

COMMONWEALTH OF VIRGINIA
VIRGINIA GAS AND OIL BOARD HEARING
MINUTES DECEMBER 15, 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, December 15, 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), Bruce A. Prather (Oil and Gas 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 received public comments.

Charles Riner addressed the Board on issues that he had with EQT about wells that are on his property. The Board instructed Mr. Riner to speak with Mr. Cooper at the Division of Gas and Oil to get further assistance regarding the issues that he has.

Daniel Kevin Riner addressed the Board on the same issues as Charles Riner. The Board instructed Mr. Riner to work with Mr. Cooper as well to get the issues resolved.

Jim McKinney with EnerVest Operating, LLC, and Jerry Grantham with Range Resources-Pine Mountain addressed the Board on the upcoming sale of Range's Virginia assets to EnerVest. Mr. McKinney stated that EnerVest plans to drill 50-60 wells in Southwest Virginia in 2016.

Martha Guilliams addressed the Board about the extensions listed on the docket. She asked that the Board not allow more than the requested time for these extensions.

2. A petition from EQT Production Company, to request an extension pursuant to House Bill 2058. The listed wells had either escrow payment issues that are awaiting resolution or have ownership issues that they are continuing to seek resolution of. Units VC-2914, P-392C, VC-3169, VC-508899, VC-535601, VC-53715. Docket Number VGOB 15-1215-4080.

The docket item was approved. Jim Kaiser and Rita Barrett appeared on behalf of EQT Production Company, and requested a 90 day extension on coal dismissal disbursement petitions that are outstanding as of today (12-15-15). Ms. Rita Barrett asked that she add well # 773738 to the exhibit filed with the petition.

3. A petition from Range Resources-Pine Mountain, to request an extension of time for 90 days from January 1, 2016, in order to properly disburse escrowed funds from certain units. Docket Number VGOB 15-1215-4081.

The docket item was approved. Jim Kaiser and Larry Reeves appeared on behalf of Range Resources, seeking a 90 day extension for coalbed methane gas well disbursement petitions that fall under the House Bill 2058.

4. A petition from Appalachian Energy, to request an extension pursuant to House Bill 2058. The listed wells have ownership issues that need to be resolved. Wells: AE-186 and AE-231 (Unit E-100), AE-187 & AE-232 (Unit F-100) and AE-188 & AE-233 (Unit G-100 & G-100A). Docket Number VGOB 15-1215-4082.

The docket item was approved. Jim Kaiser and Justin Phillips appeared on behalf of Appalachian Energy Company, requesting a 90 day extension on the disbursement petitions that fall under House Bill 2058.

5. A petition from CNX Gas Company, LLC, for an extension of time, i.e. six months, to file applications under § 45.1-361.22:2, Va. Code Ann., and to “delay the payment of funds for gas title conflicts, the existence of unknown gas claimants, the existence of unlocatable gas claimants, unresolved gas heirship issues, or other reasons beyond the reasonable control of the coalbed methane gas well operator,” including without limitation lack of IRS Form W-9’s. The units subject to this petition for an extension of time for filing as of the date hereof are specifically identified in the annexed Exhibit 1. Various Units. Docket Number VGOB 15-1215-4079.

The docket item was approved. Mark Swartz and Anita Duty appeared on behalf of CNX Gas Company, LLC, requesting a 6 month extension on the disbursement petitions that fall under House Bill 2058. They also explained the reasons that the extension requests are needed.

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 Tracts 1, 1A, & 5, as depicted upon the annexed table; and (2) authorization to begin paying royalties directly to the following parties: Nancy C. Duty, Barbara Cook & James W. Huffman, Agent for W.S. Ellis Heirs. Unit W20. Docket Number VGOB 92-0721-0240-05.

The docket item was approved. The account will continue. Authorization for direct payment of royalties. CNX asked to remove Tract 5 from the disbursement.

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 10, 15, 17, 19, & 24, as depicted upon the annexed table; and (2) authorization to begin paying royalties directly to the following parties: Mary Ann Bartram, Thelma Jean Kline, Mamie K. Cook, Nancy C. Duty, Betty Lawonne Gibson, Kathy Diane Murray, Francis C. Hinchee Stearns, James W. Huffman, Agent for W.S. Ellis Heirs, & VDOT. Unit VP8SGU1. Docket Number VGOB 95-1024-0526-06.

The docket item was approved. The account will continue. Authorization for direct payment of royalties. CNX requested to remove Tract 17 from this disbursement.

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 12, as depicted upon the annexed table; and (2) authorization to begin paying royalties directly to the following parties: Kendris Harman, Sarah Jane Keen, Henry F. Harman & Walter L. Keen. Unit U28. Docket Number VGOB 97-0218-0564-04.

The docket item was withdrawn.

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 3, as depicted upon the annexed table; and (2) authorization to begin paying royalties directly to the following parties: Kendris Harman, Henry F. Harman & Walter L. Keen. Unit V28. Docket Number VGOB 96-0116-0530-04.

The docket item was withdrawn.

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 2A, as depicted upon the annexed table; and (2) authorization to begin paying royalties directly to Doris Betty Addison. Unit Z37. Docket Number VGOB 98-0324-0631-02.

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 Tracts 1 & 1D, as depicted upon the annexed table; and (2) authorization to begin paying royalties directly to the following parties: Doris Betty Addison & Elmer Lee Burke. Unit Z38. Docket Number VGOB 98-0324-0634-01.

The docket item was approved. The account will continue. 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 2, as depicted upon the annexed table; and (2) authorization to begin paying royalties directly to the following parties: Doris Betty Addison. Unit AA38. Docket Number VGOB 98-0324-0635-03.

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

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 Tracts 3A, 3B, 3D, & 3E, as depicted upon the annexed table; and (2) authorization to begin paying royalties directly to the following parties: Doris Betty Addison, Rondal & Freda Wade, and VDOT. Unit Y37. Docket Number VGOB 98-0324-0637-01.

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 Tract 4G, as depicted upon the annexed table. (Royalties currently being paid under BUC1SGU2, VGOB 08-1118-2367). Unit V36. Docket Number VGOB 98-0324-0638-07.

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

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 Tracts 3A & 3D, as depicted upon the annexed Exhibit A-1. (Royalties currently being paid under BUC1SGU2, VGOB 08-1118-2367). Unit V37. Docket Number VGOB 98-0324-0639-03.

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 Tract 5, as depicted upon the annexed table; and (2) authorization to begin paying royalties directly to the following parties: Pamela J. Keene, Jamie H. Hale and Jeffery C. Hale. Unit EE24. Docket Number VGOB 00-1017-0826-01.

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

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 Tract 1B, as depicted upon the annexed table; and (2) authorization to begin paying royalties directly to the following parties: Pamela J. Keene, Jamie H. Hale & Jeffery C. Hale. Unit FF24. Docket Number VGOB 00-1017-0830-03.

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

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 Tract 1B, as depicted upon the annexed table; and (2) authorization to begin paying royalties directly to the following parties: Pamela J. Keene, Jamie H. Hale & Jeffery C. Hale. Unit FF25. Docket Number VGOB 00-1017-0831-03.

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

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 23, as depicted upon the annexed table; and (2) authorization to begin paying royalties directly to the following parties: Kendris Harman, Henry F. Harman & Walter L. Keen. Unit VP2SGU1. Docket Number VGOB 02-0319-1008-04.

The docket item was withdrawn.

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 Tracts 2A & 2C, as depicted upon the annexed table; and (2) authorization to begin paying royalties directly to Buckhorn Coal Company, Lowie Perkins, Earnest L. & Nancy Perkins, and Donald Whited. Unit BA110. Docket Number VGOB 02-0917-1072-02. Continued from November 2015.

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

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

Mr. Cooper asked the Board's direction on an escrow account set up for Unit O45 docket 0721 that has money in it that does not belong in the account. Per Anita Duty with CNX, none of the money in the account belongs to Unit O45 docket 0721. She stated that CNX has never paid any funds into this account. Mr. Paul Kugelman, Jr., Senior Assistant Attorney General, recommended that the money be placed in the holding account that is already set up with the bank until the correct location of the money can be identified. The Board approved that the money be moved into the holding account.

Mr. Cooper reported to the Board an update on how many disbursements have been made as to date.

22. The Board reviewed the November 2015, minutes for approval.

The docket item was approved.

The hearing adjourned at 11:41 a.m.