

COMMONWEALTH OF VIRGINIA
VIRGINIA GAS AND OIL BOARD HEARING
MINUTES JUNE 16, 2015

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, June 16, 2015 at the Russell County Government Conference Center, 139 Highland Drive, Lebanon, Virginia.

Board members present were Bradley C. Lambert (Chairman), Bill Harris (Public 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 will receive public comments.

Ms. Penny Ball addressed the Board on ownership issues that she has and requested that the Board release funds in escrow that she believes are due to her. She provided Chancery Case information that she believes shows her ownership in the gas rights. Mark Swartz, Attorney for CNX Gas Company, notified the Board that there was a court case pending in Buchanan County, Virginia, that addressed this issue. Paul Kugelman, Senior Assistant Attorney General, addressed Ms. Ball's concerns and advised her that the Board has no jurisdiction to determine ownership and that the court decree from her court case that is pending will be accepted by the Board when CNX disburses the funds.

2. A petition from CNX Gas Company, LLC, for Pooling of Unit K73, in the Nora field of Buchanan County, VA. Docket Number VGOB 15-0616-4068.

The docket item was approved. Escrowing required.

3. A petition from CNX Gas Company, LLC, for Pooling of Unit BB54. Docket Number VGOB 15-0616-4069.

The docket item was approved. No escrowing required.

4. A petition from CNX Gas Company, LLC, for Pooling of Unit BB55. Docket Number VGOB 15-0616-4070.

The docket item was approved. No escrowing required.

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 Tracts 7, 7A & 16, to the persons identified in the table, using the percentages set forth in the table; (2) authorization to begin paying royalties directly to the parties to the agreement or court order. Unit V28. Docket Number VGOB 96-0116-0530-03.

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

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 Tract 2, to the persons identified in the table, using the percentages set forth in the table; (2) authorization to begin paying royalties directly to the parties to the agreement or court order. Unit V31. Docket Number VGOB 96-0116-0533-02.

The docket item was approved. Account continues. Authorization for direct payment of royalties. Mr. Steven Minor, Attorney, appeared on behalf of the Deskins heirs and requested that the checks to the Deskins heirs be mailed to Mr. Minor's office. Mr. Cooper, Director of the Division of Gas & Oil asked Mr. Minor to please provide documentation to the Board by June 30, 2015, giving Mr. Minor rights to accept the funds on behalf of the Deskins heirs.

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 3, to the persons identified in the table, using the percentages set forth in the table; (2) authorization to begin paying royalties directly to the parties to the agreement or court order. Unit S32. (Formerly Docket Number VGOB 91-0219-0078). Docket Number VGOB 99-0720-0729-02.

The docket item was approved. Account continues. Authorization for direct payment of royalties. Mr. Steven Minor, Attorney, appeared on behalf of the Deskins heirs and requested that the checks to the Deskins heirs be mailed to Mr. Minor's office. Mr. Cooper, Director of the Division of Gas & Oil asked Mr. Minor to please provide documentation to the Board by June 30, 2015, giving Mr. Minor rights to accept the funds on behalf of the Deskins heirs.

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, for the persons identified in the table, using the percentages set forth in the table; (2) authorization to begin paying royalties directly to the parties to the agreement or court order. Unit T32. Docket Number VGOB 99-0720-0730-02.

The docket item was approved. Account continues. Authorization for direct payment of royalties. Mr. Steven Minor, Attorney, appeared on behalf of the Deskins heirs and requested that the checks to the Deskins heirs be mailed to Mr. Minor's office. Mr. Cooper, Director of the Division of Gas & Oil asked Mr. Minor to please provide documentation to the Board by June 30, 2015, giving Mr. Minor rights to accept the funds on behalf of the Deskins heirs.

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, 35, 36, 37, 45 & 46, to the persons identified in the table, using the percentages set forth in the table; (2) authorization to begin paying royalties directly to the parties to the agreement or court order. Unit VP2SGU1. Docket Number VGOB 02-0319-1008-03.

The docket item was approved. Account continues. Authorization for direct payment of royalties. Mr. Steven Minor, Attorney, appeared on behalf of the Deskins heirs and requested that the checks to the Deskins heirs be mailed to Mr. Minor's office. Mr. Cooper, Director of the Division of Gas & Oil asked Mr. Minor to please provide documentation to the Board by June 30, 2015, giving Mr. Minor rights to accept the funds on behalf of the Deskins heirs.

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 Tract 3, for the persons identified in the table, using the percentages set forth in the table; (2) authorization to begin paying royalties directly to the parties to the agreement or court order. Unit U32. Docket Number VGOB 99-0922-0747-02.

The docket item was approved. Account continues. Authorization for direct payment of royalties. Mr. Steven Minor, Attorney, appeared on behalf of the Deskins heirs and requested that the checks to the Deskins heirs be mailed to Mr. Minor's office. Mr. Cooper, Director of the Division of Gas & Oil asked Mr. Minor to please provide documentation to the Board by June 30, 2015, giving Mr. Minor rights to accept the funds on behalf of the Deskins heirs.

11. A petition from Range Resources-Pine Mountain, Inc., 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 in the petition; (2) 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. Docket Number VGOB 89-0126-0009-83.

The docket item was approved.

12. A petition from Range Resources-Pine Mountain, Inc. (formerly brought in front of the Board by EQT Production Company, LLC), for disbursement and authorization for direct payment on behalf of all known owners in Tracts 1, 2, 5, 6, 8, and 10, for Well VC-504482. Docket Number VGOB 01-0619-0899-02. Continued from October 2014. Continued from November 2014. Continued from March 2015. Continued from May 2015.

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

13. A petition from Range Resources-Pine Mountain, Inc., for disbursement of funds in the escrow account for Well No. VC-551127, to all known owners in Tract 5. Docket Number VGOB 02-1119-1098-01.

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

14. A petition from Range Resources-Pine Mountain, Inc., for disbursement of funds in the escrow account for Well No. VC-505206, to all known owners in Tract 2. Docket Number VGOB 03-0715-1164-01.

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

15. A petition from Range Resources-Pine Mountain, Inc., for disbursement of funds in the escrow account for Well No. VC-535872, to all known owners in Tracts 2 & 5. Docket Number VGOB 04-0420-1281-02.

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

16. A petition from Range Resources-Pine Mountain, Inc., for disbursement of funds in the escrow account for Well No. V-550329, to all known owners in Tracts 3 & 4. Docket Number VGOB 04-0316-1269-02.

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

17. A petition from Range Resources-Pine Mountain, for disbursement of funds in the escrow account for Well No. VC-551130, to all known owners in Tract 3. Docket Number VGOB 05-0215-1403-01.

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

18. A petition from Range Resources-Pine Mountain, Inc., to disburse funds from the escrow account for Well No. VC-536260, to all known owners in Tracts 3, 4 & 5. Docket Number VGOB 06-0718-1679-01.

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

19. A petition from Range Resources-Pine Mountain, Inc., to disburse funds from the escrow account for Well No. VC-536517, to all known owners in Tract 2. Docket Number VGOB 07-1218-2100-02.

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

20. A petition from Range Resources-Pine Mountain, Inc., for disbursement to release funds in escrow for Well No. VC-537875, to all known owners in Tract 4. Docket Number VGOB 08-0620-2249-01.

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

21. A petition from Range Resources-Pine Mountain, Inc., to disburse funds from the escrow account for Well No. VC-536516, to all known owners in Tract 2. Docket Number VGOB 09-0818-2578-01.

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

22. A petition from Range Resources-Pine Mountain, Inc., to disburse funds from the escrow account for Well No. VC-531334, to all known owners in Tracts 1, 2 & 5. Docket Number VGOB 09-1020-2618-01.

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

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

Mr. Butch Lambert, Chairman of the Gas & Oil Board, addressed a letter that was sent in from Janie Smith regarding unknown and unlocatable heirs. Mr. Phil Horn spoke on Range Resource's behalf regarding this issue.

Mr. Paul Kugelman addressed the Board regarding the new procedures that will take place after the new law (Code of Virginia Section 45.1-361.22:2) takes effect on July 1, 2015, and how the Division of Gas and Oil will handle the disbursements. The Board delegated authority to the DGO to process items that have no pending deficiencies or issues.

Mr. Cooper addressed the Board to request authority to close unfunded accounts. The Board voted to grant Mr. Cooper the authority to close out unfunded accounts that have \$500 or less in them.

Mr. Cooper addressed the Board and asked for their approval to transfer \$22,395.69, which was money that was originally deposited into the wrong account. The money needs to be transferred from Docket Number 1000 to Docket Number 1760. The DGO has thoroughly researched this issue and agrees that the funds need to be transferred to correct the accounts. The Board voted to approve Mr. Cooper's request.

24. The Board reviewed the May 2015 minutes for approval.

The docket item was approved.

The hearing adjourned at 11:40 a.m.