

1 IN THE COUNTY OF RUSSELL

2 VIRGINIA DEPARTMENT OF MINES, MINERALS AND ENERGY
3 VIRGINIA GAS AND OIL BOARD
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8 JANUARY 17, 2012

9 APPEARANCES:

10 **BOARD MEMBERS:**

11 MARY QUILLEN - PUBLIC MEMBER
12 BRUCE PRATHER - OIL AND GAS REPRESENTATIVE
13 BILL HARRIS - PUBLIC MEMBER
14 KEITH ALLEN COMPTON - PUBLIC MEMBER
15 KATIE DYE - PUBLIC MEMBER

16 **CHAIRMAN:**

17 BUTCH LAMBERT - CHAIRMAN OF THE VIRGINIA GAS & OIL BOARD
18 RICK COOPER - ACTING DIRECTOR OF THE DIVISION OF GAS & OIL
19 AND PRINCIPAL EXECUTIVE TO THE STAFF OF THE BOARD
20 DIANE DAVIS AND JIM LOVETT - STAFF MEMBERS OF THE DGO

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1 BUTCH LAMBERT: Good morning, ladies and gentlemen.
2 It's now 9:00 o'clock and time to begin our proceedings this
3 morning. I would ask if you have any cell phones or pagers
4 or any other communication devices, would you please turn
5 those off or at least put them on vibrate. If you do have
6 to take a call, I would ask that you do so out in the hallway,
7 please. To begin our hearings this morning, I'd ask the
8 Board to please introduce themselves and I'll begin with Ms.
9 Dye.

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

12 BILL HARRIS: Good morning. I'm Bill Harris, a
13 public member from Wise County.

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

16 ALLEN COMPTON: Allen Compton, a public member from
17 Dickenson County.

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

20 MARY QUILLEN: Mary Quillen, a public member.

21 BUTCH LAMBERT: Thank you. At this time, due to a
22 scheduling conflict for the month of March if we will...if
23 I can poll the Board. If we can poll the Board, if we can
24 have a quorum, we need to move our meeting from the regular
25

1 scheduled third Tuesday to the second Tuesday of March,
2 which will be March the 13th. Is the Board okay with moving
3 it? Are there any conflicts with your schedules?

4 (No audible response.)

5 BUTCH LAMBERT: Ms. Quillen?

6 MARY QUILLEN: I'm good.

7 BUTCH LAMBERT: Mr. Prather?

8 BRUCE PRATHER: I think I'm all right.

9 BUTCH LAMBERT: Mr. Compton?

10 ALLEN COMPTON: I'm good.

11 BUTCH LAMBERT: Mr. Harris and Mrs. Dye?

12 BILL HARRIS: As far as I know, yes.

13 KATIE DYE: Yes, I'm good.

14 BUTCH LAMBERT: So, let the record reflect that the
15 meeting for March will be March the 13th at the regular
16 scheduled time beginning at 9:00 o'clock here in this room.
17 Now, at this time, we will enter into public comments. I
18 have first signed up is Catherine Jewell or Catherine
19 Caldwell. I'm sorry. Catherine Caldwell.

20 MARK CALDWELL: Sir, I'm sorry, I didn't realize
21 that was the sign up for public comments. I thought we were
22 just signing up that we were here and present.

23 BUTCH LAMBERT: Okay. Thank you, sir. Next, is
24 Kathy Selvich.

25

1 KATHY SELVICH: That would be me. I'm Kathy
2 Selvich.

3 BUTCH LAMBERT: Please state your name for the
4 record.

5 KATHY SELVICH: My name is Kathy Selvich. I reside
6 in Wise, Virginia. I signed up to speak, but I believe
7 instead that I will relinquish my allotted to Ms. Juanita
8 Sneeuwaght.

9 BUTCH LAMBERT: I'm sorry, Ms. Selvich, but we don't
10 relinquish time. If you have comments, if you would please
11 provide your comments.

12 KATHY SELVICH: We'll let it slide this time.

13 BUTCH LAMBERT: Okay. Juanita Sneeuwaght.

14 JUANITA SNEEUWAGHT: Good morning.

15 BUTCH LAMBERT: Good morning. Please state your
16 name for the record, Ms. Sneeuwaght.

17 JUANITA SNEEUWAGHT: My name is Juanita Sneeuwaght.
18 I am...Committee for Constitutional and Environmental
19 Justice. I shouldn't...I shouldn't need more than two
20 minutes because this is pretty brief. I'm here on behalf
21 of Pam Watkins who lives at 2161 Hill Ridge and a mailing
22 address is Clintwood. This is an appeal to this Board. Pam
23 Watkins requested me to present this message to you. She
24 regretfully could not be here because she could not leave

25

1 her place of work. She hopes to be here and present to you
2 in February. Pam had been using a deep well water for twelve
3 years. The water was good and plentiful. She could supply
4 the entire community with the water from that well that had
5 been tested and was free of bacteria, Chloroform and
6 etcetera. So, it was good water. That is until the well
7 went dry during Thanksgiving time. Pam requested the cause
8 of the new...rather Pam requesting the cause of the new dry
9 water well and could not come up with a plausible answer.
10 A new gas well was being drilled nearby. The new well is
11 number P as in Paul 750-446 and the permit is 3163. I
12 believe that it's probably a Range Resources well because
13 I don't anybody else is drilling right now in Dickenson.
14 Phil can confirm that or not. Pam feels the new gas well
15 has interfered with the earth's natural structure and has
16 caused it to effect on her well water. Pam then contacted
17 DGO who sent an inspector who told her that the regulations
18 cited that DGO and/or the gas or drilling company would not
19 be accountable for her loss of water because the new gas well
20 was at a distance of more than 750 feet. Several weeks later
21 water started to flow in Pam's dry well. She was advised
22 by the Dickenson County Board of Supervisors to call me. I
23 advised her not to use the water whatsoever until it could
24 be tested. The test revealed the new well contact

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1 chloroform, E coli and bacteria. That testing could not do
2 a more test for anything other than that, a more inclusive
3 test. The test revealed a new well water contained
4 chloroform, E coli and bacteria. The water tester advised
5 Pam to use the water...excuse me, the water tester advised
6 Pam not to use the water until more extensive tests were done
7 to detect the presence of possibly hydrocarbon, benzene,
8 methane, heavy metals and/or carchins. This type of
9 extensive testing is an expense that Pam cannot afford yet
10 she must have a safe source of water. Pam is requesting that
11 the owner of the gas well assist her in getting county water
12 to her home. I don't have a copy of some material. I
13 will...I will pass to you and let you just have a look at
14 it. Do I have a minute left, Mr. Chairman?

15 BUTCH LAMBERT: Yes, ma'am.

16 JUANITA SNEEUWAGHT: Thank you. I appreciate
17 that. I don't have copies of this. Unfortunately, I
18 couldn't get them. But I find this very interesting.
19 You'll see on the second page that...the third page rather.
20 The second page was a comment from Nancy Pelosi. It says
21 "Correlating natural gas as in groundwater shows and seeps
22 to surface accumulations where possible source rocks can be
23 difficult. Thereto, a range of processes affect gas
24 composition. A limited number of variables were used to

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1 characterize gas in the past." If you have...if you have
2 a minute, if you would like to just glass through this for
3 the validity of that report and Pam will do her very best
4 to be here in February and give you a report.

5 BUTCH LAMBERT: Thank you.

6 JUANITA SNEEUWAGHT: Okay. Yeah, give it back to
7 me because that's the only one that I have. Thank you, Mr.
8 Chairman.

9 BUTCH LAMBERT: Thank you. Mitchell Counts.
10 Please state your name for the record, Mr. Counts.

11 MITCHELL COUNTS: My name is Mitchell Counts. I'm
12 from Buchanan County. I've got the same problem that I've
13 had since the beginning. I'm down to 20% on the lawyers.
14 They guaranteed me a 100% of my money if I'll pay them 20%.
15 I don't understand why the State doesn't sit this up to where
16 a person...beyond the shadow of a doubt I own the gas. The
17 only thing is Hurt McGuire says that I have disrupted their
18 coal seams. I haven't done anything. CNX Gas
19 did...disrupted their coal seams. It seems like Hurt
20 McGuire's problem should be with them instead of me. How
21 they got...how they got on the escrow, I do not know. But
22 Hurt McGuire has done that...hired the same lawyers that CNX
23 hired. They have proved by a shadow of a doubt that the gas
24 is mine. I think the state should step in and get us some

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1 help with some lawyers. I don't think it should be the land
2 owner's responsibility to pay somebody. It doesn't happen
3 that way. If somebody steals something off of you
4 personally, you know...if somebody steals something of
5 yours and sales it, well, even a person that does the selling
6 or the mediating for them is a criminal. As far as I'm
7 concerned, CNX has had some criminal activity going on as
8 far as getting this gas. That's all I have to say. Thank
9 you for listening.

10 BUTCH LAMBERT: The next item on the agenda is the
11 Board will receive an update from First Bank & Trust, escrow
12 agent for the Virginia Gas and Oil Board. Good morning.

13 DEBBIE DAVIS: Good morning.

14 BUTCH LAMBERT: How are you all this morning?

15 DEBBIE DAVIS: Fine. How are you all?

16 LETON HARDING: Fine, Mr. Chairman.

17 BUTCH LAMBERT: It's good to have you all with us
18 this morning.

19 DEBBIE DAVIS: My name is Debbie Davis. I am the
20 Trust Officer with First Bank & Trust Company.

21 And---

22 LETON HARDING: I'm Leton Harding, Executive Vice
23 President of First Bank & Trust Company.

24 DEBBIE DAVIS: I hope everyone is having a Happy New
25

1 Year.

2 BUTCH LAMBERT: So far.

3 DEBBIE DAVIS: So far. We'll start by looking at
4 the activity in the escrow account. On page twenty-three,
5 we have an ending balance as of 12/31 of \$28,797,723.97.

6 LETON HARDING: What page are you on, Debbie?

7 DEBBIE DAVIS: Page 23.

8 LETON HARDING: Page 23, okay.

9 DEBBIE DAVIS: Under that first tab. There wasn't
10 any disbursements that was made in December, but we have
11 since made a few disbursements here in January. For the
12 monthly rate on the audited expenses for the staff was
13 \$5,180.76. We had contributions for the month of
14 \$161,860.36. We continued to work with Department staff
15 and their IT department on getting the producers to submit
16 their reconciliations or as we call it a check register of
17 checks that they are submitting to us that began in December.
18 So, we're working out the kinks on that, but it seems to
19 be...it's going to be very helpful for me to tell checks that
20 they say I've received and whether I've received them or not.

21 BUTCH LAMBERT: Are you getting those
22 reconciliations in timely?

23 DEBBIE DAVIS: They were a little delayed in
24 December, but that was the first month. So, hopefully going

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1 forward it will work a little bit better. I think there were
2 some issues with how the spreadsheets and stuff were set up
3 in getting those submitted and having the right information
4 there in the fields.

5 BUTCH LAMBERT: If after January you're not getting
6 those in timely that you can reconcile, would you please
7 communicate with the Board---?

8 DEBBIE DAVIS: Yes.

9 BUTCH LAMBERT: ---and we'll see what we can do to
10 make sure that those are timely? Are the spreadsheets that
11 were set up working?

12 DEBBIE DAVIS: Yeah. Like I said, there's a few
13 kinks we're working out just to make sure that it's more
14 uniformed and we're getting the same information from
15 everyone and the correct information. We had an issue that
16 check numbers were incorrect. I'm not for sure why, but
17 none of the check numbers matched with what I had received.
18 But that has since been fixed and...so, I think it was just
19 when the information was put into the spreadsheet it pulled
20 in the wrong information.

21 BUTCH LAMBERT: Okay.

22 DEBBIE DAVIS: I have spoke with Rick this morning
23 about getting the working interest balances so that we can
24 properly report it out separate from the royalty interest

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1 going forward. Hopefully that will all be in place with
2 this January the 31st spreadsheet.

3 So---

4 BUTCH LAMBERT: Great. Thank you.

5 DEBBIE DAVIS: Thank you. I've also under tab two
6 included our outstanding check list. I just thought it was
7 a good idea that I keep that reported out not only to you
8 all but to the public to let them know that the outstanding
9 checks if they're not cashed they will be escheated to the
10 state within the five year State of Virginia law. Then it
11 will be the people's responsibility to work with the State
12 to receive those. I am still working with the State of
13 Tennessee having funds returned to us that was EQT escheated
14 to the State this prior year.

15 BUTCH LAMBERT: Any luck?

16 DEBBIE DAVIS: We're getting there. So, hopefully
17 that will be resolved soon. So, I just wanted to keep you
18 updated on that. Tax reporting will be out by the end of
19 the month, the 1099 miscellaneous forms for any
20 disbursements that were sent out this past year. If you
21 want to speak and then I can---

22 LETON HARDING: Yeah. Well, Mr. Chairman, again
23 thank you, and members of the Board, for allowing us the
24 opportunity to be here with you this morning. I do have a

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1 matter of information that I want to pass along to the Board.
2 Ms. Karen McDonald has decided to retire from the bank. So,
3 we're...in one way we're saddened by that but we're also
4 excited for Karen. However, you know, the nature and depth
5 of our investment side is such that we will be able to
6 continue. We are looking for a replacement for Ms.
7 McDonald. So, if you've got any friends or neighbors that
8 you want to recommend to come and see us, please do that.
9 If you'll turn to tab three we'll go ahead with the Board
10 the nature of the investments as of 12/31/2011. Again, in
11 terms of the investment structure, the Board has given us
12 direction as to maintaining a certain portion and very
13 liquid investment. That is the ICS money market account.
14 We'd like to remind the Board that all of the funds that are
15 shown here are FDIC insured through our relationship with
16 promontory, which allows for what's called reciprocal FDIC
17 insurance. In terms of the money market account, that
18 individually has the potential for having up to 50 million
19 dollars in FDIC insurance. If you'll note there that the
20 balance as of 12/31 was 3.5 million, well below 50 million
21 dollars. In terms of the CDARS certificates of deposit,
22 which are reciprocal CDs, which we work with other
23 organizations around the country to have completely FDIC
24 insured. Those totals in terms of six month certificates,

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1 if you'll notice there, is 8.6 million. The totals for the
2 one year are 16.6 million dollars. Again, the total that
3 we could cover through FDIC insurance for CDAR CDs is 50
4 million dollars also. Now, that is separate and distinct
5 from the million dollar coverage for the ICS money market
6 account. So, in essence there's a potential here of up to
7 100 million dollars in FDIC insurance coverage for funds of
8 the escrow account. Now, we understand that, again, there
9 will be distributions and there's no guarantees in terms of
10 any dollar amounts in this. But we just reiterate those
11 numbers for the benefit of the Board. On the...excuse me,
12 on the right hand side you will see the yields in terms of
13 those certificates. I would like, if you don't mind, flip
14 to the next page and we'll come back to this page in just
15 a moment. One of the aspects that we have shared with the
16 Board is that although those certificates of deposit
17 currently reside with First Bank & Trust Company, the goal
18 and fiduciary responsibility of the Trust Department as
19 Trustee for these funds is to maximize the return in a safe
20 and prudent manner as directed by the Board. So, one of the
21 (inaudible) we'd like to give you in terms of comparing is
22 what would be a comparable Treasury rate. And, again, these
23 are Treasury bills, notes and bonds that are issued by the
24 Federal Government. As you can see there, if you come over

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1 to where it says 13 weeks about the second column over you'll
2 note that the yield on the 13 week, which are 90 day Treasury
3 bills, basically have two basis points. When we say two
4 basis points, that means two one-hundredths of 1%. The 26
5 weeks, which I would equate to a six month certificate of
6 deposit as you can see there, roughly have been around six
7 basis points, which is six 100%. This morning before I
8 came, I printed off from the Wall Street Journal the current
9 rate on the six month Treasury was around five and a half
10 basis points. So, that is you were to take and go buy a
11 Treasury note or bill that's the return that you would
12 receive. In terms of the 52 week, you're right
13 around...excuse me, which is equivalent to a one year CD
14 you're at 11 basis points. To get an idea to...if you bought
15 a three year Treasury this morning, you would basically earn
16 one-third of a percent. If you bought a five year, which
17 means you would tie your money up for five years, you would
18 basically make eight-tenths of 1% or 80 basis points. Then
19 we use those just to keep the Board in mind of what the rates
20 are. As we discussed with the Board last year, our bank
21 currently has 180 million dollars in Fed funds earning 20
22 basis points or two-tenths of 1%. We're trying to put that
23 money out in loans and other things. But that's where we
24 are. You know, for the next quarter, we would like to extend

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1 to the Board, you know, maintaining the ICS money market at
2 40 basis we would propose, as we discussed previously a yield
3 of 45 basis points on a six month certificate and a half
4 percent on a one year certificate. Again, when you compare
5 those with the Treasury rates they still are above...well
6 above those rates and actually well above what we're
7 actually earning on the money. But, again, we take a view
8 of a long term view in terms of the Treasury or markets versus
9 what we can achieve for the Virginia Gas and Oil Board. What
10 Debbie has calculated here for you at the bottom, which is
11 highlighted in yellow, and again those are balances as of
12 year-end of 28.8 million. An average yield of 59 basis
13 points. Now, the good news is that when you really look out,
14 the majority of the money will continue to earn 65 basis
15 points throughout the course of the year because you've
16 locked up a lot of that money through the end of the year
17 at 65 basis, which have generated positive income of around
18 165,000 based on those yields. As rates dropped a little
19 bit, I kind of project, you know, probably around a 140,000
20 income for the Virginia Gas and Oil Board fund. Our...our
21 charges are 10 basis points, one-tenth of a percent. So,
22 if you use 28.8 million and 10 basis points that's roughly
23 20...almost on average \$29,000. So, if you take away the
24 fee of 29,000 from a 140,000 it would still show a positive

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1 income of right around probably a \$111,000. That's just
2 some ballpark numbers. But I think those are fairly
3 conservative. Through this asset mix that we show here for
4 the Board, one, we know that we are insured... FDIC insurance
5 which addresses the concern that the Board had with
6 remaining sound. Secondly, the way we have these CDs coming
7 due or what we call in our industry laddering those
8 certificates we have more than enough liquidity to make
9 distributions...historic distributions but also in terms of
10 enhanced distributions that may occur throughout the course
11 of the year. As these CDs come due, you know, we continue
12 to visit with the Board the need and instruction of those
13 certificates to make sure that there's more than adequate
14 liquidity to make any kind of demands upon the Board for
15 distributions from the fund. I'd be very happy to answer
16 any questions that you have about the structure, the rates
17 and so forth. Another aspect that I would add from a macro
18 standpoint is that we continue to see a lot of money come
19 into U.S. Treasurers particularly what is going on in
20 Europe. Folks are looking for a safe environment. We've
21 actually seen the yields on the one month Treasury bills
22 become negative. In other words, people buy it for a dollar
23 and expect to get 99 cents back just simply because the
24 concerns in terms of security of those funds. Another

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1 aspect that I would add here is that the Federal Reserve in
2 their last Federal Reserve meeting one of the things that
3 they're going to begin doing this year is each quarter,
4 March, June and so forth they are actually going to release
5 what their projections are, what they anticipate and what
6 numbers they're utilizing in terms of managing monetary
7 policy. This is the first time our Federal Reserve has done
8 this. Other entities in other countries have released
9 their forecast of the actual numbers that they are using to
10 make projections. So, financial professionals or public
11 can actually see what the Fed thinks rates are going to be
12 in June of 2012 or September and all the way out so that
13 they're, you know, basically giving you the cookbook, if you
14 will, in terms of where they think rates are. Over the past
15 quarter or so, what the Fed has indicated is that they do
16 not anticipate raising rates until mid year 2013. So, I
17 think that the rate environment that we are operating in
18 terms of the funds, which we manage for the Virginia Gas and
19 Oil Board, as my dad would say, where we is is where we is.
20 So, I think that's, you know, kind of what we're looking at
21 probably for the next...at least 12 to 18 months. Now,
22 there are some significant improvements in the economy.
23 This morning, there's an index reflexes economic activity
24 in the State of New York. It's called the Empire Index. It

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1 was up 14%. So, car sales... there's a lot of positive
2 indicators in terms of our overall economy. But at this
3 point in time, what the Fed has indicated in spite of those
4 positive indicates they feel like that they want to retain
5 rates at this slow rate environment to make sure that we
6 don't backslide in terms of the economic growth and
7 development.

8 BUTCH LAMBERT: Any questions from the Board?

9 DEBBIE DAVIS: I did want to point out at our last
10 meeting in October when we came and talked about the
11 reduction in rates, the two CDARS that were maturing in
12 November and December they all were all reinvested at the
13 12 month rate so we could get the most at the 65 basis
14 points...all of those moneys so we could maximize and have
15 that rate for the whole year.

16 BILL HARRIS: I was about to ask, do you have any
17 recommendations for future investments? As we are now,
18 there's a...what you just spoke to, there's a certain
19 amount, I guess, 980,000 per month that we had been putting
20 out there, I guess, for the CDARS.

21 LETON HARDING: Yes.

22 BILL HARRIS: Do you recommend a continuation of
23 that for---?

24 LETON HARDING: At this point in time, Mr. Harris,
25

1 we do simply for the reason that the rate of return that we're
2 able to achieve in terms of the CDARS programs and the FDIC
3 insurance is above not only the Treasury yields. I emailed
4 just a few moments ago...my last recollection of the
5 Virginia LGIP fund, which is the fund which is run by the
6 state Treasurer's office in Virginia for counties and cities
7 and other entities which want to take advantage of it had
8 I think a return around 15 basis points. So, even the fund
9 that's run by the state for counties, cities and towns is
10 significantly below that rate. One of the reason, Mr.
11 Harris, that we give you these independent numbers in terms
12 of the rates and in terms of Treasurers and those kinds of
13 things is just so that you can know how these rates stand
14 up. If I was really trying to make money on these CDs I would
15 probably offer you 15 basis points because we're only
16 earning 20 basis points. But part of, you know, our
17 commitment in working with the Board is to know that we want
18 to achieve a positive...we take a long term look at this
19 relationship with the Board from the trust and the bank side.
20 You know, if rates go up as we discussed with the Board
21 before, you know, right now from our bank's standpoint we
22 do not anticipate our loan demand to be significant. We're
23 only projecting about 40 million dollars in new loans this
24 year, which would only...that would eat our 180 million

1 excess funds internally to 140 million. So, if Debbie or
2 our other folks can go out and find you something making 60
3 basis points, I would...you know, we'd try to move this money
4 out as soon as we could because we would actually make money
5 by not having it in the bank. But, again, by being long-term
6 in terms of a relationship with the Board, you know, that
7 was one of the things when we had our first dialogues with
8 the Board in terms of selecting our organization this was
9 an option that we had. From the bank's standpoint, the
10 benefit of having this money and these funds the ICS fund
11 or the CDARS is because these are public funds we would
12 otherwise have to collateralize this. We do this with a
13 number of counties and cities and towns. The most recent
14 that we worked with is the City of Fredericksburg because
15 this way we can utilize this to make loans and that is our
16 main goal on the commercial side bank is make loans back in
17 our community.

18 MARY QUILLEN: Now, these...I guess the six month
19 or the three months ones.

20 DEBBIE DAVIS: The six months.

21 LETON HARDING: The six months, yes, ma'am.

22 MARY QUILLEN: The six month ones.

23 LETON HARDING: When those are renew instead of
24 renewing at one-half percent they will renew at .45, which

25

1 is a five basis point decrease. Then the ones that are one
2 year when they renew instead of renewing at .65, they will
3 renew at .50.

4 MARY QUILLEN: Right. Okay. Okay.

5 LETON HARDING: But if you look at the way these are
6 structured...I would add that regardless of whether these
7 were in CDARS or Treasurers or other kind of fixed income
8 investments one of the things that you want to do is ladder
9 those so that if you are in a down rate environment that you
10 still have a majority of your money earning 65 basis points.

11 MARY QUILLEN: Right.

12 LETON HARDING: So, if you look there...if you go
13 to July of 2012, do see where it says 7/06/12?

14 MARY QUILLEN: Uh-huh.

15 LETON HARDING: If you take all of those add them
16 up that's probably roughly...that's almost 14 million
17 dollars that for the majority of this year will still be
18 earning 65 basis points---

19 MARY QUILLEN: Right. Right.

20 LETON HARDING: ---or two-thirds percent.
21 That's the advantage of laddering instead of having all of
22 your money come due at one time.

23 MARY QUILLEN: Exactly. And what about the ICS
24 money market?

25

1 LETON HARDING: We'll leave that at 40 basis points.

2 MARY QUILLEN: It is going to...okay.

3 LETON HARDING: Yeah, we're not...we don't
4 anticipate changing that. So---

5 MARY QUILLEN: Okay. Oh, okay. So, we can---

6 DEBBIE DAVIS: And by the Board's direction we're
7 supposed to keep that around three million. So---

8 MARY QUILLEN: Right. Right.

9 DEBBIE DAVIS: So, as more moneys come in I will
10 purchase more CDs or the CDARS---

11 MARY QUILLEN: Because that's our operating or
12 disbursements and so forth that---

13 LETON HARDING: Yes, ma'am. Yeah, and we don't...I
14 think...I think with that money I think that's a fairly
15 stable rate for the remainder of this year.

16 MARY QUILLEN: Okay. Okay.

17 LETON HARDING: But as Debbie said, I mean, five
18 basis point or 10 basis points or one-tenth percent doesn't
19 sound like a lot. But it is positive revenue for the fund
20 and, again, at this point in time given the way the way we
21 have this structure and given the flows of income coming in
22 from the gas receipts and the amount of money that we have
23 had in historic payouts, you know, I think it's a very
24 conservative and liquid environment for the Board to meet

25

1 its obligations or potential obligations.

2 MARY QUILLEN: Well, it certainly is better than the
3 Treasury bonds and...I mean, just my personal opinion, I
4 don't think we're going to see any kind of improvement until
5 after November of 2012.

6 LETON HARDING: There's something that happens in
7 November that you're probably right. But, yeah...
8 so---.

9 MARY QUILLEN: Yeah. Yeah. I mean, I think that
10 we are much better off and will be much better off with what
11 we have decided to do. I feel like you all are going to take
12 good care of our money and look out for our---.

13 LETON HARDING: Our fiduciary responsibility is to
14 maximize the yield in a prudent manner as directed by the
15 Board. We always want the Board to feel confident and
16 comfortable with our recommendations.

17 BRUCE PRATHER: I'd like to make a comment.

18 BUTCH LAMBERT: Mr. Prather.

19 BRUCE PRATHER: I think you're to be graduated on
20 if we can make a \$165,000 off of this thing and end up with
21 \$110,000 as net. Two years ago we were making \$75,000 and
22 we were in the hole on this account.

23 MARY QUILLEN: Yes.

24 BRUCE PRATHER: And so...you know, if somebody
25

1 wants to look at the parallel between what we had previously
2 and what we've got now it's a great improvement. Thank you
3 very much. I appreciate it.

4 LETON HARDING: Well, we're just following the
5 goals and objectives of the Board in terms of your interest
6 in serving the public and we just feel honorable to have this
7 opportunity to take care of things and, you know, the
8 majority of our offices and people work in this area. So,
9 for us we feel like that serving the people of this region
10 is very important to us as well.

11 MARY QUILLEN: It certainly is money that belongs
12 to the people in this region---

13 LETON HARDING: Yes, ma'am.

14 MARY QUILLEN: ---and you all have done amazingly
15 well.

16 LETON HARDING: Well, we...we understand the
17 challenges that the Board and the industry faces with this.
18 We just want to make sure that we're prepared to follow
19 whatever directions from the Board to meet the needs of the
20 public.

21 BUTCH LAMBERT: Any other questions from the Board?

22 (No audible response.)

23

24 BUTCH LAMBERT: Thank you all. We appreciate it.

25

1 DEBBIE DAVIS: Thank you.

2 LETON HARDING: We just add, Mr. Chairman, that you
3 know we understand we want to come back quarterly, however,
4 that we are available at anytime to come back and address
5 any kind of issues with the Board and also I want to thank
6 the staff of the Gas and Oil Board and also Debbie for working
7 so closely. They have a good working relationship. Debbie
8 and I, you know, are pretty much in contact on what's taking
9 place here. If there's any needs of the Board or the staff,
10 we would be very happy to address those as time goes on. We
11 don't have to wait until these meetings to take care of you.

12 BUTCH LAMBERT: Well, Ms. Davis, has done a
13 wonderful job in working with the Board and with the industry
14 and we appreciate her help.

15 LETON HARDING: Thank you, sir.

16 BUTCH LAMBERT: It seems like I see her up here an
17 awful lot.

18 (Laughs.)

19 LETON HARDING: Thank you all.

20 BUTCH LAMBERT: Thank you.

21 BRUCE PRATHER: Thank you.

22 BUTCH LAMBERT: Our next item on the docket is a
23 petition from EQT Production Company on behalf of Don W.
24 Ashworth and Cynthia Ashworth, Graham Tiller and Betty

25

1 Tiller, Dr. Halbert Ashworth and Peggy Ashworth and Range
2 Resources-Pine Mountain, Inc. for disbursement of funds
3 from escrow for a portion of Tracts 7 and 8 in unit 536589.
4 This is docket number VGOB-07-0515-1935-01. All parties
5 wishing to testify, please come forward.

6 JIM KAISER: Mr. Chairman and Board members, Jim
7 Kaiser and Spence Hale for EQT Production.

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

9 (Spence Hale is duly sworn.)

10

11 SPENCE HALE

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

14 DIRECT EXAMINATION

15 QUESTIONS BY MR. KAISER:

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

18 A. Spence Hale. I'm employed by EQT
19 Production Company as a landman.

20 Q. And this is a disbursement request?

21 A. It is.

22 Q. Have all parties been notified as required
23 by statute?

24 A. Yes.

25

1 Q. And what unit is this?

2 A. 536589.

3 Q. And what tracts?

4 A. Tracts 7 and 8.

5 Q. And these are partial tracts...partial
6 disbursements?

7 A. Yes.

8 Q. So, there's still interest remaining in
9 escrow for both of those tracts and then the unit as a whole,
10 correct?

11 A. That's correct.

12 Q. And the reason for disbursement?

13 A. To get a 100% release.

14 Q. With Range?

15 A. With Range Resources.

16 Q. And have the figures...are the EQT figures
17 and the bank figures been reconciled?

18 A. They have.

19 Q. And what...we have provided the Board,
20 along with our other exhibits, with a spreadsheet, is that
21 correct?

22 A. That's right.

23 Q. And what's the...what is that...the date of
24 that spreadsheet?

25

1 A. The amounts were taking from the October
2 2011 statement.

3 Q. And going forward should the...for purposes
4 of disbursement, show the Board use the last column...the
5 next to last column on the right percentage of escrowed funds
6 for disbursement purposes?

7 A. Yes.

8 Q. And does the spreadsheet accurately reflect
9 the petitioners who should receive this disbursement?

10 A. It does.

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

13 A. We have.

14 Q. And would you...if this petition is
15 approved, would you ask the Board to...that all...we would
16 be allowed to pay the royalties directly to these folks going
17 forward?

18 A. Yes.

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

21 BUTCH LAMBERT: Any questions from the Board?

22 (No audible response.)

23 RICK COOPER: Have you got W-9s?

24 SPENCE HALE: I do.

25

1 JIM KAISER: We can just give them to you all at the
2 end or do you need them right now?

3 RICK COOPER: Okay. That will be fine.

4 JIM KAISER: Yeah.

5 SPENCE HALE: Okay.

6 JIM KAISER: We've got 10 of these.

7 KATIE DYE: Mr. Chairman, I have---

8 BUTCH LAMBERT: Mrs. Dye.

9 KATIE DYE: ---a question concerning this.

10 DIANE DAVIS: May I?

11 BUTCH LAMBERT: Yes.

12 DIANE DAVIS: The new E-form system that we have
13 developed, what I am trying to do is especially on
14 disbursements is put the data in from the original order and
15 compare it to what they say that they have submitted on their
16 petition so that you will have the ability to see if there's
17 any major discrepancies up-front so that if there is maybe
18 you would choose to delay approval or ask for clarification
19 or something. This is the first time that I've tried to do
20 this. I hope that this sheet will help. I think you will
21 notice that about all of these are right online, you know,
22 a lot of it. A few that are off have to do with just
23 rounding, you know, the decimal points. So, I was real
24 pleased. I think that this could become a really good tool

25

1 where we can expedite...Mr. Lambert and I have talked about
2 expediting the disbursements. If you can see that this is
3 correct, we can pretty readily disburse this.

4 BUTCH LAMBERT: Other members of the Board had the
5 explanation on the new form that knew that we...it's the
6 first time we've seen...congratulations to Diane and the
7 hard work that they've done in putting this together.
8 Hopefully this will simply disbursements and move it along
9 much, much quicker than we've seen. Anything---?

10 BILL HARRIS: Did---?

11 BUTCH LAMBERT: I'm sorry, Mr. Harris.

12 BILL HARRIS: Did you finish with---?

13 KATIE DYE: No, not quite. Another question is
14 this...your comment here where you say 5.4431?

15 DIANE DAVIS: Yeah. And they say...I mean, it's
16 just a...that's what I said. It was just a rounding error.

17 KATIE DYE: Rounding thing.

18 DIANE DAVIS: I mean, if it were significant, I
19 would put a comment on here four acres, two acres or one acre,
20 you know. But most of the times it's this it's just the
21 number of decimal places that we have taken it out and it
22 will be within pennies.

23 KATIE DYE: One more question. In looking at this,
24 I noticed on all of them abandoned property effective

25

1 date...it's the very last line before...it's right here.

2 DIANE DAVIS: Yeah.

3 KATIE DYE: Was that before they go into a gob unit
4 or---?

5 DIANE DAVIS: No, abandoned property effective
6 date. This is a part of the system I don't think they've
7 got worked out correctly. This has to do with if we were
8 going to be escheating money back to the State when that
9 would take place. We're not utilizing that date at this
10 point in time because I don't think that has ever been
11 resolved. I'm I correct, Mr. Chairman.

12 BUTCH LAMBERT: That's correct.

13 DIANE DAVIS: But that's ultimately what that will
14 be used for.

15 KATIE DYE: Thank you.

16 DIANE DAVIS: You're welcome.

17 BUTCH LAMBERT: Mr. Prather. Oh, I'm sorry, Mr.
18 Harris.

19 BILL HARRIS: I actually had the same question that
20 she did---.

21 BUTCH LAMBERT: Okay.

22 BILL HARRIS: ---about the difference in the...I
23 guess the acres or the totals, I guess. Yeah,
24 escrowed...just what...how significant that was. So, just

25

1 pennies in terms of calculations.

2 DIANE DAVIS: Yeah, I will definitely if we can
3 continue this process point out if there's a significant
4 issue.

5 BUTCH LAMBERT: And if we see a significant
6 discrepancy up-front, we'll notify the company before it
7 comes before the Board and try to work it out.

8 DIANE DAVIS: If that's the way you would like to
9 proceed. Yes, sir.

10 BUTCH LAMBERT: Yes.

11 KATIE DYE: Thank you.

12 BUTCH LAMBERT: Anything further? I'm sorry.

13 KATIE DYE: Thank you. Good job.

14 BUTCH LAMBERT: Anything further, Mr. Kaiser?

15 JIM KAISER: No, sir. We'd ask that the
16 application be approved as submitted.

17 BUTCH LAMBERT: Any further discussion from the
18 Board?

19 (No audible response.)

20 BUTCH LAMBERT: Do I have a motion?

21 MARY QUILLEN: Motion to approve.

22 BRUCE PRATHER: Second.

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

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(No audible response.)

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

(All members signify by saying yes.)

BUTCH LAMBERT: Opposed, no.

(No audible response.)

BUTCH LAMBERT: Thank you, Mr. Kaiser. It's approved. Not on the docket is a petition from EQT Production Company on behalf of Don W. Ashworth and Cynthia Ashworth, Graham Tiller and Betty Tiller, Dr. Halbert Ashworth and Peggy Ashworth and Range Resources-Pine Mountain, Inc. for disbursement of funds from escrow for a portion of Tracts 3, 5, 6, 7 and 8 unit 537111, docket number VGOB-07-0619-1953-01. All parties wishing to testify, please come forward.

JIM KAISER: Mr. Chairman, Jim Kaiser and Spence Hale for EQT Production.

BUTCH LAMBERT: You may proceed, Mr. Kaiser.

SPENCE HALE

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

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Now, Mr. Hale, this is another disbursement

1 request. Have all parties been notified as required by
2 statute?

3 A. They have.

4 Q. And this is for unit...for the well... this
5 is the unit for the well VC-537111, is that correct?

6 A. Yes.

7 Q. And as you heard the Chairman state this is
8 a partial disbursement for Tracts 3, 5, 6, 7 and 8 in this
9 unit?

10 A. That's correct.

11 Q. So, the escrow will not be closed out,
12 correct?

13 A. No.

14 Q. The reason for this disbursement.

15 A. There's a 100% release from Range.

16 Q. And has EQT reconciled their figures with
17 the bank figures?

18 A. We have.

19 Q. And have you calculated the amount of the
20 disbursement as of, according to our spreadsheet, again it's
21 the end of October, I guess?

22 A. Yes.

23 Q. Okay. And the Board should use the
24 percentage of escrowed funds figure in the next to the last

25

1 column on the right for future disbursement purposes?

2 A. That's correct.

3 Q. And you've depicted on the spreadsheet who
4 should receive these disbursements?

5 A. We have.

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

8 A. Yes.

9 Q. And would we ask that the order state that
10 all...we be allowed to pay royalties directly going forward?

11 A. Yes.

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

14 BUTCH LAMBERT: Mr. Hale, is this a 100% split
15 agreement?

16 SPENCE HALE: Yes.

17 BUTCH LAMBERT: Have you seen the agreement?

18 SPENCE HALE: We have a copy.

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

21 (No audible response.)

22 BUTCH LAMBERT: Anything further, Mr. Kaiser?

23 JIM KAISER: No, sir. We'd ask that the petition
24 be approved as submitted.

25

1 BUTCH LAMBERT: Do I have a motion?
2 MARY QUILLEN: Motion to approve.
3 BRUCE PRATHER: Second.
4 BUTCH LAMBERT: I have a motion to approve---.
5 BRUCE PRATHER: Second.
6 BUTCH LAMBERT: ---and a second. Any further
7 discussion?
8 (No audible response.)
9 BUTCH LAMBERT: All in favor, signify by saying yes.
10 (All members signify by saying yes.)
11 BUTCH LAMBERT: Opposed, no.
12 (No audible response.)
13 BUTCH LAMBERT: Thank you, Mr. Kaiser. It's
14 approved.
15 JIM KAISER: Thank you.
16 BUTCH LAMBERT: We're calling docket item number
17 five. A petition from EQT Production Company on behalf of
18 Verna Sutherland and Range Resources-Pine Mountain, Inc.
19 for disbursement of funds from escrow for Tract 6 and a
20 portion of Tract 9 unit 503042, docket number
21 VGOB-04-1214-1373-03. All parties wishing to testify,
22 please come forward/
23 JIM KAISER: Again, Mr. Chairman, Jim Kaiser and
24 Spence Hale.

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BUTCH LAMBERT: You may proceed, Mr. Kaiser.

SPENCE HALE

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

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Mr. Hale, again, this is a disbursement---

A. That's correct.

Q. ---request. Have all parties...have all parties been notified as required by statute?

A. They have.

Q. And is the disbursement affecting the unit for well 503042?

A. It is.

Q. And it is a partial disbursement as to Tracts 6 and 9?

A. It's a full disbursement for Tract 6 and a partial for Tract 9.

Q. Okay. And the reason for the disbursement?

A. There's a split agreement from Range...a 100% split agreement.

Q. And have you reconciled your figures with

1 the bank's?

2 A. We have.

3 Q. And have you provided the Board with a
4 spreadsheet attached to the petition calculating the amount
5 of disbursement as of October...the end of October 2011?

6 A. We have.

7 Q. And should the Board use the figure...the
8 percentage of escrowed funds as found in the next to the last
9 column on the right on that spreadsheet for disbursement
10 purposes?

11 A. Yes.

12 Q. And have you provided to them on the
13 spreadsheet who should receive any disbursements?

14 A. We have.

15 Q. And have you provided them with Exhibits E
16 and EE to the application to reflect the facts of this
17 disbursement?

18 A. Yes.

19 Q. And do you ask that the order state that EQT
20 be allowed to pay any royalty due to these people directly
21 going forward?

22 A. Yes.

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

25

1 BUTCH LAMBERT: Any questions from the Board?

2 (No audible response.)

3 BUTCH LAMBERT: Anything further, Mr. Kaiser?

4 JIM KAISER: We'd ask that the application be
5 approved as submitted, sir.

6 BUTCH LAMBERT: Do I have a motion?

7 MARY QUILLEN: Motion to approve.

8 BRUCE PRATHER: Second.

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

11 (No audible response.)

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

13 (All members signify by saying yes.)

14 BUTCH LAMBERT: Opposed, no.

15 (No audible response.)

16 BUTCH LAMBERT: Thank you, Mr. Kaiser. That's
17 approved. We're calling docket item number six. A
18 petition from EQT Production Company on Alcie Keen and Range
19 Resources-Pine Mountain, Inc. for disbursement of funds
20 from escrow for a portion of Tract 4 unit 751313, docket
21 number VGOB-93-0113-0309-04. All parties wishing to
22 testify, please come forward.

23 JIM KAISER: Jim Kaiser and Spence Hale for EQT
24 Production.

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BUTCH LAMBERT: You may proceed, Mr. Kaiser.

SPENCE HALE

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

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Another disbursement request. Mr. Hale, have all parties been notified as required by statute?

A. They have.

Q. And what unit is this for?

A. 751313.

Q. And what tract?

A. It is Tract 4.

Q. Partial?

A. It's a partial.

Q. The reason for disbursement?

A. 100% split agreement from Range.

Q. Have you reconciled your figures with the bank's figures?

A. We have.

Q. Have you provided the Board with a spreadsheet attached to our petition that calculates the amount of the disbursement as of October of 2011?

1 A. We have.

2 Q. And should the Board use the next to the last
3 column on the right as the percentage of escrowed funds for
4 the purposes going forward of disbursement?

5 A. Yes.

6 Q. Have you stated on the spreadsheet what
7 parties should receive this disbursement?

8 A. We have.

9 Q. Have you provided the Board with Exhibits
10 E and EE to reflect the facts of this disbursement?

11 A. Yes.

12 Q. And would you ask that that the order
13 provide that any royalty due Ms. Keen be paid directly to
14 her going forward?

15 A. Yes.

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

18 BUTCH LAMBERT: Any questions from the Board?

19 (No audible response.)

20 BUTCH LAMBERT: Do I have a motion?

21 MARY QUILLEN: Motion to approve.

22 BRUCE PRATHER: Second.

23 BUTCH LAMBERT: A motion and a second. Any further
24 discussions?

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(No audible response.)

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

(All members signify by saying yes.)

BUTCH LAMBERT: Opposed, no.

(No audible response.)

BUTCH LAMBERT: Thank you, Mr. Kaiser. It's approved. We're calling docket item number seven. A petition from EQT Production Company on behalf of Hurley Ratliff and Range Resources-Pine Mountain, Inc. for disbursement of funds from escrow for Tract 3 unit VC-536629. This is docket number VGOB-07-1113-2075-01. All parties wishing to testify, please come forward.

JIM KAISER: Jim Kaiser and Spence Hale for EQT.

BUTCH LAMBERT: You may proceed, Mr. Kaiser.

SPENCE HALE

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

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. This is a disbursement request for unit...for the well VC-536629, is that correct?

A. That's correct.

Q. Have all parties been notified?

1 A. They have.

2 Q. Let's stop right there. We've got a
3 situation here where the exhibits to this petition still
4 reflect the Hurley Ratliff interest being released. Since
5 we filed this we have...when did we get the lease?

6 A. 2009.

7 JIM KAISER: Well, we need to revise the exhibits
8 to reflect that that interest is now under lease. I'd like
9 to enter a copy of the lease into the record. Also, it's
10 a somewhat unique situation that we've got a life tenant
11 remainderment situation here. Normally, absence what's
12 called the open mind's doctrine, the royalty is paid to the
13 remainderment so that the life tenant is not committing
14 waste for the purpose of the remainderment. In this
15 particular lease, you'll see that there's an expressed
16 provision that provides that the royalty be paid to the life
17 tenant, Mr. Ratliff, during his life time. So, that's who
18 the disbursement will...should and will be made to
19 hopefully. That...I mean, you may have some questions
20 about that.

21 BUTCH LAMBERT: Any questions from the Board?

22 (No audible response.)

23 Q. Okay. Is this a full or partial?

24 A. It's a full release of Tract 3.

25

1 Q. And the reasons for the disbursement?

2 A. A split agreement...a 100% agreement.

3 Q. And have you reconciled your figures with
4 the bank's?

5 A. We have.

6 Q. And did you calculate the amount of the
7 disbursement and provide that in a spreadsheet to our
8 application?

9 A. We have.

10 Q. And should the Board use the column in the
11 last column to the right...next to the last column to the
12 right for purposes of the percentage of escrow---?

13 A. That's correct.

14 Q. ---for disbursement purposes? And does
15 the spreadsheet include who this disbursement should be made
16 to?

17 A. Yes.

18 Q. And did you provide the Board with Exhibits
19 E and EE to reflect the facts of this disbursement?

20 A. We have.

21 Q. And should the order state that EQT be
22 allowed to pay any royalties going forward directly to Mr.
23 Ratliff?

24 A. Yes.

25

1 JIM KAISER: Thank you. Nothing further of this
2 witness at this time, Mr. Chairman.

3 BUTCH LAMBERT: Any questions from the Board?

4 MARY QUILLEN: Mr. Chairman, I have just one
5 clarification.

6 BUTCH LAMBERT: Ms. Quillen.

7 MARY QUILLEN: While on the Exhibit B it states it's
8 Hurley and Betty Ratliff life estate and on the spreadsheet
9 it just has Hurley Ratliff. Is that---?

10 JIM KAISER: He's the lease---.

11 SPENCE HALE: The lease that we signed both the life
12 estate and the remainderment to the oil and gas lease and
13 it outlines that the payments are to be made to Hurley
14 Ratliff.

15 MARY QUILLEN: Just to Hurley and not Betty?

16 JIM KAISER: Yeah. She's saying...you've got
17 Barbara Cruse and Linda Duty as the remainderment. But
18 she's saying---.

19 MARY QUILLEN: You've got...and then you have
20 Barbara Cruse and Linda Duty. But you have Betty Ratliff
21 whom I'm assuming is Hurley's wife.

22 JIM KAISER: Yeah. She's saying Hurley and Betty
23 are both on this.

24 SPENCE HALE: Yeah, they both signed...Hurley and
25

1 Betty both signed the lease. Is that...is that what you're
2 asking if Hurley and Betty should receive the---?

3 MARY QUILLEN: Okay. But on the spreadsheet you
4 only have it leased as Hurley Ratliff.

5 SPENCE HALE: Okay.

6 MARY QUILLEN: Should it be Hurley and Betty?

7 SPENCE HALE: Yes.

8 MARY QUILLEN: Okay. Could you send a revision
9 to---?

10 SPENCE HALE: We will get that taken care of.

11 MARY QUILLEN: The gas and oil, okay.

12 JIM KAISER: Yeah. I'm going to have them revise
13 the Exhibit Bs too. So, we'd ask that the application be
14 approved as submitted with revisions to both the exhibits
15 to the original petition and to the spreadsheet to reflect
16 both Hurley and Betty Ratliff.

17 RICK COOPER: Mr. Chairman. And also Betty did not
18 sign this lease either.

19 SPENCE HALE: She didn't?

20 RICK COOPER: Did not.

21 JIM KAISER: She might be dead then. Is she on
22 that?

23 RICK COOPER: She has not signed the back on it.

24 SPENCE HALE: Was she listed as a lessor?

25

1 JIM KAISER: Is she listed in the top of the lease?

2 (Jim Kaiser reviews the lease.)

3 JIM KAISER: No, she did not. I'd say she has
4 probably passed away. We'll check that and revise the
5 exhibits. But the lease is with Hurley Ratliff, life
6 tenant, Barbara Cruse and Junior Cruse, remainderment,
7 Linda Duty and Kermit Duty, remainderment. She is not
8 listed on the lease.

9 BUTCH LAMBERT: Okay.

10 JIM KAISER: My guess is she's probably deceased.

11 BUTCH LAMBERT: So, you'll revise B?

12 JIM KAISER: To reflect whatever the accurate
13 situation is.

14 BUTCH LAMBERT: Okay.

15 JIM KAISER: But my guess is she probably doesn't
16 need to be on there. She has probably passed away.

17 MARY QUILLEN: But you will clarify that?

18 JIM KAISER: We'll clarify that.

19 BUTCH LAMBERT: Do I have a motion?

20 MARY QUILLEN: Motion to approve with the corrected
21 exhibits.

22 BRUCE PRATHER: Second.

23 BUTCH LAMBERT: I have a motion and a second. Any
24 further discussions?

25

1 (No audible response.)
2 BUTCH LAMBERT: All in favor, signify by saying yes.
3 (All members signify by saying yes.)
4 BUTCH LAMBERT: Opposed, no.
5 (No audible response.)
6 BUTCH LAMBERT: Thank you, Mr. Kaiser. That's
7 approved.
8 JIM KAISER: Thank you.
9 BUTCH LAMBERT: We're calling docket item number
10 eight. A petition from EQT Production Company on behalf of
11 Darius Mullins and Standard Banner Coal Corporation for
12 disbursement of funds from escrow for Tracts 1 and 2. I
13 guess that's 21...Tracts 21.
14 MARY QUILLEN: 21.
15 BUTCH LAMBERT: 1 and 21.
16 DIANE DAVIS: That's 1 and 21.
17 RICK COOPER: 1 and 21.
18 DIANE DAVIS: I think. Let me make sure.
19 BUTCH LAMBERT: Okay. From unit 536824. This is
20 docket number VGOB-07-0918-2017-01. All parties wishing
21 to testify, please come forward.
22 JIM KAISER: Mr. Chairman, Jim Kaiser and Spence
23 Hale for EQT Production.
24 DONALD R. JOHNSON: Donald R. Johnson for Standard

25

1 Banner Coal Corporation.

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

3

4

5

6 SPENCE HALE

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

9 DIRECT EXAMINATION

10 QUESTIONS BY MR. KAISER:

11 Q. We have another disbursement petition here
12 Mr. Hale?

13 A. Yes.

14 Q. And have all parties been notified as
15 required by statute?

16 A. They have.

17 Q. And what unit do we have here?

18 A. 53.6824.

19 Q. And what tracts are we disbursing from?

20 A. Tract 1 and Tract 21.

21 Q. And they're both partial disbursements?

22 A. They are.

23 Q. And what's the reason for disbursement?

24 A. It's a full disbursement for those tracts

25

1 out the unit will still remain open.

2 Q. Okay. And the reason for disbursement?

3 A. There's a 50/50 split agreement.

4 Q. And that's between?

5 A. Darius Mullins and Standard Banner.

6 Q. Okay. And have all...have you reconciled
7 your figures with the bank's?

8 A. We have.

9 Q. And have you calculated the amount of
10 disbursement to the parties involved as of---?

11 A. October...oh, I'm sorry, May---.

12 Q. Why is that? That says May.

13 A. Yeah, that's a typo. The figures...it's
14 actually as of October 2011.

15 Q. That's as of October 2011?

16 A. That's correct.

17 Q. And we direct the Board's attention to the
18 next to the last column on the right, the percentage of
19 escrowed funds for purposes of disbursement?

20 A. Yes.

21 Q. Is that correct? And you've listed the
22 parties that are to be disbursed to, Mr. Mullins and Standard
23 Banner Coal?

24 A. We have.

25

1 Q. And you've provided the Board with Exhibits
2 E and EE that reflect the facts of this disbursement?

3 A. We have.

4 Q. And would you ask the Board to include in
5 the order that EQT be allowed to disburse royalties directly
6 going forward?

7 A. Yes.

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

10 BUTCH LAMBERT: Any questions from the Board?

11 (No audible response.)

12 BUTCH LAMBERT: Yes, sir.

13 DONALD R. JOHNSON: I'm here on behalf of Standard
14 Banner Coal Corporation and Standard Banner concurs in the
15 application.

16 BUTCH LAMBERT: All right. Thank you, sir.
17 Anything further, Mr. Kaiser?

18 JIM KAISER: We'd ask that the application be
19 approved as submitted, sir.

20 BUTCH LAMBERT: Do I have a motion?

21 MARY QUILLEN: Motion to approve.

22 BRUCE PRATHER: Second.

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

25

1 (No audible response.)

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

3 (All members signify by saying yes.)

4 BUTCH LAMBERT: Opposed, no.

5 (No audible response.)

6 BUTCH LAMBERT: Thank you, Mr. Kaiser. That is
7 approved. We're calling docket item number nine. A
8 petition from EQT Production Company on behalf of Darius
9 Mullins and Standard Banner Coal Corporation for
10 disbursement of funds from escrow for Tract 8 unit 536825,
11 docket number VGOB-07-0116-1862-02. All parties wishing
12 to testify, please come forward.

13 JIM KAISER: Again, Mr. Chairman, Jim Kaiser and
14 Spence Hale for EQT Production. We do have some revised
15 exhibits on this one. For some reason when we filed it Tract
16 1 was left off of it. So, this will be a little better
17 reflection of the status of the unit.

18 DONALD R. JOHNSON: Donald R. Johnson here for
19 Standard Banner Coal Corporation.

20 (Revised exhibits are passed out.)

21 JIM KAISER: All right. Before we get into our
22 testimony, Mr. Hale, if you could kind of explain to the
23 Board what the revisions to the exhibits are there.

24 SPENCE HALE: We revised the Exhibit B to include
25

1 Tract 1 on the coal estate totals, which was previously left
2 off.

3 MARY QUILLEN: Do you have a spreadsheet on
4 this...for this disbursement?

5 SPENCE HALE: We do.

6 JIM KAISER: You don't have it?

7 SPENCE HALE: Do you have the worksheet?

8 MARY QUILLEN: We don't have it for the Tract 1.

9 JIM KAISER: Oh. We're not disbursing Tract 1.
10 We're disbursing Tract 8.

11 MARY QUILLEN: Oh, I'm sorry. I misunderstood you.

12 JIM KAISER: It was just a typographical error on
13 the original exhibits. For some reason they cut off Tract
14 1 in the coal estate on Exhibit B.

15 BUTCH LAMBERT: Okay.

16 JIM KAISER: So, therefore, all of the totals as far
17 as the acreage were way off.

18 MARY QUILLEN: I misunderstood you. Thank you.

19 BUTCH LAMBERT: Okay. You may proceed, Mr. Kaiser.

20

21

SPENCE HALE

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

24

DIRECT EXAMINATION

25

1 QUESTIONS BY MR. KAISER:

2 Q. Mr. Hale, have all parties been notified?

3 A. They have.

4 Q. And this is for unit 536825?

5 A. That's correct.

6 Q. And it's a disbursement for Tract 8, is that
7 correct?

8 A. Tract 8, yes.

9 Q. Is that partial or full?

10 A. It's a full disbursement for Tract 8.

11 Q. But it does not close out the unit, correct?

12 A. No.

13 Q. Okay. The reason for disbursement?

14 A. There's a split agreement.

15 Q. And what does that split agreement reflect?

16 A. Between Darius Mullins and Standard Banner.
17 It's 50/50 split agreement.

18 Q. And have you calculated your figures to
19 calculate...have you reconciled your figures with the
20 bank's?

21 A. We have.

22 Q. And have you calculated an amount for
23 disbursement as of October 2011?

24 A. That's correct.

25

1 Q. That's reflected on the spreadsheet that
2 you provided with the petition?

3 A. It is.

4 Q. And, again, you'd ask the Board to focus on
5 the next to the last column to the right, percentage of
6 escrowed funds for disbursement purposes going forward?

7 A. Correct.

8 Q. And the disbursement should be received by
9 Darius Mullins 50% and Standard Banner Coal Company 50%?

10 A. That's right.

11 Q. Have you provided the Board with Exhibits
12 E and EE to reflect the facts of this disbursement?

13 A. We have.

14 Q. And would you ask that order allow EQT going
15 forward to pay royalty directly to these parties?

16 A. Yes.

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

19 BUTCH LAMBERT: Any questions from the Board?

20 (No audible response.)

21 BUTCH LAMBERT: Mr. Johnson.

22 DONALD R. JOHNSON: Standard Banner Coal
23 Corporation concurs in the application and asks for
24 the...for this disbursement.

25

1 BUTCH LAMBERT: Thank you, sir. Do I have a motion?

2 MARY QUILLEN: Motion to approve.

3 BRUCE PRATHER: Second.

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

6 (No audible response.)

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

8 (All members signify by saying yes.)

9 BUTCH LAMBERT: Opposed, no.

10 (No audible response.)

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

13 JIM KAISER: Thank you.

14 BUTCH LAMBERT: We're calling docket item number
15 10. A petition from EQT Production Company on behalf of Don
16 E. Ashworth and Cynthia Ashworth, Graham Tiller and Betty
17 Tiller, Dr. Halbert Ashworth and Peggy Ashworth and Range
18 Resources-Pine Mountain, Inc. for disbursement of funds
19 from escrow for a portion of Tract 2 and 3. This unit
20 501843, docket number VGOB-06-1114-1763-01. All parties
21 wishing to testify, please come forward.

22 JIM KAISER: Mr. Chairman, Jim Kaiser and Spence
23 Hale for EQT Production.

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

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SPENCE HALE

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

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. All right, Mr. Hale. We've got another disbursement request and it's for unit...for the well VC-501843?

A. That's correct.

Q. And what tract are we disbursing...what tracts?

A. Tracts 2 and 3.

Q. And are they partials?

A. They are.

Q. And the reason for disbursement?

A. They have a 100% split agreement from Range.

Q. And have you reconciled your figures with the bank's?

A. We have.

Q. Have you provided the Board with a spreadsheet as an attachment to our petition that calculates

1 the amount of disbursement as of...this one looks like maybe
2 September?

3 A. September, that's correct.

4 Q. And would you ask the Board to focus on the
5 next to the last column to the right, the percentage of
6 escrowed funds for purposes of disbursement?

7 A. Yes.

8 Q. And have you provided who should receive
9 these disbursements on this spreadsheet?

10 A. We have.

11 Q. And have you provided the Board with
12 accurate Exhibits E and EE to reflect the facts of this
13 disbursement?

14 A. We have.

15 Q. And would you ask that any order by the Board
16 regarding this unit direct that any royalty going forward
17 be paid directly to these parties?

18 A. We would.

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

21 BUTCH LAMBERT: Any questions from the Board?

22 (No audible response.)

23 BUTCH LAMBERT: Do I have a motion?

24 MARY QUILLEN: Motion to approve.

25

1 BRUCE PRATHER: Second.

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

4 (No audible response.)

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

6 (All members signify by saying yes.)

7 BUTCH LAMBERT: Opposed, no.

8 (No audible response.)

9 BUTCH LAMBERT: Thank you, Mr. Kaiser. It's
10 approved. We're calling docket item number 11. A petition
11 from EQT Production Company on behalf of Alcie Keen and Range
12 Resources-Pine Mountain, Inc. for disbursement of funds
13 from escrow for a portion of Tract 1 unit 501853, docket
14 number VGOB-00-0516-0815-05. All parties wishing to
15 testify, please come forward.

16 JIM KAISER: Jim Kaiser and Spence Hale on behalf
17 of EQT Production.

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

19

20 SPENCE HALE

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

23 DIRECT EXAMINATION

24 QUESTIONS BY MR. KAISER:

25

1 Q. All right, Mr. Hale. This is a
2 disbursement for unit...for the well VC-501853?

3 A. That's correct.

4 Q. And all parties have been notified as
5 required by statute?

6 A. They have.

7 Q. It's a partial disbursement for Tract 1, is
8 that correct?

9 A. Yes.

10 Q. The reason for disbursement?

11 A. There's a 100% split agreement from Range.

12 Q. And have you reconciled your figures with
13 the bank's?

14 A. We have.

15 Q. Have you provided the Board with a
16 spreadsheet in your...in this application that calculates
17 the amount of disbursement as...to be made as the end of
18 October of last year...of 2011?

19 A. We have.

20 Q. And should the Board use the percentage of
21 escrowed funds as detailed in the next to the last column
22 on the right of the spreadsheet going forward?

23 A. Yes.

24 Q. And Alcie Keen should receive any
25

1 disbursement?

2 A. That's right.

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

6 A. We have.

7 Q. And should the order ask...provide that any
8 royalty going forward be paid directly to Ms. Keen?

9 A. Yes.

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

12 BUTCH LAMBERT: Any questions from the board?

13 (No audible response.)

14 BUTCH LAMBERT: Do I have a motion?

15 MARY QUILLEN: Motion to approve.

16 BRUCE PRATHER: Second.

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

19 (No audible response.)

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

21 (All members signify by saying yes.)

22 BUTCH LAMBERT: Opposed, no.

23 (No audible response.)

24 BUTCH LAMBERT: It's approved. Thank you, Mr.

25

1 Kaiser.

2 KATIE DYE: Mr. Chairman.

3 BUTCH LAMBERT: Mrs. Dye.

4 KATIE DYE: Before we move on. Do you guys have a
5 signed plat?

6 RICK COOPER: It's a preliminary plat there. With
7 completion, does it need to be signed? Is that question?

8 KATIE DYE: Yes.

9 JIM KAISER: We'll be happy to supplement it with
10 a final plat. I don't know why they used that one. I mean,
11 obviously, the well has been drilled and there's a final.

12 DIANE DAVIS: We don't usually put the plat on
13 there.

14 JIM KAISER: Yeah, the application for some reason
15 was a preliminary plat. I don't know why.

16 DIANE DAVIS: Yeah. Because we don't usually
17 record the plats with disbursements.

18 JIM KAISER: Somebody just grab the first one they
19 saw.

20 DIANE DAVIS: I wouldn't record it because we don't
21 usually...I mean, we've done five. We don't usually record
22 the plat because the plat---

23 KATIE DYE: Typically, you don't...you don't use
24 it?

25

1 DIANE DAVIS: The plat doesn't change unless they
2 repool it.

3 KATIE DYE: Okay. Thank you. All right. I won't
4 raise that issue in the future because I didn't know with
5 the disbursements.

6 JIM KAISER: That's actually our fifth disbursement
7 from that unit, yeah.

8 KATIE DYE: Okay.

9 BUTCH LAMBERT: Okay. So, that will be removed
10 from the exhibits. Okay, we're calling docket item number
11 12. A petition from EQT Production on behalf of David and
12 Freda Powers and Range Resources-Pine Mountain, Inc. for
13 disbursement of funds from escrow for a portion of Tract 2
14 unit VC-702966. This is docket number
15 VGOB-94-0816-0467-03. All parties wishing to testify,
16 please come forward.

17 JIM KAISER: Jim Kaiser and Spence Hale on behalf
18 of EQT. I slipped up here. We have been kind of going back
19 and forth, you know, working close with Diane and Rick and
20 the DGO on these things as we continue to file more and more
21 of them on a monthly basis. There was some confusion at some
22 point as to whether or not the exhibits for these petitions
23 should be...the original force pooling exhibits, you know,
24 which could have been in this case 18 years ago or whether

25

1 we should provide the Board with the best information that
2 we have, you know, based upon our belief and the best
3 information... the most current information that we have for
4 the unit. I talked to Diane. She goes, hey, I don't where
5 you got that idea. You need to give us the best and the most
6 current information. I talked to my client and they were
7 kind of confused. They said, yeah, you're right. We
8 should give the best and most current information. So, a
9 long story short, we went through...this is one of the famous
10 Leonard Powers units. We went through and corrected the
11 Exhibit B...the supplement Exhibit B for Tract 2 to
12 accurately reflect, you know, Trula...having her interest,
13 which has already been disbursed and then Strict Fadden
14 interest. That's in Tracts 2. This disbursement is
15 actually for Tract 1. The supplemental B still reflects Don
16 and Kay Owens where it should actually reflect our disbursees
17 parties or whatever you would call them here today, the
18 petitioners David and Freda Powers. I have a copy of the
19 deed. We may have filed with the application. It looks
20 like maybe we did. The deed from the Powers is to...or from
21 the Owens to the Powers and what I'd like to do rather than
22 pass out a revised Exhibit B to reflect Tract 2, I'd like
23 to supplement this with another revised Exhibit B, which
24 will reflect the accurate owners on both 1 and 2.

25

1 BUTCH LAMBERT: Okay.

2 JIM KAISER: Does that make any sense?

3 MARY QUILLEN: So, just to recap that, on the
4 spreadsheet it's reflecting it as Tract 2. On Exhibit EE,
5 it's showing it as Tract 1.

6 JIM KAISER: Yeah.

7 MARY QUILLEN: So---?

8 JIM KAISER: I'm hoping you'll let us just write 1
9 in on the spreadsheet.

10 MARY QUILLEN: So, it should be 1---?

11 JIM KAISER: Tract 1, yes.

12 MARY QUILLEN: Tract 1, okay.

13 BUTCH LAMBERT: Tract 1 and not 2?

14 JIM KAISER: Right. 2 is the tract, the first
15 disbursement from this unit, that has already been
16 disbursed.

17 MARY QUILLEN: It has already been disbursed.
18 Exactly. Right.

19 JIM KAISER: And then I'd like to supplement it with
20 a...the most accurate and current Exhibit B to reflect the
21 sell of Tract 1 from Owens to Powers.

22 BUTCH LAMBERT: Okay. We'll accept that.

23 JIM KAISER: Thank you.

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SPENCE HALE

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

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. All right. This is a disbursement request, Mr. Hale?

A. Yes.

Q. And it's for the unit for well VC-2966?

A. That's correct.

Q. And what tract?

A. Tract 1.

Q. And that's a...it's a full disbursement 1, but it does not close out the escrow account for the unit, is that correct?

A. That's correct.

Q. And the reason for the disbursement?

A. We have a split agreement.

Q. And have you reconciled your figures with the bank's?

1 A. We have.

2 Q. And have you presented that information in
3 the spreadsheet that we attached to the application?

4 A. We have.

5 Q. And you've calculated the amount of the
6 disbursement as of what date?

7 A. October of 2011.

8 Q. And that disbursement should be received by
9 David and Freda Powers?

10 A. That's correct.

11 Q. And, again, we direct the Board to the
12 column...next to the last column to the right for purposes
13 of disbursing going forward and going forward mainly from
14 October to present the percentage of escrowed funds?

15 A. Yes.

16 Q. And have you provided the Board with
17 Exhibits E and EE to accurately reflect the facts of this
18 disbursement?

19 A. We have.

20 Q. And would you ask that the order provide
21 that any royalty attributable to these folks going forward
22 be paid directly by EQT?

23 A. Yes.

24 JIM KAISER: Nothing further at this time, Mr.

25

1 Chairman.

2 BUTCH LAMBERT: Any questions from the Board?

3 (No audible response.)

4 BUTCH LAMBERT: Anything further, Mr. Kaiser?

5 JIM KAISER: Well, we'd ask that the application be
6 approved with a revised Exhibit B to come and we'll go ahead
7 and revise the spreadsheet while we're at it, Spence, and
8 show Tract 1, it's Tract 2, so they don't have to just mark
9 that.

10 BUTCH LAMBERT: Do I have a motion?

11 MARY QUILLEN: Motion to approve.

12 BRUCE PRATHER: Second.

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

15 (No audible response.)

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

17 (All members signify by saying yes.)

18 BUTCH LAMBERT: Opposed, no.

19 (No audible response.)

20 BUTCH LAMBERT: Thank you, Mr. Kaiser. It's
21 approved.

22 JIM KAISER: Thank you.

23 BUTCH LAMBERT: We're calling docket item 13. It
24 is a petition from CNX Gas Company, LLC for disbursement of

25

1 funds from escrow regarding Tracts 1 and 2 and authorization
2 of direct payment of royalties to Coal Mountain Mining, CNX,
3 Allie Clowers, Buford Davis, Billy Davis, Joe Davis, Bobby
4 Davis, Gary Davis, Larry Wayne Davis from unit Y-33, docket
5 number VGOB-95-1024-0524-01. All parties wishing to
6 testify, please come forward.

7 MARK SWARTZ: Mark Swartz and Anita Duty.

8 BUTCH LAMBERT: How did you manage to get on the
9 docket in the middle of the day, Mark?

10 MARK SWARTZ: I don't know. I could have slept in.
11 I didn't realize it.

12 BUTCH LAMBERT: You could have slept in this
13 morning.

14 MARK SWARTZ: I guess Kaiser's people got up earlier
15 than Anita this morning.

16 (Laughs.)

17 (Anita Duty is duly sworn.)

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

19 MARK SWARTZ: Thank you.

20

21 ANITA DUTY

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

24 DIRECT EXAMINATION

25

1 QUESTIONS BY MR. SWARTZ:

2 Q. Anita, would you state your name for us,
3 please?

4 A. Anita Duty.

5 Q. Who do you work for?

6 A. CNX Land Resources.

7 Q. Okay. And this is a miscellaneous for a
8 disbursement, correct?

9 A. Yes.

10 Q. And with regard to disbursements, could you
11 refresh the Board on what your duties and responsibilities
12 are?

13 A. We make sure that the amounts that are paid
14 into the escrow account by us reconcile with these bank's
15 information.

16 Q. Okay. And in addition to that, do you check
17 the title work and the percentages and so forth?

18 A. Yes.

19 Q. Okay. Have you...have you undertaken to do
20 that work with regard to this application for disbursement
21 regarding Y-33?

22 A. Yes.

23 Q. What...what have you been able to
24 accomplish with regard to percentages and making a

25

1 calculation for the escrow agent to use a percentage basis
2 to actually make the disbursement?

3 A. All those calculations were in balance with
4 the supplemental order, so we don't have a problem there.

5 Q. Okay. So, on the title side and the
6 percentage side, you're good to go?

7 A. We are.

8 Q. Is this an older unit?

9 A. It is.

10 Q. How many records have you had to try to
11 reconcile to get the balance here?

12 A. I've actually had to go through two
13 different third party administrators and then we have a
14 current system that begins in 2006.

15 Q. Initially, the records for this unit were
16 maintained by Conoco, is that correct?

17 A. Yes.

18 Q. And then a company out of Toronto or
19 actually London Ontario ILM?

20 A. Yes.

21 Q. And then eventually internally on your
22 system?

23 A. Yes.

24 Q. When you compared your deposits to the
25

1 balance that the escrow agent is showing, were they in
2 agreement?

3 A. No.

4 Q. Okay. Who had more money?

5 A. The bank.

6 Q. By about how much?

7 A. 30,000.

8 Q. Okay. Did you talk to the banks' people
9 this morning about whether or not they could give you some
10 assistance in trying to get further documentation to account
11 for the difference?

12 A. I did.

13 Q. And what, if anything, were you able to
14 accomplish in that regard this morning?

15 A. Debbie said that she would be able to
16 provide me a report that may...that may help me.

17 Q. Okay. Within the next few days?

18 A. Yes.

19 Q. Okay. Under the circumstances, we feel
20 like we need to get, you know, the balance right before we
21 make a disbursement. But I thought I wanted to share with
22 you where we are on that. Do you think you could be done
23 by next...either be done or give up by next month so we can
24 come back and put this on there?

25

1 A. Yes.

2 MARK SWARTZ: Okay. Could we continue it until
3 next month then?

4 BUTCH LAMBERT: Continue it until February?

5 MARK SWARTZ: Yes.

6 BUTCH LAMBERT: Okay. That docket item will be
7 continued until February---.

8 MARK SWARTZ: Thank you.

9 BUTCH LAMBERT: ---for the reason that you need to
10 reconcile the bank's figures with what your figures are.

11 MARK SWARTZ: The balance, correct.

12 BUTCH LAMBERT: The balance, okay. Thank you, Mr.
13 Swartz. That will be continued until February.

14 MARK SWARTZ: And we're going to withdraw...just
15 from a housekeeping standpoint, we're going to move to
16 withdraw 14, which is the next item. We're also going to
17 move to withdraw 18. Both of those were provisional units
18 and our thinking is that now that we have rules that we
19 probably need to go back and reconstitute those units
20 consisted with the rules of the Board as adopted.

21 BUTCH LAMBERT: Okay. Calling docket item 14. A
22 petition from CNX Gas Company, LLC for creation of a 320 acre
23 provisional drilling unit and pooling of conventional
24 horizontal unit U6ASH, docket number VGOB-11-1220-3014 will

25

1 be withdrawn. Docket item 18, a petition from CNX Gas
2 Company, LLC for creation of a provisional drilling unit and
3 pooling of horizontal conventional unit K47SH, docket
4 number VGOB-12-0117-3025 will be withdrawn.

5 MARK SWARTZ: Thank you.

6 BUTCH LAMBERT: We're calling docket item 15, the
7 Board on its own motion will receive testimony from CNX Gas
8 Company, LLC and T. Shea Cook concerning a final order of
9 Court concerning Gary Davis, et al vs. CNX Gas Company, LLC
10 and Coal Mountain Mining, LLP for units Y-32 and Y-33, docket
11 number VGOB-96-1024-0524 and 07-0318-0573. All parties
12 wishing to testify, please come forward.

13 MARK SWARTZ: Mark Swartz and Anita Duty.

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

15 MARK SWARTZ: I'm not sure that there's anything to
16 do. Rick, do we have anything that we need to do with this
17 today?

18 RICK COOPER: No, I don't think so.

19 BUTCH LAMBERT: No corrective testimony?

20 MARK SWARTZ: The complainer isn't here today. I
21 mean that in the best possible way.

22 RICK COOPER: Shea Cook.

23 MARK SWARTZ: Yeah.

24 BUTCH LAMBERT: Mr. Cook is not here?

25

1 (No audible response.)

2 BUTCH LAMBERT: Okay.

3 _____: He is on his way. He just sent me
4 a message. He is on his way.

5 BUTCH LAMBERT: That...that docket item will be
6 continued until February.

7 MARK SWARTZ: Okay.

8 BUTCH LAMBERT: We're calling docket item number
9 sixteen. A petition from CNX Gas Company, LLC for pooling
10 of coalbed methane unit C-39, docket number
11 VGOB-12-0117-3023. All parties wishing to testify, please
12 come forward.

13 MARK SWARTZ: Mark Swartz and Anita Duty.

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

15

16 ANITA DUTY

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

19 DIRECT EXAMINATION

20 QUESTIONS BY MR. SWARTZ:

21 Q. Anita, would you state your name for us
22 again, please?

23 A. Anita Duty.

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

25

1 oath.

2 A. Yes.

3 Q. Okay. Who do you work for?

4 A. CNX Land Resources.

5 Q. And with regard to pooling and unitizing,
6 what are your responsibilities?

7 A. I supervise the creation of the notice and
8 the mailing and the application.

9 Q. Okay.

10 A. Yes, sorry.

11 Q. And with regard to this particular
12 application for C-39, did you, in fact, oversee the
13 preparation of the notice, the application and the related
14 exhibits?

15 A. I did.

16 Q. And did you, in fact, sign both the notice
17 and the application?

18 A. Yes.

19 Q. Who is the applicant?

20 A. CNX Gas Company.

21 Q. And who is it that the applicant is seeking
22 to have appointed as designated operator if the application
23 is granted?

24 A. CNX Gas Company.

25

1 Q. And is CNX Gas Company, LLC a Virginia
2 Limited Liability Company?

3 A. It is.

4 Q. Is it authorized to do business in the
5 Commonwealth?

6 A. Yes.

7 Q. Has it registered with the Department of
8 Mines, Minerals and Energy?

9 A. Yes.

10 Q. And with regard to the operator issue, has
11 it filed the required bond?

12 A. Yes.

13 Q. What kind of unit are we talking about here?

14 A. It's an Oakwood 80 acre unit.

15 Q. Okay. And the...how many wells are
16 proposed?

17 A. One.

18 Q. And the well that is proposed, where is that
19 located in relation to the window?

20 A. It's within the window.

21 Q. Okay. Is it a frac well?

22 A. Yes.

23 Q. And as long as we're on the topic...on the
24 subject of the well, have you provided the Board today with

25

1 a cost estimate pertaining to this well?

2 A. Yes. It's \$309,246.

3 Q. And the depth?

4 A. Estimated depth of 2,423 feet and permit
5 number 12195.

6 Q. Okay. And the...what...what is the
7 interest...would you describe the interest that you've
8 acquired and the interest that you're seeking to pool?

9 A. We've acquired 100% of the coal owner's
10 claim to CBM and 99.9% of the oil and gas owner's claim to
11 CBM. We are seeking to pool 0.1% of the oil and gas owner's
12 claim to CBM.

13 Q. And have you identified the people who have
14 the interest that you're seeking to pool in both the notice
15 of hearing and in Exhibit B-3?

16 A. Yes.

17 Q. Do you want to add any people to that list
18 today?

19 A. No.

20 Q. Do you want to dismiss any?

21 A. No.

22 Q. What did you do to notify the respondents
23 and other people who might be interested in this unit that
24 there was going to be a pooling hearing today?

25

1 A. We mailed by certified mail return receipt
2 requested on December the 16th, 2011. We published the
3 notice and location map in the Bluefield Daily Telegraph on
4 December the 22nd, 2011.

5 Q. And when you published in the telegraph,
6 what appeared in the paper?

7 A. The notice and location map.

8 Q. Have you brought with you today to provide
9 to the Director copies of your certificates with regard to
10 mailing and the proof of publication that you got from the
11 newspaper?

12 A. Yes.

13 Q. Okay. Is there an escrow requirement?

14 A. There is.

15 Q. Okay. With regard to which tract?

16 A. For Tract 2.

17 Q. Okay.

18 A. A portion.

19 Q. And have you provided the Board with an
20 Exhibit E in that regard?

21 A. Yes.

22 Q. And on that Exhibit you indicate that only
23 a quarter of the royalty interest for Tract 2 needs to be
24 escrowed, correct?

25

1 A. Correct.

2 Q. And you've identified the parties in
3 conflict with regard to that order?

4 A. Yes.

5 Q. Are there any split agreements?

6 A. There are not.

7 Q. And the escrow that is required as indicated
8 in Exhibit E is simply a conflict?

9 A. Yes.

10 Q. Is it your opinion that drilling one frac
11 well in the drilling window of this Oakwood unit is a
12 reasonable way to develop the coalbed methane resource?

13 A. Yes.

14 Q. Is it also your opinion that if you combine
15 a pooling order pooling the named respondents with the
16 people that you've been able to reach agreements with that
17 the correlative rights of all owners and claimants in this
18 unit will be protected?

19 A. Yes.

20 Q. With regard to lease terms, what terms have
21 you offered to folks that you've been able to reach
22 agreements with in this unit?

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

25

1 Q. And would you recommend those same terms to
2 the Board to be inserted in any order it might enter with
3 regard to people who would be deemed to have been leased?

4 A. Yes.

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

6 BUTCH LAMBERT: Any questions from the Board?

7 (No audible response.)

8 BUTCH LAMBERT: Anything further, Mr. Swartz?

9 MARK SWARTZ: Not on this unit.

10 BUTCH LAMBERT: Do I have a motion?

11 MARY QUILLEN: Motion to approve.

12 BRUCE PRATHER: Second.

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

15 (No audible response.)

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

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

18 BUTCH LAMBERT: Opposed, no.

19 KATIE DYE: I'll abstain.

20 BUTCH LAMBERT: One abstention Mrs. Dye. Thank
21 you, Mr. Swartz. It's approved. We're calling docket item
22 number 17. A petition from CNX Gas Company, LLC for pooling
23 of coalbed methane unit U-6, docket number
24 VGOB-12-0117-3024. All parties wishing to testify, please

25

1 come forward.

2 MARK SWARTZ: Mark Swartz and Anita Duty.

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

4 MARK SWARTZ: Thank you.

5

6

7

8

9

10 ANITA DUTY

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

13 DIRECT EXAMINATION

14 QUESTIONS BY MR. SWARTZ:

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

17 A. Anita Duty.

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

20 A. yes.

21 MARK SWARTZ: Mr. Chairman, if I could incorporate
22 Anita testimony with regard to the applicant, the operator,
23 her employment and lease terms from the previous hearing,
24 I'd like to do that.

25

1 BUTCH LAMBERT: Accepted.

2 MARK SWARTZ: Thank you.

3 Q. Anita, did you sign this notice of hearing
4 and application as well?

5 A. Yes.

6 Q. And did you either prepare or supervise the
7 preparation of these pleadings and the exhibits?

8 A. Yes.

9 Q. Okay. What kind of a unit is this?

10 A. This is a Oakwood 80 acre unit.

11 Q. Okay. And, again, it's a pooling.

12 A. It is.

13 Q. And how many wells are proposed?

14 A. One.

15 Q. And is it a frac well?

16 A. Yes.

17 Q. And is it located inside or outside of the
18 drilling window?

19 A. Inside.

20 Q. And have you provided the Board with cost
21 data pertaining to the proposed well?

22 A. Yes. The estimated cost is \$373,087.

23 Q. And the proposed depth?

24 A. The estimated depth 2,318 feet and the
25

1 permit number 11872.

2 Q. Okay. And have you listed the folks that
3 you're seeking to pool in the notice of hearing and then
4 again in Exhibit B-3?

5 A. Yes.

6 Q. Do you want to add people to that list?

7 A. No.

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

9 A. No.

10 Q. What did you do to notify the respondents
11 and others who might be interested that there was going to
12 be a...a pooling hearing today?

13 A. Mailed by certified mail return receipt
14 requested on December the 16th, 2011. I published the
15 notice and location map in the Bluefield Daily Telegraph on
16 December the 22nd, 2011.

17 Q. And when you published, what appeared...
18 oh, you told us that. Okay. Do you have with you your
19 certificates with regard to mailing and your proof of
20 publication from the paper?

21 A. Yes.

22 Q. And what is the...what interest have you
23 acquired and what are you seeking to pool?

24 A. We have acquired 100% of the coal owner's
25

1 claim to CBM and 94.1092% of the oil and gas owner's claim
2 to CBM. We are seeking to pool 5.8908% of the oil and gas
3 owner's claim to CBM.

4 Q. And this is a unit that's going to require
5 an escrow account, correct?

6 A. Yes.

7 Q. And with regard to that, there are
8 conflicts...I'm sorry, there's a title issue in one of the
9 tracts, correct?

10 A. Yes, in 1E.

11 Q. In 1E. And then we have conflicts in what
12 other...what tracts?

13 A. 1F, IH and 1I.

14 Q. And there's also conflicts in 1E, is that
15 correct?

16 A. Yes.

17 Q. So, there are two reasons to escrow 1E, a
18 title issue and a conflict, and then in the other three
19 tracts it's just a traditional conflict?

20 A. Yes.

21 Q. Okay. And then are there any tracts that
22 you have split agreements?

23 A. Yes, 1A, 1B, 1C, 1D, 1F, 1G and 2.

24 Q. And with regard to the folks that you have
25

1 split agreements from, are you requesting as operator if
2 this application is approved the ability to pay them
3 directly rather than escrowing their funds?

4 A. Yes.

5 Q. Is it your opinion that drilling one frac
6 well in the location shown within the drilling window on the
7 plat map is a reasonable way to develop the coalbed methane
8 resource from within and under this unit?

9 A. Yes.

10 Q. Is it your further opinion that if you
11 combine a pooling order...the terms of the Board's standard
12 pooling order with the agreements that you have been able
13 to reach with owners and claimants in this unit that the
14 correlative rights of all owners and claimants to the
15 production would be protected?

16 A. Yes.

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

18 BUTCH LAMBERT: Any questions from the Board?

19 (No audible response.)

20 BUTCH LAMBERT: Anything further, Mr. Swartz?

21 MARK SWARTZ: Not on this unit.

22 BUTCH LAMBERT: Do I have a motion?

23 MARY QUILLEN: Motion to approve.

24 BRUCE PRATHER: Second.

25

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

3 (No audible response.)

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

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

6 BUTCH LAMBERT: Opposed, no.

7 KATIE DYE: I'll abstain.

8 BUTCH LAMBERT: One abstention Mrs. Dye. Thank
9 you, Mr. Swartz. It's approved. Let's go ahead and take
10 about a 10 minute break.

11 MARK SWARTZ: Okay.

12 BUTCH LAMBERT: And we'll...we'll resume in 10
13 minutes.

14 (Break.)

15 BUTCH LAMBERT: We're calling docket item 19. A
16 petition from CNX Gas Company, LLC for repooling of coalbed
17 methane unit AZ-112, docket number VGOB-03-1216-1240-01.
18 All parties wishing to testify, please come forward.

19 MARK SWARTZ: Mark Swartz and Anita Duty.

20 TOM PRUITT: Thomas Pruitt.

21 MARK CALDWELL: Mark Caldwell.

22 BUTCH LAMBERT: Good morning, Mr. Pruitt. How are
23 you?

24 TOM PRUITT: Good morning.

25

1 MARK SWARTZ: Mr. Chairman, this is a repooling as
2 is unit...the next docket item 20 and the next docket item
3 21. We've got the same people and some of the same issues
4 in all of three of these. It might make sense to call them
5 and then Anita can explain about the roads and so forth and
6 we can kind of save time here.

7 BUTCH LAMBERT: Okay. Sure. We're also calling
8 docket item number 20. A petition from CNX Gas Company, LLC
9 for repooling of coalbed methane unit BA-112, docket number
10 VGOB-02-0416-1025-02. We're calling docket item 21. A
11 petition from CNX Gas Company, LLC for repooling of coalbed
12 methane unit AZ-111, docket number VGOB-02-0416-1023-02.

13 MARK SWARTZ: Mark Swartz and Anita Duty also on
14 those unit...those docket items as well.

15 TOM PRUITT: Tom Pruitt as well for James Rasnake
16 and for the family of Mike Rasnake and for Lucy Blankenship,
17 lessee.

18 MARK CALDWELL: I'm Mark Caldwell on behalf of
19 Catherine Caldwell.

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

21 MARK SWARTZ: Thank you.

22

23 ANITA DUTY

24 having been duly sworn, was examined and testified as

25

1 follows:

2 DIRECT EXAMINATION

3 QUESTIONS BY MR. SWARTZ:

4 Q. Anita, you're still under oath, okay.

5 A. Okay.

6 Q. State your name for us, please.

7 A. Anita Duty.

8 MARK SWARTZ: Mr. Chairman, I'd like to incorporate
9 Anita's prior testimony this morning about the applicant,
10 operator, her employment and, if necessary, the lease terms.

11 BUTCH LAMBERT: Accepted.

12 MARK SWARTZ: Thank you.

13 Q. Anita, are all three of these docket items
14 dockets 19, 20 and 21 repoolings of previously pooled units?

15 A. Yes.

16 Q. And what are the reasons or the things that
17 have caused it to be necessary to repool these?

18 A. First of all, we have the issue with the
19 Commonwealth of Virginia with the road. We're doing the
20 surface, oil and gas now rather than...and then secondly,
21 we have some division of property due to a Will. This would
22 be on the Whited property. So, some of the property was
23 divided out that way. We have surveys in that changed
24 those. And we also have a Court order for the James Rasnake,

25

1 et al 51 acre tract...51.25 acre tract that Tom represents
2 and Mr. Caldwell's mother has an interest.

3 Q. Okay. So, essentially what you're doing is
4 you're dealing with VDOT and it looks like the VDOT road
5 issue is in AZ-111, right?

6 A. Yes.

7 Q. And then you have the Estate and the lawsuit
8 issue in all three of the units?

9 A. That's correct.

10 Q. And just to give the Board an example, let's
11 take number 19, which is AZ-112, and look at the Exhibit E.
12 Have you in Exhibit E in each one of these applications set
13 forth it looks like sometimes in color and sometimes in black
14 and white the impact of the litigation and the Court order
15 of the determination with regard to VDOT in the Exhibit E
16 documentation so that we can bring the Exhibit Es current
17 and congruent with where we are in terms of the litigation,
18 with regard to VDOT and with regard to the Estate so that
19 we can come back once we have orders in these three cases
20 and disburse funds?

21 A. Yes.

22 Q. And essentially with regard to the...if you
23 could just give a quick summary of what...what you have done
24 with regard to the Rasnake issues in these three

25

1 units...just an overview.

2 A. For the escrow?

3 Q. Yes.

4 A. On the Exhibit E, which is for the royalty
5 split agreements, that has the interest that they had owned
6 all along that they were currently being paid. The
7 additional interest that they acquired through the Court
8 order is actually on the Exhibit E. So, until we get
9 approval from the Board to update the acreages and fix the
10 escrow account, we need to continue to pay it the way we were
11 until everything gets settled.

12 BUTCH LAMBERT: And you're seeking here today to
13 seek approval to update those acreage as the outcome of the
14 Court order?

15 ANITA DUTY: Yes, outcome of the Court order and,
16 you know, mapping and just, you know, a combination of
17 everything.

18 BUTCH LAMBERT: Okay.

19 Q. And essentially, Anita, what we're trying
20 to do is get the acreages consistent with the mapping... with
21 the litigation outcomes so that the percentages will then
22 be correct to provide to the escrow agent when we come back
23 to disburse? That's what we're trying to do with regard to
24 all three of these?

25

1 A. Exactly.

2 Q. With regard to all three of the units
3 because it's a repooling, have you used the original cost
4 estimates---

5 A. I have.

6 Q. ---so that, you know, if there are changes
7 in participation opportunities the original cost estimates
8 that were afforded are what we're using in all three of these
9 applications?

10 A. Yes.

11 Q. So, we really haven't changed anything in
12 terms of the parties, correct?

13 A. There could be some updates due to, you
14 know, like deaths and things like that.

15 Q. But...well, the Estate. I mean, but---

16 A. Exactly.

17 Q. ---the people were pooled and it's just now
18 they have heirs.

19 A. Yes.

20 Q. So, we're not adding parties or Estates,
21 correct?

22 A. Correct.

23 Q. And we're not...so, we don't need to pool
24 any additional people, correct?

25

1 A. That's correct.

2 Q. And the people that are being affected by
3 these repoolings in all three will have an opportunity to
4 be heard or to participate based on the original math...the
5 original numbers that were used when these units were first
6 created?

7 A. Yes.

8 Q. Okay. What did you do to notify...let's
9 take these in the order that they appear on the docket. But
10 what did you do to notify the respondents that you've listed
11 and other people that might be interested in these repooling
12 hearings so that they would know that we were going to have
13 a hearing today?

14 A. Actually all three of them are the same.
15 So, for...we mailed by certified mail return receipt
16 requested on December the 16th, 2011. We published the
17 notice and location map in the Bluefield Daily Telegraph on
18 December the 23rd, 2011.

19 Q. Okay. And---?

20 A. It's the same for all three.

21 Q. So, it was the same date of publication and
22 the same date that you mailed?

23 A. Yes.

24 Q. Okay. And have you brought with you your
25

1 certificates with regard to mailing and your proofs of
2 publication that you got from the Daily Telegraph to provide
3 to Mr. Cooper today?

4 A. Yes.

5 Q. Okay. And with regard to each of these
6 units, I mean, we touch on this, but have you provided the
7 Board with a new revised Exhibit E and EE with regard to each
8 of these units?

9 A. I have.

10 Q. Okay. And is it your intention that if the
11 Board repools these units that once you receive the
12 repooling orders you will then back here...you know, you've
13 got a 28 day notice issue, but you will be back here to seek
14 disbursements from all three of these units?

15 A. We will.

16 MARK SWARTZ: Okay. That's all I have on these
17 collectively.

18 BUTCH LAMBERT: Ms. Duty, just that I understand,
19 there's two...two issues. There's the issue with the
20 corrected acreage and heirs due to the Court order. Then
21 I think you also said there's...you identified a discrepancy
22 in your mapping.

23 ANITA DUTY: Yes.

24 BUTCH LAMBERT: What led you to identify a
25

1 discrepancy in your mapping?

2 ANITA DUTY: Actually, it's just based on...I mean,
3 these were originally pooled back, I guess, in 2002. It's
4 just due to new technology. You know, some of it is due to
5 the road because once the road cuts through, you know, a
6 piece of property is divides that tract.

7 BUTCH LAMBERT: Okay. So, there's VDOT road that
8 actually changed your mapping.

9 ANITA DUTY: That changed the mapping, but
10 not...there's one unit that it didn't effect. The acreages
11 changed slightly just because the new technology with the
12 mapping over 10 years.

13 BRUCE PRATHER: Mr. Chairman---.

14 BUTCH LAMBERT: So, how did...how did that
15 change...is that reflected in your Exhibit E the change plus
16 the Court order, they go together?

17 ANITA DUTY: Yes. Everything all collectively
18 we've put in this application to correct everything.

19 BUTCH LAMBERT: Okay. Okay. Mr. Prather.

20 BRUCE PRATHER: I think what she may be referring
21 to is you started using GPS, which is the satellite thing,
22 versus what you were getting on the old original titles.
23 That has...that has always been a discrepancy with these
24 titles in Virginia is that the old original ones sometimes

25

1 don't really tie into the GPS. So, what you're doing you're
2 making a correction based on the GPS technology, I think.

3 MARK SWARTZ: Just to give you an example, with
4 regard to AZ-112. Looking at Tract 3E, Anita, what is the
5 difference between the original and today's application?

6 ANITA DUTY: .02.

7 MARK SWARTZ: And, I mean, that tiny little
8 difference is the result of what?

9 ANITA DUTY: Just technology. Like you said, they
10 do GPS in the field now.

11 MARK SWARTZ: And we see a number of really small
12 changes in these...in some of these units?

13 ANITA DUTY: Yes. There's nothing...there's
14 nothing big.

15 MARK SWARTZ: The big changes though pertain to
16 the...to what?

17 ANITA DUTY: To the ownership within the tract and
18 not actually the tract itself.

19 BUTCH LAMBERT: I just wanted to clear up that all
20 combined that we're capturing all of those in what we have
21 here. Okay, any other questions from the Board for this
22 witness?

23 MARY QUILLEN: Mr. Chairman, I just---

24 BUTCH LAMBERT: Ms. Quillen.

25

1 MARY QUILLEN: ---want to clarify one thing. All
2 of these...on all of these heirships, this is from the Court
3 order. Was there a Court order for all of these heirships?

4 ANITA DUTY: No. The Court order only affects what
5 we show the James Rasnake, et al, the 51.25 acre tract.

6 MARY QUILLEN: Okay. Because it says that all of
7 the agreements have been made. It says agreements have been
8 reached between the conflicting parties on those.

9 ANITA DUTY: Right. They did...there was a
10 separate agreement that was executed between Buck Horn and
11 the plaintiffs.

12 MARY QUILLEN: Oh, okay. Okay. Okay. that was
13 my question. How did that affect the conflict with Buck
14 Horn? Was that---?

15 ANITA DUTY: I think we are still in the process of
16 working that out and Tom can speak to that. But---

17 MARY QUILLEN: Oh, okay.

18 ANITA DUTY: ---it was basically just the Division
19 of the royalty only.

20 MARY QUILLEN: Oh, okay. Okay. I got you. I got
21 you. That's all. Thank you.

22 BUTCH LAMBERT: And, Mr. Pruitt, would you like
23 to...could you explain that for us, please?

24 TOM PRUITT: Mr. Chairman, I appreciate the
25

1 opportunity. As the Board may recall, I represent James
2 Rasnake who has an interest in these tracts and these units
3 as well as his uncle Mike Rasnake. Mike passed away in the
4 course of all of this...the lawsuit. His wife Peggy and his
5 two children by Peggy are now our clients. Lucy Blankenship
6 is our other client. She is a lessee of CNX. On behalf of
7 all of those clients, we challenged the title that was being
8 asserted to these effective tracts. There are four tracts
9 involved. The ones that are before you today, the Court has
10 completed their ruling. You have a Court order that was
11 presented to the Board earlier that said what the title is.
12 It appears at this point in time that was CNX is attempting
13 to do is simple housekeeping to comply with the Court order.
14 To that extent, we have no objection to the simple
15 housekeeping. I can't speak to the plat issues. But I can
16 say this, that we expect a resolution of all issues very soon
17 and at that time we will jointly appear with CNX and if there
18 are any discrepancies we will present those to the Board in
19 a joint manner. Now, as to the Board member's question
20 about Buck Horn, we've entered into a partition deed with
21 Buck Horn. It is a 50/50 split of the royalty interest.
22 Now, that deed is being corrected because there is some
23 uncertainty in the language there. But Buck Horn is asking
24 for 50% of the royalty interest out of the mix. Our clients

25

1 are participants for the most part on a carried basis. So,
2 we're working that language out.

3 MARY QUILLEN: Okay. Thank you.

4 BUTCH LAMBERT: Any other questions from the Board?

5 (No audible response.)

6 BUTCH LAMBERT: Mr. Caldwell?

7 MARK CALDWELL: Yes, sir. Mr. Chairman, I
8 represent my mother Catherine Caldwell who has
9 a...according to the Court order has been recognized as
10 having a 50% interest in the 51.25 acre tract. That's all
11 she is involved in. The only issue I had is I have a little
12 bit of a problem with the language on the exhibit. I guess,
13 Ms. Duty, did you prepare these exhibits?

14 ANITA DUTY: Supervised.

15 MARK SWARTZ: Show us what page.

16 MARK CALDWELL: Page one. Just where it
17 says...it's kind of splitting hairs. But it says,
18 "Although the heir of Marvin Fuller", which is my mother
19 Catherine Caldwell, "now owns a one-half interest...", you
20 know, I just it recognized that she has always owned it. It
21 just that the Court is recognizing it now that she owns it.
22 I don't want it from today forward. I mean, in other words,
23 I want it recognized that she has always owned it.

24 RICK COOPER: Mr. Chairman.

25

1 BUTCH LAMBERT: Anything further, Mr. Caldwell?
2 MARK CALDWELL: No, that's all.
3 BUTCH LAMBERT: Mr. Cooper.
4 RICK COOPER: I'm just checking to see, are you an
5 attorney?
6 MARK CALDWELL: I am.
7 RICK COOPER: Okay. We was just checking to see if
8 you needed to be sworn in or not.
9 MARK CALDWELL: No.
10 BUTCH LAMBERT: Okay. Anything further, Mr.
11 Swartz?
12 MARK SWARTZ: No.
13 BUTCH LAMBERT: Okay. Do I have a motion on docket
14 items number 19, 20 and 21?
15 MARY QUILLEN: Motion to approve docket number 19,
16 20 and 21.
17 BRUCE PRATHER: Second.
18 BUTCH LAMBERT: I have a motion and a second. Any
19 further discussion?
20 (No audible response.)
21 BUTCH LAMBERT: All in favor, signify by saying yes.
22 (All members signify by saying yes, but Katie Dye.)
23 BUTCH LAMBERT: Wait just a minute. Mrs. Dye, I
24 didn't mean---.

25

1 KATIE DYE: I just have a question---.

2 BUTCH LAMBERT: ---jump ahead.

3 KATIE DYE: ---for Mr. Cooper. Do you require a
4 signed AFE on these repoolings?

5 DIANE DAVIS: Oh, I'm sorry.

6 KATIE DYE: It's on number 21.

7 RICK COOPER: 21.

8 RICK COOPER: We do.

9 DIANE DAVIS: Let me see if we have one.
10 (Rick Cooper and Diane Davis review the file.)

11 RICK COOPER: Do you have one?

12 KATIE DYE: Do you have a signed one?

13 MARY QUILLEN: Do you have a signed copy, Mr.
14 Swartz?

15 MARK SWARTZ: It wasn't signed in the original, so
16 we weren't going to go back and change an eight year old
17 document. I mean, it got pooled without a signature.

18 DIANE DAVIS: Yeah, ours isn't signed.

19 RICK COOPER: It is...it is not signed.

20 ANITA DUTY: We actually checked with them before
21 we included it in there because we thought it might be a
22 problem. We just put the note.

23 BUTCH LAMBERT: So, it's not signed in the original?

24 MARK SWARTZ: I mean, obviously, Les would have

25

1 testified with regard to it at that hearing. But it somehow
2 got filed without being signed in '02.

3 ANITA DUTY: I put the note there so that you knew
4 that we realized that it wasn't signed.

5 BUTCH LAMBERT: Okay. Ms. Duty, are the estimates
6 still valid in your opinion?

7 ANITA DUTY: Yes.

8 BUTCH LAMBERT: And those estimates would be?

9 ANITA DUTY: \$217,260.80.

10 BUTCH LAMBERT: Okay. And the total depth, do you
11 know the total depth now?

12 ANITA DUTY: Which one is this AZ-111?

13 MARY QUILLEN: It's EZ-111.

14 MARK SWARTZ: No, it's EZ-111.

15 ANITA DUTY: 2,535 feet.

16 BUTCH LAMBERT: And does that have a permit number?

17 ANITA DUTY: 5104.

18 BUTCH LAMBERT: Okay. So, the testimony...let the
19 record show that the estimates in the original AFE remain
20 the same along with the well depth and permit number.

21 ANITA DUTY: Yes. Thank you.

22 MARK SWARTZ: Now, Anita, those costs, the
23 \$217,260.80, would have been as of '02.

24 BUTCH LAMBERT: '02. That's right.

25

1 ANITA DUTY: Yes. They have not been updated.

2 MARK SWARTZ: Okay.

3 BUTCH LAMBERT: Just understand, I want to get
4 testimony that---

5 MARK SWARTZ: Okay. I just wanted to make sure.

6 BUTCH LAMBERT: Yes. Now, I had a motion and a
7 second. Any further discussion?

8 KATIE DYE: No.

9 BUTCH LAMBERT: Do I have a...all in favor, signify
10 by saying yes.

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

12 BUTCH LAMBERT: Opposed, no.

13 KATIE DYE: I'll abstain.

14 BUTCH LAMBERT: One abstention Mrs. Dye.

15 TOM PRUITT: Thank you.

16 MARK CALDWELL: Thank you.

17 BUTCH LAMBERT: Thank you, gentlemen. We're
18 calling docket item number 22. A petition from CNX Gas
19 Company, LLC for repooling of coalbed methane unit A-22,
20 docket number VGOB-00-0919-0820-01. All parties wishing
21 to testify, please come forward.

22 MARK SWARTZ: Mark Swartz and Anita Duty.

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

24 MARK SWARTZ: Thank you.

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ANITA DUTY

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

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

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

A. Anita Duty.

Q. Who do you work for?

A. CNX Land Resources.

MARK SWARTZ: I would like to incorporate Anita's prior testimony today with regard to the applicant, operator, her employment and standard lease terms.

BUTCH LAMBERT: Accepted.

Q. Is this a repooling?

A. Yes.

Q. Okay. And it's being repooled why?

A. It was due to the mapping issue. I think there was also a calculation error in the original because

1 one of the tracts went from 0.35 to 2.03. It's obvious when
2 you look at the plat that the acreage is larger than that.
3 So, I think it's a little bit of...a little bit of both.

4 Q. Okay. So, we've got a remapping and also
5 with regard to Tract 2 there's quite an increase, which was
6 probably to fix a mistake?

7 A. Yes.

8 Q. Okay. What did you do to notify people
9 respondents...originally named as respondents in this unit
10 or people in this unit whose interest might be affected by
11 this repooling that we were going to have a hearing today?

12 A. Mailed by certified mail return receipt
13 requested on December the 16th, 2011. I published the
14 notice and location map in the Bluefield Daily Telegraph on
15 December the 22nd, 2011.

16 Q. And have you brought with you your
17 certificates with regard to mailing and your proof of
18 publication to provide those to Mr. Cooper?

19 A. Yes.

20 Q. Okay. Do you want to add any people as
21 respondents today?

22 A. No.

23 Q. Do you want to dismiss any people?

24 A. No.

25

1 Q. Have you...with the exception of the
2 percentages...of the acreages and the percentages
3 associated with those acreages, have you maintained all of
4 the other numbers and calculations that this was originally
5 pooled on?

6 A. Yes.

7 Q. So, the well cost estimates are the same and
8 the depths are the same and so forth?

9 A. Yes.

10 Q. Okay.

11 A. We added...there's an additional well in
12 here.

13 Q. Okay. So, we're adding a second well?

14 A. Yes.

15 Q. Okay. So, that's a change?

16 A. It is.

17 Q. Okay. But with regard to the first well,
18 have you recycled the original well estimate and well data?

19 A. I have.

20 Q. Okay. I'll come back to that then?

21 A. With regard to this unit, what are the
22 interests that you've acquired and what are you seeking to
23 pool?

24 A. We've acquired 99.99934% of the coal
25

1 owner's...coal, oil and gas owner's claim to the CBM. We
2 are seeking to pool 0.00066% of the coal, oil and gas owner's
3 claim to CBM.

4 Q. Okay. And when we were looking at the
5 paperwork that was filed, you noticed that there was a...I
6 guess, a pretty...a pretty amazing typo, but a typo
7 nevertheless on Exhibit A, page two. For some reason or
8 another, the total interest to be pooled opposite the coal
9 interest is actually what you've leased?

10 A. It is.

11 Q. Okay. So, you're pooling...it needs to be
12 corrected from 99.99934 to the .00066 and you'll give the
13 Board a new estimate...a new exhibit in that regard,
14 correct?

15 A. I will.

16 Q. Okay. With regard to this unit, what kind
17 of a unit is it?

18 A. An Oakwood 80 acre unit.

19 Q. Okay. And have you provided the Board with
20 a plat?

21 A. Yes.

22 Q. Okay. And the wells, are they shown... are
23 they as shown on the plat, the locations?

24 A. Yes.

25

1 Q. You've got one in the drilling window and
2 one in what would be the southwest corner of the unit,
3 correct?

4 A. Yes.

5 Q. Okay. And the original well cost estimate
6 was signed by Mr. Arrington back in August of 2000, correct?

7 A. Yes.

8 Q. And that's with regard to the first well?

9 A. Yes.

10 Q. And that has remained unchanged, correct?

11 A. Right.

12 Q. And have you provided a well cost estimate
13 with regard to the second well?

14 A. Yes.

15 Q. And that is in what amount?

16 A. \$325,201.99.

17 Q. And the proposed total depth of that new
18 well, second well, is what?

19 A. 2,480 feet.

20 Q. Do you have a permit yet?

21 A. No.

22 Q. Okay. With regard to the repooling of this
23 unit, have you reflected the percentage and acreage changes
24 on the revised B-3 Exhibit?

25

1 A. Yes.

2 Q. Okay. And it shows tract 2 now at 2.03
3 acres within the unit, correct?

4 A. Yes.

5 Q. Okay. Is there an escrow requirement for
6 this unit?

7 A. There is not.

8 Q. Okay. And there are no split agreements,
9 correct?

10 A. Correct.

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

13 BUTCH LAMBERT: Any questions from the Board?

14 (No audible response.)

15 BUTCH LAMBERT: Do I have a motion?

16 MARY QUILLEN: Motion to approve.

17 BRUCE PRATHER: Second.

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

20 (No audible response.)

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

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

23 BUTCH LAMBERT: Opposed, no.

24 KATIE DYE: I'll abstain.

25

1 BUTCH LAMBERT: One abstention Mrs. Dye. We're
2 calling docket item number 23. A petition from Range
3 Resources-Pine Mountain, Inc. for a well location exception
4 for proposed well 900026, docket number VGOB-12-0117-3026.
5 All parties wishing to testify, please come forward.

6 PHIL HORN: He's here. He's just not quite in here.

7 GUS JANSEN: He's walking in right now.

8 BUTCH LAMBERT: I knew this was going to happen to
9 Mr. Scott one time or another. He's always so late in the
10 day before we get to him.

11 GUS JANSEN: Right.

12 PHIL HORN: I didn't call and give him enough time.

13 TIM SCOTT: Hello. I guess you all are ready,
14 aren't you?

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

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

17 TIM SCOTT: Thank you. How are you all this
18 morning?

19 BUTCH LAMBERT: Good.

20 TIM SCOTT: Happy New Year!

21 BUTCH LAMBERT: Same to you.

22 TIM SCOTT: Tim Scott, Phil Horn and Gus Jansen for
23 Range Resources-Pine Mountain for this particular hearing.

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

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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, 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 descriptions is to get wells permitted and drilled.

Q. And you're familiar with this application are you not?

A. Yes, I am.

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

A. Yes, I am.

Q. And that's set out on Exhibit B, is that correct?

A. That is correct.

Q. Okay. And who operates the wells from which the well location exception is sought today?

A. Range Resources-Pine Mountain, Inc.

1 operates them.

2 Q. Okay. How as notice of this hearing
3 provided to the parties listed on Exhibit B?

4 A. By certified mail.

5 Q. And we've provided proof of our mailing to
6 the Board, is that correct?

7 A. That's correct.

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

9 BUTCH LAMBERT: Any questions from the Board?

10 (No audible response.)

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

12 TIM SCOTT: Thank you, Mr. Chairman.

13

14 GUS JANSEN

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

17 DIRECT EXAMINATION

18 QUESTIONS BY MR. SCOTT:

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

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

24 Q. And you're familiar with this application

25

1 as well, is that correct?

2 A. I am.

3 Q. And would you please tell the Board why
4 we're seeking a well location exception for this particular
5 unit?

6 A. Yes. If the Board will refer to Exhibit AA
7 you will see the location of proposed well 900026. This is
8 the well in the center, all the offsetting wells are outlined
9 in red with the green stippled area. We've chose this
10 location due to topographic constraints in this area. This
11 well is actually located on a pre-existing surface mine
12 bench area. This...without moving the well to a small
13 window in this general area, we would not be able to drill
14 the well due to those topographic constraints. In the event
15 we're not able to drill the well at this location, we would
16 stranded approximately 110.35 acres of reserves.

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

18 A. 5,823 feet.

19 Q. And the potential loss of reserves if the
20 application is not granted today?

21 A. 425 million cubic feet of gas.

22 Q. And in your opinion, if this application is
23 granted, it would prevent waste and promote conservation,
24 is that correct?

25

1 A. That is correct.

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

3 BUTCH LAMBERT: Any questions from the Board?

4 (No audible response.)

5 BUTCH LAMBERT: Anything further, Mr. Scott?

6 TIM SCOTT: That's all I have.

7 BUTCH LAMBERT: Do I have a motion?

8 MARY QUILLEN: Motion to approve.

9 BRUCE PRATHER: Second.

10 BUTCH LAMBERT: I have a motion and a second. Are
11 there any further discussion?

12 (No audible response.)

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

14 (All members signify by saying yes.)

15 BUTCH LAMBERT: Opposed, no.

16 (No audible response.)

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

19 TIM SCOTT: Thank you.

20 BUTCH LAMBERT: We're calling docket 24. A
21 petition from Range Resources-Pine Mountain, Inc. for a well
22 location exception for proposed well V-530328, docket
23 number VGOB-12-0117-3027. All parties wishing to testify,
24 please come forward.

25

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

3 BUTCH LAMBERT: You may proceed Mr. Scott.

4 TIM SCOTT: Thank you, Mr. Chairman.

5

6 PHIL HORN

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

9 DIRECT EXAMINATION

10 QUESTIONS BY MR. SCOTT:

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

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

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

17 A. Yes, I am.

18 Q. Are you familiar with the ownership of the
19 minerals underlying this unit?

20 A. Yes, I am.

21 Q. And are those minerals...mineral owners set
22 out on Exhibit B?

23 A. That's correct.

24 Q. Who operates the wells from which the well
25

1 location exception is sought today?

2 A. EQT Production Company and Range Resources
3 owns an interest in these wells also.

4 Q. So, you're both an owner and an operator,
5 is that correct?

6 A. That's correct.

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

9 A. By certified mail and also by publication
10 in Dickenson Star on December the 28th, 2011.

11 Q. Okay. Have we provided proof of mailing
12 and publication to the Board?

13 A. Yes, you have.

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

15 BUTCH LAMBERT: Any questions from the Board?

16 (No audible response.)

17 BUTCH LAMBERT: You may continued, Mr. Scott.

18 TIM SCOTT: Thank you, Mr. Chairman.

19

20 GUS JANSEN

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

23 DIRECT EXAMINATION

24 QUESTIONS BY MR. SCOTT:

25

1 Q. Mr. Jansen, your name, by whom you're
2 employed and your job description, please.

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

6 Q. And you're familiar with this application,
7 is that correct?

8 A. That is correct.

9 Q. And would you please tell the Board why
10 we're seeking a well location for this particular unit?

11 A. Yes. Again, if the Board will refer to
12 Exhibit AA, which I've handed out, you'll see the location
13 of proposed well V-530328. This is the well outlined in red
14 with the green stippled area. The well has been positioned
15 to maximize the recovery of the remaining natural gas
16 resources stranded with the relationship to the existing
17 offsetting wells. There is no location available that
18 meets the statewide spacing requirements. In the event the
19 well is not drilled, approximately 104.19 acres of reserves
20 would be stranded.

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

22 A. 6,153 feet.

23 Q. And the potential loss of reserves of our
24 application isn't approved today?

25

1 A. 500 million cubic feet of gas.

2 Q. And in your opinion, if the Board grants our
3 application, then it will prevent waste, promote
4 conservation and protect correlative rights, is that
5 correct?

6 A. That is correct.

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

8 BUTCH LAMBERT: Any questions from the Board?

9 (No audible response.)

10 BUTCH LAMBERT: Mr. Jansen, on your plat that you
11 submitted to us, I see the location of V-530328, but kind
12 of to the southwest the approximate location of VC-550453.
13 Is that...that's a proposed?

14 GUS JANSEN: Are you referring to the plat in the
15 application?

16 BUTCH LAMBERT: Yes. Uh-huh.

17 GUS JANSEN: That is a coalbed methane well.

18 PHIL HORN: That's an existing coalbed methane
19 well.

20 GUS JANSEN: Existing coalbed methane well.

21 BUTCH LAMBERT: Is it? Okay. All right. Thank
22 you. Any other questions?

23 PHIL HORN: And the reason they said approximate
24 location is because they probably didn't survey it.

25

1 Another surveyor probably surveyed it is why.

2 BUTCH LAMBERT: Okay. Okay, thank you. Any other
3 questions from the Board?

4 (No audible response.)

5 BUTCH LAMBERT: Anything further, Mr. Scott?

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

7 BUTCH LAMBERT: Do I have a motion?

8 MARY QUILLEN: Motion to approve.

9 BRUCE PRATHER: Second.

10 BUTCH LAMBERT: I have a motion and a second. Are
11 there any further discussions?

12 (No audible response.)

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

14 (All members signify by saying yes.)

15 BUTCH LAMBERT: Opposed, no.

16 (No audible response.)

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

19 TIM SCOTT: Thank you, Mr. Chairman.

20 BUTCH LAMBERT: We're calling docket item 25. A
21 petition from Range Resources-Pine Mountain, Inc. for the
22 establishment of a drilling unit and pooling of well
23 V-530330, docket number VGOB-12-0117-3028. All parties
24 wishing to testify, please come forward.

25

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

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

4 TIM SCOTT: Thank you, Mr. Chairman.

5

6 PHIL HORN

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

9 DIRECT EXAMINATION

10 QUESTIONS BY MR. SCOTT:

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

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

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

17 A. That is correct.

18 Q. How many acres does this unit contain?

19 A. 112.69.

20 Q. And I believe last month we were...we sought
21 and were granted a well location exception for this unit,
22 is that right?

23 A. That's correct.

24 Q. And does Pine Mountain... Range

25

1 Resources-Pine Mountain have drilling rights in this unit?

2 A. Yes, we do.

3 Q. Are we going to dismiss anybody from Exhibit
4 B-3 today?

5 A. No.

6 Q. And what percentage of the unit does Range
7 have under lease presently?

8 A. 98.4%.

9 Q. And how was notice of this hearing provided
10 to the respondents listed on Exhibit B-3?

11 A. By certified mail and also it was published
12 in the Dickenson Star on December the 28th, 2011.

13 Q. Now, do we have any unknown owners in this
14 unit?

15 A. Yes, we do.

16 Q. And have you provided Mr. Cooper with your
17 efforts at trying to locate these individuals?

18 A. Yes, I have.

19 Q. That has already been provided, is that
20 right?

21 A. That's correct.

22 Q. In your opinion, was due diligence
23 exercised in trying to locate these individuals?

24 A. Yes.

25

1 Q. And, again, have we filed proof of
2 publication and proof of mailing certification to the Board?

3 A. Yes, you have.

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

6 A. That's correct.

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

8 A. That's correct.

9 Q. And what lease terms would you offer any
10 unleased parties listed on Exhibit B-3?

11 A. \$25 per acre for a five year paid up lease
12 that provides a one-eighth royalty.

13 Q. Do you consider that to be reasonable
14 compensation for a lease in this area?

15 A. Yes, I do.

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

18 A. 1.6%.

19 Q. And do have an escrow requirement because
20 you said there are unknowns, is that right?

21 A. That's correct.

22 Q. And what tract or tracts does that
23 encompass?

24 A. Tract 2.

25

1 Q. And what's the total percentage?

2 A. 1.6%.

3 Q. So, are you requesting the Board to
4 lease...to pool the parties leased listed on Exhibit B-3,
5 is that correct?

6 A. That's correct.

7 Q. And you're also requesting that Range be
8 named as operator for this unit, is that also correct?

9 A. That's correct.

10 Q. Now, what would be the address if anybody
11 making an election under an order if it's granted to us
12 today?

13 A. Range Resources-Pine Mountain, Inc.,
14 P. O. Box 2136, Abingdon, Virginia 24212.

15 Q. And is that the address for all
16 communications?

17 A. Yes.

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

19 BUTCH LAMBERT: Any questions from the Board?

20 (No audible response.)

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

22 TIM SCOTT: Thank you, Mr. Chairman.

23

24

GUS JANSEN

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

3 DIRECT EXAMINATION

4 QUESTIONS BY MR. SCOTT:

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

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

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

12 A. That is correct.

13 Q. So, you are familiar with the application?

14 A. Yes.

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

16 A. 7,100 feet.

17 Q. And the estimated reserves?

18 A. 400 million cubic feet of gas.

19 Q. And I believe that you were involved in the
20 preparation of the AFE that was submitted, is that correct?

21 A. That is correct.

22 Q. So, you're familiar with the proposed well
23 costs?

24 A. I am.

25

1 Q. What's the estimated dry hole costs for this
2 well?

3 A. \$296,307.

4 Q. And the completed well costs?

5 A. \$550,932.

6 Q. And, again, we submitted the AFE with our
7 application, is that correct?

8 A. That is correct.

9 Q. And does it also include a charge...a
10 reasonable charge for supervision?

11 A. Yes, it does.

12 Q. In the event our application is approved
13 today, it would be in the best interest of conservation,
14 prevent waste and promote...or protect correlative rights,
15 is that correct?

16 A. That is correct.

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

18 BUTCH LAMBERT: Any questions from the Board? Mr.
19 Harris.

20 BILL HARRIS: Yes. Let me ask, we don't seem to
21 have a tract ownership information schedule for this
22 particular item.

23 PHIL HORN: It's on the...the tracts are identified
24 on the plat itself.

25

1 BILL HARRIS: So, there's no separate---

2 PHIL HORN: No, sir. No attachment.

3 TIM SCOTT: Mr. Harris, typically what we do with
4 those when we have a number of small tracts because it's
5 impossible to include those so we do a tract identification
6 typically on those. If these are larger boundaries then we
7 just put them on the plat itself for your review.

8 BILL HARRIS: Okay. Thank you.

9 BUTCH LAMBERT: This just says the Nora quadrangle.
10 Can you more specific of the area?

11 PHIL HORN: It's on Bear Ridge.

12 BUTCH LAMBERT: Bear Ridge?

13 PHIL HORN: Yes, sir.

14 BUTCH LAMBERT: Okay. I think...I might have asked
15 this question last---

16 PHIL HORN: Yes. And we talked to him yesterday.
17 We talked to three Joseph Kisers. One on Carico Ridge, one
18 Sandy Ridge and one in Coeburn and none of those three are
19 related.

20 BUTCH LAMBERT: None of those are this one, okay.

21 PHIL HORN: Correct.

22 BUTCH LAMBERT: I figured---

23 PHIL HORN: This gentleman reserved the oil and gas
24 in 1895---

25

1 BUTCH LAMBERT: Okay.

2 PHIL HORN: ---which is in my letter to Mr.---.

3 BUTCH LAMBERT: I know the Joe Kiser on Sandy
4 Ridge---.

5 PHIL HORN: Right. That's the one...yes, he said
6 he has been Wise County his whole life as what we told us,
7 I guess. Is he in Wise County probably?

8 BUTCH LAMBERT: No, Dickenson County.

9 PHIL HORN: Well, we...one of my gentleman talked
10 to all three of them. Maybe I got confused. Maybe the one
11 in Coeburn is in Wise County.

12 BUTCH LAMBERT: Okay. As long as you did due
13 diligence, that's the main thing.

14 PHIL HORN: Yes, sir. We did what you asked me to.

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

17 (No audible response.)

18 BUTCH LAMBERT: Anything further, Mr. Scott?

19 TIM SCOTT: That's all I have for this application,
20 Mr. Chairman.

21 BUTCH LAMBERT: Do I have a motion?

22 MARY QUILLEN: Motion to approve.

23 BRUCE PRATHER: Second.

24 BUTCH LAMBERT: I have a motion and a second. Are
25

1 there any other discussion?

2 (No audible response.)

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

4 (All members signify by saying yes.)

5 BUTCH LAMBERT: Opposed, no.

6 (No audible response.)

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

9 TIM SCOTT: Thank you, Mr. Chairman.

10 BUTCH LAMBERT: 26 item, a petition from Range
11 Resources-Pine Mountain, Inc. for establishment of a
12 drilling unit and pooling of well V-530328, docket number
13 VGOB-12-0117-3029. All parties wishing to testify, please
14 come forward.

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

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

18 TIM SCOTT: Thank you, Mr. Chairman.

19

20 PHIL HORN

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

23 DIRECT EXAMINATION

24 QUESTIONS BY MR. SCOTT:

25

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

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

5 Q. And you're familiar with this application,
6 is that correct?

7 A. Yes, I am.

8 Q. And is this unit subjected to statewide
9 spacing?

10 A. Yes, it is.

11 Q. So, it contains a 112.69 acres, is that
12 correct?

13 A. That is correct.

14 Q. Does Range have drilling rights in this
15 unit?

16 A. Yes, we do.

17 Q. And are we going to dismiss any parties
18 listed on Exhibit B-3 today?

19 A. No, we're not.

20 Q. What percentage of the unit does Range have
21 under lease presently?

22 A. 90.06%.

23 Q. And how did we provide notice of the hearing
24 to the parties on Exhibit B?

25

1 A. By certified mail and also we...by
2 publication in the Dickenson Star on December the 28th,
3 2011.

4 Q. Okay. We have unknowns in this unit, is
5 that right?

6 A. That is correct.

7 Q. And have we provided Mr. Cooper with a
8 statement of your efforts to locate these parties?

9 A. That's correct.

10 Q. In your opinion, based on your efforts, was
11 due diligence exercised and attempted to locate these
12 persons?

13 A. Yes, it was.

14 Q. Okay. Now, as a result of our mailing and
15 our publication, have we provided proof publication and
16 mailing to the Board? Have we provided---?

17 A. Yes, you have.

18 Q. Okay. Range is authorized to conduct
19 business in the Commonwealth, is that right?

20 A. That's correct.

21 Q. And a blanket bond is file?

22 A. Right.

23 Q. And if you were able to reach an agreement
24 with the parties listed on Exhibit B-3, what terms would you

25

1 offer for a lease?

2 A. \$25 per acre for a five year paid up lease
3 that provides a one-eighth royalty.

4 Q. And, again, you think this is a reasonable
5 compensation for a lease in this area?

6 A. Yes, I do.

7 Q. What percentage of the oil and gas estate
8 is Range seeking to pool today?

9 A. 9.94%.

10 Q. And you indicated earlier that we have some
11 unknowns, is that right?

12 A. That's correct.

13 Q. And with regard to this unit, we have an
14 escrow requirement, is that right?

15 A. That's correct.

16 Q. And what tract or tracts would be subjected
17 to escrow and what percentage of the unit is subjected to
18 escrow?

19 A. Tracts 3 and 4 totaling 9.94%.

20 Q. Okay. And you're asking the Board to pool
21 the unleased parties listed on Exhibit B-3, is that right?

22 A. That's correct.

23 Q. And that Range be named as the operator for
24 this unit?

25

1 A. That's right.

2 Q. Now, if the Board grants our application
3 today and we send out orders for people to make elections,
4 what would be the address used?

5 A. Range Resources-Pine Mountain, Inc.,
6 P. O. Box 2136, Abingdon, Virginia 24212.

7 Q. And this should be the address for all
8 communications, is that right?

9 A. That's correct.

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

11 BUTCH LAMBERT: Any questions from the Board?

12 (No audible response.)

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

14 TIM SCOTT: Thank you, Mr. Chairman.

15

16 GUS JANSEN

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

19 DIRECT EXAMINATION

20 QUESTIONS BY MR. SCOTT:

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

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

25

1 geology.

2 Q. And you're familiar with this application,
3 is that right?

4 A. That is correct.

5 Q. And as far as the proposed depth, what is
6 that going to be?

7 A. 6,153 feet.

8 Q. And the potential reserves to be captured
9 from this unit?

10 A. 500 million cubic feet of gas.

11 Q. And you're also familiar with the proposed
12 well cost, is that right?

13 A. I am.

14 Q. Because you did help or participate in the
15 preparation of the AFE, is that correct?

16 A. I did.

17 Q. What's the estimated dry hole costs?

18 A. \$288,932.

19 Q. And the completed well costs?

20 A. \$526,180.

21 Q. Again, you helped prepare the AFE, is that
22 right?

23 A. That is correct.

24 Q. And the AFE does include a reasonable charge
25

1 for supervision, is that correct?

2 A. It does.

3 Q. And if the Board grants our application
4 today, it would promote conservation, prevent waste and
5 protect correlative rights, is that also correct?

6 A. That is correct.

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

8 BUTCH LAMBERT: Any questions from the Board?

9 MARY QUILLEN: Mr. Chairman, just one
10 clarification.

11 BUTCH LAMBERT: Ms. Quillen.

12 MARY QUILLEN: This is the same well that we did
13 the---

14 PHIL HORN: Yes, ma'am.

15 TIM SCOTT: Yes, ma'am. The well location
16 exception?

17 MARY QUILLEN: Thank you. Yeah.

18 BRUCE PRATHER: Yeah.

19 BUTCH LAMBERT: Any other questions?

20 (No audible response.)

21 BUTCH LAMBERT: Anything further, Mr. Scott?

22 TIM SCOTT: That's all I have on this application,
23 Mr. Chairman.

24 BUTCH LAMBERT: Do I have a motion?

25

1 MARY QUILLEN: Motion to approve.

2 BRUCE PRATHER: Second.

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

5 (No audible response.)

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

7 (All members signify by saying yes.)

8 BUTCH LAMBERT: Opposed, no.

9 (No audible response.)

10 BUTCH LAMBERT: Thank you, Mr. Scott. It's
11 approved.

12 TIM SCOTT: Thank you, Mr. Chairman.

13 BUTCH LAMBERT: We're calling docket item 27. A
14 petition from Range Resources-Pine Mountain, Inc. for
15 pooling of conventional well 900077. This is docket number
16 VGOB-12-0117-3030. All parties wishing to testify, please
17 come forward.

18 TIM SCOTT: Mr. Chairman, I...I'm sorry. I didn't
19 mean to interrupt. I'm sorry. These...both of these wells
20 are going to be drilled in the same 320 acre unit. So, we
21 have...the information that Mr...I'm sorry, Mr. Horn is
22 going to be providing regarding the pooling will be the same
23 for both of these docket items. The difference will be Mr.
24 Jansen as far as the well location...I mean, the cost and

25

1 the estimated dry hole cost and so on.

2 BUTCH LAMBERT: Okay. When we move to 28, we will
3 stipulate the---.

4 TIM SCOTT: Okay. Great. Thank you, sir.

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

6 TIM SCOTT: Thank you.

7

8 PHIL HORN

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

11 DIRECT EXAMINATION

12 QUESTIONS BY MR. SCOTT:

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

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

17 Q. And you're familiar with this application,
18 is that correct?

19 A. Yes, I am.

20 Q. And this unit contains 320 acres, is that
21 also correct?

22 A. That is correct.

23 Q. And this was...this unit was previously
24 established by the Board, is that also right?

25

1 A. Yes, it was.

2 Q. Okay. Range has drilling rights in this
3 unit, is that correct?

4 A. That's correct.

5 Q. And are there any party respondent that
6 we're going to dismiss from the application today?

7 A. No, we're not.

8 Q. Have you tried to reach an agreement with
9 those individuals listed on B-3?

10 A. Yes, we have.

11 Q. What percentage of the unit does Range have
12 under lease presently?

13 A. 97.313%.

14 Q. And how was notice of this hearing provided
15 to those parties?

16 A. By certified mail and also by publication
17 in the Dickenson Star on December the 28th, 2011.

18 Q. Okay. And we have unknowns in this unit,
19 is that also correct?

20 A. Yes.

21 Q. And you've provided Mr. Cooper with a
22 statement of your efforts to locate these parties, is that
23 correct?

24 A. That's correct.

25

1 Q. Now, as far as what you attempted to do, do
2 you consider that due diligence was exercised in trying to
3 locate these parties?

4 A. Yes. They own an undivided one-tenth
5 interest in Tract 4. So, people from the early 1900s.

6 Q. Okay. And we've provided proof
7 publication and proof of mailing to the Board, is that right?

8 A. That's correct.

9 Q. And Range has a blanket bond on file, is that
10 right?

11 A. That is correct.

12 Q. And it's authorized to conduct business in
13 the Commonwealth also, right?

14 A. That's correct.

15 Q. What would be the lease terms you would
16 offer to any party listed on Exhibit B-3?

17 A. \$30 per acre for a five year paid up lease
18 that provides a one-eighth royalty.

19 Q. And do you believe that to be fair
20 compensation for a lease in this area?

21 A. Yes, I do.

22 Q. Okay. What percentage of the oil and gas
23 estate is Range seeking to pool?

24 A. 2.687%.

25

1 Q. And we've already indicated that we have
2 some unknowns, is that right?

3 A. That's correct.

4 Q. So, an escrow will be required for this
5 unit, is that also correct?

6 A. That's correct.

7 Q. What tract or tracts are subjected to escrow
8 for this unit?

9 A. Tract 4, 2.167%.

10 Q. And we're requesting the Board to pool the
11 unleased parties listed on B-3, is that right?

12 A. That's correct.

13 Q. And also that Range be named operator for
14 this unit?

15 A. That's correct.

16 Q. Now, if the Board grants our application for
17 this particular docket item, what would be the address used
18 by any parties respondent making an election?

19 A. Range Resources-Pine Mountain, Inc.,
20 P. O. Box 2136, Abingdon, Virginia 24212.

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

23 BUTCH LAMBERT: Any questions from the Board?

24 (No audible response.)

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BUTCH LAMBERT: You may continue, Mr. Scott.

TIM SCOTT: Thank you, Mr. Chairman.

GUS JANSEN

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

DIRECT EXAMINATION

QUESTIONS BY MR. SCOTT:

Q. Mr. Jansen, 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. And you're familiar with this application, is that correct?

A. I am.

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

A. 7,607 feet.

Q. And you're also familiar with the estimated reserves, is that also correct?

1 A. That is correct.

2 Q. And what would that be?

3 A. 1.2 bcf.

4 Q. Are you familiar with the well costs?

5 A. Yes, I am.

6 Q. What's the estimated dry hole costs for this
7 unit?

8 A. \$700,439.

9 Q. And the completed well costs?

10 A. \$1,330,387.

11 Q. And, again, you participated in the
12 preparation of the AFE, is that also correct?

13 A. That is correct.

14 Q. So, a review of that AFE would indicate a
15 reasonable charge for supervision, is that correct?

16 A. That is correct.

17 Q. So, in your opinion, if the application is
18 granted, it would be in the best interest of conservation,
19 prevent waste and promote...and protect correlative rights,
20 is that correct?

21 A. That is correct.

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

23 BUTCH LAMBERT: Any questions from the Board?

24 BRUCE PRATHER: Mr. Chairman.

25

1 BUTCH LAMBERT: Mr. Prather.

2 BRUCE PRATHER: I notice that on sheet that we've
3 got here it says that it's a petition for the pooling of a
4 conventional well. This thing is a conventional
5 horizontal. I'm sure that's right. So, what we've got on
6 our sheet here just says it's a regular conventional well,
7 but this thing is a horizontal well.

8 TIM SCOTT: Yes, sir.

9 GUS JANSEN: That is correct. It is a horizontal.

10 BRUCE PRATHER: Yeah. Okay.

11 BUTCH LAMBERT: Any other questions from the Board?

12 TIM SCOTT: Mr. Prather, I thought that was a trick
13 question. I was going, wait a minute, what is he asking?
14 I'm sorry.

15 BRUCE PRATHER: What we've got it says it's just a
16 conventional well.

17 TIM SCOTT: Yes, sir.

18 BUTCH LAMBERT: There was our mistake, Mr. Scott.

19 TIM SCOTT: That's all right.

20 BUTCH LAMBERT: Any other questions from the Board?

21 (No audible response.)

22 BUTCH LAMBERT: Anything further, Mr. Scott?

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

24 BUTCH LAMBERT: Do I have a motion?

25

1 MARY QUILLEN: Motion to approve.

2 BRUCE PRATHER: Second.

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

5 (No audible response.)

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

7 (All members signify by saying yes.)

8 BUTCH LAMBERT: Opposed, no.

9 (No audible response.)

10 BUTCH LAMBERT: Thank you, Mr. Scott. It's
11 approved.

12 TIM SCOTT: Thank you, sir.

13 BUTCH LAMBERT: We calling docket item number 28.
14 A petition from Range Resources-Pine Mountain, Inc. for
15 pooling of conventional well 900078, docket number
16 VGOB-12-0117-3031. All parties wishing to testify, please
17 come forward.

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

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

21 TIM SCOTT: Thank you, Mr. Chairman. Mr. Chairman,
22 as I indicated earlier, 9...this docket item and the one
23 previously have...they're within the same 320 acre unit.
24 All of the information regarding ownership, the escrow

25

1 requirements, the parties that are unleased and the lease
2 terms should all be incorporated by reference as to Mr.
3 Horn's testimony in the prior docket item.

4 BUTCH LAMBERT: We'll incorporate that testimony.

5 TIM SCOTT: Thank you, sir.

6

7 GUS JANSEN

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

10 DIRECT EXAMINATION

11 QUESTIONS BY MR. SCOTT:

12 Q. Mr. Jansen, please state your name and by
13 whom you're employed.

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

17 Q. And, again, you're familiar with this
18 application, is that correct?

19 A. I am.

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

21 A. 8,612 feet.

22 Q. And are you also familiar with the estimated
23 reserves of this unit?

24 A. Yes.

25

1 Q. And what would that be?

2 A. 1.2 bcf.

3 Q. Now, I believe you signed off on the AFE,
4 is that correct?

5 A. That is correct.

6 Q. So, you're familiar with the well costs?

7 A. I am.

8 Q. What's the estimated dry hole costs of this
9 well?

10 A. \$690,941.

11 Q. And the estimated completed well costs?

12 A. \$1,404,148.

13 Q. And does this AFE include a reasonable
14 charge for supervision?

15 A. Yes, it does.

16 Q. In your opinion, if this application is
17 granted, would it promote conservation, prevent waste and
18 protect correlative rights?

19 A. Yes, it would.

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

21 BUTCH LAMBERT: Anything...any questions from the
22 Board?

23 (No audible response.)

24 BUTCH LAMBERT: Anything further, Mr. Scott?

25

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

2 BUTCH LAMBERT: Do I have a motion?

3 MARY QUILLEN: Motion to approve.

4 BRUCE PRATHER: Second.

5 BUTCH LAMBERT: Okay. I've got a motion and a
6 second. All in favor, signify by saying yes.

7 (All members signify by saying yes.)

8 BUTCH LAMBERT: Opposed, no.

9 (No audible response.)

10 BUTCH LAMBERT: Thank you, Mr. Scott. That's
11 approved.

12 GUS JANSEN: Thank you.

13 PHIL HORN: Thank you.

14 TIM SCOTT: Thanks for your patience.

15 (Bill Harris and Katie Dye confer among
16 themselves.)

17 BILL HARRIS: I'm sorry.

18 BUTCH LAMBERT: I just wanted to make sure there was
19 no further questions.

20 BILL HARRIS: Yeah. I was just a little confused
21 about the plats and the---.

22 BUTCH LAMBERT: The same plat. Just drilling next
23 to a well in that unit.

24 BILL HARRIS: Yeah, okay.

25

1 KATIE DYE: Are these wells on the same pad or do
2 you guys know? It looks like they probably are.

3 BUTCH LAMBERT: Just a quick question, Gus. Two
4 wells in that same unit. Is it the same pad?

5 GUS JANSEN: The same pad.

6 BUTCH LAMBERT: The same pad. Thank you. Okay.
7 Docket item 28...29, I'm sorry, the Board will receive an
8 update from the activities from the staff.

9 RICK COOPER: One thing that I wanted to update
10 everyone on is our sub-audit that we're still conducting.
11 We have lost another person. That's the third time we have
12 lost number three, so we have two people. At this point in
13 our audit, we're probably somewhere between two-thirds and
14 three-fifths of the way through that audit the best that we
15 can tell. I guess we've determined that it probably...if
16 you all agree or...it would be to our advantage just to keep
17 the two we've got because by the time you hire a third person
18 and train them, you know, you're talking...if they catch on
19 really, really quick you're talking a month. So, unless you
20 all have some objection to that, we'll maintain the two that
21 we've got now. We project or hope that that audit would be
22 finished sometime in late spring.

23 BUTCH LAMBERT: Well, that's about what we had
24 projected when we started out the project that it would be

25

1 late spring.

2 RICK COOPER: Right.

3 BUTCH LAMBERT: So, if we're still on track... are
4 we still receiving the information from the companies or is
5 everybody up to date or---?

6 RICK COOPER: Nobody...not everybody is up to date.
7 We still lack some items from EQT. We lack their check
8 numbers and totals. We lack Chesapeake and we lack Cabot.
9 Other than that, we have just about everything with the
10 exception of the one Ratliff well. There's one Ratliff
11 well. Other than that...again, we have 80% and we are in
12 contact with EQT and they said they would provide that
13 information one day this week. Now, Chesapeake who is now
14 owned by Range, the previous...the previous owners they're
15 just having a turnover and Will Clear has determined that
16 he would get somebody by the end of this week to help us with
17 that. He had given us a name before, but that person has
18 quit and moved on to another job before they provided that
19 information. So, we're...we're getting really close. But
20 we lack about 10% of the information of getting what we need.

21 BUTCH LAMBERT: So, it is your recommendation that
22 we don't replace that third person and that we're far enough
23 along in proceeding...I know it takes... there's a learning
24 curve there for bringing somebody in. It takes four to six

25

1 weeks before we can ever get them up to speed.

2 RICK COOPER: Correct.

3 BUTCH LAMBERT: So, your recommendation is leave
4 that vacate. We're still on track to finish at the proposed
5 date that we originally thought.

6 RICK COOPER: Correct.

7 BUTCH LAMBERT: That will save a little bit of
8 money. Not an enormous amount.

9 RICK COOPER: It will save some money. It will save
10 three or four months of money. I think as far as production,
11 it also takes away from the previous people's job because
12 they have to take away from what they're doing to train the
13 new one. So, you're really losing in two different was.
14 So, it's probably advantageous to everyone if we just
15 maintain the two if it's okay with everyone.

16 MARY QUILLEN: Particularly since we're this close
17 to the end and these people are pretty competent and can move
18 fairly swiftly. If it should extend it maybe a week or two
19 weeks, you know, beyond what our date was I think we'd still
20 be better off in the long run and staying with the---

21 RICK COOPER: I agree.

22 BRUCE PRATHER: We don't have an exact final date
23 for this thing, do we? It's just sometime in the next four
24 or five months.

25

1 RICK COOPER: That's correct. It's real hard to
2 put a date on it because you open up some of these account
3 up and, you know, we have to sometimes call the company back
4 and get some changes if we find errors. But if things
5 continue like we think, we would...I would like to think
6 around March or April we should have this program complete.

7 BRUCE PRATHER: Good.

8 MARY QUILLEN: That's good.

9 RICK COOPER: Any other updates?

10 RICK COOPER: One more item that I would like to put
11 on record, if I could. To help the efficiency of the Board,
12 I request that we put out a letter with your alls permission
13 that all exhibits submitted to the Board would have dates
14 on them so we can keep a record of them. Sometimes, you
15 know, we may get three, four or five different exhibits and
16 we have trouble keeping up with those sometimes. Some
17 companies do and some companies don't. But it would really
18 be an advantage for us to be able to maintain the records
19 if we require...and we can do this through a letter telling
20 the operators to require any submitted exhibits to have a
21 date on them because when you get one of these gigantic files
22 like we've had today, if they get misaligned or out of order
23 it's very difficult sometimes to tell, you know, just
24 exactly when they came in. In addition to that, we would

25

1 like...some companies do do this and some companies do not
2 do this, we would like the applicants to place sub-totals
3 on each on B-3, E and EE. When we enter this in the E-form
4 system, and again the public uses this data also, the
5 sub-total for the tracts it just helps us and it's more
6 efficient for everyone. Again, some companies do this and
7 some don't. But for consistency, it would be nice if
8 everybody would do it the same. It would help us internally
9 expedite a lot of our processing of the paperwork.

10 BRUCE PRATHER: I've got a question.

11 RICK COOPER: Go ahead.

12 BRUCE PRATHER: I assume when you receive this data
13 you stamp when you receive it.

14 DIANE DAVIS: We're talking about, for example,
15 when they hand out it out here.

16 MARY QUILLEN: When they hand it---.

17 RICK COOPER: Like today.

18 BRUCE PRATHER: Oh, you're talking about...okay.

19 DIANE DAVIS: Yeah.

20 BRUCE PRATHER: Okay. I mean, what I thought you
21 was referring to was the stuff that comes into your office.

22 DIANE DAVIS: No. We get a lot of...a lot of the
23 companies do a revised date.

24 BRUCE PRATHER: Yeah.

25

1 MARY QUILLEN: Uh-huh.

2 DIANE DAVIS: A lot of companies don't. We try to
3 write on it, but it really would look more efficient and look
4 more professional too to have them put revised such and such
5 date.

6 MARY QUILLEN: Yeah, I agree.

7 DIANE DAVIS: If it a plat or if it's an E or an EE.

8 MARY QUILLEN: And it's such a simple little thing
9 to add.

10 RICK COOPER: Again, some companies already do that
11 and some do not.

12 MARY QUILLEN: Right. Right.

13 RICK COOPER: But it would just really help us
14 internally and make the paperwork flow much quicker if we
15 could get that.

16 MARY QUILLEN: Well, it just like having them
17 identify them as AA, BB or CC. I mean, that was just a very
18 small thing, but it helped the flow of information.

19 RICK COOPER: Correct.

20 MARY QUILLEN: This is just a little simple thing
21 that they could add, which would---.

22 DIANE DAVIS: That and the sub-totaling of the
23 individual tracts on those exhibits will expedite those
24 forms that I'm doing for you. We have to enter them on

25

1 every...every application that comes in front of us. If
2 you've got a tract that has got 40 people in it---.

3 MARY QUILLEN: Right. Right.

4 DIANE DAVIS: ---.0003 and so on, how much...it
5 would save us so much time to have those individual tracts
6 totaled and then we can still have our checks. So, we would
7 just...very few companies do that, but we do have some.

8 MARY QUILLEN: Uh-huh. I think that's a great idea
9 particularly in this day and age when you don't have this
10 many people there doing that. It certainly
11 would---.

12 DIANE DAVIS: Well, it also would prevent us from
13 making an error.

14 MARY QUILLEN: ---be more efficient for you all.
15 Right.

16 DIANE DAVIS: Right. It would keep us from making
17 an error.

18 MARY QUILLEN: And for us we can see those.

19 DIANE DAVIS: I will be trying to give you those
20 sheets. As you get more used to them, you will be able to
21 look down and tell the escrow what they say they're escrowing
22 acreage wise is---.

23 MARY QUILLEN: Right. Yes.

24 DIANE DAVIS: ---exactly what their petition say

25

1 without having to read a lot.

2 RICK COOPER: And the point that we would bring out
3 on those. I think we had talked about it a little bit
4 earlier, but this a good opportunity to talk about that.
5 Some...some of them may be thousandths of an acre or, you
6 know, maybe a ten-thousandths of an acre and, you know, due
7 to rounding we want to make sure everybody is okay with that.

8 MARY QUILLEN: Yeah. How many spaces do you round
9 them out to?

10 DIANE DAVIS: It depends on the company. We
11 usually do four.

12 MARY QUILLEN: Four, yeah.

13 RICK COOPER: Some companies do nine or 12 or 13.

14 MARY QUILLEN: I know. I mean, we've seen that.
15 It seems to me that it probably would be much more efficient
16 to round it up to say something standard like four decimal
17 places.

18 DIANE DAVIS: Four at the most.

19 RICK COOPER: But, you know, we'll change it like
20 a ten-thousandths of an acre sometimes.

21 MARY QUILLEN: Right. Yeah, I know.

22 DIANE DAVIS: I have one more issue that I have not
23 mentioned to anyone recently, but I would like to point out
24 Range Resources does a very good job submitting...if you

25

1 will remember about a year or so ago you asked if they would
2 provide some type of information regarding due diligence.

3 MARY QUILLEN: Uh-huh.

4 DIANE DAVIS: Not all of your companies are doing
5 that. Range is the best at it. Not because they're sitting
6 here. I'm not certain...I can't sit here and say for
7 certain that anyone else is even doing it. I thought I would
8 bring that your attention that it seems unfair for us to
9 expect that from Range and not from the other operators or
10 vice versa. So, I just wanted to bring that to your
11 attention.

12 MARY QUILLEN: That might be, if the Board agrees,
13 something that you might want to include in this letter.
14 You know, these are bullets of things---

15 RICK COOPER: It's just another---

16 MARY QUILLEN: ---that, you know, you do need to
17 comply with this format.

18 BUTCH LAMBERT: Anything further?

19 RICK COOPER: I think that's enough.

20 DIANE DAVIS: That's enough for one time. Well...I
21 did have an example in one of these...Mr. Lambert has seen
22 it. I have come up with a disbursement order, which is much
23 shorter. Fill in the blank using the table one. We think
24 that it will exped...by doing this up-front it will expedite

25

1 the processing of these orders. He seems not to have a
2 problem with it. The AG did not seem to have a problem with
3 it, if I'm correct. So, we're going to utilize those
4 starting this month with this group and see how well they
5 go, if that is accepted with the Board.

6 BUTCH LAMBERT: Diane has worked very hard on how
7 to condense, refine and improve the disbursement order, and
8 Mr. Lovett. We appreciate the work that Diane and Jim have
9 done in trying to make this a much simpler, sweeter,
10 friendly...user friendly disbursement order. I have...I
11 have reviewed it and the AG's office has reviewed it and
12 there's no issue. So, we think we can proceed forward.
13 That should turn disbursements around much, much quicker.
14 Okay, if the Board is in agreement and I have a motion to
15 request that the staff draft a letter to all of the companies
16 requiring them to start dating their exhibits that they
17 submit during the day of the hearing and also requiring them
18 to start subtotaling the tracts on Exhibits B-3, E and EE
19 and also remind the companies of the request of over a year
20 to begin to submit due diligence. If I can have a motion
21 on that, then we will direct the staff to draft that letter
22 for the Chairman's signature.

23 MARY QUILLEN: Motion to approve.

24 BRUCE PRATHER: Second.

25

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

3 (All members signify by saying yes.)

4 BUTCH LAMBERT: Opposed, no.

5 (No audible response.)

6 BUTCH LAMBERT: Thank you, Mr. Cooper and Ms. Davis.
7 If you'll draft that letter, then we'll get that submitted.
8 Any other updates from the staff?

9 RICK COOPER: None known at this time.

10 BUTCH LAMBERT: Okay.

11 DIANE DAVIS: Give us a month.

12 BUTCH LAMBERT: The next item on the agenda is the
13 review and approval of the minutes from the December
14 meeting. Are there any corrections or additions? I have
15 one correction noted from the staff that under 1A on the
16 minutes that name should be Lonnie Brown instead of Loonie
17 Graham. That correction will be made. Are there any other
18 corrections?

19 (No audible response.)

20 BUTCH LAMBERT: Do I have a motion to approve and
21 accept these minutes?

22 MARY QUILLEN: Motion to accept the minutes.

23 BUTCH LAMBERT: Do I have a second?

24 BILL HARRIS AND BRUCE PRATHER: Second.

25

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

3 (All members signify by saying yes.)

4 BUTCH LAMBERT: Opposed, no.

5 (No audible response.)

6 BUTCH LAMBERT: Do I have a motion to adjourn?

7 MARY QUILLEN: Motion to adjourn.

8 BILL HARRIS AND BRUCE PRATHER: Second.

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

11 (All members signify by saying yes.)

12 BUTCH LAMBERT: Just a reminder that the March
13 meeting date will be changed to March the 13th. Thank you,
14 ladies and gentlemen.

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1 STATE OF VIRGINIA,
2 COUNTY OF BUCHANAN, to-wit:

3 I, Sonya Michelle Brown, Court Reporter and Notary
4 Public for the State of Virginia, do hereby certify that the
5 foregoing hearing was recorded by me on a tape recording
6 machine and later transcribed by me personally.

7 Given under my hand and seal on this the 13th day
8 of February, 2012.

9

10 _____ NOTARY PUBLIC

11

12 My commission expires: August 31, 2013.
13 My Notary Registration No.: 186661

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