

COMMONWEALTH OF VIRGINIA
VIRGINIA GAS AND OIL BOARD HEARING
MINUTES SEPTEMBER 18, 2018

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 18, 2018 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), 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.

Mr. Jim McKinney with EnerVest Operating, LLC, spoke to the Board about the remaining funds in the escrow account being held for unlocatable/unknown individuals or for people who haven't turned in a W-9 form. He introduced the idea to the Board that the money remaining in the account could be transferred to the appropriate company suspense funds to manage. After seven years the money will be escheated to the state or to whom the law specifies. In order for this to occur, a change in the regulations will need to be introduced and approved by the General Assembly.

Mr. Cooper, Director of the Division of Gas and Oil, discussed with the Board that the DGO sent out letters to each individual on the No W-9 list as directed at the last hearing. There were two hundred letters mailed out. As of today, seventy-eight have been returned unclaimed/unable to forward. Eleven have been paid out which totals \$3,070.36.

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.

The Quarterly Report for the 2nd Quarter VGOB Escrow Account, was presented to the Board by Jody Maney with First Bank and Trust Company.

3. A petition from CNX Gas Company, LLC, for (1) Modification of the Oakwood Field I Rules, OGCB 3-90 as amended, to allow a second coalbed methane gas well to be drilled within each of the 80 acre Oakwood Units identified above. (2) For an administrative order providing that additional well permits may be issued in the Oakwood Field after this application is filed and while it is pending. Unit W37. Docket Number VGOB 93-0216-0325-27.

The docket item was approved.

4. A petition from CNX Gas Company, LLC, for re-pooling under Oakwood Coalbed Methane Gas Field I. Unit W37. Docket Number VGOB 98-0324-0632-04.

The docket item was approved. Escrowing required.

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 a portion of Tract 1B, as depicted upon the annexed table; and (2) authorization to begin paying royalties directly to Hurt McGuire Land Trust, Amy Hess and Penny Falck. Unit X37. Docket Number VGOB 98-0324-0633-04.

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 a portion of Tracts 3A, 3B & 3C, as depicted upon the annexed table; and (2) authorization to begin paying royalties directly to Tazewell Coal and Gas Company LLC, Edna Dawson, Rose Marie McGlothlin, Paul Combs, Chris Combs, Betty Hess, Patricia Combs, Karen Miller, William Southwell, Jan Deal, Jean Cabbage, Farley Combs, Rosco Foleno Jr., Macel Keith Foleno, Beverly A. Foleno, Johnny Fogleman, Frankie Fogleman, Pauline Compton, Rosa Angeline Combs, Lou Holden, Charlie Andrew Puckett Jr., Kimberly Dilday, Glenna Couch, Douglas A. Whorley, Jerry W. Whorley, Curtis A. Whorley, Steven L. Whorley, Elizabeth McKee, Susan Worley, Ruby Kiser, Jack Compton, Lance Compton, Christa Jones, Shelly N. O'Daniel, Jackie Moon, Geneva Mullins, Logan Hale, Ilene Wolfe, William Harold Hale, Virginia Crosier, James Looney, Ernest M. Looney, Myra Looney, Joan Foley, Melody Powell, Earlene Strouth, Judy Boyd Delp, Johnny Sherman Boyd, Kristen Boyd, Raymond Reynolds, Darel Gene Hurt, Betty Joyce Dye, Michael D. Webb, Daniel J. Webb, Joshua M. Webb, Wade Burke, Tony Burke, Todd Druck, Troy Druck, Judy Kilgore, Decia A. Runkle, Hazel C. Cooper, Cynthia Grove, Rhonda K. Collins, Amanda Kiser, David L. Webb, Katie Jo Nichols, Audrey Boyd, John L. Boyd, Elizabeth C. Marshall, Chad W. Casey, Robert Brian Casey, Katie Lynn Davis, Dennis Palmer, James Fadial, Nancy Luchini, Patty Stephens, Randall Jackson, Leshia Compton, Treamon Jackson, Larry Jackson, Nancy Jackson, Anna Stiltner, Wanda Hicks-Caskey, Ken T. Breeding, Frankie Breeding, Phyllis Breeding and Sharon Breeding; (3) Dismissal of Coal Owner(s): Tazewell Coal and Gas Company LLC and H-W Financial, LLC (formerly Harrison Wyatt LLC). Unit BF102. Docket Number VGOB 05-0215-1400-02.

The docket item was approved. The account will continue. Authorization for direct payment of royalties. The following people are removed from the petition due to lack of notification: Kristen Boyd, Betty Hess, Christa Jones, Melody Powell and Ilene Wolfe.

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 a portion of Tract 1A & 1B, as depicted upon the annexed table; and (2) authorization to begin paying royalties directly to Tazewell Coal and Gas Company LLC, Edna Dawson, Rose Marie McGlothlin, Paul Combs, Chris Combs, Betty Hess, Patricia Combs, Karen Miller, William Southwell, Jan Deal, Jean Cabbage, Farley Combs, Rosco Foleno Jr., Macel Keith Foleno, Beverly A. Foleno, Johnny Fogleman, Frankie Fogleman, Pauline Compton, Rosa Angeline Combs, Lou Holden, Charlie Andrew Puckett Jr., Kimberly Dilday, Glenna Couch, Douglas A. Whorley, Jerry W. Whorley, Curtis A. Whorley, Steven L. Whorley, Elizabeth McKee, Susan Worley, Ruby Kiser, Jack Compton, Lance Compton, Christa Jones, Shelly N. O'Daniel, Jackie Moon, Geneva Mullins, Logan Hale, Ilene Wolfe, William Harold Hale, Virginia Crosier, James Looney, Ernest M. Looney, Myra Looney, Joan Foley, Melody Powell, Earlene Strouth, Judy Boyd Delp, Johnny Sherman Boyd, Kristen Boyd, Raymond Reynolds, Darel Gene Hurt, Betty Joyce Dye, Michael D. Webb, Daniel J. Webb, Joshua M. Webb, Wade Burke, Tony Burke, Todd Druck, Troy Druck, Judy Kilgore, Decia A. Runkle, Hazel C. Cooper, Cynthia Grove, Rhonda K. Collins, Amanda Kiser, David L. Webb, Katie Jo Nichols, Audrey Boyd, John L. Boyd, Elizabeth C. Marshall, Chad W. Casey, Robert Brian Casey, Katie Lynn Davis, Dennis Palmer, James Fadial, Nancy Luchini, Patty Stephens, Randall Jackson, Leshia Compton, Treamon Jackson, Larry Jackson, Nancy Jackson, Anna Stiltner, Wanda Hicks-Caskey, Ken T. Breeding, Frankie Breeding, Phyllis Breeding and Sharon Breeding; (3) Dismissal of Coal Owner(s): Tazewell Coal and Gas Company LLC and H-W Financial, LLC (formerly Harrison Wyatt LLC). Unit BF101. Docket Number VGOB 05-1018-1507-03.

The docket item was approved. The account will continue. Authorization for direct payment of royalties. The following people are removed from the petition due to lack of notification: Kristen Boyd, Betty Hess, Christa Jones, Melody Powell and Ilene Wolfe.

8. A petition from Pocahontas Gas, LLC, for (1) applicant requests the Virginia Gas and Oil Board to enter an order transferring the right to operate all units listed in this application that were established by Board Order, as well as any petitions currently pending before the Board, from CNX Gas Company, LLC, to Pocahontas Gas, LLC. Docket Number VGOB 18-0821-4186.

The docket item was approved. Stipulations on approval are pending the Escrow Uploads that are delinquent and required to be caught up within 30 days.

9. A petition from EnerVest Operating, LLC, to disburse escrowed funds to all known owners in Tract 8. Unit 702942. Docket Number VGOB 94-0621-0455-04.

The docket item was approved. The account will continue. Authorization for direct payment of royalties. Checks for Dennie J. Long, Joseph Long, Timothy Long & Judy Manuel are to be mailed to T. Shea Cook. Standard Banner checks are to be mailed to Donald R. Johnson, Esq.

10. A petition from EnerVest Operating, LLC, to disburse escrowed funds to all known owners in Tract 4. Unit 503440. Docket Number VGOB 05-1115-1534-03.

The docket item was approved. The account will continue. Authorization for direct payment of royalties. Checks for Dennie J. Long, Joseph Long, Timothy Long & Judy Manuel are to be mailed to T. Shea Cook. Standard Banner checks are to be mailed to Donald R. Johnson, Esq.

11. A petition from EnerVest Operating, LLC, to disburse escrowed funds to all known owners in Tract 3. Unit 536082. Docket Number VGOB 05-1115-1535-04.

The docket item was approved. The account will continue. Authorization for direct payment of royalties. Checks for Dennie J. Long, Joseph Long, Timothy Long & Judy Manuel are to be mailed to T. Shea Cook. Standard Banner checks are to be mailed to Donald R. Johnson, Esq.

12. A petition from EnerVest Operating, LLC, to disburse escrowed funds to all known owners in Tract 1. Unit 536867. Docket Number VGOB 07-0821-1989-04.

The docket item was approved. The account will continue. Authorization for direct payment of royalties. Checks for Dennie J. Long, Joseph Long, Timothy Long & Judy Manuel are to be mailed to T. Shea Cook. Standard Banner checks are to be mailed to Donald R. Johnson, Esq.

13. A petition from EnerVest Operating, LLC, for pooling of Unit VCI--538703. Docket Number VGOB 18-0821-4183.

The docket item was approved. No escrowing required.

14. A petition from EnerVest Operating, LLC, for pooling of Unit Haysi-114. Docket Number VGOB 18-0821-4184.

The docket item was approved. No escrowing required.

15. A petition from EnerVest Operating, LLC, for pooling of Unit VCI-530551. Docket Number VGOB 18-0821-4185.

The docket item was approved. No escrowing required.

16. A petition from EnerVest Operating, LLC, for pooling of Unit V-530350. Docket Number VGOB 18-0918-4187.

The docket item was approved. Escrowing required.

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

Mr. Cooper gave the Board an update of the escrow account and reported to the Board the amounts that have been disbursed from the VGOB Escrow Account thus far and how much is left in the account thus far. Approximately \$19,770,258.27 has been disbursed from the account since the house bill was passed, with \$10,121,825.87 remaining in the account as of the August ending balance.

Mr. Cooper discussed with the Board that Diversified Southern Production, Inc. is going to purchase EQT Production Company. He told the Board that there are approximately 900 permits that will be transferred to Diversified. There are approximately 250 plats that will need to be updated before the permit transfers can occur.

18. The Board reviewed the June 2018 minutes for approval.

The docket item was approved.

The hearing adjourned at 11:05 a.m.