

1 IN THE COUNTY OF RUSSELL

2 VIRGINIA DEPARTMENT OF MINES, MINERALS AND ENERGY
3 VIRGINIA GAS AND OIL BOARD
4

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7
8 JUNE 19, 2012

9
10 APPEARANCES:

11 **BOARD MEMBERS:**

12 MARY QUILLEN - PUBLIC MEMBER
13 BRUCE PRATHER - GAS AND OIL REPRESENTATIVE
14 DONNIE RATLIFF - COAL REPRESENTATIVE
15 KEITH ALLEN COMPTON - PUBLIC MEMBER
16 KATIE DYE - PUBLIC MEMBER

17 **CHAIRMAN:**

18 BUTCH LAMBERT - CHAIRMAN OF THE VIRGINIA GAS & OIL BOARD
19 RICK COOPER - DIRECTOR OF THE DIVISION OF GAS & OIL AND
20 PRINCIPAL EXECUTIVE TO THE STAFF OF THE BOARD
21 DIANE DAVIS - STAFF MEMBER OF THE DGO
22 SHARON PIGEON - SR. ASSISTANT ATTORNEY GENERAL

23 **MICHELLE STREET**
24 **COURT REPORTING, LLC**
25 **P. O. BOX 1325**
GRUNDY, VIRGINIA 24614
(276) 971-2757

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1 BUTCH LAMBERT: Good morning, ladies and gentlemen.
2 It's now 9:00 o'clock and it's time to begin our proceedings
3 of the Virginia Gas and Oil Board this morning. I'd like to
4 begin this meeting by asking the Board members to please
5 introduce themselves. I'll begin with Ms. Dye.

6 KATIE DYE: Good morning. I'm Katie Dye. I'm a
7 public member from Buchanan County.

8 SHARON PIGEON: I'm Sharon Pigeon with the Office
9 of the Attorney General.

10 BUTCH LAMBERT: I'm Butch Lambert with the
11 Department of Mines, Minerals and Energy.

12 ALLEN COMPTON: Allen Compton, a public member from
13 Dickenson County.

14 DONNIE RATLIFF: I'm Donnie Ratliff representing
15 coal.

16 BRUCE PRATHER: I'm Bruce Prather. I represent the
17 oil and gas.

18 MARY QUILLEN: I'm Mary Quillen, a public member.

19 BUTCH LAMBERT: Thank you. At this I would ask that
20 if you have any cell phones or other communication devices
21 to please turn those off or put them on vibrate. We are
22 recording these proceedings and we need to be able to hear
23 the folks that are testifying. If you must take a call,
24 please do so out in the hall. We'll begin this morning with

25

1 public comments. I have signed up this morning Juanita
2 Sneeuwaght.

3 JUANITA SNEEUWAGHT: Good morning.

4 BUTCH LAMBERT: Good morning, Ms. Sneeuwaght.

5 ALLEN COMPTON: Good morning.

6 BUTCH LAMBERT: Please state your---.

7 JUANITA SNEEUWAGHT: I hope you are well. Hi.

8 BUTCH LAMBERT: Please state your name for the
9 record, Ms. Sneeuwaght.

10 JUANITA SNEEUWAGHT: My name is Juanita Sneeuwaght.

11 I'm President of the Committee for Constitutional and
12 Environmental Justice. This is just a little comment.
13 Thank you. This is just a little comment that I wanted to
14 make. It's not a scold, but just a little reminder that the
15 Virginia Gas and Oil Board, to my knowledge, has no power to
16 interpret chain of title for surface owners. I'm sure you're
17 already aware of that. The other comment is the Virginia Gas
18 and Oil Board, I saw some language that says may or shall
19 disburse escrowed funds should the correlative
20 reading...should the correlative reading be in that
21 direction. I did want to make a comment because I haven't
22 heard anybody talk for a long time what's happening with
23 Robertson, Farmer and Cox. I don't know where that is. I
24 do realize that I had missed a meeting when they were brought

25

1 in the past. I wasn't able to be here. I was wondering why
2 there is apparently not a certified petroleum accountant with
3 that group. If memory serves, then I think approximately
4 maybe four or five accounts were given to them and they sent
5 back word that that was not enough to render a fair...a fair
6 decision about...about the audit. As I've said, I've heard
7 no other conversation about that in the meantime and I just
8 kind of wondered what's going on. That's kind of...that's
9 kind of it. So, if you can update us perhaps on
10 Farmer...Robertson, Farmer and Cox at some point in the near
11 future, it would be really appreciated. And if, in fact,
12 they have taken on a certified petroleum accountant I think
13 they have taken on a certified petroleum accountant I think
14 who would be very, very highly advanced knowledge of what's
15 going on with that. So, that's all I have. Thank you very
16 much.

17 BUTCH LAMBERT: Ms. Sneeuwaght, I can give you an
18 update on that right.

19 JUANITA SNEEUWAGHT: Okay. Well, how nice. Okay.

20 BUTCH LAMBERT: I think one of the meetings that you
21 did miss, we had an update on the...on the informal auditing
22 of that account. That had to be done before Robertson,
23 Farmer and Cox could finish their audit. And we are
24 completed to this point with all of our internal auditing.

25

1 Robertson, Farmer and Cox will be back before the Board next
2 month and we'll be ready for them to complete their portion
3 of the audit.

4 JUANITA SNEEUWAGHT: Well, good. Good. And did
5 they have a certified petroleum person to advise them or do
6 you know?

7 BUTCH LAMBERT: To my knowledge they do not. But
8 that wasn't part of our RFP for Robertson, Farmer and Cox to
9 complete the audit.

10 JUANITA SNEEUWAGHT: Okay. Okay, take it under
11 advisement, if you don't mind, then that probably that person
12 would be extremely knowledgeable about petroleum situations.
13 Thank you very much.

14 BUTCH LAMBERT: Thank you. Next I have Arlene Deel.

15 ARLENE DEEL: Yes. My name is Arlene Deel and I'm
16 from Haysi, Virginia. I'm here on behalf of the land that
17 has been taken with the gas well people. I have several
18 tracts of land that Phil Horn said that I did not own and they
19 put gas lines on it. They used the land and they don't ask
20 for permission or anything. They just go ahead and take your
21 land and they don't talk to anybody about it. They need to
22 go search the records better because I have the tax tickets
23 on this land. On one strip of land that Phil wrote me a letter
24 about that I didn't have any rights to, I pay the taxes on

25

1 it and it's 18 tracts of land at Frying Pan. There's several
2 other pieces of land that they put lines and wells on that
3 they have never talked to me about it or talk to my brother
4 about. My brother was Rural Fuller and he is deceased. And
5 then some of these permits and things they have got, the
6 permits are not right. The names are not right or the
7 addresses are not right. They need to correct this stuff and
8 they need to quit taking people's land without permission.
9 The money that has been put into the escrow account for Rural
10 Fuller I have not received. When I try to find out if there's
11 any in the escrow or pooling, I get no answers from that as
12 if he don't have any. I have got my tax tickets to show that
13 I do own the land. I would like for somebody to straighten
14 some of this stuff up and not go over people and take their
15 land and then not pay them for their gas and oil that they
16 get. They should come to them and try to make an agreement
17 and not to try to take it. They need to pay for what they
18 get because the people is being treated unfairly and when they
19 fix the roads and things to go to these gas wells they're not
20 fixing it. They're tearing up the land. They're fixing the
21 roads to you can't even get up them. So, that is not no way
22 to treat nobody and that's the community is in such a bad
23 shape. Phil has wrote me a letter and telling me that I don't
24 have any right to this property. If I don't have any right

25

1 to this property that I'm paying taxes on, the gas well
2 company does not have any rights at all to run a gas line
3 across this property. I guess that's about all I've got to
4 say because I think they're taking everybody's land the way
5 they want to and I don't think they're paying any of their
6 people for the land or the trees or anything that they have
7 tore up. They road work needs to be fixed. That's all I've
8 got to say. Thank you.

9 BUTCH LAMBERT: Thank you, Ms. Deel. Are there any
10 others for public comment that didn't get signed up?
11 Senator. You don't have to sign up, Senator. You're
12 welcome to speak anytime.

13 SENATOR PHILLIP PUCKETT: Thank you, Mr. Chairman.
14 I apologize for not signing up. A couple of things that I
15 would like to make a comment or two about. I've had a brief
16 opportunity to look at your agenda. I'm pleased to see there
17 are some disbursements from the escrow account. There have
18 been several in the past year or so. That has been a huge
19 step forward for us. I know we've got a lot of issues out
20 there and I know that there are still problems that are being
21 worked on. But I want to say thank you to the Board for your
22 efforts in trying to see that money from the escrow account
23 is being disbursed and your agenda clearly indicates that
24 today.

25

1 My real purpose here is to just acknowledge the
2 service of one your Board members who is leaving, I
3 understand, and she probably is mad at me. Katie and I go
4 way back long before this Board when I was in the insurance
5 business. I wrote insurance for her and David. We have known
6 each other for quite some time. In 2005---

7 KATIE DYE: I'm not for sure what you're asking.

8 SENATOR PHILLIP PUCKETT: I think that's right. In
9 2005 when we were looking for a citizen member... member of
10 the public her name surfaced. I got a call and I said yes
11 I do know her. I think that, you know, she would certainly
12 be a good citizen representative if she would serve. I don't
13 whether she would serve or not. But anyway I made contact
14 with her. She felt that she was very unqualified maybe to
15 serve. You know, many times in Virginia we ask citizens to
16 serve on a lot of Boards. We try to find people who have some
17 common interest in what's going on. When I talked with Katie
18 about that she obviously was involved in a situation that
19 maybe created problem for her and the Board later on because
20 she was involved in a situation with an escrow account and
21 gas wells and things. But I'm here to say thank you for being
22 willing to serve and for your time and energy that you've put
23 in the service to this Board and to the people of the
24 Commonwealth and particularly to the people of Southwest

25

1 Virginia. We appreciate that much. I know that all of you
2 are serving because of the big bucks that you get.

3 (Laughs.)

4 SENATOR PHILLIP PUCKETT: I think that adds a little
5 bit more to it. You really are citizens who are interested
6 in what's going on in your community. You're here because
7 of that or your interest in what's going on with the industry
8 itself. So, on behalf of Senator Puckett in particular and
9 the Commonwealth, I want to say thank you for your willingness
10 to serve and a job well done. Thank you for how you have
11 represented the people of Southwest Virginia.

12 KATIE DYE: Thank you.

13 (Hand claps.)

14 SENATOR PHILLIP PUCKETT: Thank you again.

15 BUTCH LAMBERT: Do you have comments?

16 PHIL HORN: Can I sign up?

17 BUTCH LAMBERT: Sure. I'll...I'll...since I asked
18 for additional comments, I'll sign you up, Mr. Horn.

19 PHIL HORN: Okay. Thank you. I just wanted to
20 respond to Ms. Deel. What she's referring to is some
21 property that we bought from Chesapeake here a couple of years
22 ago. She...her brother had a right-of-way for railroad
23 purposes to put a railroad across a strip of property that
24 had pipelines on it and we bought it. When the pipelines were

25

1 installed, the company that installed them had attorneys to
2 look and they agreed that they didn't need right-of-way for
3 this pipeline. Then I had someone checking also. So, she's
4 referring to something that we got from Chesapeake. I have
5 a spent a lot of time. I've written her letters. She's not
6 accepted my a anser. Her brother, Rural Fuller, he has no
7 escrow money that I'm aware of. I've talked to Equitable
8 about that also. But most of the things that she's referring
9 to is either Equitable or goes back to Chesapeake days. So,
10 I just wanted to respond.

11 BUTCH LAMBERT: Thank you, Mr. Horn.

12 PHIL HORN: Thank you.

13 BUTCH LAMBERT: Are there any others for public
14 comment?

15 (No audible response.)

16 BUTCH LAMBERT: Thank you, ladies and gentlemen.
17 Now, we're enter into item number...docket...item number
18 two. It is a petition from EQT Production Company for
19 disbursement of funds and authorization of direct payment of
20 royalties from escrow for Tract 3 on behalf of Brandi Mooney
21 Taylor and Jason Taylor, Joselean S. Garrett, Linda Frye
22 Campbell and Alan Campbell, Fred and Gail Garrett, Robert F.
23 Garrett, Any Janette Garrett, Katrina Garrett Foster and
24 Steven Foster, David and Ann Ledgerwood, Bill and Debbie

25

1 Garrett and Range Resources for unit VC-3655, docket number
2 VGOB-97-0520-0586-01. All parties wishing to testify,
3 please come forward.

4 JIM KAISER: Mr. Chairman and members of the Board,
5 Jim Kaiser and Rita Barrett on behalf of EQT Production
6 Company.

7 (Rita Barrett is duly sworn.)

8 BUTCH LAMBERT: Mr. Kaiser, before we begin, I'd
9 like to ask...since the Senator is still here, I'd like to
10 ask...Rick, could you give us an update on the amount of funds
11 that have been disbursed just in the last two months?

12 RICK COOPER: Well, in May we disbursed \$600,000 and
13 in April it was around...I don't know the exact number, but
14 it was around \$185,000. So, we've---

15 (Rick Cooper and Diane Davis confer.)

16 RICK COOPER: And we have disbursed 45 petitions in
17 that period this year. So---

18 BUTCH LAMBERT: Disbursement petitions, 45 this
19 year to date?

20 RICK COOPER: Right. And it's...I don't know the
21 total amount for the record, but we're probably at one and
22 a half million dollars so far this year or in that general
23 area.

24 BUTCH LAMBERT: Okay. I just wanted to provided
25

1 Senator with that little bit of that information. So, we are
2 on tract for a record year of disbursements this year. Mr.
3 Kaiser, you may proceed.

4

5

RITA BARRETT

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

8

DIRECT EXAMINATION

9

QUESTIONS BY MR. KAISER:

10

Q. Ms. Barrett, if you'd state your name for the

11

record and who you're employed by.

12

A. My name is Rita McGlothlin-Barrett. I'm

13

employed as a contract land agent for EQT Production Company.

14

Q. And this is a petition requesting a

15

disbursement from escrow for the unit serving well VC-3655?

16

A. It is.

17

Q. Have all parties been notified as required

18

by statute?

19

A. Yes.

20

Q. And what tract are we disbursing from?

21

A. Tract 3.

22

Q. Is it a partial or a full disbursement?

23

A. This is partial.

24

Q. The reason for the disbursement?

25

1 A. We received letters from Range Resources
2 relinquishing their claim to the CBM royalty.

3 Q. And have the figures been reconciled between
4 the escrow agent and EQT?

5 A. Yes.

6 Q. And if the Board is...we want to direct the
7 Board to the next to the last column on the right on the
8 Exhibit that we gave them that we call our spreadsheet
9 percentage of escrowed funds and that's what they should use
10 for purposes of final disbursement?

11 A. That's correct.

12 Q. And does it accurately depict who should
13 receive the disbursements and at what percentage?

14 A. It does.

15 Q. And have you provided the Board with
16 Exhibits E and EE to reflect this disbursement?

17 A. Yes.

18 Q. And would you ask that these parties...that
19 the order direct that these parties be paid their royalty
20 directly going forward?

21 A. Yes.

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

24 BUTCH LAMBERT: Any questions from the board?

25

1 (No audible response.)

2 BUTCH LAMBERT: Anything further, Mr. Kaiser?

3 JIM KAISER: It looks like about \$41,000 going out
4 in this one. No, nothing further.

5 BUTCH LAMBERT: I have one simple little request.
6 Could we make these charts just a tad bigger?

7 RITA BARRETT: I has asked them the same thing.

8 JIM KAISER: They're hard for me to read too.

9 BUTCH LAMBERT: They're kind of hard.

10 RITA BARRETT: (Inaudible.)

11 BRUCE PRATHER: Mr. Chairman---

12 SHARON PIGEON: And we really need to put a number
13 or a letter on these so that when we refer to them in the record
14 and so on that we...instead of just saying that page in there
15 that we call the spreadsheet because this is a thick package
16 and, you know, we know what we're looking for, but if anyone
17 else were looking for it I don't think they would necessarily.

18 RITA BARRETT: I'll ask.

19 SHARON PIGEON: Thank you.

20 DIANE DAVIS: We call it Table One usually.

21 RICK COOPER: Table One.

22 JIM KAISER: So, you want us to start labeling it
23 Table One?

24 BUTCH LAMBERT: Table One. Mr. Prather.

25

1 BRUCE PRATHER: I was just wondering, looking at the
2 fact that the Garrett family is in this proposal, is this part
3 of that Shea Cook thing or is this another one?

4 JIM KAISER: I don't know. Mr. Garrett would
5 probably have to address that. We don't have a letter from
6 him saying that he represents them on this well.

7 BUTCH LAMBERT: Mr. Garrett, could you come forward
8 and be sworn, please?

9 (Billy Garrett is duly sworn.)

10 COURT REPORTER: Please state your name.

11 BILLY GARRETT: I'm Billy Garrett. To my
12 understanding after contact with most of the family, I
13 believe...I know Robert and...well, Katrina, Fred, myself
14 and Brandi have all fired Mr. Cook. I believe the others are
15 in process if they haven't already done so. I did get a
16 response from the Virginia State Bar. They have dispatched
17 a Tenth District investigator to investigate his activities.

18 BUTCH LAMBERT: Thank you, Mr. Garrett. Any other
19 questions from the Board?

20 (No audible response.)

21 BUTCH LAMBERT: Anything further, Mr.---?

22 BRUCE PRATHER: That answers my question. Thank
23 you.

24 BUTCH LAMBERT: Okay. Anything further, Mr.

25

1 Kaiser?

2 JIM KAISER: No, sir. We'd ask that the petition
3 be approved as submitted with the addition of Table One to
4 the spreadsheet.

5 BUTCH LAMBERT: Do I have a motion?

6 MARY QUILLEN: Motion to approve---.

7 BRUCE PRATHER: Second.

8 MARY QUILLEN: ---including the Table Number One.

9 BUTCH LAMBERT: Mr. Prather, did you second?

10 BRUCE PRATHER: I seconded it, yeah.

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

12 Are there any further discussions?

13 (No audible response.)

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

15 (All members signify by saying yes.)

16 BUTCH LAMBERT: Opposed, no.

17 (No audible response.)_

18 BUTCH LAMBERT: Thank you, Mr. Kaiser. It's
19 approved.

20 JIM KAISER: Thank you.

21 RITA BARRETT: Thank you.

22 BUTCH LAMBERT: We're calling docket item number
23 three. A petition from EQT Production Company for
24 disbursement of funds and authorization of direct payment of

25

1 royalties on behalf of Alcie Keen, Teresa Patrick, Freddie
2 and Darlene Johnson, Gaynell and Carl Sampson and Range
3 Resources-Pine Mountain, Inc. for unit 537521, docket number
4 VGOB-09-0616-2541-02. All parties wishing to testify,
5 please come forward.

6 JIM KAISER: Jim Kaiser and Rita Barrett, again, for
7 EQT Production.

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

9
10 RITA BARRETT

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

13 DIRECT EXAMINATION

14 QUESTIONS BY MR. KAISER:

15 Q. Ms. Barrett, is this a petition requesting
16 disbursement from escrow for...I believe it's Tracts 2, 3 and
17 5 in the unit serving well number VC-537521?

18 A. That's correct.

19 Q. Have all parties been notified as required
20 by statute?

21 A. They have.

22 Q. Is this a partial or a full disbursement on
23 each of these tracts?

24 A. It's partial.

25

1 Q. Okay. The reason for disbursement?

2 A. We receive letters from Range Resources
3 where they have split agreements with some of the parties and
4 they relinquished their claim to the CBM royalty on some of
5 the other tracts.

6 Q. Okay. So, I believe Tract...the Dallas
7 Keen split is a 100% and the Tract 5 is 75/25, is that right?

8 A. No. It appears that Alcie Keen has a 100%
9 on all three tracts, Tracts 2, 3 and 5.

10 Q. Right. And then the other parties, the
11 undivided interest on Tract 5, are 75/25?

12 A. That's correct.

13 Q. Okay. Have the figures been reconciled
14 between the escrow agent and EQT?

15 A. They have.

16 Q. And if we refer the Board to Table One, the
17 exhibit that we're calling Table One, is the percentage of
18 escrowed funds in the next to the last column to the right,
19 is that the figure that they should use for the final
20 disbursement to these parties?

21 A. Yes.

22 Q. And does that table represent the parties
23 who should receive those disbursements and the percentage of
24 those disbursements?

25

1 A. It does.

2 Q. And have you provided the Board with
3 Exhibits E and EE to reflect the facts of this disbursement?

4 A. Yes.

5 Q. And would you ask that the order direct the
6 operator to pay these folks their royalty directly going
7 forward?

8 A. Yes.

9 JIM KAISER: Nothing further of this witness at this
10 time, Mr. Chairman.

11 BUTCH LAMBERT: Any questions from the Board?

12 (No audible response.)

13 BUTCH LAMBERT: I have one minor. In the
14 application in paragraph E, the statement that says, "To
15 resolve the conflict of a letter dated March...May the 3rd,
16 2011 and signed by Jerry Grantham." Actually, in our packet
17 or at least in my packet, the letter is signed by Phil Horn.

18 SHARON PIGEON: And they're different dates.

19 BUTCH LAMBERT: Yes. And the dates are not the
20 same.

21 JIM KAISER: Well, there's actually several people
22 that signed them. Alcie Keen's is signed by Mr. Grantham.

23 MARY QUILLEN: The one in my packet is signed by Mr.
24 Grantham.

25

1 JIM KAISER: Well, that's to Equitable.

2 RITA BARRETT: Fred and Darlene Johnson---.

3 JIM KAISER: Phil signed some of them, Anne Edmonson
4 signed some of them. So, I should probably...we should
5 probably just...if you want us to revise that to say Jerry
6 Grantham, et al letters---.

7 BUTCH LAMBERT: And correct the date. The date in
8 the application it says May the 3rd, 2011. Actually, there's
9 several letters with different dates.

10 JIM KAISER: Right. Yeah, that's just the Alcie
11 Keen letter. I guess that was the first one. That's the
12 reason it was used. But, yeah, we can...we can revise it to
13 reflect...do you want a...do you want a list of all of the
14 letters and the dates that they signed?

15 BUTCH LAMBERT: I don't think that would be
16 necessary. Just Phil Horn and Jerry Grantham or et al.

17 SHARON PIGEON: Make it a plural letter, you know,
18 so that we know that we're not looking at just the one.

19 JIM KAISER: Yeah.

20 MARY QUILLEN: Letters.

21 JIM KAISER: Letters and dated at various dates
22 signed by Jerry Grantham, et al.

23 SHARON PIGEON: Correct. That would be---.

24 BUTCH LAMBERT: Uh-huh. Any other questions from
25

1 the Board?

2 KATIE DYE: Mr. Chairman, I have a question.

3 BUTCH LAMBERT: Mrs. Dye.

4 KATIE DYE: And this is just general, I guess,
5 information. Just some things I don't understand. Why when
6 we do this disbursement for you...like for Range where
7 they're relinquishing 100% of what the escrowed funds, why
8 are not all the people that are in that unit that has money
9 in escrow why are they not receiving the disbursement? Why
10 are we just getting like the Keen lady out of this one unit
11 when there is escrow remaining?

12 RITA BARRETT: Because we haven't received
13 any...anything from those people regarding a request for a
14 disbursement.

15 KATIE DYE: So, what I'm understanding from you is
16 these people have to find out that they have money in escrow
17 and then they have to make a request from Range?

18 SHARON PIGEON: Well, would they all have the same
19 ownership...I mean, the titling and everything, the land
20 ownership?

21 RITA BARRETT: It would be different percentages I
22 would imagine. But I---

23 KATIE DYE: But, I mean, why not do the whole unit
24 because this money for...like, for example, where number 2

25

1 has being held for like 16 years, you know. That's a long
2 time.

3 RITA BARRETT: Yes, ma'am. The parties have
4 options. They can obtain counsel, take it to Court to
5 determine who owns it or they can work out an agreement with
6 whoever they are in conflict with or now they need an
7 arbitrator.

8 KATIE DYE: Uh-huh. But Range is saying there's no
9 conflict and, you know, if two people...you were saying this
10 money belongs to these people then, you know, they should have
11 it.

12 RITA BARRETT: Range---.

13 KATIE DYE: If I owe somebody something, you know,
14 it needs to be paid.

15 RITA BARRETT: I'm not sure Range is saying there
16 is no conflict. You'll have to ask Range about that. But
17 when Range tells us that they do not claim the CBM royalties,
18 that's when we apply for a disbursement.

19 JIM KAISER: We're the operator, okay. So, it's our
20 job to disburse this money. The claimants are these folks
21 that we are disbursing for and/or Range. When we...so,
22 Range...the agreements are between Range and those other
23 owners. So, when they send us letters saying that they have
24 given up any claim that the have to that royalty that's when

25

1 we file these petitions.

2 KATIE DYE: I understand from your point of view.
3 So, I guess, what I need to be asking...you know, maybe it
4 should be asked of Range because I just don't understand. I
5 guess I didn't understand the process of how you decide who
6 gets a 100% disbursement but yet there's people remaining in
7 that same unit that have money in escrow that, you know, are
8 not getting their disbursements.

9 RITA BARRETT: We haven't received anything from
10 Range or those parties telling us that they want a
11 disbursement.

12 KATIE DYE: I understand. You guys are just acting
13 on behalf of Range...at their instruction. I'm I correct?

14 JIM KAISER: We're just---

15 RITA BARRETT: We're the operator.

16 JIM KAISER: We're acting as the operator.

17 KATIE DYE: Okay.

18 JIM KAISER: We're doing what we're required to do
19 by the statute by the Board.

20 RITA BARRETT: Right.

21 JIM KAISER: But something has to trigger it for us
22 to do it.

23 KATIE DYE: Right.

24 JIM KAISER: We can't just do it on our own.

25

1 KATIE DYE: Thank you.

2 BUTCH LAMBERT: Any other questions?

3 (No audible response.)

4 BUTCH LAMBERT: Anything further, Mr. Kaiser?

5 (No audible response.)

6 BUTCH LAMBERT: We'd ask that the application be
7 approved as submitted with the revision to paragraph 2E in
8 the application.

9 BUTCH LAMBERT: Do I have a motion?

10 MARY QUILLEN: Motion to approve.

11 BRUCE PRATHER: Second.

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

14 (No audible response.)

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

16 (All members signify by saying yes.)

17 BUTCH LAMBERT: Opposed, no.

18 (No audible response.)

19 BUTCH LAMBERT: Thank you, Mr. Kaiser. That's
20 approved.

21 JIM KAISER: Thank you.

22 BUTCH LAMBERT: Item number four on the docket on
23 the Board's own motion the disbursement for docket
24 09-1117-2633-01 previously heard on March 13, 2012 is being

25

1 placed back on the docket for correction of testimony. The
2 re-pooling changed the tracts and the testimony for the
3 record and that was incorrect. Mr. Kaiser.

4 JIM KAISER: Jim Kaiser and Rita Barrett, again, on
5 behalf of EQT Production Company. I'm going to leave this
6 up to Ms. Barrett and Ms. Davis. Apparently, what happened
7 was in the original testimony we had Mr. Ratliff being his
8 disbursement coming out of escrow from Tract 1 and it actually
9 should have been Tract 2.

10

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. Is that correct, Ms. Barrett?

17 A. That's correct.

18 Q. And have you provided Ms. Davis with all of
19 the information particularly the plat and mineral interest
20 sheet attached to the plat that she needs to ensure that
21 disbursements should actually be from Tract 2 rather than
22 Tract 1?

23 A. Yes. Diane also has the exhibits...the
24 corrected exhibits.

25

1 BUTCH LAMBERT: Ms. Davis.

2 DIANE DAVIS: The problem occurred with what they
3 attached to the original disbursement. They attached the
4 plat from the original pooling and there had been a repooling.
5 It had moved people from one tract to the other. Acreage and
6 percentages according to Rita had not changed but testimony
7 had the wrong track and the table had the wrong tracks being
8 paid out.

9 BUTCH LAMBERT: So, now...you now have the corrected
10 information?

11 DIANE DAVIS: I now have a corrected petition and
12 the corrected plat and I believe it should put on the record
13 what tract we're paying from and we can go ahead with the
14 disbursement.

15 RITA BARRETT: It would be Tract 2.

16 BUTCH LAMBERT: Tract 2.

17 DIANE DAVIS: I have everything I need then.

18 BUTCH LAMBERT: Okay.

19 SHARON PIGEON: This was all to one individual was
20 it not?

21 RITA BARRETT: Yes.

22 JIM KAISER: It's Hurley Ratliff.

23 RITA BARRETT: Hurley Ratliff.

24 BUTCH LAMBERT: Okay. Do I have a motion to accept

25

1 the corrected testimony?

2 MARY QUILLEN: Motion to accept corrected
3 testimony.

4 BRUCE PRATHER: Second.

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

6 Any further discussion?

7 (No audible response.)

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

9 (All members signify by saying yes.)

10 BUTCH LAMBERT: Opposed, no.

11 (No audible response.)

12 BUTCH LAMBERT: Thank you, Mr. Kaiser. It's
13 approved.

14 JIM KAISER: Thank you.

15 RITA BARRETT: Thank you.

16 BUTCH LAMBERT: We're calling docket item number
17 five. A petition from CNX Gas Company, LLC for the
18 disbursement of funds from Tracts 2 and 3 on behalf of the
19 Harrison-Wyatt, LLC and Ida W. Hamilton, Ella Ruth Cook and
20 CNX Gas Company for unit T-15, docket number
21 VGOB-92-1215-0306-02. All parties wishing to testify,
22 please come forward.

23 MARK SWARTZ: Mark Swartz and Anita Duty.

24 BUTCH LAMBERT: Ma'am, please state your name for
25

1 the record.

2 ELLA RUTH REEDY COOK: Ella Ruth Reedy Cook.

3 (Anita Duty and Ella Ruth Reedy Cook are duly
4 sworn.)

5 MARK SWARTZ: Mr. Chairman, we have a request. I
6 thought I would handle it in the beginning to continue several
7 matters, dockets items five, this one, seven, ten and twelve.
8 The issue with docket item five T-15 and docket item seven
9 T-16 is that Anita has been unable to bring the escrow
10 accounts into balance. These are units that are...that date
11 back to '92 and '93. There's quite a history. There have
12 been some disbursements and so forth. She's real close on
13 one, but not real close on the other one. We need to have
14 the balance before we come in front of you. So, that's the
15 reason for the request for a continuance with regard to five
16 and seven. With regard to item ten, there is an escrow
17 balance issue as well that we know we can resolve. There's
18 a check being cut to escrow to make sure the account has
19 sufficient funds in it before it's...before it's
20 disbursement. So, we know it and we can solve that problem.
21 But the funds aren't there yet. With regard to twelve, this
22 was continued once before because our land people were
23 negotiating with Cliff Investment to see if we can reach an
24 agreement. Apparently, they're making progress and that's

25

1 still in the works. If that happens, then we won't have to
2 pool this. So, that's why we would respectfully request that
3 these four items be continued until August.

4 BUTCH LAMBERT: That's docket item five, seven,
5 nine---.

6 MARK SWARTZ: Ten.

7 BUTCH LAMBERT: ---and ten.

8 MARK SWARTZ: No. Ten and twelve.

9 ANITA DUTY: Not nine.

10 BUTCH LAMBERT: Not nine?

11 MARK SWARTZ: Not nine. So, five---.

12 MARY QUILLEN: Was it nine or ten?

13 BRUCE PRATHER: Ten.

14 MARK SWARTZ: Five, seven, ten and twelve.

15 MARY QUILLEN: Okay. Five, seven, ten and twelve.

16 MARK SWARTZ: Correct.

17 MARY QUILLEN: Okay. And these are being continued
18 until July?

19 ALLEN COMPTON: August.

20 MARY QUILLEN: August.

21 BRUCE PRATHER: When do you want these continued to?

22 MARY QUILLEN: August.

23 SHARON PIGEON: Do you want these continued until
24 August?

25

1 MARK SWARTZ: Until August, yes.

2 ANITA DUTY: We're not going to be here in July. So,
3 that's the only reason for August.

4 SHARON PIGEON: Well, that would be good reason if
5 you're not going to be here.

6 ANITA DUTY: Yeah.

7 BUTCH LAMBERT: So, Ms. Cook, do you understand that
8 the docket item that we just called that you appeared to
9 provide testimony that the operator has requested to continue
10 that case until August?

11 SHARON PIGEON: And the reason that they've given
12 is because the escrow account doesn't reconcile with their
13 records yet. So, they're still working on that. Something
14 that---

15 MARK SWARTZ: She is also in unit six. So you have
16 not wasted the trip entirely. But---

17 ELLA RUTH REEDY COOK: No, I don't want to waste a
18 trip.

19 MARK SWARTZ: No, but I wanted her to know---

20 BUTCH LAMBERT: We don't want you to do that either.

21 SHARON PIGEON: We don't...we don't want you to
22 waste a trip, but we want you to understand that you want your
23 account balance to be correct.

24 MARK SWARTZ: But I wanted her to know that she's

25

1 in the next one. We're prepared to proceed with six.

2 ELLA RUTH REEDY COOK: I'm going to get me a house
3 and move down here.

4 MARK SWARTZ: I'm sure we could find you one.

5 BUTCH LAMBERT: Where are you from, Ms. Cook?

6 ELLA RUTH REEDY COOK: I am from West Virginia.

7 BUTCH LAMBERT: Well, that's just across...up the
8 road a little bit.

9 ELLA RUTH REEDY COOK: Well, I know. But it goes
10 a long way.

11 SHARON PIGEON: Mark is too. You might catch a
12 ride.

13 BUTCH LAMBERT: Mr. Swartz is from West Virginia.
14 Maybe you all can ride together.

15 SHARON PIGEON: He could give you a lift the next
16 time.

17 MARK SWARTZ: That would be exciting.

18 ELLA RUTH REEDY COOK: They have real good
19 Mountaineers.

20 BUTCH LAMBERT: So, do you understand that we will
21 probably be continuing item number...docket item number
22 five, but we will hear docket item number six?

23 ELLA RUTH REEDY COOK: Okay. On item number six,
24 I guess it's the only one I can talk about---.

25

1 BUTCH LAMBERT: Okay. We'll get---

2 SHARON PIGEON: Well, we're not there yet.

3 BUTCH LAMBERT: We'll get you there just one second,
4 okay. So, we're going to continue docket item number five.
5 That's VGOB-92-1215-0306-02. We're also continuing docket
6 item number seven. That's VGOB-94-1024-0476-02.
7 Continuing docket item number ten, docket number
8 VGOB-05-0315-1414-01. Continuing docket item number twelve
9 is VGOB-12-0515-3065. Those docket items will be continued
10 until August.

11 ELLA RUTH REEDY COOK: Okay. I've got the paper on
12 five and seven.

13 SHARON PIGEON: Seven?

14 ELLA RUTH REEDY COOK: Five, six and seven.

15 SHARON PIGEON: Okay.

16 ELLA RUTH REEDY COOK: I received it in the mail.

17 BUTCH LAMBERT: Okay. Now, we're calling docket
18 item number six. A petition from CNX Gas Company, LLC for
19 disbursement of funds from escrow for Tracts 3 and 4 on behalf
20 of Harrison-Wyatt, LLC and Ida W. Hamilton, Ella Ruth Cook
21 and CNX Gas Company for unit U-16, docket number
22 VGOB-93-0622-0381-02. All parties wishing to testify,
23 please come forward.

24 MARK SWARTZ: Mark Swartz and Anita Duty.

25

1 A. To review the royalty agreement and to make
2 sure the accounts are in balance and to file the petitions.

3 Q. Okay. And we're here on a request for a
4 disbursement from unit 16, is that correct?

5 A. Yes.

6 Q. Which tracts?

7 A. Tracts 3 and 4.

8 Q. Okay. And did you either prepare or review
9 the petition that has been filed?

10 A. I did.

11 Q. And you signed it?

12 A. Yes.

13 Q. Okay. And the reason for this request for
14 a disbursement from escrow is what?

15 A. A royalty agreement.

16 Q. Okay. And with Harrison-Wyatt it's usually
17 actually not an agreement in the traditional contract sense,
18 but it's actually a deed, right?

19 A. It is.

20 Q. Okay. And you have---?

21 SHARON PIGEON: A deed?

22 MARK SWARTZ: A deed.

23 Q. And you have reported in your petition that
24 there is...that there has been a 50/50 CBM deed has been

25

1 executed by the parties who you're seeking to disburse
2 through here?

3 A. Yes.

4 Q. And have you actually seen that deed?

5 A. I have.

6 Q. In fact, you've seen a number of those kind
7 of deeds with Harrison-Wyatt, right?

8 A. Yes.

9 Q. And have you confirmed it is a 50/50 deed?

10 A. Yes.

11 Q. Okay. And that is the only reason that
12 you're requesting a disbursement today from these tracts?

13 A. Yes.

14 Q. And is it a partial disbursement?

15 A. It is.

16 Q. And so it will be...the escrow agent will be
17 required to continue to maintain this account even after
18 these disbursements are made?

19 A. Yes.

20 Q. Did you compare bank records with the
21 operator's payment records to determine whether or not they
22 were in balance?

23 A. Yes.

24 Q. And did you do that as of a date?

25

1 A. As of March the 31st, 2012.

2 Q. Okay. And when you made the comparison of
3 the bank records of deposits and the operator's records of
4 payments were they in agreement?

5 A. They were.

6 Q. And have you prepared a spreadsheet as you
7 customarily do to guide both the Board and the escrow agent
8 in terms of how to make these disbursements?

9 A. Yes.

10 Q. And is that the last page of your
11 application?

12 A. It is.

13 Q. Okay. And it shows a balance as of the date
14 you made the comparison, correct?

15 A. Yes.

16 Q. And what was the total on deposit at that
17 point?

18 A. \$32,495.90.

19 Q. And if we look at the far right-hand column
20 in terms of the estimate with regard to the amounts that would
21 have been disbursed as of March the 31st it's obvious that
22 the disbursement is kind of minimum in comparison to the total
23 balance and there will be a lot of money on deposit after the
24 disbursements, correct?

25

1 A. Yes.

2 Q. Okay. With regard to Tract 3 and then with
3 regard to Tract 4, would you state the name of the person that
4 should be receiving a disbursement and then the percentage
5 that should be used to calculate that disbursement?

6 A. For Tract 3 Harrison-Wyatt, LLC should
7 receive a total of 0.9188% and CNX Gas Company should...they
8 will also receive that same total, but we've got it broken
9 down to the individuals that we purchased. The one interest
10 is 0.0322. The second interest is 0.1773%. The third is
11 0.7093%.

12 Q. And the escrow agent though in making the
13 disbursements should apply the .9188% total to reflect the
14 total CNX interest out of that tract?

15 A. Yes.

16 Q. Okay. Moving to Tract 4.

17 A. Harrison-Wyatt, LLC would receive 0.9024%
18 of the escrow account. Ada Hamilton should receive 0.1641%.
19 Ella Ruth Cook should receive 0.7383%.

20 Q. If the Board approves these disbursements
21 and directs the escrow agent to make the disbursements, the
22 escrow agent should use these percentages and apply them to
23 the balance on deposit as of the time the disbursement is
24 made, correct?

25

1 A. Yes.

2 Q. And in addition, are you also asking as
3 operator to be allowed to pay the folks who have this...who
4 have entered into these CBM deeds...cross deeds to allow you
5 to pay them directly in the future?

6 A. Yes. But this was actually being paid under
7 a sealed gob unit.

8 Q. Oh, that's right. Because this unit...this
9 was a frac unit and you're basically clearing this out?

10 A. Yes.

11 Q. Okay. So, these people are being paid
12 under...put the name of the sealed gob unit in the record?

13 A. It's the VP8SGU3.

14 Q. Okay.

15 SHARON PIGEON: Could you repeat that?

16 A. VP8SGU3.

17 Q. And let me see if there's anything else here.
18 And have you prepared a revised Exhibit E and a revised
19 Exhibit EE that you've submitted with your application?

20 A. Yes.

21 Q. And those were predicated on the assumption
22 that if the disbursements were approved this is what the
23 Exhibit E and EE should look like?

24 A. Yes.

25

1 Q. And have you given the Board this morning a
2 further revised Exhibit EE?

3 A. I have.

4 Q. And what was the change?

5 A. There was a typo on the heading. We called
6 it an Exhibit E. It's actually the EE.

7 Q. So, you added an E?

8 A. Yes.

9 MARK SWARTZ: Okay. I have nothing further.

10 BUTCH LAMBERT: Any questions from the Board?

11 (No audible response.)

12 BUTCH LAMBERT: Ms. Cook.

13 ELLA RUTH REEDY COOK: I wanted to ask why that my
14 brother's name is on some of these and my name is on other
15 ones and in the past my name and his name has been on all of
16 them with our parents.

17 BUTCH LAMBERT: Can you answer that, Ms. Duty?

18 ANITA DUTY: Yes. They were disbursed at different
19 times. So, depending on whether or not they were already
20 placed on...he was already placed on pay or whether or not
21 we needed to catch up and get her filed with her...I guess
22 it's her...with one of her other relatives. But everybody
23 is being paid the same amount. It's just that they come on
24 at different times. If we had already paid him before, then

25

1 we...you know, we don't need to put him on here now because
2 he has already...he had already been paid.

3 BUTCH LAMBERT: And how would...how would
4 that---?

5 ELLA RUTH REEDY COOK: I know that he has got several
6 checks that I hadn't got.

7 ANITA DUTY: Well, now we're catching up and making
8 sure you get your check.

9 ELLA RUTH REEDY COOK: So, I'm going to be a
10 millionaire now?

11 ANITA DUTY: Well---.

12 BUTCH LAMBERT: So, why would that be Ms. Duty?

13 ANITA DUTY: Well, they signed their agreements at
14 different times. I mean, he signed his agreement before she
15 did...several years before she did. So, he has been getting
16 paid for a while now.

17 ELLA RUTH REEDY COOK: Well, I'm tired of him calling
18 me and saying I got a check and you didn't.

19 (Laughs.)

20 SHARON PIGEON: You can start calling him now.

21 ELLA RUTH REEDY COOK: I'm going to call him when
22 I get home and I'm going to say, "Buddy, you missed it."

23 BUTCH LAMBERT: So, from this point forward, Ms.
24 Cook will be receiving her checks direct pay?

25

1 SHARON PIGEON: On this?

2 BUTCH LAMBERT: On this one?

3 ANITA DUTY: Yes. And I think there may be still
4 a couple of units that she's in that need to be disbursed right
5 now. I think they've been approved. We're just...they're
6 still in---

7 DIANE DAVIS: Waiting on checks or waiting on them
8 to come back from the Courthouse.

9 ANITA DUTY: Yeah. I know she calls to several
10 people at our office. They know her---

11 ELLA RUTH REEDY COOK: Oh, I talk to a lot of them.

12 ANITA DUTY: They know her on the first name basis.

13 ELLA RUTH REEDY COOK: Oh, yes. They want to know
14 what I look like.

15 (Laughs.)

16 ELLA RUTH REEDY COOK: They---

17 BUTCH LAMBERT: Maybe Mr. Swartz can take you down
18 on one of your...the next trip down from West Virginia.

19 SHARON PIGEON: Is that while you're riding down for
20 that August date?

21 ELLA RUTH REEDY COOK: I live in Wyoming County, West
22 Virginia.

23 MARK SWARTZ: Do you live in Pineville?

24 ELLA RUTH REEDY COOK: It's close to Pineville.

25

1 MARK SWARTZ: Okay. I get there occasionally. Do
2 you know Judge Harkem?

3 ELLA RUTH REEDY COOK: Oh, yes. Oh, yes.

4 MARK SWARTZ: Oh, yeah. Okay.

5 SHARON PIGEON: Do you call him too?

6 ELLA RUTH REEDY COOK: Yes, he's really nice.

7 MARK SWARTZ: He's a good guy. He's a good guy.

8 BUTCH LAMBERT: Ms. Cook, do you have any further
9 comments or questions?

10 ELLA RUTH REEDY COOK: No, I guess that's all because
11 I'm supposed to get my checks that I came to the meeting in
12 August the 16th, 2011. I'm supposed to get that check
13 shortly.

14 BUTCH LAMBERT: August the 16th of---?

15 DIANE DAVIS: That's one of the older ones that we
16 had to work on. She...it's...she will have it by the end of
17 the month.

18 RICK COOPER: It's in the process.

19 BUTCH LAMBERT: Where is it in the process?

20 DIANE DAVIS: I can't remember if it's at the
21 bank...it's either at the bank or the Courthouse.

22 ELLA RUTH REEDY COOK: You didn't tell me where.

23 DIANE DAVIS: Pardon me?

24 ELLA RUTH REEDY COOK: You didn't tell me where.

25

1 You just said it would be in---.

2 DIANE DAVIS: It's either at the bank or the
3 Courthouse. I cannot remember which. But it---.

4 SHARON PIGEON: The bank or the Courthouse?

5 ELLA RUTH REEDY COOK: Four or five months...I mean,
6 we---.

7 DIANE DAVIS: It's one or the other, which she will
8 get by the end of the month.

9 ELLA RUTH REEDY COOK: It has been since August of
10 2011.

11 BUTCH LAMBERT: Ms. Cook.

12 ELLA RUTH REEDY COOK: Yes.

13 BUTCH LAMBERT: If you don't receive that by the end
14 of the month, would you contact Ms. Davis again.

15 ELLA RUTH REEDY COOK: I'm going to have to send Ms.
16 Davis a bill because she first told me a different amount of
17 time and I went and ordered a garage door. I've got a man
18 to come to put my garage door in. So, when I get that bill
19 I'll just send it to her.

20 DIANE DAVIS: I'll send it to the Board.

21 MARK SWARTZ: That will probably speed it up.

22 ELLA RUTH REEDY COOK: I bet it would.

23 BUTCH LAMBERT: Ms. Davis, do you have Ms. Cook's
24 contact information?

25

1 DIANE DAVIS: Yes, I do.

2 BUTCH LAMBERT: Would you follow up on that and give
3 her a call back, please?

4 DIANE DAVIS: I will.

5 ELLA RUTH REEDY COOK: He don't want a bill.

6 SHARON PIGEON: She will save you.

7 DIANE DAVIS: No doubt. Right, Ms. Cook?

8 BUTCH LAMBERT: Mr. Swartz, anything further?

9 MARK SWARTZ: Well, bear in mind that if you want
10 to come back for those other two it's going to be the August
11 meeting.

12 ELLA RUTH REEDY COOK: Okay.

13 MARK SWARTZ: Just not July. The August meeting.

14 ELLA RUTH REEDY COOK: Okay.

15 MARK SWARTZ: Which is always the third Tuesday.

16 ELLA RUTH REEDY COOK: Okay.

17 MARK SWARTZ: If you want to come back.

18 ELLA RUTH REEDY COOK: I might just stop by
19 Bluefield.

20 MARK SWARTZ: There you go.

21 SHARON PIGEON: There you go.

22 ANITA DUTY: You need to go meet Jeff and all of them
23 because they---.

24 ELLA RUTH REEDY COOK: Jeff sent me a picture.

25

1 ANITA DUTY: Yeah, they sent a picture to her. She
2 wanted to know what they looked like.

3 BUTCH LAMBERT: Anything further, Mr. Swartz?

4 MARK SWARTZ: No. Thank you.

5 BUTCH LAMBERT: Do I have a motion?

6 MARY QUILLEN: Motion to approve.

7 BRUCE PRATHER: Second.

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

10 (No audible response.)

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

12 (All members signify by saying yes, but Katie Dye.)

13 BUTCH LAMBERT: Opposed, no.

14 KATIE DYE: I'll abstain.

15 BUTCH LAMBERT: One abstention Mrs. Dye. Thank
16 you, Mr. Swartz. It's approved. We're now calling docket
17 item number eight. A petition from CNX Gas Company, LLC for
18 disbursement of funds from escrow and authorization of direct
19 payment of royalties from Tracts 4F on behalf of Hurt McGuire
20 Land Trust and Margie Dye, Tammy Boyd Street, Patricia
21 Horton, Nancy Stilwell, Wesley Perkins, Tanya Hess and Martha
22 Smith and Sarah Day for unit W-34. This is docket number
23 VGOB-97-0318-0571-07. All parties wishing to testify,
24 please come forward.

25

1 MARK SWARTZ: Mark Swartz and Anita Duty.

2 MARTHA GWILLIAMS: Martha Gwilliams, Heir to the
3 Linkous Horn Estate, Salem, Virginia.

4 (Martha Gwilliams is duly sworn.)

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

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. Anita, would you state your name for us,
13 again?

14 A. Anita Duty.

15 Q. Who do you work for?

16 A. CNX Land Resources.

17 Q. And with regard to petitions for
18 disbursements, could you describe your duties?

19 A. To review the agreements, to file the
20 petitions and to make sure the accounts are in balance.

21 Q. Okay. And did you actually sign this
22 petition?

23 A. I did.

24 Q. Okay. And this petition...this docket item

25

1 pertains to what drilling unit?

2 A. W-34.

3 Q. Okay. I didn't mean to have a trick
4 question.

5 A. I was looking at something else. Sorry.

6 Q. Okay. And does it...which tract does it
7 pertain to?

8 A. Tract 4F.

9 Q. And if the disbursement that is sought were
10 made would the escrow account be required to continue or could
11 it be closed?

12 A. It would stay...it would remain open.

13 Q. Okay. What is the reason for this request?

14 A. A royalty agreement.

15 Q. Okay. And this is actually a split
16 agreement, correct?

17 A. It is.

18 Q. Have you seen the agreement?

19 A. Yes.

20 Q. What does it provide?

21 A. 50/50.

22 Q. Okay. And you really have two requests for
23 relief here. One is to make a disbursement from this account
24 with regard to Tract 4F consistent with the terms of the

25

1 party's agreement; and then secondly, if the disbursement is
2 approved, you're requesting authority for the operator to
3 begin paying the folks who are parties to the split agreement
4 directly?

5 A. Yes.

6 Q. Okay. Have you prepared a spreadsheet to
7 assist the Board in understanding what...what amounts and
8 what people are at issue on this disbursement request?

9 A. I have.

10 Q. And is that as usual the last page of the
11 petition?

12 A. Yes.

13 Q. Okay. And you've called it Exhibit A-1,
14 correct?

15 A. Yes.

16 Q. Did you do this account balance as of a date
17 ascertain?

18 A. April the 30th, 2012.

19 Q. Okay. And I assume you compared the
20 deposits that the banks were showing into this account and
21 to the operator's payment records, correct?

22 A. Yes.

23 Q. And when you made the comparison, what did
24 you learn?

25

1 A. They were in balance.

2 Q. Okay. With regard to Tract 4F, would you
3 tell the Board the people that you're seeking to...a
4 disbursement be made to and the percentages that the escrow
5 agent should use when making those disbursements?

6 A. For Hurt McGuire Land Trust, they should
7 receive 1.7414% of the escrow account. Margie Dye and Tammy
8 Street should each receive 0.0801%. Patricia Horton should
9 receive 0.0217%; Nancy Stilwell 0.3899%; Wesley Perkins and
10 Tania Hess 0.1949%; Martha Smith and Sarah Day 0.3899% each.

11 Q. And the well contributing to this account is
12 which well?

13 A. W-34A.

14 Q. And, again, the escrow agent should use the
15 percentages that you've just reported and apply those
16 percentages to the account balance on the day or at the time
17 the disbursements are made, correct?

18 A. Yes.

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

20 BUTCH LAMBERT: Any questions from the Board?

21 (No audible response.)

22 BUTCH LAMBERT: Ms. Gwilliams.

23 MARTHA GWILLIAMS: Okay. I am objecting to the
24 disbursement of any money out of these accounts as you well

25

1 know. I have a couple of questions that I would like to ask
2 Mr. Swartz. But there has been just inconsistencies in this
3 and these disbursements today are coming from a big mistake
4 that was made where Mary Elizabeth Horn, daughter of O. H.
5 Keen, these are O. H. Keen wells, was treated as a
6 granddaughter when this was his daughter. And, you know,
7 there has been various other mistakes. I hope they have all
8 been corrected. But I don't think anything should have ever
9 been disbursed until everybody in the pool had reached an
10 agreement or everybody in the tract. But I would...okay, I
11 would like to know why Nancy Stilwell, Sarah Day and Martha
12 Smith would not each get the exact same amount?

13 ANITA DUTY: They are.

14 BUTCH LAMBERT: Who is the one, Ms. Gwilliams, that
15 you said?

16 MARTHA GWILLIAMS: Nancy Stilwell.

17 BUTCH LAMBERT: And Sarah Day and---?

18 MARTHA GWILLIAMS: Martha Smith.

19 MARK SWARTZ: They're getting the same amount.

20 BUTCH LAMBERT: According to...yeah.

21 (Mark Swartz and Martha Gwilliams confer among
22 themselves and he shows Martha Gwilliams the percentages.)

23 BUTCH LAMBERT: Anything further, Ms. Gwilliams?

24 MARTHA GWILLIAMS: No.

25

1 BUTCH LAMBERT: Anything further, Mr. Swartz?

2 MARK SWARTZ: No.

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 I have a second.

7 Any further discussion?

8 (No audible response.)

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

10 (All members signify by saying yes, but Katie Dye.)

11 BUTCH LAMBERT: Opposed, no.

12 KATIE DYE: I'll abstain.

13 BUTCH LAMBERT: One abstention Mrs. Dye. Thank

14 you, Mr. Swartz. That's approved. We're calling docket

15 item number nine. A petition from CNX Gas Company, LLC for

16 disbursement of funds and authorization for direct payment

17 of royalties from escrow for Tract 1G on behalf of Hurt

18 McGuire Land Trust, Margie Dye, Tammy Boyd Street, Patricia

19 Horton, Nancy Stilwell, Wesley Perkins, Tania Hess, Martha

20 Smith and Sarah Day and disbursement from escrow regarding

21 previously disbursed owners within Tracts 1G on behalf of

22 Hurt McGuire, Nellie Maynard, Danny Elder, Robert Elder and

23 Joseph Horn for unit W-35, docket number

24 VGOB-98-0324-0627-08. All parties wishing to testify,

25

1 please come forward.

2 MARK SWARTZ: Mark Swartz and Anita Duty.

3 MARTHA GWILLIAMS: Martha Gwilliams.

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

5

6 ANITA DUTY

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

9 DIRECT EXAMINATION

10 QUESTIONS BY MR. SWARTZ:

11 Q. Anita, you need to state your name for us
12 again, please.

13 A. Anita Duty.

14 Q. Who do you work for?

15 A. CNX Land Resources.

16 Q. With regard to petitions for disbursements,
17 what are your job responsibilities?

18 A. To review the agreements, prepare the
19 petition and make sure the accounts are in balance.

20 Q. This pertains to what unit?

21 A. W-35.

22 Q. And what tract within the unit?

23 A. 1-G.

24 Q. And the reason for the disbursement request

25

1 is what?

2 A. 50/50 royalty agreement.

3 Q. And in this instance it's an agreement and
4 not a deed, correct?

5 A. Correct.

6 Q. Have you actually seen the agreement?

7 A. Yes.

8 Q. And what does it provide with regard to the
9 split?

10 A. 50/50.

11 Q. If the disbursement requested by this
12 petition were approved, would the escrow account still need
13 to be maintained into the future?

14 A. It would.

15 Q. Okay. Did you do a...an exhibit...a
16 disbursement exhibit for the Board and the agent?

17 A. Yes.

18 Q. And is it once again the last page of your
19 petition?

20 A. No, it's the next to the last.

21 Q. Next to the last page, okay. Oh, because we
22 have (inaudible).

23 A. Yes, it is.

24 Q. Okay. Exhibit A-1 is the tract by tract
25

1 escrow calculation as of a particular date, correct?

2 A. Yes. April the 30th, 2011.

3 Q. Okay. And what did you compare it to to look
4 at the escrow account balance as of that date?

5 A. The operator's...our records with the
6 escrow agent's agents.

7 Q. So, you were looking at the amounts that you
8 paid and the deposits that were booked to see if they agree?

9 A. Yes.

10 Q. And did they agree?

11 A. They did.

12 Q. And as of April the 30th, 2012, what was the
13 balance in the escrow account?

14 A. \$40,250.27.

15 Q. Okay. And the amount that you're seeking to
16 disburse here is substantially less than that?

17 A. Yes.

18 Q. Okay. Is there...is there an order in which
19 these disbursements need to be made?

20 A. Yes.

21 Q. Okay. So, would you tell the Board so that
22 they can direct the escrow agent to do it appropriately?
23 Which disbursements should be made first?

24 A. The disbursements should be made from the
25

1 Exhibit AA-1 and the exact dollar amount prior to the owners
2 listed on Exhibit A-1.

3 Q. So, the payments shown on AA-1 would then get
4 the account in balance for disbursements to be made and those
5 should be made first?

6 A. Yes.

7 Q. And those should be made based on the dollars
8 amounts reported as opposed to some percentage?

9 A. Yes.

10 Q. And then once those are made then the
11 percentages on Exhibit A-1 should be applied by the escrow
12 agent to make those disbursements?

13 A. Yes.

14 Q. Okay. Who is to ultimately receive the
15 disbursements under A-1 that are proposed here?

16 A. It will be Hurt McGuire Land Trust and they
17 should receive a total of 1.3528%; Margie Dye and Tammy Street
18 0.0623%; Patricia Horton 0.0168%; Nancy Stilwell 0.3029%;
19 Wesley Perkins and Tania Hess 0.1514% each; Martha Smith and
20 Sarah Day 0.3029% each.

21 Q. And at the time the escrow agent makes the
22 disbursement, the agent should use the percentages on A-1?

23 A. Yes.

24 Q. Okay. And what is...what is the reason for
25

1 the...why does the escrow agent need to disburse the 239.09
2 before doing that? What happened there?

3 A. We...even though a royalty...a disbursement
4 has already taken place from the escrow account, our
5 accounting department continued to pay those individuals
6 into escrow. So, we asked them to give us a breakdown of
7 those payments and we would ask for those payments to be made
8 directly.

9 Q. Okay. So, the 237.09 is actually a payment
10 the operator made twice. You paid the people directly and
11 you paid it into escrow.

12 A. No. They did not pay the owner directly.

13 Q. Okay. So, when it comes out it will go to
14 the owners?

15 A. Yes.

16 Q. Okay. And to anticipate a question, are the
17 percentages to be disbursed the same for Nancy Stilwell,
18 Martha E. Smith and Sarah Jane Day?

19 A. Yes.

20 MARK SWARTZ: Okay. That's all I have.

21 BUTCH LAMBERT: Any questions from the Board?

22 SHARON PIGEON: Mr. Swartz, could you tell us which
23 wells contributed to this?

24 MARK SWARTZ: I did not. Anita, could you tell them
25

1 that?

2 ANITA DUTY: W-34A, W-34B, W-34C and W...I said 34,
3 didn't I?

4 MARK SWARTZ: Yes.

5 SHARON PIGEON: Yes, you did.

6 ANITA DUTY: Okay. W-35.

7 SHARON PIGEON: So, forget what you just said.

8 ANITA DUTY: Forget what I just said.

9 SHARON PIGEON: All right.

10 ANITA DUTY: W-35A, B, C and D.

11 SHARON PIGEON: Four wells?

12 ANITA DUTY: Four wells.

13 SHARON PIGEON: Thank you.

14 BUTCH LAMBERT: Any further questions from the
15 Board?

16 (No audible response.)

17 BUTCH LAMBERT: Ms. Gwilliams.

18 MARTHA GWILLIAMS: I object to the disbursement.

19 BUTCH LAMBERT: Is that all?

20 MARTHA GWILLIAMS: That's it. That's all I can do.

21 BUTCH LAMBERT: Okay. Anything further, Mr.
22 Swartz?

23 MARK SWARTZ: No.

24 MARTHA GWILLIAMS: I can't make these people be
25

1 smarter.

2 MARK SWARTZ: A brain transplant is not something
3 that will work, you know.

4 MARTHA GWILLIAMS: Right. I know.

5 BUTCH LAMBERT: Do I have a motion on this petition?

6 MARY QUILLEN: Motion to approve.

7 BRUCE PRATHER: Second.

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

10 (No audible response.)

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

12 (All members signify by saying yes, but Katie Dye.)

13 BUTCH LAMBERT: Opposed, no.

14 KATIE DYE: I'll abstain.

15 BUTCH LAMBERT: One abstention Mrs. Dye. We're
16 calling docket item number eleven. The Board on its own
17 motion will hear testimony regarding the disbursement for
18 docket number 02-0820-1050-01-01 that was previously heard
19 on March the 13th, 2012. It's being placed back on the docket
20 for a correction of testimony. The test...the exhibits in
21 that testimony of March the 13th, 2012 did not match. You
22 may proceed, Mr. Swartz.

23 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, state your name for us again, please.

A. Anita Duty.

Q. Have you tendered a revised Exhibit A-1 with regard to AV-124?

A. Yes.

Q. Okay. And the reason for the revision is what?

A. We had removed Marcella Keen from the disbursement because we hadn't received her W-9. So, we did not tract the total amount from Swords Creek at the top. So, just needed to revise the exhibits.

Q. So, in summary though, this change only pertains to 1E...Tract 1E, correct?

A. No. 1E and 2B.

Q. Okay. So, with regard to 1E and 2B, you removed a person from the prior request because you didn't have a W-9---

A. Yes.

Q. ---but neglected to remove that person's

1 percentage from the amount payable to Swords Creek in both
2 instances and you have corrected that mistake?

3 A. That's correct.

4 MARK SWARTZ: That's all I have.

5 A. Diane had actually called me and they were
6 working on it and they found this error.

7 BUTCH LAMBERT: Okay. Ms. Davis, does that
8 corrected testimony match your records?

9 DIANE DAVIS: Yes.

10 BUTCH LAMBERT: Do I have a motion on the corrected
11 testimony?

12 MARY QUILLEN: Motion to approve.

13 BRUCE PRATHER: Second.

14 BUTCH LAMBERT: I have a motion and a second. Any
15 further discussion?

16 (No audible response.)

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

18 (All members signify by saying yes, but Katie Dye.)

19 BUTCH LAMBERT: Opposed, no.

20 KATIE DYE: I'll abstain.

21 BUTCH LAMBERT: One abstention Mrs. Dye. We're
22 calling docket item number thirteen. A petition from Range
23 Resources-Pine Mountain, Inc. for a well location exception
24 for proposed well 900101. This is docket number

25

1 VGOB-12-0515-3066. Would you...is it okay if---?

2 MARK SWARTZ: They've graciously consented to allow
3 us---.

4 BUTCH LAMBERT: Okay. So, we'll be calling that
5 docket item later. At this point, we're calling docket item
6 number fourteen. A petition from CNX Gas Company, LLC for
7 a modification of the Oakwood Field Rules for unit C-38, C-40,
8 C-41 and D-41 to allow more than one coalbed gas well to be
9 drilled within each of the 80 acre Oakwood units, docket
10 number VGOB-93-0216-0325-24. All parties wishing to
11 testify, please come forward.

12 MARK SWARTZ: Mark Swartz and Anita Duty.

13 PATRICK ARTRIP: I'm Patrick Artrip, Assistant
14 Chief Engineer for Jewell Smokeless Coal Company and Dominion
15 Coal.

16 (Patrick Artrip is duly sworn.)

17 COURT REPORTER: Sir, what was your last name?

18 PATRICK ARTRIP: Artrip, A-R-T-R-I-P.

19 BUTCH LAMBERT: Good morning, Pat. It has been a
20 long time since we've seen you.

21 PATRICK ARTRIP: Yeah, it has.

22 BUTCH LAMBERT: It's good to see you again.

23 PATRICK ARTRIP: It's good to see you.

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

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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. And who do you work for?

A. CNX Land Resources.

Q. And this is a request to modify the Oakwood field rules...field rules with regard to...as it was filed with regard to four units, correct?

A. Yes.

Q. And as we sit her today, we're actually going...only going to be talking about three of the four units, is that right?

A. That's correct.

Q. And we're going to extract C-38 from the request?

A. Yes.

Q. Just to sort of refocus the Board here because (inaudible) this, but these units fall in an area

1 where Consol had a dispute with GeoMet over the course of
2 several years, correct?

3 A. Yes.

4 Q. And they involved the Rogers cousins and
5 the...Equitable who had a lease from LBR Holdings, right?

6 A. Yes.

7 Q. And ultimately we settled that case?

8 A. We did.

9 Q. And in settling that case with GeoMet, we
10 essentially assigned certain units for development to GeoMet
11 and assigned certain units for development to CNX Gas, is that
12 correct?

13 A. Yes.

14 Q. Okay. And did we inadvertently include
15 C-38 here, which was a unit that was assigned to GeoMet?

16 A. Yes.

17 Q. And they brought that to our attention?

18 A. They did.

19 Q. Okay. So, we're extracting that now. With
20 regard to C-40, however, C-41 and D-41 are you in fact
21 requesting that the operator be allowed, whoever that
22 operator might be, to drill a second well within
23 those...within those units?

24 A. Yes.

25

1 Q. Okay. And, again, these are Oakwood 80s?

2 A. They are.

3 Q. Okay. Have you provided the Board with a
4 map of the...a portion of the Oakwood Field that shows where
5 the three units that we are in fact seeking permission to
6 drill a second well where they are located in general
7 (inaudible)?

8 A. Yes.

9 Q. And that would be Exhibit A-1, correct?

10 A. It is.

11 Q. And when you...when you published, did that
12 map appear in the publication?

13 A. It did.

14 Q. We'll come back to that in a moment. And
15 those three units are contiguous? They touch each other?

16 A. They are.

17 Q. Okay. What did you do to notify people that
18 we were going to have a hearing today?

19 A. We mailed the notice and location map in by
20 certified mail return receipt requested on May the 18th,
21 2012. I published the notice...I published the location map
22 in the Bluefield Daily Telegraph on May the 25th, 2012 and
23 the notice.

24 Q. And have you brought with you your
25

1 certificates with regard to mailing and your proof of
2 publication that you got from the newspaper for filing with
3 Mr. Cooper today?

4 A. Yes.

5 Q. Okay. And the mail went to the folks listed
6 in the notice portion of the application?

7 A. It did.

8 Q. Okay. Do you want to add anybody at this
9 time?

10 A. No.

11 Q. Do you want to dismiss anybody?

12 A. No.

13 Q. Okay. The...did you also provide in your
14 application a description of the boundaries of these units?

15 A. Yes, I did.

16 Q. And you provided actually two descriptions
17 of the boundaries of the units in addition to identifying the
18 units and the first description was with regard to C-38, which
19 at the moment is becoming irrelevant, right?

20 A. Correct.

21 Q. But then you did provide an additional
22 description in your application with regard to the boundary
23 of the three units C-40, C-41 and D-41, is that correct?

24 A. Yes.

25

1 Q. And you used the state plain coordinate
2 system to give that description?

3 A. Yes.

4 Q. And that...the acreage within the described
5 boundary is 240 acres?

6 A. It is.

7 Q. And you're asking here to be allowed to drill
8 a second well, correct?

9 A. Yes.

10 Q. In addition to the well originally
11 authorized by the Oakwood Rules?

12 A. Yes.

13 Q. And the constraints on drilling a second
14 well would be two things. First of all, that well would have
15 to be at least 600 feet from the other well in the unit---?

16 A. Yes.

17 Q. ---and it would have to be located within the
18 drilling window of the unit?

19 A. It would.

20 Q. And although that...I don't think that was
21 stated in your application, that is the customary restriction
22 that...I don't know if we would call it an agreement. But
23 that's customarily how this Board modified the Oakwood Field
24 Rules to allow for second wells?

25

1 A. Yes.

2 Q. And the anticipation would be that drilling
3 a second well in these units would in fact create or produce
4 more gas, obviously because you have a second well, but it
5 would also tend to enhance production from the initial well?

6 A. Yes.

7 MARK SWARTZ: That's all I have at this time.

8 BUTCH LAMBERT: Any questions from the Board?

9 SHARON PIGEON: Mr. Swartz, even though your
10 application says you're requesting to allow more than one,
11 you're really asking to allow only one more?

12 MARK SWARTZ: Yes.

13 SHARON PIGEON: Thank you.

14 MARK SWARTZ: As much as I wanted to, you know,
15 expand---

16 SHARON PIGEON: As much as you didn't want to address
17 that question.

18 MARK SWARTZ: No. No. As much as I wanted to
19 expand my answer. The answer is yes.

20 SHARON PIGEON: Thank you.

21 BUTCH LAMBERT: Any other questions from the Board?

22 ALLEN COMPTON: Who is the land owner?

23 MARK SWARTZ: Well, in general, the owners are LBR
24 Holdings and the Rogers Cousins. And then we have some

25

1 interest owned by Pocahontas Mining and Appalachian Energy
2 and Cabot. I don't really...I haven't had dealings with
3 (inaudible) Properties. But they're apparently---

4 ALLEN COMPTON: Did you go through the process of
5 notifying everybody?

6 MARK SWARTZ: Yeah. There's a notice...there's a
7 two length on your paperwork and we noticed those people.

8 BUTCH LAMBERT: Any other questions from the Board?

9 (No audible response.)

10 BUTCH LAMBERT: Mr. Artrip.

11 PATRICK ARTRIP: Yes. The reason that we're
12 objecting is on...where he's talking about the notice on the
13 two line, we are the coal operator. We have that coal under
14 lease. We did not get noticed...proper noticed to, you know,
15 evaluate and object to it if we wanted to. So, we're asking
16 to be renoticed and us to get the proper notice until we can
17 review it and have time to evaluate the affect on our mining
18 operations.

19 BUTCH LAMBERT: And, Mr. Artrip, you're the
20 leaseholder from...who do you have it leased from?

21 PATRICK ARTRIP: Pocahontas Mining Limited, PMC.

22 SHARON PIGEON: Both Jewell and Dominion? Both
23 entities?

24 PATRICK ARTRIP: It's one or the other. I didn't
25

1 check exactly, but---

2 SHARON PIGEON: So, different tracts perhaps and
3 different ones?

4 PATRICK ARTRIP: Yes. But we didn't...we weren't
5 included on that. So, we didn't have a chance to comment
6 originally and it affects our mining operations.

7 BUTCH LAMBERT: Are you mining...currently mining
8 in that area?

9 PATRICK ARTRIP: Yes. On those tracts in that
10 general area and not...I'm not sure. We just got this
11 information recently. But we are mining on some PMC leases
12 in that area. I don't know if we're exactly on those
13 particular tracts today. I don't think so. But, you
14 know,---

15 BUTCH LAMBERT: Do you know if you have any mining
16 projections---

17 MARY QUILLEN: You're not listed on here is the
18 reason we questioned that.

19 PATRICK ARTRIP: We have the coal leased. So, you
20 know, we should...we thought we should have been noticed and
21 have a chance to object since it will effect our operations.

22 MARY QUILLEN: But you don't know that you're mining
23 this area right here?

24 PATRICK ARTRIP: We're mining adjacent to it.

25

1 Not...I don't think today in these exact blocks, but we wanted
2 to evaluate our mine plans in the future that would effect
3 this area because if we get a lot of gas wells it's hard to
4 be able to mine and set up your operations properly. It could
5 causes to, you know, not be able to mine in an area because
6 we have a lot of gas wells. We would like the chance to
7 evaluate it because where we didn't...weren't included on the
8 original notice, you know, we didn't have a chance to evaluate
9 and object to it.

10 MARY QUILLEN: And your company's name is what?

11 PATRICK ARTRIP: Jewell Smokeless Coal Company or
12 Dominion Coal. I'm not sure which lease it's in. But we
13 have several leases with PMC.

14 MARY QUILLEN: Okay. Jewell...Jewell. Okay.
15 Okay.

16 PATRICK ARTRIP: And we...and that's, you know, the
17 reason we're objecting. We'd just like to be noticed and
18 have a chance to review it as normal on that is all we're
19 asking for today.

20 BUTCH LAMBERT: Are there any wells in those units
21 now?

22 MARK SWARTZ: Well, we notice Jewell because their
23 coal is above drainage. We're not pooling... there's no
24 coalbed methane in there. I mean, we're not...we're not

25

1 producing from the seams that we understand they have under
2 lease. I mean, we're not producing from the seams that we
3 understand they have under lease. I mean, we listed them in
4 these tracts as above drainage. But we wouldn't notify them.
5 We're not pooling their interest. We're not developing
6 coalbed methane from their coal seams. They're above
7 drainage. So, we never give notice in the pooling hearing
8 to the above drainage coal people because we're not seeking
9 to affect an ownership interest that they have now. Are
10 they going to get notice of a permit? Of course, they are
11 because we're going to be potentially penetrating their coal
12 or within some distance of their operations. So, you know,
13 unless we're mistaken and they do have deep coal under lease
14 and we missed it, you know, we didn't notify them because
15 we're not seeking to affect their ownership.

16 MARY QUILLEN: But they will be noticed for the
17 permitting?

18 MARK SWARTZ: Correct. Well, if they're entitled
19 to notice. You know, I mean, if we're penetrating their coal
20 they are definitely going to get---

21 MARY QUILLEN: Right.

22 BRUCE PRATHER: Even---

23 MARK SWARTZ: Or if they're within X number of feet
24 of, you know---

25

1 BRUCE PRATHER: Even if it's above drainage. If
2 you're drilling...if you're drilling through it, you're
3 going to notify them?

4 MARK SWARTZ: Oh, yeah, absolutely. No...right.
5 Right. If you're going through somebody's coal seam, it
6 doesn't matter if they're above or below drainage, you have
7 to notify them.

8 BUTCH LAMBERT: So, just so that I understand, Mr.
9 Artrip, they're not going to be producing from the seams that
10 you're currently or planning to mine in the future, but
11 possibly they may be penetrating---?

12 PATRICK ARTRIP: They would be drilling through our
13 seams, right.

14 BUTCH LAMBERT: ---or drilling through those
15 seams?

16 PATRICK ARTRIP: And that's what we, you know,
17 wanted the chance to evaluate and see if it would effect our
18 future mining on that.

19 MARK SWARTZ: You know, unfortunately, they're
20 going to get a chance to evaluate that because you're going
21 to get notice of a permit.

22 ANITA DUTY: Just as normal procedure.

23 MARK SWARTZ: Yeah, as normal.

24 ANITA DUTY: We work out the location.

25

1 BUTCH LAMBERT: Okay. So, there's no wells there
2 now at all? They're just before us?

3 BRUCE PRATHER: Yeah, there's one well on it.

4 BUTCH LAMBERT: You currently don't have a well in
5 those units, is that correct?

6 MARK SWARTZ: In these units. Well, we might
7 already have a first well in the units.

8 PATRICK ARTRIP: Yeah, they have some wells. First
9 wells.

10 ANITA DUTY: Yeah.

11 MARK SWARTZ: Anita, do you know the answer to that?

12 ANITA DUTY: We have first wells, but we
13 don't---

14 BUTCH LAMBERT: In all three units?

15 ANITA DUTY: I can find out. But I don't know right
16 this second.

17 BUTCH LAMBERT: I guess, Rick, you don't have that
18 handy?

19 ANITA DUTY: I'm assuming that we do.

20 MARK SWARTZ: Well---

21 ANITA DUTY: Because these are all the
22 Rogers...these are all the GeoMet units that we've been
23 developing.

24 MARK SWARTZ: I mean, we can find out fairly quickly.

25

1 But I---.

2 BUTCH LAMBERT: Well, I was just curious.

3 ANITA DUTY: We'll have you an answer in just a
4 minute.

5 BUTCH LAMBERT: I guess I'm leading up to if there's
6 a well already there, was Jewell...was it on the area that
7 they have under lease and were they notified for those first
8 wells?

9 MARK SWARTZ: For the permits they would have been
10 if they were entitled to notice. I mean, we're in front of
11 Mr. Cooper all the time with Jewell trying to work through
12 stuff or reaching agreements with them on well locations. I
13 mean, what we tend to do is set 15 or 20 of them and we go
14 over and talk about it if we can. But, I mean, you know, we
15 need their input if we're going through mine works or they've
16 got projections. I mean, this...you know, this is something
17 that we do all the time.

18 BUTCH LAMBERT: Mr. Artrip, would you know in that
19 general area does Jewell or Dominion have all that coal in
20 those units leased?

21 PATRICK ARTRIP: Yes, we do. We have a couple of
22 seams leased in that area. One of the proposed wells is very
23 close to our existing mine works is the reason we...the second
24 well would be. That's the reason, you know, we wanted to make

25

1 sure that we got an objection and, you know, a chance to review
2 it. You know, if we get another chance to...you know, when
3 they submit the actual permit...like I said, this just came
4 up, you know, real recent. We were aware of it. So---.

5 BUTCH LAMBERT: So, if another well is drilled in
6 those units, you will be notified---

7 PATRICK ARTRIP: It could affect our mining plans
8 and that's the reason we wanted to make sure we had a chance
9 to be noticed and approve it because sometimes the land
10 company, you know, won't send us a notice on time or something
11 if we're not noticed and then we don't have a chance to
12 evaluate and object in a timely manner. That's...that's
13 kind of what happened in this case.

14 BUTCH LAMBERT: So, you're...I guess, did
15 I...you're saying that one was drilled and you didn't think
16 you got properly noticed?

17 PATRICK ARTRIP: Well, the...I think...like I said,
18 I don't have...know all the history because I've only been
19 there a few months. But I don't...I think the first ones I
20 believe we may have had a chance to review. It's these second
21 additional wells that we didn't have a chance to review in
22 a timely manner and we were not noticed. That's what we're
23 asking to review these second proposed wells in the units.

24 BUTCH LAMBERT: Okay.

25

1 PATRICK ARTRIP: Because of them is real close to
2 our mine...existing mine works and things.

3 BUTCH LAMBERT: I understand. So, the next step in
4 this process if they get...if they submit an application for
5 a second well, you will get noticed.

6 PATRICK ARTRIP: Okay.

7 BUTCH LAMBERT: And you'll have time---.

8 PATRICK ARTRIP: If we will, then---.

9 BUTCH LAMBERT: Your opportunity to object the
10 second time.

11 PATRICK ARTRIP: Okay. Well, that's what we wanted
12 to make sure that we had a chance because we were real
13 concerned about some of the locations right there.

14 BUTCH LAMBERT: Well, our agency is real concerned
15 too because, you know, the near miss that we had over there
16 not long ago. So, we're very concerned that both the coal
17 operator---.

18 PATRICK ARTRIP: And we've got a lot of wells in that
19 area.

20 BUTCH LAMBERT: Both the operator and the gas
21 companies work together and notify one another when those
22 wells are being drilled. So, we understand your concern and
23 we share that concern with you.

24 ALLEN COMPTON: Mr. Artrip, was you notified about
25

1 the meeting here today or did you find out about it---?

2 PATRICK ARTRIP: Yes. I was told about it
3 yesterday...late yesterday afternoon.

4 MARY QUILLEN: By someone in your company?

5 PATRICK ARTRIP: Yes.

6 MARY QUILLEN: Okay. So, someone in your company
7 was notified?

8 MARK SWARTZ: No.

9 SHARON PIGEON: No.

10 MARK SWARTZ: The problem is that some of the
11 companies, and we see this at CNX, it's like music chairs,
12 okay, I mean, there's such a turn around. This gentleman has
13 been there two months. We don't notify shallow coal of
14 pooling applications period because we're not seeking to
15 affect something they own. But we do notify them under the
16 statute with regard to permits, okay. Coming here today is
17 kind of like wearing a bell and suspenders. You're
18 protecting yourself by saying, you know, we're concerned
19 about this. We're just letting you know. That's not a bad
20 idea. But the fact that he found out from somebody in his
21 company that maybe read the paper, okay, and we---.

22 PATRICK ARTRIP: We got a notice from the land
23 company, a letter.

24 MARK SWARTZ: Okay.

25

1 MARY QUILLEN: Okay. That was my...that was my
2 question. Who...you know, where did you get this
3 information?

4 PATRICK ARTRIP: But it was after the time frame of
5 it. Like I said, my superiors wanted us to come and make sure
6 to protect it. But if we have another chance to review it
7 when they actually submit the permit on that.

8 MARY QUILLEN: Right. By my point was someone in
9 your company was aware of this? They---

10 PATRICK ARTRIP: Yes, we got it. But it wasn't
11 within the normal time frame.

12 MARY QUILLEN: Do you know when they received that?

13 PATRICK ARTRIP: May the 30th is the date that I
14 think it was stamped in by our company from the land company.

15 MARY QUILLEN: When?

16 PATRICK ARTRIP: May the 30th.

17 MARY QUILLEN: May the 30th. And that came...that
18 information came from who?

19 PATRICK ARTRIP: From Pocahontas Mining Limited
20 Company, which is our lessor.

21 MARY QUILLEN: Okay. So, it's someone that's in
22 your organization that you're working with?

23 PATRICK ARTRIP: Well, that's the people that
24 actually own coal, Pocahontas Mining people, that we have a

25

1 please with.

2 MARY QUILLEN: Right. Right.

3 PATRICK ARTRIP: They sent the letter to our company
4 and we received it May the 30th about this hearing.

5 MARY QUILLEN: Okay.

6 PATRICK ARTRIP: And they asked us to take whatever
7 actions that---

8 MARK SWARTZ: Which is about right because it looks
9 like we mailed to Pocahontas on 5/18. So, it took them, you
10 know, almost two weeks to get it to you. But, yeah,---

11 MARY QUILLEN: Thank you.

12 BRUCE PRATHER: Mr. Chairman, I---

13 BUTCH LAMBERT: Thank you for your appearance, Mr.
14 Artrip. We appreciate the interest and the concern that
15 you've expressed to the Board. Mr. Prather, do you have a
16 question?

17 BRUCE PRATHER: Yeah. I'm a little bit confused.
18 And that is that on all of these units the poolings
19 (inaudible) and we give you the right to drill the second
20 well, does he know where that second well is going to be? We
21 don't---

22 MARK SWARTZ: You don't give us the right to drill
23 the second well. We need a permit.

24 BRUCE PRATHER: Exactly. But, I mean, he has given
25

1 testimony that he knows where these wells that will be on this
2 thing that's referred to this. I don't know how that's
3 possible.

4 MARK SWARTZ: Well, it's---.

5 MARY QUILLEN: Or was he referring to the ones that
6 are already (inaudible)? That was not clear.

7 ANITA DUTY: Just to give you some of the
8 information. For C-40, it looks like they were sent a notice
9 in 2006. So, this is a really...this is an older one. For
10 C-48, they were sent a notice in May of 2012. So, that's a
11 more recent one, which is why we're here to ask for the second
12 well to be approved. And then for D-41, it's an old one just
13 like the other. It was '06. In D-41A they were sent a notice
14 on April the 30th, 2012.

15 MARY QUILLEN: Okay. So, he was referring---?

16 SHARON PIGEON: When you're saying they, do you mean
17 them?

18 ANITA DUTY: The permit notice. Jewell Smokeless.

19 SHARON PIGEON: Okay.

20 MARY QUILLEN: ---to those wells that were already
21 there? Is that correct? To clarify, he was referring to the
22 wells that were already there?

23 MARK SWARTZ: Yes. But what Anita is saying is they
24 mailed to Jewell notices of permits for this...for more

25

1 wells---.

2 ANITA DUTY: For the second well in those units.

3 MARK SWARTZ: ---in April and May of this year.

4 So, they have that somewhere in their company.

5 BRUCE PRATHER: Oh, they do have that. Okay.

6 MARY QUILLEN: Right. Right.

7 SHARON PIGEON: Separate from this proceeding, they

8 have received notice on another proceeding.

9 MARY QUILLEN: Right.

10 BRUCE PRATHER: Exactly.

11 MARK SWARTZ: And apparently we haven't noticed them

12 with a second well on C-41 yet, correct?

13 ANITA DUTY: It looks like it's just proposed at this

14 point. That's what we're---.

15 MARK SWARTZ: So, we haven't noticed them on that.

16 We don't know where that's going to be.

17 MARY QUILLEN: Okay.

18 BUTCH LAMBERT: Any further questions from the

19 Board?

20 (No audible response.)

21 BUTCH LAMBERT: Anything further, Mr. Swartz?

22 MARK SWARTZ: No.

23 BUTCH LAMBERT: Do I have a motion?

24 MARY QUILLEN: Motion to approve.

25

1 BRUCE PRATHER: Second.

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

4 (No audible response.)

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

6 (All members signify by saying yes, but Katie Dye.)

7 BUTCH LAMBERT: Opposed, no.

8 KATIE DYE: I'll abstain.

9 BUTCH LAMBERT: Thank you, Mr. Swartz. That's
10 approved. I've been instructed that we need to take about
11 a ten minute break.

12 (Break.)

13 BUTCH LAMBERT: Okay, ladies and gentlemen, it's
14 time to resume our proceedings. At this time, we're calling
15 docket item number fifteen. A petition from CNX Gas Company,
16 LLC for pooling of coalbed methane unit B-32, docket number
17 VGOB-12-0619-3073. All parties wishing to testify, please
18 come forward.

19 MARK SWARTZ: Mark Swartz and Anita Duty.

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

21 MARK SWARTZ: Thank you.

22

23 ANITA DUTY

24 having been duly sworn, was examined and testified as

25

1 follows:

2 DIRECT EXAMINATION

3 QUESTIONS BY MR. SWARTZ:

4 Q. Anita, would you state your name for us
5 again, please?

6 A. Anita Duty.

7 Q. And who do you work for?

8 A. CNX Land Resources.

9 Q. And this is actually a pooling application,
10 correct?

11 A. It is.

12 Q. And would you describe for the Board your
13 duties...your job duties with regard to preparing and filing
14 pooling applications?

15 A. I just...I supervise the preparation and
16 scheduling.

17 Q. It's not intended to be a trick question.

18 A. Wait a minute. I'm not ready for it.

19 Q. Who does the exhibits to the application?

20 A. The folks in my group.

21 Q. Okay. And do you review those?

22 A. I do.

23 Q. Okay. Who does the petitions and notices?

24 A. Our group...my group.

25

1 Q. Okay. Who is responsible for mailing and
2 publication?

3 A. My group.

4 Q. Okay. With regard to this particular
5 pooling application, who signed the notice and the
6 application?

7 A. I did.

8 Q. Okay. And this is a...what field is this
9 unit in?

10 A. The Oakwood.

11 Q. Okay. And what did you do to notify people
12 that we were going to be having a hearing today?

13 A. I mailed by certified mail return receipt
14 requested on May the 18th, 2012. I published the notice and
15 location map in the Bluefield Daily Telegraph on May the 25th,
16 2012.

17 Q. And this Oakwood unit is an 80 acre Oakwood,
18 right?

19 A. It is.

20 Q. Okay. Have you either filed or are you
21 about to file your proofs with regard to publication... your
22 proof of publication and your certificates with regard to
23 mailing with Mr. Cooper?

24 A. Yes.

25

1 Q. Do you want to add anybody to the list of
2 respondents here?

3 A. No.

4 Q. Do you want to dismiss anyone?

5 A. No.

6 Q. Okay. This...how many wells are proposed
7 for this unit?

8 A. One.

9 Q. And what's the anticipated depth?

10 A. 2,341 feet.

11 Q. And I take it you do not have a permit as yet
12 for this well?

13 A. No, not yet.

14 Q. Okay. And have you provided the Board with
15 a cost estimate?

16 A. Yes. \$331,876.

17 Q. And what interest has the operator acquired
18 in this unit and what is it that you're seeking to pool?

19 A. We've acquired 88.8464% of the coal owner's
20 claim to the CBM and 72.1161% of the oil and gas owner's claim
21 to the CBM. We're seeking to pool 11.1536% of the coal
22 owner's claim to the CBM and 27.8839% of the oil and gas
23 owner's claim to the CBM.

24 Q. Okay. And with regard to the interest that
25

1 you've acquired by lease or purchase, could you tell the Board
2 what your standard lease terms have been for those folks?

3 A. Five dollars per acre per year with a five
4 year paid up term and a one-eighth royalty.

5 Q. And would you recommend those terms to the
6 Board to be inserted in any order that might be entered with
7 regard to folks who are deemed to have been leased?

8 A. Yes.

9 Q. With regard to this well, is it located or
10 proposed to be located within the drilling window?

11 A. Yes.

12 Q. And, again, you're just talking about one
13 here?

14 A. Yes.

15 Q. Is there an escrow requirement?

16 A. Yes. For a portion of Tract 1.

17 Q. Okay. And have you provided an Exhibit E
18 with regard to the escrow issue?

19 A. I have.

20 Q. And is it...is escrow required simply
21 because of conflicts?

22 A. There's also an unknown in Tract 1 also.

23 Q. Okay. And the escrow, however, is only with
24 regard to Tract 1?

25

1 A. Yes.

2 Q. And there are no split agreements at least
3 as far as we know as of this point in this unit?

4 A. Correct.

5 Q. And so you have not provided the Board with
6 an Exhibit EE?

7 A. Correct.

8 Q. Is it your testimony that drilling one frac
9 well in the drilling window of this Oakwood 80 is a reasonable
10 way to produce coalbed methane from this unit?

11 A. Yes.

12 Q. Is it your further testimony that if you
13 combine a pooling order pooling the outstanding interest that
14 you've described on the coal, oil and gas side and you combine
15 that with the acquisitions of interest and leases that the
16 operators obtained the correlative rights of all owners and
17 claimants to the methane...coalbed methane within this unit
18 will be protected?

19 A. Yes.

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

21 BUTCH LAMBERT: Any questions from the Board?

22 (No audible response.)

23 BUTCH LAMBERT: Anything further, Mr. Swartz?

24 MARK SWARTZ: No.

25

1 BUTCH LAMBERT: Do I have a motion?

2 MARY QUILLEN: Motion to approve.

3 BRUCE PRATHER: Second.

4 BUTCH LAMBERT: I have a motion and a second. Any
5 further discussion?

6 (No audible response.)

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

8 (All members signify by saying yes, but Katie Dye.)

9 BUTCH LAMBERT: Opposed, no.

10 KATIE DYE: I'll abstain.

11 BUTCH LAMBERT: One abstention Mrs. Dye. We're
12 calling item sixteen. A petition from CNX Gas Company, LLC
13 for pooling of coalbed methane unit F-46, docket number
14 VGOB-12-0619-3074. All parties wishing to testify, please
15 come forward.

16 MARK SWARTZ: Mark Swartz and Anita Duty.

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

18 MARK SWARTZ: Thank you. I'd like to incorporate
19 Anita's testimony from the prior hearing with regard to
20 standard lease terms and her job responsibilities.

21 BUTCH LAMBERT: Accepted.

22 MARK SWARTZ: Thank you.

23

24

ANITA DUTY

25

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, again.

6 A. Anita Duty.

7 Q. Who do you work for?

8 A. CNX Land Resources.

9 Q. And this is a pooling application, correct?

10 A. It is.

11 Q. With regard to what unit?

12 A. F-46.

13 Q. And is that an Oakwood unit?

14 A. Yes.

15 Q. How many acres?

16 A. 80.

17 Q. And how many wells are proposed by this
18 application?

19 A. Just one.

20 Q. Okay. What did you do to notify people that
21 there would be a hearing today?

22 A. We mailed by certified mail return receipt
23 requested on May the 18th, 2012. We published the notice and
24 location map in the Bluefield Daily Telegraph on May 22, 2012.

25

1 Q. And have you either already filed today or
2 do you have with you so you can file them your certificates
3 with regard to mailing and proof of publication with Mr.
4 Cooper?

5 A. Yes.

6 Q. Okay. What is the interest...what is the
7 interest the applicant has acquired in this unit and what is
8 it that you're seeking to pool?

9 A. We've acquired 100% of the coal owner's
10 claim to the CBM and 99.9844% of the oil and gas owner's claim
11 to the CBM. We're seeking to pool 0.0156% of the oil and gas
12 owner's claim to the CBM.

13 Q. You've listed the respondents in your notice
14 of hearing, correct?

15 A. Yes.

16 Q. And also in Exhibit B-3?

17 A. Yes.

18 Q. Do you want to add any to that list at the
19 present?

20 A. No.

21 Q. Do you want to dismiss any of the
22 respondents?

23 A. No.

24 Q. Okay. The well that is at issue here, have
25

1 you provided cost information to the Board?

2 A. Yes. The estimated cost is \$362,594. The
3 estimated depth is 2,543 feet. The permit number is 11,906.

4 Q. And the well that we're talking about is
5 actually located in the drilling window of this Oakwood unit?

6 A. It is.

7 Q. And is there an escrow requirement?

8 A. Yes. For a portion of Tract 2.

9 Q. And the reason for the escrow?

10 A. CBM conflicts.

11 Q. Okay. And have you provided the Board with
12 an Exhibit E in that regard?

13 A. Yes.

14 Q. And you have not provided an Exhibit EE
15 because at least at the moment we are not aware of any split
16 agreements, correct?

17 A. Correct.

18 Q. Is it your opinion that drilling a frac well
19 in the drilling window of this Oakwood 80 acre unit is a
20 reasonable way to develop coalbed methane from within and
21 under this unit?

22 A. Yes.

23 Q. Is it your further testimony that if you
24 combine a pooling order pooling the respondents named in this

25

1 application with the folks that you have acquired interest
2 from or leased interest from the correlative rights of all
3 owners and claimants would be protected?

4 A. Yes.

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

6 BUTCH LAMBERT: Any questions from the Board?

7 (No audible response.)

8 BUTCH LAMBERT: Anything further, Mr. Swartz?

9 MARK SWARTZ: No.

10 BUTCH LAMBERT: Do I have a motion?

11 MARY QUILLEN: Motion to approve.

12 BRUCE PRATHER: Second.

13 BUTCH LAMBERT: I have a motion and a second. Any
14 further discussion?

15 (No audible response.)

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

17 (All members signify by saying yes, but Katie Dye.)

18 BUTCH LAMBERT: Opposed, no.

19 KATIE DYE: I'll abstain.

20 BUTCH LAMBERT: One abstention Mrs. Dye. We're
21 calling docket item number seventeen. A petition from CNX
22 Gas Company, LLC for pooling of coalbed methane unit AV-152,
23 docket number VGOB-12-0619-3075. All parties wishing to
24 testify, please come forward.

25

1 MARK SWARTZ: Mark Swartz and Anita Duty.

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

3 MARK SWARTZ: Thank you. I'd like to incorporate
4 Anita's testimony from docket item fifteen with regard to
5 standard lease terms and her job responsibilities.

6 BUTCH LAMBERT: Accepted.

7 MARK SWARTZ: Thank you.

8

9 ANITA DUTY

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

12 DIRECT EXAMINATION

13 QUESTIONS BY MR. SWARTZ:

14 Q. Anita, would you state your name for us,
15 please?

16 A. Anita Duty.

17 Q. Who do you work for?

18 A. CNX Land Resources.

19 Q. This is a pooling application, correct?

20 A. Yes.

21 Q. And it pertains to which unit?

22 A. AV-152.

23 Q. And that unit is located in which field?

24 A. The Middle Ridge Field.

25

1 Q. And it's kind of a boundary unit, right?

2 A. It is.

3 Q. And so it doesn't have as many acres as some
4 of the units, right?

5 A. Correct.

6 Q. What's the acreage of this one?

7 A. 45.2.

8 Q. And it's really on the boundary between the
9 southern piece of the Oakwood Field and the beginning of the
10 Middle Ridge, right?

11 A. It is.

12 Q. Okay. It's located in what county?

13 A. Tazewell.

14 Q. What did you do to notify people that we were
15 going to be having a hearing today with regard to this pooling
16 application?

17 A. I mailed by certified mail return receipt
18 requested on May the 18th, 2012. I published the notice and
19 location map in the Bluefield Daily Telegraph on May 24, 2012.

20 Q. And have you brought with you or already
21 provided your certificates with regard to mailing and your
22 proof of publication to Mr. Cooper?

23 A. Yes.

24 Q. Do you want to add any respondents to the
25

1 respondents listed in your notice or your Exhibit B-3?

2 A. No.

3 Q. Do you want to dismiss any of those folks?

4 A. No.

5 Q. What is the...what are the interests that
6 the application has acquired in the unit and what are you
7 seeking to pool?

8 A. We've acquired 99.9558% of the coal owner's
9 claim to the coal, oil and gas owner's claim to the CBM.
10 We're seeking to pool 0.0442% of the coal, oil and gas owner's
11 claim to the CBM.

12 Q. And the development plan here is how many
13 wells?

14 A. Two.

15 Q. And where are they located in relation to the
16 drilling unit?

17 A. Within the window.

18 Q. Okay. And have you provided cost
19 information with regard to those two wells?

20 A. Yes.

21 Q. Okay. And taking them in either order, tell
22 us the cost, the depth and the permit number, if applicable?

23 A. For well AV-152 the cost is \$268,268. The
24 estimated depth is 1,655 feet. The permit number is 7306.

25

1 For AV-152A the cost is \$284,165. The estimated depth is
2 1,529 feet. There's no permit at this time.

3 Q. And the first well is drilled and obviously
4 the second isn't?

5 A. Correct.

6 Q. Okay. With regard to AV-152, is there an
7 escrow requirement?

8 A. Just for a portion of Tract 2.

9 Q. Okay. And the reason for that escrow?

10 A. A CBM conflict and an unknown.

11 Q. Okay. And you have not provided the Board
12 with an Exhibit EE with regard to this unit, correct?

13 A. Correct.

14 Q. And that's because at least as of today we
15 are unaware of any split agreements?

16 A. Correct.

17 Q. Have you provided the Board today with some
18 revised exhibits?

19 A. Yes.

20 Q. Okay. Would that be because when initially
21 filed there were a number of entries in B-3 and other exhibits
22 with regard to identification where there were simply...you
23 were simply listing people as unknown?

24 A. Yes.

25

1 Q. And between the time you filed this
2 application and today, have you continued in your due
3 diligence to identify people?

4 A. We have.

5 Q. Okay. And do the exhibits that you've
6 provided to the Board today the revised Exhibit B-3 updated
7 as of June the 18th, 2012 and the revised Exhibit E updated
8 as of the same date reflect the additional information that
9 you've been able to obtain?

10 A. It does.

11 Q. Okay. So, you really do have
12 identification for most of the folks?

13 A. Yes. I think there's two outstanding.

14 Q. Okay. And to the extent that you continue
15 to identify people, obviously, you deal with that in a
16 supplemental order or otherwise, correct?

17 A. Yes.

18 Q. Okay. These wells I think we talked...
19 they're both in the window, correct?

20 A. Yes.

21 Q. Okay. Is it your opinion that drilling two
22 frac wells in this Middle Ridge unit in the locations depicted
23 on the plat is a reasonable way to develop the coalbed methane
24 resource from within and under this unit?

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A. Yes.

Q. Your answer was?

A. Yes.

Q. Okay. And is it your opinion that if combine a pooling order pooling the minimum outstanding interest in this unit and the folks who own that interest with the interest that the operator has acquired by purchase or by lease the correlative rights of all claimants and owners in this unit would be protected?

A. Yes.

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

BUTCH LAMBERT: Any questions from the Board?

(No audible response.)

BUTCH LAMBERT: Anything further, Mr. Swartz?

MARK SWARTZ: No.

BUTCH LAMBERT: Do I have a motion?

MARK SWARTZ: Motion to approve.

BRUCE PRATHER: Second.

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

(No audible response.)

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

(All members signify by saying yes, but Katie Dye.)

BUTCH LAMBERT: Opposed, no.

1 KATIE DYE: I'll abstain.

2 BUTCH LAMBERT: One abstention Mrs. Dye.

3 MARK SWARTZ: Thank you all. I appreciate it.

4 BUTCH LAMBERT: Thank you, folks. We're calling
5 docket item number thirteen. It is a petition from Range
6 Resources-Pine Mountain, Inc. for a well location exception
7 for proposed well 900101, docket number VGOB-12-0515-3066.
8 This docket item was continued from May 2012.

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

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

11 TIM SCOTT: Thank you, Mr. Chairman. It's Tim
12 Scott, Gus Jansen and Phil Horn for Range Resources-Pine
13 Mountain, Inc.

14 PHIL HORN

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

17 DIRECT EXAMINATION

18 QUESTIONS BY MR. SCOTT:

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

21 A. My name is Phil Horn. I'm employed by Range
22 Resources-Pine Mountain, Inc. as land manager.

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

25

1 A. That's correct.

2 Q. And are you familiar with the ownership of
3 the minerals underlying this unit?

4 A. Yes, I am.

5 Q. Are the owners of the minerals set on Exhibit
6 B to this application?

7 A. Yes, they are.

8 Q. And who operates proposed well 900102?

9 A. Range Resources-Pine Mountain, Inc.

10 Q. In this particular instance Range is both an
11 owner and an operator, is that correct?

12 A. That's correct.

13 Q. Now, we continued this hearing from last
14 month because we had a notice issue, is that correct?

15 A. That's correct.

16 Q. And that has been corrected, is that right?

17 A. That's correct.

18 Q. And that has been corrected, is that right?

19 A. That's correct.

20 Q. And how were the parties listed on Exhibit
21 B notified of this hearing today?

22 A. By certified mail and also publication in
23 the Bluefield Daily Telegraph on May the 29th, 2012.

24 Q. And we've provided proof of mailing and
25

1 publication to the Board, is that right?

2 A. Yes, you have.

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

4 BUTCH LAMBERT: Any questions from the Board?

5 (No audible response.)

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

7 TIM SCOTT: Thank you, Mr. Chairman.

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GUS JANSEN

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

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DIRECT EXAMINATION

18 QUESTIONS BY MR. SCOTT:

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

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. And you're familiar with this application,

25

1 is that correct?

2 A. Yes, I am.

3 Q. And you also participated in the preparation
4 of the application, is that also correct?

5 A. I did.

6 Q. And please tell the Board, using Exhibit AA,
7 why we need a well location exception today?

8 A. Yes. If the Board will again refer to
9 Exhibit AA, you'll see the location as proposed well 900101
10 located in the center of the map with the red circle around
11 the green stippled area. We've located this well based on
12 a request from the coal operator in the area who is a potential
13 mining operation east of the mineral line that you see on the
14 map that's represented there and they requested that we stay
15 on the west side of that mineral line, which made us be just
16 a very minor infringement up on the proposed well 900102.
17 So, we wanted to work with them to not impact their mining
18 resources and to be able to maximize the recovery of the gas
19 resources in the area. In the event we aren't able to drill
20 this well, we'd strand approximately 112.54 acres.

21 Q. Okay. What's the proposed depth of the
22 well?

23 A. 6,358 feet.

24 Q. And the potential loss of reserves if the
25

1 application is not granted today?

2 A. 500 million cubic feet of gas.

3 Q. And then if the application were granted, it
4 would prevent waste and promote conservation, is that
5 correct?

6 A. That is correct.

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

8 BUTCH LAMBERT: Mr. Jansen, was that mineral owner
9 Jewell Smokeless?

10 GUS JANSEN: It's actually Alpha.

11 BUTCH LAMBERT: Alpha.

12 GUS JANSEN: There is a mineral tract there. I
13 think Jewell Smokeless has part of the coal in that area and
14 Alpha also has some minerals in that area.

15 BUTCH LAMBERT: Okay. Thank you. Any other
16 questions from the Board?

17 (No audible response.)

18 BUTCH LAMBERT: Anything further, Mr. Scott?

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

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 and a second. Any
24 further discussion?

25

1 (No audible response.)

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

4 (All members signify by saying yes, but Donnie
5 Ratliff.)

6 BUTCH LAMBERT: Opposed, no.

7 DONNIE RATLIFF: I'll abstain, Mr. Chairman.

8 BUTCH LAMBERT: One abstention Mr. Ratliff.
9 We're calling item number nineteen. A petition from
10 Range Resources-Pine Mountain, Inc. for a well
11 location exception for well 900113, docket number
12 VGOB-12---.

13 MARY QUILLEN: Mr. Chairman.

14 BUTCH LAMBERT: ---0619-3077. All the parties
15 wishing to testify, please come forward.

16 MARY QUILLEN: Mr. Chairman, we skipped eighteen.

17 BUTCH LAMBERT: We skipped eighteen? Oh, we did.
18 Okay. Since I've already called nineteen, let's go ahead and
19 do nineteen and then we'll back it up.

20 TIM SCOTT: You messed me up there.

21 SHARON PIGEON: He does that to me on a daily basis.

22 TIM SCOTT: Okay. Let's back it up and start over.
23 I just fell off the railroad track.

24 BUTCH LAMBERT: Well, the reason I didn't call

25

1 eighteen is because I don't have eighteen.

2 ALLEN COMPTON: I don't have a folder either.

3 MARY QUILLEN: I've got eighteen.

4 BRUCE PRATHER: I've got eighteen.

5 BUTCH LAMBERT: Two of us don't have eighteen.

6 ALLEN COMPTON: I don't.

7 SHARON PIGEON: I have eighteen.

8 DONNIE RATLIFF: I have it.

9 DIANE DAVIS: Oops.

10 BUTCH LAMBERT: Okay, we've got number nineteen.

11 You may proceed, Mr. Scott.

12 TIM SCOTT: Thank you, Mr. Chairman.

13

14 PHIL HORN

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

17 DIRECT EXAMINATION

18 QUESTIONS BY MR. SCOTT:

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

21 A. Phil Horn. I'm employed by Range
22 Resources-Pine Mountain, Inc. as land manager.

23 Q. And you participated in the preparation of
24 this application, is that correct?

25

1 A. That's correct.

2 Q. And you're also familiar with the ownership
3 of the minerals underlying this unit, is that correct?

4 A. That's correct.

5 Q. And we have those folks set out on Exhibit
6 B, is that also correct?

7 A. That's correct.

8 Q. Now, we're seeking a well location for one
9 well today and it's 90014. Who operates that well?

10 A. Range Resources-Pine Mountain, Inc.

11 Q. And with the application, we...you had
12 stated that Range is an owner and an operator. Is that also
13 correct with this unit?

14 A. That's correct.

15 Q. And 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 proof of mailing to the
19 Board, is that correct?

20 A. That's correct. You have.

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

22 BUTCH LAMBERT: Mr. Scott, is this well 14 or 13?

23 TIM SCOTT: 14. 90014, I believe.

24 SHARON PIGEON: Docket nineteen.

25

1 BUTCH LAMBERT: Docket nineteen.

2 PHIL HORN: It's 113.

3 MARY QUILLEN: Nineteen is 113.

4 TIM SCOTT: All right. Hang on a minute. Are we
5 doing 13 or are we doing 10?

6 PHIL HORN: He skipped eighteen.

7 BUTCH LAMBERT: I called docket item number
8 nineteen, which is 13.

9 MARY QUILLEN: 13. And that's what's on the
10 revised---.

11 TIM SCOTT: Are we going back to eighteen?

12 BUTCH LAMBERT: We'll go back to...we'll go back
13 to eighteen. Since I didn't have eighteen in my packet,
14 we'll go back to eighteen.

15 TIM SCOTT: That's what we're doing, right?

16 GUS JANSEN: No, this well.

17 TIM SCOTT: Right.

18 GUS JANSEN: Yeah, an exception to 114.

19 TIM SCOTT: That's what I said, didn't I?

20 BUTCH LAMBERT: No.

21 RICK COOPER: You said 14.

22 BUTCH LAMBERT: You said 14.

23 SHARON PIGEON: More than once you said 14.

24 Q. Okay. The well from which we're seeking a

25

1 well location exception is 90014, correct?

2 MARY QUILLEN: Excepted from...an exception from.

3 DIANE DAVIS: From. He said from.

4 TIM SCOTT: From.

5 MARY QUILLEN: An exception from.

6 TIM SCOTT: Yeah. 900...I'm sorry. 90014,

7 correct? Is that right?

8 SHARON PIGEON: Okay.

9 PHIL HORN: Yes, sir.

10 MARY QUILLEN: Yeah. Yes.

11 TIM SCOTT: I apologize. That went backwards.

12 SHARON PIGEON: It surely did.

13 TIM SCOTT: I'm sorry.

14 SHARON PIGEON: I had to leave out the word that

15 I was going to put in there.

16 TIM SCOTT: Okay. I apologize. I'll do better

17 the next time.

18 BUTCH LAMBERT: Any other questions from the

19 Board?

20 (No audible response.)

21 TIM SCOTT: Now, where are we?

22 SHARON PIGEON: We're actually talking about well

23 number 900113?

24 TIM SCOTT: Yes, ma'am.

25

1 SHARON PIGEON: Okay. Thank you.

2 TIM SCOTT: That's correct. That's correct.

3 And, again, I apologize.

4 BRUCE PRATHER: That's number nineteen, right?

5 BUTCH LAMBERT: Yes. That's petition number
6 nineteen.

7 TIM SCOTT: Lord, I need a Xanax.

8 (Laughs.)

9 SHARON PIGEON: We're going to give you one here.

10 TIM SCOTT: Fistwise, is that correct?

11 SHARON PIGEON: Uh-huh.

12 TIM SCOTT: Okay.

13 SHARON PIGEON: A fight with gloves.

14 BUTCH LAMBERT: And we just got through Mr. Horn's
15 testimony. I asked was there any questions from the Board.

16 TIM SCOTT: See I've already lost where I was.
17 Sorry.

18 BUTCH LAMBERT: And you may continue, Mr. Scott,
19 with Mr. Jansen.

20 TIM SCOTT: Thank you, Mr. Chairman.

21

22 GUS JANSEN

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

25

1 DIRECT EXAMINATION

2 QUESTIONS BY MR. SCOTT:

3 Q. All right. Mr. Jansen, your name, by whom
4 you're employed and your job description.

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

8 Q. You're familiar with this application, is
9 that correct?

10 A. I am.

11 Q. And would you tell the Board using Exhibit
12 AA why we're seeking a well location exception today?

13 A. Yes. If the Board will refer to Exhibit AA,
14 you will see the location of proposed well 900113, which is
15 outlined in red with the green stippled area. We've located
16 this well at this specific location at the request of the
17 surface owner, which is the industrial development authority
18 of Buchanan County so that we do not infringe upon their
19 future surface use in those areas. We've agreed to a
20 location there that would help us to maximize the recovery
21 of the natural gas resources going forward. In the event
22 that we're not able to drill this well at this location there
23 would be approximately 111.07 acres of reserves stranded.

24 Q. Okay. What's the proposed depth of this
25

1 well?

2 A. 6,259 feet.

3 Q. And the potential loss of reserves if the
4 application is not approved today?

5 A. 500 million cubic feet of gas.

6 Q. If this application is granted, it would
7 prevent waste and promote conservation, is that correct?

8 A. That is correct.

9 TIM SCOTT: Okay. That's all I have for Mr.
10 Jansen. Thankfully.

11 BUTCH LAMBERT: Gus, is that in the location of
12 where Paramont Surface Mining, up there in...above
13 Greenbriar near Poplar Gap?

14 GUS JANSEN: Yes. That mining has been completed,
15 the area reclaimed and the surface transferred to the
16 industrial authority.

17 BUTCH LAMBERT: Okay. That's what I thought.
18 Any other questions from the---?

19 BRUCE PRATHER: I've got a question.

20 BUTCH LAMBERT: Mr. Prather.

21 BRUCE PRATHER: On your map here, you've got a
22 power line that's coming right down through here. Is this
23 well in anyway in conflict with that power right-of-way?

24 GUS JANSEN: No. We've also had to work that in
25

1 to keep that well away from that power line so we would be
2 able to drill it safely---.

3 BRUCE PRATHER: Okay. I just wanted to make sure
4 that---.

5 GUS JANSEN: ---and keep it in that area. Yes.

6 BRUCE PRATHER: Okay.

7 BUTCH LAMBERT: Any other 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. 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, but Donnie
21 Ratliff.)

22 BUTCH LAMBERT: Opposed, no.

23 DONNIE RATLIFF: I abstain, Mr. Chairman.

24 BUTCH LAMBERT: One abstention Mr. Ratliff.

25

1 DONNIE RATLIFF: Now go back to eighteen.

2 BUTCH LAMBERT: Now, we're going back to eighteen.

3 A petition from Range Resources-Pine Mountain, Inc. for a
4 well location exception for well 900110, docket number
5 VGOB-12-0619-3076. All parties wishing to testify, please
6 come forward.

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

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

10 TIM SCOTT: Thank you, sir.

11

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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 name,

21

by whom you're employed and your job description?

22

A. My name is Phil Horn. I'm employed by Range

23

Resources-Pine Mountain, Inc. as the land manager.

24

Q. And you're familiar with this application,

25

1 is that correct?

2 A. That's correct.

3 Q. And you're also familiar with the ownership
4 of the minerals underlying this unit?

5 A. That's correct.

6 Q. And those owners are set out on Exhibit B,
7 is that correct?

8 A. That is correct.

9 Q. We're seeking a well location exception
10 today from 900001. Who operates that well?

11 A. Range Resources-Pine Mountain, Inc.

12 Q. In this particular situation, is Range both
13 an owner and an operator?

14 A. That's correct.

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

17 A. By certified mail.

18 Q. And we've provided proof of mailing to the
19 Board, is that right?

20 A. Yes, you have.

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

22 BUTCH LAMBERT: Any questions...any questions
23 from the Board?

24 (No audible response.)

25

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

2 TIM SCOTT: Thank you, Mr. Chairman.

3

4 GUS JANSEN

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

7 DIRECT EXAMINATION

8 QUESTIONS BY MR. SCOTT:

9 Q. Mr. Jansen, again, your name, by whom you're
10 employed and your job description, please.

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

14 Q. And you're familiar with this application,
15 is that correct?

16 A. Yes, I am.

17 Q. And you participated in the preparation of
18 the application, is that also correct?

19 A. I did.

20 Q. Would you please tell the Board when you're
21 using Exhibit AA why we're seeking a well location exception
22 for this particular unit?

23 A. Yes. Again, referring to Exhibit AA,
24 you'll see the location of proposed well 900010. It will be

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1 the well outlined in red with the green stippled area.
2 Again, we worked with the Buchanan County Industrial
3 Development Authority in locating this particularly well
4 spot. We've agreed on a location that will not infringe upon
5 their future surface land use in those areas. It will also
6 allow us to maximize the recovery of the gas resources in the
7 area. In the event that we're not able to drill this well
8 at this location, it would strand approximately 99.75 acres
9 of resources.

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

11 A. 5,022 feet.

12 Q. And the potential loss of reserves if the
13 application is not granted today?

14 A. 500 million cubic feet of gas.

15 Q. And if the Board granted our application
16 today, it would prevent waste, promote conservation and
17 protect correlative rights, is that correct?

18 A. That is correct.

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

20 BUTCH LAMBERT: Any questions from the Board?

21 (No audible response.)

22 BUTCH LAMBERT: Anything further, Mr. Scott?

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

24 BUTCH LAMBERT: Do I have a motion?

25

1 MARY QUILLEN: Motion to approve.

2 BRUCE PRATHER: Second.

3 BUTCH LAMBERT: I have a motion and a second. Any
4 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 We're calling docket item number twenty. A petition from
14 Range Resources-Pine Mountain, Inc. for the establishment of
15 a drilling unit and pooling of well 900100...I'm sorry, let
16 me read that again. Well number 900110. This is docket
17 number VGOB-12-0619-3078. All parties wishing to testify,
18 please come forward.

19 TIM SCOTT: Tim Scott, Gus Jansen and Phil Horn for
20 Range Resources-Pine Mountain, Inc. Mr. Chairman, when I was
21 preparing for the hearing today I noticed that apparently I
22 did a copy and (inaudible) on this particular application.
23 Part of the application recites that this well is 90016, which
24 is the next docket item. All the other items that were sent

25

1 to the parties respondent are correct. But I provided a
2 revised application showing that I've corrected the well
3 number, the AFE cost, the mcfs for the completion as well,
4 as well as the well depth. I apologize for that.

5 SHARON PIGEON: Good catch.

6 TIM SCOTT: Thank you.

7 BUTCH LAMBERT: You may continue or proceed, Mr.
8 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, please state your name, by whom
17 you're employed and your job description.

18 A. My name is Phil Horn. I'm employed by Range
19 Resources-Pine Mountain, Inc. as land manager.

20 Q. And you're familiar with this application,
21 is that right?

22 A. Yes, I am.

23 Q. And this well...this unit contains 112.69
24 acres, is that correct?

25

1 A. That's correct.

2 Q. And Range has this...a good percentage of
3 this under lease, is that correct?

4 A. That's correct.

5 Q. Are we going to release anybody or dismiss
6 anybody today from the application?

7 A. Yes, we will. Based on my revised exhibits,
8 we release Ruby Looney.

9 Q. Anyone else?

10 A. That's all.

11 Q. Okay. And have you attempted to reach an
12 agreement with the other parties respondent listed on that
13 exhibit?

14 A. Yes, we have.

15 Q. What percentage currently does Range have
16 under lease?

17 A. 99.22%.

18 Q. And how was notice of this hearing provided
19 to the parties listed on Exhibit B?

20 A. By certified mail and also by publication in
21 the Bluefield Daily Telegraph on May the 29th, 2012.

22 Q. And we don't have any unknowns in this one,
23 is that right?

24 A. That's correct.

25

1 Q. Have you filed proofs of publication and
2 mail certification with the Board?

3 A. Yes, you have.

4 Q. And Range is authorized to conduct business
5 in the Commonwealth, is that correct?

6 A. That's correct.

7 Q. And there's a blanket bond on file?

8 A. That's correct.

9 Q. Now, if you were able to reach an agreement
10 with the parties listed on Exhibit B-3 what lease terms would
11 you offer?

12 A. Thirty dollars per acre for a five year paid
13 up lease that provides a one-eighth royalty.

14 Q. And in your opinion, is that a fair
15 compensation for a lease in this area?

16 A. Yes, it is.

17 Q. And what percentage of the oil and gas estate
18 is Range seeking to pool today?

19 A. .78%.

20 Q. And we've already indicated that we don't
21 have any unknowns or any conflicting interest, is that right?

22 A. That's correct.

23 Q. So, we don't have a need for an escrow
24 requirement?

25

1 A. That's correct.

2 Q. Okay. And you're requesting the Board to
3 pool the parties...the unleased parties listed on Exhibit
4 B-3?

5 A. That's correct.

6 Q. And that Range be named operator of this
7 unit, is that also correct?

8 A. That's correct.

9 Q. Now, if the Board were...would grant our
10 application today and you would send out the order with the
11 election options to the parties respondent, what address
12 would be used for making any elections?

13 A. Range Resources-Pine Mountain, Inc.,
14 P. O. Box 2136, Abingdon, Virginia 24212

15 Q. And is that the address for all
16 correspondence?

17 A. That's correct.

18 TIM SCOTT: Thank you. That's all I have for Mr.
19 Horn.

20 BUTCH LAMBERT: Any questions from the Board?

21 (No audible response.)

22 BUTCH LAMBERT: You may continued, Mr. Scott.

23 TIM SCOTT: Thank you, Mr. Chairman.

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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, please.

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

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

A. Yes, I am.

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

A. 5,022 feet.

Q. And the estimated reserves?

A. 500 million cubic feet of gas.

Q. And I believe you also participated in the preparation of the AFE, is that right?

A. That is correct.

Q. So, are you familiar with the well costs?

A. I am.

Q. What's the dry hole cost for this well?

A. \$269,930.

1 Q. The estimated completed well cost?

2 A. \$510,503.

3 Q. An AFE was attached as Exhibit C to our
4 application, is that right?

5 A. That's correct.

6 Q. And does that AFE also include a charge for
7 supervision?

8 A. Yes, it does.

9 Q. Do you consider that to be a reasonable
10 charge?

11 A. Yes.

12 Q. In your opinion, if our application is
13 granted today, it would prevent waste, promote conservation
14 and protect correlative rights, is that correct?

15 A. That is correct.

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

17 BUTCH LAMBERT: Any questions from the Board?

18 (No audible response.)

19 BUTCH LAMBERT: Anything further, Mr. Scott?

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

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 I have a second.

25

1 Any further discussion?

2 (No audible response.)

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

5 (All members signify by saying yes, but Donnie
6 Ratliff.)

7 BUTCH LAMBERT: Opposed, no.

8 DONNIE RATLIFF: I'll abstain, Mr. Chairman.

9 BUTCH LAMBERT: One abstention Mr. Ratliff.

10 We're calling docket item twenty-one. A petition from Range
11 Resources-Pine Mountain, Inc. for the establishment of a
12 drilling unit and pooling of well 900016. This is docket
13 number VGOB-12-0619-3079. All parties wishing to testify,
14 please come forward.

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

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

18 TIM SCOTT: Thank you, Mr. Chairman.

19

20 PHIL HORN

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

23 DIRECT EXAMINATION

24 QUESTIONS BY MR. SCOTT:

25

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

3 A. My name is Phil Horn. I'm employed by Range
4 Resources-Pine Mountain, Inc. as land manager.

5 Q. And you're familiar with this application,
6 is that correct?

7 A. Yes, I am.

8 Q. And this unit is subjected to statewide
9 spacing, is that also correct?

10 A. That's correct.

11 Q. And Range does have a good portion of this
12 unit under lease, is that right?

13 A. That's correct.

14 Q. Are we going to dismiss any parties
15 respondent today?

16 A. No, we're not.

17 Q. And as to those parties listed on Exhibit
18 B-3, have you attempted to reach an agreement with those
19 individuals?

20 A. Yes, we have.

21 Q. As a result of your application, what we have
22 today, what's the...what's the percentage of the unit that
23 Range has under lease?

24 A. 99.47%.

25

1 Q. And we've notified the parties respondents
2 or the parties listed on Exhibit B of this application, is
3 that correct?

4 A. That's correct.

5 Q. And how was that done?

6 A. By certified mail and also by publication in
7 the Bluefield Daily Telegraph on March the 29th...I mean, May
8 the 29th, 2012.

9 Q. Do we have any unknown owners in this unit?

10 A. No, we do not.

11 Q. Okay. Have you filed proof of publication
12 and mailing certification with the Board?

13 A. Yes, you have.

14 Q. Okay. Range is authorized to conduct
15 business in the Commonwealth, is that correct?

16 A. That's correct.

17 Q. And there's a blanket bond on file?

18 A. That's correct.

19 Q. And if you were to reach an agreement with
20 those parties listed on Exhibit B-3 who are unleased, what
21 would the terms you would be offering them?

22 A. Thirty dollars per acre for a five year paid
23 up lease that provides a one-eighth royalty.

24 Q. Do you consider this to be fair compensation

25

1 for a lease in this area?

2 A. Yes, I do.

3 Q. Then as a result of what you have under
4 lease, what percentage of the oil and gas estate are you
5 seeking to pool today?

6 A. .53%.

7 Q. And we have no escrow requirement, is that
8 right?

9 A. That's correct.

10 Q. Okay. And you're requesting the Board to
11 pool those parties listed on Exhibit B-3 that have not reached
12 an agreement with you, is that correct?

13 A. That's correct.

14 Q. You're also requesting that Range be named
15 operator for this unit, is that right?

16 A. That's right.

17 Q. And if the Board were to grant our
18 application today and elections will be made by parties
19 respondents, what address should be used?

20 A. Range Resources-Pine Mountain, Inc.,
21 P. O. Box 2136, Abingdon, Virginia 24212.

22 Q. And is that the address for all
23 communications?

24 A. Yes, it is.

25

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

2 BUTCH LAMBERT: Any questions from the Board?

3 (No audible response.)

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

5 TIM SCOTT: Thank you, Mr. Chairman.

6

7 GUS JANSEN

8 having been duly sworn, was examined and testified as

9 follows:

10 DIRECT EXAMINATION

11 QUESTIONS BY MR. SCOTT:

12 Q. Mr. Jansen, would you please state your
13 name, by whom you're employed and your job description,
14 please?

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

18 Q. And you're familiar with this application,
19 is that correct?

20 A. Yes, I am.

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

22 A. 4,049 feet.

23 Q. And what are the estimated reserves for this
24 particular unit?

25

1 A. 500 million cubic feet of gas.

2 Q. And you're also familiar with the well
3 costs, is that correct?

4 A. I am.

5 Q. And what is the estimated dry hole cost?

6 A. \$227,205.

7 Q. And the estimated completed well cost?

8 A. \$443,481.

9 Q. And you're familiar with the costs and
10 you've helped participate...or you participated in the
11 preparation of the AFE, is that right?

12 A. I did.

13 Q. And the AFE includes a charge for
14 supervision, is that correct?

15 A. Yes, it does.

16 Q. Do you consider that to be a reasonable
17 charge?

18 A. Yes, I do.

19 Q. In your opinion, if the application is
20 granted, it would prevent waste, promote conservation and
21 protect correlative rights, is that also correct?

22 A. That is correct.

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

24 BUTCH LAMBERT: Any questions from the Board?

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1 (No audible response.)

2 BUTCH LAMBERT: Anything further, Mr. Scott?

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

4 BUTCH LAMBERT: Do I have a motion?

5 MARY QUILLEN: Motion to approve.

6 BRUCE PRATHER: Second.

7 BUTCH LAMBERT: I have a motion and a second. Any
8 further discussion?

9 (No audible response.)

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

12 (All members signify by saying yes, but Donnie
13 Ratliff.)

14 BUTCH LAMBERT: Opposed, no.

15 DONNIE RATLIFF: I'll abstain, Mr. Chairman.

16 BUTCH LAMBERT: One abstention Mr. Ratliff.
17 We're calling item twenty-two. A petition from Range
18 Resources-Pine Mountain, Inc. for repooling of well 900049,
19 docket number VGOB-11-0614-2969-01. All parties wishing to
20 testify, please come forward.

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

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

24 TIM SCOTT: Thank you, Mr. Chairman.

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PHIL HORN

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

DIRECT EXAMINATION

QUESTIONS BY MR. SCOTT:

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

A. My name is Phil Horn. I'm employed as land manager by Range Resources-Pine Mountain, Inc.

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

A. Yes, I am.

Q. And why are we repooling today?

A. We pooled this well last year. The owner of Tract 3, Clintwood Elkhorn Mining Company, they had a lease and they indicated that they were going to sign a lease. The man I dealt with, I have a good relationship with him. He lost his boss and he got another boss. Apparently, they decided now that they're not going to sign a lease. So, he just went ahead and ask us to pool him.

Q. Okay. And this unit...how many acres does this unit contain?

A. 112.69.

1 Q. And Range has a good portion of this unit
2 under lease, is that correct?

3 A. That's correct.

4 Q. Are we going to release anybody or dismiss
5 anybody from the application?

6 A. No, we're not.

7 Q. And you've just indicated that you've
8 attempted to reach an agreement with the parties listed on
9 Exhibit B-3, is that correct?

10 A. That's correct.

11 Q. What percentage of this unit does Range have
12 under lease?

13 A. 93.9033333%.

14 Q. And how was this hearing...notice of this
15 hearing provided to the parties listed on Exhibit B today?

16 A. By certified mail and also by publication in
17 the Bluefield Daily Telegraph on March...I mean, May the
18 29th, 2012.

19 Q. Do we have any unknowns or any conflicting
20 interest here?

21 A. No, we do not.

22 Q. Okay. And we've provided proof of
23 publication and mail certification to the Board, is that also
24 correct?

25

1 A. Yes, you have.

2 Q. Range is authorized to conduct business in
3 the Commonwealth, is that right?

4 A. That's correct. Yes.

5 Q. And is there a blanket on file?

6 A. That's right.

7 Q. Now, if you were to reach an agreement with
8 those parties listed on Exhibit B-3, what terms would you
9 offer?

10 A. Thirty dollars per acre for a five year paid
11 up lease that provides a one-eighth royalty.

12 Q. And you consider that to be reasonable
13 compensation?

14 A. Yes, I do.

15 Q. And you've indicated that we have in access
16 of 90% of the unit under lease. What percentage of the oil
17 and gas estate is Range seeking to pool today?

18 A. 6.0966667%.

19 Q. And we have no escrow requirement, is that
20 right?

21 A. That's correct.

22 Q. Are you asking the Board to pool the unleased
23 parties listed on Exhibit B-3?

24 A. That's correct.

25

1 Q. And you're also requesting that Range be
2 named operator of this unit?

3 A. That's right.

4 Q. Okay. If the Board grants our application
5 today and the orders are sent to the parties respondent and
6 they determine to make an election, what would be the address
7 used for making such an election?

8 A. Range Resources-Pine Mountain, Inc.,
9 P. O. Box 2136, Abingdon, Virginia 24212.

10 Q. Is that the address for any communications
11 regarding an order?

12 A. Yes.

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

14 BUTCH LAMBERT: Any questions from the Board?

15 (No audible response.)

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

17 TIM SCOTT: Thank you, Mr. Chairman.

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

1 employed and your job description, please.

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

5 Q. And you're familiar with this application,
6 is that right?

7 A. Yes, I am.

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

9 A. 4,442 feet.

10 Q. And the estimated reserves?

11 A. 375 million cubic feet of gas.

12 Q. I believe you signed the AFE, is that right?

13 A. That is correct.

14 Q. So, you're familiar with the well cost for
15 this unit?

16 A. I am.

17 Q. What's the estimated dry hole cost?

18 A. \$280,008.

19 Q. And the estimated completed well cost?

20 A. \$540,165.

21 Q. So, the AFE contains a charge for
22 supervision, is that right?

23 A. Yes, it does.

24 Q. Do you consider that to be a reasonable
25

1 charge?

2 A. Yes, I do.

3 Q. And in the event the application is granted,
4 it would prevent waste, promote conservation, and protect
5 correlative rights, is that also correct?

6 A. That is correct.

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

8 BUTCH LAMBERT: Any questions from the Board?

9 (No audible response.)

10 BUTCH LAMBERT: Anything further, Mr. Scott?

11 TIM SCOTT: That's all 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. 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: We're calling docket item number
24 twenty-three. A petition from Range Resources-Pine

25

1 Mountain, Inc. for repooling of well 900035, docket number
2 VGOB-12-0313-3046-01. All parties wishing to testify,
3 please come forward.

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

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

7 TIM SCOTT: Thank you, Mr. Chairman.

8

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10

PHIL HORN

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

13

DIRECT EXAMINATION

14 QUESTIONS BY MR. SCOTT:

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

17 A. My name is Phil Horn. I'm employed by Range
18 Resources-Pine Mountain, Inc. as the land manager.

19 Q. And you participated in the preparation of
20 this application, is that right?

21 A. That's correct.

22 Q. Why are we repooling today?

23 A. Tract 15 has got numerous owners. Some of
24 them are unknown. We actually...we had a few leases and we

25

1 worked on it so long and a couple of them expired. By the
2 time we pooled it in March they had already expired. So,
3 we're coming back just to clean it up.

4 Q. Okay. And Range does have a percentage of
5 this unit under lease, is that correct?

6 A. That's correct.

7 Q. Are we going to release any parties or
8 dismiss any parties respondent today?

9 A. No.

10 Q. Okay. And you've attempted to reach an
11 agreement with the parties listed on Exhibit B-3, is that
12 right?

13 A. Yes, we have.

14 Q. As a result of your leasing efforts and what
15 you have under lease today, what is that percentage that Range
16 has under lease for this unit?

17 A. 89.02398214%.

18 Q. And how was notice of this hearing provided
19 to the parties listed on Exhibit B?

20 A. By certified mail and also by publication in
21 the Bluefield Daily Telegraph on May the 30th, 2012.

22 Q. I believe...I believe said that
23 incorrectly, Mr. Horn. I believe that's the Dickenson Star.
24 Is that correct?

25

1 A. Yes, this well is in Dickenson County. So,
2 it should be the Dickenson Star.

3 Q. Yes, sir. Okay. So, it was the Dickenson.
4 We've provided proof of publication to the Board, is that
5 right?

6 A. Yes, you have.

7 Q. Okay. When was notice published for this
8 particular unit?

9 A. May the 30th, 2012.

10 Q. And we have some unknowns, is that right?

11 A. That's correct.

12 Q. And you've tried to locate those
13 individuals, correct?

14 A. Yes, we have.

15 Q. And you've provided a letter to Mr. Cooper
16 indicating your efforts to locate these parties?

17 A. That's correct.

18 Q. In your opinion, did Range exercise due
19 diligence in doing so?

20 A. Yes.

21 Q. Okay. Have you provided proof of
22 publication and proof of mail certification to the Board?

23 A. Yes, you have.

24 Q. Okay. Now, Range is authorized to conduct
25

1 business in the Commonwealth, is that right?

2 A. That's correct.

3 Q. And there's a blanket bond on file?

4 A. That's right.

5 Q. And if you were to reach an agreement with
6 those parties listed on Exhibit B-3, what would the terms that
7 you would offer?

8 A. Thirty dollars per acre for a five year paid
9 up lease that provides a one-eighth royalty.

10 Q. Is that a reasonable amount for this
11 particular...for a lease in this area?

12 A. Yes.

13 Q. What percentage is Range seeking to pool
14 today?

15 A. 10.97601786%.

16 Q. And we...you just indicated there were some
17 unknowns, is that right?

18 A. That's correct.

19 Q. So, there is an escrow requirement?

20 A. For Tracts 8 and 15.

21 Q. And we've provided an Exhibit E reflecting
22 that, is that correct?

23 A. That's correct.

24 Q. What percentage of the unit would be subject
25

1 to escrow?

2 A. 3.47347876%.

3 Q. Are you requesting the Board to pool any
4 unleased parties listed on Exhibit B-3, is that right?

5 A. That's correct.

6 Q. And that Range be named the operator?

7 A. That's correct.

8 Q. Now, if the Board grants our application
9 today and the parties are given the opportunity to make
10 elections pursuant to the provisions of the order, what
11 address should any communications regarding elections be?

12 A. Range Resources-Pine Mountain, Inc.,
13 P. O. Box 2136, Abingdon, Virginia 24212.

14 Q. And would that be the address for any
15 communications regarding an order entered by the Board?

16 A. Yes.

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

18 BUTCH LAMBERT: Any questions from the Board?

19 (No audible response.)

20 BUTCH LAMBERT: Anything further, Mr. Scott?

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

22 BUTCH LAMBERT: You may continue.

23 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, please.

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

Q. And you're familiar with this application, is that correct?

A. I am.

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

A. 4,548 feet.

Q. And you're also familiar with the estimated cost of this well?

A. Yes.

Q. And what's the proposed...what's the estimated dry hole cost?

A. \$310,321.

Q. And the estimated completed well cost?

A. \$541,323.

Q. You're also familiar with the estimated

1 reserves for this unit, is that right?

2 A. That's correct.

3 Q. And what would that be?

4 A. 500 million cubic feet of cost.

5 Q. And I believe you signed the AFE, is that
6 correct?

7 A. That's correct.

8 Q. So, you're familiar with it and you helped
9 prepare it, is that right?

10 A. That's correct.

11 Q. Does the AFE include a charge for
12 supervision?

13 A. Yes, it does.

14 Q. Do you consider that charge to be
15 reasonable?

16 A. Yes, I do.

17 Q. In your opinion then if the Board grants our
18 application today, it would prevent waste, promote
19 conservation and protect correlative rights, is that also
20 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

1 BUTCH LAMBERT: Anything further, Mr. Scott?

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

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. Any
7 further discussion?

8 (No audible response.)

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

11 (All members signify by saying yes, but Donnie
12 Ratliff.)

13 BUTCH LAMBERT: Opposed, no.

14 DONNIE RATLIFF: I'll abstain, Mr. Chairman.

15 BUTCH LAMBERT: One abstention Mr. Ratliff.
16 We're calling docket number twenty-four. A petition from
17 Range Resources-Pine Mountain, Inc. for a repooling of well
18 900095, docket number VGOB-12-0417-3058-01. All parties
19 wishing to testify, please come forward.

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

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

23 TIM SCOTT: Thank you, Mr. Chairman.

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PHIL HORN

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

DIRECT EXAMINATION

QUESTIONS BY MR. SCOTT:

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

A. My name is Phil Horn. I'm employed by Range Resources-Pine Mountain, Inc. as land manager.

Q. And you're familiar with this application, is that correct?

A. Yes, I am.

Q. What's the...what's the number of acres that this unit contains?

A. 200 acres.

Q. And you filed our original application in April 2012, is that right?

A. That's correct.

Q. And it was approved at that time?

A. That's correct.

Q. What are we...why are we back here today for this repooling?

A. This is the same tract that was in the previous well and it...the owners are part of Tract 4 now in

1 this unit.

2 Q. Okay. And Range does have a percentage of
3 this unit under lease, is that correct?

4 A. That's correct.

5 Q. Are we going to dismiss anybody today?

6 A. No, we're not.

7 Q. And you've attempted to reach an agreement
8 with the parties listed on Exhibit B-3, is that right?

9 A. Yes, we have.

10 Q. As a result, what do we have...what percent
11 of the unit is under lease presently?

12 A. 97.94078571%.

13 Q. And how was notice of this hearing provided
14 to the parties listed on Exhibit B today?

15 A. By certified mail and also publication in
16 the Dickenson Star on May the 30th, 2012.

17 Q. We have unknowns in this unit, correct?

18 A. Yes, we do.

19 Q. And you tried to locate these parties?

20 A. That's correct.

21 Q. And have you provided a letter to Mr. Cooper
22 indicating your efforts to locate these individuals?

23 A. Yes, I have.

24 Q. In your opinion, did Range exercise due
25

1 diligence?

2 A. Yes.

3 Q. Now, we've provided proof of mailing and
4 proof of publication to the Board, is that right?

5 A. That's correct.

6 Q. And we have a blanket bond on file...Range
7 does, is that right?

8 A. Yes.

9 Q. And they're authorized to conduct business
10 in the Commonwealth?

11 A. That's correct.

12 Q. Now, if you were to reach an agreement with
13 those parties listed on Exhibit B-3, what terms would you
14 offer?

15 A. Thirty dollars per acre for a five year paid
16 up lease that provides a one-eighth royalty.

17 Q. Is this reasonable compensation for a lease
18 in this area?

19 A. In my opinion, yes.

20 Q. What's the percentage of the oil and gas
21 estate that we're seeking to pool today?

22 A. 2.05921429%.

23 Q. And we have an escrow requirement, is that
24 right?

25

1 A. That's correct.

2 Q. And what tract or tracts are subjected to
3 escrow?

4 A. Tract 4.

5 Q. And what's the percentage of the unit that
6 needs to be escrowed?

7 A. .55561209%.

8 Q. And we're requesting the Board to pool those
9 parties listed on Exhibit B-3, is that right?

10 A. That's correct.

11 Q. And you're also requesting that Range be
12 named operator for this unit, is that right?

13 A. That's correct.

14 Q. Now, if the Board were to grant our
15 application today and enter an order if the parties
16 respondent are given the opportunity to make elections
17 pursuant to the order, what would the address be used for
18 making any such elections?

19 A. Range Resources-Pine Mountain, Inc.,
20 P. O. Box 2136, Abingdon, Virginia 24212.

21 Q. Would that be the address for any
22 communications regarding an order entered by the Board?

23 A. Yes.

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

25

1 A. That's correct.

2 Q. So, you're familiar with the well cost for
3 this, is that right?

4 A. Yes, I am.

5 Q. What's the estimated dry hole cost for this
6 unit?

7 A. \$562,434.

8 Q. And the completed well cost?

9 A. \$1,259,244.

10 Q. Okay. And, again, you participated in the
11 preparation of this AFE, is that right?

12 A. I did.

13 Q. And we attached it to our application as
14 Exhibit C, is that right?

15 A. That's correct.

16 Q. And does the AFE include a charge for
17 supervision?

18 A. Yes, it does.

19 Q. Do you consider that charge to be
20 reasonable?

21 A. I do.

22 Q. And then if the Board were to grant our
23 application today, it would prevent waste, promote
24 conservation and protect correlative rights, is that

25

1 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: Mr. Chairman, I have just---

6 BUTCH LAMBERT: Ms. Quillen.

7 MARY QUILLEN: ---one. We don't have a signed
8 plat. Do they have a signed plat?

9 PHIL HORN: I have one that I can leave.

10 BUTCH LAMBERT: Any other questions from the
11 Board?

12 (No audible response.)

13 BUTCH LAMBERT: Anything further, Mr. Scott?

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

15 BUTCH LAMBERT: Do I have a motion?

16 MARY QUILLEN: Motion to approve.

17 BRUCE PRATHER: Second.

18 BUTCH LAMBERT: I have a motion and I have a 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, but Donnie
24 Ratliff.)

25

1 BUTCH LAMBERT: Opposed, no.

2 (No audible response.)

3 BUTCH LAMBERT: Thank you, gentlemen.

4 DONNIE RATLIFF: One abstention, Mr. Chairman. I
5 abstain.

6 PHIL HORN: Thank you.

7 BUTCH LAMBERT: One abstention Mr. Ratliff.
8 Okay, item twenty-five on the docket, the Board will receive
9 an update of Board and Division activities from the staff.
10 Mr. Cooper.

11 RICK COOPER: I guess as we talked about earlier,
12 we have arranged for Corbin Stone from Robertson, Cox and
13 Farmer to attend the next Board meeting in July and answer
14 any questions that the Board may have on the audit. So, if
15 you could, be prepared to ask any questions that you want.
16 He said he was open to any questions. It would be a good time
17 to establish the groundwork. He said he would be ready for
18 that. Also in regards to speeding on this process, we had
19 talked earlier a couple of Board sessions previous to this
20 about the E-form system. So, we are progressing on that. We
21 have a meeting on Thursday of this week to do the template
22 work for all the docket items and that type of thing. So,
23 that's pretty much going on schedule. We do hope somewhere
24 in late fall that we can launch this E-form program for the

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1 Board items. But that is progressing and there is some work
2 being done on that. I guess last I'd like to...I did mention
3 earlier about the amount of disbursements that has been done
4 at DGO. But I guess the biggest credit for that goes to Diane
5 Davis, Jim Lovett and Sharon Hagy. They've done a lot of
6 tremendous work and we've, you know, implemented a few items
7 to get that done. So, we can see the light at the end of the
8 tunnel. We've done...they have done really well on that.
9 But, you know, I'd also like to thank the operators. They've
10 been very cooperative on that. Anything that we've needed
11 or any item we have needed they have been very good to respond.
12 So, without their corporation we couldn't have done that.
13 But if we continue at the rate that we're doing now, we should
14 be processing them rather quickly, almost on a monthly basis
15 where we should all along. But the progress has...they have
16 done tremendous work on that. I wanted to thank them.

17 BUTCH LAMBERT: Also as another update, we are in
18 the process of getting an estimate on the completion of the
19 scanning of the Board orders and other items.

20 RICK COOPER: Yeah. We have...we have a naming
21 sequence when we do these, you know. As you all know, there
22 are supplements and poolings and repoolings and things like
23 that. So, we have developed a naming sequence that we
24 already have. We have scanned in a couple of the docket

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1 items. They are being sent to get an estimate to see what
2 it would cost to get the rest of the escrow accounts scanned
3 and put on the website where they're more user freely and
4 searchable and that type of thing. We hope to get that maybe
5 in two months, the estimate back on that, and we'll give those
6 numbers to you all when they come in.

7 BUTCH LAMBERT: Okay.

8 RICK COOPER: For all your alls information, we did
9 some of this in the past. We only have about 30% of the
10 escrowed docket items scanned. So, there's somewhere
11 between 60% and 70% items yet to be done. The advantage to
12 that once we get all that caught up, you know, in the future
13 we can...we're going to implement a process to maintain that
14 ourselves. We won't let that lag behind. We'll start at a
15 given date. From that point forward we'll implement a policy
16 within the DGO to scan those and put those online as they come
17 in.

18 BUTCH LAMBERT: Anything else?

19 DIANE DAVIS: I'll let you know that I did send an
20 email out to all operators that the escrow agent has a new
21 address. They have moved their office from Kingsport to
22 Bristol, Virginia on Valley Street. So, all of the new
23 orders will have to reflect that. I'm fixing the ones that
24 we have currently. So, I don't know if we have to do anything

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1 with regards to the contract other than...I just wanted to
2 mention it. I'm wasn't sure.

3 BUTCH LAMBERT: Yeah. I don't think at this point
4 we'll have to adjust that contract just because they've
5 changed locations.

6 DIANE DAVIS: I wasn't sure.

7 BUTCH LAMBERT: Okay.

8 DIANE DAVIS: But they have been notified.

9 BUTCH LAMBERT: Okay. Any questions from the
10 Board for the staff?

11 MARY QUILLEN: I just have one question. If you
12 have any updated information on recording the horizontal
13 field rules with Tazewell County and Wise County and get them
14 straightened out with an ID.

15 DIANE DAVIS: We cannot record them there. It's
16 just bottom line. Tazewell County, Wise County and
17 Dickenson County requires that for you to record something
18 you have to have a tax map ID. Because those orders encompass
19 the entire county, that would be every tax map number there.
20 So, they just will not take them. It isn't that. Some
21 counties don't require that. Buchanan County could care
22 less.

23 MARY QUILLEN: So, it's just Tazewell, Wise and
24 Dickenson?

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1 DIANE DAVIS: On every order that we process there
2 I have to make certain that the tax map numbers are within
3 that order or they will not record them.

4 MARY QUILLEN: Uh-huh. So, you take care of that
5 in-house?

6 DIANE DAVIS: Well, the operator provides it to me.
7 I have no way of getting it.

8 MARY QUILLEN: Right.

9 DIANE DAVIS: But there's...there's no
10 way...there's just no way because it's every piece of
11 property in the county.

12 MARY QUILLEN: Right. Right. So---.

13 DIANE DAVIS: So, we just recorded it where we
14 could and mailed it to everybody---

15 MARY QUILLEN: okay.

16 DIANE DAVIS: ---all of the operators and put it
17 in the file and scanned it and I don't know anything else to
18 do. Many years ago we didn't record field orders. We have
19 and I think the law requires that they be recorded.

20 MARY QUILLEN: What happened with those other
21 field rules, the Nora Field and the Middle Ridge?

22 DIANE DAVIS: The old ones got recorded.
23 Initially they did them. We went back at a later time and
24 recorded them. At that time, this wasn't an issue.

25

1 MARY QUILLEN: Okay.

2 DIANE DAVIS: This issue came up, I don't know,
3 four years ago. Next week they will have a whole new
4 different something that they want.

5 MARY QUILLEN: Okay. Okay.

6 DIANE DAVIS: To further explain, we also sent it
7 to Lee County and I think an interest was brought up as
8 to...you know, they returned the money. They recorded the
9 order. I have talked to them. They said just let this one
10 go. But I explained to them that we do have a special
11 requirement within our law that says that we will pay ten
12 dollars and a dollar per every page. So, the person that did
13 that at Lee County just wasn't aware of that.

14 MARY QUILLEN: Right. Right.

15 DIANE DAVIS: Just so you know.

16 MARY QUILLEN: Yes. I know you all have said that.
17 That was...okay. Thank you.

18 DIANE DAVIS: Yeah. We returned those checks.

19 RICK COOPER: So, in the future if we record in Lee
20 County, we will send them a letter that actually says that
21 so they will understand what we're doing.

22 MARY QUILLEN: Right. Right.

23 DIANE DAVIS: We've only had probably in the time
24 that I've been here three to four orders recorded in Lee

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1 County.

2 MARY QUILLEN: Right. I'm going to say that's a
3 very small number...an extremely small number. So, yeah,
4 okay. Thank you.

5 DIANE DAVIS: You're welcome.

6 BUTCH LAMBERT: Okay.

7 BRUCE PRATHER: I've got a comment.

8 BUTCH LAMBERT: Mr. Prather.

9 BRUCE PRATHER: Is there any kind of an update on
10 First State Bank's charge that they want to have for that
11 CEDARS account to manage the accounts from now on? Is there
12 anything to update on that? In other words, the President
13 of First State Bank was at the last meeting and he said that
14 he wanted half of the CEDARS account to be...for them to be
15 the operator of the escrow account. Has anything been done
16 about that?

17 RICK COOPER: We've had no followup with them since
18 the last time they were at the Board hearing.

19 BRUCE PRATHER: Okay.

20 DIANE DAVIS: They will be here next month.

21 RICK COOPER: Yeah, they will be here in July. It
22 would be a good time to ask that question to them.

23 MARY QUILLEN: I was going to say, when are
24 they...right. Yeah. Okay.

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1 DIANE DAVIS: They're going through a lot of
2 changing of people and offices and so forth.

3 MARY QUILLEN: Positions, yeah. I seen that.

4 DIANE DAVIS: Debbie...like I said, Debbie is such
5 a wonderful person to work with. But she has been moving her
6 stuff. So, that has slowed down getting our disbursements
7 out.

8 MARY QUILLEN: Oh.

9 DIANE DAVIS: She's in Bristol now.

10 MARY QUILLEN: Oh. So, she won't be handling
11 our---?

12 DIANE DAVIS: Yeah, she will still be handling it.

13 MARY QUILLEN: Oh, she will?

14 DIANE DAVIS: At this moment in time.

15 MARY QUILLEN: Okay. And Karen---

16 SHARON PIGEON: But she has relocated her---?

17 DIANE DAVIS: But she is relocated and that is what
18 she has been doing the last week and a half. So, the
19 disbursements that we've sent have taken a little bit longer
20 than normal to get out.

21 MARY QUILLEN: Do they have someone now that has
22 replaced Karen?

23 DIANE DAVIS: No, not that I know of.
24 They...they...I've heard some names, but not that I know of.

25

1 MARY QUILLEN: Nothing. So we may know that next
2 month.

3 DIANE DAVIS: That's something that you would need
4 to have...to ask them.

5 SHARON PIGEON: Well, could you ask if they have
6 in fact replaced Karen that that person appear next time?

7 DIANE DAVIS: I will be happy to, yes.

8 MARY QUILLEN: Yeah. Because she was very
9 involved with what was going on with our account and I really
10 feel like that, you know, not having someone in that position
11 is maybe not a good thing for us.

12 DIANE DAVIS: Okay. I will.

13 MARY QUILLEN: Yeah.

14 DIANE DAVIS: I or Rick will most certainly will
15 do that.

16 BUTCH LAMBERT: The final item on our docket is
17 review and approval of the minutes from the May meeting.

18 BRUCE PRATHER: She left my name off of the
19 attending people.

20 DIANE DAVIS: Oops. I will fix it and resubmit it.

21 BUTCH LAMBERT: Okay. Any other corrections that
22 need to be made to the May minutes?

23 (No audible response.)

24 BUTCH LAMBERT: With that one correction, do I have
25

1 a motion to approve?

2 MARY QUILLEN: Motion to approve.

3 DONNIE RATLIFF: Second.

4 BRUCE PRATHER: Second.

5 BUTCH LAMBERT: A motion and a second. All in
6 favor, signify by saying yes.

7 (All members signify by saying yes.)

8 DONNIE RATLIFF: Mr. Chairman, before you retire
9 and adjourn.

10 BUTCH LAMBERT: Mr. Ratliff.

11 DONNIE RATLIFF: This is Katie Dye's last meeting.
12 I want to say on behalf of myself and the Board members on
13 this end of table we've enjoyed serving with you. You've
14 asked very thoughtful questions. You've been our conscious
15 many times. You've asked the questions that we were thinking
16 about. But I appreciate you. We're all a better Board
17 because you were a part of it.

18 KATIE DYE: Thank you very much.

19 DONNIE RATLIFF: We appreciate you being a part of
20 it.

21 KATIE DYE: It has been a learning experience.

22 DONNIE RATLIFF: It's a learning experience at
23 every meeting.

24 KATIE DYE: It is.

25

1 DONNIE RATLIFF: But we certainly appreciate---.

2 SHARON PIGEON: Yes, we do.

3 DONNIE RATLIFF: ---what you've added to the...you
4 definitely added value to this group of...the people from
5 this end of the table. I appreciate it.

6 SHARON PIGEON: She's kept me in gum and mints and
7 tissues.

8 BUTCH LAMBERT: And with that, do I have a motion
9 to adjourn?

10 KATIE DYE: Motion to adjourn.

11 BRUCE PRATHER: Second.

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

14 (All members signify by saying yes.)

15 DONNIE RATLIFF: I'll abstain, Mr. Chairman.

16 BUTCH LAMBERT: One abstention Mr. Ratliff.

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1 STATE OF VIRGINIA,
2 COUNTY OF BUCHANAN, to-wit:

3 I, Sonya Michelle Brown, Court Reporter and Notary
4 Public for the State of Virginia, do hereby certify that the
5 foregoing hearing was recorded by me on a tape recording
6 machine and later transcribed by me personally.

7 Given under my hand and seal on this the 11th day
8 of July, 2012.

9

10 _____ NOTARY PUBLIC

11

12 My commission expires: August 31, 2013.
13 My Notary Registration No.: 186661

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