

COMMONWEALTH OF VIRGINIA  
VIRGINIA GAS AND OIL BOARD HEARING  
MINUTES SEPTEMBER 20, 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, September 20, 2016 at the Russell County Government Conference Center, 139 Highland Drive, Lebanon, Virginia.

Board members present were Bradley C. Lambert (Chairman), 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 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) and Sarah Gilmer (Division of Gas and Oil).

1. The Board received public comments.

Donald Joyce spoke to the Board regarding the pooling order on the docket for well Y47. The Board asked him to speak when the docket item was called.

Brenda Justice spoke to the Board regarding why she had not been paid. During the discussion it was determined that Ms. Justice had actually signed a split agreement and litigation was involved that was just recently resolved.

Mr. Grady Don Horn spoke to the Board about the status of his disbursement, it was determined that Mr. Horn is on a petition that was heard for unit SLW9 (Item # 6), which was approved by the Board at this hearing.

2. A petition from EQT Production Company, for disbursement of funds on behalf of all known owners in Tracts 1, 2, 3, 4 and 5, pursuant to House Bill #2058. Unit VC-535601. Docket Number VGOB 04-1214-1372-02.

The docket item was continued to October, 2016.

3. A petition from EnerVest Operating, LLC, for pooling of Well No. VCI-531608, Hurricane District, Buchanan County, Virginia. Docket Number VGOB 16-0816-4095.

The docket item was approved. No escrowing required.

4. 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 1B, as depicted upon the annexed table; and (2) authorization to begin paying royalties directly to Wanda Coleman Cook, Bonnie Street and Billy Ray Thacker; (3) Dismissal of Coal Owner: Harrison-Wyatt, LLC. Unit AA8. Docket Number VGOB 90-1010-0032-10.

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

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 Tract 16B, as depicted upon the annexed table; and (2) the disbursement of escrowed funds heretofore deposited with the Board's Escrow Agent, attributable to previously disbursed Tract 6A, as depicted upon the annexed table; and (3) authorization to begin paying royalties directly to Norfolk Southern Railway Company; (4) Dismissal of Coal Owners: Rockport Oil & Gas, L.L.C and Chisos, LTD. Unit BUN1. Docket Number VGOB 91-0716-0135-03.

The docket item was approved. The account will continue. 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 Tracts 68, 68B, 68C, 74A, 75A, 75B, 77C, 77E, 78 & 79C, as depicted upon the annexed table; and (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, Michael Hess, Beth Underhill, David Hess, Jeff Jackson, Julia Chitester, John Douglas Davis, Joan Davis Boyd, Sylvia McGlothlin, Teddy Ferrell, Michael Ellis Wilkes, Janet M. Willett, Nancy Rose, Bobby Steele, Grady Horn and Plum Creek Timberlands, LP. Unit SLW9. Docket Number VGOB 92-0421-0217-05.

The docket item was approved. The account will continue. Authorization for direct payment of royalties. Ralph D. Keen and Janet M. Willett are to be removed from the petition due to lack of notification.

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 2, as depicted upon the annexed table; and (2) authorization to begin paying royalties directly to Mary Ann Bartram, Thelma Kline, Harold Cook, Leslie Cook, Mamie Cook, Barbara Cook, Nancy Duty, Betty Gibson, Kathy Murray and Francis Hinchee-Sterans; (3) Dismissal of Coal Owner(s) Hugh MacRae (Torch Oil & Gas). Unit Y20. Docket Number VGOB 92-0721-0234-01.

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

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 Tracts 1, 4, & 6, as depicted upon the annexed table; and (2) authorization to begin paying royalties directly to Harold V. Cooke, Leslie K. Cook, Mamie K. Cook, Barbara Cook, Nancy C. Duty, Betty Lawonne Gibson, Kathy Diane Murray, Francis C. Hinchee Stearns and CNX Gas Company, LLC. Unit X20. Docket Number VGOB 92-0721-0235-02.

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 Tracts 1 & 1A, as depicted upon the annexed table; and (2) authorization to begin paying royalties directly to Harold Cooke & Leslie Cooke; (3) Dismissal of Coal Owner(s) Hugh MacRae/Torch Oil & Gas. Unit W20. Docket Number VGOB 92-0721-0240-06.

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 Tract 1B, as depicted upon the annexed table; and (2) authorization to begin paying royalties directly to Norfolk Southern Railway Company (Pocahontas Land Corporation, Agent); (3) Dismissal of Coal Owner: James M. McGuire Land Trust. Unit Q42. Docket Number VGOB 93-0216-0326-03.

The docket item was approved. The account will close. 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, 3, 5, and a portion of 7, 12 & 14, as depicted upon the annexed table; and (2) authorization to begin paying royalties directly to Delores Estep, Darlene Bradley, Diana Asbury, Ralph D. Keen, Andy Keen, Randy Keen, Roy Keen, Arnold Keene, Billy Ray Hale, Linda K. Matney, Brenda Weddle, Carl Lee Hale, Bobby Steele, Rebecca I. Ritchie Hale, Michael Hess, Beth Underhill, David Hess, Jeff Jackson, Julia Jackson, John Douglas Davis, Jeanne Garrett, Yvonne White, Debra Estes, Lonnie Honaker, Sylvia McGlothlin, Charlotte Robinette, Ell See Ferrell, Teddy Ferrell, Michael Ellis Wilkers, Janet M. Willett, James Donald Steele, and Judy Horne; (3) Dismissal of Coal Owner(s): Rockport Oil & Gas, L.L.C. and Chisos, LTD (Royalties currently being paid under Buchanan No1 SGU1, VGOB 98-1117-0697). Unit X29. Docket Number VGOB 95-0418-0500-04.

The docket item was approved. The account will continue. Authorization for direct payment of royalties. The distribution for Ralph D. Keen is to be made to his heirs.

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 4B, as depicted upon the annexed table; (2) authorization to begin paying royalties directly to Fred B. Gent, II; (3) Dismissal of Coal Owner: Buckhorn Coal Company. Unit BA110. Docket Number VGOB 02-0917-1072-03.

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 2, 3, and a portion of Tract 6, as depicted upon the annexed table; and (2) authorization to begin paying royalties directly to Charles W. & Laura Perkins, Curby R. Perkins and Sharlett Quillen. Unit BK115. Docket Number VGOB 05-1213-1547-02.

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 Tracts 1P, 2B & 3C, as depicted upon the annexed table; and (2) authorization to begin paying royalties directly to Coal Creek Coal Company, Morris Don Smith, Michael Mathis, Jeffrey Mathis, Billy E. Shelton II and Amy Shelton. Unit AW133. Docket Number VGOB 08-0318-2163-02.

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

15. A petition from CNX Gas Company, LLC, for pooling under Oakwood Coalbed Methane Gas Field I. Unit T55. Docket Number VGOB 16-0920-4096.

The docket item was approved. Escrowing required.

16. A petition from CNX Gas Company, LLC, for pooling under Oakwood Coalbed Methane Gas Field I. Unit T54. Docket Number VGOB 16-0920-4097.

The docket item was approved. Escrowing required.

17. A petition from CNX Gas Company, LLC, for pooling under Oakwood Coalbed Methane Gas Field I. Unit Y47. Docket Number VGOB 16-0920-4098.

The docket item was continued to October, 2016. Escrowing required. Donald Joyce asked that he be removed from the pooling because he is in negotiations with CNX. Barbara Baxter and Billie Anne Trent spoke regarding their interests in the pooling as well. The Board wishes to continue the docket item for 30 days to allow CNX to work out the issues with these three parties.

18. On the Board's own motion, the Division of Gas and Oil requests that CNX revise the previously approved petition for VGOB 96-0116-0530-05, Unit V28, to remove Walter Keen. He is now deceased and no direction has been given as to how his proceeds need to be distributed.

CNX is to remove Walter Keen from the petition that was previously approved.

19. On the Board's own motion, the Division of Gas and Oil requests that CNX revise the previously approved petition for VGOB 02-0319-1008-05, Unit VP2SGU1, to remove Walter Keen. He is now deceased and no direction has been given as to how his proceeds need to be distributed.

CNX is to remove Walter Keen from the petition that was previously approved.

20. 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. Continued from July 2016.

The docket item was approved. CNX presented an update to the Board of their accomplishments of the extension request thus far, and requested an additional 60 day extension for units BD122 and AX100. CNX will provide a quarterly report to the Board on the status of any outstanding issues.

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

Mr. Cooper updated the Board that Magnum Hunter Production Company, made the 2 deposits into the escrow account that they testified to do at the May 2016 hearing. Mr. Cooper also updated the Board on the EQT Escrow Uploads that need to be submitted.

He updated the Board on the disbursement amounts that have been done as of August 2016. The following amounts have been disbursed thus far:

\$9,524,246 has been disbursed since January 2015

\$7,608,832 has been disbursed since July 2015

Unfunded accounts have been resolved except for 11 accounts that CNX has on the list. Mr. Swartz and Ms. Duty testified as to why money has not been deposited into these unfunded accounts.

Mr. Cooper asked Ms. Duty the status of units W-34 and W-35 deposits as per the request from Kenneth Osborne. Ms. Duty updated the Board that the deposits should be made in the upcoming months. Mr. Lambert urged CNX to get these deposits made into the accounts.

Mr. Lambert announced that the October hearing will be rescheduled for October 25, 2016.

22. The Board reviewed the July 2016 minutes for approval.

The docket item was approved.

The hearing adjourned at 2:00