

COMMONWEALTH OF VIRGINIA
VIRGINIA GAS AND OIL BOARD HEARING
MINUTES NOVEMBER 20, 2018

Pursuant to Sections 45.1-361.9B and 45.1-361.22.B of the Code of Virginia, the Virginia Gas and Oil Board held its scheduled monthly hearing commencing at 9 a.m. on Tuesday, November 20, 2018 at the Russell County Government Conference Center, 139 Highland Drive, Lebanon, Virginia.

Board members present were Bradley C. Lambert (Chairman), Bruce A. Prather (Oil and Gas Industry Representative), Donald Lewis Ratliff (Coal Industry 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 will receive public comments.

There were no public comments.

2. The First Bank and Trust Company, Escrow Agent for the Virginia Gas and Oil Board, will appear to address the Board on the Quarterly Report (July 2018 - September 2018).

The Quarterly Report for the 3rd Quarter of the VGOB Escrow Account, was presented to the Board by Jody Maney with First Bank and Trust Company.

3. On the Board's Own Motion, Maverick Bentley, Senior Vice President of the Southern Division, with Diversified Southern Production, LLC, appeared before the Board to introduce the company and explain their corporate structure and operations.

Mr. Maverick Bentley, Senior Vice President of the Southern Division and Conley Smith, Land Manager of the Pikeville, Kentucky office for Diversified Southern Production, LLC, addressed the Board to introduce their company. Mr. Bentley discussed the recent purchase (July 18, 2018) of the Virginia EQT Production Company assets to Diversified Southern Production, LLC. Mr. Bentley provided the Board an overview of the sale and discussed the structure of the southern operations. He also explained the corporate structure of the company. He testified that all infrastructure and production were purchased from EQT Production Company.

4. A petition from EnerVest Operating, LLC, for pooling of Unit VC-535443. Docket Number VGOB 18-1016-4188.

The docket item was continued to January, 2019. No escrowing required.

5. A petition from EnerVest Operating, LLC, for pooling of Unit VCI-538567. Docket Number VGOB 18-1016-4189.

The docket item was approved. No escrowing required.

6. A petition from EnerVest Operating, LLC, for pooling of Unit VCI-530545. Docket Number VGOB 18-1016-4190.

The docket item was approved. Escrowing required.

7. A petition from EnerVest Operating, LLC, for pooling of Unit VCI-539510. Docket Number VGOB 18-1120-4194.

The docket item was approved. Escrowing required.

8. A petition from EnerVest Operating, LLC, for pooling of Unit VCI-538898. Docket Number VGOB 18-1120-4195.

The docket item was approved. Escrowing required.

9. A petition from DGO - on behalf of others, for Arnold Bailey appealing the Decision of the Director, issued on August 21, 2018, for Informal Fact Finding Hearing Number 1007, regarding Application Number 31013, from EnerVest Operating, LLC, for proposed well Haysi 87 w/PL, located in the Prater Magisterial District, Buchanan County, Virginia. Docket Number VGOB 18-1120-4191.

The docket item was continued to January, 2019.

10. The Board will receive an update of Board and Division activities from the staff.

Mr. Cooper presented to the Board two escrow accounts that can be closed. The first was for docket 0492 which will be combined with docket 0615 (well VC-3225). The original pooling order expired and the well was re-pooled under docket 0615. The second, was for docket 0321 which will be combined with docket 0471 (well V-1824). The original pooling order expired and the well was re-pooled under docket 0471. The Board approved for the money to be moved.

Mr. Cooper gave the Board an update of the escrow account. He reported that \$19,975,894.84 has been disbursed since the HB2058 was enacted. There are 675 accounts remaining. One hundred of the accounts have less than \$100 in them. Nineteen of the accounts have more that \$100,000 in them.

The account is divided as follows:

\$3,482,288.49 - Unknown/Unlocatable Owners

\$2,432,180.19 - Cloud on Title

\$4,191,014.52 - Coalbed Methane Wells - Unprocessed

11. The Board will review the September 2018 minutes for approval.

The docket item was approved.

The hearing adjourned at 10:14 a.m.