

COMMONWEALTH OF VIRGINIA  
VIRGINIA GAS AND OIL BOARD HEARING  
MINUTES JULY 19, 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, July 19, 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), 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.

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 3 and 4 in Well VC-2931, pursuant to House Bill #2058. Docket Number VGOB 97-0318-0569-01.

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

4. A petition from EQT Production Company, for disbursement of funds on behalf of all known owners in Tracts 1, 5, 6, 8, 10, 11, 12, 15, 17, and 18 in Well VC-3407, pursuant to House Bill # 2058. Docket Number VGOB 98-0324-0645-01.

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

5. A petition from EQT Production Company, for disbursement of funds, pursuant to House Bill 2058, on behalf of all known oil and gas owners on Tracts 2, 6 & 7, of Well VC-703169, as identified on the attached Exhibit EE and petition for direct payment to EQT for overpayment to the escrow account. Docket Number VGOB 98-0616-0670-03.

The docket item was approved. The account will close. 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 a portion of Tract 2C, as depicted upon the annexed table; (2) authorization to begin paying royalties directly to Wanda Coleman Cook, Bonnie Street & Billy Ray Thacker; and (3) Dismissal of Coal Owner: Harrison-Wyatt, LLC. Unit BB8. Docket Number VGOB 90-1010-0033-09.

The docket item was approved. The account will continue. Authorization for direct payment of royalties. CNX to revise the petition to remove Bonnie Street from the petition due to incorrect address.

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 Tracts 31, 36, 37, 38, 40, 40A & 40B, as depicted upon the annexed table; (2) authorization to begin paying royalties directly to Coal Mountain Mining Company, Delores Estep, Darlene Bradley, Diana Asbury, Ralph D. Keen, Andy Keen, Randy L. Keen, Roy E. Keen, Anna R. Lambert, Rebecca I. Ritchie Hale, John Ratliff, Michael Hess, Beth Underhill, David Hess, Jeff Jackson, Julia Chitester Jackson, Arnold Keen, Billy Ray Hale, Linda Hale Matney, Brenda Weddle, Carl Lee Hale, Elizabeth Ann Justice, Dale and Patricia Chambers, John F. Compton, & Brinda Compton; and (3) Dismissal of Coal Owner: Torch Oil and Gas Company. Unit SLW7. Docket Number VGOB 92-0218-0185-05.

The docket item was approved. The account will continue. Authorization for direct payment of royalties. CNX to revise the petition to remove David Hess from the petition due to an incorrect address.

8. A petition from CNX Gas Company, LLC, for the disbursement of escrowed funds heretofore deposited with the Board's Escrow Agent, attributable to a portion of Tracts 3, 3C, & 4, as depicted upon the annexed table. (Royalties currently being paid under Buchanan No.1 SGU2, VGOB 08-1118-2367). Unit S36. Docket Number VGOB 98-0324-0626-10.

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

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 Tract 2L, as depicted upon the annexed table; (2) authorization to begin paying royalties directly to Anna Rae Burkhart; and (3) Dismissal of Coal Owner: Harrison-Wyatt, LLC. Unit AV99. Docket Number VGOB 03-0916-1185-02.

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

10. A petition from CNX Gas Company, LLC, for a. Extension of time delaying payments for gas claimants who have not provided W-9's and/or affidavits confirming gas ownership either to the Petitioner and Operator or to the Division of Gas and Oil until such time as the same are provided by the gas claimants. b. Extension of time delaying payments for gas claimants where there are title conflicts as to gas ownership until such time as the title conflict(s) is resolved by the competing gas claimants. c. Extension of time delaying payments to gas claimants who are unlocatable and to gas claimants whose interests are identifiable but who remain unknown. d. Extension of time delaying payments to gas claimants who derive their gas claims from heirships where the heirship(s) members and/or their fractional interests cannot be determined by the Petitioner and Operator. This group includes heirships where title conflicts prevent closure and/or the Petitioner and Operator is at present, having exercised reasonable diligence to do so, unable to populate the heirs to calculate their respective divisions of interest. e. 90-day extension of time delaying payment to members of heirships where all fractional interests are at present undetermined, but where the Petitioner and Operator has not determined as at d. above that it has reached an impasse. f. Authorize the Petitioner and Operator to commence publication after the extension period sought at e. above for a period of four weeks to possibly develop further information that might serve to identify unknown gas claimants and/or locate known owners who are at present unlocatable. Unit Various. Docket Number VGOB 16-0621-4093. Continued from June 2016.

The docket item was continued to September, 2016. The Board voted to approve the 60 day and 90 day extension requests at the June 2016 Hearing.

The Board voted to continue all other extension requests until the September 2016 VGOB Hearing to give the Board further time to evaluate.

The Board asked CNX to provide a monthly update of progress on the remaining issues to be resolved.

11. 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. (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 59AZ, 60AZ, 61AZ, 80BP, 81BP, 82BP, 84AT. Docket Number VGOB 89-0126-0009-88.

The docket item was approved.

12. A petition from EnerVest Operating, LLC, to disburse funds from the escrow account for well VC-2835, to all known owners in Tracts 4. Docket Number VGOB 98-0324-0642-06.

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

13. A petition from EnerVest Operating, LLC, to disburse funds from the escrow account for well VC-536448, to all known owners in Tracts 3, 5. Docket Number VGOB 06-1017-1739-03.

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

14. A petition from EnerVest Operating, LLC, to disburse funds from the escrow account for wells VC-536593 & VCI-538606, to all known owners in Tracts 2, 3. Docket Number VGOB 07-1016-2050-02.

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

15. A petition from EnerVest Operating, LLC, to disburse funds from the escrow account for wells VC-536421 & VCI-538674, to all known owners in Tract 3. Docket Number VGOB 08-0415-2211-02.

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

16. A petition from EnerVest Operating, LLC, to disburse funds from the escrow account for wells VC-536422 & VCI-538743, to all known owners in Tracts 1, 2, 3, 4, 5, 6, 7, 10. Docket Number VGOB 08-0520-2228-02.

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

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

Mr. Cooper reported to the Board that 1.9 million dollars have been disbursed from the escrow account from January 2015 through June 2015. Approximately 6,978,000.00 dollars have been disbursed from the escrow account from July 1, 2015 through June 30, 2016. As to date, there have been approximately 4,500 checks written to disburse funds from the escrow account.

18. The Board will review the June 2016 minutes for approval.

The docket item was approved.

The hearing adjourned at 12:29 p.m.