

COMMONWEALTH OF VIRGINIA
VIRGINIA GAS AND OIL BOARD HEARING
MINUTES APRIL 18, 2017

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, April 18, 2017 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), 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), Sarah Gilmer (Division of Gas and Oil) , and Bradley Boyd - (Division of Gas and Oil).

1. The Board received public comments.

There were no public comments.

2. The First Bank and Trust Company, Escrow Agent, for the Virginia Gas and Oil Board, appeared to address the Board on the Quarterly Report.

Ms. Jody Maney, with First Bank and Trust Company, presented the quarterly report for the VGOB Escrow Account to the Board.

3. A petition from CNX Gas Company, LLC, for (1) Modification of the Nora Coal Bed Gas Field Rules, established by the Oil and Gas Conservation Board's Order entered March 26, 1989, as amended, to allow a second coalbed methane gas well to be drilled within the Nora Field Unit(s) identified above. (2) An administrative order providing that additional well permits may be issued in the Nora Coal Bed Gas Field after this application is filed and while it is pending. Unit Nora Infill Modification. Docket Number VGOB 89-0126-0009-91.

The docket item was withdrawn. No order required. CNX asked the Board to authorize them to comply with a previous order submitted by EnerVest Operating, LLC, from the January 2017 VGOB Hearing, which authorizes CNX and other operators to allow increased density of two wells per unit. The Board verified that all operators are approved to do this type of transaction.

4. A petition from CNX Gas Company, LLC, for re-pooling under Oakwood Coalbed Methane Gas Field I. Unit C32. Docket Number VGOB 01-0515-0889-02. Continued from March 2017.

The docket item was approved. No escrowing required.

5. A petition from CNX Gas Company, LLC, for re-pooling under Nora Coalbed Methane Gas Field I. Unit I106. Docket Number VGOB 06-0620-1651-01.

The docket item was approved. No escrowing required.

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 3B, as depicted upon the annexed table; and (2) authorization to begin paying royalties directly to Coal Mountain Mining Co; (3) Dismissal of Coal Owner: James McGuire Land Trust. Unit R44. Docket Number VGOB 00-0321-0782-04.

The docket item was approved. The account will continue. 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 1D, as depicted upon the annexed table; (2) authorization to begin paying royalties directly to Hurt McGuire Land Trust and CNX Gas Company LLC; (3) Dismissal of Coal Owner: Hurt McGuire Land Trust. Unit W37. Docket Number VGOB 98-0324-0632-03.

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 a portion of Tract 2, as depicted upon the annexed table; and (2) authorization to begin paying royalties directly to the prevailing plaintiffs: Bobby Deskins, Richard Eric Deskins, Ellis Lee Deskins, Morgan Faith Deskins c/o Rita Deskins, Larry Keith Deskins, Rita Deskins & Vanessa Dillon. (Royalties currently being paid under BUCH1SGU2 Docket #VGOB 08-1118-2367). Unit V31. Docket Number VGOB 96-0116-0533-04.

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 a portion of Tract 3, as depicted upon the annexed table; and (2) authorization to begin paying royalties directly to the prevailing plaintiffs: Bobby Deskins, Richard Eric Deskins, Ellis Lee Deskins, Morgan Faith Deskins c/o Rita Deskins, Larry Keith Deskins, Rita Deskins & Vanessa Dillon. (Royalties currently being paid under BUCH1SGU2 Docket #VGOB 08-1118-2367). Unit S32. Docket Number VGOB 99-0720-0729-04.

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 a portion of Tract 1, as depicted upon the annexed table; and (2) authorization to begin paying royalties directly to the prevailing plaintiffs: Bobby Deskins, Richard Eric Deskins, Ellis Lee Deskins, Morgan Faith Deskins c/o Rita Deskins, Larry Keith Deskins, Rita Deskins & Vanessa Dillon. (Royalties currently being paid under BUCH1SGU2 Docket #VGOB 08-1118-2367). Unit T32. Docket Number VGOB 99-0720-0730-04.

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 a portion of Tract 3, as depicted upon the annexed table; and (2) authorization to begin paying royalties directly to the prevailing plaintiffs: Bobby Deskins, Richard Eric Deskins, Ellis Lee Deskins, Morgan Faith Deskins c/o Rita Deskins, Larry Keith Deskins, Rita Deskins & Vanessa Dillon. (Royalties currently being paid under BUCH1SGU2 Docket #VGOB 08-1118-2367). Unit U32. Docket Number VGOB 99-0922-0747-04.

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 Tracts 11, 34, 38 & 45, as depicted upon the annexed table; and (2) authorization to begin paying royalties directly to Bobby Deskins, Richard Eric Deskins, Ellis Lee Deskins, Morgan Faith Deskins c/o Rita Deskins, Larry Deskins, Rita Deskins, Vanessa Dillon, Richard J. Sanders, Jr., Jimmy Donald Sisk, Brenda Sisk, Rebecca I. Ritchie Hale, Michael Hess, Beth Underhill & David Hess. Unit VP2SGU1. Docket Number VGOB 02-0319-1008-07.

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 a portion of Tract 4, as depicted upon the annexed Exhibit A-1; and (2) authorization to begin paying royalties directly to the parties of the royalty split between Buckhorn Coal Company & Allen E. Dye. Unit BA111. Docket Number VGOB 02-0416-1024-03.

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 a portion of Tracts 1A, 1C, 1D, and 1E, as depicted upon the annexed table; and (2) authorization to begin paying royalties directly to Loeita Lambert, Christopher R. Hale, Jessie Childress, H-W Financial, LLC, & Mickey D. Hale. Unit AY100. Docket Number VGOB 02-1217-1104-03.

The docket item was approved. The account will continue. 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 a portion of Tracts 10 & 12, as depicted upon the annexed table; and (2) authorization to begin paying royalties directly to Garden Realty Corporation, CNX Gas Company LLC, Larry C. Brown, Christopher Clark, John Clark, Jr., Dakota Clark, Raymond Alley, John R. Brown, Jackie Brown, Danny Brown, Sheila Osborne, Melissa Spencer, Tammy Tucker, Christine Hubbard, Barbara Barnhart, Connie Middleton, Pauline Christian, Joseph C. Brown, Pamela Diane Osborne, Teresa Hubbard, Susan Barton, Heather Shelton, Rex Osborne, Anthony Fuller & Jeffrey Donald Fuller. Unit BE107. Docket Number VGOB 05-1015-1506-03.

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 Tracts 1E, 5G, 5H, 5I, 5J, 8 and a portion of 3, as depicted upon the annexed table; and (2) authorization to begin paying royalties directly to Billie S. & Myrna Campbell, Alvin & Gaynell Cox, Bobby H.C. & Tracy Jackson, Madeline M. Hunt, Mary Looney, Henry Looney, B. Fawn Weed, Evelyn Carol James, Charlie Ronnie Maynard, Ida Gaye Smith, Judy Blackburn, Dottie Meade Ratliff, Robert Meade, Loretta Collins, Cory Maynard, April Reed, Marion Maynard, Geraldine Collins, Diana Thacker, Roger Douglas Maynard, Dennis Hagy, Frank Hagy, Joyce Morris, Martha G. Keen, Betty Burke, Robert C. Keen, Alice Christian, Juanita Scott Thompson, Allison Isaacson, Wedith Shammami, Johnny Owens, Harold Owens, Billy Owens, Edith Owens, Mary Fuller, Shirley Owens, and D. Ralph Thacker. (3) Dismissal of Coal Owners: Levisa Coal Company, Bryan Adams, David Adams, Howard Adams, III, Elizabeth Barker, Thomas Barker, Timothy Barker, Heather Dawson, Sandra Gerende, Madeline Hunt, Pearl Keene, Brandon Mullins, Cornelia Mullins, John David Mullins, Marilyn Mullins, Theodore Mullins, Thomas L. Mullins, George Mullins, Sr., Stephanie Mullins-Williams, Cathy Rakowski & Jennifer Wheeler. Unit VP8SGU4. Docket Number VGOB 06-0321-1597-02.

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

17. A petition from EnerVest Operating, LLC, to disburse funds from the escrow account, to all known owners in Tracts 5 and 6, VGOB 08-0617-2258 and pursuant to Final Order of court in Case No CL 16-115 of record at Deed Book 543, Page 464 in the Dickenson County Clerk's Office. Unit 504473. Docket Number VGOB 08-0617-2258-01.

The docket item was continued to May, 2017.

18. A petition from EnerVest Operating, LLC, for pooling of Well No. VCI-530459, Nora Grid 67AP, Sandlick District, Dickenson County, Virginia. Docket Number VGOB 17-0321-4111. Continued from March 2017.

The docket item was approved. Escrowing required.

19. A petition from EnerVest Operating, LLC, for pooling of Well No. VCI-530472, Nora Grid 67AO, Sandlick District, Dickenson County, Virginia. Docket Number VGOB 17-0321-4112. Continued from March 2017.

The docket item was approved. Escrowing required.

20. A petition from EnerVest Operating, LLC, for pooling of Well No. VCI-530433, Hurricane District, Buchanan County, Virginia. Docket Number VGOB 17-0418-4113.

The docket item was approved. No escrowing required.

21. A petition from EnerVest Operating, LLC, for pooling of Well No. VCI-530453, Ervinton District, Dickenson County, Virginia. Docket Number VGOB 17-0418-4114.

The docket item was approved. Escrowing required.

22. A petition from EnerVest Operating, LLC, for pooling of Well No. VCI-531625, Hurricane District, Buchanan County, Virginia. Docket Number VGOB 17-0418-4115.

The docket item was approved. No escrowing required.

23. A petition from EnerVest Operating, LLC, for pooling of Well No. VCI-530476, Ervinton District, Dickenson County, Virginia. Docket Number VGOB 17-0418-4116.

The docket item was approved. Escrowing required.

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

Mr. Rick Cooper, Director of the Division of Gas and Oil, reported to the Board an update of the amounts that have been disbursed thus far from the VGOB escrow account. As of today, approximately \$11,533,371.68 have been disbursed since the House Bill 2058 passed. There has been \$4,555,115.22 disbursed thus far for the fiscal year 2017, and there has been more than 12,000 checks written.

25. The Board reviewed the March 2017 minutes for approval.

The docket item was approved.

The hearing adjourned at 11:27 a.m.