

IN THE COUNTY OF RUSSELL

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

APRIL 26, 2011

APPEARANCES:

**BOARD MEMBERS:**

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

**CHAIRMAN:**

BUTCH LAMBERT - CHAIRMAN OF THE VIRGINIA GAS & OIL BOARD

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

DIANE DAVIS - STAFF MEMBER OF THE DGO

SHARON PIGEON - SR. ASSISTANT ATTORNEY GENERAL

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

		<u>INDEX</u>	
<u>AGENDA AND DOCKET NUMBERS:</u>		<u>UNIT</u>	<u>PAGE</u>
1)	Public Comments		5
2)	Update on Escrow Account		9
3)	VGOB-98-0324-0625-09	T-36	34
4)	VGOB-98-0324-0626-08	S-36	51
5)	VGOB-98-0421-0649-05	S-37	68
6)	VGOB-98-0421-0650-05	T-37	75
7)	VGOB-98-0915-0681-06	S-35	86
8)	VGOB-04-0615-1296-02	AY-120	91
9)	VGOB-02-1015-1082-02	DD-116	95
10)	VGOB-03-1021-1206-01	FF-37	99
11)	VGOB-03-1021-1207-02	FF-38	109
12)	VGOB-04-1214-1368-02	BF-100	114
13-	VGOB-98-0324-0638-05	V-36	118
14)	VGOB-98-0324-0639-02	V-37	
15)	VGOB-11-0419-2941		127
16)	VGOB-93-0216-0328-03	Q-40	122
17)	VGOB-10-1116-2848	C-29	152
18&	VGOB-11-0315-2917	RR2917	168
30)	VGOB-11-0419-2931	RR2931	
19-	VGOB-11-0315-2918	C-7	CONT.
22)	VGOB-11-0315-2919	C-7	
	VGOB-11-0315-2920	C-8	
	VGOB-11-0315-2921	C-8	
23)	VGOB-11-0315-2928	A-34	CONT.
24)	VGOB-11-0419-2930	AZ-117	178

INDEX (Cont.)

<u>AGENDA AND DOCKET NUMBERS:</u>	<u>UNIT</u>	<u>PAGE</u>
25) VGOB-97-0318-0571-06	W-34	187
26) VGOB-98-0324-0627-07	W-35	199
27) VGOB-05-0719-1475-01	BB-122	209
28) VGOB-09-0915-2596-01	BB-107	CONT.
29) VGOB-11-0419-2940	RR2940	CONT.
31) VGOB-11-0419-2932	900042	CONT.
32) VGOB-11-0419-2933	900036	216
33) VGOB-11-0419-2934	900036	221
34) VGOB-11-0419-2935	V-530298	228
35) VGOB-11-0419-2936	V-530301	235
36) VGOB-11-0419-2937	V-530301	238
37) VGOB-11-0419-2938	900002	245
38) VGOB-11-0419-2939	900049	250
39) Review and discuss APA		255
40) Update Board on escrow activities		26
41) Approve February and March minutes		279

BUTCH LAMBERT: Good morning, ladies and gentlemen. It's now after 9:00 o'clock and I'll begin these proceedings this morning. I'll open up by saying if you have any cell phones or any other communication devices, I'd ask you to turn those off or put them on vibrate. If you must take a call, please do that outside. This morning, I will begin by asking the Board members to please introduce themselves beginning with Ms. Dye.

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

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

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

DONNIE RATLIFF: I'm Donnie Ratliff representing coal.

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

MARY QUILLEN: Mary Quillen, a public member.

BUTCH LAMBERT: Let me say this morning, I'd like to welcome Board Member Ratliff back. He had been under the weather with some health issues for the past few months and it's good to have him back with us this

morning.

DONNIE RATLIFF: Thank you.

SHARON PIGEON: That's why we decorated.

BUTCH LAMBERT: Yeah. Well, we told Tim Scott that's why we decorated, but we really decorated for Board Member Ratliff today. It's good to have him back this morning. We will begin this morning with public comments. First on our list is Martha Guilliams.

MARTHA GUILLIAMS: Okay. First of all, I have a problem.

COURT REPORTER: You need to come up here, ma'am.

BUTCH LAMBERT: You have to come up here, ma'am. Please introduce yourself.

MARTHA GUILLIAMS: I'm Martha Guilliams, Heir to the Linkous Horn Estate from Salem, Virginia. My biggest problem is that in transcripts, which I've never even looked at before, you have my name wrong on every single one. My name is Martha Guilliams, G like in girl, U like an umbrella. I can't tell you have the others listed out, but I could go all the way through it.

BUTCH LAMBERT: Thank you, Ms. Guilliams. We apologize for that mistake. We will ask the Court

Reporter to please correct that or ask our reporter to please correct it.

MARTHA GUILLIAMS: Please correct it. My brother Sidney is not the capital of Australia. His name is S-I-D-N-E-Y and S-Y-D. I would like that corrected on some of those.

BUTCH LAMBERT: Okay. Noted and thank you, ma'am.

MARTHA GUILLIAMS: Okay. Thank you. That's about all, I guess. That's my most important parts. The others we will get to later.

BUTCH LAMBERT: Okay.

MARTHA GUILLIAMS: Thank you (inaudible.)

BUTCH LAMBERT: Juanita Sneeuwaght.

JUANITA SNEEUWAGHT: Good morning, Mr. Chairman. I have nothing at this time. I'd relinquish my two minutes to anyone else who needs it. Thank you.

BUTCH LAMBERT: Thank you. We have a representative from the Earnest Keen Heirs. Could we just have a couple of folks, please, to represent the Earnest Keen Heirs? I don't...would you all have a seat, please, and state your names for the record?

DEBBIE RHEA: My name is Debbie Rhea and it's R-H-E-A. I'm the daughter of Arnold Keen.

DOLORES ESTEP: And I'm the Dolores Estep, daughter of Ralph Keen.

BUTCH LAMBERT: Okay. You may proceed.

DEBBIE RHEA: Okay. In reference to the Earnest Keen Heirs we have concerns about the 50/50 royalty split. None of them can remember signed the 50/50 split agreement. We have made numerous phone calls to get copies of this agreement and there has only been two that has received that agreement. That has been Ralph Keen and Anna Ruth Lambert. Arnold Keen, Ruby Hale, Paul Keen and Elizabeth Anne McCowan Justice has not received their copies. We would sincerely like to have a copy of that 50/50 agreement for them. We have also called and asked for a copy of the wells so we can be sure to be at the meetings whenever these meetings do come up. Our case was postponed back in January 18, 2011 meeting and it was decided that we would be on the February docket. At the February meeting, an Heir from each family was there to object to the 50/50 split and to ask for a copy of the signed agreements and that was not done. Once we got here, we weren't even on the docket, which we were told that we would be. At the March meeting, Ralph Keen and J. C. Lambert, husband to Anna Ruth, were at the meeting, but they were told their

names was not on the docket number here, which was VGOB-98-1117-0697-03. Now, the checks came to them for \$14,503.00, which was a 50% thing. They had already objected to this 50%. That was Ralph and Anna Ruth, which, you know, we weren't here to object. We also want to know why they don't send letters to us anymore about the meetings and we can get copies about the 50/50 agreement for Arnold Keen, Ruby Hale and Paul Keen and also Elizabeth Anne McCowan Justice. We would like to know who to talk to about the list of the wells so that we can know what is going on regarding this. Thank you.

BUTCH LAMBERT: Thank you.

DEBBIE RHEA: Do you know who we can ask for that 50/50 agreement?

BUTCH LAMBERT: Have you contacted the company?

DEBBIE RHEA: Yes.

DOLORES ESTEP: We've made numerous phone calls. We talked to several people and they either give us another name or just don't call us back.

BUTCH LAMBERT: I'll ask Mr. Asbury to make that contact with the company and see if it's possible for those other folks to get that agreement.

DAVID ASBURY: I will, sir.

BUTCH LAMBERT: Thank you.

DOLORES ESTEP: And also, we have a lot of sickness and, you know, they can't always be here, the Heirs. So, we need to find out, you know, if I can represent my dad and Debbie can represent hers.

BUTCH LAMBERT: You can if you have power of attorney.

SHARON PIGEON: They can't in the hearing. In a hearing you can't represent someone else because you're not---.

DOLORES ESTEP: I mean, like here we can't?

SHARON PIGEON: Like if you come to public comment just as she has made public comments on behalf of other people you can provide information. But you can't cross examine other folks during hearings. You can't act as an attorney in that fashion.

DOLORES ESTEP: No. No.

DEBBIE RHEA: Okay. Thank you all.

DOLORES ESTEP: Thank you.

BUTCH LAMBERT: Okay, thank you. The next item on the docket is the Board will receive the quarterly update for the First Bank & Trust Company escrow agent of the Board. Are those folks here? There they are, okay. Good morning.

DEBBIE DAVIS: Good morning.

KAREN MCDONALD: Good morning.

BUTCH LAMBERT: It's good to have you folks this morning.

DEBBIE DAVIS: Nice to be here. I'm Debbie Davis. I'm the trust officer for the First Bank & Trust Company.

KAREN MCDONALD: And I'm Karen McDonald, the investment officer for the First Bank & Trust Company.

BUTCH LAMBERT: Ms. McDonald, if you will move the big microphone. The big one, just pick it up and move it over, please.

KAREN MCDONALD: Oh, okay.

DEBBIE DAVIS: That one?

BUTCH LAMBERT: Yes. There you go. Thank you.

DEBBIE DAVIS: Okay. We'll get started this morning. In Section 2 for the update on the escrow account administration, I'd like to begin by apologizing. The totals on page 21 of 24, when I printed off the Excel Spreadsheet I had the column a little bit too short and did not realize it. So...but I do have those amounts for you. We had a beginning market value in...as of March the 1st of \$26,613,309.79. Working interest deposits for the month of March was \$2,284.57. The royalty deposits received for the month

of March was \$172,089.01.

BUTCH LAMBERT: Ms. Davis, what page are you reading from?

DEBBIE DAVIS: It's in the very first section, page 21 of 24.

MARY QUILLEN: Would you give us that beginning market value again?

DEBBIE DAVIS: Uh-huh. It was \$26,613,309.79.

MARY QUILLEN: Thank you.

DEBBIE DAVIS: Of course, it shows there the money...money market interest earned and then CEDARS investment interest earned and our fees for the month of February, which was \$2,217.78. In March, we had distributions in the amount of \$44,121.00. Actually, for the complete first quarter of 2011 we disbursed \$259,318.38.

SHARON PIGEON: Could you repeat that?

DEBBIE DAVIS: For the quarter?

SHARON PIGEON: Uh-huh. Yes, please.

DEBBIE DAVIS: \$259,318.38.

SHARON PIGEON: Thank you.

DEBBIE DAVIS: The audit cost, which is for the temporary employees working with David and Diane, their costs for the month was \$9,311.69, which gives us and

ending market value as of March the 31st of \$26,744,57.34. You will note, I have added an extra color of yellow to note throughout the spreadsheet of new moneys that are being received now from unfunded...or from previously unfunded units. I did have the pleasure, Karen and I, of meeting with David and Diane for our quarterly face to face meeting to discuss, you know, anything that we needed to be doing differently. If course, I'm still interested, and I know it has been worked on, a reconciliation from the producers to double check my records to make sure everything has been posted as they say it has been submitted. I know that that's something you all are working on.

BUTCH LAMBERT: We're still working on that.

DEBBIE DAVIS: And also, we hope to maybe start a pilot program with one of the producers on having the deposits sent in by ACH rather than a bulk of checks each month.

BUTCH LAMBERT: We have met with the producers a few months ago and we think there's some interest in maybe one or two doing that---.

DEBBIE DAVIS: Right.

BUTCH LAMBERT: ---and working with them.

DEBBIE DAVIS: I think it would be a cost savings to the producers and to the beneficiaries and owners of these wells if we can get that done at some point.

BUTCH LAMBERT: We'll continue working on that for you.

DEBBIE DAVIS: Okay. Thank you. And now I will turn it over to Karen so she can discuss the investments.

KAREN MCDONALD: The next tab holds the status report as of April the 21st and that is showing a total investment of \$26,147,988.40. That's the...Mr. Lambert, that's the page that shows...does not show any interest. It just shows the estimated dollars invested.

BUTCH LAMBERT: Yes. I was looking at that page and looking back at the numbers that Ms. Davis---

KAREN MCDONALD: Oh, okay. Okay, they're not going to match.

BUTCH LAMBERT: They're not. I figured that out real quick.

DEBBIE DAVIS: Mine as of March the 31st---

KAREN MCDONALD: Yes.

DEBBIE DAVIS: ---and hers is currently at the---

BUTCH LAMBERT: Yeah. I saw the numbers.

KAREN MCDONALD: That was intentional. So, currently we have...we did take action because we had a CD mature...CEDARS maturing in April that we did not have Board authorization to reinvest on a six or twelve month period. But the board had authorized us in those situations to invest in a three month CEDARS. So, we did take those moneys and reinvest them rather than leaving them in the money market account. So, we do have currently \$22,540,000.00 invested in CEDARS. For the month of April, we're finished with those that are maturing or reinvesting. Yes, ma'am.

MARY QUILLEN: A question. The one that matured in April that you reinvested, was it one of the six months or the twelve months?

KAREN MCDONALD: It was a six month.

MARY QUILLEN: It was a six month?

KAREN MCDONALD: Yes, ma'am.

MARY QUILLEN: Okay, thank you.

KAREN MCDONALD: And the three month, we had offered to the Board that we would do the same rate of return---

MARY QUILLEN: Right.

KAREN MCDONALD: ---for the three month at the

six months, which was---

MARY QUILLEN: Right. And you can roll that over into a six month---

KAREN MCDONALD: Yes, ma'am.

MARY QUILLEN: ---to give us another six?

KAREN MCDONALD: Exactly.

MARY QUILLEN: Okay.

KAREN MCDONALD: And so we have discussed between us, Debbie and I, the money market amount of \$3,607,000.00. We feel very comfortable with that amount of cash no more...that gives Debbie room to do disbursements without bumping up against not having the funds. So, my next page assumes---

BUTCH LAMBERT: Sir...sir, can we help you?

UNIDENTIFIED INDIVIDUAL: I'm over here to see about the gas and oil meeting.

BUTCH LAMBERT: Could...could you have a seat, please? The hearings have already started.

UNIDENTIFIED INDIVIDUAL: Well, I just come in. The lady brought me down.

BUTCH LAMBERT: I know, but we've already started. We need you to have a seat.

UNIDENTIFIED INDIVIDUAL: Oh, okay.

BUTCH LAMBERT: I'm sorry. I apologize.

KAREN MCDONALD: That's...that's quite all right. So, the next page shows the estimate annual income. This shows...Mr. Asbury had asked us when we had met last month to discuss with the Board a reinvestment strategy through 2011. So, what I am presenting in this page is ongoing reinvestment of current CEDARS at the same rate of six months or twelve months. As Dr. Quillen mentioned, we'll...we will take the three month emergency investment that we made last month we will take...or in this month, we will take that into a six month CEDARS as it matures. So, this is a proposal of sorts to the Board to give you a sense of what the investments will look like and particularly what the estimated annual income will look like through December the 31st. The intention in presenting this is primarily to get the Board to see what the benefit is of having this much invested in CEDARS through 2011 as opposed to our strategy of slowly staggering in 2010 and also to not have to get constant Board approval through the year as CDs mature. So, you will see that the estimated annual income and it's estimated primarily because of the money market amount. That will vary depending on disbursements and receipts. But the amount of CEDARS income is fixed and that will be \$128,870.00

giving us an estimated total return through this year of \$143,301.95. We would recommend this strategy. We do not...unless the Board believes that more or less money is needed in the money market, we're content with this amount invested. The rates of the investment after discussion with Mr. Harding will not in the short-term change as far as what we can offer for a return. So, the half of a percentage point for a six month CEDARS appears to be what will be available on the horizon at least through the end of the year. For the twelve month CEDARS, 65 basis points will be earned and we will also be earning 40 basis points on any money market funds. These are extremely good rates in this environment. I will remind the Board that our fee is 10 basis points. So, there is...there is some good return with full FDIC coverage on these funds. Are there any questions or...yes, ma'am.

MARY QUILLEN: We now have seven of the six month, but once you roll that three month when it matures back over that will bring us back up to eight in the six month and ten in the twelve month?

KAREN MCDONALD: I believe so. I've done it by figures and the 50 basis points six month group, which includes that three month is right now at \$11,760,000.00

and the twelve month is \$10,780,000.00. So, we are slightly weighed to the short-term.

MARY QUILLEN: Right. Right.

KAREN MCDONALD: I told Mr. Asbury last week in an email that I thought that was a good position to stay in because Mr. Bernanky is going to be addressing...is going to be answering questions this week and there...there may be new information as to how the Federal Reserve is looking at raising the rates and how quickly. We believe that these are well staggered matures. There is something almost every month. And if the Federal Reserve does increase rates, that may trickle down over time to CEDARS rates but not...there won't be a traumatic immediate impact. It leaves us available to invest in better rates.

MARY QUILLEN: So, we're positioned...we're in a good position no matter what happens with the Fed?

KAREN MCDONALD: Yes, ma'am.

MARY QUILLEN: Okay.

KAREN MCDONALD: We sure are.

MARY QUILLEN: Yeah.

DEBBIE DAVIS: And I also might add that, you know, maybe later in the year if we see that money market balance rising quickly again we could then at

that point discuss---.

MARY QUILLEN: Right.

DEBBIE DAVIS: ---bringing it back down by doing additional purchases rather than just the reinvestments of what is already in place.

MARY QUILLEN: Right. And we would be able to invest it at the same rates for---?

KAREN MCDONALD: At least these same rates.

MARY QUILLEN: At least.

KAREN MCDONALD: I do not anticipate any decrease in CEDARS rates but I... but Mr. Harding didn't...didn't see on the horizon any increases---.

MARY QUILLEN: Right.

KAREN MCDONALD: ---either through the end of the year.

BRUCE PRATHER: I've got a question.

KAREN MCDONALD: Yes, sir.

BRUCE PRATHER: Under the money market balance, like the April balance is \$3,607,000.00. Is...do we have a minimum balance that is supposed to be in that? In other words, would three and a half million be what should be in that all of the time and then if we have any excess then we could put it into investment portfolio. Has that...has that ever been---?

DEBBIE DAVIS: There is not a minimum. There is a large balance. We don't want to go over...it's \$12...\$12,000,000.00.

BRUCE PRATHER: Okay.

DEBBIE DAVIS: We want to keep it below that amount.

BRUCE PRATHER: So, you're putting it...you're putting the limits on the amount that we can invest rather than this money market account?

KAREN MCDONALD: Yes, sir. It's fully insured up to a much larger value. But it's entirely...we're willing to take instruction from the Board---

BRUCE PRATHER: Yeah.

KAREN MCDONALD: ---to reduce that another half million or whatever.

MARY QUILLEN: Now, what we had discussed was this flexibility because of these disbursements that we wanted to be sure that, you know, that we didn't have a...you now, a large number of approvals and then that balance was too small. But, I guess, we probably can kind of look at what our history is and kind of gage that to see if we do need to reduce that more and put more...some of that access into the investment portfolio, is that correct?

KAREN MCDONALD: Yes, ma'am. So, we...we would just need instruction from the Board to do an additional six month or twelve month purchase and it can be...we have been using \$980,000.00 as a unit, but we can make it...make it be a smaller amount to bring that down a little more if you want to.

BRUCE PRATHER: Well, all I was thinking about would be that if it all of sudden be an increase up to four or five million.

MARY QUILLEN: Yeah.

BRUCE PRATHER: Then, you know, we're...if we're set on a certain percent that goes into these investments then that thing is kind of an stagnate amount of money---.

DEBBIE DAVIS: And if you all would like to establish a minimum that you want to see in that money market, then, you know, we can base our investments off of whatever minimum you set.

BRUCE PRATHER: Yeah.

MARY QUILLEN: Yeah, I think that's something that the Board should---.

BUTCH LAMBERT: Yeah, we had this discussion several months ago---.

MARY QUILLEN: Yeah.

BUTCH LAMBERT: ---about the minimum that we need to keep in there to cover disbursements and other expenses.

MARY QUILLEN: Right.

BUTCH LAMBERT: I mean, if this Board should decide that it needs to be lower then we can discuss that.

BRUCE PRATHER: Yeah. I mean, I've seen---.

DEBBIE DAVIS: I know with the ongoing---.

MARY QUILLEN: Yeah, there's a couple of things---.

DEBBIE DAVIS: ---weekly audit expenses, you know, and---.

MARY QUILLEN: Yeah, are the things that---.

DEBBIE DAVIS: ---we have been doing quite a few disbursements even in the month of April. I see on the agenda there's quite a few more.

MARY QUILLEN: Right.

DEBBIE DAVIS: So---.

MARY QUILLEN: Yeah, there are.

DEBBIE DAVIS: ---that's the reason when Karen and I discussed, you know, I kind of feel comfortable with not going below what's there now. But if you all feel that we can,---.

MARY QUILLEN: Uh-huh.

DEBBIE DAVIS: ---you know, that's fine. You all have a better view of that than I do.

BUTCH LAMBERT: Yeah.

MARY QUILLEN: I think our concern...one of our big concerns was this audit because we aren't sure exactly, you know.

DEBBIE DAVIS: Right.

MARY QUILLEN: The disbursements we can gage a little better. But as we move forward with (inaudible) this audit I think that was...and that may be something that we can...we will address once we get a little further into that audit. Don't you think?

BUTCH LAMBERT: Yeah, I would suggest that... yeah, I would suggest at this point that we leave it where it is and kind of gage the audit and disbursements as they go. If it needs to be increased or decreased, we can do it at any point.

DEBBIE DAVIS: Yeah, at any time, you know, that...you know, we are on schedule to come back quarterly to give a quarterly report.

MARY QUILLEN: Right.

DEBBIE DAVIS: You know, if we need to come back before then that's not an issue.

MARY QUILLEN: Yeah. We just need that flexibility.

DEBBIE DAVIS: Right.

MARY QUILLEN: We don't want to get caught...and we do appreciate the flexibility that you all have offered us more than we can say.

DEBBIE DAVIS: Right.

KAREN MCDONALD: Well, and by presenting this proposal reinvestment for the rest of the year, it is---

MARY QUILLEN: Yes.

KAREN MCDONALD: ---a framework to think...to think around and it is not written in stone.

MARY QUILLEN: Right.

KAREN MCDONALD: It just gives us the ability to continue to reinvest without having to approach the Board continually. If either of...either party would like reconsider as the year goes on, we're very happy to, you know, present any concerns we might have or changing rate environment and would expect that you would want us to come back if you have concerns.

MARY QUILLEN: Right.

KAREN MCDONALD: So, you know, it is...I...with the Board's approval, I will write a letter to Chairman

Lambert asking for him to approve this as a strategy barring unusual or unforeseen changes in the rate environment or cash flow issues.

BUTCH LAMBERT: Ms. McDonald, I think actually what we'll do is we'll take vote here this morning and---

KAREN MCDONALD: Okay.

DONNIE RATLIFF: Yeah, I'll make a motion that we continue with the investment strategy for twelve months so it would go through April of 2012 and reinvesting on the six month CEDARS accounts as we've done in the past and the twelve month CEDARS account as we have in past with the caveat that it would only come back to the Board if there was a change in the amount of interest or if there was a need to put money over in the money investment account.

MARY QUILLEN: Second.

BUTCH LAMBERT: Ms. Dye, did you hear the motion?

KATIE DYE: Yes, I did.

BUTCH LAMBERT: Okay. Thank you. I have a motion and a second. Are there any further discussions?

(No audible response.)

BUTCH LAMBERT: All those in favor, signify by

saying yes.

(All members signify by saying yes.)

BUTCH LAMBERT: Opposed, no.

(No audible response.)

BUTCH LAMBERT: Thank you, Ms. McDonald, we'll ask you to please continue that investment portfolio that we have discussed.

KAREN MCDONALD: And you have the investment strategy through April of 2012. One last page...and I will send you a letter Chairman Lambert reflecting that for our files---.

BUTCH LAMBERT: Thank you.

KAREN MCDONALD: ---since we take action based on your approval. I did want to highlight briefly the last tab, which is the daily Treasury bill rates. There really has not been a dramatic change in the coupon equivalent rate. We look at the fifty-two week and the twenty-six week as of 4/20/11, the bottom line. The four week and thirteen week returns are absolutely pathetic with four cents on the dollar, you know. I'm not saying that right. With 4 basis points and thirteen weeks is 6 basis points, twenty-six weeks is 11 basis points and fifty-two weeks is 22 basis points. All of those are lower than the January rates. So, we are

nowhere...we are not losing ground in what we're doing in investing CEDARS. There are...we continue to look at the landscape and there are not other good options for liquidity and FDIC coverage other than what...you're seeing the best of what there is in what we're doing for you at the moment. Are there any other questions or comments?

BUTCH LAMBERT: Any questions from the Board or comments?

(No audible response.)

BUTCH LAMBERT: Mr. Asbury, do you have anything to do add to the update?

DAVID ASBURY: I'd just like to say thank you to First Bank & Trust. They have been excellent to work with. Communications is always excellent. They gloss over their fee of 10 basis points. But I think the Board in the future may want to consider looking at the volume and additional work that they have taken on through the audit process as well as the investment process. But as far as our relationship, it couldn't be any better for the investments for the Board and the things that they have done for the Board and staff as well. We certainly appreciate their work on a daily basis.

BUTCH LAMBERT: Okay.

MARY QUILLEN: We do very much so. Thank you.

KAREN MCDONALD: Well, appreciate the relationship---.

BUTCH LAMBERT: Thank you, folks. We really...we really do appreciate you taking the time to come over quarterly and meet us. It's important for us to hear the update that's going on.

KAREN MCDONALD: We're always glad to.

DEBBIE DAVIS: The only thing...in June Karen is going to Scotland. So, you know, she may ought to stay over there rather than---.

BUTCH LAMBERT: We'll come and get her.

SHARON PIGEON: We'll get her update over there.

DONNIE RATLIFF: Check on my family while you're over there.

KAREN MCDONALD: Just give me their address and which castle.

BUTCH LAMBERT: It's...it's not on the agenda at this point, but since we're talking about the escrow and the audit, Mr. Asbury, can you just give us an update on the contractor work and where they are?

DAVID ASBURY: Certainly.

BUTCH LAMBERT: If you can and if you can't we

can move on.

DAVID ASBURY: In the...in the Board's packet there was a summary of information of the Gas and Oil Board hearings. It looks something like this.

DONNIE RATLIFF: It looks exactly like that.

BUTCH LAMBERT: I don't think Ms. Pigeon and I go that.

SHARON PIGEON: Well, I may have it somewhere, who knows. Ms. Dye is sharing with me.

BUTCH LAMBERT: And I'm sharing with Mr. Ratliff. So, we're good to go.

DAVID ASBURY: Okay. We're very pleased again the escrow audit. Let's go to the back page if you don't care, the very last page in this. The---

MARY QUILLEN: We don't have that. Is it the escrow summary March the 31st?

DAVID ASBURY: You and Mr. Prather share that.

BRUCE PRATHER: Sure, sure.

DAVID ASBURY: The last page is a tracking of our interest income and work done by the hourly workers who are diligently working. They've completed their first major producer for the years 2009 and 2008 and they're going back to 2007 and 2006 as we speak. What you have before you, we had gone back to 2007 and looked

at cumulative interest that you have in column one. The interest income in the CEDARS accounts to date beginning the first quarter of January, 2010 shows through the first quarter that we've had income of \$110,299.00. Our agent fees have been \$38,391.00. Our audit costs, this begins January 1, 2010 have totaled \$93,387.00. The first piece of the audit is your first two numbers, your \$23,000.00 plus the \$51,190.00. Most of that is the Robertson, Farmer & Cox Associates set up fees and beginning costs for the audit. The \$18,197.00 is the hourly detailed account work that is ongoing with the three workers...three hourly workers. So, that gives you a feel of about how much it will cost on a quarterly basis. Our estimate is somewhere between \$18,000.00 and \$21,000.00 on a quarterly to continue the detailed account review. And then the net income is over to the side. So, again, what this indicates with the new investment in the CEDARS, if you look at the first quarter of 2011 there was still net income to all of the accounts of \$9,573.00. So, that...for the first five quarters it is negative \$20,479.00 and that's because of the audit costs of \$92,387.00. As far as cumulative interest, I guess the bottom line here is our income and the investments are covering the cost of the audit in

providing some interest income to the escrow account fees and their accounts.

DONNIE RATLIFF: Mr. Asbury, could we add one column to that and put agent fees for 2007 through the fourth quarter of '09 so that we can compare to see if we're treating First Bank fairly?

DAVID ASBURY: I certainly can. The...prior to this...prior to First Bank & Trust their cost were netted and we'll contact Wachovia to see if that information is available as far as how their accounting was, but the report to the Board was a net cost. So, we'll...currently, we don't have that breakout, but we'll attempt to do that. Any questions on that page?

(No audible response.)

DAVID ASBURY: Okay, on the first page, it shows a summary through March the 31st. This gives us our history for the escrow account is 2005, 6, 7, 8 and 9 and then all of 2010 year end and the first quarter of 2011 through March the 31st. It gives the flavor of what the contributions were by our gas producers. On line four or item four, you'll see that for the quarter the contributions by gas producers to the escrow account was \$552,674.00. The interest income was \$34,635.00. The escrow agent fees, the 10 basis points that First

Bank & Trust mentioned, total \$6,866.00. Our hourly worker cost was \$18,196.00. Our disbursements for the quarter, which was one of the record quarters for disbursement was \$259,318.00. So, that was for the quarter and that gives us the year to date balance of \$26,437,049.00. So, again, to be more specific about the hourly account, we have had meetings...initial meeting with Robertson, Farmer & Cox to establish the process that we're going through with the accounts. We...that meeting included our internal auditor with the DMME Mr. Bob Gregory. So, sequent to the initial setup Mr. Gregory has came and reviewed the work by each of the hourly workers and the process that we're going through to review the accounts. He is scheduled back next week for a second review meeting. He has selected sixty-seven random accounts, which he's reviewing independently. He is insuring that our process review of each of the accounts is thorough and will give us the right information at the end of the account work. To give you an example, we've had 2009 information and we've began with CNX, which is out largest producer that's in escrow. The 2009 account information was more than fifty thousand lines of data. It takes each account each well month by month for that production.

When we got the 2007 data, the 2007 information, again, it has more...almost seventy thousand lines of input that our workers are going through. They're comparing each gas unit in the escrow and each month for each well produced and matching up payments from the producer into the bank account. Again, we're in what we call Phase 1, which is really just the data collection of this property. We are through or the workers are through 2009 and 20...most of 2008 for CNX Gas. Some are progressing...they have specific accounts assigned and some are progressing already in 2007. So---

BUTCH LAMBERT: In your estimation, Mr. Asbury, are on track to finish or do we have a schedule?

DAVID ASBURY: We're on track, maybe a little ahead of schedule. My estimate is that it's still going to be able five thousand worker hours to complete just the data collection phase. There will be annual phase of this after we get the data collection. We're trying to do that as much as we can simultaneously. But as the units are completed, we're trying to analyze and to come up with an answer of things that could be incorrect within the three phases of either the gas producers' report, the bank report or the escrow agent's summary. But five thousand hours is still in my mind on track for

that unless we hit additional problems in the future.

BUTCH LAMBERT: Any questions from the Board?

MARY QUILLEN: Mr...yeah. Mr. Asbury, I just have a couple of questions. You said this is all just with the data collection. You were doing some analysis, but not the bulk of the analysis. That will come following that five thousand hours of data collection, correct?

DAVID ASBURY: Yes. The process itself as was established by Robertson, Farmer & Cox has an analytical piece---

MARY QUILLEN: Oh, okay.

DAVID ASBURY: -for each account as we go through it. But as far as us getting into each account and analyzing the account at that time, we're not doing that.

MARY QUILLEN: Right. Right.

DAVID ASBURY: Just in the data collection phase. The process and software that was established for the process shows an automatic problem if all of the accounts don't match across the Board. It will show a flag or problem as the ladies are going through and doing their input...data input. But we have not taken the time at this stage to stop and analyze it.

MARY QUILLEN: Yeah. With as much data as you have collected and will be collecting that would be a little difficult. But just for my own information, when you do start that analysis are you going to target where those flags have come up first or---?

DAVID ASBURY: We--.

MARY QUILLEN: ---are you going to do it in a year to year format like you've collected the data?

DAVID ASBURY: The way the process is that each unit will be collected for this history from 2000 through 2009. Each unit will have its own history and at the end of the process each unit will be analyzed for its own merit and it will go from 2000...January of 2000 through December of 2009.

MARY QUILLEN: Okay. So no matter what comes up over that period that unit will be analyzed for that period of time from 2000 through 2010?

DAVID ASBURY: Correct.

MARY QUILLEN: Okay. Good. Thank you.

BUTCH LAMBERT: Thank you, Mr. Asbury. I appreciate your update. The next item on the docket is a petition from CNX Gas Company, LLC for disbursement of funds from escrow for unit T-36. The petition is for disbursement of a portion of Tracts 3A, 3B and 3C,

docket number VGOB-98-0324-0625-09. All parties wishing to testify, please come forward.

MARK SWARTZ: Mark Swartz and Anita Duty.

KENNETH OSBORNE: Kenneth Osborne for the Linkous Horn Heirs.

SHIRLEY KEEN: I'm Shirley Keen.

MARTHA GUILLIAMS: Martha Guilliams.

RONNIE OSBORNE: Ronnie Osborne.

(Ronnie Osborne, Martha Guilliams, Shirley Keen, Kenneth Osborne and Anita Duty are duly sworn.)

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

MARK SWARTZ: Anita has some revisions that she's going to pass around.

(Anita Duty passes out revised exhibits.)

ANITA DUTY

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

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

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

A. Anita Duty.

Q. Who do you work for?

A. CNX Land Resources.

Q. And with regard to this petition for disbursement, what is it that...what are your job responsibilities?

A. To prepare the petition to make sure the accounts were being paid into properly.

Q. Okay. And this application docket item three today pertains to something that you've described as drilling unit T-36, is that correct?

A. Yes.

Q. And are royalties with regard to this currently being paid under a different order?

A. Yes. Under the Buchanan number 1 sealed gob 2.

Q. Okay. And so this unit is actually with the Buchanan sealed gob unit number 2?

A. Yes.

Q. Okay. Is this request for a disbursement does it pertain to more than one tract?

A. Yes. 3---.

Q. Which tracts?

A. 3A, 3B and 3C.

Q. Okay. And is the disbursement request a

request to disburse part of the funds on deposit or all of the funds on deposit?

A. Partial.

Q. So, the account would need to be maintained after this disbursement if it's approved?

A. Yes.

Q. If you...is the reason for the disbursement request a royalty split agreement?

A. Yes.

Q. Have you actually seen that agreement---?

A. I have.

Q. ---or those agreements?

A. I have.

Q. And what do they call for in terms of a split?

A. 50/50.

Q. Okay. And have you prepared a track by track escrow calculation as you do with regard to these applications?

A. Yes.

Q. And is that the last page of the application and then has it been modified and the last page of which you've passed out today?

A. Yes.

Q. Okay. So, if the Board looks at what you gave them today, they would have the revised calculations, is that correct?

A. Yes.

Q. Okay. And did you do this calculation as of a specific date?

A. February the 28th, 2011.

Q. And where did the balance that you used...the amount due owners the \$248,494.51, where did that number come from?

A. It was provided by David Asbury's office. It was a First Bank & Trust spreadsheet.

Q. Okay. And basically they were giving... First Bank & Trust was giving Mr. Asbury a balance as of 2/28 and he gave you that balance?

A. Yes.

Q. And that's the number that you started with?

A. Yes.

Q. And, obviously, if we compare the disbursement amounts on your Exhibit A1, clearly the disbursements that you're indicating here would be substantially less than the total on deposit?

A. Yes.

Q. Okay. With regard to Tract 3A, would you indicate to the Board the folks or companies that would be receiving the proposed disbursement and the percentage that the escrow agent should use to make the disbursement?

A. For Tract 3A, Hurt McGuire Land Trust should receive a total of 11.0899%. Margaret Dye, Nellie Maynard and Tammy Boyd Street should each receive 0.3824%. Patricia Horton, Nellie Maynard, Tammy Street, Margaret Dye, Danny Elder and Robert Elder should each receive 0.1275%. Joseph P. Horn, Nancy Stilwell, Martha Smith and Sara Day should each receive 2.2945% of escrow.

Q. And with regard to Tracts 3B and 3C, who would be the folks that the checks should be paid for and what should...the percentages should the escrow agent use in calculating that amount?

A. For Hurt McGuire Land Trust they should receive a total of 0.1287%. Margaret Dye, Nellie Maynard and Tammy Boyd Street should each receive 0.035%. Tammy Street and Margaret Dye should each receive 0.0117%.

Q. Okay. And are you requesting that on a

going forward basis the operator be allowed to pay these people directly in accord with their split agreement as opposed to escrowing these funds?

A. Yes.

Q. And you've indicated the wells that contributed originally to T-36 at the bottom of Exhibit A1, correct?

A. Yes.

Q. And you've provided the Board with a revised Exhibit E that would reflect escrow requirements following this disbursement if it's approved, correct?

A. I have.

Q. And you've updated Exhibit EE as well?

A. Yes.

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

BUTCH LAMBERT: Who is going to speak for this side?

KENNETH OSBORNE: I'll speak first. Kenneth Osborne, again, the Linkous Horn Heirs. We're here today to object to any disbursements from any of the accounts that involve Linkous Horn. As we've been here previously, we still stand by the fact that the paperwork is not right and the percentage is not right. I'm not even sure if any of the proper paperwork is in.

I'm just looking a sheet from...these come from CNX and it shows the percentages, but it also states that you can't really base anything on these percentages. They're only for estimates. And, again, there's no way that...some of the money we can't track such as all of the wells now. I understand this is for certain tracks for disbursement. But if you can't...once the wells no longer produce from this and goes into the gob unit, there's no way to track the money, the deposits and even the new system that they've got out. There's no way to track it. It's...it's either no up to date or it's set up like that so we can't track it. But we're here today to object to any disbursements from these wells until the paperwork is straight and the percentages is straight.

BUTCH LAMBERT: Are you folks with the company to get those percentages straight...to use your terms getting them straight? That's a question.

KENNETH OSBORNE: Excuse me?

BUTCH LAMBERT: Are you folks working with the company, to use your terms, trying to get those percentages straight?

KENNETH OSBORNE: Well, that has been the ongoing situation for several months now, but we still

have no clarification that anything is straight. We met with Mr. Asbury. I know several of family members has talked with Ms. Duty. And as of now, we're still...there's no clarification that anything is straight.

BUTCH LAMBERT: What do you think it will take to get things straight in your mind, straight for you and the Linkous Horn Heirs?

KENNETH OSBORNE: I think it's going to take sitting down and going over all of these figures from the time that the wells were stopped pumping on the individual wells itself and entered into the gob unit and then the money tracked from there. The money that has been in suspense accounts that we can't get any information on. The...why the percentages are...we can't get the percentages straight because they still have listings of deceased people that allegedly had signed an agreement. One of the things that we're asking for is the proof that these people did sign the agreement and the paperwork showing that we haven't been...none of that has been produced to us.

BUTCH LAMBERT: Ms. Duty, can I ask you a question? Have you...have you, in fact, tried to work with these folks?

ANITA DUTY: I have on several occasions. I actually just this past Thursday, Shirley Keen came up with I think Paul Osborne, and I thought we were okay, but maybe we aren't. I thought we had everything straightened out because they had some problems with the heirship and I think we talked about it. I think we straightened out our problem.

KENNETH OSBORNE: Mr. Chairman, we're not denying that they're not trying to work with us to straighten this out. The fact is it's not straightened out. We're just asking no disbursements until all of it's straightened out.

BUTCH LAMBERT: Any other questions from the Board?

MARY QUILLEN: I have just one question. Are any of you any of these people that are listed in Tract 3A or 3B and C?

MARTHA GUILLIAMS: Ms. Quillen, are you asking are we...do we have money in these accounts from these tracts?

MARY QUILLEN: Right. The people that are listed here as being the owners of these percentages that we're actually addressing.

MARTHA GUILLIAMS: We don't have copies, so I

don't know---.

MARY QUILLEN: Oh, I'm sorry. I'm sorry.

MARTHA GUILLIAMS: ---exactly what you're saying.

MARY QUILLEN: Margaret Dye, Nellie Maynard, Tammy Boyd Street, Patricia Horton, Nellie Maynard, Tammy Boyd Street, Margaret Dye, Danny Elder, Robert Elder, Joseph P. Horn, Nancy Ann Stilwell, Martha Smith and Sara Day?

KENNETH OSBORNE: Okay. All of that are kind people. So, is your question...are you asking are we---?

MARY QUILLEN: Oh, but you...they're not---.

KENNETH OSBORNE: ---the ones that's objecting or---?

MARY QUILLEN: No. I'm just asking are you all any of these people that are actually listed?

KENNETH OSBORNE: No.

MARY QUILLEN: Okay. And then...in 3B and 3C, Margaret Dye. I think that's the same people that are listed in 3A. But none of you are the people that are listed in this Tract 3A or 3B?

KENNETH OSBORNE: No.

MARY QUILLEN: Okay. Thank you.

BRUCE PRATHER: Are any of you Heirs of these people?

KENNETH OSBORNE: Yes.

RONNIE OSBORNE: Yes, all of them.

KENNETH OSBORNE: We're all Heirs.

BRUCE PRATHER: How many of these people on the list? We've got...how many of them are deceased?

KENNETH OSBORNE: None on that list.

BRUCE PRATHER: Okay.

KENNETH OSBORNE: It's their...it's their parents.

SHARON PIGEON: So, you're not heirs of these people?

KENNETH OSBORNE: So, of the parents are deceased.

MARY QUILLEN: But the people that are actually listed are not deceased?

KENNETH OSBORNE: Other than Larry Horn, no.

MARY QUILLEN: Larry Horn?

KENNETH OSBORNE: If he's on that list.

BRUCE PRATHER: It's his Heirs.

BUTCH LAMBERT: It's his Heirs.

MARY QUILLEN: No. These people are listed as his Heirs and these are the people...the people that I

called their name are actually the people that the...the percentage will be disbursed to.

KENNETH OSBORNE: Okay. Again, we don't have a sheet. What people are you saying that's Larry Horn's---?

MARY QUILLEN: Margaret Dye, Nellie Maynard, Tammy Boyd Street, Patricia Horton, Nellie Maynard---

SHARON PIGEON: No, I don't think that Patricia Horton is a Larry Horn Heir.

BRUCE PRATHER: No. It's these three.

KENNETH OSBORNE: None of them that you mentioned are a Larry Horn Heir.

SHARON PIGEON: The first three are listed as the Larry Horn Heirs.

MARY QUILLEN: Margaret Dye, Nellie Maynard and Tammy Boyd Street are listed as the Larry Horn Heirs.

MARTHA GUILLIAMS: They're the only ones.

MARY QUILLEN: But these people that I named are not deceased and none of you are those people?

KENNETH OSBORNE: No.

MARY QUILLEN: Okay. Okay.

KENNETH OSBORNE: And this is the 50...this is about the 50/50 split agreement, correct?

BUTCH LAMBERT: That's what was testified.

KENNETH OSBORNE: They're requesting disbursements for the fact of they signed a 50/50 split agreement, correct?

BUTCH LAMBERT: That's what they've testified to.

SHARON PIGEON: These people on this list have signed---.

KENNETH OSBORNE: Right. And that 50/50 split agreement was an agreement that the Gas and Oil Board drew up or the State of Virginia drew up or, in fact, the---.

MARY QUILLEN: This is between the owner and the company.

KENNETH OSBORNE: ---50/50 split agreement was drawn up by Hurt McGuire's attorneys. Correct?

BUTCH LAMBERT: Don't know.

MARK SWARTZ: I don't know.

KENNETH OSBORNE: Who is Charles Green?

ANITA DUTY: He's representing---.

MARK SWARTZ: He's a lawyer, I think.

ANITA DUTY: He represents Hurt McGuire.

KENNETH OSBORNE: For Hurt...represents Hurt McGuire?

MARY QUILLEN: These are individual contracts

that we don't have any...any control over?

KENNETH OSBORNE: Right. Well, I'm talking about the 50/50 split agreement. I mean---

MARY QUILLEN: Right. These are contracts between the individuals and the company.

KENNETH OSBORNE: That the Hurt McGuire representative has drawn up, correct?

MARY QUILLEN: We don't know. These are...these are private individuals. We don't...that's not something that the Board has jurisdiction over. These are private agreements between individuals.

KENNETH OSBORNE: But you all can rule on a...if they signed a split agreement, Hurt McGuire and these people listed, you all can release money. But the question that I'm asking is the split agreement that was drawn up, did the Board...did anybody oversee that before these people signed it?

MARY QUILLEN: We don't have...we don't have jurisdiction over private contracts. Once the contracts are signed and presented to the Board, then that's what...what we disburse the money on. But we don't have any jurisdiction over those private contracts.

KENNETH OSBORNE: So, you have two entities. You have Hurt McGuire and you have these Linkous Horn

Heirs. They signed a split agreement that is, in fact, drawn up by Hurt McGuire attorneys.

MARY QUILLEN: I have no idea. We don't know---.

KENNETH OSBORNE: Well, it states it right on the paperwork, Charles Green, and he represents Hurt McGuire.

MARY QUILLEN: But we don't have that information. These are contracts that have already been signed prior to the time that they're presented to us.

BRUCE PRATHER: The legality of these contracts is based on the notarization of that signature. So, if a certified notary public has signed the signature...has attested to the signature of the people on the document and it's notarized and it has the date and their seal etcetera. It's a legal document.

KENNETH OSBORNE: This is not from a legal standpoint. It's from an ethics standpoint. These people were taken advantage of.

MARY QUILLEN: Well, I mean---.

MARK SWARTZ: Well, you know, these people got notice of this hearing that money was going to come out today potentially to them and not one of these people have showed up to say we didn't sign the agreement. We

didn't like the agreement. We feel that we were taken...they got notice of this hearing today. None of them are here.

KENNETH OSBORNE: Mark, the argument is not about any...I'm sorry. Mr. Chairman, the argument is not about anybody signing them. It's the fact that...the way this split agreement was drawn up.

MARK SWARTZ: Well, we're wasting time because---

BUTCH LAMBERT: Yeah.

MARY QUILLEN: Yeah.

BUTCH LAMBERT: Let me try to pull us back here. That's what this is about. We're faced with these folks that are on this disbursement list that we have testimony that there has been a 50/50 split agreement signed and that agreement has been reviewed. We were provided testimony with that. So, whether...whether we determine that...this Board cannot determine whether not that's ethical or not. We have to go on the facts that we're presented. If you folks...any of you folks aren't these people that are listed in this disbursement order, then I don't...I'm not so sure what you're here objecting about.

KENNETH OSBORNE: We're here objecting to any

disbursements from the Linkous Horn accounts and to make sure that it's on record.

BUTCH LAMBERT: Okay. Thank you. Any further questions from the Board?

(No audible response.)

BUTCH LAMBERT: Do I have a motion?

MARY QUILLEN: Motion to approve.

DONNIE RATLIFF: Second.

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

(No audible response.)

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

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

BUTCH LAMBERT: Opposed, no.

KATIE DYE: I'll abstain.

BUTCH LAMBERT: One abstention, Mrs. Dye. Thank you, Mr. Swartz. That disbursement is approved.

MARK SWARTZ: Thank you.

BUTCH LAMBERT: The item on the docket is item number four, a petition from CNX Gas Company, LLC for disbursement of funds from escrow from unit S-36. The petition is for disbursement of the portion of Tracts 3

and 3C, docket number VGOB-98-0324-0626-08. All parties wishing to testify, please come forward.

MARK SWARTZ: Mark Swartz and Anita Duty, again.

KENNETH OSBORNE: Kenneth Osborne, the Linkous Horn Heirs.

MARTHA GUILLIAMS: Martha Guilliams, the Linkous Horn Heirs.

SHIRLEY KEEN: Shirley Keen, the Linkous Horn Heirs.

RONNIE OSBORNE: Ronnie Osborne, the Linkous Horn Heirs.

(Anita Duty passes our revised exhibits.)

BUTCH LAMBERT: You may proceed, Mr. Swartz.

MARK SWARTZ: Thank you.

ANITA DUTY

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

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

Q. Anita, could you state your name for us, please?

A. Anita Duty.

Q. I'll remind you that you're still under

oath, okay.

A. Yes.

Q. We're here on a petition...a miscellaneous petition to make a disbursement from drilling unit S-36, is that correct?

A. Yes.

Q. And currently production pertaining to S-36 is being paid under a different order, Buchanan Number 1 seal gob unit 2, is that correct?

A. Yes.

Q. It's the same situation that we just talked about in the last application?

A. It is.

Q. Okay. All right. Is this a partial disbursement or a complete disbursement?

A. Partial.

Q. The tracts that are involved?

A. Tracts 3 and 3C.

Q. And the reason that you're asking for a disbursement is why?

A. Why have the royalty split agreement between the parties.

Q. And have you seen those agreements?

A. I have.

Q. Have you reviewed them?

A. Yes.

Q. What are their terms?

A. 50/50.

Q. You've got on your applic...on your petition you've got a list of folks that you're proposing a disbursement to, is that correct?

A. Yes.

Q. And then in a revised Exhibit that you passed out to the Board today, there's an Exhibit A1 that lists the people that would be receiving disbursements at least...or proposed to receive disbursements, correct?

A. Yes.

Q. Did you provide those people that are proposed to receive disbursements notice of today's hearing?

A. I did.

Q. Did you do that by mail?

A. Yes.

Q. And did you also publish?

A. No.

Q. You just mailed?

A. Yes.

Q. Okay. Do you have proofs...proof with regard to mailing that you're going to provide to Mr. Asbury today, if you haven't already?

A. I do.

Q. Okay. Are any of those people as far as you know that you've noticed of this hearing that are potentially going to receive money are any of them here today as far as you know?

A. No.

Q. Okay. Let's go to Exhibit A1, the revised exhibit that you passed out to the Board today, on that have you listed in two sections one dealing with Tract 3 and one dealing with Tract 3C?

A. Yes.

Q. Who would be the proposed payees and the percentages associated with the payments to them for Tract 3?

A. Hurt McGuire Land Trust should receive a total of 3.5911%. Margaret Dye, Nellie Maynard and Tammy Boyd Street should each receive 0.9794%. Tammy Boyd Street and Margaret Dye should also receive an additional 0.3265%.

Q. And then with regard to Tract 3?

A. Hurt McGuire Land Trust should receive a

total of 7.8768%. Margaret Dye, Nellie Maynard and Tammy Boyd Street should receive 0.2716% each. Patricia Horton, Nellie Maynard, Tammy Boyd Street, Margaret Dye, Danny Elder and Robert Elder should each receive 0.0905%. Joseph Horn, Nancy Stilwell, Martha Smith and Sara Day should each receive 1.6297% of the escrowed unit.

Q. Okay. And the well contributing to this escrow before...within the Buchanan seal gob unit number 2 was what well?

A. S-36.

Q. Okay. Was this...was this calculation done with regard...using balances as of a certain date?

A. February the 28th, 2011.

Q. And the balance on that date was what?

A. \$266,649.50.

Q. And what it be your expectation that there's more money in that account at the moment?

A. No.

Q. Okay. Because it's all going?

A. To the sealed gob.

Q. Okay. With regard to the folks in this unit then there shouldn't be any future deposits, correct?

A. Correct.

Q. Okay. And with regard to the escrow agent and the instructions to the escrow agent, should the Board indicate that the escrow agent should use these percentages rather than dollar figures?

A. Yes.

Q. Okay. And that's because even though there aren't going to be future deposits there are costs and there are interest adjustments. So, they should use the percentage rather than a dollar figure.

A. Yes.

Q. Okay. Have you also provided the Board with an updated Exhibit E with regard to what...what interest should remain in escrow after these disbursements if they're approved?

A. Yes.

Q. And have you also provided an updated Exhibit EE?

A. I have.

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

BUTCH LAMBERT: Mr. Osborne.

KENNETH OSBORNE: Of course, Mr. Chairman, again, we're objecting to any disbursements from the

account. But to make sure that I understood this right, Mr. Swartz stated to Ms. Duty any further disbursements from those accounts would be done by percentage basis and not dollar figures. Was that...did I understand right?

MARK SWARTZ: That's right.

BUTCH LAMBERT: Based on the 50/50---.

MARK SWARTZ: That's how it's always done.

BUTCH LAMBERT: It's based upon the 50/50 split agreement.

MARK SWARTZ: Correct.

KENNETH OSBORNE: Now, this is only involving anyone that signed a 50/50 split agreement, correct?

BUTCH LAMBERT: And the one that we have in this petition for disbursement.

KENNETH OSBORNE: Okay, I just wanted to make sure. Anyone that signed a 50/50 split agreement that we're talking about these wells today?

MARK SWARTZ: No.

BUTCH LAMBERT: No. Only those folks that are listed in this petition.

SHARON PIGEON: For these specific tracts. These are partial.

KENNETH OSBORNE: Yes, sir. That's what I'm

saying. But any further disbursements for them and for them only will be done by a percentage basis and not dollar figures?

BUTCH LAMBERT: 50/50. I think I---.

SHARON PIGEON: But the percentages...the percentage listed on this attachment right here, A1. The reason that he's saying that is the bank is making deductions for costs that are taking out, escrow account fees and interest is being paid into the account. So, this dollar is somewhat flexible for that reason. So, you use the percentage to apply to that total. I think I restated that---.

MARK SWARTZ: Correct.

SHARON PIGEON: Thank you. And so that's the point for the percentage to be used on that.

KENNETH OSBORNE: Well, that's what I'm trying to understand here. Future disbursements to these people that signed the 50/50 split agreement it will be done by a percentage and not by dollar figure, correct?

MARK SWARTZ: Correct.

KENNETH OSBORNE: So, that goes back to the other situation of how can you properly calculate the moneys from this gob unit that represents these wells now?

SHARON PIGEON: The escrow agent will get the instruction to use the percentage.

MARK SWARTZ: We're not paying out of the gob unit.

BUTCH LAMBERT: Yeah. This is (inaudible).

SHARON PIGEON: (Inaudible).

MARK SWARTZ: This is a closed out of S-36 before it went into a gob unit. I mean, that's what this is.

KENNETH OSBORNE: I understand that Mr. Swartz. I'm just trying to clarify. You stated any further payments to these individuals. It would have to come from the gob unit, correct, since these wells are closed out?

BRUCE PRATHER: Yeah.

KENNETH OSBORNE: Mr. Chairman?

MARK SWARTZ: Well, to the extent they're in escrow, we would have to come back here to get---

BUTCH LAMBERT: It's not just...yeah, it's not as simple as your question. Your question doesn't have a simple straight forward answer. That's why I hesitated trying to figure out how to best answer your question. But they will have to come back just like---

MARK SWARTZ: This will zero out their interest,

the people on this list in S-36. That's all that this is doing.

SHARON PIGEON: When you future payments, you meant just to get this paid? You weren't talking about future---?

MARK SWARTZ: Right. Right. It's like tomorrow or after today.

SHARON PIGEON: Yes. Right. Not that more money is going to go into this old unit and will be disbursed later?

MARK SWARTZ: To the extent they have money coming to them, the people on this list, those dollars---?

SHARON PIGEON: Tomorrow or a week---?

MARK SWARTZ: ---are going into the Buchanan sealed gob unit 2, correct? No?

SHARON PIGEON: Later.

ANITA DUTY: Actually, we are already paying them directly in the sealed gob because they signed the agreement before this well was established. So, once it was established we continued to pay them directly. We never escrowed their money.

SHARON PIGEON: So, they're getting their money on that directly now?

ANITA DUTY: They're getting their money on the sealed gob, yes.

MARK SWARTZ: Okay. Good.

SHARON PIGEON: All right. So, this is to close out an old---?

KENNETH OSBORNE: I'm confused. Mr. Chairman, how were they paid before this sealed gob unit was established?

MARK SWARTZ: They weren't.

KENNETH OSBORNE: Wasn't that what Ms. Duty just said?

MARK SWARTZ: No.

MARY QUILLEN: No.

MARK SWARTZ: By the time we formed the sealed gob unit, they had signed their split agreements and they were subjected to a EE...Exhibit EE and they got paid is what Ms. Duty is telling us.

ANITA DUTY: Because these accounts were older, we had to go back and get the underlying units paid out.

SHIRLEY KEEN: But this is only to take out these people's portion. It has nothing to do with the whole unit.

SHARON PIGEON: Correct.

BUTCH LAMBERT: That's correct.

SHIRLEY KEEN: It has nothing to do with the rest of the Linkous Horn Heirs. It's only for Marg and Henry's people, the one...Joe, Martha and Sara. It has nothing to do with the account except their part.

SHARON PIGEON: That's right.

BUTCH LAMBERT: That's correct.

MARY QUILLEN: That's correct.

SHARON PIGEON: And ours will still go into the escrow account, but theirs won't go into the escrow account. Theirs will be paid directly to them.

KENNETH OSBORNE: No. Ours goes into the sealed gob unit account except for what is already established in this escrow account for us. I'm trying to figure how they're going to calculate the money only be a percentage instead of a dollar figure from this huge gob unit that we still have no way to track the money.

BUTCH LAMBERT: Well, Mr. Osborne, we could sit here all day and debate that issue. But, unfortunately, that's not what this petition is about and we need...we need to move on. It seems like to me you need to continue to have discussions with Ms. Duty as you have and try to get those issues worked out.

RONNIE OSBORNE: Can I ask one question? Is my name on any of this that's going to disbursed today?

BUTCH LAMBERT: No.

MARY QUILLEN: No. I read all of those names---

MARK SWARTZ: No. We know better than to do that.

MARY QUILLEN: Yeah.

RONNIE OSBORNE: I'm getting out of the way. I'm getting out of the way. I don't need...I don't need to be right here.

SHARON PIGEON: Nowhere.

MARY QUILLEN: Mr. Chairman, I have one question for Anita. Anita, the green cards that were the responses to the notices, did you receive all of the green cards from each of these folks?

ANITA DUTY: Yes. We had a return from Tammy Street with a new address noted on it and we've remailed it. We still don't have that back yet. But other than that, we have them all---.

MARY QUILLEN: You have all of them?

ANITA DUTY: Yes.

MARY QUILLEN: Thank you very much.

BUTCH LAMBERT: Mr. Asbury?

DAVID ASBURY: Just one comment because there may be others that this comment would benefit. When you

have tracts in a unit like S-35 or S-36, and we talked about this with some of the family members, if you owned an acre and that acre goes into escrow you're tagged with that acre. Your acreage stays in escrow and is paid as such until you're disbursed. If someone else owns another acre and they sign a split agreement, then their acre is disbursed and it comes out of escrow. But until your gas acreage is in conflict for that gas acreage is resolved, your acreage and your money as a percentage of that gas unit stays in escrow.

KENNETH OSBORNE: I understand that, Mr. Asbury.

DAVID ASBURY: Okay.

BUTCH LAMBERT: Anything further, Mr. Swartz?

MARTHA GUILLIAMS: Yes, please. I do have a question. Exactly what...this is...will this go into one of those suspended accounts? Will money still be going...exactly once this is paid out today, he's saying these accounts will be closed. So, what will happen...okay, then what did you say?

MARK SWARTZ: No. This escrow account will still be maintained. This is only a partial disbursement.

MARTHA GUILLIAMS: Well, what happens with the suspended accounts? What causes the suspended accounts?

MARK SWARTZ: Well, this isn't a suspended account.

MARTHA GUILLIAMS: I know. But I want...I do have this question. I'm just being very careful. I mean, for the record, we are objecting to this. I don't...whatever you do is fine. But we are making an objection to this, okay. But what happens with...why would an account go into suspension?

MARK SWARTZ: If you have no place to pay the money.

ANITA DUTY: If there's not an account established already with First Bank & Trust. Like waiting on a...like a Board order or a supplemental. We have to hold it until the accounts is established.

MARTHA GUILLIAMS: We won't take any more time on that because I'll call you about that. David was going over one with us, but we never did get a straight answer.

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

MARY QUILLEN: Motion to approve.

DONNIE RATLIFF: Second.

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

(No audible response.)

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

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

DAVID ASBURY: Mr. Chairman.

BUTCH LAMBERT: Mr. Asbury.

DAVID ASBURY: Just before approval. We did find that there is a slight acreage difference in the disbursement. This wasn't discovered until late. My apologies. But if the Board agrees, the staff will work with CNX to make the acreage and it could be a rounding issue. We were clear and agreed up through disbursement of '07. So, our acreage after '07 going into '08 slightly differs, which could change the percentages slightly, probably to the thousandths of a percentage. But the acreage beginning balance difference from what was presented today. If the Board allows, the staff will work with CNX to find our differences before you and I sign and execute the order.

BUTCH LAMBERT: Ms. Quillen, would you revised your motion to reflect that, please?

MARY QUILLEN: Well, I'm looking at these and it is out to like three decimal points. So, it is a very

marginal adjustment. I just like at these that...and everyone of them aren't. I will revise my motion to approve based on the adjustments that were made in the escrow audit.

DONNIE RATLIFF: And I'll second that.

BUTCH LAMBERT: Is that exactly right? I don't think it is.

MARY QUILLEN: Is that right?

DAVID ASBURY: The issue is the beginning acreage in escrow right now. And CNX and staff agree with how many acres were in escrow through our '07 disbursement. We have 4, 5, 6 and 7 disbursed previously. The acreage was coming out from particular tracts in escrow. We all agree until '07. There's probably a rounding difference in one of the tracts going from '07 to '08. They're...in their exhibit, the Exhibit A1 at the top of the page, they show acres in escrow of 23.348 and we differ slightly from that number, which would change the percentages slightly. So, what we're asking the Board to do is allow us...allow staff to work out that difference and disburse based on the previous history and agreements of the tracts that have been disbursed prior to...prior to this payment.

BUTCH LAMBERT: And you'll have that correction made before the order is to be signed?

DAVID ASBURY: Yes, sir.

BUTCH LAMBERT: Okay.

BRUCE PRATHER: You can't close out this account if these numbers aren't in agreement, can you?

DAVID ASBURY: That's correct. And what I'm saying is we...staff will work with CNX Gas to make sure that the petitions are correct before it's executed by Chairman Lambert and myself.

BUTCH LAMBERT: So revised?

MARY QUILLEN: So revised. So revised.

BUTCH LAMBERT: Do I have a second?

DONNIE RATLIFF: Second.

BUTCH LAMBERT: I have a motion and a second. All those in favor, signify by saying yes.

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

BUTCH LAMBERT: Opposed, no.

KATIE DYE: I'll abstain.

BUTCH LAMBERT: One abstention, Mrs. Dye. Ladies and gentlemen, we're going to take about a ten minute recess. We'll resume at twenty-five till.

(Break.)

BUTCH LAMBERT: Ladies and gentlemen, if you'll please take your seats. If you'll please take your seats. We're ready to start back. The next item on the docket is item number five, a petition from CNX Gas Company, LLC for disbursement of funds from escrow for unit S-37. The petition is for disbursement of a portion of Tract 5, docket number VGOB-98-0421-0649-05. All parties wishing to testify, please come forward.

MARK SWARTZ: Mark Swartz and Anita Duty.

KENNETH OSBORNE: Kenneth Osborne, the Linkous Horn Heirs.

SHIRLEY KEEN: Shirley Keen, the Linkous Horn Heirs.

MARTHA GUILLIAMS: Martha Guilliams, the Linkous Horn Heirs.

BUTCH LAMBERT: You may proceed, Mr. Swartz.

MARK SWARTZ: We've got some revised exhibits.

(Anita Duty passes out revised exhibits.)

ANITA DUTY

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

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

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

A. Anita Duty.

Q. I'm going to remind you that you're still under oath.

A. Okay.

Q. Who do you work for?

A. CNX Land Resources.

Q. Is the preparation of the petition and the supporting documentation for a disbursement from the escrow pertaining to S-37, is that part of your job duties?

A. Yes.

Q. And did you mail notice to the folks who are supposed to receive disbursements today?

A. Yes.

Q. And when did you do that? Within the last month?

A. March the 11th.

Q. Okay. Okay. And are you going to provide proof of the mailing to Mr. Asbury before you leave today?

A. I did.

Q. Okay. And is this a request to disburse

only a portion of one tract?

A. Yes.

Q. Would the escrow account be required to be maintained after this disbursement?

A. It will.

Q. And this disbursement comes out of an escrow account created for unit S-37, is that correct?

A. Yes.

Q. Is it true that no money is currently going into S-37 because production of royalties are now going into Buchanan number 1 sealed gob unit 2?

A. Yes.

Q. Okay. Have you prepared an Exhibit A1 escrow calculation with regard to this unit?

A. I have.

Q. And who are...strike that. What's the reason behind the request for a disbursement here?

A. There's a royalty split agreement between the parties.

Q. Okay. Have you actually seen that agreement?

A. I have.

Q. And what does it provide in terms of the split?

A. 50/50.

Q. And who would be the people that you propose receive this particular disbursement and the percentages that the escrow agent should use to make the disbursement?

A. Hurt McGuire Land Trust should receive 5.2884% total. Margaret Dye, Nellie Maynard and Tammy Boyd Street should each receive 1.4423% each. Then Tammy Boyd Street and Margaret Dye should receive an additional 0.4808%.

Q. And the production royalties that were funding this escrow account were coming from what well?

A. S-37.

Q. Okay. Was this calculation done as a date certain?

A. It was February the 28th.

Q. Okay. And what was the balance that you used to make the percentage calculations?

A. \$7,305.18.

Q. And where did that number come from?

A. From information provided by David Asbury's office and First Bank & Trust.

Q. And should the order, if there is one allowing this disbursement, direct the escrow agent to

use the percentages rather than the dollar amounts?

A. Yes.

Q. And that would be because even though there may not be additional royalty revenue going into the account there's certainly going to be cost changes and escrow cost changes and escrow interest changes?

A. Yes.

Q. Okay. And have you provided the Board with a revised Exhibit E, which discloses what the escrow situation needs to be going forward and also a revised Exhibit EE?

A. Yes.

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

BUTCH LAMBERT: Mr. Osborne.

KENNETH OSBORNE: Mr. Chairman, I just, again, object to any disbursements from the Linkous Horn accounts...the Linkous Horn Heirs' wells due to the percentage paperwork and other problems.

BUTCH LAMBERT: Any questions from the Board?

MARY QUILLEN: Mr. Chairman, I have just one question from Anita. The green response cards, did you receive all of those for this particular item...agenda item?

ANITA DUTY: Actually, we mailed all five of

those in one envelope.

MARY QUILLEN: Uh-huh.

ANITA DUTY: And it's the same situation where we had the Tammy Boyd Street that was returned with the new address and we remailed it.

MARY QUILLEN: Okay.

ANITA DUTY: There we mailed altogether.

MARY QUILLEN: And these are the same...some of the same people that were on those previous docket items?

ANITA DUTY: Yes.

MARY QUILLEN: Thank you very much.

MARTHA GUILLIAMS: Mr. Chairman, I have a question.

BUTCH LAMBERT: Ms. Guilliams.

MARTHA GUILLIAMS: Okay. Why are we disbursing money to Tammy Boyd Street and Margie Dye? Why do we not have Nellie Maynard listed with these two?

MARK SWARTZ: She is.

BUTCH LAMBERT: Nellie Maynard is listed.

MARTHA GUILLIAMS: But that's with Larry's Heirs.

ANITA DUTY: She was already paid out of the other piece previously.

MARTHA GUILLIAMS: She was?

ANITA DUTY: Yes.

MARTHA GUILLIAMS: She paid...okay.

BUTCH LAMBERT: Anything further, Mr. Swartz?

MARK SWARTZ: No.

BUTCH LAMBERT: Do I have a motion?

DONNIE RATLIFF: Motion to---.

MARY QUILLEN: Motion to...oh, pardon me.

DONNIE RATLIFF: ---approve.

MARY QUILLEN: Second.

DONNIE RATLIFF: I have a motion and a second.

Any further discussion?

(No audible response.)

DONNIE RATLIFF: All those in favor, signify by saying yes.

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

BUTCH LAMBERT: Opposed, no.

KATIE DYE: I'll abstain.

BUTCH LAMBERT: One abstention, Mrs. Dye. It's approved. Calling docket item number six, a petition from CNX Gas Company, LLC for disbursement of funds from escrow for unit T-37. The petition is for disbursement of portions of Tract 1A, docket number VGOB-98-0421-

0650-05.

MARK SWARTZ: Mark Swartz and Anita Duty. We've got some revised exhibits, Mr. Chairman.

KENNETH OSBORNE: Kenneth Osborne, the Linkous Horn Heirs.

MARTHA GUILLIAMS: Martha Guilliams, Heir to the Linkous Horn Estate.

SHIRLEY KEEN: Shirley Keen, the Linkous Horn Heirs.

RONNIE OSBORNE: Ronnie Osborne, the Linkous Horn Heirs.

(Anita Duty passes out revised exhibits.)

BUTCH LAMBERT: You may proceed, Mr. Swartz.

MARK SWARTZ: Thank you.

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. Who do you work for?

A. CNX Land Resources.

Q. Did you prepare this petition and the related exhibits?

A. I did.

Q. And we're talking about a proposed disbursement from a drilling unit known as...or an escrow account opened with regarding to drilling unit T-37, is that correct?

A. Yes.

Q. And currently revenue attributable to that acreage is going into the Buchanan number 1 sealed gob unit 2, is that correct?

A. Yes.

Q. Okay. And this is a partial disbursement from one tract, correct?

A. It is.

Q. And what's the tract that we're disbursing from?

A. Tract 1A.

Q. Would the escrow agent be required to maintain this account...this escrow account even after these disbursements were made?

A. Yes.

Q. Okay. Have you provided the Board with

a revised escrow calculation?

A. Yes.

Q. And is that as of a date certain?

A. February the 28th.

Q. Okay. And did you use a...what balance did you use to make your calculations?

A. \$41,671.67.

Q. And where did that number come from?

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

Q. And did you provide by mail notice to the folks listed on Exhibit A1 that there would be a hearing today?

A. I did.

Q. And if you haven't already, do you plan on providing Mr. Asbury with copies of your mailing information?

A. Yes.

Q. Okay. The calculations and percentages were driven by the percentages as of...the percentages of the total on 2/28/11, is that correct?

A. Yes.

Q. The reason for this request is what?

A. A royalty split agreement, which is

50/50 between the parties.

Q. Okay. And have you actually had that agreement in your hand and read it?

A. Yes.

Q. Okay. Who are you proposing receive this partial disbursement and what percentages should the escrow agent be using?

A. Hurt McGuire Land Trust should receive 1.4457%. Margaret Dye should...Margaret Dye, Nellie Maynard and Tammy Street should each receive 0.3943% and Tammy Boyd Street and Margaret Dye should receive an additional 0.1314%.

Q. And with this account for this unit was receiving royalty funds in escrow, what well were they coming from?

A. T-37.

Q. Have you provided the Board with an amended or revised Exhibit E and a revised Exhibit EE, which would show what would need to remain in escrow if these disbursements were made and what royalty split agreements have yet to be accounted for?

A. Yes.

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

BUTCH LAMBERT: Any questions from the Board?

(No audible response.)

BUTCH LAMBERT: I guess, Ms. Duty, from our revised exhibits that Tanya Hess that was on our original, what happened with her?

ANITA DUTY: We were actually provided a copy of a Will from, I guess, the original Heir of...a original child of Linkous Horn when Ms. Keen and Mr. Osborne came up to my office on Thursday and that changed the...the Will gave the property completely to Wesley. So, we had to take her out.

BUTCH LAMBERT: So, she's being deleted from your revised?

ANITA DUTY: She is.

BUTCH LAMBERT: Okay. Any other questions from the Board?

(No audible response.)

BUTCH LAMBERT: Mr. Osborne.

KENNETH OSBORNE: Mr. Chairman, again, I object to any disbursements from any of the Linkous Horn wells due to the paperwork issue and percentage issue. I do have a question. I don't have a copy of the first three, but I noticed on these last two back here in Exhibit A1 track escrow calculations. I noticed that it says...it shows Linkous Horn 1.68 acres and the Hurt

McGuire Land Trust 0.9707. Why is that different? It's also different on the previous one that we done again. Like I said, I don't have the first three so I didn't notice that.

ANITA DUTY: The 1.68 is the entire tract and the blue is what's left remaining in escrow, the acreage. It doesn't necessarily mean that that belongs to Hurt McGuire.

SHARON PIGEON: Our copies don't show blue. So, could you describe it for the record?

ANITA DUTY: Oh, okay. The 0.9707, which is...which you see that across from the Hurt McGuire Land Trust that is the acres remaining in escrow, which...well, mine doesn't (inaudible). Then the 1.68 is the entire acreage of the tract before any payments were made out of the account. That's what you'll see if you look at the tract ID or anything for that unit. You'll see 1.68.

SHARON PIGEON: So, those two numbers do not track over to the left to those two names?

ANITA DUTY: Right.

SHARON PIGEON: All right.

KENNETH OSBORNE: I'm not quite sure I'm following.

SHARON PIGEON: That column doesn't refer back to those listings. That has to do with the acreage in the tract itself and not to those individual names of ownership.

KENNETH OSBORNE: But wouldn't that have a bearing on the percentage that's being disbursed?

SHARON PIGEON: No, it's not attributed to those names.

KENNETH OSBORNE: I'm not following because---.

BUTCH LAMBERT: Could you try that one more time, Ms. Duty, just so that Mr. Osborne may understand it.

ANITA DUTY: In unit T-36 in Tract 1A.

MARK SWARTZ: 37.

ANITA DUTY: What did I say?

MARK SWARTZ: 6.

ANITA DUTY: Oh, okay. Let me try that one more time. For unit T-37, if you look at the Tract ID for Tract 1A, which is the Hurt McGuire/Linkous Horn tract that tract is a total of 1.688 acres of the unit. But out of that there has been some disbursements made already and the only thing that's remaining escrowed is 0.9707% of the 1.68 acres.

SHARON PIGEON: The only thing that's remaining

to be paid by this disbursement.

ANITA DUTY: Well, that's the tract of the whole. It's not the entire 1.68 is being escrowed. Just .9707.

SHARON PIGEON: Okay.

ANITA DUTY: And those numbers are kind of helps when Mr. Asbury tries to makes sure he agrees with our calculations.

MARK SWARTZ: And to stay the course, if you look at owner acres the .0284, for example, that pertains to the original acreage.

ANITA DUTY: The 1.68.

MARK SWARTZ: The 1.68. So, the percentages are driven by the owner acres as a piece of 1.68 just to sort of complete the thought in terms of how we're generating their decimal.

KENNETH OSBORNE: Just for my understanding, where it's listed owner's percent of escrow, it has got Hurt McGuire 1.4457% and the Linkous Horn...I mean, I realize it's broke down under there, but it doesn't have an overall. Why doesn't it have an overall?

ANITA DUTY: The 1.4457 is if you add each of the individuals that are getting paid they get a total of that. But as a whole, there's more there than what

you're seeing. You only see the people that are getting paid.

KENNETH OSBORNE: But it's showing the 1.4457 with Hurt McGuire Land Trust.

ANITA DUTY: Right. If you add up each of the individuals on the Linkous Horn side that are being paid out. That will add back up to 1.4457.

KENNETH OSBORNE: So...so, this 1.4457 although it doesn't list under...with the Linkous Horn Heirs that...this is stating that Hurt McGuire gets 1.4457 and the ones that's disbursed today, the Linkous Horn Heirs, will equal up to 1.4457, correct?

ANITA DUTY: Yes.

KENNETH OSBORNE: Okay.

RONNIE OSBORNE: I've got one more question and I might be able to get out of the way again. Everywhere it has got my name royalty split agreements that have been executed but are disputed, this sixteen page contract that I have been bringing up all along is a lease agreement with CNX Gas and it has got coalbed methane on it too. I don't know that this has anything to do with this today or not, but why don't that have that lease agreement on this...on this paperwork today?

BUTCH LAMBERT: Because it doesn't involve that.

Again, folks, let me go through this one more time.  
We're here on this---

RONNIE OSBORNE: Well, I'm just asking...I'm asking a question.

BUTCH LAMBERT: I know. But that just doesn't pertain to this petition today. We will get to that question maybe sometime in another petition, but not today. The only petition that we're looking at today is for these folks that are listed in this petition and that's what we need to stick to. Again, we can sit here all day and discuss the percentages, but what we're faced with today is what's in this petition and that's what we're going to look at.

RONNIE OSBORNE: Well, this paperwork is this petition.

BUTCH LAMBERT: No. No. No.

MARY QUILLEN: No.

BUTCH LAMBERT: All we're asked to look at is the disbursement of these folks that we were given today.

RONNIE OSBORNE: All right. That...I just wanted to ask.

BUTCH LAMBERT: Okay.

KENNETH OSBORNE: Mr. Chairman, just again

for...to make sure I understand, although it's not listed for the Linkous Horn Heirs, it's showing a disbursement for Hurt McGuire of \$602.46. If you add the disbursements for the Linkous Horn Heirs up, unless I figured it wrong that only comes up to \$582.37. Why the difference.

BUTCH LAMBERT: Ms. Duty, can you answer that?

ANITA DUTY: Unless it's an error. It should...I mean, we're not paying on dollars anyway. But I understand that---

BUTCH LAMBERT: They're paid on percentages and not...not dollars.

ANITA DUTY: Right. I mean, that could be an error. We can check to see.

BUTCH LAMBERT: And you'll check that?

(No audible response.)

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

MARK SWARTZ: I'm adding it up and seeing what we come up with here. \$602.47. I've got a rounding issue of a penny. But I think they agree.

SHARON PIGEON: And the 7 is on the Heirship side.

MARK SWARTZ: Correct.

SHARON PIGEON: And that's what I got.

MARK SWARTZ: Yeah, we paid the right people more.

SHARON PIGEON: You paid the right people actually more.

MARK SWARTZ: Nothing further.

BUTCH LAMBERT: Okay. Thanks. Any questions from the Board?

(No audible response.)

BUTCH LAMBERT: Do I have a motion?

MARY QUILLEN: Motion to approve.

DONNIE RATLIFF: Second.

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

(No audible response.)

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

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

BUTCH LAMBERT: Opposed, no.

KATIE DYE: I'll abstain.

BUTCH LAMBERT: One abstention, Mrs. Dye. That's approved. Calling docket item number seven, a petition from CNX Gas Company, LLC for disbursement of

funds from escrow for unit S-35. The petition is for a disbursement of a portion of Tract 3, docket number VGOB-98-0915-0681-06. All parties wishing to testify, please come forward.

MARK SWARTZ: Mark Swartz and Anita Duty. We've got some revised exhibits, Mr. Chairman.

KENNETH OSBORNE: Kenneth Osborne, the Linkous Horn Heirs.

SHIRLEY KEEN: Shirley Keen, the Linkous Horn Heirs.

MARTHA GUILLIAMS: Martha Guilliams, Heir to the Linkous Horn Estate.

(Anita Duty passes out revised exhibits.)

BUTCH LAMBERT: You may proceed, Mr. Swartz.

MARK SWARTZ: Thank you.

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. I'm going to remind you that you're still under oath.

A. Yes.

Q. Were you the person who prepared the miscellaneous petition and related exhibits?

A. Yes.

Q. We're here on this docket item with regard to a request for a disbursement from an escrow account created for drilling unit S-35, is that correct?

A. Yes.

Q. Currently, are production payments going into Buchanan number 1 sealed gob unit 2 as opposed to S-35?

A. Yes.

Q. Is this a partial disbursement?

A. It is.

Q. So, the escrow agent would be expected to maintain this escrow account after these disbursements were made?

A. Yes.

Q. And we're talking about Tract 3, is that correct?

A. Yes.

Q. What's the reason for the disbursement?

A. Royalty splits 50/50 between the parties.

Q. Okay. And is that an agreement that's in writing?

A. It is.

Q. Is it something that you've held in your hand and reviewed?

A. Yes.

Q. Okay. Have you...on the first page on the miscellaneous petition paragraph five have you listed the folks who you expect to receive the disbursement?

A. Yes.

Q. Did you send them written notice of this hearing today?

A. I did.

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

A. Yes.

Q. And in amongst the revised exhibits is there an Exhibit A1 tract by tract escrow calculation?

A. Yes.

Q. Does that list the folks that you propose would receive disbursements based on their split

agreements?

A. It does.

Q. Would you identify those people and the percentages that the escrow agent should use to make the disbursements?

A. Hurt McGuire Land Trust should receive 3.7289%. Margaret Dye, Nellie Maynard and Tammy Boyd Street should each receive 1.017%. Then, Tammy Boyd Street and Margaret Dye should receive an additional 0.339% each.

Q. Were those percentage calculations made based on account balances as of a certain date?

A. February the 28th of 2011.

Q. And what was the account balance that you used?

A. \$11,983.93.

Q. And where did you get that balance from?

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

Q. Okay. And the wells that were contributing to this escrow account were which wells?

A. S-35A and S-35B.

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

BUTCH LAMBERT: Mr. Osborne.

KENNETH OSBORNE: Again, Mr. Chairman, I object to any disbursements from the Linkous Horn wells. I just have a couple of questions. It's showing here this is for S-35A and S-35B and that's all. I think there's a C, D and E well, I think, with that.

BUTCH LAMBERT: That's all that has been testified to.

KENNETH OSBORNE: I could be off on---.

ANITA DUTY: Well, those are...those would be gob wells and that would be paid under the sealed gob.

KENNETH OSBORNE: Okay. But what we're talking about now is just the A and the B?

ANITA DUTY: Yes, before the sealed gob was established.

BUTCH LAMBERT: Anything further, Mr. Swartz?

MARK SWARTZ: No.

BUTCH LAMBERT: Do I have a motion? Are there any questions from the Board?

(No audible response.)

BUTCH LAMBERT: Do I have a motion?

MARY QUILLEN: Motion to approve.

DONNIE RATLIFF: Second.

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

(No audible response.)

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

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

BUTCH LAMBERT: Opposed, no.

KATIE DYE: I would abstain.

BUTCH LAMBERT: One abstention, Mrs. Dye. It's approved. We're calling docket item number eight. It's a petition from CNX Gas Company, LLC for disbursement of funds from escrow for unit AY-120. The petition is for disbursement of a portion of Tracts 2A and 2G, docket number VGOB-04-0615-1296-02. All parties wishing to testify, please come forward.

MARK SWARTZ: Mark Swartz and Anita Duty.

BUTCH LAMBERT: You may proceed, Mr. Swartz.

ANITA DUTY

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

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

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

A. Anita Duty.

Q. I'm going to remind you that you're still under oath.

A. Okay.

Q. Did you prepare this miscellaneous petition with regard to disbursements from AY-120?

A. Yes.

Q. Is this a partial disbursement or a complete disbursement?

A. Partial.

Q. What tracts does it pertain to?

A. Tracts 2A and 2G.

Q. You've got some folks identified in paragraph five of your petition as people who would be expected to receive payments if this petition is approved. What did you do to notify them of the hearing today?

A. Mailed by certified mail return receipt requested on March the 18th, 2011.

Q. The reason for the disbursement request?

A. Royalty split agreements for 50/50 between the parties.

Q. Is it a written agreement that you've actually held in your hand and been able to read?

A. Yes.

Q. Okay. Turning to the last page of the application. There's an Exhibit A1, which is a tract by tract escrow calculation, correct?

A. Yes.

Q. As of what date?

A. Actually January the 31st, 2011.

Q. Okay. And what was the balance on that date?

A. \$35,511.12.

Q. And where did that number come from?

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

Q. And was that the balance used to generate the percentages?

A. Yes.

Q. Okay. Would you identify the people that are...that would be anticipated to receive these disbursements and the percentage that the escrow agent should use in making the disbursement?

A. Okay, for Tract 2A Swords Creek should receive 6.354% of the escrow. Beulah Brown should receive 1.8154%. Roger Brown and Danny Brown and Angela Bane should each receive 1.2103%. Sandra Hess should receive 0.9077%. Tract 2G Swords Creek Land Partnership

should receive a total of 0.1625%. Beulah Brown should receive 0.0464%. Roger Brown, Danny Brown and Angela Bane should each receive 0.031% and Sandra Hess should receive 0.0232% of the escrow account.

Q. And the well that's generating revenue, which is being paid into this escrow account is which well?

A. AY-120.

Q. And this is a situation where there are going to be future royalty payments into escrow, correct?

A. There will.

Q. And are you requesting that the operating be allowed to pay the people that would receive these disbursements directly in the future and not continue to pay their piece of the money into escrow?

A. Yes.

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

BUTCH LAMBERT: Questions from the Board?

(No audible response.)

BUTCH LAMBERT: Do I have a motion?

MARY QUILLEN: Motion to approve.

DONNIE RATLIFF: Second.

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

(No audible response.)

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

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

BUTCH LAMBERT: Opposed, no.

KATIE DYE: I'll abstain.

BUTCH LAMBERT: One abstention, Mrs. Dye. Thank you, Mr. Swartz. It's approved.

MARK SWARTZ: Thank you.

BUTCH LAMBERT: Calling docket item number nine, a petition from CNX Gas Company, LLC for disbursement of funds from escrow for unit DD-116. The petition is for disbursement of Tract...a portion of Tract 1C, docket number VGOB-02-1015-1082-02. All parties wishing to testify, please come forward.

MARK SWARTZ: Mark Swartz and Anita Duty.

BUTCH LAMBERT: You may proceed, Mr. Swartz.

MARK SWARTZ: Thank you.

ANITA DUTY

having been duly sworn, was examined and testified as

follows:

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

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

A. Anita Duty.

Q. I'll remind you that you're still under oath.

A. Okay.

Q. Did you prepare this miscellaneous petition?

A. Yes.

Q. And is it a request for a partial disbursement?

A. It is.

Q. From what tract?

A. 1C.

Q. And the reason for the request?

A. A written agreement to split the royalties 50/50 between the parties.

Q. Okay. And that's an agreement that you've actually had in your hand and been able to review?

A. Yes.

Q. Okay. Did you provide notice by mail to the proposed receipts of these payments?

A. I did.

Q. Have you...did you prepare a tract by tract escrow calculation for this proposed disbursement?

A. Yes.

Q. And that would Exhibit A1 to the application?

A. It is.

Q. And the...what was the date that was...that calculation was made as of?

A. January 31, 2011.

Q. And the balance that you used on...as of that date was what balance?

A. \$499.23.

Q. And where did that number come from?

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

Q. Okay. And who would be the folks that would receive this proposed disbursement and what percentages should the escrow agent use to make the disbursement?

A. Swords Creek Land Partnership should receive a total of 12.2222%. Eliza Hubert should

receive 6.6667%. Angeline Perkins should receive 1.1111% and Stella Hess Ray should receive 4.4444%.

Q. And this is a situation where there's going to be further royalty going into this escrow account, is that correct?

A. Yes.

Q. And in that...in light of that, are you requesting as operator that you be allowed to pay these four folks directly in the future?

A. Yes.

Q. What was the well that was and is contributing to this escrow account?

A. BD-116.

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

BUTCH LAMBERT: Any questions from the Board?

(No audible response.)

BUTCH LAMBERT: Do I have a motion?

MARY QUILLEN: Motion to approve.

BRUCE PRATHER: Second.

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

(No audible response.)

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

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

BUTCH LAMBERT: Opposed, no.

KATIE DYE: I'll abstain.

BUTCH LAMBERT: One abstention, Mrs. Dye. Thank you, Mr. Swartz. It's approved.

MARK SWARTZ: Thank you.

BUTCH LAMBERT: Calling docket item number ten, a petition from CNX Gas Company, LLC for disbursement of funds from escrow for unit FF-37. The petition is for disbursement of Tracts 2B, 2C, 2D and 2F, docket number VGOB-03-1021-1206-01. All parties wishing to testify, please come forward.

MARK SWARTZ: Mark Swartz and Anita Duty.

SHEA COOK: T. Shea Cook for Russell J. Shortt, Johnny Shortt, Burford Shortt and David Shortt.

BUTCH LAMBERT: You may proceed, Mr. Swartz.

MARK SWARTZ: Thank you.

ANITA DUTY

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

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

Q. Anita, I'm going to ask you to state your name, again.

A. Anita Duty.

Q. Okay. And you're still under oath?

A. Yes.

Q. Did you prepare the petition with regard to FF-37?

A. Yes.

Q. Is this a partial disbursement?

A. Yes.

Q. Is it...what tracts does it pertain to?

A. Tracts 2B, 2C, 2D and 2F.

Q. Okay. And did you provide notice by mail to the folks identified as paragraph five with regard to this hearing today and the proposed disbursement?

A. I did.

Q. Okay. And have you...did you prepare a tract by tract escrow calculation?

A. Yes.

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

A. It is.

Q. And does that indicate that it was made as of a particular date?

A. January the 31st.

Q. Of this year, correct?

A. Yes.

Q. Okay. And what was the balance that you used to make the calculations?

A. \$154,450.37.

Q. And where did that number come from?

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

Q. And the wells that have been contributing to this escrow account are which wells?

A. FF-37 and FF-37A.

Q. Okay. And you've listed here the folks that you would propose if this disbursement request is approved to receive disbursements from this escrow account with regard to the several tracts that you've listed on Exhibit A1, is that correct?

A. Yes.

Q. Could you identify the people by name and the tract that's involved and the percentages that the escrow agent should use to make the disbursements?

A. For Tract 2B disbursements should be made to Russell J. Shortt and it should be a total of 29.9473% of escrow. For Tract 2C for Johnny Shortt 31.6468%. Tract 2D Burford E. Shortt 13.5769%. For Tract 2F Russell Shortt 0.6447%.

Q. Okay. And the reason for this escrow request is actually a Court order, correct?

A. Yes.

Q. And that's something that I think that has been passed out to the Board. They should have that, yes. I saw Diane doing that. So, I thought that what was she was doing. So, this is not a split agreement situation. This is actually one of the situations that the statute contemplates when there's a Court order that resolves this?

A. Yes.

Q. And this is not a split, this is a 100% based on this Court order going as you've just...as you've just described, correct?

A. Yes.

Q. Has there...is there also a side

transaction that's occurring?

A. Yes.

Q. Okay. And why don't you tell the Board about that amazing set of circumstances.

A. When we received the Court order, we were going to...we went through and we were able to find everybody except for David Shortt. He was one of the plaintiff's in the case. When we reviewed the supplemental order, it turns out that we were showing a David Shortt as having a royalty split agreement with Coal Mountain. Well, we do have a David Shortt that has a royalty split with Coal Mountain, but it's not this David Shortt.

Q. Well, it's also that you have a David E. Shortt.

A. Well, David E., right. This was a David Eugene and I think the other one was a David Earl.

Q. Okay.

A. So, we confused to the two and we were paying the wrong David Shortt from the beginning of production.

Q. So, we have...we have created a...well, we have cut a check to the...the other David E. Shortt, which we have a copy with us today, for what amount?

A. \$12,084.52.

MARK SWARTZ: Okay. And so we've...I think your client---

SHEA COOK: We have no objection to the revelation (inaudible) new check and we hope that you all don't either.

MARK SWARTZ: And it has the check detail too---

SHEA COOK: Right.

MARK SWARTZ: ---which is attached to it.

SHEA COOK: Right.

MARK SWARTZ: So, if there's an issue with regard to this, it's not something that they're going to be ordering.

SHEA COOK: Right.

MARK SWARTZ: It's something that we sent. I would also point out that there's---

ANITA DUTY: Wait, this is FF-38.

MARK SWARTZ: ---that this is in FF-38, but it's still...that's all right. We won't have to deal...we won't have to deal with it there. But it also...as long as we're on this, it also reports an interest calculation?

ANITA DUTY: Yes.

MARK SWARTZ: Okay. Because the money was not bearing interest in escrow. It has been paid out. So, the amount was adjusted for prime plus one, right?

ANITA DUTY: Right.

MARK SWARTZ: Okay.

SHARON PIGEON: What was the check amount again?

MARK SWARTZ: It's \$12,084.52. It's actually in the next unit, but it's the same people.

SHARON PIGEON: I'll write down again then.

MARK SWARTZ: That's all I have on this unit.

BUTCH LAMBERT: So, Ms. Duty, did I understand you to say this is actually F-38?

ANITA DUTY: Well, Mark confused me because he brought this already and we weren't supposed to bring it up until next time. So---.

BUTCH LAMBERT: I think you just---.

SHARON PIGEON: That check is.

BUTCH LAMBERT: Okay. So, we're really talking about 37?

ANITA DUTY: FF-37, we're good, yes.

MARK SWARTZ: We're good. FF-37 is good.

BUTCH LAMBERT: Okay.

MARK SWARTZ: That way we don't have to redo this in 38. It's the same people.

BUTCH LAMBERT: Okay.

MARK SWARTZ: okay

MARY QUILLEN: So, that's just an aside on the next item?

MARK SWARTZ: It turned out to be an aside, yes.

BUTCH LAMBERT: Okay.

SHARON PIGEON: A preview.

BUTCH LAMBERT: Any questions?

MARY QUILLEN: We confuse easily.

BRUCE PRATHER: I've got---

BUTCH LAMBERT: Mr. Prather.

BRUCE PRATHER: I've got one question. Is this \$12,000.00 is this David Shortt's amount of this or this is the total for all of these Shortt people?

ANITA DUTY: That's just his piece.

SHEA COOK: It's just David Shortt's.

BRUCE PRATHER: Just David's?

MARK SWARTZ: Just David's.

BRUCE PRATHER: Okay. Thank you.

BUTCH LAMBERT: Any other questions from the Board?

(No audible response.)

BUTCH LAMBERT: Mr. Cook.

SHEA COOK: I have no questions of Ms. Duty in

this case. I would make an objection to the allowance of post production expenses from this...this obviously represents the net...a net amount based upon the generation of gross revenue and then thereafter the deduction of post production expenses. Those are obviously contemplated in the pooling order in this case. So, at least from our prospective CNX is doing what the oil and gas Board has permitted them to do. But I would make that objection for the record. I have also prior to today asked for a listing of a detailed accounting of all post production deductions with an explanation of each deduction made in order to determine the accuracy of the distribution proposed by CNX and the reason most of the post production deductions. Some of this information may be contained along with the check. So, to that extent, subject to...that's an issue that we have. Certainly, we'll make sure that it's an accurate amount. But we don't want...I don't want my client's money to be held hostage today and I expect that at some point CNX will provide that accounting and then after I've had the opportunity to review it, we may or may not be back before this Board with regard to the reason once I have those amounts. I just wanted to state that for the record.

BUTCH LAMBERT: Okay. Thank you, Mr. Cook. Any questions from the Board of Mr. Cook?

(No audible response.)

BUTCH LAMBERT: Anything further, Mr. Swartz?

MARK SWARTZ: No.

BUTCH LAMBERT: Do I have a motion?

MARY QUILLEN: Motion to approve.

SHEA COOK: And, I guess, just as a trial lawyer it's generally not enough just to state an objection. I think for the purposes of the record, I should explain to you why I think...why I'm objecting. I would suggest that the allowance of post production expenses as a result of the pooling order in this case violates my client's due process rights and also constitutes a taking under both the U. S. and Virginia Constitution and violates the due process rights under the 14th amendment to the United States Constitution. So, I just want that in the record. Thank you.

BUTCH LAMBERT: So noted, Mr. Cook. I have a motion. Do I have a second?

DONNIE RATLIFF: Second.

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

(No audible response.)

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

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

BUTCH LAMBERT: Opposed, no.

KATIE DYE: I'll abstain.

BUTCH LAMBERT: One abstention, Mrs. Dye. Thank you, Mr. Swartz. That's approved. Calling docket item number eleven, a petition from CNX Gas Company, LLC for disbursement of funds from escrow for unit FF-38. The petition is for disbursement of Tracts 1B, 2G, 2H, 2I and 2J, docket number VGOB-03-1021-1207-02. All parties wishing to testify, please come forward.

MARK SWARTZ: Mark Swartz and Anita Duty.

SHEA COOK: Terrence Cook also for Russell Shortt, Johnny Shortt and Burford Shortt.

BUTCH LAMBERT: You may proceed, Mr. Swartz.

MARK SWARTZ: Thank you.

ANITA DUTY

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

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

Q. Anita, you need to state your, again.

A. Anita Duty.

Q. I'll remind you that you're still oath.

A. Yes.

Q. Did you prepare this miscellaneous petition with regard to FF-38?

A. Yes.

Q. Is this is a disbursement request?

A. It is.

Q. From what tracts?

A. 1B, 2G, 2H, 2I and 2J.

Q. Is this is a partial disbursement of the escrow or a complete disbursement?

A. Partial.

Q. Okay. Did you notify the folks who are the proposed receipts of these disbursements by mail?

A. Yes.

Q. And what is the reason for the disbursement request?

A. For Tract 1D it's for a 50/50 royalty split agreement. For 2G, 2H, 2I and 2J it's for a Court order.

Q. Okay. Is that the same Court order that was passed out with regard to the prior hearing?

A. Yes.

Q. Okay. And---?

SHEA COOK: If I could state for the record, I do not represent Sterling Ball. That is the...I assume that is the split agreement that was referenced. I have no involvement in that. I just represent Russell, Johnny and Burford Shortt.

MARY QUILLEN: Anita, did you say that the Sterling Ball was 50/50?

ANITA DUTY: It is.

Q. And that's a written agreement that you've actually seen?

A. Yes.

Q. And then the disbursements with regard to 2G, 2H, 2I and 2J, Mr. Cook is here...those are governed by the Court order that the Board has in front of it as a result of the prior hearing, correct?

A. Yes.

Q. Okay. Did you do a tract by tract escrow calculation with regard to this disbursement request?

A. Yes.

Q. Okay. And is that the last sheet of your petition?

A. It is.

Q. Did you do that as of a particular date?

A. February the 28th, 2011.

Q. And what was the balance that you used to make your calculations?

A. \$149,635.82.

Q. And where did that number come from?

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

Q. Okay. And would identify with regard to each tract the recipients of the proposed disbursement and the percentage or percentages that the escrow agent should use in making the disbursements?

A. The percentages are actually missing from the A1, but they're on the Exhibit EE. So, I think I'll have to give them a new...I just realized that. So, for Tract 1B, Coal Mountain should receive 0.0168% and Sylvia Shelton Byrd should also receive 0.0168%. For Tract 2G, Russell Shortt should receive 9.4173%. For Tract 2H, Johnny Shortt should receive 25.6220%. Tract 2I, Burford Shortt should receive 7.3635%. For Tract 2J, Burford Shortt should receive 1.9035%.

Q. Okay. Are you going to submit revised Exhibit A1 that puts those percentages in---?

A. I will.

Q. I mean, they're in the other exhibits, but the revised exhibits so they have it for the escrow agent.

A. Yes.

Q. The wells that contributed to this escrow account were which wells?

A. FF-38 and FF-38A.

Q. And the...again, just to recap, the disbursements from 2G, 2H, 2I and 2J only go to the Shortts and they do not go to Coal Mountain as a result of the judgment or order, correct?

A. That's correct.

Q. So, there's only one disbursement from each of those tracts whereas with regard to Tract 1B there are two equal disbursements?

A. Yes.

Q. And is this a situation where we're going to have money coming in the future, additional royalties?

A. Yes.

Q. Okay. And in that regard, are you requesting that the Board authorize the operator to pay the folks listed on Exhibit A1 directly in the future?

A. Yes.

MARK SWARTZ: And this is to incorporate...if we could incorporate Anita's and my aside from the prior hearing with regard to David E. Shortt and his check that would be helpful and we could save that time.

BUTCH LAMBERT: Accepted.

MARK SWARTZ: Great. That's all I have.

BUTCH LAMBERT: Questions from the Board?

(No audible response.)

BUTCH LAMBERT: Mr. Cook.

SHEA COOK: I have no questions of Ms. Duty. I would simply make the same objection as I previously articulated with regard to unit FF-37 with regard to post production deductions and the reasons for that deduction. Thank you.

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

MARK SWARTZ: No.

BUTCH LAMBERT: Do I have a motion?

MARY QUILLEN: Motion to approve.

DONNIE RATLIFF: Second.

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

(No audible response.)

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

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

BUTCH LAMBERT: Opposed, no.

KATIE DYE: I'll abstain.

BUTCH LAMBERT: One abstention, Mrs. Dye. Mr. Swartz, that's approved. Calling docket item number twelve, a petition from CNX Gas Company, LLC for disbursement of funds from escrow for unit BF-100. The petition is for disbursement of Tract 1B, docket number VGOB-04-1214-1368-02. All parties wishing to testify, please come forward.

MARK SWARTZ: Mark Swartz and Anita Duty.

BUTCH LAMBERT: You may proceed, Mr. Swartz.

ANITA DUTY

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

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

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

A. Anita Duty.

Q. And I'm going to remind you that you're

still under oath.

A. Yes.

Q. Okay. This is another disbursement request regarding unit BF-100, correct?

A. Yes.

Q. Is this a partial or a complete disbursement?

A. Partial.

Q. Okay. Did you notice by mail the folks who are the proposed recipients?

A. Yes.

Q. The reason for this disbursement request is what?

A. It's actually a deed for 50% of the CBM to each other.

Q. Okay. And you've actually seen that deed?

A. Yes.

Q. Okay. And then have you prepared a tract by tract escrow calculation with regard to these folks?

A. Yes.

Q. The last page of your application, I take it?

A. Yes.

Q. This calculation was done with a balance as of what date?

A. January the 31st, 2011.

Q. And on that date, what was the balance?

A. \$26,267.76.

Q. And where did you get that number?

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

Q. Would you identify the people who you are proposing would receive a disbursement from Tract...from the escrow account pertaining to Tract 1B and give the percentage that the escrow agent should use to calculate their disbursement?

A. Harrison-Wyatt, LLC should receive 0.2255% and Stevie Dean Rotten should also receive 0.2255% of the escrow account.

Q. And the wells that have contributed to this account are?

A. BF-100 and BF-100A.

Q. Would you expect there would be future deposits?

A. Yes.

Q. And are you asking the Board's...the

Board to also allow by order the operator to pay the people listed in Exhibit A1 directly in the future?

A. Yes.

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

BUTCH LAMBERT: Any questions from the Board?

(No audible response.)

BUTCH LAMBERT: Do I have a motion?

MARY QUILLEN: Motion to approve.

BRUCE PRATHER: Second.

BUTCH LAMBERT: I have a motion and a second.

Any further discussion?

(No audible response.)

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

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

BUTCH LAMBERT: Opposed, no.

KATIE DYE: I'll abstain.

BUTCH LAMBERT: One abstention, Mrs. Dye. Thank you, Mr. Swartz. It's approved. We're calling docket item number thirteen, a petition from CNX Gas Company, LLC for disbursement of funds from escrow for unit V-36. The petition is for disbursement of Tract 4G, docket number VGOB-98-0324-0638-05. All parties wishing to

testify, please come forward.

MARK SWARTZ: Mark Swartz and Anita Duty.

JEN SHAVER: Jen Shaver, Counsel for Mack Osborne.

WINFRED M. OSBORNE: Winfred M. Osborne.

MARK SWARTZ: You might want to call number fourteen at the same time, Mr. Chairman.

BUTCH LAMBERT: Okay. We're calling docket item fourteen, a petition from CNX Gas Company, LLC for disbursement of funds from escrow for unit V-37. The petition is for disbursement of Tract 3A, docket number VGOB-98-0324-0639-02.

(Winfred M. Osborne is duly sworn.)

BUTCH LAMBERT: You may proceed, Mr. Swartz.

MARK SWARTZ: Actually, I'm going to shift to neutral and let them proceed because I think they're going to move to continue or something and, you know, let's be efficient.

JEN SHAVER: Thank you, Mr. Swartz. On behalf of Mr. Osborne, we're requesting that docket items number thirteen and fourteen relating to unit V-36 and V-37 be removed from the docket due to pending litigation in Buchanan County Circuit Court. We ask that those items remain off the docket until the

resolution of that litigation.

MARY QUILLEN: So, you're asking to have this withdrawn?

JEN SHAVER: Yes, ma'am.

BUTCH LAMBERT: Mr. Swartz. Do you have anything, Ms. Shaver?

JEN SHAVER: If the Board recalls, we were here last month before the Board with the same request. The Board advised that if we were to have the suit served on the defendants that we would readdress it. It has been served on both defendants, CNX and Hurt McGuire.

MARK SWARTZ: And I will confirm that they accepted service.

SHARON PIGEON: Their time to answer hasn't expired yet though, correct?

JEN SHAVER: Correct.

MARK SWARTZ: I think they were...they accepted service like the 21st of this month. So, it's recent. But it happened. I think the Board continued this...to kind of refresh everybody's memory, continued it with the understanding that it needed to be served before this hearing or we were going to proceed. I think that happened and we need to...well, it's back to you to say we punted---.

BUTCH LAMBERT: Any objections to withdrawing it, Mr. Swartz?

MARK SWARTZ: I guess...I'm not going to withdraw it. I guess...I mean, we think that you should make the disbursement, but I'm not going to argue this. I mean, I think you...you've held these before when there's actually litigation pending. I think it makes sense. So, if we continue it indefinitely or you can deny it or you could do something. But I'd rather not withdraw it if I could avoid that.

BUTCH LAMBERT: If we keep continue it, that's just going to---.

MARK SWARTZ: How about if I agree that you can deny it at this time without prejudice to renew it in the future? Would that work? Does that work for you?

BUTCH LAMBERT: Okay.

BRUCE PRATHER: Do we have any indication as to when this is coming or going to be adjudicated through the Courts?

MARK SWARTZ: Are you familiar with the Courts?

(Laughs.)

BRUCE PRATHER: Not really. Not really.

MARK SWARTZ: I bet you're sufficiently familiar with them to know that there's no way we could answer

that.

BRUCE PRATHER: Well, I mean, if it's going two years from now instead of three months---.

MARK SWARTZ: Oh, it's going to be a long time.

BRUCE PRATHER: Okay.

BUTCH LAMBERT: If no objection from the Board, then we will...we will proceed with docket item thirteen and fourteen being denied at this time.

MARK SWARTZ: That's fine. That's great.

JEN SHAVER: Thank you.

BUTCH LAMBERT: Yeah, let's do the motion.

DONNIE RATLIFF: Yeah, I make---.

MARY QUILLEN: Motion to deny.

BUTCH LAMBERT: I have a motion. Do I have a second?

BRUCE PRATHER: Second.

BUTCH LAMBERT: I have a motion and a second. All those in favor, signify by saying yes.

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

BUTCH LAMBERT: Opposed, no.

KATIE DYE: I'll abstain.

BUTCH LAMBERT: One abstention, Mrs. Dye.

(Off record discussion.)

BUTCH LAMBERT: Okay. We're going to call item sixteen. It's a petition from CNX Gas Company, LLC for disbursement of funds from escrow for unit Q-40. The petition for disbursement of Tract 3, docket number VGOB-93-0216-0328-03. All parties wishing to testify, please come forward.

MARK SWARTZ: Mark Swartz and Anita Duty.

BUTCH LAMBERT: Diane, do you have an updated docket? Donnie doesn't have the corrected docket.

DONNIE RATLIFF: I had it.

BUTCH LAMBERT: You may proceed, Mr. Swartz.

MARK SWARTZ: Are we ready?

BUTCH LAMBERT: Yes, sir.

MARK SWARTZ: Okay.

ANITA DUTY

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

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

Q. Anita, you need to state your name, again.

A. Anita Duty.

Q. I'm going to remind you that you're

under oath.

A. Okay.

Q. Okay. Did you prepare the petition with regard to Q-40?

A. Yes.

Q. And does that petition seek a disbursement from escrow?

A. Yes.

Q. Is it a partial disbursement?

A. It is.

Q. What tract does it---?

A. Wait. Yes, it is.

Q. What tract does it pertain to?

A. Tract 3.

Q. Okay. And what's the reason for the request?

A. A royalty split agreement.

Q. And did you...did you provide notice by mail to the people that are proposed to receive these disbursements?

A. Yes.

Q. Did you do a tract by tract escrow calculation?

A. Yes.

Q. Is that the last page your petition?

A. It is.

Q. Was it as of a particular date?

A. December the 31st, 2010.

Q. And what was the balance that you used as of that date?

A. \$55,169.48.

Q. And where did that balance come from?

A. From the First Bank & Trust spreadsheet provided by David Asbury's office.

Q. Okay. And that was the balance that you used to make the percentage calculations?

A. Yes.

Q. With regard to Tract 3 in this partial disbursement, would you identify the proposed recipients of the disbursements and the percentages that the escrow agent should use?

A. James McGuire Land Trust should receive 25% and (inaudible) should also receive 25% of the escrow account.

Q. And this appears to be the kind of a unit that would be expected to receive future royalty payments, correct?

A. Yes.

Q. And are you requesting permission to pay those people as the operator directly in the future?

A. Yes.

Q. What were the wells or panels that contributed to this account?

A. Well 407 and then production allocated from the 12 and 13 right panel.

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

BUTCH LAMBERT: Any questions from the Board?

(No audible response.)

BUTCH LAMBERT: Do I have a motion?

MARY QUILLEN: Motion to approve.

BRUCE PRATHER: I'll second.

BUTCH LAMBERT: Second?

BRUCE PRATHER: Second.

BUTCH LAMBERT: Oh, I'm sorry.

BRUCE PRATHER: Second.

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

(No audible response.)

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

(All members signify by saying yes, but Katie

Dye.)

BUTCH LAMBERT: Opposed, no.

KATIE DYE: I'll abstain.

BUTCH LAMBERT: One abstention, Mrs. Dye. Thank you, folks.

MARK SWARTZ: We've had a request to continue number twenty-eight so that Tom can leave---

BUTCH LAMBERT: Twenty-eight?

MARK SWARTZ: ---if it's granted. Just until next Monday, Tom? Will that work?

TOM PRUITT: Mr. Chairman, Tom Pruitt. I represent one of the property owners receiving distribution from this. We have a little title issue. I think we've got some property that's entangled in litigation that involved in this. We're going to separate that out.

BUTCH LAMBERT: Okay. Continue until May?

TOM PRUITT: Yes.

BUTCH LAMBERT: Okay. Calling item number twenty-eight on the docket, a petition from CNX Gas Company, LLC for re-pooling of coalbed methane unit BB-107, docket number VGOB-09-0915-2596-01 will be continued until May.

TOM PRUITT: Thank you.

MARK SWARTZ: Thank you.

BUTCH LAMBERT: Now, we're calling docket item fifteen. The Board will hear an appeal of a decision rendered by the Division Director relative to an informal fact-finding hearing IFFH24006, docket number VGOB-11-0419-2941. All parties wishing to testify, please come forward.

TIM SCOTT: Tim Scott and Phil Horn for Range Resources-Pine Mountain, Inc., applicant and respondent.

BUTCH LAMBERT: Sir, would you state your name for the record, please?

ROGER PHIPPS: I'm Roger Phipps. I am the surface property owner of the property in question.

(Roger Phipps and Phil Horn is duly sworn.)

BUTCH LAMBERT: You may proceed, Mr. Scott.

TIM SCOTT: Mr. Chairman, just as a point of clarification, I know that...and with all due respect to Mr. Asbury, the decision that was rendered by the Director has a couple of errors in it including in the background information. The reason that Mr. Phipps received notice is because he's a surface owner and not a royalty owner. In this particular situation, we have a complete mineral severance. I believe those...the objections that he was permitted to file to the permit

applications that were filed by Range Resources are listed under 35.1 or 35(B) and not under 35(C). Additionally, the arguments that Mr. Phipps is making are not those that are available to him under the provisions of that particular statute. If you reviewed his petition for appeal or the objection that he filed, they seemed to be based on topographical issues based on his ownership of the property as well as certain warranties that are set out in his deed. The...when asked at the informal fact-finding hearing about any studies that have been conducted with regard to soil and sediment erosion control he was not aware of any. So, there was no contrary evidence provided by Mr. Phipps that would be contrary to what was set out in the permit application. So, based on the information that was provided in the permit application as well as the evidence before the fact-finding hearing and the Director, Mr. Asbury approved the granting of those permits. We believe the decision was correct and would again ask that the Board affirm that decision by the Director.

BUTCH LAMBERT: So, Mr. Phipps, you are the surface owner in this area?

ROGER PHIPPS: Correct.

BUTCH LAMBERT: And what...what are your objections?

ROGER PHIPPS: What are my objections?

BUTCH LAMBERT: Yes, sir.

ROGER PHIPPS: It's my property. I pay taxes on it. Supposedly, I own it. I don't see that anyone has the right to ask for a permit to come and do something on property that they do not own. It would be like me asking the Board of Health to come and put a land field in your front yard. You know, they don't own that property. They haven't paid any taxes on it for the last thirty years.

BUTCH LAMBERT: I'm not sure how the other Board members feel about this, but I---.

ROGER PHIPPS: It comes down to property rights.

BUTCH LAMBERT: Well, I'm...as far as the Chairman of the Board in looking at this case, I would like to have time to review the case before we proceed any further. I haven't seen it. This is the first time the Board has seen any of this. Did you supply to us, Mr. Asbury?

DAVID ASBURY: Did you have this in your package?

KATIE DYE: We did.

SHARON PIGEON: We did, but haven't had our packages for long.

BUTCH LAMBERT: We only had it for a week. So, that's not very much time for us to review this decision.

SHARON PIGEON: Did you have anything, Mr. Asbury, that you wanted to add to this since it's an appeal of one of your decisions?

DAVID ASBURY: Certainly. First, I would like to address the objections that were before me as a Director. It was under 45.1-361.35(B) to...which is the objections for surface owners. I'm sorry your packet numbers are not numbered, but the page right before the first surface agreement was the objections that we heard from the surface owners. Mr. Phipps did request his objections under 35(B), which are the numbers one, two and four under his rights to object. Under 35(B), "It allows that only objections to permits or permit modifications which may be raised by surface owners are: One, the operations planned for soil erosion and sediment control is not adequate or not effective. Two, measures in addition to requirement for the well water protection stream are not necessary to protect fresh water bearing strata. Four, location of the coalbed

methane well or coalbed methane well pipeline will unreasonably infringe on the surface owners use of the surface provided, however, that a reasonable alternative site is not within the unit and granting the objection will not materially impair any right contained in any agreement valid at the time of the objection between the surface owner and the operator or their predecessors or successors of interest." In making my decision, all of those areas of objections were thoroughly considered. Part four in the objection states that a reasonable alternative site is available within the unit. Upon my review of the site on the ground, the site chosen by the operator appeared to be non-evasive to the surface ownership or future surface use of the property. It is west of an existing well on P-121. This particular well site development would have both horizontal wells on it, which minimized the damage to the surface owner. Property upon recent review and before the decision was made showed that a road does exist at the top of the ridge and around the ridge four potential house sites. So, these wells would be on the backside of where two existing homes...home sites have been developed and did not, in my opinion, infringe on the surface owner's use of the property on the backside of the surface area or

surface acreage in question.

SHARON PIGEON: In your findings of fact, you have that Mr. Phipps notified as mineral and surface owner. Is that correct?

BUTCH LAMBERT: Item I.

SHARON PIGEON: That's the part that you said is in error.

TIM SCOTT: Yes.

MARY QUILLEN: So, there are different mineral owners?

TIM SCOTT: Yes. Yes.

PHIL HORN: Steinman Development Company owns the coal, oil and gas under Mr. Phipps' property.

TIM SCOTT: That was a complete mineral severance prior to Mr. Phipps acquiring his property.

SHARON PIGEON: Was that document presented to Mr. Asbury?

TIM SCOTT: There was no dispute about that.

SHARON PIGEON: Okay. So, you don't disagree with that Mr. Phipps?

ROGER PHIPPS: I haven't had anybody to go back and check the property deeds and so forth. I just took it the way the deed was written initially. It excepted all of that and I accepted it as such. But, now, back

at the turn of the century or whenever it was severed, I don't know. I haven't seen anything regarding that.

SHARON PIGEON: I see where you were going to get in touch with legal counsel. Do you still intend to do that?

ROGER PHIPPS: No. I did initially and with the short notice that we had, he wasn't able to be with me. He also informed me that he wasn't well versed on operations of the gas and mine Board and how things operate. I've done been put out enough, in my opinion, as opposed to owning a piece of property and having someone come in and trying to do whatever they want to do with it at this point already.

BUTCH LAMBERT: Do you already have one well on your property, Mr. Phipps?

ROGER PHIPPS: Yes, a methane well.

BUTCH LAMBERT: Is that P-121?

ROGER PHIPPS: That's correct.

BUTCH LAMBERT: And you had no objections to that well?

ROGER PHIPPS: That was thirty years ago. I was kind of young and foolish at that time. From the repercussions that I've had regarding it is one of the things that...is the reason that I'm objecting to this

one here.

BUTCH LAMBERT: What kind of issues have you had with P-121?

ROGER PHIPPS: Well trespassers. It was a dump site. Saturday night rendezvous site. I had a mobile home moved in on an adjacent piece of property that still yet continues today to use my property as ingress and egress without an easement.

MARY QUILLEN: Who owns that?

ROGER PHIPPS: Who owns the mobile home?

MARY QUILLEN: Yes.

ROGER PHIPPS: I believe he was a Prater.

MARY QUILLEN: So, that has nothing to do with this issue?

TIM SCOTT: No, ma'am.

MARY QUILLEN: Oh, okay.

ROGER PHIPPS: No, it's just conditions that happened thirty years ago.

BUTCH LAMBERT: But do you have any specific issues with the company now where the well P-121?

ROGER PHIPPS: It was a done deal thirty years ago.

BUTCH LAMBERT: I understand that it was a done deal, but are there any problems associated with P-121

now that you're having?

ROGER PHIPPS: Not that I'm aware of.

BUTCH LAMBERT: It's just the access road? You're concerned that the other folks are using the access road?

ROGER PHIPPS: I'm not even concerned about that. It's done.

BUTCH LAMBERT: Okay.

MARY QUILLEN: Was--?

ROGER PHIPPS: I didn't take it to get legal counsel to take it to Court, you know, to fight the fellow as far as that because the mobile home was set up. He's using the road. My neighbor there it's a relative of his. It's just easy access there and the road happen to be available. So, I'm not using the road myself.

BUTCH LAMBERT: But my question is as far as P-121 is concerned you don't have any issues with that well? It's not causing you---?

ROGER PHIPPS: No. No.

BUTCH LAMBERT: ---per say?

ROGER PHIPPS: No.

KATIE DYE: I have some questions---.

BUTCH LAMBERT: Mrs. Dye.

KATIE DYE: ---please, Mr. Chairman. Are we...are we going to continue this or are we going to take a vote or---?

BUTCH LAMBERT: I think we're trying to decide that now by asking the questions.

KATIE DYE: Okay. Well, I read the material and I read the informal fact-finding conference. I understood that one of your objections was that this would take three housesits of your property.

ROGER PHIPPS: Yes.

KATIE DYE: How would this impact like timber?

ROGER PHIPPS: Well, it would take a portion of that. It would take a portion of that too.

KATIE DYE: I think you mentioned that it would impact your timber.

ROGER PHIPPS: It would take a portion of that too.

KATIE DYE: Okay. What about the total acreage to be disturbed?

ROGER PHIPPS: Well, the acreage as such is fifteen and a half acres total.

KATIE DYE: Right.

ROGER PHIPPS: Okay.

KATIE DYE: Right. That's your entire block of

property.

ROGER PHIPPS: The terrain as such and noted by them is it wasn't...the terrain didn't permit them to use the pad where P-121 was because of the adverse terrain. It is steep. There's probably...the area that they're designating and wanting to use is maybe two and a half acres or whatever that's useable land out of the whole total fifteen and they're wanting half of that so...which would render---

KATIE DYE: What about---

ROGER PHIPPS: ---that half useless as far as that. It was made mention by Mr. Asbury that there was houses along the road and in front of the property. Along the road and in front of the property, I do not own that where those houses sit. I have not sold off any of my property for house seats to this present day. That property belongs to someone else.

KATIE DYE: What about...usually on your permit application is there an area of disturbance for this particular site? I looked through it. I didn't see it.

DAVID ASBURY: Yes, ma'am, there is. Just a moment. If I might also call your attention to there's a page six. It's about maybe eight or nine pages in. It's an aerial topography, page six at the bottom. It

indicates where well P-121 and the two proposed wells are on the house seat site why I'm looking for that information and then we'll talk about page six.

TIM SCOTT: Mrs. Dye,---.

KATIE DYE: Yes.

TIM SCOTT: ---we actually...now, that Mr. Phipps has brought this up, we actually have an aerial view of the location of this proposed well with the house that Mr. Phipps is discussing. No, this is actually this one right here. This is something that we've prepared---

PHIL HORN: We haven't giving it to you all yet.

TIM SCOTT: ---and also the terrain where the proposed well is located, for the Board's information, that we would like to pass those out if the Board would permit.

BUTCH LAMBERT: Let's see it.

PHIL HORN: And also on the front page is the language in the severance deed. The severance deed is handwritten and it's hard to read. So, we typed the---

SHARON PIGEON: The front page of what? None of this is numbered to where we can't follow anything.

PHIL HORN: Well, I didn't know if we were going (inaudible).

SHARON PIGEON: This is what you're talking about, the front page this of your handout?

PHIL HORN: Yes, ma'am.

TIM SCOTT: Mr. Horn, would you please explain to the Board what they're...what they're reviewing?

PHIL HORN: The front...the severance deed is dated back in 1800 and it's handwritten and it's hard to read. So, we typed the granting clause and then what rights were conveyed in the deed. The second picture is a photograph showing a pickup truck and to the right of the truck is where the two wells will be located on the side of the hill there. Then the last photograph is the aerial photograph or topo of his property outline showing the aerial view of what's going on there.

DONNIE RATLIFF: He's property is outlined in green?

PHIL HORN: Yes. White.

ROGER PHIPPS: White.

PHIL HORN: Yes, it's white.

DONNIE RATLIFF: He owns all of that?

SHARON PIGEON: Is your house on this tract of land...your home where you live, your residence?

ROGER PHIPPS: Oh, no. No.

MARY QUILLEN: In this first photograph, this is

where the wells are going to be is on this right here?

PHIL HORN: Yes, ma'am. Do you see those two trees to the right of the truck? You can't see the flags. They're up in that area.

MARY QUILLEN: In this right up here?

PHIL HORN: Yes, ma'am.

DAVID ASBURY: We did find the...the permit states that the acreage to be disturbed is 1.30 acres.

BRUCE PRATHER: Have you figured out how big of a high wall you're going to have in there to (inaudible)?

PHIL HORN: I haven't. No, sir. But there's going to be a high wall there. Yes, sir.

BRUCE PRATHER: Yeah, it's going to be substantial.

PHIL HORN: Yes, sir. Our location builders have gone out and looked at this. Yeah, I understand.

MARY QUILLEN: It's pretty steep---

PHIL HORN: Yes, ma'am.

MARY QUILLEN: ---location.

BRUCE PRATHER: I mean, if this is representative of the timber, most of it looks like it's second growth.

KATIE DYE: Mr. Horn, could you kind of, for the

Board's information, explain to us what...what this is?

PHIL HORN: This last one?

KATIE DYE: Yes. This.

PHIL HORN: This is an aerial photograph of his property that we mapped from a deed. It's outlined in white and then the yellow is the existing access road that goes down to P-121 well at the end of the yellow dashed line and then back to the west of there the two locations that we have proposed are about 20 feet from one another with...it says VH-1530145 and then we've got...there's a second well that we've applied for that he objected to also and it's VH-530164.

KATIE DYE: And these would be on the same pad---?

PHIL HORN: Yes, ma'am.

KATIE DYE: ---if I understand correctly?

PHIL HORN: Yes, ma'am.

TIM SCOTT: One thing that I'd like to bring to the Board's attention, this is a conventional well. This is not a coalbed methane well. It's a conventional horizontal well. So, it's our position that paragraph number four or provision four is not applicable to this situation. Those that are available are one, two or three under 35(B).

BRUCE PRATHER: Is the well---?

KATIE DYE: So, you're doing one horizontal conventional and one conventional?

PHIL HORN: No, ma'am. Two horizontal conventional wells.

KATIE DYE: Two horizontal convention?

PHIL HORN: Yes. It's not a coalbed methane well as stated earlier.

SHARON PIGEON: What is the green outline is supposed to tell?

PHIL HORN: The green is the proposed location with the pits and then the potential pit discharge area, which the pit discharge area won't be nearly that big. It's just much bigger than what we're going to use.

SHARON PIGEON: So, the green tells us what would be used beyond the access road on his property, is that---?

BUTCH LAMBERT: Permitted.

PHIL HORN: Right. Of course, the...a lot of that would be reclaimed like the pits and part of the location once we finished. It does like we would need to disturb to get these two wells drilled.

KATIE DYE: So, on this additional road, what about the width of your right-of-way. Is it the typical

50 with an additional 25?

PHIL HORN: It would probably be about 40 or 50 feet and it would only be...it's not going to be that far, maybe a 100 feet, if you can see it coming in off of the proposed road. It probably would have been a 50 foot road...50 foot width.

KATIE DYE: Would it be possible for you guys to turn your lateral maybe in a different direction or is this still Mr. Phipps' property down in the lower part of the plat? Could you go in the opposite direction?

PHIL HORN: We'll get Mr. Jansen to testify to that. He's the one that picks these sites.

(Gus Jansen is duly sworn.)

TIM SCOTT: Mr. Jansen, you are employed by Range Resources, is that correct?

PHIL HORN: That is correct.

TIM SCOTT: And your position?

GUS JANSEN: I'm the manager of geology.

TIM SCOTT: Would you please tell the Board why this particular location was picked?

GUS JANSEN: Yes. If you would refer back to the exhibit that we were talking about, you also see the location in purple of the corner of the horizontal units that you already have established by the Board in the

past. This was the only viable surface location where we could locate these horizontal wells to be able to drill this unit which extends up to the north and the northwest. To drill on the preferred orientation that they have (inaudible) to drill this area, this is the only location that we could get to be able to do that.

MARY QUILLEN: This...the old P-121 and then this new one they are just off of that access road, is that correct?

GUS JANSEN: That is correct.

MARY QUILLEN: And it's close to this unit in the grey?

GUS JANSEN: That's correct. These...these... this location is located in the southeast corner of that unit so we can drill into a western orientation.

MARY QUILLEN: Uh-huh. And so the laterals are going to go up into this?

GUS JANSEN: Correct.

BRUCE PRATHER: I'm I reading the map here right. You have your horizontal leg coming out and then you have them going north. I assume that's going to be another horizontal.

GUS JANSEN: That's not the horizontal leg. That is the unit.

BRUCE PRATHER: Oh, that's the unit.

MARY QUILLEN: Yeah. The unit is north and northwest.

GUS JANSEN: The corner of the 320 acre unit will extend to the northwest.

BRUCE PRATHER: I was wondering about that because we've got where that makes an elbow there is below the road.

BUTCH LAMBERT: Which the legs wouldn't make any difference anyway.

BRUCE PRATHER: Yeah.

MARY QUILLEN: Right. That's irrelevant because that's not surface and that---

BRUCE PRATHER: The only thing that I was worried about was the fact that you're below the road when you're---

GUS JANSEN: That's the unit itself.

BRUCE PRATHER: Okay. And on this thing, you're above the road.

GUS JANSEN: Right.

BUTCH LAMBERT: Members of the Board, again, I'm going to go back and suggest that we continue this one. There's just too much information for us to try to digest here without thoroughly looking and reviewing the

documents. There's a lot of things in question that we need to take into consideration. So, I would ask for a motion from the Board that we continue this---

KATIE DYE: Mr. Chairman---

TIM SCOTT: Mr. Chairman, may I say one thing? I'm sorry...I'm sorry, Mrs. Dye.

KATIE DYE: Go ahead, Mr. Scott.

BUTCH LAMBERT: Mr. Scott.

TIM SCOTT: I think the objections that were filed and the petition that was filed are pretty clear that they do not fall within the purview of the statute. I would respectfully request that the Board make their decision today so that we can move forward with whatever matters will we follow the decision of the Board.

BUTCH LAMBERT: Well, Mr. Scott, you yourself have pointed out some errors that I don't know if we can move forward with the errors that you have pointed out and we need time to think about those and talk about those and actually get back with Mr. Asbury on his decision to clear up some of the misunderstanding that there may be that we need to know about.

TIM SCOTT: Okay. But one other thing, Mr. Chairman, I believe that...that Mr. Phipps as well as Range has indicated that he is not a...he is not a

royalty owner. He is a surface owner. For whatever reason, the decision was made listing those as objections available to Mr. Phipps. Obviously, it's an error. There's no objection as to what...and no dispute as to what objections were available to Mr. Phipps. I'll shut up.

KATIE DYE: I just have one comment.

BUTCH LAMBERT: Ms. Dye.

KATIE DYE: I don't know what Mr. Phipps would...you know, what he would want to make him satisfied with this. I think as a Board that we have to realize that this is sterilizing his surface for probably what we project the wells for 65 years and he will be paying tax on that surface during that time. So, what I would hope that maybe you could do if we do carry this forward is try and work this out and try to come to a consensus. Would you be willing to work with them further, Mr. Phipps?

ROGER PHIPPS: Certainly. I've done made them offer a couple of times of letting them obtain the property and sell the property to them. They can do whatever they want to at that point in time. But in the two or three previous meetings that we've discussed this, you know, it goes nowhere.

KATIE DYE: Well, I fully understand that you guys have a reasonable right of access, but would you be willing to work with Mr. Phipps and see---?

PHIL HORN: We've been trying to work with him. He's wanting us to buy his fifteen and a half acres and we're not in the land buying business. I've offered to pay him damages from those two wells in one lump payment. I've offered him more for the damage payment than his property is accessed for. That's the accessed value in Dickenson County. I'm not saying that's what the land is worth. I just want to let you know that we've made what we think is a reasonable offer and we could not come to an agreement. That's why we're here. I mean, I met with him a couple of weeks ago. He lives over in Abingdon close to where I work.

KATIE DYE: Well, it would be a good thing, I think, if you guys could maybe try again and see if you can come to a consensus because, you know, he is being impacted here. His land is being impacted. His timber is being impacted, if...you know, if you want to remove it at a point in time. As a severed surface owner myself, I understand that a lot of times you feel like you don't have any really good choices.

BUTCH LAMBERT: Mr. Scott, can we mark your

handouts as exhibits---.

TIM SCOTT: Yes, Exhibit A to Mr.---

BUTCH LAMBERT: ---for the record.

TIM SCOTT: Collective Exhibit A to Mr. Horn's testimony.

SHARON PIGEON: That's three items?

TIM SCOTT: Yes, ma'am.

KATIE DYE: And just one more question, Mr. Horn. Have you...have you bought surface before? Has Range bought surface from individuals?

PHIL HORN: No, ma'am.

KATIE DYE: So, it's your policy that you never buy it?

PHIL HORN: Well, we have not in the past. No, we have not bought any surface in Virginia for...you're not aware of anything, right?

UNIDENTIFIED VOICE: No.

PHIL HORN: We bought some property in West Virginia to put a compression station since I've been around, but nothing in Virginia.

KATIE DYE: And how do you come to terms with the damages that you will pay Mr. Phipps for his surface?

PHIL HORN: We just made him an offer and then

he didn't accept it at our...before we had our informal fact-finding hearing. Then he came back with an offer and then...which we wouldn't accept. Then I made him an offer a couple of weeks ago. We doubled that offer before we came here today. We're still...and he came down off of his original offer, but we're still very far from it. We're still...we're here and he's up here.

KATIE DYE: But both parties are still willing to work on it?

PHIL HORN: I don't know if he is. We would.

ROGER PHIPPS: I am certainly.

PHIL HORN: Okay.

MARY QUILLEN: Mr. Horn, I have just one question for you. You...did you base your offer on the accessed value. You mentioned that before. On the accessed value of the property you based your offer of damages above the accessed value and what taxes are being paid on that accessed value.

PHIL HORN: We just wanted...out of curiosity we wanted to see what the property was accessed at. So, we got that and we made our offer based on about what we paid for damages for wells. Usually, we have a longer road and a longer pipeline and one well. But this one is going to be---

MARY QUILLEN: Right.

PHIL HORN: ---two for the price of one. So, basically, we took about what we averaged the damages we pay for a well and doubled it is what my offer was made. It turned out to be higher than his assessed value.

TIM SCOTT: I would apprise the Board that since we...my office is engaged in that type of practice with real estate title examinations that---

MARY QUILLEN: Right.

TIM SCOTT: ---these assessments are supposed to be fair market value in Virginia presently.

MARY QUILLEN: Right.

TIM SCOTT: So, based on, you know, the comparables around what has been sold (inaudible). So, the...as Mr. Horn said it was substantially over the assessed value for the property in Dickenson County.

MARY QUILLEN: Right.

TIM SCOTT: And I would ask the Board too if...if this matter is going to be continued, do we expect a decision in May or what are...I mean, just so I can get a time line here? Thirty seconds, Mr.---

BUTCH LAMBERT: It's kind of like the question that Mr. Prather asked earlier, how long will that take through the Courts? Mr. Asbury.

DAVID ASBURY: Just a point of clarification, Mr. Phipps can agree or disagree with this, but all through the informal fact-finding process our proceedings were as if you were the surface owner. Is that correct, sir? There was never any question about being noticed or being part of a royalty owner?

ROGER PHIPPS: That's correct.

DAVID ASBURY: It was...it was all about the objections allowed by a surface owner?

ROGER PHIPPS: That's all that I know that I'm entitled to.

DAVID ASBURY: Yes, sir.

ROGER PHIPPS: I'm not familiar with all of it.

DAVID ASBURY: At the beginning of the informal fact-finding conference that was made clear. Both parties agreed and we proceeded as well as my decision was based on that fact. During the informal fact-finding hearing as well, the question came up is...does Range Resources have a right to be there? It was my determination they do. Is an alternative site...this site going to damage the property beyond the surface use? It was my determination that it would not. So, those are the things that my decision were based on in this particular case.

ROGER PHIPPS: What I don't understand is where do they have the right to be there?

BRUCE PRATHER: They've got a mineral lease.

BUTCH LAMBERT: Mr. Scott, to answer your question, we will do our best to have a decision in May if I get a motion to continue it until May.

DONNIE RATLIFF: I'll make that motion that we continue the case until May.

BUTCH LAMBERT: I have motion. Do I have a second?

KATIE DYE: Second. I'm sorry.

BUTCH LAMBERT: I have a motion and a second. All those in favor, signify by saying yes.

(All members signify by saying yes, but Mary Quillen and Bruce Prather.)

BUTCH LAMBERT: Opposed, no.

(No audible response.)

BUTCH LAMBERT: How many votes did I get? Well, I got three. So, it's continued until May.

ROGER PHIPPS: Mr. Chairman, I thank the Board.

BUTCH LAMBERT: Thank you, sir, for being here today. Ladies and gentlemen, we're going to take an hour for lunch. We will return at 1:15.

(Break.)

BUTCH LAMBERT: Okay. We're ready to resume our proceedings. We're calling docket item seventeen, a petition from CNX Gas Company, LLC to allow election rights in unit C-29, well C-29A, docket number VGOB-10-1116-2848. All parties wishing to testify, please come forward.

MARK SWARTZ: Mark Swartz and Anita Duty.

SHEA COOK: Shea Cook for Clyde Horn.

BUTCH LAMBERT: Mr. Horn, would you state your name for the record, please?

CLYDE LINDELL HORN: Clyde Lindell Horn.

(Clyde Lindell Horn is duly sworn.)

BUTCH LAMBERT: Mr. Swartz, would you like to proceed?

MARK SWARTZ: Yes. We were here I think it was last month on this. We finished the testimony and I felt like I was this close, you know, to closure. The topic of Coliform bacteria came up. My notes indicate that that's why it was continued. So, we have collectively...I think David has helped and my client has helped. We've come up with sort of the history of testing. With regard to the first well, which was drilled, I think, in 2004 perhaps and then testing in advance of the new well that's being proposed.

Here's...the first thing that I'm going to pass out is a collection of documents with regard to the work that went on or was reported on in January of '04.

(Mark Swartz passes out exhibits.)

MARK SWARTZ: And what I thought I might do is just sort of...rather than bury you in paper, sort of talk to you briefly about it and then we could come back in more detail. But in 2004, this was...what I just gave you was the water survey that was done in advance of drilling the first well in this unit, the C-29 well. If you look at...I'm just going to highlight some of the documents that I've given you. If you look at the first thing...actually, what I'd like you to look at is sort of this chart here. It kind of summarizes the relationship of the properties to the water supply that is back in '04. You'll see that there was a Verizon well and that well was sampled. But then if you look at two, three and four, you'll see that properties two and three were actually served by the well son four. Do you see that? And then we've got five had a well, but that six and seven and eight were supplied by the well on five. Then we had...they tested a spring of outcrop and they tested Hale Creek. The map behind that actually identifies...

(Power cut off.)

MARK SWARTZ: The map identifies the various location that were shown on the chart...that was listed on the chart that I just gave you. The last thing, which is not identified on this map, the ten sample, which is the...which was the sample of Hale Creek, there's another map that you'll see later. It's actually down and around the number six here. It's down at the bottom of the unit. That would have been where that number ten sample was made. Before I move off of this, and obviously I'll let you look at this and ask questions about it, but before I move off of the 2004 survey I will tell you that I went through the documents that I have given you and sort of cataloged the outcome. So, if you go back to this chart, and I don't think this is on your copy, but it's notes that I made on mine, I will represent to you that if you go through these documents you will find that the number well water source...the Verizon water source tested positive for Coliform bacteria in 2004. The number...on number four, you have two wells, okay. The number one, the 60 to 80 foot well tested negative for Coliform bacteria. The 40 foot hand dug tested positive for Coliform bacteria. Number five was positive for Coliform bacteria. Number

nine was positive and number ten was positive. So, everything except number one when this survey was done in '04 was contaminated with Coliform bacteria. Then I've got...the second thing that I would give you is water survey work that was done more recently in advance of the second well that's proposed.

(Mark Swartz passes out exhibits.)

DAVID ASBURY: Mr. Chairman, if it's okay, we'll mark this Exhibit AA and the second one Exhibit BB.

MARK SWARTZ: That will be great. This is...you know, these are exhibits behind a cover letter of December the 27th, 2010 and there are...there's the same kind of information that I just discussed with you with regard to testing that was done in '04. There is a map here. I think there's a map in this group. Although, it may be in the next one I give you. Let me see if I can zoom back. Yeah, there is a map on the back. Do you see where number ten on this one?

BUTCH LAMBERT: The one that you just passed out?

MARK SWARTZ: The one that I just gave you. The number ten just to kind of confirm where we were before. Remember I indicated that it was numbered on the other map. But that's the number ten, that's the

creek, I believe. For some reason or the other...and I don't have enough copies of this, but for some reason or the other this kind of a chart was not included in the copies. I don't know why, but this is from another copy of that. I've got...I'll give one to Mr. Cook here.

MARK SWARTZ: Maybe you can share these two. It's actually pretty simple.

(Mark Swartz passes out the exhibit.)

DAVID ASBURY: Do we need copies?

MARK SWARTZ: I think we can make it without copies. I will just tell you that this chart is a lot simpler than the other one. What this chart indicates, and the reason that I'm offering it, is it indicates that everybody is now on public water. Okay, so there's public service water. This chart indicates that the only well that was sampled in September and November of 2010 was the 60 foot Horn well, okay. That that showed up as positive, okay, in the more recent sample. Then the last thing that I would give you is some additional sampling. Some of it duplicates what you already have, but then there's an additional test of the 60 foot well, which also showed positive for Coliform bacteria.

(Mark Swartz passes out the exhibit.)

DAVID ASBURY: Mr. Chairman, these will be

Exhibit DD.

MARK SWARTZ: And what this adds is a further test and it's actually the first page. It's a further test of that 60 foot well in February of this year, which also shows Coliform positive. In summary...I know Mr. Asbury is familiar with this information as well. But in summary, I would say that it is clear that there has been a bacteria problem in this neighborhood since at least 2003 and 2004. Frankly, looking at the test results and the location of the tests, I think it's a miracle that the 60 foot well wasn't contaminated when it was sampled in '04, but I don't have an explanation for that. But the good news, I guess, for this neighborhood is that everybody is on public water.

MARY QUILLEN: If there's public water available, what...what is the connection to this well?

MARK SWARTZ: I would say that...well---

SHEA COOK: Well, if I could state, the idea that somehow the fact that the land owner has access to public water doesn't in anyway in my view eliminate the concerns that this Board should have simply by virtue of the fact that the public is subsidizing his access to water. The idea that somehow the fact that the landowner has access to public water doesn't in anyway,

in my view, eliminate the concerns that this Board should have simply by virtue of the fact that the public is subsidizing his access to water. The fact is the presence of water on a piece of property contributes value to it. So, there may be a lot of reasons why this Court should...or this Board should not take into consideration the presence of Coliform, but the fact that he's on a public system should not be one of them. I would also add that, and not to interfere with Mr. Swartz's presentation of information, since we were in Court...since we were here the last time, Mr. Horn has had independent testing and his testing indicates negative for Coliform. So, that...as far as a response to the information...to the extent that the presence of Coliform is concerned---

MARY QUILLEN: Do we have...do we have a copy of that report?

BUTCH LAMBERT: Do you have that?

CLYDE LINDELL HORN: I didn't bring the copy. I've had two---

SHEA COOK: We're affirming that. Obviously, he's the land owner and he's representing to this Board that he has had an independent testing and that he was negative for Coliform. So---

BUTCH LAMBERT: I understand. Does he have it?  
Do you have it?

CLYDE LINDELL HORN: Not with me.

BUTCH LAMBERT: This side has produced documents of sampled results from a very reputable company.

SHEA COOK: Of the existence of Coliform in the past. We're not contesting that.

BUTCH LAMBERT: Okay. When was his samples taken?

SHEA COOK: Since we were in the last Board hearing. The idea...the existence of Coliform in this well as far as...that was something that he had presented during the last hearing. I think that Mr. Prather raised that as a concern from his standpoint. Our objection to the approval of this additional well are not based upon the existence of whether or not there's Coliform in the water, but the basis that we tried to articulate the last time that we're here and that is in the record and it is outlined in my letter to the Board dated August the 23rd, 2010. Mr. Swartz, as I understand it, has responded to a concern articulated by Mr. Prather. That concern was the basis as Mr. Swartz indicated that a decision by this Board was delayed until this meeting in order to be able to look into

that. I can simply say that, you know, he did his own testing and it was negative. So, to the extent that that might play into the calculus of this Board that's where we are. We're not denying the accuracy of the information generated by EMI.

MARK SWARTZ: I feel like a dog chasing its tail here. I mean, when we were here last as I understood what I was hearing, it was a concern that drilling another well would somehow contaminate his well and so we...and rather than argue with this Board about whether or not this bacteria issue and casing issue was a Board issue or a David Asbury issue, you know, a permitting issue, we just came forward with the information. Well, if this isn't an issue, let's move off of it because, you know, we concluded the testimony the last time with regard to the second well. We had, you know, expert testimony with regard to the effect of the second well on the production, you know, of the first well. All we're talking about in this application is whether or not to give him an election right to participate in the second well. He doesn't have to. But if he wants to, he has that opportunity. All of that testimony is done. So, you know, as far as I'm concerned, you know, I've done what I've asked. Apparently, it's not an issue

anymore. So, great. I guess, we're finished.

SHEA COOK: The existence of the Coliform was not an issue for us. It was an issue raised by Mr. Prather. It is my recollection is that was the reason why it was continued because the Board req...could not make a determination based upon the concerns as articulated by Mr. Prather and joined in by some of the other members. And in the interim, Mr. Swartz has provided this information to respond to that. That still leaves us with our primary...the primary basis of our objection that I articulated during the last hearing and as outlined in my letter of August the 23rd, 2010. You know, whatever this Board determines then, you know, to the extent...if you...if you permit an additional well on the property, we're going to object to it. We're not going to make an objection...he does not want to make an election and we understand that as a consequence based upon the regulations that it's going to be deemed leased and we'll deal with that.

BUTCH LAMBERT: Mr. Cook, you keep referring to an August letter. I don't have one in my packet.

MARK SWARTZ: That's because it was a well permit application. I mean, that's the problem here. We're mixing---

MARY QUILLEN: Yeah.

BRUCE PRATHER: Yeah.

JIM KAISER: You're in the wrong forum.

SHARON PIGEON: Yeah.

JIM KAISER: I mean, somebody needs to say that.

BRUCE PRATHER: I mean, we've resolved the water problem.

SHARON PIGEON: Well, we didn't know where this letter was. We keep going through our packets here and saying---

BUTCH LAMBERT: As I recall, Mr. Cook, the reason that we continued it was Mr. Horn did raise the issue about well contamination from the second well. That's the very reason that we continued this one. We can go back and check the transcripts. But I think that that's what we'll find that Mr. Horn was concerned after we...we had some several arguments on the reasoning for the second well and whether or not he was going to receive...what kind of royalty he was going to receive from the second well. That quickly moved into a discussion of a contaminated well. That's as I recall where we left it.

SHEA COOK: And as a landowner, he does have a concern about that. But the reason that we're here...we

were there last month was to voice our objection to the existence of the additional well and to state why we're objecting to that. All of that was articulated and this Court took...I mean, this Board took that under consideration the last time. The idea that we were in the wrong place or that I shouldn't make those arguments, I mean, today is the first time I've been told that I was in the wrong place.

BUTCH LAMBERT: Well, you didn't hear that from the Board. That was an outside comment.

MARK SWARTZ: It was an outburst.

JIM KAISER: Yeah, it was an outburst.

(Laughs.)

BUTCH LAMBERT: But---.

SHARON PIGEON: But it may be true.

JIM KAISER: You think.

SHEA COOK: It may be true, but it should have been articulated the last time that we were here because for those reasons we're---.

BUTCH LAMBERT: No, we...now, Mr. Cook, we've moved on the reasoning for your objections to the well.

SHEA COOK: Right.

BUTCH LAMBERT: I think this Board was at a point to make a decision to vote on that until the

Coliform issue was brought up and then that's why we continued it and that's why we asked for those records to be submitted for us today to make that determination so that we could...we could forward with this issue.

MARY QUILLEN: That it's a long standing---

SHEA COOK: And we expect you to make a decision today and move on with that.

BUTCH LAMBERT: Okay. Anything further then, Mr. Cook?

SHEA COOK: We don't have any evidence to present. You know, the only argument that I would make would be to simply reiterate those arguments made the last time we were here.

BUTCH LAMBERT: Anything further, Mr. Swartz?

MARK SWARTZ: No.

BUTCH LAMBERT: Any questions from the Board?

MARY QUILLEN: I want to clarify exactly what we are considering is election rights to Mr. Horn for the second well?

MARK SWARTZ: Well, actually, you're allowing a second well and providing him with an election right.

MARY QUILLEN: Providing him with election rights?

MARK SWARTZ: Correct.

BRUCE PRATHER: That's normal---?

MARK SWARTZ: Correct.

BUTCH LAMBERT: Yes.

MARY QUILLEN: Yes.

BRUCE PRATHER: ---for your application?

MARY QUILLEN: Right.

DAVID ASBURY: The Board asked staff to investigate this. I have a report.

BUTCH LAMBERT: Unless the Board wants to see what you have, I think that I'm comfortable with what Mr. Swartz has provided and Mr. Cook has stated that there's no issue with the Coliform. So---.

SHEA COOK: We're comfortable with the information that Mr. Swartz has provided too---.

BUTCH LAMBERT: Okay.

SHEA COOK: ---especially in light of the fact that he has had his testing done so that from our standpoint we don't consider that to be an issue. What we do consider to be an issue are those issues raised in argument at the last hearing and also contained in my letter dated August the 23rd, 2010. If you don't have a copy of it, it's somewhere in one of the files, and I'll be happy to provide another copy of it. The only copy I have here today is it looks like that. So, it's pretty

marked up. But I'll be happy to provide another copy for the record. But in the event that he wishes to appeal to the appropriate Circuit Court, our argument is going to be based on the information and the arguments contained in this letter as well as it's stated verbally.

BUTCH LAMBERT: Okay. Do I have any further discussion or questions from the Board?

(No audible response.)

BUTCH LAMBERT: Do I have a motion?

MARY QUILLEN: Motion to approve.

BRUCE PRATHER: Second.

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

(No audible response.)

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

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

BUTCH LAMBERT: Opposed, no.

KATIE DYE: I'll abstain.

BUTCH LAMBERT: One abstention, Mrs. Dye.

SHEA COOK: Just note my objection for the reasons stated for the record.

BUTCH LAMBERT: Okay. Thank you, Mr. Cook.

SHEA COOK: Thank you.

(Off record discussion.)

BUTCH LAMBERT: The next item on the docket is item eighteen, a petition from Range Resources-Pine Mountain, Inc. for establishment of a 320 acre provisional unit, Range 2917 for the drilling of horizontal conventional gas well, docket number VGOB-11-0315-2917. All parties wishing to testify, please come forward.

JIM KAISER: Mr. Chairman, Jim Kaiser on behalf of Range Resources-Pine Mountain. If we could, we would like to draw your attention to item twenty-nine. We would like to continue that petition, that item at this time, until May. We've had some title work to come back that shows an unknown and we need to get our publication done, which we're doing.

BUTCH LAMBERT: Okay. Item twenty-nine on the docket is a petition from Range Resources-Pine Mountain, Inc. for establishment of a 320 acre provisional drilling unit RR2940 for the drilling of a horizontal conventional gas well, docket number VGOB-11-0419-2940 will be continued until May.

JIM KAISER: And, Mr. Chairman, we'd ask that

you call number thirty and that we allow it to be heard in conjunction with number, what is it nineteen?

BUTCH LAMBERT: Yes...eighteen.

JIM KAISER: Eighteen.

SHARON PIGEON: We're on eighteen. Do you want to skip eighteen?

JIM KAISER: No. I'd like to do eighteen and thirty together.

BUTCH LAMBERT: Okay. Calling docket item number thirty, a petition from Range Resources-Pine Mountain, Inc. for the establishment of a 320 acre provisional drilling unit RR2931 for the drilling of horizontal conventional gas wells, docket number VGOB-11-0419-2931.

JIM KAISER: Thank you, Mr. Chairman. Our witnesses in these two matters will be Mr. Phil Horn and Mr. Gus Jansen.

COURT REPORTER: They both have already been sworn.

BUTCH LAMBERT: You may proceed, Mr. Kaiser.

PHIL HORN

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

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

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

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

Q. And your job includes...do your responsibilities include the land involved in these units that we're attempting to establish?

A. That's correct.

Q. And would it be your testimony that all parties required to be noticed of this hearing by statute (inaudible) have been notified of such?

A. That's correct.

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

BUTCH LAMBERT: Questions from the Board?

(No audible response.)

BUTCH LAMBERT: You may continue, Mr. Kaiser.

GUS JANSEN

having been duly sworn, was examined and testified as

follows:

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

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

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

Q. And you've testified before the Virginia Gas and Oil Board on numerous occasions as to the establishment of these provisional units for the drilling of conventional horizontal wells?

A. That is correct.

Q. And have you, again, for today's purposes of today's hearings prepared a package of information to help further illustrate your testimony?

A. Yes, I have.

Q. And does the Board have those in their possession?

A. Yes, they do.

Q. Okay. If you go through that at this time.

A. Again, if the Board would refer to the packet that I've handed out, Exhibit AA, you'll see the

location of the wells that we had on the docket today proposed for approval of provisional units. The unit Range 2940 will be continued until next month as Mr. Kaiser has already stated. The other two units are up in the upper right-hand corner, the Range 2917 and the Range 2931. You also can see the location of other units in green that have been previously approved by the Board for horizontal drilling. To this date, the units 2064 and 2286 were drilled in 2008 and 2010 with one horizontal well on each one. Again, Range is here today seeking additional units to continue testing the horizontal units...the horizontal formations in various formations in these units that are located in areas northwest of the areas where we have previously done most of our activity. This will allow Range to continue to explore or expand our exploration and development activity in the State of Virginia.

Exhibit BB, again, is a blowup of the individual horizontal unit. Again, it's a 320 acre square unit. The dimensions are noted here. These provisional units are designed to provide flexibility to accommodate the testing of multiple potential gas producing formations with a variety of geologic structures and characteristics. For example, this type

of a design allows for a range of lateral orientation as well as a multitude of potential surface locations which are typically very limited due to the steep topography found in the areas of Southwest Virginia.

Exhibit CC, the third page, does again states the unit's dimensions. It provides you a little additional criteria that will be implored to protect existing and future well developed as well facilitate the planned horizontal doing to maximize the resource recovery. Again, we have a 300 foot interior window setback along with a 600 foot standoff from adjacent grids of horizontal wells to help protect the correlative rights and also a 6000 foot distance between horizontal wells and any vertical wells producing from the same formation. Then, we also have the option in here to be able to produce a surface location in or outside of the unit, again, allowing us to maximize the resource development and allowing multiple wells and laterals in all formations.

Exhibit DD is an example of our typical horizontal well plan. Again, this illustrates the typical horizontal well plan in the Lower Huron well. You'll see the location of the vertical part of the well and the curve being built and the well going lateral in

our Lower Huron formation. The horizontal drilling is also subjected to the current DGO regulations specifically the casing requirements displaced in Exhibit DD and these casing requirements are essentially the same as vertical wells and they're designed to protect the fresh water and ground water zones in the coal protection, which will isolate any coal seams and allow for the safe development of the coal resources in the future.

Finally, Exhibit EE, is sort of the summary of the benefits of horizontal drilling. And while Range and other operators in Virginia, as well as other areas around the U.S. continue to pursue horizontal drilling and technology, mainly it maximizes production and allows production otherwise found uneconomic. Range has provided information related to the vertical well production versus horizontal wells in the Lower Huron Shale as an example. Other key points is to allow for the resource development in the areas otherwise inaccessible due to topographic or culture restraints.

Finally, multiple wells on a single pad results in less impact to the coal resources and less surface disturbance and allows for common facilities such as access roads and pipelines and production equipment to

be minimized.

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

BUTCH LAMBERT: Any questions from the Board?

(No audible response.)

BUTCH LAMBERT: Mr. Jansen, back up to Exhibit CC, I think I heard you to say that the drilling resource on the wells would allow for production both inside and outside the units.

GUS JANSEN: I may have misstated that. The production will come inside the interior window.

BUTCH LAMBERT: Okay. Okay, thank you. Any other questions from the Board?

BRUCE PRATHER: I've got a question, Mr. Chairman.

BUTCH LAMBERT: Mr. Prather.

BRUCE PRATHER: Gus, on these wells that you've previously drilled in here, I assume this is property that you guys got from Chesapeake, is that correct?

GUS JANSEN: This acreage is, yes. It's in the Buchanan County area.

BRUCE PRATHER: And most of the wells up there, if I recall right, are Berea wells, isn't that correct?

GUS JANSEN: Actually, there's probably a good

mixture of all of the formations, but probably as many vertical wells that they developed into the Lower Huron as well.

BRUCE PRATHER: Oh, there are?

GUS JANSEN: Yes, sir.

BRUCE PRATHER: Okay. Okay. I was just wondering what percentage of penetration that you might have in this area of the conventional Lower Huron wells.

GUS JANSEN: The percentage is probably higher in this area than in the lower property area of the main part of Dickenson County.

BRUCE PRATHER: Okay. Okay.

BUTCH LAMBERT: I might be jumping ahead here, Mr. Jansen. But in the packet...in our packet that we have on Exhibit A, if you'll take a look at that, in our packet anyway, these documents aren't signed are missing a lot of information. Oh, I guess, maybe you was going to get to that.

PHIL HORN: Exhibit A on the plat?

BUTCH LAMBERT: Yeah. Uh-huh.

SHARON PIGEON: Yeah, we got---.

PHIL HORN: Well, since this is an Exhibit A, we don't have a well number. We're just identifying the property. I don't think we ever have signed these in

the past.

GUS JANSEN: This is just a depiction of the unit itself.

BUTCH LAMBERT: Okay. All right.

SHARON PIGEON: It appears to be a plat, but it's really not.

BUTCH LAMBERT: Yeah. It's not really a plat. It's just for identification purposes.

BRUCE PRATHER: It's just a square.

BUTCH LAMBERT: Okay. Okay. Any other questions from the Board?

(No audible response.)

BUTCH LAMBERT: Anything further, Mr. Kaiser?

JIM KAISER: Mr. Chairman, we'd ask that the applications be approved as submitted.

BUTCH LAMBERT: Do I have a motion?

MARY QUILLEN: Motion to approve.

BRUCE PRATHER: Second. I assume that thirty is being approved at the same time as this item eighteen.

JIM KAISER: Yes, sir.

BUTCH LAMBERT: Yes.

BRUCE PRATHER: Okay.

BUTCH LAMBERT: The motion is second. Any further discussion?

(No audible response.)

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

(All members signify by saying yes.)

BUTCH LAMBERT: Opposed, no.

(No audible response.)

PHIL HORN: Thank you.

JIM KAISER: Thank you.

BUTCH LAMBERT: Thank you. Okay, docket item number eight...I'm sorry, nineteen, a petition from Southeast Land & Mineral, LLC, docket number VGOB-11-0315-2918 has been withdrawn by a letter corresponded to Mr. Asbury's office received. Docket item number twenty, a petition from Southeast Land & Mineral, LLC, docket number VGOB-11-0315-2919 is being withdrawn---

SHARON PIGEON: For the same letter.

BUTCH LAMBERT: ---for the same letter or correspondence to Mr. Asbury. Docket item twenty-one, a petition from Southeast Land & Mineral, LLC, docket number VGOB-11-0315-2920 is continued until June by the same correspondence. Docket item twenty-two, a petition from Southeast Land & Mineral, LLC, docket number VGOB-11-0315-2921 is also being continued until June by correspondence to Mr. Asbury. So, we're moving on to

docket item twenty-four, a petition from CNX Gas Company, LLC for pooling of coalbed methane unit AZ-117, docket number VGOB-11-0419-2930. All parties wishing to testify, please come forward.

DONNIE RATLIFF: What about GeoMet?

BUTCH LAMBERT: Twenty-three, I'm sorry. A petition from GeoMet Operating Company, docket number VGOB-11-0315-2928 is being continued until May as per request from the company to Mr. Asbury. So, now we're calling docket item twenty-four.

MARK SWARTZ: Mark Swartz and Anita Duty.

BUTCH LAMBERT: You may proceed, Mr. Swartz.

ANITA DUTY

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

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. State your name for us again, please.

A. Anita Duty.

Q. You're still under oath.

A. Yes.

Q. Who do you work for?

A. CNX Land Resources.

Q. This is a pooling application, correct?

A. Yes.

Q. And who is the applicant?

A. CNX Gas Company.

Q. And is there a request that the applicant be...also be appointed the designated operator in the event the pooling application is approved?

A. Yes.

Q. And in that regard, is the applicant CNX Gas Company, LLC a Virginia Limited Liability Company?

A. It is.

Q. Is it authorized to do business in the Commonwealth?

A. It is.

Q. Has it registered with the Department of Mines, Minerals and Energy and the DGO?

A. Yes.

Q. Does it have the required bond or bonds on file?

A. Yes.

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

A. Mailed by certified mail return receipt requested on November the 18th, 2011. Published the

notice and the location map in the Bluefield Daily Telegraph on March the 29th, 2011.

Q. And when you published, what appeared in the paper?

A. The notice and location map.

Q. Do you have with you to provide to Mr. Asbury your certificates with regard to mailing and the proof of publication that you got from the newspaper?

A. Yes.

Q. Okay. Do you want to add any people as respondents today?

A. No.

Q. Do you want to dismiss any of the respondents that you initially named?

A. No.

Q. So, the list is good to go today?

A. Yes.

Q. Okay. Would you...would you tell us what kind of a unit this is?

A. It is a Middle Ridge 58.74 acre unit.

Q. And how many wells are proposed for this?

A. Two.

Q. And are they both located in the

drilling window?

A. Yes.

Q. Have you provided cost information with regard to these wells with your application?

A. Yes.

Q. And could you summarize that for the Board?

A. For well AZ-117 it costs \$244,829.04 with an estimated depth of 2,488 feet. The permit number is 5364.

Q. And with regard to the second well?

A. AZ-117A the costs is \$321,295.72. The estimated depth is 2,600 feet. The permit number is 11,136.

Q. What interests have the applicant been able to acquire in this...in this Middle Ridge unit and what are you seeking to pool?

A. We've acquired a 100% of the coal owner's claim to CBM and 99.9177% of the oil and gas owner's claim. We are seeking to pool 0.0823% of the oil and gas owner's claim to the CBM.

Q. If this application...pooling application is granted, is it going to require escrow?

A. Yes.

Q. Have you provided the Board with an Exhibit E listing the tracts that would be...and the owners and claimants that would be subjected to escrow?

A. I have.

Q. And what tracts would require escrow?

A. Tracts 1A and 1F.

Q. And it looks like those would be escrowed because of traditional conflicts?

A. I think 1S has an unknown.

Q. Okay. And at the bottom of page two, we've got an unknown, okay, good. Have you provided the Board with an Exhibit EE as well?

A. Yes.

Q. And that would list the folks who have signed royalty split agreements, correct?

A. Yes.

Q. And what tracts does that pertain to?

A. 1B, 1C, 1D, 1E and 1F.

Q. And is it your request that the Board allow you to pay the folks identified in Exhibit EE directly?

A. Yes.

Q. Okay. Is it your opinion that drilling two frac wells in the drilling window of this Middle

Ridge unit is a reasonable way to produce the coalbed methane from within and under this unit?

A. Yes.

Q. Is it your further opinion that if you combine a pooling order pooling the respondents that you've listed in your notice of hearing and your Exhibit B3 pooling their interest with the folks that you've been able to acquire leases from or other voluntary interest that the correlative rights of all persons and claimants in this unit would be protected?

A. Yes.

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

BUTCH LAMBERT: Questions from the Board?

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

BUTCH LAMBERT: Mr. Prather.

BRUCE PRATHER: If I heard correctly, I think on your...on the date that you said that you notified the newspaper, I think you said it was something like 12 and you said 2011. I think it should have been 2010, shouldn't it?

ANITA DUTY: No.

BRUCE PRATHER: Why would it be in advance of where we are now?

ANITA DUTY: March the 29th, 2011.

BRUCE PRATHER: Oh, I thought you said it was  
December.

ANITA DUTY: No.

MARK SWARTZ: That would be a problem.

BRUCE PRATHER: That would be a problem. Okay.

MARK SWARTZ: Okay, why don't you repeat the  
date that it was published?

ANITA DUTY: March the 29th, 2011.

BRUCE PRATHER: Okay. I'll go along with that.

ANITA DUTY: Okay.

BUTCH LAMBERT: Any other questions?

BRUCE PRATHER: Anything further, Mr. Swartz?

MARK SWARTZ: Yes. Anita has pointed out to me  
that I forgot to ask her about the standard lease terms.

BUTCH LAMBERT: Oh, yeah.

MARK SWARTZ: I would like to hear about that if  
I could.

ANITA DUTY: Okay.

DAVID ASBURY: There's a question about the  
mailing date.

COURT REPORTER: The mailing date you said  
November the 29th, 2011.

DAVID ASBURY: The 29th, 2011.

COURT REPORTER: It should be 2010.

ANITA DUTY: No. March the 18th, 2011.

SHARON PIGEON: Yeah, I thought I heard something like that too.

COURT REPORTER: Yes.

SHARON PIGEON: I don't want to get into the...not that we've got it cleared up there's---

BUTCH LAMBERT: It's cleared up now.

MARK SWARTZ: It's cleared now. But we still need to come back to---.

ANITA DUTY: Okay. All right. The lease terms are five dollars per acre per year with a five year paid up term and a one-eighth royalty.

MARK SWARTZ: That's all I have.

BUTCH LAMBERT: Any other questions from the Board?

(No audible response.)

BUTCH LAMBERT: Do I have a motion?

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

BUTCH LAMBERT: Oh, I'm sorry. Mrs. Dye.

KATIE DYE: I was just looking at the note her, Mr. Asbury. This well will began producing in 2006, is that correct, or am I on the wrong application?

BUTCH LAMBERT: I think that's the next one on twenty-four.

DAVID ASBURY: AZ-117 shows monthly production beginning January of 2006.

KATIE DYE: Yes.

BUTCH LAMBERT: Oh, yeah, I guess so.

KATIE DYE: That's correct.

ANITA DUTY: The reason that we're just now bringing this one before the Board is there is a Tract 1F. If you'll look on the plat---

MARY QUILLEN: A little, bitty, tinny---

ANITA DUTY: Yeah. That...we had a title update that actually put that tract there. Because of that, the unit was leased a 100% prior to them locating that piece of property there.

BUTCH LAMBERT: Located---

MARK SWARTZ: So, basically, you thought you had a voluntary unit until you update the title?

ANITA DUTY: Right. Until we go to (inaudible) the second well. So, we're backing up kind of.

BRUCE PRATHER: Okay.

ANITA DUTY: So, that's the only real piece that we have that's unleased in the whole unit is the new tract.

BUTCH LAMBERT: Any other questions?

(No audible response.)

BUTCH LAMBERT: Do I have a motion?

MARY QUILLEN: Motion to approve.

BRUCE PRATHER: Second.

MARY QUILLEN: I have a motion and a second.

Any further discussion?

(No audible response.)

MARY QUILLEN: All those in favor, signify by saying yes.

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

BUTCH LAMBERT: Opposed, no.

KATIE DYE: I'll abstain.

BUTCH LAMBERT: One abstention, Mrs. Dye. Thank you, Mr. Swartz. It's approved. Calling docket item twenty-five, a petition from CNX Gas Company, LLC for re-pooling of coalbed methane unit W-34, docket number VGOB-97-0318-0571-06. All parties wishing to testify, please come forward.

MARK SWARTZ: Mark Swartz and Anita Duty.

KENNETH OSBORNE: Kenneth Osborne, O. H. Keen Heir.

(Anita Duty passes out revised exhibits.)

BUTCH LAMBERT: You may proceed, Mr. Swartz.

MARK SWARTZ: Thank you.

ANITA DUTY

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

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

Q. State your name for us again, Anita.

A. Anita Duty.

Q. Who do you work for?

A. CNX Land Resources.

Q. I'm going to remind you that you're still under oath, okay.

A. Okay.

Q. This is a re-pooling, is that correct?

A. Yes.

Q. And it's a...it looks like an Oakwood 80?

A. It is.

Q. Did you either prepare or supervise the preparation of the notice of hearing and application with regard to this re-pooling?

A. Yes.

Q. And you signed both?

A. Yes.

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

A. Mailed by certified mail return receipt requested on March the 18th, 2011. I published in the Bluefield Daily Telegraph on March the 26th, 2011.

Q. And do you have with you to provide to Mr. Asbury certificates with regard to the mailing and a copy of the newspaper's proof of publication?

A. Yes.

Q. Is it true that your company is...has an ongoing effort to update your mapping and update title?

A. Yes.

Q. Okay. Is this re-pooling the result of some mapping adjustments?

A. Yes.

Q. Okay. To focus the Board in terms of what has changed from the original pooling order and tract IDs. As a result of remapping, if we could turn to the tract identification page, Anita, is there a change with regard to Tract 2?

A. Yes. It went from 3.82 to 3.81.

Q. To give the Board a chance to sort of get there, originally when this was pooled in the first order, the acreage associated with Tract 2 was 3.82

acres?

A. Yes.

Q. And on a remapping it is now 3.81 acres?

A. Yes.

Q. And that would have slightly changed the percentage, I assume?

A. It would.

Q. Okay. Was there another tract had an acreage and resulting percentage change?

A. Tract 4B.

Q. Okay. And what was the acreage in 4B in the original pooling order?

A. 7.97.

Q. And what is it...obviously, now, it's 6.54, right?

A. Yes.

Q. Okay. Was...what's the next tract that had a change in acreage?

A. 4D.

Q. Okay. And what was it originally?

A. 9.47.

Q. And what...and now it is what?

A. 9.75.

Q. Okay. And then was there an acreage

change in 4G as well?

A. Yes.

Q. Okay. And what was it originally?

A. 1.26.

Q. And what is it now?

A. 2.42.

Q. Okay. Are the tracts that we've gone through specifically 2, 4B, 4D and 4G the only tracts in this unit that have acreage changes and percentage of interest changes when compared to the original pooling order?

A. Yes.

Q. Okay. The O. H. Keen Heirs are in which of these tracts in this Tract ID?

A. 4F.

Q. Okay. And did the acreage in Tract 4F change from the original pooling order to this...to this tract ID?

A. No.

Q. Did the percentage change?

A. No.

Q. Okay. With regard to Tract 2, is that a leased tract?

A. It is.

Q. So, it wasn't pooled in the beginning?

A. Right.

Q. Is Tract 4B a leased tract?

A. It is.

Q. And that wasn't pooled either?

A. Right.

Q. What about 4D, is that leased?

A. It is.

Q. And is 4G leased?

A. Yes.

Q. Okay. So, no one will have election options as a result of this because you have leases from all of the tracts that have changed, correct?

A. Correct.

Q. Okay. Have you provided the Board...it looks like today you've given the Board some revised exhibits. Do you have an updated B-3 that reflects the changes as a result of the remapping that we've been discussing?

A. Actually, it was just...it's the same problem that we had on the previous Linkous Horn units where we removed Tanya Hess as a result---

Q. Okay.

A. ---of a Will.

Q. So, the difference between the B-3 that they got today...the Board got today and the one that you filed was the Tanya Hess issue?

A. Yes.

Q. But, I guess, what I'm going from is the original or the B-3 that was attached to your application would have reflected the tract ID acreage changes and percentages changes as well?

A. Yes. Yes, that's correct.

Q. And have you also provided the Board with a revised E addressing escrow requirements going forward?

A. Yes.

Q. And have you provided the Board...let's see there's a...yes, apparently, there are some split agreements as well?

A. Yes.

Q. And you've provided the Board with an Exhibit...a current exhibit reflecting the tracts and the folks that have split agreements that you're aware of?

A. Yes.

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

BUTCH LAMBERT: Any questions from the Board?

(No audible response.)

BUTCH LAMBERT: Mr. Osborne.

KENNETH OSBORNE: Yes, sir. My question is on Tract 4F. I can't exactly do the percentages in my head that quick. I just wanted to make sure that...Mary Elizabeth Keen is our grandmother. They had the...they had her listed as a granddaughter. We've talked with Mr. Asbury on this. I think several of my kin people have talked to Anita about this. I just...I want to...I can't tell here, but I just want to make sure, have they made those changes where she is not listed as a granddaughter and actually as a---?

ANITA DUTY: Wherever she is a bold number three that mean she's actually one of the direct decedents and not the granddaughter.

KENNETH OSBORNE: Okay. So, those changes have been made?

ANITA DUTY: Yeah.

SHARON PIGEON: What was that name again?

KENNETH OSBORNE: Mary Elizabeth Horn...Mary Elizabeth Keen Horn. Now, they've got it listed...and I want to clarify this too, they've got it listed as Mary Elizabeth and Linkous W. Horn. Why do they have Linkous Horn on there? That was her husband, but the Linkous

Horn Heir's part of ours and the O. H. Keen are two different things. I just want to make sure that's not going to be a problem down the road.

ANITA DUTY: Well, the O. H. Keen is the bigger heirship, right?

KENNETH OSBORNE: No. Linkous Horn---.

ANITA DUTY: I mean, it---.

KENNETH OSBORNE: Linkous Horn is the...now, are you saying as far as acreage wise or as far as heirship?

ANITA DUTY: No, as far as if we look at like an heirship. If we look at O. H. Keen, O. H. Keen is a lot larger and like the Linkous Horn pieces is the same exact people in this number three. They're the same. It's just the interest are different.

KENNETH OSBORNE: You know, I don't know how to answer that.

BUTCH LAMBERT: Folks, for the...again, I've got to pull this back. That's not the purpose of this petition. We're only here to address this re-pooling order and you've already testified that 4G didn't change. So, that's...your questions Mr. Osborne don't relate to this petition.

KENNETH OSBORNE: 4G or 4F?

SHARON PIGEON: 4F.

BUTCH LAMBERT: 4F, I'm sorry. 4F did not change as far as we're concerned.

KENNETH OSBORNE: Well---

BUTCH LAMBERT: Now, that...we're not...this Board isn't taking up that matter at all of 4F.

KENNETH OSBORNE: Okay. What I'm trying to clarify though is if they...if they took our grandmother off as a granddaughter and fixed it the way it was, then it would have changed, wouldn't it, at least percentage wise?

ANITA DUTY: It may have appeared that she was a grandchild the way we had it numbered and the way we had indented. But she never would have had an interest out from her name. That was just simply a way for us to see how the tree comes forward.

KENNETH OSBORNE: The correct...but what I'm referring to is the way they had her listed as a granddaughter she wasn't getting...she wasn't getting the proper percentage that the Heirs should have got until they changed that. Maybe Mr. Asbury can kind of help us on this. This is the issue that we brought up for the---

DAVID ASBURY: To the best of my knowledge, there was two Mary Elizabeths or Mary E. that was

listed. One was shown as a...could have been shown as a granddaughter and one was the grandmother. I think that was corrected as far as how the percentages are shown. There was a correction here as far as how the heirship structure was made. To my knowledge, it's correct based on what we've discussed with the family.

(Kenneth Osborne and Anita Duty confer among themselves.)

BUTCH LAMBERT: Folks, are we having a discussion here or are we addressing the Board? If you folks are going to talk back and---

KENNETH OSBORNE: I'm sorry, Mr. Chairman.

BUTCH LAMBERT: If you folks are going to talk back and forth, we're going to move on with this petition and you all can move outside.

KENNETH OSBORNE: I'm sorry, Mr. Chairman. It's not...I don't have nothing listed here to compare what Mary Elizabeth Keen Horn's should be as in reference to the other Heirs that she would be the same as. I just want to make sure that this is correct. If they made a change from her part being---

BUTCH LAMBERT: Well, Mr. Osborne, we don't have that information in front of us either. We can't make that determination up here. We don't have that. That's

not what this petition is asking us to do. If you want to work with CNX outside this petition and this hearing, then bring it back and feel free to do that.

KENNETH OSBORNE: Mr. Chairman, with all due respect, doesn't this have to do with 4F or did I misunderstand?

MARY QUILLEN: There's no changes on 4F. We're not addressing that. We're changing---

BUTCH LAMBERT: We're not addressing 4F.

MARY QUILLEN: ---2A, 2B and 4C.

KENNETH OSBORNE: Okay. I apologize.

BUTCH LAMBERT: Anything further...any further questions from the Board?

(No audible response.)

BUTCH LAMBERT: Yeah, Mr. Asbury, can you go through your exhibit that you have under your item twenty-five for us and let us know exactly what you're trying to demonstrate there for us?

DAVID ASBURY: This is a comparison of the original pooling order and the tracts that were identified in the pooling order as compared to today's re-pooling order and how those tracts have changed since the original pooling order. Again, the tract identifications and the amount of acreage in each tract

have changed over time just as far as identification. The total unit has not changed. To...from what...from what we see Tracts 4 and 5 have been redefined based on new title work or an update of the pooling order itself through this re-pooling. Instead of 4 and 5 you now have 4A, B, D, E, G and F in those same areas. It's just a comparison of where we began as the pooling...the original pooling and where this re-pooling takes us.

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

MARK SWARTZ: No, Mr. Chairman.

DAVID ASBURY: And there have been disbursements from certain tracts here, but the total unit has not changed.

BRUCE PRATHER: I have a question.

BUTCH LAMBERT: Mr. Prather.

BRUCE PRATHER: Is this update due to the fact that you're using GPS now rather than whatever you were using back when these wells were drilled? Is that...is that---?

ANITA DUTY: I would say that has something to do with it.

BRUCE PRATHER: Okay.

MARK SWARTZ: Some of the changes are a little

bigger than would be accounted for by that though. So, I think I agree with Anita, but I think some of it must be a remapping as well.

BRUCE PRATHER: Yeah. That's what I'd have to think if small pieces get into it and show it.

BUTCH LAMBERT: Okay. Mr. Osborne, do you have anything further relating to this petition?

KENNETH OSBORNE: No, Mr. Chairman.

BUTCH LAMBERT: Okay. Do I have a motion?

MARY QUILLEN: Motion to approve.

BRUCE PRATHER: Second.

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

(No audible response.)

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

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

BUTCH LAMBERT: Opposed, no.

KATIE DYE: I'll abstain.

BUTCH LAMBERT: One abstention, Mrs. Dye. Calling docket item twenty-six, a petition from CNX Gas Company, LLC for re-pooling of coalbed methane unit W-35, docket number VGOB-98-0324-0627-07. All parties

wishing to testify, please come forward.

MARK SWARTZ: Mark Swartz and Anita Duty.

KENNETH OSBORNE: Kenneth Osborne, O. H. Keen  
Heir.

RONNIE OSBORNE: Ronnie Osborne, O. H. Keen  
Heir.

(Anita Duty passes our revised exhibits.)

BUTCH LAMBERT: You may proceed, Mr. Swartz.

MARK SWARTZ: Thank you.

ANITA DUTY

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

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

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

A. Anita Duty.

Q. You're still under oath?

A. Yes.

Q. Who do you work for?

A. CNX Land Resources.

Q. Did you either prepare or supervise the  
preparation of the notice of hearing, application and  
exhibits with regard to this application?

A. Yes.

Q. Did you sign personally the notice and the application?

A. I did.

Q. What did you do to notify people that we would be having a hearing today?

A. I mailed by certified mail return receipt requested on November 18...oh, I did do that, didn't I?

(Laughs.)

A. March the 18th, 2011.

SHARON PIGEON: We got your confession on the record now.

ANITA DUTY: She had me recorded anyways, so I'm busted.

DAVID ASBURY: She wrote it down.

BRUCE PRATHER: I feel vindicated.

A. And published in the Bluefield Daily Telegraph on March the 28th, 2011.

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

A. No.

Q. Do you want to dismiss anyone?

A. No.

Q. Have you brought with you certific...yes, what?

A. Well, I think Tanya Hess may be...I think we had a...when I was handing out the exhibits, I think Mr. Asbury wanted me---

Q. Okay, so---

A. ---to remove Tanya.

Q. Okay, so the exhibit...the revised Exhibit B-3 and the other exhibits that you've passed out today actually get rid of Tanya Hess?

A. Yes.

Q. So, in that sense you would be dismissing her?

A. Even though she still appears in the notice.

Q. I gotcha.

A. I'm sorry.

Q. Have you brought with you certificates with regard to mailing that you're going to provide to Mr. Asbury for his records?

A. Yes.

Q. Have you...have you also brought with you proof of publication that you got from the newspaper?

A. Yes.

Q. When you published, what appeared in the newspaper?

A. The notice and location map.

Q. This application is a re-pooling application?

A. Yes.

Q. So, you're seeing to do some limited things and we'll get to that in a minute. But just some limited things, correct?

A. Yes.

Q. Okay. And this is an 80 acre unit?

A. It is.

Q. Oakwood?

A. Yes.

Q. It has one well?

A. Yes.

Q. Which is just to the west of the drilling window, correct?

A. Two wells.

Q. Two wells?

A. Two wells.

Q. Okay. Oh, I see them, okay.

A. Two wells.

Q. One to the west of the drilling window and one to the south sort of east side and outside of the drilling window as well, correct?

A. Yes.

Q. Okay. Turning to the tract identification in you application, is this re-pooling generated again by some remapping?

A. Yes.

Q. And just...the first tract that we see changes in is that 1B?

A. Yes.

Q. Originally, when this was pooled back in...well, it has been re-pooled a number of times, but originally what was the acreage in 1B?

A. 15.53.

Q. Okay. And it's changed now to what?

A. 15.31.

Q. Okay. And the next item in the tract IDs that has changed, is that 1E?

A. Yes.

Q. What has changed there?

A. We're showing a title conflict between Daisy Burke and Garden Realty in that tract.

Q. So, you've put an or between Daisy Burke

and Garden Realty to show that?

A. Yes.

Q. And that's the...is that the only change with regard to 1E?

A. Yes.

Q. The acres have stayed the same and the percentages have stayed the same?

A. It has.

Q. Has...is Tract 1G the tract that has some O. H. Keen Heir interest in it?

A. Yes.

Q. Has the acreage of that tract changed from the original pooling to...well, is it the same in this pooling application as it was in the original?

A. Yes.

Q. Is the percentage the same?

A. Yes.

Q. Okay. Then we've got I think the last change here is 1I, is that correct?

A. It is.

Q. Okay. And that's a new tract?

A. Yes.

Q. Okay. And that comes out of...if you look at the plat, it looks like it comes out of probably

1B?

A. Yes.

Q. And it is not labeled on your map. It's sort of in the center and it's a four sided sort of odd shape right above the creek and the intersecting lines. That's Tract 1I. It wasn't labeled, but that's the...the one that doesn't have a label, that's Tract 1I and then it comes out---

MARY QUILLEN: The little tinny tiny one.

Q. Yeah. And that comes out at 1B, correct?

A. Yes.

Q. Okay. And that...and that's the new tract, correct?

A. It is.

Q. Okay. And that would be another difference between this application and re-pooling and the prior orders?

A. Yes.

Q. Okay. Sort of then covering the waterfront in terms of what's leased or not leased, 1B is leased, correct?

A. Yes.

Q. And we're not changing the lineup of

people in 1E, it has just got an or, right?

A. Right.

Q. And it's leased either way?

A. And that's leased as well, okay.

Q. And...but we do need to in the pooling order give the folks in the new tract an election option?

A. Yes.

Q. Okay. So, with regard to 1I, those people since it's a new tract and they weren't pooled before, those people would have their election option, correct?

A. That's correct.

Q. And have you provided with your pooling application the allowable costs in Exhibit G, page one, and so forth allocating the costs so that if those folks if they wanted to participate would be able to calculate them?

A. Yes.

Q. Okay. And that's at Exhibits G, page one and page two, which is a recap, and then you've also given some sample well estimates, correct?

A. Yes.

Q. Okay. And today you've provided the

Board with slightly revised Exhibits B-3, E and EE and is that the Tanya issue?

A. Yes.

Q. Is that the only change from what you gave the Board today and what you filed?

A. Yes.

Q. Okay.

MARY QUILLEN: Mr. Chairman, could I ask a question right here?

BUTCH LAMBERT: Ms. Quillen.

MARY QUILLEN: On that one...on that 1I it says, "Deceased, documentation pending.". What is this documentation pending? Is it Heirs or---?

ANITA DUTY: In order for us to update our records, we have to have someone either provide a Will or a copy of the death certificate. I mean, we've been told over---.

MARY QUILLEN: Oh, okay.

ANITA DUTY: ---the phone that he's deceased, but we actually need paperwork.

MARY QUILLEN: Oh. Oh. So, you just need the documentation that he's deceased?

ANITA DUTY: Yes.

MARY QUILLEN: Okay. Okay.

BUTCH LAMBERT: Any other questions from the Board?

(No audible response.)

BUTCH LAMBERT: Anything further, Mr. Swartz?

MARK SWARTZ: No.

BUTCH LAMBERT: Mr. Osborne.

KENNETH OSBORNE: Mr. Chairman, my only question would have been the validity of the percentage for Tract 1G, Mary Elizabeth Keen Horn.

BUTCH LAMBERT: And I'm sure CNX will be happy to work with you to resolve those issues. Any further questions from the Board?

(No audible response.)

BUTCH LAMBERT: Do I have a motion?

MARY QUILLEN: Motion to approve.

BRUCE PRATHER: Second.

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

(No audible response.)

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

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

BUTCH LAMBERT: Opposed, no.

KATIE DYE: I'll abstain.

BUTCH LAMBERT: One abstention, Mrs. Dye.

MARK SWARTZ: I think maybe we actually ought to get this on the record, Anita is going to send a revised plat to label that tract so that you---

BUTCH LAMBERT: Okay.

MARK SWARTZ: ---have it when you've recording it so you have something that (inaudible).

BUTCH LAMBERT: We're calling docket item twenty-seven, a petition from CNX Gas Company, LLC for re-pooling of coalbed methane unit BB-122. This is docket number VGOB-05-0719-1475-10. All parties wishing to testify, please come forward.

MARK SWARTZ: Mark Swartz and Anita Duty.

BUTCH LAMBERT: You proceed, Mr. Swartz.

MARK SWARTZ: Thank you.

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.

A. Anita Duty.

Q. You're still under oath?

A. Yes.

Q. Did you either prepare or supervise the preparation of the notice of hearing, application and exhibits with regard to this application?

A. Yes.

Q. Did you sign both the notice and the application?

A. I did.

Q. This is also a re-pooling?

A. Yes.

Q. And it concerns unit BB-122, is that correct?

A. Yes.

Q. It's a...it's a 58.74 acre unit?

A. Yes.

Q. In what field?

A. Nora.

Q. How many wells?

A. Just one.

Q. Okay. And if we go to the plat map, just sort of alert the Board to what happened here, it turned out that there was a road that needed to be accounted for, correct?

A. Yes.

Q. And you'll see sort of in the Middle there's a 2G tract with an error that goes to the road, right?

A. Yes.

Q. So, you created when you were remapping this unit a Tract 2G, which is actually that road?

A. It is.

Q. Okay. So, that Tract 2G is a new tract on this pooling application?

A. Yes.

Q. And those folks would get election rights?

A. Yes.

Q. Okay. With regard to the rest of the mapping issues in this unit, I believe there were also changes in 2D and 2F, is that correct?

A. It is.

Q. Okay. What was 2D originally in terms of acreage?

A. It was 1.20 acres.

Q. Okay. And now it has gone to .8?

A. Yes.

Q. Okay. And 2F has changed?

A. Yes.

Q. And what was that originally?

A. 1.36.

Q. Are there any other changes with regard to acreage and percentages of any other tracts?

A. No.

Q. Okay. So, the folks in 2D and 2F would also have to be afforded, you know, an opportunity to elect again because their percentages have changed?

A. Yes.

Q. Okay. So, with regard to election, the folks in 2D, 2F and 2G who are not leased would be afforded an election opportunity under the re-pooling order?

A. Yes.

Q. Okay. And we've provided them with the cost information from the original application, I believe. Yes, you have.

A. Yes.

Q. Okay. And so that they would have a way of determining what their percentages are?

A. Yes.

MARK SWARTZ: Mr. Chairman, I believe that's all we need to cover on this re-pooling.

BUTCH LAMBERT: Any questions from the Board?

(No audible response.)

BUTCH LAMBERT: Ms. Duty, I just noticed on 2G that you've got the Commonwealth of Virginia. Are those you're still sending to VDOT in Bristol? We've got you a new address for that and I'll work with Mr. Asbury and we'll get you the...somewhere else to send those things to.

ANITA DUTY: Okay. Great.

BUTCH LAMBERT: Anything further, Mr. Swartz?

MARK SWARTZ: No.

BUTCH LAMBERT: Do I have a motion?

MARY QUILLEN: Motion to approve.

BRUCE PRATHER: Second.

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

(No audible response.)

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

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

BUTCH LAMBERT: Opposed, no.

KATIE DYE: I'll abstain.

BUTCH LAMBERT: One abstention, Mrs. Dye. Thank

you, Mr. Swartz.

MARK SWARTZ: Thank you all so much.

BUTCH LAMBERT: Ladies and gentlemen, we're going to take about a ten minute break.

(Break.)

BUTCH LAMBERT: Okay, ladies and gentlemen, it's time that we get started back. We're calling petition...docket item number thirty-one, a petition for Range Resources-Pine Mountain, Inc. for a well location exception for proposed well 900042, docket number VGOB-11-0419-2932. All parties wishing to testify, please come forward.

TIM SCOTT: Tim Scott, Gus Jansen and Phil Horn for Range Resources-Pine Mountain, Inc. Oh, I'm sorry, I'm brain dead. We're continuing that one.

BUTCH LAMBERT: Okay, that docket has been continued.

TIM SCOTT: I'm sorry. Until May.

BUTCH LAMBERT: Until May?

TIM SCOTT: Yes, sir.

MARY QUILLEN: Which one, Tim?

TIM SCOTT: 900042, which is---

GUS JANSEN: Thirty-one.

TIM SCOTT: ---number thirty-one. And, Mr.

Chairman,---.

MARY QUILLEN: Continue it until May?

TIM SCOTT: Yes, ma'am. Mr. Chairman, on that particular item because we had the 19th and the 26th I had sent another letter to the individuals who are listed as...on Exhibit B just to let them know not to even show up for this particular hearing because there were a number of people who are in Florida and different places. So, I'll provide it to the Board the next time. Sorry about that, Mr. Chairman.

BUTCH LAMBERT: Well, we were going to...we were going to have a dance afterwards, but---.

SHARON PIGEON: Yeah. Where is your tux. We want a corsage.

(Laughs.)

BUTCH LAMBERT: We decorated, but everybody left.

(Laughs.)

TIM SCOTT: Where's the punch?

SHARON PIGEON: We've got for you right here, buddy.

(Laughs.)

BUTCH LAMBERT: Okay. We're calling docket item thirty-two, a petition from Range Resources-Pine

Mountain, Inc. for a well location exception for proposed well 900036, docket number VGOB-11-0419-2933.

TIM SCOTT: I'll try it again.

BUTCH LAMBERT: Okay.

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

BUTCH LAMBERT: You may proceed.

TIM SCOTT: You guys are under oath remember, okay.

PHIL HORN

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

DIRECT EXAMINATION

QUESTIONS BY MR. SCOTT:

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

A. My name is Phil Horn. I'm the land manager for Range Resources-Pine Mountain, Inc. One of my job duties is to get wells permitted and drilled.

Q. Are you familiar with this application?

A. Yes, I am.

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

A. That's correct.

Q. Those individuals are set out on Exhibit B, is that correct?

A. That's correct.

Q. Who operates the wells from which the well location exception is requested today?

A. Range Resources-Pine Mountain, Inc. operates all five of those wells.

Q. How as notice provided of this hearing today?

A. By certified mail and also by publication in the Dickenson Star on March the 30th, 2011.

Q. We do have some unknowns in this one, is that correct?

A. That's correct.

Q. And that's the reason we published?

A. That's correct.

Q. Okay. We've provided proofs of mailing and publication to the Board?

A. Yes, you have.

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

BUTCH LAMBERT: Any questions from the Board?

(No audible response.)

BUTCH LAMBERT: You may continue, Mr. Scott.

TIM SCOTT: Thank you.

(Gus Jansen passes out the exhibit.)

TIM SCOTT: Mr. Jansen is not moving fast enough. So, I have to wait on him.

BUTCH LAMBERT: He's kind of slow today.

(Laughs.)

GUS JANSEN

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

DIRECT EXAMINATION

QUESTIONS BY MR. SCOTT:

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

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

Q. Are you familiar with this application?

A. Yes, I am.

Q. And you participated in the preparation of the application, is that right?

A. I did.

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

A. Yes. I've handed out an Exhibit AA to the Board. You'll see the location of proposed well 900036 in the center of a group of wells. That's the well outlined in red with the green steepled area. There's also another proposed well that was previously approved as a location exception to the south (inaudible) 900012. We're seeking the location exception today for the well 900036 due topographic constraints. As you can see in this area, we're trying to recover the remaining resources left in this area. If we're not allowed to drill a well at this location, it would be approximately 71.61 acres of stranded acreage.

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

A. 5,597 feet.

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

A. 350 million cubic feet of gas.

Q. In your opinion, if this application is granted, it would prevent waste and promote conservation, is that correct?

A. That is correct.

Q. We have no correlative rights issues, is that right?

A. No.

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

BUTCH LAMBERT: Any questions from the Board?

(No audible response.)

BUTCH LAMBERT: Anything further, Mr. Scott?

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

BUTCH LAMBERT: Do I have a motion?

MARY QUILLEN: Motion to approve.

BRUCE PRATHER: Second.

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

(No audible response.)

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

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

BUTCH LAMBERT: Opposed, no.

DONNIE RATLIFF: I'll abstain.

BUTCH LAMBERT: One abstention, Mr. Ratliff. Calling docket thirty-three, a petition from Range

Resources-Pine Mountain, Inc. for the establishment of a 112.69 acre conventional gas drilling unit and pooling unit 900036, docket number VGOB-11-0419-2934. All parties wishing to testify, please come forward.

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

BUTCH LAMBERT: You may proceed, Mr. Scott.

TIM SCOTT: Thank you, sir.

PHIL HORN

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

DIRECT EXAMINATION

QUESTIONS BY MR. SCOTT:

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

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

Q. And you're familiar with this application?

A. Yes, I am.

Q. And how many acres does this unit contain?

A. 112.69.

Q. And Range Resources-Pine Mountain, Inc. does have interest under lease in this unit, is that correct?

A. That's correct.

Q. And are there any parties respondent that we're going to dismiss in this application today?

A. No.

Q. Have you attempted to reach an agreement with those parties?

A. Yes, we have.

Q. And what's the percentage of the unit that Range Resources has under lease?

A. 93.3466667%.

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

A. By certified mail and it was also published in the Dickenson Star on March the 30th, 2011.

Q. And we just had...we just had an application for a well location exception for this particular unit, is that right?

A. That's correct.

Q. So, we indicated earlier that the...that there are unknown individuals in this particular unit, is that right?

A. That's right. I've provided the affidavit of due diligence to Mr. Asbury.

Q. Okay. And that was provided to him in advance of the hearing, is that correct?

A. Yes.

Q. Now, have you filed the proof of publication and proof of mailing to the Board?

A. Yes, you have.

Q. And is Range Resources authorized to conduct business in the Commonwealth?

A. Yes, we are.

Q. There's a bond on file, is that right?

A. That's correct.

Q. Now, if you were able to reach an agreement with the parties listed on Exhibit B-3, what would those terms be?

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

Q. Is this reasonable compensation for a lease in this area?

A. In my opinion, yes.

Q. Okay. What percentage of the oil and gas estate is Range Resources seeking to pool?

A. 6.6533333%.

Q. Now, we didn't...you had some unknowns,  
is that right?

A. That's correct.

Q. So, escrow is required?

A. That's correct.

Q. Was an Exhibit E submitted with the  
application?

A. Yes, it was.

Q. And would you please tell the Board what  
tracts are subjected to escrow?

A. It's Tract 2.

Q. And what's the percentage of the unit  
subjected to escrow?

A. 3.3266667%.

Q. Are you requesting the Board pool all  
the unleased parties listed on Exhibit B-3, is that  
right?

A. That's correct.

Q. Now, as far as elections are  
concerned---?

SHARON PIGEON: Tim,---.

TIM SCOTT: Yes, ma'am.

SHARON PIGEON: ---before you go any further on  
that, our Exhibit E says Tract 5 is the escrow.

Q. It is at Tract 5, isn't it, Mr. Horn?

A. No. There's only two tracts. That's a mistake. We need to correct that.

SHARON PIGEON: Okay.

Q. It is Tract 2?

A. It's Tract 2. We need to correct it.

TIM SCOTT: Okay. We'll provide a revised Exhibit E.

BUTCH LAMBERT: Exhibit B is correct. It has Tract 2.

TIM SCOTT: Okay. We'll correct that.

PHIL HORN: Somebody copied and pasted it the wrong way, I guess.

SHARON PIGEON: It happens all the time.

Q. Now, if the Board were to grant our application, subjected to providing a revised Exhibit E and if the parties on Exhibit B-3 want to make an election, where should that election be made?

A. Range Resources-Pine Mountain, Inc.,  
P. O. Box 2136, Abingdon, Virginia 24212.

Q. Is that the address for all correspondence for this unit?

A. Yes, it would be.

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

Horn.

BUTCH LAMBERT: Questions from the Board?

(No audible response.)

BUTCH LAMBERT: You may continue, Mr. Scott.

TIM SCOTT: Thank you.

GUS JANSEN

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

DIRECT EXAMINATION

QUESTIONS BY MR. SCOTT:

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

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

Q. Are you familiar with this application?

A. Yes, I am.

Q. Okay. What's the proposed depth of this well? I believe we testified to that before, but please tell the Board again.

A. 5,597 feet.

Q. And what are the estimated reserves for this unit?

A. 350 million cubic feet of gas.

Q. Now, we submitted an AFE with the application, is that right?

A. That is correct.

Q. And it has the well costs listed on it, right?

A. It does.

Q. Are you familiar with those well costs?

A. Yes, I am.

Q. What's the estimated dry hole costs?

A. \$294,886.00.

Q. And the completed well costs?

A. \$539,070.00.

Q. Does this AFE include a reasonable charge for supervision?

A. Yes, it does.

Q. And if this application is granted, it would prevent waste, promote conservation and protect correlative rights, is that correct?

A. That is correct.

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

BUTCH LAMBERT: Questions from the Board?

(No audible response.)

BUTCH LAMBERT: Anything further, Mr. Scott?

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

BUTCH LAMBERT: Do I have a motion?

MARY QUILLEN: Motion to approve with the revised Exhibit E.

BUTCH LAMBERT: Do I have a second?

BRUCE PRATHER: Second.

BUTCH LAMBERT: I have a motion and a second. All those in favor, signify by saying yes.

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

BUTCH LAMBERT: Opposed, no.

DONNIE RATLIFF: I'll abstain.

BUTCH LAMBERT: One abstention, Mr. Ratliff.

TIM SCOTT: Mr. Chairman, would it be okay if I just submitted the Exhibit E...the revised Exhibit E with my proposed order or do you all want that in advance?

BUTCH LAMBERT: I think they could come together. That would be fine.

TIM SCOTT: Okay. All right. I never asked that question before, so I decided that I would do it today.

BUTCH LAMBERT: Okay. We're calling docket item thirty-four, a petition from Range Resources-Pine

Mountain, Inc. for the establishment of a 112.69 acre conventional gas drilling unit and pooling of unit V...and pooling unit V-53298, docket number VGOB-11-0419-2935. All parties wishing to testify, please come forward.

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

BUTCH LAMBERT: You may proceed, Mr. Scott.

TIM SCOTT: Thank you.

PHIL HORN

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

DIRECT EXAMINATION

QUESTIONS BY MR. SCOTT:

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

A. My name is Phil Horn. I'm the land manager for Range Resources-Pine Mountain, Inc. One of my job descriptions is to try to get wells permitted and drilled.

Q. Are you familiar with this application?

A. Yes, I am.

Q. And Mr. Chairman said that this unit contains a 112.69 acres, is that right?

A. That's correct.

Q. And does Range Resources have any portion of this unit under lease?

A. Yes, we do.

Q. Okay. Are there any parties respondent listed on Exhibit B-3 that we're going to dismiss today?

A. No, they're not.

Q. Okay. Those who are listed on Exhibit B-3, have you attempted to reach an agreement with those individuals?

A. Yes, we have.

Q. And would please...it's actually an individual. What percentage of the unit does Range Resources have under lease?

A. 99.99%.

Q. Okay. And how was the notice of this hearing provided to the respondent on Exhibit B?

A. By certified mail and it was also published in the Dickenson Star on March 30, 2011.

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

A. That's correct.

Q. So, no escrow is required?

A. No.

Q. So, as far as the proof that we notified the respondent and the publication that we provided as proofs to the Board, is that right?

A. That's correct.

Q. And, again, Range Resources is authorized to conduct business in the Commonwealth, is that right?

A. That's correct.

Q. And you have a blanket bond on file?

A. That's right.

Q. Now, as far as lease terms you would offer to any...the party listed on Exhibit B-3, what would those terms be?

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

Q. And that's reasonable compensation, in your opinion, for a lease in this area?

A. Yes, it is.

Q. Okay. And what percentage of the oil and gas estate is Range Resources is seeking to pool?

A. .01%.

Q. Now, you're asking the Board...we've already said that we have no escrow requirement, is that

right?

A. That's right.

Q. Okay. And you're seeking...you're requesting the Board to pool the unleased party listed on Exhibit B-3, is that right?

A. That's correct.

Q. Now, if...once the order...if the order is entered and our application is granted, what would be the address used for any elections made by the party listed on Exhibit B-3?

A. Range Resources-Pine Mountain, Inc.,  
P. O. Box 2136, Abingdon, Virginia 24212.

Q. Is that for all correspondence?

A. Yes, it would be.

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

BUTCH LAMBERT: Any questions from the Board?

(No audible response.)

BUTCH LAMBERT: You may continue, Mr. Scott.

TIM SCOTT: Thank you.

GUS JANSEN

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

DIRECT EXAMINATION

QUESTIONS BY MR. SCOTT:

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

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

Q. Are you familiar with this application?

A. Yes, I am.

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

A. 5,513 feet.

Q. And the estimated reserves?

A. 350 million cubic feet of gas.

Q. I think you have signed the AFE, is that correct?

A. That is correct.

Q. So, you're familiar with the well costs?

A. I am.

Q. What's the...what's the dry hole costs for this unit?

A. \$322,494.00.

Q. And the estimated completed well costs?

A. \$552,270.00.

Q. Now, does this AFE include a reasonable

charge for supervision?

A. Yes, it does.

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

A. That is correct.

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

BUTCH LAMBERT: Any questions from the Board?

(No audible response.)

BUTCH LAMBERT: Do I have a motion?

MARY QUILLEN: Motion to approve.

BRUCE PRATHER: Second.

BUTCH LAMBERT: I have a motion and a second.

Any further discussion?

(No audible response.)

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

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

BUTCH LAMBERT: Opposed, no.

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

BUTCH LAMBERT: One abstention, Mr. Ratliff.

Thank you, Mr. Scott. That's approved.

TIM SCOTT: Thank you.

BUTCH LAMBERT: Calling item thirty-five, a petition from Range Resources-Pine Mountain, Inc. for a well location exception for proposed well V-530301, docket number VGOB-11-0419-2936. You may proceed, Mr. Scott.

PHIL HORN

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

DIRECT EXAMINATION

QUESTIONS BY MR. SCOTT:

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

A. Phil Horn, land manager for Range Resources-Pine Mountain, Inc.

Q. Are you familiar with this application?

A. Yes, I am.

Q. And are the owners of the minerals set forth on Exhibit B?

A. Yes, they are.

Q. And who operates the wells from which the well location exception is requested today?

A. EQT Production Company.

Q. In that particular case, you're both...

you're an owner and an operator, is that correct?

A. That's right. We also own interest in both of those wells.

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

A. By certified mail and it was also by publication in the Dickenson Star on March the 30th, 2011.

Q. And, again, we have unknowns in this particular unit, is that right?

A. We have one unknown, that's correct.

Q. Okay. And we've provided proof of mailing and publication with the Board, is that right?

A. That's correct.

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

BUTCH LAMBERT: Any questions from the Board?

(No audible response.)

BUTCH LAMBERT: You may continue, Mr. Scott.

TIM SCOTT: Thank you.

GUS JANSEN

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

DIRECT EXAMINATION

QUESTIONS BY MR. SCOTT:

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

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

Q. Are you familiar with this application?

A. Yes, I am.

Q. And would you please tell the Board why we're seeking a well location exception for this particular unit?

A. Yes. Again, I've handed out to the Board an Exhibit AA. You'll see the location of the proposed well 530301. It's the well outlined in red with the green steepled area. We have situated this well in the best attempt to maximize the remaining resources surrounding this area from the offsetting wells. The topographic restraints would require us to move this well approximately 1500 feet to the north to find another acceptable non-exception location and that would result in approximately 110.86 acres of stranded acreage.

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

well?

A. 5,353 feet.

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

A. 350 million cubic feet of gas.

Q. In your opinion, if the Board grants our application it would prevent waste, promote conservation and protect correlative rights, is that correct?

A. That is correct.

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

BUTCH LAMBERT: Any questions from the Board?

(No audible response.)

BUTCH LAMBERT: Do I have a motion?

MARY QUILLEN: Motion to approve.

BRUCE PRATHER: Second.

BUTCH LAMBERT: I have a motion and a second.

Any further discussion?

(No audible response.)

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

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

BUTCH LAMBERT: Opposed, no.

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

BUTCH LAMBERT: One abstention, Mr. Ratliff. Calling item thirty-six, a petition from Range Resources-Pine Mountain, Inc. for the establishment of a 112.69 acre conventional gas drilling unit and pooling unit V-530301, docket number VGOB-11-0419-2937. You may proceed, Mr. Scott.

TIM SCOTT: Thank you.

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 one more time?

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

Q. And this is the unit that we just sought a well location exception for, is that right?

A. That's correct.

Q. Now, this unit has how many acres?

A. 112.69.

Q. And does Range Resources have all or portions of this unit under lease?

A. Yes, we do.

Q. Okay. Are there any parties respondent that we're going to dismiss from Exhibit...that are listed on Exhibit B-3 that we're going to dismiss today?

A. No, we're not.

Q. Okay. Have you tried to reach and agreement with the parties listed on Exhibit B-3 to lease to their interest?

A. That's correct.

Q. And what percentage of the unit does Range Resources have under lease?

A. 77.47%.

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

A. By certified mail and it was also published in the Dickenson Star on March the 30th, 2011.

Q. And you testified in the last hearing that there are unknown persons in this unit, is that right?

A. There's one unknown person and I gave the affidavit of due diligence to Mr. Asbury.

Q. Okay. Very good. Have you filed proofs of publication and mailing with the Board?

A. Yes, you have.

Q. And Range Resources is authorized to conduct business in the Commonwealth?

A. That's correct.

Q. And blanket bond is file?

A. That's correct.

Q. And if you were to reach an agreement with the parties listed on Exhibit B-3, what would the terms be that you would enter into or you would offer?

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

Q. Do you consider this to be reasonable compensation for a lease in this area?

A. Yes, I do.

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

A. 22.53%.

Q. And we indicated earlier there's an escrow requirement, is that right?

A. That's correct.

Q. And Exhibit E was provided with our application, is that also correct?

A. That's correct.

Q. What tract or tracts are subjected to

escrow?

A. Tract 3.

Q. And what's the percentage of the unit subjected to escrow?

A. 12.43%.

Q. And you're asking the Board to pool the unleased parties listed on...unleased parties listed on Exhibit B-3, is that right?

A. That's correct.

Q. Okay. Now, if you could reach an agreement with the parties listed on B-3 and they made an election under the terms of the order, where should...what would be the address to make those elections?

A. Range Resources-Pine Mountain, Inc.,  
P. O. Box 2136, Abingdon, Virginia 24212.

Q. Would that be the address for all communications?

A. Yes.

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

BUTCH LAMBERT: Any questions from the Board?

(No audible response.)

BUTCH LAMBERT: You may continue, Mr. Scott.

TIM SCOTT: Thank you.

GUS JANSEN

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

DIRECT EXAMINATION

QUESTIONS BY MR. SCOTT:

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

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

Q. Are you familiar with this application?

A. Yes, I am.

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

A. 5,353 feet.

Q. And the estimated reserves of the unit?

A. 350 million cubic feet of gas.

Q. And, again, you did sign the AFE that was submitted with the application, is that right?

A. That is correct.

Q. So, you're familiar with the well costs of this proposed well?

A. Yes, I am.

Q. What's the estimated dry hole costs?

A. \$275,234.00.

Q. And the estimated completed well costs?

A. \$551,090.00.

Q. And does the AFE provide for a reasonable charge for supervision?

A. Yes, it does.

Q. In your opinion, if this application is granted would it be in the best interest of conservation, the prevention of waste and the protection of correlative rights?

A. Yes, it would.

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

BUTCH LAMBERT: Any questions from the Board?

SHARON PIGEON: Mr. Scott, maybe I missed it, I wrote the percentage in escrow due to the unknown and unlocateable in Tract 3, but I don't have a note that Mr. Horn testified to the unleased amount.

TIM SCOTT: Okay. I'm sorry.

PHIL HORN: To the unleased amount?

SHARON PIGEON: Uh-huh. The total.

KATIE DYE: He did.

TIM SCOTT: What's the total of the unleased interest in this unit?

PHIL HORN: 22.53%.

SHARON PIGEON: That's right.

BRUCE PRATHER: But only 12% of that is in escrow, is that correct?

TIM SCOTT: Yes, sir. Sorry, I'm testifying.

BRUCE PRATHER: Yeah.

PHIL HORN: That's correct.

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

BUTCH LAMBERT: Any further questions from the Board?

(No audible response.)

BUTCH LAMBERT: Do I have a motion?

MARY QUILLEN: Motion to approve.

BRUCE PRATHER: Second.

BUTCH LAMBERT: Motion and a second. Any further discussion?

(No audible response.)

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

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

BUTCH LAMBERT: Opposed, no.

DONNIE RATLIFF: I'll abstain.

BUTCH LAMBERT: One abstention, Mr. Ratliff.

Docket item thirty-seven, a petition from Range Resources-Pine Mountain, Inc. for the establishment of a 112.69 acre conventional gas drilling unit and pooling unit 900002, docket number VGOB-11-0419-2938. You may proceed, Mr. Scott.

TIM SCOTT: Thank you, Mr. Chairman.

PHIL HORN

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

DIRECT EXAMINATION

QUESTIONS BY MR. SCOTT:

Q. Mr. Horn, one more time, 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 the land manager.

Q. Are you familiar with this application?

A. Yes, I am.

Q. And is this unit subjected to statewide spacing?

A. Yes, it is.

Q. So, it contains a 112.69 acres, is that right?

A. That's right.

Q. Does Range Resources own drilling rights in this unit?

A. Yes, we do.

Q. Are we going to dismiss anybody from Exhibit B-3 today?

A. No.

Q. Have you attempted to reach an agreement with those individuals listed on Exhibit B-3?

A. Yes, we have.

Q. And what's the percentage presently that Range Resources has under lease?

A. 98.76%.

Q. Now, we provided notice of this hearing, is that right?

A. That's right.

Q. And how was that done?

A. By certified mail and also published in the Dickenson Star on March the 30th, 2011.

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

A. That's correct.

Q. Okay. Have you filed proofs of publication and mail certification with regard to mailing with the Board?

A. Yes, you have.

Q. And Range Resource is authorized to conduct business in the Commonwealth, is that right?

A. Yes, we are.

Q. It has a blanket bond on file?

A. Yes.

Q. Now, if you were to reach an agreement with the parties listed on Exhibit B-3, what would those terms be that would be offered to them?

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

Q. Do you consider that to be reasonable compensation for a lease in this area?

A. Yes, I do.

Q. What percentage of the oil and gas estate is Range Resources seeking to pool today?

A. 1.24%.

Q. Okay. And, again, we don't have an escrow requirement, is that right?

A. That's correct.

Q. Now, if you were to reach an agreement or if the Board were to grant our application and the parties were to elect under the terms of the order, what would be the address that would be used for

communications regarding any elections?

A. Range Resources-Pine Mountain, Inc.,  
P. O. Box 2136, Abingdon, Virginia 24212.

Q. Is that the address for all  
communications with regard to this order?

A. Yes.

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

BUTCH LAMBERT: Any questions from the Board?

(No audible response.)

BUTCH LAMBERT: You may continue, Mr. Scott.

TIM SCOTT: Thank you.

GUS JANSEN

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

DIRECT EXAMINATION

QUESTIONS BY MR. SCOTT:

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

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

Q. Are you familiar with this application?

A. Yes, I am.

Q. And you participated in the preparation of the application, is that right?

A. That is correct.

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

A. 4,355 feet.

Q. And the estimated reserves?

A. 350 million cubic feet of gas.

Q. And, again, your signature is on the AFE, is that right?

A. That is correct.

Q. And you're familiar with the well costs?

A. I am.

Q. What's the estimated dry hole costs for this unit?

A. \$326,202.00.

Q. And the estimated completed well costs?

A. \$986,453.00.

Q. Now, as far as the AFE itself, is there a reasonable charge for supervision on the AFE?

A. Yes, there is.

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

A. That is correct.

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

BUTCH LAMBERT: Any questions from the Board?

(No audible response.)

BUTCH LAMBERT: Do I have a motion?

MARY QUILLEN: Motion to approve.

BRUCE PRATHER: Second.

BUTCH LAMBERT: I have a motion and a second.

Any further discussion?

(No audible response.)

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

(All members signify by saying yes.)

BUTCH LAMBERT: Opposed, no.

(No audible response.)

BUTCH LAMBERT: Mr. Scott, it's approved. Calling docket item thirty-eight, a petition from Range Resources-Pine Mountain, Inc. for a well location exception for proposed well 90049, docket number VGOB-11-0419-2939. All parties wishing to testify, please come forward.

TIM SCOTT: Mr. Chairman, what we passed out for this particular...particular application is, and Mr. Horn will testify to this, I just want you to realize the application is not revised. We found additional

parties, so we did a revised notice of hearing that we added parties to the Exhibit B. So, that's the reason that we...we sent that out again and we also provided just a complete package for the Board's approval for your review. In this particular docket item, Phil Horn, Gus Jansen and Tim Scott for Range Resources-Pine Mountain, Inc.

BUTCH LAMBERT: You may proceed, Mr. Scott.

TIM SCOTT: Thank you.

PHIL HORN

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

DIRECT EXAMINATION

QUESTIONS BY MR. SCOTT:

Q. Mr. Horn, are you familiar with this application?

A. Yes, I am.

Q. And what's your...what's your job description with Range Resources?

A. I'm a land manager for Range Resources-Pine Mountain, Inc.

Q. So, in this particular case, is this...are you familiar with the ownership of the

minerals underlying this unit?

A. Yes, I am.

Q. Now, who operates the well from which this well location is requested?

A. Range Resources-Pine Mountain, Inc.

Q. Okay. Now, as far as the notice of this hearing is concerned, how was that effected?

A. By certified mail.

Q. And we've done...we've provided the proof of mailing for both the first time we sent it out and the second time that we sent it out, is that right?

A. That's correct.

Q. Okay. And those have been provided to the Board, is that right?

A. That's right.

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

BUTCH LAMBERT: Any questions from the Board?

(No audible response.)

BUTCH LAMBERT: You may continue, Mr. Scott.

TIM SCOTT: Thank you.

GUS JANSEN

having been duly sworn, was examined and testified as

follows:

DIRECT EXAMINATION

QUESTIONS BY MR. SCOTT:

Q. Mr. Jansen, one more time, your name, by whom you're employed and your job description.

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

Q. Are you familiar with this application?

A. Yes, I am.

Q. And please tell the Board why we're seeking a well location exception for this particular unit?

A. Yes. Again, I've handed out to the Board an Exhibit AA, which you can see the location of proposed well 900049 as outlined in red with the green steeples. This well has been located as far north of the existing offsetting well as possible due to the topographic constraints. In order to situate a well in a legal location we would have to move the well probably another 500 to 600 feet to the north, which would result in additional stranded acreage. In the event we weren't allowed to drill the well at this location, we would have approximately 110.63 acres of stranded acres.

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

A. 5,704 feet.

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

A. 400 million cubic feet of gas.

Q. And then, in your opinion, if the Board grants our application it would prevent waste, promote conservation and protect the correlative rights, is that correct?

A. That is correct.

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

BUTCH LAMBERT: Any questions from the Board?

(No audible response.)

BUTCH LAMBERT: Do I have a motion?

MARY QUILLEN: Motion to approve with the amended or revised...pardon me, revised Exhibit B.

BUTCH LAMBERT: Do I have a second?

DONNIE RATLIFF: Second.

BRUCE PRATHER: I'll second it.

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

(No audible response.)

BUTCH LAMBERT: All those in favor, signify by

saying yes.

(All members signify by saying yes.)

BUTCH LAMBERT: Opposed, no.

(No audible response.)

BUTCH LAMBERT: Thank you, folks. I appreciate it.

TIM SCOTT: Thank you.

GUS JANSEN: Thank you.

PHIL HORN: Thank you.

(Off record discussion.)

BUTCH LAMBERT: Mr. Asbury, do you have any kind of idea of what the docket for next month will...will we have several items or---?

DIANE DAVIS: It's big.

BUTCH LAMBERT: Several.

DAVID ASBURY: Ms. Davis can answer that.

DIANE DAVIS: It's already fairly large. About thirty some probably and not counting whatever you've done today.

BUTCH LAMBERT: Okay. I'm just trying to decide for...again, for docket item number thirty-nine. We still have a couple of hours left if we want to take the time to...at least a few minutes to discuss the auditor's report. I hope that everybody has had a

chance to look at that auditor's report. This Board really needs to discuss this report and begin taking some actions on the recommendations that are in this report. Does everybody have a copy of that report with them?

DONNIE RATLIFF: I don't.

BUTCH LAMBERT: David, do you have an extra copy?

DAVID ASBURY: I do.

(David Asbury passes out the report.)

BUTCH LAMBERT: I guess if everyone has had the chance to review the report, the most important page that we need to discuss, if you have read the report, would be the summary...the report summary, which is directly behind the cover sheet. This is from the state auditor of public accounts. They're...when they did the review of the Board activities, this is what they came back with and suggested that this Board take action upon. With limited resources and the very stretched staff at the DGO right now, I'm not sure how we're going to be able to accomplish some of these things, but the first...let's take them one by one. I will read them and we will talk about how we may...may best meet the auditor's findings. The first one is "Obtain deposit

and revenue details from the escrow agent to gather key information from all gas companies on a recurring basis so the Board can perform reasonable tests of amounts received." I think we're already doing that. Mr. Asbury, jump in at any moment. But I think with the activities that are going on now with your monthly meetings with the escrow agent and with the audit that's...the internal...I will not call an audit, an internal review of the accounts that we are probably already accomplishing that.

MARY QUILLEN: And by the request for that information...that summary information would also add to that that we have...they have asked for from the operators.

BRUCE PRATHER: I assume this would be the First Trust information that they come and give us every month, wouldn't it?

MARY QUILLEN: Uh-huh.

DAVID ASBURY: What has been discussed from this auditing...you know, maybe my prospective is wrong here, but what's being asked by the escrow agent and the things that we're finding in the audit, the escrow agent would like a monthly accounting of what they're supposed to be receiving in more detail than just checks with the

stub on it. They would like...they would like the monthly accounting as the Board has requested on an annual basis so it doesn't just all come on an annual report. They would like to see these accounts monthly so that they can do their own reconciliation and if you go in a read the best practices for monitoring and account management, another element of that would be if this is done electronically that they would be electronically providing the report to the escrow agent as well as the staff of the Board. So, both parties would have it on a monthly basis. The money, of course, still goes from the gas producer to the escrow agent. But this would have two parties. We would get a monthly report and the escrow agent would get a monthly reporting and we can reconcile monthly rather than annually. That's...for an account this large, that's part of what best practice account management is suggesting.

BUTCH LAMBERT: Well, let's...what you jumped into there, David, is bullet two where they were looking for or requested or suggested that we start looking at some kind of an electronic receipt information. That's what the escrow agent, Ms. Davis talked about the fact, I think, that we somehow need to move onto that one.

But on a recurring basis, as I recall the discussion with the auditor, was that they didn't think that yearly would be sufficient enough to keep a close watch on what's taking place back and forth.

DAVID ASBURY: That's correct.

BRUCE PRATHER: If we don't use it electronic, how much is our operating costs going to go up by doing this on a monthly instead of an annual basis?

DAVID ASBURY: I don't know a number, if any, Mr. Prather.

BRUCE PRATHER: Okay.

DAVID ASBURY: I think electronically---

BRUCE PRATHER: Electronically, I'm sure, would lower our costs. If we were going to do this without the electronic, that first bullet there that could be pretty expensive, I think, labor wise.

DAVID ASBURY: It certainly could be.

MARY QUILLEN: Haven't we talked about, you know, using electronic reporting with the companies?

DAVID ASBURY: What the escrow agent talked with us about was that they would like...they have seen the 200...the 2010 report now. We've actually got CNX's 2010 report and it's not due until July the 1st. So, they've done it in advance and we're able to see the

accounts. The escrow agent likes their format. It's a data dump for them from their account system and it gives them a cross check balance. What they have...what the escrow agent has told Diane and I is that they would like to have that frequently so that they can insure that they're not getting behind or making sure that the accounts are being credited properly.

MARY QUILLEN: Well, the next challenge is going to be move them from this time frame of annually to monthly.

DAVID ASBURY: And that may be a pretty huge step.

MARY QUILLEN: And it might be that we might have to do it increments, quarterly to begin with and then we get it back to quarterly and then drop back to monthly. Do you think?

BRUCE PRATHER: Would this have a whole new electronic device or whatever you want to call it to handle this on a monthly basis versus what they're doing now? Would they need a new program?

DAVID ASBURY: Yes.

BRUCE PRATHER: I think before we put this into effect we would have to know the costs on this thing.

DAVID ASBURY: Well, Chairman Lambert and I met

with the gas companies on some of these issues in this report.

BUTCH LAMBERT: Back last winter, wasn't it?

DAVID ASBURY: Yes, sir. And if I remember the vehicle for this, that was recommended there at that meeting was that DMME develop a reporting mechanism that standardized the reporting and it would be something that the gas...each gas producer then would input their data into that standardized DMME for the Gas and Oil Board's reporting mechanism. From that, it would be inputting to be transmitted to whoever or available to anyone.

MARY QUILLEN: Right.

BUTCH LAMBERT: But the problem we heard was that none of the companies at the table that we met with currently can submit that in an electronic format, which was quite surprising.

SHARON PIGEON: What was their response on submitting this information...this detailed information per well as opposed to a cluster? I think they're probably averaging of their transportation costs and that sort of thing. We don't probably have that information on an isolated basis.

DAVID ASBURY: We have it from CNX Gas on a

detailed well by well unit by unit basis.

SHARON PIGEON: And they are providing that?

DAVID ASBURY: They've provided and have been forthcoming with the information and cooperative...very cooperative. We have 2006, 7, 8, 9 and 10 from CNX. It's very detailed. Thousands of lines of data from them. We also 2009 from...it came...we have Range Resources' information and we had to revise it and request a different format from them. I'm not sure that we've got all of EQT's information as requested.

DONNIE RATLIFF: Is it coming down as a query out of Oracle or Sap or---?

DAVID ASBURY: The way it looks to me, Donnie, is the data is dumped from like an Oracle accounting system and they are just dumping the database into an Excel. We did have at this meeting...if I remember, Chairman Lambert, you correct if I'm wrong, I think Range Resources as well as Appalachian Energy offered to be our test pilot maybe with the Will (inaudible) at Range offered to be...at least work with us to see what the capability of the ACH reporting and electronic reporting.

BUTCH LAMBERT: That's correct. Range did offer to do that and as I recall the ACH reporting was one of

the recommendations that...not fully documented in here, but both the escrow agent and the auditor recommended that folks start using it.

DAVID ASBURY: Yes, sir. At our quarterly meeting with the escrow agent, they are very receptive to going to a gas producer's site. They even suggested going to Pittsburgh or Philadelphia if necessary to talk with what their bank has available and how they believe it would be an easy transition. They don't see the problems that the gas companies see. But, again, they're not in their accounting. But the staff would...if the Board would...if the Board would like, if you so choose to do this we can begin with the pilot program with Range and/or Appalachian Energy on the ACH accounting. But it will take the Board's vote and request to obtain any change in accounting information. We've asked for things and they've been polite, but on this scale of magnitude it has got to come, you know, from the Board.

MARY QUILLEN: And I think a pilot program would be an excellent way to start. I think the bank's willingness to go to these companies and talk to these people who are accounting people that understand that language, the folks that are in the field, that's not

their expertise and it seems overwhelming and daunting to them. But I believe if you talk with the people who actually do this, that...I think it would be a good response. I think having the escrow agent work with them on that, I think is an excellent...excellent idea. I believe that you would get a good response. But I agree that it does need to come from the Board.

BUTCH LAMBERT: Well, it pretty much will have to Mary because I think the Board by this audit report itself this is telling the Board what you must do in order...so, that will have to be a motion that will come from the Board. Beyond that, one of the topics that we...is bullet number three that we had very lengthy discussion with the industry about...and that is a set time frame for escrow deposits that establishes an allowable time frame for depositing into the escrow account after the sale of the gas. We heard everything all over the board up to maybe a year after...after the sale before the could report that---

MARY QUILLEN: That's not acceptable.

BUTCH LAMBERT: I'm not sure if we heard any resolution or a potential resolution to how we manage that, did you, David?

DAVID ASBURY: Please correct me. This is from

memory. We had talked to our...that audit...Robertson, Farmer & Cox auditor had suggested 90 to a 120 days as a time frame and more or less a maximum time frame. If I remember the discussions, we went through the approval of a Board order, which now allows the operator to deposit money from the Board order. The supplemental order with 30 days of objection and 45 days notice, here it's 75 days after Board orders are approved until the supplemental order can come back to the operator and there's, you know, a three to five day lag there. So, you're 75 or 80 days from the time the Board approves the order, it's recorded and the supplemental is out and it comes back with the elections. The operators said, okay, if you go 90 days you could very well be in the middle of an accounting cycle when this happens. But if you go a 120 then that gives us time to get staff, the supplemental order and also make sure that you're in the current...in the most current accounting cycle. So, a 120 days was what I remember as their last discussed recommendation.

BUTCH LAMBERT: Yeah, that and it could be longer. I think I recall one company saying, well, that won't work in all cases and sometimes we may need more.

DAVID ASBURY: Yes, sir. That was a 120 days

starting at times zero when the order is approved here.

SHARON PIGEON: From the date of the hearing.

DAVID ASBURY: From the date of the hearing and not execution date. It was the date of the hearing.

MARY QUILLEN: Well, why...why wouldn't you start maybe the 120 days to 145 days?

DAVID ASBURY: Again, it's open for discussion.

MARY QUILLEN: But a 120 days is a pretty acceptable accounting reporting time frame so we could give them because of the different levels that has to...it has to go through.

DAVID ASBURY: Chairman Lambert and I we looked at our internal process is from DGO and our staff. We would very much like...we've taken on the challenge of improving the processes the staff to the Board. One of the things that we see that the Board could assist with is we...we've allowed a lot of the backlog to occur because the operators are not ready when they come to the Board. As you saw today, we're scouring around with revised exhibits and things of that nature. What we would like to do and suggest to the Board, which would help our process and yours too, I believe, is require the operators to have the petitions and the order and testify from the order when they arrive here before the

Board. What that would do is instead of waiting for time to review transcripts, they would be testifying from the order. We could have the order executed that day or the day following the Board hearing. The prevents this downstream flow of information and revisions and reviews. For staff it's caused a backlog because 30 days or 60 days or 90 days you've got three Board meetings worth of orders that you're having to review plus prepare for the next one. So, we could move that process from downstream upstream so that when they petition place an order before you, they're testifying from the order and after they testify and you all have had it in your packets to review, it's done the day that you approve it. That would certainly as far as process is concerned it would improve...it would improve the process and I think it would be more efficient. I know...I believe that from the staff.

MARY QUILLEN: Well...and I think it would make them more efficient if they know and if they come in unprepared then we don't hear it.

DAVID ASBURY: It's certainly your option.

MARY QUILLEN: I mean...because that's what has created this horrendous backlog.

DAVID ASBURY: Right.

MARY QUILLEN: And your squi...just like you were saying, you know, next month is full and we've got all of these that were carried forward. So, you know, we've got to have a little window of some of these that are postponed or carried forward.

BRUCE PRATHER: I'll tell you one problem that we may be running into and that is that all of these companies that sell gas they sell the gas during this month and they don't get paid until sixty days usually. That's...and so what you've got is you've got a two months lag from the time the gas was sold until the time they get their money. I'm sure that's a lot of what Butch was talking about a little bit ago when they start talking a 120 or 160 or this that and the other. We're going to have to define when we want it. You know, I mean, the thing about it is that you're always going to be...the money is always going to be like two months lag in the gas sales. So, something that would have to be...set a program up is going to have to account for that.

DAVID ASBURY: Well, and one of the things that is our concern and this is cards on the table, we've got the three hourly workers going back to 2000 and they're doing a tremendous amount of work, the Secretary and the

Governor's staff and the DMME has approved a Board support position, which is...we have a successful candidate. As soon as we can transition to that, that individual will be working with us and you to take this piece, this audit piece forward. She will be taking the 2010 and going forward with you and with us while the audit is going backwards. By the end of this year, we will probably be coming to you with an RFP to do an audit for 2010 and 2011, you know. The auditor with Robertson, Farmer & Cox has suggested a two year minimum and a three maximum.

BRUCE PRATHER: In a roll?

DAVID ASBURY: Right.

DAVID ASBURY: So, at the end of this year or early next year we'll coming to you and asking for the two year audit just to keep the cycle.

MARY QUILLEN: Right.

DAVID ASBURY: And I think you will be pleased with the work that's being done and I think at the end of this process after the 5,000 hours is done that you will, while it has been painful, that you will be very pleased with yourself of what you've done and what things you've corrected with the Board going forward. It will be a good process.

SHARON PIGEON: David, I think the comment that you had about having the applicants testify from the order, having it with them is good and that will help streamline the process. But to incorporate your comments and Bruce's perhaps, I just wanted to point out that the bullet three actually refers to a time frame after the sale and not after "approval". So, the time that we're building in there before the order is done, that's really one issue that's separate from this bullet.

MARY QUILLEN: And say if you allow for 60 days, you know, after the sale---

SHARON PIGEON: Bruce's time frame there would be very consistent with that.

MARY QUILLEN: Yeah.

BRUCE PRATHER: Uh-huh.

MARY QUILLEN: Uh-huh.

SHARON PIGEON: This is the two added together is really, I guess, my point.

DAVID ASBURY: I'd like for Diane, if you don't care, to explain how we've improved the process of when we do disbursements and recording instead of mailings where we scanned and let the operators know. Tell how that's...what you've done there.

DIANE DAVIS: Well, we've tried to find ways to streamline the process. It is a cumbersome process because you have an order...you have a supplemental order. You may have a re-pooling in the midst of all of this. But one thing...one thing that we have been successful at is when we do get the orders back from the courthouse, we are scanning them and instead of mailing them out, which takes additional time we're emailing them using our large file transfer to not only our escrow agent but to the operator and they can in turn get it immediately and decrease the time that they are spending in waiting on these orders. We have seen an improvement in that aspect especially with disbursements because the days we get them back from the courthouse are no later than the following day. They're being scanned in and sent to the escrow agent, which starts the turn around period there much more rapidly. I do get orders from the operator, not all of the operators, Tim still mails his in hard copy, but the others do mail their orders, not their supplementals but the orders in electronically. But the problem that you have to keep in mind they're sending just the order and you've got to ruff through the files and find the appropriate exhibits and all of that. Right now I do not get a complete

order. One of the greatest things in the world would be to get the order with the most revised exhibit that they have presented to the Board or that they were supposed to submit to us. That would save a lot of time. An improvement that we've made is the new system where we're tracking putting in more data. It's taking more time now to review an order in some aspects. But the end product that you're getting has everything in there that you can possibly want. It has got leased acreage and unleased acreage. So, we would not ever have to go back and hunt some of this stuff up that we've had to do in the past. It is taking a little bit longer to build these files. But it is making review of the orders faster. A supplemental order comes in there and you really can do it without having to pull the file. You can look at this electronic document if it's all in there, make the changes as you need to as to the unleased and now leased and so forth and document it. That's helping. A lot of orders. Keep in mind for every order that you approve there's at least a supplemental order to go with it. So, you know, it's a minimum of two orders. It's a pooling. Keep in mind those are in front of...in the escrow account still have orders, location exceptions and unit establishments.

There's a lot of orders out there I think that supplementals have been our biggest problem. They have dumped probably in the last couple of months several hundred supplementals on me that they were behind. That...that shouldn't be. We should have been proactive asking for them, but you're always trying to play catch up.

MARY QUILLEN: Right.

DIANE DAVIS: But I think when they got wind truthfully that the Board was looking into some things, I kid you not I have gotten stacks this big of supplemental orders and still have probably---

MARY QUILLEN: But in the long run they are going to be grateful for this.

DIANE DAVIS: Oh, I think so.

MARY QUILLEN: And I think that in the long run you're going to have such a wide range of information in your database and have access to that instantly is going to be...and for them too because, you know, there are going to be times that they're going to refer back to you all and, you know, to be able to provide that information instantly in the database. But that extensive database that you're creating is really going to be a Godsend.

DIANE DAVIS: It's just takes time again---.

MARY QUILLEN: Exactly.

DIANE DAVIS: ---up front.

MARY QUILLEN: That's right. Yeah.

DIANE DAVIS: Two years from now it will be marvelous probably or outdated one or---.

MARY QUILLEN: Right.

DIANE DAVIS: ---outdated one or the other. It should be a really big plus because---.

MARY QUILLEN: Right.

DIANE DAVIS: ---in essence you should be able to be sitting here at a Board hearing if they're doing a re-pooling and you can pool it up on screens---.

MARY QUILLEN: Exactly.

DIANE DAVIS: ---and see what's in there now and what's happened and you can almost have your picture right here.

MARY QUILLEN: Yeah.

DIANE DAVIS: And I think it will be a good tool. But, again, we try to streamline the process as much as we can as far as getting the orders out. I think we sent them to Ms. Pigeon now electronically. Gloria may be printing them off. But we don't even send you hard copies anymore.

SHARON PIGEON: Is Buchanan County still the only Courthouse that won't record it, file stamp it in on the scene when you take it in and hand it back to you?

DIANE DAVIS: Buchanan County...Buchanan County is the one that you have to wait the longest on, yes. They have such a larger volume that if you get there at 10:00 o'clock you may still be behind a couple of lawyers and they will not stamp them in a record them and give you a copy back right then. You have to wait on them or come back later that day or it just depends. They still do it the old fashion way. Wise County is...while we're mentioning this, one of the other hindrances for me or for DGO is to record anything in Wise County. You have to do what's called the Wise County cover sheet. We need to somehow get the operators to do this because it's extremely time consuming. You have to list everybody that's on your B-3 and your E and if it's like Diane and John Davis you have to go over and you have to list Diane Davis, John Davis and then you have go on another screen and for every person you list in there you've got to list their tract identification. So, a cover sheet to do for an order that maybe have 25 people in it can take me an

hour and a half or two hours to do and that's per order that's in Wise County.

SHARON PIGEON: I thought the operators were doing those for a while.

DIANE DAVIS: Never.

SHARON PIGEON: Never.

DIANE DAVIS: And I'm not trained in indexing either. So, you know, it's---

SHARON PIGEON: Right. Well, they should be doing it.

DIANE DAVIS: And I believe other counties will be going to this. So, it's...that's a biggy really. If the other counties go that way---

SHARON PIGEON: That's our clerking.

DIANE DAVIS: You're in...I mean, it takes a lot of time to get an order recorded in Wise County.

SHARON PIGEON: That's our Clerk Jackie.

DIANE DAVIS: I'd rather record one in Buchanan than Wise. I hate Wise County's.

DAVID ASBURY: Mr. Chairman, just a suggestion maybe is that of course the staff...if the Board wishes the staff can begin a pilot program for bullet two as far as the electronic. But maybe let's suggest the Board just take one other bullet and do...do that one

for each of the next meetings.

BUTCH LAMBERT: Well, what I was going to suggest, if the Board was okay with it, that you and I would work together and take these recommendations and put try to put them in some kind of procedural format and bring them back to the Board for their approval.

DAVID ASBURY: Okay. That's good.

BUTCH LAMBERT: If the Board is okay with that, then that's what we'll do. I'll work with David and we'll get that...try to get that done.

DONNIE RATLIFF: Well, just make sure that you all do what Diane said.

DIANE DAVIS: Or they can do the cover sheets for Wise County, right?

BUTCH LAMBERT: Well, if w had a Board member who was in Wise County who was really close up there and if we had an attorney who knows those folks really, really well they could help us out with that.

DONNIE RATLIFF: I've complimented the job they've done.

SHARON PIGEON: For a price, you'd get them almost anything.

BUTCH LAMBERT: Okay. So, that's what we will do, David and I. We may not have it ready by the next

Board meeting since that's...the next one is short to get there and it's---

DAVID ASBURY: June would be good.

BUTCH LAMBERT: By June. So, we'll put that on the docket to try to have something back for the Board to review by June.

MARY QUILLEN: And speaking of June at the April Board meeting, we were supposed to make sure that we vote on changing the meeting date for June.

BUTCH LAMBERT: For June? I think I remember us talking about that.

MARY QUILLEN: Yes. Because the VOGA meeting is that week. I believe I mentioned that.

BUTCH LAMBERT: The what meeting?

MARY QUILLEN: The VOGA meeting is that week that we ordinarily...that third week.

BRUCE PRATHER: At Virginia Beach.

MARY QUILLEN: At Virginia Beach.

BUTCH LAMBERT: It doesn't start until Friday though, does it?

BRUCE PRATHER: It starts on Tuesdays.

DAVID ASBURY: They...they start early. We're only invited on Friday.

BUTCH LAMBERT: Oh, do they. Is that the only

day that we get to go?

DAVID ASBURY: No, we...Thursday and Friday.

MARY QUILLEN: It starts on---.

BRUCE PRATHER: They start the Board meeting on Tuesday for VOGA.

BUTCH LAMBERT: Okay, who...are any of the Board members planning on going up Tuesday and Wednesday?

BRUCE PRATHER: I've got to.

BUTCH LAMBERT: For Tuesday and Wednesday?

BRUCE PRATHER: Uh-huh.

BUTCH LAMBERT: Okay.

BRUCE PRATHER: We go Tuesday and spend the whole rest of the week.

BUTCH LAMBERT: Okay. Do you have any suggestions for dates in June?

MARY QUILLEN: I would suggest the Tuesday prior to that. What is the date of that?

BUTCH LAMBERT: The 14th.

MARY QUILLEN: The 14th.

BUTCH LAMBERT: Is that okay? Does that work with your alls schedule?

DIANE DAVIS: I just have to see if we can get the room.

BUTCH LAMBERT: Yeah, you have to...the room and

notice.

DIANE DAVIS: Let the---.

DAVID ASBURY: We may have to put up with decorations.

(Laughs.)

BUTCH LAMBERT: Okay. Then the June meeting, we'll set it for the second Tuesday, which will be the 14th.

DONNIE RATLIFF: It's flag day. Do you know that?

BUTCH LAMBERT: Yeah.

DONNIE RATLIFF: I'm missing something.

BUTCH LAMBERT: Yeah, everybody wear your flag.

BRUCE PRATHER: Instead of pom poms, we'll put flags in here.

BUTCH LAMBERT: All right. Okay. The last item on the agenda is that we need to review and approve the minutes for our April meeting and for the...I'm sorry, for the February and March meetings. Have folks had a chance to review those and are there any corrections or additions?

(No audible response.)

BUTCH LAMBERT: If not, do I have a motion to approve those minutes?

MARY QUILLEN: Motion to approve the minutes for March 15 and February 15.

BRUCE PRATHER: Second.

BUTCH LAMBERT: And the motion is second. All those in favor, signify by saying yes.

(All members signify by saying yes.)

BUTCH LAMBERT: Opposed, no.

(No audible response.)

BUTCH LAMBERT: And I think item forty we've already covered the update. So, we're good to go there. Do I have a motion to adjourn?

MARY QUILLEN: Motion to adjourn.

BRUCE PRATHER: Second.

BUTCH LAMBERT: Motion and a second. All those in favor, signify by saying yes.

(All members signify by saying yes.)

BUTCH LAMBERT: Opposed, no.

(No audible response.)

BUTCH LAMBERT: Thank you, folks. I appreciate your time. We appreciate everybody being able to adjust your schedules to meet on this date.

STATE OF VIRGINIA,

COUNTY OF BUCHANAN, to-wit:

I, Sonya Michelle Brown, Court Reporter and Notary Public for the State of Virginia, do hereby certify that the foregoing hearing was recorded by me on a tape recording machine and later transcribed under my supervision.

Given under my hand and seal on this the 15th day of May, 2011.

\_\_\_\_\_  
NOTARY PUBLIC

My commission expires: August 31, 2013.