

COMMONWEALTH OF VIRGINIA
VIRGINIA GAS AND OIL BOARD HEARING
MINUTES APRIL 16, 2019

Pursuant to Sections 45.1-361.9B and 45.1-361.22.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 16, 2019 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) and Mary Addington Quillen (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.

Joyce Bush spoke regarding her concerns with the escrow account. Shirley Keene asked the Board to address issues with her address and name being changed on her royalty payments that she receives from Pocahontas Gas, LLC.

2. A petition from the Division of Gas and Oil, on behalf of others, for Arnold Bailey appealing the Decision of the Director, issued on August 21, 2018, for Informal Fact Finding Hearing Number 1007, regarding Application Number 31013, from EnerVest Operating, LLC, for proposed well Haysi 87 w/PL, located in the Prater Magisterial District, Buchanan County, Virginia. Docket Number VGOB 18-1120-4191. Continued from February 2019.

The docket item was affirmed. The director's decision was upheld. Arnold Bailey and David Church appeared on behalf of Mr. Bailey's interest.

3. A petition from EnerVest Operating, LLC, for pooling of all unleased interests or estates of all persons or entities owning oil, gas or coalbed methane interests in the formations underlying the tracts encompassed by the drilling unit supporting well number VCI-539006. Docket Number VGOB 19-0319-4201.

The docket item was approved. No escrowing required.

4. A petition from EnerVest Operating, LLC, for pooling of Well No. VCI-538278, Hurricane District, Buchanan County, Virginia. Docket Number VGOB 19-0319-4202.

The docket item was approved. No escrowing required.

5. A petition from EnerVest Operating, LLC, for pooling of Well No. VCI-538279, Hurricane District, Buchanan County, Virginia. Docket Number VGOB 19-0319-4203.

The docket item was continued to May, 2019.

6. A petition from EnerVest Operating, LLC, for pooling of Well No. VCI-530574, Ervinton District, Dickenson County, Virginia. Docket Number VGOB 19-0416-4204.

The docket item was continued to May, 2019.

7. A petition from EnerVest Operating, LLC, for pooling of well VCI-530580 Nora Grid AP-68. Docket Number VGOB 19-0416-4205.

The docket item was continued to May, 2019.

8. A petition from EnerVest Operating, LLC, for pooling of well VC-503367, Nora Grid AU-48. Docket Number VGOB 19-0416-4206.

The docket item was continued to May, 2019.

9. A petition from EnerVest Operating, LLC, for pooling of well VCI-531533, Nora Grid AI-76. Docket Number VGOB 19-0416-4207.

The docket item was continued to May, 2019.

10. A petition from EnerVest Operating, LLC, for pooling of well VCI-531534, Nora Grid AI-77. Docket Number VGOB 19-0416-4208.

The docket item was continued to May, 2019.

11. A petition from EnerVest Operating, LLC, for pooling of well VCI-531535, Nora Grid AJ-75. Docket Number VGOB 19-0416-4209.

The docket item was continued to May, 2019.

12. A petition from Pocahontas Gas, LLC, for (1) the disbursement of escrowed funds heretofore deposited with the Board's Escrow Agent, attributable to Tract 5A, as depicted upon the annexed table to Theresa Brents. (Inactive unit, currently being paid under VP8SGU3 VGOB 06-0321-1598). Unit W9. Docket Number VGOB 97-0121-0562-03.

The docket item was continued to May, 2019. Pocahontas Gas to provide additional information regarding the break-out of Tracts 5A & 5B.

13. A petition from Pocahontas Gas, LLC, for (1) the disbursement of escrowed funds heretofore deposited with the Board's Escrow Agent, attributable to Tracts 16, 18, a portion of 23B, a portion of 23H, a portion of 23K, 23R, 23W, 24B, 24D & 24E, a portion of 26A & 26L, 26B, 26G, 26N, and 34A, as depicted upon the annexed table; and (2) authorization to begin paying royalties directly to the parties Sandra Fern Dowdy, Virginia Langley, Debra Belcher Deskins, Angela Dawn Chandler, Bobby Deskins, Richard Eric Deskins, Barbara Wooten Deskins, Lisa Carole Otto, David Lee Deskins, Gregory N. Deskins, Matthew Deskins, Ruby Geraldine Deskins, Ellis Lee Deskins, Morgan Faith Deskins, Larry Keith Deskins, Rita Deskins, Vanessa Dillon, Michael W. Cook, Danny Cook, Dana Alley, Mary Williams, Larry Booth, Donald W. Deskins, Norma R. Hale, Michael P. Deskins, Ellis Daniel Deskins, Jr., Althea Bollinger, Astra Harris, William Randall Deskins, Perry Christopher Deskins, Myrtle Ann Jefferson, Linda D. Lockhart Deskins, Lonnie Perkins, Michael Hurd, Billy Joe Deskins, Samuel Deskins, Marie McNealy Deskins Ferguson, Andrew C. Horne, Kathy Boggs, Richard Lee Horn, Adam Matthew Horn, Jimmy Sisk Sr., Joyce L. Ratliff, Juanita Colley, Billy R. Deskins, Lois Jean High, Joan E. Deskins, Joe H. Deskins, Jack Wayne McNeil, Christopher Todd McNeil, Rodrick Staton McNeil, Robert Scott McNeil, Edward McNeil, Robert E. Mason, Robert W. Deweese, Margaret E. Brown, Christine Matney, Martha Guilliams, Sidney Smith, Kenneth Osborne, Mary Jane Keen, Shirley Keen, Margie Dye, Nellie Maynard, Tammy Street, Paul Junior Osborne, Curtis McCoy Osborne, Barbara Joyce Harmon, Marilyn Taylor, Loretta Lynn Rathbone, Donna Sue Brown, Bonnie Nipper, Annette Coker, Tennessee Barnes, Elvie Casey, Gloria Smith, Loretta Hess, Judy Taylor, Jimmy Darrell Ward, Michael Ward, Marsha Jane Nichols, Ruby Ball Davis, James Earnest Davis, Phyllis Bowman Reynolds, Bobby Lee Reynolds, Carl Andrew Meade, Jerry Lee Reynolds, Leon H. Slate, Bessie M. Reynolds, Myrtle Addison, Louise Helen Jeter, Jessica Renee Salyer, Joshua James Neece, James William Lowe, Jr., William S. Lowe, Jr., Tommy Wayne Lowe, Janet Lester, Tina Marie Justice, Phyllis Ann Goss, Maxine Marie Lowe, Roger Dale Lowe, Teresa Mae Hill, Thelma Jean Thomas, Nora Ellen Fields, Wanda Faye Ganoe, Roger D. Carver, Debra Carol Barr, Wanda Jean Carver, Junior Darrell Burke, Hassell Robert Burke, David Allen Burke, Adam Lee Burke, Larry Wayne Burke, Michael Lee Burke, Darrell Burke, Jackie Wilma Chapman, Zelda Gay Patrick, Trustees of Wilderness Tabernacle, Cathleen Arrington, Penny Falck, Jessie Davis, Kathy Stilwell, Jay Clarence Stilwell, Jr., Veronica Gail Helton, Mitchell Counts, and Anna Ratliff; authorization to begin paying royalties directly to the parties to the royalty split between Hurt McGuire Land Trust & Wesley D. Perkins, Tamatha Bednar, Loretta Lynn Rathbone, Donna Sue Brown, Patsy Moore, Brenda Sue Justice, James R. Osborne, Phyllis W. Osborne, Charles M. Osborne, Debbie Osborne, Joyce Mays Bush, Darlene B. Osborne, Bessie Lowe, Wanda Hagy, Curtis Lee Stilwell, Theodore Stilwell, Elsie Elizabeth Stilwell, Rita Osborne and Connie Lester; (3) Dismissal of coal owners: Wanda Connie Deskins, Lida Jaydene Holzgreffe, Edith McGlothlin, Patricia Sutter, ICC, and Hurt McGuire Land Trust. Unit BUC1SGU2. Docket Number VGOB 08-1118-2367-01.

The docket item was approved. The account continues. Kenneth Osborne and Martha Guilliams testified on issues they have with the disbursement.

14. A petition from Pocahontas Gas, LLC, for re-pooling under Oakwood Coalbed Methane Gas Field I. Unit S53. Docket Number VGOB 99-1019-0758-01.

The docket item was approved. Escrowing required.

15. A petition from Pocahontas Gas, LLC, for (1) modification of the Oakwood Field I Rules, OGCB 3-90 as amended, to allow a third 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 I41 & J40. Docket Number VGOB 93-0216-0325-28.

The docket item was approved. Mr. Swartz asked the Board to give Mr. Cooper the approval rights to add additional wells to a unit without Board approval. Mr. Lambert would like to discuss with the mining ventilation specialists at DMME before making the decision to approve this request.

16. The First Bank and Trust Company, Escrow Agent for the Virginia Gas and Oil Board, will appear 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. Mr. Lambert discussed with the Board escheatment of unknown/unlocatable monies from the VGOB Escrow Account to the Virginia Department of the Treasury. Mr. Kugelman explained in detail further and specified that the Board has the authority to turn over the unlocatable monies in accordance with the Uniform Disposition of Unclaimed Property Act. Mr. Kugelman mentioned that his proposal is the constitutional appropriate way to handle it. He also suggested to the Board, that they might want to approve going forward that any new monies set aside for unknown/unlocatable landowners be automatically sent to escheatment. Ms. Maney is going to discuss this with her legal counsel at the bank and come back in July to discuss further.

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

Mr. Cooper updated the Board on the disbursements thus far. He reported to the Board that 15,803 checks have been written since House Bill 2058 was enacted. For fiscal year 2019, \$785,523.04 has been disbursed so far. In May 2014, the escrow account had approximately 30 million dollars in it. The account has been reduced now to approximately \$10,063,429.43, as of March 2019.

18. The Board reviewed the February 2019 minutes for approval.

The docket item was approved.

The hearing adjourned at 11:17 a.m.