

VIRGINIA DEPARTMENT OF MINES, MINERALS AND ENERGY

VIRGINIA GAS AND OIL BOARD HEARING

Tuesday, March 15, 2016

Lebanon, Virginia

BOARD MEMBERS:

Bradley C. Lambert – Chairman

Bill Harris – Public Representative

Bruce Prather – Oil and Gas Industry Representative

Donnie Ratliff – Coal Industry Representative

Mary Quillen – Public Member

Rita Surratt – Public Member

APPEARANCES:

Rita Surratt – Public Member for Dickenson County

Mary Quillen—Chairman of the Virginia Gas & Oil Board

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

Paul Kugelman, Jr.—Senior Assistant Attorney General

Butch Lambert—Department of Mines, Minerals, and Energy

Donnie Ratliff – Coal Representative

Bruce Prather—Representative of Oil and Gas Industry

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

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

Prepared by: Joanna Boyd

Agenda Items

<u>Item Number</u>	<u>Docket Number</u>		<u>Page</u>
1	Public Comment		1
2	VGOB 95-0321-0494-01	(Continued)	1
3	VGOB 98-0324-0633-03	(Approved)	2
4	VGOB 98-1020-0690-02	(Approved)	9
5	VGOB 01-0821-0913-01	(Approved)	13
6	VGOB 02-0820-1056-01	(Approved)	17
7	VGOB 02-0917-1070-04	(Approved)	20
8	VGOB 03-0318-1127-02	(Withdrawn)	29
9	VGOB 03-1118-1226-03	(Approved)	29
10	VGOB 03-1118-1227-02	(Approved)	33
11	VGOB 03-1216-1240-02	(Approved)	37
12	VGOB 04-0217-1256-02	(Approved)	54
13	VGOB 04-0217-1257-02	(Approved)	57
14	VGOB 04-0921-1328-01	(Approved)	60
15	VGOB 04-1019-1348-01	(Approved)	64
16	VGOB 16-0315-4087	(Approved)	77
17	VGOB 89-0126-0009-86	(Approved)	79
18	VGOB 94-0816-0467-04	(Hold)	85
19	VGOB 03-1021-1215-01	(Continued)	92
20	VGOB 07-1016-2050-01	(Approved)	93
21	VGOB 08-0415-2205-01	(Approved)	103
22	VGOB 08-0415-2211-01	(Approved)	98
23	VGOB 08-0520-2228-01	(Approved)	100

24	VGOB 09-1117-2635-02	(Approved)	111
25	VGOB 16-0315-4088	(Approved)	67
26	VGOB 16-0315-4089	(Approved)	73
27	Board & Division Activities from the Staff		113
28	February 2016 Minutes	(Approved)	114

1
2
3
4
5
6
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8
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Butch Lambert: Good morning ladies and gentlemen. It's now after 9 o'clock and it's time to begin our proceedings this morning. I will remind you if you have cell phones or any other communication devices, please turn those off or put them on vibrate. Our proceedings are being recorded today, and we need to be able to hear both the witness testimony and other conversations that may be going on with the Board. I'd like to begin this morning by asking the Board Members to please introduce themselves and I'll begin with Ms. Surratt.

Rita Surratt: I'm Rita Surratt. I'm a Public Member from Dickenson County.

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

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

Donnie Ratliff: Donnie Ratliff. I'm representing coal.

Bill Harris: I'm Bill Harris, a Public Member. I'm from Wise County.

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

Mary Quillen: Mary Quillen, Public Member.

Butch Lambert: Thank you.

Item Number 1

Butch Lambert: This morning for public comment, we have no one signed up. Is there anyone that didn't sign up that would like to speak during public comment period? [No response]

Item Number 2

Butch Lambert: A petition from CNX Gas Company, LLC, for (1) the disbursement of escrowed funds heretofore deposited with the Board's Escrow Agent, attributable to Tract 3, as depicted upon the annexed table; and (2) authorization to begin paying royalties directly to the parties of the prevailing plaintiffs listed in the petition. This is Docket Number VGOB 95-0321-0494-01. All parties wishing to testify, please come forward.

Mark Swartz: Mark Swartz and Anita Duty. And I don't know how this managed to get on today's docket, but if you look at the first page, the hearing date is April 19th and, obviously, we probably shouldn't be carrying a case a month early. We would like to continue this until April.

Rick Cooper: So, I would like to point out that has been corrected and notice has been given on that but it's up to you.

Mark Swartz: We didn't mail it, did we?

1 **Anita Duty:** We did mail it.

2 **Mark Swartz:** We mailed a corrected notice?

3 **Anita Duty:** No. Not a corrected notice, no.

4 **Mark Swartz:** That's the problem.

5 **Paul Kugelman, Jr.:** So basically, everybody's under the impression that's for April?

6 **Mark Swartz:** Right, that's the problem. It needs to be right for next month though, so if you
7 changed it to March, you should change it back to April on your E-Forms.

8 **Butch Lambert:** Okay, thank you, Mr. Swartz. That will be continued until April.

9 **Item Number 3**

10 **Butch Lambert:** A petition from CNX Gas Company, LLC, for (1) the disbursement of
11 escrowed funds heretofore deposited with the Board's Escrow Agent, attributable to Tracts 1E,
12 1F, & 1G, as depicted upon the annexed table; and (2) authorization to begin paying royalties
13 directly to the parties listed in the petition. This is Docket Number VGOB 98-0324-0633-03. All
14 parties wishing to testify, please come forward.

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

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

18 **Anita Duty:** Yes.

19 **Butch Lambert:** You may begin, Mr. Swartz.

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

21 **Anita Duty:** Anita Duty.

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

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

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

25 **Anita Duty:** Yes.

26 **Mark Swartz:** Okay, and this application pertains to Unit X-37?

27 **Anita Duty:** Yes.

1 **Mark Swartz:** And it's a request for disbursement and other relief?

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

3 **Mark Swartz:** Okay, and in the petition, you're saying the requests are first, for a disbursement
4 of escrowed funds, for an authorization to pay royalties to certain people who have been in
5 escrow, previously, and then lastly, a dismissal of a coal owner on notice?

6 **Anita Duty:** Yes.

7 **Mark Swartz:** And that the relief that we're seeking?

8 **Anita Duty:** It is.

9 **Mark Swartz:** Okay. And, the basis for the relief we're seeking, it looks like there are several
10 things. We have some gas claimants under the new statute that are now entitled to payment,
11 correct?

12 **Anita Duty:** Yes.

13 **Mark Swartz:** And as a result of that, we have at least one coal owner that needs to be dismissed
14 as a claimant?

15 **Anita Duty:** Yes.

16 **Mark Swartz:** And we also have a disclaimer from Hurt McGuire, of any interest as a coal
17 owner in the royalties in escrow. Is that right?

18 **Anita Duty:** Yes.

19 **Mark Swartz:** Okay. This one we have actually two different tables for disbursement?

20 **Anita Duty:** Yes.

21 **Mark Swartz:** It's at page, pdf Page 6 of 28, and this is an exact dollar amount table, correct?

22 **Anita Duty:** Yes.

23 **Mark Swartz:** And it pertains to which tracts?

24 **Anita Duty:** Tracts 1E and 1F.

25 **Mark Swartz:** Okay. And the reason that it is an exact pay is because there were some transfers
26 or some deeds in the past?

27 **Anita Duty:** There were.

1 **Mark Swartz:** And we're settling up with people who transferred their interest to people that are
2 listed in part, on Table 2, which are going to be receiving funds going forward?

3 **Anita Duty:** Yes.

4 **Mark Swartz:** Okay, and that's the reason for the two?

5 **Anita Duty:** It is.

6 **Mark Swartz:** Okay, so what would the instructions, or should the instructions to the escrow
7 agent be, with regard to paying under Table 1?

8 **Anita Duty:** There is to be an exact dollar payment of \$1,263.02 to Mitchell Counts and Sandra
9 Dowdy, for Tract 1E. For Tract 1F, Gary Davis should be paid an exact dollar amount of
10 \$2,869.84.

11 **Mark Swartz:** Okay, and those payments under Table 1, should be made before we get to the
12 percentage payments under Table 2?

13 **Anita Duty:** Yes.

14 **Mark Swartz:** Otherwise, the second payment amount's going to be incorrect, correct?

15 **Anita Duty:** Correct.

16 **Mark Swartz:** Okay, so if we go now to Table 2. This is a percentage pay, similar to what we
17 would normally see?

18 **Anita Duty:** Yes.

19 **Mark Swartz:** And in this instance, the escrow agent should take the percentage, which is
20 reported in the column, second from the right, that has percentages in it, correct?

21 **Anita Duty:** Yes.

22 **Mark Swartz:** And should use that percentage, apply it to the amount on escrow at the time of
23 disbursement is made and then that will generate the dollar amount to be paid?

24 **Anita Duty:** Yes.

25 **Mark Swartz:** Okay, could you, with regard to, take Table 2, indicate each tract, who is to
26 receive these payments and the percentages associated with the payment?

27 **Anita Duty:** For Tract 1G, Grady McGlothlin and Pauline McGlothlin should each receive
28 5.0633%. For Tract 1E, Patrick Counts should receive 38.5501%. And for Tract 1F, CNX Gas
29 Company should receive 16.6858%.

1 **Mark Swartz:** Okay, and the well contributing this account is which well?

2 **Anita Duty:** X-37E.

3 **Mark Swartz:** You have provided the Board with revised Exhibits E and EE, correct?

4 **Anita Duty:** Yes.

5 **Mark Swartz:** And there's going to be some funds remaining in escrow after these
6 disbursements?

7 **Anita Duty:** There will.

8 **Mark Swartz:** Which is why we have a revised E?

9 **Anita Duty:** Yes.

10 **Mark Swartz:** And then you have provided proof of mailing?

11 **Anita Duty:** Yes.

12 **Mark Swartz:** And it shows, your certificate shows that everybody got the mail?

13 **Anita Duty:** They did.

14 **Mark Swartz:** Okay. Then you have a prepared Exhibit J, which is the reconciliation exhibit,
15 correct?

16 **Anita Duty:** Yes.

17 **Mark Swartz:** And that looks like it started January 25, 1999?

18 **Anita Duty:** Yes.

19 **Mark Swartz:** And it runs through, at least you closed out the comparison as of, I think,
20 11/24/15. Is that right?

21 **Anita Duty:** Yes.

22 **Mark Swartz:** Well, actually the end of November 2015.

23 **Anita Duty:** Yes.

24 **Mark Swartz:** Did you endeavor to identify all royalty payments that the operator had made?

25 **Anita Duty:** Yes.

26 **Mark Swartz:** And try to find a deposit with several escrow agents for each deposit?

1 **Anita Duty:** Yes.

2 **Mark Swartz:** Or for each payment you made?

3 **Anita Duty:** Yes.

4 **Mark Swartz:** And when you made that comparison, were you able to find all of them?

5 **Anita Duty:** We were.

6 **Mark Swartz:** And then, did you also find some money in this account that should have been
7 elsewhere?

8 **Anita Duty:** Yes.

9 **Mark Swartz:** Explain that to the Board then.

10 **Anita Duty:** There is a check deposited in error of \$33,609.46, and that correction was made
11 March 31, 2014.

12 **Mark Swartz:** And you paid that into Unit V-37?

13 **Anita Duty:** Yes.

14 **Mark Swartz:** Is Unit V-37 on site as well? I think it is.

15 **Anita Duty:** Yes, I think so. They corrected both of them at the same time.

16 **Mark Swartz:** 46 is, but not 37. Okay. So the overpayment, though, left this account and went
17 into V-37 and that was corrected, roughly, a year ago?

18 **Anita Duty:** Yes.

19 **Mark Swartz:** And then have you done, sort of, the summary that we expect to see. You have,
20 on Page 4 of 5 of Exhibit J, you've got a total deposited and interest and fees, and that's a
21 number you take from the bank, right?

22 **Anita Duty:** Yes.

23 **Mark Swartz:** And then you account for two prior disbursements. You get a total and you then
24 compare the banks total on hand as to the comparison data and your calculations, and what's the
25 difference?

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

27 **Mark Swartz:** You said 98?

28 **Anita Duty:** 98. Yes.

1 **Mark Swartz:** And that means that your totals are \$640.98 greater than the bank balance?

2 **Anita Duty:** It is.

3 **Mark Swartz:** Okay. And, presumably, that's fees?

4 **Anita Duty:** Yes.

5 **Mark Swartz:** And then, lastly, there should be a coal notice. I believe there is. A mailing; yes,
6 there is. So you mailed to Hurt McGuire Land Trust?

7 **Anita Duty:** Yes.

8 **Mark Swartz:** And you received no response from them?

9 **Anita Duty:** Correct.

10 **Mark Swartz:** And you're seeking to, in order, dismissing them?

11 **Anita Duty:** Yes.

12 **Mark Swartz:** Okay, and then we also have some affidavits with regard to payment?

13 **Anita Duty:** Yes.

14 **Mark Swartz:** And those direct what, a show of accounts, money to be paid to Shea Cook,
15 correct?

16 **Anita Duty:** Correct.

17 **Mark Swartz:** And that Patrick Counts money be paid to Shea Cook?

18 **Anita Duty:** Correct.

19 **Mark Swartz:** The last one you've attached is Sandra Dowdy. Also requesting payment to Shea
20 Cook, right?

21 **Anita Duty:** Yes.

22 **Mark Swartz:** So the order should reflect that the escrow agent actually makes those payments
23 to Mr. Cook.

24 **Anita Duty:** Yes.

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

26 **Mary Quillen:** Mr. Chairman, just one clarification of that. There were only three of those
27 people that authorized the payment directly to their attorneys, correct.

1 **Mark Swartz:** To their attorneys, right, yeah. The other folks, it will go to them.

2 **Mary Quillen:** Okay, I just wanted to clarify that there is an affidavit for those three.

3 **Mark Swartz:** Just some of them.

4 **Mary Quillen:** Thank you.

5 **Butch Lambert:** In those affidavits, there is a statement that says Tarrance Shea Cook is my
6 authorized attorney to, in fact, to receive the distribution on behalf of all funds. Are you going
7 to...you're not going to write the check to him but you're going to mail the check to him? Is that
8 correct?

9 **Anita Duty:** That's how we've done it in the past. That's right.

10 **Butch Lambert:** Because this affidavit says that he's just to receive the funds.

11 **Mark Swartz:** I think we've done it both ways in the past and it's your call. I mean, as long as
12 he gets the money, I don't think he's going to be complaining but I could read this to say that the
13 check could be made payable to him. It says he is to receive it. We've had instances in the past
14 where there's been a request to mail somebody's check to him. This, to me, is acceptable for
15 each instruction. I leave it to you.

16 **Butch Lambert:** I'll ask for an interpretation from our representative.

17 **Paul Kugelman, Jr.:** I would say this falls squarely within the discretion of the Board, I
18 understand the Board's concerns with these kinds of matters. I mean, I agree with Mr. Swartz's
19 interpretation. It could be read to mean to make the check out to and send the check to Mr. Cook.
20 I don't see harm in making the check payable to Mr. Cook and whoever the gas estate owner is,
21 and mail it to them. Either way, I would advise the check be mailed to Mr. Cook. The payee
22 information on the check could be to Mr. Cook or Mr. Cook and, in this case, you know, Mr.
23 Counts or whoever else is on there.

24 **Donnie Ratliff:** Mr. Chairman?

25 **Butch Lambert:** Mr. Ratliff.

26 **Donnie Ratliff:** I make a motion that we make the check out to the claimant and mail it to the
27 attorney.

28 **Mary Quillen:** Second.

29 **Butch Lambert:** In the past, that's the way we have done it.

30 **Mark Swartz:** That's fine with us.

31 **Paul Kugelman, Jr.:** I would ask to see if CNX would have any objection of doing it that way.

1 **Bruce Prather:** I assume he has Power of Attorney.

2 **Mark Swartz:** Well, we've attached them.

3 **Butch Lambert:** Yes, they're here.

4 **Bruce Prather:** Oh, okay.

5 **Butch Lambert:** So, as we have this morning, ruled before, we made the check out to the person
6 receiving the money but have, as this is requesting, mailed to Mr. Cook; and I would ask that we
7 stay on that way that we traditionally done it and not change what we've ruled on prior.

8 **Donnie Ratliff:** I withdraw my motion.

9 **Butch Lambert:** Thank you, Mr. Ratliff. Anything further, Mr. Swartz?

10 **Mark Swartz:** No.

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

12 **Donnie Ratliff:** Motion for approval.

13 **Mary Quillen:** Second.

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

16 **Board:** Yes.

17 **Butch Lambert:** Opposed, no. [No response]. Thank you, Mr. Swartz, that one is approved.

18 **Mark Swartz:** Just a matter of information, the IRS looks for the first name on that check and it
19 gets that social security number or EIN, just so you know. So if you were to make a check
20 payable to the attorney and the client, and put the attorney first, it would land the, you know, so
21 you're doing it in the most transparent way for the IRS, the choice you make.

22 **Butch Lambert:** Okay.

23 **Mary Quillen:** Yes.

24

Item Number 4

25 **Butch Lambert:** A petition from CNX Gas Company, LLC, for (1) the disbursement of
26 escrowed funds heretofore deposited with the Board's Escrow Agent, attributable to Tracts 4, 7,
27 9, 10, 11 & 12, as depicted upon the annexed table; and (2) authorization to begin paying
28 royalties directly to the parties listed in the petition. This is Docket Number VGOB 98-1020-
29 0690-02. All parties wishing to testify, please come forward.

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

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

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

4 **Anita Duty:** Anita Duty.

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

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

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

8 **Anita Duty:** Yes.

9 **Mark Swartz:** And we're here requesting a disbursement from escrow, correct?

10 **Anita Duty:** Yes.

11 **Mark Swartz:** Regarding drilling Unit V46, right?

12 **Anita Duty:** Yes.

13 **Mark Swartz:** And the relief that we're seeking is three things. First, the disbursement. Then, an
14 ability to pay certain people that we identified directly in the future. And then, lastly, a coal
15 dismissal?

16 **Anita Duty:** Yes.

17 **Mark Swartz:** And there's a factual basis for relief section in your petition and we've got
18 several thing going on here. First, we have a royalty split agreement that applies to some of the
19 folk.

20 **Anita Duty:** Yes.

21 **Mark Swartz:** We have a, some of the people of gas claimants under the new law and then
22 we've got at least one coal owner that is subjective to dismissal under that new law. And then we
23 have, I think that's it. In terms of reasons; split agreement and gas claimants. Correct?

24 **Anita Duty:** Yes. That's right.

25 **Mark Swartz:** Okay, this is an Oakwood AE?

26 **Anita Duty:** Yes.

27 **Mark Swartz:** And then we have...you've prepared a Table 1, dealing with instructions to the
28 escrow agent as to how the disbursement should be made, correct?

1 **Anita Duty:** Yes.

2 **Mark Swartz:** Looks like it starts at Page 37 of the pdf, and this is a percentage table, correct?

3 **Anita Duty:** It is.

4 **Mark Swartz:** Okay, and this is actually a fairly lengthy table so I'm just going to summarize,
5 have you summarize what it indicates. This table applies to which tracts?

6 **Anita Duty:** A portion of 10, 11, and 12, 4 and 7 and all of 9.

7 **Mark Swartz:** Okay, and for each of those tracts, have you identified the names of the people
8 that should receive the disbursement?

9 **Anita Duty:** Yes.

10 **Mark Swartz:** And then in the second column from the right-hand side of the chart, have you
11 reported the percentage that the escrow agent should use and multiplied times the balance on
12 hand in the account, at the time the disbursement is made, to generate the dollar amount to be
13 paid?

14 **Anita Duty:** Yes.

15 **Mark Swartz:** Are you asking that the Board, in any order it might take, direct the escrow agent
16 to make payments in accord with Table 1?

17 **Anita Duty:** Yes.

18 **Mark Swartz:** And then you have provided the Board with revised Exhibits E and EE, correct?

19 **Anita Duty:** Yes.

20 **Mark Swartz:** And we have an E because there's still going to be some escrow requirement here
21 and we've noted on that, the reasons?

22 **Anita Duty:** Yes.

23 **Mark Swartz:** And Exhibit E is, basically, an indication from this point forward, how do we
24 pay?

25 **Anita Duty:** Correct.

26 **Mark Swartz:** Okay, then we get to mailing. We have a Certificate of Notice and it looks like
27 everybody got their mailing.

28 **Anita Duty:** They did.

29 **Mark Swartz:** And then going to Exhibit J, it looks like that started in February 2002?

1 **Anita Duty:** Yes.

2 **Mark Swartz:** You ran the comparison, or reconciliation, through the end of what month?

3 **Anita Duty:** November 2015.

4 **Mark Swartz:** Okay, and did you undertake first, to identify all royalty checks that were paid in
5 the account?

6 **Anita Duty:** We did.

7 **Mark Swartz:** And then did you look for a corresponding deposit?

8 **Anita Duty:** Yes.

9 **Mark Swartz:** And were you able to find one?

10 **Anita Duty:** Yes.

11 **Mark Swartz:** Okay, and did you do your total account for interest and fees that were reported
12 by the banks and come up with a total and compare that to the November 30th of First Bank and
13 Trust balance?

14 **Anita Duty:** Yes.

15 **Mark Swartz:** And when you did that, there was a difference?

16 **Anita Duty:** We showed \$2.06 more than the bank.

17 **Mark Swartz:** Okay. And we have a coal notice, I think. Correct?

18 **Anita Duty:** Yes.

19 **Mark Swartz:** And we have four people receiving, or four entities receiving that notice, and it
20 looks like they all got their mail?

21 **Anita Duty:** They did.

22 **Mark Swartz:** And, with regard to those four coal owners, would it be true that none of them
23 responded with an agreement or proof of a lawsuit?

24 **Anita Duty:** Correct.

25 **Mark Swartz:** So they're subject to dismissal under the Act?

26 **Anita Duty:** They are.

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

1 **Mary Quillen:** Mr. Chairman, I just want to clarify one thing, back on Exhibit 1. That Tract 9 is
2 the only tract that is a split agreement and the others are on the House Bill...

3 **Anita Duty:** That's correct.

4 **Mary Quillen:** ...request for the 100%. Okay, just wanted that on the record. Thank you.

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

7 **Mark Swartz:** No.

8 **Butch Lambert:** Do I have a motion?

9 **Bill Harris:** I move for approval, Mr. Chairman.

10 **Bruce Prather:** I'll second.

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

13 **Board:** Yes.

14 **Butch Lambert:** Opposed, no.

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

16 **Butch Lambert:** One abstention, Mr. Ratliff.

17 **Item Number 5**

18 **Butch Lambert:** A petition from CNX Gas Company, LLC, for (1) the disbursement of
19 escrowed funds heretofore deposited with the Board's Escrow Agent, attributable to Tracts 1A,
20 1B, and a portion of 2B, as depicted upon the annexed table; and (2) authorization to begin
21 paying royalties directly to the parties listed in the petition. This is Docket Number VGOB 01-
22 0821-0913-01. All parties wishing to testify, please come forward.

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

24 **Butch Lambert:** You may proceed, Mr. Swartz.

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

26 **Anita Duty:** Anita Duty.

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

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

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

2 **Anita Duty:** Yes.

3 **Mark Swartz:** And we're here requesting that the Board make a disbursement of some of the
4 escrow funds attributable to AY107. Is that correct?

5 **Anita Duty:** Yes.

6 **Mark Swartz:** And we're seeking three kinds of relief. We're seeking disbursements, an ability
7 to directly pay certain people going forward, and a dismissal of at least one coal owner?

8 **Anita Duty:** Yes.

9 **Mark Swartz:** Okay. The factual basis for the relief requested here looks like it's the sole reason
10 would be the new law that allows us to disburse to the gas claimants?

11 **Anita Duty:** Yes.

12 **Mark Swartz:** And then you've given notice to the coal claimant?

13 **Anita Duty:** Yes.

14 **Mark Swartz:** And that coal claimant has made no response within the 45 day period?

15 **Anita Duty:** Correct. There's also Buckhorn Coal Company acquired and additional interest and
16 we're paying that also, in Tract 1A and 1B.

17 **Mark Swartz:** Okay, that would be an interest that they actually have as a gas company?

18 **Anita Duty:** Correct. It doesn't fall under that. It doesn't fall under the [Inaudible].

19 **Mark Swartz:** Okay, and this is a middle ridge 58.7 acre unit?

20 **Anita Duty:** Yes.

21 **Mark Swartz:** And you've prepared a Table 1 again?

22 **Anita Duty:** Yes.

23 **Mark Swartz:** And this is a percentage table?

24 **Anita Duty:** It is.

25 **Mark Swartz:** And it applies to which tracts?

26 **Anita Duty:** Tracts 1A, 1B, and 2B.

1 **Mark Swartz:** And for each tract, have you listed the name of the person or company that
2 should receive the payment?

3 **Anita Duty:** Yes.

4 **Mark Swartz:** And then in the second column from the right-hand side of your Table 1 chart,
5 have you given the escrow agent and the Board a percentage that should be used to multiply
6 times the balance on hand at the time of the disbursement, to calculate the dollar amount?

7 **Anita Duty:** Yes.

8 **Mark Swartz:** And this table should be provided to the escrow agent to be used in making the
9 disbursements in calculating them?

10 **Anita Duty:** It should.

11 **Mark Swartz:** Okay. You've provided a revised Exhibit E, with regard to continued
12 requirements for escrow and an EE showing how payments are being made, going forward?

13 **Anita Duty:** Yes.

14 **Mark Swartz:** We've got a certificate of mailing here, and everybody except Norma Jean got
15 their mail?

16 **Anita Duty:** Yes.

17 **Mark Swartz:** Norma Jean Street. And with regard to her, we have information from the post
18 office that it made it to her post office. She got a notice and then the post office held it their hold
19 time, and sent it back to them?

20 **Anita Duty:** Correct. Yes.

21 **Mark Swartz:** Okay, so we have complied with 361.19, in terms of sending her certified mail to
22 an address which she chose not to pick up?

23 **Anita Duty:** Yes.

24 **Mark Swartz:** Okay. Have you done a reconciliation Exhibit J?

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

26 **Mark Swartz:** That starts, looks like Page 18 of the pdf, and the date that you started that
27 reconciliation was August 31, 2002?

28 **Anita Duty:** Yes.

29 **Mark Swartz:** Actually, I guess the first payment of August 23, 2002?

1 **Anita Duty:** Yes, that was the posting date.

2 **Mark Swartz:** Right, and you ran that through what date?

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

4 **Mark Swartz:** And your first chore would have been to identify all royalty checks you paid?

5 **Anita Duty:** Yes.

6 **Mark Swartz:** And then look for a deposit for each one?

7 **Anita Duty:** Yes.

8 **Mark Swartz:** When you did that, did you find a deposit for every check?

9 **Anita Duty:** We did.

10 **Mark Swartz:** Okay, then did you do your math to calculate the total you deposited, at least
11 totaled the fees and interest that the bank reported, come up with your total and then compare
12 that to First Banks total on November 30th?

13 **Anita Duty:** Yes.

14 **Mark Swartz:** And what was the difference?

15 **Anita Duty:** We showed \$29.85 more than the bank.

16 **Mark Swartz:** Okay, and then we've got an affidavit of mailing with regard to a coal owner and
17 the coal owner got that mail?

18 **Anita Duty:** Yes.

19 **Mark Swartz:** And it's Buckhorn?

20 **Anita Duty:** Yes.

21 **Mark Swartz:** And Buckhorn has not made a response in terms of reaching an agreement or
22 proof that a lawsuit has been filed, so they're subject to dismissal under the Act?

23 **Anita Duty:** Correct.

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

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

26 **Mark Swartz:** No.

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

1 **Bill Harris:** I move for approval, Mr. Chairman.

2 **Mary Quillen:** Second.

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

5 **Board:** Yes.

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

7 **Mark Swartz:** Thank you.

8 **Item Number 6**

9 **Butch Lambert:** A petition from CNX Gas Company, LLC, for (1) the disbursement of
10 escrowed funds heretofore deposited with the Board's Escrow Agent, attributable to Tracts 2B &
11 4, as depicted upon the annexed table; and (2) authorization to begin paying royalties directly to
12 the parties of the prevailing plaintiffs listed in the petition. This is Docket Number VGOB 02-
13 0820-1056-01. All parties wishing to testify, please come forward.

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

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

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

17 **Anita Duty:** Anita Duty.

18 **Mark Swartz:** And you work for?

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

20 **Mark Swartz:** And you're here today on behalf of CNX Gas Company, LLC?

21 **Anita Duty:** Yes.

22 **Mark Swartz:** And we're here about a petition to disburse some funds from escrow account
23 pertaining to EE35, is that correct?

24 **Anita Duty:** Yes.

25 **Mark Swartz:** And we're looking for, first of all, an order allowing a proposed disbursement to
26 be made and then, secondly, allowing us to pay those folks directly in the future. Correct?

27 **Anita Duty:** Yes.

1 **Mark Swartz:** The factual basis or reason here is that the people that...actually, there are two
2 reasons. Some of the people want a lawsuit.

3 **Anita Duty:** Yes.

4 **Mark Swartz:** And we're going to pay them in accordance with that, the judgement in Case
5 CL11321. And then, the second reason is that we found Clarence Randall McGlothlin. Who had
6 been unlocatable?

7 **Anita Duty:** Correct.

8 **Mark Swartz:** And he's entitled to the money on deposit, with regard to his account?

9 **Anita Duty:** Yes.

10 **Mark Swartz:** And then, this is another 80 acre Oakwood?

11 **Anita Duty:** It is.

12 **Mark Swartz:** And we've got a fairly abbreviated Table 1, right?

13 **Anita Duty:** Yes.

14 **Mark Swartz:** Applies to two tracts. And which ones are they?

15 **Anita Duty:** Tract 2B and 4.

16 **Mark Swartz:** And would you identify the people...and this is a percentage disbursement
17 again, right?

18 **Anita Duty:** It is.

19 **Mark Swartz:** Would you identify the people who are to receive the disbursements and
20 percentage that the escrow agent should use in calculating the dollars?

21 **Anita Duty:** For Tract 2B, Paul Richardson, Shelby Richardson, and Loretta Richardson, should
22 each receive 26.1313%; and for Tract 4, Clarence McGlothlin should receive 21.6167%.

23 **Mark Swartz:** And we've got Exhibit E, which indicates that there's no further use of escrow
24 on this, correct?

25 **Anita Duty:** Correct.

26 **Mark Swartz:** So the order should reflect that account be closed, after the last payments are
27 made?

28 **Anita Duty:** Yes.

1 **Mark Swartz:** We've got an EE, which shows how payments are to be made to everybody in
2 the future?

3 **Anita Duty:** Yes.

4 **Mark Swartz:** We have certificate of mailing and it shows here that everybody had their mail.

5 **Anita Duty:** They did.

6 **Mark Swartz:** And we've got an Exhibit J that starts with a check, I think it's the first check.
7 The first entry was...

8 **Anita Duty:** June 2004.

9 **Mark Swartz:** Sort of, yeah. And it runs through what date?

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

11 **Mark Swartz:** Okay, and did you look for all of the royalty checks that you sent to the banks?

12 **Anita Duty:** Yes.

13 **Mark Swartz:** And then did you look for a corresponding deposit for each one of those checks?

14 **Anita Duty:** Yes.

15 **Mark Swartz:** And were you able to find them?

16 **Anita Duty:** We did.

17 **Mark Swartz:** Okay, and did you do your calculations of the total you deposited and account
18 for the interest and fees the bank reported and come up with a number, and then compare that to
19 the banks' balance?

20 **Anita Duty:** Yes.

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

22 **Anita Duty:** We were showing 0.66 more than the bank.

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

24 **Butch Lambert:** Any questions from the Board? [No response].

25 **Mark Swartz:** I love it when that happens. [Inaudible] The Chairman. This is great. I'm sorry.
26 [Laughs]

27 **Butch Lambert:** Any questions from the Board? [No response].

1 **Mark Swartz:** Because I'll be next. [Laughs]

2 **Butch Lambert:** Anything further, Mr. Swartz?

3 **Mark Swartz:** Nothing further. .

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

5 **Bill Harris:** Move to approve, Mr. Chairman.

6 **Donnie Ratliff:** Second.

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

9 **Board:** Yes.

10 **Mark Swartz:** [Inaudible] died a smile. I'm doing okay. [Laughs]

11 **Item Number 7**

12 **Butch Lambert:** A petition from CNX Gas Company, LLC, for (1) the disbursement of
13 escrowed funds heretofore deposited with the Board's Escrow Agent, attributable to Tract 1B, as
14 depicted upon the annexed table; and (2) authorization to begin paying royalties directly to the
15 parties listed in the petition; and (3) the dismissal of a coal owner. This is Docket Item VGOB
16 02-0917-1070-04. All parties wishing to testify please come forward.

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

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

19 **Mark Swartz:** Thank you. Anita, your name again.

20 **Anita Duty:** Anita Duty.

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

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

23 **Mark Swartz:** And you're here on behalf of the petitioner CNX Gas Company, LLC, correct?

24 **Anita Duty:** Yes.

25 **Mark Swartz:** And we're here about a petition to make some disbursements form an escrow
26 account pertaining to drilling Unit EE35? Yes?

27 **Anita Duty:** I thought we just did that one?

1 **Mark Swartz:** Did we? Hold on.

2 **Anita Duty:** Yes, we just did that one. AZ110.

3 **Mark Swartz:** Sorry. I'm just completely brain dead there for a moment. Okay, so we're on
4 AX102, right?

5 **Anita Duty:** Yes.

6 **Mark Swartz:** Okay, cool. We're here about a disbursement...

7 **Anita Duty:** No, wait. AZ110.

8 **Mark Swartz:** Well, I've got this completely out of...oh, okay, hold on.

9 **Anita Duty:** I actually do pay attention a little bit.

10 **Mark Swartz:** I don't have that one, that's why.

11 **Anita Duty:** AZ110?

12 **Mark Swartz:** We're actually going to have to use your paperwork. Okay, let's see what we can
13 do here.

14 **Anita Duty:** Okay.

15 **Mark Swartz:** Okay. This is a petition for disbursement for AZ110, correct?

16 **Anita Duty:** Yes.

17 **Mark Swartz:** And we're seeking three kinds of relief here. First of all, in order disbursing
18 some funds?

19 **Anita Duty:** Yes.

20 **Mark Swartz:** Secondly, an ability to pay the people that are receiving the disbursements
21 directly in the future?

22 **Anita Duty:** Yes.

23 **Mark Swartz:** And then a coal company dismissal, in this case, again, Buckhorn Coal?

24 **Anita Duty:** Yes.

25 **Mark Swartz:** Okay, and the factual basis, actually, there are two here, with regard to the
26 application. First of all, we have a royalty split agreement?

27 **Anita Duty:** We do.

1 **Mark Swartz:** And secondly, we have some gas claimants under the Act?

2 **Anita Duty:** Yes.

3 **Mark Swartz:** And in that regard, we've given notice to at least one coal claimant?

4 **Anita Duty:** Yes.

5 **Mark Swartz:** And in that regard, have we received anything back, within the 45 day period,
6 from that claimant?

7 **Anita Duty:** We have not.

8 **Mark Swartz:** Okay. And this is a middle ridge 58.74 unit, acre units?

9 **Anita Duty:** Yes.

10 **Mark Swartz:** And did you prepare a Table 1 for us?

11 **Anita Duty:** Yes.

12 **Mark Swartz:** And it pertains to which tract?

13 **Anita Duty:** 1B.

14 **Mark Swartz:** And it's a percentage exhibit?

15 **Anita Duty:** It is.

16 **Mark Swartz:** And did you read into the record the names of the folks who are to receive the
17 disbursement, and then the percentage that the escrow agent should...or percentages the escrow
18 agent should use to calculate the dollars?

19 **Anita Duty:** For Tract 1B, Buckhorn and Lowie Perkins, should each receive 1.2372%; and
20 Ernest and Nancy Perkins should receive 2.4744%.

21 **Mark Swartz:** It looks like all those folks got their mail.

22 **Anita Duty:** They did.

23 **Mark Swartz:** Okay, and then we turn to Exhibit J. When did you start this escrow
24 reconciliation?

25 **Anita Duty:** September 2004.

26 **Mark Swartz:** And you ran it through when?

27 **Anita Duty:** November 2015.

1 **Mark Swartz:** And did you look for all of the checks that the escrow agent, or that the operator
2 sent to the escrow agent?

3 **Anita Duty:** Yes.

4 **Mark Swartz:** And then did you look for a corresponding deposit for each one?

5 **Anita Duty:** Yes.

6 **Mark Swartz:** And were you able to find one?

7 **Anita Duty:** Yes.

8 **Mark Swartz:** And it looks like there's been several receipts. So then you ran a total of what
9 you deposited?

10 **Anita Duty:** Yes.

11 **Mark Swartz:** And you accounted for two prior disbursements?

12 **Anita Duty:** Yes.

13 **Mark Swartz:** Okay, and you accounted for interests and fees, and you came up with a total?

14 **Anita Duty:** Yes.

15 **Mark Swartz:** And when you compared that total to the banks' balance, what did you
16 determine?

17 **Anita Duty:** We found \$35.02 more than the bank.

18 **Mark Swartz:** Is there an issue with regard to an entry in February 2015?

19 **Anita Duty:** Yes.

20 **Mark Swartz:** And what's that?

21 **Anita Duty:** We did not find a corresponding deposit for that particular, the \$14.16 deposit that
22 we had made in February.

23 **Mark Swartz:** Okay, so basically, what you're saying is that part of the \$35 difference is, you,
24 the operator, sent a check for deposit into this account in the amount of \$14.16 on February 19,
25 2015, that appeared not to have made it into this account?

26 **Anita Duty:** That's correct.

27 **Mark Swartz:** And, as we sit here today, you don't know where that escrow agent put that?

28 **Anita Duty:** No.

1 **Mark Swartz:** Have you been in touch with the bank about that at all?

2 **Anita Duty:** Yes, I think she's currently looking for that.

3 **Mark Swartz:** So, somebody's looking for that?

4 **Anita Duty:** Yes.

5 **Mark Swartz:** Okay, so you brought that to their attention before today?

6 **Anita Duty:** We did. Most of the time, there's a resolution but I don't think we had one this
7 time.

8 **Mark Swartz:** Then, do we have a certification of the actual notice of Buckhorn?

9 **Anita Duty:** We do.

10 **Mark Swartz:** And they go their mail?

11 **Anita Duty:** They did.

12 **Mark Swartz:** And you previously indicated, you got no response from them?

13 **Anita Duty:** Correct.

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

15 **Butch Lambert:** Mr. Swartz, I think I thought of this correctly; you're still showing the
16 difference is \$35.02 more; you're showing more than what's in the account?

17 **Anita Duty:** Right.

18 **Mark Swartz:** Correct. And if we find that \$14, it will be kind of in the order of \$21.

19 **Butch Lambert:** Right, I think I've got it. So we're still more than what we're needing?

20 **Mark Swartz:** It would still be a little more, yes, but not as much.

21 **Butch Lambert:** And one other question. I noticed there is still an Exhibit E, so this account
22 won't be closed?

23 **Anita Duty:** It will not.

24 **Mark Swartz:** Correct, and there should be a revised Exhibit EE, as well, going forward.

25 **Butch Lambert:** Any other questions from the Board?

26 **Mary Quillen:** Mr. Chair, just one, just to clarify on that \$14.16. When these are sent to the
27 bank, they're identified as the tract number, the owner, and all of that, correct? No?

1 **Anita Duty:** It's just that it has a VGOB number.

2 **Mary Quillen:** Okay, so...

3 **Anita Duty:** They're all electronic payments.

4 **Mary Quillen:** Okay. Alright. And they match up with their account number at the bank?

5 **Mark Swartz:** The bank should have an account for the VGOB number because there was an
6 order and a unit but they put all the money, for all the tracts, in one account and don't segregate
7 it. So when they get a check, they just know it's for a unit. They don't know it's for a tract.

8 **Mary Quillen:** For a unit, so that's what it matches up against, not an individual account?

9 **Mark Swartz:** Correct.

10 **Mary Quillen:** So they have to examine that whole unit to see...

11 **Mark Swartz:** They don't do anything. All they have to do is say, "We got a check for Unit
12 EZ110 and we're putting it in there." That's the only thing they need to figure out. Then we
13 come in front of you and we've got to do all this accounting for the tract; to break that piece
14 down to the tract. They get a check that says put it in this unit.

15 **Mary Quillen:** So you all are doing that part, on that end, right?

16 **Mark Swartz:** We do the math that you see.

17 **Mary Quillen:** Okay.

18 **Bill Harris:** Mr. Chairman, just a quick question. Did I understand you to say that these are
19 electronically transferred to the bank?

20 **Mark Swartz:** The money?

21 **Bill Harris:** Yes. So there is actually no physical check that is mailed?

22 **Mark Swartz:** Not anymore.

23 **Bill Harris:** So when we say missing a check, that's more of a figure of speech, or...

24 **Mark Swartz:** Well, the electronic records says we're sending you this item. I guess...

25 **Bill Harris:** ...is considered a check?

26 **Anita Duty:** Each one of them has its own identifier. Like we have an E number that goes along
27 with each payment that is made to the individual unit. Because each one of them was set up as
28 separate party in our system, so even though we are going to send a lump deposit of, say,

1 \$100,000, they get a spreadsheet and they get our electronic information to know where to
2 deposit those individual amounts or units.

3 **Bill Harris:** Into the various accounts per unit? Okay. Thank you.

4 **Mark Swartz:** To be clear, what Anita is saying is, they will get an electronic...

5 **Bill Harris:** They'd get a gross amount...

6 **Mark Swartz:** If they get an electronic amount, that may apply to a multitude of units, but they
7 get the backup that says this is the piece of this amount you just received by wire, electronically,
8 that you put in and this unit...

9 **Bill Harris:** I guess I'm a little confused as to how we get, how this \$14...

10 **Anita Duty:** It just didn't get posted to that account.

11 **Mark Swartz:** We can tell. We know what we electronically transferred to them and when we
12 look at what they put into this account, it's short.

13 **Anita Duty:** Do you have Exhibit J?

14 **Bill Harris:** Yes.

15 **Anita Duty:** If you look at that particular month of February, it should be highlighted in yellow.

16 **Bill Harris:** Yes, I see it.

17 **Anita Duty:** Okay, we're showing that, and you'll see, we call it our check number, but it's our
18 E transfer number.

19 **Bill Harris:** The 44235, yeah.

20 **Mary Quillen:** It's the electronic check.

21 **Anita Duty:** And that's the \$14.16, and if you look across on the bank side, we don't see a
22 corresponding deposit that matches that \$14.16.

23 **Bill Harris:** So what happens, I mean I know...

24 **Anita Duty:** Normally, they will find it and they will transfer that in. I don't think she's had
25 enough time to, because I knew she was processing 1099's and things like that. I have no doubt
26 she'll find it and we will have put it in there, but it just depends on how you look at it.

27 **Bill Harris:** I guess I'm just, go ahead, just...it just sounds...

28 **Mark Swartz:** Well, just stay with this. This is just so recent. If we were talking about 20 years
29 ago, I would not be optimistic, okay? But this is so recent, they are going to have their electronic

1 records for that day and they're going to be able to find this. I'm sure they're going to be able to
2 find this \$14.16 if we give them enough time. It's going to turn up because they're going to have
3 an account that have more money in it than need be, and they're going to be able to go back to
4 that date, or whatever day they posted this and they're going to be able to find it.

5 **Bill Harris:** So, what you suspect is that they've posted this to another account other than...

6 **Mark Swartz:** That's usually what happens.

7 **Anita Duty:** And this was during the period that Jody wasn't actually handling those accounts.
8 So she's having to go back into somebody else's documentation and find it. Jody is the current,
9 who currently takes care of the...

10 **Bill Harris:** Yes, I kind of gathered that.

11 **Anita Duty:** Sorry.

12 **Bill Harris:** That's okay. Thank you.

13 **Mary Quillen:** This is sort of similar to, if you're submitting, say your employer is submitting
14 their withholding tax, electronically, your EIN number is what's posted, or what they post it to,
15 and if for some reason it doesn't go into that EIN number, that the federal government has, then
16 they know how to tract it. They can see where that went. If it didn't go into that correct EIN
17 number but it's sort of similar type of thing; the electronic account number is the same.

18 **Mark Swartz:** And we know, from our end, that those funds transferred. Because they were
19 debited, entirely, that entire amount was debited. So we know they got them.

20 **Mary Quillen:** Right. That's right. They'll come up in your account.

21 **Butch Lambert:** I guess the most important thing here that we need to be concerned about is,
22 we're showing more in the account, even though that \$14 is not there, so everything...

23 **Mark Swartz:** Our calculation shows about \$21 more once they find that money.

24 **Butch Lambert:** So once they find the money, we're still showing over, so everything is okay.
25 We're not short?

26 **Mary Quillen:** Well, a lot of that will probably go to fees and...

27 **Mark Swartz:** Actually, it is showing as short.

28 **Bill Harris:** Yeah, that the...

29 **Mark Swartz:** Our calculations are, the net is, we think that they would have \$21 more than they
30 do, but their fees have syphoned off enough money to put them in that disconnect with us.

1 **Bill Harris:** Everyone that we have seen so far that has been in red, actually, you all show more
2 money deposited, credited, to that account than the bank is showing, so that's primarily
3 attributable to fees, I don't know, that you all have not accounted.

4 **Mark Swartz:** It's got to be. The interest rate has been so horrible for decades.

5 **Bill Harris:** So the fees have exceeded the...

6 **Mark Swartz:** Even though they're pretty reasonable, you know, there's just nothing coming in.

7 **Mary Quillen:** Right.

8 **Mark Swartz:** And a lot of times, it's weird, because I noticed that today, most of these that
9 we're looking at are in the negative direction, and a lot of times we're here, it's more. You know,
10 I used to think it was the older accounts because they made better money in the beginning but
11 some of these accounts are pretty old. I think the ones going back to the 90's, those tend to be on
12 the plus side, you know, about water side.

13 **Mary Quillen:** Well, the interest was so much...considerably...I mean it's. Over the last couple
14 of years we've seen decline in that as...

15 **Mark Swartz:** Yeah, it's basically zero.

16 **Butch Lambert:** Anything further, Mr. Swartz?

17 **Mark Swartz:** No.

18 **Butch Lambert:** Do I have motion?

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

20 **Bruce Prather:** I'll second it.

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

23 **Board:** Yes.

24 **Butch Lambert:** Opposed, no. [No response]. That you, Mr. Swartz.

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

26 **Butch Lambert:** One abstention, Mr. Ratliff.

27 **Item Number 8**

28 **Butch Lambert:** A petition from CNX Gas Company, LLC, for (1) the disbursement of
29 escrowed funds heretofore deposited with the Board's Escrow Agent, attributable to Tracts 2A &

1 2B, as depicted upon the annexed table; and (2) authorization to begin paying royalties directly
2 to the parties listed in the petition. This is Docket Number VGOB 03-0318-1127-02. All parties
3 wishing to testify, please come forward.

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

5 **Butch Lambert:** You may proceed, Mr. Swartz.

6 **Mark Swartz:** This unit, we cannot explain why it's on your docket. We didn't intend for it to
7 be there and so we're withdrawing it.

8 **Butch Lambert:** Withdraw it. That petition is being withdrawn.

9 **Mark Swartz:** It's one of those electronic events.

10 **Mary Quillen:** So it's withdrawn.

11 **Item Number 9**

12 **Butch Lambert:** A petition from CNX Gas Company, LLC, for (1) the disbursement of
13 escrowed funds heretofore deposited with the Board's Escrow Agent, attributable to Tract 1C, as
14 depicted upon the annexed table; and (2) authorization to begin paying royalties directly to the
15 parties listed in the petition; (3) dismissal of coal owner. This is Docket Number VGOB 03-
16 1118-1226-03. All parties wishing to testify, please come forward.

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

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

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

20 **Anita Duty:** Anita Duty.

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

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

23 **Mark Swartz:** Are you here on behalf of the applicant or the petitioner, CNX Gas Company,
24 LLC?

25 **Anita Duty:** Yes.

26 **Mark Swartz:** And we're here about a petition of a disbursement from the escrow account
27 pertaining to AX124, is that right?

28 **Anita Duty:** Yes.

1 **Mark Swartz:** And the relief that we're seeking today is actually three things. First of all, a
2 disbursement to certain people identified in Table 1. Secondly, an ability to repay those folks
3 directly, going forward. And, lastly, a coal owner dismissal. Correct?

4 **Anita Duty:** Yes.

5 **Mark Swartz:** Okay, the reasons that we're here today are; we have split agreements; we have
6 gas claimants under the new act; and we have given notice to coal owners under the new act,
7 right?

8 **Anita Duty:** Yes.

9 **Mark Swartz:** This is a middle ridge 58.74 acre unit?

10 **Anita Duty:** It is.

11 **Mark Swartz:** Regard now to Table 1, is this a percentage table?

12 **Anita Duty:** It is.

13 **Mark Swartz:** And it pertains only to Tract 1C?

14 **Anita Duty:** Yes.

15 **Mark Swartz:** Have you identified, on Table 1, the names of all the people and companies that
16 should receive the checks?

17 **Anita Duty:** Yes.

18 **Mark Swartz:** And for each person or company, have you, in the second column from the right
19 hand side of this table, provided a percentage that the escrow agent should use, and multiply that
20 percentage times the money on hand at the time the disbursement is made, to come up with a
21 dollar amount for each person?

22 **Anita Duty:** Yes.

23 **Mark Swartz:** Okay, and should the Board order instruct the escrow agent to use Table 1 for
24 that purpose?

25 **Anita Duty:** Yes.

26 **Mark Swartz:** Have you provided the Board with revised Exhibit E that indicates what needs to
27 be escrowed, going forward?

28 **Anita Duty:** Yes.

1 **Mark Swartz:** And in revised Exhibit EE that explains how people are going to be paid, going
2 forward?

3 **Anita Duty:** Yes.

4 **Mark Swartz:** Okay. With regard to mail, it looks like everybody got their mail?

5 **Anita Duty:** They did.

6 **Mark Swartz:** Okay, and then with regard to Exhibit J, whoever was listed on the court's
7 docket, didn't have one but you did one?

8 **Anita Duty:** Yes.

9 **Mark Swartz:** So I'd be surprised if you have an Exhibit J because when you download it from
10 the docket, it's not there. So, but you have one in your hot, little hand?

11 **Anita Duty:** Well, and I actually had them check this morning and make sure that it was loaded.
12 That it was. I don't know, maybe...

13 **Mark Swartz:** Well, what happens is, you have to create those forms for that, and you know,
14 there's a lot to keep track of. It's okay. It's on file. It's loaded. She has one in front of her and we
15 can work it out and show it to you if you want to see it, but I thought I would go over it with her
16 and it is online. You can get it, not the way we normally get our files here, but you could, right?

17 **Anita Duty:** Yes.

18 **Mark Swartz:** Okay.

19 **Bill Harris:** Online with the Board?

20 **Mark Swartz:** Yeah, you have it. It's in your e-files.

21 **Bill Harris:** I wanted to make sure we weren't talking about...

22 **Mark Swartz:** It's lodged as part of the application.

23 **Anita Duty:** We would have it. Mark send me an email last night.

24 **Mark Swartz:** At midnight [Laughs]

25 **Anita Duty:** Yeah, so I kind of didn't have time to tell them.

26 **Sarah Gilmer:** Actually, under the Exhibit J, you all have uploaded your affidavit of mailing.
27 That's why it's not pulling through, and I don't know how that slipped by us. I don't know if this

1 was...I don't know what happened, but anyway, that's what's showing there. Let me see what's
2 under your affidavit. It was uploaded twice, I guess.

3 **Butch Lambert:** Okay, we can go ahead and testify that you have it and we can make sure that
4 it's uploaded by...

5 **Anita Duty:** If we take a break, I'll tell her to load it and we'll load it right then.

6 **Butch Lambert:** Okay, that great. Thank you.

7 **Mark Swartz:** Let's go through then, Exhibit J. When did you start keeping track for
8 comparing?

9 **Anita Duty:** June 2004.

10 **Mark Swartz:** And when did you cut it off?

11 **Anita Duty:** November 2015.

12 **Mark Swartz:** Okay, and to do this reconciliation, you looked through all of the royalty checks
13 you've sent to the escrow agents?

14 **Anita Duty:** Yes.

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

16 **Anita Duty:** We did.

17 **Mark Swartz:** And were you able to find one?

18 **Anita Duty:** We did.

19 **Mark Swartz:** Okay, and did you run a total and adjust for a disbursement and interest and fees
20 and come up with a grand total?

21 **Anita Duty:** Yes.

22 **Mark Swartz:** And when you compared your grand total to the November 30, 2015 First Bank
23 balance, what did you find?

24 **Anita Duty:** The bank actually had \$3.80 more.

25 **Mark Swartz:** Okay, and presumably, that's fees and interest?

26 **Anita Duty:** Yes.

1 **Mark Swartz:** Then the last thing, we should have a coal owner notice. Looks like Swords
2 Creek got their mail.

3 **Anita Duty:** Yes.

4 **Mark Swartz:** And did you get anything back from them within the 48 day period?

5 **Anita Duty:** No.

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

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

8 **Mark Swartz:** No.

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

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

11 **Bruce Prather:** I'll second.

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

14 **Board:** Yes.

15 **Butch Lambert:** Opposed, no? [No response]

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

17 **Butch Lambert:** One abstention, Mr. Ratliff. Thank you, Mr. Swartz. That one is approved.
18 Ladies and gentlemen, we'll take about a 10 minute break and we'll come back at about 10 after
19 10.

20 **Item Number 10**

21 **Butch Lambert:** Okay, ladies and gentlemen, if you'll take you seats, it's time to resume our
22 proceedings this morning and at this time we're calling Petition Number 10. A petition from
23 CNX Gas Company, LLC, for (1) the disbursement of escrowed funds heretofore deposited with
24 the Board's Escrow Agent, attributable to Tracts 1A, 1B, 1C, 1D, 1E, 1F, 1H, 1I, 1J, 1K, 1L &
25 1M, as depicted upon the annexed table; and (2) authorization to begin paying royalties directly
26 to the parties listed in the petition; (3) dismissal of coal owner. Docket Number VGOB 03-1118-
27 1227-02. All parties wishing to testify, please come forward.

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

1 **Butch Lambert:** You may proceed, Mr. Swartz.

2 **Mark Swartz:** Thach you. Anita, state your name please.

3 **Anita Duty:** Anita Duty.

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

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

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

7 **Anita Duty:** Yes.

8 **Mark Swartz:** And we're here about a petition for disbursements from the escrow account
9 maintained for AZ109, correct?

10 **Anita Duty:** Yes.

11 **Mark Swartz:** Yes?

12 **Anita Duty:** Yes.

13 **Mark Swartz:** And we're looking for three kinds of relief here. First of all, a disbursement to the
14 folks listed in Table 1; then an ability or an authorization to pay those people directly going
15 forward; and then we've got a dismissal of a coal owner under the act that we're asking for?

16 **Anita Duty:** Yes.

17 **Mark Swartz:** Okay. And the factual basis here, on the one hand, we have some split
18 agreements, and on the other hand we have the application of the act, which allows us to pay
19 some gas claimants, correct?

20 **Anita Duty:** Correct.

21 **Mark Swartz:** And in that regard, have we also given notice to the coal owners, as required by
22 the act?

23 **Anita Duty:** We have.

24 **Mark Swartz:** And is it true that within the 45 days, that the coal owners had to respond, we
25 received nothing back from them?

26 **Anita Duty:** Correct.

1 **Mark Swartz:** Okay. Let's turn then, to Table 1, just about a page and a half. It starts on page 11
2 of the pdf. Have you identified all of the tracts on Exhibit 1 that this effects?

3 **Anita Duty:** Yes.

4 **Mark Swartz:** And this is a percentage Table 1?

5 **Anita Duty:** It is.

6 **Mark Swartz:** And have you listed, for each of the tracts, that the Chairman read into the record,
7 when he called the case, if you listen for each of those tracts, the names of the people or
8 companies that should receive the disbursement?

9 **Anita Duty:** Yes.

10 **Mark Swartz:** And for each person or company, have you set forth, in the second column from
11 the right, a percentage that the escrow agent should use to multiply times the balance on hand, at
12 the time the disbursement is made, to calculate the dollars to be paid?

13 **Anita Duty:** Yes.

14 **Mark Swartz:** Okay, and you requested that the Board provide this Table 1 as instructions to the
15 escrow agent and instructed to make the disbursement that's contemplated by Table 1, to the
16 people listed in Table 1?

17 **Anita Duty:** Yes.

18 **Mark Swartz:** And you're also asking to pay these people, going forward, for future royalties?

19 **Anita Duty:** We are.

20 **Mark Swartz:** Okay. Have you provided the Board with a revised Exhibit E pertaining to the
21 people that remain in escrow?

22 **Anita Duty:** Yes.

23 **Mark Swartz:** And the reasons why?

24 **Anita Duty:** Yes.

25 **Mark Swartz:** And Exhibit EE showing the going forward payment situation?

26 **Anita Duty:** Yes.

1 **Mark Swartz:** Okay, and with regard to mailing, it looks like you've kind of combined your
2 certificate for different units, but it looks like everybody got their mail.

3 **Anita Duty:** They did.

4 **Mark Swartz:** And then we've got an Exhibit J here, and you started your comparison when?

5 **Anita Duty:** June 2004.

6 **Mark Swartz:** And you ran it through?

7 **Anita Duty:** November 2015.

8 **Mark Swartz:** And did you, first of all, try to find all royalty payments that you made?

9 **Anita Duty:** We did.

10 **Mark Swartz:** And then, did you look for a corresponding deposit with an escrow bank?

11 **Anita Duty:** Yes.

12 **Mark Swartz:** And when you did that, did you find a deposit for every payment?

13 **Anita Duty:** Yes.

14 **Mark Swartz:** And then, you did your calculation of the total you deposited, interest and fees
15 provided by the bank. You came up with a total and you compared that with the November 30,
16 2015 First Bank balance, and what was the difference?

17 **Anita Duty:** We're showing \$3.77 more than the bank.

18 **Mark Swartz:** We've got a certificate of notice to Buckhorn Coal, correct?

19 **Anita Duty:** Yes

20 **Mark Swartz:** They go their mail?

21 **Anita Duty:** They did.

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

23 **Butch Lambert:** Any questions from the Board? [No response] Mr. Swartz?

24 **Mark Swartz:** No.

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

1 **Bill Harris:** Motion for approval.
2 **Bruce Prather:** Second.
3 **Butch Lambert:** I have a motion and I have a second. All in favor, signify by saying yes.
4 **Board:** Yes.
5 **Butch Lambert:** Opposed, no?
6 **Donnie Ratliff:** I'll abstain, Mr. Chair.
7 **Butch Lambert:** One abstention, Mr. Ratliff. Thank you, Mr. Swartz. That is approved.
8 **Mark Swartz:** Thank you.

9 **Item Number 11**

10 **Butch Lambert:** A petition from CNX Gas Company, LLC, for (1) the disbursement of
11 escrowed funds heretofore deposited with the Board's Escrow Agent, attributable to Tracts 999,
12 999A, 1H, 3A, 3B, 3C, 3E & 3F, as depicted upon the annexed table; and (2) authorization to
13 begin paying royalties directly to the parties listed in the petition; (3) dismissal of coal owner.
14 Docket Number VGOB 03-1216-1240-02. All parties wishing to testify, please come forward.
15 **Mark Swartz:** Mark Swartz and Anita Duty.
16 **Butch Lambert:** Mark, would you please state your name.
17 **Mark Caldwell:** Mark Caldwell.
18 **Butch Lambert:** Thank you, sir. You may proceed, Mr. Swartz.
19 **Mark Swartz:** Thank you. Anita, would you state your name for us, please.
20 **Anita Duty:** Anita Duty.
21 **Mark Swartz:** And who do you work for?
22 **Anita Duty:** CNX Land, LLC.
23 **Mark Swartz:** And you're here on behalf of CNX Gas Company, LLC the petitioner today?
24 **Anita Duty:** Yes.
25 **Mark Swartz:** And we're here about a petition for disbursements from the escrow account
26 maintained in regard to Unit AZ112, right?

1 **Anita Duty:** Yes.

2 **Mark Swartz:** And we're looking for three kinds of relief. First of all, we're looking for a
3 disbursement to people identified in Table 1 and Table 2, right?

4 **Anita Duty:** Yes.

5 **Mark Swartz:** Then, we're looking for an authorization to begin paying or pay the people
6 identified in Table 2 directly going into the future?

7 **Anita Duty:** Yes.

8 **Mark Swartz:** And then, we're looking for a coal owner dismissal, again Buckhorn Coal
9 Company?

10 **Anita Duty:** Yes.

11 **Mark Swartz:** Okay, and the discussion of the factual basis for the request for disbursements
12 that we have today are, first of all there was an overpayment into the escrow account, with regard
13 to Catherine Caldwell, right?

14 **Anita Duty:** Yes.

15 **Mark Swartz:** Okay. And there's a...

16 **Anita Duty:** In a way.

17 **Mark Swartz:** In a way, okay, and there was a court order with regard to all of that?

18 **Anita Duty:** Yes.

19 **Mark Swartz:** Okay, and we've accounted for that in Table 1, correct?

20 **Anita Duty:** We have.

21 **Mark Swartz:** Okay, and with regard...

22 **Bill Harris:** Excuse me. I'm sorry. When you say Table 1, are you referring to Exhibit E?

23 **Mark Swartz:** No, there're two tables. Table 1...

24 **Anita Duty:** It should be at the very end of your petition. Keep going.

25 **Mark Swartz:** There are spreadsheets that are much smaller than that.

26 **Anita Duty:** Yes.

1 **Mark Swartz:** There you go.

2 **Bill Harris:** Here we go. Thank you.

3 **Anita Duty:** There should be a Table 1.

4 **Mark Swartz:** You've got to go back. There you go. No. Too far.

5 **Bill Harris:** This way?

6 **Mark Swartz:** Go this way. There you go. That should be...

7 **Anita Duty:** No. It should just have...

8 **Mark Caldwell:** It would be Page 8 in our pdf.

9 **Mark Swartz:** There you go. There it is.

10 **Bill Harris:** Okay.

11 **Mark Swartz:** That's Table 1, and on either side of it is Table 2. That's the historical one and it
12 needs to be paid in cash for a specific dollar amount and these are the ones that get paid
13 percentages going forward.

14 **Bill Harris:** Thank you.

15 **Mark Swartz:** With regard to the other disbursements, particularly Table 2 now, okay?

16 **Anita Duty:** Yes.

17 **Mark Swartz:** We've got some royalty split agreements, right?

18 **Anita Duty:** We do.

19 **Mark Swartz:** And then we have some gas claimants under the act?

20 **Anita Duty:** Yes.

21 **Mark Swartz:** And we have a notice to the coal claimant under the act and do we have any
22 response within the 45 days?

23 **Anita Duty:** We do not.

24 **Mark Swartz:** And then lastly you've got Table 1 is [Inaudible] to specify how the disbursement
25 dollar is to be calculated and paid by the escrow agent, right?

1 **Anita Duty:** Yes.

2 **Mary Quillen:** Excuse me. You said Table 1 is dollars, correct?

3 **Anita Duty:** That's a dollar amount.

4 **Mark Swartz:** Correct. We're going to get to that.

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

6 **Mark Swartz:** And this is a 58.74 acre middle ridge unit, right?

7 **Anita Duty:** Yes.

8 **Mark Swartz:** Okay, and then going now to Table 1, which is Page 8 of the pdf, that payment or
9 those payments are to be made to whom and is it an exact dollar amount payment?

10 **Anita Duty:** It is.

11 **Mark Swartz:** So tell us who should be paid under Table 1 and the dollar amount that escrow
12 agent should pay.

13 **Anita Duty:** Catherine Caldwell and Buckhorn Coal Company, should each receive \$9,966.60.

14 **Mark Swartz:** Okay, and then turning to Table 2, Table 2 deals with percentage payments?

15 **Anita Duty:** Yes.

16 **Mark Swartz:** And these payments should not be paid before the dollar payments are made?

17 **Anita Duty:** They should not.

18 **Mark Swartz:** Okay, and this is a pretty significant list here, so I'll have you summarize what
19 Table 2 is about, rather than read all of it in. Table 2 applies to the tracts the Chairman identified
20 when he called this case, correct? There are multiple tracts?

21 **Anita Duty:** There are.

22 **Mark Swartz:** And for each of the tracts identified on Table 2, have you provided the name and
23 address of the company or person that should receive the disbursement?

24 **Anita Duty:** Yes.

25 **Mark Swartz:** And for each company or person, have you supplied a percentage in the second
26 column from the right-hand side of Table 1?

1 **Anita Duty:** Yes.

2 **Mark Swartz:** And is it your request that this table be provided to the escrow agent and the
3 escrow agent be instructed to use the percentage assigned to each person, multiply that by the
4 balance on hand, when the disbursement is made, and that will generate the dollar amount that
5 the agent should pay?

6 **Anita Duty:** That's correct.

7 **Mark Swartz:** Okay, do we have some initial issues, people's middle initial issues on this form?

8 **Anita Duty:** Yes.

9 **Mark Swartz:** Okay. Why don't you start at the top. Does it only pertain to Table 2, the
10 changes?

11 **Anita Duty:** It does.

12 **Mark Swartz:** Okay.

13 **Anita Duty:** To two individuals.

14 **Mark Swartz:** Okay, and so, starting on the first page of this, let's get those straightened out.
15 The first tract pertains to...

16 **Anita Duty:** 3A.

17 **Mark Swartz:** And you've got items, you've got a number.

18 **Anita Duty:** It'll be Line Item 9.

19 **Mark Swartz:** In 3A, correct?

20 **Anita Duty:** 3A.

21 **Mark Swartz:** And what should we do to Connie's name?

22 **Anita Duty:** The "J" needs to be removed.

23 **Mark Swartz:** Okay, and do we have a W9 from her that is without the J?

24 **Anita Duty:** We do.

25 **Mark Swartz:** Okay. What's the next change we need to make?

26 **Anita Duty:** Line Item 12, Ronnie Dye; remove that middle initial.

1 **Mark Swartz:** Okay. So get rid of that?

2 **Anita Duty:** Yes.

3 **Mark Swartz:** Okay, and we have a W9 from him that doesn't have a middle initial?

4 **Anita Duty:** Correct. He actually doesn't have one on our title. The department had provided us
5 with one, somehow.

6 **Mark Swartz:** Okay. What's the next change we need to make to Table 2?

7 **Anita Duty:** Line Item, on Tract 3B.

8 **Mark Swartz:** B as in boy?

9 **Anita Duty:** Yes. Line Item 9, Connie Richardson; remove the "J"; line Item 12, Ronnie Dye;
10 remove the "K"; and then, for Tract 3F, Line Item 9 again, Connie Richardson; remove the "J";
11 Line Item 12, Ronnie Dye; remove the "K".

12 **Mark Swartz:** And with those adjustments, the initials of those two people on those tracts, is the
13 rest of Table 2 correct?

14 **Anita Duty:** Yes.

15 **Mark Swartz:** Have you provided the Board with a revised Exhibit E, identifying what escrow
16 continues to be required?

17 **Anita Duty:** Yes.

18 **Mark Swartz:** And then have you provided the Board with an Exhibit EE, which discloses how
19 people are to be paid, going forward?

20 **Anita Duty:** It does.

21 **Mark Swartz:** You've provided a certification of notice, and it looks like everybody got their
22 mail.

23 **Anita Duty:** Yes. One unclaimed.

24 **Mark Swartz:** So Rita Hess, we've got an unclaimed?

25 **Anita Duty:** Yes.

26 **Mark Swartz:** Okay, we sort of, a little below the middle the chart?

27 **Anita Duty:** Yes.

1 **Mark Swartz:** Okay, and do you have anything from the post office on her? Looks like we
2 might. You've got a return to sender, unclaimed, right?

3 **Anita Duty:** Yes.

4 **Mark Swartz:** And the post office explanation is notice left, no recipient available and they held
5 it for the time, right? Well, wait a minute.

6 **Anita Duty:** Yes, it looks like she picked it up.

7 **Mark Swartz:** She did pick it up.

8 **Anita Duty:** It's after the fact.

9 **Mark Swartz:** Okay, let's look at her date. So from this notice, she did not get her mail. It came
10 back.

11 **Anita Duty:** Okay.

12 **Mark Swartz:** And the 9891 pertains to another person that, actually, we show as having
13 claimed her mail?

14 **Anita Duty:** It does.

15 **Mark Swartz:** Okay. So we've got one person that we mailed to, that the mail came back, Rita
16 Hess, right?

17 **Anita Duty:** Right.

18 **Mark Swartz:** Then, with regard to a reconciliation, did you prepare an Exhibit J?

19 **Anita Duty:** Yes.

20 **Mark Swartz:** Okay, and when did you start that?

21 **Anita Duty:** June 2004.

22 **Mark Swartz:** And when did you, what date did you run it through?

23 **Anita Duty:** November 2015.

24 **Mark Swartz:** Okay, and the first up, was to identify all the checks that you paid as royalty?

25 **Anita Duty:** Yes.

26 **Mark Swartz:** And then did you look for deposits for each one?

1 **Anita Duty:** Yes.

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

3 **Anita Duty:** We did.

4 **Mark Swartz:** And then you totaled your checks deposited, you totaled the fees and interest
5 reported by the bank, and you came up with a number. You compared that to the banks' balance
6 at the end of November 2015, and was there a difference?

7 **Anita Duty:** We were showing \$21.14 more.

8 **Mark Swartz:** And you gave notice to the coal owner with the likelihood that it would be
9 dismissed, right?

10 **Anita Duty:** Yes.

11 **Mark Swartz:** They picked up that mail?

12 **Anita Duty:** They did.

13 **Mark Swartz:** And we've already discussed they didn't respond.

14 **Anita Duty:** Yes.

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

16 **Butch Lambert:** Any questions from the Board? Mr. Caldwell?

17 **Mark Caldwell:** Thank you. Ms. Duty, with regard to the tracts that you've identified in the
18 petition, well, first of all, can I ask you about Tract 3F, that's identified on Table 2? The plot that
19 I have indicated that Mrs. Caldwell would have an interest in Tract 3F. Is that not what your
20 records show?

21 **Anita Duty:** Yes, she would.

22 **Mark Caldwell:** Okay, so my question would be, why is she not identified, then, on this table, as
23 a person of interest?

24 **Anita Duty:** Wait a minute. No, she does not have an interest in 3F. 3F is a 20 acre tract that was
25 owned by Mike Rasnick. She does not have an interest in that.

26 **Mark Caldwell:** This is the map we originally got, showing the outline of the heirs of Jacob
27 Fullers interest. You see how this top line, I don't know if the Board has this, the top line goes
28 straight across and 3F is below that line, correct?

1 **Anita Duty:** Yes, but I don't know where that map...that's not my map. I don't know where that
2 map came from. Did that come from Mr. Rasnick? James Rasnick?

3 **Mark Caldwell:** Possibly. Yeah. It possibly could have. It's part of the original paperwork we
4 got.

5 **Anita Duty:** From us or from somebody else?

6 **Mark Caldwell:** Yes. According to my mother, this was received from you. One of the earlier
7 petitions from a couple of years ago.

8 **Anita Duty:** The only plats that we include in our orders are certified, per unit plats. So I'm not
9 sure if that was something that...

10 **Mark Caldwell:** So, it's your understanding you just don't know or...?

11 **Anita Duty:** I can check on that but that's not the plat that we currently have in our petition as
12 being a certified location of those tracts.

13 **Mark Caldwell:** The diagram that was filed with this petition seems to indicate that this line,
14 right below where it says 1B, maybe the line you're going by, as far as determining her interest,
15 is that correct?

16 **Mark Swartz:** That is a little, tiny tract.

17 **Mark Caldwell:** Yeah, it's a little sliver right there and my point is, see where it points, it
18 corresponds to this. It's within her border, not outside of her border.

19 **Anita Duty:** Our tracking identification indicated that that is a Peggy Rasnick, et al, 20 acre
20 tract. That is not part of the, what was the Jacob Fuller interest.

21 **Mary Quillen:** Mr. Cooper, the Board doesn't have access, so we have no...

22 **Rick Cooper:** You are correct. They're talking about a map, Mr. Caldwell, is not furnished with
23 the petition, so you all can't follow that conversation, as he explained to you.

24 **Anita Duty:** And just to give you an idea on our naming conventions, whenever we stick with a
25 coal tract, all these numbers are, there's 1A, 1B, all those are considered to be under one coal
26 tract, and then once you switch over to a 2 or a 3, that's separate severance.

27 **Mark Caldwell:** Right. That was...

28 **Anita Duty:** So, to me...

1 **Mark Caldwell:** That's why I asked the question, because it appeared to me that 3F should have
2 been included in her interest.

3 **Anita Duty:** To me, when you switch from a 1 to a 3, that tells me that you've got a separate
4 conveyance of minerals, so we, most likely it's not, but we can talk about that.

5 **Mark Caldwell:** Alright. The other question I had, if you could refer to exhibits, well, first of all,
6 for my clarification, the identities listed on Exhibit E verses the percentages and identities on
7 Exhibit EE, what's the difference between those two charts?

8 **Anita Duty:** The Exhibit E is the owners that are remaining in escrow. The Exhibit EE is the
9 owners that have resolved their conflict, either through royalty split agreement or court order or
10 the new law.

11 **Mark Caldwell:** Okay. I understand that. So, turning to Exhibit EE, if you'll just starting with
12 Page 1, I understand that Tract 1A, I'm sorry, 1B is 0.19 acre tract of that unit, correct?

13 **Anita Duty:** Yes.

14 **Mark Caldwell:** And you've got coal ownership is all within Buckhorn Coal Company. Oil and
15 Gas ownership is split between James Rasnick and the heirs of Jacob Fuller, correct?

16 **Anita Duty:** Yes.

17 **Mark Caldwell:** Now, you have Mike Rasnick listed first, as a 1, and then all the people that
18 have a percentage underneath his interest, correct?

19 **Anita Duty:** Yes.

20 **Mark Caldwell:** Which includes Lucy Blankenship, all the way down to C, correct?

21 **Anita Duty:** Yes.

22 **Mark Caldwell:** So, but my understanding is that Mrs. Caldwell, through Marvin Fuller, owns
23 half interest of that percentage interest, correct?

24 **Anita Duty:** Yes.

25 **Mark Caldwell:** So, shouldn't she be listed as a 2 and not a D there? She has an equal interest
26 with Mike Rasnick, correct?

27 **Anita Duty:** Yes. It should have been Mike Rasnick, #1, James Rasnick #2, and Marvin Fuller.

28 **Mark Caldwell:** James Rasnick derives his interest from Mike Rasnick, correct?

1 **Anita Duty:** No. James derived his interest from a court order. So it should be, it's just a matter
2 of numbering. We have her interest correct, it's just that we, it would actually appear to
3 somebody else looking at this that she was an heir of Mike Rasnick, which she isn't.

4 **Mark Caldwell:** Right. That's what it appears like to me.

5 **Anita Duty:** She should be, right, I see what you're saying

6 **Mark Caldwell:** Because you only have a one next to Mike Rasnick's name.

7 **Anita Duty:** Right. We can correct that.

8 **Mark Swartz:** To me, it seems like she should be a 2.

9 **Anita Duty:** Well, James would be a #2 because he's listed next. And it looks like Lucy
10 Blankenship would be a 3, and Marvin Fuller would be a 4, and she would be A, under...

11 **Mark Caldwell:** 4A.

12 **Anita Duty:** Correct.

13 **Mark Caldwell:** But she has an equal interest as Mike Rasnick and all the heirs under Mike
14 Rasnick, correct?

15 **Anita Duty:** No. She has...collectively, the three of them have the same interest as she does. She
16 has half, James, Mike and Lucy have the other half.

17 **Mark Caldwell:** Right. Okay. I can't get these numbers all, all the numbers out next to Bobby
18 Rasnick and Donna Whitt, and all of them, to add up to 0.1617. To me, they only add up to
19 0.081, which is half of that.

20 **Anita Duty:** Which is what they would have as half. Altogether, they have half. She has half and
21 they have the other half.

22 **Mark Caldwell:** He has half, which is 0.1617, correct? Percentage of the unit?

23 **Anita Duty:** Yes.

24 **Mark Caldwell:** So all the rest of them should also add up to 0.1617, correct?

25 **Anita Duty:** Well, the difference in the interest, because you'll see that we have two lines. We
26 have a line for CBM and a line for Oil and Gas. They entered into a separate conveyance of
27 actually coal bed methane and she did not do that. She has just oil and gas interest. So Buckhorn
28 would have the other, Buckhorn would make up the difference because they conveyed their half
29 interest of the CBM to Buckhorn.

1 **Mark Caldwell:** Right. CBM, Coal Bed Methane. Okay.

2 **Anita Duty:** Yes.

3 **Mark Caldwell:** Okay. So the escrow amount that you're proposing to release to her now is
4 based solely on the difference of what Marvin Fuller and she have been paid over the years,
5 based on the 1/9 interest?

6 **Anita Duty:** Well, Ms. Caldwell is currently being paid her 1/9 on this track.

7 **Mark Caldwell:** She's still being paid 1/9 instead of 1/2?

8 **Anita Duty:** I mean 1/2, I'm sorry. She is currently being paid 1/2 in this unit.

9 **Mark Caldwell:** And that's been sent...

10 **Anita Duty:** And that has been from February 2010.

11 **Mark Caldwell:** February 2010?

12 **Anita Duty:** Right. So, in this particular unit, there was additional money that was left in the
13 account because of the James Rasnick settlement and she wasn't a part of that.

14 **Mark Caldwell:** Right.

15 **Anita Duty:** So, we are paying her and Buckhorn, half of the interest that was remaining in that
16 tract, which would be the total difference between the 1/2 and the 1/9.

17 **Mark Caldwell:** For that period from 2004 through 2010.

18 **Anita Duty:** This unit was made whole. Whenever we, so it wasn't made whole from the
19 beginning. That would be the difference in her interest. That entire period of production.

20 **Mark Caldwell:** But her interest going forward will remain the same on this particular unit.

21 **Anita Duty:** Right, because she should already have been paid her half.

22 **Mark Caldwell:** Gotcha.

23 **Anita Duty:** And if you disagree with that, we can, but I know we've double-checked that.

24 **Mark Caldwell:** Okay.

25 **Mary Quillen:** Excuse me. Just one question, Ms. Duty. She's being paid directly now, correct?

1 **Anita Duty:** She is being paid and that's the reason we have her tract listed as a 999, because she
2 actually is being paid that interest and she's, and it's hard for us to tell you we're going to pay
3 out that tract, when it was already on the Exhibit E already. So we just have to make up that
4 difference...that overpayment to the account.

5 **Mary Quillen:** Thank you. I just wanted that on record. Thank you.

6 **Mark Caldwell:** Mr. Chairman, let me just clarify. Table 1 and Table 2. I know the difference
7 between direct pay and percentage, but why is Table 1 there? I'm not sure we've talk about why
8 there is a Table 1.

9 **Anita Duty:** Well, in order to show in E-Forms that we need to do a direct payment, he always
10 wants us to put those in a separate table because one of them is a percentage and one of them is
11 an actual dollar.

12 **Mark Caldwell:** I know you said overpayment but I'm not sure if I got that from testimony
13 that...why is there a table...I mean, I understand the difference between paying direct and
14 paying percentage, but why are we paying, why is there a Table 1? I'm not sure if I'm asking...

15 **Anita Duty:** I mean, Table 1 is there to, that's just the way the forms work. When we do a direct
16 payment, I don't, I guess I don't understand.

17 **Mark Caldwell:** That's not the question I'm trying to ask. Why is there money that needs to be
18 divided that way?

19 **Rick Cooper:** I think you're asking why is it an exact pay balance.

20 **Mark Caldwell:** Yes. How did we end up with an exact pay balance?

21 **Anita Duty:** We knew that the amount that was remaining in escrow for that particular tract,
22 because we offline, with James Rasnick and others, paid that amount to them directly and there
23 were still funds left in the escrow account that needed to be paid out for that particular tract. Now
24 once we calculated the payment that we owed Ms. Caldwell and then Buckhorn, because that's
25 the agreement; 50/50 between the two, that dollar amount came out to the almost \$10,000.

26 **Mark Caldwell:** Okay.

27 **Anita Duty:** And she's not due a percentage of the account, only the dollars that were
28 attributable to that additional interest the court gave her.

29 **Mark Caldwell:** Okay.

30 **Mark Swartz:** The dollar amount is attributable by the settlement.

31 **Mark Caldwell:** By the?

1 **Mark Swartz:** Settlement. The court case.

2 **Mark Caldwell:** Oh, okay. Yes. Okay. Somehow, I missed that in the discussion. Okay. Thank
3 you.

4 **Anita Duty:** It complicated.

5 **Mark Swartz:** It's not that direct but it's a result of the court case, that that money was available
6 to be paid as a sum, sir.

7 **Mark Caldwell:** Okay.

8 **Mark Swartz:** I think that's what Anita was trying to say.

9 **Anita Duty:** It is. Yes.

10 **Mary Quillen:** What was the date, the ending date on that? This portion that's being paid
11 directly, the dollar amount?

12 **Anita Duty:** That's just the dollars she's due for that additional interest. We are already paying
13 her a ½ interest directly [Inaudible]

14 **Mary Quillen:** Right. I know. On that percent, but what was the date on this, the direct dollar
15 amount?

16 **Anita Duty:** That was a calculation of the difference and the interest. It's not a date, it's from the
17 beginning of time until 2010.

18 **Mary Quillen:** Oh, 2010, okay. That's when...

19 **Anita Duty:** 2010 is when she started being paid directly for the ½ interest and it went back in
20 time to the beginning.

21 **Mary Quillen:** Okay. That's what I was trying to get out, was the 2010 date.

22 **Mark Swartz:** If you look at [Inaudible] because when I tried to decipher this before I come
23 over here, you know, if you look for example, if you look at Exhibit EE, with regard to this, and
24 go to Page 3 of 14, I'm just giving you one example, at the very top of 3 of 14 you'll see
25 Catherine Caldwell as an E1, do you have it? It's Page, let's see...

26 **Anita Duty:** The pdf is page 20.

27 **Rick Cooper:** It would be Page 21.

28 **Mark Swartz:** Well, actually...

1 **Mark Caldwell:** We have 20.

2 **Mark Swartz:** The top of Page 20 is an example. Let me know when you have that.

3 **Mark Caldwell:** Oh, there's one on Page 21 also.

4 **Mark Swartz:** I mean, it comes up several times but, what I look for to, sort of, zero in on
5 anything that looks peculiar, in terms of a dollar paid, as opposed to a percentage, there's usually
6 a reference in Exhibit EE, which is the going forward payment. How do we resolve this issue?
7 There's usually a reference to a conveyance, and its here, or a court case, and what you got here
8 is this note, this ownership is for this oil and gas estate only. Catherine owned the 1/9 interest
9 and will receive an additional 7/18 via the court decree in a case, and it gives a date for that case.
10 So that's our, sort of, summary in the paperwork that you have, accounting for payments. To
11 some extent paid in the past and going forward. That's the point of that. So there's a way to kind
12 of drill down and find that.

13 **Mary Quillen:** I see that now. Sorry.

14 **Mark Swartz:** It took a while to figure that out, as well. No. But they try to put this in there to
15 kind of answer those questions, or at least, give an indication when the date might be.

16 **Mary Quillen:** Thank you.

17 **Butch Lambert:** Mark, we kind of got of what you were asking and I apologize.

18 **Mark Caldwell:** That's okay, Mr. Chairman. I think I was done. The only, the final question I
19 have is I'm not quite sure I understand why we're not dealing with all of Ms. Caldwell's interest
20 that AZ112 instead of these specific little tracts that are identified on the pages here. In other
21 words, on the plot, I guess it's the third page of the petition, my understanding is, her interest
22 would be this entire area, like the, I guess it'd be the southwest corner of that unit, starting with
23 the center. Why are we only dealing with 1G and 1F and 1C? Why aren't we dealing with her
24 percentage of the total unit? [No response] And maybe that's going to come later. I just don't
25 know.

26 **Mark Swartz:** Well, if you look at EE, there's a Tract 1A in that Tract 1, okay?

27 **Mark Caldwell:** Right.

28 **Mark Swartz:** She has no interest in that.

29 **Mark Caldwell:** Exactly. That's above her.

30 **Mark Swartz:** So, we couldn't include her. Then, we've got a Tract 1B, which she does have the
31 interest that we've been talking about, which is an oil and gas interest, not a Coal Bed Methane,

1 so she doesn't have a Coal Bed Methane interest in that tract. So you can't, she doesn't have a
2 uniform interest in that boundary.

3 **Mark Caldwell:** She doesn't have an interest in this entire boundary here?

4 **Mark Swartz:** Well, when you do titles, one of those tracts was in there.

5 **Anita Duty:** She has an interest in 1B, 1C, 1D, 1E, 1F, and 1G.

6 **Mark Caldwell:** Right. I agree with all that, but how about all the land in between? What
7 happened to it?

8 **Mary Quillen:** Well, that's in the next...

9 **Anita Duty:** Well that included in 1C. Is that what you're looking at?

10 **Mark Caldwell:** Oh, I thought 1C was just that one square right there.

11 **Anita Duty:** No. 1C is the interest surrounding that and then its land hooked to that square.

12 **Mark Caldwell:** So 1C includes all of this?

13 **Anita Duty:** Yes, and that square. And its land hooked to this square.

14 **Mark Caldwell:** I gotcha.

15 **Anita Duty:** So, it does include that outer.

16 **Mark Caldwell:** What does this square represent? The little square.

17 **Anita Duty:** That must be a house or there must be something there, that's...

18 **Mark Caldwell:** Oh, okay.

19 **Anita Duty:** And its land hooked together, so we're saying that those interests are together.
20 Because we're showing that tract as being...

21 **Mark Caldwell:** I'm sorry. I didn't understand.

22 **Anita Duty:** Well, that's why I was going through to look and see what tracts we were showing.

23 **Mark Caldwell:** The 1C represents the entire area, other than 1E, 1G, 1F?

24 **Anita Duty:** Right, because 1C is 19.41 acres.

25 **Mark Caldwell:** Gotcha. Okay. Thank you.

1 **Anita Duty:** Yes.

2 **Mark Caldwell:** That answers my questions.

3 **Anita Duty:** And I will check on the 3F and I can give you a call back.

4 **Mark Caldwell:** Email me or call me.

5 **Anita Duty:** Okay.

6 **Mark Caldwell:** I'm done. Thanks.

7 **Butch Lambert:** Anything further, Mr. Swartz?

8 **Mark Swartz:** No.

9 **Butch Lambert:** Any questions from the Board? Any further questions from the Board? [No
10 response] Do I have a motion?

11 **Bill Harris:** Motion made for approval.

12 **Bruce Prather:** Second.

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

15 **Board:** Yes.

16 **Butch Lambert:** Opposed, no?

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

18 **Butch Lambert:** One abstention, Mr. Ratliff.

19 **Mark Caldwell:** Thank you, Mr. Chairman.

20 **Butch Lambert:** Thank you, Mr. Caldwell.

21 **Item Number 12**

22 **Butch Lambert:** A petition from CNX Gas Company, LLC, for (1) the disbursement of
23 escrowed funds heretofore deposited with the Board's Escrow Agent, attributable to Tracts 1D,
24 1E, 1F, 1G & 1I, as depicted upon the annexed table; and (2) authorization to begin paying
25 royalties directly to the parties listed in the petition; (3) dismissal of coal owner. This is Docket
26 Number VGOB-04-0217-1256-02. All parties wishing to testify, please come forward.

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

2 **Butch Lambert:** You may proceed.

3 **Mark Swartz:** Can I get your name?

4 **Anita Duty:** Anita Duty.

5 **Mark Swartz:** Anita, who do you work for?

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

7 **Mark Swartz:** And are you here on behalf of CNX Gas Company, LLC today?

8 **Anita Duty:** Yes.

9 **Mark Swartz:** And we're here about a petition requesting disbursements from drilling unit, the
10 escrow account for drilling Unit AZ108, correct?

11 **Anita Duty:** Yes.

12 **Mark Swartz:** And we're looking for three kinds of relief. First, a disbursement order and
13 ability to directly pay the folks on Table 1, directly, going forward and a dismissal of one or
14 more coal owners, correct?

15 **Anita Duty:** Yes.

16 **Mark Swartz:** And this is a middle ridge 58.74 acre unit?

17 **Anita Duty:** Yes.

18 **Mark Swartz:** Go to Table 1, we are looking at a percentage table?

19 **Anita Duty:** Yes.

20 **Mark Swartz:** And it applies to what tracts?

21 **Anita Duty:** 1D, 1E, a portion of F, 1G, and 1I.

22 **Mark Swartz:** And for each tract, have you identified the names of the people or companies that
23 should receive the disbursement?

24 **Anita Duty:** Yes.

25 **Mark Swartz:** And for each person or company, have you given a percentage in the second
26 column from the right hand margin, that the escrow agent should use to multiply times the

1 balance on hand when the checks are cut, calculate the dollar amount each person or company is
2 due?

3 **Anita Duty:** Yes.

4 **Mark Swartz:** And are asking that the Board provide this table to the escrow agent to guide it in
5 making the disbursements?

6 **Anita Duty:** Yes.

7 **Mark Swartz:** Have you provided a revised Exhibit E, which deals with escrow going forward,
8 and an EE, which deals with the payments, going forward?

9 **Anita Duty:** Yes.

10 **Mark Swartz:** We've got a certification of notice. We're looking at the same one we looked at
11 earlier, covering two units, and it looks, again, like everyone got their mail.

12 **Anita Duty:** Yes.

13 **Mark Swartz:** Then, we have an Exhibit J, which you started when?

14 **Anita Duty:** March 2005.

15 **Mark Swartz:** And you ran it through what month?

16 **Anita Duty:** November 2015.

17 **Mark Swartz:** Did you locate a list of all your royalty payments and deposits?

18 **Anita Duty:** Yes.

19 **Mark Swartz:** And did you look for a deposit for each payment?

20 **Anita Duty:** Yes.

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

22 **Anita Duty:** We did.

23 **Mark Swartz:** Okay, then you did a total; you accounted for interest and fees reported by the
24 bank; you came up with a total number and you compared that with the November 30th 2015
25 balance, reported by First Bank and Trust and what did you learn?

26 **Anita Duty:** Their calculation showed \$3.94 more.

1 **Mark Swartz:** You gave notice to the coal owner?

2 **Anita Duty:** Yes.

3 **Mark Swartz:** Buckhorn appears to have picked that up.

4 **Anita Duty:** Yes.

5 **Mark Swartz:** Has Buckhorn responded in any way, within the 45 day period?

6 **Anita Duty:** No.

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

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

9 **Mark Swartz:** No.

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

11 **Donnie Rife:** Motion for approval.

12 **Bruce Prather:** Second.

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

15 **Board:** Yes.

16 **Butch Lambert:** Opposed, no?

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

18 **Butch Lambert:** One abstention, Mr. Ratliff. Thank you, Mr. Swartz. That is approved.

19 **Mark Swartz:** Thank you.

20 **Item Number 13**

21 **Butch Lambert:** A petition from CNX Gas Company, LLC, for 1) the disbursement of
22 escrowed funds heretofore deposited with the Board's Escrow Agent, attributable to a portion of
23 Tracts 3B, 3C, 3E, 3F & 3G, as depicted upon the annexed table; and (2) authorization to begin
24 paying royalties directly to the parties listed in the petition; (3) dismissal of coal owner. This is
25 Docket Item VGOB 04-0921-1328-01. All parties wishing to testify, please come forward.

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

1 **Butch Lambert:** You may proceed, Mr. Swartz.

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

3 **Anita Duty:** Anita Duty.

4 **Mark Swartz:** And who do you work for?

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

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

7 **Anita Duty:** Yes.

8 **Mark Swartz:** And we're here about a petition for disbursements of the escrow account
9 pertaining to Unit BA108?

10 **Anita Duty:** Yes.

11 **Mark Swartz:** And we're looking for three kinds of relief. First of all, a disbursement order;
12 secondly, an ability to pay the people listed in Table 1 directly, going forward and the dismissal
13 of one or more coal owners, under the act?

14 **Anita Duty:** Yes.

15 **Mark Swartz:** And the basis for this disbursement request are, first of all, we've got some split
16 agreements?

17 **Anita Duty:** Yes.

18 **Mark Swartz:** And then we have gas claimants under the act?

19 **Anita Duty:** Yes.

20 **Mark Swartz:** And with regard to the act, have you given notice, the 45 day notice to the coal
21 owners?

22 **Anita Duty:** We did.

23 **Mark Swartz:** And did you get anything back from them?

24 **Anita Duty:** No.

25 **Mark Swartz:** This is a 58.74 acre middle ridge unit. Table 1 applies to what tracts?

26 **Anita Duty:** A portion of 3B, Tract 3C, 3E, 3F, and 3G.

- 1 **Mark Swartz:** And is it a percentage Table 1?
- 2 **Anita Duty:** It is.
- 3 **Mark Swartz:** And for each tract, have you identified or given the names of the person or
4 persons who should receive a check?
- 5 **Anita Duty:** Yes.
- 6 **Mark Swartz:** And for each person identified, have you given a percentage in the second
7 column from the right hand margin?
- 8 **Anita Duty:** Yes.
- 9 **Mark Swartz:** And is it your request that the escrow agent use that percentage for each person;
10 multiply it times the balance on hand when the checks are made, and use that calculation, the
11 percentage times the balance, to calculate the dollar amount each person is due?
- 12 **Anita Duty:** Yes.
- 13 **Mark Swartz:** And are you requesting that the Board provide Table 1 to the escrow agent for
14 guidance as to how to make the payments?
- 15 **Anita Duty:** Yes.
- 16 **Mark Swartz:** Have you provided a revised Exhibit E, with regard to escrow requirements,
17 going forward?
- 18 **Anita Duty:** Yes.
- 19 **Mark Swartz:** An a revised EE, with regard to payments going forward?
- 20 **Anita Duty:** Yes.
- 21 **Mark Swartz:** Looking at the certification of notice. It looks like we've got one unclaimed.
- 22 **Anita Duty:** Yes.
- 23 **Mark Swartz:** Okay, and if we look at what we got from the post office, in that regard, we
24 mailed it Certified Mail; they held it after it had reached its maximum hold time and sent it back
25 to you.
- 26 **Anita Duty:** Yes.

1 **Mark Swartz:** So, we have complied with 34536119, in that we have mailed by Certified Mail,
2 Return Receipt Requested. The post office got it, held it, and it wasn't picked up.

3 **Anita Duty:** Correct.

4 **Mark Swartz:** With regard to Exhibit J, when did you start?

5 **Anita Duty:** May 2007.

6 **Mark Swartz:** And when did you end?

7 **Anita Duty:** November 2015.

8 **Mark Swartz:** Okay, did you identify, or attempt to identify, all royalty payments made?

9 **Anita Duty:** Yes.

10 **Mark Swartz:** And did you look for a corresponding deposit?

11 **Anita Duty:** Yes.

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

13 **Anita Duty:** We did.

14 **Mark Swartz:** Then, you ran your own calculation to come up with a balance of what you
15 deposited, interest and fees reported by the bank and you got a number, and when you compared
16 that with the balance that First Bank was reporting at the end of November 2015, what did you
17 find?

18 **Anita Duty:** We were showing \$1.38 more than the bank.

19 **Mark Swartz:** Okay. Lastly, I think, we should have, yes we do. A Certificate of Notice to
20 Buckhorn Coal Company, the coal owner.

21 **Anita Duty:** Yes.

22 **Mark Swartz:** And they picked up that mail?

23 **Anita Duty:** They did.

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

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

26 **Mark Swartz:** No.

1 **Butch Lambert:** Do I have a motion?

2 **Donnie Rife:** Motion for approval.

3 **Bruce Prather:** Second.

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

6 **Board:** Yes.

7 **Butch Lambert:** Opposed, no?

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

9 **Butch Lambert:** One abstention, Mr. Ratliff. Thank you, Mr. Swartz. That is approved.

10 **Item Number 14**

11 **Butch Lambert:** A petition from CNX Gas Company, LLC, for (1) the disbursement of
12 escrowed funds heretofore deposited with the Board's Escrow Agent, attributable to Tract 1D, as
13 depicted upon the annexed table; and (2) authorization to begin paying royalties directly to the
14 parties listed in the petition. Docket Number VGOB 04-0921-1328-01. All parties wishing to
15 testify, please come forward.

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

17 **Butch Lambert:** You may proceed, Mr. Swartz.

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

19 **Anita Duty:** Anita Duty.

20 **Mark Swartz:** And who do you work for?

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

22 **Mark Swartz:** And your here on behalf of CNX Gas Company, LLC, with regard to this petition
23 for a disbursement from the escrow account pertaining to Unit AV101?

24 **Anita Duty:** Yes.

25 **Mark Swartz:** We're looking here because I think we have a court order, right?

26 **Anita Duty:** We do.

1 **Mark Swartz:** We're looking here for two kinds of relief. First of all, a disbursement and then,
2 an ability to pay directly.

3 **Anita Duty:** Yes.

4 **Mark Swartz:** Okay. And the court order was in Case CL34711, right?

5 **Anita Duty:** Yes.

6 **Mark Swartz:** And it was, apparently, issued February 5, 2015.

7 **Anita Duty:** Yes.

8 **Mark Swartz:** This is a 50.94 acre Nora Unit.

9 **Anita Duty:** Yes.

10 **Mark Swartz:** And Table 1 is pretty straight forward, because, again, we've got a court case.
11 What should the escrow agent disburse?

12 **Anita Duty:** 32.0604% to Kenneth and Kathy Street.

13 **Mark Swartz:** And will that close out Tract 1D?

14 **Anita Duty:** Yes, just the tract.

15 **Mark Swartz:** I understand.

16 **Anita Duty:** Yes.

17 **Mark Swartz:** And should the Board furnish this table to the escrow agent, to make sure they
18 get it right?

19 **Anita Duty:** Yes.

20 **Mark Swartz:** Okay. Have you provided a revised Exhibit E?

21 **Anita Duty:** Yes.

22 **Mark Swartz:** And then that pertains to escrow but then also a revised EE, pertaining to
23 payments going forward.

24 **Anita Duty:** Yes.

25 **Mark Swartz:** And you should have a Certificate of Mailing and it looks like these people got
26 their mail.

1 **Anita Duty:** They did.

2 **Mark Swartz:** And you would also have an Exhibit J. When did you start that?

3 **Anita Duty:** March 2005.

4 **Mark Swartz:** And you ran it through...?

5 **Anita Duty:** October 2015.

6 **Mark Swartz:** Okay. And did you try to identify all royalty payments made?

7 **Anita Duty:** Yes.

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

9 **Anita Duty:** We did.

10 **Mark Swartz:** And did you find an extra deposit?

11 **Anita Duty:** It looks like there's two extra.

12 **Mark Swartz:** Oh, okay. Are they highlighted? Yes, they are. They're highlighted on Page 6, I
13 think, of the pdf?

14 **Anita Duty:** Yes.

15 **Mark Swartz:** You've got one October 31, 2008 and another one June 30, 2009, correct?

16 **Anita Duty:** Correct.

17 **Mark Swartz:** And those payments were not payments you made as operator for this unit?

18 **Anita Duty:** Correct.

19 **Mark Swartz:** Okay. And were you able to identify where they should have been deposited?

20 **Anita Duty:** The October 2008 payment should have went to the Buchanan SGU1, and I don't
21 know if we left off...if the \$89.00 should have went there also. I think I need to double check
22 that before we proceed. I just realized that.

23 **Mark Swartz:** How do you want to handle that? Do you want to just double check that and
24 report to the Board the next time we come back, or...?

25 **Anita Duty:** I think if we can work it out with Mr. Cooper...

1 **Mark Swartz:** And the bank. Okay. Get the bank to confirm that.

2 **Anita Duty:** It could be we just left it off the sheet and it should be, it should also go to this
3 sealed GOB, but I want to verify it first.

4 **Mark Swartz:** So, we need to confirm what the DGO, the bank, what should be done with that
5 initial \$89.00. Should it go to Buchanan 1 Sealed Gob Unit 1 [Inaudible] or somewhere else?

6 **Anita Duty:** Correct.

7 **Mark Swartz:** Okay. You've attached a copy of the court case with the decision?

8 **Anita Duty:** Yes.

9 **Mark Swartz:** Then we have some payment instructions in this case, right?

10 **Anita Duty:** Yes.

11 **Mark Swartz:** We've got Kenneth Street and...

12 **Anita Duty:** It would be...

13 **Mark Swartz:** Kathy Street. I think that's it, but they have requested that attorney, Shea Cook,
14 receive their distributions, right?

15 **Anita Duty:** Yes.

16 **Mark Swartz:** And we've dealt with that in a prior case today, and my understanding is, the
17 escrow agent should be told to make the check payable to the people but mail it to the lawyer? Is
18 that what we agreed to?

19 **Anita Duty:** Yes.

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

21 **Butch Lambert:** Any questions from the Board? [No response] On Page 19 of pdf, you have a
22 highlighted area that says "check", you have a highlighted yellow area that says "check" and
23 Boyd Scott 46.8084%.

24 **Anita Duty:** That was supposed to be out of the margin. That's for us to check our percentage. If
25 you notice, the percentage is right beside of it. We do those, like, manually go down there and
26 put the formula in. That checks supposed to be out of the margin to make sure what our number
27 shows is what's right. I usually catch those, but I didn't catch that one.

28 **Mark Swartz:** If they weren't in agreement, it would be a problem.

1 **Anita Duty:** Yeah.

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

4 **Mark Swartz:** No.

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

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

7 **Bruce Prather:** Second.

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

10 **Board:** Yes.

11 **Butch Lambert:** Opposed, no?

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

13 **Butch Lambert:** One abstention, Mr. Ratliff.

14 **Item Number 15**

15 **Butch Lambert:** A petition from CNX Gas Company, LLC, for (1) the disbursement of
16 escrowed funds heretofore deposited with the Board's Escrow Agent, attributable to Tract 4, as
17 depicted upon the annexed table; and (2) authorization to begin paying royalties directly to the
18 parties listed in the petition. This is Docket Number VGOB 04-1019-1348-01. All parties
19 wishing to testify, please come forward.

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

21 **Butch Lambert:** You may proceed, Mr. Swartz.

22 **Mark Swartz:** She's suggesting that the later it got last night, my notes got more compressed
23 and messy, but in any event. Anita, would you state your name for us.

24 **Anita Duty:** Anita Duty.

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

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

1 **Mark Swartz:** And are you here on behalf of CNX Gas Company, LLC, with regard to a
2 petition seeking a disbursement from the escrow account pertaining to Unit BF118?

3 **Anita Duty:** Yes.

4 **Mark Swartz:** And the reason we're making this request is because of a royalty split agreement?

5 **Anita Duty:** It is.

6 **Mark Swartz:** And consistent with that, we're asking for two kinds of relief. One, a
7 disbursement; and secondly, an ability to pay these folks directly in the future?

8 **Anita Duty:** Yes.

9 **Mark Swartz:** Okay. This is an 80 acre Oakwood, no. Do we have 80 acre middle ridge?

10 **Anita Duty:** It's a middle ridge but it's not 80 acres.

11 **Mark Swartz:** Okay. So we probably need, so 58.74, okay. Table 1 is pretty straight forward. It
12 pertains only to Tract 4?

13 **Anita Duty:** Yes.

14 **Mark Swartz:** And consistent with a 50/50 split agreement, who receives the payment and what
15 percentage should the escrow agent apply to the balance on hand, to get to the dollar amount?

16 **Anita Duty:** Swords Creek Land Partnership and Buckhorn Coal Company, should each receive
17 29.1613%.

18 **Mark Swartz:** And the, going forward, you want to be able to pay them directly?

19 **Anita Duty:** Yes.

20 **Mark Swartz:** And you filed a revised Exhibit E?

21 **Anita Duty:** Yes.

22 **Mark Swartz:** And a revised EE?

23 **Anita Duty:** Yes.

24 **Mark Swartz:** And with regard to mailing, both of these folks picked up their mail?

25 **Anita Duty:** They did.

26 **Mark Swartz:** And you've got an Exhibit J that started when?

1 **Anita Duty:** August 2005.

2 **Mark Swartz:** And concluded...?

3 **Anita Duty:** November 2015.

4 **Mark Swartz:** Okay, and did you attempt to identify all royalty payments you made?

5 **Anita Duty:** Yes.

6 **Mark Swartz:** And did you look for a corresponding deposit?

7 **Anita Duty:** Yes.

8 **Mark Swartz:** And did you find one?

9 **Anita Duty:** We did.

10 **Mark Swartz:** And then did you run your math to come up with total deposited, interest and
11 fees, and then get a total and compare that to the banks ending balance for November 2015?

12 **Anita Duty:** We did.

13 **Mark Swartz:** And in this case, what did you find?

14 **Anita Duty:** The bank actually had \$8.15 more than our calculation.

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

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

17 **Mark Swartz:** Nope.

18 **Butch Lambert:** Do I have a motion?

19 **Bill Harris:** Motion made for approval, Mr. Chair.

20 **Bruce Prather:** Second.

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

23 **Board:** Yes.

24 **Butch Lambert:** Opposed, no?

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

2 **Butch Lambert:** One abstention, Mr. Ratliff. Thank you, Mr. Swartz.

3 **Mark Swartz:** Thank you, all.

4 **Item Number 25**

5 **Butch Lambert:** A petition from EnerVest Operating, LLC, for pooling of Well No. VCI-
6 538558. Docket Number VGOB 16-0315-4088. All parties wishing to testify, please come
7 forward.

8 **Tim Scott:** Tim Scott, Gus Janson, and Aaron Anderson for EnerVest Operating.

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

11 **Tim Scott/Gus Janson/Aaron Anderson:** I do.

12 **Butch Lambert:** You may proceed.

13 **Tim Scott:** Thank you. Mr. Anderson, please state your name, by whom you're employed and
14 your job description.

15 **Aaron Anderson:** Aaron Anderson. EnerVest Operating, LLC and I'm an Associate Landman.

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

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

18 **Tim Scott:** What field is this unit located in?

19 **Aaron Anderson:** The Nora Coal Bed Gas Field.

20 **Tim Scott:** And how many acres does this this unit contain?

21 **Aaron Anderson:** 58.77.

22 **Tim Scott:** And EnerVest does have a significant portion of this unit under lease, or under
23 [Inaudible]. Is that correct?

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

25 **Tim Scott:** Are we going to dismiss any respondents listed on Exhibit B3 today?

26 **Aaron Anderson:** No.

1 **Tim Scott:** And those who are listed on Exhibit B3, have you attempted to reach an agreement
2 with those parties?

3 **Aaron Anderson:** Yes.

4 **Tim Scott:** And, how were the hearing notices provided to those parties, listed on Exhibit B?

5 **Aaron Anderson:** Certified Mail.

6 **Tim Scott:** And, was it effective by any other means?

7 **Aaron Anderson:** The Lebanon News.

8 **Tim Scott:** And when was that notice published?

9 **Aaron Anderson:** February 24, 2016.

10 **Tim Scott:** We don't have any unknown owners in this unit. Is that right?

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

12 **Tim Scott:** And you provided publication and mail certification to the Board. Is that correct?

13 **Aaron Anderson:** Yes.

14 **Tim Scott:** Now, EnerVest is authorized to conduct this within the Commonwealth. Is that right?

15 **Aaron Anderson:** Correct.

16 **Tim Scott:** And it has a blanket bond on file. Is that also correct?

17 **Aaron Anderson:** Yes.

18 **Tim Scott:** Now if you were to reach an agreement with the parties listed on Exhibit B3, what
19 terms would you offer?

20 **Aaron Anderson:** \$25.00 an acre for a five-year paid up lease.

21 **Tim Scott:** And what's the royalty for that? [No response] Is it a 1/8 royalty?

22 **Aaron Anderson:** Yes. With a 1/8th royalty.

23 **Tim Scott:** What percentage of the oil and gas estate does EnerVest have under a lease?

24 **Aaron Anderson:** 99.30326362.

25 **Tim Scott:** And that percentage does include the simple ownership and the minerals. Is that
26 correct?

1 **Aaron Anderson:** Yes.

2 **Tim Scott:** And then, we have listed the coal is staying on Exhibit B, as well. Is that right?

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

4 **Tim Scott:** And 100% of that is leased to EnerVest. Is that correct?

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

6 **Tim Scott:** Now we're going to, you're asking the Board to pool the parties listed on Exhibit B3.
7 What the percentage to be pooled?

8 **Aaron Anderson:** 0.696773638%.

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

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

11 **Tim Scott:** Are you requesting that EnerVest be named the operator for this unit?

12 **Aaron Anderson:** Yes.

13 **Tim Scott:** And in the event that the Board grants our application today, what would be the
14 address for making any election under an order?

15 **Aaron Anderson:** EnerVest Operating, LLC, 408 W. Main Street, Abingdon, VA 24210, Attn:
16 Chuck Akers, Land Manager.

17 **Tim Scott:** And that would be the address for any correspondence regarding this unit?

18 **Aaron Anderson:** Yes.

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

20 **Butch Lambert:** Any questions from the Board? [No response] Mr. Scott, on some of these
21 notices, if I can get back there, have a certified mail number, I think that's the number, but
22 you've got unable to forward, undeliverable as addressed, what happened with those? Notice left.
23 All kinds of notes so I'm not sure if they were delivered or not.

24 **Tim Scott:** Well, this is the same situation we always have with the post office. Those addresses
25 are actually good addresses because we checked those with the USPS., but for some reason, they
26 did not get delivered, but I don't believe those were bad addresses, Mr. Chairman.

27 **Butch Lambert:** Will they be resent?

28 **Tim Scott:** We'll send out the order to those very addresses, yes sir.

1 **Butch Lambert:** Okay. Thank you.

2 **Tim Scott:** And we're always ongoing, Mr. Chairman, if things need to be updated. We always
3 check those to make sure that the U.S.P.S. address that we have as the last address, is the correct
4 address, and those are correct.

5 **Butch Lambert:** Any others questions from the Board?

6 **Bill Harris:** Mr. Chairman, let me just comment, and this is maybe being petty, but I noticed a
7 lot of these are inverted or upside down. I don't know if that's from our office or you're all's
8 office.

9 **Tim Scott:** I don't have any idea, Mr. Harris, but we'll check it.

10 **Bill Harris:** I mean, it's just a...and if you turn the tablet up, they just flip back up.

11 **Tim Scott:** We'll check on that for you and we'll make sure that's...I don't think we look at
12 those once we upload those but we'll double check those, but we'll double check that. Sarah,
13 what do you think? Do you think it's us? We'll correct that, Mr. Harris.

14 **Bill Harris:** I just think it's probably the way it's put on the scanner or something or whatever. I
15 don't know how they're done.

16 **Butch Lambert:** Any other questions from the Board? [No response] You may continue, Mr.
17 Scott.

18 **Tim Scott:** Thank you. Mr. Janson, would you please state your name, by whom you're
19 employed?

20 **Gus Janson:** My name is Gus Janson. I am employed by EnerVest Operating, LLC.

21 **Tim Scott:** And what's your position with EnerVest?

22 **Gus Janson:** I'm the Geology Advisor.

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

24 **Gus Janson:** Yes, I am.

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

26 **Gus Janson:** This wells proposed depth is 2,928 feet.

27 **Tim Scott:** And what are the estimated reserves?

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

1 **Tim Scott:** Now, I believe you also participated in the preparation of the AFE that was filed with
2 this application. Is that correct?

3 **Gus Janson:** I did.

4 **Tim Scott:** So you're familiar with the cost of this well?

5 **Gus Janson:** I am.

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

7 **Gus Janson:** \$162,652.00.

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

9 **Gus Janson:** \$431,165.00.

10 **Tim Scott:** Now, based on my review and, of course, the preparation of the AFE, there is a cost
11 for supervision. Is that correct?

12 **Gus Janson:** I think there actually is not.

13 **Tim Scott:** There is not?

14 **Gus Janson:** No. We have taken that out, going forward.

15 **Tim Scott:** Alright. So we don't have that on there, is that right?

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

17 **Tim Scott:** So in your opinion, if this application is granted, it would prevent ways to promote
18 conservation and protect correlative rights. Is that correct?

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

20 **Tim Scott:** Thank you. That's all I have, Mr. Chairman.

21 **Butch Lambert:** Any questions from the Board?

22 **Mary Quillen:** Just one question. Why was the supervision [Inaudible]?

23 **Gus Janson:** On a going forward basis, we are using our own internal staff to oversee all of the
24 well drilling activities. We're not using any third party consultants to do any of that work.

25 **Mary Quillen:** Oh.

26 **Gus Janson:** It's a cost-saving measure.

27 **Butch Lambert:** Isn't there supposed to be a line in our new form for supervision?

1 **Gus Janson:** If you have any. There is a line on the form for it, but if you...

2 **Mary Quillen:** Right, it just has zero zero on it.

3 **Gus Janson:** There's no cost.

4 **Bill Harris:** I'm not seeing the line item.

5 **Mary Quillen:** Its right here intangibles. Its right at the "I" in intangibles. Technical supervision
6 for drilling zero, zero.

7 **Butch Lambert:** Ms. Quillen, what page is that?

8 **Mary Quillen:** 16.

9 **Bill Harris:** That's where I am.

10 **Mary Quillen:** It's right in the middle of the intangibles over on the left-hand side.

11 **Bill Harris:** Intangibles or tangibles?

12 **Mary Quillen:** Intangibles.

13 **Tim Scott:** This technical supervision drilling. Its right next to the "I" in intangibles.

14 **Bill Harris:** Oh, when you said "intangibles", I was in tangibles [laughs] I'm sorry.

15 **Mary Quillen:** Oh, I'm sorry. [laughs]

16 **Bill Harris:** Technical supervision drilling zero. Yeah. It's okay. Got it.

17 **Butch Lambert:** Okay. Anything further, Mr. Scott?

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

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

20 **Bill Harris:** Motion for approval, Mr. Chair.

21 **Bruce Prather:** Second.

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

24 **Board:** Yes.

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

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

1 **Butch Lambert:** One abstention, Mr. Ratliff. Thank you, Mr. Scott. That item is approved.

2 **Tim Scott:** Thank you.

3 **Item Number 26**

4 **Butch Lambert:** A petition from EnerVest Operating, LLC, for pooling of Well No. VCI-
5 531502. This is Docket Number VGOB 16-0315-4089. All parties wishing to testify, please
6 come forward.

7 **Tim Scott:** Tim Scott, Gus Janson, and Aaron Anderson for EnerVest Operating.

8 **Butch Lambert:** You may proceed, Mr. Scott.

9 **Tim Scott:** Thank you, Mr. Chairman. Mr. Anderson, again state your name, by whom you're
10 employed and your job description, please.

11 **Aaron Anderson:** Aaron Anderson. I'm employed by EnerVest Operating, LLC and I'm an
12 Associate Landman.

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

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

15 **Tim Scott:** And where is this unit located? What field?

16 **Aaron Anderson:** The Nora Coal Bed Gas Field.

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

18 **Aaron Anderson:** 58.77.

19 **Tim Scott:** And in this particular situation, EnerVest is both an owner and a leasee, is that
20 correct?

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

22 **Tim Scott:** Are we going to dismiss any parties listed on Exhibit B3?

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

24 **Tim Scott:** And as to those parties listed on Exhibit B3, have you attempted to reach an
25 agreement with those parties?

26 **Aaron Anderson:** Yes.

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

1 **Aaron Anderson:** Certified Mail.

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

3 **Aaron Anderson:** It was published in the Lebanon News.

4 **Tim Scott:** And when was that published?

5 **Aaron Anderson:** February 24, 2016.

6 **Tim Scott:** And you provided proof of publication and mail certification to the Board, is that
7 right?

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

9 **Tim Scott:** Even if it's upside down, correct?

10 **Aaron Anderson:** Even upside down, that's correct [laughs].

11 **Tim Scott:** We don't have any unknown owners in this unit. Is that right?

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

13 **Tim Scott:** And you've already testified that EnerVest is authorized to conduct business within
14 the Commonwealth. Is that right?

15 **Aaron Anderson:** Correct.

16 **Tim Scott:** And there is a blanket bond on file?

17 **Aaron Anderson:** Correct.

18 **Tim Scott:** Now as to lease terms that you would offer to any parties listed on Exhibit B3, what
19 would those terms be?

20 **Aaron Anderson:** \$25.00 a year for a five-year paid up lease with a 1/8 royalty.

21 **Tim Scott:** And do you think this is a reasonable amount to be paid for a lease in this area?

22 **Aaron Anderson:** Yes.

23 **Tim Scott:** What percentage of the gas estate does EnerVest have under a lease?

24 **Aaron Anderson:** 99.62209182%

25 **Tim Scott:** And again, this does include ownership of tracts in which EnerVest has ownership in
26 the minerals. Is that correct?

27 **Aaron Anderson:** Yes.

1 **Tim Scott:** And then, as to the coal estate, EnerVest has 100% of the lease. Is that right?

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

3 **Tim Scott:** What percentage of the gas estate are you seeking to pool today?

4 **Aaron Anderson:** 0.37790818%.

5 **Tim Scott:** Okay, and we have no escrow requirement. Is that right?

6 **Aaron Anderson:** Correct.

7 **Tim Scott:** Are you requesting that EnerVest be named the operator for this unit?

8 **Aaron Anderson:** Yes.

9 **Tim Scott:** What would be the address used for any correspondence regarding elections, if the
10 Board approves our application?

11 **Aaron Anderson:** EnerVest Operating, LLC, 408 W. Main Street, Abingdon, VA 24210, Attn:
12 Chuck Akers, Land Manager.

13 **Tim Scott:** And that would be the address for all correspondence, is that right?

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

15 **Tim Scott:** Mr. Chairman, I was going to alert you to the fact that I think these parties
16 respondent and the parties who receive the notices, are the same in both of these units. So you're
17 going to see the same mailing issue with this one, as well.

18 **Butch Lambert:** Okay. Thank you.

19 **Tim Scott:** And, obviously, upside down. That's all I have for Mr. Anderson.

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

21 **Tim Scott:** Thank you. Mr. Janson, again, your name, by whom you're employed, and your job
22 description?

23 **Gus Janson:** My name is Gus Janson. I am employed by EnerVest Operating, LLC, as the
24 Geology Advisor.

25 **Tim Scott:** And you participated in the preparation of the application? Is that right?

26 **Gus Janson:** I did.

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

1 **Gus Janson:** Yes. The proposed depth is 3,159 feet.

2 **Tim Scott:** And what are the estimated reserves?

3 **Gus Janson:** The reserves are 525 million cubic feet of gas.

4 **Tim Scott:** Now, you did participate in the preparation of the AFE, which is attached to our
5 application. Is that right?

6 **Gus Janson:** I did.

7 **Tim Scott:** So are you familiar with the well cost?

8 **Gus Janson:** I am.

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

10 **Gus Janson:** The dry hole cost \$166,521.00.

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

12 **Gus Janson:** \$435,161.00.

13 **Tim Scott:** If the Board approves our application today, would it, in your opinion, prevent ways
14 to promote conservation and protect correlative rights?

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

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

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

18 **Tim Scott:** No, sir.

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

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

21 **Bruce Prather:** Second.

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

24 **Board:** Yes.

25 **Butch Lambert:** Opposed, no?

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

1 **Butch Lambert:** One abstention, Mr. Ratliff. Thank you.

2 **Tim Scott:** Thank you, Mr. Chairman.

3 **Item Number 16**

4 **Butch Lambert:** A petition from EnerVest Operating, LLC, for a 90 day extension request from
5 April 1, 2016, in order to properly disburse escrowed funds from certain units. Docket Number
6 VGOB 16-0315-4087. All parties wishing to testify, please come forward.

7 **Jim Kaiser:** Mr. Chairman, Board members: Jim Kaiser, Phil Horn, and Larry Reeves, on behalf
8 of EnerVest. We ask that they be sworn at this time.

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

11 **Phil Horn/Larry Reeves:** I do.

12 **Butch Lambert:** You may proceed, Mr. Kaiser.

13 **Jim Kaiser:** Mr. Chairman, Board members, we have filed a petition seeking another 90-day
14 extension in order finish our disbursement applications. I think EnerVest has about 70 pending
15 before the DGO right now. They're in the process of being reviewed and what we have, we're
16 not going to be able to get filed by March 31st. They're included on the exhibit that we provided
17 you, along with the reasons we were unable to meet that deadline. As you can see, there's several
18 of them that were making progress on the day and if we have to repool the units and wait for the
19 election period. That whole process to run its course before we can come back and file
20 disbursement petitions; and then you see the reasons for the rest of them, I think there's only
21 about 13 that we weren't going to be able to get filed, so we would respectfully request that the
22 Board grant us a another 90 days until June 30th to complete this process. We have Mr. Horn here
23 to answer any questions you may have regarding the units that we haven't been able to get filed.

24 **Mary Quillen:** Just one question, Mr. Chairman. This list that you have presented here, these are
25 the ones that you won't be able to present at the next, at the first...

26 **Jim Kaiser:** We won't be able to get them filed by March 31st.

27 **Mary Quillen:** Right. So these will go into the 90-day extension?

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

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

30 **Butch Lambert:** What would prevent filing if EnerVest is the operating company...?

1 **Phil Horn:** EnerVest wanted to wait until the end to get their oil and gas out and try to get it to
2 the oil and gas owners first.

3 **Butch Lambert:** What now?

4 **Phil Horn:** EnerVest, just like Range, wanted to wait and get their oil and gas out last and get it
5 to the third party oil and gas owners first.

6 **Butch Lambert:** Oh, okay. Thank you. And G.W. Kiser and H.F. Kiser's reviewing?

7 **Phil Horn:** We're working on our petitions for those last two. We've already submitted
8 individual petition that include both these heirship tracts. We have two wells that they're both
9 inside the same well units and they're just, they have like, 180 owners between the two of them
10 and we're just trying to finish up on those also. We should have the [Inaudible] prepared by the
11 end of March and then, hopefully, get them submitted shortly thereafter.

12 **Butch Lambert:** Others questions from the Board? [No response] Do I have a motion?

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

14 **Bruce Prather:** Second.

15 **Butch Lambert:** I have a motion and I have a second. Any further discussion? [No response]
16 Alright, that was for 90 days, is that correct?

17 **Phil Horn/Jim Kaiser:** Yes, sir.

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

20 **Board:** Yes.

21 **Butch Lambert:** Opposed, no? [No response] Thank you, Mr. Kaiser. That is approved.

22 **Jim Kaiser:** Thank you.

23 **Item Number 17**

24 **Butch Lambert:** A petition from EnerVest Operating, LLC, for (1) Modification of the Nora
25 Coalbed Methane Gas Field Rules, to allow one additional coalbed gas well to be drilled within
26 each of the 58.77 acre Nora units identified hereto, and (2) for an administrative order providing
27 that additional well permits may be issued in the Nora Field unit after this application is filed and
28 while it is pending, for the units listed in the petition. This is Docket Number VGOB 89-0126-
29 0009-86. All parties wishing to testify, please come forward.

1 **Jim Kaiser:** Jim Kaiser, Larry Reeves, Gus Janson on behalf of EnerVest.

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

3 **Jim Kaiser:** Mr. Reeves, have all parties been notified by statute of this hearing?

4 **Larry Reeves:** They have.

5 **Jim Kaiser:** That's all I have for that witness, Mr. Chairman.

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

7 **Jim Kaiser:** Mr. Janson, if you would state your name for the Board, who you're employed by
8 and in what capacity.

9 **Gus Janson:** My name is Gus Janson. I am employed by EnerVest Operating, LLC, as the
10 Geology Advisor.

11 **Jim Kaiser:** Now, in order to further illustrate your testimony today, as to why we're seeking
12 increased density wells in these units, have you prepared a packet of information that's been
13 uploaded to the Board?

14 **Gus Janson:** Correct, and we've confirmed that the Board does have their Exhibit K available to
15 them. So I don't need to pass anything out to anybody. Everybody has it? It will be a packet
16 which would, sort of, reproduce the units where we're talking about.

17 **Mary Quillen:** It's Page 7. Starting on Page 7.

18 **Butch Lambert:** I think their scanner [Inaudible] through our petition, I believe.

19 **Bill Harris:** You have an Exhibit H2. There's Exhibit H2. [Crosstalk]

20 **Butch Lambert:** Yeah, those are toward the end.

21 **Jim Kaiser:** Exhibit K, Page 1. The Page in the middle would be 79.

22 **Bill Harris:** Page 32, oh, Page 31, yes.

23 **Jim Kaiser:** Mr. Janson, if you would go through your testimony for the Board at this point.

24 **Gus Janson:** Yes, your Exhibit K, the first page this information provides you with the proposed
25 units we're here today seeking the increased density approval on. Page 1 will show the nine units
26 in the Buchanan County area; and Page 2 will show the units that are in Dickenson County.
27 These correspond to what you see in your application. The one difference is we will be removing
28 the unit associated with 35BQ, from the application today. We will not be requesting that today.

1 **Butch Lambert:** Why are you taking that out?

2 **Gus Janson:** I'll give you the explanation of that. This is a unique unit. There was, originally in
3 this unit, it was to build a complete well, which would allow that operator who, at the time, was
4 EQT, to build either a conventional well and a CBM well together. The well was only completed
5 as a conventional well and never was completed as CBM, so in essence, we really don't need an
6 infill, because there hasn't been a CBM well needed, however, the permit does allow EQT the
7 right to drill that there. They are still the operator of that well and they could permit to make it a
8 CBM well, so we're working with EQT to see if they will submit a supplement to DGO, from the
9 permit side, to just turn it into a conventional well only and alleviate the need for that.

10 **Butch Lambert:** Okay.

11 **Mary Quillen:** Which well number was that, did you say?

12 **Gus Janson:** There is not a well number. It's the unit 35BQ. It the last one.

13 **Jim Kaiser:** It's the very last one on the list of the units.

14 **Mary Quillen:** Oh, I'm sorry.

15 **Gus Janson:** Right. That was part of the original application but we were going to see if we
16 could work that out without having to.

17 **Butch Lambert:** Thank you.

18 **Gus Janson:** Moving forward on Page 3, or Exhibit K, you'll see the typical zoomed out view of
19 the North field that we provided you. It shows you all the units in grey, which have been
20 previously approved by the Board for increased density. The units in green are the 20 units that
21 we are seeking approval for today. So you can see where we continued to build onto our existing
22 approvals to support our drilling programs, moving forward. Again, moving on to Page 4, again,
23 the same view but I've added to this with the red dots, that'll show which units have had a
24 second well drilled in it and become an increased density well unit. Again, just to give you a
25 little background on that, in 2014-2015, Range Resources, our predecessor, had drilled 38 wells
26 in that timeframe and 17 of those were increased density. So you can see that's an important part
27 of our program and our going forward basis for 2016, with our drilling program we have 50
28 wells that we have planned, 33 of those will also be increased density. And that will included
29 some of those that we are requesting today before the Board, and also moving into 2017. So
30 you're going to see these applications, is what the key point is. Page 5, again I'm zooming in and
31 giving you a little more of the detail there. You can see the grey units again have been previously
32 approved. The ones I the highlighted green, are the 20 units we're here today for, seeking the
33 increased density. You can see the distribution of the drilled well throughout this area, in black.
34 And then the green and purple wells are the proposed well that are either permitted or are

1 currently in our permitting process. So you can see, there are several of these in progress and
2 we'll continue to bring more of those forward for permitting as we move forward. We have
3 plenty of drilling programs in the short-term. Moving on to Page 6, this is the production plot
4 that I have provided to the Board for several times in the past as we've gone through these
5 increased densities. Again the two curves you're seeing on there, the blue will be the original
6 well that was drilled in the units and the purple line is the cumulative production between both
7 wells and that unit. Over time, back from June 2006, when a lot of the infilling was initiated in
8 the North field and carrying forward through the drilling that we completed in 2014 and 2015,
9 you can see on the tail end, out there in December, in the far right of that graph, you'll see
10 there's a little uptick in the production of the infill drilling and that would be associated with
11 those 17 wells that we did do last year and those are now coming into production and getting
12 close to a years' worth of production. So you can see we're getting the same sort of trend and up
13 tip. However, we haven't drilled anymore wells in over a year, so we're starting to flatten out
14 there. And the other key point on these graphs is, we're not really impacting the original wells in
15 those units, so I believe we're achieving new reserves out of each of these units and again the
16 benefits from the increased density drilling helps to increase that fracturing network to promote
17 this gas flow from a low pressure; it decreases the amount of dewatering time to get the gas out;
18 it increases the recovering factor; and again, we're producing these reserves quicker and at a
19 more economical rate. And again, no significant production for the first wells as you can
20 generally see, we've had improvement in those wells. So a summary to this about nine year
21 period, we've got about 196 wells infield increased density wells in Nora and we've been very
22 happy these results and we want to continue this process moving forward. We think this is the
23 best way to develop this resource. Again, on Page 7, is just a summary of the increased density
24 drilling we're doing. Again, these wells, we believe, benefit all the parties involved, including
25 the working interest owner, the royalty owners and, as well as, the state, by maximizing
26 production. We are promoting the conservation of the gas resources of any waste more
27 effectively by extracting the resources. And this allows us to utilize shared facilities, such as
28 roads and pipelines and to minimize environmental impact. Now here we have no correlative
29 rights issues with the any of the proposed units we've brought before you today. And then
30 finally, the last two pages of the application, or for the Boards information, which provides you
31 with a topographic background, along with any information regarding any coal mine activity;
32 whether it be an abandoned mines or active mines, permit areas, that are in the area associated
33 with these proposed infields. Just for your information. And in one area, there is none and in the
34 second area, in Dickenson County, there are some abandoned mine works around where we
35 routinely drilled in the past, with no issues. I'd be glad to take any questions.

36 **Bruce Prather:** Are any of these mines active?

37 **Gus Janson:** No, none of these mines are currently active.

38 **Butch Lambert:** We have one to us, southeast, that's active.

1 **Gus Janson:** Yes, it's outside each of these, it's just on here for your information.

2 **Butch Lambert:** No projections for that to extend on?

3 **Gus Janson:** No.

4 **Butch Lambert:** That's property different coal seam probably, isn't it?

5 **Gus Janson:** Yes. That's actually in the Jawbone seams. It's actually an idle mine. It's an active
6 permit, but an idle mine.

7 **Butch Lambert:** Any other questions from the Board?

8 **Bruce Prather:** Mr. Chairman, I assume Gus, that since you claim more of these, that you have
9 met your requirements drilling this second well, these units. In other words, the climb curve that
10 you're using is in effect with the previous one and that you're getting the extra gas by drilling
11 these extra wells?

12 **Gus Janson:** Correct. I think we're really pleased with the results that we've had at this point,
13 with the infield program, and we're able to extract those reserves and we don't think we we're
14 going to get timely with just a single well.

15 **Bruce Prather:** What do you figure you're going to get as an average?

16 **Gus Janson:** Probably on average, on a 60-acre Nora grid, probably somewhere around the BCF
17 curve, each of those units.

18 **Bruce Prather:** That's two right?

19 **Gus Janson:** That's the two wells, yes. There's going to be some areas that'll be above that and
20 some that'll be below it.

21 **Mary Quillen:** And you said that these wells that previously, Mr. McKenny would be the, that
22 you planned to drill 50 wells and you did say that about approximately 30 of them would be
23 increased density, is that right?

24 **Gus Janson:** Yes, ma'am. And we'll continue that going forward too, as we [Inaudible]. And
25 looking for the best opportunities that we have to obtain capital for those areas.

26 **Mary Quillen:** Right, right.

27 **Gus Janson:** And those are some of our best opportunities today.

28 **Mary Quillen:** Increase productivity plus environmentally.

1 **Gus Janson:** And we said cost benefit too [Inaudible/Crosstalk].

2 **Mary Quillen:** And the cost too. Okay. Makes sense.

3 **Gus Janson:** If we can compress market conditions that's where we want to focus our efforts
4 right now.

5 **Butch Lambert:** Is this over around the Haysi area, Counts Ridge, and around that area?

6 **Gus Janson:** Yes.

7 **Butch Lambert:** What mine would that be that's in the Jawbone, that's active but idled right
8 now? I'm setting her trying to think what mine is in that area that's in the Jawbone seam.

9 **Gus Janson:** I think that is the, I want to call it the old Bristol Coal Mine.

10 **Butch Lambert:** Bristol Coal?

11 **Gus Janson:** Yes.

12 **Butch Lambert:** Okay. Yeah, I know where that is.

13 **Gus Janson:** I think it's changed names several times.

14 **Butch Lambert:** I know it's still Bristol...I know where that is. Okay.

15 **Gus Janson:** Yeah, it's actually down there on Prime Peg Ridge.

16 **Mary Quillen:** Why is it idled? Do you know? They just are not...

17 **Gus Janson:** Larry could probably speak to this a lot, but I think their market conditions are...

18 **Butch Lambert:** Market conditions and I think that operator's moved to another location.

19 **Gus Janson:** Yeah, I think there was a contractor that worked at that mine.

20 **Mary Quillen:** Okay, that was sort of my point. Who is?

21 **Butch Lambert:** There a contractor for Alpha and they've moved to another mine.

22 **Mary Quillen:** Okay, yeah.

23 **Butch Lambert:** Anything further, Mr. Kaiser?

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

1 **Rick Cooper:** Mr. Chairman. I would request that they submit revisions this afternoon, if
2 possible, so we can process this if approved.

3 **Jim Kaiser:** And then just take that one unit out?

4 **Butch Lambert:** Take that one unit out?

5 **Rick Cooper:** It's in some exhibits, yes.

6 **Gus Janson:** And you're in the original application?

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

8 **Jim Kaiser:** Can you all do that?

9 **Gus Janson:** Yeah, we can send you that. Okay.

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

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

12 **Bruce Prather:** Second.

13 **Butch Lambert:** I have a motion and I have a second. Any further discussion?

14 **Mary Quillen:** Does that request from Mr. Cooper, should that be included in the motion?

15 **Bill Harris:** My motion then is for approval with the amendments, well exclusions that we
16 discussed earlier. Is that sufficient? Okay.

17 **Rick Cooper:** That's good.

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

20 **Board:** Yes.

21 **Butch Lambert:** Opposed, no?

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

23 **Butch Lambert:** One abstention, Mr. Ratliff.

1 **Item Number 18**

2 **Butch Lambert:** We will make a note that you don't have a copy of 18 in your Docket, per se,
3 but it's on the Docket if we read the petition, and it's a petition from EnerVest Operating, LLC,
4 to withdraw the previously approved petition, originally submitted by EQT, and heard by the
5 Board on June 17, 2014. Docket Number VGOB 94-0816-0467-04. And Mr. Kaiser is going to
6 explain that to us.

7 **Jim Kaiser:** Actually, Mr. Horn is going to explain it to you. He's already, we're reminding him
8 he's already under oath. We'll let him explain what's going on here.

9 **Phil Horn:** Well, this is one obviously that was done before House Bill 2058 came before the
10 Board in 2014, and EQT did it and I just found out about it a while back when DGO asked us to
11 bring it before the Board and do something about it, but the people disbursed to, one of them is
12 one person is Tract 2 that never gave us a W9 form and the people in Tract 3 that were approved,
13 are in a lawsuit. So there's really nothing to do so we ask it be withdrawn.

14 **Butch Lambert:** In a lawsuit with?

15 **Phil Horn:** Other people have sued them trying to take their surface, and that would include oil
16 and gas.

17 **Paul Kugelman, Jr.:** So if I understand, the petition that was granted set the rights for folks,
18 now they're under contention for a lawsuit? I'm trying to understand because rights have been
19 granted, basically. And now we're going back two years and saying no, no, no.

20 **Phil Horn:** Well, I was made aware of the lawsuit about a year ago. One of the plaintiffs
21 contacted me, one that worked for Range Resources and I don't think EQT knew about it. The
22 lawsuit, itself. And this is before the W9 rule. They had to have a W9 disbursed. Back in 2014,
23 we didn't have to have a W9. We could just get social security numbers disbursed.

24 **Paul Kugelman, Jr.:** Was notice sent out for this to say you were petitioning to withdraw.

25 **Gus Janson:** No, not that...this got kicked up to the Board.

26 **Jim Kaiser:** You all put this one on.

27 **Phil Horn:** This is the one that Mr. Cooper had requested that we withdraw last month.

28 **Rick Cooper:** Yeah, we've been unable to process this this way it is. And so the original order
29 says that it would close and we cannot close the account by processing it because of litigation
30 and W9 issues. We cannot close this account.

1 **Butch Lambert**: Well, would withdraw be the proper thing to do since we've already issued it.
2 Can we hold it in abeyance?

3 **Paul Kugelman, Jr.**: We can hold it in abeyance pending the outcome of the litigation. This is
4 my own misunderstanding. I'm just having a hard time understanding. So the petition basically
5 said we're going to disburse in accordance with the petition. I mean, that's what the order says,
6 basically. Am I right about that?

7 **Rick Cooper**: Correct.

8 **Paul Kugelman, Jr.**: But the way that the orders written, because of some litigation, it can't be
9 done?

10 **Rick Cooper**: Correct.

11 **Paul Kugelman, Jr.**: And the litigation came after the petition was approved. [Crosstalk] At
12 least the awareness of the litigation.

13 **Rick Cooper**: Maybe.

14 **Paul Kugelman, Jr.**: The awareness of the litigation came after. Even though folks were
15 notified, nobody came forward and said, "Hey, we've got a lawsuit here. Maybe you all want to
16 take this into consideration", and it was discovered afterwards. Do I have that right?

17 **Phil Horn**: The people who got notified, were being sued. They weren't the plaintiffs, they were
18 the defendants.

19 **Paul Kugelman, Jr.**: Right, but nobody came forward and said, "Hey, there's a lawsuit going
20 on"?

21 **Phil Horn**: Correct.

22 **Paul Kugelman, Jr.**: Not until they found out later.

23 **Phil Horn**: They found out after EQT bought this well.

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

25 **Phil Horn**: This was done by the time Range was acquiring EQT so I didn't have any
26 background on this particular...

27 **Paul Kugelman, Jr.**: Right. I'm not looking to point any fingers. I'm just trying to understand.

1 **Phil Horn**: So we were contacted by one of the plaintiffs that there was a lawsuit involved in this
2 tract and I really didn't realize that this issue was, the lawsuit issue was this well until it came up
3 with Mr. Cooper.

4 **Paul Kugelman, Jr.**: So everything else for the petition that was granted, can be effected except
5 for what's impacted by the lawsuit.

6 **Rick Cooper**: Well, at that time, you know, that was pre-House Bill so we did not get W9's off
7 of, so there's some W9 issues there.

8 **Jim Kaiser**: So there's not been any money disbursed. Which is good.

9 **Rick Cooper**: So I believe that if you've requested...

10 **Paul Kugelman, Jr.**: Well, just for an administrative note, don't every worry about retroactively
11 applying a new law, because unless the law expressly says it has retroactive applications, it's
12 not. So the fact that House Bill 2058 became law in 2016, doesn't impact 2004 petition. Now
13 you withdraw it and then you refile it, then it will because of the new petition. Is that what you
14 want?

15 **Rick Cooper**: I think they have put that on their 90-day...

16 **Jim Kaiser**: So you're saying a W9 issue doesn't really matter in this one?

17 **Rick Cooper**: I think they have put that on their 90-day request to refile.

18 **Paul Kugelman, Jr.**: Unless there's an independent IRS revision, that would require it, but
19 under the new 361.2:2.

20 **Jim Kaiser**: It is on that exhibit.

21 **Rick Cooper**: So they have requested to put this on a 90-day extension and refile this before the
22 end of June.

23 **Jim Kaiser**: I guess you could hold it in abeyance until the lawsuit done.

24 **Paul Kugelman, Jr.**: If you can't disburse, you can't disburse.

25 **Rick Cooper**: You can't disburse.

26 **Paul Kugelman, Jr.**: Maybe we should be looking for the modification of the order. So to
27 withdraw the petition.

28 **Butch Lambert**: Did I understand, the numbers not here, but this was added to a 90-day
29 extension request. Then we can hold it in abeyance for 90 days, until they bring it back?

1 **Paul Kugelman, Jr.**: Sure. I mean, it can be addressed...

2 **Jim Kaiser**: Hopefully by then, litigation will be...

3 **Phil Horn**: The litigation is probably going to be non-suited in 2017 [Inaudible] it is just
4 stagnant. [Crosstalk]

5 **Jim Kaiser**: There's not been any action on it, [Inaudible\Crosstalk].

6 **Paul Kugelman, Jr.**: You can dismiss it under a three-year activity. They can dismiss the suit
7 outright [Inaudible] that's the only reason I'm trying to make the distinction. If you all want to, I
8 would recommend to the Board, is for somebody to make a motion to stay the order for this
9 petition until such time as you all bring it back once litigation is resolved, either through
10 dismissal or some order. Does that work for everybody? That's a suggestion that I have. I'm not
11 saying it works, that's why I'm asking.

12 **Phil Horn**: I seen the people that we have here that are in the lawsuit, I think we do have W9's
13 from them. The people that are in the lawsuit. We do have W9's. The ones not in the lawsuit, we
14 don't have W9's for.

15 **Paul Kugelman, Jr.**: That way, it's still not reaching back. I mean, it's done. We're still
16 operating under the pre-2016, until then and then we bring it back.

17 **Rick Cooper**: So would say, guess I'm asking the Board, if they're allowed to put these on the
18 W9 list, we can process everyone but one person.

19 **Butch Lambert**: Except for the lawsuit.

20 **Rick Cooper**: Correct.

21 **Jim Kaiser**: And the lawsuit's not going to be resolved by June 30th.

22 **Paul Kugelman, Jr.**: That's why I recommended the motion include held in abeyance until you
23 all come back with the resolution of the lawsuit, even if it's through dismissal of the three-year
24 rule or a resolution by the court. I would advise the Board, counsel for the Board would advise
25 against taking any action that would put the outcome of the suit in jeopardy. I would hate to have
26 the court rule on something and then all of a sudden you've got to run back and figure out where
27 the money went and try to pull money back, and you all know how that would work. That would
28 be a mess.

29 **Rick Cooper**: Okay, so I guess I'm asking, and I'm trying to be clear here so can understand this
30 moving forward. Would it not be clearer to just withdraw the petition at this time and let them
31 resubmit this under different...

1 **Paul Kugelman, Jr.**: There is no petition. There's an order.

2 **Rick Cooper**: Right. Withdraw this order and then resubmit this with more clarity, moving
3 forward. Because it could be...

4 **Paul Kugelman, Jr.**: If you want the Board to resend its prior order, there's no withdraw of the
5 petition. The petition no longer exists.

6 **Rick Cooper**: If that's the proper word, yes.

7 **Paul Kugelman, Jr.**: Yeah, I just want to make sure. Okay, that's why I'm...

8 **Rick Cooper**: Yes, that would be correct.

9 **Paul Kugelman, Jr.**: That's what's in your all's discretion too. It's your order. You can do it
10 that way or you can do it the other way, and I think practically...

11 **Butch Lambert**: If we withdraw and they resubmit, that's going to kick it in to under 2058.

12 **Paul Kugelman, Jr.**: Yes, sir.

13 **Butch Lambert**: But if we keep it right now the way it is, we can refer, keep it under pre-2058.

14 **Rick Cooper**: For two years.

15 **Butch Lambert**: No. Maybe, maybe not.

16 **Paul Kugelman, Jr.**: If you're going to revise it [Inaudible] kick in to 2058.

17 **Butch Lambert**: If we revise, probably not, but if we withdraw it and then resubmit, it would.
18 Definitely. And if you're having trouble getting W9's now, how do you know you're going to
19 get them in the future?

20 **Rick Cooper**: Well, I believe the Board has made the decision, moving forward, that no W9's
21 can go into the W9 holding list.

22 **Butch Lambert**: Well, we have, but is that what we want to do?

23 **Rick Cooper**: I guess our goal is if we want to process the people and pay the people that
24 entitled to money, I don't know another alternative to go.

25 **Butch Lambert**: We can't pay them until the lawsuits settled; or we should not pay them,
26 disburse until the lawsuits settled.

1 **Paul Kugelman, Jr.**: Let me ask this question. Maybe you all can help me here. Is there any part
2 of the order that's in place that we're talking about, that's not impacted by the lawsuit? Because
3 if that is the case, maybe there needs to be a proposed, a motion made as opposed to a petition, a
4 general petition filed saying move forward on this part of the order and let's hold in abeyance the
5 other part or resend the order as to the other part; or complete the revision. Because we want to
6 get people paid that can be paid.

7 **Jim Kaiser**: [Inaudible] parties involved.

8 **Paul Horn**: [Crosstalk] parties involved except the people we're talking about.

9 **Paul Kugelman, Jr.**: So everything that we're [Crosstalk]

10 **Mary Quillen**: That was my understanding that was just the one's we didn't have the W9 and
11 the ones that are in the lawsuit. Is that correct?

12 **Rick Cooper**: Yes, you are correct.

13 **Paul Horn**: No one else's money is being affected by it.

14 **Mary Quillen**: So, nobody's being penalized because they're not meeting the requirements.

15 **Butch Lambert**: The question for the Board is, do we feel more comfortable with rescinding our
16 previous approved order or holding this one in abeyance?

17 **Mary Quillen**: Well, just listening to this, it sounds like that the only thing that is effected by
18 withdrawing it, is the fact that we would request W9's, so how much of a penalty is that. I mean,
19 if they're not doing them now, then they're probably not going to do it then, so it's going to go
20 into escrow.

21 **Paul Horn**: One person that didn't give us a W9, I'm pretty sure. The other ones are tied up in a
22 lawsuit. I think EQT got W9's from most of those folks.

23 **Butch Lambert**: And Ms. Quillen, what we've said in the past, we would disburse all those that
24 we had W9's, we'd just modify it and disburse the portions and not those that we didn't have
25 W9's for. It would only be the one person, I guess.

26 **Mary Quillen**: Yeah, but the people that are in the lawsuit, one of the ones in the lawsuit, we
27 don't have a number 9 for and the other's...

28 **Paul Horn**: Are not in the lawsuit.

29 **Mary Quillen**: Oh, he's not in the lawsuit.

30 **Paul Horn**: It's a different tract.

1 **Mary Quillen**: Oh.

2 **Butch Lambert**: So as we stand today, if she had a W9, we could disburse for her right now but
3 we can't. So, I'll ask for a motion either way.

4 **Donnie Ratliff**: I have to abstain, so I'm staying out. [Laughs]

5 **Mary Quillen**: Okay, the motion that we, the first option that we had was that we leave it in
6 because it is involved in that 90-day extension and give them an opportunity to bring it back.

7 **Butch Lambert**: Well, it won't come back because of the pending lawsuit that's out there. It's
8 not going to be...

9 **Jim Kaiser**: Resolved by June 30th.

10 **Butch Lambert**: By June, yeah, won't be resolved, probably 2017.

11 **Paul Horn**: 2017. It was filed in 2014.

12 **Mary Quillen**: Okay, well. Then that option, that earlier discussion was not an option then for
13 us.

14 **Butch Lambert**: No. It's not a good one. It is, but it won't work.

15 **Mary Quillen**: It's not a good one.

16 **Butch Lambert**: So the two that we're left with, again, is rescinding the previous order that was
17 approved by the Board; or hold it in abeyance until the outcome on the lawsuit.

18 **Mary Quillen**: [Crosstalk] I think the abeyance, yes. I think that one is probably the...and then
19 it will be up to you all to bring it back after the lawsuit.

20 **Bruce Prather**: The other thing that kind of bother me is, you know, if we make a mistake on
21 this payout schedule and the court order is different than what we've been paying, then we're
22 really in a mess.

23 **Mary Quillen**: Yeah, that's the thing.

24 **Bruce Prather**: I'm not saying it would be wrong. All I'm saying is it's a possibility and it
25 changes thing a bit.

26 **Mary Quillen**: Can you all work with that?

27 **Jim Kaiser**: Yeah, I think that's fine.

1 **Mary Quillen**: Then the motion is that we hold this in abeyance until it is brought forward again.

2 **Bruce Prather**: After the settlement.

3 **Mary Quillen**: After the lawsuit.

4 **Butch Lambert**: Okay. So I have a motion. Do I have a second?

5 **Bruce Prather**: Second.

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

8 **Board**: Yes.

9 **Butch Lambert**: Opposed, no. [No response]

10

11

Item Number 19

12 **Butch Lambert**: A petition from EnerVest Operating, LLC, to disburse funds from the escrow
13 account for Well V-550320. Now this is Docket Number VGOB 031021-1215-01. That one will
14 be continued until...

15 **Jim Kaiser**: April.

16 **Butch Lambert**: continued until April. Any of the others?

17 **Jim Kaiser**: No, sir.

18 **Butch Lambert**: Okay, question back for the Board. It's up to the Board.

19 **Jim Kaiser**: I figure it'll take us about 20 minutes.

20 **Butch Lambert**: About 20 minutes.

21 **Bill Harris**: To do all of those?

22 **Jim Kaiser**: Yeah.

23 **Rick Cooper**: Mr. Chairman. I would like to say before you read the next one, we have made
24 some revisions, so when you read the VGOB number on record, the extension on the end will be
25 01, not 02.

26 **Butch Lambert**: Was that just a typo.

1 **Rick Cooper**: Actually, there was a disbursement submitted and the pooling has come in front of
2 the disbursement.

3 **Butch Lambert**: So the petition has to be changed, as well.

4 **Rick Cooper**: No. Everything is okay other than when you read the 2050 is -01, instead of 02.
5 Everything else is correct.

6 **Butch Lambert**: But the Docket Number on the petition is still 02.

7 **Sarah Gilmer**: The petition has been corrected before you received your documents.

8 **Butch Lambert**: Okay.

9 **Rick Cooper**: Everything has been corrected prior to the hearing.

10

Item Number 20

11 **Butch Lambert**: A petition from EnerVest Operating, LLC, requesting the Gas and Oil Board to
12 enter an order re-pooling all unleased interest or estates of all persons or entities owning oil, gas
13 and coalbed methane interests in the formations underlying the tracts encompassed by the
14 drilling unit supporting Well Numbers 536593 and 538606. Unit BU42. Docket Number VGOB
15 07-1016-2050-01. All parties wishing to testify, please come forward.

16 **Jim Kaiser**: In this particular case, Mr. Chairman, will be Mr. Phil Horn and Mr. Gus Janson.
17 The exhibits that Mr. Horn is handing out and we'll wait for him because his testimony is
18 probably the most crucial. I can tell you why we have to do this.

19 **Butch Lambert**: Now have these all been uploaded?

20 **Rick Cooper**: They have been uploaded to our system, yes.

21 **Butch Lambert**: You may proceed.

22 **Jim Kaiser**: Alright, Mr. Horn. Will you state your name for the Board, who you are employed
23 by and what capacity?

24 **Phil Horn**: My name is Phil Horn and I'm a contractor for EnerVest Operating, LLC and I've
25 been working on the external escrow project for EnerVest since January 6th.

26 **Jim Kaiser**: And your responsibilities include the land involved here in the surrounding area?

27 **Phil Horn**: Yes it does.

1 **Jim Kaiser:** And before we get into, what I'll call our stand testimony, can you explain for the
2 Board, why we are repooling these units?

3 **Phil Horn:** Yes, well, there are three units out of 20, 21, I mean out of 20, 22 and 23 and each
4 unit has two wells in it and these are located in the standard banner area and as we were working
5 on the disbursements, we determined that the interest is not correct in the first two and then the
6 property lines and the interest were not correct in Item Number 23. To clean it up, to go ahead
7 and get these disbursed, I've been speaking with Mr. Cooper, we didn't go ahead and repool
8 them and then go ahead and do our disbursements. So this is basically, the wells are drilled,
9 we're not talking about drilling any new wells. We're just trying to clean it up to do the
10 disbursements and they've been on both of our extension lists.

11 **Jim Kaiser:** Trying to get it right before we can disburse?

12 **Phil Horn:** Right.

13 **Jim Kaiser:** So this case, if we get them approved today, then get an order turned around pretty
14 quick, then we've got our 30 day election period, because there are going to be some folks
15 getting some elections. So we'll still be able to do it by June.

16 **Phil Horn:** We'll have some before the Board because they all have royalty splits.

17 **Jim Kaiser:** Yeah, but I think we can get it on the June docket.

18 **Bruce Prather:** These wells were originally drilled for Equitable?

19 **Phil Horn:** Yes, sir.

20 **Jim Kaiser:** Alright, so Mr. Horn, are you familiar with the application we filed, seeing to repool
21 this unit?

22 **Phil Horn:** Yes, I am.

23 **Jim Kaiser:** And does EnerVest own drilling rights in the unit involved here?

24 **Phil Horn:** Yes, they do.

25 **Jim Kaiser:** And prior to filing the application, were efforts made to contact each of the
26 respondents and an attempt made to work out agreements regarding the development of the unit?

27 **Phil Horn:** Yes, yes.

28 **Jim Kaiser:** What's the interest under lease to EnerVest in the unit?

29 **Phil Horn:** 97.7160%.

1 **Jim Kaiser**: Now, are all the unleased parties set out in Exhibit 3 to the application, excuse me,
2 Exhibit B3?

3 **Phil Horn**: All the Exhibits are correct, yes, all the revised exhibits.

4 **Jim Kaiser**: And what is the interest in the gas estate that remains unleased?

5 **Phil Horn**: 0.2840%.

6 **Jim Kaiser**: Do we have any unknowns here?

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

8 **Jim Kaiser**: Were efforts made to determine the sources and checked to identify and locate these
9 unknown heirs, including primaries sources, just as deed records, probate records, assessor's
10 records, treasurer's records, and secondary sources, such as telephone directories, city
11 directories, family, friends, and internet?

12 **Phil Horn**: I'm assuming EQT did and we've talked to the Noel-McCoy heirs and they don't
13 know who these people are.

14 **Jim Kaiser**: Okay. Are the addresses set out in the revised exhibits to the application of the last
15 known addresses for the respondents?

16 **Phil Horn**: Yes, sir.

17 **Jim Kaiser**: And you're requesting the Board to force pool all the unleased interest listed in
18 Exhibit B3?

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

20 **Jim Kaiser**: And are you familiar with the Fair Market Value of drilling rights in the unit here in
21 the surrounding area?

22 **Phil Horn**: Yes, I am.

23 **Jim Kaiser**: Could you advise the Board to what those are?

24 **Phil Horn**: \$25.00 per acre per 5-year paid up lease with a revised 1/8th royalty.

25 **Jim Kaiser**: And in your opinion, do the terms that you just testified to represent Fair Market
26 Value of and apparent reasonable compensation to be paid for drilling rights within this unit?

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

1 **Jim Kaiser:** Now as to the respondents who are being pooled and who have not voluntarily
2 agreed to lease, do you recommend that they be allowed the following options, with respect to
3 their ownership interest within the unit: (1) direct participation, (2) a cash bonus, a paid up lease
4 of \$25.00 per net mineral acre for 5-years plus a 1/8th of 8/8th royalty; in lieu of a cash bonus and
5 1/8th of 8.8th royalty, share the operation of the well on a carry basis, as a carried operator on the
6 following conditions; such carried operator should be entitled to the share of the production from
7 the tracts pooled according to his or her interest, exclusive of any royalty or over-riding royalty
8 reserved in any leases, assignments thereof, or agreements relating thereto such tracts, but only
9 after the proceeds aliquible to his or her share equal (A) 300% of the shares such cost allocable
10 to interest to the carried operator of the lease tract proportion, thereof; or (B) 200% of the shares
11 as such cost allocable to the interest to the carried operator of an unknown leased tract portion
12 thereof?

13 **Phil Horn:** Yes.

14 **Jim Kaiser:** Do you recommend that the order will provide the election by respondents be in
15 writing and sent to the applicant at EnerVest Operating, LLC, 408 W. Main St., Abingdon, VA
16 24210?

17 **Phil Horn:** Yes, attention Charles Akers.

18 **Jim Kaiser:** Attention: Charles Akers. Should this be the address for all communications for the
19 applicants concerning any forced pooling order?

20 **Phil Horn:** Yes.

21 **Jim Kaiser:** And who should be named operator under the forced pooling order?

22 **Phil Horn:** EnerVest Operating, LLC.

23 **Jim Kaiser:** That's all I have for this witness at this time, Mr. Chairman.

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

25 **Jim Kaiser:** Mr. Janson, what is the total depth of the proposed well...what is the total depth of
26 the wells that have been drilled?

27 **Gus Janson:** Two wells were drilled to depth of 2,499 feet and 2,526 feet.

28 **Jim Kaiser:** And what is the estimated, or what is the reserves for the unit look like?

29 **Gus Janson:** We estimate that the reserves for each well be at 525 million cubic feet per well.

30 **Jim Kaiser:** Do you think the AFE represents a reasonable estimate of the well cost for these?

1 **Gus Janson:** Yes, the AFE was provided with the original pooling application to us.

2 **Jim Kaiser:** And did AFE anticipate a multiple completion?

3 **Gus Janson:** Yes, it did.

4 **Jim Kaiser:** And in your professional opinion with the granting of this application be the best
5 interest of conservation and prevention of ways to protection of correlative rights?

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

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

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

9 **Bruce Prather:** I have a question.

10 **Butch Lambert:** Mr. Prather.

11 **Bruce Prather:** Have there been royalty paid out under Equitable?

12 **Gus Janson:** The folk that are non-conflicting, yes. There have been royalties paid out to the
13 coal and gas owners.

14 **Bruce Prather:** If you found new lease holders on this thing, is that going to complicate the,
15 some people are going to probably have to take [Inaudible] away from them.

16 **Gus Janson:** No, no royalties have been paid out on these tracts. There were conflicting claims.
17 Not on the tracts we're force pooling.

18 **Bruce Prather:** Okay.

19 **Jim Kaiser:** So that'll be the case for all three of these, right?

20 **Gus Janson:** Correct. [Inaudible] people in all three wells that's effected by this.

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

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

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

24 **Donnie Ratliff:** Motion to approve.

25 **Bruce Prather:** Second.

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

3 **Board:** Yes.

4 **Butch Lambert:** Opposed, no. Thank you, Mr. Kaiser. That was approved.

5 **Item Number 22**

6 **Butch Lambert:** A petition from EnerVest Operating, LLC, requesting the Virginia Gas and Oil
7 Board to enter an order re-pooling all unleased interests or estates of all persons or entities
8 owning oil, gas and coalbed methane interests in the formations underlying the tracts
9 encompassed by the drilling unit supporting Well Numbers 536421 and 538674. Unit BU41.
10 Docket Number VGOB 08-0415-2211-01. All parties wishing to testify, please come forward.

11 **Jim Kaiser:** Mr. Chairman, Jim Kaiser, Phil Horn, and Gus Janson.

12 **Butch Lambert:** You may proceed, Mr. Kaiser.

13 **Jim Kaiser:** Mr. Horn, again, do your responsibilities include the land here and the surrounding
14 areas.

15 **Phil Horn:** Yes.

16 **Jim Kaiser:** And does EnerVest own drilling rights in the unit involved?

17 **Phil Horn:** Yes, they do.

18 **Jim Kaiser:** And prior to filing this application, were efforts made to contact each of the
19 respondents in an attempt to work out a voluntary lease with each?

20 **Phil Horn:** Yes.

21 **Jim Kaiser:** And what is the interest under the lease to EnerVest in this unit?

22 **Phil Horn:** 99.788.

23 **Jim Kaiser:** And all of these parties are set out in Exhibit B3?

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

25 **Jim Kaiser:** So what percentage remains unleased?

26 **Phil Horn:** 0.212%

27 **Jim Kaiser:** Do we have any unknowns here?

1 **Phil Horn:** Yes, we do.

2 **Jim Kaiser:** And again, to your knowledge, did EQT make reasonable and diligent efforts to
3 locate those folks?

4 **Phil Horn:** Yes.

5 **Jim Kaiser:** And are the addresses set out to our revised Exhibits as the last know addresses to
6 the respondents?

7 **Phil Horn:** Yes.

8 **Jim Kaiser:** And you're requesting the Board to force pool all unleased interests as listed in
9 Exhibit B3 to the application?

10 **Phil Horn:** Yes, we are.

11 **Jim Kaiser:** Are you familiar with the Fair Market Value of the drilling rights in the unit here
12 and the surrounding area?

13 **Phil Horn:** Yes.

14 **Jim Kaiser:** Can you advise the Board again to what those are?

15 **Phil Horn:** \$25.00 per acre for a 5-year paid up lease comprised of 1/8 royalty.

16 **Jim Kaiser:** In your opinion, do the terms you testified to, represent the Fair Market Value other
17 than fair and reasonable compensation to be paid for drilling rights within this unit?

18 **Phil Horn:** Yes.

19 **Jim Kaiser:** At this time, Mr. Chairman, I'd ask that we be allowed to incorporate the testimony
20 from the previous hearing regarding the election options afforded any of these pooled parties.

21 **Butch Lambert:** Accepted.

22 **Jim Kaiser:** And Mr. Horn, who should be name operator under this forced pooling order?

23 **Phil Horn:** EnerVest Operating, LLC.

24 **Jim Kaiser:** That's all I have for this witness.

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

26 **Jim Kaiser:** Mr. Janson, what's the total depth of the two wells drilled in this unit?

1 **Gus Janson:** The two wells were proposed depths of 2,746 feet and 2,848 feet.

2 **Jim Kaiser:** And what are the reserves look like?

3 **Gus Janson:** The reserves that were proposed under the original pooling application were 330
4 million cubic feet and 250 million cubic feet.

5 **Jim Kaiser:** Then based upon your review of this file, did the original AFE, in your opinion,
6 represent a reasonable estimate of well cost?

7 **Gus Janson:** Yes, it did.

8 **Jim Kaiser:** Now, in your professional opinion, did granting this application be in the best
9 interest of conservation, prevention of waste, and protection of correlative rights?

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

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

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

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

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

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

16 **Bruce Prather:** Second.

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

19 **Board:** Yes.

20 **Butch Lambert:** Opposed, no? [No response] Thank you, Mr. Kaiser. That is approved.

21 **Jim Kaiser:** Thank you

22 **Item Number 23**

23 **Butch Lambert:** A petition from EnerVest Operating, LLC, requesting the Virginia Gas and Oil
24 Board to enter an order re-pooling all unleased interest or estates of all persons or entities owning
25 oil, gas and coalbed methane interests in the formations underlying the tracts encompassed by
26 the drilling unit supporting Well Numbers 536422 and 538743. Unit BV41. Docket Number
27 VGOB 08-0520-2228-01. All parties wishing to testify, please come forward.

1 **Jim Kaiser:** Again, our witnesses will be Mr. Horn and Mr. Janson. We'll start with Mr. Horn.
2 Again, your responsibilities include the land involving this unit and the surrounding areas?

3 **Phil Horn:** Yes.

4 **Jim Kaiser:** And does EnerVest own drilling rights in the unit?

5 **Phil Horn:** Yes, they do.

6 **Jim Kaiser:** And prior to filing of the force pooled application, were efforts made to contact
7 each of the parties with an interest in an attempt to work out a voluntary lease agreement with
8 each?

9 **Phil Horn:** Yes, they were.

10 **Jim Kaiser:** And what is the interest under the lease to EnerVest in this unit?

11 **Phil Horn:** 78.3024%.

12 **Jim Kaiser:** And all unleased parties are set out in Exhibit B3?

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

14 **Jim Kaiser:** And so the interest that remains unleased is?

15 **Phil Horn:** 21.6976%

16 **Jim Kaiser:** And are the addresses set out to our revised Exhibits B's, the last know addresses of
17 the respondents?

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

19 **Jim Kaiser:** And you're requesting the Board to force pool all unleased interests as listed in
20 Exhibit B3?

21 **Phil Horn:** That's right.

22 **Jim Kaiser:** Again, are you familiar with the Fair Market Value of the drilling rights in the unit
23 here and the surrounding area?

24 **Phil Horn:** Yes, I am.

25 **Jim Kaiser:** Again advise the Board again to what those are?

26 **Phil Horn:** \$25.00 per acre for a 5-year paid up lease comprised of 1/8 royalty.

1 **Jim Kaiser:** In your opinion, do the terms you testified to, represent the Fair Market Value other
2 than fair and reasonable compensation to be paid for drilling rights within this unit?

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

4 **Jim Kaiser:** Again, Mr. Chairman, we'd ask that we be allowed to incorporate the prior
5 testimony from two hearings ago regarding any unleased respondents election options.

6 **Butch Lambert:** Accepted.

7 **Jim Kaiser:** And Mr. Horn, who should be named operator under this forced pooling order?

8 **Phil Horn:** Sheyenne [Inaudible] Company, EnerVest Operating, LLC.

9 **Jim Kaiser:** That's all I have for this witness, at this time, Mr. Chairman.

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

11 **Jim Kaiser:** Okay, Mr. Janson, what's the depth of the two wells that we're drilling in this unit?

12 **Gus Janson:** The two wells were proposed depths of 2,760 feet and 2,650 feet.

13 **Jim Kaiser:** And what are the reserves for the unit look like?

14 **Gus Janson:** The reserves were 275 million cubic feet for the first well and 250 million cubic
15 feet for the second well.

16 **Jim Kaiser:** And based upon your review of the original file, does the AFE appear to be an
17 original estimate of well cost for these wells?

18 **Gus Janson:** Yes, it does.

19 **Jim Kaiser:** And, in your professional opinion, did granting this application be in the best
20 interest of conservation, the prevention of waste, and the protection of correlative rights?

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

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

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

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

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

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

1 **Bruce Prather:** Second.

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

4 **Board:** Yes.

5 **Butch Lambert:** Opposed, no? [No response] Thank you, Mr. Kaiser. That is approved.

6 **Item Number 21**

7 **Butch Lambert:** A petition from EnerVest Operating, LLC, to disburse funds and authorization
8 for direct payment of royalties on behalf of all known owners in Tracts 3, 4, 5, 6, 7, 8 and 9. This
9 is Docket Number VGOB 08-0415-2205-01. All parties wishing to testify, please come forward.

10 **Jim Kaiser:** I'm sorry. Our witness, it'll be Jim Kaiser and Phil Horn, on behalf of EnerVest.

11 **Phil Horn:** And maybe Larry Reeves.

12 **Jim Kaiser:** Maybe Larry?

13 **Phil Horn:** I may need some help. [Laughs]

14 **Jim Kaiser:** Mr. Horn, is this a disbursement request, we found?

15 **Phil Horn:** This is one EQT filed just like #18 previously and we'll need to clean it up and
16 explain what happened.

17 **Jim Kaiser:** Okay.

18 **Phil Horn:** It was filed and approved by EQT and we, Range, after we took the well over, we
19 attempted to get all of the W9's and we got all except two, and these two people would not give
20 us our W9's, so we revised Exhibits and put all the parties that we have W9's on, on Exhibit EE
21 and the two we do not have W9's on, are on Exhibit E and will stay in escrow.

22 **Jim Kaiser:** Have all parties been notified of this hearing?

23 **Phil Horn:** The Board kicked this one up. I'm assuming EQT notified them in 2014.

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

25 **Jim Kaiser:** And this involves the unit containing VC537811?

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

1 **Jim Kaiser:** And have the figures been reconciled. Well, wait a minute. What's the reason for
2 the disbursement here?

3 **Phil Horn:** I think the people have already been disbursed to have W9's. We're just cleaning it
4 up.

5 **Jim Kaiser:** Okay. And have the figures been reconciled between the escrow agent and
6 EnerVest?

7 **Phil Horn:** I'm assuming they were when they checked them a couple of years ago.

8 **Jim Kaiser:** And would be ask the Board to go to Table 1 and go to the next column to the right
9 as to what percentage should be used for disbursement, what percentage of escrow should be
10 used for disbursement purposes going forward?

11 **Phil Horn:** Yes.

12 **Jim Kaiser:** And you just stated that we have provided the Board with Exhibits E and EE to
13 reflect the facts of this unit?

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

15 **Jim Kaiser:** The current facts and would you ask that all parties be paid their royalty directly
16 going forward?

17 **Phil Horn:** Yes.

18 **Jim Kaiser:** Noting further of this witness at this time, Mr. Chairman.

19 **Butch Lambert:** Any questions from the Board? [No response] So Mr. Horn, is EnerVest going
20 to do a reconciliation on that account? Because this one we're showing is June 2014.

21 **Phil Horn:** No, sir. I was asked to bring this before the Board and provide an EE and an E and
22 take those two people off and, once again, EQT did this one in 2014. I guess it's been sitting out
23 there.

24 **Butch Lambert:** But you're still going to have an escrow account, correct?

25 **Phil Horn:** Right. But money's been frozen, I'm pretty sure, until this has been resolved. The
26 two people that are on E now.

27 **Butch Lambert:** So the Board has been in the past, when we do these disbursements, we'd like
28 to see that a reconciliation has been done prior to disbursement. One that's done is 2014...

1 **Rick Cooper:** So, Mr. Chairman, everybody's been disbursed out of here except for the two
2 people with the W9's.

3 **Butch Lambert:** But we've still got an escrow account.

4 **Rick Cooper:** Correct. For those two people, yes.

5 **Butch Lambert:** And right now, we're showing, so does the reconciliation we have of June
6 2014, have there been a lot of disbursements out of that account since then?

7 **Phil Horn/Rick Cooper:** None.

8 **Butch Lambert:** And there's nothing else going into it?

9 **Rick Cooper:** There may be some deposits going into that but the two people, the W9's are not
10 being disbursed at this time, so it shouldn't affect the account.

11 **Butch Lambert:** Well, if there's deposits going into it, yeah, that will affect it.

12 **Phil Horn:** About the deposits going in, we freeze the payments going into the escrow account
13 until the final order comes in, then we start paying the money in the escrow account.

14 **Butch Lambert:** I'll go back to my question: has there been deposits going in since June 2014?

15 **Phil Horn:** I do not think. I can't swear to that.

16 **Rick Cooper:** I do not know for sure. Sarah's checking right now. I do not know for sure, to be
17 honest.

18 **Butch Lambert:** Is the well producing?

19 **Rick Cooper:** Yes.

20 **Butch Lambert:** So there should have been deposits going in, right?

21 **Phil Horn:** We freeze the account until we get the final order, so we'll come back and do a
22 disbursement. In other words, once the operator sees that we're going to do a disbursement, we
23 quick paying into the escrow account and hold that money internally, and once we get the final
24 order, we start paying again.

25 **Butch Lambert:** Well, EnerVest does, but what has EQT and Range done?

26 **Phil Horn:** Range did the same thing. I can't speak for EQT in 2014 but I can speak for Range.

27 **Butch Lambert:** So what date did Range take it over from EQT?

1 **Phil Horn:** Effective June 2014.

2 **Butch Lambert:** So that's the date that the last reconciliation was done?

3 **Jim Kaiser:** That's the reconciliation date, yeah.

4 **Mary Quillen:** So these additional deposits that have gone in, and the interest that they have
5 drawn on, would be, there percentages would be based on that money that has gone in since June
6 2014.

7 **Phil Horn:** I don't think any money has gone in since 2014. She's checking right now.

8 **Mary Quillen:** Oh.

9 **Sarah Gilmer:** I don't see any deposits for the last few months. I didn't check every single
10 month from 2014 because that would be timely, but...

11 **Phil Horn:** We were waiting for a final order and then start paying these two people at this time.

12 **Mary Quillen:** Right. So it's just the amount that you're holding, you would use these
13 percentages to pay these people once, except for the two...

14 **Phil Horn:** As soon as the orders approved, these people will be paid, the people on EE will start
15 receiving their future royalties. The people on E, their share will go in the escrow account.

16 **Mary Quillen:** Right.

17 **Phil Horn:** As soon as we get a final order. That's the process that Range and EnerVest are
18 using.

19 **Mary Quillen:** Right.

20 **Butch Lambert:** Let me ask, we do know the wells been producing?

21 **Rick Cooper:** We do.

22 **Butch Lambert:** But why hasn't there been deposits in this account since '14, if the well isn't
23 producing?

24 **Phil Horn:** Because we froze payments into the escrow account until we get a final order.

25 **Butch Lambert:** So this is the final order?

26 **Phil Horn:** I don't think there's been a final order issued yet because they asked us to bring it
27 back before the Board. There will be, I'm assuming, based on this.

1 **Jim Kaiser:** Yeah, if this is approved [Crosstalk]

2 **Phil Horn:** If this is approved and given a final order then we'll start paying these people
3 forward and the other people will go in escrow.

4 **Butch Lambert:** So what happened to the money that you froze?

5 **Phil Horn:** They're holding it. They're holding it internally.

6 **Rick Cooper:** It's internally being held in suspense with them. They've got it internally held.

7 **Phil Horn:** We do this on every well.

8 **Butch Lambert:** Okay.

9 **Phil Horn:** We won't be overlapping payments to the state and then have to come back and get
10 [Inaudible] again.

11 **Butch Lambert:** Well, that brings up another good question: then how does this Board know
12 that the money you're holding internally, is the correct amount of money that needs to be paid
13 out?

14 **Phil Horn:** I don't know. I can't answer that question.

15 **Paul Kugelman, Jr.:** The way that the order would work, when the forced pooling occurs, if
16 there's a conflict, my understanding is that the order says you pay into the escrow account. Am I
17 wrong about that? Because I don't understand the mechanism by which the companies...

18 **Phil Horn:** There's all kinds of internal money that's being held that's being disbursed which I
19 don't even know about. There's probably so much...

20 **Butch Lambert:** But there's no conflicts.

21 **Phil Horn:** No, there were conflicts. They were just not force pooled. The second part of House
22 Bill 205 refers to internal held money. So these companies hold this money internally if the unit
23 is 100% leased and we've been working on that for a year also.

24 **Paul Kugelman, Jr.:** Right, but you don't need any authority from the Board to disburse that.

25 **Phil Horn:** I understand. But it's basically the same...people have continued paying into escrow
26 after disbursements have been done and they've had to come back and get \$82.00 out, and we're
27 just trying, since there's such huge volume of these coal dismissals, we're trying to prevent that
28 from happening.

29 **Jim Kaiser:** So, and complete this process in the most timely manner possible.

1 **Bruce Prather**: So, the original royalty owners were tied up in that coal problem. In other
2 words, they went automatically into the escrow account because they were in conflict with the
3 coal company and then the two were held out and, it would appear to me that there ought to have
4 been some money paid into that escrow account by Equitable.

5 **Jim Kaiser**: Well, no, because...

6 **Larry Reeves**: There was a conflict initially, EQT has brought this to the Board for a
7 disbursement. Everyone was disbursed except for these, I'm assuming, two people that didn't
8 have W9's.

9 **Bruce Prather**: Okay.

10 **Larry Reeves**: Okay. That order went through. Everyone was disbursed except those two people
11 because they didn't have W9's. That money was then internally held.

12 **Bruce Prather**: Okay.

13 **Larry Reeves**: From that point forward. Everyone else was being paid directly. Now we're
14 bringing this back to get those two people placed back into the escrow.

15 **Rick Cooper**: Yes.

16 **Bruce Prather**: Were there a lot of wells that Equitable was kind of holding in advance that they
17 passed on to Range and then to EnerVest? Is that the way this things kind of worked out?

18 **Larry Reeves**: Not through external. There was only just a few that didn't have W9's.

19 **Phil Horn**: These are just ones that we're trying to clean up the DGO from 2014; these that came
20 today. These two and then this other one's another issue. I mean, this has been a process that
21 Range and EnerVest have been using and if it's wrong, we're sorry. I don't know what else to
22 do.

23 **Butch Lambert**: I don't know. I'm not sure how to proceed.

24 **Phil Horn**: Well, the people have already got there money, except for these two that didn't get
25 there W9 and the DGO asks us to file these petitions and come back before the Board and that's
26 what we're trying to do here.

27 **Mary Quillen**: So the other people haven't been held up because they've gone ahead and gotten
28 their money. The only two.

29 **Larry Reeves**: Everyone but the two that don't have W9's.

30 **Mary Quillen**: Only two that's causing the problem is the W9's.

1 **Phil Horn:** If we took out those W9's, we wouldn't be here and it would be over with.

2 **Mary Quillen:** That's right. And things would have moves through, and they're the ones that are
3 holding it up. Why don't you go and have a little conversation with them there, mister, and
4 explain what they're doing [Laughs]

5 **Jim Kaiser:** They know.

6 **Mary Quillen:** Oh, they do. Oh, okay.

7 **Jim Kaiser:** I think what Mr. Horn is trying to say, what Range and EnerVest have been trying
8 to do by taking this step or this measure, is avoid having to come back and file three petitions,
9 you know, for very nominal sums of money.

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

11 **Mary Quillen:** Let me ask you one question before we do that motion. Do you know
12 approximate, are these big percentages that these people are holding.

13 **Phil Horn:** One of them has 2% and the other one has 0.06%. No, ma'am, it's not real big but
14 the one that has 2%, it probably some real money for him. The other was is just a small amount. I
15 think he's in the service. We talk to him when he's in the United States and we just [Inaudible].

16 **Mary Quillen:** Well, I want to say that you all have gone above and beyond trying to get these
17 W9's and I don't know what other recourse you have. I mean, I don't think you have any other
18 recourse and I, if we go ahead and approve this, or make the motion to approve this and putting
19 these two people into the escrow, and then moving forward all of these, and these other people
20 will continue to be paid directly, is that what you're asking us to do?

21 **Phil Horn:** Yes, ma'am. That's correct.

22 **Bruce Prather:** I assume they've been informed of [Inaudible] potential that they may lose their
23 money totally if they wait too long.

24 **Mary Quillen:** Right, because if it's in escrow, you know, depending on how many years it is, it
25 can be unclaimed funds.

26 **Phil Horn:** I'm not sure. I have not talked to these ladies. Property Administration talked to
27 these people a long time ago and we just waited and waited and never could get their W9's.

28 **Mary Quillen:** Well, do you suppose that maybe one more opportunity for them to change their
29 mind, would be to inform them that, look back to see how long it's been that this can go into
30 unclaimed funds and the state could, eventually, take it, and they would have no recourse.

31 **Phil Horn:** Yes, we'll touch base with them one more time.

1 **Mary Quillen:** Could you do that?

2 **Phil Horn:** Yes, ma'am.

3 **Mary Quillen:** As the last ditch effort.

4 **Larry Reeves:** I believe we made, last fall we had tried several times to contact these people...

5 **Sarah Gilmer:** Mr. Reeves is correct. They have tried to contact these people [Inaudible] over
6 and over.

7 **Larry Reeves:** And we've talked to them. We have contacted them.

8 **Sarah Gilmer:** Yeah, they have actually talked to them.

9 **Mary Quillen:** Well, I think just one more time. I mean is that too much to ask.

10 **Sarah Gilmer:** Well, I mean, you all can just do what you want to, but, we have been trying to
11 get these, or they have been trying to get these. We have been working diligently trying to get
12 these for two years, and that's why we need to clear our records. We need to correct our order.
13 We need to, what we were planning to do is revise the order, re-record it with them on the
14 Exhibit E, end of story. Everything would be cleared up from them on. They're going to remain
15 in the escrow account as if they were never...

16 **Mary Quillen:** I understand that and I think that is the solution, but I'm just thinking of what, if
17 they make one, just one more effort and tell them, because it's probably getting close to time, I
18 don't know how many years it's been.

19 **Jim Kaiser:** It's been two years.

20 **Rick Cooper:** I'm not sure that the Board has ever addressed anybody in escrow account and
21 I've got a report here I report upon the people that have been issued checks that I'll do here in
22 just a couple of minutes, on potential of escheating. I don't think the Board has ever addressed
23 anybody that is currently in the escrow account [Inaudible].

24 **Mary Quillen:** Well, you're right on that.

25 **Rick Cooper:** But I do have a report telling about the 38 or 39 people that previously was
26 reported to the Board. These are not included in that. They have not received a check.

27 **Mary Quillen:** Okay. Well, then that changes the...

28 **Butch Lambert:** Let's get back to the petition at hand and do I have a motion?

29 **Jim Kaiser:** I mean, we've got to get them into escrow.

1 **Donnie Ratliff:** Motion to approve.
2 **Butch Lambert:** I have a motion to approve. Do I have a second?
3 **Bill Harris:** I'll second.
4 **Butch Lambert:** Okay, I've got a second. Any further discussion? [No response] All in favor,
5 signify by saying yes.
6 **Board:** Yes.
7 **Butch Lambert:** Opposed, no. [No response] Thank you, Mr. Kaiser. That is approved.
8 **Jim Kaiser:** Thank you.

9 **Item Number 24**

10 **Butch Lambert:** A petition from EnerVest Operating, LLC, to disburse funds from the escrow
11 account for well VC-536636, to all known parties in Tract 2. This is Docket Number VGOB 09-
12 1117-2635-02. All parties wishing to testify, please come forward.
13 **Jim Kaiser:** Jim Kaiser and Larry Reeves will be our witness on this one. Mr. Reeves, I'll
14 remind you that you've previously been sworn. This is another clean up attempt that we're trying
15 to help [Inaudible] DGO with. Do you want to kind of explain what happened here?
16 **Larry Reeves:** The original plat that was filed, originally has six tracts. There was a mistake, I'm
17 assuming that was made by the previous operator. That was later to be found incorrect. Those
18 two tracts were combined together eliminating one of the six tracts, down to five. Which is
19 within the new plat that we have filed and the DGO has that supplemental order ready to file, as
20 well. Is that correct?
21 **Rick Cooper/Sarah Gilmer:** That's correct.
22 **Larry Reeves:** With the new updated plat, eliminating that tract...
23 **Jim Kaiser:** Are we going to be disbursing from Tract 2?
24 **Larry Reeves:** Yes, sir.
25 **Butch Lambert:** Excuse me, Mr. Kaiser, but the plat we have still shows six tracts. Unless five
26 is combined. I can't make out what the southeast corner says.
27 **Donnie Ratliff:** It looks like a five.
28 **Butch Lambert:** Yeah, it looks like a five but I'm not sure.

1 **Jim Kaiser**: Yeah, I think that's a five.

2 **Donnie Ratliff**: Fives on there twice.

3 **Larry Reeves**: It's on there in two places?

4 **Butch Lambert**: So fives the same Tract 5. Okay.

5 **Donnie Ratliff**: It's on there twice.

6 **Butch Lambert**: Okay, thank you.

7 **Larry Reeves**: Yeah, I think on the old plat it was six twice.

8 **Butch Lambert**: Okay.

9 **Jim Kaiser**: And we're seeking to disburse to the parties in Tract 2?

10 **Larry Reeves**: Yes.

11 **Jim Kaiser**: And, was there a reconciliation done between the escrow agent and the operator?

12 **Larry Reeves**: Yes. As of November 2015.

13 **Jim Kaiser**: And would you direct the Board to the next to the last column on Table 1 for
14 purposes of percentages of escrow funds to be disbursed going forward?

15 **Larry Reeves**: Yes.

16 **Jim Kaiser**: And has we provided the Board with Exhibits E and EE to reflect the facts of this
17 unit should this petition be approved.

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

19 **Jim Kaiser**: And would you ask that these two parties, in Tract 2, be paid their royalty directly,
20 going forward?

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

22 **Jim Kaiser**: Noting further of this witness at this time, Mr. Chairman.

23 **Butch Lambert**: Any questions from the Board?

24 **Mary Quillen**: Is this the result of the House?

25 **Larry Reeves**: No, I think it's just the result of this being held, due to the plat being incorrect.

1 **Mary Quillen:** Okay.

2 **Larry Reeves:** And we're not correcting that.

3 **Butch Lambert:** [Inaudible]

4 **Jim Kaiser:** We'd ask that the application be approved and submitted.

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

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

7 **Donnie Ratliff:** Second.

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

10 **Board:** Yes.

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

12 **Jim Kaiser:** Thank you.

13 **Item Number 27**

14 **Butch Lambert:** At this time, the Board will receive an update from the Board and division
15 activity from the staff. Mr. Cooper.

16 **Rick Cooper:** I guess a couple of things: I know everybody's wanted to go to lunch, but I
17 wanted to do our report on the disbursements and so far in 2016, January, we'll go with the
18 calendar year, there's been \$1.446 million; February, there was \$752,000 disbursed, and to date,
19 since July 1st, well, a little bit over \$4 million has been disbursed since the House Bill was
20 approved. And we are continuing to do that and working with the bank. As you all can see, a lot
21 of these coming forward, have a lot of complications in them and I don't think you'll see much
22 of that change in the near future. There's just some complicated issues that we're going to have
23 to address, but as we do this, we'll process these through the bank. The other thing I wanted to
24 talk about; as you remember, the Board, when the bank came back and reported, we wanted to
25 report this out because the bank would show up here in April on the escheated funds, she had 37
26 people that had checks mailed to them, potentially 9 of those [Inaudible] of this year and 28 next
27 year. Ms. Ketron had written letters and sent out by Certified Mail to all these people, trying to
28 get some type of response, and of the 37 people, only 13 people picked up their certification.
29 And I think at that time last month, the Board said for us to reissue these to U.S. Postal Service.
30 Ms. Ketron did do that and I can tell you, they were all delivered but one. So of the 37 potential
31 escheated through 2017, only one person has not received their mail. And whether that reflects

1 on them cashing the check or not, I guess Ms. Manny? Will report that next month, as we move
2 forward. We have been successful in getting the word out, whether we get a reaction from that,
3 I'm not sure.

4 **Paul Kugelman, Jr.:** So that second mailing was non-certified letter directly to those folks?

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

6 **Paul Kugelman, Jr.:** Because I think we had the discussion that if they saw that it was certified,
7 they may not [Inaudible]

8 **Rick Cooper:** I think the discussion was, if it's certified, they may not pick it up or they may not
9 have the ability to get there during working hours, so the motion, I think, was for us to re-mail
10 those just regular mail, and we did do that, so we were successful on all but one. But we don't
11 know if they would still cash their checks, but we have gotten to them.

12 **Mary Quillen:** Well good, good.

13 **Rick Cooper:** We've been successful on that. That's all I have to update.

14 **Item Number 28**

15 **Butch Lambert:** Mr. Cooper, as a note, for housekeeping, the May, you may want to write this
16 on your calendar. The hearing set for May is being moved to May 10th, 9:00 a.m., here, due to
17 conflicts and schedules from staff and Chairman and other folks. So the May hearing will now be
18 on Tuesday, May 10th. And on one other item, is approval of minutes. Do you have any
19 comments or additions, corrections, on the minutes, for the February meeting? If not, I'll ask for
20 a motion to approve.

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

22 **Bruce Prather:** Second.

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

24 **Board:** Yes.

25 **Butch Lambert:** I have a motion to dismiss.

26 **Paul Kugelman, Jr.:** So moved.

27 **Mary Quillen:** Oh, one thing I did want to share with you. I believe...

28 **Rita Surratt:** I think Mary's wanting me to just mention, on our Virginia Counsel on Women,
29 our STEM is a contest this year, which goes to young women, 11th and 12th grade students across

1 the Commonwealth. We received 496 applications for the STEM essay. Has gone up over 100
2 since last year. We will be presenting those awards at the Governor's Mansion next month, the
3 winner. And Mary is one of our judges on those essay contests, so I want to appreciate her for
4 doing that, because that's a major job.

5 **Mary Quillen:** Well, it's really amazing; these young women. And they do receive scholarship
6 money and this year, it changed from just being statewide and putting everybody in the same
7 pool, they were placed into regions so we actually have a winner from Southwest Virginia
8 Region this year.

9 **Rita Surratt:** And that was at my request because I was always saying one of these days, we're
10 going to have a winner from here, so they decided to vote to break it up in regions. So we are
11 going to have a winner from here.

12 **Mary Quillen:** We are going to have. And depending on, I'm not sure how much the scholarship
13 money is but it runs about \$5,000 to \$7,500 in scholarships, but this is a considerable amount,
14 and this is all funded through business industry, professional people. The contributions that come
15 in for this scholarship award and these are for young women who are planning careers in the
16 Science, Technology, Engineering, and Math field, so they're amazing. I read, this is my fourth
17 year, and I have read these essays and the plan, it's just amazing what some of these young
18 women are doing and what they're involved in and their career choices, so our future's in good
19 hands if all these folks are successful.

20 **Butch Lambert:** So I have a second?

21 **Donnie Ratliff:** Second.

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

23 **Board:** Yes.

24 **Butch Lambert:** We're adjourned.