

VIRGINIA DEPARTMENT OF MINES, MINERALS AND ENERGY

VIRGINIA GAS AND OIL BOARD HEARING

Tuesday, April 16, 2019

Lebanon, Virginia

BOARD MEMBERS:

Mary Quillen- Public Member

Donnie Ratliff- Coal Industry Representative

Bruce Prather- Oil & Gas Industry Representative

APPEARANCES:

Bradley Lambert- Chairman of the Virginia Gas & Oil Board

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

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

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

Paul Kugelman, Jr. – Senior Assistant Attorney General

Darlene Gibson- Hearings Coordinator, VA DMME

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1 **Bradley Lambert:** Good morning, ladies and gentlemen. It is now after 9:00 o'clock and time to
2 begin our proceedings this morning. I would like to start by saying if you have cell phones or
3 other communication devices, please turn those off. We're recording proceedings and we need to
4 be able to hear our recorders to be able to understand, as well. At the beginning this morning, I
5 would like to begin to ask the Board to please introduce themselves and I'll begin with Mr.
6 Kugelman.

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

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

9 **Donnie Ratliff:** Donnie Ratliff, from Wise County representing Coal.

10 **Bruce Prather:** I'm Bruce Prather; I'm representing Oil and Gas on the Board.

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

12 **Bradley Lambert:** And before we begin this morning, I have a presentation for one of our
13 Board Members. On behalf of the Governor Ralph Northam, I would like present Ms. Quillen,
14 her appointment for a six year term. So from the Governor to you Ms. Quillen, here is your
15 appointment certificate and your pin and it's all a go.

16 **Mary Quillen:** Oh, oh, thank you so much. I appreciate that. Thank you.

17 *Audience applause*

18 **Item Number 1**

19 **Bradley Lambert:** Next on our agenda is public comment. I have signed for public comment
20 this morning Ms. Joyce Bush, please come forward. Step up please in front of the microphone.
21 Just have you a seat. Ms. Bush, state your name for the record, please.

22 **Joyce Bush:** Joyce Bush.

23 **Bradley Lambert:** Good morning.

24 **Joyce Bush:** Good morning.

25 **Bradley Lambert:** and what do you have, public comments this morning?

26 **Joyce Bush:** Well, as you all know my family has been trying to get this money for I think they
27 told me this morning for about 22 years. I originally lived in North Carolina and I didn't even
28 know that I was a part of this but my grandpa left me my daddy's part and I heard a lot and this
29 is the first meeting I've ever been to. But I would just like to say on my behalf, at the end of the
30 day, I mean I don't like to be disrespectful or rude or inconsiderate of anybody in this world and
31 I hope nobody don't take what I say in the wrong way but my grandpa has passed on, my daddy

1 is now passed on and the last time I came here I came to my baby Uncle Richard's funeral. I
2 would hate to say how many years he came out here, dreamed and hoped and wished that he
3 would finally receive his money. None of them ever got a penny of their money, and we all have
4 to be accountable in this life for we leave here for what we done and for how we've lived. I
5 would just to say if this money is due us then I just think it would only be fair in the eyes of God
6 and the Law that we get our money. I would like to see mine before I die and that's all I have to
7 say, just ask for fairness and for it to get done.

8 **Bradley Lambert:** Thank you, Ms. Bush.

9 **Joyce Bush:** You're welcome.

10 **Bradley Lambert:** Shirley Keene. Good morning Ms. Keene, would you state your name for the
11 record.

12 **Shirley Keene:** Good morning, Shirley Keene. I have been getting mail papers from CNX since
13 1997 and the last year my name has changed. They send me checks Shirley Rachel King, some
14 of my stuff got the wrong addresses on it and I have been trying to get this straightened up since
15 November. I don't know why my name got changed, I don't know why the checks got changed
16 and I would like this mess straightened up.

17 **Bradley Lambert:** Ms. Keene, if it's ok with you all, I'll ask Mr. Cooper to work with the
18 company to determine of what may have happened and get that straighten out for you.

19 **Shirley Keene:** I have tried. I've told him. He told me this morning that he would check in on
20 that but I want it on record and this can't go back to a non-locatable. I don't want it to be in a
21 non-locatable file because they do have my right address, they have my right name and I would
22 like for it to be fixed.

23 **Bradley Lambert:** Yes Ma'am, we'll work it out for you. Thank you.

24 **Shirley Keene:** Thank you.

25 **Item Number 2**

26 **Bradley Lambert:** The next item on our docket is a continuation from a case from February of
27 2019. It's a review and re-consideration of an Informal fact finding from Mr. Cooper concerning
28 the Arnold Bailey appealing the decision of the Director. So all parties wishing to testify please
29 come forward. For the record, I ask the gentlemen, please state your name. Your names,
30 beginning with...

31 **David Church:** David Church

32 **Arnold Bailey:** Arnold Bailey

1 **Larry Reeves:** Larry Reeves

2 **Charles Akers:** Charles Akers, EnerVest Operating.

3 **Tim Scott:** Tim Scott, representing EnerVest Operating, LLC.

4 **Bradley Lambert:** Mr. Bailey, we continued this hearing in February to give you the chance to
5 review the permit. Have you done that?

6 **Arnold Bailey:** Yes, sir. I have.

7 **Bradley Lambert:** Ok, I'll ask the Board for a motion to affirm or not the decision for Mr.
8 Cooper.

9 **Donnie Ratliff:** I make the motion that we affirm the decision of the Director, Mr. Chairman.

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

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

12 **Board:** Yes.

13 **Bradley Lambert:** Opposed, no. [No response] Thank you, folks, that decision is affirmed. That
14 decision is affirmed. Thank you, Mr. Bailey.

15 **Arnold Bailey:** I can't say nothing?

16 **Bradley Lambert:** No, sir.

17 **Arnold Bailey:** Thank you for nothing.

18 **Bradley Lambert:** Mr. Bailey, I would remind you. You have the right to take this case to
19 Circuit Court if you don't agree with the opinion of this Board, the Circuit Court in Buchanan
20 County.

21 **Arnold Bailey:** Ok, Thank you.

22 **David Church:** May I ask you something?

23 **Bradley Lambert:** No, sir.

24 **David Church:** I just need to ask you a question.

25 **Bradley Lambert:** No, sir.

26 **David Church:** Ok.

27

1 **Item Number 3**

2 **Bradley Lambert:** Alright on the next item on the docket is a petition from EnerVest Operating,
3 LLC, for pooling of all unleased interests or estates of all persons or entities owning oil, gas or
4 coalbed methane interests in the formations underlying the tracts encompassed by the drilling
5 unit supporting well number VCI-539006. Docket Number VGOB 19-0319-4201. All parties
6 wishing to testify please come forward.

7 **Tim Scott:** Tim Scott, Gus Janson and Aaron Anderson of EnerVest Operating, LLC.

8 **Sarah Gilmer:** Mr. Anderson, Mr. Janson, do you swear and affirm your testimony is the truth,
9 the whole truth and nothing but the truth?

10 **Aaron Anderson:** Yes, I do.

11 **Gus Janson:** I do.

12 **Bradley Lambert:** You may proceed Mr. Scott.

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

15 **Aaron Anderson:** Aaron Anderson, employed by EnerVest Operating, LLC, as an Associate
16 Landman.

17 **Tim Scott:** Your familiar with this application, are you not?

18 **Aaron Anderson:** I am.

19 **Tim Scott:** EnerVest has not only, has the simple interest in this unit, and is that correct? And
20 we have one party respondent who we listed today, is that correct?

21 **Aaron Anderson:** That is correct.

22 **Tim Scott:** And, I believe this involves Yellow Poplar Lumber property, is that correct?

23 **Aaron Anderson:** That's correct.

24 **Tim Scott:** Have we provided notice to Mr. Lamey, who is the trustee for Yellow Poplar
25 Lumber?

26 **Aaron Anderson:** We have.

27 **Tim Scott:** How was that done?

28 **Aaron Anderson:** By mail with return receipt requested.

1 **Tim Scott**: And we don't have any unknowns in this, do we?

2 **Aaron Anderson**: No, sir.

3 **Tim Scott**: And have we provided an affidavit indicating how we determined who should be
4 notified as a party respondent?

5 **Aaron Anderson**: Yes.

6 **Tim Scott**: What acreage is included in that unit, part of tract, the A.V. Nichols tract, is that also
7 correct?

8 **Aaron Anderson**: That's correct.

9 **Tim Scott**: Is EnerVest authorized to transact business in the Commonwealth?

10 **Aaron Anderson**: We are.

11 **Tim Scott**: And is there a blanket bond on this, if you were able to reach an agreement with Mr.
12 Lamey, what would be the, what would be the terms you would offer him?

13 **Aaron Anderson**: \$25.00 dollars per acre for a 5 year paid up lease with 1/8 royalty.

14 **Tim Scott**: Do you consider that a reasonable compensation for a lease?

15 **Aaron Anderson**: We do.

16 **Tim Scott**: What do you currently have under lease?

17 **Aaron Anderson**: 83%.

18 **Tim Scott**: And what percentage are you seeking to pool today?

19 **Aaron Anderson**: 17%.

20 **Tim Scott**: Escrow requirement?

21 **Aaron Anderson**: No, sir.

22 **Tim Scott**: Are you asking the Board to pool the party listed on Exhibit B3, is that correct?

23 **Aaron Anderson**: That is correct.

24 **Tim Scott**: And also, will EnerVest be named the operator for this unit?

25 **Aaron Anderson**: That's correct.

1 **Tim Scott**: Now, if the Board grants our application today and we send out orders that have been
2 entered by the Board, what would the address used for making the elections under an order
3 entered by the Board?

4 **Aaron Anderson**: EnerVest Operating, LLC, 408 West Main Street, Abingdon Virginia 24210,
5 Attention Chuck Akers, Land Manager.

6 **Tim Scott**: And this should be address for all correspondence regarding this unit, is that correct?

7 **Aaron Anderson**: Yes, sir.

8 **Tim Scott**: That's all I have for Mr. Anderson.

9 **Bradley Lambert**: Any questions from the Board? [No Response] You may continue Mr. Scott.

10 **Tim Scott**: Mr. Janson, your name, by whom you're employed and your job description?

11 **Gus Janson**: My name Gus Janson, employed by EnerVest Operating, LLC, as the Geology
12 Advisor.

13 **Tim Scott**: And you're familiar with this application?

14 **Gus Janson**: I am.

15 **Tim Scott**: What's the depth?

16 **Gus Janson**: This depth is 2,525 feet.

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

18 **Gus Janson**: The estimated reserves 925 million cubic feet of gas.

19 **Tim Scott**: And you participated in the preparation of the AFE. Is that right?

20 **Gus Janson**: I did.

21 **Tim Scott**: So your familiar with the well cost?

22 **Gus Janson**: I am.

23 **Tim Scott**: What is the estimated dry hole cost for this well?

24 **Gus Janson**: The estimated dry hole cost is \$162,000 dollars.

25 **Tim Scott**: And the completed well cost?

26 **Gus Janson**: Completed well cost is \$400,100.

1 **Tim Scott**: So if the Board grants our application today, would it prevent waste, promote
2 conservation and protect correlative rights?

3 **Gus Janson**: That is correct.

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

5 **Bradley Lambert**: Any questions from the Board? [No Response] Do we have a motion?

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

7 **Bruce Prather**: Second.

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

10 **Board**: Yes.

11 **Bradley Lambert**: Opposed no. Thank you, Mr. Scott that is approved.

12 **Tim Scott**: Thank you, Mr. Chairman.

13 **Item Number 4**

14 **Bradley Lambert**: We're calling Docket Item Number 4, a petition from EnerVest Operating,
15 LLC, for the pooling of Well Number VCI-538278, docket number for VGOB-19-0319-4202.
16 All parties wishing to testify please come forward.

17 **Tim Scott**: Tim Scott, Gus Janson, and Aaron Anderson for EnerVest Operating, LLC.

18 **Bradley Lambert**: Please proceed Mr. Scott.

19 **Tim Scott**: Again your name, with whom you're employed and your job description.

20 **Aaron Anderson**: Again, I'm Aaron Anderson with EnerVest Operating, LLC, and I'm an
21 Associate Landman.

22 **Tim Scott**: Are you familiar with this application, is that correct?

23 **Aaron Anderson**: That's correct.

24 **Tim Scott**: And are there any parties/respondents to dismiss?

25 **Aaron Anderson**: No sir.

26 **Tim Scott**: How was the notice for this Hearing provided to those parties?

27 **Aaron Anderson**: With Certified Mail, Return Receipt requested.

1 **Tim Scott**: Did you provide proof of mailing to the Board, is that correct?

2 **Aaron Anderson**: That is correct.

3 **Tim Scott**: Do you have any unknown owners to this unit?

4 **Aaron Anderson**: No sir.

5 **Tim Scott**: And so there is no escrow requirement, is that right? **And is** EnerVest authorized to
6 transact business in the Commonwealth?

7 **Aaron Anderson**: We are.

8 **Tim Scott**: And is there a blanket bond on file?

9 **Aaron Anderson**: There is.

10 **Tim Scott**: If you could reach an agreement with those parties on B3, what would be the terms
11 you would offer them?

12 **Aaron Anderson**: It would be \$25.00 per acre for a 5-year paid up lease with a 1/8 royalty.

13 **Tim Scott**: And do you consider this reasonable compensation for a lease?

14 **Aaron Anderson**: Yes sir.

15 **Tim Scott**: And what percentage of the unit does EnerVest presently have under lease?

16 **Aaron Anderson**: 99.41428571.

17 **Tim Scott**: And does this include tracts that EnerVest owns a piece of interest in CBM's, is that
18 correct?

19 **Aaron Anderson**: That's correct.

20 **Tim Scott**: What percent is the interest?

21 **Aaron Anderson**: .58571429.

22 **Tim Scott**: Are you requesting the Board to pool the parties listed on B3?

23 **Aaron Anderson**: That's correct.

24 **Tim Scott**: And EnerVest is the named operator of this unit?

25 **Aaron Anderson**: Yes sir.

26 **Tim Scott**: And in the event the Board grants our application, what would be the address used by
27 any parties respondent making elections under an order entered by the Board?

1 **Aaron Anderson**: EnerVest Operating, LLC, 408 W Main Street, Abingdon Virginia 24210.
2 Attention Chuck Akers, Land Manager.

3 **Tim Scott**: And this should be the address for all correspondences, is that right?

4 **Aaron Anderson**: That's correct.

5 **Tim Scott**: That's all I have for Mr. Anderson.

6 **Bradley Lambert**: Questions from the Board? [No Response] You may continue Mr. Scott.

7 **Tim Scott**: Gus Janson, again your name, by whom you are employed and your job description.

8 **Gus Janson**: My name Gus Jason, employed by EnerVest Operating, LLC, as the Geology
9 Advisor.

10 **Tim Scott**: And you participated in the preparation of this application, is this right?

11 **Gus Janson**: I did.

12 **Tim Scott**: And you're familiar with this proposed depth of this well?

13 **Gus Janson**: Yes, the proposed depth is 2,265 feet.

14 **Tim Scott**: And what are the estimated reserves?

15 **Gus Janson**: Estimated reserves are 875 million cubic feet of gas.

16 **Tim Scott**: And you participated in the preparation of AFE that is attached, is that correct?

17 **Gus Janson**: I did.

18 **Tim Scott**: And so you're familiar with the cost of this well?

19 **Gus Janson**: I am.

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

21 **Gus Janson**: Estimated dry hole cost is \$144,700.

22 **Tim Scott**: And the completed well cost?

23 **Gus Janson**: Complete well cost is \$382,350.

24 **Tim Scott**: And in your opinion if the Board grants our application today, would it prevent
25 waste, promote conservation and protect correlative rights?

26 **Gus Janson**: Yes it would.

1 **Tim Scott:** I've got allergies; I apologize and can barely breathe. That's all I have for Mr.
2 Janson.

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

4 **Donnie Ratliff:** Mr. Janson, you may not be the right one to answer but on Exhibit B. Tim, it
5 says the titles coal, it states only and at the bottom it says it's a total for the gas estate, is one of
6 those wrong?

7 **Aaron Anderson:** Sorry, it's coal estate.

8 **Donnie Ratliff:** So at the bottom it should say coal instead of gas?

9 **Aaron Anderson:** It should say coal.

10 **Tim Scott:** We can provide a revised Exhibit B, we will file that.

11 **Bradley Lambert:** Any other questions from the Board? [No Response] Anything further Mr.
12 Scott?

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

14 **Bradley Lambert:** May I ask for a motion?

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

16 **Bruce Prather:** Second.

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

19 **Board:** Yes.

20 **Donnie Ratliff:** I abstain.

21 **Bradley Lambert:** Opposed no, one abstention Mr. Ratliff. Thank you Mr. Scott, that one is
22 approved.

23 **Item Number 5, 6, 7, 8, 9, 10 & 11**

24 **Tim Scott:** Thank you Mr. Chairman. Mr. Chairman, we have had several notice issues on
25 several of these that follow so we are going to need to continue 4, 5, 6, 7, 8, 9, 10 and 11.

26 **Bradley Lambert:** For?

27 **Tim Scott:** Until May on the docket.

28 **Bradley Lambert:** Didn't we just do 4?

1 **Tim Scott**: I'm sorry, 5.

2 **Mary Quillen**: 5, 6, 7 & 8?

3 **Tim Scott**: It would be 5, 6, 7, 8, 9, 10 & 11.

4 **Mary Quillen**: Ok.

5 **Tim Scott**: Until May, please so we can straighten that out.

6 **Bradley Lambert**: So docket item VGOB -19-0319-4203 will be continued until May. Docket
7 item VGOB 19-0416-4204 will be continued until May. Docket item VGOB 19-0416-4205
8 continued until May. Docket number VGOB 19-0416-4206 will be continued until May. Docket
9 number VGOB 19-0416-4207 will be continue until May and docket number VGOB 19-0416-
10 4208 will be continue until May and docket number VGOB 19-0416-4209 will be continued
11 until May.

12 **Tim Scott**: Thank you Mr. Chairman.

13 **Bradley Lambert**: Thank you.

14 **Item Number 12**

15 **Bradley Lambert**: Ok, calling Docket Item Number 12. A petition from Pocahontas Gas, LLC,
16 for (1) the disbursement of escrowed funds heretofore deposited with the Board's Escrow Agent.
17 Would you take over for me please? I've lost my voice.

18 **Donnie Ratliff**: Attributable to tract 5A as depicted upon an annexed table of Theresa Brents,
19 it's an inactive unit currently paid under VP8SGU3 VGOB 06-0321-1598. Unit W9, docket
20 number VGOB 97-0121-0562-03. All parties are asked to come forward and introduce yourself.

21 **Mark Swartz**: Mark and Kelli on behalf of Pocahontas Gas, LLC. I have trouble keeping track
22 of the names.

23 **Unknown attendee**: Is this for BUC1SGU2?

24 **Bradley Lambert**: No sir, I think that's the next one.

25 **Unknown attendee**: is the copy of the?

26 **Bradley Lambert**: Yes, that's it, the agenda. You may precede Mr. Swartz.

27 **Mark Swartz**: Let's get the right case up on my computer.

28 **Donnie Ratliff**: We need to swear her in first.

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

3 **Kelli Berry**: I do.

4 **Donnie Ratliff**: You may proceed.

5 **Mark Swartz**: Could you state your name for us please?

6 **Kelli Berry**: Kelli Berry.

7 **Mark Swartz**: Who do you work for Kelli?

8 **Kelli Berry**: CNX Resources.

9 **Mark Swartz**: And are you here today on behalf of Pocahontas Gas, LLC?

10 **Kelli Berry**: I am.

11 **Mark Swartz**: And this first docket item we have today is a disbursement request, right?

12 **Kelli Berry**: Yes.

13 **Mark Swartz**: And it pertains to drilling Unit W9?

14 **Kelli Berry**: Yes.

15 **Mark Swartz**: And if I'm not mistaken there's no more money going into escrow with regard to
16 this unit, it's inactive because you're currently paying under what unit?

17 **Kelli Berry**: VP8SGU3.

18 **Mark Swartz**: And so accordingly, your relief sought is a disbursement of dismissal of coal
19 owners but no permission to pay going forward because there's no future money going in this
20 unit?

21 **Kelli Berry**: Correct.

22 **Mark Swartz**: And the people received disbursed here are currently receiving under
23 VP8SGU3?

24 **Kelli Berry**: Yes

25 **Mark Swartz**: The reason for the disbursement is for a court case, is this correct?

26 **Kelli Berry**: That's correct.

27 **Mark Swartz**: I think you attached a copy of that. You have prepared a Table 1, correct?

1 **Kelli Berry**: Yes.

2 **Mark Swartz**: That's page 8 of the pdf file and that pertains to what tract?

3 **Kelli Berry**: Tract 5A.

4 **Mark Swartz**: And have you identified on Table 1 the wells that have been producing under the
5 escrow account?

6 **Kelli Berry**: Yes.

7 **Mark Swartz**: Is this a dollar amount, this disbursement table or a percentage?

8 **Kelli Berry**: A percentage.

9 **Mark Swartz**: And who is to receive the disbursement, if it's approved?

10 **Kelli Berry**: Theresa Brents.

11 **Mark Swartz**: And have you provided her address?

12 **Kelli Berry**: Yes.

13 **Mark Swartz**: And in calculating the dollar amount that should be paid to her, should the
14 escrow agent use 92.4475%?

15 **Kelli Berry**: Yes.

16 **Mark Swartz**: Multiply that times the balance on hand the day the check is to be cut?

17 **Kelli Berry**: That's correct.

18 **Mark Swartz**: And that will generate the right dollar amount?

19 **Kelli Berry**: Yes.

20 **Mark Swartz**: And as we indicated there's no need to pay her out of this unit because that will
21 zero her interest in this unit out?

22 **Kelli Berry**: Correct.

23 **Mark Swartz**: And it looks like you've provided a revised Exhibit E, correct?

24 **Kelli Berry**: Yes.

25 **Mark Swartz**: And a revised Double E?

26 **Kelli Berry**: Yes.

1 **Mark Swartz**: Exhibit J, which starts at page 16, you've highlighted some items in yellow,
2 correct?

3 **Kelli Berry**: Yes

4 **Mark Swartz**: And those are issues you could not match perfectly and unable to resolve the
5 differences?

6 **Kelli Berry**: Yes.

7 **Mark Swartz**: There are some, on the first page of Exhibit J and on the second and then we are
8 good to go after that?

9 **Kelli Berry**: Yes.

10 **Mark Swartz**: And at the very end of Exhibit J, did you do a calculation or recap of the
11 numbers, the totals you had calculated that would be present in the escrow account and then
12 compared that to the First Bank balance in January, 2019?

13 **Kelli Berry**: Yes.

14 **Mark Swartz**: And what difference did you see?

15 **Kelli Berry**: That the escrow bank shows \$146.92 more than our deposits reflect.

16 **Mark Swartz**: And except for the items identified or highlighted on the first two pages of
17 Exhibit J, were you either able to find or account for every royalty check that you paid into the
18 escrow account?

19 **Kelli Berry**: Yes.

20 **Mark Swartz**: So those are the only differences or problems you were able to identify have been
21 highlighted in yellow and the net effect is the \$146 dollar difference?

22 **Kelli Berry**: Yes.

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

24 **Donnie Ratliff**: Any questions for the Board?

25 **Bradley Lambert**: Mr. Swartz, I know this is a disbursement but there are a couple of exhibits.
26 There's an exhibit A2 and there's a plat right before A2 and the question is, is Exhibit A2 an
27 update of the plat? Because there's some, well #9 is now missing from A2?

28 **Kelli Berry**: Yes, it appears that it was previously updated prior to this disbursement.

1 **Bradley Lambert:** I was just wondering how that related to this disbursement or if there was a
2 relationship because of area #9 being deleted from exhibit A2? And how that changed the whole
3 percentage of the unit? That's my question, there's no certification for Exhibit A2.

4 **Mark Swartz:** The comment in the middle of A2 that explains what was done but it doesn't
5 answer the certification question. It says tracts 8, 9 and a portion of tract 5 have been divided to
6 reflect current owners of title so I think that's the explanation of why 9 went away, but there's
7 no.

8 **Bradley Lambert:** So I guess there's no certification of that exhibit and then another question is
9 did that change the percentage of the whole unit?

10 **Mark Swartz:** The question I have is this is been the 3rd time we've been in front of the Board
11 on this unit and I don't know at the moment of what happened on trips one and two so the plat
12 and the Tract ID's may have been changed by a prior order of this court, you know the
13 paperwork we currently have. I can't tell, do you have....?

14 **Kelli Berry:** It was in the 02 disbursement, that's exactly. The Tract ID was updated to reflect
15 the combination of Tracts 8 & 9.

16 **Mark Swartz:** In docket 0562-02, so we are here on 03. There was a plat for tract identification
17 attached to that which specifically I discussed the combination of tracts 8 & 9, a total of 4.53
18 acres and that was January 20, 2012. So I assume that the Board order in 02, since I'm looking at
19 the petition addressed you have raised and the Board had ordered to delete tract 9 basically.

20 **Kelli Berry:** Correct and this was also in that order.

21 **Mark Swartz:** And when that came before the Board, we had that map as well. It looks the
22 Board addressed that issue on our petition back in January 19, 2016.

23 **Paul Kugelman:** Did that petition ask for a disbursement from tract 5A?

24 **Kelli Berry:** No.

25 **Mark Swartz:** That was a petition for disbursement of escrow funds from tracts 10A, 6, 7....
26 10A, 6 & 7.

27 **Paul Kugelman:** Ok.

28 **Mark Swartz:** And it was identified as 97-0121-0562-02.

29 **Mary Quillen:** Mr. Chairman, just to clarify. The person that is being disbursed on the agenda is
30 not mentioned on the plat where it says it was a portion of tract 5 has been divided to reflect
31 current owners of the title. But this person's name does not appear, there are other names, so
32 apparently she is not one of the people that are affected, is that correct?

1 **Kelli Berry**: Yes, not affected.

2 **Mary Quillen**: Are we interpreting that?

3 **Kelli Berry**: Yes.

4 **Mary Quillen**: Ok.

5 **Bradley Lambert**: I apologize for my voice. On Exhibit A2, it does say 5A why it's Brents, it
6 doesn't identify the tract? It says 5A & 5B, it's got them all lumped together. Is 5A and 5B one?
7 It's got to be separated out somehow.

8 **Kelli Berry**: They are on the tract identification.

9 **Bradley Lambert**: They are, but it's not shown on the map as far as...

10 **Mary Quillen**: It says the current title divided, it says 8, 9 and a portion of tract 5 and then
11 there's this out here.

12 **Bradley Lambert**: I guess bottom line is, if we are going to go on this disbursement of 5A to
13 Brents on exhibit A2 then we probably need to have that plat certified and 5A delineated in that
14 entire tract, does that make sense?

15 **Rick Cooper**: It does.

16 **Kelli Berry**: Yes, it does.

17 **Rick Cooper**: I think revising the plat stating that would correct the problem.

18 **Bradley Lambert**: Ok.

19 **Mary Quillen**: So 5A was divided into 5A and 5B and that's that portion of tract 5 that had been
20 divided to reflect those current owners, is that right?

21 **Kelli Berry**: Yes.

22 **Bradley Lambert**: I guess that is what we probably need is a revised Exhibit A2 that is certified
23 showing the delineation of 5A and 5B.

24 **Kelli Berry**: Ok.

25 **Mary Quillen**: Because it really doesn't explain what, it's just in there after it says the whole
26 thing a portion of 5 was divided but it doesn't connect it up. It just looks like somebody made a
27 note.

1 **Mark Swartz**: We'll try to do that but the question that comes to my mind is... we need answer
2 the question with a plat or a title or is it simply undivided interest issue as opposed to a tract
3 issue?

4 **Bradley Lambert**: Well, we don't know.

5 **Mark Swartz**: No, I don't know. I'm saying, so you might get, you know I think give us the
6 option that we either come back with a revised plat if it's actually carved out of a tract and if it's
7 an undivided interest that we come back with a title issue resolve so we know who's in the
8 combined tract and the undivided interest. So it's one of two things, what you are suggesting or
9 possibly and I can't tell from the exhibits. So we'll come back and answer that question.

10 **Bradley Lambert**: Ok.

11 **Paul Kugelman**: So what are the purposes of the exhibits on pages 5 and 6, because it looks like
12 it's divided there?

13 **Kelli Berry**: It is.

14 **Mark Swartz**: We haven't mapped that, that's the problem.

15 **Paul Kugelman**: Oh ok, so you want the opportunity to do that?

16 **Mark Swartz**: Well, we sure would want to be done today but the question is do we have two
17 tracts or this a percentage division within the same tract of undivided interest and Kelli and I
18 can't answer that question as we sit here today and it's a fair question and we'll answer when we
19 come back either with a map or with the title.

20 **Paul Kugelman**: I'm just looking at 5A, the only difference with 5A and 5B is the surface
21 owners which Theresa Brents for A and Janet Brown at Virginia or VIR for 5B. Anyway, I'm
22 just highlighting that, I like to see it done today.

23 **Mark Swartz**: Well, the question though is, the acreages are different. So there's suggest
24 there's a pull-out of a .666 acre tract.

25 **Paul Kugelman**: Right.

26 **Mark Swartz**: And that's the question the Chairman is asking and we'll answer that when we
27 come back and I assume we can do that at the next hearing?

28 **Kelli Berry**: Yes.

29 **Bradley Lambert**: So you just want to continue this one until the next hearing?

30 **Mark Swartz**: At the next hearing, we'll answer that question.

1 **Bradley Lambert:** So that docket item will be continued until May.

2 **Item Number 13**

3 **Donnie Ratliff:** Docket Item Number 13, a petition from Pocahontas Gas, LLC, for (1) the
4 disbursement of escrowed funds heretofore deposited with the Board’s Escrow Agent,
5 attributable to Tracts 16, 18, a portion of 23B, a portion of 23H, a portion of 23K, 23R, 23W,
6 24B, 24D and 24E, a portion of 26A and 26L, 26B, 26G, 26N, and 34A, as depicted upon the
7 annexed table; and (2) authorization to begin paying royalties directly to the parties. This is Unit
8 BUC1SGU2, Docket Number VGOB 08-1118-2367-01. All parties interested please come
9 forward.

10 **Mark Swartz:** Mark Swartz and Kelli Berry.

11 **Martha Guilliams:** Martha Guilliams.

12 **Kenneth Osborne:** Kenneth Osborne.

13 **Donnie Ratliff:** I’m sorry I didn’t look up. Swear them in.

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

16 **Kenneth Osborne:** Yes.

17 **Martha Guilliams:** Yes.

18 **Donnie Ratliff:** You may proceed.

19 **Mark Swartz:** Kelli, would you state your name again please.

20 **Kelli Berry:** Kelli Berry.

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

22 **Kelli Berry:** CNX Resources.

23 **Mark Swartz:** And you’re on behalf of what company today?

24 **Kelli Berry:** Pocahontas Gas, LLC.

25 **Mark Swartz:** Is this another petition of disbursement of escrow funds?

26 **Kelli Berry:** Yes.

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

28 **Kelli Berry:** It is sealed gobbed unit, BUC1SGU2.

1 **Mark Swartz**: And that is in the Buchanan Mine?

2 **Kelli Berry**: Yes.

3 **Mark Swartz**: And the quest here is disbursement be made to certain people we will be talking
4 about momentarily and that in the future you be allowed to pay them directly?

5 **Kelli Berry**: Yes.

6 **Mark Swartz**: Ok, the reason that we are here today are disbursements to include a corrected
7 declaratory judgment that was in case number CL15-361, correct?

8 **Kelli Berry**: Yes.

9 **Mark Swartz**: And that is one of the reasons and then we also have another case, being CBM
10 royalties, that's case 027CL0000819-00 (10), correct?

11 **Kelli Berry**: Yes.

12 **Mark Swartz**: And we got a third case involving Wilderness Tabernacle and that is case number
13 CL 12-174, then we have a list of folks, they are disbursement under the code revision that
14 allows the Board to pay gas owners?

15 **Kelli Berry**: Yes.

16 **Mark Swartz**: Ok and you provided notices?

17 **Kelli Berry**: Yes.

18 **Mark Swartz**: And in response to the notices that you gave, obviously we've got a couple
19 hundred pages of documents or listings, right?

20 **Kelli Berry**: Yes.

21 **Mark Swartz**: When you mailed to the people that would be receiving these disbursements, did
22 you receive information back that indicated that some of the people that you were mailing to
23 were deceased?

24 **Kelli Berry**: Yes.

25 **Mark Swartz**: And who did you get information back from regarding?

26 **Kelli Berry**: Arnold Langley, Richard Osborne, Astor Harris, Juanita Colley and Monnie Coker.

27 **Mark Swartz**: Are you requesting that we be allowed to remove them from the disbursement
28 request so we can account for their heirs?

1 **Kelli Berry**: The only deceased individual that needs to be removed is Juanita Colley. We have
2 located the heirs of the other deceased individuals.

3 **Mark Swartz**: But they aren't identified in your paperwork?

4 **Kelli Berry**: Correct, that's needs to be revised.

5 **Mark Swartz**: Have we given those people revised notice?

6 **Kelli Berry**: We have mailed notice, yes. We are waiting return of their receipt of their revised
7 notice.

8 **Mark Swartz**: So assuming they receive that, we're good to go, except for Juanita Colley?

9 **Kelli Berry**: Juanita Colley, yes.

10 **Mark Swartz**: We've got two tables in this case, if I'm not mistaken?

11 **Kelli Berry**: That's correct.

12 **Mark Swartz**: Page 19 of the pdf, we have a table one, correct?

13 **Kelli Berry**: Yes.

14 **Mark Swartz**: And that is an exact dollar table, I think?

15 **Kelli Berry**: That's correct.

16 **Mark Swartz**: That table one, who receives the payment under table one?

17 **Kelli Berry**: Sandra Fern Dowdy.

18 **Mark Swartz**: And you provided her address on that table?

19 **Kelli Berry**: Yes

20 **Mark Swartz**: And what is the amount she is to receive?

21 **Kelli Berry**: \$1,661.70.

22 **Mark Swartz**: And that needs to be paid first?

23 **Kelli Berry**: Correct.

24 **Mark Swartz**: So the Escrow Agent should be directed to go to table 2, of which starts at page
25 20 of the pdf?

26 **Kelli Berry**: Yes.

1 **Mark Swartz**: And table 2 is a percentage disbursement chart?

2 **Kelli Berry**: Correct.

3 **Mark Swartz**: And it goes on for starting on page 20 of the pdf all the way to page 30, actually
4 32?

5 **Kelli Berry**: Yes.

6 **Mark Swartz**: And in calculating the dollar amount to be paid under table 2, the escrow agent
7 should use a percentage, right?

8 **Kelli Berry**: Yes.

9 **Mark Swartz**: And in table 2, the escrow agent should use the 3rd column from the right, I'm
10 thinking?

11 **Kelli Berry**: Yes.

12 **Mark Swartz**: It's a percentage for each person, it's when it's calculating the dollars to the
13 disbursed, and to do that, then for each person listed in table 2, the escrow agent should take the
14 percentage in the 3rd column opposite their name multiply that times the balance on hand after
15 their fixed amount has been disbursed, that will generate the correct dollars?

16 **Kelli Berry**: Correct.

17 **Mark Swartz**: And in table 2, have you provided the names of all people, companies or estates
18 that are to receive the disbursements?

19 **Kelli Berry**: Yes.

20 **Mark Swartz**: And you provided an address for everyone, you already indicated the one person
21 that needs to be pooled?

22 **Kelli Berry**: Yes.

23 **Mark Swartz**: And the people that you are going to provide updated information?

24 **Kelli Berry**: Correct.

25 **Mark Swartz**: Then in addition, did you do a reconciliation in regards to this disbursement
26 request?

27 **Kelli Berry**: Yes.

28 **Mark Swartz**: That would be Exhibit J; it starts at pdf page 129?

1 **Kelli Berry**: Yes.

2 **Mark Swartz**: And in Exhibit J, did you locate or try to locate all the royalty payments that
3 operators made into escrow?

4 **Kelli Berry**: Yes.

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

6 **Kelli Berry**: Yes.

7 **Mark Swartz**: And on the first page, you got a difference, highlighted in yellow?

8 **Kelli Berry**: Yes.

9 **Mark Swartz**: Also, on the first page, you've got some issues where you have bracketed them in
10 a darker bracket and that indicates problems that you have identified but that you were actually
11 able to resolve?

12 **Kelli Berry**: Yes.

13 **Mark Swartz**: And the deposits and payments cause those to balance?

14 **Kelli Berry**: Yes.

15 **Mark Swartz**: And as we work through Exhibit J, it looks like there are some resolved issues on
16 the following page 130; they are highlighted in the darker?

17 **Kelli Berry**: Correct.

18 **Mark Swartz**: And then we get to the last page, you have done your calculation to estimate to
19 what you think should be on deposit, then you've compared that to the December 20, 2018, First
20 Bank balance, right?

21 **Kelli Berry**: Yes.

22 **Mark Swartz**: And what's the difference?

23 **Kelli Berry**: Zero.

24 **Mark Swartz**: A kind of a miracle, right?

25 **Kelli Berry**: It is.

26 **Mark Swartz**: And then you have attached the series the orders that you referred to at the end of
27 this?

28 **Kelli Berry**: Correct.

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

2 **Donnie Ratliff**: Any questions from the Board?

3 **Mary Quillen**: Just one question, is this house bill a court order?

4 **Mark Swartz**: Part of it.

5 **Kelli Berry**: A portion of it is, yes.

6 **Mary Quillen**: Some 100% and some 50/50 split?

7 **Kelli Berry**: Yes.

8 **Mary Quillen**: Of these coal operators?

9 **Kelli Berry**: Yes.

10 **Mary Quillen**: I just wanted to get that on the record.

11 **Donnie Ratliff**: Mr. Osborne.

12 **Kenneth Osborne**: I'm here today to request that the disbursement not take place per today and
13 on this vote, the reason being we have some conflicting information that was sent from the
14 paperwork. We also have some deeds which will show that we are not going to get a proper
15 accounting of our part of what's in the escrow account and from the disbursements also. And we
16 also have, I am speaking on behalf of my brother, Sydney Smith, who is also one Lucous Horne-
17 O. H. Keen heirs, when he received his package on the disbursement on the BUC1SGU2 on the
18 plat map, they have two spots identified with the same number, which is 26A and that should be
19 corrected before any disbursements made. This would be in the section of T37 and the bottom
20 part of S37. Also, his copy and I'm assuming some of the others have got a copy of this plat
21 map; it's not exactly legible to read. Also, I presented some information showing that in the past
22 there were some deposits that was made in the wrong escrow accounts for the wrong wells which
23 the lady from CNX is aware of it, plus the deeds we sent them a copy and they have a copy
24 where acreages are not accounted for in the O. H. Keen part of our ownership. Mr. Chairman,
25 what I am requesting is that this be carried over until next month until these issues are addressed.

26 **Bradley Lambert**: Yes, sir. I was asking the question to our attorney since we have a court order
27 in how we should proceed?

28 **Paul Kugelman, Jr.**: We have to follow the court order; we are subject to the court's
29 jurisdiction.

30 **Kenneth Osborne**: Well I think the court order is involving us.

1 **Paul Kugelman, Jr.**: That even makes it a stronger case to follow the court order; we can't tell
2 the court that it doesn't know what it's doing. We have to follow the orders in court.

3 **Kenneth Osborne**: Mr. Chairman, I'm not asking them not to disburse, I'm just asking for them
4 not to today. I think we deserve after 20 some years, we deserve at least some answers to these
5 and I'm asking to carry over until next month, until the next hearing.

6 **Bradley Lambert**: Mr. Osborne, please understand that I was just asking the legal opinion from
7 our attorney related to a court order that we have received and that will have to come from his
8 opinion. I don't feel qualified to do that. The Board shouldn't have to be qualified to address the
9 legal opinion like that so I have to defer to our attorney.

10 **Paul Kugelman, Jr.**: Mark, can you help me out, this is a huge exhibit. What pages do the
11 orders start on?

12 **Donnie Ratliff**: I think around 147.

13 **Mark Swartz**: The court orders, I think around 150, let me look at them. Actually, the court
14 orders start pdf 132.

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

16 **Mark Swartz**: While you're looking at that, the plat that's submitted that the Board has. Has
17 only one 26A to the extent to where there was a problem with the plat resolved.

18 **Kelli Berry**: Yes, an updated plat was submitted with the application.

19 **Mark Swartz**: And so what you have, if you look at pdf page.

20 **Donnie Ratliff**: Ours still has two.

21 **Bradley Lambert**: It does, it has two.

22 **Paul Kugelman, Jr.**: We have a corrected judgement on page 132.

23 **Mark Swartz**: So your revised plat, the 26A to the right is now 26L or F, L. You guys have one,
24 I believe. We need to confirm that you all actually have it.

25 **Rick Cooper**: Did you say 26A and 26L?

26 **Kelli Berry**: It's above 26F on the revised plat.

27 **Paul Kugelman, Jr.**: So Mr. Osborne, what is it that you're wanting the Board to look at? I
28 know you said, but I'm trying to understand precisely of what we're doing here.

29 **Kenneth Osborne**: Well one of things is the missing acreage from the deeds we supplied to
30 CNX and we're still waiting on the answer to that. Also the information from these deposits that

1 were made in the wrong escrow accounts, which I supplied them with that information and we're
2 still waiting on the answer from that and I have just found the last couple weeks, people that
3 were deemed leased, the 12 ½% that were supposed to have went into the escrow account for
4 these. For the people that didn't make an election, I'm trying to find where it's written that the 12
5 ½% doesn't reflect the acreage that we own but it reflects, if you understand what I'm saying, as
6 a whole such as an 80 acre unit and now with this BUC1SGU2, they're saying our 12 ½% is
7 coming out of a percentage of 3300 some odd acres. I haven't been able to find where it was
8 wrote that 12 ½% comes from is based on 80 acre unit and not our actual acreage.

9 **Paul Kugelman, Jr.**: I can say one thing with respect to getting the accounting stuff straightened
10 out, the disbursements are expressly not extinguishing any other rights you might have.

11 **Kenneth Osborne**: With all due respect sir, we don't have a proper amount of our acreage that
12 will certainly affect our percentage.

13 **Paul Kugelman, Jr.**: Let me respond, I understand what you're saying Mr. Osborne. But what I
14 am saying here is this Board does not have the authority to determine appropriate acreage. We
15 can't say who owns what, that's for the courts to decide and it looks like the courts have already
16 decided. But even if there is a problem after that, the law 45.1-361.22:2, I know that's a mouth
17 full but in paragraph F or subsection F of that statute, it says that... No disbursements under that
18 section, which we are operating now, shall operate to distinguish other right or other cause of
19 action or defenses thereto including to: can't claims for accounting or claim under... well 8.1-31,
20 well I don't know what that is off the top of my head. So the disbursement doesn't distinguish
21 any rights you might have or any kind of future suits you may bring to reconcile what appears to
22 be a problem in the percentage of the acreage. We can't determine that today and I don't think
23 that's going to be able to be determined next month. Is this the first time you've brought these
24 deeds to the attention of the Board or in the court case, have you brought those out before?

25 **Kenneth Osborne**: No, I've got them out before.

26 **Paul Kugelman, Jr.**: Did you bring them to the court before it issued this decision here?

27 **Kenneth Osborne**: I've brought them to the Gas & Oil; we brought them to Bob Wilson, before
28 he passed away.

29 **Martha Guilliams**: And David Asbury.

30 **Kenneth Osborne**: And David Asbury.

31 **Martha Guilliams**: But we've always been told, we've brought them a thousand times but
32 we've always been told the Board doesn't have the right to read deeds.

33 **Paul Kugelman, Jr.**: Mr. Swartz, go ahead, I'm sorry.

1 **Mark Swartz:** What I'm hearing is you started out in getting a percentage of an 80 acre unit,
2 now we are getting a percentage of a 3300 acre unit. Yes, you're getting your acreage over the
3 total acreage in the sealed gob unit and your percentages have changed. That's the answer to that
4 question, so there's no mystery to that. We got a court order that created that created this seal
5 gob unit that said this is your percentage in this sealed gob unit. That's what we are operating
6 under and that's what affects the people that are getting the disbursements. So the percentage
7 definitely changed because it went from a collection of an 80 acre unit to a massive unit. The
8 other issue I have, I am being told I guess that he is here on behalf of Sydney Smith, where he's
9 not over there.

10 **Paul Kugelman, Jr.:** Right.

11 **Mark Swartz:** Sydney Smith was, according to our records, was previously represented by an
12 attorney with some other folks, a collection of some other folks, Bill Mason from Roanoke. So if
13 he is here representing himself, fine, but if he is here representing somebody else, I really don't
14 want to hear about it. He's not a lawyer, our records indicate that Sydney Smith actually had a
15 lawyer and he's not here.

16 **Paul Kugelman, Jr.:** Mr. Swartz is absolutely right about that, the only interests you can
17 represent here are your own.

18 **Kenneth Osborne:** Yeah I may be wrong but you can read it back, I did not say I was
19 representing Sydney Smith. I said I was here speaking on behalf of my brother, Sydney Smith.

20 **Martha Guilliams:** As well as himself and me.

21 **Kenneth Osborne:** We do have an attorney, unfortunately, Mr. Mason couldn't make it today,
22 he had a previous case; otherwise, he would have been here today. But again, all I'm asking for
23 just to carry this over until next month and he will be in here with us then, but I don't think that's
24 asking a lot after 20 some years of making trips down here.

25 **Paul Kugelman, Jr.:** Mr. Cooper, did we get a letter from Mr. Mason that he was going to
26 come?

27 **Rick Cooper:** I have not.

28 **Mark Swartz:** Mr. Mason was on this Board for many years and he was a competent lawyer and
29 I've known him for 25 years and if he wanted a continuance or he was planning on coming and
30 complaining he knows how to get a hold of you. He knows how to get a hold of the Director; he
31 knows how to get a hold of me. So we have nothing, I didn't get anything from him; I didn't get
32 a phone call, no correspondence. I assume that Mr. Cooper didn't.

33 **Rick Cooper:** I have not received any correspondence from Mr. Mason.

34 **Mark Swartz:** We've got a ton of people that we would like to pay.

1 **Bradley Lambert**: My only question that I would have as a chairman with the help of Mr.
2 Kugelman is from a legal stand point, do we have to abide the judge's order to disburse?

3 **Paul Kugelman, Jr.**: Yes.

4 **Bradley Lambert**: Bottom line?

5 **Paul Kugelman, Jr.**: Yes, it's a final order, I mean as far as I know it was entered in 2013. I can
6 go back and look, 2016, my apologies. It is still well beyond, it's a final order.

7 **Bradley Lambert**: For Mr. Osborne's sake, let me ask this question to our attorney. Would we
8 be violating the order if we did continue this until May?

9 **Paul Kugelman, Jr.**: Let me look, unless there's something that requires an order that requires
10 disbursement by a date, certainly the answer is no.

11 **Mark Swartz**: Unless there is an appeal of this order or a motion pending to modify a final order
12 of a court, waiting 30 days aren't is not going to do anything. We are not being told there is some
13 motion pending in court to correct an error or something; he's in the wrong place to fix what the
14 court order.

15 **Paul Kugelman, Jr.**: Right.

16 **Kenneth Osborne**: Mr. Chairman, can I ask you a question?

17 **Bradley Lambert**: Yes sir.

18 **Kenneth Osborne**: What was the date on that court order?

19 **Paul Kugelman, Jr.**: Give me a second and I'll give it to you. November 21, 2016.

20 **Kenneth Osborne**: And this is April, 2019.

21 **Paul Kugelman, Jr.**: I understand.

22 **Kenneth Osborne**: If we are so concerned on the court order and the disbursement, how come
23 its three years later and it's just now coming up for disbursement? And with all due respect sir
24 and with all due respect with Mr. Swartz, you guys sound like you trying to stick to your guns
25 which is understandable but a court order was three years ago so why wasn't the money
26 disbursed three years ago?

27 **Paul Kugelman, Jr.**: I'm trying to give you the right answer sir.

28 **Mark Swartz**: Yes, we would like to have it today then.

29 **Paul Kugelman, Jr.**: Mr. Swartz has a point that the order isn't going to change in 30 days and I
30 understand your point, what's 30 days in the light of 2 ½ years. I get that, it doesn't mean that I

1 have a side to choose, it's just that's the reality. The Board has a decision to make; my role is to
2 advise the Board to what it can do within certain legal bounds. That's it. The Board has to make
3 the decision. I'm not angling for any side one way or the other and I hope you can appreciate that
4 sir.

5 **Kenneth Osborne**: I appreciate that sir.

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

7 **Kenneth Osborne**: The question that the Chairman asked, would you be defying the court order
8 if we carried this over until next month?

9 **Paul Kugelman, Jr.**: I told him no.

10 **Bradley Lambert**: There's another side that we have to be concerned with, we have had before
11 this Board, representatives from Wilderness Tabernacle Church that wants their money. There's
12 a large sum of money in this disbursement for Wilderness Tabernacle, would they be upset if we
13 delayed another 30 days or would they want their money now? I'm not sure what we're going to
14 do actually. I just have to ask the Board for a motion and an opinion from the Board?

15 **Donnie Ratliff**: Before we do that Mr. Chairman, there is a letter from Shea Cook on some of
16 these and we would send that letter to the payee not made out to Shea Cook but send it to Shea
17 Cook's office?

18 **Bradley Lambert**: There's another issue that I ask an opinion from our attorney, there's several,
19 let me pull one up just for a case, there's several affidavits in here that have a yellow sticker on
20 them that says, the dates are wrong on the affidavits, the yellow sticky note at the bottom of
21 them. Have you seen that Mr. Swartz?

22 **Mark Swartz**: That's one at 217 for example, pdf 217.

23 **Bradley Lambert**: Yes, that's it. Notary dates are incorrect, have requested another revised from
24 Minor?

25 **Mark Swartz**: Another Power of Attorney from Steve Minor, I think.

26 **Bradley Lambert**: And so my question to our attorney, can we proceed with that note on there,
27 their wrong? The affidavits are wrong.

28 **Paul Kugelman, Jr.**: One of the few hats I wear is; I also represent the Secretary of the
29 Commonwealth's Disciplinary Program. The fundamental problem of what's been submitted
30 here is that the signature for affidavit predates the signature of the notary here by at least two
31 weeks and it's supposed to be executed contemporaneously or at the same time, so there's a
32 problem.

1 **Mark Swartz**: Well obviously, the reason we gave that to you is that we can't use that, because
2 there is a problem and we don't have a replacement, so that one's not valid.

3 **Bradley Lambert**: No, we're not saying it's a problem, but what do we do with it?

4 **Paul Kugelman, Jr.**: If the affidavit is invalid, I would submit to the Board that they could issue
5 a check directly to.

6 **Mark Swartz**: That was my point.

7 **Paul Kugelman, Jr.**: So you're in agreement with that? Ok.

8 **Mark Swartz**: Right, because we can't rely on that.

9 **Paul Kugelman, Jr.**: Correct and maybe we would send a letter to Mr. Cook letting him know
10 what we've done based on the.... no we aren't going to do that, sorry.

11 **Sarah Gilmer**: Some of the affidavits no longer apply to the petition. Kelli spoke to Mr. Minor,
12 Steve Minor yesterday. He asked that all the checks be paid directly to the landowners.

13 **Paul Kugelman, Jr.**: Well that makes it easy.

14 **Sarah Gilmer**: The affidavits have not been modified, there were some older ones that were
15 made prior to when we found the error.

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

17 **Mark Swartz**: We wanted to document that we weren't going to follow that, that's why it's in
18 there. You're absolutely right; it's not going to work.

19 **Paul Kugelman, Jr.**: Just wanted to make sure we understood.

20 **Bradley Lambert**: So the question before the Board, do we go ahead to ask for motion to
21 disburse or do we continue for 30 days?

22 **Kenneth Osborne**: Mr. Chairman, I don't mean to interrupt you sir. I think Ms. Guilliams has
23 something to say. She didn't have a chance.

24 **Martha Guilliams**: It's about the BUC1SGU2.

25 **Kenneth Osborne**: That's what we're here about.

26 **Martha Guilliams**: Ok, one of the questions I have and I have asked this question about a
27 thousand times and I get the same answer every time but then it stops it doesn't give me an
28 explanation. Do you have the exact amount in the BUC1SGU2?

29 **Kenneth Osborne**: I don't have the exact amount.

1 **Martha Guilliams**: It's like 120 some but I'm sure Rick has the amount or Sarah.

2 **Kenneth Osborne**: Rick Cooper, would you happen to have the exact amount of BUC1SGU2
3 escrow?

4 **Rick Cooper**: The amount?

5 **Bradley Lambert**: We have it. It's in the petition, \$196,817.57.

6 **Martha Guilliams**: Ok, what we want to know about this is that we keep asking where the rest
7 of this money going and they tell us that is un-relocatable or people, I don't know how to say
8 this, that have signed splits and then you know decide that or in disagreement or whatever, I
9 asked who are these people, they tell me Ronnie Keen, Michael Brown and Ronnie Osborne. If
10 they live to be a 100 they would not get that much money. I want to know where the rest of this
11 money is going. The escrow BUC1SGU2.

12 **Bradley Lambert**: I'm not following?

13 **Kelli Berry**: All of the money attributable to the escrow account owners is in the escrow
14 account.

15 **Martha Guilliams**: Yeah, I know but after you pay this?

16 **Paul Kugelman, Jr.**: So you want to know where, I'm just making sure I understand. Out of the
17 whole amount, you're talking about all the proceeds from this well? Some of its royalties, some
18 of it is operating cost, you want to know all or 100% of the money coming out of the well is
19 going?

20 **Martha Guilliams**: Supposedly, everybody's been paid except us.

21 **Mark Swartz**: There haven't been any disbursements from, this is the first one.

22 **Martha Guilliams**: Ok, you're saying there has never been a disbursement from BUC1SGU2
23 until today?

24 **Mark Swartz**: Look at exhibit J.

25 **Martha Guilliams**: Ok, we have cousins that signed split agreement that were not paid out of
26 this well.

27 **Paul Kugelman, Jr.**: Ma'am, we can't investigate cousins and brothers; who's getting what
28 here. The Board is charged on the petition before it and as a caveat to that you can represent your
29 interest here, Mr. Osborne can represent his interest here but you all can't operate beyond that
30 because that is an unauthorized practice of law. You're not licensed to authorize any other
31 people's interest here.

1 **Martha Guilliams**: I'm not calling names or anything like that, I'm just asking for an
2 explanation.

3 **Paul Kugelman, Jr.**: Of something beyond your interest?

4 **Martha Guilliams**: Well, it is my interest really if there's money in the escrow.

5 **Mark Swartz**: If the question is as I understood it, where did the rest of the money go? It's
6 never gone anywhere; this is the first disbursement request so it's all in escrow. Nobody else got
7 any of it. That's the answer to that question.

8 **Paul Kugelman, Jr.**: I understand.

9 **Martha Guilliams**: So the other family members that signed the split agreements have not been
10 paid out of this?

11 **Mark Swartz**: Nobody has been paid out of this until hopefully today.

12 **Mary Quillen**: That was the list of the split agreements that I had just questioned earlier.

13 **Mark Swartz**: There are cases that are causing payments, gas acts, split agreements, CBM
14 owners, there is a collection of reasons we are asking for payments, there are 3 or 4 court cases
15 we went through. This will be the first disbursement from the account, the money is all there.
16 There's never been a disbursement before.

17 **Martha Guilliams**: So you're saying none of the Linkous-Horne heirs or the O.H. Keen heirs
18 has ever been paid anything out of the BUC1SGU2?

19 **Mark Swartz**: I'm saying nobody has been paid out of this escrow account.

20 **Kelli Berry**: From escrow owners who had previously had split agreement that provided their
21 W9's under direct pay, they never went into escrow.

22 **Mark Swartz**: They never went into escrow. There are people being paid out of this, there are
23 fee owners, getting split agreements and so forth. But this escrow account has never had a
24 disbursement.

25 **Paul Kugelman, Jr.**: I'm going to try to repackage this a little bit, what Mr. Swartz is saying is
26 there are folks that entered into an agreement with the gas company that agreed to split certain
27 things and they have an agreement and those people are getting paid in accordance of that
28 agreement. That's money that doesn't escrow, so that's where some of the money is going. The
29 rest of the money is being escrowed and no money has been paid out of the escrow at all. So
30 those are the two outgoing revenue streams for royalties.

31 **Mark Swartz**: And add the people that have leases directly that don't have split agreements, yes.

1 **Paul Kugelman, Jr.**: Ok and then there's a 3rd set for people that have gotten everything worked
2 out with lease agreements. That's it, that's the entire universe of people getting paid. I can't tell
3 you the who's in what universe or who's in what part of that universe but that's how it's getting
4 paid.

5 **Bradley Lambert**: Ok, I'll go back to our two options and I'll ask for additional discussions
6 from the Board or I'll ask for a motion.

7 **Mary Quillen**: Motion for approval.

8 **Donnie Ratliff**: Second, Mr. Chairman.

9 **Bradley Lambert**: I have a motion and I have a second, any further discussions. [No Response]
10 All in favor signify by saying yes.

11 **Board**: Yes.

12 **Bradley Lambert**: Opposed no, that one is approved.

13 **Item Number 15**

14 **Donnie Ratliff**: Next we have petition from Pocahontas Gas, LLC, for (1) modification of the
15 Oakwood Field I Rules, OGCB 3-90 as amended, to allow a third coalbed methane gas well to be
16 drilled within each of the 80 acre Oakwood Units identified above. (2) For an administrative
17 order providing that additional well permits may be issued in the Oakwood Field after this
18 application is filed and while it is pending. Unit I41 & J40. Docket Number VGOB 93-0216-
19 0325-28. All parties interested please come forward.

20 **Mark Swartz**: Mark Swartz and Kelli Berry.

21 **Donnie Ratliff**: You may proceed.

22 **Mark Swartz**: I think we skipped 14 or am I; ok... we'll come back after that.

23 **Donnie Ratliff**: Oh did I do the wrong one?

24 **Bradley Lambert**: No, it's ok. We'll go back and do it.

25 **Donnie Ratliff**: I'm sorry.

26 **Mark Swartz**: 15, yes, ok, we're on 15. We're here on 15, Kelli and I.

27 **Donnie Ratliff**: We're on 15, my mistake. You may proceed.

28 **Mark Swartz**: Kelli, I need you to state your name for us again.

29 **Kelli Berry**: Kelli Berry.

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

2 **Kelli Berry**: CNX Resources.

3 **Mark Swartz**: The applicant here is what company?

4 **Kelli Berry**: Pocahontas Gas, LLC.

5 **Mark Swartz**: And are you here on behalf of the applicant Pocahontas Gas, LLC?

6 **Kelli Berry**: Yes.

7 **Mark Swartz**: So to sort of lay the ground work here, we have two units that you would like to
8 drill 3rd coalbed methane well in each of those units, correct?

9 **Kelli Berry**: Yes.

10 **Mark Swartz**: And why do you want to drill a 3rd well in each of those units?

11 **Kelli Berry**: These are for mining purposes.

12 **Mark Swartz**: Ok, who has asked you to do this?

13 **Kelli Berry**: Coronado.

14 **Mark Swartz**: Are they the Coal Mining Company?

15 **Kelli Berry**: Yes.

16 **Mark Swartz**: And you have an agreement with them that you do their drilling, their de-gas for
17 them?

18 **Kelli Berry**: Yes.

19 **Mark Swartz**: So these additional wells we are talking about, in I41 and J40 are wells that are
20 requested by the Coal Miner or the Mining Company for de-gas purposes in regards to future
21 mining purposes?

22 **Kelli Berry**: Correct.

23 **Mark Swartz**: And under the provisions of the Virginia code concerning Mining Operations, let
24 me get that code book up so we can talk about it here, 41.1-361.20 which is called Field Rules
25 and drilling for wells and oilers, right?

26 **Kelli Berry**: Yes.

27 **Mark Swartz**: There's a provision, which is provision capital letter C and I'll just read it into
28 record. In establishing or modifying a drilling for coalbed methane gas wells and in order to

1 accommodate the unique characteristics of coalbed methane development, the Board shall
2 require the drilling units conform to the mine development plan, if any and if... and this is what
3 we're under.. And if requested by the coal operator, wells spacing shall correspond with mine
4 operations including the drilling of multiple coalbed methane gas wells on each drilling unit,
5 right?

6 **Kelli Berry**: Yes.

7 **Mark Swartz**: Ok, and so we're here because the coal operator has requested additional wells to
8 de-gas these units and we need the Board's permission to dig additional wells in drilling units
9 under Oakwood I.

10 **Kelli Berry**: Correct.

11 **Mark Swartz**: Ok, and that sums up of substances of why we're here.

12 **Donnie Ratliff**: I see J40A; I can't find I41 on the plat.

13 **Rick Cooper**: We have some plats here to add to this.

14 **Donnie Ratliff**: Ok.

15 **Mark Swartz**: While Mr. Cooper is passing those out, Mr. Cooper and I have had some
16 discussions about the process here. All of the operators have drilled multiple wells for de-gas
17 purposes over the last 20-25 years and recently Rick raised the question about what is it in the
18 Oakwood order that would... well let me go back even further... historically, we've asked the
19 Director for exceptions under Oakwood I to conform to the mine plans or to accommodate de-
20 gas requests of operators and within the last few months, Rick and I. Rick brought this to my
21 attention, well I'm not comfortable relying on Oakwood I to plan these exceptions as the
22 Director. I'm looking at the order and I don't see a clause for me to do that. So we've had
23 extensive discussions and a couple of issues like this recently, we believe there must have been
24 an order engrafted on the original Oakwood I 20 some years ago, probably by the OCG, the
25 original regulatory Board. But we have lost administrative and collective knowledge of that
26 order, because there's no way that occurred at that point in time. Everything was under a
27 microscope in the early 1990's to get it done right so in addition to coming before you because of
28 the Oakwood I order that we have to come before you to get permission to drill a 3rd well to de-
29 gas these units but we would also suggest that as long as we're here that the Board consider an
30 order administratively delegating the authority so we don't have to come back repeatedly,
31 delegating the authority to grant the exception for mining an additional wells of the Board's
32 power to do that to the Director. I know you can't do that today because I think you would have
33 to notice it but it would make sense to administratively allow that to something we have been
34 doing for 20 some years for an order. We've lost track of whatever order there was or whatever

1 authority for that and I think I agree with Mr. Cooper that under the paperwork that he and I have
2 available to us, we need to do that.

3 **Paul Kugelman, Jr.**: Are these just for de-gasing or would these be for production wells?

4 **Mark Swartz**: Well we're producing and selling.

5 **Paul Kugelman, Jr.**: Ok.

6 **Mark Swartz**: Its driven by de-gas, to kind of give you, in this application is a perfect example.
7 What Kelli did when she drafted this, she went back to prior applications for multiple wells and
8 there are two reasons that we've been in front of the Board or dealing with the Director
9 historically for multiple wells in one unit. One of them is we've got mining operations, mine
10 plans and we anticipate the mine, and we want to de-gas the mine for mining purposes. The other
11 reason is to drill in-fill wells where we've come before the Board with geologists, reservoir
12 engineers and we've said this 80 acre unit have more gas in it where we can efficiently extract
13 with one well in a reasonable time period, so we would like a second well. Well that in-fill
14 drilling rule is the one that has generated the 600 ft. in the drilling window language that is in
15 paragraph for the application that Kelli does. That applies and has applied historically to In-fill
16 drilling but what we got here is de-gas at the request of the mining operator and there's no 600 ft.
17 rule, there's no window or so in this particular instance, one of the wells we was asking for was
18 in a window and the other one isn't but they're both driven by coal mines, we're entitled to
19 statute that I brought to your attention but going forward if the Board is predisposed to look at
20 whether or not there should be a delegation to Mr. Cooper with regard to mining operations,
21 there would in his discretion to locate those windows. I don't think the need to make that
22 decision today, but at least, I thought we have that decision to consider.

23 **Bradley Lambert**: If I could speak long enough, I understand what you're asking Mr. Swartz
24 and for my perspective since I'm over our Division of Mines as well and closely involved,
25 excuse me, with all the ventilation plans and giving the gas situation of that mines, what I would
26 like to do and this is just a suggestion to the Board is that I would like to involve our Division of
27 Mines ventilation folks and where they are located and what impact they would have on the
28 ventilation of that mines given the amount of methane being manipulated, make sense? I'm
29 making suggestion for the Board before we approve another well, a 3rd well in that field, I would
30 like to involve Division of Mines ventilation folks to say yes, this makes sense for safety, it's a
31 good location, let's drill it. Because I don't want the Board to grant you the ability to go drill a
32 well and it being direct conflict with the ventilation plan of the mine for gas liberation and Mr.
33 Cooper works closely with our Division of Mines and they can make that determination.

34 **Mark Swartz**: One caveat that I would have with or response that I would have is drilling mines
35 way out in front... drilling wells way out in front of mining, we plug a lot of those if they
36 interfere with ventilation.

1 **Bradley Lambert**: We do.

2 **Rick Cooper**: The actuality, to follow up with the conversation, I think the Division of Mines
3 only get 1 year of projections. They most likely won't even have projections to show.

4 **Mark Swartz**: Under the statute, you don't even have to have a mine plan; you just have to have
5 a request.

6 **Rick Cooper**: Correct.

7 **Mark Swartz**: So there's like two reasons, I don't have a problem with that but I just in terms of
8 thinking about ventilation, if we're going to plug wells and mines through them to accommodate
9 entries and ventilation, I don't know of any given well is going to impact the ventilation down
10 the road.

11 **Bradley Lambert**: Are you talking about drilling well 10 years in advance of mining? Is that
12 what you're asking us for?

13 **Mark Swartz**: I don't know how far out, but these are out along ways.

14 **Bradley Lambert**: I'll ask Mr. Cooper, you've seen them, you've been underground.

15 **Rick Cooper**: The question I've had, I think maybe there was an assumption that the Board had
16 confirmed that the Director to make these decisions and I guess that was the conversation that
17 Mr. Swartz and I have had. I've had a little trouble finding that written that you know I could
18 approve 3 wells per unit in advance of mining. Now in the immediate gobs, you know good and
19 well, in the gobs around them that's been pretty clear and these rights here probably will be 3-5
20 years out. I guess what Mr. Swartz is asking and I'm asking the Board, has the Board ever
21 allowed the Director to do that? Or would want to re-affirm that, I guess I've had trouble finding
22 that. It's all probable, probably happen pre-Butch Lambert, pre- Rick Cooper time. It's probably
23 been some years ago and I have been unable to find that in an order that the Director had that
24 authority but these wells right here are probably 3 years out.

25 **Donnie Ratliff**: I go back to Bob Wilson, I don't recall the conversation.

26 **Mary Quillen**: Yeah, so do I.

27 **Bruce Prather**: Are we sure out that far, these wells are economical?

28 **Donnie Ratliff**: These are done for safety, for de-gas.

29 **Rick Cooper**: These wells are being drilled for CBM so they would be like any other wells.

30 **Bruce Prather**: I mean the price on product changes from time to time.

31 **Donnie Ratliff**: Yeah, but these are done for safety reasons.

1 **Mary Quillen**: And this is locking it in just across the board is my concern.

2 **Bradley Lambert**: If the company hadn't made the request, you wouldn't be here asking?

3 **Mark Swartz**: Correct, correct and we would have a completely different pitch. I mean if
4 Coronado hadn't made the request and we would have wanted an additional well, we would have
5 to be here with a geologist and a numbers guy there's enough gas here to justify this well and it
6 makes economic sense which is your question. You know if you're drilling a well and you're
7 likely to plug it in 5 years, it doesn't make economic sense, this is a mining request today, not a
8 gas operator or economic sense. I wanted to make that point, because that is completely two
9 different animals in terms of being required to demonstrate.

10 **Rick Cooper**: So one last point, Mr. Elkins; Kevin Elkins, who works for Coronado. I think he, I
11 had talked to him about this, from their prospective because they are more concerned about de-
12 gasing rights now than actually the cost will be in the future. They realize the cost in the future
13 according to Mr. Elkins who works for Coronado.

14 **Mark Swartz**: And we know that, they're paying for this. This doesn't make sense from an
15 operator stand point, it generates revenue, it's good for the environment and we're venting this
16 stuff but it's good for the miners but it's not... as a straight up oil and gas investment, we would
17 not be doing this.

18 **Donnie Ratliff**: I think it's worth exploring to look at it and see what we come back with, are
19 these wells cased? Cause one of these are in an entry and one of them in a block?

20 **Rick Cooper**: I think these will have fiberglass run across the mine entry in the event they need
21 to mine through them if there is something that comes along there.

22 **Donnie Ratliff**: Through them... ok... any other questions? Anything else, Mr. Swartz.

23 **Mark Swartz**: Just to confirm to what Mr. Cooper said, to the extent that one of them is in an
24 entry and we saw that, we will put that fiberglass or some plastic material we could run a
25 continuous minor through. Obviously we plug before we do that...but yeah, we would do that.

26 **Donnie Ratliff**: Do we have a motion?

27 **Bradley Lambert**: I'll make the motion.

28 **Donnie Ratliff**: We have a motion, do we have a second?

29 **Mary Quillen**: Second.

30 **Donnie Ratliff**: We have a motion, we have a second. All in favor say yes.

31 **Board**: Yes.

1 **Donnie Ratliff:** Oppose, No. That one is approved.

2 **Item Number 14**

3 **Donnie Ratliff:** Now to correct my mistake of jumping 14, we'll go back to 14. I had it pulled
4 up but I read the wrong one. Docket Item 14, a petition from Pocahontas Gas, LLC, for re-
5 pooling under Oakwood Coalbed Methane Gas Field I. Unit S53. Docket Number VGOB 99-
6 1019-0758-01. All parties interested, please come forward.

7 **Mark Swartz:** Mark Swartz and Kelli Berry.

8 **Donnie Ratliff:** You may proceed.

9 **Mark Swartz:** Thank you. Kelli, would you state your name again?

10 **Kelli Berry:** Kelli Berry.

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

12 **Kelli Berry:** CNX Resources.

13 **Mark Swartz:** And the applicant here is Pocahontas Gas, LLC, correct?

14 **Kelli Berry:** Yes.

15 **Mark Swartz:** And you're here on their behalf as well?

16 **Kelli Berry:** Correct.

17 **Mark Swartz:** This is a re-pooling, yes?

18 **Kelli Berry:** Yes.

19 **Mark Swartz:** And as I understand the reason for the re-pooling, is we've got some tract and
20 percentage changes?

21 **Kelli Berry:** Yes

22 **Mark Swartz:** To sort of focus the Board in terms of, well we'll strike that. Do the percentages
23 for everybody in this unit change or is it just a limited group?

24 **Kelli Berry:** Just a limited group.

25 **Mark Swartz:** Ok, the tracts that have had percentage changes are 1E, 1F, 1G, 1H, 1I, 1J and
26 1K, correct?

27 **Kelli Berry:** Yes.

1 **Mark Swartz:** Then we have a new tract that has been added, 1N?

2 **Kelli Berry:** Yes.

3 **Mark Swartz:** So with regard to an opportunity to participant again, because the percentages
4 have changed. The tracts that I have just identified and the people in those would be the folks
5 that have a new opportunity to participate?

6 **Kelli Berry:** Yes.

7 **Mark Swartz:** And this is a re-pooling under Oakwood I, correct?

8 **Kelli Berry:** Yes.

9 **Mark Swartz:** So we're talking frac wells?

10 **Kelli Berry:** Yes.

11 **Mark Swartz:** And did you, what did you do to tell people that we were going to have a hearing
12 today?

13 **Kelli Berry:** We mailed a copy of the application to each owner within the unit as well
14 publishing notice in the Virginia Mountaineer.

15 **Mark Swartz:** Can you tell us the date in which you mailed?

16 **Kelli Berry:** February 27, 2019, the petitions were mailed.

17 **Mark Swartz:** When did you publish?

18 **Kelli Berry:** March 14, 2019.

19 **Mark Swartz:** You've got a list at paragraph 7 of the application identifying respondents, right?

20 **Kelli Berry:** Correct.

21 **Mark Swartz:** Do you want to add respondents to that list?

22 **Kelli Berry:** No.

23 **Mark Swartz:** Do you want to dismiss any?

24 **Kelli Berry:** No.

25 **Mark Swartz:** And did you provide the division the proofs of mailing and proofs of publication?

26 **Kelli Berry:** Yes.

1 **Mark Swartz:** And you provided here, we've got two wells in this unit, one was drilled quite
2 some time ago and one is more recent, right?

3 **Kelli Berry:** Yes.

4 **Mark Swartz:** And have you provided well cost estimates for those wells?

5 **Kelli Berry:** Yes.

6 **Mark Swartz:** First, what's the combined cost to the two wells?

7 **Kelli Berry:** \$555,560.08.

8 **Mark Swartz:** .08 cents, ok and S53 documentation that you provided from 1999?

9 **Kelli Berry:** Correct.

10 **Mark Swartz:** Was in what amount?

11 **Kelli Berry:** \$239,791.80.

12 **Mark Swartz:** And the S53A, which is in February of this year, is in what amount?

13 **Kelli Berry:** \$315,760.

14 **Mark Swartz:** 315?

15 **Kelli Berry:** \$315,769.

16 **Mark Swartz:** Ok and these wells pertain to mine plans and what mine?

17 **Kelli Berry:** The Buchanan 1 Mine.

18 **Mark Swartz:** And you provided Exhibit E and double E, correct?

19 **Kelli Berry:** Yes, but there's no double E yet.

20 **Mark Swartz:** Yes, I'm sorry. You provided Exhibit E and you got your well cost estimates. Ok,
21 go to page 27, you got the total acres in escrow with Exhibit E or what? How much is that?

22 **Kelli Berry:** 93.5750 %

23 **Mark Swartz:** and you provided a well plat and it turns out that both these wells are in the
24 drilling unit?

25 **Kelli Berry:** Yes

26 **Mark Swartz:** And you provided a revised Tract ID with revised tract acreages and percentages
27 and the new tract 1N?

1 **Kelli Berry:** Yes.

2 **Mark Swartz:** And what caused these changes, was it mapping or was it something?

3 **Kelli Berry:** Mapping, ongoing due diligence and mapping changes.

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

5 **Donnie Ratliff:** Any questions from the Board? [No response] No questions? Anything else, Mr.
6 Swartz?

7 **Mark Swartz:** No.

8 **Donnie Ratliff:** Do I have a motion?

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

10 **Bruce Prather:** Second.

11 **Donnie Ratliff:** Motions made and properly seconded. All those in favor say yes.

12 **Board:** Yes.

13 **Donnie Ratliff:** Opposed? Petitions approved.

14 **Mark Swartz:** Thank you.

15 **Item Number 16- (Quarterly Escrow Report)**

16 **Donnie Ratliff:** Item 16 is First Bank and Trust Company escrow account review. We'll take a
17 brief break to take care of some technical issues.

18 **Donnie Ratliff:** We're good.

19 **Jody Maney:** Does everybody have a packet?

20 **Donnie Ratliff:** We do.

21 **Jody Maney:** We'll go through the 1st quarter for 2019; on page 3 we had a beginning balance at
22 the beginning of the year is \$10,022,500.62. And the deposits received for the quarter,
23 \$90,697.31. Interest earned at \$63,808.06, fees paid at \$2,513.70 and distributions for the
24 quarter, \$71,310.00, giving us an ending balance on March 31st at \$10,103,182.29. The next
25 several pages are outstanding checks, these are checks that have been issued but have not been
26 cashed as of March 31st. There are several pages. The totals are on page 60, so we have a total of
27 outstanding of \$96,131 and I think I mentioned last quarter, William Tickle is on here for
28 \$46,000 of that. CNX has found that he is deceased and they have submitted his heir's W-9 to
29 me so I will be re-issuing those. We have it totaled by producer as well. Page 61 is our check

1 escheatment, we have \$2,782 to be escheated in 2019 and this will be in October to escheat to the
2 state and these are checks that have actually been issued and that are 5 years old now. The
3 following year we are a little over \$4,000. The next several pages are the March spreadsheets;
4 this is only for the month of March. We start with beginning balance, deposits received, Money
5 Market Interest, any fees, any distributions that is deducted from each account with an ending
6 market value and that goes through page 74. On page 75, is our no W-9 lists, these are people
7 that are owed money but have not submitted a W-9 in alphabetical order and you'll see an ending
8 market value for each one of these individuals, it ends on page 86. There are 421 lines on that
9 spreadsheet but as you can see there are duplicate names on there. Page 87 is our annual
10 distributions, 2019 we received deposits of \$63,808 and had distributions of \$71,310 and that is
11 just through the first quarter of 2019. Page 88 is our investment of funds, all of the money right
12 now is in a Money Market Account, at the end of March, it was earning 2.4% interest rate
13 however; that interest rate is now .65%. You will see a big change in that.

14 **Bradley Lambert:** I guess, that's not good but let's keep that in mind. We will be having
15 discussion of while you are here of our unknown unlocatable(s) and our balance we may ask for
16 some advice.

17 **Jody Maney:** Ok, yes, absolutely. The last pages are our rate comparisons. We do have the
18 ability to invest in CDAR's, as you all are aware, you've done that in the past. This gives the
19 February, 2019 rate and the April, 2019 rate, so you can see a side by side comparison between
20 1, 3 month, 6 month, 1 year, 2 years and 3 years for broker CD's and treasury rates, we don't
21 offer CDAR's for 3 years. Any questions on the report?

22 **Bradley Lambert:** We thank you and while you're still here and we have our attorney is with us
23 and he's going to do most of his discussion cause I'm going to open it up and turn it over to him
24 but you know in the last few months and years, we've had an amount in the unlocatable account
25 and what we need to do with that and our previous Attorney General who represented the Board
26 was under the impression that she had provided advice to the Board that we couldn't do nothing
27 with that money because in her opinion as long as money was going into those accounts, those
28 accounts were active.

29 **Jody Maney:** Ok.

30 **Bradley Lambert:** And that was the advice coming from the Attorney Generals, so since the
31 whole issue rose again during the General Assembly and several parties make claim to those
32 funds which those bills didn't pass, I asked for a legal opinion from the Attorney General's
33 office, about can that money be escheated on the unknown unlocatables? And I'm going to let
34 Mr. Kugelman take it from there because I can't speak any longer.

35 **Paul Kugelman, Jr.:** As Mr. Lambert indicated I have been asked to determine what the Gas &
36 Oil Board can do with escrowed CBM royalties that attributed to unknown unlocatables and

1 what to do with future petitions before the Board that involves royalties attributed to unknown
2 unlocatables. I have provided the Board; I guess you don't mind me sharing.

3 **Bradley Lambert:** No, no sir.

4 **Paul Kugelman, Jr.:** There's a 4 page letter, well really 3 ½ pages explaining why it's my view
5 that the Board has the authority to escrow the royalties as it's been doing and allowing them to
6 remain in escrow until claimed in accordance with the Gas & Oil Act which is a footnote to that,
7 you all can escrow, you all can escheat too, or turn it over to unclaimed property, I'm not saying
8 you can't do that in accordance to the law or the Board can dispose of the royalties in accordance
9 with the Uniform Disposition of Unclaimed Property Act even when the Board has previously
10 escrowed the royalties. Mr. Chair, if it's ok with you and I think it would be appropriate to share
11 this with the escrow agent so they can take it to their counsel?

12 **Bradley Lambert:** Yeah, can you get a copy Rick?

13 **Paul Kugelman, Jr.:** I can give them mine. A copy of this, do you already have a copy? Ok.

14 **Jody Maney:** I got a copy.

15 **Paul Kugelman, Jr.:** I can go through and explain the analysis if you all would like but I put the
16 bottom line up front so I know that you all might have some questions about that, maybe
17 something worth the letter that you have from me maybe worth tendering to your counsel that we
18 can engage in discussions in how to do that but it is my view that the Board has the authority to
19 say, we're going to turn over money that is currently escrowed attributed to unknown un-
20 locatable to be handled in accordance to, we'll call it the Act: the disposition of Unclaimed
21 Property Act which Virginia has adopted and for future, the petitions that come before the Board,
22 if the board order that those royalties be sent to be handled in accordance with the Unclaimed
23 Property Act, it would take the escrow agent out of the loop completely on those funds and the
24 effect of this is to basically to take another \$3.4 million out of the escrow account. The Treasury
25 department would hold that for the unknown unlocatable and perpetuity to be disposed of in
26 accordance to law. It takes the Board out of the business; it takes the Escrow Agent out of the
27 business of having to hold onto to these funds for who knows for how long. It also has the happy;
28 and I'll use that word for myself, the happy coincidence of taking the money out of play for
29 people taking lunge at it like at the last two General Assembly Sessions. It's my view that money
30 belongs to somebody and we just can't turn it over to anybody for anybody to use no matter how
31 well intentions those motives may be. We're still constrained by the Constitution of the Virginia
32 and the United States, like I said; I can go through and explain this but it would just be a lot of...
33 I expect very early it would turn into something sounding like the teacher on Charlie Brown but I
34 will be happy to answer any questions anybody might have.

35 **Donnie Ratliff:** So there would be no waiting period of 5 years? Or 7 years, if the petition had an
36 unknown unlocatable in it as presented?

1 **Paul Kugelman, Jr.**: Right.

2 **Donnie Ratliff**: That money would automatically be paid directly into the Treasurer?

3 **Paul Kugelman, Jr.**: Yes, if the Board ordered that, the way the Board's been handling it based
4 on prior, has been sending to escrow and that's been completely permissible under the law but
5 this Board also the authority in my views as explained in the letter is to just have that money sent
6 directly to the... the royalties sent directly to the unclaimed property in accordance to the
7 Unclaimed Property Act.

8 **Mary Quillen**: And just to make sure we are clear, if it goes to them, they will hold it? Do they
9 make any effort to contact these people? Or...

10 **Paul Kugelman, Jr.**: If you look at the Treasury's website, they have an unclaimed property, I
11 guess, internet site, look-up thing... You can type your name and find stuff. Now whether,
12 they're not going to go and actively try to find out these unknowns or unlocatables are, but
13 people can come to them and believe we are owed these monies because....

14 **Mary Quillen**: Right.

15 **Paul Kugelman, Jr.**: And there is a process that they follow that demonstrates that they are
16 entitled of those escrows.

17 **Mary Quillen**: And they are going to hold this? And it's not going to be distributed out to other
18 entities? Or...

19 **Paul Kugelman, Jr.**: What I can tell you with absolute certainty is that the Treasury Department
20 is going to handle, like they handle all similar unclaimed property, how they do that? I don't
21 know. I suspect there are actuaries involved, there are monies that are being put to good use
22 because they have to pay interest on it, I think as well.

23 **Mary Quillen**: Right.

24 **Paul Kugelman, Jr.**: And I'm sure that there is some kind of actuarial analysis where they have
25 certain things in CD's and certain parts of that money but no... it's not distributed to anybody
26 else. It's not used for any other purpose.

27 **Mary Quillen**: Ok, I'm saying if this is the case then I feel this money should go back to the
28 localities.

29 **Paul Kugelman, Jr.**: It's unconstitutional.

30 **Mary Quillen**: Oh.

31 **Paul Kugelman, Jr.**: The localities don't own the monies.

1 **Mary Quillen:** Right.

2 **Paul Kugelman, Jr.:** They can't just use it. That's taking the money and giving it to someone
3 else.

4 **Mary Quillen:** Right and that was my question, thanks for clarifying that.

5 **Paul Kugelman, Jr.:** The money, if it's sent to the Uniform Disposition of Unclaimed Property
6 Act is being held for the owners. It's not being used for anybody else, Ok. I'm sorry it took so
7 long to get to that point.

8 **Mary Quillen:** Ok, no no... that clarifies it that it would be there.

9 **Paul Kugelman, Jr.:** Yes, ma'am.

10 **Mary Quillen:** For my great-great grandchildren if I had great-great grandchildren and thought
11 they were entitled some of this money, they could apply to the...

12 **Paul Kugelman, Jr.:** The Treasury Department.

13 **Mary Quillen:** The Treasury Department and present their claim and it would be there for them?

14 **Paul Kugelman, Jr.:** Yes, ma'am.

15 **Bruce Prather:** Is it using an interest bearing account? Do we get interest since it's in our
16 possession? Do we get...?

17 **Paul Kugelman, Jr.:** Well we're not really getting any interest anyway. The interest really
18 belongs to the unknown unlocatable gas owners.

19 **Bruce Prather:** So that's not part of our interest account?

20 **Paul Kugelman, Jr.:** Correct.

21 **Bruce Prather:** And if the state had it, they wouldn't be using it that way?

22 **Paul Kugelman, Jr.:** It's my understanding and I've not researched this because that's the
23 Treasury Department. Of what my understanding is that they would put it in an account such as
24 when the claimant demonstrated a valid claim for the money, they would get that money plus a
25 little bit of interest.

26 **Donnie Ratliff:** But it is drawing interest in our pot now? Right? We do have some of that
27 money invested?

28 **Bradley Lambert:** We do.

29 **Jody Maney:** It's in a money market account right now.

1 **Donnie Ratliff:** Yes.

2 **Jody Maney:** And right now it's earning .65% interest, right now's it's in with the total, with
3 everybody else's money.

4 **Bruce Prather:** I would like to see the account remain, if we are getting interest from it. I would
5 like to see account.

6 **Donnie Ratliff:** Well, the interest is disbursed to each well unit, right?

7 **Paul Kugelman, Jr.:** Right, nothing's coming to DMME or the Board.

8 **Donnie Ratliff:** We don't get it, but it's...

9 **Paul Kugelman, Jr.:** We're not getting any; we don't get any revenues out of the interest of
10 those monies.

11 **Bruce Prather:** I just thought may be if it's undistributed accounts.

12 **Paul Kugelman, Jr.:** That's a fair question; I understand why you're asking it. I'm just letting
13 you know that neither the Board nor DMME is enjoys any benefit, the bank does...

14 **Bruce Prather:** Yeah.

15 **Donnie Ratliff:** And as far as legislators making runs for the money, that first half, maybe three
16 years ago was sent to [inaudible] and Attorney General put a gray sheet on it pretty quick.

17 **Paul Kugelman, Jr.:** We can, I mean I'm happy to fill that out and maybe we should do that.

18 **Donnie Ratliff:** I think your right, I think it's unconstitutional.

19 **Paul Kugelman, Jr.:** I can tell you that it was the desire to get that money into the schools here;
20 if we could have done that, we wanted to do it and we had three different sets of lawyers to look
21 at it, now I can't divulge attorney-client privileges but I can say that no matter which way we cut
22 it...

23 **Mary Quillen:** But the law says that is unconstitutional?

24 **Paul Kugelman, Jr.:** We couldn't get that. The bottom line is the government can take any
25 property it wants to as long as it provides just and compensation for the taking, so if you take
26 \$3.4 million dollars from somebody, the government better be prepared to pony-up \$3.4 million
27 dollars when they come asking for it. So that's we avoid that whole controversy of just taking by
28 keeping it handled in a certain way. The states are all over, I don't know how many states have
29 adopted the Uniform Disposition of Unclaimed Property Act but a bunch of very smart folks sat
30 down and have figured out to deal with this problem and they've dealt with it that way and so
31 we're comfortable legally with that's the best way to handle it and... Go ahead, I'm sorry.

1 **Mary Quillen:** No, I'm just saying this is not saying this is something that is brand new; it's
2 something that's proven to be the best way to handle and the most, and the legal way to handle
3 it?

4 **Paul Kugelman, Jr.:** It's the, it's the constitutional appropriate way to handle it. Like I said,
5 we've had runs at it for public schools, for Southwest Virginia, we've had a run at it for tourism
6 purposes and regardless of the motive, we can't let the people get a hold of that money and give
7 it out.

8 **Mary Quillen:** And that's good, that's good.

9 **Paul Kugelman, Jr.:** And if we do this, since the money won't be there for anybody to run at, it
10 will probably stop...

11 **Mary Quillen:** Yeah.

12 **Paul Kugelman, Jr.:** Or times of being asked and I think there's some pressure from some folks
13 on the finance committee that has asked to get this money in there too.

14 **Bradley Lambert:** Yeah, a little bit.

15 **Paul Kugelman, Jr.:** Folks have their eye on this and have asked for the appropriate action to be
16 taken.

17 **Mary Quillen:** Yeah.

18 **Paul Kugelman, Jr.:** So that's it...

19 **Mary Quillen:** Well I've been questioned.

20 **Paul Kugelman, Jr.:** I see and I'm sure. This is an important topic and essential to this area, to
21 this region. It's very important, it's very crucial and we're trying to make sure we handle it
22 correctly.

23 **Mary Quillen:** That's right and the money is there if we have someone that has a legitimate
24 claim that comes back and says...

25 **Paul Kugelman, Jr.:** If somebody comes before the Board and says hey, you all put money with
26 the Treasury Department, I want it. We'll say, you can have it, go to Treasury and they'll tell you
27 how to get it.

28 **Mary Quillen:** Right, right.

29 **Paul Kugelman, Jr.:** And that's how the Board would handle it.

30 **Mary Quillen:** And that's exactly what we need to be able to do.

1 **Paul Kugelman, Jr.**: It's the Board's choice but I'm saying that's one way to handle it.

2 **Bruce Prather**: This will never be on the escheated schedule?

3 **Paul Kugelman, Jr.**: That's why I wanted their lawyer to look at it, I think with what
4 discussions I have had with Mr. Cooper indicate that once it's captured by the bank, it's their
5 counsel's view that they can't turn it over for 5 years.

6 **Jody Maney**: Five years.

7 **Paul Kugelman, Jr.**: And it has something to do with additional regulations that banks have to
8 operate under and I'm not certainly not going to tell the bank that it has to run [inaudible]
9 regulatory restrictions but I at least want to open up the discussions to figure out how to move
10 that money that in the escrow agent as well but the Board has the authority to direct the
11 distribution I would think that the bank would have some say.. Well we got your order and when
12 it meets these conditions, we'll do that.

13 **Jody Maney**: The money, I'm assuming has been in the account for over five years?

14 **Paul Kugelman, Jr.**: It's \$3.4 million, I can't tell the spectrum and weight of it is as far time in
15 there. Mr. Cooper, do you have some sense of...?

16 **Rick Cooper**: So we don't have an exact number, but it's been the beginning of time up to last
17 month that we have a number of unknown unlocatable since the Gas and Oil Board began in
18 1991 when it evolved.

19 **Paul Kugelman, Jr.**: Another thing the Board could do; would be to make all future royalty
20 payments that are currently going into, unknown unlocatables that are currently going into
21 escrow, you could have that diverted and that way it stops this capture in the bank. So you have
22 things that are going into escrow now, just divert it to Treasury and then all futures goes to
23 Treasury, then when the banks requirement of returning that money to the Treasury Department
24 are met, turn that money over. That may take; take no more than 5 years because in 5 years, they
25 could turn it over or 6.

26 **Scott Arnett (with First Bank and Trust)**: We're not qualified to give a legal opinion but we
27 can certainly find that information out.

28 **Bradley Lambert**: So I would suggest we just don't do anything today and give the bank time to
29 explore the option with their attorney and then we can, would you be prepared by next month?

30 **Jody Maney**: The money coming into the account, somebody asked. So I get deposits each
31 month. Say the deposit came from CNX; a portion of that deposit is unknown un-locatable
32 funds...

1 **Bradley Lambert:** So what I'm saying is these monies, would next month give you time to
2 consult with your attorney in how the bank pursue or should we wait 3 months?

3 **Jody Maney:** I will be back in July for a meeting here, if that's ok?

4 **Bradley Lambert:** Will that give you enough time to share the opinion with your attorney and to
5 see how the bank would need to proceed?

6 **Jody Maney:** Yes.

7 **Bradley Lambert:** So table it until July?

8 **Mary Quillen:** I think that's good, time to find out exactly what our options are and how we go
9 about doing that and what the best course of action for us to take, I think your right. I agree with
10 you.

11 **Bradley Lambert:** Do you want to come up?

12 **Gus Janson:** From the property owner perspective, how would the Board handle an unknown
13 that came forward, I think the way it's stated in the act now, the operator's is responsible to come
14 forward to request if that unknown person presents itself to the operator. If you've already
15 moved that money out of the account, what's, how's that going to be handled?

16 **Paul Kugelman, Jr.:** For money that's in the escrow account?

17 **Gus Janson:** Correct or future, if I understand what you're saying you can do here. You can
18 move the money that's already there out and you can move future money also....

19 **Paul Kugelman, Jr.:** Directly into...

20 **Gus Janson:** Directly into the unclaimed?

21 **Paul Kugelman, Jr.:** If somebody comes to you and says: Hey I want my money and it's an
22 unknown unlocatable, you give them the same answer the Board would give them. This money
23 has been sent to the Treasury Department to be handled in accordance with Uniform Disposition
24 of Unclaimed Property Act, please contact the Treasury Department with your claim. That's
25 where the money is...

26 **Gus Janson:** As long as that's cleared up, cause I think the Act provides the Operator to come
27 forward for those people if they are presented to the Operator. They come forward to us, which
28 we would direct them to you or direct them to the unclaimed?

29 **Bradley Lambert:** Or direct them to the Treasury.

30 **Paul Kugelman, Jr.:** Now if there's...

1 **Gus Janson:** Is there something, then again, this gets back into legislation, is that something that
2 needs to be clarified in the Act?

3 **Paul Kugelman, Jr.:** No, no it doesn't need to be clarified in the Act. I'm thinking about the
4 range of possibilities. The only piece that we would need to come back to the Board if they came
5 to you all and the well that their claiming ownership and can demonstrate ownership, then is it
6 the royalties are still being paid under the Act? Because, then we need to switch that out to pay
7 the gas owner.

8 **Gus Janson:** The Operator would still probably have to come forward and say we're going to
9 now start paying this person going forward and we're going to stop...

10 **Paul Kugelman, Jr.:** Right.

11 **Gus Janson:** instead of paying it into the account?

12 **Paul Kugelman, Jr.:** Right.

13 **Gus Janson:** That would probably resolve all that in the future, and the past money that may
14 have already been moved, it would be up to that person to claim.

15 **Paul Kugelman, Jr.:** Right, so the range of options is: past money, wells closed, gets
16 transferred, somebody comes to you all, send them to Treasury. Escrowed money, wells still
17 operating, so you've got past money and now the future royalties going to Treasury, at that point
18 so we need to come back and say here we go, we've identified these folks and then we fix it in
19 accordance to that. All the money that's transferred over to Treasury, wells closed, they come to
20 you, we say go to Treasury.

21 **Donnie Ratliff:** Do I have to have an attorney, how complicated is it to file a claim with
22 Treasury?

23 **Paul Kugelman, Jr.:** I don't know. I would imagine if you could demonstrate ownership. Folks,
24 it's kind of stuff they do here. They bring their title and stuff. They bring those to Treasury and
25 Treasury will look at them, I don't know what scrutiny, I don't know how strict the scrutiny is
26 the Treasury provides. I'm sure they would want at least to the certain degree of certainty that
27 the money they are paying out belongs to the person getting the [inaudible].

28 **Jody Maney:** How do we tell the Treasury that it belongs to this certain person?

29 **Paul Kugelman, Jr.:** That is something I would ask you all to talk to Treasury about. There has
30 to be some way to do that. I mean I think the payments would have to identify what well it was
31 coming out of because how would you demonstrate ownership; by the property rights.

32 **Jody Maney:** Right.

1 **Paul Kugelman, Jr.:** So we have to tie it to the property rights and you know, you go surface
2 owners, mineral owners and all that. That's why it's not easy, but I would imagine that Treasury
3 would want something in its records to demonstrate what parcel of land these royalties are
4 attributable to because that's really how they are going to figure it out. Does that sound right Mr.
5 Cooper?

6 **Rick Cooper:** Yes, I think currently everything that's in the docket. Now I think that's how you
7 look at it to Jody?

8 **Jody Maney:** Yes.

9 **Rick Cooper:** From a docket number account?

10 **Jody Maney:** The docket number correlates to our account number.

11 **Paul Kugelman, Jr.:** Ok, so that's...

12 **Jody Maney:** And I don't have names, or anything to show.....

13 **Paul Kugelman, Jr.:** Well that's what makes it an unknown unlocatable. Right, we just have...

14 **Jody Maney:** Ownership, until the docket number comes through.

15 **Paul Kugelman, Jr.:** And there will be some discussions about between Treasury, the Bank and
16 you all and how do we? And what do we include in the transfer in the money and the payments
17 of the money to the Treasury Department and I'm sure that will be easy enough to figure out at
18 some point.

19 **Bradley Lambert:** If the decision of the Board is to transfer the money, the first thing I would
20 do as Chairman is to contact Treasury and say, you guys need to come down here cause you're
21 going to get a bunch of money, how do you want it?

22 **Jody Maney:** Ok.

23 **Mary Quillen:** And this additional type of transaction is this going to increase the amount we
24 pay the bank to handle these transactions? Or will it just take over to where we had these
25 transactions into escrow?

26 **Jody Maney:** I would imagine it would be like a check going out, like a regular disbursement, I
27 would need the account it was coming out of to pay out of that account number. I can't just write
28 a check for a total of \$3 million dollars because the accounts actually have \$3 million dollars
29 in it. So I would need to know what account number to take it out of and even if those 60 or 70
30 accounts totaled the \$3 million dollars and I would still allocate on the spreadsheets each month
31 in how it was disbursed.

1 **Mary Quillen:** So it basically would be the same steps in operation to get this disbursed to a
2 different...

3 **Jody Maney:** To a different department, I would have to file similar to escheatment.

4 **Mary Quillen:** Right, yeah.

5 **Paul Kugelman, Jr.:** I imagine it would be pretty much the same. I have a sneaking suspicion
6 that escheated money is handled in the Unclaimed Property Act.

7 **Jody Maney:** Probably, but with the escheated money that we've had so far. I've had a name
8 and I've had an address and I've had a social security number as well and that's pretty easy to go
9 and find if you were due money from the state. People go in, type their name in...

10 **Bradley Lambert:** Ok, so we're going to table this until July.

11 **Jody Maney:** Ok.

12 **Bradley Lambert:** And we'll continue our discussions in July.

13 **Jody Maney:** Ok.

14 **Bradley Lambert:** Thank you.

15 **Jody Maney:** Thank you.

16 **Item Number 17 (Board & Division Activities from the Staff)**

17 **Rick Cooper:** So I apologize but if I could just revisit one thing to make sure I am clear. What
18 was our decision on me reaffirming three wells per unit? I apologize but I sort of lost what we
19 were going to do on that.

20 **Bradley Lambert:** I think it's got to come before the Board for the portion, we did approve the
21 modification, that portion is got to come back.

22 **Rick Cooper:** Ok. I guess the Board, the last hearing the Board had asked me how many checks
23 had been written since the coal dismissals had been approved in July and I gave an estimated
24 number but we've tracked that relatively closely and Ms. Maney has written at the end of
25 February, 15,803 checks since that was passed and I just wanted to make that clear, I had said
26 12-14,000 I wasn't sure but it 15,803. In addition to that I've passed this out, I just passed out
27 what our annual disbursements have been and monthly and you can see this year, of course it
28 would slow down as the petitions come forward, their tougher, as of today; their tough and more
29 issues and there's lower dollars in the a lot of those. As Ms. Maney reported, there is still \$10
30 million in the account so of this year, fiscal years, we've only; we've disbursed out \$785
31 thousand dollars since July of last year. We'll be approximately \$1 million this year and a little
32 over \$20 million since we started this in July, 2015. \$20 million, you can see that \$20,146,328.00

1 and that is from a high in May, we're down to \$10 million and just to let everyone know in May
2 of 2014, when the account was almost \$30 million dollars. So it has come a long ways from that
3 and we've reduced the dockets, we've reduced the accounts in half in that time period. So we
4 still have a little 600 accounts, some of them have pennies, some of them have more dollars but
5 we've reduced half of the account size in this process also. That is my report unless you have
6 questions.

7 **Bradley Lambert**: Thank you Rick.

8 **Mary Quillen**: You did good.

9

10 **Item Number 18 (Board Review of February 2019 Minutes)**

11 **Donnie Ratliff**: We want to approve the minutes from the last meeting. I wasn't here so I can't
12 make the motion.

13 **Bradley Lambert**: I'll make the motion to approve.

14 **Mary Quillen**: Second.

15 **Donnie Ratliff**: And with the motion properly seconded, all those in favor, say I.

16 **Board**: I.

17 **Donnie Ratliff**: Those opposed? [No Response] Minutes are approved as presented. Anything
18 else?

19 **Bradley Lambert**: Adjourn?

20 **Donnie Ratliff**: Meeting is adjourned.