

COMMONWEALTH OF VIRGINIA
VIRGINIA GAS AND OIL BOARD HEARING
MINUTES OCTOBER 25, 2016

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 9:00 a.m. on Tuesday, October 25, 2016 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) and Mary Addington Quillen (Public Representative).

Also present were Blair Linford (Division of Gas and Oil), 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.

Brenda Justice spoke to the Board regarding why she had not been paid out of escrow. Mr. Cooper will follow up with CNX to determine why the petition to disperse has not been submitted.

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.

Ms. Jody Maney and Mr. C. J. Carter with First Bank and Trust Company, presented the Quarterly Report and Investment of Funds for the VGOB Escrow Account to the Board.

3. A petition from EQT Production Company, for disbursement of funds on behalf of all known owners in Tracts 1, 2, 3, 4 and 5, pursuant to House Bill #2058. Unit VC-535601. Docket Number VGOB 04-1214-1372-02. Continued from September 2016.

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

4. A petition from EQT Production Company, for disbursement, pursuant to House Bill 2058, petition for release of escrowed funds on behalf of all known oil and gas owners on Tract 2, as identified on the attached Exhibit EE. Unit VAD-773738. Docket Number VGOB 97-1021-0612-02.

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

5. On the Board's own motion, EQT will testify as to how the funds need to be corrected for units V-535433 (Docket 06-0117-1564) and V-536200 (05-1018-1516). An escrow account will need to be set up for docket 1516 and funds that were incorrectly deposited into 1564 will need to be transferred into 1516.

The docket item was approved. EQT will revise the supplemental order for 1516 to add provisions for an escrow account to be established for this unit. Funds for 1516 that were originally deposited in the account for 1564 will be transferred to the new account for 1516. The Board asked EQT to have their escrow uploads corrected and submitted before the November 2016 Board Hearing.

6. A petition from EnerVest Operating, LLC, for (1) Modification of the Nora Coalbed Methane Gas Field Rules, to allow one additional coalbed gas well to be drilled within each of the 58.77 acre Nora units identified hereto. (2) For an administrative order providing that additional well permits may be issued in the Nora Field after this application is filed and while it is pending. Units 83AT, 56AY, 57AY, 58AY, 55AZ, 57AZ, 58AZ, 57AX, 58AX, 59AX, 53AY, 54AY, 55AY, 59AY, 92BN, 92BO, 91BP, 92BP. Docket Number VGOB 89-0126-0009-89.

The docket item was approved. The Board requested that the wording of the petition be changed from 'after this application is filed and while it is pending.' to 'after this application is approved.' The Board asked EnerVest to consider consolidating their frequent petitions for modification to allow increased density wells or modify the field rules to accommodate two wells in all units of the field.

7. A petition from EnerVest Operating, LLC, to disburse funds from the escrow account for well VC-536594, to all known owners in Tracts 1, 2, 5, 6, 7, 11, 14, 15 and 19. Docket Number VGOB 08-0318-2181-01.

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

8. A petition from EnerVest Operating, LLC, to disburse funds from the escrow account for well VC-536589, to all known owners in Tracts 2, 4, 7, 8. Docket Number VGOB 07-0515-1935-05.

The docket item was approved. The account continues. Authorization for direct payment of royalties. EnerVest will withhold royalty payments to recoup overpayment of funds on the previous disbursement.

9. A petition from CNX Gas Company, LLC, for pooling under Oakwood Coalbed Methane Gas Field I. Unit Y47. Docket Number VGOB 16-0920-4098. Continued from September 2016.

The docket item was approved. Escrowing required. Donald Joyce testified that he has not reached an agreement with CNX for lease or purchase of his gas ownership and will object to any wells proposed to be drilled on his property after his interest is force pooled.

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 Tracts 3 & 10, as depicted upon the annexed table; (2) authorization to begin paying royalties directly to Hugh McRae (Torch Oil & Gas), Rockport Oil & Gas, Chisos, LTD, CNX Gas Company LLC, Tivis Vance, Shirley G. Keene, Robert D. Vance, Gerald D. Vance, and James E. Vance; (3) Dismissal of Oil & Gas Owners: William B. Hale, Curtis Hale, Billy Vance Heirs, Martha Perkins, The Clyde Perkins Trust, Barbara S. Perkins, Ida Dye Heirs, John R. Vance, Sr. Heirs, Jack Hale Heirs, Delores Richards, Roger Hale Heirs, John L. Hale, Dewey Hale, Jr. Heirs, Jerry Hale, Sandra Trent, Bonnie Harless, Virginia Young Herbert, Donald Hale, Lenny Hale, David Hale, Donna Hale, Launa Hale, Mary D. Hopkins, Nancy L. Key, David W. Hale, Dennis Marshall, Dorothy Robertson, Donald E. Hale, Bertha L. Hale, Kendra Hale, Jeffrey G. Hale, Benny Mullins, Vincent Mullins, Sr. Heirs, Denise Mullins, Betty Giamo, and Patricia Mullins; and (4) Dismissal of Coal Owners: Hugh McRae (Torch Oil & Gas), Rockport Oil & Gas, and Chisos, LTD. Unit BUS1. Docket Number VGOB 91-0716-0136-03.

The docket item was approved. The account continues. Authorization for direct payment of royalties. James E. Vance is being removed from this disbursement order due to failure to receive notice.

11. 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 92A, 92B, 94, 95D, 95E, as depicted upon the annexed table; and (2) authorization to begin paying royalties directly to Delores Estep, Darlene Bradley, Diana Asbury, Ralph D. Keen, Andy Keen, Randy L. Keen, Roy E. Keen, Arnold J. Keene, Anna R. Lambert, Elizabeth Ann McCowan Justice, Billy Ray Hale, Linda K. Matney, Brenda Weddle, Carl Lee Hale, Coal Mountain Mining Company LLP, Yukon Pocahontas Coal Company, Buchanan Coal Company, Sayers-Pocahontas Coal Company, Plum Creek Timberlands and Garden Realty Corporation; (3) Dismissal of Coal Owner: Coal Mountain Mining Company LLP. Unit SLW10. Docket Number VGOB 92-0421-0218-01.

The docket item was approved. The account with close. Authorization for direct payment of royalties.

12. A petition from CNX Gas Company, LLC, for the disbursement of escrowed funds heretofore deposited with the Board's Escrow Agent, attributable to Tracts 106, 106C, 106F, 106G, 106I, 106J, 106K, 120B, and 123A, as depicted upon the annexed table. (Royalties currently being paid under Buchanan No1 SGU1, Docket # VGOB 98-1117-0697). Unit SLW11. Docket Number VGOB 92-0818-0248-02.

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

13. 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 3, as depicted upon the annexed table; (2) authorization to begin paying royalties directly to H-W Financial, LLC (previously Harrison-Wyatt LLC), CNX Gas Company LLC, Joyce Hawkins Jones, Charles Hawkins, Phyllis Everett McKeon, Louise Agee; and (3) Dismissal of Coal Owner: H-W Financial, LLC. (Royalties currently being paid under VP8SGU3, Docket #VGOB 06-0321-1598). Unit U15. Docket Number VGOB 93-0622-0380-01.

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

14. 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 1E, as depicted upon the annexed table; (2) authorization to begin paying royalties directly to Barbara W. Hendrix, Susan J. Wade, Lydia R. Freund, Julia Beckman, Curtis R. Wade, Nathan Wade, Pamela Stout, Kris Hardison, Jodi Dixon, David Patrick Dillon, Michael Anthony Dillon; and (3) Dismissal of coal owner: Hurt-McGuire Land Trust. Unit X36. Docket Number VGOB 98-0324-0628-04.

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

15. 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 2C, 2D, 2E & 2F, as depicted upon the annexed table; (2) authorization to begin paying royalties directly to Russell & Anita Presley, Commonwealth of Virginia, Harty Loria, Jennilyn Quillen, Joe Bohon, Charles Dewain Bohon, III, William L. & Hannalore Engardio; and (3) Dismissal of coal owner: Hurt McGuire Land Trust. Unit X35. Docket Number VGOB 98-0324-0636-03.

The docket item was continued to November, 2016.

16. 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 1A, 1B, 2A, 2B, a portion of 1C & 2D, as depicted upon the annexed table; (2) authorization to begin paying royalties directly to Hugh McRae (Torch Oil & Gas), Rockport Oil & Gas, Chisos, LTD, and CNX Gas Company LLC; Marshall Boyd, Thelma J. Lester, Ferrell Boyd, Anna L. Colley, Mary L. Clevinger, Donald Clevinger, Catherine Boyd, William P. Boyd, Steve Boyd, Steve Boyd, Robert G. Boyd, Betty G. Perkins, Peggy Tiller, Joan B. Boyd, Barbara G. Evans, Lester D. Boyd, James D. Rasnake, Pauline Baldwin, Beulah D. Boyd, Henry Baldwin, Judy E. Hagy, CNX Gas Company LLC, Robert L. Greenwood, Margaret Shipley, Sherry K. Stacy, Larry I. Boyd, and Rodney Boyd, Edna M. Rasnake, Kathy & Jerry Hinkle, Ola Gay Parker, Kenneth Wayne Shortt; and (3) Dismissal of Oil & Gas Owner(s): William B. Hale, Curtis Hale, Billy Vance Heirs, Martha Perkins, The Clyde Perkins Trust, Barbara S. Perkins, Ida Dye Heirs, John R. Vance, Sr. Heirs, Jack Hale Heirs, Delores Richards, Roger Hale Heirs, John L. Hale, Dewey Hale, Jr. Heirs, Jerry Hale, Sandra Trent, Bonnie Harless, Virginia Young Herbert, Donald Hale, Lenny Hale, David Hale, Donna Hale, Launa Hale, Mary D. Hopkins, Nancy L. Key, David W. Hale, Dennis Marshall, Dorothy Robertson, Donald E. Hale, Bertha L. Hale, Kendra Hale, Jeffrey G. Hale, Benny Mullins, Vincent Mullins, Sr. Heirs, Denise Mullins, Betty Giamo, and Patricia Mullins. Unit EE25. Docket Number VGOB 00-1017-0827-02.

The docket item was approved. The account continues. Authorization for direct payment of royalties. Jody B. Baldwin and Sandra Street are being removed from this petition due to failure to receive notice.

17. 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) authorization to begin paying royalties directly to H.C. Bostic Coal Company, Inc.; and (3) Dismissal of coal owner: Buckhorn Coal Company. Unit AV112. Docket Number VGOB 01-0116-0853-02.

The docket item was approved. The account will close. Authorization for direct payment of royalties. The check for H.C. Bostic Coal Company, Inc is to be made payable to the landowner but mailed to C/O T. Shea Cook, P. C.

18. A petition from CNX Gas Company, LLC, for (1) the disbursement of escrowed funds heretofore deposited with the Board's Escrow Agent, attributable to Tract 3, as depicted upon the annexed table; (2) authorization to begin paying royalties directly to H.C. Bostic Coal Company, Inc.; and (3) Dismissal of coal owner: Buckhorn Coal Company. Unit AV113. Docket Number VGOB 01-0116-0854-02.

The docket item was approved. The account will close. Authorization for direct payment of royalties. The check for H.C. Bostic Coal Company, Inc is to be made payable to the landowner but mailed to C/O T. Shea Cook, P. C.

19. 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) authorization to begin paying royalties directly to H.C. Bostic Coal Company, Inc.; and (3) Dismissal of coal owner: Buckhorn Coal Company. Unit AW112. Docket Number VGOB 01-0116-0856-02.

The docket item was approved. The account continues. Authorization for direct payment of royalties. The check for H.C. Bostic Coal Company, Inc is to be made payable to the landowner but mailed to C/O T. Shea Cook, P. C.

20. 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) authorization to begin paying royalties directly to H.C. Bostic Coal Company, Inc.; and (3) Dismissal of coal owner: Buckhorn Coal Company. Unit AW113. Docket Number VGOB 01-0116-0857-01.

The docket item was approved. The account continues. Authorization for direct payment of royalties. The check for H.C. Bostic Coal Company, Inc is to be made payable to the landowner but mailed to C/O T. Shea Cook, P. C.

21. A petition from CNX Gas Company, LLC, for 1) the disbursement of escrowed funds heretofore deposited with the Board's Escrow Agent, attributable to 2A, 3D, and a portion of 2B, as depicted upon the annexed table; (2) authorization to begin paying royalties directly to Hugh McRae (Torch Oil & Gas), Rockport Oil & Gas, Chisos, LTD, CNX Gas Company LLC, Marshall Boyd, Thelma J. Lester, Ferrell Boyd, Anna L. Colley, Mary L. Clevinger, Donald Clevinger, Catherine Boyd, William P. Boyd, Steve Boyd, Steve Boyd, Robert G. Boyd, Betty G. Perkins, Peggy Tiller, Joan B. Boyd, Barbara G. Evans, Lester D. Boyd, James D. Rasnake, Pauline Baldwin, Beulah D. Boyd, Henry Baldwin, Judy E. Hagy, Robert L. Greenwood, Margaret Shipley, Skerry K. Stacy, Larry I. Boyd, and Rodney Boyd; (3) Dismissal of Oil & Gas Owners: William B. Hale, Curtis Hale, Billy Vance Heirs, Martha Perkins, The Clyde Perkins Trust, Barbara S. Perkins, Ida Dye Heirs, John R. Vance, Sr. Heirs, Jack Hale Heirs, Delores Richards, Roger Hale Heirs, John L. Hale, Dewey Hale, Jr. Heirs, Jerry Hale, Sandra Trent, Bonnie Harless, Virginia Young Herbert, Donald Hale, Lenny Hale, David Hale, Donna Hale, Launa Hale, Mary D. Hopkins, Nancy L. Key, David W. Hale, Dennis Marshall, Dorothy Robertson, Donald E. Hale, Bertha L. Hale, Kendra Hale, Jeffrey G. Hale, Benny Mullins, Vincent Mullins, Sr. Heirs, Denise Mullins, Betty Giamo, and Patricia Mullins; and (4) Dismissal of Coal Owners: Hugh McRae (Torch Oil & Gas), Rockport Oil & Gas, and Chisos, LTD. Unit DD24. Docket Number VGOB 01-0320-0878-04.

The docket item was approved. The account continues. Authorization for direct payment of royalties. Sandra Street and Jody B. Baldwin are being removed from this disbursement order due to failure to receive notice.

22. 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; and (2) authorization to begin paying royalties directly to H.C. Bostic Coal Co., Inc. Unit AY115. Docket Number VGOB 01-0821-0917-01.

The docket item was approved. The account will close. Authorization for direct payment of royalties. The check for H.C. Bostic Coal Company, Inc is to be made payable to the landowner but mailed to C/O T. Shea Cook, P. C.

23. 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 4C, as depicted upon the annexed table; and (2) authorization to begin paying royalties directly to Swords Creek Land Partnership and Sallie I. Breedlove. Unit AZ118. Docket Number VGOB 02-0716-1040-02.

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

24. A petition from CNX Gas Company, LLC, for 1) the disbursement of escrowed funds heretofore deposited with the Board's Escrow Agent, attributable to portions of Tracts 1A, 1C, 1D & 1E, as depicted upon the annexed table; (2) authorization to begin paying royalties directly to H-W Financial LLC, Edward Tiller, Christa Dawn Hess, Ronnie Wayne Tiller, Harley Sanders, Allen Sanders, Arvil Blankenship, Jr., Peggy Phillips, Patricia A. Key, Lynda G. Mooney, Elizabeth Betty Santos, Anna Mae Pack, Mattie Marie Shortridge, Roy R. Shortridge, Melody L. Beech, Linda C. Hale, Jennie Martin, Wesley D. Hatfield, Judy Jenkins Rollins, Harry Hatfield, Micky Hale, Billy Martin, Tiffany Wilson, Judy Deskins, David & Patty Price, Commonwealth of Virginia, Joann Lambert, CNX Gas Company LLC; and (3) Dismissal of Coal Owner: H-W Financial LLC. Unit AY100. Docket Number VGOB 02-1217-1104-02.

The docket item was approved. The account continues. Authorization for direct payment of royalties. Micky Hale is being removed from this disbursement petition due to failure to receive notice.

25. 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 & 3D, as depicted upon the annexed table; (2) authorization to begin paying royalties directly to Swords Creek Land Partnership, Daniel Lee Keen, Virginia Resources, LLC, Raymond P. Slate, Daniel & Rebecca Tucker, Loretta Jones, and Vivian Dawson; and (3) Dismissal of Coal Owner: Swords Creek Land Partnership. Unit BC121. Docket Number VGOB 03-0218-1116-02.

The docket item was continued to December, 2016. Continued to allow time to resend notice to Daniel Lee Keen.

26. 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 3, as depicted upon the annexed table; (2) authorization to begin paying royalties directly to H-W Financial, LLC (formerly Harrison-Wyatt LLC), Loeita Austin, Edward Tiller, Christa Hess, Ronnie Tiller, Chester Sanders, Dave Sanders, Norman Sanders, Harley Sanders, Jerry Sanders, and Allen Sanders; and (3) Dismissal of Coal Owner: H-W Financial, LLC (formerly Harrison-Wyatt, LLC). Unit AX99. Docket Number VGOB 04-1116-1358-01.

The docket item was continued to January, 2017.

27. 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 1D, as depicted upon the annexed table; and (2) authorization to begin paying royalties directly to the parties to the royalty split between Swords Creek Land Partnership and Daniel Ray Tucker and Rebecca Tucker (previously Alice Albert). Unit BE121. Docket Number VGOB 05-0419-1427-03.

The docket item was continued to December, 2016. Continued to allow time to resend notice to Daniel Lee Keen.

28. 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 2C, as depicted upon the annexed table; (2) authorization to begin paying royalties directly to Hermas Ball, Freddie Eugene Casey, Jerline Davis, Lois Casey, David W. Stilwell, Jane Noel; and (3) Incorporate dismissal of coal owner(s) previously dismissed under VGOB 06-0117-1558-01: Coal Mountain Mining Company. Unit AV130. Docket Number VGOB 06-0117-1558-02.

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

29. 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 Tracts 1D, 1G & 2C, as depicted upon the annexed table; (2) authorization to begin paying royalties directly to Swords Creek Land Partnership, Daniel Lee Keen, Linda Miller, Donald Myers, James Alan Myers, Jean Miller, Wilma Doretta Keen, Stanley Keen, Linda Keen, Commonwealth of Virginia; and (3) Dismissal of Coal Owner: Swords Creek Land Partnership. Unit AY123. Docket Number VGOB 06-0117-1559-02.

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

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

Mr. Cooper reported to the Board that 8.4 million dollars have been disbursed from the escrow account since fiscal year 2016. The effort to ensure that supplemental orders are up-to-date is nearly complete. The automatic reminders sent by eForms when supplemental orders are due have been activated.

31. The Board reviewed the September 2016 minutes for approval.

The docket item was approved.

The hearing adjourned at 2:20 p.m.