

IN THE COUNTY OF RUSSELL

VIRGINIA DEPARTMENT OF MINES, MINERALS AND ENERGY  
VIRGINIA GAS AND OIL BOARD

SEPTEMBER 18, 2012

APPEARANCES:

**BOARD MEMBERS:**

BRUCE PRATHER- GAS AND OIL REPRESENTATIVE

AL COMPTON- PUBLIC MEMBER

RITA SURRATT- PUBLIC MEMBER

**CHAIRMAN:**

BUTCH LAMBERT- CHAIRMAN OF THE VIRGINIA GAS AND OIL BOARD

**STAFF:**

RICK COOPER- DIRECTOR OF THE DIVISION OF GAS AND OIL AND PRINCIPAL  
EXECUTIVE TO THE STAFF OF THE BOARD

DIANE DAVIS- STAFF MEMBER OF THE DGO AND ACTING COURT REPORT AND  
BOARD STAFF

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1. BUTCH LAMBERT: Good morning, ladies and gentleman. It's now 9:00  
2. and it is time to begin our proceedings. First of all I would ask that if you have any  
3. cell phones or other communication devices please turn those off or put them on  
4. vibrate. If you must take the call please do so in the hall. At this time, I'd like the  
5. board to introduce themselves.

6. Tape corrupted

7. BUTCH LAMBERT: We will pick up where we were Mrs. Kelly.

8. MARY KELLY: The laws of SMACRA should be obeyed, there is a  
9. manual procedure, which I have a copy of and I think as board members everyone  
10. is responsible for looking at that, and seeing what it says. And when I went to Big  
11. Stone Gap at the Army Core of Engineers, I've, they uh.. got a man there Mr. Asbury  
12. who was very specific about what the laws required. And I have attended hearings  
13. at the Division of Mines and Minerals which they specifically state that they  
14. follow the laws and the regulations. So um..., if my land is going to be forced pooled  
15. then I think I have the right to know and I think... When I called EQT and talk to the  
16. surveyor, the land engineer, he said he was forbidden to go to the court house to even  
17. check facts. And you cannot operate in such a way you know, everybody can go, so  
18. thank you very much and I would encourage this board to actually check to see where  
19. these wells are and to see if land, if valid land owners are contacted. Because I was  
20. really surprised in Kentucky they had uh... did a permit for a huge area of land. And  
21. I just accidently found out about it, that my cemetery tract of 40 acres was included  
22. And when I contacted the business owners, uh, no one had been advised. So there  
23. is a problem there and uh we need to be uh, as responsible citizens we need to  
24. consider those facts. Thank you.

25.

1. BUTCH LAMBERT: Thank you Mrs. Kelly, just for clarification you  
2. mentioned SMACRA several times. This board has no jurisdiction with  
3. SMACRA, we, we don't deal with SMACRA and that is a separate area  
4. Of jurisdiction not this board.

5. MARY KELLY: But you do have to deal with uh... the laws and  
6. regulations regarding private land owners right?

7. BUTCH LAMBERT: We do but we have, just for clarification, I  
8. just want to make you aware we have nothing to do with SMACRA.

9. MARY KELLY: Okay, thank you.

10. BUTCH LAMBERT: Thank you. Mitchell Counts.

11. MITCHELL COUNTS: Good morning

12. Response of Good Morning from board and staff

13. MITCHELL COUNTS: I'm Mitchell Counts uh, I have been here  
14. several times. Uh... this morning I would like to make the board aware of a  
15. uh a document that is AWW file number 15633 and I believe it's uh in the  
16. Buchanan County Clerk's Office. I won't attempt to read this whole thing,  
17. uh it is a description of my property and how the property came to me and  
18. it starts out in June 28, 1982 uh... it is addressed to Mr. Gillwater with  
19. Pocahontas Gas Partnership dated July 15<sup>th</sup> 1997. Uh... most of it is a  
20. description of the property and where it, where it is, the part I'm wanting to read  
21. was accepting and reserving however from this conveyance all coal, oil, minerals,  
22. metals, and rights upended to, which have there here to forth been sold  
23. and deeded away from any above described, lands together with any and other  
24. exceptions here to forth made in conveyance of said real-estate. The second

25.

1. part of the letter uh says the surface, the oil, and the gas belongs to on the  
2. five acres belongs to Mitchell Counts. Uh this was done by Altizer, Walk, and  
3. White Attorneys at Law, and it is signed by David Grant Altizer. Uh... that is  
4. All I wanted to do was read this and make it public um put it on public notice.

5. BUTCH LAMBERT: Okay, thank you Mr. Counts. Harold Hale.

6. HAROLD HALE: I am Harold Hale from um Rosedale Virginia and I  
7. represent uh the Mother Hale family, uh we got a letter in the mail. We've got  
8. several gas wells close to the property. Uh they've tried to by the driver ways on  
9. the property and they've tried to buy the property. I also have a deed of my  
10. Great Grandpa where he sold the coal, coal only. And when they tried to buy  
11. the property we refused it, they said well we'll get the gas anyways, we've got  
12. ways of getting it. That's what they're doing, and I wanted to come and look at  
13. everybody that's over this and makes these decisions. I want to look into them  
14. eyes and tell you'ns that you'ns stealing the gas. Ever had anything stole from  
15. ya? You don't like it. That's all I've got to say.

16. BUTCH LAMBERT: Thank you Mr. Hale. We are calling the next item  
17. on the docket this morning. It is a petition from EQT Production Company for  
18. the disbursement of escrow funds from escrow for unit VC-3047 for tract 4 to  
19. EQT this is uh docket number VGOB-99- 0420- 0719- 02. All parties wishing  
20. to testify, please come forward.

21. JIM KAISER: Mr. Chairman Jim Kaiser and Rita Barrett on behalf of  
22. EQT Production.

23. Good Morning from the Board and Staff

24. (Rita Barrett duly sworn in)

25. 5

1.

Rita Barrett

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

3.

DIRECT EXAMINATION

4. QUESTIONS BY MR. KAISER

5. Q. Okay Mrs. Barrett this is a uh, petition for disbursement correct?

6. A. Yes

7. Q. And it's uh... and it's a little different than some of the ones we've

8. done in the past correct?

9. A. That's correct

10. Q. Um this is for the well were the unit, the, this is for VC-3047

11. correct?

12. A. yes

13. Q. And this well was drilled in probably 99 or 2000?

14. A. yes

15. Q. And we had a uh... a respondent in tract 4 elect to be a carried

16. interest, right?

17. A. That's correct

18. Q. Okay and under the Virginia Gas and Oil Act the, a, they're not

19. entitled to their share of any working interest proceeds until the well reaches

20. 200% pay out, is that correct?

21. A. yes

22. Q. And I am going to let you kind of take the facts from there.

23. A. Well, when they, when the well was pooled, um EQT uh,

24. Recognized that there was a uh, uh, conflicting interest in the, in the royalty

25.

1. between Range and uh Laura Cole, so they put the royalty interest into escrow.
2. And now they're asking that that be disbursed back to them so they can put it
3. with the working interest once the well pays out. The well is not paid out yet.
4. Q. All right let's go back. What we've got is a conflicting, we had
5. A conflicting claim to the royalty under tract 4 because the Cole's own the oil
6. and gas and Range owns the coal.
7. A. Correct, and Range owns the...
8. Q. And then after we pooled the unit and sent the election letters out,
9. the Cole's elected a carried interest, correct?
10. A. That's correct
11. Q. Okay, so then uh, at some point Range relinquished their claim to
12. any royalty, correct?
13. A. That's correct
14. Q. And at that point someone in the Division Order Group at EQT
15. recognized that they had been paying that money in as an entity state escrow into
16. the Virginia State Escrow as a conflicting royalty interest, correct?
17. A. yes sir
18. Q. Okay, so now what we're asking is that because the well hasn't
19. reached pay out and it appears at this point probably will never reach pay out, that
20. that money EQT paid in be disbursed back to them?
21. A. That's correct
22. Q. Okay
23. BUTCH LAMBERT: Back to the Cole's, Laura and Larry Cole?
24. JIM KAISER: No back to EQT it's their money.
- 25.

1. BUTCH LAMBERT: Back to EQT, okay
2. RITA BARRETT: And if the well pays out Mrs. Cole will receive a
3. working interest.
4. BUTCH LAMBERT: Okay got you, follow.
5. JIM KAISER: It's a little different
6. BUTCH LAMBERT: yeah a little bit
7. RITA BARRETT: yeah
8. BUTCH LAMBERT: Any questions from the board?
9. BRUCE PRATHER: Um I had one
10. BUTCH LAMBERT: Mr. Prather
11. BRUCE PRATHER: Since this is a coalbed methane well there isn't a
12. possibility of going in and recompleting anything at the hole is there?
13. RITA BARRETT: I can't answer that Mr. Prather that would be a
14. production question.
15. BRUCE PRATHER: See that could add to the value if there was
16. anything like that. I doubt that there is but it's something to consider.
17. RITA BARRETT: I'm not sure that they would uh, spend the money
18. to do that at this point.
19. BUTCH LAMBERT: Okay, any other questions from the board?
20. RICK COOPER: Mr. Chairman I would like to ask a question if I could.
21. BUTCH LAMBERT: Mr. Cooper
22. RICK COOPER: Is this going to be paid out by dollar amount or by
23. percentage?
24. RITA BARRETT: It, it would be the dollar amount of her tract, her
- 25.

1. working interest.
2. BUTCH LAMBERT: It would be the dollar amount that has already been
3. paid in.
4. RITA BARRETT: Uh yes, it would be the dollar amount that's already
5. Been paid in, I apologize.
6. RITA SURRATT: It would be this dollar amount?
7. RITA BARRETT: yes, yes sir, yes mam
8. BUTCH LAMBERT: Is that the amount that is supplied in this AA
9. RITA BARRETT: yes sir
10. BUTCH LAMBERT: AA, so instead of uh percentage of funds you are
11. asking for that dollar amount of disbursement.
12. JIM KAISER: Yes sir
13. RITA BARRETT: yes
14. JIM KAISER: Rather than using the next to last column, we used the
15. actual funds that have been paid into escrow. I mean basically it is a mistake.
16. BUTCH LAMBERT: Okay any other questions?
17. ( No audible response)
18. BUTCH LAMBERT: Anything further at this time?
19. JIM KAISER: We ask that the petition be approved to submit Mr.
20. Chairman.
21. BUTCH LAMBERT: Do I have a motion?
22. BRUCE PRATHER: Motion to approve
23. AL COMPTON: Second
24. BUTCH LAMBERT: I have a motion and a second any further
- 25.

1. discussion?
2. ( No audible response)
3. BUTCH LAMBERT: All in favor signify by saying yes
4. ( All members signify by saying yes)
5. BUTCH LAMBERT: Opposed no
6. ( No audible response)
7. BUTCH LAMBERT: Thank you Mr. Kaiser it's approved.
8. JIM KAISER: Thank you
9. BUTCH LAMBERT: We are calling docket item number 3 a petition from
10. EQT Production Company for disbursement of funds from Metro for unit
11. VC-4511 for tract 7 to Laura and Larry Cole. This is uh docket item, uh
12. docket number VGOB-00- 0620- 0813- 02. All parties wishing to testify,
13. please come forward.
14. JIM KAISER: Jim Kaiser and Rita Barrett again on behalf of EQT
15. Production.
16. BUTCH LAMBERT: You may proceed Mr. Kaiser.
17. RITA BARRETT
18. having been duly sworn, was examined and testified as follows:
19. DIRECT EXAMINATION
20. QUESTIONS BY MR. KAISER
21. Q. This is sort of the mirror opposite of what we just had. It's
22. basically another mistake. Um it is a different well, it is, what well is this Mrs.
23. Barrett?
24. A. It's VC- 4511
- 25.

1. Q. And in this case again it involves uh Larry and uh, is it Larry?
2. A. Laura and Larry Cole
3. Q. Uh yeah Laura and Larry Cole, uh again when this well was
4. Pooled in 2000 they elected a carried interest, is that correct?
5. A. That's correct
6. Q. And again we had the same situation with the conflicting claims
7. for the royalty.
8. A. That's correct
9. Q. And this one is actually in tract 7
10. A. That's correct
11. Q. Um... here the well has paid out?
12. A. it has
13. Q. Um... so it has reached 200% pay out and they are now entitled
14. to their share of the working interest proceeds?
15. A. That's correct
16. Q. Under their election, correct?
17. A. Yes
18. Q. And in this case it was a much uh... they owned or do own a much
19. smaller percentage of the acreage in the unit, and in this case there was only a
20. small amount of money mistakenly paid into the state escrow, under the
21. assumption that it was a royalty interest rather than a potential working interest
22. under the carried interest option. And so we are asking the small amount that
23. is in there uh... now be disbursed to the Cole's because this is, that's their money
24. and then going forward we would ask that the uh well I guess that would actually
- 25.

1. close this escrow out, does it close this escrow out?
2. A. No it does not
3. Q. It doesn't close it out, but we would ask that um... money be paid to
4. the Cole's and then going forward they would receive their proportionate share
5. of the working interest proceeds.
6. A. Yes
7. BUTCH LAMBERT: Any questions from the board?
8. RICK COOPER: I have the same question again here.
9. BUTCH LAMBERT: Mr. Cooper
10. RICK COOPER: Has it been paid by percentage or by dollar amount?
11. JIM KAISER: This one is by percentage
12. RITA BARRETT: Yes this one would be by percentage
13. JIM KAISER: So this one we would, you would use uh... the percentage
14. of escrow funds in the next to last column on the right of... of AA.
15. RITA BARRETT: That's correct, it's 0.252296
16. JIM KAISER: Because that's only from April, so there would be
17. additional money in there they were due.
18. RITA BARRETT: Yes
19. JIM KAISER: The... the AA is only good through April.
20. BUTCH LAMBERT: So did you reconcile those numbers with bank
21. numbers?
22. RITA BARRETT: Yes they have
23. BUTCH LAMBERT: Um hum, that date was done when?
24. RITA BARRETT: It was uh April of this year.

1. JIM KAISER: April this year
2. BUTCH LAMBERT: April
3. JIM KAISER: And again in this situation, they would now going
4. forward, they would not be due a royalty interest but a working interest.
5. RITA BARRETT: Yes, working interest, yes.
6. BUTCH LAMBERT: Any other questions from the board?
7. ( No audible response)
8. BUTCH LAMBERT: Anything further Mr. Kaiser
9. JIM KAISER: We would ask that the petition be approved and submitted
10. Mr. Chairman.
11. BUTCH LAMBERT: Do I have a motion?
12. BRUCE PRATHER: Motion to approve
13. RITA SURRATT: Second
14. BUTCH LAMBERT: I have a motion and a second, any further
15. discussion?
16. (No audible response)
17. BUTCH LAMBERT: All in favor signify by saying yes
18. ( All members signify by saying yes)
19. BUTCH LAMBERT: Thank you MR. Kaiser approved. We're calling
20. Docket item 4 a petition from EQT Production Company on behalf of
21. James Murphey for disbursement of escrowed funds and authorization of
22. direct payment of royalties from unit 536201. Docket number VGOB- 10-
23. 0136-2680-01. All parties wishing to testify please come forward.
24. JIM KAISER: Jim Kaiser and Rita Barrett on behalf of EQT Production
- 25.

1. BUTCH LAMBERT: You may proceed Mr. Kaiser.

2. RITA BARRETT

3. having been duly sworn, was examined and testified as follows.

4. DIRECT EXAMINATION

5. QUESTIONS BY MR. KAISER

6. Q. Mrs. Barrett this is a disbursement request?

7. A. It is

8. Q. And have all parties been notified as require by statue?

9. A. Yes

10. Q. What unit does it affect?

11. A. This is um, VC-536201

12. Q. And which tract within that unit?

13. A. Tract 4

14. Q. Now is this a partial or full disbursement?

15. A. This is a partial

16. Q. And the reason for the disbursement?

17. A. Um... There is a letter dated February 17<sup>th</sup> 2012 where in Range

18. Resources relinquishes their claim to the coalbed methane royalty

19. Q. And have the figures been reconciled between the bank and EQT?

20. A. Yes

21. Q. And as to what date, uh are the figures that we have provided in

22. Our exhibit AA

23. A. May 2012

24. Q. Okay and should the, for purposes of disbursement, should the

25. 14

1. board use the percentage of escrowed funds as their guide that is represented
2. in the next to last column to the right in exhibit AA?
3. A. Yes the 24.258382%
4. Q. Okay, and who should receive this disbursement?
5. A. James Murphy
6. Q. And have you provided the board with exhibits E and EE to reflect
7. the facts of this disbursement?
8. A. Yes
9. Q. And would you ask that any order state that any royalty being uh,
10. due to Mr. Murphy, in the future, be paid directly to him?
11. A. Yes
12. Q. Nothing further at this time Mr. Chairman
13. BUTCH LAMBERT: Any questions from the board?
14. (No audible response)
15. BUTCH LAMBERT: Anything further?
16. JIM KAISER: We would ask that the application be approved to submit
17. Mr. Chairman.
18. BUTCH LAMBERT: Do I have a motion?
19. BRUCE PRATHER: Motion to approve
20. AL COMPTON: Second
21. BUTCH LAMBERT: I have a motion and I have a second, any further
22. discussion?
23. (No audible response)
24. BUTCH LAMBERT: All in favor signify by saying yes
25. 15

1. (All members signify by saying yes)
2. BUTCH LAMBERT: Opposed no.
3. (No audible response)
4. BUTCH LAMBERT: Thank you approved.
5. JIM KAISER: Thank you
6. RITA BARRETT: Thank you Mr. Chairman
7. BUTCH LAMBERT: I'm calling item 5 a petition from EQT Production
8. Company on behalf of Jesse Neece, Linda Neece, Terry Ball, and Lisa Ball for
9. disbursement of escrow funds and authorization of direct payment of royalties.
10. This is unit VC-3561 docket number VGOB- 96- 0220- 0534- 02. All parties
11. wishing to testify, please come forward.
12. JIM KAISER: Mr. Chairman Jim Kaiser and Rita Barrett on behalf of
13. EQT Production.
14. BUTCH LAMBERT: Folks could you please state your name for the
15. Record.
16. JESSE NEECE: Oh, I am Jesse Neece
17. LINDA NEECE: and I am Linda Neece
18. ( Jesse Neece and Linda Neece duly sworn in)
19. BUTCH LAMBERT: You may proceed Mr. Kaiser
20. RITA BARRETT
21. having been duly sworn, was examined and testified as follows
22. DIRECT EXAMINATION
23. QUESTIONS BY MR. KAISER
24. JIM KAISER: Yes... uh, we have uh, uh the reason we have provided EE
- 25.

1. was apparently it never made it into the board's packet originally, so there
2. wasn't any mistakes on our end, it just never made it in there.
3. BUTCH LAMBERT: Okay
4. Q. Mrs. Barrett is this a disbursement petition?
5. A. It is
6. Q. And have all parties been notified as required by statute?
7. A. Yes
8. Q. And what unit is this for?
9. A. VC-3561
10. Q. And what tract?
11. A. Tracts, tract 3
12. Q. Okay now let's stop there for a minute and kind of explain what
13. has happened, to the best of our ability, to tract 3. Um when it was originally
14. pooled... I believe it was... listed under...um the unknown heirs of Tom Wright
15. by Viola Wright, widow and Terry and Lisa Ball, correct?
16. A. Yes
17. Q. Okay, then since that time, we located the Tom Wright heirs and
18. Viola Wright who was Tom Wright's wife has passed away.
19. A. Correct
20. Q. Okay, so that now puts the ownership of that tract in um, the
21. Neece's, each owning half interest and Terry Ball owning a half interest?
22. A. Correct
23. Q. Okay then there was a lawsuit
24. A. Yes
- 25.

1. Q. Correct
2. A. Yes
3. Q. And uh... between the Neece's and EQT and several other
4. companies, and there was a settlement agreement. Uh... perusing to that
5. lawsuit uh, where in EQT agreed to come before the board, uh as diligently
6. as possible and get this money disbursed, is that correct?
7. A. That's correct
8. Q. Okay and we have the Neece's here today with us, uh they signed
9. A W9 for us, Mr. Ball did not sign a W9, is that correct?
10. A. That's correct
11. Q. And we couldn't get him to sign one
12. A. That's correct
13. Q. Okay, um... I guess maybe this might be a good point to stop and
14. See if they've got any questions or anything they want to ask.
15. JESSE NEECE: I don't have any questions do you?
16. LINDA NEECE: No, I do not.
17. Q. Yeah, um... is this a partial or full disbursement?
18. A. This will be a full if we disburse Terry Ball, but we don't have a
19. W9 on him, so I guess I'm going to call it a partial.
20. Q. Okay, and have the figures been reconciled between the bank and
21. EQT?
22. A. Yes
23. Q. And as of what date are the disbursement figures that we've
24. represented on AA.
- 25.

1. A. June 2012
2. Q. Okay and what would the amount, uh the figure, that the board
3. would use for final disbursement purposes, be the percentage of escrow funds as
4. found in the next to last column to the right on our AA?
5. A. Yes, it would be Jesse Neece 25%, Linda Neece 25% and um the
6. remainder would be Terry Ball 50% in tract 3.
7. Q. Okay, and we've provided the board with exhibits E and EE to
8. reflect the facts of this disbursement?
9. A. Yes
10. Q. And any order that the board may issue in this um...matter
11. should direct that, any royalties due the Neece's, certainly in the future,
12. should be paid to them directly.
13. A. Yes
14. Q. Nothing further at this time Mr. Chairman
15. BUTCH LAMBERT: Any questions from the board?
16. RICK COOPER: Mr. Chairman
17. BRUCE PRATHER: Is that suitable with you folks?
18. LINDA NEECE: Yes, uh you know, ever since the lawsuit it was made
19. clear to us that from uh, from this point on nothing should be put in the escrow
20. for us and that's what, you know, actually what you know that we ask.
21. BUTCH LAMBERT: And that, that's what we are going to instruct
22. the companies to do. Mr. Cooper
23. RICK COOPER: Yes, if you are taking, since we don't have a W9 from
24. Mr. Terry Ball we would need to revise EE and revise AA, and have a new
- 25.

1. one showing the status of Terry Ball.
2. RITA BARRETT: We can get that for you.
3. JIM KAISER: Yeah we thought that maybe he would show up today
4. and sign, well we were actually pretty sure he would, but...
5. BUTCH LAMBERT: Any other questions for Mr. Kaiser from the board?
6. BRUCE PRATHER: Mr. Chairman, I've just got a comment.
7. BUTCH LAMBERT: Mr. Prather
8. BRUCE PRATHER: Do these people understand that there's a possibility
9. that the state of Virginia, if you leave this money in this escrow account so long,
10. there's a possibility the state of Virginia may escrow it in with the general fund.
11. Do these people know that when you are offering the W9 to sign it?
12. RITA BARRETT: I, I... there, the letter says that if they don't sign the
13. W9 that the, um IRS, what is it 28% withholding will apply. However we've
14. been told that the bank does not do the withholding. I, I'm not sure if the letter
15. states that.
16. BRUCE PRATHER: I mean it's at the states prerogative if they want to
17. do that, and there is always a possibility that, the way finances are now, they may
18. give you say five years in this escrow account then they would take the money. I
19. just wonder if these people have ever taken that into consideration.
20. RITA BARRETT: Um...
21. JIM KAISER: This is probably one of the first instances where this has
22. happened. Uh, Terry Ball is a guy that we, that EQT has dealt with for 25 years
23. he's uh been difficult to deal with, to say the least. Um...
24. RITA BARRETT: If I may suggest maybe DGO could put something to
- 25.

1. that effect on their website. Make it public that, you know it's possible that the
2. state will.
3. AL COMPTON: What is the time limit on the funds on how long they will
4. lay there before they return to the state?
5. BUTCH LAMBERT: Our Senior Assistant Attorney General has worked
6. on that Al in the past and right now the opinion is two years.
7. AL COMPTON: Two years
8. BUTCH LAMBERT: That, there is some discussion on whether or not uh,
9. that funds can be escheated uh, if it's an inactive account. And that's where the
10. discussion is going on right now, even above us in the Attorney General's office.
11. When is that fund declared an inactive account, uh if it is still being paid into is it
12. inactive?
13. AL COMPTON: No I would say not
14. BUTCH LAMBERT: You know there is a difference of opinions on that,
15. so.....
16. RITA BARRETT: I don't see how it could be inactive if there's money
17. still coming into the account.
18. BUTCH LAMBERT: Yeah, so anyways, you are right Mr. Prather there is
19. that possibility out there, there's just some unknowns and that's being worked out
20. for the, for us.
21. JIM KAISER: And that's something that maybe EQT could consider
22. adding to their W9 letter, is that you know you do run some risk if you do
23. not sign this of losing you are money to some sort of Chief of State.
24. RITA BARRETT: I think they would want to wait to see what, what's
- 25.

1. determined by the state, but I would um... if you know, once that determination  
2. was made, I think that maybe it should be on the website, make it public.

3. BUTCH LAMBERT: Sure

4. JIM KAISER: I mean you would think if they didn't want to sign, one of  
5. the reasons would be because they didn't agree with, uh, the amount of the  
6. procedure or something. If that were the case they would show up and express  
7. that disagreement, but I don't know we can't make everybody do things.

8. BUTCH LAMBERT: True. Mr. and Mrs. Neece do you all have any  
9. comments or questions.

10. JEESE NEECE: Uh... one question I have is from, is from this point on  
11. how, you know, how actually do we know , how you know actually how much  
12. this well actually will produce in the future. So that we know uh, you know when  
13. to expect something or whatever the case maybe.

14. RITA BARRETT: Well you, you, you'll be paid um the money out of  
15. escrow and then your royalty will come directly from EQT after this, but you  
16. know as far as predicting production or gas prices, we can't do that.

17. JEESE NEECE: I didn't know if maybe you all sent some actual kind  
18. of statement to us showing us how much the well produces.

19. RITA BARRETT: Yes, yes there will be a statement with your check

20. JEESE NEECE: okay

21. LINDA NEECE: okay

22. AL COMPTON: There are numbers on there where they read the wells  
23. and tell you how much gas that well, uh has pumped out and it will have a  
24. complete read out on there. It's a little hard to understand but after you do it a

25.

1. few times you can figure out what is going on.
2. JEESE NEECE: Okay
3. AL COMPTON: I have a comment... uh if it's not a large amount of
4. money, a lot of these companies will only send you a check maybe once every
5. six months or once every year. So if it's a real small amount like fifty cents a
6. month or something, a lot of these companies will pay you one check a year or
7. maybe one every six months. So if you have that for a decision you may want
8. to ask them.
9. RITA BARRETT: I think EQT's policy is that it has to, the royalty has
10. to be fifty dollars or more and then they will cut you a check.
11. JEESE NEECE: Okay
12. RITA BARRETT: I mean I don't think you want to get a check for fifty
13. cents, do you?
14. JEESE NEECE: No, no
15. BUTCH LAMBERT: Anything further Mr. and Mrs. Neece?
16. (No audible response)
17. BUTCH LAMBERT: Anything further Mr. Kaiser?
18. JIM KAISER: We ask that the petition be approved and submitted with
19. the uh submission of revised E, EE, and AA to reflect Terry Ball not taking his
20. disbursement.
21. RITA BARRETT: And we will get, I will get that e-mail sent out today.
22. BUTCH LAMBERT: All right, thank you. Do I have a motion?
23. BRUCE PRATHER: Motion to approve
24. AL COMPTON: Second
- 25.

1. BUTCH LAMBERT: I have a motion and a second, any further
2. discussion?
3. (No audible response)
4. BUTCH LAMBERT: All in favor signify by saying yes
5. (All members signify by saying yes)
6. BUTCH LAMBERT: Opposed no
7. ( No audible response)
8. BUTCH LAMBERT: Thank you Mr. Kaiser it is approved. We're
9. calling docket item #6. A petition from EQT Production Company on behalf of
10. Elise Keene for disbursement of escrow funds and authorization of direct
11. payment of royalties in unit 536070 for a portion of tracts 1, 2, and 4. This
12. is docket number VGOB- 04- 0921- 1337- 06. All parties wishing to testify
13. please come forward.
14. JIM KAISER: Chairman, Jim Kaiser and Rita Barrett on behalf of EQT
15. Production.
16. BUTCH LAMBERT: You may proceed MR. Kaiser
17. JIM KAISER: Uh... we've given you a new replacement from page 2 of
18. the application. Apparently in the original one under the legal description we had
19. had the wrong uh well number and unit number there, so this should serve to
20. correct that.
21. RICK COOPER: Yes you had the wrong well number
22. BUTCH LAMBERT: Okay, you may proceed.
23. RITA BARRETT
24. having been duly sworn, was examined and testified as follows
- 25.

1.

DIRECT EXAMINATION

2. QUESTIONS BY MR. KAISER

3. Q. Is this a disbursement request Mrs. Barrett

4. A. It is

5. Q. Have all parties been notified as required by statute

6. A. Yes

7. Q. And what unit does it affect?

8. A. This is unit 536070

9. Q. And what tract?

10. A. Tracts 1, 2, and 4

11. Q. And is this a partial or a full disbursement

12. A. This is a partial

13. Q. Reason for disbursement?

14. A. There is a letter dated May 3<sup>rd</sup> 2011 wherein Range Resources

15. relinquishes their claim to the coalbed methane royalties.

16. Q. And have all figures been reconciled between the bank and EQT?

17. A. Yes

18. Q. And as to our exhibit AA that is attached to the petition, uh as to

19. what date are those figures calculated?

20. A. I don't see a date. Oh they are pending disbursements, that is why

21. we don't have a date on here.

22. Q. That's why we don't have an amount either? So they are pending

23. disbursements so we don't have a date or actual amount at this time, is that

24. correct?

25.

1. A. Yes
2. Q. Because they will be affected by the pending disbursement.
3. A. Correct
4. Q. But again we do have the next to last column on the right which
5. gives the board the percentage escrowed that they should use for disbursement
6. purposes.
7. A. That's correct, um...
8. Q. And it's all Elise Keene's
9. A. Yes
10. Q. Okay and so she would receive the disbursement for those three
11. tracts at the percentage of escrowed funds reflected in exhibit AA.
12. A. Yes
13. Q. And did you provide the board with exhibits E and EE to reflect
14. the facts of this disbursement?
15. A. Yes
16. Q. And would you ask any order to provide that she be paid any
17. royalty due to her directly, going forward.
18. A. Yes
19. BUTCH LAMBERT: Excuse me Mrs. Davis do you have any ideal
20. where we are with those other disbursements?
21. DIANE DAVIS: Can you give me one second please?
22. BUTCH LAMBERT: Yes mam
23. DIANE DAVIS: I'm looking it up to see what they are but I think we've
24. got some problems with this one. I've talked to Susan and or Nikki at EQT.
- 25.

1. Last time I talk to her was August 24<sup>th</sup> at 11:00 that morning. I think we've got a  
2. problem. I think there is a disbursement that may or may not have been done. Um,  
3. I hate to say it, but I wrote on the front of the file , this is a nightmare file. We're  
4. all having a hard time determining what has taken place. So therefore the pending  
5. disbursement out there, we haven't done because we're not sure. We've been  
6. doing a lot of investigation into this particular file to see if in fact all the  
7. disbursements have been done up to date, and the fact that what is in there is  
8. correct. I can not state at this moment that it is. Oh, I do know that we have not  
9. paid out the last disbursement and we're questioning another one as to whether,  
10. I think it had to do with the Johnson's. So they are suppose to be providing me  
11. some data to clarify this and make certain we are in agreement, and if we did not  
12. pay that out or there's a problem there, we would have to come back to the board  
13. and readjust everything.

14. RITA BARRETT: Well should we just continue this one until all this mess  
15. is cleared up?

16. DIANE DAVIS: I really think you should, that's my personal opinion.

17. BUTCH LAMBERT: That is what I was going to suggest.

18. RITTA BARRETT: Yeah because it is just going to add to the confusion

19. BUTCH LAMBERT: That's what I suggest, that we just continue that one  
20. and try to get all the facts worked out.

21. RITA BARRETT: Let's do that, yeah let us do that

22. JIM KAISER: It's the sixth disbursement from this unit, yeah

23. DIANE DAVIS: I apologize, I thought maybe Nikki had conveyed this to  
24. you, so I do apologize that you weren't aware of this.

25. 27

1. RITA BARRETT: No, sorry to waste everybody's time.
2. BUTCH LAMBERT: No that's all right, continue until October
3. you think?
4. DIANE DAVIS: No
5. RITA BARRETT: We're not going to be here in October, November?
6. JIM KAISER: November?
7. BUTCH LAMBERT: November.
8. DIANE DAVIS: November
9. ( Talk among to confirm information)
10. BUTCH LAMBERT: Okay, so that docket item will be continued until
11. November. This is docket item number 7
12. JIM KAISER: Well can we go to number 12?
13. BUTCH LAMBERT: I don't know, I will have to ask MR. Swartz.
14. JIM KAISER: Mr. Swartz is okay with it
15. RITA BARRETT: He wants to get out of here before lunch.
16. MARK SWARTZ: I have no problem
17. JIM KAISER: That's the last one I got
18. BUTCH LAMBERT: Okay, with concurrence of other parties we will,
19. we'll jump to docket item number 12 a petition from Range Resources Pine
20. Mountain Inc. for a modification of the Nora coalbed gas field units, 4 units
21. 67AD, 68AD, 69AD, 69AE, 72Y, 72Z, 72AA, 73Y, and 73Z. Docket number
22. VGOB- 189- 0126- 0009- 78. All parties wishing to testify, please come forward.
23. JIM KAISER: Jim Kaiser, Phil Horn, and Gus Janson on behalf of Range
24. Resources Pine Mountain Inc.
- 25.

1. ( Phil Horn and Gus Janson duly sworn in)

2. BUTCH LAMBERT: You may proceed Mr. Kaiser.

3. PHIL HORN

4. having been duly sworn, was examined and testified as follows

5. DIRECT EXAMINATION

6. QUESTIONS BY MR. KAISER

7. Q. We will start with Mr. Horn, Mr. Horn if you will state your  
8. name for the record, who your employed by, and what capacity.

9. A. My name is Phil Horn, I'm employed by Range Resources Pine  
10. Mountain Inc. as Land Manager.

11. Q. And is Range seeking permission to drill one additional well in 9,  
12. in these 9 units, within the Nora CBM field?

13. A. That's correct

14. Q. And have all coal owners and gas owners been notified as required  
15. by statute?

16. A. Yes they have

17. Q. And do we have any unknowns in the unit

18. A. No we don't

19. Q. No, so we didn't have to publish right?

20. A. Correct

21. Q. Uh, that is all I have of the witness at this time Mr. Chairman.

22. BUTCH LAMBERT: Any questions from the board.

23. (No audible response)

24. BUTCH LAMBERT: You may proceed Mr. Kaiser

25. 29

1.

GUS JANSON

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

3.

DIRECT EXAMINATION

4. QUESTIONS BY MR. KAISER

5. Q. Mr. Janson, if you would please state your name for the record,  
6. who your employed by, and what capacity.

7. A. My name is Gus Janson employed by Range Resources Pine  
8. Mountain Inc. as the Manager of Geology.

9. Q. And have you testified on numerous occasions regarding, uh  
10. requests to drill, increase density wells?

11. A. Yes I have

12. Q. And have you prepared a uh, a uh... presentation to um, uh  
13. supplement your testimony today?

14. A. Yes I have

15. Q. Okay, would you um, go ahead and go through that for the board  
16. at this time.

17. A. Yes. In the, in the application to the board you received an exhibit  
18. A which showed the location of the, the nine units that we are requesting today fo  
19. for increased density. I just want to back up and go through the presentation I just  
20. handed out to you today to give you a little more information in detail of the plans  
21. here. Exhibit AA shows the location of the nine units, which are highlighted in  
22. green, in reference to the Nora field area. Primarily Dickinson County and the  
23. other infield units, that have already been previously approved by the board to  
24. date. Exhibit BB again, showing the same but includes the red dots on there

25.

1. where it gives you the ideal of how many infield units have already been drilled  
2. throughout the Nora field, so those units have a first and a second well in all those  
3. units...to date. Exhibit CC is a blowup again of the area, again you will see the  
4. location of proposed units, uh, again locating the existing drilling activities taking  
5. place by Range resources in this area. The first wells with the typical hexagon  
6. shape well symbol and the infield wells that have been drilled in the adjacent units  
7. are shown with the open symbol for the wells. So again we have had success with  
8. this program. We would like to continue moving forward similar to what we've  
9. seen in Nora in the past. We've extended, we'll extend this area to the Northwest  
10. from primarily where EQT has done this work in the past. Um... moving on to  
11. exhibit DD, this is a production profile that we have shown you in the past, these,  
12. these wells are representing 183 wells in Nora that were drilled by EQT, where  
13. most of the data is available from. On the graph you will see the blue line which  
14. represents the original well drilled in the unit, production for those wells, and in  
15. the red or magenta color that is the production from the infield wells. So it's  
16. fairly evident there that we have an increase in production from these units and  
17. we're not impacting the first well in the area. Uh... the benefits from this  
18. increased dilling, drillings are allowing to increase that fracture network to let the  
19. gas flow into low pressure and decreases, it helps decrease the dewatering time  
20. frame and increase the recovery factor within the reservoir. So again we think this  
21. is uh the best way to achieve a faster more economical way to produce the gas.  
22. We do see and where we haven't seen in the past a, is aware that there has been  
23. limited drilling activity by EQT in the past 2 years, there's been no new infields  
24. drilled. So we are starting to see a, a similar decline in both the original and the  
25.

1. first well, and that's why you're seeing the decline, because there's just been no  
2. new activity. We were seeing the same, same trend that we had in the past and we  
3. will continue to see the same I think up in our Haysi area. To again summarize  
4. the infield drilling this a, uh... benefits the working interest owner, the royalty  
5. owners, and the state by maximizing the production, this promotes the  
6. conservation of the gas resources by preventing waste, more effectively extracts  
7. extracting the resources, allows for the shared facilities such as roads, pipelines  
8. excreta to help minimize environmental impact, and we have no correlative rights  
9. issues within these proposed units. And the final exhibit I provided at the boards  
10. request is a topographic map that gives you some indications as where this unit  
11. is up in the Haysi area. Um... and again it shows the active mining area or  
12. mining areas within the general vicinity of these units. The DMLR permit that's  
13. listed there is indicated by those orange cross-hatched polygons in those areas, are  
14. currently recognition that mining is not active today. They've completed mining  
15. in there and there is also some abandoned deep mine works in the past, you see to  
16. the Northwest and Northeast they're indicated up in the corner. So there's  
17. nothing really close by these operations that would be impacted by any of the  
18. mining. I would be glad to answer any questions the board may have.

19. BUTCH LAMBERT: Any questions from the board?

20. BRUCE PRATHER: Mr. Chairman I got a question.

21. BUTCH LAMBERT: Mr. Prather

22. BRUCE PRATHER: Gus.... when I look at the presentation here I noticed  
23. we're going across a county line, uh the... is all this area in here, is, that has been  
24. approved, is this all Nora? Or once you come across that county line does it

25. 32

1. change to a different field?

2. GUS JANSON: It does that's those the larger units are actually Oakwood  
3. units that have been previously approved by the board. And that one just shows  
4. up on the map area, so I just included all of that, that has been previously  
5. approved.

6. BRUCE PRATHER: Okay, well that was what I was wanting to know. Is  
7. whether or not essentially going across that county line are we changing to name  
8. of the field.

9. GUS JANSON: Right the field if you remember, the two fields have a sort  
10. of irregular shape boundary. On that eastern edge of the Nora field and the  
11. western edge of Oakwood field, it's been determined by when those units, when  
12. those fields were established.

13. BRUCE PRATHER: Yeah, I have no problem with it, I was just... kind of  
14. a question that you got the main part of it down here then you got the county line  
15. you know?

16. GUS JANSON: Right

17. BRUCE PRATHER: You might be looking at another deal.

18. ( Laughter and chatter in the room)

19. BUTCH LAMBERT: Any other questions from the board?

20. ( NO audible response)

21. BUTCH LAMBERT: Anything further Mr. Kaiser?

22. JIM KAISER: Uh, Mr. Janson it would be your opinion that, or Range's  
23. opinion that um the incremental production achieved from drilling this second  
24. well in the unit is a good use of their company?

25. 33

1. GUS JANSON: That is correct
2. JIM KAISER: Thank you, nothing further Mr. Chairman
3. BUTCH LAMBERT: Any other questions from the board?
4. ( NO audible response)
5. BUTCH LAMBERT: Do I have a motion?
6. AL COMPTON: Motion to approve.
7. BRUCE PRATHER: Second.
8. BUTCH LAMBERT: I have a motion and a second, any further
9. discussion?
10. (No audible response.)
11. BUTCH LAMBERT: All in favor signify by saying yes,
12. ( All members signify by saying yes)
13. BUTCH LAMBERT: Opposed no.
14. ( No audible response)
15. BUTCH LAMBERT: Approved, thank you Mr. Kaiser
16. JIM KAISER: Thank you
17. BUTCH LAMBERT: We are calling docket item number 7, a petition
18. from CNX Gas Company LLC for disbursement of funds from escrow for unit
19. BF-98 to CNX Gas Company and vacating the order. This is docket number
20. VGOB- 05- 0215- 1399- 01
21. MARK SWARTZ: We've got an agreement that you would let Mr. Scott
22. take his 2, um, out of order since the witnesses are not here. Wondering if that's
23. okay with you?
24. BUTCH LAMBERT: That will work for me
- 25.

1. MARK SWARTZ: So we need that appearance, you will get to us I hope.

2. BUTCH LAMBERT: Okay, thank you Mr. Swartz. So I will be calling  
3. number 10?

4. TIM SCOTT: Yes sir just follow the bouncing ball Mr. Chairman!  
5. (Laughter among the room and some chatter)

6. BUTCH LAMBERT: Okay, I guess I'll have them speak this morning.

7. MARK SWARTZ: See Mr. Scott we thought you would interrupt more  
8. aggressively

9. TIM SCOTT: Undoubtedly

10. BUTCH LAMBERT: Okay, we are calling docket item number 10. A  
11. petition from Range Resources Pine Mountain Inc. for pooling for conventional  
12. well 900119. Docket number VGOB- 12- )821- 3085. All parties wishing to  
13. testify, please come forward.

14. TIM SCOTT: Tim Scott, Gus Janson, and Phil Horn for Range Resources  
15. Pine Mountain Inc.

16. BUTCH LAMBERT: You may proceed Mr. Scott

17. TIM SCOTT: Thank you Mr. Chairman.

18. PHIL HORN

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

20. DIRECT EXAMINATION

21. QUESTIONS BY MR. SCOTT

22. Q. Mr. Horn would you again, please state your name, by whom  
23. your employed, and your job description please.

24. A. My name is Phil Horn, I'm employed by Range Resources Pine

25. 35

1. Mountain Inc as land manager.

2. Q. And your familiar with this application?

3. A. Yes I am.

4. Q. Okay, how many acres does this unit contain?

5. A. 112.69

6. Q. And Range has uh, substantial proportion of this unit under lease,

7. is that correct?

8. A. That's correct.

9. Q. And we're not um, going to dismiss anybody today are we?

10. A. That's correct.

11. Q. Now we have provided or will provide the board with uh, exhibit,

12. revised exhibits B and B3. We had originally shown a party unleased that was

13. leased and a party leased that was unleased, so it would change the ownership,

14. uh, for the leased and unleased in this tract which Mr. Horn here is... have you

15. already passed those out

16. A. No I got them back here

17. Q. Okay so we will pass those out to the board

18. A. Do I need to get them now?

19. A. Yeah, if you don't mind please. Now Mr. Horn as a result of the uh

20. this revised exhibit, how much of this acreage, uh, of this unit do we have under

21. lease presently?

22. A. 98.87%

23. Q. And we've notified the parties respondent of this hearing is that

24. correct?

25. 36

1. A. Correct.
2. Q. And how did we do that?
3. A. By certified mail and also by publication of Dickinson Star on
4. August 1, 2012.
5. Q. We don't have any unknowns do we?
6. A. That's correct
7. Q. Okay, um... have we filled the proof of publication and the proof
8. of mailings to the board?
9. A. Yes you have.
10. Q. Okay, now Range is authorized to conduct this as a
11. Commonwealth, is that right?
12. A. That's correct.
13. Q. And there's a blanket bond on file?
14. A. That's right.
15. Q. And if you were to offer lease terms to the unleased party listed
16. on exhibit B3, what would those terms be?
17. A. Uh, \$30 per acre for a five year paid up lease, provide for one-
18. eighth royalty.
19. Q. You think that is a fair amount for lease in this area?
20. A. Yes I do.
21. Q. Okay, what percentage of the oil and gas estate is Range seeking
22. to pool?
23. A. 1.13%
24. Q. Okay, we don't have an escrow requirement, is that right?
- 25.

1. A. That's correct.
2. Q. Now if the uh, board were to grant our application today um, you
3. were also requesting that Range be named operator of this unit, is that right?
4. A. That's correct.
5. Q. Now if parties are making elections under an order that would be
6. entered by the board where should these elections uh be sent?
7. A. They would go to Range Resources Pine Mountain Inc. P.O. Box
8. 2136 Abingdon, Va. 24212.
9. Q. Is that the address for all communications?
10. A. Yes.
11. Q. Okay, that's all I have for Mr. Horn
12. BUTCH LAMBERT: Any questions from the board?
13. ( No audible response)
14. BUTCH LAMBERT: You may continue Mr. Scott
15. GUS JANSON
16. having been duly sworn, was examined and testified as follows
17. DIRECT EXAMINATION
18. QUESTIONS BY MR. SCOTT
19. Q. Thank you Mr. Chairman. Mr. Janson, your name, by whom
20. You are employed, and your job description please.
21. A. My name is Gus Janson employed by Range Resources Pine
22. Mountain Inc. as the manager of geology.
23. Q. You are familiar with this application is that right?
24. A. Yes I am.
- 25.

1. Q. What's the proposed depth of this well?
2. A. 4791 feet
3. Q. And the estimated reserves?
4. A. 425 million cubic feet of gas.
5. Q. And you are a signatory to that AFE, is that right?
6. A. That is correct
7. Q. Okay, what is the estimated dry hole cost of this well?
8. A. \$270, 358
9. Q. And the estimated completed well cost?
10. A. \$504, 344
11. Q. And we've provided the AFE with our application, is that right?
12. A. That is correct.
13. Q. And does the AFV include a charge for supervision?
14. A. Yes it does.
15. Q. Do you consider that charge to be reasonable?
16. A. Yes.
17. Q. And in your opinion, if the board grants our application today
18. would it be in the best interest of conservation, promote uh promote conservation,
19. prevent waste, and protect correlative rights?
20. A. Yes it would.
21. Q. That's all I have for Mr. Janson
22. BUTCH LAMBERT: Any questions from the board?
23. (No audible response)
24. BUTCH LAMBERT: Anything further Mr. Scott?
- 25.

1. TIM SCOTT: That's all I have Mr. Chairman.
2. BUTCH LAMBERT: Do I have a motion?
3. AL COMPTON: Motion to approve
4. BRUCE PRATHER: Second
5. BUTCH LAMBERT: I have a motion and a second, any further
6. 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. Scott, you application is approved.
13. TIM SCOTT: Thank you Mr. Chairman.
14. BUTCH LAMBERT: Now are we doing 14?
15. TIM SCOTT: See he's keeping up.
16. BUTCH LAMBERT: I'm trying.
17. (Laughter and chatter among the room)
18. BUTCH LAMBERT: Calling docket item number 14. A petition from
19. Range Resources Pine Mountain Inc for pooling of coalbed methane unit. uh.
20. identified as Lover's Gap 122 CBM unit 80X. Docket number VGOB- 12- 0918-
21. 3087. All parties wishing to testify, please come forward.
22. TIM SCOTT: Again Tim Scott, Gus Janson and Phil Horn for Range
23. Resources Pine Mountain Inc.
24. BUTCH LAMBERT: You may proceed Mr. Scott
- 25.

1.

PHIL HORN

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

3.

DIRECT EXAMINATION

4. QUESTIONS BY MR. SCOTT

5. Q. Thank you Mr. Chairman. Mr. Horn, one more time your name,  
6. by whom you are employed, and your job description.

7. A. My name is Phil Horn, I'm employed by Range Resources Pine  
8. Mountain Inc as the manager of the land.

9. Q. You are familiar with this application, is that right?

10. A. That's correct

11. Q. Uh, is this an established field, this unit?

12. A. Yes it is.

13. Q. Which one is it?

14. A. Nora

15. Q. And then uh... this does not have the usual 58.77 acres, is that  
16. right?

17. A. That's right. It's a makeup unit between Nora and  
18. Oakwood.

19. Q. Okay, how many acres does it contain?

20. A. 36.09

21. Q. And Range has a significant portion of this unit under lease, is  
22. that right?

23. A. That's correct.

24. Q. Are we going to dismiss any party respondent today?

25.

1. A. No
2. Q. Have you attempted to reach an agreement with the parties listed
3. on exhibit B3?
4. A. Yes I have.
5. Q. Okay, and how was notice of this hearing provided to the
6. respondent?
7. A. By certified mail and also by publication in the Bluefield Daily
8. Telegraph on August 28, 2012.
9. Q. Okay, and we don't have any unknowns in this, is that right?
10. A. That's correct
11. Q. Okay, and we've filed, provided proof of publication and proof
12. of mailing, is that right?
13. A. Yes you have.
14. Q. And again, Range is authorized to conduct this as a
15. Commonwealth?
16. A. That's correct.
17. Q. Now if you were to offer lease terms to the party listed on exhibit
18. B3, what would those terms be?
19. A. \$30 per acre for a five year paid up lease, provides one- eighth
20. royalty.
21. Q. Okay, what percentage of the... do you consider that to be a
22. reasonable amount in this area?
23. A. Yes I do.
24. Q. Okay, what percentage of the CBM estate does Range have under
- 25.

1. lease?
2. A. 100%
3. Q. Okay, and what percentage do you seek of CBM abecedary
4. seeking to pool?
5. A. 31.95%
6. Q. And we don't have an escrow requirement, is that right?
7. A. That's correct
8. Q. And we have no unknowns?
9. A. That's correct
10. Q. Okay so you are seeking, you are asking the board to pool the parties
11. respondent listed in B3, is that right?
12. A. That's correct.
13. Q. Also that Range be named the operator, is that right?
14. A. That's right.
15. Q. Okay, and if the board grants or petition today or application,
16. what would be the address used for anybody making an election under this,
17. any proposed order?
18. A. Range Resources Pine Mountain Inc. P.O. Box 2136 Abingdon,
19. Va. 24212.
20. Q. And that's the address for all communications is that right?
21. A. That's correct
22. Q. That's all I have for Mr. Horn
23. BUTCH LAMBERT: One question on B3.
24. PHIL HORN: Okay
- 25.

1. BUTCH LAMBERT: Just to explain I guess, what you own um the CBM  
2. lease for CNX, what is unleased by Range?

3. PHIL HORN: We uh, CNX has a CBM lease from or oil and gas less oil  
4. from Oil Creek Coal Company and we're in the process of trying to work out an  
5. acreage trade with them. We are trying to swap this acreage for some more  
6. acreage and so therefore, they have , they're the left C and we have not worked  
7. out a deal with them, so therefore we are force pooling CNX as opposed to Oil  
8. Creek Coal Company.

9. BUTCH LAMBERT: Okay

10. TIM SCOTT: Because Oil Creek can't make an election.

11. PHIL HORN: They lease their gas and CBM rights

12. TIM SCOTT: Since their interest is in... it's already under lease to two  
13. parties.

14. BUTCH LAMBERT: Okay

15. PHIL HORN: Like I said, this is an ongoing project with CNX and they're  
16. aware of what we are doing there.

17. BUTCH LAMBERT: Okay, thank you. Any other questions from the  
18. board?

19. (No audible response)

20. BUTCH LAMBERT: You may continue Mr. Scott

21. GUS JANSON

22. having been duly sworn, was examined and testified as follows

23. DIRECT EXAMINATION

24. QUESTIONS BY MR. KAISER

25. 44

1. Q. Mr. Janson, your name, by whom you are employed, and your
2. job description please.
3. A. My name is Gus Janson, employed by Range Resources Pine
4. Mountain Inc. as the manager of geology.
5. Q. And you're... and you are familiar with this application, is that
- right?
6. A. That's correct
7. Q. And what is the proposed depth of this well?
8. A. 2,482 feet.
9. Q. And the estimated reserves?
10. A. 400 million cubic feet of gas
11. Q. You are also familiar with well costs is that right?
12. A. That's correct
13. Q. Now we've just provided the board with a revised AFE, is that
14. right?
15. A. That's correct
16. Q. Can you tell the board why, please.
17. A. Well we did some... additional work in planning the well and
18. we've also got a , a, uh conventional well planned at the same general location.
19. So we will be able to share some of those facilities and we will be able to lower
20. the well cost for the CBM well by doing that.
21. Q. So on the revised data fee what is the estimated dry hole cost?
22. A. \$108,974
23. Q. That's a substantial drop, and also the completed well cost?
24. A. \$378,201
- 25.

1. Q. Okay, again a drop in cost, is that right?
2. A. That's correct
3. Q. Okay, and you assisted providing uh, preparing uh the revised
4. AFE, is that right?
5. A. That is correct
6. Q. And does that AEV have a charge for supervision?
7. A. Yes it does.
8. Q. And do you consider that charge to be reasonable?
9. A. Yes I do.
10. Q. If the board grants our application today would it be in the best
11. interest of... of conservation, prevention of waste, and protection of correlative
12. rights?
13. A. Yes it would.
14. Q. That's all I have for Mr. Janson
15. BUTCH LAMBERT: I guess shared facilities would be roads?
16. GUS JANSON: Roads, pipelines, the location of the site itself, um if
17. we needed electrical we will have electric by the CBM. This is up near the IB
18. property where we will probably have to burry most of these facilities, so we're
19. sharing that cost of this, most of the wells.
20. BUTCH LAMBERT: Okay, all right, thank you. Any questions from the
21. board, any further questions?
22. (No audible response)
23. BUTCH LAMBERT: Anything further?
24. TIM SCOTT: That's all I have Mr. Chairman.
- 25.

1. BUTCH LAMBERT: Do I have a motion?
2. AL COMPTON: Motion to approve
3. BRUCE PRATHER: Second
4. BUTCH LAMBERT: I have a motion and a second, any further
5. discussion?
6. (No audible response)
7. BUTCH LAMBERT: All in favor signify by saying yes.
8. (All members signify by saying yes)
9. BUTCH LAMBERT: Opposed no
10. ( No audible response)
11. BUTCH LAMBERT: Thank you Mr. Scott
12. TIM SCOTT: Thank you
13. BUTCH LAMBERT: Calling docket item number 7. A petition from CNX
14. Gas Company LLC for the disbursement of funds from escrow for unit BF-98
15. to CNX Gas Company and thus vacating the order. Docket number VGOB-
16. 05- 0215-1399- 01. All parties wishing to testify, please come forward.
17. MARK SWARTZ: Mark Swartz and Anita Duty
18. ( Mark Swartz and Anita Duty duly sworn in)
19. BUTCH LAMBERT: You may proceed Mr. Swartz.
20. MARK SWARTS: This one is pretty simple actually. Uh there was a
21. supplemental order entered on September 19<sup>th</sup> 2006 that vacated the order
22. pooling of this unit, because it became a voluntary unit between the time
23. of pooling and the entry of that order. Uh the, the message did not catch up
24. with the royalty paying people at CNX, and so they actually put some money
- in escrow. And so we've got a vacated order but we need an order, uh,

1. refunding the, the entire balance to CNX out of the account. And we just

2. needed to make a record of that today.

3. BUTCH LAMBERT: Um... Mr. Cooper and Mrs. Davis, does that track

4. with a, with what was found out in what you found in escrow for that

5. particular unit?

6. DIANE DAVIS: Yes, we do have a supplemental order and the reason

7. that it wasn't vacated at the time we filed this was at the that time there was

8. \$7.69 in escrow. Since that time, I think more money came in.

9. MARK SWARTZ: I think some more money came in.

10. DIANE DAVIS: Yes and as a result I couldn't vacate the order without

11. putting it on the docket. So money has continued to flow into the account.

12. BUTCH LAMBERT: Okay, and then we will clear up the records and

13. now we will close the account?

14. DIANE DAVIS: Yes

15. BUTCH LAMBERT: Okay, any questions from the board?

16. ( No audible response)

17. BUTCH LAMBERT: Do I have a motion

18. AL COMPTON: Motion to approve

19. BRUCE PRATHER: Second

20. BUTCH LAMBERT: I have a motion and a second, any further

21. discussion?

22. ( No audible response)

23. BUTCH LAMBERT: All in favor signify by saying I

24. ( All members signify by saying I)

1. BUTCH LAMBERT: Opposed no.
2. ( No audible response)
3. BUTCH LAMBERT: Thank you Mr. Swartz that is approved.
4. MARK SWARTZ: Thank you. Now 8 and 9 are going to be basically
5. the same situation. They are going to be dismissals as well so you might
6. want to call both of those.
7. BUTCH LAMBERT: Call them both, okay.
8. MARK SWARTZ: Yeah
9. BUTCH LAMBERT: We are calling docket item number eight. A petition
10. from CNX Gas Company LLC for the disbursement of funds from escrow
11. unit V-9 to CNX Gas Company and thus vacating the order. Docket number
12. VGOB- 97- 0721- 0561- 01. Also calling docket number nine a petition from
13. CNX Gas Company LLC for the disbursement of funds from escrow for unit
14. W-10 to CNX Gas Company and thus vacating the order. Docket number
15. VGOB- 91- 0430- 0109- 03. All parties wishing to testify, please come
16. forward.
17. MARK SWARTZ: Mark Swartz and Anita Duty
18. BUTCH LAMBERT: You may proceed.
19. ANITA DUTY
20. \_having been duly sworn, was examined and testified as follows
21. DIRECT EXAMINATION
22. QUESTIONS BY MR. SWARTZ
23. Q. Thank you. Anita would you state your name for us please?
24. A. Anita Duty
25. 49

1. Q. Who do you work for?
2. A. CNX Land Resources
3. Q. And um, are you familiar with the um, underlying petitions and
4. files with regard to docket items eight and nine today?
5. A. I am
6. Q. Okay, and, and at the present time are both of those units 100%
7. leased and have become in affect voluntary units?
8. A. Yes
9. Q. And is it your request that the pooling orders with regard to V-9
10. and V-10, W-10, be vacated and that the funds in escrow be paid back to the
11. operator?
12. A. Yes
13. Q. And then when the operator receives the funds, to the extent you
14. haven't already paid your lessors, you will disburse the funds to your lessors
- according to the terms of your leases as opposed to the pooling orders?
15. A. We will
16. Q. That's all I have
17. BUTCH LAMBERT: Okay, will that satisfy the , the accounting that we
18. identified?
19. MARK SWARTZ: Yes
20. BUTCH LAMBERT: It will, okay. Just to clear up some confusion I know
21. I would like to ask a question and maybe some board members are, would like
22. to know too. Can you explain um for the board, disbursement from CNX Gas
23. Company LLC to CNX Gas Company, is there , what's the difference in these
- 24.

1. two companies?
2. ANITA DUTY: There's not one, I think it's just you just left the LLC off.
3. BUTCH LAMBERT: Okay
4. MARK SWARTZ: It would be news to us if there were two companies.
5. ANITA DUTY: Not that that has not happened
6. BUTCH LAMBERT: That is why I asked the question
7. MARK SWARTZ: Fair enough
8. BUTCH LAMBERT: Okay
9. BRUCE PRATHER: They're taking it out of your right pocket and putting
10. it in your left.
11. MARK SWARTZ: As long as we're on that, I was very surprised at
12. number 12 because it says Range Resources but we had uh, Mr. Kaiser or
13. something, I should have asked him while he was here.
14. (laughter and chatter among the room)
15. BUTCH LAMBERT: Okay anything further Mr. Swartz?
16. MARK SWARTZ: NO
17. BUTCH LAMBERT: Do I have a motion?
18. AL COMPTON: motion to approve
19. BUTCH LAMBERT: This is a motion to approve docket items eight and
20. nine. I have a motion do I have a second?
21. RITA SURRATT: I'll second
22. BUTCH LAMBERT: All in favor signify by saying yes.
23. (All members signify by saying yes)
24. BUTCH LAMBERT: opposed no
- 25.

1. ( No audible response)
2. BUTCH LAMBERT: Thank you Mr. Swartz, eight and nine are approved.
3. MARK SWARTZ: Thank you
4. BUTCH LAMBERT: We're calling docket item number eleven, no we're
5. not, uh the docket item number eleven will be continued. Mrs. Pigeon is sick
6. today and was not able to be here. As you will recall we asked her, the
7. Chairman asked her for a legal opinion on this matter and she's not able to be
8. here to present that. We will continue this until October.
9. MARK SWARTZ: If you could continue that until November?
10. BUTCH LAMBERT: November?
11. MARK SWARTZ: Because we do not have anything on the docket in
12. October.
13. BUTCH LAMBERT: We can, we'll do that.
14. MARK SWARTZ: And I was completely geared up. I had done research.
15. BUTCH LAMBERT: I think Mrs. Pigeon would appreciate that.
16. MARK SWARTZ: I'm devastated
17. BUTCH LAMBERT: She will be happy to hear that as well.
18. MARK SWARTZ: I'm sure!
19. ( Laughter and talking among the room)
20. BUTCH LAMBERT: So that item will be continued in November.
21. MARK SWARTZ: Thank you.
22. BUTCH LAMBERT: We're calling docket item number 13. A petition
23. from CNX Gas Company for creation of a coalbed methane drilling unit and
24. pooling under state wide spacing for unit TA-140. Docket number VGOB-
- 25.

1. 12- 0918- 3086. All parties wishing to testify, please come forward.
2. MARK SWARTZ: Mark Swartz and Anita Duty.
3. BUTCH LAMBERT: You may proceed Mr. Swartz.
4. ANITA DUTY
5. having been duly sworn, was examined and testified as follows
6. DIRECT EXAMINATION
7. QUESTIONS BY MR. SWARTZ
8. Q. Thank you. Would you state your name for us please?
9. A. Anita Duty
10. Q. Who do you work for?
11. A. CNX Land Resources
12. Q. Okay, were you the person that signed off the notice and
13. application with regard to this docket item?
14. A. Yes
15. Q. And it's a coalbed methane well that we're proposing?
16. A. It is
17. Q. Frac well
18. A. Yes
19. Q. And the, it, the... we've given it a unit number TA-140 correct?
20. A. Yes
21. Q. Okay, and we have a plat uh, which shows where it is in relation
22. to the Oakwood field and it looks like this drilling, uh, drilling unit we're
23. seeking to create, is just to the East of the boundary of the Oakwood field.
24. A. It is
- 25.

1. Q. Okay, and the well location is actually in the center of this circle?

2. A. Yes

3. Q. Okay, what did you do to notify the uh, the respondents that we  
4. we're going to have a hearing today.

5. A. Mailed by certified mail and returned received requested on

6. August 17<sup>th</sup> 2012, published a notice and location map in Bluefield Daily

7. Telegraph on August 23<sup>rd</sup> 2012.

8. Q. Okay, as... as is your custom, you listed the respondents in the  
9. notice and also in the exhibit B3, correct?

10. A. Yes

11. Q. Do you want to dismiss any of the respondents that you originally  
12. noticed?

13. A. No

14. Q. Do you want to add any folks as respondents?

15. A. No

16. Q. So the list is complete as we see it here today?

17. A. It is.

18. Q. Okay, what interest have you acquired, has the operator acquired in  
19. this, in this unit? And what are you seeking to pool?

20. A. We've acquired 100% of the coal owners claim to CBM,

21. 93.4928% of the oil and gas owners claim to the CBM, and seeking to pool

22. 6.5072% of the oil and gas owners claim to the CBM.

23. Q. Okay, and is there an escrow requirement?

24. A. There is.

25.

1. Q. And you've provided the board today with a um a exhibit E
2. correct?
3. A. Yes, we had originally left it out on the application.
4. Q. Okay, and so this completes the exhibits then for this unit?
5. A. Yes
6. Q. And it indicates that escrow is required in what tracts?
7. A. Tracts two and three.
8. Q. And is that simply by reason of conflict?
9. A. It is.
10. Q. Okay, uh the um... have you provided any cost information with
11. regards to the proposed well?
12. A. Yes, the estimate, the estimated cost is \$266, 717 and estimated
13. depth 1607 feet, and there is no permit number at this time.
14. Q. Okay, it hasn't been drilled?
15. A. Correct
16. Q. Okay, um... is it your opinion that drilling a frac well in the
17. location shown on the plat in this state wide unit, is a reasonable way to
18. produce the coalbed methane?
19. A. Yes.
20. Q. And is it also your opinion, that if you combine the um interest that
21. you acquire by lease or ownership with the uh interest in claims of the
22. respondents that your seeking to pool, the correlative rights of all people will
23. be protected in this unit?
24. A. Yes
- 25.

1. Q. That's all I have Mr. Chairman...Oh, I left something out, sorry.
2. If I may. Since we, uh we need to anticipate uh the terms of a pooling order
3. here, we need to talk about standard lease provisions. Okay?
4. A. Okay
5. Q. Uh, to the extent that you've leased folks in this unit, or acreage in
6. this unit, could you share with the board the terms of those leases?
7. A. It's \$5 per acre per year with a five year paid up term and a one-
8. eighth royalty.
9. Q. Okay, and also the applicant is CNX Gas but who would be the
10. proposed operator?\
11. A. CNX Gas
12. Q. Okay, and in that regard are both... is CNX Gas a Virginia Limited
13. Liability Company?
14. A. It is
15. Q. Authorized to do business in the Commonwealth?
16. A. Yes
17. Q. Is it registered with the DMME and the DGO?
18. A. Yes
19. Q. They know where to find you?
20. A. They do.
21. Q. Okay, and do you have a blanket bond on file.
22. A. Yes we do.
23. Q. That's all I have
24. BUTCH LAMBERT: You want me to get to my question?
- 25.

1. ( Laughter among the room)
2. BUTCH LAMBERT: Any further discussion?
3. ( No audible response)
4. BUTCH LAMBERT: Anything further Mr. Swartz?
5. MARK SWARTZ: No
6. BUTCH LAMBERT: Can I have a motion?
7. AL COMPTON: Motion to approve.
8. BRUCE PRATHER: Second.
9. BUTCH LAMBERT: I have a motion and a second, any further
10. discussion?
11. ( No audible response)
12. BUTCH LAMBERT: All in favor signify by saying yes,
13. (All members signify by saying yes)
14. BUTCH LAMBERT: opposed no.
15. (No audible response)
16. BUTCH LAMBERT: Thank you Mr. Swartz that is approved.
17. MARK SWARTZ: Thank you.
18. BUTCH LAMBERT: We're calling docket item number sixteen a
19. petition from, no wait a minute, I'm sorry, number fifteen.
20. BRUCE PRATHER: That is what I thought.
21. BUTCH LAMBERT: Jumping ahead. Calling docket item fifteen a
22. petition from CNX Gas Company LLC for repooling of unit ZZZ-31.
23. Docket item number VGOB- 11- 1115- 3004- 01. All parties wishing to
24. testify, please come forward.

1. MARK SWARTZ: Mark Swartz and Anita Duty
2. BUTCH LAMBERT: You may precede Mr. Swartz.
3. ANITA DUTY
4. \_having been duly sworn, was examined and testified as follows
5. DIRECT EXAMINATION
6. QUESTIONS BY MR. SWARTZ
7. Q. Thank you, Anita if you can state your name for us again.
8. A. Anita Duty
9. Q. If I could I would like to incorporate Anita's testimony with
10. regards of her employment with the applicant, and operator, and standard
11. lease terms.
12. BUTCH LAMBERT: Accepted.
13. Q. Thank you. Anita we're back here to repool this, it was originally
14. pooled last fall?
15. A. Yes
16. Q. Uh, and the reason for repooling, if the, if the board will look at
17. the plat, um zero in on that, you will see that there is a corner sort of almost
18. in the center of the drilling window, uh where tract 1B, 1A, and 2A kind of
19. come together in a point there. It's in my understanding that these, the corner
20. uh... moved.
21. A. Yes
22. Q. What was
23. A. I think it's between 1, 2, and 3
24. Q. Oh okay
- 25.

1. A. It's that corner
2. Q. Okay, so it's this corner, so it's the corner that actually almost
3. intersects the Southern boundary of the drilling window.
4. A. Yes
5. Q. Okay, and in that corner uh I think somebody found a monument,
6. am I right?
7. A. Right, that's right.
8. Q. So that corner moved, correct?
9. A. It did.
10. Q. And it changed the acreage in uh most but not all of the tracts?
11. A. Correct
12. Q. Okay give the board an indication, I think you made some notes in
13. terms of the uh, the changes that resulted from that mapping issue.
14. A. Okay.... Tract 1 went from 32.4 acres down to 29.47, tract 2 went
15. from um 38.55 to 40.86 and tract 3 went from 8.42 to 9.04.
16. Q. And tract 4 stayed the same
17. A. And tract 4 stayed the same
18. Q. And the , the reason we're here today is to correct the acreages and
19. the percentages and that's the only thing that changes, and that's why we're
20. back here?
21. A. Yes
22. Q. Okay. Uh... obviously we need to get that straightened out so
23. people have their election percentage appropriate and they're, their payment
24. numbers appropriate. Do you have anything else?

1. A. No that's it.
2. Q. That's all I have.
3. BUTCH LAMBERT: The well has been drilled?
4. ANITA DUTY: That's correct, no let me check.
5. MARK SWARTZ: I don't think so
6. ANITA DUTY: No, sorry no
7. BUTCH LAMBERT: Okay, any other questions from the board?
8. BRUCE PRATHER: I've just got one little question.
9. BUTCH LAMBERT: Mr. Prather
10. BRUCE PRATHER: Uh, I assume this is a correction you people
11. generally been doing on your GPS systems, in other words is that what this
12. is?
13. MARK SWARTZ: Actually we found a monument
14. BRUCE PRATHER: Pardon
15. MARK SWARTZ: We found a monument, we found a corner that was
16. in a different place.
17. BRUCE PRATHER: Okay, with the GPS, I assume you plugged it into
18. your GPS system?
19. MARK SWARTZ: Right, right. But this we just pooled last fall so the
20. technology was, was good to go, but the corner moved.
21. BRUCE PRATHER: Okay
22. MARK SWARTZ: We'll it didn't move but you know relocated.,
23. ANITA DUTY: I guess they estimated it the first time.
24. BUTCH LAMBERT: Any other questions from the board?
- 25.

1. (No audible response)
2. BUTCH LAMBERT: Anything further Mr. Swartz?
3. MARK SWARTZ: No
4. BUTCH LAMBERT: Do I have a motion?
5. AL COMPTON: Motion to approve
6. BRUCE PRATHER: Second
7. BUTCH LAMBERT: I have a motion and a second, any further
8. discussion?
9. BUTCH LAMBERT: All in favor signify by saying yes
10. (All members signify by saying yes)
11. BUTCH LAMBERT: Opposed no
12. (No audible response)
13. BUTCH LAMBERT: Thank you Mr. Swartz, that's approved.
14. MARK SWARTZ: Thank you
15. BUTCH LAMBERT: Now we're calling number sixteen. A petition from
16. CNX Gas Company for allowing election rights in well FF26A. Docket
17. number VGOB- 00- 0919- 0824- 01.
18. MARK SWARTZ: Mark Swartz and Anita Duty
19. BUTCH LAMBERT: You may proceed Mr. Swartz.
20. ANITA DUTY
21. \_having been duly sworn, was examined and testified as follows
22. DIRECT EXAMINATION
23. QUESTIONS BY MR. SWARTZ
24. Q. Thank you. If I could I would like to incorporate Anita's
- 25.

1. testimony with regards to the applicant and operator and inquires like
2. that.
3. BUTCH LAMBERT: Accepted
4. Q. Anita the reason we're here is to address election, an election
5. right or opportunity in the 2<sup>nd</sup> well in this unit, correct?
6. A. Yes
7. Q. Okay, and the... the reason we're specifically addressing that
8. in this particular unit FF26A is because someone participated in the 1<sup>st</sup> well?
9. A. Yes
10. Q. And so obviously we've got participants in this unit and we need
11. to give them a shot at the 2<sup>nd</sup> well, is that right?
12. A. Yes
13. Q. And is that the only reason we are here today?
14. A. It is
15. Q. Okay. Have you provided a cost estimate with regard to the 2<sup>nd</sup>
16. well so the people who might want to participate in it have the numbers?
17. A. Yes
18. Q. And what's the estimate with regards to the 2<sup>nd</sup> well?
19. A. \$251,734
20. Q. And the, um, the depth of that?
21. A. 2,544 feet
22. Q. And you've got a permit?
23. A. Yes 5819
24. Q. Okay
- 25.

1. A. It has been modified though.
2. Q. Right um... and that's, we don't need to make any other changes
3. in the pooling order?
4. A. No
5. Q. Okay, that's all I have Mr. Chairman.
6. BUTCH LAMBERT: Any questions from the board?
7. BRUCE PRATHER: Mr. Chairman I have a question.
8. BUTCH LAMBERT: Mr. Prather
9. BRUCE PRATHER: I, I assume that uh the people that turned down the
10. 1<sup>st</sup> well, in other words royalty owners that turned down participation in the
11. 1<sup>st</sup> well were not given the option to participate in the 2<sup>nd</sup> one, I assume that's
12. right?
13. MARK SWARTZ: Right
14. BRUCE PRATHER: Okay
15. MARK SWARTZ: But we have some participants that they bought into
16. this unit and they need that.
17. BRUCE PRATHER: Right, as long as they participated then you carry
18. it over.
19. MARK SWARTZ: Right, right, exactly
20. BRUCE PRATHER: I was wanted to make sure that, you know.
21. MARK SWARTZ: Absolutely, we will be discussing that with Sharon
22. in November but you and I may have a different view than she does.
23. BRUCE PRATHER: That's a possibility
24. BUTCH LAMBERT: Anything further Mr. Swartz?
- 25.

1. MARK SWARTZ: NO
2. BUTCH LAMBERT: Do I have a motion?
3. AL COMPTON: Motion to approve
4. BRUCE PRATHER: Second
5. BUTCH LAMBERT: I have a motion and a second, any further
6. 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. Swartz
13. MARK SWARTZ: Thank you
14. BUTCH LAMBERT: Okay at this time the board will receive an update
15. on board and division activities from the staff. Mr. Cooper.
16. ( Inaudible chatter)
17. RICK COOPER: I'd like to report to the board that the letter has went out
18. on all the audit and so far we have had positive comments from the people.
19. We have no results to report at this time but, as the letter stated all the
20. companies need to report back to VGOB by December of this year, the results
21. of the sub-audit that we are conducting. So things are going pretty good on
22. that. Also as far as our electronic information on the board, we're starting
23. internally testing the system this week and maybe next week. It just depends
24. on what we find on the electronic process for the board, and if everything
- 25.

1. goes good. And we've got volunteer's from CNX, EQT, And Appalachia we  
2. hope to go early October and let the industry test the system. We're still on  
3. course to probably implement the electronic board items by the end of the  
4. year, unless we find a lot of problems that we're not aware of right now. So  
5. things are going pretty smooth on that. One thing I would like to bring in front  
6. of the board, I would, I'm asking the board today if they would allow me to,  
7. since our sub-audit is now complete with our part time worker, I'm asking the  
8. board if they would allow me to keep that person to scan all the escrow items  
9. that we have on file. We have several, I guess a couple of thousand, a  
10. thousand or so files of all the board items, the uh, VGOM numbers and that  
11. type of thing. A couple of years ago we actually contracted out a portion of  
12. that and we built an escrow estimator, some of you may or may not be aware  
13. of that, but it's been very handy. It's handy to the counties, to citizens, people  
14. in other states, our clients, people all over the Us have called and they've been  
15. very interested in the escrow estimator. The only problem is it only has part or  
16. I would say 25% to 30% of our items. And if the board would allow me, I  
17. would keep our part time person on and we could scan these items into the  
18. system, get them electronically working, and we have a procedure in place  
19. starting from a date current or of this year we pick them up when we are  
20. scanning those items in. But from conception up until around 2011 we just  
21. have bits and pieces in. It would make it very handy that they could pull a  
22. VGOB item up on the internet and they could check things. It would be very  
23. efficient for us because, we're not talking about the election participation in  
24. the units today, but for us it's very cumbersome. It would take us anywhere  
25.

1. from eight to thirty hours to pull this stuff by hand whereas if we had this  
2. electronically you could do it by search words and we should be able to do it  
3. in a couple of hours, and the clients could do it also. It would be very handy.  
4. The advantage we have today is we have someone that has been working on  
5. our audit information for about sixteen or eighteen months so she has dealt  
6. with these VGOB items, she knows the history behind them, she knows what  
7. is in them. So as far as getting more dollar for the investment she would be  
8. the best one to do that because she sets right there and she could pull the files  
9. right out, scan them in, and then put them right back in. That also helps us in  
10. the fact, if we were to do this outside we would have to box these, we would  
11. have to organize these, we would have to label these and then there is a time  
12. period from the time that we send these off and get them back. Sometimes it  
13. hampers a disbursement and we're trying to catch up on all the information.  
14. If we send these files out it just delays getting disbursements whereas if we  
15. had someone internally, like the part time person we currently have, it would  
16. just increase our efficiency and the operator's efficiency and all our clients. So  
17. I would ask, I am asking the board today if they would approve me to keep  
18. this part time employ on, I would think it would probably take three months  
19. to do this. I would like to think by the end of the year we would be really  
20. close. I would be glad to report every month what kind of progress we're  
21. making or any problems. We currently have a scanner in our office that we've  
22. used for other items, so it's setting right there. It's very efficient and I think  
23. for the money invested and the product that comes out at the end it would  
24. be beneficial to all parties.

1. BUTCH LAMBERT: Rick, that person was originally hired, or those  
2. three people originally that now we're down to one, was hired originally to  
3. just ...to look at the sub account records and match those records with the  
4. bank records. How would this project tie to what that person was doing? Is  
5. there any relationship?

6. DIANE DAVIS: Well there actually is. When we did the initial audit, if  
7. you will remember, it was set up on the 800 and some sub account. That was  
8. at a given time. When we created this escrow account estimator on line the  
9. whole sole purpose of that was to be able to better look at the information and  
10. to follow it, and to do the calculations. Without this information we have a  
11. large gap there between 800, that was scanned previously, and where DGO  
12. started scanning them in. No one including our citizens can view them  
13. electronically. The estimator is rally tied into how everybody is perceiving our  
14. openness of our records and that is kind of how they look at the production  
15. and everything. So I really think that it's an important thing to get that portion  
16. put on record before we even go live on the e-forms, because at that point and  
17. time everything will be electronic. And we are missing a valuable portion  
18. between 800 and where we started doing it, and we've never scanned the  
19. applications only the orders.

20. BUTCH LAMBERT: I guess to answer the question, the information that  
21. will be scanned will also be used in far as continuing the information that  
22. we've been gathering for the audit.

23. DIANE DAVIS: Right, it will be a portion of that yes, that along with  
24. the other e-forms will work.

25.

1. BRUCE PRATHER: Wouldn't this also make it easier to audit in the
2. future?
3. DIANE DAVIS: Yes
4. BRUCE PRATHER: That is what I was thinking.
5. DIANE DAVIS: Yes they can set in their office and pull this up. If they
6. had any question about what was happening, or what should be in escrow, or
7. the auditor, as well as operators.
8. BRUCE PRATHER: This is the only other question. How much are we
9. talking about, how much money are we talking about?
10. RICK COOPER: I would think that we are talking somewhere between
11. five and seven thousand dollars.
12. BUTCH LAMBERT: That's for you, you estimated for three months?
13. RICK COOPER: That's correct, that is correct for three months. That
14. would be October, November, and December.
15. BUTCH LAMBERT: Just so that the board knows. We have obtained
16. some....uh some estimated of what that outside scanning would be and it
17. almost doubled that price.
18. BRUCE PRATHER: Well I would figure.
19. RICK COOPER: The estimate it was a little more than double and the
20. problem with that is we still had to do a lot of the boxing, the organizing, the
21. shipping, and that type of thing. Which you know we don't have a large work
22. force anyways, so if you add our internal cost it would have been even higher.
23. BUTCH LAMBERT: So your request is for the board to approve
24. continuing the temporary worker for three months to scan these, those
- 25.

1. documents that's used in the escrow estimator which also will be part of
2. the escrow audit that is ongoing?
3. RICK COOPER: That is correct.
4. BUTCH LAMBERT: Any other discussions on that request?
5. (No audible response)
6. BUTCH LAMBERT: I need to put that in motion that we continue for
7. three, until December.
8. RICK COOPER: Until the end of the year.
9. BUTCH LAMBERT: Okay, So do I have a motion to continuing the
10. temporary work that is already in place at DGO to scan those files so that uh,
11. as need to continue the escrow estimator and also would be part of the escrow
12. audit?
13. RICK COOPER: Correct
14. BRUCE PRATHER: I agree with what you said.
15. RITA SURRATT: I'll Second
16. AL COMPTON: Second
17. BUTCH LAMBERT: Okay, I have a motion to approve and a second, all
18. in favor signify by saying yes.
19. (All members signify by saying yes)
20. BUTCH LAMBERT: Opposed no
21. (No audible response)
22. BUTCH LAMBERT: Thank you Mr. Cooper we will continue that for
23. three months and we will expect an update every, monthly on how that's
24. going and any estimates on how much time that's taking.
- 25.

1. RICK COOPER: Thank you all, we'll, I'll be glad to do that.
2. BUTCH LAMBERT: Any further information from the board and staff?
3. DIANE DAVIS: I do have one question I would like to ask.
4. BUTCH LAMBERT: I'm not taking questions today.
5. (Laughter and talk among group)
6. DIANE DAVIS: The escrow, Debbie Davis, with the escrow agent wanted
7. to know the best way to handle this, we've talked about this. I'm not real sure
8. but I believe Range and EQT have a partnership where in some places one
9. company is paying on another, like if the operator and the order was issued
10. to EQT and I think maybe Range is paying the money into the account... uh
11. which kind of confuses Debbie a little bit, and I guess I was asking, would it
12. be okay on the escrow spreadsheet that the bank does for us to do a slash and
13. track that Range is putting the money in on this or vise verse, whichever way
14. it may be. Would you have a problem with that?
15. BUTCH LAMBERT: Can we hold off on that, Debbie, when are they
16. suppose to, they're due back next month aren't they?
17. DIANE DAVIS: Next month.
18. BUTCH LAMBERT: Let's hold off on making any dicision on that and let
19. Debbie uh, uh inform or talk to us and give us information on what may better
20. work for them.
21. DIANE DAVIS: Okay, currently they are just so the board knows,
22. currently because it is correct and all they are taking the money and putting
23. it in that account. I just wanted you to be aware of it.
24. BUTCH LAMBERT: Okay, thank you, let's just let Debbie, just
- 25.

1. remind her when she comes next month to put that on the agenda for
2. discussion in front of the board.
3. DIANE DAVIS: I sure will, thank you.
4. BUTCH LAMBERT: Anything else from the board or any questions
5. for the staff?
6. (No audible response)
7. BUTCH LAMBERT: Our next item of business is to review and approve
8. minuets for the August meeting. Are there any additions, corrections, or
9. deletions?
10. RITA SURRATT: Yes sir, yes sir
11. BUTCH LAMBERT: Mrs. Surratt
12. RITA SURRATT: Donnie Ratcliff was at the last meeting and it is
13. not on here
14. BUTCH LAMBERT: Donnie Ratcliff did attend the last meeting and
15. it's not reflected on here.
16. DIANE DAVIS: Okay, I will correct that,
17. BUTCH LAMBERT: Any other corrections for the minuets?
18. (No audible response)
19. BUTCH LAMBERT: Do I have a motion to approve?
20. BRUCE PRATHER: Motion to approve
21. RITA SURRATT: Second
22. BUTCH LAMBERT: I have a motion and a second all in favor signify
23. by saying yes.
24. (All members signify by saying yes)
- 25.

1. BUTCH LAMBERT: If there is no other business do I have a
2. motion to adjourn?
3. AL COMPTON: Motion to adjourn
4. RITA SURRATT: Second
5. BUTCH LAMBERT: I have a motion and a second all in favor
6. signify by saying yes.
7. (All members signify by saying yes)
8. BUTCH LAMBERT: Thank you ladies and gentleman that
9. concludes the meeting for today.
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