

COMMONWEALTH OF VIRGINIA
VIRGINIA GAS AND OIL BOARD HEARING
MINUTES DECEMBER 19, 2017

Pursuant to Sections 45.1-361.9B and 45.1361.22.B of the Code of Virginia, the Virginia Gas and Oil Board held its scheduled monthly hearing commencing at 9 a.m. on Tuesday, December 19, 2017 at the Russell County Government Conference Center, 139 Highland Drive, Lebanon, Virginia.

Board members present were Bradley C. Lambert (Chairman), Bill Harris (Public Representative), Bruce A. Prather (Oil and Gas Industry Representative), Donald Lewis Ratliff (Coal Industry Representative), Donnie W. Rife (Public Representative), Mary Addington Quillen (Public Representative) and Rita Surratt (Public Representative).

Also present were Paul Kugelman, Jr. (Senior Assistant Attorney General), Rick Cooper (Principal Executive to the Board), Sally Ketron (Division of Gas and Oil) and Sarah Gilmer (Division of Gas and Oil).

1. The Board received public comments.

There were no public comments.

2. A petition from CNX Gas Company, LLC, for pooling under Nora Coalbed Methane Gas Field. Unit AU91. Docket Number VGOB 17-1219-4153.

The docket item was approved. No escrowing required.

3. A petition from CNX Gas Company, LLC, for (1) re-pooling to revise interests consistent with those determined by re-mapping; (2) to include anticipated production under Oakwood II Field Rules after longwall panel isolation; and (3) to allow for and include production from additional wells drilled to de-gas coal in advance of mining. Unit N39. Docket Number VGOB 00-0321-0775-03.

The docket item was approved. No escrowing required.

4. A petition from CNX Gas Company, LLC, for (1) the disbursement of escrowed funds heretofore deposited with the Board's Escrow Agent, attributable to Tract 5, as depicted upon the annexed table; (2) dismissal of surface owners in Tract 5, B. F. McGlothlin Heirs, Devisees, Successors or Assigns (individuals listed below). Unit S13. Docket Number VGOB 92-0317-0195-02.

The docket item was approved. The account will close. Authorization for direct payment of royalties. Attorney Mason Heidt appeared to represent H-W Financial, LLC.

5. A petition from CNX Gas Company, LLC, for (1) the disbursement of escrowed funds heretofore deposited with the Board's Escrow Agent, attributable to Tract 4, as depicted upon the annexed table; (2) dismissal of surface owners in Tract 4, B. F. McGlothlin Heirs, Devisees, Successors or Assigns (individuals listed below). Unit S14. Docket Number VGOB 92-0317-0196-02.

The docket item was approved. The account will close. Authorization for direct payment of royalties. Attorney Mason Heidt appeared to represent H-W Financial, LLC.

6. A petition from CNX Gas Company, LLC, for (1) the disbursement of escrowed funds heretofore deposited with the Board's Escrow Agent, attributable to Tracts 1, 2 and 3, as depicted upon the annexed table; (2) dismissal of surface owners in Tract 2, B. F. McGlothlin Heirs, Devisees, Successors or Assigns (individuals listed below). Unit T13. Docket Number VGOB 92-0317-0197-01.

The docket item was approved. The account will close. Authorization for direct payment of royalties. Attorney Mason Heidt appeared to represent H-W Financial, LLC.

7. A petition from CNX Gas Company, LLC, for (1) the disbursement of escrowed funds heretofore deposited with the Board's Escrow Agent, attributable to Tract 2, as depicted upon the annexed table; (2) dismissal of surface owners in Tract 2, B. F. McGlothlin Heirs, Devisees, Successors or Assigns (individuals listed below). Unit T14. Docket Number VGOB 92-0317-0198-01.

The docket item was approved. The account will close. Authorization for direct payment of royalties. Attorney Mason Heidt appeared to represent H-W Financial, LLC.

8. A petition from CNX Gas Company, LLC, for (1) the disbursement of escrowed funds heretofore deposited with the Board's Escrow Agent, attributable to Tract 1, as depicted upon the annexed table; (2) dismissal of surface owners in Tract 1, B. F. McGlothlin Heirs, Devisees, Successors or Assigns (individuals listed below). Unit U-13. Docket Number VGOB 92-1117-0285-02.

The docket item was approved. The account will close. Authorization for direct payment of royalties. Attorney Mason Heidt appeared to represent H-W Financial, LLC.

9. A petition from CNX Gas Company, LLC, for (1) the disbursement of escrowed funds heretofore deposited with the Board's Escrow Agent, attributable to Tracts 11, 12, 13, 30, 34, 35, 52, and a portion of Tract 36A, as depicted upon the annexed table; and (2) authorization to begin paying royalties directly to Arnold Keen, Carl Hale, Burns & Nancy Mullins, Rebecca Ritchie, John Ratliff, Michael Hess, Beth Underhill, David Hess, Jeff Jackson, Julia Jackson, Tamara Altizer, Bobby Steele, James D. Steele, Judy Horne, Cleo Preskewitz, Dawn McElfresh, Gaynell Fry, Ruth Virginia Lowe, Carol Pocock, Patricia Darlene Drudge, Jeanne Garrett, Yvonne White, Debra Estes, Lonnie Honaker, Sylvia McGlothlin, Charlotte Robinette, Ell See Ferrell, Teddy Ferrell, Michael Ellis Wilkes, Janet Willett, Coal Mountain Mining Co, LLC, Delores Estep, Darlene Bradley, Diana Asbury, Roy E. Keen, Ralph D. Keen, Andy Keen and Randy Keen. Unit BUCH1SGU1. Docket Number VGOB 98-1117-0697-05.

The docket item was approved. The account will continue. Authorization for direct payment of royalties. Burns and Nancy Mullins appeared to ask questions regarding their disbursement.

10. A petition from CNX Gas Company, LLC, for (1) the disbursement of escrowed funds heretofore deposited with the Board's Escrow Agent, attributable to a portion of Tract 1B, as depicted upon the annexed table; and (2) authorization to begin paying royalties directly to Lena Sutorka. Unit AZ99. Docket Number VGOB 04-0120-1250-05.

The docket item was approved. The account will continue. Authorization for direct payment of royalties.

11. A petition from EnerVest Operating, LLC, for a Well Location Exception for Well No. 900145. Docket Number VGOB 17-1219-4154.

The docket item was approved.

12. A petition from EnerVest Operating, LLC, for a Well Location Exception for Well No. V-530319. Docket Number VGOB 17-1219-4155.

The docket item was approved.

13. A petition from EnerVest Operating, LLC, for pooling of Well No. VCI-530481. Docket Number VGOB 17-1219-4156.

The docket item was approved. No escrowing required.

14. The Board received an update of Board and Division activities from the staff.

Mr. Cooper presented to the Board an update of the disbursements thus far:

- 2nd Quarter of 2018 - \$806,791.12
- 2018 Fiscal Year - \$5,886,914.24
- Total amount disbursed since House Bill 2058 \$18,745,950.73

The maximum amount that was ever in the escrow account was in May 2014 which had approximately \$29 million.

Mr. Cooper explained to the Board that the Division of Gas and Oil is currently working with the gas companies to do an audit of the unknown/unlocatable owners that are currently being escrowed. There is approximately \$3 to \$4 million dollars in the account attributable to unknown/unlocatable owners.

The escrow account has approximately 10.7 million dollars left in it to disburse.

Mr. Cooper updated the Board that the electronic objection e-Form system is now up and running and available to the public to file objections.

Mr. Cooper explained to the Board that the Division of Gas and Oil is currently working to update the internal data systems (Board/Permitting) to communicate and automatically make updates to each other which will in turn ensure that the data systems are always up to date and accurate. This new practice ties these two systems together to automate the process. For example, if a permit expires the pooling order will automatically expire without having to manually enter it in the system.

Mr. Cooper thanked the Board for their support throughout the 2017 year and for supporting the DGO for the work that has been accomplished. In turn, the Board commended the DGO for their work as well.

15. The Board reviewed the November 2017 minutes for approval.

The docket item was approved.

The hearing adjourned at 11:20 a.m.