

VIRGINIA:

VIRGINIA DEPARTMENT OF MINES, MINERALS AND ENERGY

VIRGINIA GAS AND OIL BOARD

JUNE 14, 2011

APPEARANCES:

BOARD MEMBERS:

MARY QUILLEN - PUBLIC MEMBER
BRUCE PRATER - GAS REPRESENTATIVE
DONNIE RATLIFF - COAL REPRESENTATIVE

CHAIRMAN:

BUTCH LAMBERT - CHAIRMAN OF THE VIRGINIA GAS & OIL BOARD

DAVID ASBURY - DIRECTOR OF THE DIVISION OF GAS & OIL AND
PRINCIPAL EXECUTIVE TO THE STAFF OF THE BOARD
DIANE DAVIS - STAFF MEMBER OF THE DGO

SHARON PIGEON - SR. ASSISTANT ATTORNEY GENERAL

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(Rest of the docket was continued to July)

1 BUTCH LAMBERT: Okay. Good morning, ladies and
2 gentlemen. It's now 9:00. It's time to begin our
3 proceedings. I would ask those folks that if have cell
4 phones or other communication devices, to please turn
5 those off or put them on vibrate. We are recording
6 these proceedings and we don't need to be picking up
7 telephone conversations. We appreciate that. We'll
8 open this hearing this morning by asking the board
9 members to introduce themselves and I'll begin with Ms.
10 Pigeon.

11 SHARON PIGEON: I'm Sharon Pigeon with the
12 Office of the Attorney General.

13 BUTCH LAMBERT: And I'm Butch Lambert with the
14 Virginia Department of Mines, Minerals, and Energy.

15 DONNIE RATLIFF: Donnie Ratliff with Alpha
16 Natural Resources representing coal.

17 BRUCE PRATHER: I'm Bruce Prather. I represent
18 oil and gas on the Board.

19 MARY QUILLEN: Mary Quillen, A public member.

20 BUTCH LAMBERT: With four board members present
21 this morning we have a quorum. Seeing no one has signed
22 up for public comment, we'll move right in to the
23 proceedings. The next item on the agenda is we need to
24 have a call with our senior...with our policy analyst in
25 Richmond to discuss the arbitration regulations and he's

1 going to call me by phone. Do you have his number?

2 Yeah, I've got it. I can give it to you. 804---

3 (Dialing.)

4 MIKE SKIFFINGTON: Michael Skiffington.

5 DAVID ASBURY: Mike, I have you on speaker
6 phone. You're with the gas and oil board hearing today.
7 Can you hear Butch?

8 BUTCH LAMBERT: Good morning, Mike.

9 MIKE SKIFFINGTON: Good morning.

10 BUTCH LAMBERT: You have the floor to go ahead
11 and go over the steps that we need to do and
12 presentation before the Board on the arbitration
13 regulations.

14 MIKE SKIFFINGTON: All right. Thank you, Mr.
15 Chairman, and good morning to the members of the Board.
16 My name is Michael Skiffington. I am the program
17 support manager for DMME, and I'm sorry I can't be with
18 you physically this morning, but I am here to talk about
19 the arbitration regulations. As you may recall, the
20 2010 General Assembly passed a statute creating an
21 arbitration process for those in dispute over ownership
22 of coalbed methane gas, and that statute required the
23 gas and oil board to promulgate regulations to carry out
24 that statute. Back in August you voted to approve the
25 regulations that were prepared at the emergency NORA

1 stage of the regulatory process, and now we're here this
2 morning to move forward into the next stage of the
3 process, which is the proposed process. It's my
4 understanding that you had, in addition to the draft
5 regulations, you also have a flow chart sort of laying
6 out the process as it stands, and basically where we are
7 now is the top of Stage 2 in the middle of the page.
8 And if the Board votes to approve the regulations you
9 have before you, I will submit the regulatory package
10 for the executive branch review, and that will go
11 through the pipeline that you see laid out before you in
12 the second column. The regulations you have before you
13 are identical to the emergency regulations you had back
14 in August. Those were published in the Virginia
15 register in December of 2010 with a sixty day comment
16 period. That ended on February 16, 2011. We only
17 received one comment through the Town Hall web site, and
18 that was a piece of nonsensical spam that had no direct
19 relation to the regulation at all. The regulation also
20 when it was published indicated that DMME would create a
21 regulatory work group, if anyone was interested in
22 participating, to help compose the permanent
23 regulations. We received no interest from any
24 stakeholder so we elected to move forward on our own,
25 and thus you have the regulations before you, which as I

1 mentioned before, are identical to the emergency
2 regulations that you voted to approve back in August.
3 So that is the process in a nutshell, and I'll be happy
4 to answer any questions about the regulations or the
5 process itself.

6 BUTCH LAMBERT: Let me ask the board members
7 present and be certain that everyone received a copy of
8 the draft regulation.

9 MARY QUILLEN: Yes.

10 BUTCH LAMBERT: Okay. Are there any comments
11 or questions from the board members to Mr. Skiffington
12 about those regulations?

13 (No audible response.)

14 BUTCH LAMBERT: Okay. Anything further, Mike,
15 before we vote?

16 MIKE SKIFFINGTON: The only thing else I would
17 point out would be in terms of a deadline or what the
18 board can expect going forward. The next step in the
19 process would be its submission to the Office of the
20 Attorney General for their review to ensure that
21 their...that the board has the legal authority to
22 promulgate these regulations. That turnaround time is
23 typically relatively quick, although there is no set
24 time period. Then we have a forty-five day deadline for
25 the Department of Planning and Budget to conduct their

1 analysis, a fourteen day deadline for the Secretary of
2 Commerce and Trade, and then the governor's office,
3 which has no deadline, and unfortunately it's a little
4 difficult to guess as to when the proposed dates will be
5 published and registered, but a conservative estimate,
6 just to give a ballpark figure, you're probably looking
7 at a...an optimistic person would say they would be in
8 the register before the General Assembly convenes in
9 January, and a pessimistic person would say that they
10 would not be published until after the session concludes
11 in March.

12 BUTCH LAMBERT: Okay. Okay. Thank you, Mike.
13 If there's nothing further, do I have a motion to
14 approve the regulations as written?

15 MARY QUILLEN: Motion to approve.

16 BRUCE PRATHER: Second.

17 BUTCH LAMBERT: We have a motion to second.
18 Any further discussion?

19 (No audible response.)

20 BUTCH LAMBERT: All in favor, signify by saying
21 yes.

22 (All members signify by saying yes.)

23 BUTCH LAMBERT: Opposed, no.

24 (No audible response.)

25 BUTCH LAMBERT: Thank you, Mike.

1 MIKE SKIFFINGTON: Thank you.

2 BUTCH LAMBERT: Those are approved. Thank you
3 for your time.

4 MIKE SKIFFINGTON: Thank you.

5 DAVID ASBURY: Mike, we'll get you the
6 transcripts for your files after today's meeting.

7 MIKE SKIFFINGTON: Thank you, David.

8 DAVID ASBURY: Okay. Bye-bye.

9 MIKE SKIFFINGTON: Bye-bye.

10 BUTCH LAMBERT: Okay. The next item on the
11 docket is item number two. The board, on its own
12 motion, will receive corrected testimony on a previously
13 approved disbursement...on a disbursement order for Unit
14 T-36, docket number VGOB-98-0324-0625-09. All parties
15 wishing to testify please come forward.

16 MARK SWARTZ: Good morning. Mark Swartz. What
17 we have on items two through six is the title breakout
18 did not account for half bloods, and Sharon brought that
19 to our attention. We have revised the spreadsheet, and
20 we put on the record that we're going to be getting a
21 revised spreadsheet today that straightens out the
22 percentages based on the different allocations for half
23 brothers and half sisters that you experience. That
24 work has been done. We were hoping we'd have the email
25 this morning that we could print it, but it hasn't

1 arrived yet, but it's completed, and it's the
2 discussions that we've had with David, and we're just
3 supplementing the record on these five cases to indicate
4 that that's happening.

5 BUTCH LAMBERT: Okay. Mr. Asbury, you can
6 affirm that you have been in conversation with CNX about
7 this issue? You have received that documentation?

8 DAVID ASBURY: I have not received the final
9 documentation. We have been in conversations about it,
10 and the exhibits are the things that have to be
11 corrected just to heirship. The actual disbursement
12 wasn't adjustments to the...on the proceeds.

13 BUTCH LAMBERT: Okay.

14 DAVID ASBURY: I will let the chairman know
15 when those documents and exhibits are received.

16 BUTCH LAMBERT: Okay.

17 MARK SWARTZ: We think it's potentially being
18 filtered as spam mail by your server.

19 ANITA DUTY: Really. I'm the only one that got
20 it and they didn't get it.

21 MARK SWARTZ: She got it.

22 BUTCH LAMBERT: I mean that's highly likely
23 that that happened that way.

24 DAVID ASBURY: Yes, sir. And I've checked this
25 morning as well.

1 ANITA DUTY: We sent them around the end of
2 April and we just wanted to make sure that we resent
3 them again. We just wanted to make sure that we had
4 the most up to date exhibits. So we have sent them once
5 before. We were just resending them again this morning.

6 BUTCH LAMBERT: Okay.

7 MARK SWARTZ: But that's all that needed done
8 on those items.

9 BUTCH LAMBERT: And that's items two through
10 five.

11 MARK SWARTZ: Six. Two through six actually.

12 BUTCH LAMBERT: Two through six.

13 MARK SWARTZ: Yes.

14 BUTCH LAMBERT: Okay. Let me read those into
15 the record as well. The Board, on its own motion, will
16 receive corrected testimony on proofs that approved
17 disbursement order for T-37, docket number VGOB-98-0421-
18 0650-05. Docket number four, the Board, on its own
19 motion, will receive corrected testimony on proofs they
20 approved disbursement order for S-36, docket number
21 VGOB-98-0324-0626-08. Docket number five, the Board, on
22 its own motion, will receive corrected testimony on
23 previously approved disbursement order for S-37, docket
24 number VGOB-98-0421-0649-05.

25 BUTCH LAMBERT: And docket item number six, the

1 Board, on its own motion, will receive corrected
2 testimony for previously approved disbursement order for
3 S-35, docket number VGOB-98-0325-0681-06. Mr. Asbury,
4 we will need Anita sworn to get that into the record.

5 (Anita Duty is duly sworn.)

6

7

ANITA DUTY

8 having been duly sworn, was examined and testified as
9 follows:

10

DIRECT EXAMINATION

11

QUESTIONS BY MR. SWARTZ:

12

Q. Could you state your name for us, Anita?

13

A. Anita Duty.

14

Q. Who do you work for?

15

A. Consol Energy.

16

Q. Okay. And we're here at the moment on
17 docket items two through six of the June 14th docket,
18 correct?

19

A. Yes.

20

Q. And after the last hearing, with regard
21 to these five units, it was discovered that the heirship
22 calculations were slightly off because your company did
23 not account for the difference in treatment of half
24 bloods as opposed to full bloods I guess, you know,
25 brothers and sisters, correct?

1 A. That's correct.

2 Q. And you've corrected those exhibits?

3 A. Yes.

4 Q. With regard to each of these five units,
5 and you've attempted to email them to the DGO, but
6 apparently there's some spam or rejection issue here,
7 correct?

8 A. Yes.

9 Q. Okay. In any event, if we can't get them
10 to Mr. Asbury's office by email, we will do so by mail?

11 A. Yes.

12 Q. And those exhibits have all been
13 corrected, and those orders may now be entered based on
14 those exhibits, is that correct?

15 A. Yes.

16 MARK SWARTZ: That's all I have, Mr. Chairman.

17 BUTCH LAMBERT: Any questions from the Board?

18 (No audible response.)

19 BUTCH LAMBERT: Do I have a motion?

20 MARY QUILLEN: Motion to approve.

21 BRUCE PRATHER: Second.

22 BUTCH LAMBERT: We have a motion to second.
23 Any further discussion?

24 (No audible response.)

25 BUTCH LAMBERT: All in favor, signify by saying

1 yes.

2 (All members signify by saying yes.)

3 BUTCH LAMBERT: Opposed, no.

4 (No audible response.)

5 BUTCH LAMBERT: Thank you, Mr. Swartz. Those
6 will be approved pending submission of those exhibits.

7 MARK SWARTZ: Correct.

8 BUTCH LAMBERT: Calling docket item number
9 seven, a petition from CNX Gas Company, LLC, for
10 disbursement of funds from escrow for unit BA-110,
11 docket number VGOB-02-0917-1072-01. All parties wishing
12 to testify, please come forward.

13 MARK SWARTZ: Mark Swartz and Anita Duty.

14 BUTCH LAMBERT: You may proceed, Mr. Swartz.

15 MARK SWARTZ: Thank you.

16

17 ANITA DUTY

18 having been duly sworn, was examined and testified as
19 follows:

20 DIRECT EXAMINATION

21 QUESTIONS BY MR. SWARTZ:

22 Q. Anita, could you state your name for us
23 again?

24 A. Anita Duty.

25 Q. Who do you work for?

1 A. Consol Energy.

2 Q. And this petition that we're on at the
3 moment is a miscellaneous petition seeking a
4 disbursement from escrow, correct?

5 A. Yes.

6 Q. And in that record, did you either
7 prepare or assist in preparing the petition and the
8 related exhibits?

9 A. Yes.

10 Q. And have you passed out some revised
11 exhibits this morning?

12 A. Yes.

13 Q. What did you do to notify folks affected
14 by this request for disbursement that there would be a
15 hearing today?

16 A. I mailed by certified mail return receipt
17 requested on April 14, 2011.

18 Q. Okay. And have you brought certificates
19 with regard to that mail that you can file with Mr.
20 Asbury?

21 A. Yes.

22 Q. Okay. Do you want to add anybody to
23 the...do you need to notice anybody else or did you get
24 everybody that you believe you needed for today?

25 A. No, we're fine.

1 Q. Okay. With regard to this disbursement,
2 is it going to close out the escrow account or is the
3 escrow account going to need to be maintained after the
4 disbursement is made?

5 A. It will remain open.

6 Q. Okay. And this pertains to what tract?

7 A. 4A.

8 Q. And what drilling unit?

9 A. BA-110.

10 Q. Did you prepare an escrow calculation to
11 come up with the percentages that the escrow agent
12 should use in making the disbursement?

13 A. Yes.

14 Q. Okay. And is the last sheet of your
15 petition, Exhibit A-1, that calculation?

16 A. Yes.

17 Q. Did you obtain account balances as of a
18 date certain to make the calculation?

19 A. March 31, 2011.

20 Q. Okay. And where did you get those
21 balances?

22 A. A First Bank & Trust spreadsheet provided
23 by David Asbury's office.

24 Q. Okay. And the acres in escrow here were
25 how many?

1 A. 11.0749.

2 Q. And the total amount in the escrow
3 account with regard to Tract 4A was what?

4 A. 9.12 acres.

5 Q. No, the total amount of dollars. I'm
6 sorry.

7 A. Okay. \$50,538.72.

8 Q. Okay. And it's obvious from the two
9 disbursements that are proposed here that there will be
10 some money left.

11 A. Yes.

12 Q. Okay. What are the wells that are
13 contributing to this escrow account?

14 A. BA-110 and BA-110A.

15 Q. Okay. Who are the people that should
16 receive the disbursement?

17 A. Pocahontas Coal Company and Maggie Lee
18 Dye.

19 Q. And what percentage or percentages should
20 the escrow agent use in making that disbursement?

21 A. 41.1742% each.

22 Q. Okay. And those percentages should be
23 used at the time and applied to the balance at the time
24 the disbursement is made?

25 A. Yes.

1 Q. And after today if this is approved, are
2 you asking that the Board authorize the operator to pay
3 these two folks, this company and person, directly
4 rather than escrowing future funds?

5 A. Yes.

6 MARK SWARTZ: That's all I have, Mr. Chairman.

7 BUTCH LAMBERT: Any questions from the Board?

8 MARY QUILLEN: Mr. Chairman, just one
9 clarification for Anita. That is a 50/50 split,
10 correct?

11 ANITA DUTY: It is.

12 MARY QUILLEN: Thank you.

13 BUTCH LAMBERT: Anything further, Mr. Swartz?

14 MARK SWARTZ: No.

15 BUTCH LAMBERT: Do I have a motion?

16 MARY QUILLEN: Motion to approve.

17 BRUCE PRATHER: Second.

18 BUTCH LAMBERT: We have a motion and second.
19 Any further discussion?

20 (No audible response.)

21 BUTCH LAMBERT: All in favor, signify by saying
22 yes.

23 (All members signify by saying yes.)

24 BUTCH LAMBERT: Opposed, no.

25 (No audible response.)

1 BUTCH LAMBERT: Thank you, Mr. Swartz. Calling
2 item eight on the docket, a petition from CNX Gas
3 Company, LLC, for disbursement of funds from escrow for
4 unit T-28, docket number VGOB-97-0218-0565-02. All
5 parties wishing to testify, please come forward.

6 MARK SWARTZ: Mark Swartz and Anita Duty. With
7 regard to this docket item Number eight that you just
8 called, Mr. Chairman, I'm not sure you need to call
9 these together, but I would point out, and I think we
10 need to have a discussion at the outset to see what we
11 can accomplish today, but with regard to items eight,
12 nine, and ten there were previous disbursements
13 authorized by the Board, and when the escrow agent made
14 the disbursements from each of these three units, there
15 was an over disbursement that needs to be recouped and
16 put back into escrow. Okay. So if these are approved
17 today, and I think there's no reason why they can't be
18 because we've got the right math, they need to be
19 held...the disbursement of eight, nine, and ten,
20 however, need to be held in abeyance until the money is
21 recouped and put back into the escrow account because
22 there's not going to be enough money in there to make
23 this because of the overpayment on the prior
24 disbursement. So, Anita and I are prepared to go
25 forward today, but we felt like we needed to tell you

1 that although the math is right and the percentages will
2 be right with regard to eight, nine, and ten, the escrow
3 account needs to be squared away and the overpayment
4 needs to be recovered before these payments are made.
5 So if you want to proceed today, we're good to go. If
6 you want us to wait for the escrow account to be back in
7 balance, we're good to go with that. I'm sort of
8 alerting you that that's an issue and we probably need
9 to talk about it before we get down the road here.

10 BUTCH LAMBERT: Mr. Asbury?

11 DAVID ASBURY: Mr. Chairman, the staff's aware
12 of the overpayment. We have worked with CNX. We have
13 begun preparing letters to the four parties that were
14 overpaid. I think this is a 2007 issue. We will finish
15 those letters in the next week or so and distribute
16 those requesting the overpayment be reimbursed to
17 escrow. If it suits the Board, the staff will ensure
18 that these disbursements are made accurately, and after
19 the funds have been placed back into the escrow fund in
20 each of the accounts.

21 SHARON PIGEON: How did this overpayment occur?

22 DAVID ASBURY: Based on percentage that the
23 staff disbursed from the escrow versus a specific dollar
24 amount that was provided in testimony by CNX.

25 MARK SWARTZ: Our testimony was correct and it

1 was misunderstood when it was implemented. Otherwise,
2 we would be under the thumb to get the money back.
3 Okay. So let's just leave it...let's just put it that
4 way.

5 SHARON PIGEON: Okay.

6 DAVID ASBURY: It's about the exhibit and the
7 specific dollar amount that was testified to versus the
8 percentages of disbursement that was picked up by staff.

9 SHARON PIGEON: Have the affected parties
10 already received notice of this?

11 MARK SWARTZ: Well, apparently---.

12 DAVID ASBURY: Not yet.

13 MARK SWARTZ: ---David's working on...there are
14 four people affected by the...that need to refund some
15 money.

16 BUTCH LAMBERT: How much are we talking about
17 overpaid? A huge dollar amount?

18 DAVID ASBURY: No, it's a...the largest one is
19 probably in the neighborhood of forty-five hundred
20 to...well, less than ten thousand dollars.

21 BUTCH LAMBERT: Total?

22 DAVID ASBURY: For one party.

23 MARK SWARTZ: Do you have an estimate, Anita?

24 ANITA DUTY: Do you have the spreadsheet that
25 we presented that shows the dollar amount?

1 MARY QUILLEN: Mr. Chairman, I just have one
2 question.

3 BUTCH LAMBERT: Ms. Quillen.

4 MARY QUILLEN: When you say forty-five hundred
5 dollars to one party, and these are very, very small
6 amounts that are listed on here.

7 ANITA DUTY: The dollar amounts are not...are
8 calculated on that Exhibit A-1 is not correct because
9 the escrow account is short.

10 MARY QUILLEN: Okay. So the...you said there
11 were four people that are involved in this?

12 DAVID ASBURY: Four companies.

13 MARY QUILLEN: Or four individuals whether it's
14 companies or...one tract...well, no, both of them are in
15 Tract 5. One is coal companies and one section are
16 individuals. Is it the individuals or the coal
17 companies?

18 DAVID ASBURY: The coal companies.

19 MARY QUILLEN: The coal companies are the ones
20 that were overpaid then?

21 ANITA DUTY: I would think it was both parties,
22 but I'm not sure.

23 MARY QUILLEN: So if it's only the coal
24 companies, would the individuals then, would they
25 continue to be or receive their amount because these are

1 relatively small amounts? Just like one one hundredth
2 and fortieth and one thirty-fifth interest. They're
3 relatively small amounts, but would they be able...would
4 you be able to continue to make those payments to those
5 individuals and then when the coal companies...when that
6 cleared up with them?

7 ANITA DUTY: There are other tracts that are
8 still...or other individuals that still have an interest
9 in those escrow accounts. So if we pay this out with it
10 being short, we will overpay somebody else's.

11 MARY QUILLEN: Okay.

12 MARK SWARTZ: So we need to---.

13 MARY QUILLEN: So there are more than just---.

14 ANITA DUTY: We need to recover it and redeposit
15 it and then do the disbursement because it will---

16 MARY QUILLEN: Because that's all them.

17 ANITA DUTY: Yes.

18 MARY QUILLEN: Oh, okay. Okay. That was
19 my...the question is is this the only ones, but
20 obviously it's not.

21 MARK SWARTZ: You're only seeing a piece of it
22 because this is just Tract 5, and there are other tracts
23 in here as well.

24 MARY QUILLEN: Right. That are...uh-huh.

25 MARK SWARTZ: You'd be using someone else's

1 money to fund that, and we're not in favor of that. We
2 need to get it---

3 MARY QUILLEN: Okay. So, it's much broader
4 than just this one.

5 MARK SWARTZ: Right.

6 MARY QUILLEN: I gotcha.

7 BRUCE PRATHER: I've got a question.

8 BUTCH LAMBERT: Mr. Prather.

9 BRUCE PRATHER: Would the interest in the
10 escrow account, could it be used to make up this
11 shortfall so there would be no---?

12 ANITA DUTY: There's not even enough money
13 there to cover the disbursement.

14 BRUCE PRATHER: Oh, there's not enough interest
15 in it?

16 ANITA DUTY: This one, this particular unit
17 there is, but the other two units I don't think there is
18 enough money there to even cover the disbursement.

19 BRUCE PRATHER: Okay. Well, what I was talking
20 about would be...we have a pretty big interest account
21 in the escrow account.

22 ANITA DUTY: Well, but it's allocated across
23 all the individual subaccounts.

24 BRUCE PRATHER: Oh, I agree. I agree with you
25 there too, but all I'm wondering is could we make this

1 thing whole in a month? It doesn't sound to me like we
2 can.

3 ANITA DUTY: This is in a unit that produces
4 now under a sealed gob scenario so there's no more money
5 that would go in there.

6 MARY QUILLEN: (Inaudible) even more.

7 BRUCE PRATHER: Yeah. What would you recommend
8 that the Board do on this? I mean, it sounds to me like
9 if we don't want to get into a lot of trouble, we might
10 ought to keep this thing in abeyance for a while.

11 MARK SWARTZ: Well, I guess we are suggesting
12 that. But what we're saying is as long as we have
13 noticed people for today, and the math will work, that
14 we proceed with these three and have...and seek the
15 Board's approval of the disbursements, but provide in
16 the order that the disbursements not be made until the
17 account is replenished so that, you know, you've
18 anticipated the problem and delayed, but we don't have
19 to come back again, you know, on the same---.

20 MARY QUILLEN: And all these folks don't
21 understand that.

22 MARY QUILLEN: Yeah.

23 SHARON PIGEON: They haven't received notice of
24 this problem.

25 MARY QUILLEN: I know.

1 SHARON PIGEON: So, I do not feel comfortable
2 recommending that you go forward.

3 MARK SWARTZ: That's okay with us. I mean, I
4 thought I needed to have the discussion with you all
5 though---

6 MARY QUILLEN: Right. That's---

7 MARY SWARTZ: ---so that you could make a
8 choice.

9 MARY QUILLEN: Yeah.

10 BUTCH LAMBERT: Right.

11 SHARON PIGEON: Have they received notice of
12 the problem? I know they received notice of your
13 application for disbursement, but they're not aware that
14 there's a problem associated with that, and for that
15 reason I don't think we have sufficient notice.

16 MARK SWARTZ: Of course, my theory of that is if
17 you get notice of a hearing, it would be a good idea to
18 go, but I understand, yeah.

19 SHARON PIGEON: And, you know, I've heard that
20 before, and you know how well it worked with me the last
21 time.

22 MARY QUILLEN: But these notices will go
23 out...or these letters will go out from Mr. Asbury's
24 office---

25 MARK SWARTZ: Right.

1 MARY QUILLEN: ---notifying these people of the
2 problem and why they are not receiving---

3 MARK SWARTZ: I guess we could do that. What
4 he's talking about is communicating with the people who
5 received an overpayment in the prior disbursement as
6 opposed to communicating with these people.

7 MARY QUILLEN: Right.

8 MARK SWARTZ: But we could also write to these
9 people and say, you know, your issue---

10 MARY QUILLEN: Yeah, I think they---

11 MARK SWARTZ: ---wasn't addressed because.

12 MARY QUILLEN: Right. I think they should be
13 notified and let them know because they may be depending
14 on, you know, assuming you're going to get this, and
15 they don't get it. They need to be told up-front.

16 DAVID ASBURY: I'll be more than glad to share
17 with the Board those letters as they go out
18 electronically.

19 BRUCE PRATHER: Mr. Chairman, I've got---

20 DAVID ASBURY: We can make that happen within a
21 couple of days, if not sooner.

22 BUTCH LAMBERT: Mr. Prather has a question.

23 BRUCE PRATHER: The only thing I would think
24 would be that these people have not been notified so
25 they don't know that they could possibly come to the

1 hearing and make known any of their...if anything was
2 wrong. I think that these people ought to be notified
3 prior to the Board getting into this thing.

4 BUTCH LAMBERT: May I recommend, Mr. Swartz,
5 that we continue these three until July so that we can
6 get the notice out?

7 MARK SWARTZ: I think you'd better give Mr.
8 Asbury sixty days. I mean, we're trying to get money
9 back.

10 BUTCH LAMBERT: August?

11 MARK SWARTZ: I'm thinking July might be a
12 little overly optimistic.

13 BUTCH LAMBERT: August?

14 MARK SWARTZ: Do you think, David? I mean, it's
15 up---

16 DAVID ASBURY: Sure.

17 SHARON PIGEON: Well, that gives them plenty
18 time to respond.

19 MARK SWARTZ: Let's do August.

20 SHARON PIGEON: If they want to ask questions
21 about this---

22 MARK SWARTZ: Right. Right.

23 SHARON PIGEON: ---I think that's a good
24 number.

25 MARK SWARTZ: Let's do August.

1 BUTCH LAMBERT: Okay. Docket item number eight
2 will be continued until August.

3 SHARON PIGEON: Did you call that one?

4 BUTCH LAMBERT: I have. Yes, I did. Docket
5 number nine, a petition from CNX Gas Company, LLC, for
6 disbursement of funds from escrow for unit U-27, docket
7 number VGOB-97-0218-0563-03 will be continued until
8 August. Also calling docket item number ten, a petition
9 from CNX Gas Company, LLC, for disbursement of funds
10 from escrow for Unit U-28, docket number VGOB-97-0218-
11 0564-02 will be continued until August. Ms. Barrett,
12 are you all ready to proceed with your disbursements?
13 Mr. Kaiser?

14 RITA BARRETT: Yeah, Mr. Kaiser's got mine, but
15 (inaudible).

16 BUTCH LAMBERT: Okay. Because I want to jump
17 and clear out the docket of these disbursements before
18 we go into other business.

19 RITA BARRETT: That's great. That will get us
20 out of here early.

21 MARK SWARTZ: Or you could skip to twenty-two
22 for us.

23 BRUCE PRATHER: If we can't find him, we might
24 do that.

25 BUTCH LAMBERT: Mr. Swartz, are you ready to

1 proceed with twenty-two through twenty-six?

2 MARK SWARTZ: Six. Yes.

3 BUTCH LAMBERT: If you are, let's clear those
4 out really quick. I want to get these disbursements
5 over with.

6 MARK SWARTZ: Great. Okay.

7 BUTCH LAMBERT: We need to get the
8 disbursements done.

9 MARK SWARTZ: Great.

10 BUTCH LAMBERT: We're going to go ahead and get
11 these over with CNXs over with, and then we'll jump
12 right back to yours.

13 SHARON PIGEON: You lost your place, Jim. But
14 he can come on in. I'd love to see him.

15 BUTCH LAMBERT: We're calling Docket item
16 number twenty-two, a petition from CNX Gas Company, LLC,
17 for disbursement of funds from escrow regarding Tracts
18 2T and 3, and also direct payment of royalty for unit
19 EE-38, docket number VGOB-02-0521-1029-02. All parties
20 wishing to testify, please come forward.

21 MARK SWARTZ: Mark Swartz and Anita Duty.

22 BUTCH LAMBERT: You may proceed, Mr. Swartz.

23 MARK SWARTZ: Thank you.

24

25

ANITA DUTY

1 having been duly sworn, was examined and testified as
2 follows:

3 DIRECT EXAMINATION

4 QUESTIONS BY MR. SWARTZ:

5 Q. Anita, state your name for us, please.

6 A. Anita Duty.

7 Q. Who do you work for?

8 A. Consol Energy.

9 Q. And this is a miscellaneous position
10 requesting a disbursement from escrow, correct?

11 A. Yes.

12 Q. What unit?

13 A. EE-38.

14 Q. What tracts?

15 A. Tracts 2T and 3.

16 Q. Will this close out the escrow account or
17 will it need to be maintained?

18 A. It will need to be maintained.

19 Q. And this request for a disbursement from
20 escrow is as a result of a final order of a circuit
21 court, correct?

22 A. Yes.

23 Q. Okay. Have you prepared an escrow
24 disbursement calculation?

25 A. Yes.

1 Q. And that's Exhibit A-1?

2 A. Yes.

3 Q. What are the wells that contributed to

4 these...to this escrow account?

5 A. EE-38 and EE-38A.

6 Q. And the total acres escrowed in this

7 unit?

8 A. 53.5635.

9 Q. And the total dollars escrowed?

10 A. \$275,686.84.

11 Q. And the dollars we're talking about were

12 as of what date?

13 A. April 30, 2011.

14 Q. And what information did you have

15 available to you at that time or for April 30th to make

16 the calculations you've made?

17 A. A First Bank & Truck spreadsheet provided

18 by Mr. Asbury's office.

19 Q. Okay. Who are the persons that would

20 receive this escrow disbursement if it's approved?

21 A. Jerry P. Absher and Betty J. Shortt and

22 Russell Brian Rakes.

23 Q. Okay. And what percentage should the

24 escrow agent use in making the disbursement...in

25 calculating the dollars that should be paid to Mr.

1 Absher?

2 A. For Tract 2T Mr. Absher should be paid
3 0.2054% of the escrow account.

4 Q. Okay. And without to Tract 3, what
5 percentage should the escrow agent use for Betty Shortt?

6 A. 0.1680%.

7 Q. And for Russell Brian Rakes what percent?

8 A. 0.2056%.

9 Q. And are you also requesting that the
10 operator be allowed to pay these folks directly as a
11 result of the entry of this circuit court order?

12 A. Yes.

13 MARK SWARTZ: That's all I have, Mr. Chairman.

14 BUTCH LAMBERT: Any questions from the Board?

15 (No audible response.)

16 BUTCH LAMBERT: Anything further, Mr. Swartz?

17 MARK SWARTZ: No.

18 BUTCH LAMBERT: Do I have a motion?

19 MARY QUILLEN: Motion to approve.

20 BRUCE PRATHER: Second.

21 BUTCH LAMBERT: I have a motion and a second.

22 Any further discussions?

23 (No audible response.)

24 BUTCH LAMBERT: All in favor, signify by saying
25 yes.

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(All members signify by saying yes.)

BUTCH LAMBERT: Opposed, no.

(No audible response.)

BUTCH LAMBERT: Thank you, Mr. Swartz. It's approved. A petition from CNX Coal Company...Gas Company, LLC, for disbursement of funds from escrow regarding Tract 3B and authorization of direct payment of royalties for Unit EE-39, docket number VGOB-03-1021-1203-01. All parties wishing to testify, please come forward.

MARK SWARTZ: Mark Swartz and Anita Duty.

BUTCH LAMBERT: You may proceed, Mr. Swartz.

ANITA DUTY

having been duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

Q. Anita, state your name for us, please.

A. Anita Duty.

Q. Who do you work for?

A. Consol Energy.

Q. We're here on a miscellaneous petition or another disbursement from an escrow account, correct?

A. Yes.

1 Q. Did you either prepare the paperwork or
2 review it?

3 A. Yes.

4 Q. And this is...this escrow request is as a
5 result of a final order in a circuit court case, is that
6 correct?

7 A. Yes.

8 Q. It pertains to what unit?

9 A. EE-39.

10 Q. What tract?

11 A. 3B.

12 Q. And if this disbursement is approved,
13 will it zero out the escrow account or will the account
14 need to be maintained?

15 A. It will be maintained.

16 Q. Okay. Have you prepared an escrow
17 calculation?

18 A. Yes.

19 Q. As of what date?

20 A. April 30, 2011.

21 Q. How many acres are in escrow?

22 A. 2.71.

23 Q. And as of April 30, 2011, what were the
24 dollars in escrow for this account?

25 A. \$12,165.79.

1 Q. Okay. And where did you get that number?

2 A. The First Bank & Trust spreadsheet
3 provided by David Asbury's office.

4 Q. And who are the folks that would receive
5 this disbursement if it's approved and what percentage
6 should the escrow agent use in calculating the dollars
7 that should be paid to them?

8 A. Betty J. Shortt to receive 8.8561% and
9 Russell Brian Rakes to receive 2.952%.

10 Q. And wells that have contributed to this
11 escrow account are what?

12 A. EE-39 and EE-39A.

13 Q. Okay. And as always, you want to be able
14 to pay these people directly in the future?

15 A. Yes.

16 MARK SWARTZ: Okay. That's all I have, Mr.
17 Chairman.

18 BUTCH LAMBERT: Any questions for the Board?

19 (No audible response.)

20 BUTCH LAMBERT: Do I have a motion?

21 MARY QUILLEN: Motion to approve.

22 BRUCE PRATHER: Second.

23 BUTCH LAMBERT: I have a motion to second. Any
24 further questions?

25 (No audible response.)

1 supervise its preparation?

2 A. Yes.

3 Q. And you're familiar with the application
4 and the exhibits?

5 A. Yes.

6 Q. What unit does this pertain to?

7 A. FF-37.

8 Q. And what tracts?

9 A. 1C, 1B, and 2A.

10 Q. Is this a partial disbursement?

11 A. Yes.

12 Q. So the escrow account should remain after
13 it's made?

14 A. It will.

15 Q. The basis for this disbursement request
16 is again a final order entered in a circuit court case
17 adjudicating ownership?

18 A. Yes.

19 Q. Okay. Have you prepared an escrow
20 calculation?

21 A. Yes.

22 Q. As of what date?

23 A. April 30, 2011.

24 Q. And the dollar amount on deposit at that
25 point was what?

1 A. \$41,439.30.

2 Q. And where did you get that balance?

3 A. The First Bank & Trust spreadsheet
4 provided by Mr. Asbury's office.

5 Q. The acres in escrow?

6 A. 12.38.

7 Q. The wells that contributed to the escrow
8 account here are what?

9 A. FF-37 and FF-37A.

10 Q. Okay. The people that should receive
11 this disbursement or the person that should receive this
12 disbursement is whom?

13 A. Barry C. Absher.

14 Q. Okay. And with regard to Tract 1C what's
15 the percentage that the escrow agent should use?

16 A. 86.1066%.

17 Q. With regard to Tract 1D, what's the
18 percentage?

19 A. 6.9467%.

20 Q. And with regard to 2A?

21 A. 1.6155%.

22 Q. Does this disbursement that we're
23 requesting today with regard to FF-37 need to be
24 deferred until a disbursement approved on April 26th is
25 made?

1 A. Yes.

2 Q. Otherwise the amounts will be wrong when
3 you apply the percentage, correct?

4 A. Yes.

5 Q. Okay. So the order, if you approve this,
6 would need to say you needed to make the one that was
7 supposed to be made in April before you make this one?

8 A. Yes.

9 MARK SWARTZ: That's all I have, Mr. Chairman.

10 BUTCH LAMBERT: Any questions from the Board?

11 DONNIE RATLIFF: Mr. Chairman.

12 BUTCH LAMBERT: Mr. Ratliff?

13 DONNIE RATLIFF: Mr. Swartz, we've picked up
14 some companies. Who owns Coal Mountain?

15 MARK SWARTZ: Do you know?

16 DONNIE RATLIFF: It's not a Massey subsidiary?

17 ANITA DUTY: No.

18 DONNIE RATLIFF: That's all.

19 MARK SWARTZ: That's okay.

20 ANITA DUTY: I think you picked up Coal
21 Mountain.

22 SHARON PIGEON: Mark, what the---?

23 ANITA DUTY: Just yet anyway.

24 SHARON PIGEON: ---basis of this, a split
25 agreement or a court decision?

1 MARK SWARTZ: A court decision.

2 ANITA DUTY: It's actually the same order that
3 covers all these units.

4 BUTCH LAMBERT: Any other questions from the
5 Board?

6 (No audible response.)

7 BUTCH LAMBERT: Do I have a motion?

8 MARY QUILLEN: Motion to approve disbursement
9 following the disbursement that was approved in the
10 April 26th board meeting for Tracts 2B, 2C, 2D, and 2F.

11 DONNIE RATLIFF: Second.

12 BUTCH LAMBERT: I have the motion and second.
13 Any further discussion?

14 (No audible response.)

15 BUTCH LAMBERT: All in favor, signify by saying
16 yes.

17 (All members signify by saying yes.)

18 BUTCH LAMBERT: Opposed, no.

19 (No audible response.)

20 BUTCH LAMBERT: Thank you. Mr. Swartz, that's
21 approved.

22 MARK SWARTZ: It's a family company or one of
23 those that Charlie Hart was involved in.

24 BUTCH LAMBERT: Calling docket item twenty-
25 five, a petition from CNX Gas Company, LLC, for

1 disbursement of funds from escrow regarding Tract 1A and
2 1B and 2A and authorization asking direct payment of
3 royalties in Unit FF-38, docket number VGOB-03-0121-
4 1207-03. All parties wishing to testify, please come
5 forward.

6 MARK SWARTZ: Mark Swartz and Anita Duty.

7 BUTCH LAMBERT: You may proceed, Mr. Swartz.

8 MARK SWARTZ: Thank you.

9

10 ANITA DUTY

11 having been duly sworn, was examined and testified as
12 follows:

13 DIRECT EXAMINATION

14 QUESTIONS BY MR. SWARTZ:

15 Q. Anita, state your name for us, please.

16 A. Anita Duty.

17 Q. Who do you work for?

18 A. Consol Energy.

19 Q. Did you either direct the preparation of
20 this petition or prepare it yourself?

21 A. Yes.

22 Q. That's a petition seeking a disbursement,
23 correct?

24 A. Yes.

25 Q. Is this disbursement request the result

1 or made because of a final order in a circuit court case
2 adjudicating that?

3 A. That's for Tracts 1A and 2A.

4 Q. Okay. And then in addition, there's a
5 split agreement with regard to what tract?

6 A. 1D.

7 Q. Okay. And what drilling unit does this
8 pertain to?

9 A. FF-38.

10 Q. And which tracts in that unit?

11 A. 1A, 1D, and 2A.

12 Q. And if this disbursement is...the
13 disbursement, proposed disbursement, from these three
14 tracts is approved, will it zero out the escrow account
15 or will there be money remaining on deposit?

16 A. It will need to remain open.

17 Q. Okay. And have you prepared an escrow
18 calculation with regard to each of the three tracts?

19 A. Yes.

20 Q. Okay. And is that the last page of your
21 petition?

22 A. Yes.

23 Q. And it's as of...the balance information
24 as of what date?

25 A. April 30, 2011.

1 Q. And on that date what was the amount?
2 A. \$83,329.60.
3 Q. Where did that number come from?
4 A. A First Bank & Trust spreadsheet provided
5 by Mr. Asbury's office.
6 Q. And the acres in escrow?
7 A. 22.2232.
8 Q. And the wells that contributed to this
9 escrow account?
10 A. FF-38 and FF-38A.
11 Q. Okay. And we have the same situation
12 here that there was a disbursement approved on April
13 26th that would affect this escrow account, and that
14 needs to be made for these dollars are paid out,
15 correct?
16 A. Correct.
17 Q. Okay. So this order, if the Board enters
18 an order, it should state that the escrow agent wait to
19 make this disbursement pending completion of the prior
20 disbursement?
21 A. Yes.
22 Q. Okay. Who are the folks...or who is the
23 folk that is supposed to get the payment out of 1A?
24 A. Jerry P. Absher.
25 Q. And his percentage would be?

1 A. 13.0044%.

2 Q. Regarding Tract 1D who would be the
3 payee?

4 A. Coal Mountain would receive 11.497% and
5 CNX Gas Company, LLC, would receive 11.497%.

6 Q. And with regard to Tract 2A, who would
7 receive that payment?

8 A. Betty J. Shortt would receive 17.448% and
9 Russell Brian Rakes would receive 5.816%.

10 Q. And the escrow agent in making the
11 disbursement should use the percentages rather than the
12 dollars, right?

13 A. Yes.

14 Q. And are you also asking that he be
15 allowed as operator to pay these people directly in the
16 future rather than escrowing their further funds?

17 A. Yes.

18 MR. SWARTZ: That's all I have, Mr. Chairman.

19 BUTCH LAMBERT: Any questions from the Board?

20 MARY QUILLEN: Just one question, Mr. Chairman,
21 for Anita.

22 BUTCH LAMBERT: Ms. Quillen.

23 MARY QUILLEN: On 1D that was a 50/50 split?

24 ANITA DUTY: It is.

25 BUTCH LAMBERT: Any other questions?

1 (No audible response.)

2 BUTCH LAMBERT: Do I have a motion?

3 MARY QUILLEN: Motion to approve payment or
4 disbursement from this account after disbursements are
5 made for Tracts 2G, 2H, 2I, and 2J, which were approved
6 for disbursement at the April board meeting.

7 BUTCH LAMBERT: Do I have a second?

8 BRUCE PRATHER: I'll second.

9 BUTCH LAMBERT: I have a motion and second.
10 Any further discussion?

11 (No audible response.)

12 BUTCH LAMBERT: All in favor, signify by saying
13 yes.

14 (All members signify by saying yes.)

15 BUTCH LAMBERT: Opposed, no.

16 (No audible response.)

17 BUTCH LAMBERT: Thank you, Mr. Swartz. It's
18 approved.

19 MARK SWARTZ: Thank you.

20 BUTCH LAMBERT: Calling docket item twenty-six,
21 a petition from CNX Gas Company for disbursement of
22 funds from escrow regarding Tract 1A and authorization
23 for direct payment of royalties from unit FF-39, docket
24 number VGOB-03-1021-1208-02. All parties wishing to
25 testify, please come forward.

1 MARK SWARTZ: Mark Swartz and Anita Duty.

2 BUTCH LAMBERT: You may proceed, Mr. Swartz.

3 MARK SWARTZ: Thank you.

4

5 ANITA DUTY

6 having been duly sworn, was examined and testified as
7 follows:

8 DIRECT EXAMINATION

9 QUESTIONS BY MR. SWARTZ:

10 Q. Anita, state your name for us.

11 A. Anita Duty.

12 Q. Who do you work for?

13 A. Consol Energy.

14 Q. Did you either supervise the preparation
15 of this petition or do it yourself?

16 A. Yes.

17 Q. What unit does this pertain to?

18 A. FF-39.

19 Q. And what tracts?

20 A. 1A.

21 Q. Will the escrow account need to be
22 maintained even if this disbursement is made?

23 A. Yes.

24 Q. And this disbursement request is based on
25 again the entry of a final order in circuit court

1 adjudicating title?

2 A. Yes.

3 Q. Okay. Did you prepare an escrow
4 calculation for Tract...for the request of disbursement
5 from Tract 1A?

6 A. Yes.

7 Q. Is that the last page of your petition?

8 A. It is.

9 Q. What date was this calculated as of?

10 A. April 30, 2011.

11 Q. And at that point what was the balance in
12 the account?

13 A. \$79,785.16.

14 Q. And the acreage escrowed?

15 A. 38.55.

16 Q. And the well contributing to the escrow
17 account?

18 A. FF-39.

19 Q. The people that should receive the
20 payments out of the escrow account as a result of this
21 petition if it's approved are who?

22 A. Betty J. Shortt and Russell Brian Rakes.

23 Q. Okay. And the percentages that the
24 escrow agent should use for Betty Short is what?

25 A. 2.8599%.

1 Q. And for Russell Rakes?
2 A. 0.9533%.
3 Q. And if this request is approved today,
4 are you asking that the Board allow the operator to pay
5 these two folks directly in the future rather than
6 escrowing their money?
7 A. Yes.
8 MARK SWARTZ: That's all I have, Mr. Chairman.
9 BUTCH LAMBERT: Any questions from the Board?
10 (No audible response.)
11 BUTCH LAMBERT: Do I have a motion?
12 MARY QUILLEN: Motion to approve.
13 BRUCE PRATHER: Second.
14 BUTCH LAMBERT: I have a motion and second.
15 Any further discussion?
16 (No audible response.)
17 BUTCH LAMBERT: All in favor, signify by saying
18 yes.
19 (All members signify by saying yes.)
20 BUTCH LAMBERT: Opposed, no.
21 (No audible response.)
22 BUTCH LAMBERT: Thank you, Mr. Swartz. It's
23 approved.
24 MARK SWARTZ: Thank you.
25 BUTCH LAMBERT: Calling item sixteen on the

1 docket, a petition from EQT Production Company on behalf
2 of Larry Houston, Chris...Curtis, and Mabel Bise and
3 Range Resources-Pine Mountain, Inc. for disbursement of
4 funds from escrow for unit 504484, docket number VGOB-
5 01-0821-0919-02. All parties wishing to testify, please
6 come forward.

7 JIM KAISER: Mr. Chairman, Jim Kaiser and Rita
8 Barrett on behalf of EQT Productions.

9 (Rita Barrett is duly sworn.)

10 BUTCH LAMBERT: You may proceed, Mr. Kaiser.

11 RITA BARRETT

12 having been duly sworn, was examined and testified as
13 follows:

14 DIRECT EXAMINATION

15 QUESTIONS BY MR. KAISER:

16 Q. Ms. Barrett, have all parties been
17 notified of this hearing as required by statute?

18 A. Yes.

19 Q. That being Curtis and Mabel Bise, Larry
20 Houston and Range Resources-Pine Mountain, Inc.?

21 A. Yes.

22 Q. And let's see. This is...what unit is
23 this disbursement for?

24 A. 504484, Tract 2.

25 Q. Tract 2, okay. And we have prepared a

1 spreadsheet for the purpose of this hearing to show what
2 should be disbursed to who, is that correct?

3 A. That's correct.

4 Q. And included in the files are permanent
5 releases from Range Resources, is that correct?

6 A. That's correct.

7 Q. And the spreadsheet that we have prepared
8 for this particular unit, will this close out the escrow
9 account for Tract 2?

10 A. Yes.

11 Q. Okay. But not for the unit?

12 A. No.

13 Q. Okay. And we've got...our spreadsheet is
14 a little different here. We've got representation of
15 our payments into escrow for two different time periods.
16 Can you explain what that...why that is?

17 A. No, I cannot.

18 Q. Well, would it be due to a prior split
19 agreement between Welford Dotson and Range Resources?

20 A. Yes, as noted at the bottom of that
21 spreadsheet. I apologize.

22 Q. Okay. And then Welford Dotson was
23 removed from the escrow account on 3/25/2008?

24 A. Yes.

25 Q. Okay. And is there a 100% disbursement

1 to Bise and Houston?

2 A. It is.

3 Q. And what is the percentage, the owner's
4 percentage of escrow that the Board should use for
5 disbursement purposes?

6 A. 11.11111421% and 12.50%.

7 Q. Okay. And there is a slight difference
8 between Equitable's total and the bank's total. Can you
9 explain that?

10 A. That's due to interest.

11 Q. And that's a difference of \$283.85?

12 A. That's correct.

13 Q. And would you ask that the Board disburse
14 based upon the percentage in escrow and that the
15 Board... that the order include instructions to...for
16 the operator to pay the royalties due these folks going
17 forward directly?

18 A. Yes.

19 JIM KAISER: Nothing further at this time, Mr.
20 Chairman.

21 BUTCH LAMBERT: Any questions from the Board?

22 (No audible response.)

23 BUTCH LAMBERT: Anything further?

24 JIM KAISER: No, sir.

25 BUTCH LAMBERT: Do I have a motion?

1 MARY QUILLEN: Motion to approve.

2 BRUCE PRATHER: Second.

3 BUTCH LAMBERT: I have a motion and second. Any
4 further discussions?

5 (No audible response.)

6 BUTCH LAMBERT: All in favor, signify by saying
7 yes.

8 (All members signify by saying yes.)

9 BUTCH LAMBERT: Opposed, no.

10 (No audible response.)

11 BUTCH LAMBERT: Calling item seventeen on the
12 docket, a petition from EQT Production Company on behalf
13 of Larry Houston, Curtis and Mabel Bise and Range
14 Resources-Pine Mountain, Inc. for disbursement of funds
15 in escrow for unit 505241, docket number VGOB-04-0817-
16 1325-02. All parties wishing to testify, please come
17 forward.

18 JIM KAISER: Mr. Chairman, again, Jim Kaiser
19 and Rita Barrett on behalf of EQT Production.

20 BUTCH LAMBERT: You may proceed, Mr. Kaiser.

21

22 RITA BARRETT

23 having been duly sworn, was examined and testified as
24 follows:

25 DIRECT EXAMINATION

1 QUESTIONS BY MR. KAISER:

2 Q. Ms. Barrett, are these the same parties
3 that were involved in the previous hearing?

4 A. They are.

5 Q. And what unit is this disbursement for?

6 A. This is for unit 505241, Tract 3.

7 Q. Okay. And do we have the same split
8 spreadsheet because of the Welford Dotson situation?

9 A. We do.

10 Q. And this will close the subaccount for
11 Tract 3, but the escrow company will remain open, is
12 that correct?

13 A. That's correct.

14 Q. And what is the owner percentage should
15 the Board need to disburse?

16 A. 0.45530501% and 3.79420479%.

17 Q. Okay. And that's for the first time
18 period. What about the second time period?

19 A. The second time period is 0.47251636 and
20 3.93763286%.

21 Q. And again our spreadsheet reflects a
22 slight difference between EQT's total and the bank's
23 total, a difference of \$43.47. What is that \$43.47?

24 A. That's interest.

25 Q. Okay. And would you ask that the Board

1 disburse going forward based upon the owner percentage
2 of escrow that you just stated plus the order state that
3 all royalties be paid directly to these folks going
4 forward?

5 A. Yes.

6 JIM KAISER: Nothing further at this time, Mr.
7 Chairman.

8 BUTCH LAMBERT: Ms. Barrett, on your
9 spreadsheet on Tract 3 for the time period 4/08 through
10 3/11, could you restate the escrow for the ownership
11 percentage for Curtis Bise, the first one, please?

12 RITA BARRETT: Yes, I apologize. I don't have
13 my glasses so I may have misspoke. Let me hold it way
14 out here. It's 0.47251639%.

15 BUTCH LAMBERT: Thank you.

16 RITA BARRETT: You're welcome.

17 BUTCH LAMBERT: Any other questions from the
18 Board?

19 (No audible response.)

20 BUTCH LAMBERT: Anything further, Mr. Kaiser?

21 JIM KAISER: No, sir.

22 BUTCH LAMBERT: Do we have a motion?

23 MARY QUILLEN: Motion to approve.

24 BRUCE PRATHER: Second.

25 BUTCH LAMBERT: I have a motion and second. Any

1 further discussion?

2 (No audible response.)

3 BUTCH LAMBERT: All in favor, signify by saying
4 yes.

5 (All members signify by saying yes.)

6 BUTCH LAMBERT: Opposed, no.

7 (No audible response.)

8 BUTCH LAMBERT: Thank you, Mr. Kaiser.

9 JIM KAISER: Thank you.

10 BUTCH LAMBERT: Calling docket item eighteen, a
11 petition from EQT Production Company on behalf of Larry
12 Houston, Curtis and Mabel Bise and Range Resources-Pine
13 Mountain, Inc. for the disbursement of funds from escrow
14 for unit 504248, docket number VGOB-04-1116-1363-02.
15 All parties wishing to testify, please come forward.

16 JIM KAISER: Jim Kaiser and Rita Barrett again,
17 Mr. Chairman, for EQT.

18

19

RITA BARRETT

20 having been duly sworn, was examined and testified as
21 follows:

22

DIRECT EXAMINATION

23 QUESTIONS BY MR. KAISER:

24

25

Q. Ms. Barrett, is this a disbursement for
unit 504248?

1 A. It is, Tract 3.

2 Q. And these are the same three parties,
3 Bise, Houston and Range?

4 A. That's correct.

5 Q. And again we have the spreadsheet
6 representing the two different time periods because of
7 the Welford Dotson situation. Could you state
8 the...well, first of all, does this close out the
9 subaccount for Tract 3?

10 A. No.

11 Q. Okay. I didn't think so. And could you
12 state owner's percentage in escrow for the time period
13 from 09/2005 through 03/2008 for both Bise and Houston?

14 A. Sure. I'll try to get it right. Mr.
15 Bise is 1.25002179% and Larry Houston is 10.4168845%.
16 I'm sorry.

17 Q. 10.4...would it be 10.41668845?

18 A. Can I borrow your glasses, Tim? That's
19 correct.

20 Q. All right. And what about...I'm just
21 going to...for the time period representing 04/2008
22 through 03/2011 the percentage in escrow for Curtis and
23 Mabel Bise would be 1.38891310, is that correct?

24 A. Yes, it is.

25 Q. And for Larry and Glenda Jo Houston it

1 would be 11.57409828?

2 A. That's correct.

3 Q. Okay. And that's the percentage the
4 Board should use for disbursement purposes?

5 A. Yes.

6 Q. And our totals again, the bank's total is
7 a little higher than Equitable's total and I believe
8 that amount is \$278.96. Do you know what that is?

9 A. That's interest.

10 Q. Okay. And should the Board also...should
11 the order also include instructions for the operator to
12 disburse directly to these folks going forward?

13 A. Yes.

14 JIM KAISER: Nothing further at this time, Mr.
15 Chairman.

16 BUTCH LAMBERT: Any questions from the Board?

17 (No audible response.)

18 BUTCH LAMBERT: Do I have a motion?

19 MARY QUILLEN: Motion to approve.

20 BRUCE PRATHER: Second.

21 BUTCH LAMBERT: I have a motion and a second.

22 Is there any further discussion?

23 (No audible response.)

24 BUTCH LAMBERT: All in favor, signify by saying
25 yes.

1 (All members signify by saying yes.)

2 BUTCH LAMBERT: Opposed, no.

3 (No audible response.)

4 BUTCH LAMBERT: Thank you, Mr. Kaiser. That's
5 approved.

6 RITA BARRETT: Thank you.

7 BUTCH LAMBERT: Calling docket item number
8 nineteen, a petition from EQT Production Company on
9 behalf of a Thomas Wise Dotson and Range Resources-Pine
10 Mountain, Inc. for disbursement of funds from escrow for
11 unit 536506, docket number VGOB-06-1017-1735-01. All
12 parties wishing to testify, please come forward.

13 JIM KAISER: Jim Kaiser and Rita Barrett again,
14 Mr. Chairman, on behalf of EQT.

15 BUTCH LAMBERT: You may proceed, Mr. Kaiser.

16

17 RITA BARRETT

18 having been duly sworn, was examined and testified as
19 follows:

20 DIRECT EXAMINATION

21 QUESTIONS BY MR. KAISER:

22 Q. Okay. Our parties in this one, Ms.
23 Barrett, are Thomas Dotson and Range Resources?

24 A. That's correct.

25 Q. And the disbursement that we're looking

1 at first is for the unit VC-536506?

2 A. That's correct. Tract 2.

3 Q. Tract 2. And Mr. Dotson has 100%. Will
4 this disbursement, if it's approved, close out both the
5 subaccount and the escrow account for this entire unit?

6 A. It will.

7 Q. And what's the owner's percentage in
8 escrow the Board should use?

9 A. 100%.

10 Q. And, again, the bank's total is \$582.16
11 higher than Equitable's total. Do you know what that
12 is?

13 A. That's interest.

14 Q. Okay. And so...and also should the order
15 include instructions for the operator to disburse
16 directly to this owner going forward?

17 A. Yes.

18 JIM KAISER: Nothing further, Mr. Chairman.

19 BUTCH LAMBERT: Any questions from the Board?

20 (No audible response.)

21 BUTCH LAMBERT: Do I have a motion?

22 MARY QUILLEN: Motion to approve.

23 BRUCE PRATHER: Second.

24 BUTCH LAMBERT: I have a motion and second. Any
25 further discussion?

1 (No audible response.)
2 BUTCH LAMBERT: All in favor, signify by saying
3 yes.

4 (All members signify by saying yes.)

5 BUTCH LAMBERT: Opposed, no.

6 (No audible response.)

7 BUTCH LAMBERT: Thank you, Mr. Kaiser. That's
8 approved.

9 JIM KAISER: Uh-huh.

10 BUTCH LAMBERT: Calling docket item number
11 twenty, a petition from EQT Production Company on behalf
12 of Thomas Wise Dotson and Range Resources-Pine Mountain,
13 Inc. for disbursement of funds from escrow for unit
14 502567, docket number VGOB-06-1017-1736-01. All parties
15 wishing to testify, please come forward.

16 JIM KAISER: Mr. Chairman, Jim Kaiser and Rita
17 Barrett on behalf of EQT Production.

18
19 RITA BARRETT
20 having been duly sworn, was examined and testified as
21 follows:

22 DIRECT EXAMINATION

23 QUESTIONS BY MR. KAISER:

24 Q. Ms. Barrett, is this a disbursement
25 regarding the Unit VC-502567?

1 A. It is, Tract 3.
2 Q. Tract 3? And it is Thomas Dotson a 100%?
3 A. It is.
4 Q. And that's his owner's percentage in
5 escrow?
6 A. Yes.
7 Q. And will this close out both the
8 subaccount for Tract 3 and the escrow account for the
9 entire unit?
10 A. It will.
11 Q. And, again, the difference in the bank
12 total and Equitable total in this case is 93 cents, and
13 that represents interest?
14 A. Yes, it does.
15 Q. And should the order include instructions
16 for the operator to disburse directly to Mr. Dotson
17 going forward?
18 A. Yes.
19 JIM KAISER: Nothing further at this time, Mr.
20 Chairman.
21 BUTCH LAMBERT: Any question from the Board?
22 (No audible response.)
23 BUTCH LAMBERT: Do I have a motion?
24 MARY QUILLEN: Motion to approve.
25 BRUCE PRATHER: Second.

1 BUTCH LAMBERT: I have a motion and second.
2 Any further discussion?

3 (No audible response.)

4 BUTCH LAMBERT: All in favor, signify by saying
5 yes.

6 (All members signify by saying yes.)

7 BUTCH LAMBERT: Opposed, no.

8 (No audible response.)

9 BUTCH LAMBERT: Thank you, Mr. Kaiser. That's
10 approved. Calling docket item twenty-one, a petition
11 from EQT Production Company on behalf of Thomas Wise
12 Dotson and Range Resources-Pine Mountain, Inc. for
13 disbursement of funds from escrow for Unit 536507,
14 docket number VGOB-06-1017-1737-01. All parties wishing
15 to testify, please come forward.

16 JIM KAISER: Mr. Chairman, again, Jim Kaiser
17 and Rita Barrett on behalf of EQT Production.

18

19

RITA BARRETT

20 having been duly sworn, was examined and testified as
21 follows:

22

DIRECT EXAMINATION

23

QUESTIONS BY MR. KAISER:

24

Q. Again, we're dealing with a unit with Mr.

25

Thomas Dotson and it's VC-536507, is that correct?

1 A. That's correct. Tract Number 3.

2 Q. And this disbursement, should it be
3 approved, would again close out the escrow account for
4 the entire unit?

5 A. It will.

6 Q. And what is Mr. Dotson's percentage in
7 escrow?

8 A. 100%.

9 Q. And, again, there's a difference between
10 the bank total, which is higher, and Equitable's total
11 by a \$177.2. Is that difference interest?

12 A. It is.

13 Q. And, again, should the order include
14 instructions for the operator to disburse the royalties
15 directly to Mr. Dotson going forward?

16 A. Yes.

17 Q. And have all parties been notified of
18 this unit?

19 A. Yes.

20 JIM KAISER: Nothing further of this witness at
21 this time, Mr. Chairman.

22 BUTCH LAMBERT: Any questions from the Board?
23 (No audible response.)

24 BUTCH LAMBERT: Do I have a motion?

25 MARY QUILLEN: Motion to approve.

1 BRUCE PRATHER: Second.

2 BUTCH LAMBERT: I have a motion and second.

3 Any further discussion?

4 (No audible response.)

5 BUTCH LAMBERT: All in favor, signify by saying

6 yes.

7 (All members signify by saying yes).

8 BUTCH LAMBERT: All opposed, no.

9 (No audible response.)

10 BUTCH LAMBERT: Thank you, Mr. Kaiser. It's

11 approved.

12 JIM KAISER: Thank you.

13 RITA BARRETT: Thank you. Before we leave, I

14 wanted to say today is my last day testifying for EQT,

15 and I want to introduce the Board to Mr. Spintale. He's

16 the landman over in our Kentucky office. Going forward,

17 and he will be doing it. Treat him nice.

18 BUTCH LAMBERT: It's certainly been nice having

19 you, Ms. Barrett. We appreciate all your---.

20 RITA BARRETT: I hope to see everyone back in

21 the future.

22 JIM KAISER: I don't know where we're going

23 next.

24 BUTCH LAMBERT: We're going back to

25 number...docket number eleven. Yes, back on...back on

1 track at this point. Docket number eleven, a petition
2 from GeoMet Operating Company for pooling of coalbed
3 methane unit 292VA unit A-34, docket number VGOB-11-
4 0315-2928. All parties wishing to testify, please come
5 forward. Is this one, Mr. Asbury, that's going to be
6 withdrawn. Oh, I'm sorry. Oh, I'm sorry. Thank you.
7 Okay, having received a letter, it says, "Dear Mr.
8 Lambert. Please be advised that GeoMet Operating
9 Company, Inc. respectfully requests a continuance of the
10 above referenced unit to the June docket."

11 DIANE DAVIS: Wait a minute. We have another
12 one here. I'm sorry. We have another one here, I
13 think. We have a second letter.

14 BUTCH LAMBERT: Okay.

15 BUTCH LAMBERT: Okay. That's all right. Thank
16 you. Okay. This is to David Asbury, Director of the
17 Division of Gas and Oil. "Dear David. As the Board
18 docket will reflect, GeoMet filed an application to pool
19 interest in unit A-34 of the Oakwood Field. We have had
20 the matter continued several times, and it is currently
21 scheduled to be heard on the June docket. We were
22 successful in resolving the outstanding interest in this
23 unit and will no longer need to proceed with the pulling
24 of unit A-34. Therefore, it is our request that
25 GeoMet's application for pulling unit A-34 be withdrawn.

1 If you have any questions, please do not hesitate to
2 contact me." Signed S. T. Mullins. So, that docket
3 item will be withdrawn. Okay, we're calling...good
4 morning. We're calling docket item number twelve, a
5 petition from Range Resources-Pine Mountain, Inc. for a
6 well location exception for proposal well 900042, docket
7 number VGOB-11-0419-2932. All parties wishing to
8 testify, please come forward.

9 TIM SCOTT: Tim Scott, Gus Jansen, and Phil
10 Horn for Range Resources-Pine Mountain, Inc.

11 (Phil Horn and Gus Jansen are duly sworn.)

12 BUTCH LAMBERT: You may proceed, Mr. Scott.

13 TIM SCOTT: Thank you, Mr. Chairman.

14

15

PHIL HORN

16 having been duly sworn, was examined and testified as
17 follows:

18

DIRECT EXAMINATION

19 QUESTIONS BY MR. SCOTT:

20

Q. Mr. Horn, would you please state your
21 name, by whom you're employed, and your job description?

22

A. My name is Phil Horn. I'm employed by
23 Range Resources-Pine Mountain, Inc. as the land manager,
24 and one of my job descriptions is to get wells permitted
25 and drilled.

1 Q. You're familiar with this application, is
2 that correct?

3 A. Yes, I am.

4 Q. You had filed the initial application I
5 believe in April, is that right?

6 A. That's correct.

7 Q. And we had an issue with a coal company,
8 is that right?

9 A. That's correct.

10 Q. So, we filed a revised applications, is
11 that correct?

12 A. That's correct.

13 Q. Then we located another well. Is that
14 right?

15 A. That's right.

16 Q. So we filed a second revised application
17 and all parties have been noticed, is that correct?

18 A. That's correct.

19 Q. Now, you're familiar with the ownership
20 of the minerals underlying this unit?

21 A. Yes, I am.

22 Q. And those parties are listed on Exhibit
23 B, is that right?

24 A. That is correct.

25 Q. How were these parties notified of this

1 hearing today?

2 A. By certified mail.

3 Q. Now, have we provided proof of the
4 mailing to the Board?

5 A. Yes, you just turned them in.

6 Q. Can you tell me who operates the well
7 from which the well location exception is requested?

8 A. Range Resources-Pine Mountain, Inc.
9 operates those wells.

10 Q. Both of them, is that correct?

11 A. That's correct.

12 MR. SCOTT: Okay. That's all I have for Mr.
13 Horn.

14 BUTCH LAMBERT: Any questions from the Board?

15 (No audible response.)

16 BUTCH LAMBERT: You may proceed.

17 TIM SCOTT: Thank you.

18

19

GUS JANSEN

20 having been duly sworn, was examined and testified as
21 follows:

22

DIRECT EXAMINATION

23 QUESTIONS BY MR. SCOTT:

24

25 Q. Mr. Jansen, would you please tell us your
name, by whom you're employed, and your job description?

1 A. My name is Gus Jansen. I'm employed by
2 Range Resources-Pine Mountain, Inc. as the manager of
3 geology.

4 Q. You're familiar with this application, is
5 that right?

6 A. That is correct.

7 Q. Can you tell the Board why we're seeking
8 well location exception today?

9 A. Yes, I've passed out to the Board an
10 Exhibit AA, which shows the locations of proposed well
11 900022. We've worked with the coal company, Wellmore
12 Coal Company to place this well in a barrier block
13 within their mine area. We will have also a safety plan
14 will be filed with the permit with the DGO, to continue
15 this well drilling process at this point. So that's the
16 reason today for the exception. In the event we are not
17 able to drill the well at this location, we would strand
18 approximately 102.47 acres.

19 Q. What's the proposed depth of this well?

20 A. 5,350 feet.

21 Q. And potential loss of reserve?

22 A. 350 million cubic feet of gas.

23 Q. And if this application is granted, it
24 would prevent, protect correlative rights and promote
25 conservation, is that right?

1 A. That is correct.

2 TIM SCOTT: That's all I have for Mr. Jansen.

3 BUTCH LAMBERT: Any questions from the Board?

4 MARY QUILLEN: Mr. Jansen, do you have a signed
5 plat? Mine doesn't have a signature on it.

6 PHIL HORN: I have some here.

7 TIM SCOTT: Ms. Quillen, is that on the first,
8 the second or the third?

9 MARY QUILLEN: It's the last one that we got.
10 I don't know.

11 TIM SCOTT: Okay. Here it comes.

12 MARY QUILLEN: It looks like second.

13 TIM SCOTT: Okay.

14 MARY QUILLEN: Thank you.

15 TIM SCOTT: Yes, ma'am.

16 BUTCH LAMBERT: Any other questions of the
17 Board?

18 (No audible response.)

19 BUTCH LAMBERT: Mr. Jansen, just talking to
20 you, I'm not sure that Range is aware, but drilling
21 within that barrier, we ask you to please adhere to all
22 notification requirements for both DGO and DMME to
23 ensure the safety of our miners.

24 GUS JANSEN: Yes, sir, we will.

25 BUTCH LAMBERT: Any other questions from the

1 Board?

2 (No audible response.)

3 BUTCH LAMBERT: Do I have a motion?

4 MARY QUILLEN: Motion to approve.

5 BRUCE PRATHER: Second.

6 BUTCH LAMBERT: I have a motion and a second.

7 Any further discussion?

8 (No audible response.)

9 BUTCH LAMBERT: All in favor, signify by saying
10 yes.

11 (All members signify by saying yes).

12 BUTCH LAMBERT: Opposed, no.

13 (No audible response.)

14 BUTCH LAMBERT: Thank you, Mr. Scott. That's
15 approved.

16 TIM SCOTT: Thank you, Mr. Chairman.

17 GUS JANSEN: Thank you.

18 BUTCH LAMBERT: Calling docket item thirteen, a
19 petition from Southeast Land & Mineral, LLC, for
20 establishment of a 160 acre provisional drilling unit.
21 This is docket number VGOB-11-0315-2920. All parties
22 wishing to testify, please come forward.

23 JIM KAISER: Mr. Chairman, Jim Kaiser, Orville
24 Nelson, Tony Holbrook, and Charles Hale for Southeast
25 Land & Mineral, LLC.

1 (Orville Nelson, Tony Holbrook and Charles Hale
2 are duly sworn.)

3 BUTCH LAMBERT: Mr. Kaiser, you may proceed.

4

5

ORVILLE NELSON

6 having been duly sworn, was examined and testified as
7 follows:

8

DIRECT EXAMINATION

9 QUESTIONS BY MR. KAISER:

10 Q. Yes. Mr. Nelson, if you'd state your
11 name for the Board, who you're employed by, and in what
12 capacity.

13 A. My name is Orville Nelson. I'm employed
14 by Southeast Land & Minerals in the capacity of landman.

15 Q. And have all parties as required by the
16 statute, that being all oil, gas, and coal owners in
17 this 160 acre unit been notified of this hearing?

18 A. They have.

19 JIM KAISER: Nothing further of this witness,
20 Mr. Chairman.

21 BUTCH LAMBERT: Any questions from the Board?

22 (No audible response.)

23 BUTCH LAMBERT: You may continue, Mr. Kaiser.

24 JIM KAISER: We'd call Mr. Hale, please.

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CHARLES HALE

having been duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Mr. Hale, if you'd state your name for the Board, who you're employed by, and in what capacity.

A. Charles M. Hale. I'm employed by Southeast Land & Mineral in the capacity as an engineer.

Q. And, Mr. Hale, have you previously testified before the Board on the establishment of the 160 acre units?

A. Yes, I have.

JIM KAISER: At this time, Mr. Chairman, we would like if the Board would allow to incorporate at least portions of the testimony taken on the establishment of units B4 and C6, which were in March and April of 2011. That would be the testimony of Dr. Bartlett, who is on a world cruise or something and could not be here today. Those units were both approved by the Board. I have copies of the testimony here. We'd like to incorporate his.

BUTCH LAMBERT: Accepted.

JIM KAISER: Thank you.

Q. Mr. Hale, would it be your testimony that

1 the primary factors relating to the establishment of
2 these...wait a minute. Let me strike that. These are
3 conventional gas wells, right?

4 A. That's affirmative, yes.

5 Q. And they're vertical gas wells, correct?

6 A. They are vertical gas wells.

7 Q. Okay. So rather than using statewide
8 spacing, as was testified to to some length in the
9 hearings to establish both D4 and C6, you all have asked
10 that the 160 acre provision unit squares, not circles,
11 be established for the development of this particular
12 area, primarily because of topography, the protection of
13 correlative rights and the issue of potential stranded
14 acreage, and for some flexibility in the location of
15 your actual drill site locations, is that correct?

16 A. That is correct.

17 JIM KAISER: Nothing further of this witness at
18 this time, Mr. Chairman.

19 BUTCH LAMBERT: Any questions from the Board?

20 MARY QUILLEN: Mr. Chairman, I just have one
21 question.

22 BUTCH LAMBERT: Ms. Quillen.

23 MARY QUILLEN: What is the status of the
24 position of the Washington County Zoning Board?

25 ORVILLE NELSON: I'd like to answer that if I

1 may.

2 ORVILLE NELSON: Excuse me. I attended the
3 meeting last week of the subcommittee and land use for
4 Washington County. What we discussed and the
5 presentations that were given, it's not a matter of if
6 we're going to get approval. It's just their language.
7 They're struggling right now with how they want to
8 control the areas that were not...we or anyone else are
9 not going to be in the backyard, people around Abingdon
10 or Bristol. So what we did---

11 MARY QUILLEN: At this time there has been no
12 final decision made on this?

13 ORVILLE NELSON: No, they've got about three
14 committees that are looking into this thing.

15 MARY QUILLEN: Okay. Well, you understand that
16 nothing...you can't get a permit until this is resolved
17 with them.

18 ORVILLE NELSON: Yeah, we understand.

19 MARY QUILLEN: That's all.

20 JIM KAISER: All right. What we're doing here
21 again is just trying to establish a unit. Then we're
22 going to come right behind it and force pool a unit.
23 We've got some good news on that. But there's not been
24 a permit applied for with Mr. Asbury's office, and if
25 Washington County, if they're going to have to get a

1 special use permit in order to drill there, then that
2 will be a completely separate process that's not germane
3 to this Board.

4 SHARON PIGEON: Mr. Kaiser, your application
5 still cites Jonathan Yarborough as the attorney, and I
6 know that Mr. Yarborough had told the Board when he was
7 here the last time, that was the last time, but you're
8 telling us on the record that you're now entering your
9 appearance?

10 JIM KAISER: Yes, ma'am. I'm sorry. We did
11 refile the next one we're going to do, but this one I
12 guess was continued, so we didn't. The C-7 was
13 withdrawn, and C-8 was continued so we didn't refile
14 that. I'm sorry. I probably should have entered an
15 appearance before I started.

16 SHARON PIGEON: Well, we got you now.

17 MARY QUILLEN: Just to clarify, you will be
18 representing this company in the future, correct?

19 JIM KAISER: Going forward, yes, ma'am.

20 BUTCH LAMBERT: Any other questions from the
21 Board?

22 (No audible response.)

23 BUTCH LAMBERT: Anything further, Mr. Kaiser?

24 JIM KAISER: We'd ask that the application be
25 approved as submitted, Mr. Chairman.

1 BUTCH LAMBERT: Do I have a motion?
2 MARY QUILLEN: Motion to approve.
3 BRUCE PRATHER: Second.
4 BUTCH LAMBERT: Motion and a second. Any
5 further discussion?
6 (No audible response.)
7 BUTCH LAMBERT: All in favor, signify by saying
8 yes.
9 (All members signify by saying yes).
10 BUTCH LAMBERT: Opposed, no.
11 (No audible response.)
12 BUTCH LAMBERT: Thank you, Mr. Kaiser. That's
13 approved. Calling docket item fourteen, a petition from
14 Southeast Land & Mineral, LLC for pooling unit C-8,
15 docket number VGOB-11-0315-2921. All parties wishing to
16 testify, please come forward.
17 JIM KAISER: Again, Mr. Chairman, Jim Kaiser,
18 Orville Nelson, Tony Holbrook, and Charles Hale for
19 Southeast Land & Mineral, LLC. I'm going to do
20 something a little different here because I've going to
21 use two witnesses on the land side because the duties
22 have been kind of bifurcated. I want to have, you know,
23 the personal knowledge and testimony from the people
24 that actually performed the function. So I'm going to
25 use Mr. Nelson and Mr. Holbrook on the force pooling.

1 BUTCH LAMBERT: Okay. All right. You may
2 proceed.

3 JIM KAISER: We'll start with Mr. Nelson first.

4

5

ORVILLE NELSON

6 having been duly sworn, was examined and testified as
7 follows:

8

DIRECT EXAMINATION

9

QUESTIONS BY MR. KAISER:

10

Q. Again if you'll state your name for the
11 record, who you're employed by, and in what capacity.

12

A. My name's Orville Nelson. I'm employed
13 by Southeast Land & Mineral, LLC as a land man.

14

Q. And...hang on here. I've also got a new
15 Exhibit B...sorry. We do have...well, I'll stick to the
16 script. Mr. Nelson, do your responsibilities include
17 the land involved in this unit and the surrounding area?

18

A. Yes, it does.

19

Q. Are you familiar with the application
20 that was filed seeking a pooling order for this unit?

21

A. I am.

22

Q. Does Southeast Land own drilling rights
23 in the unit involved here?

24

A. Yes, we do.

25

Q. And prior to the filing of this

1 application and after filing this application were
2 efforts made to contact each of the respondents and an
3 attempt to work out a voluntary agreement with them?

4 A. Yes, we did.

5 Q. Now at the time that this application was
6 filed by Mr. Yarborough, what was the percentage under
7 lease to Southeast in the unit?

8 A. At that time it was 25.24%.

9 Q. Which is just above the statutory limit,
10 correct?

11 A. Yes, it is.

12 Q. And since that time, have you continued
13 to try to lease these unleased parties?

14 A. I have.

15 Q. And were you successful last night in
16 obtaining a lease from a Mr. Arlan and Peggy Denton?

17 A. I was.

18 Q. And, therefore, what is the percentage
19 that is now under lease to Southeast Land within this
20 unit?

21 A. 63.60 leased.

22 Q. Okay. So, that leaves 36.40 unleased?

23 A. It does.

24 JIM KAISER: Okay. And we did...Mr. Chairman,
25 we did have a revised Exhibit B-3 to reflect that new

1 lease but it has got a mistake in it. So, I would ask
2 that we be allowed to supplement the application with a
3 correct one. We should be able to get it to you today
4 or tomorrow.

5 BUTCH LAMBERT: Okay.

6 JIM KAISER: So, what you've got is a new B
7 showing Mr. Denton's. The B-3 had a mistake on it. It
8 still showed him as unleased. We just submitted a copy
9 of the actual lease for the record. So, we'll resubmit
10 your B-3. You've got a new AFE, which we'll get into
11 later with Mr. Hale. Now I would like to---

12 SHARON PIGEON: What you just handed us, doesn't
13 that show him as unleased?

14 JIM KAISER: B shouldn't. B-3 was the one that
15 was wrong. B should show him as being leased.

16 SHARON PIGEON: Arlan Denton?

17 JIM KAISER: Yeah.

18 ORVILLE NELSON: Arlan Denton.

19 SHARON PIGEON: Page 2, number 3?

20 MARY QUILLEN: Tract 5 and 10.

21 SHARON PIGEON: Have we got him in more than one
22 place?

23 JIM KAISER: It should be Tract 5 on page one.

24 MARY QUILLEN: What about Tract 10?

25 BRUCE PRATHER: It shows it as unleased.

1 MARY QUILLEN: It shows it as unreleased.
2 JIM KAISER: You've got that too, didn't you?
3 ORVILLE NELSON: Yes.
4 JIM KAISER: Okay. We're going to have to
5 resubmit B.
6 ORVILLE NELSON: But that was...if May, the
7 total acreage that we leased from Mr. Denton and his
8 wife, that was a total of all of their property owned
9 out there.
10 MARY QUILLEN: I think that needs to be
11 corrected on this for Tract 10.
12 JIM KAISER: Yeah, what happened was, I think
13 Mr. Holbrook got word that we got the lease late last
14 night. He tried to get these revised exhibits done. He
15 wasn't able to get them done. He just missed them.
16 MARY QUILLEN: Will that .37% or that .59
17 acreage, will that be in addition to the 63.60%?
18 ORVILLE NELSON: Yes.
19 MARY QUILLEN: Okay.
20 JIM KAISER: All of his acreage within the unit
21 is now leased.
22 SHARON PIGEON: All of his acreage. But this is
23 the correct total amount.
24 JIM KAISER: Yes, the correct total, but just
25 not the correct---

1 SHARON PIGEON: That's requested, I think. I
2 think you gave her the wrong answer. 63.6 is the
3 correct total going forward.

4 JIM KAISER: Yes, the percentage under lease
5 within the unit.

6 MARY QUILLEN: Okay. So that's including
7 Denton's .59 acres or not including it?

8 JIM KAISER: All right. So, it's going to be
9 63....let's see---.

10 MARY QUILLEN: 63.6 plus...

11 JIM KAISER: Plus .59.

12 MARY QUILLEN: Plus .37%.

13 BUTCH LAMBERT: .37.

14 JIM KAISER: Right.

15 BRUCE PRATHER: .37.

16 JIM KAISER: Right. So, it would be---.

17 MARY QUILLEN: 60...

18 CHARLES HALE: 64.19%.

19 JIM KAISER: 35.81 unleased.

20 MARY QUILLEN: Okay. So the total percentage
21 now is going to be 63.97, correct?

22 CHARLES HALE: The total lease would be 64.19
23 if my math is correct.

24 MARY QUILLEN: No, you're adding acreage and
25 percentages to get that.

1 CHARLES HALE: Okay. I'm sorry.

2 MARY QUILLEN: Percentage and percentage, which
3 is 63.97.

4 BRUCE PRATHER: .37 is 63.6.

5 CHARLES HALE: 63.97, ma'am.

6 MARY QUILLEN: Right.

7 CHARLES HALE: You're correct.

8 SHARON PIGEON: What's the unleased?

9 MARY QUILLEN: It's supposed to be leased.

10 JIM KAISER: 63.97. So, let's see it would be
11 36.03.

12 MARY QUILLEN: .03. So, we will get a revised
13 B and B-3?

14 JIM KAISER: B and B-3.

15 MARY QUILLEN: Okay. Okay. Gotcha. And that
16 certainly looks a lot better than 25%. We were a little
17 shaky on that.

18 JIM KAISER: I agree.

19 ORVILLE NELSON: Yeah, we were sweating that
20 one.

21 MARY QUILLEN: Yeah.

22 SHARON PIGEON: Well, your exhibits reflect
23 that.

24 JIM KAISER: All right. Now, I'm going to call
25 Mr. Holbrook for the next few questions.

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TONY HOLBROOK

having been duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Mr. Holbrook, if you could state your name, who you work for, and in what capacity.

A. Tony Holbrook. I work for Southeast Land & Mineral as a land surveyor.

Q. Okay. I'm going to refer you to item thirteen on Exhibit B that's going to be revised. You have listed there...well, you have VDOT right-of-way, but you also have an unknown owner of a cemetery. Is that correct?

A. Yes, it is.

Q. And what efforts did you make to determine who might own that particular cemetery?

A. The cemetery is shown on the Washington County tax records is where we found that there was a cemetery. We went to the field to the location shown on the tax maps and have not found a cemetery in that area. I have gone to the tax assessor's office and checked their record with them and they have no data in their records where the cemetery came from and how it ended up

1 on the tax records.

2 MARY QUILLEN: Whose name is on the tax records
3 for that property?

4 TONY HOLBROOK: Cemetery. That's all it says
5 is cemetery. There's no name and no address. It just
6 says cemetery.

7 MARY QUILLEN: So, that's probably a
8 privately...private or a family owned cemetery.

9 TONY HOLBROOK: Yeah, probably. We've checked
10 the parcel that the cemetery is shown is as the parent
11 parcel and we found no out conveyances for a cemetery in
12 that. We checked the title back for sixty years and not
13 found it so we're---

14 MARY QUILLEN: Well, as old as a lot of these
15 cemeteries in Washington County are, there's probably no
16 telling.

17 TONY HOLBROOK: Yeah and Washington County also
18 has a committee that's putting together a list of
19 cemeteries in the county and it's not listed in that.
20 Last night in talking with Arlan Denton he said he knew
21 the approximate location of it, and as far as he knew,
22 there were two twins that were buried in it, and his
23 mother told him about that, but that happened hundreds
24 of years ago.

25 SHARON PIGEON: But you did make an on the

1 grounds investigation? Is that what you testified to?

2 TONY HOLBROOK: I did. And the location that's
3 shown on the tax maps, there's no evidence of a
4 cemetery.

5 JIM KAISER: Okay. If there's no further
6 questions, we'll move back to Mr. Nelson.

7

8 ORVILLE NELSON

9 having been duly sworn, was examined and testified as
10 follows:

11 DIRECT EXAMINATION RESUMES

12 QUESTIONS BY MR. KAISER:

13 Q. Mr. Nelson, are the addresses set out in
14 Exhibit B, the last known address of the respondents?

15 A. Yes, they are.

16 Q. Are you requesting the Board to force
17 pool all the unleased interest that will be listed in
18 the revised Exhibit B-3?

19 A. I am.

20 Q. Are you familiar with the fair market
21 value of drilling rights in the unit here and in the
22 area?

23 A. Yes, I am.

24 Q. Could you advise the Board as to what
25 those are?

1 A. It's five dollar bonus for five years,
2 five dollars per acre and one-eighth royalty.

3 Q. In your opinion, do the terms you just
4 testified to represent fair market value of and fair and
5 reasonable compensation to be paid for drilling rights
6 within this unit?

7 A. Yes.

8 Q. Now, as to those respondents that have
9 not voluntarily agreed to lease and are going to be
10 listed in our new revised B-3, do you agree they be
11 allowed the following options with respect to their
12 ownership interest within the unit: 1) Participation; 2)
13 a cash bonus of five dollars per net mineral acre plus a one-
14 eighth of eight-eighths royalty; or 3) in lieu of a cash
15 bonus and one-eighth of eight-eighths royalty share in the
16 operation of the well on a carried basis as a carried
17 operator under the following conditions: Such carried
18 operator shall be entitled to the share of production from
19 the tracts pooled accruing to his/her interest exclusive of
20 any royalty or overriding royalty reserved in any leases,
21 assignments thereof or agreements relating thereto of such
22 tracts, but only after the proceeds applicable to his or her
23 share equal, A) 300% of the share of such costs applicable to
24 the interest of the carried operator of a leased tract or
25 portion thereof; or B) 200% of the share of such costs

1 applicable to the interest of a carried operator of an
2 unleased tract or portion thereof?

3 A. Yes, I do.

4 Q. Do you recommend that the order provide
5 that elections by respondents be in writing and sent to
6 the applicant at Southeast Land & Mineral, LLC, 254
7 Bradley Street, Abingdon, Virginia, 24210.

8 A. Yes.

9 Q. Do you recommend that the order provide
10 that if no written election is properly made by a
11 respondent, then such respondent should be deemed to be
12 elected the cash royalty option in lieu of any
13 participation whether it would be direct or indirect?

14 A. Yes.

15 Q. Should unleased respondents be given
16 thirty days from the date they receive the recorded Board
17 order to file their written elections?

18 A. They should.

19 Q. If an unleased respondent elects to
20 participate, should they be given forty-five days to pay
21 their portion and share of actual well costs?

22 A. Yes, they would.

23 Q. Should the applicant be allowed a hundred
24 and twenty days following the recordation date of the
25 Board order and thereafter annually on that date until

1 production is achieved to pay or tender any delay rental
2 or cash bonus becoming due under the force pooling
3 order?

4 A. Yes.

5 Q. And the Board does need to establish an
6 escrow account for this unit for any proceeds
7 attributable to a portion of Tract 13, is that correct?

8 A. Yes, it is.

9 Q. And who should be named operator under
10 the force pooling order?

11 A. Southeast Land & Mineral.

12 Q. LLC?

13 A. LLC.

14 JIM KAISER: Nothing further of this witness at
15 this time, Mr. Chairman.

16 BUTCH LAMBERT: Any questions from the Board?

17 (No audible response.)

18 BUTCH LAMBERT: Mr. Kaiser, I'm going to go
19 back to one of your...the Exhibit B that you handed us.
20 We know we're getting a revised Exhibit B, but let's
21 look at the one that we have just a moment. For...well,
22 it has got it listed under Tract 13, but it's got a
23 right-of-way of Route 809. Does that...I guess the way
24 that's written out there, it's unleased at .55%? Okay.
25 So we're totaling all that down?

1 (No audible response.)
2 SHARON PIGEON: So, the total doesn't apply to
3 the right-of-way, it's for the whole listing?
4 BUTCH LAMBERT: Not the 100%.
5 SHARON PIGEON: They've got some awkward places
6 here.
7 BUTCH LAMBERT: Okay. Any other questions from
8 the Board?
9 (No audible response.)
10 BUTCH LAMBERT: Anything further, Mr. Kaiser?
11 JIM KAISER: Mr. Chairman, I'd like to call one
12 more witness if I could.
13 BUTCH LAMBERT: Yes.
14
15
16 CHARLES HALE
17 having been duly sworn, was examined and testified as
18 follows:
19 DIRECT EXAMINATION
20 QUESTIONS BY MR. KAISER:
21 Q. Mr. Hale, if you'd state your name again
22 for the record and who you're employed by and in what
23 capacity.
24 A. Charles M. Hale. I'm employed by
25 Southeast Land & Mineral in the capacity of an engineer.

1 Q. And what's the total depth of this
2 proposed well?

3 A. 7,000 feet vertical.

4 Q. And this will be sufficient to penetrate
5 and test the common sources as supplied in the subjected
6 formation?

7 A. Yes, it would.

8 Q. Estimated reserves over the life of the
9 unit?

10 A. 250 to 350 million cubic foot of gas.

11 Q. Are you familiar with the well cost under
12 the plan of development?

13 A. Yes, I am.

14 Q. And has an AFE...a new AFE been reviewed,
15 signed, and submitted to the Board?

16 A. It has.

17 Q. And was it prepared by an engineer
18 knowledgeable in the preparation of well costs in this
19 area?

20 A. Yes, it has.

21 Q. In your opinion, does it represent a
22 reasonable estimate of well costs?

23 A. It does.

24 Q. Could you state both the dry hole costs
25 and the completed well cost for this well?

1 A. The dry hole cost estimated would be
2 \$519,200. The completed well production costs would be
3 \$901,795.

4 Q. Now, these...these are little bit
5 different than the AFE that was submitted with the
6 original application. I think there's maybe roughly
7 about a \$3,000 difference. Could you explain to the
8 Board what that represents?

9 A. Yes. We have a more exact location where
10 the well might be located and it's an increased distance
11 for construction.

12 Q. And do these costs anticipate a multiple
13 completion?

14 A. Yes, they do.

15 Q. Does your AFE include a reasonable charge
16 for supervision?

17 A. Yes, it does.

18 Q. In your professional opinion, would the
19 granting of this application be in the best interest of
20 conservation, the prevention of waste and protection of
21 correlative rights?

22 A. Yes, it will.

23 JIM KAISER: Nothing further of this witness at
24 this time, Mr. Chairman.

25 BUTCH LAMBERT: Mr. Kaiser, in addition to a

1 revised B and B-3, we'll also need a revised AFE with
2 Mr. Hale's signature.

3 JIM KAISER: If we do...if they continue to
4 bring applications before the Board in the future, my
5 office will do these Exhibits. They did these. I'm not
6 saying they can't do them. I'm just saying we've got a
7 little more experience at it.

8 BUTCH LAMBERT: Okay.

9 MARY QUILLEN: Those need to be identified as
10 the AFE.

11 JIM KAISER: Yeah.

12 SHARON PIGEON: And this is marked Exhibit 2C.
13 Is that what we have usually on an AFE?

14 JIM KAISER: It's usually C.

15 BUTCH LAMBERT: It's usually C.

16 SHARON PIGEON: Okay. I thought we used double
17 exhibits for them.

18 JIM KAISER: And the next one we're doing that
19 we did (inaudible).

20 BUTCH LAMBERT: Okay.

21 DAVID ASBURY: Mr. Chairman, I have (inaudible).

22 BUTCH LAMBERT: You have a signed one, okay.

23 BUTCH LAMBERT: Did you just get it signed?

24 (No audible response.)

25 BUTCH LAMBERT: Okay. Thank you.

1 JIM KAISER: We would ask that the application
2 be approved with the caveat that we will supply you as
3 soon as possible with a corrected B and B-3.

4 BUTCH LAMBERT: Okay. Do I have a motion?

5 MARY QUILLEN: Motion to approve with the
6 revised exhibits.

7 BUTCH LAMBERT: Do I have a second?

8 BRUCE PRATHER: I'll second it.

9 BUTCH LAMBERT: I have a motion and a second.
10 Any further discussion?

11 (No audible response.)

12 BUTCH LAMBERT: All in favor, signify by saying
13 yes.

14 (All members signify by saying yes).

15 BUTCH LAMBERT: Opposed, no.

16 (No audible response.)

17 BUTCH LAMBERT: Thank you, Mr. Kaiser. It's
18 approved. Ladies and gentlemen, we're going to take a
19 quick ten minute break.

20 (Break.)

21 BUTCH LAMBERT: We're calling item twenty-seven.
22 It is a petition from Southeast Land & Mineral, LLC, for
23 the establishment of a 160 acre provisional drilling
24 unit C-7 for the drilling of conventional gas well
25 Hutton Number 1, VGOB-11-0614-2955. All parties wishing

1 to testify, please come forward.

2 JIM KAISER: Mr. Chairman, again Jim Kaiser,
3 Orville Nelson, Tony Holbrook, and Charles Hale. I'm
4 not sure I'm going to need all of them in this one, but
5 they will be available as witnesses. This matter
6 was...there's extensive testimony on both of these, both
7 the establishment of the unit for C-7 and the force
8 pooling for C-7 that was taken in docket number 11-0315-
9 2918. We would ask that the Board incorporate both Mr.
10 Bartlett's testimony in that particular...in this
11 particular case and Mr. Hale's testimony. What happened
12 here was if you were a member, and the reason I know is
13 from reading the transcript, I wasn't paying attention
14 when they did it in March I'm sure, but from reading
15 this transcript I think everything was rolling along
16 smoothly, and there was a Mr. Hutton who was present and
17 was objecting to both the hearings under the premise
18 that when he signed his lease for his acreage in the
19 unit, the units were supposedly presented to him as
20 circular conventional units rather than squares and that
21 changed his percentage of ownership and thus his royalty
22 within the unit. So, you all said, you know, let's just
23 stop this and continue it, which was obviously the right
24 thing to do, until this gets worked out with Mr. Hutton.
25 So, now before I go into some of the standard questions

1 that we'll try to keep short, I'll ask Mr. Nelson to
2 explain what has happened in the interim period with Mr.
3 Hutton.

4 MARY QUILLEN: Just a question. Do you have
5 any revised exhibits for this? The plat doesn't have a
6 (inaudible). There's no tract numbers listed.

7 JIM KAISER: This is the one...this is one my
8 office actually refiled. We've got a...we've got a
9 signed plat with tract numbers and everything.

10 MARY QUILLEN: Oh, okay. Okay. We don't have
11 that.

12 SHARON PIGEON: Jim, did you say this was
13 marked, this transcript?

14 JIM KAISER: Yes, ma'am. You can have mine if
15 you want it.

16 SHARON PIGEON: If I have the number, I'm good
17 with that, the date.

18 JIM KAISER: Do you want to take my copy of the
19 plat and stuff?

20 BUTCH LAMBERT: We've got it.

21 JIM KAISER: Okay.

22 BUTCH LAMBERT: I'm just going to ask Ms.
23 Quillen. Is yours not stamped and signed plat?

24 MARY QUILLEN: Unh-huh. Oh, okay. Okay. Okay.
25 Sorry. Sorry.

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SHARON PIGEON: Mine was signed.

ORVILLE NELSON

having been duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Okay. Mr. Nelson, if you could explain what happened since March with Mr. Hutton and how you got this worked out.

A. Well, at the direction of the Board, it was continued. Dr. Bartlett and I met with the Hutton family several times, and negotiations fell apart. So, I made a couple of home visits to Mr. Hutton. We repositioned this unit. I went back to Mr. Hutton. He was satisfied with the square unit we had. So, that put him in a position. It gave him a little more percentage, you know, like 88%. I'm not...don't quote that. It was 80 some percent he got. So, he was satisfied with that. We did as you all asked us to do. We worked it out with him. He was satisfied, his wife was, and his daughter. So we're ready to move forward on him.

Q. And he was notified of this hearing today, is that correct?

1 A. Yes, he was.

2 Q. And he's not here, is he?

3 A. No, he's not.

4 Q. Okay.

5 MARY QUILLEN: Excuse me. Did you say you
6 relocated the location of this well?

7 ORVILLE NELSON: Yeah, that---.

8 TONY HOLBROOK: Not the well.

9 ORVILLE NELSON: Not the well.

10 JIM KAISER: The unit, they reconfigured the
11 unit.

12 MARY QUILLEN: Oh.

13 ORVILLE NELSON: Not the well, just the unit.
14 The well location remained the same.

15 MARY QUILLEN: Oh, okay. Okay. Okay.

16 JIM KAISER: Remember, his complaint was that
17 he was saying that he was shown a circle and he had a
18 certain percentage of the circle, and then all of a
19 sudden the application showed a square, and his interest
20 was diluted quite a bit, and that's what he was upset
21 about.

22 MARY QUILLEN: Right. Uh-huh.

23 JIM KAISER: His interest now is back to
24 74.26%, , and he is happy.

25 MARY QUILLEN: And he is in---

1 JIM KAISER: He's Tract 4.

2 MARY QUILLEN: Tract 4, okay.

3 SHARON PIGEON: So, even though we're
4 incorporating the testimony from the previous hearing,
5 all the paperwork exhibits and so on are yours.

6 JIM KAISER: It's brand new.

7 SHARON PIGEON: Okay. So we don't need to
8 refer back to that?

9 JIM KAISER: Right. And we are doing the unit
10 establishment first, and there was a ton of testimony in
11 there about that. Again Dr. Bartlett, again Mr. Hale,
12 but I'll just kind of summarize things.

13

14

15

16

17 CHARLES HALE

18 having been duly sworn, was examined and testified as
19 follows:

20 DIRECT EXAMINATION

21 QUESTIONS BY MR. KAISER:

22 Q. I'll ask Mr. Hale if the primary reason
23 for establishing a 160 acre square provision units
24 rather than...since these are vertical conventional
25 wells, rather than using statewide spacing was due to

1 the topography in the area to make sure there's no
2 stranded acreage and to provide some flexibility as to
3 well location and possibly even depending upon what you
4 see when these wells are drilled to come back in and
5 maybe request to be allowed to drill an additional well
6 within the 160, is that correct?

7 A. That is correct.

8 JIM KAISER: Okay. Nothing further at this
9 time, Mr. Chairman.

10 BUTCH LAMBERT: Any questions from the Board?

11 MARY QUILLEN: One other question. Is an
12 Exhibit E required on this---

13 JIM KAISER: No, ma'am. No unknowns

14 MARY QUILLEN: Okay. So everybody is listed
15 then on this, whatever this exhibit is? On what I've
16 got, it isn't identified.

17 SHARON PIGEON: This isn't a pooling---

18 JIM KAISER: This is just a unit establishment.
19 This isn't an pooling. The pooling will be next.

20 MARY QUILLEN: Right. That's the list of all
21 of the owners?

22 JIM KAISER: Right. Correct.

23 BRUCE PRATHER: Our thing says you'd lease
24 96.9%.

25 MARY QUILLEN: Uh-huh.

1 BRUCE PRATHER: Is there another 4% outstanding
2 somewhere?

3 JIM KAISER: Yes, but we'll get to that in the
4 force pooling.

5 BRUCE PRATHER: Okay.

6 BUTCH LAMBERT: Any other questions?

7 (No audible response.)

8 BUTCH LAMBERT: Anything further, Mr. Kaiser?

9 JIM KAISER: No, sir. We'd ask that the
10 application be approved with the exhibits that were
11 submitted by my office and incorporating the testimony
12 from the March hearing.

13 BUTCH LAMBERT: Okay. Do I have a motion?

14 MARY QUILLEN: Motion to approve.

15 BRUCE PRATHER: Second.

16 BUTCH LAMBERT: I have a motion and a second.

17 Any further discussion?

18 (No audible response.)

19 BUTCH LAMBERT: All in favor, signify by saying
20 yes.

21 (All members signify by saying yes).

22 BUTCH LAMBERT: Opposed, no.

23 (No audible response.)

24 BUTCH LAMBERT: Thank you, Mr. Kaiser. It's
25 approved. Calling docket item number twenty-eight, a

1 petition from Southeast Land & Mineral, LLC, for the
2 pooling of Hutton Number 1, unit C-7, docket VGOB-11-
3 0614-2956. All parties wishing to testify, please come
4 forward.

5 JIM KAISER: In this case, Mr. Chairman, Jim
6 Kaiser, Orville Nelson, Charles Hale.

7 BUTCH LAMBERT: You may proceed, Mr. Kaiser.

8 JIM KAISER: Again, we would like to
9 incorporate the testimony because I think the force
10 pooling actually kind of went forward to the
11 end...almost to the end there in March also. We can't
12 give you a docket number because we got a new docket
13 number and refiled, but I would like to incorporate that
14 testimony. I'd like to incorporate Mr. Nelson's
15 testimony as to what occurred with Mr. Hutton, you know,
16 since March. We prepared these exhibits, but I didn't
17 know until this morning that we're going to have
18 to...we're going to have to submit you revised Bs and B-
19 3 because Tract 3, which is again Mr. Denton, has also
20 got some acreage. He's the least we got last night for
21 C-8. His acreage is C-7 and is also included in the
22 lease. My office didn't know that until this morning at
23 about 9:30. So, we didn't have time to put him as
24 leased and change our B and B-3.

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ORVILLE NELSON

having been duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. That being said, Mr. Nelson, does Southeast Land own the drilling rights in the unit involved here?

A. Yes, they do.

Q. And prior to the filing of this application and after the filing of this application, did you continue to attempt to contact each respondent and work out a voluntary agreement with each?

A. I did.

Q. And my application says you had 96.90% of the unit under lease at the time we filed the application, right?

A. That's correct.

Q. And now we have to add in...after last night we have to add in Mr. Denton's 0.3875% to that total in a revised exhibit, right?

A. Right.

Q. Now, there is---

SHARON PIGEON: He has two of them.

JIM KAISER: No, just one, and that's just

1 Tract 3.

2 SHARON PIGEON: Okay.

3 MARY QUILLEN: Is that a total of 97.2875?

4 JIM KAISER: It sure is.

5 Q. So, what is the new percentage under
6 lease in this unit we reflected in the new lease?

7 A. 97.28.

8 Q. 2875.

9 A. 2875.

10 Q. Right. So, that will leave unleased
11 2.7125? That's right on the computer. I think it's
12 2.7125.

13 MARY QUILLEN: 2.7125.

14 Q. Okay. And so do you want to repeat that,
15 Mr. Nelson? The percentage remains unleased?

16 A. Remaining percentage unleased is 2.7125.

17 Q. Okay. And there are no unknowns in this
18 unit, is that correct?

19 A. That's correct.

20 Q. So the only two interests in this unit
21 that remain unleased are Briscoe Investments, which is
22 .75 percent, Tract 4, and Fran Patterson, 1.9625% Tract
23 6, is that correct?

24 A. That's correct.

25 Q. All right.

1 SHARON PIGEON: Mr. Kaiser, your Exhibit B-3
2 appears to have used rounded numbers. That's why I
3 thought Mr. Jensen had a second interest. So---.

4 JIM KAISER: We'll correct that too.

5 SHARON PIGEON: We need a revised---

6 JIM KAISER: Yeah, you're going to get a
7 revised B and B-3 for this one.

8 SHARON PIGEON: Okay.

9 MARY QUILLEN: Well, because it's rounded,
10 Denton's is rounded.

11 JIM KAISER: Okay.

12 MARY QUILLEN: Well, actually they all are.
13 Briscoe doesn't matter.

14 JIM KAISER: Yeah, but if...Briscoe doesn't
15 matter, but Patterson does.

16 MARY QUILLEN: Yeah. So there's---.

17 JIM KAISER: Yeah, we'll fix that.

18 MARY QUILLEN: Yeah.

19 Q. Mr. Nelson, are you requesting the Board
20 to force pool all unleased interested listed at B-3?

21 A. I am.

22 Q. Again, are you familiar with the fair
23 market value of drilling rights in the unit here and in
24 the surrounding area?

25 A. Yes, I am.

1 Q. Can you advise the Board what those are?
2 A. A five dollar bonus, five years, and one-
3 eighth royalty.
4 Q. And in your opinion, do the terms you
5 just testified to represent fair and reasonable value to
6 pay for drilling rights within that unit?
7 A. It does.
8 JIM KAISER: Mr. Chairman, at this time we'd
9 ask that the testimony taken in the previous pooling
10 hearing this morning for Unit C-8 regarding statutory
11 election options afforded any unleased parties be
12 incorporated for purposes of this hearing.
13 BUTCH LAMBERT: It will be accepted.
14 Q. Mr. Nelson, the Board does not need to
15 establish an escrow account for this unit, correct?
16 A. Correct.
17 Q. And who should be named operator under
18 the force pooling order?
19 A. Southeast Land & Mineral, LLC.
20 JIM KAISER: Okay. That's all I have for this
21 witness, Mr. Chairman.
22 BUTCH LAMBERT: Any questions from the Board?
23 (No audible response.)
24 BUTCH LAMBERT: Anything further, Mr. Kaiser?
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CHARLES HALE

having been duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Mr. Hale?

A. Yes.

Q. What's the total depth of this proposed well?

A. 7,000 feet.

Q. And the estimated reserve over the life of the unit?

A. 350 million cubic feet.

Q. Has an AFE been reviewed, signed and submitted to the Board as Exhibit C?

A. It has.

Q. Was it prepared by an engineer knowledgeable in well costs in this area?

A. It has.

Q. In your opinion, does it represent a reasonable estimate of well costs?

A. Yes, it does.

Q. Could it state the dry hole cost and the complete well cost for---?

A. Dry hole costs are \$514,900. The well

1 completed costs are \$898,560.

2 Q. Do these costs anticipate a multiple
3 completion?

4 A. Yes, it does.

5 Q. Does an AFE include a reasonable charge
6 for supervision?

7 A. Yes, it does.

8 Q. In your professional opinion, would the
9 granting of this force pooling application be in the
10 best interest of conservation, the prevention of waste
11 and protection of correlative rights?

12 A. It would, yes.

13 JIM KAISER: Nothing further of this witness at
14 the time, Mr. Chairman.

15 BUTCH LAMBERT: Any questions from the Board?
16 (No audible response.)

17 BUTCH LAMBERT: Anything further, Mr. Kaiser?

18 JIM KAISER: We'd ask the application be
19 approved and admitted with once again resubmission of
20 correct Exhibit B and B-3.

21 BUTCH LAMBERT: Do I have a motion?

22 MARY QUILLEN: Motion to approve with the
23 receipt of revised exhibits.

24 BUTCH LAMBERT: Do I have a second?

25 BRUCE PRATHER: Second.

1 BUTCH LAMBERT: I have a motion and a second.
2 Any further discussion?
3 (No audible response.)
4 BUTCH LAMBERT: All in favor, signify by saying
5 yes.
6 (All members signify by saying yes).
7 BUTCH LAMBERT: Opposed, no.
8 (No audible response.)
9 BUTCH LAMBERT: Thank you, Mr. Kaiser. It's
10 approved.
11 JIM KAISER: Thank you.
12 SHARON PIGEON: Mr. Kaiser, the application of
13 paragraph four, relief sought that's refers to VC-
14 531556. JIM KAISER: That's our mistake. She just
15 didn't take that out...take that out---.
16 SHARON PIGEON: (Inaudible.)
17 BUTCH LAMBERT: You'll submit to Mr. Asbury as
18 well?
19 JIM KAISER: Sure.
20 BUTCH LAMBERT: Okay. Thank you. Okay. We're
21 calling item fifteen on the docket, a petition from CNX
22 Gas Company, LLC, for creation of a 202.35 drilling unit
23 and pooling of unit CC-38, docket number VGOB-10-1019-
24 2825. All parties wishing to testify, please come
25 forward.

1 MARK SWARTZ: Mark Swartz.
2 SHARON PIGEON: You look entirely too peppy.
3 MARK SWARTZ: Just because the sun is shining
4 doesn't you need to be depressed.
5 SHARON PIGEON: (Inaudible).
6 MARK SWARTZ: To sort of refresh everyone's
7 memory, we were here...I think we started...we filed
8 this in October of 2010, and we've been back a number of
9 times. I think we were here in March and had further
10 testimony, and the issue that's been left sort of
11 hanging is what should this unit look like. This was a
12 unit that was...sorry. This was a unit that initially
13 put four Oakwood units together. We talked about the
14 problems that would potentially cause some dissolution
15 of royalty. I submitted some spreadsheets which you may
16 or may not have looking at different ways to allocate my
17 production, production by units, readjusting acreage to
18 try to solve the problem. Ultimately, I think Jeremy
19 testified here, designed a unit that looked somewhat
20 like a butterfly. The Board opted to create a committee
21 to study this, and I believe that committee has met
22 several times and is working on it, and discussion
23 continued until today to give the committee and the
24 Board an opportunity to sort of think about these
25 issues. Really to use this unit on some kind of a

1 basis, and it's back on the docket today. I mean, all
2 the testimony's in, and, in fact, I believe the unit was
3 created and pooled back last fall, but it's kind of been
4 on hold in terms of what is the shape of the unit
5 supposed to be given the options that you have. So,
6 that's why we're here today. I don't have any witnesses
7 because the testimony is all in. It's just we need some
8 kind of a determination to allow us to go forward.

9 BRUCE PRATHER: Well, the committee, as far as
10 what we have done, the three companies that were
11 involved with the committee, we...they decided that they
12 would recommend twenty acre tracts in which you would
13 put these on your acreage. And the smaller the unit,
14 the more flexibility the operator has. There was also a
15 300 foot offset that's going to be with this. I do
16 realize, you know, that if you're using more than one
17 location, and you're drilling four or five different
18 wells off of that, it does screw up what we're
19 proposing. So, that's about what I would say at this
20 point in time is that we have a cursory proposal that
21 we're going to propose to the Board probably next time.
22 It has to be ran through our legal process to see if
23 what we're doing and what we're actually proposing is
24 legal and I would say at the next meeting we'll probably
25 vote on our recommendations. There will be a meeting on

1 the 27th of June by the committee, and if anybody wants
2 to attend that meeting and make other suggestions, we're
3 still open for suggestions. But the three companies
4 that attended the past two meetings. This is more or
5 less what we came up with. It hasn't been presented to
6 the Board or anything else. It's just this is what
7 we've done so far.

8 BUTCH LAMBERT: So the expectation is that the
9 recommendation will come before the Board next month to
10 be voted on. So, I guess, the Chairman would suggest if
11 we could continue this for at least one more month to
12 get the recommendation of the committee.

13 MARK SWARTZ: With the assumption then that
14 whatever the recommendation is, this unit size would be
15 conformed to that in July, and we'd be good to go.
16 Would that work?

17 BUTCH LAMBERT: I'll leave that to Mr. Prather
18 since he's heading up that committee.

19 BRUCE PRATHER: Well, it would...not to...I
20 mean, as far as the spacing pattern that has been
21 approved, I'm not too sure...unless you're talking about
22 going into the separate formation, I'm not too sure that
23 we have anything in there that will let you drill
24 laterals in the same formation off of one location. I
25 just don't think our system will allow that because what

1 it amounts to is it starts allowing you to have stranded
2 acreage where we don't want it. If we could confine the
3 thing to squares, irregardless of what the size of them
4 are. It will take care of any stranded acreage or
5 anything like that. It's when we start branching out on
6 our own is when we have problems. As long as you're in
7 a different formation, you can sit there on that one
8 location, you can drill three or four of them in
9 different formations at a different alignment.

10 BUTCH LAMBERT: So, Mr. Prather, let me ask.
11 Hypothetically...I know that hasn't been before the
12 Board, but hypothetically is this proposal that we have
13 before us on CC-38, that would not fit into what has
14 been possibly recommended?

15 BRUCE PRATHER: I don't see it fitting in on
16 what we're recommending.

17 BUTCH LAMBERT: Because they're drilling in the
18 same formation with two wells.

19 BRUCE PRATHER: Yeah. Yeah. Uh-huh. It would
20 be coming off, right.

21 MARK SWARTZ: I guess my concern then is, and
22 this is the first I would have known that, but if the
23 new regulation or proposal isn't going to apply to a
24 well with multiple legs well then why wait? I mean, I
25 think it's...you know, you could act on this today.

1 BUTCH LAMBERT: Well, I guess that's
2 the...that's why I asked the question.

3 MARK SWARTZ: Right. That's what I'm saying
4 because I guess we don't...you know, the building block
5 of 20 acres would not be applied to this. So, really do
6 we need to wait?

7 BRUCE PRATHER: Yeah.

8 MARK SWARTZ: I gather you're saying we don't
9 or---

10 BRUCE PRATHER: Pardon?

11 MARK SWARTZ: I gather you're saying there's no
12 reason to wait on designing a unit for CC-38 because
13 your expectation is that the proposal that your
14 committee is making would not really affect this
15 development.

16 BUTCH LAMBERT: Well, I think he says it won't
17 apply to that and we can't approve it by their
18 recommendation. Correct me if I'm wrong here, but we're
19 drilling from one pad two wells, in the same formation
20 wouldn't apply to what they're going to recommend.
21 Therefore, they wouldn't be able to recommend that this
22 be approved this way. Is that right?

23 BRUCE PRATHER: Yeah, that's correct.

24 SHARON PIGEON: So, it actually does apply, but
25 in a negative way. I think that's the distinction.

1 MARK SWARTZ: So, you're saying that the
2 expectation with regard to the proposed rules is you
3 cannot not have multiple legs off the same hole?

4 MARY QUILLEN: In the same---.

5 BRUCE PRATHER: In the same formation.

6 MARY QUILLEN: ---formation.

7 BRUCE PRATHER: In other words, we're talking
8 probably about ten formations that it could be and if
9 you wanted to drill multiple legs off of one into each
10 one of these formations that would be acceptable. The
11 big problem that we have is that in order to keep from
12 having stranded acreage and overlap of these things,
13 it's best to go with these 20 acre squares and
14 essentially drill these things parallel or however you
15 want to do it on your particular piece of property.
16 I've got a...this is essentially the way the thing will
17 be planned if you want to take a look at it. That would
18 be your 20 acre square and it would be each one of
19 these. As you can see, there's 340 acres in this
20 square, and there's...I'd have to count the tracts, but
21 these tracts make up the unit. And then there would be
22 400 acres in this length of horizontal distance. This
23 one down here has got 320 and this has 400. So that's a
24 way you can do it. And this way, I know we're not
25 leaving any stranded acreage out there and that's one of

1 the things that bothers me when we start drilling them
2 off into the Lips type of program.

3 MARY QUILLEN: Mr. Swartz, is this something
4 that you all are planning to do...drilling in the same
5 formation...multiple legs in the same formation?

6 MARK SWARTZ: It's a common way to develop. I
7 mean, I'm just stunned by what I'm hearing, that this
8 would not be on the radar. I mean to me this is a
9 common way to develop a formation to drill mult...it has
10 being going on for years, you know, to drill multiple
11 wells in the same formation using the same...essentially
12 the same production hole. So, I'm...obviously, I'm
13 going to talk to my client, but I would be astonished, I
14 know they're going to meetings, if this is something
15 they were behind.

16 BRUCE PRATHER: Well, they...they didn't come up
17 with any Lips system. My committee and you had three or
18 four people from CNX that were at these meetings.

19 BUTCH LAMBERT: I guess, we probably ought to
20 at least continue it to July because apparently there's
21 some...from what we're hearing here now there's, you
22 know, CNX--.

23 MARK SWARTZ: Yeah. I mean, I'm just---.

24 BUTCH LAMBERT: ---folks that was on committee
25 maybe---.

1 MARK SWARTZ: I mean, you know, not just my
2 client, but, you know, people have been drilling
3 multiple legs in the same formation for I'm thinking 15
4 years. I mean, this is a common way to develop acreage
5 and, you know, if we're going to have a rule, we need to
6 sort of look at technology that's available and have the
7 rule of (inaudible). So, I guess, we probably need
8 to...I need to alert my clients. They need to be here
9 for this if it's going to be on the---

10 BRUCE PRATHER: Mr. Swartz, Ian Lucas and
11 Travis Elkins.

12 MARK SWARTZ: Right. I understand that, but---
13 .

14 SHARON PIGEON: You may need to attend the
15 committee meeting on the 27th of June.

16 MARK SWARTZ: Oh, I'm going to be in England so
17 it would be a tough (inaudible).

18 SHARON PIGEON: You might be able to get time
19 and a half.

20 MARK SWARTZ: But I'll send somebody. All
21 right. We probably do need to continue this.

22 BUTCH LAMBERT: Continued to July. Apparently
23 there's some miscommunication--.

24 MARK SWARTZ: There something...there's
25 something (inaudible) here, correct.

1 BUTCH LAMBERT: Okay. That docket item will be
2 continued until July.

3 (Off record discussion.)

4 BUTCH LAMBERT: Calling docket item twenty-
5 nine, a petition from Range Resources-Pine Mountain,
6 Inc. for well location exception for proposed well
7 900014, docket number VGOB-11-0614-2957. All parties
8 wishing to testify, please come forward.

9 TIM SCOTT: Tim Scott and Gus Jansen and Phil
10 Horn for Range Resources-Pine Mountain, Inc.

11 BUTCH LAMBERT: You may proceed, Mr. Scott.

12

13

PHIL HORN

14 having been duly sworn, was examined and testified as
15 follows:

16

DIRECT EXAMINATION

17

QUESTIONS BY MR. SCOTT:

18

Q. Mr. Horn, you were previously sworn, is
19 that right?

20

A. That's correct.

21

Q. Again, would you please state your name,
22 by whom you're employed and your job description?

23

A. My name is Phil Horn. I'm land manager
24 for Range Resources-Pine Mountain, Inc.

25

Q. You're familiar with this application?

1 A. Yes, I am.

2 Q. You're also familiar with the minerals
3 underlying this unit?

4 A. Yes, I am.

5 Q. Are the owners set on Exhibit B?

6 A. Yes, they are.

7 Q. And the wells to which we're seeking a
8 well location today is 826114 and proposed 900019, is
9 that right?

10 A. Yes, proposed well 900019 is just a
11 permitted well.

12 Q. And Range Resources operates these wells,
13 is that right?

14 A. That's correct.

15 Q. How was notice of this hearing provided
16 to the parties listed on Exhibit B?

17 A. By certified mail.

18 Q. And we've provided of mailing, did we
19 not?

20 A. Yes, we have.

21 TIM SCOTT: That's all I have for Mr. Horn.

22 BUTCH LAMBERT: Any questions from the Board?
23 (No audible response.)

24 BUTCH LAMBERT: You may continue, Mr. Scott.

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GUS JANSEN

having been duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

QUESTIONS BY MR. SCOTT:

Q. Mr. Jansen, again, you've already been sworn, is that right?

A. That's correct.

Q. And state your name, by whom you're employed and your job description.

A. My name is Gus Jansen. I'm employed by Range Resources-Pine Mountain, Inc. as the manager of geology.

Q. You're familiar with this application, is that right?

A. I am.

Q. You participated in the preparation of the application?

A. Yes, I did.

Q. Would you please tell the Board why we're seeking a well location exception today?

A. Yes, I've handed out to the Board Exhibit AA, which shows the location of the proposed well, 900014. This well has been...this area has been extensively surfaced mined and this area recently

1 reclaimed and this property is now...the surface
2 property of this area is now controlled by Buchanan
3 County Industrial Development Authority, and we are
4 working with them to position these wells by mutual
5 agreement to minimize the impact of the gas well
6 development as well as allow them their development
7 plans and to maximize the potential for natural
8 resources from the area. And if we're unable to drill
9 this well at this location, we would be stranding
10 approximately 108.4 acres.

11 Q. What's the proposed depth of this well?

12 A. 6,058 feet.

13 Q. And what's the potential loss of reserves
14 if the application is not approved today?

15 A. 350 million cubic feet of gas?

16 Q. And in your opinion if the application is
17 granted, it would prevent waste, promote...promote
18 conservation and protect correlative, is that correct?

19 A. That is correct.

20 TIM SCOTT: That's all I have for Mr. Jansen.

21 BUTCH LAMBERT: Any questions from the Board?

22 (No audible response.)

23 BUTCH LAMBERT: Anything further, Mr. Scott?

24 TIM SCOTT: That's all I have, Mr. Chairman.

25 BUTCH LAMBERT: Do I have a motion?

1 having been duly sworn, was examined and testified as
2 follows:

3 DIRECT EXAMINATION

4 QUESTIONS BY MR. SCOTT:

5 Q. Mr. Horn, please again state your name,
6 by whom you're employed and your job description.

7 A. My name is Phil Horn. I'm the land
8 manager for Range Resources, Inc.-Pine Mountain, Inc.

9 Q. Again, are you familiar with this
10 application?

11 A. Yes, I am.

12 Q. And you're familiar with the owners of
13 the minerals underlying this unit, is that right?

14 A. This is 100% owned by Range Resources.

15 Q. And that's set out on Exhibit B, is that
16 right?

17 A. That's correct.

18 Q. Now, we've got three wells from which
19 we're seeking a well location exception. We've got
20 900014, 826114 and 826113, who operates those wells?

21 A. Range Resources-Pine Mountain, Inc.

22 Q. So, in this particular situation, Range
23 Resources is both an owner and an operator, is that
24 right?

25 A. That's correct.

1 Q. How was notice of this hearing provided
2 to the parties listed on Exhibit B?

3 A. By certified mail.

4 Q. And you provided proof of mailings to Mr.
5 Asbury, is that right?

6 A. Yes, you have.

7 TIM SCOTT: That's all I have for Mr. Horn.

8 BUTCH LAMBERT: Any questions from the Board?

9 (No audible response.)

10 BUTCH LAMBERT: You may continue, Mr. Scott.

11

12 GUS JENSEN

13 having been duly sworn, was examined and testified as
14 follows:

15 DIRECT EXAMINATION

16 QUESTIONS BY MR. SCOTT:

17 Q. Mr. Jansen, again your name, by whom
18 you're employed and your job description?

19 A. My name is Gus Jansen, employed by Range
20 Resources-Pine Mountain, Inc. as the manager of geology.

21 Q. Are you familiar with this application?

22 A. Yes, I am.

23 Q. And did you also participate in the
24 preparation of the application?

25 A. Yes, I did.

1 Q. Please tell the Board why we're seeking a
2 well location exception today.

3 A. Again, if the Board will refer to Exhibit
4 AA, you will see the location of proposed well 900019.
5 Again, this in the offsetting area to the previous well
6 that we just discussed. Again, this is the IDA surface
7 area in this general area and we worked with them again
8 to position this well to minimize the impact for their
9 development plans as well as to maximize the resource
10 recovery. In the event we're not able to drill the well
11 at this location, it will result in approximately 100.05
12 acres of stranded acreage.

13 Q. What's the proposed depth of the well?

14 A. 5,862 feet.

15 Q. And what's the potential loss of reserves
16 if the application were not granted?

17 A. 400 million cubic feet of gas.

18 Q. And in your opinion, if this application
19 is granted, it would prevent waste, protect correlative
20 rights and promote conservation, is that right?

21 A. That is correct.

22 TIM SCOTT: That's all I have for Mr. Jansen.

23 BUTCH LAMBERT: Any questions from the Board?

24 (No audible response.)

25 BUTCH LAMBERT: Anything further, Mr. Scott?

1 TIM SCOTT: That's all I have, Mr. Chairman.
2 BUTCH LAMBERT: Do I have a motion?
3 MARY QUILLEN: Motion to approve.
4 BRUCE PRATHER: Second.
5 BUTCH LAMBERT: I have a motion and second.
6 Any further discussion?
7 (No audible response.)
8 BUTCH LAMBERT: All in favor, signify by saying
9 yes.
10 (All members signify by saying yes).
11 BUTCH LAMBERT: Opposed, no.
12 (No audible response.)
13 BUTCH LAMBERT: Thank you, Mr. Scott. It's
14 approved.
15 TIM SCOTT: Thank you, Mr. Chairman.
16 BUTCH LAMBERT: We're calling docket item
17 thirty-one, a petition from Range Resources-Pine
18 Mountain, Inc., for a well location exception for
19 proposed well 900020, docket number VGOB-11-2614-2959.
20 All parties wishing to testify, please come forward.
21 TIM SCOTT: Tim Scott, Gus Jensen and Phil Horn
22 for Range Resources-Pine Mountain, Inc.
23 BUTCH LAMBERT: You may proceed, Mr. Scott.
24 TIM SCOTT: Thank you, Mr. Chairman.
25 PHIL HORN

1 having been duly sworn, was examined and testified as
2 follows:

3 DIRECT EXAMINATION

4 QUESTIONS BY MR. SCOTT:

5 Q. Mr. Horn, again your name, by whom you're
6 employed and your job description.

7 A. Phil Horn, Range Resources-Pine Mountain,
8 Inc. as land manager.

9 Q. Are you familiar with the ownership of
10 the minerals underlying this unit?

11 A. Yes, I am.

12 Q. Are those owners set out in Exhibit B?

13 A. Yes, they are.

14 Q. Could you tell the Board who operates
15 well number 826113?

16 A. Range Resources-Pine Mountain, Inc.

17 Q. In this particular situation...Range
18 Resources is both an owner and an operator, is that
19 right?

20 A. That's correct.

21 Q. Okay. How was notice of this hearing
22 provided to the parties listed on Exhibit B?

23 A. By certified mail.

24 Q. And those proofs of mailing have been
25 provided to Mr. Asbury, is that right?

1 A. That's correct.

2 TIM SCOTT: Okay. That's all I have for Mr.

3 Horn.

4 BUTCH LAMBERT: Any questions from the Board?

5 BRUCE PRATHER: I have a question.

6 BUTCH LAMBERT: Mr. Prather.

7 BRUCE PRATHER: I assume that all the acreage

8 that is in here is controlled by Range Resources,

9 everything over here too around this well.

10 PHIL HORN: To the east?

11 BRUCE PRATHER: Yeah.

12 PHIL HORN: As far as I know.

13 BRUCE PRATHER: Okay.

14 PHIL HORN: I mean, I can't...well, I'm sure

15 700 feet to the east would be us, the same tract, yes,

16 sir.

17 BRUCE PRATHER: Okay.

18

19 GUS JANSEN

20 having been duly sworn, was examined and testified as

21 follows:

22 DIRECT EXAMINATION

23 QUESTIONS BY MR. SCOTT:

24 Q. Mr. Jansen, again your name, by whom

25 you're employed and your job description.

1 A. Again, my name is Gus Jansen, employed by
2 Range Resources-Pine Mountain, Inc. as the manager of
3 geology.

4 Q. Are you familiar with this application?

5 A. Yes, I am.

6 Q. And please tell the Board why we're
7 seeking a well location exception for this particular
8 well.

9 A. Yes. Again, I passed out to the Board
10 Exhibit AA showing the location of proposed well 900020.
11 Again, this is a continuation of what we just discussed.
12 This is again IDA's surface area up in this vicinity.
13 Again, we've worked with them to select a location by
14 mutual agreement to minimize the impact to their future
15 plans, as well as to allow for maximizing the recovery
16 of the natural resources. Again, if we are unable to
17 drill the well at this location, it will result in
18 approximately 96.93 acres stranded of reserves.

19 Q. And what is the proposed depth of the
20 well?

21 A. 5,884 feet.

22 Q. The potential loss of reserves?

23 A. 475 million cubic feet of gas.

24 Q. Again, if this is granted, it would
25 prevent waste, protect correlative rights and promote

1 conservation, is that right?

2 A. That's correct.

3 TIM SCOTT: That's all I have for Mr. Jansen.

4 BUTCH LAMBERT: Any questions from the Board?

5 (No audible response.)

6 BUTCH LAMBERT: Anything further, Mr. Scott?

7 TIM SCOTT: That's all I have, Mr. Chairman.

8 BUTCH LAMBERT: Do I have a motion?

9 MARY QUILLEN: Motion to approve.

10 BRUCE PRATHER: Second.

11 BUTCH LAMBERT: I have a motion and a second.

12 Any further discussion?

13 (No audible response.)

14 BUTCH LAMBERT: All in favor, signify by saying

15 yes.

16 (All members signify by saying yes).

17 BUTCH LAMBERT: Opposed, no.

18 (No audible response.)

19 BUTCH LAMBERT: Thank you, Mr. Scott. That's

20 approved. (Tape switched over to new tape and did not

21 record the calling of next docket item.) All parties

22 wishing to testify, please come forward.

23 TIM SCOTT: Tim Scott, Gus Jansen and Phil Horn

24 for Range Resources-Pine Mountain, Inc.

25 BUTCH LAMBERT: You may proceed, Mr. Scott.

1 TIM SCOTT: When I get my witness back.

2 SHARON PIGEON: You're there alone.

3

4

PHIL HORN

5 having been duly sworn, was examined and testified as
6 follows:

7

DIRECT EXAMINATION

8 QUESTIONS BY MR. SCOTT:

9

 Q. Mr. Horn, your name, by whom you're
10 employed and your job description.

11

 A. I'm Phil Horn. I'm the land manager for
12 Range Resources-Pine Mountain, Inc.

13

 Q. Are you familiar with the ownership of
14 the minerals in this unit?

15

 A. Yes, I am.

16

 Q. Are the owners set out on Exhibit B?

17

 A. That's correct.

18

 Q. Who operates the wells from which the
19 offset is...or the well location exception is sought
20 today?

21

 A. Range Resources-Pine Mountain, Inc.

22

 Q. And we have provided proof of mailing to
23 those parties to the Board, is that right?

24

 A. That's correct.

25

TIM SCOTT: That's all I have for Mr. Horn.

1 BUTCH LAMBERT: Any questions from the Board?

2 BRUCE PRATHER: I've got one question.

3 BUTCH LAMBERT: Mr. Prather.

4 BRUCE PRATHER: Is this 1B Breeding? I mean,
5 all your other wells in here have these prefixes of 80.
6 Is that 1B Breeding your well?

7 PHIL HORN: No, that's someone else's wells.

8 BRUCE PRATHER: Okay.

9 BUTCH LAMBERT: Any further questions?

10 (No audible response.)

11 BUTCH LAMBERT: You may continue, Mr. Scott.

12 TIM SCOTT: Thank you, Mr. Chairman.

13

14

GUS JANSEN

15 having been duly sworn, was examined and testified as
16 follows:

17

DIRECT EXAMINATION

18 QUESTIONS BY MR. SCOTT:

19 Q. Mr. Jansen, your name, by whom you're
20 employed and your job description.

21 A. My name is Gus Jansen. I'm employed by
22 Range Resources-Pine Mountain, Inc. as the manager of
23 geology.

24 Q. You're familiar with this application, is
25 that correct?

1 A. Yes, I am.

2 Q. Please tell the Board why we're seeking a
3 well location exception for this particular well.

4 A. Again, if the Board will refer to Exhibit
5 AA, you'll see the location of proposed well 90016.
6 This well is been situated at this location due to
7 topographic constraints. The closest location to locate
8 a well would be to locate approximately 1200 feet to the
9 northeast. That event would result in even more
10 stranded acreage if we weren't able to do it at this
11 location. If we're unable to drill at this location, we
12 would be stranding approximately 100.35 acres.

13 Q. And what's the proposed depth of this
14 well?

15 A. 5,212 feet.

16 Q. The potential loss of reserves?

17 A. 500 million cubic feet of gas.

18 Q. So, if this application is granted, it
19 would promote conservation, protect correlative rights
20 and prevent waste, is that right?

21 A. That is correct.

22 TIM SCOTT: That's all I have for Mr. Jansen.

23 BUTCH LAMBERT: Any questions from the Board?

24 (No audible response.)

25 BUTCH LAMBERT: Anything further, Mr. Scott?

1 TIM SCOTT: That's all I have, Mr. Chairman.
2 BUTCH LAMBERT: Do I have a motion?
3 MARY QUILLEN: Motion to approve.
4 BRUCE PRATHER: Second.
5 BUTCH LAMBERT: A motion and a second. Any
6 further discussion?
7 (No audible response.)
8 BUTCH LAMBERT: All in favor, signify by saying
9 yes.
10 (All members signify by saying yes.)
11 BUTCH LAMBERT: Opposed, no.
12 (No audible response.)
13 BUTCH LAMBERT: Thank you, Mr. Scott. It's
14 approved. Calling docket item thirty-three, a petition
15 from Range Resources-Pine Mountain, Inc. for a well
16 location exception for proposed well V-536121, docket
17 number VGOB-11-0614-2961. All parties wishing to
18 testify, please come forward.
19 TIM SCOTT: Tim Scott, Gus Jansen and Phil Horn
20 for Range Resources-Pine Mountain, Inc.
21 BUTCH LAMBERT: You may proceed, Mr. Scott.
22 TIM SCOTT: Thank you.
23
24 PHIL HORN
25 having been duly sworn, was examined and testified as

1 follows:

2

DIRECT EXAMINATION

3

QUESTIONS BY MR. SCOTT:

4

Q. Mr. Horn, your name, by whom you're
5 employed and your job description, please.

6

A. My name is Phil Horn. I'm the land
7 manager for Range Resources-Pine Mountain, Inc.

8

Q. And in this particular situation, you
9 know who the minerals are, is that right?

10

A. Yes.

11

Q. Those people are set out on Exhibit B?

12

A. That's correct.

13

Q. Who operates well number 809769?

14

A. Range Resources-Pine Mountain, Inc.

15

Q. So, in this...is Range both an owner and
16 an operator in this particular unit?

17

A. Yes. We have acreage in this unit also.

18

Q. So, we do have some unknowns, is that
19 right?

20

A. That's correct.

21

Q. So, we...we sent out by certified mail
22 and publication, is that right?

23

A. That's correct.

24

Q. And we've provided proof of mailing and
25 proof of publication to the Board, is that correct?

1 A. That's correct.
2 TIM SCOTT: That's all I have for Mr. Horn.
3 BUTCH LAMBERT: Any questions from the Board?
4 (No audible response.)
5 BUTCH LAMBERT: Anything further, Mr. Scott?
6 TIM SCOTT: That's all I have for Mr. Horn.
7 BUTCH LAMBERT: Anything further?
8 TIM SCOTT: Oh, Mr. Jansen.
9 BUTCH LAMBERT: Oh, I'm sorry.
10 TIM SCOTT: That's okay.
11 BUTCH LAMBERT: You may continue with Mr.
12 Jansen.
13 TIM SCOTT: Thank you.

14
15 GUS JANSEN

16 having been duly sworn, was examined and testified as
17 follows:

18 DIRECT EXAMINATION

19 QUESTIONS BY MR. SCOTT:

20 Q. Mr. Jansen, your name, by whom you're
21 employed and your job description.

22 A. My name is Gus Jansen. I'm employed by
23 Range Resources-Pine Mountain, Inc. as the manager of
24 geology.

25 Q. Are you familiar with this application?

1 A. Yes, I am.

2 Q. Can you tell us why we're seeking the
3 well location exception for this particular unit?

4 A. Yes. If the Board, again, will refer to
5 Exhibit AA you'll see the location of proposed well
6 536121. We've selected this location due to topographic
7 restraints as well as an existing major pipeline that's
8 just to the north or the southwest of this area. In the
9 event that we're unable to drill at this location it
10 will result in approximately 108.7 acres of stranded
11 acreage.

12 Q. And what's the proposed depth of this
13 particular well?

14 A. 5,181 feet.

15 Q. And if the application is not granted,
16 then what would be the potential loss of reserves?

17 A. 400 million cubic feet of gas.

18 Q. In your opinion, if this application is
19 granted it would prevent waste, protect correlative
20 rights and promote conservation, is that right?

21 A. That is correct.

22 TIM SCOTT: That's all I have for Mr. Jansen.

23 BUTCH LAMBERT: Any questions from the Board?

24 MARY QUILLEN: Mr.---

25 BRUCE PRATHER: Mr...go ahead. Mr. Chairman,

1 I've got another question.

2 MARY QUILLEN: Go ahead.

3 BRUCE PRATHER: On our...on our Exhibit EE we've
4 got...I see the well that we're discussing. But we've
5 also got another one other over here that's in green and
6 it's in red. What...what is this?

7 GUS JANSEN: That will be another exception
8 that's coming up. It was just on the same map area when
9 he presented this map.

10 BRUCE PRATHER: Oh, okay.

11 GUS JANSEN: That will be...I think it's
12 actually maybe the next one.

13 BRUCE PRATHER: I mean, I don't see thirty-one
14 on our agenda.

15 GUS JANSEN: We've already done that one.

16 PHIL HORN: We did this one last month.

17 BRUCE PRATHER: Okay.

18 PHIL HORN: The one to the east.

19 BRUCE PRATHER: Okay. Okay.

20 BUTCH LAMBERT: Ms. Quillen.

21 MARY QUILLEN: I have just one question. On the
22 Yellow Poplar, is that a very large tract or do you
23 know?

24 PHIL HORN: It's 139...134.58 acres.

25 MARY QUILLEN: I'm just curious. Thank you.

1 BRUCE PRATHER: Yes, ma'am.

2 BUTCH LAMBERT: I'm not sure who my question
3 will be for, Mr. Jansen or Mr. Horn. The overlap how
4 will those folks be paid?

5 GUS JANSEN: They will be double paid if it
6 overlapped. Both parties will be paid.

7 BUTCH LAMBERT: Okay. Thanks. Any other---?

8 SHARON PIGEON: Why can't you position it just a
9 little bit lower? Why can't you locate the well just a
10 little bit further to the southwest?

11 GUS JANSEN: There's...as I stated before,
12 there's a major gap in pipeline through that area that
13 would require us to relocate that and the topography
14 does not allow us to move all of those entities of all
15 pipeline of that
16 without---?

17 SHARON PIGEON: So, the pipeline would have to
18 be relocated in order to get a---?

19 GUS JANSEN: To get a well location that close
20 to the pipelines. Probably for safety reasons, we
21 didn't want to get that close to that existing line.

22 BUTCH LAMBERT: Any other questions?

23 (No audible response.)

24 BUTCH LAMBERT: Anything further, Mr. Scott?

25 TIM SCOTT: That's all I have, Mr. Chairman, for

1 this---

2 BUTCH LAMBERT: Do I have a motion?

3 MARY QUILLEN: Motion to approve.

4 BRUCE PRATHER: Second.

5 BUTCH LAMBERT: Motion and a second. Any
6 further discussion?

7 (No audible response.)

8 BUTCH LAMBERT: All in favor, signify by saying
9 yes.

10 (All members signify by saying yes.)

11 BUTCH LAMBERT: Opposed, no.

12 (No audible response.)

13 BUTCH LAMBERT: It's approved, Mr. Scott.
14 Calling docket item thirty-four, a petition from Range
15 Resources-Pine Mountain, Inc. for a well location
16 exception for proposed well 90044, docket number VGOB-
17 11-0614-2962. All parties wishing to testify, please
18 come forward.

19 TIM SCOTT: Mr. Chairman, Tim Scott, Gus Jansen
20 and Phil Horn for Range Resources-Pine Mountain, Inc.

21 BUTCH LAMBERT: You may proceed, Mr. Scott.

22 TIM SCOTT: Thank you, Mr. Chairman.

23

24

PHIL HORN

25 having been duly sworn, was examined and testified as

1 follows:

2

DIRECT EXAMINATION

3

QUESTIONS BY MR. SCOTT:

4

Q. Mr. Horn, we've passed out a revised

5

Exhibit B, is that correct?

6

A. Yes.

7

Q. And in this particular situation we had

8

left a gentleman off and we had to revise it, but all

9

the parties that were required to be notified under both

10

B and D...revised B have been notified, is that correct?

11

A. That's correct.

12

Q. Okay. Now, again, I got ahead of myself.

13

What's your name and by whom you're employed and what

14

your job description is?

15

A. My name is Phil Horn. I'm the land

16

manager for Range Resources-Pine Mountain, Inc.

17

Q. Are you familiar with this application,

18

of course?

19

A. Yes, I am.

20

Q. Are you familiar with the owners of the

21

minerals underlying this unit?

22

A. That's correct.

23

Q. And the parties are set forth on Exhibit

24

B, is that right?

25

A. Yes, they are.

1 Q. And can you tell us who operates the two
2 wells from which this well location exception is sought?

3 A. The one to the southeast 809590 is
4 operated by Range Resources-Pine Mountain, Inc. The one
5 to the northwest is the Elswick #1 is operated by EQT
6 Production Company.

7 Q. And at this particular situation, you are
8 both an owner and operator, is that right?

9 A. That's correct.

10 Q. Okay. How was notice of this hearing
11 provided?

12 A. By certified mail.

13 Q. And we've provided proof of mailing to
14 Mr. Asbury, is that correct?

15 A. That's correct.

16 TIM SCOTT: That's all I have for Mr. Horn.

17 BUTCH LAMBERT: Any questions from the Board?

18 (No audible response.)

19 BUTCH LAMBERT: You may continue, Mr. Scott.

20 TIM SCOTT: Thank you, Mr. Chairman.

21

22 GUS JANSEN

23 having been duly sworn, was examined and testified as
24 follows:

25 DIRECT EXAMINATION

1 QUESTIONS BY MR. SCOTT:

2 Q. Mr. Jansen, again, your name, by whom
3 you're employed and your job description.

4 A. My name is Gus Jansen. I'm employed by
5 Range Resources-Pine Mountain, Inc. as the manager of
6 geology.

7 Q. You participated in the preparation of
8 this application?

9 A. Yes, I did.

10 Q. And why are we seeking a well location
11 exception for this particular unit?

12 A. Yes. Again, if the Board will refer to
13 Exhibit AA you'll see the location of proposed well
14 90044...000044. This positioned this well due to
15 topographic restraints. If we were...the nearest
16 location that we could get a suitable location would be
17 approximately 2,000 feet to the southwest, which would
18 result in stranded acreage of this area in the amount of
19 92.95 acres.

20 Q. What's the proposed depth of this well?

21 A. 5,091 feet.

22 Q. And the potential loss of reserves?

23 A. 350 million cubic feet of gas.

24 Q. And if the application is granted then it
25 would prevent waste, promote conservation and protect

1 correlative rights, is that correct?

2 A. That is correct.

3 TIM SCOTT: That's all I have for Mr. Jansen.

4 BUTCH LAMBERT: Any questions from the Board?

5 MARY QUILLEN: I...Mr. Chairman, I have just one
6 question.

7 MARY QUILLEN: Ms. Quillen.

8 MARY QUILLEN: On this Elswick #1, on this
9 handout it's identified as 117281.

10 PHIL HORN: That's Equitable's well number for
11 that.

12 MARY QUILLEN: Oh, okay. Okay. Okay.

13 PHIL HORN: Yes, ma'am. The GIS guy got that
14 off our map, I believe, probably.

15 MARY QUILLEN: Okay. Thank you.

16 BUTCH LAMBERT: Any further questions?

17 DONNIE RATLIFF: Mr. Chairman, just---.

18 BUTCH LAMBERT: Mr. Ratliff.

19 DONNIE RATLIFF: Mr. Horn, on two of two on
20 Exhibit B, the Eula Hale Estate. She's deceased. She
21 has two sons, Jack Hale. You have Jack listed there.
22 But over on the next page, the second one up, you've got
23 the other son, Bill Hale and Glenna Hale.

24 PHIL HORN: What page are you on, again, now?

25 DONNIE RATLIFF: On the new Exhibit B, on two of

1 three, four up from the bottom, the Eula Hale Estate.

2 PHIL HORN: Okay.

3 DONNIE RATLIFF: She has two sons, Jack Hale and
4 Bill Hale. You've got Jack under Eula and then on the
5 last page, the second one up, you've got a separate
6 section just for Charles William and Glenna Hale. I
7 think that Charles William and Jack will have equal
8 shares there because that's their mother. Eula is the
9 mother of both of those people.

10 PHIL HORN: Okay.

11 DONNIE RATLIFF: So, you may want to...you may
12 want to look at that. One of them is wrong and I don't
13 know which one it is.

14 PHIL HORN: Apparently, we're paying the Eula
15 Hale Estate in care of Jack Hale. That's probably
16 what's...because we...on these wells that we inherited
17 from Chesapeake, we have numerous owners and we're
18 basically using our payment statements to come up with
19 the owners' addresses. But we'll definitely check into
20 that.

21 DONNIE RATLIFF: Okay.

22 SHARON PIGEON: So, you think you're paying Jack
23 Hale as the administrator of the Estate on that one and
24 maybe the other one they own separately.

25 PHIL HORN: I'm not sure. I can't---

1 SHARON PIGEON: Okay.

2 PHIL HORN: On the exceptions, I guess, we just
3 list them and don't list their...if we were force
4 pooling it I could probably answer the question because
5 we'd have the percentages on here.

6 DONNIE RATLIFF: You might make a note.

7 PHIL HORN: I will make a note.

8 BUTCH LAMBERT: Any further questions?
9 (No audible response.)

10 BUTCH LAMBERT: Anything further, Mr. Scott?

11 TIM SCOTT: That's all I have, Mr. Chairman.

12 BUTCH LAMBERT: Do I have a motion?

13 MARY QUILLEN: Motion to approve.

14 BRUCE PRATHER: Second.

15 BUTCH LAMBERT: Motion and a second. Any
16 further discussion?

17 (No audible response.)

18 BUTCH LAMBERT: All in favor, signify by saying
19 yes.

20 (All members signify by saying yes.)

21 BUTCH LAMBERT: Opposed, no.
22 (No audible response.)

23 BUTCH LAMBERT: Thank you, Mr. Scott. It's
24 approved.

25 TIM SCOTT: Thank you.

1 BUTCH LAMBERT: Calling docket item thirty-
2 five, a petition from Range Resources-Pine Mountain,
3 Inc. for a well location exception for proposed well
4 900047, docket number VGOB-11-0614-2962. All parties
5 wishing to testify, please come forward.

6 TIM SCOTT: Tim Scott, Gus Jansen and Phil Horn
7 for Range Resources-Pine Mountain, Inc.

8 BUTCH LAMBERT: You may proceed, Mr. Scott.

9 TIM SCOTT: Thank you, Mr. Chairman.

10

11

PHIL HORN

12 having been duly sworn, was examined and testified as
13 follows:

14

DIRECT EXAMINATION

15 QUESTIONS BY MR. SCOTT:

16

Q. Mr. Horn, your name, by whom you're
17 employed and your job description, please.

18

A. My name is Phil Horn. I'm land manager
19 for Range Resources-Pine Mountain, Inc.

20

Q. Are you familiar with this application?

21

A. Yes, I am.

22

Q. Are you familiar with the ownership of
23 the minerals underlying this unit?

24

A. Yes, I am.

25

Q. Are those owners set out on Exhibit B to

1 the application?

2 A. Yes, they are.

3 Q. And who operates the two wells from which
4 the well location exception is sought today?

5 A. Range Resources-Pine Mountain, Inc.

6 Q. And in this particular situation is...is
7 Range an owner in this one?

8 A. Yes, we own all the Tracts 2, 3, 4 and 5.

9 Q. Okay. So, you're an owner and an
10 operator, is that correct?

11 A. That's correct.

12 Q. How as notice of this hearing provided to
13 the parties listed on Exhibit B?

14 A. By certified mail.

15 Q. We provided proof of mailing to Mr.
16 Asbury?

17 A. Yes, you have.

18 TIM SCOTT: That's all I have for Mr. Horn.

19 BUTCH LAMBERT: Any questions from the Board?

20 (No audible response.)

21 TIM SCOTT: You may continue, Mr. Scott.

22 TIM SCOTT: Thank you, Mr. Chairman.

23

24

GUS JANSEN

25 having been duly sworn, was examined and testified as

1 follows:

2

DIRECT EXAMINATION

3

QUESTIONS BY MR. SCOTT:

4

Q. Mr. Jansen, your name, by whom you're employed and your job description.

5

6

A. My name is Gus Jansen. I'm employed by Range Resources-Pine Mountain, Inc. as the manager of geology.

7

8

9

Q. You're familiar with this application, is that correct?

10

11

A. Yes, I am.

12

13

Q. And please tell the Board why we're seeking a well location exception today?

14

15

16

17

18

19

20

21

22

23

24

A. Yes. Again, referring to Exhibit A, which I've handed out to the Board, you'll see the location of proposed well 900047. The existing offsetting wells in the area do not allow for a new location that would meet the statewide spacing requirements and that's one of the new wells that has been situated at the best available topographic location to maximize the natural resource development to this area. In the event that we're not able to drill the well at this location, it would result in approximately 103.15 stranded acres.

25

Q. And what's the proposed depth of this

1 well?

2 A. 5,636 feet.

3 Q. And the potential loss of reserves if the
4 application is not granted?

5 A. 375 million cubic feet of gas.

6 Q. So, in your opinion, if the application
7 is granted it would prevent waste, promote conservation
8 and prevent and protect correlative rights, is that
9 correct?

10 A. That is correct.

11 TIM SCOTT: That's all I have for Mr. Jansen.

12 BUTCH LAMBERT: Any questions from the Board?

13 (No audible response.)

14 BUTCH LAMBERT: Anything further, Mr. Scott?

15 TIM SCOTT: That's all I have, Mr. Chairman.

16 BUTCH LAMBERT: Do I have a motion?

17 MARY QUILLEN: Motion to approve.

18 BRUCE PRATHER: Second.

19 BUTCH LAMBERT: I have a motion and a second.

20 Any further discussion?

21 (No audible response.)

22 BUTCH LAMBERT: All in favor, signify by saying
23 yes.

24 (All members signify by saying yes.)

25 BUTCH LAMBERT: Opposed, no.

1 (No audible response.)

2 BUTCH LAMBERT: Thank you, Mr. Scott. It's
3 approved.

4 TIM SCOTT: Thank you, Mr. Chairman.

5 BUTCH LAMBERT: We're calling item number
6 thirty-six on the docket, a petition from Range
7 Resources-Pine Mountain, Inc. for a well location
8 exception for proposed well 90025, docket number VGOB-
9 11-0614-2964. All parties wishing to testify, please
10 come forward.

11 TIM SCOTT: Again, Tim Scott, Gus Jansen and
12 Phil Horn for Range Resources-Pine Mountain, Inc.

13 BUTCH LAMBERT: You may proceed, Mr. Scott.

14 TIM SCOTT: Thank you, Mr. Chairman.

15

16 PHIL HORN

17 having been duly sworn, was examined and testified as
18 follows:

19 DIRECT EXAMINATION

20 QUESTIONS BY MR. SCOTT:

21 Q. Mr. Horn, one more time, your name, by
22 whom you're employed and your job description.

23 A. Phil Horn, land manager for Range
24 Resources-Pine Mountain, Inc.

25 Q. And you helped prepare this application,

1 is that right?

2 A. That's correct.

3 Q. And you're also familiar with the
4 ownership of the minerals underlying this unit, is that
5 correct?

6 A. Yes.

7 Q. Are those owners set on Exhibit B?

8 A. Yes, they are.

9 Q. Can you tell us who operates the wells
10 from which this well location exception is sought today?

11 A. Range Resources-Pine Mountain, Inc.

12 Q. So, you operate both of those wells, is
13 that correct?

14 A. That's correct.

15 Q. And how was notice of this hearing
16 provided?

17 A. By certified mail.

18 Q. We provided proof of mailing to the
19 Board?

20 A. Yes, you have.

21 TIM SCOTT: That's all I have for Mr. Horn.

22 BUTCH LAMBERT: Any questions from the Board?

23 (No audible response.)

24 BUTCH LAMBERT: You may continue, Mr. Scott.

25 TIM SCOTT: Thank you.

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GUS JANSEN

having been duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

QUESTIONS BY MR. SCOTT:

Q. Mr. Jansen, your name, by whom you're employed and your job description.

A. My name is Gus Jansen. I'm employed by Range Resources-Pine Mountain, Inc. as the manager of geology.

Q. Are you familiar with this application?

A. Yes, I am.

Q. And you participated in the preparation of the application, is that right?

A. Yes, I did.

Q. Please tell the Board why we're seeking the well location exception for this particular unit.

A. Yes. In this particular unit, if the Board will refer to Exhibit AA, you'll see the location of proposed well 900025. The proposed well has been positioned due to the topographic constraints of the steep slopes and the topography to the northwest. The nearest location that would be able to get a suitable

1 location is approximately 1500 feet away. That would
2 result in additional stranded acreage. In the event
3 that we're not able to drill at this location, we would
4 have approximately 101.44 acres stranded.

5 Q. What's the proposed depth of this well?

6 A. 5,749 feet.

7 Q. And what's the potential loss of reserves
8 if the application is not approved today?

9 A. 525 million cubic feet of gas.

10 Q. And if the application is granted by the
11 Board, it would prevent waste, promote conservation and
12 protect correlative rights, is that correct?

13 A. That is correct.

14 TIM SCOTT: That's all I have for Mr. Jansen.

15 BUTCH LAMBERT: Any questions from the Board?

16 (No audible response.)

17 BUTCH LAMBERT: Anything further, Mr. Scott?

18 TIM SCOTT: That's all I have, Mr. Chairman.

19 BUTCH LAMBERT: Do I have a motion?

20 MARY QUILLEN: Motion to approve.

21 BRUCE PRATHER: Second.

22 BUTCH LAMBERT: A motion and a second. Any
23 further discussion?

24 (No audible response.)

25 BUTCH LAMBERT: All in favor, signify by saying

1 yes.

2 (All members signify by saying yes.)

3 BUTCH LAMBERT: Opposed, no.

4 (No audible response.)

5 BUTCH LAMBERT: Thank you, Mr. Scott. It's
6 approved.

7 TIM SCOTT: Thank you.

8 BUTCH LAMBERT: Calling item thirty-seven, a
9 petition from Range Resources-Pine Mountain, Inc. for a
10 well location exception for proposed well V-530271,
11 docket number VGOB-11-0614-2965. All parties wishing to
12 testify, please come forward.

13 TIM SCOTT: Tim Scott, Gus Jansen and Phil Horn
14 for Range Resources-Pine Mountain, Inc.

15 BUTCH LAMBERT: You may proceed, Mr. Scott.

16 TIM SCOTT: Thank you, Mr. Chairman.

17

18 PHIL HORN

19 having been duly sworn, was examined and testified as
20 follows:

21 DIRECT EXAMINATION

22 QUESTIONS BY MR. SCOTT:

23 Q. Mr. Horn, again, your name, by whom
24 you're employed and your job description.

25 A. Phil Horn, land manager for Range

1 Resources-Pine Mountain, Inc.

2 Q. Are you familiar with this application,
3 is that correct?

4 A. Yes, I am.

5 Q. Did you participate in the preparation of
6 the application?

7 A. Yes, I did.

8 Q. Do you...are you familiar with the
9 ownership of the minerals underlying this unit?

10 A. Yes. Range Resources-Pine Mountain, Inc.
11 owns 100% of the oil and gas in this unit.

12 Q. Who operates the wells from which this
13 well location exception is sought today?

14 A. Range Resources-Pine Mountain, Inc.

15 Q. So, how was notice of this hearing
16 provided to the parties listed on Exhibit B?

17 A. By certified mail.

18 Q. So, those proofs of mailing have been
19 provided to the Board?

20 A. That's correct.

21 TIM SCOTT: That's all I have for Mr. Horn.

22 BUTCH LAMBERT: Any questions from the Board?

23 (No audible response.)

24 BUTCH LAMBERT: How far away is 530271 from
25 530157?

1 PHIL HORN: 1284.32 feet.
2 BUTCH LAMBERT: As far as drilling it?
3 PHIL HORN: 1284.32 feet. That's a permitted
4 undrilled well.
5 BUTCH LAMBERT: It's not drilled?
6 PHIL HORN: No, sir. It's not drilled.
7 SHARON PIGEON: But it has been permitted?
8 PHIL HORN: Yes. He will address that.
9 GUS JANSEN: I'll deal...I'll address your
10 concerns there---.
11 BUTCH LAMBERT: Okay.
12 GUS JANSEN: ---if that's all right.
13 BUTCH LAMBERT: You may continue.
14 TIM SCOTT: They can change (inaudible).
15 (Laugh.)/
16 BUTCH LAMBERT: You may continue, Mr. Scott.
17 TIM SCOTT: Thank you.

18
19 GUS JANSEN
20 having been duly sworn, was examined and testified as
21 follows:

22 DIRECT EXAMINATION
23 QUESTIONS BY MR. SCOTT:
24 Q. Mr. Jansen, your name, by whom you're
25 employed and your job description?

1 A. My name is Gus Jansen. I'm employed by
2 Range Resources-Pine Mountain, Inc. as the manager of
3 geology.

4 Q. And you're familiar with this
5 application, is that correct?

6 A. Yes, I am.

7 Q. And you've provided an Exhibit AA to the
8 Board concerning this particular request, is that right?

9 A. That is correct.

10 Q. Please tell the Board why we're seeking a
11 well location exception for this particular unit.

12 A. Yes, I will. Referring to Exhibit AA,
13 this one has a little bit of special considerations that
14 we typically don't deal with on a daily basis. Some of
15 the things that I'd like to point out, first you'll see
16 the location of the 530271 well, which we are seeking
17 the exception from today. Previously, the 530231 well
18 to the southeast was originally permitted attempted to
19 drill as a horizontal well. We had drilling problems
20 with that. We've come back before the Board and we've
21 converted that well to a vertical well to maximize what
22 resources we could out of that well. The 530157 well
23 our intention was to drill that well as a monitoring
24 well and due a (inaudible) monitoring of the horizontal
25 well, which obviously didn't happen because of the

1 problems with the horizontal drilling. At this point,
2 we are back into this area trying to again maximize what
3 resources are left behind by the previous dealing in
4 this area. It's possible, but probably unlikely that we
5 would ever drill the 530157. The main reason that we
6 want to keep it was in the event we do try a second
7 attempt at a horizontal there that we would have that as
8 a monitoring location to be able to use that wellbore to
9 monitor that well and then at some point maybe complete
10 it in the future. But today we see this as a viable
11 vertical well development program area and we would like
12 to drill the 530271 well targeting other formations
13 other than the Lower Huron in this area. In this case,
14 if we're not able to drill this vertical well at this
15 location it would result in approximately 64.58 acres of
16 stranded acreage assuming that all the other wells got
17 drilled around it and they're still proposed at this
18 point.

19 Q. And what's the proposed depth of the
20 well?

21 A. 6,323 feet.

22 Q. And the potential loss of reserves?

23 A. 350 million cubic feet of gas.

24 Q. So, in your opinion, if it's...if the
25 application is granted, it would prevent waste, protect

1 correlative rights and promote conservation, is that
2 correct?

3 A. That is correct.

4 TIM SCOTT: That's all I have for Mr. Jansen.

5 BUTCH LAMBERT: Any questions from the Board?

6 MARY QUILLEN: Mr. Chairman, I have just one
7 question.

8 BUTCH LAMBERT: Ms. Quillen.

9 MARY QUILLEN: The people that have ownership in
10 all four of these wells would be compensated, correct?

11 GUS JANSEN: That is correct.

12 MARY QUILLEN: Okay. Even though that 530157 is
13 kind of like a flex holder?

14 GUS JANSEN: Right.

15 MARY QUILLEN: They're still going to---.

16 GUS JANSEN: In the event that that well was
17 drilled and completed and produced gas, they would still
18 be paid out just like a normal vertical well.

19 MARY QUILLEN: Okay. Thank you. Thank you.

20 BUTCH LAMBERT: So, was 157 and 231 and 271 all
21 targeted for the same formation?

22 GUS JANSEN: They're all vertical wells
23 permitted through the Lower Huron. We typically don't
24 drill them to the Lower Huron. We testified to that
25 before (inaudible). We reserved that resource for

1 horizontal drilling. But in the event that we have
2 problems with horizontal drilling we may want to deepen
3 some of these wells at some point in the future to
4 capture that resource that is still there.

5 BUTCH LAMBERT: Anything---?

6 BRUCE PRATHER: I have a question.

7 BUTCH LAMBERT: Mr. Prather.

8 BRUCE PRATHER: If you're going to do that, are
9 you going to have to frac these lower zones with packer
10 and casing? In other words, if you cement your casing
11 and you can't get back down there on these upper zones.

12 GUS JANSEN: Regarding---?

13 BRUCE PRATHER: Well-.

14 GUS JANSEN: I'm not sure of your question.

15 BRUCE PRATHER: If you're going to complete the
16 normal zones---.

17 GUS JANSEN: Right.

18 BRUCE PRATHER: ---and if you do the Lower
19 Huron you can do it. But if you do the Berea or you do
20 anything up the hole there, you cement that four and a
21 half in.

22 GUS JANSEN: Right.

23 BRUCE PRATHER: Then how are you going to get
24 back to the bottom to do your horizontal leg?

25 GUS JANSEN: The horizontal will be drilled from

1 a different location and a different well head.

2 BRUCE PRATHER: Oh, okay. Okay. As long as
3 you're not using that one.

4 GUS JANSEN: No. No.

5 BRUCE PRATHER: Okay.

6 GUS JANSEN: These all will just be vertical
7 holes at this point in time.

8 BRUCE PRATHER: Okay.

9 SHARON PIGEON: How much longer do you have on
10 your permit for 530157?

11 GUS JANSEN: Probably less...I think we may have
12 renewed that permit. I'm not sure.

13 DAVID ASBURY: I am checking.

14 GUS JANSEN: It's less than a year.

15 SHARON PIGEON: Remaining---

16 GUS JANSEN: --- (inaudible) unit.

17 DAVID ASBURY: I am checking.

18 GUS JANSEN: (Inaudible).

19 GUS JANSEN: And, again, the purpose of that
20 well was primarily as a monitoring well for the macro
21 seismic monitoring of the horizontal. But to offset
22 some of that cost of drilling a 5,000 vertical well, we
23 would like to build a complete... (inaudible) well.

24 SHARON PIGEON: Of course, you would. That
25 might not be right.

1 BUTCH LAMBERT: So, I think you testified, Mr.
2 Jansen, that there's a possibility that you may come
3 back with another horizontal in that area---?

4 GUS JANSEN: Yes.

5 BUTCH LAMBERT: ---but not near 157 or 231?

6 GUS JANSEN: Correct. It would be an alternate
7 azimuth for those areas.

8 BUTCH LAMBERT: Any further questions?

9 DAVID ASBURY: (Inaudible).

10 BUTCH LAMBERT: Okay. Anything further, Mr.
11 Scott?

12 TIM SCOTT: That's all I have, Mr. Chairman.

13 BUTCH LAMBERT: Do I have a motion?

14 MARY QUILLEN: Motion to approve.

15 DONNIE RATLIFF: Second.

16 BUTCH LAMBERT: I have a motion and a second.
17 Any further discussion?

18 (No audible response.)

19 BUTCH LAMBERT: All in favor, signify by saying
20 yes.

21 (All members signify by saying yes, but Bruce
22 Prather.)

23 BUTCH LAMBERT: Opposed, no.

24 BRUCE PRATHER: Abstention.

25 BUTCH LAMBERT: One abstention, Mr. Prather.

1 Calling docket item thirty-eight. A petition from Range
2 Resources-Pine Mountain, Inc. for a well location
3 exception for proposed well V-550512, docket number
4 VGOB-11-0614-2966. All parties wishing to testify,
5 please come forward. Folks, I'll need you to raise your
6 right hand and be sworn, please.

7 (Terri Price and Dorothy Adkins are duly
8 sworn.)

9 DIANE DAVIS: Please state your names and spell
10 it.

11 TERRI PRICE: My name is Terri Price,
12 T-E-R-R-I P-R-I-C-E.

13 DOROTHY ADKINS: Dorothy Adkins, D-O-R-O-T-H-Y
14 A-D-K-I-N-S.

15 BUTCH LAMBERT: Mr. Scott, you may proceed.

16 TIM SCOTT: Thank you, Mr. Chairman.

17

18

19

PHIL HORN

20 having been duly sworn, was examined and testified as
21 follows:

22

DIRECT EXAMINATION

23

QUESTIONS BY MR. SCOTT:

24

Q. Please state your name, by whom you're

25

employed and your job description.

1 A. My name is Phil Horn. I'm the land
2 manager for Range Resources-Pine Mountain, Inc.

3 Q. You're familiar with this application, is
4 that correct?

5 A. That's correct.

6 Q. And you're familiar with the ownership of
7 the minerals underlying this unit?

8 A. Yes, I am.

9 Q. Those parties are set out in Exhibit B,
10 is that correct?

11 A. That's correct.

12 Q. Can you tell us who operates the wells
13 from which the offset is...or the well location
14 exception is sought today?

15 A. EQT Production Company and Range also
16 owns an interest in those wells.

17 Q. So, you're both an owner and operator, is
18 that correct in this particular one?

19 A. We don't have any royalty in this well.

20 Q. But you are an operator, is that right?

21 A. Yes, we're an operator.

22 Q. How was notice of this hearing provided?

23 A. By certified mail.

24 Q. And that proof of mailing has been
25 provided to Mr. Asbury, is that right?

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A. That's correct.
TIM SCOTT: That's all I have for Mr. Horn.
BUTCH LAMBERT: Any questions from the Board?
(No audible response.)
BUTCH LAMBERT: You may continue, Mr. Scott.
TIM SCOTT: Thank you, Mr. Chairman.

GUS JANSEN

having been duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

QUESTIONS BY MR. SCOTT:

Q. Mr. Jansen, you're familiar with this application?

A. Yes, I am.

Q. I guess you need to tell us who you are and where you work and what your job description is too, please.

A. Yes. My name is Gus Jansen. I'm employed by Range Resources-Pine Mountain, Inc. as the manager of geology.

Q. You're familiar with this application, is that right?

A. Yes, I am.

Q. And please tell us why we're seeking a

1 well location exception for this particular unit today?

2 A. Yes. Again, if the Board would refer to
3 Exhibit AA you'll see the location of the proposed well
4 550512. This well has been positioned at this location
5 due to topographic restraints as well as cultural
6 restraints. This is a somewhat...there's some
7 residential areas to the northwest that would preclude a
8 lot of areas up in there. In the event that we moved it
9 to a location that would not require the exception, it
10 would require moving this well approximately 1200 feet
11 to the northwest and result in additional stranded
12 acreage. In the event that we're not able to drill at
13 this location, the stranded acres would be 99.15 acres.

14 Q. What's the proposed depth of this well?

15 A. 5,434 feet.

16 Q. The potential loss of reserves?

17 A. 450 million cubic feet of gas.

18 Q. And if the Board approves this
19 application, it will prevent, promote conservation and
20 protect correlatives rights, is that correct?

21 A. That is correct.

22 TIM SCOTT: That's all I have for Mr. Jansen.

23 BUTCH LAMBERT: Any questions from the Board?

24 (No audible response.)

25 BUTCH LAMBERT: You may continue, Mr. Scott.

1 TIM SCOTT: That's all I have.

2 BUTCH LAMBERT: Ms. Price or Ms. Adkins? Are
3 both of you going to be speaking?

4 TERRI PRICE: Yeah, probably.

5 BUTCH LAMBERT: Okay. Anyone...anyone person.
6 Ms. Price?

7 TERRI PRICE: First of all, I have a little
8 question about your well location exemption...exception.
9 Are all wells except...I mean, exempted? Does the state
10 have a state law of 2500 feet? All you have to do is
11 come here and ask for an exemption to put the well
12 anywhere?

13 BUTCH LAMBERT: Yes, ma'am. This Board can
14 grant a well location exception under certain
15 circumstances. This Board has refused well location
16 exceptions in the past.

17 TERRI PRICE: Okay. Well---.

18 DOROTHY ADKINS: We are opposing this well
19 because we don't want this well this close to our
20 property line. There's a creek that separates these two
21 pieces of property. We do not like the location of
22 their pick because their pit is up on a hill. They want
23 a pit on each side of this well and this well is
24 straight up a hill and they want...I just don't see how
25 they can stop that pit from overflowing or if anything

1 happens from draining into that creek. All this
2 property over here has been strip mined on our side.
3 From what I can find, I'm not sure if they just had some
4 of theirs or didn't.

5 TIM SCOTT: Mr. Chairman, I believe those are
6 permitting issues, I believe.

7 BUTCH LAMBERT: I was just going to ask...you're
8 correct, Mr. Scott. I was going to ask Ms. Price,
9 where...you're not listed. We don't have you listed as
10 one of the property owners here.

11 TERRI PRICE: Correct. I have a power of
12 attorney for my mother who is sitting there. But as of
13 yesterday, I went and had new deeds recorded at the
14 Courthouse. So, it is no longer in Patricia Little's
15 name. I have a copy...I actually have the deeds if you
16 would like to see them. But we did remove the property
17 out of Patricia Little's name. So, it is now in mine,
18 my sister and my brother's name.

19 BUTCH LAMBERT: Okay.

20 TERRI PRICE: I'm sure we can take care of that
21 with Range Resources.

22 BUTCH LAMBERT: Thank you. Ms. Adkins, do you
23 have anything further?

24 DOROTHY ADKINS: Well, I'm very concerned about
25 we planned to have that coal mining done in the future.

1 BUTCH LAMBERT: I'm sorry, I---?

2 DOROTHY ADKINS: Coal mining...underground coal
3 mining in the future.

4 BUTCH LAMBERT: You're planning on having some
5 underground mining on your property?

6 TERRI PRICE: Yes.

7 DOROTHY ADKINS: In the future. We're concerned
8 about the wells for that reason too.

9 BUTCH LAMBERT: Are you the mineral owner? Do
10 you own the coal?

11 TERRI PRICE: Yes.

12 DOROTHY ADKINS: Right.

13 TERRI PRICE: We've been talking with Paramount.
14 He told us that they would like to be in there within
15 the next five years.

16 BUTCH LAMBERT: Again, that's a permitting
17 issue. We'll have to work through during...when the
18 time of the permitting. There's two separate things
19 taking place. First, they come before the Board to ask
20 for a location of their well. After that's granted,
21 then they have to go through the Division to obtain a
22 permit to drill that well. All these issues that you're
23 bringing before the Board today has to be addressed
24 through the permitting process. Those are issues that
25 the Board doesn't consider.

1 TERRI PRICE: Okay. So, the Board doesn't
2 consider those issues then, who does consider these
3 issues?

4 BUTCH LAMBERT: Those come before Mr. Asbury
5 during the permitting process. Mr. Asbury is the
6 Director of the Division of Gas and Oil who reviews each
7 and every permit. It goes through Mr. Asbury.
8 Those...at the time that they present their application
9 to Mr. Asbury for approval is the time when those issues
10 that you just raised goes before Mr. Asbury to be
11 addressed.

12 DOROTHY ADKINS: Okay. So, right now we're just
13 here to approve a exemption for their spacing?

14 BUTCH LAMBERT: Yes, ma'am. Just a well
15 location exception. Yes, ma'am, that's correct.

16 DOROTHY ADKINS: So, we can't fight...we can't
17 fight that on any grounds then? I mean, if I'm here to
18 oppose this well and they are actually filing to move
19 this closer than their...I can't fight that any other
20 time but right now, correct?

21 BUTCH LAMBERT: No, ma'am. You can raise an
22 objection to the well location exception, but the
23 reasons that you've extended to the Board just now it
24 has to be addressed through the permitting process.

25 DOROTHY ADKINS: Okay.

1 SHARON PIGEON: Those are permitting objections
2 is what he's saying. They're not location exception.
3 Which tract is your mother's that's now---?

4 PHIL HORN: Tract 7.

5 DOROTHY ADKINS: Tract 7.

6 TERRI PRICE: And see if their well was actually
7 moved within the 2500 feet it would be on our property.
8 The reason for moving the well is no legal location.
9 I'm assuming no legal location is now lease.

10 BUTCH LAMBERT: No, not necessarily.

11 TERRI PRICE: Then what is their reason for no
12 legal location?

13 BRUCE PRATHER: I think basically what they're
14 saying is that there's buildings and there's urban
15 sprawl in here that is probably...they definitely
16 wouldn't want to put a location down in the creek.

17 TERRI PRICE: Well, the only thing that's right
18 there is my grandmother's house.

19 BRUCE PRATHER: Yeah.

20 TERRI PRICE: And that is not a legal location.
21 I understand.

22 DOROTHY ADKINS: There's a cemetery.

23 BRUCE PRATHER: If I recall right, I believe
24 that any well has to be at least 200 feet from any
25 residence.

1 TERRI PRICE: Is that the only limitations on
2 where a well has...I mean, there's no limitations? They
3 can put this well right on my property line?

4 BRUCE PRATHER: Well, if they own both pieces of
5 property and have it all under lease they could do that,
6 yeah.

7 DOROTHY ADKINS: If it's not under lease, how
8 close can they put it to our property line?

9 BRUCE PRATHER: I'm not sure about that. What
10 would that be?

11 BUTCH LAMBERT: Right on the line.

12 DAVID ASBURY: There's no limitation. Just so
13 they don't encroach on your property.

14 TIM SCOTT: Mr. Chairman, I would
15 address...alert the Board to the fact that there have
16 been permit objections filed by these ladies that are
17 currently pending before---

18 SHARON PIGEON: They're pending now?

19 TIM SCOTT: Yes, ma'am. That's correct.

20 BUTCH LAMBERT: Are you aware of that, Mr.
21 Asbury?

22 DAVID ASBURY: Yes.

23 BUTCH LAMBERT: Okay.

24 DAVID ASBURY: May I say something?

25 BUTCH LAMBERT: Yes, Mr. Asbury.

1 DAVID ASBURY: Chairman Lambert is correct.
2 Today's process is the basic issue and one of the
3 reasons the Board does exist is to ensure that there's
4 no stranded gas acreage. If the well was somewhere else
5 there could be stranded gas acreage in here. So, that's
6 why the statewide spacing exception are mostly approved.
7 There has been objections in the past. As you will
8 notice with the permits, you've raised objections.
9 There will be an informal fact finding hearing by my
10 office that will have your objections heard and the
11 companies heard. That decision then both parties would
12 have the right to appeal and coming back to the Board to
13 hear...you know, if there is...in that (inaudible) would
14 come back to the Board upon appeal.

15 TERRI PRICE: So, if we have anything to say
16 about this law, we have to say it right now before this
17 Board or before the permitting meeting with you? That's
18 going to be our only chance to---.

19 DAVID ASBURY: If you have objections, right.
20 Yes. The ones that you've raised are addressed in the
21 permitting process.

22 DOROTHY ADKINS: Okay.

23 TERRI PRICE: Speak now for ever hold your
24 piece.

25 DOROTHY ADKINS: The way...the situation, I live

1 there. When they put in a compressing station over on
2 Rick Mullins' property there was just truck after truck
3 going up through there, huge trucks. At one time, they
4 dumped something. I don't know what. I didn't see them
5 do it. But they don't something on our property going
6 through or in or out of that road. It killed like at
7 least a 200 square foot area of vegetation and a tree.
8 It just concerns me the health hazards and then too our
9 coal mining in the future. I don't intend to sign the
10 lease. I don't know---

11 BUTCH LAMBERT: Well...I'm sorry, Mr. Scott.

12 TIM SCOTT: No, go ahead. I'm sorry.

13 BUTCH LAMBERT: I just want to...we appreciate
14 your concerns. But, again, let me...let me emphasis
15 what you're here for today is the well location
16 exception. You're agin raising the issues that have to
17 be raised through the permitting process for your
18 permitting objections. If you're not satisfied with the
19 outcome of that permit through your informal fact
20 finding hearing. Then you have the opportunity to come
21 back before the Board to raise those objections as
22 presented in the permitting process.

23 TERRI PRICE: Okay.

24 SHARON PIGEON: Do you have a copy of this?

25 PHIL HORN: We just gave it to her.

1 TERRI PRICE: Yes, he did give us one. Yes.

2 DOROTHY ADKINS: All right.

3 DAVID ASBURY: (Inaudible).

4 BUTCH LAMBERT: Mr. Asbury.

5 DAVID ASBURY: The issue about the pit, the
6 permit itself...in our division permit does not allow
7 any off site impact (inaudible). They are aligned with
8 liners to a point to where there's no seepage into the
9 ground. There is no local impact of that pit. They are
10 temporary and reclaimed. In addition, there are
11 additional requirements that a 2 feet (inaudible) is
12 maintained on that pit. So, it's very unlikely that
13 there would be any spill over down into a hollow or a
14 creek. We have a very thorough permit process as well
15 as an inspection (inaudible).

16 TERRI PRICE: Are these pits fenced in?

17 DAVID ASBURY: They sometimes have a yellow
18 fencing that goes around the (inaudible).

19 DOROTHY ADKINS: What about a tarp? Is it like
20 a tarp that holds the---

21 DAVID ASBURY: It's a liner.

22 DOROTHY ADKINS: What do they do with that
23 afterwards?

24 BUTCH LAMBERT: Folks, I...I don't want to have
25 this discussion before the Board. This is permitting

1 issues and we move forward.

2 DOROTHY ADKINS: Oh, okay.

3 BUTCH LAMBERT: Again, these comments and
4 questions can be addressed with Mr. Asbury
5 through...through the permitting process. Again, if
6 either party isn't happy with the outcome of the
7 informal fact finding hearing, those results come back
8 before this Board for review at that time.

9 DOROTHY ADKINS: Okay.

10 DAVID ASBURY: We'll be glad to answer your
11 questions.

12 TERRI PRICE: Okay.

13 BRUCE PRATHER: No permit is given---.

14 BUTCH LAMBERT: The permit has not been issued
15 yet? It's still in the informal fact finding stage,
16 right?

17 DAVID ASBURY: Yes, from my understanding.

18 BUTCH LAMBERT: Okay. Okay. Mr. Scott, I think
19 you had a comment or a question.

20 TIM SCOTT: No, sir. I was going to say that
21 what Mr. Asbury was about talking about the enforcement,
22 the issues that were raised by Ms. Adkins are part of
23 the enforcement authority that the Division has. I was
24 just making a comment.

25 BUTCH LAMBERT: Okay.

1 TIM SCOTT: Thank you.

2 DONNIE RATLIFF: Mr. Chairman.

3 BUTCH LAMBERT: Mr. Ratliff.

4 DONNIE RATLIFF: Mr. Horn, did coal companies
5 look at this site and approve it?

6 PHIL HORN: Yes, sir.

7 BUTCH LAMBERT: Any further questions from the
8 Board?

9 (No audible response.)

10 BUTCH LAMBERT: Anything further, Mr. Scott?

11 TIM SCOTT: That's all I have, Mr. Chairman.

12 BUTCH LAMBERT: Do I have a motion?

13 MARY QUILLEN: Motion to approve.

14 BRUCE PRATHER: Second.

15 BUTCH LAMBERT: I have a motion and a second.
16 Any further discussion?

17 (No audible response.)

18 BUTCH LAMBERT: All in favor, signify by saying
19 yes.

20 (All members signify by saying yes.)

21 BUTCH LAMBERT: Opposed, no.

22 (No audible response.)

23 BUTCH LAMBERT: Mr. Scott, that's approved.
24 Calling docket item thirty-nine, a petition from Range
25 Resources-Pine Mountain, Inc. for a well location

1 exception for proposed well V-530305, docket number
2 VGOB-11-0614-2967. All parties wishing to testify,
3 please come forward.

4 TIM SCOTT: Tim Scott, Gus Jansen and Phil Horn
5 for Range Resources-Pine Mountain, Inc.

6 BUTCH LAMBERT: You may proceed, Mr. Scott.

7 TIM SCOTT: Thank you, Mr. Chairman.

8 PHIL HORN

9 having been duly sworn, was examined and testified as
10 follows:

11 DIRECT EXAMINATION

12 QUESTIONS BY MR. SCOTT:

13 Q. Mr. Horn, please state your name, by whom
14 you're employed and your job description.

15 A. Phil Horn. I'm the land manager for
16 Range Resources-Pine Mountain, Inc.

17 Q. You're familiar with this application, is
18 that right?

19 A. Yes, I am.

20 Q. And please tell us if you're familiar
21 with the ownership of the minerals underlying this unit?

22 A. Yes. Range Resources-Pine Mountain, Inc.
23 owns 100% of the oil and gas in this unit.

24 Q. Okay. Who operates well number V-20001?

25 A. EQT Production Company and Range

1 Resources also owns an interest in that well.

2 Q. And how was notice of this hearing
3 provided to the parties listed on Exhibit B?

4 A. By certified mail.

5 Q. We provided proof of mailing to the
6 Board?

7 A. Yes, you have.

8 TIM SCOTT: Okay. That's all I have for Mr.
9 Horn.

10 BUTCH LAMBERT: Any questions from the Board?

11 (No audible response.)

12 BUTCH LAMBERT: You may continue, Mr. Scott.

13 TIM SCOTT: Thank you, Mr. Chairman.

14

15

GUS JANSEN

16 having been duly sworn, was examined and testified as
17 follows:

18

DIRECT EXAMINATION

19 QUESTIONS BY MR. SCOTT:

20 Q. Mr. Jansen, please state your name, by
21 whom you're employed and your job description.

22 A. My name is Gus Jansen. I'm employed by
23 Range Resources-Pine Mountain, Inc. as the manager of
24 geology.

25 Q. And, again, are you familiar with this

1 application?

2 A. Yes, I am.

3 Q. Please tell the Board why we're seeking a
4 well location exception today.

5 A. Again, if the Board would refer to
6 Exhibit AA, you'll see the location of proposed well
7 530305. This location has basically been located here
8 due to the fact that the offsetting wells do not allow
9 for a legal location in this general area. We've since
10 left and moved the well to the northeast almost to the
11 proposed location of the future development. In the
12 event that we're not able to drill the well at this
13 location, it would result in approximately 108.41 acres
14 of stranded acreage.

15 Q. What's the proposed depth of this well?

16 A. 5,285 feet.

17 Q. And the potential loss of reserves?

18 A. 425 million cubic feet of gas.

19 Q. And if the Board approves this
20 application it would prevent waste and promote
21 conservation, is that right?

22 A. That is correct.

23 Q. We have no correlative rights issues, is
24 that right?

25 A. Yes.

1 TIM SCOTT: That's all I have for Mr. Jansen.
2 BUTCH LAMBERT: Any questions from the Board?
3 (No audible response.)
4 BUTCH LAMBERT: Anything further, Mr. Scott?
5 TIM SCOTT: That's all I have for Mr. Jansen.
6 BUTCH LAMBERT: Do I have a motion?
7 MARY QUILLEN: Motion to approve.
8 BRUCE PRATHER: Second.
9 BUTCH LAMBERT: I have a motion and a second.
10 Any further discussion?
11 (No audible response.)
12 BUTCH LAMBERT: All in favor, signify by saying
13 yes.
14 (All members signify by saying yes.)
15 BUTCH LAMBERT: Opposed, no.
16 (No audible response.)
17 BUTCH LAMBERT: Thank you, Mr. Scott. It's
18 approved. We're calling docket item number forty, a
19 petition from Range Resources-Pine Mountain, Inc. for
20 the establishment of a drilling unit and pooling of
21 proposed well V-536121, docket number VGOB-11-0614-2968.
22 All parties withing to testify, please come forward.
23 TIM SCOTT: Tim Scott, Gus Jansen and Phil Horn
24 for Range Resources-Pine Mountain, Inc.
25 BUTCH LAMBERT: You may proceed, Mr. Scott.

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TIM SCOTT: Thank you, Mr. Chairman.

PHIL HORN

having been duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

QUESTIONS BY MR. SCOTT:

Q. Mr. Horn, this is a unit that we're seeking to establish in which a well location exception was just granted. Is that right?

A. That's correct.

Q. And, again, you're name, by whom you're employed and your job description.

A. Phil Horn. I'm the land manager for Range Resources-Pine Mountain, Inc.

Q. And you're familiar with this application?

A. Yes, I am.

Q. And what's...how many acres does this unit have?

A. 112.69.

Q. And Range Resources has drilling rights in this unit, is that right?

A. That's correct.

Q. Are we going to release any or dismiss

1 any people listed on Exhibit B-3?

2 A. No, we're not.

3 Q. What percentage of the unit does Range
4 Resources have under...have under lease here?

5 A. We own or have under lease 30.59%.

6 Q. And how was notice of this hearing
7 provided?

8 A. By certified mail and also notice was
9 published in the Dickenson Star because we have
10 unknowns.

11 Q. Okay. Have you provided to Mr. Asbury
12 your due diligence efforts with regard to this unit?

13 A. Yes, I have.

14 Q. Have you filed proofs of publication and
15 mail certification with regard to mailing to the
16 mailing?

17 A. Yes, you have.

18 Q. And Range Resources is authorized to
19 conduct business in the Commonwealth, is that right?

20 A. That's correct.

21 Q. And there's a blanket bond on file?

22 A. Yes, there is.

23 Q. If you were able to reach an agreement
24 with the parties listed on Exhibit B-3, what would be
25 the lease terms that you offer them?

1 A. Twenty-five dollars per acre for a five
2 year paid up lease that provides for a one-eighth
3 royalty.

4 Q. Is that a reasonable compensation?

5 A. In my opinion, yes.

6 Q. And what's the percentage that Range
7 Resources is seeking to pool today?

8 A. 60.41%.

9 Q. You've got an escrow requirement, is that
10 right?

11 A. Yes, we do.

12 Q. And you've submitted an Exhibit E with
13 your application?

14 A. That's correct.

15 Q. What unit...what tract is subjected to
16 escrow?

17 A. Tract 1.

18 Q. And what's the percentage?

19 A. 60.41%.

20 Q. So, you're asking the Board to pool the
21 parties listed on Exhibit B-3, is that correct?

22 A. That's correct.

23 Q. And that Range Resources be named
24 operator for this unit?

25 A. That's correct.

1 Q. And if the application is granted today,
2 what would be the address for any elections made
3 under...that were entered in this matter?

4 A. Range Resources-Pine Mountain, Inc., P.
5 O. Box 2136, Abingdon, Virginia 24212.

6 Q. Is that the address for all
7 correspondence?

8 A. That's correct.

9 TIM SCOTT: That's all I have for Mr. Horn.

10 BUTCH LAMBERT: Mr. Horn, has any additional
11 work besides what has gone on in the past to locate the
12 unknown and unlocateable of Yellow Poplar Lumber Company
13 or Gallie Friend, Trustee of the Estate?

14 PHIL HORN: No, not recently.

15 BUTCH LAMBERT: Any other questions from the
16 Board?

17 MARY QUILLEN: Just one question, Mr. Chairman.

18 BUTCH LAMBERT: Ms. Quillen.

19 MARY QUILLEN: That...all of that unleased
20 acreage is part of the Yellow Poplar?

21 PHIL HORN: Yeah. The rest of the unit is
22 leased. Yes, ma'am.

23 BUTCH LAMBERT: Any further questions?

24 (No audible response.)

25 BUTCH LAMBERT: Anything further, Mr. Scott?

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TIM SCOTT: Mr. Jansen.

GUS JANSEN

having been duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

QUESTIONS BY MR. SCOTT:

Q. Mr. Jansen, your name, by whom you're employed and your job description.

A. My name is Gus Jansen. I'm employed by Range Resources-Pine Mountain, Inc. as the manager of geology.

Q. Did you participate in the preparation of this application?

A. Yes, I did.

Q. What's the proposed depth of this well?

A. 5,180 feet.

Q. The estimated reserves?

A. 400 million cubic feet of gas.

Q. You did sign the AFE, is that right?

A. That is correct.

Q. Are you familiar with the well costs?

A. I am.

Q. What's the estimated dry hole costs for this well?

1 A. \$304,119.

2 Q. And the completed well costs?

3 A. \$538,049.

4 Q. And so, as I said, you participated in
5 the preparation of the AFE, is that right?

6 A. Yes, that's correct.

7 Q. And we've provided with...to the Board,
8 is that right?

9 A. That is correct.

10 Q. Did the AFE include a reasonable charge
11 for supervision?

12 A. Yes, it does.

13 Q. In your opinion, if this application is
14 granted it would be in the best interest of
15 conservation, the prevention of waste and protection of
16 correlative rights, is that correct?

17 A. That is correct.

18 TIM SCOTT: That's all I have for Mr. Jansen.

19 BUTCH LAMBERT: Any questions from the Board?
20 (No audible response.)

21 BUTCH LAMBERT: Anything further, Mr. Scott?

22 TIM SCOTT: That's all I have, Mr. Chairman.

23 BUTCH LAMBERT: Do I have a motion?

24 MARY QUILLEN: Motion to approve.

25 BRUCE PRATHER: Second.

1 BUTCH LAMBERT: A motion and a second. Any
2 further discussion?

3 (No audible response.)

4 BUTCH LAMBERT: All in favor, signify by saying
5 yes.

6 (All members signify by saying yes, but Donnie
7 Ratliff.)

8 BUTCH LAMBERT: Opposed, no.

9 (No audible response.)

10 BUTCH LAMBERT: Thank you, Mr. Scott. It's
11 approved.

12 DONNIE RATLIFF: I'll abstain, Mr. Chairman.

13 BUTCH LAMBERT: One abstention Mr. Ratliff.
14 Calling docket item forty-one, a petition from Range
15 Resources-Pine Mountain, Inc. for establishment of a
16 provisional drilling unit for the drilling of
17 conventional gas well 900049, docket number VGOB-11-
18 0614-2969. All parties wishing to testify, please come
19 forward.

20 TIM SCOTT: Mr. Chairman, I think that's a
21 typographical error. This is for the establishment of a
22 statewide spacing unit (inaudible). This is just the
23 establishment of a unit.

24 SHARON PIGEON: It's not pooling?

25 TIM SCOTT: Huh?

1 SHARON PIGEON: You're not pooling it?
2 TIM SCOTT: Yeah, we are pooling it. I'm sorry.
3 Yes. I'm sorry.
4 BUTCH LAMBERT: Did I read that wrong, Mr.
5 Scott?
6 TIM SCOTT: No, you read it correctly. But the
7 actual tract on which this unit is going to be drilled
8 is 108.01 acres. But we're establishing a drilling unit
9 and pooling 900049 and there's not a provisional unit.
10 It's the establishment of the unit.
11 SHARON PIGEON: It is not a provisional unit?
12 BUTCH LAMBERT: Not a provisional unit?
13 TIM SCOTT: No, ma'am.
14 BUTCH LAMBERT: Okay.
15 PHIL HORN: The drill site tract is 108 acres.
16 That's where the mistake was made.
17 BUTCH LAMBERT: It's 108 instead of 112?
18 TIM SCOTT: Yeah. The unit is a 112.69 acres.
19 Just the drill site location well...tract is 108.01. We
20 identified it in the caption of the application.
21 BUTCH LAMBERT: Okay. You may proceed, Mr.
22 Scott.
23 TIM SCOTT: Thank you, Mr. Chairman.
24
25 PHIL HORN

1 having been duly sworn, was examined and testified as
2 follows:

3 DIRECT EXAMINATION

4 QUESTIONS BY MR. SCOTT:

5 Q. Mr. Horn, please state your name, by whom
6 you're employed and your job description.

7 A. Phil Horn, land manager for Range
8 Resources-Pine Mountain, Inc..

9 Q. And this...you're familiar with this
10 application, is that right?

11 A. That's correct.

12 Q. And the unit is subject to statewide
13 spacing, is that correct?

14 A. That's correct.

15 Q. And how many acres is this unit going to
16 contain?

17 A. 112.69.

18 Q. Range has drilling rights in the unit?

19 A. Yes, we do.

20 Q. We're going to dismiss a respondent
21 today, are we not?

22 A. Yes. I passed out revised exhibits.

23 Q. Okay. So did I.

24 A. Okay. I hope they're same.

25 BUTCH LAMBERT: They're the same.

1 SHARON PIGEON: Okay, guys.

2 TIM SCOTT: Let's see what we got here.

3 PHIL HORN: Are they different?

4 MARY QUILLEN: Of the total leased, 99...the one
5 that Phil gave us was 99.823333 and the one that Mr.
6 Scott gas us was 99.735 that has been leased.

7 SHARON PIGEON: All right, Timothy.

8 TIM SCOTT: Yes, ma'am.

9 BUTCH LAMBERT: So, who has got the correct one?

10 TIM SCOTT: Which one is right, Phil?

11 PHIL HORN: Which one---?

12 MARY QUILLEN: They're both B.
13 (Mr. Horn and Mr. Scott confer.)

14 PHIL HORN: On Exhibit B-3 I think should be
15 five or six people who are unleased in B-3.

16 BUTCH LAMBERT: One, two, three, four, five, six
17 and seven.

18 PHIL HORN: Seven?

19 BUTCH LAMBERT: Uh-huh.
20 (Mr. Horn and Mr. Scott confer.)

21 PHIL HORN: Mine is right then.

22 TIM SCOTT: Okay.

23 PHIL HORN: The one that I turned in appears to
24 be correct.

25 BUTCH LAMBERT: Which one did you turn in?

1 PHIL HORN: The one with the bigger print, I
2 guess.

3 TIM SCOTT: Mr. Chairman, the one---.

4 SHARON PIGEON: Well, that's good.

5 TIM SCOTT: The exhibits that I copied and
6 provided to the Board we're dismissing Randy Hurley.
7 But he, again, appeared on the Exhibit B-3, which is
8 incorrect. So, Mr. Horn's exhibits are correct.

9 MARY QUILLEN: Okay. So, yours is correct then?

10 TIM SCOTT: Mr. Horn's is correct. Mine is not
11 correct.

12 SHARON PIGEON: You guys are going to have to
13 put your name on them.

14 BUTCH LAMBERT: So, this one is not correct?

15 PHIL HORN: That's correct.

16 SHARON PIGEON: All right.

17 TIM SCOTT: It's corrected but it's not correct.

18 SHARON PIGEON: All right. Dump that.

19 MARY QUILLEN: Phil, this one is the one that's
20 correct, right?

21 PHIL HORN: The one that had the bigger print on
22 it, I believe.

23 SHARON PIGEON: And we appreciate that, Mr.
24 Horn, believe me.

25 BRUCE PRATHER: The little one is incorrect.

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MARY QUILLEN: Okay.

TIM SCOTT: I'm sorry for the confusion, Mr. Chairman. I thought I had the correct one.

SHARON PIGEON: So, 99.823333?

TIM SCOTT: Yes, ma'am...that's correct.

BUTCH LAMBERT: Okay.

TIM SCOTT: I apologize.

BUTCH LAMBERT: Okay. Now, let's try again.

TIM SCOTT: Throw me off the railroad track. I'll have to get back on here.

PHIL HORN

DIRECT EXAMINATION RESUMES

QUESTIONS BY MR. SCOTT:

Q. Okay, Mr. Horn, let's do this again.

A. Okay.

Q. What's the percentage that Range has under lease?

A. 99.823333%.

Q. Okay. And notice of this hearing was...how was it provided?

A. By certified mail.

Q. We also published in the Dickenson Star, is that right?

A. That's correct.

1 Q. We don't have any unknowns in this unit,
2 is that right?

3 A. That's correct.

4 Q. Have you provided proofs of publication
5 and mail certification to the Board?

6 A. Yes, you have.

7 Q. And, again, Range is authorized to
8 conduct business in the Commonwealth, is that right?

9 A. That's right.

10 Q. And there's a blanket bond on file?

11 A. Right.

12 Q. And if you were able to reach an
13 agreement with the parties listed on Exhibit B-3 what
14 lease terms would you offer?

15 A. Thirty dollars per acre for a five year
16 paid up lease that provides a one-eighth royalty.

17 Q. Do you consider that to be reasonable
18 compensation?

19 A. Yes, I do.

20 Q. Again, we...we have provided an Exhibit
21 E, but we've shown there's no unknowns, is that correct?

22 A. That's right.

23 Q. Okay. Now, if the Board grants our
24 application today with the corrected exhibits, what
25 would be the address used for any elections made by the

1 parties listed on Exhibit B-3?

2 A. Range Resources-Pine Mountain, Inc., P.
3 O. Box 2136, Abingdon, Virginia 24212.

4 Q. Is that the address for all
5 correspondence?

6 A. Yes.

7 TIM SCOTT: That's all I have for Mr. Horn.

8 BUTCH LAMBERT: Any questions from the Board?

9 (No audible response.)

10 BUTCH LAMBERT: You may continue, Mr. Scott.

11 TIM SCOTT: Thank you, Mr. Chairman.

12 GUS JANSEN

13 having been duly sworn, was examined and testified as
14 follows:

15 DIRECT EXAMINATION

16 QUESTIONS BY MR. SCOTT:

17 Q. Mr. Jansen, would you please state your
18 name, by whom you're employed and your job description?

19 A. My name is Gus Jansen. I'm employed by
20 Range Resources-Pine Mountain, Inc. as the manager of
21 geology.

22 Q. Are you familiar with this application,
23 is that right?

24 A. Yes, I am.

25 Q. What's the depth of the proposed well?

1 A. 5,751 feet.

2 Q. Are you familiar with the reserves as
3 well?

4 A. Yes, 375 million cubic feet of gas.

5 Q. And you did sign the AFE, is that
6 correct?

7 A. That is correct.

8 Q. So, you're familiar with the well costs?

9 A. I am.

10 Q. And what's the estimated dry hole costs?

11 A. \$310,150.

12 Q. And the estimated completed well costs?

13 A. \$586,715.

14 Q. And, again, you said you participated in
15 the preparation of the AFE, is that right?

16 A. Yes.

17 Q. And is there a reasonable charge for
18 supervision provided on the AFE?

19 A. Yes, there is.

20 Q. And if the application is granted today,
21 it would be in the best interest of conservation, the
22 protection of correlative rights and prevention of
23 waste, is that correct?

24 A. That is correct.

25 TIM SCOTT: That's all I have for Mr. Jansen.

1 BUTCH LAMBERT: Any questions from the Board?
2 (No audible response.)
3 BUTCH LAMBERT: Anything further, Mr. Scott?
4 TIM SCOTT: That's all I have, Mr. Chairman.
5 BUTCH LAMBERT: Do I have a motion?
6 MARY QUILLEN: Motion to approve.
7 BRUCE PRATHER: Second.
8 BUTCH LAMBERT: A motion and a second. Any
9 further discussion?
10 (No audible response.)
11 BUTCH LAMBERT: All in favor, signify by saying
12 yes.
13 (All members signify by saying yes.)
14 BUTCH LAMBERT: Opposed, no.
15 (No audible response.)
16 BUTCH LAMBERT: Calling docket item forty-two, a
17 petition from Range Resources-Pine Mountain, Inc. for
18 pooling of conventional gas well 900079, docket number
19 VGOB-11-0614-2970. All parties wishing to testify,
20 please come forward.
21 TIM SCOTT: Tim Scott, Gus Jansen and Phil Horn
22 for Range Resources-Pine Mountain and new exhibits for
23 this one. Hallelujah.
24 SHARON PIGEON: You haven't overcome your past.
25 TIM SCOTT: I know. I'm working on it.

1 SHARON PIGEON: I know.

2 BUTCH LAMBERT: We're not done yet though, Mr.
3 Scott.

4 TIM SCOTT: I know.

5 BUTCH LAMBERT: You may proceed, Mr. Scott.

6 TIM SCOTT: Thank you, Mr. Chairman.

7

8 PHIL HORN

9 having been duly sworn, was examined and testified as
10 follows:

11 DIRECT EXAMINATION

12 QUESTIONS BY MR. SCOTT:

13 Q. Mr. Horn, please state your name, by whom
14 you're employed and your job description.

15 A. Phil Horn. I'm the land manager for
16 Range Resources-Pine Mountain, Inc.

17 Q. You're familiar with this application, is
18 that correct?

19 A. That's correct.

20 Q. And this is a 320 acre unit, is that
21 right?

22 A. That's right.

23 Q. And this is the unit previously
24 established by the Board, is that correct?

25 A. That's correct.

1 Q. And Range has drilling rights in this
2 unit, is that right?

3 A. That's correct.

4 Q. Are we going to dismiss anybody today?

5 A. No.

6 Q. Have you attempted to reach an agreement
7 with the parties listed on Exhibit B-3?

8 A. No they're unknowns.

9 Q. They're unknowns? What percentage of the
10 unit does Range have under lease?

11 A. 98.06%.

12 Q. And how was notice of this hearing
13 provided to the parties listed on Exhibit B?

14 A. By certified mail and it was also
15 published by publication in the Dickenson Star.

16 Q. And we have unknowns, is that right?

17 A. That's correct.

18 Q. You've provided Mr. Asbury with a letter
19 setting out your due diligence efforts?

20 A. Yes, we have...yes, I have.

21 Q. And have you provided proof of
22 publication and mailing certification with regard to a
23 notice of this hearing?

24 A. Yes, we have.

25 Q. Okay. Range is authorized to conduct

1 business in the Commonwealth, is that right?

2 A. That's correct.

3 Q. And there's a blanket bond on file, is
4 that right?

5 A. That's correct.

6 Q. Now, if you were to reach an agreement
7 with the parties listed on B-3, what would be the...what
8 would be the terms offered?

9 A. Thirty dollars per acre for a five year
10 lease that provides for a one-eighth royalty.

11 Q. And, again, is this the fair market value
12 for a lease in this area?

13 A. In my opinion, it is.

14 Q. And what's the percentage that you're
15 seeking to pool today?

16 A. 1.94%.

17 Q. And we have an escrow, is that right?

18 A. That's correct.

19 Q. Exhibit E was provided with our
20 application, is that also correct?

21 A. That's correct.

22 Q. What tract is subjected to escrow?

23 A. Tract 2.

24 Q. And what's the percentage of the unit
25 which is subjected to escrow?

1 A. 1.94%.

2 Q. Are we asking the Board to pool those
3 parties, is that right?

4 A. That's correct.

5 Q. And also that Range be named operator for
6 this unit, is that correct?

7 A. That's correct.

8 Q. And if the Board grants our application
9 today and parties listed on Exhibit B-3 would elect to
10 participate, what would be the address used?

11 A. Range Resources-Pine Mountain, Inc., P.
12 O. Box 2136, Abingdon, Virginia 24212.

13 Q. Is that the address for all
14 communications for this particular unit?

15 A. Yes.

16 TIM SCOTT: That's all I have for Mr. Horn.

17 BUTCH LAMBERT: Any questions from the Board?

18 (No audible response.)

19 BUTCH LAMBERT: You may continue, Mr. Scott.

20 TIM SCOTT: Thank you, Mr. Chairman.

21

22 GUS JANSEN

23 having been duly sworn, was examined and testified as
24 follows:

25 DIRECT EXAMINATION

1 QUESTIONS BY MR. SCOTT:

2 Q. Mr. Jansen, your name, by whom you're
3 employed and your job description.

4 A. My name is Gus Jansen. I'm employed by
5 Range Resources-Pine Mountain, Inc. as the manager of
6 geology.

7 Q. And you're familiar with this
8 application, is that right?

9 A. Yes, I am.

10 Q. What's the proposed depth of this well?

11 A. 8,343 feet.

12 Q. And the estimated reserves?

13 A. 1.2 bcf of gas.

14 Q. Now, you also participated in the
15 preparation of the AFE, is that correct?

16 A. That is correct.

17 Q. Are you familiar with the well costs?

18 A. I am.

19 Q. What's the estimated dry hole costs?

20 A. \$732,270.

21 Q. And the completed well costs?

22 A. \$1, 273,145.

23 Q. Does the AFE include a charge for
24 supervision?

25 A. Yes, it does.

1 Q. Is it a reasonable charge?

2 A. Yes, it is.

3 Q. In your opinion, if the Board grants our
4 application today it would be in the best interests of
5 conservation, the prevention of waste and protection of
6 correlative rights, is that correct?

7 A. That is correct.

8 TIM SCOTT: That's all I have for Mr. Jansen.

9 BUTCH LAMBERT: Any questions from the Board?

10 BRUCE PRATHER: I've got one question.

11 BUTCH LAMBERT: Mr. Prather.

12 BRUCE PRATHER: With the total depth being 8343,
13 is this a horizontal well?

14 GUS JANSEN: Yes, it is.

15 BRUCE PRATHER: It doesn't say it on our thing.
16 It just says pool a conventional well up here on 42. It
17 says pooling of conventional gas well. I thought this
18 was a horizontal well. That's on our...that's on our
19 information. It's on our information sheet.

20 BUTCH LAMBERT: Any other questions from the
21 Board?

22 (No audible response.)

23 BUTCH LAMBERT: Anything further, Mr. Scott?

24 TIM SCOTT: No, sir.

25 BUTCH LAMBERT: Do I have a motion?

1 MARY QUILLEN: Motion to approve.
2 BRUCE PRATHER: Second.
3 BUTCH LAMBERT: I have a motion and a second.
4 Any further discussion?
5 (No audible response.)
6 BUTCH LAMBERT: All in favor, signify by saying
7 yes.
8 (All members signify by saying yes, but Donnie
9 Ratliff.)
10 BUTCH LAMBERT: Opposed, no.
11 DONNIE RATLIFF: I'll abstain, Mr. Chairman.
12 BUTCH LAMBERT: One abstention Mr. Ratliff.
13 Calling docket item forty-three, a petition from Range
14 Resources-Pine Mountain, Inc. for establishment of a
15 drilling and pooling of well number V-500...I'm sorry,
16 well number V-550512, docket number VGOB-11-0614-2971.
17 All parties wishing to testify, please come forward.
18 TIM SCOTT: Tim Scott, Gus Jansen and Phil Horn
19 for Range Resources-Pine Mountain, Inc.
20 BUTCH LAMBERT: Ladies, since this is a new
21 docket item, could you please state your names for the
22 record?
23 TERRI PRICE: Terri Price.
24 DOROTHY ADKINS: Dorothy Adkins.
25 BUTCH LAMBERT: Thank you.

1 BUTCH LAMBERT: Mr. Scott, you may proceed.

2 TIM SCOTT: Thank you, Mr. Chairman.

3

4

5

6

PHIL HORN

7 having been duly sworn, was examined and testified as
8 follows:

9

DIRECT EXAMINATION

10 QUESTIONS BY MR. SCOTT:

11 Q. Mr. Horn, again, your name, by whom
12 you're employed and your job description.

13 A. Phil Horn. I'm the land manager for
14 Range Resources-Pine Mountain, Inc.

15 Q. And you're familiar with this
16 application, is that correct?

17 A. Yes, I am.

18 Q. And this unit subjected to statewide
19 spacing, is that correct?

20 A. That's correct.

21 Q. How many acres does this unit contain?

22 A. 112.69.

23 Q. And then Range has drilling rights in
24 this unit, is that right?

25 A. That's correct.

1 Q. Are we going to dismiss any parties
2 respondent today?

3 A. No.

4 Q. Have you attempted to reach an agreement
5 with the parties listed on Exhibit B-3?

6 A. Yes, we have.

7 Q. And what percentage of the unit does
8 Range have under lease?

9 A. 86.27%.

10 Q. And how was notice of this hearing
11 provided to the parties listed on Exhibit B?

12 A. By certified mail and also by publication
13 in the Dickenson Star.

14 Q. We don't have any unknowns in this unit,
15 is that right?

16 A. That's correct.

17 Q. Okay. Have you filed proof of
18 publication and mail certification to the Board?

19 A. Yes, you have.

20 Q. Okay. And Range is authorized to conduct
21 business in the Commonwealth, is that right?

22 A. That's correct.

23 Q. And there's a blanket bond on file?

24 A. Right.

25 Q. And if you were able to reach an

1 agreement with the parties listed on Exhibit B-3 and
2 obtain a lease, what would be the lease terms that you
3 would offer?

4 A. Twenty-five dollars per acre for a five
5 year lease that provides for a one-eighth royalty.

6 Q. Again, is this a fair and reasonable
7 compensation for a lease in this area?

8 A. In my opinion it is.

9 Q. And what's the percentage of the oil and
10 gas estate that Range is seeking to pool today?

11 A. 13.73%.

12 Q. And we have no escrow requirement, is
13 that right?

14 A. That's correct.

15 Q. So, you're requesting the Board to pool
16 the unleased parties listed on Exhibit B-3?

17 A. That's correct.

18 Q. And you're also requesting that Range be
19 named as operator for this unit?

20 A. That's correct.

21 Q. Now, if the Board grants our application
22 today where should elections made by parties on Exhibit
23 B-3...if they make an election, where should they send
24 those elections?

25 A. Range Resources-Pine Mountain, Inc., P.

1 O. Box 2136, Abingdon, Virginia 24212.

2 Q. And this is the address for all
3 communications for this particular order and unit?

4 A. That's correct.

5 TIM SCOTT: That's all I have for Mr. Horn.

6 BUTCH LAMBERT: Any questions from the Board?

7 (No audible response.)

8 BUTCH LAMBERT: You may continue, Mr. Scott.

9 TIM SCOTT: Thank you, Mr. Chairman.

10

11 GUS JANSEN

12 having been duly sworn, was examined and testified as
13 follows:

14 DIRECT EXAMINATION

15 QUESTIONS BY MR. SCOTT:

16 Q. Mr. Jansen, your name, by whom you're
17 employed and your job description.

18 A. My name is Gus Jansen. I'm employed by
19 Range Resources-Pine Mountain, Inc. as the manager of
20 geology.

21 Q. Are you familiar with the application?

22 A. Yes, I am.

23 Q. Are you familiar with the proposed depth
24 of this well?

25 A. Yes, I am. The proposed depth is 5,434

1 feet.

2 Q. You're also familiar with the estimated
3 reserves of this unit?

4 A. Yes. The estimated reserves are 450
5 million cubic feet of gas.

6 Q. And you've signed the AFE, is that right?

7 A. That is correct.

8 Q. So, you're familiar with the well costs?

9 A. I am.

10 Q. What's the estimate dry hole costs?

11 A. \$309,846.

12 Q. And the estimated completed well costs?

13 A. \$578,804.

14 Q. Does the AFE provide a charge for
15 supervision?

16 A. Yes, it does.

17 Q. And you consider that to be a reasonable
18 charge?

19 A. Yes, I do.

20 Q. And in this case, if the Board grants our
21 application, it would prevent waste, promote
22 conservation and protect correlative rights, is that
23 correct?

24 A. That's correct.

25 TIM SCOTT: That's all I have for Mr. Jansen.

1 BUTCH LAMBERT: Any questions from the Board?

2 (No audible response.)

3 BUTCH LAMBERT: Ms. Adkins and Ms. Price, I'd
4 remind you that you're still under oath. What do you
5 have...what kind of testimony would you like to provide
6 to the Board?

7 DOROTHY ADKINS: Well, I'm just not sure what I
8 can and what I can't ask. I'm not...I've never been
9 involved in anything like this.

10 BUTCH LAMBERT: You can ask anything you want.
11 We'll try to answer it.

12 DOROTHY ADKINS: Well, the only thing that I
13 really would like to know at this point is if I don't
14 sign their lease, how close can they put the well to my
15 property line? I don't understand that. I've heard
16 different things from different people.

17 BUTCH LAMBERT: Mr. Horn, let me just ask you a
18 question. From looking at the exhibits that we have,
19 they're both located in Tract 7?

20 PHIL HORN: That's correct.

21 BUTCH LAMBERT: And so I don't know where they
22 are on Tract 7, but from...just from the map at inch to
23 400 the well is quite a distance from---?

24 PHIL HORN: 225...like 225 feet from their
25 property line. We have an undivided interest in all of

1 Tract 7.

2 BUTCH LAMBERT: Okay.

3 TERRI PRICE: I have one question. When you
4 give your three options, those three options if you
5 don't sign a lease, the option if you become a partner
6 you have to pay 200% on a unleased tract or 300% on a
7 leased tract, correct? What is a leased and unleased
8 tract? If I want to participate in this well and my
9 piece of property is an unleased tract, does that mean
10 that I have to pay 200% up-front or---?

11 PHIL HORN: It would be a 200% penalty. You're
12 talking about participating. It's a non-participating
13 owner.

14 TERRI PRICE: Right.

15 PHIL HORN: If you were leased to a third party,
16 then the penalty would be 300% is what that means. If
17 someone else had this leased.

18 TERRI PRICE: Okay.

19 DOROTHY ADKINS: But we would be the unleased.
20 So, it would be the 200---.

21 PHIL HORN: The 300% does not apply?

22 DOROTHY ADKINS: To us, okay. That was my
23 question on that.

24 DAVID ASBURY: Did I hear you say that you
25 thought that you had to pay 200%?

1 TERRI PRICE: No. My understanding is that my
2 portion has to pay itself 200 before I would receive.
3 If you choose to go that right, then would I get a 100%
4 of the royalties out of that percentage?

5 PHIL HORN: Yes.

6 TERRI PRICE: So, there would be no---?

7 PHIL HORN: You would be a partner in the well.
8 You would have to also pay your share of the operating
9 costs as well.

10 TERRI PRICE: I understand that.

11 PHIL HORN: Yes, you would have...have a 100% of
12 your interest or you could pay your share up front and
13 get it right off the bat.

14 TERRI PRICE: Okay. I'll run right and get my
15 checkbook out and pay my up front part here.

16 SHARON PIGEON: Do you want us to have that
17 testimony again on the costs?

18 TERRI PRICE: No, I got it. I got it. Okay,
19 that's my questions.

20 DOROTHY ADKINS: I don't know anything at this
21 time that I want to ask.

22 BUTCH LAMBERT: Do you understand when I asked
23 Mr. Horn how far away the well was from---?

24 DOROTHY ADKINS: No, I couldn't understand what
25 he said.

1 BUTCH LAMBERT: I think---.

2 PHIL HORN: Approximately 225 feet. Our field
3 representative, Mike Shepherd took this lade out and
4 they looked at this well last weekend. She has seen it.

5 DOROTHY ADKINS: On saw the stick on the ground.

6 PHIL HORN: The stake. I'm scaling 225 feet
7 looks like the closest point to their property line.

8 BUTCH LAMBERT: To the property line.

9 PHIL HORN: And we don't have any intentions or
10 rights to build on their surface. They're unleased.

11 DOROTHY ADKINS: When this first started, Fred--
12 --.

13 PHIL HORN: Fred York.

14 DOROTHY ADKINS: ---York, he told me that it
15 was like 400 feet. I just heard different things.

16 PHIL HORN: I think we moved the well to...a
17 little bit to accommodate the surface owner. We
18 probably did have it staked at that location. When we
19 permitted, it has been here all along.

20 SHARON PIGEON: You are permitted and it is on
21 Tract 1?

22 PHIL HORN: That's correct.

23 BUTCH LAMBERT: Okay.

24 DOROTHY ADKINS: It has been moved two times.

25 PHIL HORN: I'm not really sure.

1 DOROTHY ADKINS: I think so. They have moved it
2 two times closer.

3 PHIL HORN: We try to...the surface owner
4 doesn't own the minerals. We were trying to accommodate
5 him. So, he has pasture out in this area.

6 BUTCH LAMBERT: Anything further, Mr. Scott?

7 TIM SCOTT: No, sir.

8 BUTCH LAMBERT: Do I have a motion?

9 MARY QUILLEN: Motion to approve.

10 BRUCE PRATHER: Second.

11 BUTCH LAMBERT: I have a motion and a second.
12 Any further discussion?

13 (No audible response.)

14 BUTCH LAMBERT: All in favor, signify by saying
15 yes.

16 (All members signify by saying yes.)

17 BUTCH LAMBERT: Opposed, no.

18 (No audible response.)

19 BUTCH LAMBERT: Calling docket item forty-four,
20 a petition from CNX Gas Company for repooling of unit
21 AY-102, docket number VGOB-07-0417-1912-01. All parties
22 wishing to testify, please come forward.

23 MARK SWARTZ: Mark Swartz and Anita Duty.

24 BUTCH LAMBERT: You may proceed, Mr. Swartz.

25 MARK SWARTZ: Thank you.

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ANITA DUTY

having been duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

Q. Anita, would you state your name for us, please?

A. Anita Duty.

Q. You're still under oath, you know that?

A. Yes.

Q. Who do you work for?

A. Consol Energy.

Q. This application that we're on at the moment is a repooling, correct?

A. Yes.

Q. Whose the applicant?

A. CNX Gas.

Q. Is CNX Gas Company a Virginia, Limited Liability Company?

A. It is.

Q. Is it authorized to do business in the Commonwealth?

A. Yes.

Q. Who is the designated operator on this

1 unit in addition to the applicant?

2 A. CNX Gas.

3 Q. Okay. And is CNX Gas as an operator
4 registered with the Department of Mines, Minerals and
5 Energy?

6 A. It is.

7 Q. Does it have a blanket bond on file?

8 A. Yes.

9 Q. This is a...what kind of unit...what
10 field is this in?

11 A. Nora.

12 Q. And how many acres?

13 A. 58.77.

14 Q. Okay. And the plat here, how many wells
15 are in this...two of them, correct?

16 A. Two. Uh-huh. Yes.

17 Q. And your plat doesn't tell us where the
18 second well is. Do you have...?

19 A. No, it doesn't. Does It?

20 Q. Okay. But there is a second well,
21 correct?

22 A. A proposed one?

23 Q. Okay. And the...have you provided a cost
24 estimate with regard to the initial well and the
25 proposed well?

1 A. Yes.

2 Q. And could you break that out for us?

3 A. AY-102 \$268,801.70. The estimated depth
4 is 2,486 feet. The permit number is 7371. Proposed AY-
5 102A \$379,955. The estimated depth is 2,550 feet.
6 There is no permit.

7 Q. And if you combine the cost of those two
8 estimates, it's \$648,756.70, is that correct?

9 A. Yes.

10 Q. What did you do to advise people that we
11 were going to have a hearing today?

12 A. Mailing by certified mail return receipt
13 requested on May the 13th, 2011. I published the notice
14 and location map in the Bluefield Daily Telegraph on May
15 the 18th, 2011.

16 Q. You brought with you today your
17 certificates with regard to mailing and your proof of
18 publication to provide to Mr. Asbury?

19 A. Yes.

20 Q. Do you want to add any people as
21 respondents today?

22 A. No.

23 Q. Do you want to dismiss any folks?

24 A. No.

25 Q. Do you have any revised exhibits with

1 regard to this AY-102 unit?

2 A. No.

3 Q. This was pooled once before, correct?

4 A. Yes.

5 Q. And the reason basically that we're back
6 here in addition to the second well issue is the road
7 that runs through the unit, correct?

8 A. Yes.

9 Q. And it's actually mapped on the plat?

10 A. It is.

11 Q. Okay. It comes in from the west and goes
12 almost to the center unit and turns south and exits the
13 unit, correct?

14 A. Yes.

15 Q. And what transpired with regard to that
16 road that affected this unit and some others that we're
17 going to be talking about?

18 A. In this particular one, one of the Heirs
19 deeded their interest to the Commonwealth of Virginia.
20 But the rest of the Heirs did not and there was some
21 confusion in our title as to whether...which happened
22 first. So, it actually should have been instead of just
23 Commonwealth Coal...or Commonwealth of Virginia, it
24 should have been Commonwealth of Virginia and others.
25 It should have been the Heirship and then Commonwealth

1 just had one interest in that...in that Heirship.

2 Q. So, in effect, because of a transfer by
3 one of the Heirs the Commonwealth almost became like
4 part of an Heirship?

5 A. Yes.

6 Q. Okay. And have you accounted for that
7 minimal interest in the Commonwealth in this...in this
8 application in terms of B-3, in terms of escrow issues
9 and in terms of mapping and tract identification?

10 A. Yes.

11 Q. Okay. And, obviously, this unit was
12 pooled back in '07 and has had a well for sometime,
13 correct?

14 A. Yes.

15 Q. Okay. Your status at the moment in this
16 unit is...how much of the coal interest have you
17 obtained?

18 A. A 100%.

19 Q. And what portion of the oil and gas
20 interest are you repooling at this point?

21 A. 38.2703%.

22 Q. Does this unit continue to have escrow
23 requirements?

24 A. Yes.

25 Q. And what tracts would be affected by

1 that?

2 A. 1A, 1B, 1C, 1D, 1E and 1F.

3 Q. Are there any split agreements affecting
4 this unit?

5 A. Yes. 1A, 1B, 1D and 1F.

6 Q. And have you provided an Exhibit EE with
7 regard to split agreements and an Exhibit E with regard
8 to escrow requirements?

9 A. Yes.

10 Q. And are you requesting that the Board
11 allow you to pay in any order repooling of this unit to
12 allow the operator to pay the folks that got an EE
13 according to the terms of their agreement rather than
14 continuing to escrow their money?

15 A. Yes.

16 Q. And which tracts in this unit has seen
17 acreage changes as a result of the Commonwealth issue,
18 Anita?

19 A. None.

20 Q. Okay. So, all of the percentages of the
21 various tracts are the same?

22 A. Yeah. It's just that Tract 1C...yeah,
23 Tract 1C was previously shown as Commonwealth Coal...or
24 I keep Commonwealth...Commonwealth of Virginia owning
25 the oil...the surface, oil and gas and now it is shown

1 as an et al. The Commonwealth is the owner of...of just
2 one interest.

3 SHARON PIGEON: So, their percentage changed?

4 A. Yes.

5 Q. So, the Commonwealth of Virginia though
6 in Tract 1C and Tract 1C would be the only tract in this
7 unit AY-102 that has any kind of percentage of ownership
8 change?

9 A. Any effect, yes.

10 Q. Okay. And so if there's...if there's any
11 opportunity to participate on a going forward basis it
12 would be limited to the folks in Tract 1C, correct?

13 A. Yes.

14 MARK SWARTZ: I believe that's all I have with
15 regard to this repooling, Mr. Chairman.

16 BUTCH LAMBERT: Any questions from the Board?

17 MARY QUILLEN: Mr. Chairman, I just have one
18 clarification. So in Tract 1C there should be only two
19 individuals that has the 1.73? One was the Heirship and
20 the other one was the Commonwealth of Virginia, correct?

21 ANITA DUTY: Well, it's shown as the William
22 Coxtton Heir, et al, the 5.125 acre tract. Then the
23 prior pooling, we were showing it as just Commonwealth
24 of Virginia.

25 MARY QUILLEN: Oh, okay. Thank you.

1 ANITA DUTY: The Commonwealth of Virginia is the
2 et al listed on the tract ID.

3 MARY QUILLEN: Okay. Okay. And that's only in
4 1C, correct?

5 ANITA DUTY: 1C. The acreage of the tract as a
6 whole didn't change. Just the way that the ownership
7 within that tract changed.

8 MARY QUILLEN: C and F, then they remain just
9 the two.

10 ANITA DUTY: What was the question? Remain the
11 same?

12 MARY QUILLEN: In Tract 1D, there's two people
13 that have the 1/55th%, correct?

14 ANITA DUTY: Well, that's just showing that
15 they've deeded each other their CBM interest. That's
16 just one person out of that Heirship. So, if you...on
17 the third line is the oil and gas owner, the William
18 Coxton Heirs, et al.

19 MARY QUILLEN: Right. Okay.

20 ANITA DUTY: We're just showing that CBM is
21 actually been deeded out on a portion of that. Harrison
22 Wyatt he actually took his deeds instead of royalty
23 split agreements.

24 BUTCH LAMBERT: We're only dealing with AY-102.
25 I know we've heard testimony for a proposed well. But

1 that really is not what we're addressing. Just this
2 well and the repooling of this well, is that correct?
3 Did we hear testimony---

4 ANITA DUTY: While we're at it, we would like to
5 go ahead and include that other well because we've had
6 approval for it. If---

7 BUTCH LAMBERT: You're asking for approval on an
8 infill well as well as this repooling?

9 MARK SWARTZ: Correct.

10 ANITA DUTY: We've already...we've already had
11 approval to do the second well.

12 SHARON PIGEON: Not in this proceeding.

13 ANITA DUTY: But not in this particular unit as
14 an election or anything.

15 BUTCH LAMBERT: Okay. I think I'm following
16 things.

17 MARK SWARTZ: We're trying to make one trip.
18 So, you're right. We're trying to straighten out the
19 Commonwealth ownership issue that we've talked about
20 particularly in 1C and, obviously, to the extent those
21 percentages have changed, the people in 1C are going to
22 have a new election right. In addition...and that would
23 be with regard to both wells for them. In addition,
24 we're seeking, as long as we're here, permission to
25 locate a second well in this unit consistent with the

1 infill drilling rules that you would have addressed in
2 another proceeding.

3 BUTCH LAMBERT: Okay.

4 SHARON PIGEON: But the relief sought it only
5 says repooling.

6 MARK SWARTZ: Yeah. But that's how we
7 do...that's how we get a second well. We repool. We
8 have to come back.

9 MARY QUILLEN: And these folks would have the
10 option of the elections for this second well?

11 MARK SWARTZ: In the second well.

12 BUTCH LAMBERT: Okay. Mr. Asbury?

13 DAVID ASBURY: Would the same individuals listed
14 in your exhibits in Tract 1C (inaudible)?

15 ANITA DUTY: Yes.

16 DAVID ASBURY: (Inaudible) shown in E and EE
17 there are different individuals. All of them are shown
18 in 1C. They're not shown in 1D and 1F. (Inaudible).
19 For example, there's two that had 1/55th part and one
20 that had 1/5th part.

21 ANITA DUTY: No, the ownership in 1C may vary
22 from 1D and 1F, but the individuals are the same. Is
23 that what you're...because of the deed that was deeded
24 out to the Commonwealth 1C may not be identical to 1D
25 and 1F, an ownership.

1 BUTCH LAMBERT: Any other questions?
2 (No audible response.)
3 BUTCH LAMBERT: Anything further, Mr. Swartz?
4 MARK SWARTZ: No.
5 BUTCH LAMBERT: Do I have a motion?
6 MARY QUILLEN: Motion to approve.
7 BRUCE PRATHER: I'll second it.
8 DONNIE RATLIFF: With a revised plat that shows
9 the second well.
10 MARY QUILLEN: Oh, yes, we do need the revised
11 plat. Do you have that?
12 MARK SWARTZ: I don't know if they know where
13 the well is located. I'll ask her when she gets back
14 here. I mean, if we know where it's going to be
15 located, yes, we'll get you a revised plat. If they
16 haven't made a determination yet, we won't be able to do
17 that.
18 MARY QUILLEN: Well, if...
19 MARK SWARTZ: Do we know where that well is
20 going to be so we give them a revised plat or do we not
21 know yet?
22 ANITA DUTY: I think we do. I just looked off
23 the---.
24 MARK SWARTZ: We think we know, so we can give
25 you a revised plat.

1 ANITA DUTY: I'm...I'm pretty sure we know
2 because we have the costs.

3 MARY QUILLEN: Motion to approve with the
4 revised plat showing the second well.

5 BUTCH LAMBERT: I have a motion and a second.
6 Any further discussion?

7 (No audible response.)

8 BUTCH LAMBERT: All in favor, signify by saying
9 yes.

10 (All members signify by saying yes.)

11 BUTCH LAMBERT: Opposed, no.

12 (No audible response.)

13 BUTCH LAMBERT: Thank you, Mr. Swartz. That's
14 approved. We're calling docket item forty-five. A
15 petition from CNX Gas Company, LLC for repooling of unit
16 X-35, docket number VGOB-98-0324-0636-02. All parties
17 wishing to testify, please come forward.

18 MARK SWARTZ: Mark Swartz and Anita Duty.

19 MARY QUILLEN: Mr. Lambert, if this is going to
20 be an extensive discussion on this item, I'm afraid I'm
21 going to have...I'm going to have leave by 1:00. So, do
22 you have a lot of testimony?

23 BUTCH LAMBERT: How big is the issue here that
24 we need to address?

25 ERIC WHITESELL: Very brief, Mr. Chairman. Eric

1 Whitesell, Virginia State Bar #17631 for Commonwealth
2 Coal Corporation.

3 BUTCH LAMBERT: Mr. Swartz, do you think that we
4 can clear this up in the next seven minutes because I
5 know that she had to leave for a doctor's appointment
6 and when she leaves we don't have a quorum.

7 CHARLES BOHON, JR.: I'm Charles Bohon, Jr. I'm
8 not affiliated with this man. It will be quick for me
9 also.

10 BUTCH LAMBERT: Okay.

11 SHARON PIGEON: Well, you can start and if you
12 can't finish, it will have to just be carried over.

13 MARK SWARTZ: Okay. I'd like to incorporate
14 Anita's testimony with regard to the applicant and
15 operator from the last hearing.

16 BUTCH LAMBERT: Accepted.

17 MARK SWARTZ: Okay.

18

19 ANITA DUTY

20 having been duly sworn, was examined and testified as
21 follows:

22 DIRECT EXAMINATION

23 QUESTIONS BY MR. SWARTZ:

24 Q. Anita, this is a repooling application
25 for unit X-35, is that correct?

1 A. Yes.

2 Q. What field is X-35 in?

3 A. Oakwood.

4 Q. How many acres?

5 A. 80.

6 Q. Okay. And what is it that caused the
7 need to repool this unit?

8 A. Just the remapping from...this was
9 originally pooled in '98 and just through technology
10 when they were permitting the last well they realized
11 that some of the lines were changed.

12 BUTCH LAMBERT: Improved technology?

13 ANITA DUTY: Yes.

14 BUTCH LAMBERT: Okay.

15 ANITA DUTY: Improved, yes.

16 Q. And with regard to this, have virtually
17 all of the tracts changed to some small extent?

18 A. Yeah. Small, but yes.

19 Q. Okay. And with regard to this unit,
20 looking at the wells in this unit, what...is there a
21 coal mine proposed or coal development under this unit
22 proposed?

23 A. Yeah, this is actually in the proposed
24 Buchanan Mine area.

25 Q. And so it will have...ultimately it will

1 have some panels, correct?

2 A. Yes.

3 Q. And so you've got Exhibit E, for example,
4 and other exhibits within this application that show
5 those costs and show those panel allocation percentages?

6 A. Yes.

7 Q. Okay. So, essentially we're back here to
8 straighten out to a fairly minor extent, but
9 nevertheless straighten out mapping that changes
10 percentages and acreages because we're not using digital
11 technology?

12 A. Yes.

13 Q. Okay. Have you provided notice to the
14 people that you've listed as respondents?

15 A. I did.

16 Q. And how did you do that?

17 A. I mailed certified mail return receipt
18 requested on April the 13th, 2011. I published the
19 notice and location map in the Bluefield Daily Telegraph
20 on May the 18th, 2011.

21 Q. Do you want to add any people as
22 respondents today?

23 A. No.

24 Q. Do you want to dismiss any?

25 A. No.

1 Q. Have you brought with you your
2 certificates with regard to mailing and your proof of
3 publication to provide to Mr. Asbury?

4 A. Yes.

5 Q. Okay. With regard to this application,
6 have you provided the cost information that we've
7 provided in the past?

8 A. Yes.

9 Q. And you've incorporated that into this
10 application as exhibits, correct?

11 A. Yes.

12 Q. Okay. And have you also looked and
13 revised your ownership position at this point and
14 reported that in Exhibit A, page two?

15 A. Yes.

16 Q. And at the present time, what interest
17 does the applicant have in this unit?

18 A. 100% of the coal owner's claim and
19 73.1835% of the oil and gas owner's claim and we are
20 seeking to pool 26.1875% of the oil and gas
21 claim...owner's claim.

22 Q. And have you provided the Board with the
23 information concerning the escrow account that you
24 believe...well, that was established in the past but
25 needs to be maintained?

1 A. Yes.

2 Q. So, you've provided the Board with an
3 Exhibit E in that regard?

4 A. Yes.

5 Q. What tracts are subjected to escrow?

6 A. 2B, 2C, 2D, 2E, 2F, 2H, 2I, 2J and 2K.

7 Q. And also in a couple of those tracts, in
8 addition to the traditional conflicts that we see we
9 have some title issues?

10 A. Yes.

11 Q. Okay. So, there's another reason---?

12 A. Yeah.

13 Q. For example, Tract 2B and 2D for escrow?

14 A. Yes.

15 Q. Okay. Have you provided the Board with
16 any information regarding split...split agreements?

17 A. Yes.

18 Q. And would that be Exhibit EE?

19 A. Yes.

20 Q. And what tracts does that pertain to?

21 A. 2A, 2G and 2L.

22 Q. And to the extent that the Board approves
23 this repooling application are you requesting that the
24 operator be allowed to pay the people identified in
25 Exhibit EE directly rather than escrowing their future

1 payments and paying them directly in accordance with
2 their split agreements?

3 A. Yes.

4 MARK SWARTZ: Mr. Chairman, I believe that's all
5 I have on this repooling.

6 BUTCH LAMBERT: Any questions from the Board?

7 (No audible response.)

8 BUTCH LAMBERT: Sir, I apologize, I missed your
9 name.

10 ERIC WHITESELL: Eric Whitesell, E-R-I-C, last
11 name, W-H-I-T-E-S-E-L-L with Gillespie, Hart, Altizer
12 and Whitesell in Tazewell representing Commonwealth Coal
13 Corporation. Our grounds for objection basically
14 briefly are, number one, the plat filed with the
15 repooling application indicates that their
16 proposed...locations for proposed CBM wells that are
17 within 2500 feet of an existing well under the statute
18 45.1-361.12. Our second objection has its, and possibly
19 the most important one, has it geneses in 45.1-
20 269.29(f)(2)(b) which is the consent statute. In this
21 case, Mr. Chairman, as in so many others, the consent
22 for the development of the coalbed methane gas wells to
23 begin with was by a lease agreement between the coal
24 owner and the coal operator. That lease agreement
25 provided the consent to enter the coal seam and frac the

1 coal seam and obtain the gas in exchange for
2 consideration and the payment of royalties. Right now,
3 Commonwealth Coal is involved in litigation in Federal
4 Court by which the surface owners and owners of gas that
5 are listed and shown in conflict are trying to maintain
6 to the Court that that lease is without any affect and
7 is null and void. We feel like that we're entitled to
8 be paid royalties or at least some of the royalty by
9 virtue of having granted that consent in the lease. So,
10 that's the second basis for our objection.

11 BUTCH LAMBERT: Any questions from the Board?

12 (No audible response.)

13 BUTCH LAMBERT: Mr. Swartz, anything?

14 MARK SWARTZ: Those pooling...those are permit
15 hearing objections. I don't have a response.

16 BUTCH LAMBERT: And, sir, I'll have to
17 apologize. I didn't get your name.

18 CHARLES BOHON, JR.: Charles Bohon.

19 BUTCH LAMBERT: I'm sorry?

20 CHARLES BOHON, JR.: Bohon, B-O-H-O-N, Jr. I'm
21 here on behalf of my mother, Anne Bohon. I'm a rookie at
22 this also.

23 MARY QUILLEN: Sir, hold on just a second. You
24 haven't been sworn.

25 (Charles Bohon, Jr. is duly sworn.)

1 DIANE DAVIS: Can I get you to spell your name
2 for me, again, please?

3 CHARLES BOHON, JR.: Charles, C-H-A-R-L-E-S,
4 Bohon, B-O-H-O-N, Jr.

5 DIANE DAVIS: Thank you very much.

6 CHARLES BOHON, JR.: All of these wells that
7 were on my mom's property, this particular one, they
8 were all force pooled. My mother who is unable to be
9 here. She's not feeling well today. She would she just
10 like, you know, that in part C of the provisions that
11 anybody that does not respond would be deemed to have
12 leased. She wishes not to lease.

13 SHARON PIGEON: That's what the law provides.

14 BUTCH LAMBERT: And we'll take that into
15 consideration.

16 CHARLES BOHON, JR.: Thank you.

17 BUTCH LAMBERT: That's one of the options.
18 Anything further from the Board?

19 (No audible response.)

20 BUTCH LAMBERT: Mr. Asbury, has the permit been
21 applied for?

22 ANITA DUTY: 35A and 35C are leased. 35C is
23 drilled and 35A has already been producing.

24 SHARON PIGEON: We have three permit numbers.

25 ANITA DUTY: 35...X-35B has been permitted and

1 constructed, but not---.

2 SHARON PIGEON: So, you have a permit though.

3 That's my point.

4 ANITA DUTY: Yes.

5 SHARON PIGEON: You have three permit numbers in

6 your application.

7 ANITA DUTY: Yes, we do.

8 SHARON PIGEON: So, that tells me that you have

9 got three permits.

10 MARK SWARTZ: Right.

11 BUTCH LAMBERT: And which ones are already

12 producing?

13 ANITA DUTY: X-35A at this point. C was just

14 drilled at the end of May. X-35B has not been

15 connected.

16 BUTCH LAMBERT: B has not been drilled?

17 ANITA DUTY: It has been drilled, but not

18 connected.

19 BUTCH LAMBERT: Drilled, but not---.

20 ANITA DUTY: Constructed and drilled.

21 BUTCH LAMBERT: Okay.

22 ANITA DUTY: X-35C was drilled at the end of

23 May.

24 BUTCH LAMBERT: Of this year?

25 ANITA DUTY: Uh-huh. Yes. So, currently X-35A

1 is the only well producing.

2 BUTCH LAMBERT: Mr. Whitesell, your...your
3 concern or your objection is to all three of those
4 wells?

5 ERIC WHITESELL: Sir?

6 BUTCH LAMBERT: Your objection is to all three
7 of those wells or---?

8 ERIC WHITESELL: Yes, sir.

9 SHARON PIGEON: But your client is leased?

10 MARY QUILLEN: His client---?

11 BUTCH LAMBERT: Is already leased?

12 ERIC WHITESELL: Has entered into a lease, but
13 the client...my client has got a statutory right to
14 object to well locations within 2500 feet of one another
15 and the plat on this side shows up in the upper right
16 hand corner several of those locations. But like I
17 said, we also object because we're not...we've entered
18 into a lease with the gas operator for entering a coal
19 seam, but we're not being paid any royalties. The
20 conflicting owners are attempting to have the lease
21 declared null and void in Court. The way I understand
22 the statute and I'm a novice at this too, but this
23 application should come under Section 45.1-361.20 and if
24 it does then the coal owner has the right to interpose
25 these objections under 361.12 and 361.11 and we're doing

1 so.

2 MARK SWARTZ: Actually, I have a couple of
3 questions if he's done.

4 BUTCH LAMBERT: I'm still trying to figure out
5 why we're here today with this objection if all of the
6 wells have been permitted.

7 BRUCE PRATHER: And drilled.

8 BUTCH LAMBERT: Right. And been drilled.

9 MARK SWARTZ: And we've got an all mineral
10 leased and they're being paid. There's no money being
11 escrowed for this people. They own all of the minerals.
12 They're being paid.

13 ANITA DUTY: On this particular---.

14 MARK SWARTZ: On Tract 3.

15 BUTCH LAMBERT: Mr. Whitesell just testified
16 that he is objecting to all three wells.

17 MARK SWARTZ: I understand.

18 ERIC WHITESELL: Well the objection on the 2500
19 foot rule would apply to the proposed well---.

20 BUTCH LAMBERT: No, they're all...they're all
21 drilled.

22 SHARON PIGEON: They're all drilled.

23 BUTCH LAMBERT: No proposed.

24 SHARON PIGEON: We've got three permits.

25 ERIC WHITESELL: It's not what this plat shows.

1 MARK SWARTZ: There's three wells on the plat.
2 ANITA DUTY: It's not producing.
3 BUTCH LAMBERT: Ms. Duty has testified that
4 they're drilled, but two are not producing.
5 ANITA DUTY: X-35B is permitted only.
6 BUTCH LAMBERT: It's not drilled?
7 ANITA DUTY: My mistake.
8 BUTCH LAMBERT: Okay.
9 ANITA DUTY: Not drilled.
10 BUTCH LAMBERT: Okay. Thank you.
11 ANITA DUTY: I'm sorry.
12 MARK SWARTZ: But we have a permit.
13 ANITA DUTY: We do have a permit, yeah.
14 ERIC WHITESELL: Mr. Chairman, there's a
15 proposed well on the plat.
16 ANITA DUTY: That's right. Permitted---.
17 BUTCH LAMBERT: X-35B is...she corrected her
18 testimony, Mr. Whitesell. I apologize. X-35B is a
19 proposed well.
20 ANITA DUTY: But there is a permit...we do have
21 a permit for that well.
22 BUTCH LAMBERT: Okay. I believe that we're
23 going to have end right here. Ms. Quillen is going to
24 have to leave. So, there goes our quorum. So, I guess
25 we're going to have close this one out and not get the

1 resolution on this one today. Thank you, Ms. Quillen.
2 We appreciate your time and staying as long as you
3 could. So, if the Board has...we now has failed to have
4 a quorum...this hearing will be...the hearings will be
5 closed.

6 AUDIENCE MEMBER: (Inaudible).

7 BUTCH LAMBERT: Yes.

8 SHARON PIGEON: Yes.

9 BUTCH LAMBERT: Continued. This one and...this
10 one and---

11 MARK SWARTZ: Forty-six and forty-seven?

12 BUTCH LAMBERT: ---forty-six and forty-seven
13 will be continued.

14 MARK SWARTZ: Thank you. I appreciate your
15 efforts.

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1 STATE OF VIRGINIA,
2 COUNTY OF BUCHANAN, to-wit:

3 I, Sonya Michelle Brown, Court Reporter and
4 Notary Public for the State of Virginia, do hereby
5 certify that the foregoing hearing was recorded by Diane
6 Davis on a tape recording machine and later transcribed
7 by me.

8 Given under my hand and seal on this the 18th
9 day of July, 2011.

10
11 _____ NOTARY PUBLIC

12 My commission expires: August 31, 2013.
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