

COMMONWEALTH OF VIRGINIA
VIRGINIA GAS AND OIL BOARD HEARING
MINUTES OCTOBER 21, 2014

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, October 21, 2014 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), 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), Sarah Gilmer (Division of Gas and Oil) and Blair Linford (Division of Gas and Oil).

1. The Board will receive public comments.

There were no public comments.

2. The First Bank and Trust, Escrow Agent for the Virginia Gas and Oil Board, addressed the Board regarding the last two quarterly reports.

C. J. Carter with First Bank and Trust Company reported the 2014 2nd and 3rd quarterly reports of the escrow account to the Board. Mr. Carter also discussed investment options to the Board. The Board voted to invest 10% of escrowed funds to a money market CD fund. Mr. Jack Phelps with First Bank and Trust proposed to the Board that they would like to renew their contract for the escrow account and would not be increasing their fees. The Board voted to renew First Bank and Trust's contract for an additional five years.

3. A petition from EQT Production Company, for disbursement and authorization for direct payment on behalf of all known owners in Tracts 1, 2, 5, 6, 8, 9, 10, 11, 12, 13 in Well VC-504482. Docket Number VGOB 01-0619-0899-02.

The docket item was continued to November, 2014. Docket item was continued per the request of the operator.

4. A petition from EQT Production Company, for disbursement and authorization for direct payment on behalf of all known owners in Tract 4 in Well PC-313 (VC-751313). Docket Number VGOB 93-0119-0309-06.

The docket item was continued to November, 2014. Docket item was continued per the request of the operator.

5. A petition from CNX Gas Company, LLC, for (1) Refund of escrow payments heretofore deposited with the Board's Escrow Agent; Reimburse overpayment of funds deposited with the Board's Escrow Agent attributable to unit VP8SGU3 to CNX Gas Company, LLC. (2) the disbursement of escrowed funds heretofore deposited with the Board's Escrow Agent attributable to Tracts 8A, 8C, 9A, 14E & 14F as depicted upon the annexed Table 1; (3) authorization to begin paying royalties directly to the parties to the CBM deed between Harrison-Wyatt, LLC, and Danny Carlos Blankenship; Harrison-Wyatt, LLC, and Ralph Reedy; Harrison-Wyatt, LLC, and Delmar Kyle Meadows, et ux, and Harrison-Wyatt, LLC, and David Meadows, et ux. Docket Number VGOB 06-0321-1598-03. Continued from September 2014.

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 1E as depicted upon the annexed Table 1; and (2) authorization to begin paying royalties directly to the parties to the royalty split between Swords Creek Land Partnership and Linda Keen. Docket Number VGOB 05-0315-1415-02.

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

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 1C as depicted upon the annexed Table 1; and (2) authorization to begin paying royalties directly to the parties to the royalty split between Swords Creek Land Partnership and Linda Keen. Docket Number VGOB 03-1118-1226-02.

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

8. A petition from Range Resources-Pine Mountain, Inc., for pooling of Well No. VH-530353, Lipps District, Wise County, Virginia. Docket Number VGOB 14-1021-4057.

The docket item was approved. No escrowing required.

9. A petition from the Division of Gas and Oil - on behalf of others for Gerald L. Gray, Attorney for Pamela Hess appealing the decision of the Director issued on August 4, 2014, for Informal Fact Finding Hearing 229, regarding an application from CNX Gas Company, LLC, for proposed well AA37D with pipeline, located in the Garden Magisterial District, Buchanan County, Virginia. Docket Number VGOB 14-0916-4056. Continued from September 2014.

The Director's Decision was upheld.

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

Mr. Cooper reported to the Board that the DGO is now utilizing the API/US Well Identification numbering system.

Mr. Cooper presented to the Board accounts that need to be closed. The Board voted to approve the closure of the accounts. The accounts that will be closed are as follows: Unit Z49, Docket # 0705; Unit H27, Docket # 0956; Unit BF103, Docket # 1320; Unit FF29, Docket # 1042; Unit ZZZ23, Docket # 0822; Unit EE32, Docket # 1130; Unit E15, Docket # 0866; Unit BB38, Docket # 0902; Unit F21, Docket # 0951; Unit G27, Docket # 0955; Unit BG119, Docket # 1545; Unit O80, Docket # 2849.

Mr. Cooper advised the Board regarding well BA-109 (Docket # 03-1216-1242-01) that there is a court ruling that Mr. James Rasnake is not entitled to coalbed methane royalties for the tract of land pooled in BA-109 and pooling is no longer necessary. The court order was presented to the Board. The Board approved that the money escrowed for James Rasnake be reimbursed to CNX Gas Company, LLC.

11. The Board reviewed the September 2014 minutes.

The Board approved the September 2014 minutes.

The hearing adjourned at 12:33 p.m.