

COMMONWEALTH OF VIRGINIA
VIRGINIA GAS AND OIL BOARD HEARING
MINUTES NOVEMBER 15, 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 a.m. on Tuesday, November 15, 2016 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) 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 will receive public comments.

Brenda Justice and Ronnie Osborne spoke to the Board regarding the issues they have with being paid from the escrow account. Mr. Kugelman spoke with them about the options they have in getting the issues resolved.

2. A petition from EnerVest Operating, LLC, for pooling of Well No. VCI-537504-Nora Grid BG-69, Ervinton District, Dickenson County, Virginia. Docket Number VGOB 16-1115-4102.

The docket item was approved. No escrowing required.

3. A petition from EnerVest Operating, LLC, for pooling of Well No. VCI-530435, Ervinton District, Dickenson County, Virginia. Docket Number VGOB 16-1115-4103.

The docket item was approved. Escrowing required.

4. A petition from EnerVest Operating, LLC, to disburse funds from the escrow account for well V-702824 to Heather Dawn Willis Gielegem, an owner in Tracts 33 and 34. Docket Number VGOB 94-0719-0459-01.

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

5. A petition from DGO - on behalf of others for Bill Patton and Linda Patton, appealing the decision of the Director issued on October 20, 2016, for Informal Fact Finding Hearing 245, regarding an application from CNX Gas Company, LLC, for proposed well T54 with pipeline, located in the Maiden Spring Magisterial District, Jewell Ridge Quadrangle, Tazewell County, Virginia. Unit T54. Docket Number VGOB 16-1115-4104.

The docket item was affirmed. The Board upheld the Director's decision.

6. A petition from CNX Gas Company, LLC, for (1) Modification of the Middle Ridge I Coalbed Methane Gas Field Rule Order VGOB 00-1017-0835, effective October 17, 2000, as amended, to allow a second coalbed gas well to be drilled within each of the Middle Ridge I Units identified above. Unit Middle Ridge Infill #12 (Unit AW-147). Docket Number VGOB 00-1017-0835-12.

The docket item was approved.

7. A petition from CNX Gas Company, LLC, for pooling of Oakwood Coalbed Methane Gas Field I. Unit Y46. Docket Number VGOB 16-1115-4099.

The docket item was approved. Escrowing required.

8. A petition from CNX Gas Company, LLC, for pooling of Middle Ridge Coalbed Methane Gas Field I. Unit AY145. Docket Number VGOB 16-1115-4100.

The docket item was approved. Escrowing required.

9. A petition from CNX Gas Company, LLC, for pooling of Middle Ridge Coalbed Methane Gas Field I. Unit AW147. Docket Number VGOB 16-1115-4101.

The docket item was approved. Escrowing required.

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 1, 5, 6, 7 & 12, as depicted upon the annexed table; (2) authorization to begin paying royalties directly to Emmanuel Wade, Inez Kimbrell, Wanda Griffith, Sherman Baldwin, Nancy B. Komp, Sandy Baldwin Cranmer, Donna Foote, Pamela Case, Rufus Baldwin, David Baldwin, Tammy Muir, Sharon Baldwin, Eddie Baldwin, Kathy Whitt, Lisa Shaver, Patti Gilbert, Michael T. Boyd, Eleanor Hagy, Venia Newberry, Virginia Edith Smith, Scotty Bond, David Smith, Donald Smith, Judy Tiedemann, Joann Smith, Peggy Smith, Pauline Casey, Chad M. Casey, Robert B. Casey, Russel Johnson, Daniel Johnson, Phyllis Boyd, Kathy & Dickey Looney, Rita Jill Baker, Jack Kirby Mullins, Jr., Kendris Harman, Henry Harman, and Sarah Jane Keen; and (3) Dismissal of coal owners: Yukon Pocahontas Coal Company, Buchanan Coal Company, Sayers-Pocahontas Coal Company, Buchanan Mining Company LLC (formerly Consolidation Coal Company), Hugh McRae Land Trust, Chisos LTD, and Rockport Oil & Gas. Unit U28. Docket Number VGOB 97-0218-0564-05.

The docket item was approved. The account continues. Authorization for direct payment of royalties. Checks for Henry Harman, Kendris Harman, Dickey Looney and Kathy Looney are to be made payable to the landowner and mailed to C/O T. Shea Cook. CNX/DGO to report back to the Board in January as to the "DGO Refund" discrepancy listed on the Exhibit J.

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 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. Continued from October 2016.

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

12. 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 AZ115. Docket Number VGOB 02-0521-1028-02.

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

13. CNX Gas Company, LLC, to update the Board on the extension request originally submitted as docket item number 16-0621-4093.

CNX updated the Board with the following:

31 disbursement petitions filed in September 2016 which total approximately \$807,569.65.

21 disbursement petitions filed in October 2016, which total approximately \$65,146.93.

15 disbursement petitions filed in November 2016, no approximate amount provided.

Mr. Cooper and CNX updated the Board on the unfunded accounts and that all issues have been resolved. CNX made two deposits into unit W-34 and stated that the account was now up to date.

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

Mr. Cooper updated the Board that EQT still does not have their escrow uploads complete.

Mr. Lambert spoke up and said that if EQT does not have the uploads taken care of by the January 17, 2017 hearing, the Board will take further action. Mr. Cooper reported that \$9,179,136.00 has been disbursed from the escrow account since July 1, 2015, for a total of \$11,094,550.81 since January 1, 2015.

15. The Board will review the October 2016 minutes for approval.

The docket item was approved.

The hearing adjourned at 11:45 a.m.