17 **Jim Kaiser:** Thank you.

18 **Item Number 6**

19 **Bradley Lambert:** We're calling Docket Item Number 6. A petition from EnerVest Operating,
20 LLC, requesting the Virginia Gas and Oil Board to enter an order transferring the right to operate
21 all units listed in this application that were established by Board Order, from Range Resources-
22 Pine Mountain, Inc., Pine Mountain Oil and Gas and Columbia Natural Resources, LLC to
23 EnerVest Operating, LLC. Docket Number VGOB-16-0216-4086. All parties wishing to testify
24 please come forward.

25 **Jim Kaiser:** Jim Kaiser and Larry Reeves, on behalf of EnerVest. We are just before the Board,
26 asking that all these units that were established by Board Order, naming Range Resources-Pine
27 Mountain as operator that you find on your exhibit to this application, be the right to operate
28 these units be transferred to EnerVest Operating, LLC, pursuant to a purchase agreement of these

1 assets, dated and closed December 30, 2015. We have publication notice. Again, of course, we
2 refer you to the exhibit that lists all the units that we are asking to be transferred.

3 **Bradley Lambert:** Would you like to read those into the record, Mr. Kaiser?

4 **Jim Kaiser:** Not unless you really want me to.

5 **Bradley Lambert:** Not really.

6 **Mary Quillen:** These are all the wells listed on Exhibit G. Correct?

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

8 **Bill Harris:** Do you know how many there are?

9 **Jim Kaiser:** I do not. I didn't count them. Quite a few.

10 **Rick Cooper:** Just to let you all know, they run this off of our records. This is every pooling
11 that the company that they mentioned had brought in front of the Board the beginning, since
12 1990/91, all of them that Range owned, Chesapeake owned, Columbia owned. I think even
13 Chesapeake presented that. This is all of them, and EQT, that now belong to EnerVest.

14 **Mary Quillen:** This all came from the Division of Gas and Oil?

15 **Rick Cooper:** It came off of our records. That's everything that we have on our records that
16 should be Range's that now should be EnerVest's.

17 **Donnie Rife:** I think you ought to read them.

18 **Bradley Lambert:** Do I have a motion to approve the transfer?

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

20 **Bill Harris:** Second.

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

23 **Board:** Yes.

24 **Bradley Lambert:** Opposed, no. [No response] Thank you, Mr. Kaiser. Those are approved.

25 **Jim Kaiser:** Thank you.

1 **Item Number 7**

2 **Bradley Lambert:** We're calling Docket Item Number 7. A petition from CNX Gas Company,
3 LLC, for (1) the disbursement of escrowed funds heretofore deposited with the Board's Escrow
4 Agent, attributable to Tracts 1 & 12A, as depicted upon the annexed Table 1; and authorization
5 to begin paying royalties directly to the parties listed in the petition. This is Docket Number
6 VGOB-92-0218-0183-03. All parties wishing to testify please come forward.

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

8 **Bradley Lambert:** Good morning! Sarah, do you want to swear her in?

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

11 **Anita Duty:** Yes.

12 **Bradley Lambert:** Mr. Swartz, you may begin whenever you're ready.

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

14 **Anita Duty:** Anita Duty.

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

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

17 **Mark Swartz:** Are you here, this morning, on behalf of CNX Gas Company, the petitioner in
18 Docket Item 7?

19 **Anita Duty:** Yes.

20 **Mark Swartz:** Did you supervise and participate in the preparation of the petition and the
21 related exhibits for this request for disbursement?

22 **Anita Duty:** Yes.

23 **Mark Swartz:** This Docket Item 7 pertains to SLW5. Right?

24 **Anita Duty:** Yes.

25 **Mark Swartz:** These were a collection of long-wall units. Right?

26 **Anita Duty:** Yes.

27 **Mark Swartz:** That were, originally, created by Pocahontas Gas Partnership?

28 **Anita Duty:** Yes.

1 **Mark Swartz:** The Board can see that from the plat map. We're talking, particularly, with
2 regard to SLW-5, which is the long-wall panel on the left of the map.

3 **Anita Duty:** Yes.

4 **Mark Swartz:** In that regard, we are asking for a disbursement for what reasons?

5 **Anita Duty:** We have a court order and the House Bill.

6 **Mark Swartz:** Have you prepared a table to give the Board an indication of what tracts we're
7 dealing with, here, and an opportunity to instruct the Escrow Agent as to how to make this
8 disbursement?

9 **Anita Duty:** Yes.

10 **Mark Swartz:** This is a partial. Correct?

11 **Anita Duty:** It is.

12 **Mark Swartz:** It looks like Tract 12A is the result of the House Bill. Is that correct?

13 **Anita Duty:** It is.

14 **Mark Swartz:** The disbursements from Tract 1 are because of the court decision.

15 **Anita Duty:** Yes.

16 **Mark Swartz:** In this instance, you gave the statutory notice to the coal owner and you've got
17 return receipts for that.

18 **Anita Duty:** Yes.

19 **Mark Swartz:** With regard to Table 1, concerning each tract, could you identify the person to
20 receive the payment and the percentage that the Escrow Agent should use to calculate the dollar
21 amount and the payments owed?

22 **Anita Duty:** For Tract 1, Ruby Mutter, Marcus Mutter, Brenda Skidmore and Bruce Mutter
23 should each receive 17.3143%. For Tract 12A, William Tickle should receive 25.9005%.

24 **Mark Swartz:** So, when the Escrow Agent actually makes the disbursement to those folks, it
25 should use the percentages you've just mentioned, that are in the second column from the right-
26 hand side of Table 1, multiply that times the balance on hand, and that will generate the amount
27 to be disbursed?

28 **Anita Duty:** Yes.

1 **Mark Swartz:** And, after those disbursements to these folks, are you requesting, as operator,
2 the right to pay them directly and no longer escrow their funds?

3 **Anita Duty:** Yes.

4 **Mark Swartz:** With regard to this account, going forward, have you provided the Board with a
5 revised Exhibit E for escrow purposes and a revised Exhibit EE to, sort of, bring them up-to-date
6 with regard to the pay?

7 **Anita Duty:** Yes.

8 **Mark Swartz:** With regard to the reconciliation, there's an Exhibit J. Correct?

9 **Anita Duty:** Yes.

10 **Mark Swartz:** And, you ran that reconciliation through what date?

11 **Anita Duty:** October 31, 2015.

12 **Mark Swartz:** When you made this reconciliation, did you first attempt to locate all royalty
13 checks that the operator had paid?

14 **Anita Duty:** Yes.

15 **Mark Swartz:** Then, did you look for a corresponding deposit?

16 **Anita Duty:** We did.

17 **Mark Swartz:** When you did that, were you able to find a deposit for every royalty check?

18 **Anita Duty:** Yes.

19 **Mark Swartz:** Then, did you also attempt to account for prior disbursements?

20 **Anita Duty:** Yes.

21 **Mark Swartz:** If we look at the last page of Exhibit J, you've got, sort of, a recap there.
22 Correct?

23 **Anita Duty:** Yes.

24 **Mark Swartz:** Total deposited, accounting for two disbursements, accounting for interest and
25 fees reported by the banks and, then, you come up with a total. Correct?

26 **Anita Duty:** Yes.

27 **Mark Swartz:** And, that's your total?

1 **Anita Duty:** It is.

2 **Mark Swartz:** Then, your report the First Bank and Trust total, as of the end of October 2015.
3 When you compare them, what's the difference?

4 **Anita Duty:** \$594.84 more.

5 **Mark Swartz:** Than your...

6 **Anita Duty:** Than our calculation.

7 **Mark Swartz:** Okay. That would be accounted for because they have control of the interest and
8 the fees?

9 **Anita Duty:** Yes.

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

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

12 **Bill Harris:** Mr. Chairman, this one sounds a little petty, I guess. I notice that, on the first page,
13 it has the date of hearing as February 15, but it's the 16th.

14 **Bruce Prather:** You mean the year 16?

15 **Bill Harris:** No. It's February 15, 2016--the hearing date.

16 **Bruce Prather:** That hasn't happened, yet.

17 **Bill Harris:** No, today is February 16.

18 **Sarah Gilmer:** We'll take care of fixing that.

19 **Bill Harris:** Okay. I just saw that.

20 **Mark Swartz:** Good catch. We can fix it.

21 **Bill Harris:** One other thing, and it's just some terminology I'm not sure if I understand. Of
22 course, there are all kinds of red notes and green notes through the document. Page 11 in our
23 document, Exhibit EE, under "Coal Ownership," down there. I've lost my place. Sorry. Page 9,
24 Exhibit E, "Coal Ownership," under "Torch Oil and Gas." I'm just curious about this notation. It
25 says, "Effective 2/1/11. Torch Oil and Gas Company assigned a 2% ORRI."

26 **Mark Swartz:** "Over-Riding Royalty Interest."

27 **Bill Harris:** Thank you.

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

1 **Bill Harris:** That's it.

2 **Bruce Prather:** Mr. Chairman, I've just got something that needs clarifying. On both of these
3 tracts, you said there's a partial payment of the escrow account. I assume it includes both of
4 these tracts. In other words, there's a partial payment on both these tracts or is one of them paid-
5 out?

6 **Mark Swartz:** Actually, what we were talking about when we say, "Partial payment," we're
7 talking about the entire escrow account.

8 **Bruce Prather:** Okay.

9 **Mark Swartz:** Not the tracts.

10 **Bruce Prather:** Okay.

11 **Mark Swartz:** If you look at Table 1.... Do you have that, Mr. Prather?

12 **Bruce Prather:** Yes.

13 **Mark Swartz:** See above the percentages and all that it says, "Total acreage in escrow before
14 disbursement is 34 acres and a fraction?"

15 **Bruce Prather:** Right.

16 **Mark Swartz:** Then, if you go down to the bottom of that column, we've got 5.79 acres times 4
17 into 8. I'm thinking that that does not equal that. Correct?

18 **Anita Duty:** Right.

19 **Mark Swartz:** So, that's what we're talking about. There's still some acreage in escrow for the
20 entire unit.

21 **Bruce Prather:** Both of these, 1 & 12A, if you were using the tracts. You're not using the
22 tracts.

23 **Mark Swartz:** The acreage in escrow does not pertain to those two tracts, only, the 33.

24 **Bruce Prather:** Okay.

25 **Mark Swartz:** So, there's all of the tracts in escrow, whether they're these tracts or other tracts,
26 there were 33 acres when we started and we're getting rid of what's shown there. There is still
27 some acreage remaining in escrow. If we look at Exhibit EE, we might be able to, more
28 specifically, answer your question. Actually, if we look at E, it makes it easier. The only tract
29 left in escrow, if you can find Exhibit E, which would be also Page 9, 16C. That piece of it is the
30 only thing left in escrow.

1 **Bruce Prather:** Okay. That answers my question. Thank you.

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

4 **Mark Swartz:** No.

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

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

7 **Bill Harris:** Second.

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

10 **Board:** Yes.

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

12 **Item Number 8**

13 **Bradley Lambert:** We're calling Docket Item Number 8. A petition from CNX Gas Company,
14 LLC, for (1) the disbursement of escrowed funds heretofore deposited with the Board's Escrow
15 Agent, attributable to Tract 3B, as depicted upon the annexed Exhibit A; and (1) authorization to
16 begin paying royalties directly to the parties to the royalty split agreement between Hurt
17 McGuire Land Trust and Virginia Stilwell in Unit U37. Docket Number VGOB-98-0421-0651-
18 01. All parties wishing to testify please come forward.

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

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

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

22 **Anita Duty:** Anita Duty.

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

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

25 **Mark Swartz:** Are you here on behalf of the petitioner, this morning, with regard to this
26 petition to disburse?

27 **Anita Duty:** Yes.

28 **Mark Swartz:** This petition pertains to drilling Unit U37, which is in Oakwood 80?

1 **Anita Duty:** Yes.

2 **Mark Swartz:** The reason you're making this request for the people receiving the disbursement
3 here is because of a royalty split agreement. Is that correct?

4 **Anita Duty:** Yes.

5 **Mark Swartz:** If we go to Table 1, does that show the disbursement percentages that you're
6 requesting the Escrow Agent use?

7 **Anita Duty:** Yes.

8 **Mark Swartz:** With regard to Table 1, would you read into the record or put into the record,
9 with regard to Tract 3B, the people that are to receive the disbursement and the percentages that
10 the Escrow Agent should use when calculating the dollar amount?

11 **Anita Duty:** Hurt McGuire Land Trust and Virginia Stilwell should each receive 7.1429% of
12 the account.

13 **Mark Swartz:** So, that's the percentage the Escrow Agent should apply to the balance on hand
14 when the disbursement is made. Correct?

15 **Anita Duty:** Yes.

16 **Mark Swartz:** You're also requesting that the Board allow you to pay these people directly,
17 going forward?

18 **Anita Duty:** Yes.

19 **Mark Swartz:** In that regard, have you provided the Board with revised Exhibits E and EE?

20 **Anita Duty:** Yes.

21 **Mark Swartz:** With regard to Exhibit E, it looks like there is one Tract 3A that has a piece of it
22 that's going to remain in escrow.

23 **Anita Duty:** Yes.

24 **Mark Swartz:** It looks like you've done an Exhibit J, reconciliation. Correct?

25 **Anita Duty:** We did.

26 **Mark Swartz:** And, you did that through what date?

27 **Anita Duty:** October 31, 2015.

1 **Mark Swartz:** When you did the reconciliation, did you attempt to identify all royalty payments
2 made?

3 **Anita Duty:** Yes.

4 **Mark Swartz:** Did you, then, try to find a corresponding deposit for every one of those?

5 **Anita Duty:** Yes.

6 **Mark Swartz:** Were you able to do that?

7 **Anita Duty:** Yes.

8 **Mark Swartz:** Then, you totaled up what you had put into escrow, accounted for the fees and
9 interest that the bank Escrow Agent had reported, came up with a total and, then, compared that
10 to the October 31, 2015, First Bank balance. Right?

11 **Anita Duty:** Yes.

12 **Mark Swartz:** When you made the comparison, what did you determine?

13 **Anita Duty:** There was \$103.90 less than what we had calculated.

14 **Mark Swartz:** In the escrow account.

15 **Anita Duty:** Yes.

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

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

18 **Bill Harris:** I noticed this item and the last item, the folks that weren't included were from W-
19 9's that you had not received. What's normally your procedure for that? Do you just re-send or
20 do you just wait for them to send that in?

21 **Anita Duty:** We will re-send. A lot of times, when we find that they don't send them in,
22 usually, they're deceased. So, that turns into another heirship-type issue. I know, on this
23 particular one, Shea Cook had sent us a deed from the Samuel Sproles. I think we're looking into
24 that to see if there's a problem.

25 **Bill Harris:** I meant to ask that in the last one.

26 **Bradley Lambert:** To see if there's a problem on the deed?

27 **Anita Duty:** The deed is to an individual, but then he attached an affidavit for the church. So, I
28 don't know.

1 **Bradley Lambert:** But, we're still holding escrow for that. Any other questions? [No
2 response] Anything further, Mr. Swartz?

3 **Mark Swartz:** No.

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

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

6 **Bill Harris:** Second.

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

9 **Board:** Yes.

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

11 **Mark Swartz:** Thank you.

12 **Item Number 9**

13 **Bradley Lambert:** We're calling Docket Item Number 9. A petition from CNX Gas Company,
14 LLC, for (1) the disbursement of escrowed funds heretofore deposited with the Board's Escrow
15 Agent, attributable to Tracts 2A & 2B, as depicted upon the annexed table; and (2) authorization
16 to begin paying royalties directly to the parties listed in the petition. This is Docket Number
17 VGOB-01-0320-0877-03. All parties wishing to testify please come forward.

18 **Mark Swartz:** Mark Swartz and Anita Duty. Anita, would you state your name for us, please?

19 **Anita Duty:** Anita Duty.

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

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

22 **Mark Swartz:** Are you here on behalf of the applicant, CNX Gas Company?

23 **Anita Duty:** Yes.

24 **Mark Swartz:** You're here to address a petition that has been filed for disbursement from funds
25 escrowed, pertaining to Unit AY112. Correct?

26 **Anita Duty:** Yes.

27 **Mark Swartz:** And, the reasons for this request are there's a royalty split-agreement?

1 **Anita Duty:** Yes.

2 **Mark Swartz:** And there is also an opportunity to disburse to a gas claimant, under House Bill
3 2058?

4 **Anita Duty:** Yes.

5 **Mark Swartz:** With regard to the House Bill issue, you provided notice to the coal owner and
6 have not received anything back, within the statutory period, indicating either an agreement or a
7 court case?

8 **Anita Duty:** Correct.

9 **Mark Swartz:** This is a Middle Ridge 58.7-acre unit?

10 **Anita Duty:** Yes.

11 **Mark Swartz:** Going to Table 1, we're talking about Tracts 2A & 2B. Correct?

12 **Anita Duty:** Yes.

13 **Mark Swartz:** Would you read into the record the names of the people who are to receive the
14 disbursements and the percentages that the Escrow Agent should use to make the disbursements?

15 **Anita Duty:** For Tract 2A, Buckhorn Coal Company and CNX Gas Company, LLC, should
16 each receive 22.1883%. For Tract 2B, H.C. Bostic Coal Company should receive 14.4206%.

17 **Mark Swartz:** The Escrow Agent should use those percentages, at the time the disbursement is
18 made, and apply them to the balance on hand to calculate the dollar amount?

19 **Anita Duty:** Yes.

20 **Mark Swartz:** Are you also requesting the right to pay these three companies directly, in the
21 future?

22 **Anita Duty:** Yes.

23 **Mark Swartz:** Have you filed revised Exhibits E and EE, to account for what's going to remain
24 in escrow and the pay status, going forward?

25 **Anita Duty:** Yes.

26 **Mark Swartz:** In addition, you prepared an Exhibit J, again?

27 **Anita Duty:** Yes.

28 **Mark Swartz:** This Exhibit J was run through what date?

1 **Anita Duty:** November 30, 2015.

2 **Mark Swartz:** When this reconciliation was done, it begins when?

3 **Anita Duty:** August 31, 2001.

4 **Mark Swartz:** Then, you've run it through November 30, 2015. First of all, did you attempt to
5 find a deposit for every royalty check?

6 **Anita Duty:** Yes.

7 **Mark Swartz:** Were you able to do that?

8 **Anita Duty:** Yes.

9 **Mark Swartz:** Did you total up the payments you made?

10 **Anita Duty:** Yes.

11 **Mark Swartz:** Account for two disbursements that were made out of escrow, previously?

12 **Anita Duty:** Yes.

13 **Mark Swartz:** Then, also account for the interest and fees that the bank had reported for this
14 account?

15 **Anita Duty:** Yes.

16 **Mark Swartz:** When you totaled that and compared it to the First Bank and Trust balance on
17 November 30, 2015, was there a difference?

18 **Anita Duty:** The bank has \$325.50 more in the account.

19 **Mark Swartz:** Again, that's probably because of fees and interest of the bank because you
20 found other deposits?

21 **Anita Duty:** Yes.

22 **Mark Swartz:** You mailed to Buckhorn Coal and they received the mail?

23 **Anita Duty:** Yes.

24 **Mark Swartz:** And, you've received nothing back from Buckhorn Coal in the statutory period,
25 indicating to you that they had an agreement with regard to ownership or they had started a
26 lawsuit?

27 **Anita Duty:** Correct.

1 **Mark Swartz:** That's all I have, Mr. Chairman.
2 **Bradley Lambert:** Questions from the Board? [No response] Anything further, Mr. Swartz?
3 **Mark Swartz:** No.
4 **Bradley Lambert:** Do I have a motion?
5 **Donnie Rife:** Motion made for approval, Mr. Chair.
6 **Bill Harris:** Second.
7 **Bradley Lambert:** I have a motion and I have a second. Any further discussion? [No
8 response] All in favor signify by saying yes.
9 **Board:** Yes.
10 **Bradley Lambert:** Opposed no. [No response] Thank you, Mr. Swartz. That is approved.
11 **Mark Swartz:** Thank you.

12 **Item Number 10**

13 **Bradley Lambert:** We're calling Docket Item Number 10. A petition from CNX Gas
14 Company, LLC, for (1) the disbursement of escrowed funds heretofore deposited with the
15 Board's Escrow Agent, attributable to Tracts 1A & 1B, as depicted upon the annexed table; and
16 (2) authorization to begin paying royalties directly to CNX Gas Company, LLC. This is Unit
17 AX107. Docket Number VGOB-01-0821-0910-01. All parties wishing to testify please come
18 forward.
19 **Mark Swartz:** Mark Swartz and Anita Duty.
20 **Bradley Lambert:** You may proceed, Mr. Swartz.
21 **Mark Swartz:** Thank you. Anita, state your name for us, again.
22 **Anita Duty:** Anita Duty.
23 **Mark Swartz:** Who do you work for?
24 **Anita Duty:** CNX Land, LLC.
25 **Mark Swartz:** Are you here on behalf of the petitioner, CNX Gas Company?
26 **Anita Duty:** Yes.

1 **Mark Swartz:** You're here with regard to a petition to make a disbursement from escrow,
2 pertaining to Unit AX107?

3 **Anita Duty:** Yes.

4 **Mark Swartz:** That unit is a Middle Ridge unit, with 58.7 acres?

5 **Anita Duty:** Yes.

6 **Mark Swartz:** The reason for this request is a settlement agreement?

7 **Anita Duty:** Yes.

8 **Mark Swartz:** That settlement agreement provides that 100% of the royalty, at least the
9 portions that we're talking about, be paid to CNX Gas?

10 **Anita Duty:** Yes.

11 **Mark Swartz:** Have you prepared a Table 1, consistent with that settlement agreement?

12 **Anita Duty:** Yes.

13 **Mark Swartz:** And, it pertains to Tracts 1A & 1B?

14 **Anita Duty:** Yes.

15 **Mark Swartz:** Could you read into the record the percentages for each tract that are to be used
16 when the Escrow Agent calculates the payments to CNX?

17 **Anita Duty:** For Tract 1A, CNX should receive 86.7254%. For Tract 1B, 13.2746%, which
18 equals 100.

19 **Mark Swartz:** If you look at Exhibit E, which is the next page, that should zero out the escrow.

20 **Anita Duty:** Yes.

21 **Mark Swartz:** And, obviously, you filed a revised Exhibit E to reflect that and, then, a revised
22 EE to reflect the pay status, going forward?

23 **Anita Duty:** Yes.

24 **Mark Swartz:** We have an Exhibit J, again?

25 **Anita Duty:** We do.

26 **Mark Swartz:** That runs through what date?

27 **Anita Duty:** September 30, 2015.

1 **Mark Swartz:** In preparing that exhibit, did you attempt to locate all royalty payments paid into
2 escrow by the operator?

3 **Anita Duty:** We did.

4 **Mark Swartz:** Then, did you look for a corresponding deposit?

5 **Anita Duty:** Yes.

6 **Mark Swartz:** When you did that, were you able to find a deposit for every payment?

7 **Anita Duty:** Yes.

8 **Mark Swartz:** When you totaled the payments, dealt with interest and fees reported by the
9 bank, you came up with a total?

10 **Anita Duty:** \$17,554.94.

11 **Mark Swartz:** What is the amount that you came up with?

12 **Anita Duty:** \$1784.20.

13 **Mark Swartz:** And, the First Bank and Trust balance on 9/30/2015 was what?

14 **Anita Duty:** \$1,786.63.

15 **Mark Swartz:** There was a difference of \$2.43. It looks like...

16 **Anita Duty:** The bank has more.

17 **Mark Swartz:** The bank has slightly more.

18 **Anita Duty:** Yes.

19 **Mark Swartz:** That's it.

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

21 **Bill Harris:** Yes. On one of the other ones, the difference was a negative and the comment was
22 that the bank had more. This one is positive. I may not have seen that correctly.

23 **Mark Swartz:** Usually, when it's a negative, it's because the bank has more money and,
24 apparently, whoever prepared this, threw all of us a ringer and both you and I noticed it, but I
25 didn't mention it.

26 **Bill Harris:** Okay.

1 **Mark Swartz:** You're absolutely right. It's not your imagination. This is the first time I've seen
2 it this way.

3 **Anita Duty:** We've got lots of people pitching in and working on these, so...

4 **Bill Harris:** I understand. Do we look for the red?

5 **Anita Duty:** If you just compare the two balances...

6 **Mark Swartz:** That's the safe thing to do. We have called a ton of people in to facilitate these
7 disbursements. They're working on a lot of them.

8 **Anita Duty:** Particularly, those.

9 **Mark Swartz:** These take a long time, so you've got, probably, a dozen people working on
10 these. They all have the same task, but then when you get down to the bottom, here....

11 **Mary Quillen:** Depending on which side is a positive or a negative.

12 **Mark Swartz:** When the same person was doing all of these, it was always what Mr. Harris has
13 talked about. Now that we've got multiple people, you really kind of need to look at the balance.

14 **Mary Quillen:** Right.

15 **Anita Duty:** Everybody should be following the same template. This may be the only one that's
16 happened that way, but everybody is supposed to be following the same template. They've done
17 pretty good, so far. With that many people involved, it's just....

18 **Mary Quillen:** If you compare what your balance is and what the bank balance is, it tells you
19 what that difference is, depending on who is looking at it, which side you're looking at it from,
20 which perspective.

21 **Anita Duty:** Right.

22 **Mark Swartz:** They're right there in that.

23 **Anita Duty:** It depends on which number they put in first on their calculation, if they put the
24 bank in first.

25 **Mark Swartz:** That would be it.

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

27 **Mark Swartz:** I try to pull stuff over on you, Mr. Harris, but you just catch it every time. I
28 looked at that, too.

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

1 **Mark Swartz:** No.

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

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

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

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

7 **Board:** Yes.

8 **Bradley Lambert:** Opposed, no. [No response] Thank you, Mr. Swartz. That's approved.
9 We're going to take about a ten-minute recess. I think we need one.

10 **Item Number 11**

11 **Bradley Lambert:** At this time, we're calling Docket Item Number 11. Docket Item Number
12 11 has someone, Anna R. Lambert. I'm not sure if she's related to me, or not, but I'm going to
13 ask Mr. Harris if he'll take over as Chairman on this one. I'll abstain.

14 **Bill Harris:** This is Item Number 11. A petition from CNX Gas Company, LLC, for (1) the
15 disbursement of escrowed funds heretofore deposited with the Board's Escrow Agent,
16 attributable to Tracts 1D, 1E, 1L, 2A, & 2B, as depicted upon the annexed table; and (2)
17 authorization to begin paying royalties directly to the parties listed in the petition. This is Unit
18 AV124. Docket Number VGOB-02-0820-1050-02. We'd ask all parties that wish to speak to
19 this item to please come forward.

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

21 **Bill Harris:** You may proceed.

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

23 **Anita Duty:** Anita Duty.

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

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

26 **Mark Swartz:** Are you here, this morning, on behalf of CNX Gas Company, with regard to this
27 petition for a disbursement from escrow, pertaining to AV124?

28 **Anita Duty:** Yes.

1 **Mark Swartz:** AV124 is a Middle Ridge unit, 58.7 acres. Correct?

2 **Anita Duty:** Yes.

3 **Mark Swartz:** I'm sorry. It is a Middle Ridge unit, 49.05 acres.

4 **Anita Duty:** I'm sorry.

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

6 **Anita Duty:** I got it wrong.

7 **Mark Swartz:** The reasons for this disbursement request are what?

8 **Anita Duty:** We have a royalty split agreement and the House Bill 2058.

9 **Mark Swartz:** The royalty split agreement involves which parties?

10 **Anita Duty:** Stuart Land & Cattle and Robert Blake, III.

11 **Mark Swartz:** And, everybody else is a gas claimant, under House Bill 2058. Correct?

12 **Anita Duty:** Yes.

13 **Mark Swartz:** Have you prepared a fairly lengthy Table 1?

14 **Anita Duty:** Yes.

15 **Mark Swartz:** That table pertains to several tracts. Table 1 pertains to Tract 1D, 1E, is that 1L?

16 **Anita Duty:** I think it's 1I.

17 **Bill Harris:** We read it as "1L," but it is "1I."

18 **Mark Swartz:** Okay. Then, Tract 2A & 2B. Correct?

19 **Anita Duty:** Yes.

20 **Mark Swartz:** Have you provided, with regard to each one of those tracts, because it's too long
21 for you to read into the record, the name and address of the person who should receive the
22 disbursement?

23 **Anita Duty:** Yes.

24 **Mark Swartz:** In the second column from the right of Table 1, have you given a percentage for
25 each person?

26 **Anita Duty:** Yes.

1 **Mark Swartz:** Should the Escrow Agent use that percentage in the second column from the
2 right hand side of Table 1 and multiply that percentage for each person times the balance on
3 hand on the day that the disbursement is to be made, to calculate the dollar amount?

4 **Anita Duty:** Yes.

5 **Mark Swartz:** With regard to all of these people on Table 1, are you also asking the Board for
6 permission to pay these people directly, in the future?

7 **Anita Duty:** Yes.

8 **Mark Swartz:** With regard to coal claimants and House Bill 2058, did you provide notice to the
9 coal claimants?

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

11 **Mark Swartz:** Did they fail either to get back to you with either an agreement or proof that they
12 had started a case?

13 **Anita Duty:** Yes.

14 **Mark Swartz:** So, the time has expired and we can move forward under 2058?

15 **Anita Duty:** Yes.

16 **Mark Swartz:** With regard, then, to Table 1, have you also provided the Board with a revised
17 Exhibit E and a revised Exhibit EE to indicate what escrow will be required going forward if the
18 disbursements are made and what the pay status would be, going forward?

19 **Anita Duty:** Yes.

20 **Mark Swartz:** Did you prepare or have someone, on your behalf, prepare an Exhibit J,
21 reconciliation?

22 **Anita Duty:** Yes.

23 **Mark Swartz:** I think it's Page 50. I'm sorry. Page 62 is where it starts. It looks like it goes
24 through October 31, 2015. Is that right?

25 **Anita Duty:** Yes.

26 **Mark Swartz:** Did you, as usual, do some calculations at the end?

27 **Anita Duty:** Yes.

28 **Mark Swartz:** First, though, with regard to Exhibit J, did you or someone in your company,
29 undertake to locate every royalty check that was paid into escrow for this unit?

1 **Anita Duty:** Yes.

2 **Mark Swartz:** Then, did you look for a corresponding bank deposit?

3 **Anita Duty:** Yes.

4 **Mark Swartz:** When they did that, did they find a deposit for every check?

5 **Anita Duty:** We did.

6 **Mark Swartz:** Then, you've done the math, here. You show the total amount that you've
7 deposited, you account for a disbursement, interest and fees reported by the bank. You come up
8 with your total. Correct?

9 **Anita Duty:** Yes.

10 **Mark Swartz:** When you compare your total to the October 31, 2015, First Bank and Trust
11 balance, there's a difference?

12 **Anita Duty:** Yes. The bank has \$25.69 more.

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

14 **Bill Harris:** Questions from Board members? [No response] Do you have anything further?

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

16 **Bill Harris:** I'll entertain a motion for this petition.

17 **Donnie Rife:** Motion made for approval.

18 **Bruce Prather:** Second.

19 **Bill Harris:** We do have a motion and a second. Any further discussion? [No response] All in
20 favor say yes.

21 **Board:** Yes.

22 **Bill Harris:** Opposed, no. [No response] That motion passed. That petition is accepted.

23 **Mark Swartz:** Thank you.

24 **Bradley Lambert:** Thank you, Mr. Harris.

1 **Item Number 12**

2 **Bradley Lambert:** Now, we're calling Docket Item Number 12. A petition from CNX Gas
3 Company, LLC, for (1) the disbursement of escrowed funds heretofore deposited with the
4 Board's Escrow Agent, attributable to Tract 2D, as depicted upon the annexed table; and (2)
5 authorization to begin paying royalties directly to the parties listed in the petition. This is Docket
6 Number VGOB-02-0820-1051-03. All parties wishing to testify please come forward.

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

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

9 **Mark Swartz:** Thank you. Anita, who do you work for?

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

11 **Mark Swartz:** Are you here on behalf of CNX Gas Company, this morning?

12 **Anita Duty:** Yes.

13 **Mark Swartz:** In support of a petition for a disbursement from escrow, pertaining to drilling
14 Unit AV125. Correct?

15 **Anita Duty:** Yes.

16 **Mark Swartz:** AV125 is also a Middle Ridge unit. This one has 48.51 acres.

17 **Anita Duty:** 48.91?

18 **Mark Swartz:** Have you got ".91?"

19 **Anita Duty:** Yes.

20 **Mark Swartz:** Is that a "9?" I misread. It's a "9." 48.91. The reasons that you're requesting
21 from escrow are?

22 **Anita Duty:** The House Bill. I think it's just the House Bill.

23 **Mark Swartz:** It looks like there's also a split agreement between Stuart Land & Cattle and Mr.
24 Blake.

25 **Anita Duty:** Yes.

26 **Mark Swartz:** And, then, the House Bill. Right?

27 **Anita Duty:** Correct.

28 **Mark Swartz:** With regard to the House Bill, did you mail to the coal claimants?

1 **Anita Duty:** We did.

2 **Mark Swartz:** Did you receive any response from any of the coal claimants, within the
3 statutory period, indicating either that they had a settlement agreement or they had started a court
4 case?

5 **Anita Duty:** No, we did not receive any.

6 **Mark Swartz:** So, then, we can make a disbursement, under the House Bill, to the gas
7 claimants?

8 **Anita Duty:** Yes.

9 **Mark Swartz:** Have you prepared a Table 1 for the proposed disbursement from this unit?

10 **Anita Duty:** Yes.

11 **Mark Swartz:** We're talking about just one tract. Correct?

12 **Anita Duty:** Yes.

13 **Mark Swartz:** 2D?

14 **Anita Duty:** Yes.

15 **Mark Swartz:** On Table 1, have you identified every person and given an address for every
16 person, that you are requesting a disbursement?

17 **Anita Duty:** Yes.

18 **Mark Swartz:** Have you, in the second column from the right-hand side of Table 1, stated a
19 percentage for each person?

20 **Anita Duty:** Yes.

21 **Mark Swartz:** Is it your request that the Escrow Agent use the percentage in the second column
22 from the right-hand side, for each person that's receiving a disbursement and multiply that
23 percentage, on the day the disbursement is made, times the balance on hand to get a dollar
24 amount?

25 **Anita Duty:** Yes.

26 **Mark Swartz:** Are you also asking for the right, as operator, to pay each one of these seventeen
27 people on Table 1, going forward, directly, rather than escrowing their money?

28 **Anita Duty:** Yes.

1 **Mark Swartz:** Has an issue been raised with regard to one of the people on the list of
2 seventeen?

3 **Anita Duty:** Yes.

4 **Mark Swartz:** That issue is a notice issue. Correct?

5 **Anita Duty:** Yes.

6 **Mark Swartz:** Who is the person on that list that the issue has been raised, regarding?

7 **Anita Duty:** Robert Blake, Jr.

8 **Mark Swartz:** In the documents that you provided to the Board and the DGO, the post office
9 showed that the mail to him was in transit. Right?

10 **Anita Duty:** Yes.

11 **Mark Swartz:** Since January 19th?

12 **Anita Duty:** Yes.

13 **Mark Swartz:** So, it's taking them a really long time to transmit that to him. Right?

14 **Anita Duty:** It is.

15 **Mark Swartz:** Our recommendation would be that we simply remove Mr. Robert Blake, Jr.,
16 from the list of people to receive a disbursement, so that everybody else can be paid.

17 **Anita Duty:** Yes.

18 **Bruce Prather:** He's going to stay in the escrow account, then.

19 **Mark Swartz:** Yes. That wasn't our idea, the AG's idea. My solution is to pay as many people
20 as we can and withdraw Robert Blake, Jr. I know we have an Exhibit J, again, Anita?

21 **Anita Duty:** Yes.

22 **Mark Swartz:** That runs through when?

23 **Anita Duty:** October 31, 2015.

24 **Mark Swartz:** Once again, someone in your group did this reconciliation?

25 **Anita Duty:** Yes.

26 **Mark Swartz:** And, they would have located every royalty check?

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

1 **Mark Swartz:** And, then looked for a corresponding deposit?

2 **Anita Duty:** Yes.

3 **Mark Swartz:** And, they found a deposit for every check?

4 **Anita Duty:** Yes.

5 **Mark Swartz:** Otherwise, we would be showing a problem.

6 **Anita Duty:** Correct.

7 **Mark Swartz:** Then, did you total the deposits that you made, account for the disbursements
8 that came out of the account, account for the interest and fees that the bank had recorded and
9 come up with a total and compare that to the October 31, 2015, bank balance?

10 **Anita Duty:** Yes.

11 **Mark Swartz:** When you did that, was there a difference?

12 **Anita Duty:** The bank has \$541.45 more.

13 **Mark Swartz:** To accomplish leaving Mr. Robert Blake, Jr.'s money in escrow, we will have to
14 revise Exhibit E, to put him back on there.

15 **Anita Duty:** Yes.

16 **Mark Swartz:** And, we will have to revise Exhibit EE to take him off pay?

17 **Anita Duty:** Yes.

18 **Mark Swartz:** But, that will fix it?

19 **Anita Duty:** Yes.

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

21 **Bradley Lambert:** She doesn't seem too excited about that.

22 **Mary Quillen:** Mr. Chairman, I have a couple of questions on this. There's two that are
23 unclaimed and one shows returned.

24 **Mark Swartz:** Right.

25 **Mary Quillen:** So, how are you going to pay them?

26 **Mark Swartz:** We always pay them. They had an opportunity to pick up the mail and they
27 chose not to. The statute says we shall send certified mail, return receipt requested. If the post

1 office shows, and this has been everybody's position, that it got to the person and they chose not
2 to take it, they had an opportunity to get notice. What Mr. Kugelman was concerned about.... I
3 don't want to give him any opportunity to claim that he was right, but I'll just say what he was
4 concerned about was that the post office records don't actually show that it got to the post office
5 box or to the house. That's the "in transit" issue. I don't know if you actually have that from the
6 post office, but it shows a print-off off their website.

7 **Mary Quillen:** Yes.

8 **Mark Swartz:** That was his problem, that there's no demonstration that the person had an
9 opportunity. They didn't claim it or reject it.

10 **Mary Quillen:** That one I understand, but the unclaimed. So, you do have a record?

11 **Mark Swartz:** Absolutely.

12 **Mary Quillen:** This is a pattern of behavior that has happened previously?

13 **Mark Swartz:** Well, it is a pattern of behavior in our society. My law office instructions to my
14 staff when they mail stuff, we never mail anything certified mail, unless a statute requires it
15 because there are a huge number of people in this country who figure if they get something
16 certified mail, it's not good news. They don't sign for it and they don't pick it up. To some
17 extent, what we have here, I'm sure, is a function of people don't claim certified mail. There are
18 some people who just won't get it. So, the position of the Board, of the AG, DGO, has been....

19 **Mary Quillen:** So, it's not because you don't have a contact address. It's they choose not to
20 collect the...?

21 **Mark Swartz:** Correct.

22 **Mary Quillen:** But, you do have an address that they are paying?

23 **Mark Swartz:** That's a different issue. If we didn't have an address, then we would not be
24 reporting it this way.

25 **Mary Quillen:** Right. What I'm saying is that it's not.... They are going to be paid because you
26 do have the means of paying them?

27 **Mark Swartz:** Correct.

28 **Mary Quillen:** It's just they did not pick up the certified materials.

29 **Mark Swartz:** Correct.

30 **Bruce Prather:** Do those people go back into the unpaid royalty account?

1 **Mark Swartz:** They just stay. It stays in escrow.

2 **Bruce Prather:** Okay.

3 **Mark Swartz:** We are paying the royalty. It just stays in escrow.

4 **Mary Quillen:** Okay. What about Ralph Yahne? That's returned. What does that mean?

5 **Mark Swartz:** He didn't pick it up, either. They will tell you if they can't deliver it. A return

6 just means they brought it back because he didn't claim it.

7 **Bill Harris:** So, unclaimed means it's still waiting?

8 **Mark Swartz:** No, it comes back.

9 **Mary Quillen:** Okay. So, both of them are the same thing.

10 **Mark Swartz:** Right. We get something back from the post office saying, "We kept it. You

11 gave us some notices." I mean, that's essentially what it says. And, they didn't claim it and here

12 it is. We're sending it back to you because it was unclaimed.

13 **Mary Quillen:** Okay.

14 **Mark Swartz:** The other one is if it's returned because the address is bad, they would tell us

15 that. It's just returned.

16 **Mary Quillen:** Okay. So, it's not the same thing. So, does Ralph get paid?

17 **Mark Swartz:** I don't know if we included this. The post office explanation on their website is,

18 "Unclaimed. Maximum hold time expired." For Ralph.

19 **Mary Quillen:** Right.

20 **Mark Swartz:** So, it's the same as unclaimed.

21 **Mary Quillen:** But, you have an address for Ralph, so that Ralph is still paid?

22 **Mark Swartz:** Correct. If he gave us a W-9. I assume he did.

23 **Anita Duty:** He did. Everybody that's on here....

24 **Mary Quillen:** Well, there's no reference to a W-9 not being here, so that was my question.

25 **Bruce Prather:** So, you know for sure those people were at the address that you sent it?

26 **Mark Swartz:** Well, they gave us a W-9 with that address.

27 **Bruce Prather:** They sent you a W-9.

1 **Mark Swartz:** With that address. It's just weird. The problem is, if we booted this petition, we
2 would have sixteen people who really should get their money because the post office can't give
3 us an answer with regard to one person who is in transit. Sometimes, Anita told me that,
4 occasionally, Sarah or Sally will call the post office and they will, when we get this. We've got
5 people calling, this morning. I checked it, again, this morning. It's still showing "In transit."
6 Sometimes we can get a little better explanation for what happened. But, as of today, we don't
7 know what's going on with it.

8 **Mary Quillen:** So, it's their choosing that they're not doing this? It's not anything that you all
9 are doing or that we're doing?

10 **Mark Swartz:** Correct. The notice statute says that we need to tell you. There might be an
11 example here, but I'm sure you've seen this before. It's not unusual to see an Exhibit E that
12 shows "Address Unknown." We would tell you that. It wouldn't be in the mailing. We wouldn't
13 mail to them. So, the people on the mailing list, we actually have an address for.

14 **Mary Quillen:** Okay. I just wanted to clarify that a little bit to have it on the record.

15 **Mark Swartz:** Yes, we got a W-9 from Ralph Yahne.

16 **Mary Quillen:** Ralph's getting paid, so we're good to go.

17 **Mark Swartz:** But, we got a W-9 from him on September 2, 2015, not that long ago.

18 **Mary Quillen:** That's amazing that he sends the W-9 and doesn't...

19 **Mark Swartz:** He'll get his check, though.

20 **Mary Quillen:** Yes.

21 **Bruce Prather:** If he doesn't accept it, he won't.

22 **Bill Harris:** But, the checks are sent regular mail.

23 **Mark Swartz:** Correct. I mean, there's a huge difference. If you're in the business of sending
24 people stuff certified mail, you know what I'm talking about. People don't sign for this stuff.

25 **Mary Quillen:** I understand. Thank you.

26 **Bradley Lambert:** Just to make it clear, we're going to be voting on disbursing to everybody on
27 Table 1, except for Robert Blake, Jr. We'll take him out of this one because we don't have
28 verification that he received notice.

29 **Mark Swartz:** He had an opportunity to pick it up or receive it. Correct.

1 **Bradley Lambert:** So, the post office is showing that it's still in transit, for whatever reason that
2 may be. We don't know.

3 **Mark Swartz:** Correct.

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

6 **Mark Swartz:** No.

7 **Rick Cooper:** The only thing I request is that revisions be entered by the end of the week, so we
8 can process these.

9 **Anita Duty:** We will.

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

11 **Donnie Rife:** Motion for approval, Mr. Chair.

12 **Bill Harris:** I'll second the motion.

13 **Bradley Lambert:** I have a motion and I have a second. Just to clarify that the motion is to pay
14 everyone except for Robert Blake, Jr. I have a motion and I have a second. Any further
15 discussion? [No response] All in favor signify by saying yes.

16 **Board:** Yes.

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

18 **Item Number 13**

19 **Bradley Lambert:** We're calling Docket Item Number 13. A petition from CNX Gas
20 Company, LLC, for (1) the disbursement of escrowed funds heretofore deposited with the
21 Board's Escrow Agent, attributable to Tract 1D, as depicted upon the annexed table; and (2)
22 authorization to begin paying royalties directly to the parties listed in the petition. This is Docket
23 Number VGOB-05-0419-1427-01. All parties wishing to testify please come forward.

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

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

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

27 **Anita Duty:** Anita Duty.

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

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

2 **Mark Swartz:** Are you here on behalf of the applicant, CNX Gas Company?

3 **Anita Duty:** Yes.

4 **Mark Swartz:** We're addressing a petition for disbursement from escrow, pertaining to drilling
5 Unit BE121. Right?

6 **Anita Duty:** Yes.

7 **Mark Swartz:** That's a Middle Ridge unit with 58.74 acres?

8 **Anita Duty:** Yes.

9 **Mark Swartz:** The reason for the disbursement request is a split agreement. Right?

10 **Anita Duty:** Yes.

11 **Mark Swartz:** Have you prepared a Table 1, consistent with that split agreement?

12 **Anita Duty:** Yes.

13 **Mark Swartz:** Table 1 and the disbursement request pertain to Tract 1D?

14 **Anita Duty:** Yes.

15 **Mark Swartz:** Have you listed on Table 1, the name and address of each person to receive the
16 disbursement?

17 **Anita Duty:** Yes.

18 **Mark Swartz:** Could you read the names into the record and state the percentage that the
19 Escrow Agent should use when calculating the disbursement?

20 **Anita Duty:** Virginia Resources, LLC, should receive 0.4476%. Raymond Slate and Shelia
21 Lofton should each receive 0.119%. Swords Creek Land Partnership should receive a total of
22 0.6714%.

23 **Mark Swartz:** And those are the percentages the Escrow Agent should use on the day the
24 disbursement is made, multiply that times the balance on hand to get the dollar amounts due?

25 **Anita Duty:** Yes.

26 **Mark Swartz:** Are you also requesting, as operator, the right to pay these four folks directly, in
27 the future?

28 **Anita Duty:** Yes.

1 **Mark Swartz:** Have you submitted a revised Exhibit E, with regard to what needs to remain in
2 escrow and a revised EE, which shows the pay status, going forward?

3 **Anita Duty:** Yes.

4 **Mark Swartz:** Exhibit J goes through what date?

5 **Anita Duty:** October 31, 2015.

6 **Mark Swartz:** Did you or someone on your staff look for every royalty payment?

7 **Anita Duty:** Yes.

8 **Mark Swartz:** Did you, then, look for a corresponding deposit?

9 **Anita Duty:** Yes.

10 **Mark Swartz:** Did you find one?

11 **Anita Duty:** We did.

12 **Mark Swartz:** Then, you totaled the royalty payments, accounted for the bank's reports
13 regarding interest and fees and you came up with a total.

14 **Anita Duty:** \$4,607.67

15 **Mark Swartz:** When you compared that to the October 31st First Bank and Trust balance, what
16 was the difference?

17 **Anita Duty:** \$27.78 less than the bank.

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

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

21 **Mark Swartz:** No.

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

23 **Donnie Rife:** Motion made for approval.

24 **Bill Harris:** Second.

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

27 **Board:** Yes.

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

2 **Mark Swartz:** Thank you.

3 **Item Number 14**

4 **Bradley Lambert:** We're calling Docket Item 14. A petition from CNX Gas Company, LLC,
5 for (1) the disbursement of escrowed funds heretofore deposited with the Board's Escrow Agent,
6 attributable to Tracts 1F, 1G, 3A, 3C, 3E, 3G, 3H, & 4B, as depicted upon the annexed table; and
7 (2) authorization to begin paying royalties directly to the parties listed in the petition. This is
8 Docket Number VGOB-05-0517-1447-01. All parties wishing to testify please come forward.

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

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

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

12 **Anita Duty:** Anita Duty.

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

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

15 **Mark Swartz:** Are you here on behalf of the petitioner, CNX Gas Company?

16 **Anita Duty:** Yes.

17 **Mark Swartz:** We're here pertaining to a petition to disburse funds regarding drilling Unit
18 BA122. Correct?

19 **Anita Duty:** Yes.

20 **Mark Swartz:** The reasons for the disbursement request are?

21 **Anita Duty:** Royalty split agreement and the House Bill 2058.

22 **Mark Swartz:** And payment to gas claimants under the Bill.

23 **Anita Duty:** Yes.

24 **Mark Swartz:** This is another Middle Ridge tract, with 58.74 acres?

25 **Anita Duty:** Yes.

26 **Mark Swartz:** Have you prepared a Table 1, with regard to the proposed disbursements?

1 **Anita Duty:** Yes.

2 **Mark Swartz:** It affects what tracts?

3 **Anita Duty:** Tracts 1F, 1G, 3A, 3C, 3D, 3E, 3G, 3H, & 4B.

4 **Mark Swartz:** 3D, I don't have that. I know it's up here, but when I look at the list...

5 **Anita Duty:** No, there's no 3D.

6 **Mark Swartz:** Okay. Let's go through the list in the table, rather than the heading.

7 **Anita Duty:** Okay. 1F, 1G, 3A, 3C, 3E, 3G, 3H, & 4B.

8 **Mark Swartz:** Okay. With regard to each of those tracts and the disbursement request, have
9 you identified, by name and, then, provided an address for each person that we're proposing
10 receive a disbursement?

11 **Anita Duty:** Yes.

12 **Mark Swartz:** For each person proposed disbursement, have you, in the second column from
13 the right hand side of the table, given each person a specific percentage?

14 **Anita Duty:** Yes.

15 **Mark Swartz:** Is that the percentage that the Escrow Agent should use and multiply times the
16 balance on hand the day the checks are cut to the various recipients, to get the dollar amount?

17 **Anita Duty:** Yes.

18 **Mark Swartz:** Have you revised Exhibit E and Exhibit EE to reflect both the people that remain
19 in escrow and the pay status, going forward?

20 **Anita Duty:** Yes.

21 **Mark Swartz:** And, you're asking to be able to pay the people receiving these disbursements
22 directly, on a going forward basis?

23 **Anita Duty:** Yes.

24 **Mark Swartz:** Have you prepared an Exhibit J?

25 **Anita Duty:** Yes.

26 **Mark Swartz:** That goes through what date?

27 **Anita Duty:** November 30, 2015.

1 **Mark Swartz:** Did you, or someone on your staff, identify all royalty payments?

2 **Anita Duty:** Yes.

3 **Mark Swartz:** And look for a corresponding deposit?

4 **Anita Duty:** Yes.

5 **Mark Swartz:** And, you were able to find one for every royalty check?

6 **Anita Duty:** We did.

7 **Mark Swartz:** Then, did you take the bank's statements, total the interest and fees they
8 reported?

9 **Anita Duty:** Yes.

10 **Mark Swartz:** And, you calculated your own total and compared that to the bank balance on
11 November 30, 2015, and what was the result?

12 **Anita Duty:** There was no difference.

13 **Mark Swartz:** Okay. It looks like you mailed to Swords Creek, the coal owner, and they
14 signed for their mail, in terms of the dismissal issue?

15 **Anita Duty:** Yes.

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

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

18 **Mark Swartz:** No.

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

20 **Donnie Rife:** Motion made for approval.

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

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

24 **Board:** Yes.

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

1 **Item Number 15**

2 **Bradley Lambert:** We're calling Docket Item Number 15. A petition from CNX Gas
3 Company, LLC, for (1) the disbursement of escrowed funds heretofore deposited with the
4 Board's Escrow Agent, attributable to Tracts 2A & 2C, as depicted upon the annexed table; and
5 (2) authorization to begin paying royalties directly to the parties listed in the petition. This is
6 Docket Number VGOB-07-0320-1894-01. All parties wishing to testify please come forward.

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

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

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

10 **Anita Duty:** Anita Duty.

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

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

13 **Mark Swartz:** And, you're here on behalf of the petitioner, CNX Gas Company, this morning?

14 **Anita Duty:** Yes.

15 **Mark Swartz:** In support of a petition for disbursement from escrow, pertaining to BC122?

16 **Anita Duty:** Yes.

17 **Mark Swartz:** And, the reason you've made this request, or reasons, are what?

18 **Anita Duty:** We have a royalty split agreement and to pay the oil and gas owners, due to the
19 House Bill.

20 **Mark Swartz:** And, in that regard, did you provide notice to the coal claimants?

21 **Anita Duty:** Yes.

22 **Mark Swartz:** And, did they respond within the statutory period, demonstrating either that they
23 had an agreement or that they had started a court case?

24 **Anita Duty:** No.

25 **Mark Swartz:** So, we're good to go, with regard to disbursements to gas claimants, under the
26 statute?

27 **Anita Duty:** Yes.

28 **Mark Swartz:** Did you prepare a Table 1?

1 **Anita Duty:** Yes.

2 **Mark Swartz:** And, it pertains to Tract 2A?

3 **Anita Duty:** It does.

4 **Mark Swartz:** Could you give the name and address of each person that you propose receive a
5 disbursement, and the percentage?

6 **Anita Duty:** Swords Creek Land Partnership and Raymond Slate, Jr., should each receive
7 4.5999%. Larry Wayne Plaster....

8 **Mark Swartz:** That's completely different than what I have.

9 **Mary Quillen:** Was the 2C, House Bill?

10 **Anita Duty:** Yes. 2A is supposed to be....

11 **Mary Quillen:** And, 2A was the split agreement?

12 **Anita Duty:** Yes.

13 **Mark Swartz:** All right. We got to the bottom of this.

14 **Anita Duty:** Thank you, Mr. Cooper.

15 **Mark Swartz:** I made a note of that and I, promptly, forgot. We have two tables.

16 **Anita Duty:** Yes.

17 **Mark Swartz:** Okay. Table 1 is an exact-pay balance?

18 **Anita Duty:** Yes.

19 **Mark Swartz:** Table 2 is the percentage?

20 **Anita Duty:** It is.

21 **Mark Swartz:** Let's stay with Table 1. Table 1 is a "pay exact dollar amount," regarding Tracts
22 2A and 2C. Correct?

23 **Mary Quillen:** Just 2A?

24 **Anita Duty:** 2A

25 **Mark Swartz:** I'm sorry.

26 **Anita Duty:** 2C is still up here.

1 **Mark Swartz:** It's still a title. Would you, for each person to receive a specific dollar amount,
2 the "pay exact dollar amount" table, would you identify the person or company, by name and
3 address, and then the dollar amount that they should receive?

4 **Anita Duty:** Swords Creek Land Partnership and Daniel King should each receive \$3,338.30.
5 Swords Creek and Virginia Resources should receive \$1,518.09.

6 **Mark Swartz:** And, this is pursuant to a split agreement that they entered into?

7 **Anita Duty:** Yes.

8 **Mark Swartz:** Then, Table 2 is also pursuant to a split agreement, but it pertains to a percentage
9 on hand at the time the disbursement is made, with regard to Swords Creek and Mr. Slate?

10 **Anita Duty:** Yes.

11 **Mark Swartz:** But, it adds Tract 2C, which is a gas claimant receiving funds under House Bill
12 2058?

13 **Anita Duty:** Yes.

14 **Mark Swartz:** With regard to Table 2, could you identify the name of the person or company to
15 receive the disbursement, the tract that it's associated with, and the percentage that the Escrow
16 Agent should use when calculating the payment due?

17 **Anita Duty:** For Tract 2A, Swords Creek Land Partnership and Raymond Slate should each
18 receive 4.5999%. For Tract 2C, Larry Wayne Plaster should receive 26.5452%.

19 **Mark Swartz:** And, those percentages should be used on the day the disbursement is made, to
20 calculate the dollar amount?

21 **Anita Duty:** Yes.

22 **Mark Swartz:** Then, have you prepared and submitted to the Board revised Exhibits E and EE,
23 showing what acreage needs to remain in escrow and the pay status, going forward?

24 **Anita Duty:** Yes.

25 **Mark Swartz:** Just for purposes of discussion, we actually have an address on mail indication
26 on Exhibit E. Correct?

27 **Anita Duty:** We do.

28 **Mark Swartz:** Did you prepare or have someone prepare an Exhibit J?

29 **Anita Duty:** Yes.

1 **Mark Swartz:** That is through November 30, 2015?

2 **Anita Duty:** Yes.

3 **Mark Swartz:** Did you or someone on your staff look for every royalty check to identify them?

4 **Anita Duty:** Yes.

5 **Mark Swartz:** And, did you look for a deposit corresponding to every payment you believe you
6 made?

7 **Anita Duty:** We did.

8 **Mark Swartz:** Did you find it?

9 **Anita Duty:** We did.

10 **Mark Swartz:** Did you run your total of what you had deposited plus the bank's interest and
11 fees that the bank was reporting, come up with a total, and compare that to the November 30,
12 2015, First Bank and Trust balance?

13 **Anita Duty:** Yes.

14 **Mark Swartz:** When you did that, how did they compare?

15 **Anita Duty:** Zero. No difference. They're the same.

16 **Mark Swartz:** You've got a return, even though Swords Creek has a split agreement for part of
17 this, you also mailed to them, as a coal owner, and got a return receipt from them, in terms of
18 House Bill 2058?

19 **Anita Duty:** Yes.

20 **Mark Swartz:** Did you receive back from Swords Creek, within the statutory period, either an
21 agreement or proof that they had started a lawsuit?

22 **Anita Duty:** No.

23 **Mark Swartz:** So, we're good to pay the gas claimant, then, under 2058, as indicated?

24 **Anita Duty:** We are.

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

26 **Bradley Lambert:** Back up to Table 1. Just a quick question to clarify something for me. All
27 four of those have the same percentages and the same acreage. Is the exact dollar amount based

1 upon the balance due at the date of the split agreement? There's two different dates. There's
2 2/28/12 and 11/30/15. Are those the dates that the split agreements were signed?

3 **Anita Duty:** You have to use those two dates because that's the date of the sale. I don't know
4 why this has....

5 **Bradley Lambert:** So, that's why the exact dollar amount they're paying out is different because
6 of the dates of the sale?

7 **Anita Duty:** Right.

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

10 **Mark Swartz:** No.

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

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

13 **Bill Harris:** Second.

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

15 **Board:** Yes.

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

17 **Mark Swartz:** Thank you.

18 **Item Number 16**

19 **Bradley Lambert:** The next item on the docket. The Board will receive an update of Board and
20 Division activities from the staff. Mr. Cooper.

21 **Rick Cooper:** We have a couple of items. I have one, here. I'll read it on the record. It's
22 Docket VGOB-94-0816-0467-04. The Board approved this in June 2014. We have been unable
23 to disburse this. At the time EQT owned it. We made several attempts, little, if no, response.
24 Range, later, bought this. There are some mistakes in this, so I am requesting that this docket
25 item be withdrawn and let EnerVest come back, in the future, and resubmit this and try to get the
26 documentation correct.

27 **Bradley Lambert:** It's a docket item that's already been approved. You, personally, are asking
28 the Board to withdraw it?

29 **Rick Cooper:** We've had it for a year and a half. We cannot process it.

1 **Bradley Lambert:** I think that the company needs to come back before the Board and request it,
2 as a docket item.

3 **Larry Reeves:** So, we just need to bring it back next month and request that it be withdrawn?

4 **Bradley Lambert:** Yes.

5 **Bruce Prather:** Have the figures changed?

6 **Rick Cooper:** Well, the problem on that is there's no W-9's, none been submitted. There are 21
7 people on this. All 21 of them do not have W-9's. There are also some depositing errors, but
8 again, when EQT had it, we got zero response from them on trying to correct this.

9 **Bradley Lambert:** Okay. We'll let the new company bring it back before the Board with
10 updated deposits and whatever information that they may have, now, that we didn't have back
11 then.

12 **Larry Reeves:** There would be no deposits made after the final order of this date. Everything, I
13 guess, would be internal, within the company.

14 **Donnie Rife:** You've got 21 people on that and nobody has responded?

15 **Rick Cooper:** We have no W-9's at the bank, so the answer to that question is "No." We do not
16 have any W-9's for these people. We've had it for a year and a half and we cannot process it.

17 **Bradley Lambert:** The company needs to put it back on the docket for next month. It wouldn't
18 be appropriate for just, on your request, to withdraw it. The company needs to put it back on the
19 docket.

20 **Rick Cooper:** In petition form, you're saying?

21 **Bradley Lambert:** It doesn't have to be in petition form, just put it back on the docket before
22 the Board, with explanation of why you want to withdraw it.

23 **Larry Reeves:** Would it be appropriate for me to just request, today?

24 **Bradley Lambert:** No, we need it back on the docket.

25 **Larry Reeves:** Okay.

26 **Rick Cooper:** The other thing, at the last Board hearing, the Board had instructed us to send out
27 escheatment letters to people that the bank had reported on. Ms. Ketron, diligently, did do so.
28 We sent out 34 letters to those people that the bank reported on. 20 of those were delivered.
29 We'll wait and see what happens with that delivery. 14 were returned. So, we're not sure what
30 happened on those 14.

1 **Bradley Lambert:** Did you send those certified mail?

2 **Rick Cooper:** We did.

3 **Bradley Lambert:** I would re-send those, not certified. Just re-send them in regular mail.

4 **Rick Cooper:** We can try that.

5 **Bradley Lambert:** As Mr. Swartz so eloquently reported out, some people just won't pick up
6 certified mail.

7 **Rick Cooper:** Even though they were delivered, it does not mean that we'll get any response.

8 **Bradley Lambert:** I understand.

9 **Rick Cooper:** The other thing that I do on a monthly series is report where we're at on our
10 disbursements. Everyone knows that, in 2015, there was \$4,492,896.21 disbursed. So far,
11 through February 12, last Friday, this year we've disbursed \$533,003.73.

12 **Donnie Rife:** That's monies that leave the escrow?

13 **Rick Cooper:** That's money that has left the escrow account.

14 **Donnie Rife:** How much is left in there?

15 **Rick Cooper:** There's about, I don't know an exact total, \$22 million, \$21 million, left in there.

16 **Donnie Rife:** We're making progress, slowly but surely, aren't we?

17 **Bradley Lambert:** Yes.

18 **Mary Quillen:** And, that was through February 4th?

19 **Rick Cooper:** I can give you a copy of this. February 12th.

20 **Mary Quillen:** 12th. I think that's significant progress, from July to December and, then, we
21 have a very, very good start in just about six weeks.

22 **Rick Cooper:** That's all I have to report.

23 **Bradley Lambert:** Any questions on the staff, from the Board? [No response]

24 **Item Number 17**

25 **Bradley Lambert:** The next item is to review the January minutes. Any corrections, additions,
26 deletions, to those minutes? If not, I'll ask for a motion for approval.

- 1 **Donnie Rife:** I didn't see anything, on there, Mr. Chairman. So, I'll make a motion for approval,
2 as presented.
- 3 **Bradley Lambert:** Do I have a second to accept the minutes?
- 4 **Mary Quillen:** Second.
- 5 **Bradley Lambert:** I have a motion and a second. All in favor to accept the minutes, as written,
6 signify by saying yes.
- 7 **Board:** Yes.
- 8 **Bradley Lambert:** I'll need a motion to adjourn.
- 9 **Donnie Rife:** Motion made, Mr. Chairman.
- 10 **Mary Quillen:** Second.
- 11 **Bradley Lambert:** We are adjourned. Thank you folks.