

COMMONWEALTH OF VIRGINIA
VIRGINIA GAS AND OIL BOARD HEARING
MINUTES JANUARY 17, 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, January 17, 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), Donnie W. Rife (Public Representative) and Rita Surratt (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), Sarah Gilmer (Division of Gas and Oil) and Bradley Boyd - Division of Gas and Oil.

1. The Board received public comments.

Ms. Penny Ball spoke to the Board about royalty payments that she believes that she is due. Mr. Cooper reported to the Board that according to CNX paperwork, Ms. Ball does not own the mineral rights on her property and that Ms. Ball does not have money in the escrow account on the wells currently surrounding her property. CNX has reported that Ms. Ball only owns surface rights on the property. Mr. Paul Kugelman informed Ms. Ball that the Virginia Gas and Oil Board does not have the authority/jurisdiction to hear title issues and that she would need a court order before the Board could make any decisions on her issues.

Mr. Ronnie Osborne spoke asking the Board if he needed to be present when royalties are being paid from wells that he has an interest in. Mr. Paul Kugelman and Mr. Lambert informed him that he is not required to be present at the Board Hearing if he is on a petition. They also let him know, that if he was being disbursed that he would be notified, however there are litigating issues with his interest that have not been resolved. Therefore, he is not on the current disbursement petitions to be disbursed from the petitions submitted for the January 2017 docket. If he is not opposed to the disbursement, then CNX is asking him to write a release letter stating that he has no issues with the disbursement and wishes to receive the money that is due to him.

Ms. Brenda Justice spoke to the Board about when she would receive her money from today's hearing. Mr. Cooper told Ms. Justice that she should receive her check within approximately 60 days.

2. The First Bank and Trust Company, Escrow Agent for the Virginia Gas and Oil Board, appeared to address the Board on the Quarterly Report/End of Year Report.

The quarterly report/end of year report was presented to the Board by Jody Maney and C. J. Carter with First Bank and Trust Company.

3. On the Board's own motion, an application seeking to modify the Nora Coalbed Gas Field rules to allow for a total of two (2) coalbed methane wells to be drilled within each drilling unit. The Nora Coalbed Gas Field drilling pool includes all of Dickenson County and portions of Buchanan, Russell, and Wise Counties. Docket Number VGOB 89-0126-0009-90.

The docket item was approved.

4. A petition from EnerVest Operating, LLC, for pooling of Well No. VCI-530432-Nora Grid AT-83, Hurricane District, Buchanan County, Virginia. Docket Number VGOB 17-0117-4108.

The docket item was continued to February, 2017.

5. A petition from EnerVest Operating, LLC, for pooling of Well No. VC-537193-Nora Grid BP-22, Kenady District, Dickenson County, Virginia. Docket Number VGOB 17-0117-4109.

The docket item was approved. Escrowing required.

6. A petition from CNX Gas Company, LLC, for pooling under Oakwood Coalbed Methane Gas Field I. Unit T7. Docket Number VGOB 17-0117-4105.

The docket item was approved. Escrowing required.

7. A petition from CNX Gas Company, LLC, for pooling under Oakwood Coalbed Methane Gas Field I. Unit J32. Docket Number VGOB 17-0117-4106.

The docket item was approved. No escrowing required.

8. A petition from CNX Gas Company, LLC, for pooling under Oakwood Coalbed Methane Gas Field I. Unit DD13. Docket Number VGOB 17-0117-4107.

The docket item was approved. No escrowing required.

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 a portion of Tract 2, as depicted upon the annexed table; and (2) Dismissal of Coal Owner(s): H-W Financial, LLC (Formerly Harrison-Wyatt, LLC). (Royalties currently being paid under VP8SGU3, Docket #VGOB 06-0321-1598). Unit U11. Docket Number VGOB 93-0420-0354-02.

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

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 7, as depicted upon the annexed table; and (2) authorization to begin paying royalties directly to Valerie Robin Deskins. Unit W31. Docket Number VGOB 95-0418-0503-04.

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

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 a portion of Tract 2, as depicted upon the annexed table; and (2) authorization to begin paying royalties directly to Arnold Roby Langley, Debra Belcher Deskins, Barbara Wooten Deskins, Carole Otto, David Lee Deskins, Gregory N. Deskins, Matthew Deskins, Ruby Geraldine Deskins, Linda S. Deskins, Donald W. Deskins, Norma Ruth Hale, Michael P. Deskins, Ellis D. Deskins, Jr., Althea Walker Bollinger, Astra Harris, William Randall Deskins, Perry Christopher Deskins, Myrtle Ann Jefferson, Linda Lockhart Deskins, Barbara L. Miller, Lonnie Perkins, Billy Joe Deskins, Samuel L. Deskins, Michael Wayne Cook, Sonya Deskins Hawthorne and Michael Hurd; (3) Dismissal of Coal Owners: Lida Jaydene Holzgreffe, Edith McGlothlin, Patricia Sutter, Wanda Deskins and Island Creek Coal Company. (Royalties currently being paid under BUCH1SGU2 Docket #VGOB 08-1118-2367). Unit V31. Docket Number VGOB 96-0116-0533-03.

The docket item was approved. The account will continue. Authorization for direct payment of royalties. Checks for all parties except Michael Wayne Cook, Linda Deskins and Barbara Miller, need to be made out to the landowner and mailed to C/O Steven R. Minor, Attorney.

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 a portion of Tracts 4B, and 4F, and all of Tract 6, as depicted upon the annexed table; and (2) authorization to begin paying royalties directly to Robert William Shelton, Jr., Hurt McGuire Land Trust, Martha Williams, Sidney Smith, Kenneth Osborne, Mary Keen, Shirley Keen, Margaret Dye, Nellie Maynard, Tammy Boyd Street, Paul Junior Osborne, Curtis McCoy Osborne, Barbara Joyce Harmon, Marilyn Taylor, Tamatha Bednar, Loretta Rathbone, Donna Brown, Commonwealth of VA; (3) Dismissal of Coal Owners: Hurt-McGuire Land Trust and Consolidation Coal Company. Unit W34. Docket Number VGOB 97-0318-0571-08.

The docket item was approved. The account will continue. Authorization for direct payment of royalties. Kenneth Osborne and Martha Williams spoke regarding issues they have with this disbursement.

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 Tracts 3 & 3C, as depicted upon the annexed table; and (2) authorization to begin paying royalties directly to Hurt McGuire Land Trust, Margaret Dye, Nellie Maynard, Tammy Boyd Street, Brenda Justice; (3) Dismissal of Coal Owner: Hurt-McGuire Land Trust. (Royalties currently being paid under BUCH1SGU2, Docket #VGOB 08-1118-2367). Unit S36. Docket Number VGOB 98-0324-0626-11.

The docket item was approved. The account will continue. 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 1G, depicted upon the annexed table; and (2) authorization to begin paying royalties directly to Hurt McGuire Land Trust, Martha Williams, Sidney Smith, Kenneth Osborne, Mary Keen, Shirley Keen, Margaret Dye, Nellie Maynard, Tammy Boyd Street, Paul Junior Osborne, Curtis McCoy Osborne, Barbara Joyce Harmon, Marilyn Taylor, Tamatha Bednar, Loretta Rathbone, Donna Brown; (3) Dismissal of Coal Owner: Hurt-McGuire Land Trust. Unit W35. Docket Number VGOB 98-0324-0627-10.

The docket item was approved. The account will continue. Authorization for direct payment of royalties. Kenneth Osborne and Martha Williams spoke regarding issues they have with this disbursement.

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 a portion of Tract 5, as depicted upon the annexed table; (Royalties currently being paid under BUCH1SGU2, VGOB 08-1118-2367). Unit S37. Docket Number VGOB 98-0421-0649-08.

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

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 a portion of Tract 3, as depicted upon the annexed table; and (2) authorization to begin paying royalties directly to the parties to the prevailing plaintiffs; Arnold Roby Langle, Debra Belcher Deskins, Barbara Wooten Deskins, Carole Otto, David Lee Deskins, Gregory N. Deskins, Matthew Deskins, Ruby Geraldine Deskins, Linda S. Deskins, Donald W. Deskins, Norma Ruth Hale, Michael P. Deskins, Ellis P. Deskins, Jr., Althea Walker Bollinger, Astra Harris, William Randall Deskins, Perry Christopher Deskins, Myrtle Ann Jefferson, Linda Lockhart Deskins, Barbara L. Miller, Lonnie Perkins, Billy Joe Deskins, Samuel L. Deskins, Michael Wayne Cook, Sonya Deskins Hawthorne and Michael Hurd. (Royalties currently being paid under BUCH1SGU2 Docket #VGOB 08-1118-2367). Unit S32. Docket Number VGOB 99-0720-0729-03.

The docket item was approved. The account will continue. Authorization for direct payment of royalties. Checks for all parties except Michael Wayne Cook, Linda Deskins and Barbara Miller, need to be made out to the landowner and mailed to C/O Steven R. Minor, Attorney.

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 a portion of Tract 1, as depicted upon the annexed table; and (2) authorization to begin paying royalties directly to the parties to the prevailing plaintiffs; Arnold Roby Langley, Debra Belcher Deskins, Barbara Wooten Deskins, Carole Otto, David Lee Deskins, Gregory N. Deskins, Matthew Deskins, Ruby Geraldine Deskins, Linda S. Deskins, Donald W. Deskins, Norma Ruth Hale, Michael P. Deskins, Ellis P. Deskins, Jr., Althea Walker Bollinger, Astra Harris, William Randall Deskins, Perry Christopher Deskins, Myrtle Ann Jefferson, Linda Lockhart Deskins, Barbara L. Miller, Lonnie Perkins, Billy Joe Deskins, Samuel L. Deskins, Michael Wayne Cook, Sonya Deskins Hawthorne and Michael Hurd. (Royalties currently being paid under BUCH1SGU2 Docket #VGOB 08-1118-2367). Unit T32. Docket Number VGOB 99-0720-0730-03.

The docket item was approved. The account will continue. Authorization for direct payment of royalties. Checks for all parties except Michael Wayne Cook, Linda Deskins and Barbara Miller, need to be made out to the landowner and mailed to C/O Steven R. Minor, Attorney.

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 a portion of Tract 3, as depicted upon the annexed table; and (2) authorization to begin paying royalties directly to the parties to the prevailing plaintiffs; Arnold Roby Langley, Debra Belcher Deskins, Barbara Wooten Deskins, Carole Otto, David Lee Deskins, Gregory N. Deskins, Matthew Deskins, Ruby Geraldine Deskins, Linda S. Deskins, Donald W. Deskins, Norma Ruth Hale, Michael P. Deskins, Ellis P. Deskins, Jr., Althea Walker Bollinger, Astra Harris, William Randall Deskins, Perry Christopher Deskins, Myrtle Ann Jefferson, Linda Lockhart Deskins, Barbara L. Miller, Lonnie Perkins, Billy Joe Deskins, Samuel L. Deskins, Michael Wayne Cook, Sonya Deskins Hawthorne and Michael Hurd. (Royalties currently being paid under BUCH1SGU2 Docket #VGOB 08-1118-2367). Unit U32. Docket Number VGOB 99-0922-0747-03.

The docket item was approved. The account will continue. Authorization for direct payment of royalties. Checks for all parties except Michael Wayne Cook, Linda Deskins and Barbara Miller, need to be made out to the landowner and mailed to C/O Steven R. Minor, Attorney.

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 2 and a portion of Tract 3, as depicted upon the annexed table; and (2) authorization to begin paying royalties directly to Rockport Oil & Gas LLC, Chisos Ltd, CNX Gas Company LLC, Mary L. Clevinger, Steven Randall Boyd, Lloyd Cook, Samantha Levine, Peggy Corene Tiller, Lester Dale Boyd, Pauline Baldwin, Jody Baldwin, Robert Lee Greenwood, Sr., Margaret Ann Shipley, Rodney Boyd, Helen Viola Coleman, Velva Marie Charles. Unit EE24. Docket Number VGOB 00-1017-0826-03.

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

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 a portion of Tracts 11 & 45, as depicted upon the annexed table; and (2) authorization to begin paying royalties directly to the parties to the prevailing plaintiffs: Arnold Roby Langley, Debra Belcher Deskins, Barbara Wooten Deskins, Carole Otto, David Lee Deskins, Gregory N. Deskins, Matthew Deskins, Ruby Geraldine Deskins, Linda S. Deskins, Donald W. Deskins, Norma Ruth Hale, Michael P. Deskins, Ellis D. Deskins, Jr., Althea Walker Bollinger, Astra Harris, William Randall Deskins, Perry Christopher Deskins, Myrtle Ann Jefferson, Linda Lockhart Deskins, Barbara L. Miller, Lonnie Perkins, Billy Joe Deskins, Samuel L. Deskins, Michael Wayne Cook, Sonya Deskins Hawthorne and Michael Hurd. Unit VP2SGU1. Docket Number VGOB 02-0319-1008-06.

The docket item was approved. The account will continue. Authorization for direct payment of royalties. Checks for all parties except Michael Wayne Cook, Linda Deskins and Barbara Miller, need to be made out to the landowner and mailed to C/O Steven R. Minor, Attorney.

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 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. Continued from October 2016.

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

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 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. Continued from October 2016.

The docket item was withdrawn.

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 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. Continued from October 2016.

The docket item was approved. The account will close. 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 Tract 1D, as depicted upon the annexed table; and (2) authorization to begin paying royalties directly to Swords Creek Land Partnership, Nell Fern Stallard, Sarah Boyd Tankersley, Raymond Slate, Jr., Ralph Roten, Vicki Myers, Wesley Keen, and James Keene. Unit AY123. Docket Number VGOB 06-0117-1559-03.

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

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 a portion of Tract 16A, as depicted upon the annexed table; and (2) authorization to begin paying royalties directly to Greg McDonald and CNX Gas Company LLC. Unit BUCH1SGU3. Docket Number VGOB 11-0215-2911-02.

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

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 1F, as depicted upon the annexed table; and (2) authorization to begin paying royalties directly to Swords Creek Land Partnership, Roger Lee Hubbard, Danny Hubbard, Michael Dye; (3) Dismissal of Coal Owner: Swords Creek Land Partnership. Unit AZ117. Docket Number VGOB 11-0419-2930-02.

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

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

Mr. Cooper reported to the Board that the unfunded account has now been removed. He informed the Board that EQT is now caught up on all escrow uploads previously discussed at the Board Hearing.

Mr. Cooper reported that \$10,535,363.87 has been disbursed from the escrow account since July 1, 2015, for a total of \$12,450,778.44 since January 1, 2015.

28. The Board reviewed the November 2016 minutes for approval.

The docket item was approved.

The hearing adjourned at 2:53