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IN THE COUNTY OF RUSSELL

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

APRIL 17, 2012

APPEARANCES:

**BOARD MEMBERS:**

MARY QUILLEN - PUBLIC MEMBER  
BRUCE PRATHER - GAS AND OIL REPRESENTATIVE  
KEITH ALLEN COMPTON - PUBLIC MEMBER  
KATIE DYE - PUBLIC MEMBER

**CHAIRMAN:**

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

**MICHELLE STREET  
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1            BUTCH LAMBERT: Ladies and gentlemen, it's now  
2 after 9:00 o'clock. If you will please take your seats,  
3 we'll get started with these proceedings today. First off,  
4 I'd like to remind everyone that if you have cell phones or  
5 other communication devices I'd ask you to please turn those  
6 off or put them on silent. These proceedings are being  
7 recorded and we need to be able to hear what's taking place.  
8 Also, if you need to take a call, I'll ask you to please do  
9 that outside in the hallway. The first item on the agenda  
10 is public comments. We have no one signed in for public  
11 comment. So, we'll move on to item number two on the agenda.  
12 The Board will receive its quarterly report from First Bank  
13 & Trust Escrow agent for the Virginia Gas and Oil Board.

14            BILL HAYTER: How are you all?

15            BUTCH LAMBERT: Good morning.

16            BRUCE PRATHER: Good morning.

17            BILL HAYTER: Good morning. We certainly  
18 appreciate you all allowing us to be here. I'm Bill Hayter,  
19 President of First Bank & Trust Company. I believe Debbie  
20 has a report to present for you here this morning and answer  
21 any questions that you might have.

22            DEBBIE DAVIS: Again, I'm Debbie Davis. Please  
23 excuse me, my voice is not cooperating this morning. If you  
24 will turn to the second page, I've tried to do something a

25

1 little different starting out the year is doing more of a  
2 quarterly summary for you all so you kind of have an idea  
3 of what's going on each quarterly instead of just giving you  
4 the monthly spreadsheet. If you will notice we had  
5 \$506,938.92 in royalty and working income deposits. The  
6 interest earned was \$39,771.91. Our fees for the quarter  
7 was \$7,154.77. We had distributions per orders from the  
8 VGOB of \$860,713.67, which I think we're off to a very good  
9 start for the year. Audit expenses was \$18,581.31, which  
10 give us an ending balance as of 3/31 of \$28,457,985.05.

11 BUTCH LAMBERT: And just for the record, Ms. Davis,  
12 the audit expenses we expect to drop by two-thirds since we  
13 only have one person now working on that audit.

14 DEBBIE DAVIS: Yes, that...I've only been  
15 getting... started getting in one payroll expense.  
16 So...so, that should drop drastically. The next section,  
17 of course, is just a breakdown of each well and the deposits  
18 that has come in and how the money market and the fees and  
19 audit cost has been broken down. I also provided you with  
20 that ending market value of each well as of 3/31. And if  
21 you don't have any questions on that, under the first tab,  
22 I've got the outstanding checklist, which I'd like to  
23 present to you all just to give you an idea again of checks  
24 that we are holding and will be escheated to the State of

25

1 Virginia in the five year period by the State law. These  
2 are really the same ones that have been on here since I have  
3 been reporting this to you. I don't think we ever have  
4 received a corrected address for that Edna Sue Bailey. I  
5 do have those checks in my possession with an incorrect  
6 address. I think we've tried two or three different  
7 addresses and it still...the post office keeps returning  
8 those. I did have some good news that I wanted to share on  
9 a note that we had previously been talking about with doing  
10 a direct deposit. I noticed on a check that I received from  
11 Cabot Oil & Gas on their envelop it stated would you like  
12 to sign up for direct deposit. So, I'm thinking, you know,  
13 this is something that we've been trying to do and now I see  
14 it on the envelop. So, I logged onto their website and  
15 signed up. Sure enough, I've got their first check direct  
16 deposit. So, I was so excited.

17 MARY QUILLEN: Great. Great.

18 DEBBIE DAVIS: Just being curious, I contacted...  
19 there was a name and number if you had questions about your  
20 distributions from Range Resource. So, I emailed the lady  
21 and I was like is there by chance direct deposit available  
22 and she's like why yes, let me send you the form. So, I have  
23 attempted to sign up with Range Resources. That has been  
24 submitted to them. I have not started gotten those direct

25

1 deposits yet, but the form has been submitted. One good  
2 thing, Cabot Oil also sends over the check data via email.  
3 So, I get that pretty much the same day that the check is  
4 deposited. The bad side on the Range Resource, they still  
5 have to mail theirs. So, maybe that's something they will  
6 work on in the future as well. So, hopefully,---

7 BUTCH LAMBERT: Hopefully, they're listening.

8 DEBBIE DAVIS: Once, again, that's two producers  
9 down and a hand full more to go with...so, I'm thinking, you  
10 know, the larger producers if they will pay attention, you  
11 know, if the smaller guys can do it we know the larger ones  
12 can.

13 BUTCH LAMBERT: Yeah. Hopefully, they're  
14 listening.

15 DEBBIE DAVIS: So, under our next tab, we'll go into  
16 the breakdown of our investments of our funds. You'll note  
17 in the ICS money market as of 3/31 there was the  
18 \$3,217,985.05. That's the amount that, you know, we're  
19 trying to keep around \$3,000,000 for disbursements. So, as  
20 that amount grows, I will put more of that into the CDARS.  
21 With the six months CDARS, I have a total of \$6,640,000 and  
22 you will note that I have one left, the 50 basis points and  
23 the others have been reinvested at the 45 basis points, which  
24 was the amount that we had guaranteed through 3/31. On

25

1 the...(inaudible) CDs, I have \$18,600,000 and you will note  
2 we still have some of those from the initially offering of  
3 65 basis points that...we have three of those that have been  
4 reinvest at the 50 basis points. That was agreed upon  
5 through the 3/31 guarantee, which takes us to our next page.  
6 We're talking about the rate changes which are effective as  
7 of 4/16 and I will let Mr. Hayter take over here since he's  
8 the one with he and the Board and our CFO that worked to try  
9 and figure out how to set those rates.

10 BILL HAYTER: All right. Well, thank you very  
11 much. The fact of the matter is as everyone knows that the  
12 investment opportunities in investing funds out there  
13 whether it be in Treasurers or what else is very, very low  
14 on a short-term basis. The fact of the matter is that the  
15 rate that we we're offering here we have been effectively  
16 losing money on handling the account. So, trying to bring  
17 the account back in line to a point that it would be...would  
18 break even it was important that we lower the rate at this  
19 time. The six month rate, for example, that we're  
20 (inaudible) in our office is somewhere to the rate that we're  
21 offering here. Ms. Davis is probably spending, as she broke  
22 it down for me, 40% of her time trying to handle the accounts.  
23 Now, as we move forward, hopefully, the direct deposit and  
24 so forth will be able to handle...to handle the account.

25

1 But the fact of the matter is there's very little place that  
2 we can put these funds right now to break even. Fed funds  
3 overnight right now, for example, and investing funds  
4 overnight with the Federal Reserve is one-quarter of 1%  
5 where we have been paying 40, 50 and 60 basis points for the  
6 funds has actually been coming out of the bank's bottom line  
7 as well. I'm sure none of you...you all know that no  
8 organization can continue to offer a situation to where it  
9 would lose money. The 10 basis points that we had as far  
10 as servicing the account we attend to stick with that. But  
11 as far as the rates are concerned we need to bring them back  
12 more in line with what market rates are right now in the  
13 economy.

14 DEBBIE DAVIS: And I included in...after this sheet  
15 what the daily Treasury bill rates are and the Treasury  
16 rates. You'll note as of Friday the 26th week was only  
17 paying 13 basis points and the 52 week was paying only 17  
18 basis points. So, you're seeing that, you know, the bank  
19 is still giving you more than what we could get on those.  
20 Hopefully, as these rates rise it will be another vehicle  
21 that we will be able to transfer out to. The Treasurers,  
22 of course, you know, a two year is paying 26 basis points  
23 and so on. Unlike Mr. Hayter stated, you know, with the  
24 short-term that we're trying to keep the moneys, you know,

25

1 unless the Board would change their options of wanting to  
2 go out further on some of the investments, you know, our  
3 hands our tied with what options that we have at this time.

4 MARY QUILLEN: Mr. Chairman, I have just a question  
5 for...I'm sorry, your name again is?

6 BILL HAYTER: Bill Hayter.

7 MARY QUILLEN: Bill---?

8 BILL HAYTER: Hayter.

9 MARY QUILLEN: Hayter?

10 BILL HAYTER: Right.

11 MARY QUILLEN: These new rates, do you have any...I  
12 guess right now probably just a guess, if these will increase  
13 any time over say the next 12 months?

14 BILL HAYTER: The best indication that I can get is  
15 basically what the market and Fed policy is right now and  
16 that is basically to hold rates down through 2014 or until  
17 the spring of 2014. So, for the next 12 to 18 months the  
18 chances are the interest rates will probably be stayed down  
19 at probably very nominal levels. There is  
20 increased...there would be an increased  
21 pressure...inflationary pressure being put on that...those  
22 rates and when they do start turning around I think you'll  
23 see a significant increase at that point in time as the  
24 market tries to catch back up with what the demand is there.

25

1 But the...for...giving you for example our bank as a whole  
2 and I just gave my stockholder's report last night. We're  
3 a 1.2 billion dollar bank. Right now with the amount of the  
4 money and the liquidity that's being put into the market I  
5 have roughly \$200,000,000 that I have invested in funds  
6 overnight. One growth is low. If I take the funds in these  
7 funds and put them into loans it's got to be very, very  
8 short-term loans. The opportunity for additional lending  
9 right now is very low. So, the only opportunity that we have  
10 in putting these funds on a short-term basis back into Fed  
11 funds. Like I say, it's only paying a quarter of a percent.

12 MARY QUILLEN: Right. And possibly in the not too  
13 distant future, Fed policy may see some changes. Is  
14 that---?

15 BILL HAYTER: It will. But I think that the Fed has  
16 come out and said that they...there would be...that's a lot  
17 of pressure to hold those rates down through at least 2013.  
18 If I...as far as our investments and as far as the bank's  
19 investments, our securities and portfolio I'm keeping  
20 everything short and not investing anything more than  
21 three...less than three years.

22 MARY QUILLEN: Right. Right.

23 BILL HAYTER: And that would be my recommendation  
24 to you all as well.

25

1           MARY QUILLEN: Hopefully, the Fed policy will  
2 improve.

3           BILL HAYTER: And that way if rates do turn around  
4 and go the other way you can latch onto the climbing rates  
5 and not be locked into a low rate right now.

6           MARY QUILLEN: Right. So, with these short-term  
7 the six month and the 12 month in our money market we would  
8 be able to take advantage if there is a turn around without  
9 too much of a loss of time on those.

10          BILL HAYTER: Right. And what we're offering you  
11 is a rate higher than what Treasury rates are.

12          MARY QUILLEN: Right. Yes. Yes. Definitely. I  
13 don't think we're interested in those---

14          BILL HAYTER: We're not trying make money. We're  
15 just trying to break even here.

16          MARY QUILLEN: Right.

17          DEBBIE DAVIS: And that was the reason for the  
18 laddering so we would have something coming mature every  
19 month---

20          MARY QUILLEN: Exactly. Exactly.

21          DEBBIE DAVIS: ---so that if it does once the rates  
22 do start rising we can start, you know,---

23          MARY QUILLEN: Exactly.

24          DEBBIE DAVIS: ---switching those vehicles.

25

1           MARY QUILLEN: Well, this has been a good plan and  
2 certainly compared to the Treasury bonds. I just don't  
3 think we would be interested in doing that, you know,---.

4           DEBBIE DAVIS: Right.

5           BRUCE PRATHER: Mr. Chairman.

6           MARY QUILLEN: ---in the foreseeable future.

7           BUTCH LAMBERT: Mr. Prather.

8           BRUCE PRATHER: I notice on these rates that they're  
9 going down about 50%. If you divide your 158,000 by two you  
10 come up with \$79,000. It seems to me like reflecting back  
11 on this thing that \$65,000 or \$70,000 is about our break even  
12 point on this thing. That was one reason that we changed  
13 banks was the fact that we were going in the hole on the  
14 previous bank's charges. I think something that would have  
15 been very helpful if you would have put us an estimated  
16 annual income based on these new rates. I mean, I can take  
17 50% of them and come up with 79,000.

18           DEBBIE DAVIS: But if you'll look most of these  
19 rates are locked in through December of 2012 and on out to  
20 April the 13th. So, you're only going to see that rate  
21 change as these mature and are reinvested. These rates will  
22 stay until they mature.

23           BILL HAYTER: So the annualized income off of  
24 those...basically what you're saying is you would like to

25

1 know what the annualized income would be based on the income  
2 coming off from present rates plus the readjustment rate in  
3 comparison. Right, I understand.

4 BRUCE PRATHER: Yeah. Yeah. That would have been  
5 very helpful to me anyway because we do have a...kind of a  
6 point in time to where we start spending all of our interest.

7 DEBBIE DAVIS: Right.

8 BILL HAYTER: Right.

9 BRUCE PRATHER: The bank charges that's what  
10 happened to us before.

11 DEBBIE DAVIS: But you can still see by those rates  
12 and by what our fee is you're still making above what our  
13 fee rate is.

14 MARY QUILLEN: Right. Well, and also one of the  
15 things that I think that looks good for us is the fact those  
16 12 month bonds are...well, one doesn't mature until  
17 January...January of '13. And that's one of the dates that  
18 you had mentioned that probably they would start seeing a  
19 turnaround in 2013.

20 DEBBIE DAVIS: Right.

21 MARY QUILLEN: So...and that's probably a good  
22 thing for us right now. It's in our favor now.

23 DEBBIE DAVIS: Right.

24 MARY QUILLEN: Okay.

25

1            BUTCH LAMBERT: Just to be clear, Mr. Hayter, I know  
2 you note on here that the rate changes are effective actually  
3 4/16/12. Ms. Davis, I think I heard you say that those rates  
4 won't become effective one matures and rolls over.

5            DEBBIE DAVIS: Right. Yes. Going forward from  
6 that day anything that matures after that date as they mature  
7 they will be rolled into the new rate.

8            BUTCH LAMBERT: Okay. I would certainly agree with  
9 Mr. Prather's comments. If we could get an annualized  
10 breakdown of that, it would certainly help us---.

11           DEBBIE DAVIS: Okay.

12           BUTCH LAMBERT: ---because we don't want to get in  
13 a situation that we were before when we were losing money.

14           DEBBIE DAVIS: Right.

15           BILL HAYTER: Right.

16           BUTCH LAMBERT: We need to do something quickly.

17           DEBBIE DAVIS: Right.

18           BUTCH LAMBERT: So, if you could provide that for  
19 us by the next quarter---.

20           DEBBIE DAVIS: Okay.

21           BUTCH LAMBERT: ---we'd appreciate it.

22           DEBBIE DAVIS: I can do that. I can provide that  
23 to Rick and Diane to share with you all by the next Board  
24 meeting.

25

1            BUTCH LAMBERT: Okay. If you could have that and  
2 then we could have it...as we come to our next Board meeting  
3 we would appreciate that. Thank you.

4            DEBBIE DAVIS: Okay.

5            BUTCH LAMBERT: Any other questions from the Board?

6            (No audible response.)

7            BUTCH LAMBERT: Anything further?

8            DEBBIE DAVIS: No.

9            BUTCH LAMBERT: Okay.

10          DEBBIE DAVIS: If you all have nothing further.

11          BUTCH LAMBERT: Okay. Thank you.

12          BILL HAYTER: Thank you all very much.

13          DEBBIE DAVIS: Thank you.

14          BUTCH LAMBERT: Thank you. Calling the next item  
15 on the docket. It's a petition from EQT Production Company  
16 on behalf Cheryl Fields, Teresa Campbell and Range  
17 Resources-Pine Mountain, Inc. for disbursement of funds  
18 from escrow regarding Tract 4, Unit 702835, docket number  
19 VGOB-98-0324-0642-03. All parties wishing to testify,  
20 please come forward.

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

23          SHEA COOK: Shea Cook on behalf of Cheryl Fields and  
24 Teresa Campbell.

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(Rita Barrett was duly sworn.)

BUTCH LAMBERT: You may proceed, Mr. Kaiser.

RITA BARRETT

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

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Now, Ms. Barrett, if you would state your name for the record, who you're employed by and in what capacity?

A. Yes. My name is Rita McGlothlin-Barrett. I'm employed as a contract land agent for EQT Production Company.

Q. And is this a disbursement request for unit...for the unit for well VC-702835?

A. It is.

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

A. They have.

Q. And what tract are we disbursing from?

A. We are disbursing from Tract 4.

Q. Is a full or partial disbursement?

A. Partial.

1 Q. And the reason for this disbursement?

2 A. EQT received a letter from Pine Mountain of  
3 a permanent split of CBM royalties.

4 Q. Do you mean Range Resources?

5 A. I mean, Range Resources-Pine Mountain.

6 Q. And have the figures been reconciled  
7 between the bank's figures and EQT's figures?

8 A. Yes.

9 Q. And did we provide the Board with a  
10 spreadsheet showing the figures?

11 A. We did.

12 Q. And as of what date are these disbursement  
13 figures calculated?

14 A. December the 20th...I'm sorry, December of  
15 2011.

16 Q. Okay. And what percentage of escrow should  
17 be disbursed purposes? Is that represented by the next to  
18 the last column on the right where it says percentage of  
19 escrowed funds?

20 A. It is.

21 Q. And who should receive these disbursements?

22 A. Cheryl Fields, Teresa Campbell and Range  
23 Resources-Pine Mountain.

24 Q. And is a 75/25 split?

25

1 A. It is.

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

4 A. Yes.

5 Q. And do you ask that any order state that the  
6 royalties be paid directly to these parties going forward?

7 A. Yes.

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

10 BUTCH LAMBERT: Any questions from the Board?

11 (No audible response.)

12 BUTCH LAMBERT: Mr. Cook?

13 SHEA COOK: No, sir.

14 BUTCH LAMBERT: No questions?

15 SHEA COOK: No questions.

16 BUTCH LAMBERT: No? Okay. Anything further, Mr.  
17 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. It's  
7 approved.  
8 JIM KAISER: Thank you.  
9 SHEA COOK: Mr. Lambert,---.  
10 BUTCH LAMBERT: Mr. Cook.  
11 SHEA COOK: ---I represent a number of the  
12 individuals who are listed on the agenda today.  
13 Unfortunately, I have to leave now to go over to Buchanan  
14 County. I have provided a letter...if I could approach the  
15 Board, I'd like to give this letter with a listing of the  
16 individuals that I do represent and the corresponding docket  
17 numbers with the request that the checks from those be made  
18 payable to these individuals but the checks come to me as  
19 has been the previous practice. Here's a copy for you and  
20 just as a courtesy for EQT's representative and CNX's  
21 representative and I've got one for Mr. Cooper. That's all.  
22 BUTCH LAMBERT: Okay.  
23 SHEA COOK: Thank you, sir.  
24 BUTCH LAMBERT: Mr. Kaiser, do you have any...?

25

1                   (Rita Barrett, Jim Kaiser and Shea Cook confer  
2 among themselves.)

3                   BUTCH LAMBERT: Mr. Cook, are all of these EQT---?

4                   SHEA COOK: No, sir. I think some of them may be  
5 CNX if CNX has any distributions today.

6                   BUTCH LAMBERT: Mr. Cook, did you provide CNX with  
7 a copy of the letter?

8                   SHEA COOK: I did.

9                   ANITA DUTY: He did.

10                  BUTCH LAMBERT: Okay. All right. Thank you.  
11 Okay, are we skipping around on the docket?

12                  JIM KAISER: Yes. Mr. Swartz, has graciously  
13 allowed us to...if it's okay with the Board to proceed on  
14 to number eight so that we would be able to finish the ones  
15 that we have and then he has got a whole bunch more after  
16 that including the last item on the docket. So, if the  
17 Board's okay with that, we'd like to do that.

18                  BUTCH LAMBERT: Are we just going to do all of EQT's?

19                  JIM KAISER: Yes, sir.

20                  BUTCH LAMBERT: Okay. Take care of all of those,  
21 okay. Get rid of you before lunch?

22                  JIM KAISER: Yeah.

23                  BUTCH LAMBERT: Okay.

24                  RITA BARRETT: Famous words. We'll be done before  
25

1 lunch.

2 BUTCH LAMBERT: Okay. We're calling docket item  
3 number eight. A petition from EQT Production Company on  
4 behalf of George and Carol Smith and Range Resources-Pine  
5 Mountain, Inc. for disbursement of escrowed funds from Unit  
6 703324, Tract 3, docket number VGOB-97-0415-0574-01. All  
7 parties wishing to testify, please come forward.

8

9 RITA BARRETT

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

12 DIRECT EXAMINATION

13 QUESTIONS BY MR. KAISER:

14 Q. Ms. Barrett, again, if you'd state your  
15 name, who you're employed by and in what capacity?

16 A. My name is Rita McGlothlin-Barrett. I'm  
17 employed by EQT Production Company as a contract land agent.

18 Q. And this is a disbursement request for unit  
19 703324?

20 A. It is.

21 Q. And have all parties been notified as  
22 required by statute?

23 A. They have.

24 Q. And what tract are we disbursing from?

25

1 A. Tract 3.

2 Q. And this a partial or a full disbursement?

3 A. It's a partial.

4 Q. And I note that in our spreadsheet that we  
5 attached to our application there's an asterisk that says  
6 that this interest was previously owned by Christine and  
7 Boyst Field and was conveyed to George D. Smith and Carol  
8 Ruth Field Smith in October of 2003. We have a copy of that  
9 deed, if the Board needs that, is that correct?

10 A. Yes.

11 Q. This well was pooled in 1997. So, at that  
12 time, the Fields actually owned the interest, correct?

13 A. That's correct.

14 Q. Okay. And what's the reason for our  
15 disbursement?

16 A. EQT received a letter from Range  
17 Resources-Pine Mountain dated January the 13th, 2012  
18 relinquishing their claim to the CBM royalty in this well.

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

21 A. Yes.

22 Q. And as to what date are these disbursement  
23 figures good?

24 A. December of 2011.

25

1 Q. And should the Board use the percentage of  
2 escrowed funds, that being the next to the last column on  
3 the right on spreadsheet for purposes of future...for  
4 purposes of a final disbursement?

5 A. Yes.

6 Q. And who should receive this disbursement?

7 A. George D. Smith and Carol R. Smith.

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

10 A. Yes.

11 Q. And would you ask that the order if there  
12 is one to direct EQT to pay any royalty attributable to this  
13 tract forward directly to the royalty owner?

14 A. Yes.

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

17 BUTCH LAMBERT: Okay. In looking at Mr. Cook's  
18 letter, and his letter references George and Ruth Smith.  
19 Are those the same people?

20 RITA BARRETT: I have no idea.

21 JIM KAISER: Carol R. Smith may be Ruth Smith.

22 RITA BARRETT: Yeah, Carol R. may be Ruth.

23 MARY QUILLEN: Yeah, it's down at the bottom.  
24 Let's Carol Ruth Field Smith---

25

1           BUTCH LAMBERT: Okay. All right. They're the  
2 same folks. So---

3           MARY QUILLEN: ---in the fine print.

4           RITA BARRETT: Yes. That's Carol Ruth Fields.

5           BUTCH LAMBERT: So, this needs to reflect that the  
6 payment needs to be made directly to...the check needs to  
7 be sent to Mr. Cook.

8           JIM KAISER: Oh, is that what he wants?

9           SHARON PIGEON: That's what he says.

10          BUTCH LAMBERT: That's what he says in his letter.

11          JIM KAISER: Oh. They may be payable to the royalty  
12 owner, but mailed to him.

13          SHARON PIGEON: Correct.

14          BUTCH LAMBERT: Send it to him. Send it to him.

15          SHARON PIGEON: Mailed.

16          BUTCH LAMBERT: Mailed to him.

17          JIM KAISER: Okay. Well, you all mail them. We  
18 don't care about that. We want them made out to the royalty  
19 owner.

20          BUTCH LAMBERT: I just wanted to...we just wanted  
21 it read into the record.

22          JIM KAISER: Okay.

23          SHARON PIGEON: Do you all have letters of  
24 representation from Mr. Cook on these folks?

25

1           RITA BARRETT: I don't.

2           SHARON PIGEON: Because I noticed on that---.

3           JIM KAISER: Not all of them. There's a few maybe  
4 out not all of them.

5           SHARON PIGEON: I noticed on that last one---.

6           JIM KAISER: There's none in this file. I can tell  
7 you that.

8           SHARON PIGEON: On the last item that we considered  
9 the letter that you received from Range Resources was dated  
10 2006 setting out the split. So, I wondered when Mr. Cook  
11 had actually undertaken representation---.

12          RITA BARRETT: I don't know.

13          JIM KAISER: I guess it would be sometime this year.

14          RITA BARRETT: I don't have anything in my file  
15 showing where he represents them.

16          JIM KAISER: I don't either.  
17 (Board members confer among themselves.)

18          BUTCH LAMBERT: Give us a second while we try to  
19 figure this out.

20          RITA BARRETT: I'm sorry?

21          BUTCH LAMBERT: Just give us a second and we will  
22 see what...if we can figure this out.

23          SHARON PIGEON: Well, I think what Katie is asking  
24 is since the one we just handled is not on here he didn't

25

1 ask us to mail that to him, did he?

2 MARY QUILLEN: There's a letter from Range that's  
3 in our file dated January the 13th, 2012.

4 RITA BARRETT: I'm sorry?

5 SHARON PIGEON: That last previous item on the  
6 docket, did he ask that that be mailed to him?

7 JIM KAISER: I believe he did. Now, that was the  
8 one that we continued from last month because he took us out  
9 in the hall and said he had just signed them up and that for  
10 some...I don't know. So, we went ahead and continued it.  
11 We're going to make the checks out to these folks and then  
12 give them to you and then it's in your court.

13 BUTCH LAMBERT: So, do you have a copy of the letter,  
14 Mr. Cooper?

15 RICK COOPER: We do.

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

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

20 BUTCH LAMBERT: Any questions from the Board?

21 MARY QUILLEN: Well, he seems a little odd that...it  
22 seems to me that check should be mailed to them and he submit  
23 a bill for his representation directly to them.

24 BRUCE PRATHER: This is rather---.

25

1           JIM KAISER: I don't have a dog in that.

2           RITA BARRETT: That's his agreement with them. We  
3 don't...we haven't seen the agreements. We don't know if  
4 they exist or not.

5           JIM KAISER: We're just going to do what you tell  
6 us. We're not worried about him.

7           MARY QUILLEN: Well---

8           BUTCH LAMBERT: Do we need a letter of  
9 representation before we---

10          MARY QUILLEN: ---we are to a point of---

11          JIM KAISER: I mean, you might be. Yeah.

12          SHARON PIGEON: Well, he shows up and says he  
13 represents them, I don't know that we can argue with that.  
14 They haven't shown up to say that he does not.

15          JIM KAISER: That's right.

16          SHARON PIGEON: So, I think we have no reason to  
17 question it.

18          JIM KAISER: You might want to ask for a copy of  
19 his---

20          MARY QUILLEN: Yeah, I---

21          SHARON PIGEON: Well, he would be appropriate if he  
22 provided that because normally when you represent someone  
23 you do send a letter of representation normally.

24          MARY QUILLEN: Yeah.

25

1           BRUCE PRATHER: Yeah.

2           MARY QUILLEN: And there's nothing...we have  
3 nothing showing that he has---

4           JIM KAISER: Yeah, you might...before you send  
5 those checks to him you might want to get that.

6           BUTCH LAMBERT: Okay. Mr. Cooper,---?

7           RICK COOPER: Yes.

8           BUTCH LAMBERT: ---before those checks are mailed  
9 to Mr. Cook, could you inquire of Mr. Cook a letter of  
10 representation for these folks identified in the letter  
11 dated April the 17th, 2012?

12           SHARON PIGEON: A letter for each of them. These  
13 are different files. I don't think it's appropriate to give  
14 us one piece of paper that says he represent a whole flock  
15 of people, and on the one that we just heard since he  
16 appeared. But, again, the split agreement was worked out  
17 in 2006. So, that was long before---

18           RICK COOPER: To make sure that I'm clear, before  
19 we do any disbursements here I need a letter that he has...he  
20 is representing each of these individuals that we're going  
21 to be talking about today and have that on file prior to  
22 disbursement.

23           BUTCH LAMBERT: Yes, sir.

24           SHARON PIGEON: I think so since these folks aren't

25

1 here to verify that he's representing them.

2 MARY QUILLEN: Yeah. I think everyone of them.

3 SHARON PIGEON: It's a little---.

4 MARY QUILLEN: There should be a letter for  
5 every---.

6 BRUCE PRATHER: (Inaudible) of the last meeting  
7 that we had. Do you remember we had this same thing at the  
8 last meeting and he representing these people and we never  
9 saw any letter of representation from him?

10 RICK COOPER: Right. We took him on testimony.

11 BRUCE PRATHER: Yeah.

12 SHARON PIGEON: And he told us in one instance at  
13 least that he only spoken with that man the day before. So,  
14 I was not---.

15 JIM KAISER: I believe that was the one that we  
16 continued until May.

17 RITA BARRETT: No, it wasn't.

18 JIM KAISER: No, it wasn't?

19 RITA BARRETT: It was Mr. Ratliff.

20 SHARON PIGEON: No.

21 JIM KAISER: Okay.

22 RITA BARRETT: He purported to---.

23 JIM KAISER: Hurley Ratliff?

24 RITA BARRETT: ---have just spoken to Hurley

25

1 Ratliff the day before the hearing. I mean, this was  
2 already on the docket. The agreement with Range had already  
3 been in the people's hands. So---

4 SHARON PIGEON: And, of course, you know, a  
5 contingency fee has to be a written contract anyway. So,  
6 this is just a little loose for my comfort zone.

7 BUTCH LAMBERT: Well, he was here last month for us  
8 to question him. But he hands us this letter and leaves.  
9 So, I think, Mr. Cooper, if you'll followup on that---

10 RICK COOPER: I will do that.

11 JIM KAISER: Yeah. It's not unreasonable to  
12 request that.

13 MARY QUILLEN: Yeah. I don't feel comfortable  
14 sending him those checks.

15 BRUCE PRATHER: I don't either.

16 BUTCH LAMBERT: Any other questions?

17 (No audible response.)

18 BUTCH LAMBERT: Do I have a motion?

19 ALLEN COMPTON: Motion to approve.

20 MARY QUILLEN: Second. Do we need to include the  
21 inform---?

22 BUTCH LAMBERT: I would think so. Yes, please.

23 MARY QUILLEN: Okay. Okay. I will second that.

24 Can I amend his or will he need to amend it?

25

1           BUTCH LAMBERT: You can amend it.

2           MARY QUILLEN: Amend it to include letters from each  
3 one of the people that was listed on that letter that he gave  
4 to us of a contract between Mr. Cook and those individuals.

5           SHARON PIGEON: From Mr. Cook---.

6           BUTCH LAMBERT: From Mr. Cook.

7           SHARON PIGEON: ---and not from them, but for each  
8 of them. Correct?

9           MARY QUILLEN: Right. Right. For each one of  
10 those individuals. Not just a whole list of people with one  
11 letter. We need it for each one individually.

12           BUTCH LAMBERT: Okay. The motion has been amended  
13 and seconded. 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. Kaiser. That is  
18 approved.

19           JIM KAISER: Thank you.

20           DIANE DAVIS: Sir, may I ask a question?

21           BUTCH LAMBERT: Ms. Davis.

22           DIANE DAVIS: Will those need to be recorded with  
23 the order or not?

24           SHARON PIGEON: The letters?

25

1                    DIANE DAVIS: The letters.

2                    SHARON PIGEON: I don't think so.

3                    DIANE DAVIS: Okay.

4                    SHARON PIGEON: But we need them sent.

5                    DIANE DAVIS: That's all I wanted to know. Thank  
6 you.

7

8                    BUTCH LAMBERT: We're calling docket item number  
9 nine. A petition from EQT Production Company on behalf of  
10 Quentin M. McCoy and Range Resources-Pine Mountain, Inc. for  
11 disbursement of escrowed funds from Unit 703594, Tract 7,  
12 docket number VGOB-96-0810-0552-04. All parties wishing  
13 to testify, please come forward.

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

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

17

18    RITA BARRETT

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

21    DIRECT EXAMINATION

22 QUESTIONS BY MR. KAISER:

23                    Q.        Ms. Barrett, is this a disbursement  
24 request?

25

1 A. Yes.

2 Q. Have all parties been notified as required  
3 by statute?

4 A. Yes.

5 Q. And it's for unit 703594?

6 A. Yes.

7 Q. And what tract are we disbursing on?

8 A. Tract 7.

9 Q. And is a partial or a full?

10 A. It is partial.

11 Q. Explain the asterisk on our spreadsheet on  
12 this one.

13 A. Um---.

14 Q. It says, "This amount is pending  
15 disbursement of Randall and Virginia Vandergrift. The  
16 disbursement was approved at the November Board hearing."  
17 So, I guess what you're saying is these figures do not  
18 reflect whether...this is another disbursement for the same  
19 unit and from the same tract and these figures don't reflect  
20 whether or not that disbursement has been made yet?

21 A. Correct. I assume that there has been a  
22 disbursement hearing and we're waiting on the order to be  
23 recorded.

24 SHARON PIGEON: So, that disbursement needs to be

25

1 made before this one is.

2 A. Correct.

3 Q. The reason for disbursement?

4 A. EQT received a letter dated February the  
5 2nd, 2012 from Range Resources relinquishing a 100% of their  
6 claim to the royalty owners.

7 Q. And have we reconciled our figures with the  
8 bank's?

9 A. Yes.

10 Q. And is the percentage of escrowed funds in  
11 the next to the last column on the right hand side of the  
12 summary sheet is that the figure that the Board should use  
13 for the final disbursement?

14 A. Yes.

15 Q. Because the figures were just good as to  
16 January of 2012, is that correct?

17 A. Correct.

18 Q. And who should receive the disbursement?

19 A. Quentin M. McCoy.

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

22 A. Yes.

23 Q. And do you ask that the order state or have  
24 the...direct EQT to pay Mr. McCoy his royalty directly going

25

1 forward?

2 A. Yes.

3 Q. And I guess we have a letter asking that,  
4 you know, the check will be made out to Mr. McCoy and that  
5 it be sent to Attorney Cook?

6 A. Yes.

7 JIM KAISER: Nothing further of the---

8 SHARON PIGEON: Did you give us the terms of  
9 the...of it being a split agreement and the percentages and  
10 stuff?

11 JIM KAISER: I'm sorry. Yeah. Is this a 100%?

12 RITA BARRETT: Yes.

13 JIM KAISER: Yeah. I think Rita said that the  
14 letter stated that they had relinquished all of their claim,  
15 which would make it a 100%.

16 RITA BARRETT: Yes.

17 JIM KAISER: Yeah.

18 SHARON PIGEON: That Range Resources...okay.

19 BUTCH LAMBERT: Any further questions from the  
20 Board?

21 MARY QUILLEN: Mr. Chairman, just to clarify. This  
22 is another one of the people that's listed on that list that  
23 Mr. Cook presented?

24 JIM KAISER: Yes, ma'am.

25

1           BUTCH LAMBERT: Yes.

2           SHARON PIGEON: Do you have the letter from Range  
3 Resources there in the file?

4           RITA BARRETT: Yes, I do.

5           SHARON PIGEON: What's the date on it?

6           RITA BARRETT: I just testified that it was dated  
7 February the 2nd, 2012.

8           SHARON PIGEON: Thank you.

9           RITA BARRETT: You're welcome.

10          BUTCH LAMBERT: Any other questions from the Board?

11                   (No audible response.)

12          BUTCH LAMBERT: Anything further, Mr. Kaiser?

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

15          BUTCH LAMBERT: Do I have a motion?

16          MARY QUILLEN: Motion to approve with the same  
17 amendment or the same stimulation that we had in the  
18 amendment to the previous item.

19          BUTCH LAMBERT: I second.

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

22                   (No audible response.)

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

24                   (All members signify by saying yes.)

25

1                    BUTCH LAMBERT: Opposed, no.

2                    (No audible response.)

3                    BUTCH LAMBERT: Thank you, Mr. Kaiser.    It's  
4 approved.

5                    JIM KAISER: Thank you.

6                    BUTCH LAMBERT: We're calling docket item number  
7 10.    It is a petition from EQT Production Company on behalf  
8 of Quentin M. McCoy and Range Resources-Pine Mountain, Inc.  
9 for disbursement of escrowed funds from unit 550453, Tract  
10 2, docket number VGOB-09-0616-2535-01.    All parties  
11 wishing to testify, please come forward.

12                    JIM KAISER: Jim Kaiser and Rita Barrett for EQT  
13 Production.

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

15

16    RITA BARRETT

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

19    DIRECT EXAMINATION

20 QUESTIONS BY MR. KAISER:

21                    Q.        Ms. Barrett, have all parties been notified  
22 as required by statute?

23                    A.        Yes.

24                    Q.        Is the disbursement for the unit for well

25

1 550453?

2 A. Correct.

3 Q. And what tract are we disbursing from?

4 A. Tract 2.

5 Q. And is a partial or a full disbursement?

6 A. It's a partial.

7 Q. The reason for disbursement?

8 A. EQT received a letter from Range Resources  
9 dated February the 2nd, 2012 where they relinquished their  
10 claim to the CBM royalties in this tract.

11 Q. So, Mr. McCoy is entitled to a 100% of the  
12 proceeds?

13 A. Yes.

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

16 A. Yes.

17 Q. And is the percentage of escrowed funds in  
18 the next to the last column on the right in the spreadsheet  
19 the percentage the Board should use for disbursement  
20 purposes?

21 A. Yes.

22 Q. And these figures are good through January  
23 of 2012?

24 A. Correct.

25

1 Q. And who should receive the disbursement?

2 A. Quentin M. McCoy.

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

5 A. Yes.

6 Q. And would you ask that any order provide  
7 that any royalty due Mr. McCoy be paid directly to him going  
8 forward?

9 A. Yes.

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

12 BUTCH LAMBERT: Any questions from the Board?  
13 (No audible response.)

14 BUTCH LAMBERT: Anything further, Mr. Kaiser?

15 JIM KAISER: No, sir.

16 BUTCH LAMBERT: Do I have a motion?

17 JIM KAISER: Well, we'd ask that the application be  
18 approved as submitted.

19 BUTCH LAMBERT: Do I have a motion?

20 MARY QUILLEN: Motion to approve with the same  
21 stipulation as the previous item.

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. It's  
7 approved.

8 JIM KAISER: Thank you.

9 RITA BARRETT: Thank you.

10 BUTCH LAMBERT: We're calling docket item number

11 11. A petition from EQT Production Company on behalf of Amy  
12 Janette Garrett, Billy and Debbie Garrett, Brandi Mooney  
13 Taylor and Jason Taylor, David and Ann Ledgerwood, Fred and  
14 Gail Garrett, Joselean S. Garrett, Katrina Garrett Foster  
15 and Steven Foster, Linda Fry Campbell and Alan Campbell,  
16 George E. Garrett, and Range Resources-Pine Mountain, Inc.  
17 for disbursement of escrowed funds from Unit VC-503308,  
18 Tract 2, docket number VGOB-04-0420-1283-02. All parties  
19 wishing to testify, please come forward.

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

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

23 JIM KAISER: I might muddy the waters, but I guess  
24 she probably needs to be stricken from that, right? She's

25

1 in there.

2 SHARON PIGEON: Well, she doesn't need to be  
3 stricken from the disbursement, but she needs to be taken  
4 out of this letter when you get to that.

5 JIM KAISER: All right. All right.

6 RITA BARRETT: I asked Mr. Cook about that before  
7 he left and it's his opinion that he has a contract with her.

8 SHARON PIGEON: Well, he can take that up with her.

9 RITA BARRETT: It works for me.

10 BUTCH LAMBERT: Okay.

11 RITA BARRETT

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

14 DIRECT EXAMINATION

15 QUESTIONS BY MR. KAISER:

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

18 A. Yes.

19 BILLY GARRETT: Could I address the Board, please?

20 JIM KAISER: Okay.

21 BILLY GARRETT: My name is Billy Garrett.  
22 I'm...you will see me listed as...I'm the executor for  
23 Shelby Jean Garrett's Estate.

24 BUTCH LAMBERT: Please have a seat and be sworn.

25

1 (Billy Garrett is duly sworn.)  
2 JIM KAISER: You've been to my office, haven't you?  
3 BILLY GARRETT: Yes, sir.  
4 JIM KAISER: Yeah.  
5 BILLY GARRETT: My name is Billy Garrett. I'm  
6 with...I'm with me. I'm the executor to my mother's estate  
7 and its heirs, which would be Fred and Gail Garrett, Katrina  
8 Garrett Foster and Steven Foster. I'm here to make sure  
9 that Mr. Cook does not have representation over us in any  
10 form or fashion. I do not...he---.  
11 SHARON PIGEON: Let's get those names again because  
12 I think they were on this list.  
13 BILLY GARRETT: Billy and Betty Garrett, Fred and  
14 Gail Garrett and Katrina Garrett Foster and Steven Foster.  
15 SHARON PIGEON: I've got Katrina Foster, Fred  
16 Garrett---.  
17 MARY QUILLEN: Steven Foster?  
18 JIM KAISER: The only one I see is Fred.  
19 SHARON PIGEON: Fred Garrett and Katrina Foster.  
20 MARY QUILLEN: I don't see---.  
21 BILLY GARRETT: Fred and Gail Garrett and then  
22 there's Katrina Garrett Foster and Steven Foster.  
23 MARY QUILLEN: There's no Steven Foster on here.  
24 SHARON PIGEON: There's a Gaynell Clara---.

25

1           MARY QUILLEN: But on the list here---.

2           BILLY GARRETT: Oh, his list.

3           MARY QUILLEN: On this list.

4           JIM KAISER: Yeah, he's got Katrina and Fred on  
5 there.

6           MARY QUILLEN: There's no Steven Foster on there.

7           BILLY GARRETT: Yeah. He's actually trying to get  
8 them to...some kind of legal fee with now, which will be  
9 addressed...which will be addressed later. I have made  
10 formal complaints with the Commonwealth's Attorney, Federal  
11 Prosecuting Attorney and the FBI about this situation.

12           BUTCH LAMBERT: Can I just read you this list of  
13 names that he gave us on his letter and can you please  
14 identify the ones that you're referencing?

15           BILLY GARRETT: On his letter it would be Katrina  
16 Foster---.

17           BUTCH LAMBERT: Katrina Foster, okay.

18           BILLY GARRETT: ---which is Katrina Garrett  
19 Foster and Fred Garrett.

20           BUTCH LAMBERT: Okay.

21           BILLY GARRETT: That would be my brother and sister.

22           BUTCH LAMBERT: Okay. Are there anyone else on  
23 that list?

24           BILLY GARRETT: No. I've tried to contact them,  
25

1 out he has written them a letter. They would not return my  
2 calls.

3 SHARON PIGEON: You've previously sent us a letter  
4 on this?

5 BILLY GARRETT: Yes, ma'am.

6 SHARON PIGEON: So, we have your letter about this  
7 matter and the folks listed there.

8 BUTCH LAMBERT: Okay, Mr. Garrett, if you'll just  
9 please stay right there while we proceed this and if we have  
10 any further questions we'll ask you.

11 BILLY GARRETT: Yes, sir.

12 BUTCH LAMBERT: Okay. Mr. Kaiser, you may proceed.

13

14

15 RITA BARRETT

16 DIRECT EXAMINATION RESUMES

17 QUESTIONS BY MR. KAISER:

18 Q. Yes. Ms. Barrett, have all parties been  
19 notified as required by statute?

20 A. Yes.

21 Q. And this is a disbursement for the well  
22 50...for the unit for well 503308?

23 A. Correct.

24 Q. And is it a partial or a full disbursement?

25

1 A. It's a partial.

2 Q. And the reason for the disbursement?

3 A. EQT received various letters from  
4 these...to these landowners from Range Resources-Pine  
5 Mountain dated February the 2nd, 2012 wherein Range  
6 relinquishes their claim to the CBM royalty on this tract.

7 Q. So, it's a 100% to these royalty owners?

8 A. That's correct.

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

11 A. Yes.

12 Q. And when the Board does disburse these  
13 moneys should they use as their guideline the next to the  
14 last column on the right of our spreadsheet called  
15 "Percentage of Escrowed Funds"?

16 A. Yes.

17 Q. And who should receive these disbursements?

18 A. Joselean S. Garrett, Amy J. Garrett, David  
19 A. and Gail K. Ledgerwood, Linda Fry Campbell, Fred Garrett,  
20 Billy Garrett, Katrina Garrett Foster, Robert E. Garrett and  
21 Brandi Mooney Taylor.

22 Q. And have we provided the Board with Exhibits  
23 E and EE to reflect the facts of this disbursement?

24 A. Yes.

25

1 Q. And would you ask that any provide or direct  
2 EQT to pay any royalty due these parties directly going  
3 forward?

4 A. Yes.

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

7 BUTCH LAMBERT: Okay. Any questions from the  
8 Board?

9 KATIE DYE: Mr. Chairman, I have just one question.

10 BUTCH LAMBERT: Mrs. Dye.

11 KATIE DYE: Ms. Barrett, in looking at your  
12 spreadsheet, at least the copy that I have, there's no Tract  
13 2 listed under tract.

14 RITA BARRETT: I'm sorry?

15 KATIE DYE: In looking at your spreadsheet, there's  
16 no tract listed. It should have Tract 2.

17 RITA BARRETT: It's Tract 2. Yeah, it's listed on  
18 mine. Is it listed on yours?

19 JIM KAISER: Yeah, it's listed on mine.

20 KATIE DYE: Is it on yours?

21 JIM KAISER: Do you want mine?

22 RITA BARRETT: I'll give you a copy of mine.

23 BUTCH LAMBERT: It's not on our copy.

24 JIM KAISER: It's not on yours?

25

1           BUTCH LAMBERT: No.

2           SHARON PIGEON: So, it's a Tract 2 and it's a  
3 partial, correct?

4           JIM KAISER: Yeah. Tract 2 and it's a partial.

5           RITA BARRETT: Yeah.

6           JIM KAISER: Yeah. Do you want mine?

7           RITA BARRETT: Is it on your spreadsheet?

8           DIANE DAVIS: No. But it...I knew it was Tract 2  
9 by looking at the (inaudible).

10          MARY QUILLEN: Mr. Chairman, this...on this  
11 spreadsheet that we have here that...this is just actually  
12 the heirs and it doesn't include the spouses on some of  
13 these. That's the reason Steven Foster was not listed on  
14 the spreadsheet, right, because I'm looking at the letter  
15 and it was sent to both of them but she's actually the heir?

16          RITA BARRETT: On the spreadsheet it does appear  
17 that some of the spouses have been left off.

18          MARY QUILLEN: Yeah. But on the letter it is. His  
19 name is. But she is actually the heir, correct?

20          BILLY GARRETT: She is, yes.

21          MARY QUILLEN: Okay.

22          SHARON PIGEON: You know, that's a little bit of  
23 concern to me. The spouses normally have an interest in  
24 things. So---.

25

1           JIM KAISER: Not if it's inherited.

2           SHARON PIGEON: Often when it's inherited they  
3 treat it as tenants by the entirety property and sometimes  
4 they retitle it that way. So, you don't know if that has  
5 happened or not on these.

6           JIM KAISER: I do not know.

7           SHARON PIGEON: So, as far as you know it's just a  
8 straight heirship?

9           RITA BARRETT: Yes.

10          SHARON PIGEON: Okay.

11          BUTCH LAMBERT: Any other questions from the Board?

12                   (No audible response.)

13          BUTCH LAMBERT: Anything further, Mr. Kaiser?

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

16          BUTCH LAMBERT: Okay. This is going to be a tricky  
17 motion.

18          MARY QUILLEN: Yeah.

19          BUTCH LAMBERT: Can you attempt that, Ms. Quillen?

20          MARY QUILLEN: Well, the people that we have  
21 actually listed here, and I want to be sure that we get those  
22 names, it's Fred Garrett, Billy Garrett, Katherine Garrett  
23 Foster. Now, Robert Garrett is not part of your group, is  
24 that right? You're not representing him?

25

1           BILLY GARRETT: No, ma'am. I'm only representing  
2 my mother's Estate.

3           MARY QUILLEN: Okay. That's Fred, Billy and  
4 Katherine.

5           BILLY GARRETT: Katrina. Yes, ma'am.

6           MARY QUILLEN: Oh, I'm sorry. Katrina. Okay.

7           BILLY GARRETT: They have actually signed an  
8 agreement with him and instructed them to send a registered  
9 letter to dissolve that, which they did immediately.

10          MARY QUILLEN: Okay. Okay. So, they are...that  
11 has already been taken care of?

12          BILLY GARRETT: Yes, ma'am.

13          MARY QUILLEN: Okay. So, we can pull them out of  
14 this motion. Okay, the motion...the motion to approve  
15 subject to the three parties who have declined to be  
16 represented by Mr. Cook. That's Fred Garrett, Billy  
17 Garrett and Katrina Garrett Foster. The checks not be sent  
18 to Mr. Cook per his request. And your first name is?

19          BILLY GARRETT: Billy.

20          MARY QUILLEN: Oh, Billy. Per the request of Billy  
21 who is representing his family.

22          SHARON PIGEON: He is appearing as the Executor of  
23 his mother's estate. When we use representing that gets a  
24 little loose there on---

25

1           MARY QUILLEN: It is. Okay. Okay. Executor of  
2 his family's...his mother's estate.

3           BILLY GARRETT: I have a copy of that if you would  
4 like to see it.

5           MARY QUILLEN: No. No. We're just kind of---.

6           BUTCH LAMBERT: And, Ms. Quillen, do you all...did  
7 you include Joselean Garrett in your motion? We have a  
8 separate letter from her.

9           MARY QUILLEN: You have a separate---?

10          BUTCH LAMBERT: Yes.

11          MARY QUILLEN: Okay.

12          JIM KAISER: Yeah, she doesn't want to be  
13 represented by him either.

14          MARY QUILLEN: Also added to that is Joselean S.  
15 Garrett has requested that...a letter dated March the 27th,  
16 2012 that she has rescinded the attorney/fee agreement that  
17 she signed with Mr. Cook and that she will be receiving her  
18 checks directly.

19          BUTCH LAMBERT: Okay. We have a motion.

20          BRUCE PRATHER: I'll second it.

21          BUTCH LAMBERT: We have a motion and a second. Any  
22 further discussion?

23                 (No audible response.)

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

25

1 (All members signify by saying yes.)

2 BUTCH LAMBERT: Opposed, no.

3 (No audible response.)

4 BUTCH LAMBERT: Shew. Thank you, Mr. Kaiser.

5 JIM KAISER: Thank you.

6 BUTCH LAMBERT: I believe we got that one worked  
7 out.

8 BILLY GARRETT: We have another one, do I need to  
9 be here for that, number 18 on the items?

10 JIM KAISER: Probably. Yeah.

11 RITA BARRETT: Yeah.

12 JIM KAISER: Yeah, you probably ought to stay. It  
13 won't be too much longer.

14 BILLY GARRETT: Okay.

15 SHARON PIGEON: I recommend you to stay when you  
16 have an item on the docket and drop something off and move  
17 on.

18 BUTCH LAMBERT: Thank you, Mr. Garrett.

19 BILLY GARRETT: An attorney ought to know that.

20 BUTCH LAMBERT: Now, we're calling docket item  
21 number 12. A petition from EQT Production Company on behalf  
22 of Elizabeth Ann Powers, Betty Lou Powers, Darrell C. Powers  
23 and Dorothy Powers, Gaynell P. and Clair Sykes and Range  
24 Resources-Pine Mountain, Inc. for disbursement of escrowed

25

1 funds from unit 502597, Tract 3, docket number  
2 VGOB-02-0917-1076-01. All parties wishing to testify,  
3 please come forward.

4 JIM KAISER: Jim Kaiser and Rita Barrett on behalf  
5 of EQT.

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

7  
8 RITA BARRETT

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

11 DIRECT EXAMINATION

12 QUESTIONS BY MR. KAISER:

13 Q. Ms. Barrett, this is a disbursement request  
14 for well number VC-502597 and the unit...in Tract---

15 A. 3.

16 Q. ---3 in that unit, is that correct?

17 A. Yes.

18 Q. And have all parties been notified?

19 A. Yes.

20 Q. Is this a partial or a full disbursement?

21 A. Partial.

22 Q. No.

23 A. Oh, no, I'm sorry. It's a full  
24 disbursement.

25

1 Q. Very good. And have...what's the reason  
2 for this disbursement?

3 A. EQT received letters to various individuals  
4 from Range Resources dated February the 2nd, 2012 wherein  
5 Range relinquished their claim to the CBM royalty.

6 Q. So, it's a 100% to royalty owners?

7 A. Yes.

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

10 A. Yes.

11 Q. And the date of the disbursement is  
12 calculated as of January 2012?

13 A. That's correct.

14 Q. And should the Board use the percentage of  
15 escrowed fund's figure that is in the next to the last column  
16 to the right in the spreadsheet from which to disburse the  
17 final disbursement from?

18 A. Yes.

19 Q. And who should receive the disbursement?

20 A. Elizabeth Ann Powers, Darrell C. and  
21 Dorothy Powers, Gaynell Sykes and Clair Sykes and Betty Lou  
22 Powers.

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

25

1 A. Yes.

2 Q. And should the checks be made out to the  
3 folks and I think to...and I guess actually...made out to  
4 them but mailed to Attorney Cook because all four of them  
5 on that letter?

6 A. Yes.

7 MARY QUILLEN: They're listed on his list?

8 JIM KAISER: Yeah.

9 BUTCH LAMBERT: Yes.

10 MARY QUILLEN: Okay.

11 Q. To the best of your knowledge, is that what  
12 the---?

13 A. To the best of my knowledge.

14 JIM KAISER: Thank you. Nothing further.

15 BUTCH LAMBERT: Anything further or any questions  
16 from the Board? I'm sorry.

17 (No audible response.)

18 BUTCH LAMBERT: Anything further, Mr. Kaiser?

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

21 BUTCH LAMBERT: Do I have a motion?

22 MARY QUILLEN: Motion to approve with the  
23 stipulation that we ask for items 9...8, 9 and 10.

24 BUTCH LAMBERT: That we receive a letter from Mr.

25

1 Cook stating that he does, in fact, represent these parties?

2 MARY QUILLEN: Yes. Correct.

3 BUTCH LAMBERT: Okay. Thank you, Ms. Quillen. Do  
4 I have a second?

5 BRUCE PRATHER: Second.

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. Kaiser. It's  
11 approved.

12 JIM KAISER: Thank you.

13 RITA BARRETT: Thank you.

14 BUTCH LAMBERT: We're calling docket item number  
15 13. A petition from EQT Production Company on behalf of  
16 Elizabeth Ann Powers, Betty Lou Powers, Darrell C. Powers  
17 and Dorothy Powers, Gaynell P. and Clair Sykes and Range  
18 Resources-Pine Mountain, Inc. for disbursement of escrowed  
19 funds from unit 535612, Tract 2, docket number  
20 VGOB-03-0819-1174-02. All parties wishing to testify,  
21 please come forward.

22 JIM KAISER: Jim Kaiser and Rita Barrett, again, on  
23 behalf of EQT. These are the same four parties that we had  
24 in the prior disbursement and then we will have them again

25

1 in the next disbursement.

2

3

4

5

6

7

RITA BARRETT

8 having been duly sworn, was examined and testified as

9 follows:

10

DIRECT EXAMINATION

11

QUESTIONS BY MR. KAISER:

12

Q. Ms. Barrett, have all parties been notified

13

as required?

14

A. Yes.

15

Q. And this a request for disbursement from the

16

unit for well number VC-535612?

17

A. Yes.

18

Q. And it's...we're disbursing Tract 2?

19

A. Correct.

20

Q. And it's a full disbursement?

21

A. It is.

22

Q. And we'll note that our spreadsheet notes

23

that this interest was formerly owned by Barman S. Powers,

24

Jr. and was deeded to Elizabeth Ann Powers in May of 2005.

25

1 We have a copy of that deed. We have a copy of that deed  
2 if the Board needs it. This well was pooled in 2003.  
3 What's the reason for disbursement?

4 A. EQT received letters from Range Resources  
5 to these individuals dated February the 2nd, 2012 where in  
6 Range Resources relinquished its claim to the CBM royalties  
7 on this tract.

8 Q. And the fees on our spreadsheet are as of  
9 January of this year?

10 A. Yes.

11 Q. And the Board should use the figures... the  
12 percentage of escrowed funds figure in the next to the last  
13 column on the right of the spreadsheet for final  
14 disbursement purposes?

15 A. Correct.

16 Q. Who should receive this disbursement?

17 A. Elizabeth Powers, Betty Lou Powers, Gaynell  
18 P. Sykes and Clair Sykes, Darrell C. and Dorothy Powers.

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

21 A. Yes.

22 Q. And would you ask that going forward...  
23 well, after this disbursement is made would you ask that the  
24 order direct EQT to pay these royalty owners directly?

25

1 A. Yes.

2 Q. And as far as the disbursement check, would  
3 you ask, to the best of your knowledge, that it be made to  
4 the parties that we have just stated but sent to Attorney  
5 Cook's office?

6 A. To the best of my knowledge, yes.

7 JIM KAISER: Thank you. Nothing further, Mr.  
8 Chairman.

9 BUTCH LAMBERT: Any questions from the Board?

10 (No audible response.)

11 BUTCH LAMBERT: Anything further, Mr. Kaiser?

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

14 BUTCH LAMBERT: Do I have a motion?

15 MARY QUILLEN: Motion to approve with the same  
16 stipulation as in the previous item 12.

17 BUTCH LAMBERT: Do I have a second?

18 BRUCE PRATHER: Second.

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

21 (No audible response.)

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

23 (All members signify by saying yes.)

24 BUTCH LAMBERT: Opposed, no.

25

1 (No audible response.)

2 BUTCH LAMBERT: Thank you, Mr. Kaiser. It's  
3 approved.

4 JIM KAISER: Thank you.

5 BUTCH LAMBERT: We're calling docket item 14. A  
6 petition from EQT Production Company on behalf of Elizabeth  
7 Ann Powers, Betty Lou Powers, Darrell C. Powers and Dorothy  
8 Powers, Gaynell P. and Clair Sykes and Range Resources-Pine  
9 Mountain, Inc. for disbursement of escrowed funds from unit  
10 502970, Tract 2, docket number VGOB-02-1015-1085-01. All  
11 parties wishing to testify, please come forward.

12 JIM KAISER: Jim Kaiser and Rita Barrett for EQT.

13

14 RITA BARRETT

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

17 DIRECT EXAMINATION

18 QUESTIONS BY MR. KAISER:

19 Q. Ms. Barrett, this is a disbursement request  
20 from the unit for well VC-502970?

21 A. That's correct.

22 Q. And what tract are we disbursing?

23 A. Tract 2.

24 Q. And is it a full or partial?

25

1 A. This will be a full.

2 Q. And the reason for the disbursement?

3 A. EQT received letters to these individuals  
4 from Range Resources dated February the 2nd, 2012 wherein  
5 Range Resources relinquished its claim to the CBM royalty  
6 on this tract.

7 Q. And have the figures been reconciled with  
8 the bank?

9 A. Yes.

10 Q. And the figures are good as to January of  
11 this year?

12 A. Correct.

13 Q. And the Board should themselves to the next  
14 to the last column on the right of the spreadsheet for the  
15 percentage of escrowed funds for final disbursement  
16 purposes?

17 A. Correct.

18 Q. And who should receive this disbursement?

19 A. Elizabeth Ann Powers, Darrell C. and  
20 Dorothy Powers, Gaynell Sykes and Clair Sykes and Betty Lou  
21 Powers.

22 Q. Have you provided the Board with Exhibit E  
23 and EE to reflect the facts of this disbursement?

24 A. Yes.

25

1 Q. And should the order direct EQT to pay the  
2 royalty directly to these folks going forward?

3 A. Yes.

4 JIM KAISER: Nothing further at this time, Mr.  
5 Chairman.

6 BUTCH LAMBERT: Any questions from the Board?

7 (No audible response.)

8 BUTCH LAMBERT: Anything further, Mr. Kaiser?

9 JIM KAISER: We'd ask that the application be  
10 approved as submitted.

11 BUTCH LAMBERT: Do I have a motion?

12 MARY QUILLEN: Motion to approve with the same  
13 stipulation as requested in item 13.

14 BUTCH LAMBERT: Do I have a second?

15 BRUCE PRATHER: Second.

16 BUTCH LAMBERT: I have a motion and a second. Do  
17 I have any further discussion?

18 (No audible response.)

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

20 (All members signify by saying yes.)

21 BUTCH LAMBERT: Opposed, no.

22 (No audible response.)

23 BUTCH LAMBERT: Thank you, Mr. Kaiser. That's  
24 approved.

25

1                   JIM KAISER: Thank you.

2                   RITA BARRETT: Thank you.

3                   BUTCH LAMBERT: We're calling item 15. A petition  
4 from EQT Production Company on behalf of Cathy...David and  
5 Cathy Adkins and Standard Banner Coal Corporation for the  
6 disbursement of funds from escrow from unit 536865, Tract  
7 1, docket number VGOB-08-0219-2150-01. All parties  
8 wishing to testify, please come forward.

9                   JIM KAISER: Jim Kaiser and Rita Barrett for EQT.

10                  DONALD R. JOHNSON: Donald R. Johnson for Standard  
11 Banner Coal Corporation.

12                  BUTCH LAMBERT: Good morning, Mr. Johnson.

13                  DONALD R. JOHNSON: Good morning.

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

15

16   RITA BARRETT

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

19   DIRECT EXAMINATION

20 QUESTIONS BY MR. KAISER:

21                   Q.       Okay, Ms. Barrett, we've got a disbursement  
22 request for well VC-536865, the unit for that well?

23                   A.       Correct.

24                   Q.       And we're disbursing from Tract 1?

25

1 A. Correct.

2 Q. And have all parties been notified as  
3 required?

4 A. Yes.

5 Q. So, is this a partial or a full  
6 disbursement?

7 A. This is a partial.

8 Q. The reason for disbursement?

9 A. There's a royalty agreement between  
10 Standard Banner and David and Cathy Adkins dated March the  
11 10th, 2008.

12 Q. Okay. And what does that agreement  
13 reflect?

14 A. It is a 50/50 split agreement.

15 Q. Okay. And have your figure...have you  
16 reconciled your figures with the bank's?

17 A. Yes.

18 Q. And the amount on the spreadsheet is as of  
19 February 2012?

20 A. That's correct.

21 Q. And the Board should direct themselves to  
22 the next to the last column on the right on the spreadsheet,  
23 the percentage of escrowed funds, for any final  
24 disbursement?

25

1 A. Correct.

2 Q. And who should receive these disbursements?

3 A. David and Cathy Adkins 50% and Standard  
4 Banner 50%.

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

7 A. Yes.

8 Q. And would you ask any order to state that  
9 EQT be directed to pay any future royalties directly to these  
10 parties?

11 A. Yes.

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

14 BUTCH LAMBERT: Any questions from the Board?

15 (No audible response.)

16 BUTCH LAMBERT: Mr. Johnson.

17 DONALD R. JOHNSON: Ladies and gentlemen, I have no  
18 comment other than to ask the Board to approve these  
19 disbursements on behalf of Standard Banner Coal  
20 Corporation.

21 BUTCH LAMBERT: Anything further, Mr. Kaiser?

22 JIM KAISER: We'd ask that the application be  
23 approved as submitted.

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: Okay.

11          SHARON PIGEON: Rita, I was doing something else.

12 This is a full?

13          RITA BARRETT: I'm sorry?

14          SHARON PIGEON: A full disbursement on Tract 1?

15          JIM KAISER: Yes, ma'am.

16          BUTCH LAMBERT: We're calling docket item number

17 16. A petition from EQT Production Company on behalf of

18 David and Cathy Adkins and Standard Banner Coal Corporation

19 for disbursement of funds from escrow from unit 536866,

20 docket number VGOB-07-0717-1971-01. All parties wishing

21 to testify, please come forward.

22          JIM KAISER: Jim Kaiser and Rita Barrett for EQT.

23          DONALD R. JOHNSON: Donald R. Johnson for Standard

24 Banner Coal Corporation.

25

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25

BUTCH LAMBERT: You may proceed, Mr. Kaiser.

RITA BARRETT

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

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Ms. Barrett, this is a disbursement for the unit for well 536866?

A. That's correct.

Q. Have all parties been notified?

A. Yes.

Q. Is this a full or partial disclose...disbursement---

A. Partial.

Q. Disclosure...disbursement.

A. It's a partial disbursement.

Q. Partial. It's a partial disbursement. It's for Tract 6?

A. Yes.

Q. All right. What's the reason for disbursement?

A. EQT received a royalty split agreement dated March the 10th, 2008 between David H. Adkins and Cathy

1 Adkins and Standard Banner Coal Corporation.

2 Q. And what does that reflect?

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

4 Q. Okay. And have your figures been  
5 reconciled with the bank's?

6 A. Yes.

7 Q. And the figures on the spreadsheet are good  
8 as of February 2012?

9 A. Yes.

10 Q. And the Board should direct their attention  
11 to the next to the last column on the right of the  
12 spreadsheet, percentage of escrowed funds to us for any  
13 final disbursement?

14 A. Yes.

15 Q. And who should receive this disbursement?

16 A. David and Cathy Adkins and Standard Banner  
17 Coal Corporation.

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

20 A. Yes.

21 Q. And would you ask the Board to include in  
22 the order to direct EQT to pay any royalty due these parties  
23 for this well in this tract going forward directly?

24 A. Yes.

25

1           JIM KAISER: Nothing further at this time, Mr.  
2 Chairman.

3           BUTCH LAMBERT: Any questions from the Board?  
4           (No audible response.)

5           BUTCH LAMBERT: Mr. Johnson.

6           DONALD R. JOHNSON: Ladies and gentlemen of the  
7 Board, I request on behalf of Standard Banner Coal  
8 Corporation that the Board approve the application as  
9 submitted.

10          BUTCH LAMBERT: Anything further, Mr. Kaiser?

11          JIM KAISER: We'd ask that the application be  
12 approved as submitted.

13          BUTCH LAMBERT: Do I have a motion?

14          MARY QUILLEN: Motion to approve.

15          BRUCE PRATHER: Second.

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

18          (No audible response.)

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

20          (All members signify by saying yes.)

21          BUTCH LAMBERT: Opposed, no.

22          (No audible response.)

23          BUTCH LAMBERT: Mr. Kaiser, it's approved.

24          JIM KAISER: Okay.

25

1                    BUTCH LAMBERT: We're calling item 17. A petition  
2 from EQT Production Company on behalf of Wanda Sue Scearce  
3 and Forest Landon Scearce, Anna Sue Brown, Danny L. Elswick  
4 and Sharon Elswick, Darrell F. Presley and Kimberly J.  
5 Presley, Debra and William Matthews, Douglas and Barbara  
6 Elswick, Earl and Belva Presley, Franklin and Deborah Smith,  
7 Gary Presley, Iva Simpkins, Jack and Brenda Presley, James  
8 E. Watson, James and Brenda Presley, Juanita Sutphin, Karen  
9 and Danny Barber, Larry Presley, Lehman and Hattie Tiller,  
10 Margaret and William Halpin, Mildred Wolford, Mabel  
11 Presley, Myrtle and Timothy Green, Norma and Woodrow Farmer,  
12 Pamela Smith, Rhonda and Gerry Fleury, Sharon Yeltie,  
13 Michael Yeltie, Sherry Bartkowiak, Sunset and Deloris  
14 Salyers, Thomas and Linda Salyers, Jr., Virginia L. Johnson  
15 and Range Resources-Pine Mountain, Inc. for disbursement of  
16 funds from escrow from unit 536510, Tract 3, docket number  
17 VGOB-06-1114-1762-01. All parties wishing to testify,  
18 please come forward.

19                    JIM KAISER: Jim Kaiser and Rita Barrett on behalf  
20 of EQT.

21                    BUTCH LAMBERT: Okay.

22                    MARY QUILLEN: Mr. Chairman, can I ask one question  
23 before we begin? Are these people listed on that list that  
24 you got from Mr. Cook?

25

1                   JIM KAISER: I do not believe so.

2                   BUTCH LAMBERT: No.

3                   JIM KAISER: NO.

4                   MARY QUILLEN: Thank you.

5                   BUTCH LAMBERT: No. None of those are listed, Ms.  
6 Quillen.

7                   MARY QUILLEN: Thank you.

8

9   RITA BARRETT

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

12   DIRECT EXAMINATION

13 QUESTIONS BY MR. KAISER:

14                   Q.       Okay, Ms. Barrett, this is a disbursement  
15 for the unit for well 536510?

16                   A.       That's correct.

17                   Q.       And it's Tract 3?

18                   A.       Yes.

19                   Q.       A partial disbursement?

20                   A.       Yes.

21                   Q.       Have all parties been notified?

22                   A.       Yes.

23                   Q.       Quite a few parties.

24                   A.       Yes, sir.

25

1 Q. The reason for disbursement?

2 A. We received...EQT received letters...  
3 various letters dating various months in 2010 from Range  
4 Resources wherein they agreed...the parties agreed to split  
5 75/25.

6 Q. And you have copies of those letters, and  
7 Ms. Davis I've checked with her, she has copies of all those  
8 letters, is that correct?

9 A. Yes.

10 BUTCH LAMBERT: Ms. Davis, is saying affirmative?  
11 She has.

12 DIANE DAVIS: Yes. Can't you hear my head shake.

13 Q. All right. They're all 75/25 splits?

14 A. Yes.

15 Q. Okay. And the date of the figures on the  
16 spreadsheet is December 2011?

17 A. That's correct.

18 Q. And you've reconciled your figures with the  
19 bank?

20 A. Yes.

21 Q. And we would direct the Board for any final  
22 disbursement purposes to the percentage of escrowed funds  
23 in the next to the last column on the right of the  
24 spreadsheet, is that correct?

25

1 A. Yes.

2 Q. And all the folks listed on that spreadsheet  
3 are the ones who should receive the disbursement, is that  
4 correct?

5 A. Yes.

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

8 A. Yes.

9 Q. And would you ask that any order provide  
10 that the folks listed on the spreadsheet be paid royalties  
11 directly following the order and the disbursement?

12 A. Yes.

13 JIM KAISER: Nothing further of this witness at this  
14 time, Mr. Chairman. I'm hoping you're not going to make her  
15 read everyone of those names. You just read them.

16 BUTCH LAMBERT: I was going to ask that the Chairman  
17 read those into the record. That that's okay. We'll  
18 accept that.

19 RITA BARRETT: Thank you.

20 JIM KAISER: Yeah. You did a good job.

21 BUTCH LAMBERT: Any questions from the Board?

22 (No audible response.)

23 SHARON PIGEON: There was that one question. It  
24 was Yelton and not Yeltie for the two individuals.

25

1           BUTCH LAMBERT: Yeah. Ms. Pigeon corrected me that  
2 I pronounced it wrong.

3           SHARON PIGEON: Sharon Yelton and Michael Yelton.  
4 If we're not going to read it again, let's make sure we got  
5 it right.

6           JIM KAISER: Thank you.

7           BUTCH LAMBERT: Okay. Ms. Davis.

8           DIANE DAVIS: I just wanted to clarify. I...it may  
9 be in a stack that we're processing, but I don't have the  
10 supplemental. So, we need to make certain that I get the  
11 supplemental recorded prior to this. In looking at the  
12 original order, Tract 3 was the Rufus F. Cook Heirs that were  
13 escrowed. So, that is what these people are, the Rufus F.  
14 Cook.

15           RITA BARRETT: Yes.

16           JIM KAISER: Yes, correct.

17           DIANE DAVIS: Okay. I just wanted to get that on  
18 the record. Thank you.

19           RITA BARRETT: You don't have the supplemental or  
20 it has not been recorded?

21           DIANE DAVIS: I do not know.

22           RITA BARRETT: Okay.

23           SHARON PIGEON: But we need to get that---.

24           DIANE DAVIS: But we need to check that and make  
25

1 certain.

2 JIM KAISER: Will you check with Susan?

3 RITA BARRETT: Okay.

4 DIANE DAVIS: Okay. Because I will record it prior  
5 to this.

6 JIM KAISER: Right.

7 DIANE DAVIS: Okay.

8 JIM KAISER: Yeah.

9 RITA BARRETT: Thank you, Diane.

10 BUTCH LAMBERT: Any other questions from the Board?

11 (No audible response.)

12 BUTCH LAMBERT: Anything further, Mr. Kaiser?

13 JIM KAISER: We'd ask that the application be  
14 approved as submitted.

15 BUTCH LAMBERT: Do I have a motion?

16 MARY QUILLEN: Do we need to include the information  
17 about the supplemental or---?

18 DIANE DAVIS: I know to look for it.

19 BUTCH LAMBERT: Yeah, I don't think so. This can't  
20 be done without the supplemental anyway.

21 MARY QUILLEN: Okay.

22 DIANE DAVIS: Right.

23 SHARON PIGEON: It's like that other situation,  
24 Mary, where we had to do a previous disbursement on the one

25

1 that we approved today.

2 MARY QUILLEN: Right.

3 SHARON PIGEON: So, it's just doing things in the  
4 right order.

5 MARY QUILLEN: Motion to approve.

6 BRUCE PRATHER: Second.

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

9 (No audible response.)

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

11 (All members signify by saying yes.)

12 BUTCH LAMBERT: Opposed, no.

13 (No audible response.)

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

16 JIM KAISER: Thank you.

17 RITA BARRETT: Thank you.

18 BUTCH LAMBERT: Okay. We're calling item 18. A  
19 petition from EQT Production Company on behalf of Ray Bruce  
20 and Marie Powers, Elizabeth Power, Darrell and Dorothy  
21 Power, Gaynell and Clair Sykes, Robert Garrett, Linda and  
22 Alan Campbell, Katrina and Steven Foster, Joselean Garrett,  
23 Fred and Gail Garrett, David Ledgerwood, Brandi and Jason  
24 Taylor, Billy and Debbie Garrett, Amy Garrett, and Range

25

1 Resources-Pine Mountain, Inc. for disbursement of funds  
2 from escrow from Unit 702844, Tracts 1, 3 and 5, docket  
3 number VGOB-93-0420-0366-02. All parties wishing to  
4 testify, please come forward.

5 JIM KAISER: Jim Kaiser and Rita Barrett on behalf  
6 of EQT.

7 BUTCH LAMBERT: Mr. Garrett.

8 BILLY GARRETT: Billy Garrett on behalf of the  
9 Shelby Jean Garrett's Estate and Heirs.

10 BUTCH LAMBERT: Any you have been sworn. So, you  
11 may proceed, Mr. Kaiser.

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RITA BARRETT

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

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Ms. Barrett, this is a request for a disbursement in the unit for well number 702844?

A. That's correct.

Q. And we're disbursing from...it looks like several tracts, don't it?

A. Tracts 3, 1 & 5.

Q. Okay. 3, 1 & 5. And it is a partial disbursement, almost full?

A. That's correct.

Q. Has everybody been notified as required by statute?

A. Yes.

Q. And the reason for disbursement?

A. EQT received letters from Range Resources dated February the 2nd, 2012 to various individuals where in Range Resources relinquishes its claim to the CBM royalties on the...on Tract 3...3, 1 & 5.

Q. And the figures on this spreadsheet are as of January of this year?

1 A. Yes, that's correct.

2 Q. And you've reconciled your figures with the  
3 bank's?

4 A. Yes.

5 Q. And for final disbursement we would direct  
6 the Board to the last column next...next to the last column  
7 on the right hand side of the spreadsheet called percentage  
8 of escrowed funds?

9 A. Yes.

10 Q. And these funds should be disbursed to the  
11 parties that the chairman earlier read out as parties to this  
12 hearing for disbursement?

13 A. Yes.

14 Q. And you've provided the Board Exhibits E and  
15 EE to reflect the facts of this disbursement?

16 A. Yes.

17 Q. And would you ask that any order directed  
18 to EQT pay these royalty owners their proceeds directly  
19 going forward?

20 A. Yes.

21 JIM KAISER: Nothing further at this time, Mr.  
22 Chairman.

23 BUTCH LAMBERT: Any questions from the Board?

24 (No audible response.)

25

1                    BUTCH LAMBERT: Mr. Garrett.

2                    SHARON PIGEON: Would you state for the record again  
3 for us who is not represented by Mr. Cook that you are  
4 appearing on behalf of as the Executor for your mother's  
5 Estate?

6                    BILLY GARRETT: Not represented would be...I'm  
7 sorry, on your list, would be Fred Garrett, Katrina Garrett  
8 Foster and myself Billy Garrett. I don't know if I'm on Mr.  
9 Shea's list, but---

10                   SHARON PIGEON: Okay. Thank you very much. I  
11 think that you are actually.

12                   BILLY GARRETT: Well, that's another issue. I  
13 don't know if I can bring this up to the Board, but I would  
14 like to ask...I actually got a call from Mr. Hazelwood and  
15 I was under the impression that an attorney...outside  
16 attorney was required to receive this escrow money.

17                   SHARON PIGEON: Where did you get that information?

18                   BILLY GARRETT: My family was lead to believe that  
19 it had to be...that you had to have an attorney.

20                   SHARON PIGEON: Where did you get that information?

21                   MARY QUILLEN: By whom?

22                   BILLY GARRETT: From a Mr. Hazelwood out of Coeburn,  
23 Hazelwood & Associates.

24                   SHARON PIGEON: Oh. All right. And he told you  
25

1 that?

2 BILLY GARRETT: Yes, ma'am. He also told that to  
3 my brother and sister. We were all lead to believe that you  
4 had to have an attorney. After looking into myself, which  
5 I didn't believe, I found out that you did not have to have  
6 an attorney and all of this was already done. Thanks to Mr.  
7 Horn from Range Resources, he informed me...helped me out  
8 a lot. That's when I actually went to...well, I called Mr.  
9 Shea's office after I got a letter from Mr. Shea, the  
10 contract from Hazelwood. I don't know the relationship  
11 there. But I called his office and left a...talked to one  
12 of his associates and told them that I did not  
13 representation. Three days later a letter was sent out to  
14 Wilhoit & Kaiser explaining that I was being represented.

15 SHARON PIGEON: A letter from Mr. Cook's office.

16 BILLY GARRETT: Yes, ma'am.

17 SHARON PIGEON: All right.

18 BILLY GARRETT: So, I personally visited Mr.  
19 Kaiser's office to explain to them that I was not being  
20 represented and I didn't know what the situation was. They  
21 told me that was fine. They just needed to know that  
22 information. Then I proceeded to write a letter to Mr.  
23 Kaiser and all of the parties, the Commonwealth Attorney,  
24 who I had made a complaint with, and with the Director of

25

1 the Virginia and Oil Gas just to let them understand what's  
2 going on. I'm kind of surprised that with all the  
3 information of all the parties involved that no one received  
4 a letter from anyone saying that you do not need  
5 representation. It looks like the Board would at least  
6 inform people that that's not necessary. Not that you don't  
7 have to, but not necessary.

8 SHARON PIGEON: I think on the website for the  
9 Division of Gas and Oil it tells you that---

10 BILLY GARRETT: I did not know about this until Mr.  
11 Horn actually said go look at the website and then I realized  
12 where all of the information was coming from and the research  
13 and the research and development that I was being told was  
14 being done by an outside attorney, obviously, was all there  
15 and done for them. So---

16 SHARON PIGEON: Did Mr. Hazelwood direct you to call  
17 Mr. Cook? Is that how you got his name?

18 BILLY GARRETT: He just asked for...he said that I  
19 needed representation and I need to go through this attorney  
20 and then I got a letter from Mr. Hazelwood, which was  
21 basically...I said send me the information and I'll look it  
22 over. The letter I got was basically just a contract, which  
23 I have it here. So, he never got it from me. That says he  
24 basically wanted a third plus legal fees.

25

1           SHARON PIGEON: Who sent you the contract?

2           BILLY GARRETT: It actually came from Hazelwood &  
3 Associates. I just basically came here to make sure that  
4 we were not falsely represented because it seems to be a  
5 pattern with this attorney that he keeps claiming represent  
6 me when he doesn't. I actually have never even---

7           SHARON PIGEON: We appreciate your comments.

8           BILLY GARRETT: ---spoken with the gentleman.

9           SHARON PIGEON: We appreciate you coming today and  
10 sharing that with his.

11          BILLY GARRETT: Thank you.

12          BUTCH LAMBERT: Yes, sir. Thank you.

13          MARY QUILLEN: Mr. Chairman, I also have another  
14 question on this. Does...is...correct me, is it Joselean  
15 Garrett? Does that letter from her cover this as well?

16          BUTCH LAMBERT: It does. We have a letter where she  
17 rescinding her contract...any contract from---

18          MARY QUILLEN: Okay.

19          BUTCH LAMBERT: ---Mr. Cook.

20          MARY QUILLEN: Okay.

21          BILLY GARRETT: Her actual name, I believe, is  
22 Joselean.

23          BUTCH LAMBERT: Joselean.

24          MARY QUILLEN: Joselean.

25

1                   BILLY GARRETT: Joselean, is her actual name. Yes,  
2 sir.

3                   MARY QUILLEN: Joselean, okay.

4                   RITA BARRETT: And, again, I spoke to Mr. Cook  
5 before he left and he purports that that contract...the  
6 agreement that she signed is binding. Like you said, it's  
7 between them.

8                   SHARON PIGEON: And that will be something that he  
9 can take up with her.

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

12                   (No audible response.)

13                  BUTCH LAMBERT: Anything further, Mr. Kaiser?

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

16                  BUTCH LAMBERT: Do I have a motion?

17                  MARY QUILLEN: Motion to approve with the same  
18 stimulation in the previous item regarding Katrina Garrett  
19 Foster, Billy Garrett and Fred Garrett and Joselean Garrett.

20                  BUTCH LAMBERT: That those checks be mailed  
21 directly to those parties and not to Mr. Cook?

22                  MARY QUILLEN: Correct.

23                  BUTCH LAMBERT: Okay. Do I have a second?

24                  BRUCE PRATHER: Second.

25

1           RITA BARRETT: I would like to point out that  
2 there's substantial amount of money going to Mr. Bruce  
3 Powers. I don't see his name on Mr. Cook's letter.

4           BUTCH LAMBERT: It's not on here.

5           SHARON PIGEON: So, it will go directly to Mr.  
6 Powers.

7           RITA BARRETT: I thought I saw something where he  
8 had...didn't he send...didn't he claim he represented Mr.  
9 Powers to you.

10          JIM KAISER: I can't remember. But I think it's  
11 right. But he's not on that letter. So---.

12          BUTCH LAMBERT: He's not on the letter.

13          SHARON PIGEON: He's not on the letter and Mr. Cook  
14 is not here. So, I think we can---.

15          JIM KAISER: And he doesn't list item 18 on here  
16 either. So---.

17          SHARON PIGEON: He doesn't list item 18.

18          BUTCH LAMBERT: Okay.

19          SHARON PIGEON: So, Mr. Powers should receive his  
20 money directly.

21          JIM KAISER: Yeah. I'll let Mr. Cook know that.

22          BUTCH LAMBERT: So, that would be recorded...and,  
23 again, that's correct. Mr. Cook doesn't list item 18 on the  
24 letter that he presented to us. So, that's the way it is.

25

1 Any other further questions from the Board?

2 (No audible response.)

3 BUTCH LAMBERT: Do I have a motion?

4 (No audible response.)

5 BUTCH LAMBERT: Anything further, Mr. Kaiser?

6 JIM KAISER: No.

7 BUTCH LAMBERT: I think I have a motion and I've  
8 called a second.

9 JIM KAISER: We're glad...it looks like a big day  
10 for EQT. I think we disbursed close to \$300,000 today.

11 BUTCH LAMBERT: All right.

12 SHARON PIGEON: Well, wait until we vote on this one  
13 so we can disburse it.

14 JIM KAISER: Okay.

15 BUTCH LAMBERT: So, I have a motion and I have a  
16 second. Any further discussion?

17 (No audible response.)

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

19 (All members signify by saying yes.)

20 BUTCH LAMBERT: Opposed, no.

21 (No audible response.)

22 BUTCH LAMBERT: Thank you, Mr. Kaiser. That's  
23 approved. Mr. Garrett, we certainly appreciate you  
24 appearing here today and sharing your information with us.

25

1           BILLY GARRETT: Thank you, sir. I'd like to thank  
2 the Board and Wilhoit & Kaiser and EQT, of course, and Phil  
3 Horn from Range Resources. They were very helpful.

4           BUTCH LAMBERT: Thank you.

5           BILLY GARRETT: Thank you.

6           SHARON PIGEON: We're always glad to hear that.

7           BUTCH LAMBERT: And we're going to take about a 15  
8 minute recess.

9           (Break.)

10          BUTCH LAMBERT: Okay, ladies and gentlemen, if you  
11 will please take your seats. It's time for us to resume these  
12 proceedings. Mr. Swartz, are we going to go back to four?

13          MARK SWARTZ: That will work.

14          BUTCH LAMBERT: Okay. Or I should say, Ms. Duty,  
15 are we going to go back to four?

16          ANITA DUTY: Well, since Mark didn't even ask me if  
17 we could do that. He just told me. He pretty much does that  
18 anyway.

19          SHARON PIGEON: You need to take him to the woodshed  
20 more often.

21          MARK SWARTZ: I don't know if I'm really susceptible  
22 to, you know, behavior modification at this point my life,  
23 you know.

24          SHARON PIGEON: I think maybe you're right.

25

1                    DIANE DAVIS: He might. I don't know.

2                    MARK SWARTZ: I think what you understand is he's  
3 like...he's saying he don't mind.

4                    BUTCH LAMBERT: Absolutely. Too old now, are we?  
5 Okay, we're calling docket number four. A petition from CNX  
6 Gas Company, LLC for disbursement of funds from escrow  
7 regarding a portion of Tract 1 and authorization for direct  
8 payments of royalties from unit R-44, docket number  
9 VGOB-00-0321-0782-03. All parties wishing to testify,  
10 please come forward.

11                    MARK SWARTZ: Mark Swartz and Anita Duty.

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

13                    MARK SWARTZ: Thank you.

14                    (Anita Duty is duly sworn.)

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 please?

23                    A. Anita Duty.

24                    Q. Who do you work for?

25

1 A. CNX Land Resources.

2 Q. And with regard to this application for a  
3 disbursement, what are your job duties?

4 A. To review the royalty agreements and  
5 compare the records and file the petition.

6 Q. Okay. And this is a petition for a  
7 disbursement pertaining to drilling unit R-44, is that  
8 correct?

9 A. Yes.

10 Q. And the disbursement request is to disburse  
11 a portion of Tract 1, is that correct?

12 A. Yes.

13 Q. Okay. And have you prepared an Exhibit...a  
14 disbursement exhibit, which is the last page of your  
15 petition?

16 A. I have.

17 Q. Okay. And when you made the date on which  
18 you made the comparison was when?

19 A. February the 29th, 2012.

20 Q. Okay. And what records did you access or  
21 use to make a comparison?

22 A. Our internal records compared against the  
23 bank's deposit records.

24 Q. Okay. And so you have an internal record  
25

1 of the checks that you issued for royalty payments over time?

2 A. Yes.

3 Q. And then would it be fair to say that you  
4 compared your own records in terms of money you sent to the  
5 bank to their deposit records to confirm that they had  
6 accounted for all the money that you had sent them?

7 A. Yes.

8 Q. Obviously, there would be an issue with  
9 regard to coming to a complete balance because your internal  
10 records do not pertain to the costs that the bank has  
11 incurred or the interest that they're earned, correct?

12 A. Correct.

13 Q. So, your job was to compare the deposits and  
14 the payments, and when you did that were they all accounted  
15 for?

16 A. Yes.

17 Q. Okay. With regard to Tract 1 and the  
18 proposed disbursement, what is the reason for this request?

19 A. A 50/50 royalty split.

20 Q. Okay. Is that a written agreement?

21 A. It is.

22 Q. Have you seen it?

23 A. Yes.

24 Q. Okay. And the exhibit that you've prepared

25

1 does that divide the money that's being disbursed on a 50/50  
2 basis?

3 A. It does.

4 Q. Okay. Would you identify for the Board the  
5 folks that you propose receive the partial disbursement and  
6 the percentage that the escrow agent should use when it makes  
7 the disbursement?

8 A. James McGuire Land Trust should receive a  
9 total of 8.0942%. John Boyd and Viola Bentley should each  
10 receive 0.09%. James Cantrell 0.1289%, Barbara Bradley  
11 0.0737, John Cantrell 0.0469%, Shirley Collins and Donald  
12 Blizzard should each receive 0.1289%. Patricia Bordman and  
13 Vane Justus should each receive 0.0645%. Jewell Short and  
14 Steve Morefield should each receive 0.6302%. Cathy Powell,  
15 Shannon Morefield and Dennis Morefield should each receive  
16 0.2101%. Ruby Sparks 0.1891%. Grady McGlothlin and Anis  
17 McGlothlin should each receive 0.063%. John Boyd and Viola  
18 Bentley should receive an additional 0.0588%. Neil Houston  
19 should receive 0.1773%. Mary Pruitt should receive 0.709%.  
20 Connie Duncan 0.1182%. Pauline Davidson, Geraldine Mounts  
21 and Walter Cantrell should each receive 0.135%. Hubert  
22 Keen 2.8360% and Noemie Frederick 0.7090%.

23 Q. And the well that has been contributing to  
24 this escrow account is?

25

1 A. R-44.

2 Q. Okay. And after the escrow agent makes  
3 these disbursements or actually after the Board enters this  
4 order, are you requesting that you be allowed to pay these  
5 folks directly in accordance with their escrow or their  
6 split agreement?

7 A. Yes.

8 Q. Have you provided the Board along with your  
9 application with a revised Exhibit E, which would pertain  
10 after the disbursement and an updated Exhibit E, which  
11 pertains to split agreements?

12 A. Yes.

13 MARK SWARTZ: Okay. I think that's all I have,  
14 Mr. Chairman.

15 BUTCH LAMBERT: Any questions from the Board?

16 DIANE DAVIS: Mr. Chairman, may I ask a question?

17 BUTCH LAMBERT: Ms. Davis.

18 DIANE DAVIS: I spoke with, I think, Melissa. I  
19 sent her a note. I very well could be wrong, but when I added  
20 it up from the last Board order I showed that Tract 1 had  
21 left in it 10.447. You're saying it has 12 point something.  
22 I'm I correct? I don't...I have tried every way in the word  
23 to come up with the 12 something and she said there was...you  
24 would testify to that on something.

25

1           ANITA DUTY: From what I understood from her was the  
2 supplemental order that we sent in is maybe not recorded  
3 or---?

4           DIANE DAVIS: I don't have a supplemental on that  
5 yet. She may have just sent it.

6           ANITA DUTY: Okay. So, I didn't know that there was  
7 a problem. What do you want me to do?

8           DIANE DAVIS: Well, I don't know. But I'm showing  
9 based on your last---.

10          ANITA DUTY: Well, it...I know what you're saying.  
11 But where this was repooled, the supplemental order---

12          DIANE DAVIS: Right. You repooled it with an 02.  
13 That's all I had to go back to was the 02 order. If I look  
14 at the 02 order and I add up Tract 1 and I did this 10 times,  
15 I came up with 10.447. I don't know what the answer is. I  
16 don't have a supplemental unless it just came in this week  
17 because she said that...so---. And I guess my question is  
18 how could a supplemental change that acreage? I'm not  
19 trying to be a smart aleck. I'm just trying to---

20          ANITA DUTY: Well, the only reason that I know that  
21 there's something that has changed is because of the  
22 heirship change. The factual interest of some of the people  
23 that were already on direct pay. That supplemental...I  
24 didn't know there was a problem. I mean, I'm just---

25

1            DIANE DAVIS: Well, I called her and told her. So,  
2 she was well aware that I had an issue with this one. I have  
3 a note in my file...she sent me the supplemental...she sent  
4 me the supplemental E that's supposed to come in with the  
5 supplemental order...I mean, the E that is to come in with  
6 the supplemental order, which I still don't have unless it  
7 came in today. I just couldn't get it to work. I guess my  
8 problem is if I don't have that supplemental with the  
9 correction, can we move on with this disbursement because  
10 it is a difference in acreage in that tract? I'm sorry.

11            MARK SWARTZ: Well, you know, just to clarify, it's  
12 not changing the acreage in the tract. The  
13 23.33---

14            DIANE DAVIS: Right.

15            MARK SWARTZ: ---acres remains the same.

16            DIANE DAVIS: right.

17            MARK SWARTZ: So, I mean, Anita has answered that  
18 the portion in escrow could change depending...by a  
19 supplemental order depending on whose is accounted for.  
20 That could happen.

21            ANITA DUTY: It's the heirship. It's the interest  
22 within the heirship.

23            MARK SWARTZ: Right.

24            ANITA DUTY: I mean, I didn't know there was a  
25

1 problem until today. If I had known that, I would have asked  
2 to continue it. I didn't know. So---.

3 DIANE DAVIS: I don't have a supplemental---.

4 BUTCH LAMBERT: So, do we need to continue this one?

5 ANITA DUTY: I think so just to make sure that  
6 everything is...I mean, I didn't know. I would have done  
7 that already.

8 BUTCH LAMBERT: Okay. So, the request is to  
9 continue this one until May?

10 DIANE DAVIS: Yeah. And I'll look at the  
11 supplemental order and update...she told me that I would  
12 have it soon and then update. I could be totally wrong, but  
13 as things stands right now, I don't have anything to change  
14 it with.

15 BUTCH LAMBERT: Based upon the discrepancies that  
16 will be worked, we will continue this one until May.

17 DIANE DAVIS: And I will say for the record, I agree.  
18 The tract acreage as a whole did not change. It is correct.  
19 It's just the escrowed acreage. I agree with that.

20 BUTCH LAMBERT: Mr. Swartz and Ms. Duty, is that  
21 okay to continue it until May?

22 ANITA DUTY: Yes.

23 BUTCH LAMBERT: That docket item will be continued.  
24 We're calling item number five. A petition from CNX Gas

25

1 Company, LLC for disbursement of funds from escrow regarding  
2 Tract 2B and authorization for direct payment of royalties  
3 from unit EE-39, docket number VGOB-03-1021-1203-02. All  
4 parties wishing to testify, please come forward.

5 MARK SWARTZ: Mark Swartz and Anita Duty.

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

7 MARK SWARTZ: Mr. Chairman, if you could call the  
8 next docket item as well and put these two together they both  
9 pertain to the same Court order and transaction.

10 BUTCH LAMBERT: Okay. We're calling docket item  
11 six. A petition from CNX Gas Company, LLC for disbursement  
12 of funds from escrow regarding Tracts 1F and 1G and  
13 authorization for direct payment of royalties from unit  
14 EE-37, docket number VGOB-03-1021-1205-02.

15 MARK SWARTZ: Mark Swartz and Anita Duty appearing  
16 for the petitioner.

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

18 MARK SWARTZ: Thank you.

19

20 ANITA DUTY

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

23 DIRECT EXAMINATION

24 QUESTIONS BY MR. SWARTZ:

25

1 Q. Anita, you need to state your name for us  
2 again.

3 A. Anita Duty.

4 Q. Who do you work for?

5 A. CNX Land Resources.

6 Q. And these are petitions as a result of a  
7 Court order, correct?

8 A. Yes.

9 Q. Do you have revised exhibits or are  
10 we---?

11 A. No, these are just---.

12 Q. Okay. And could you generally tell the  
13 Board what the Court order provided when this case was  
14 resolved?

15 A. It adjudicated the CBM ownership. In  
16 addition to that, the property was purchased by CNX in 2007.  
17 So, what we had agreed to do is split the royalty that  
18 accumulated up until the time that we purchased it. Then  
19 from that point forward we would be paid a 100% due to the  
20 Court order.

21 Q. And there's an actual agreed order  
22 resolving this case, is that correct?

23 A. There is.

24 Q. And the case number, would you tell us what  
25

1 that was?

2 A. CL11000906.

3 Q. Okay. And have you actually reviewed that  
4 order?

5 A. Yes.

6 Q. And did you use it to prepare the  
7 spreadsheets that are the last page of both of these  
8 applications?

9 A. I did.

10 Q. Okay. And did you...with regard to both of  
11 these applications pertaining to EE-37 and EE-39, did you  
12 review your own royalty payment records and compare them to  
13 the bank's deposit records?

14 A. I did.

15 Q. And when you compared them, were all of your  
16 payments accounted for as deposits?

17 A. They were.

18 Q. Okay. Is this a partial disbursement with  
19 regard to both of these units?

20 A. Yes.

21 Q. Okay. Let's start with docket item five in  
22 terms of the exhibit at the end. You indicate that you've  
23 really got two account balances on these Exhibit A-1,  
24 correct?

25

1 A. Yes.

2 Q. And one of them is through May the 30th of  
3 2007, correct?

4 A. It is.

5 Q. And with regard to that portion of the  
6 escrow account this is one of the occasional instances where  
7 we're actually want an order directing the escrow agent to  
8 pay a precise amount?

9 A. Yes.

10 Q. Okay. And then there would be some money  
11 remaining with regard to the folks affected by this Court  
12 order after that and then the second payment request as  
13 showing account balances as of 1/31/2012. That is a payment  
14 that where the escrow agent would actually use the  
15 percentage?

16 A. It is.

17 Q. Okay. Who are you proposing receive the  
18 escrowed disbursement as of...as of 5/30/2007 and what are  
19 the amounts?

20 A. Okay. All of this interest is going to be  
21 for the Estate of James Absher and his heirs will be paid.  
22 I think these are one of the clients that Mr. Cook  
23 represents. So, those will need to be sent to him.

24 SHARON PIGEON: Is it on this list?

25

1           MARY QUILLEN: He does represent them, okay.

2           A.       Okay. Jerry Absher should...Jerry Absher

3           Tract---.

4           BUTCH LAMBERT: Ms. Duty, hang on just one minute,

5           please. Do we have another letter stating---?

6           RICK COOPER: No, the letter that he give us give

7           docket numbers and five and six is on the docket numbers.

8           DIANE DAVIS: We don't know who they are.

9           BUTCH LAMBERT: Oh, okay.

10          SHARON PIGEON: Their names are not up in---.

11          RICK COOPER: Correct.

12          SHARON PIGEON: ---the reference line.

13          ANITA DUTY: Actually, the order...I've just got

14          one copy with me, except for the one I have. The agreed

15          order signed off on both...on behalf of CNX and him as

16          Counsel for the Plaintiff on the order.

17          SHARON PIGEON: Could you make sure that we get

18          copies of that before you leave?

19          DIANE DAVIS: Let me---.

20          MARK SWARTZ: They just need a copy of the order.

21          ANITA DUTY: Yeah. I mean, I was going to give this

22          to her. But I don't know if I have...I don't have any extra

23          ones.

24          BUTCH LAMBERT: Oh, okay. Okay.

25

1                    SHARON PIGEON: Okay. That's good.

2                    ANITA DUTY: Okay. The next time we'll have enough  
3 for everybody.

4                    SHARON PIGEON: Well, okay.

5                    ANITA DUTY: I'm sorry.

6                    BUTCH LAMBERT: Okay. I'm sorry. You may go  
7 ahead.

8                    Q.        Okay. The pending question then was of the  
9 first disbursement the one where the escrow agent should be  
10 instructed to disburse exact amounts, who should receive  
11 those disbursements as a payee and what amounts should they  
12 receive?

13                   A.        Okay. Jerry Absher, Travis Absher, Joel  
14 Absher, Charles Wayne Absher, Cory Absher, Larry Absher,  
15 Karen Johnson and Lewis Osborne should each receive \$166.97.  
16 Linda Absher, Tammy Walker and Janet Walker should each  
17 receive \$55.66. CNX Gas Company should receive \$644.01.

18                   Q.        And then with the...then after those  
19 disbursements are made what further disbursements should be  
20 made?

21                   A.        59.4142% of the escrow account should be  
22 paid to CNX Gas Company, LLC.

23                   Q.        And these disbursements, should they be  
24 phased? So, should the first payments be deducted from the

25

1 account before the percentages apply?

2 A. They do.

3 Q. Okay. So, that's how you would structure  
4 it then?

5 A. Yes.

6 Q. So, the agent needs to make disburse... the  
7 first collection of disbursements and then apply the  
8 percentage to the remaining balance?

9 A. Yes. Exactly.

10 Q. And are you also requesting that after...in  
11 the event the Board enters an order with regard to EE-39 that  
12 after that happens that the applicant be allowed to pay  
13 essentially itself the royalties in the future?

14 A. Yes.

15 Q. And you're going to give the Director a copy  
16 of the Court order today?

17 A. Yes.

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

20 BUTCH LAMBERT: Any questions from the Board?

21 MARK SWARTZ: I'm sorry. That's all I have with  
22 regard to EE-39.

23 BUTCH LAMBERT: Okay. We're just going to put them  
24 together and take one vote.

25

1                   MARK SWARTZ: Okay.

2                   BUTCH LAMBERT: So, let's move into---.

3                   MARK SWARTZ: 37.

4                   BUTCH LAMBERT: ---37.

5                   MARK SWARTZ: Okay. Let's---.

6                   SHARON PIGEON: Mark, I don't mean to interrupt you,  
7 but just to make sure the record is clear on this one because  
8 it's just a little different the way we're doing the  
9 disbursement, we do have Coal Mountain listed on our  
10 reconciliation sheet. But they are not receiving any  
11 disbursement?

12                   MARK SWARTZ: Correct. Because the agreed order  
13 litigated title.

14                   SHARON PIGEON: I understand. But I don't  
15 have---.

16                   MARK SWARTZ: That's...no. But that's the reason.

17                   SHARON PIGEON: I just wanted to make sure.

18                   ANITA DUTY: It was actually the Court case. But  
19 that order and then the additional agreed order between us  
20 and---.

21                   MARK SWARTZ: It resolved the title.

22                   ANITA DUTY: Yes. And they have copies of both.

23                   SHARON PIGEON: That's good. I just wanted to make  
24 sure that it's clear. They are there. The Division has

25

1 copies of everything that you've referred to supporting  
2 that?

3 ANITA DUTY: Yes.

4 SHARON PIGEON: All right. Thank you very much.  
5 I'm sorry to interrupt you.

6 MARK SWARTZ: No problem.

7

8 ANITA DUTY

9 DIRECT EXAMINATION RESUMES

10 QUESTIONS BY MR. SWARTZ:

11 Q. Okay. Then with regard to docket item  
12 number six, to sort of finish that one up, Mr. Chairman,  
13 Anita if you would turn to the last page of the petition  
14 regarding docket item six and this is EE-37. Do we have an  
15 exhibit that's quite similar to what we just saw?

16 A. Yes.

17 Q. Okay. And it's basic...and it is, in fact,  
18 the same agreement and order that has produced these  
19 calculations?

20 A. Yes.

21 Q. And with regard to the escrow balances as  
22 of 5/32/2007 you're asking that the escrow agent pay the  
23 amounts you've listed as opposed to using percentages?

24 A. Yes.

25

1 Q. And, again, are we asking that those exact  
2 amounts be paid first before the percentages which appear  
3 in the second half of this disbursement be used to make a  
4 further disbursement?

5 A. Yes.

6 MARK SWARTZ: Okay. Rather...Mr. Chairman, rather  
7 than have Anita read this numbers into the record and names,  
8 we've provided you with a list of the...in Exhibit A-1 of  
9 the exact amounts that need to be paid.

10 Q. My question for you, Anita, are the list of  
11 folks for which you have given the pay exact amount data are  
12 the names complete and are the dollar amounts accurate?

13 A. Yes.

14 Q. Okay. And then once those disbursements  
15 have been made by the escrow agent then we move to part two,  
16 correct?

17 A. Yes.

18 Q. And the percentages that should be applied  
19 and the people receiving the disbursements with regard to  
20 1F and 1G would be how?

21 A. CNX Gas Company should receive 45.693% of  
22 the---.

23 Q. You missed a six.

24 A. 45.6693%. And for Tract 1G should receive  
25

1 an additional 39.6982% of the escrow account.

2 Q. Okay. And then after...if and when the  
3 Court enters and order approving this disbursements, are you  
4 then requesting that CNX be allowed to disburse these  
5 royalties directly to its account in the future?

6 A. Yes.

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

8 BUTCH LAMBERT: Any questions from the Board?

9 (No audible response.)

10 BUTCH LAMBERT: Anything further, Mr. Swartz?

11 MARK SWARTZ: No.

12 BUTCH LAMBERT: Do I have a motion on docket items  
13 number five and number six?

14 MARY QUILLEN: Mr. Chairman, just one  
15 clarification. You said that Mr. Cook is representing  
16 them. Has he requested the checks be sent to him?

17 MARK SWARTZ: That's what his letter said.

18 MARY QUILLEN: Okay. Okay.

19 MARK SWARTZ: And we don't have a dog in that hunt.  
20 Okay, we're just..you know, whatever you want us to do, we're  
21 cool with it.

22 BUTCH LAMBERT: I understand.

23 MARK SWARTZ: Okay. All right.

24 MARY QUILLEN: Motion to approve both item number  
25

1 five and item number six.

2 BRUCE PRATHER: Second.

3 BUTCH LAMBERT: Okay. I have a motion and a second.

4 Any further discussion?

5 (No audible response.)

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

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

8 BUTCH LAMBERT: Opposed, no.

9 KATIE DYE: I'll abstain.

10 BUTCH LAMBERT: One abstention Mrs. Dye. Thank

11 you, Mr. Swartz. Those two are approved. We're calling

12 docket item number seven. A petition from CNX Gas Company,

13 LLC for disbursement of funds from escrow regarding Tract

14 3 and authorization for direct payment of royalties for unit

15 L-42, docket number VGOB-99-1019-0751-01. All parties

16 wishing to testify, please come forward.

17 MARK SWARTZ: Mark Swartz and Anita Duty for the

18 applicant.

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

20

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?

5 A. Yes.

6 Q. This is docket item number seven. It is an  
7 application to make a disbursement from an escrow account  
8 established for unit L-42. Is that correct?

9 A. Yes.

10 Q. It pertains to Tract 3?

11 A. It does.

12 Q. And if this disbursement request is  
13 approved it would actually close this escrow account?

14 A. Yes.

15 Q. Okay. The reason for this request is what?

16 A. We had previously misidentified this tract  
17 as being C. L. Ritter and it was being held in escrow for  
18 a conflict between C. L. Ritter and Norfolk Southern.  
19 Actually, that was fee property that should have always  
20 belonged to Norfolk Southern. Then in addition to that,  
21 they actually deeded a piece of that to Buchanan County.  
22 So, that's the reason for the difference in the two payments.

23 Q. But actually because of that conveyance and  
24 the update of the title it turns out that Norfolk Southern

25

1 and Buchanan County are actually fee owners with regard to  
2 the money they are receiving?

3 A. They are.

4 Q. Okay. Have you done an escrow accounting  
5 to enable the agent to make a disbursement?

6 A. Yes.

7 Q. Okay. And to do that, did you compare your  
8 royalty payment records with the bank's deposit records?

9 A. Yes.

10 Q. And when you did that, were you able to  
11 account for...were you able to find a deposit for each and  
12 every payment?

13 A. yes.

14 Q. Okay. And now with regard to closing out  
15 this escrow account for Tract 3, who should receive the  
16 disbursement and what percentage should be used, although  
17 I'm going to guess it's a 100%---

18 A. Yes.

19 Q. ---split between these two parties, right?

20 A. Well, up until the date of the deed.

21 Q. Okay. All right. So, tell the Board what  
22 the escrow agent will then need to do?

23 A. Okay. For...and we've just broken it down  
24 into dollar...into a dollar amount because we're using the

25

1 balance for May of 2003 for the payment for Norfolk Southern.  
2 They should receive \$145.77. And then remaining balance  
3 after that payout is to go to Buchanan County and we  
4 estimated that to be \$691.24.

5 Q. Okay. So, the escrow agent should...  
6 should it zero out this account on a pro-rata basis using  
7 those numbers?

8 A. The 145.77 is an exact dollar amount---.

9 Q. That should be paid?

10 A. ---that should be paid to Norfolk Southern.

11 Q. Okay. And the 691.24 is close, but  
12 whatever the balance is should be paid to Buchanan County?  
13 Is that what you're talking about?

14 A. Yes. The remainder, yes.

15 MARK SWARTZ: Okay. I gotcha. That's all I  
16 have.

17 BUTCH LAMBERT: Any questions from the Board?

18 (No audible response.)

19 BUTCH LAMBERT: Anything further, Mr. Swartz?

20 MARK SWARTZ: No.

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. Any  
25

1 further discussion?

2 (No audible response.)

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

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

5 BUTCH LAMBERT: Opposed, no.

6 KATIE DYE: I'll abstain.

7 BUTCH LAMBERT: One abstention Mrs. Dye. We're  
8 calling docket item number 19. A petition from CNX Gas  
9 Company, LLC for pooling of coalbed methane unit A-32,  
10 docket number VGOB-12-0417-3047. All parties wishing to  
11 testify, please come forward.

12 MARK SWARTZ: Mark Swartz and Anita...Anita Duty,  
13 I guess I could put your name at one word, on behalf of the  
14 applicant CNX.

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

16

17

18 ANITA DUTY

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

21 DIRECT EXAMINATION

22 QUESTIONS BY MR. SWARTZ:

23 Q. State your name for us.

24 A. Anita Duty.

25

1 Q. Okay. And I'm going to remind you that  
2 you're still under oath?

3 A. Yes.

4 Q. Okay. Who do you work for?

5 A. CNX Land Resources.

6 Q. And with regard to this pooling applicant,  
7 in general, what are your job responsibilities that might  
8 pertain to pooling?

9 A. To prepare the petition and make sure it  
10 gets mailed and published and---

11 Q. Look over the preparation of the exhibits  
12 and that sort of thing,---?

13 A. Yes.

14 Q. ---correct? Okay. And in this instance,  
15 did you in fact sign both the notice of hearing and the  
16 application?

17 A. I did.

18 Q. Okay. And this pertains to which unit?

19 A. A-32.

20 Q. And is that an Oakwood 80?

21 A. It is.

22 Q. And you're proposing one well and it's shown  
23 on the plat and it is outside the drilling window, correct?

24 A. It is.

25

1 Q. Okay. Is this...is the well location  
2 driven by the proposed development in the Buchanan No. 1  
3 Mine?

4 A. Yes.

5 Q. Okay. And, in fact, you've reported that  
6 in your...paragraph nine of your application, I believe?

7 A. Yes.

8 Q. Okay. And it is, in fact, proposed well  
9 A-32 is indeed outside the drilling window, correct?

10 A. Okay.

11 Q. What did you do to notify folks that there  
12 would be a hearing today seeking to pool this unit?

13 A. Mailed by certified mail return receipt  
14 requested on March the 16th, 2012 and published the notice  
15 and location map in the Bluefield Daily Telegraph on March  
16 the 26th, 2012.

17 Q. And have you brought with you for...so, you  
18 can provide them to the Director today your certificates  
19 with regard to mailing and with regard to publication?

20 A. Yes.

21 Q. And what interest has the applicant  
22 acquired in this unit and what are you seeking to pool?

23 A. We've acquired 73.3562% of the coal owner's  
24 claim to the CBM and 76.6772% of the oil and gas owner's claim

25

1 to the CBM. We're seeking to pool 26.6438% of the coal  
2 owner's claim to the CBM and 23.3228% of the oil and gas  
3 owner's claim to the CBM.

4 Q. And you've listed the respondent's that  
5 you're seeking to pool in your notice of hearing and also  
6 on Exhibit B-3, correct?

7 A. Yes.

8 Q. And do you want to add any people as  
9 respondent's today?

10 A. No.

11 Q. Do you want to dismiss any?

12 A. No.

13 Q. Okay. Have you provided a well cost  
14 estimate with your application?

15 A. Yes. Estimated at \$362,629. The  
16 estimated depth 2,171 feet.

17 Q. And you don't have a permit yet?

18 A. No.

19 Q. And I believe that you have provided that  
20 the escrow would be required and that you've provided the  
21 Board with an Exhibit E that addresses escrow?

22 A. Yes.

23 Q. And what tracts need escrow?

24 A. Tracts 1...or a portion of Tracts 1, 3 and  
25

1 4.

2 Q. Okay. And in addition to having some  
3 conflict issues here we also have some unknowns, is that  
4 correct?

5 A. Yes. In 1 and 4.

6 Q. Okay. And there are no split agreements at  
7 least as far as we know as of today?

8 A. Yes...no.

9 Q. Okay. Who is...who is it that the  
10 applicant is proposing be the operator?

11 A. CNX Gas Company.

12 Q. Okay. And in that regard, is CNX Gas  
13 Company, LLC a Virginia Limited Liability Company?

14 A. It is.

15 Q. Is it authorized to do business in the  
16 Commonwealth?

17 A. Yes.

18 Q. Has CNX registered with the Department of  
19 Mines, Minerals and Energy?

20 A. Yes.

21 Q. And has it...has CNX filed the operator's  
22 bond that's required by law?

23 A. Yes.

24 Q. Is it your opinion that if you combine a  
25

1 pooling order pooling the respondents that you've  
2 identified in your Exhibit B-3 and combining their interest  
3 on a pooled basis with the folks and interest that you've  
4 been able to lease or reach agreements with that the  
5 correlative rights of all owners and claimants in this unit  
6 will be protected?

7 A. Yes.

8 Q. Is it your opinion that drilling a well...a  
9 frac well at the location shown on your plat for the A-32  
10 well is in the context of...bearing in mind that there's a  
11 mine under it or a proposed mine works under this, is a  
12 reasonable way to develop the coalbed methane from and  
13 within this unit?

14 A. Yes.

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

16 BUTCH LAMBERT: Any questions from the Board?

17 (No audible response.)

18 BUTCH LAMBERT: Anything further, Mr. Swartz?

19 MARK SWARTZ: Yes.

20 Q. Actually, Anita would you give us the  
21 specific information with regard to the location of this  
22 well.

23 A. This is actually further north...north of  
24 our Buchanan Mine. This is in the Jewell Smokeless Mining  
25

1 area and the reason for the well being located outside of  
2 it due to the Red Ash seam projection that they have  
3 provided. It's not the Buchanan Mine.

4 MARK SWARTZ: Actually, we've got a map, Mr.  
5 Chairman, that shows the proposed development in the Red Ash  
6 and the block of coal that we were asked to put this in.

7 ANITA DUTY: And this was already applied for when  
8 we applied for the permit. They had asked for a location  
9 exception from Mr. Cooper. The only thing is (inaudible).  
10 This is a map of it.

11 BUTCH LAMBERT: So, this is not the Buchanan Mine?

12 ANITA DUTY: No, it isn't.

13 BUTCH LAMBERT: So, they're going to need a  
14 corrected exhibit for number nine...paragraph nine.

15 MARK SWARTZ: If you want us to, it's not really an  
16 exhibit, it's the petition. Normally, we wouldn't amend  
17 that, but it's certainly your call if you want us to amend  
18 that page of that paragraph of the petition we can.

19 BUTCH LAMBERT: It will probably need to reflect  
20 the...doesn't intersect or deal with the Buchanan No. 1  
21 Mine. We need to correct that.

22 MARK SWARTZ: Okay. We can...we can do that. So,  
23 file an amended appli-.

24 (Anita Duty and Mark Swartz confer among  
25

1 themselves.)

2           MARK SWARTZ: We've got the same problem with  
3 several of these now that it's actually the Red Ash and  
4 not...and Anita's question is can we do a letter that could  
5 be in the file in each one of these with regard  
6 to---

7           ANITA DUTY: Maybe Mark can send one---

8           MARK SWARTZ: Normally, you know, your testimony at  
9 the hearing would control a variance to a petition. I'm  
10 guess I'm asking, you know, maybe Sharon can step in here.  
11 Essentially, the evidence is going to be a variance to the  
12 petition, which happens all the time and we shouldn't have  
13 to mod---

14           SHARON PIGEON: I'm okay with a letter as long as  
15 you identify each unit that you're referring---

16           MARK SWARTZ: I gotcha. And we'll do it in each  
17 docket number so that there's a record.

18           BUTCH LAMBERT: Okay.

19           MARK SWARTZ: Okay.

20           ANITA DUTY: Yeah.

21           MARK SWARTZ: We'll work together to have that done.

22           ANITA DUTY: We can do that.

23

24

ANITA DUTY

25

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DIRECT EXAMINATION RESUMES

QUESTIONS BY MR. KAISER:

Q. Okay. Now, but with regard to the exhibit that you gave the Board, what's in pink?

A. The mine protections.

Q. For whom?

A. Jewell Smokeless.

Q. Okay. So, their reserves that they wanted you to stay out of are in pink?

A. Correct.

Q. Okay. What's in blue?

A. The existing.

Q. The existing Jewell Smokeless Mine?

A. yes.

Q. Okay. And the red dot is what?

A. The proposed location for A-32.

Q. And in relation to the Jewell interest?

A. Yes.

MARK SWARTZ: Okay. You probably...do you want to make that AA, that exhibit? Does that work?

BUTCH LAMBERT: Okay.

SHARON PIGEON: Thank you.

MARK SWARTZ: And your response to your question, is there anything else, that's the anything else.

1           BUTCH LAMBERT: Okay. All right.

2           SHARON PIGEON: And there was something else.

3           ANITA DUTY: I hesitated the first one that he asked  
4 me and I was like---

5           SHARON PIGEON: You know you've got put them in  
6 prospective.

7           MARK SWARTZ: She sucker punched me, you know. You  
8 know, she put it in the application and then she changed---

9           ANITA DUTY: Well, I didn't...and they're all like  
10 that. They're all the standard---

11          SHARON PIGEON: It won't be the last time.

12          BRUCE PRATHER: Mr. Chairman, I've got a question.

13          BUTCH LAMBERT: Mr. Prather.

14          BRUCE PRATHER: Are there any other wells besides  
15 this in these other units? In other words, it's crowding  
16 the property line at seven feet from the outside of the unit.  
17 I just wondered, are there any other wells or any other CBM  
18 wells in these adjacent units?

19          MARK SWARTZ: Well, there is a description of the  
20 other wells on the plat. I don't know if you've got that  
21 in hand. It looks like...I'm thinking these are...well,  
22 that Rogers 37 may be a...might be a CBM. It's hard to tell.

23          RICK COOPER: According to our system, there is an  
24 A-31, which would be adjacent to that. There is an

25

1 A-31 well.

2 (Mary Quillen and Bruce Prather confer among  
3 themselves.)

4 MARK SWARTZ: Mr. Prather, these are the Rogers  
5 acreage that we had the big contest with GeoMet and there  
6 are wells everywhere. I mean, we had trouble, Les and I,  
7 trying to find any locations that weren't within 2500 feet.  
8 I think we had...out of the 30 some units we could find one.  
9 So, I mean, my guess is, although I don't have the maps in  
10 front of me, these are...this was the Equitable farm-out to  
11 GeoMet that we had all that, you know, hub bub about, which  
12 we ultimately settled and split these. I'm sure there are,  
13 you know, a number of wells in this general area. But I  
14 don't have---

15 BRUCE PRATHER: That's all right.

16 ANITA DUTY: We ended up coming to an agreement  
17 where we traded units for units.

18 BRUCE PRATHER: Yeah.

19 ANITA DUTY: And they assigned us their lease.

20 BRUCE PRATHER: Well, you know, the only thing that  
21 would affect this would be in the event these are property  
22 lines and they're not. So, you know, there's no problem  
23 with it. It's just that I was just wondered if there were  
24 further activity in the area since you have portions of these

25

1 other units that are shown on this map. But if it has no  
2 correlative rights, then it doesn't mean anything.

3 MARK SWARTZ: I mean, from a drainage standpoint,  
4 which I assume is what you're talking about, you know,  
5 fortunately, it looks like Exhibit 1 or Tract 1A is fairly  
6 large and extends into the adjoining unit, which I think is  
7 your point. So, from a drainage standpoint...correlative  
8 rights standpoint it's really not as ugly as it could be.

9 BUTCH LAMBERT: Ms. Duty, on the mine map is the pink  
10 and the blue both Red Ash?

11 ANITA DUTY: Yes. And I think the re...from the  
12 notes that I have the blue is existing and the pink is  
13 proposed.

14 BUTCH LAMBERT: Yeah, that's---.

15 ANITA DUTY: Does that make sense?

16 BUTCH LAMBERT: Well, from looking at the mine map  
17 that's kind of odd for active workings that they would be  
18 drawn that way. But, I mean, nothing is connected for an  
19 active working mine. Nothing is connected.

20 ANITA DUTY: I can get you an answer in just a few  
21 minutes.

22 BUTCH LAMBERT: Okay. Well---.

23 ANITA DUTY: I don't want say...I don't want to  
24 testify to that if I'm not sure. But I can find...I can find

25

1 out for sure.

2 BUTCH LAMBERT: I guess the important thing is that  
3 you're showing us it's not within their projection...the  
4 well is not within their projection.

5 ANITA DUTY: And this has been approved by Jewell  
6 Smokeless for us to drill there.

7 BUTCH LAMBERT: That's the important key. I was  
8 just curious of...I know you said the blue was active mine  
9 works, but that doesn't really make much sense because it's  
10 piece milled here.

11 MARK SWARTZ: Well, I'm guessing...you know, the  
12 way to make sense out of this map is it looks like we're  
13 dealing with two seams and the pink is on top of the blue.

14 BUTCH LAMBERT: That's---.

15 BRUCE PRATHER: Yeah.

16 MARK SWARTZ: I'm thinking, but I'm not sure.

17 BUTCH LAMBERT: That's what I was...that's what I  
18 was thinking too. That's why I asked if this was...if both  
19 colors was the Red Ash seam.

20 MARK SWARTZ: Otherwise it would be kind of hard for  
21 the miners to get from that one blue area to the other one  
22 over there.

23 ANITA DUTY: I'm sorry.

24 BUTCH LAMBERT: They would have no way to get

25

1 through there.

2 BRUCE PRATHER: It would be shaft job.

3 BUTCH LAMBERT: Any further questions from the  
4 Board?

5 (No audible response.)

6 BUTCH LAMBERT: Anything further, Mr. Swartz?

7 MARK SWARTZ: No.

8 BUTCH LAMBERT: Do I have a motion?

9 MARY QUILLEN: Does this motion need to include the  
10 correction of the paragraph nine in the application?

11 BUTCH LAMBERT: Yes, please.

12 MARY QUILLEN: The letter. Okay. Motion to  
13 approve pending receipt of the correction for paragraph nine  
14 in the application.

15 BRUCE PRATHER: I'll second it.

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

18 (No audible response.)

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

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

21 BUTCH LAMBERT: Opposed, no.

22 KATIE DYE: I'll abstain.

23 BUTCH LAMBERT: One abstention Mrs. Dye. We're  
24 calling docket item number 20. A petition from CNX Gas

25

1 Company, LLC for pooling of coalbed methane unit C-49,  
2 docket number VGOB-12-0417-3048. All parties wishing to  
3 testify, please come forward.

4 MARK SWARTZ: Mark Swartz and Anita Duty on behalf  
5 of applicant CNX.

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

7

8 ANITA DUTY

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

11 DIRECT EXAMINATION

12 QUESTIONS BY MR. SWARTZ:

13 Q. Anita, would you state your name for the  
14 record, please?

15 A. Anita Duty.

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

18 A. Yes.

19 Q. Who is the applicant here?

20 A. CNX Gas Company.

21 Q. And who is the proposed operator?

22 A. CNX Gas Company.

23 Q. In that regard, is CNX Gas Company a  
24 Virginia Limited Liability Company? Is it authorized to do

25

1 business in the Commonwealth? Has it registered with the  
2 DMME? Has it filed its required bond as an operator?

3 A. Yes.

4 Q. This is what kind of a unit?

5 A. Oakwood 80 acre unit.

6 Q. Okay. And you've listed some...a limited  
7 number of respondents in your notice and also again in  
8 Exhibit B-3. Is that a complete list?

9 A. Yes.

10 Q. You don't want to add anybody or dismiss  
11 anybody?

12 A. No.

13 Q. What did you do to notify those respondents  
14 and other that we would have a hearing today?

15 A. Mailed by certified mail return receipt  
16 requested on March the 16th, 2012. I published the notice  
17 and location map in the Bluefield Daily Telegraph on March  
18 the 28th, 2012.

19 Q. Okay. And have you brought with you your  
20 certificates of mailing and publication so you can provide  
21 those to the Director today?

22 A. Yes.

23 Q. Okay. What's the standard....what's the  
24 acreage that the applicant has been able to acquire or lease

25

1 and what is it that you're seeking to pool?

2 A. We've acquired 100% of the coal owner's  
3 claim to the CBM and 94% of the oil and gas owner's claim  
4 to the CBM and seeking to pool 6% of the oil and gas owner's  
5 claim to the CBM.

6 Q. And in that regard is there an escrow  
7 requirement?

8 A. There is for a portion of Tracts 2 and 3.

9 Q. And the portion is that only one-quarter of  
10 the royalty interest is actually in conflict, correct?

11 A. Yes.

12 Q. Okay. And the other three-quarters that's  
13 not going to be escrowed I'm thinking gets paid out to LBR  
14 Holdings, is that right?

15 A. It does.

16 Q. Okay. And the escrow here is just simply  
17 a conflict that you've located everybody? We don't have  
18 that issue, correct?

19 A. Correct.

20 Q. Have you provided the Board and the  
21 respondents with a cost estimate?

22 A. Yes. For C-49 the estimated cost is  
23 \$357,817. The estimated depth is 2,544 feet.

24 Q. I've got 325,761.

25

1 A. That's the other one.

2 SHARON PIGEON: That's the other one.

3 A. That's the other one.

4 Q. Okay. Okay.

5 A. For C-49A the estimated cost is \$325,761.

6 The estimated depth 2,537 feet.

7 Q. I gotcha. Okay. And neither one of these  
8 have been drilled yet and you don't have permits yet,  
9 correct?

10 A. Correct.

11 Q. Okay. Is it your opinion that...well,  
12 strike that. Are both of these wells located in the  
13 drilling window?

14 A. They are.

15 Q. Okay. Is it your opinion that drilling  
16 these two wells within the drilling window of this Oakwood  
17 80 is a reasonable way to develop the coalbed methane  
18 resource?

19 A. Yes.

20 Q. Is it your further opinion that if you  
21 combine the...a pooling order pooling the respondents with  
22 the interest that you've been able to acquire or lease that  
23 the correlative rights of all owners and claimants will be  
24 protected?

25

1 A. Yes.

2 Q. And this is an instance where we do not have  
3 split agreements that we're aware of. So, there's no  
4 Exhibit EE, is that correct?

5 A. Correct.

6 MARK SWARTZ: Okay. Mr. Chairman, I think that's  
7 all I have.

8 BUTCH LAMBERT: Any questions from the Board?

9 (No audible response.)

10 BUTCH LAMBERT: Anything further, Mr. Swartz?

11 MARK SWARTZ: No.

12 BUTCH LAMBERT: Do I have a motion?

13 MARY QUILLEN: Motion to approve.

14 BRUCE PRATHER: Second.

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

17 (No audible response.)

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

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

20 BUTCH LAMBERT: Opposed, no.

21 KATIE DYE: I'll abstain.

22 BUTCH LAMBERT: One abstention Mrs. Dye. We're  
23 calling docket item 21. A petition from CNX Gas Company,  
24 LLC for pooling of coalbed methane unit B-33, docket number

25

1 VGOB-12-0417-3049. All parties wishing to testify, please  
2 come forward.

3 MARK SWARTZ: Mark Swartz and Anita Duty on behalf  
4 of the applicant CNX.

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

6 MARK SWARTZ: Thank you.

7

8 ANITA DUTY

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

11 DIRECT EXAMINATION

12 QUESTIONS BY MR. SWARTZ:

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

15 A. Anita Duty.

16 Q. Who do you work for?

17 A. CNX Land Resources.

18 Q. Okay. Are you responsible for the  
19 preparation of pooling applications, notices and related  
20 exhibits?

21 A. Yes.

22 Q. Okay. In this...in that regard, did you  
23 sign both the notice of hearing and the application here?

24 A. Yes.

25

1 Q. And this is an application pertaining to  
2 pooling unit B-33?

3 A. Yes.

4 Q. It's an Oakwood 80, correct?

5 A. Yes.

6 Q. And you're proposing one well in this unit?

7 A. Yes.

8 Q. And I think that well is, if I'm not  
9 mistaken, in the drilling window, correct?

10 A. Yes.

11 Q. Okay. What did you do to notify the folks  
12 listed as respondents there was going to be a hearing today?

13 A. Mailed by certified mail return receipt  
14 requested on March the 16th, 2012. I published the notice  
15 and location map in the Bluefield Daily Telegraph on March  
16 the 27th, 2012.

17 Q. And have you brought with you so you can  
18 provide them to the Director your certificates with regard  
19 to the mailing and with regard to the proof of publication  
20 in the Bluefield Daily Telegraph?

21 A. Yes.

22 Q. What interest has the applicant acquired  
23 and what is the applicant seeking to pool?

24 A. We've acquired 92.6077% of the coal owner's  
25

1 claim to the CBM, 85.0435% of the oil and gas owner's claim  
2 to the CBM and seeking to pool 7.3923% of the coal owner's  
3 claim to the CBM and 14.9565% of the oil and gas owner's claim  
4 to the CBM.

5 Q. Do you want to add any respondents or  
6 dismiss any respondents?

7 A. No.

8 Q. Okay. Is there an escrow requirement?

9 A. There is for a portion of Tracts 2, 3 and  
10 4.

11 Q. And in that regard there's two reasons for  
12 the escrow. One is some unknowns that are identified in the  
13 exhibits and also we have conflicts.

14 A. Yes.

15 Q. Okay. As far as we know, at least as of  
16 today, we don't have any royalty split agreements, correct?

17 A. Correct.

18 Q. So, there's no Exhibit EE?

19 A. Correct.

20 Q. Have you provided the Board and the  
21 respondents with a cost estimate pertaining to the proposed  
22 well here?

23 A. Yes. The estimate is \$351,052. The  
24 estimated depth 2,336 feet.

25

1 Q. Okay. And you don't have a permit and you  
2 haven't started drilling?

3 A. Correct.

4 Q. Is it your opinion that drilling a frac well  
5 in the drilling window of this Oakwood 80 is a reasonable  
6 way to develop the coalbed methane?

7 A. Yes.

8 Q. Is it your further testimony that if the  
9 Board were to enter an order pooling the respondents that  
10 you've identified, pooling their interest with the interest  
11 that you either own or have acquired, that the correlative  
12 rights of all owners and claimants in this unit would be  
13 protected?

14 A. Yes.

15 Q. And who is the proposed operator?

16 A. CNX Gas Company.

17 Q. And in that regard, is CNX Gas Company, LLC  
18 a Virginia Limited Liability Company that's authorized to  
19 do business in the Commonwealth, that has registered with  
20 the Department of Mines, Minerals and Energy and that has  
21 an operator's bond on file?

22 A. Yes.

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

24 BUTCH LAMBERT: Any questions from the Board?

25

1           MARY QUILLEN: Mr. Chairman, I have just---

2           BUTCH LAMBERT: Ms. Quillen.

3           MARY QUILLEN: Throughout the whole packet there  
4 are some places that it's referred to as 33A and just 33.  
5 The plat has it 33A and the Exhibit...excuse me, the AFE  
6 refers to it as 33A. Is it 33 or 33A?

7           ANITA DUTY: The unit is 33, but the well is 33A.

8           MARY QUILLEN: Okay. Thank you.

9           BUTCH LAMBERT: Any other questions?

10           (No audible response.)

11           BUTCH LAMBERT: Anything further, Mr. Swartz?

12           MARK SWARTZ: No.

13           BUTCH LAMBERT: Do I have a motion?

14           MARY QUILLEN: Motion to approve.

15           BRUCE PRATHER: Second.

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

18           (No audible response.)

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

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

21           BUTCH LAMBERT: Opposed, no.

22           KATIE DYE: I'll abstain.

23           BUTCH LAMBERT: One abstention Mrs. Dye. Calling  
24 docket item number 22. A petition from CNX Gas Company, LLC

25

1 for pooling of coalbed methane unit B-40, docket number  
2 VGOB-12-0417-3050. All parties wishing to testify, please  
3 come forward.

4 MARK SWARTZ: Mark Swartz and Anita Duty on behalf  
5 of CNX.

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

7 MARK SWARTZ: Mr. Chairman, it might save us a  
8 little bit of time if you combine this with the next one  
9 docket 23. We've got the same respondents with the same  
10 situation.

11 BUTCH LAMBERT: Okay. We're also docket item 22.  
12 A petition from CNX Gas Company, LLC for pooling of coalbed  
13 methane unit B...oh, I'm sorry. We're calling 23. Let me  
14 back up just a second. We're also calling docket item 23.  
15 A petition from CNX Gas Company, LLC for pooling of coalbed  
16 methane unit B-41, docket number VGOB-12-0417-3051.

17 MARK SWARTZ: Mark Swartz and Anita Duty for CNX  
18 with regard to pooling application B-41.

19 BUTCH LAMBERT: You may proceed.

20 MARK SWARTZ: My boss is telling me that we need to  
21 add item number 32. The same people and the same situation.

22 BUTCH LAMBERT: 32. All right.

23 SHARON PIGEON: I thought you were going to be gone  
24 before 32, but no.

25

1 (Laughs.)

2 MARK SWARTZ: Hope springs internally here.

3 BUTCH LAMBERT: We're also calling docket item 32.

4 A petition from CNX Gas Company, LLC for pooling of coalbed  
5 methane unit B-42, docket number VGOB-12-0417-3052.

6 MARK SWARTZ: Mark Swartz and Anita Duty also  
7 appearing for CNX in relation to docket item 32, unit B-42.

8 BUTCH LAMBERT: You may proceed.

9 MARK SWARTZ: Thank you.

10

11

12

13

14

15 ANITA DUTY

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

18 DIRECT EXAMINATION

19 QUESTIONS BY MR. SWARTZ:

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

22 A. Anita Duty.

23 Q. Who do you work for?

24 A. CNX Land Resources.

25

1 Q. And in that regard, are you responsible for  
2 preparing and reviewing the notices of hearing, the  
3 applications and the related exhibits for pooling coalbed  
4 methane units?

5 A. Yes.

6 Q. And in this instance, did you actually sign  
7 the notices of hearing and the applications with regard to  
8 all three of the pooling applications that the Chairman has  
9 allowed us to combine?

10 A. I have.

11 Q. And in these three case do we have the same  
12 list of respondents and the notice of hearing?

13 A. Yes.

14 Q. And the related Exhibits B-3?

15 A. Yes.

16 Q. Do you want to add anybody as a respondent  
17 in any of these three applications?

18 A. No.

19 Q. Do you want to dismiss anybody?

20 A. No.

21 Q. Okay. In all three applications the  
22 applicant is CNX Gas Company, LLC, is that correct?

23 A. It is.

24 Q. And in all three of the applications, is it  
25

1 proposed that if the Board pools these units the operator  
2 would be CNX Gas Company?

3 A. Yes.

4 Q. And in that respect, is CNX Gas Company, LLC  
5 a Virginia Limited Liability Company authorized to do  
6 business in the Commonwealth, registered with the DMME and  
7 does it...and has an operator's bond on file?

8 A. Yes.

9 Q. Okay. These, I think, are all Oakwood 80s.  
10 Yes, they are. Right?

11 A. Yes, they are.

12 Q. And let's look at well locations. It looks  
13 like B-40 we've got a location that is outside the window.

14 A. Yes.

15 Q. Okay. In B-41 the well is...proposed well  
16 is in the window?

17 A. Yes.

18 Q. And in 32 we have roads that end without a  
19 well symbol. Could we guess that that's the location of the  
20 wells or do we not know? Well, actually we can back in to  
21 that well location from another exhibit that you're about  
22 to share with the Board, huh?

23 A. Yes.

24 Q. Okay. So, the road...I take that back. it  
25

1 is there. The road just...okay, you've got it on the map.  
2 I blew that, okay. Sorry. The road stopped and I didn't  
3 follow it to the well.

4 A. Sorry. I'm just not here.

5 BUTCH LAMBERT: We saw that.

6 Q. Okay. So, B-42 is actually on the  
7 plat---

8 A. Yeah.

9 Q. ---and we're good to go?

10 A. Yes.

11 Q. Okay. And we're only proposing one well?

12 A. We are.

13 Q. And, obviously, from the location on the  
14 plat that one is outside the drilling window as well?

15 A. It is.

16 Q. Okay. With regard to the two locations on  
17 these three units meaning B-40 and B-41 that are  
18 actually...I'm sorry, B-42 that are actually outside the  
19 drilling window, what's the reason for that?

20 A. Those are actually located within the  
21 Jawbone projections.

22 Q. Okay. Do you have a map that you can share  
23 with the Board in that regard?

24 A. I do.

25

1           BRUCE PRATHER: This map is for all three of these  
2 requests? This coal map will be for all three of these maps?

3           MARK SWARTZ: Right. Except luckily one of the  
4 three it's in the window.

5           BRUCE PRATHER: Okay.

6           MARK SWARTZ: But it would pertain to that, yes.

7           (Exhibits are passed out to the Board.)

8           MARK SWARTZ: I guess we'll probably call these AA  
9 for each application. Sharon, does that work?

10          SHARON PIGEON: That's where we are. Thank you.

11          Q. Anita, with regard to the exhibits that  
12 you've just passed out that pertain to B-42 and B-40, are  
13 the red dots in both instances the well locations...the  
14 proposed well locations?

15          A. Yes.

16          Q. And the areas depicted by the healing color  
17 purple represent what?

18          A. The Jawbone seam protections.

19          Q. Okay. And who's mining in that seam?

20          A. Jewell Smokeless.

21          Q. And have you reached an agreement with them  
22 with regard to these two locations?

23          A. Yes.

24          Q. And you've tried to locate these wells  
25

1 outside of their projection areas, is that correct?

2 A. Yes.

3 Q. And we've got a little bit of blue on both  
4 of these exhibits, which I take it is another seam.

5 A. That's the Red Ash.

6 Q. And it's below the purple seam, right?

7 A. Yes.

8 Q. The Jawbone seam?

9 A. Yes.

10 Q. Okay. The...with regard to these three  
11 units, what did you do to notify the respondents that you've  
12 listed were the same and others who might be interested that  
13 we were going to have a hearing today?

14 A. For B-40 and for B-41 we mailed by certified  
15 mail return receipt requested on March 16, 2012. I  
16 published both of those in the Bluefield Daily Telegraph on  
17 March 27, 2012. For B-42 we mailed by certified mail return  
18 receipt requested on March 16, 2012. I published the notice  
19 and location map in the Bluefield Daily Telegraph on March  
20 the 28th, 2012.

21 Q. Okay. And have you brought with you with  
22 regard to these applications your certificates with regard  
23 to mailing and also your proofs of publication that you've  
24 received from the Bluefield Daily Telegraph so you can file

25

1 those with the Director?

2 A. Yes.

3 Q. Okay. I think we covered...all three of  
4 these are in the Oakwood 80s, right?

5 A. Yes.

6 Q. Okay. And taking them one at a time, would  
7 you tell us what interest CNX has acquired and what interest  
8 you're seeking to pool?

9 A. For B-40 we've acquired a 100% of the coal  
10 owner's claim to the CBM, 95.7125% of the oil and gas owner's  
11 claim to the CBM. We're seeking to pool 4.2875% of the oil  
12 and gas owner's claim to the CBM. For B-41 we've acquired  
13 a 100% of the coal owner's claim to the CBM, 98.9844% of the  
14 oil and gas owner's claim to the CBM. We're seeking to pool  
15 1.0156% of the oil and gas owner's claim to the CBM. For  
16 B-42 we've acquired a 100% of the coal owner's claim to the  
17 CBM, 97.1812% of the oil and gas owner's claim to the CBM.  
18 We're seeking to pool 2.8188% of the oil and gas owner's  
19 claim to the CBM.

20 Q. If I'm not mistaken, we have one proposed  
21 well for each of these three units, correct?

22 A. We do.

23 Q. And could you take...have you provided a  
24 well cost estimate for the Board and the respondents?

25

1 A. Yes.

2 Q. And could you take them again in number  
3 order and share with us the well cost information that you've  
4 provided?

5 A. For B-40 the estimated cost is \$384,935.  
6 The estimated depth is 1,954 feet. For B-41A the estimated  
7 cost is \$286,231. The estimated depth is 2,177 feet. For  
8 B-42 the estimated cost is \$354,785. The estimated depth  
9 is 1,956 feet.

10 Q. Okay. And with regard to all three of these  
11 wells, you don't have a permit yet?

12 A. We do not.

13 Q. And, of course, you haven't drilled any  
14 either?

15 A. No.

16 Q. I'm thinking that there's an escrow  
17 requirement, yes, there is, for all three units, is that  
18 correct?

19 A. Yes.

20 Q. And that is...have you provided the Board  
21 with an escrow exhibit for each of these units?

22 A. Yes.

23 Q. Okay. And that ident...those escrow  
24 exhibits identified the tract in unit B-40 as Tract 2,

25

1 correct?

2 A. Yes.

3 Q. And in B-41 Tract 3?

4 A. Yes.

5 Q. And in B-42 Tracts 3 and 4?

6 A. Yes.

7 Q. And in all instances where you've got an  
8 escrowed tract here the requirement is only that you...only  
9 one-quarter of the royalty interest is in conflict. So,  
10 three-quarters gets paid to LBR Holdings and the one-quarter  
11 that's in conflict gets retained in escrow?

12 A. Correct.

13 Q. Okay. And is it also true that there...at  
14 least as far as we know, there are no split agreements with  
15 regard to folks in any of these three units, so you haven't  
16 submitted any?

17 A. Correct.

18 Q. Okay. Is it your opinion that drilling  
19 frac wells in these three units is a reasonable way to  
20 develop the coalbed methane resource from within and under  
21 these units?

22 A. Yes.

23 Q. Is it your opinion that if the Board enters  
24 a pooling order pooling the respondents named in these

25

1 applications and you combine that pooling order with the  
2 interest that the operator has been able to acquire or lease  
3 then the correlative rights of all owners and claimants in  
4 these three units will be protected?

5 A. Yes.

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

7 BUTCH LAMBERT: Any questions from the Board?

8 (No audible response.)

9 BUTCH LAMBERT: Ms. Duty, the letter we're going to  
10 receive clarifying paragraph nine in the application will  
11 also cover these three?

12 ANITA DUTY: Yes, it will.

13 BUTCH LAMBERT: Okay. Thank you. Any other  
14 questions from the Board?

15 (No audible response.)

16 BUTCH LAMBERT: Anything further, Mr. Swartz?

17 MARK SWARTZ: No.

18 BUTCH LAMBERT: Do I have a motion?

19 MARY QUILLEN: Motion to approve pending receipt of  
20 the correction for paragraph nine in the application.

21 BRUCE PRATHER: Second.

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

24 (No audible response.)

25



1 A. Anita Duty.

2 Q. You're still under oath?

3 A. Yes.

4 Q. And who do you work?

5 A. CNX Land Resources.

6 Q. And is part of your job responsibilities

7 dealing with the pooling of coalbed methane units?

8 A. Yes.

9 Q. This is a Nora unit?

10 A. Yes.

11 Q. 58.79 acres?

12 A. It is.

13 Q. And it was pooled back in I'm thinking '04?

14 A. It was.

15 Q. Okay. And when it was pooled back in '04,

16 were the respondents Shirley H. Hess and Jimmy L. Harris

17 pooled?

18 A. They were.

19 Q. Okay. And at the time it was pooled, how

20 many wells were proposed?

21 A. One.

22 Q. Okay. And is...are we back here because

23 we're proposing another well?

24 A. Yes.

25

1 Q. And what happened to the interest of Hess  
2 and Harris since this was originally pooled and today?

3 A. They still remain released.

4 Q. Well, initially, did we think they had a  
5 lease with EQT or am I confusing this with---?

6 A. No. We did think that but in the  
7 supplemental order we corrected it and---.

8 Q. Okay.

9 A. Yes.

10 Q. So, when it was originally pooled in the  
11 application...and the papers were filed with the originally  
12 pooling we thought their acreage was under lease and then  
13 that was corrected in a supplemental order, which I'm  
14 guessing was probably filed in '04 roughly. Do you have it  
15 with you?

16 A. I have. Uh-huh.

17 Q. Okay. What's the date of that?

18 A. Executed date?

19 Q. Yeah.

20 A. Executed March of 2005...March 8, 2005.

21 Q. Okay. And in that supplemental order  
22 executed on that date the lease status or released status  
23 with regard to Hess and Harris was corrected?

24 A. It was.

25

1 Q. Okay. And the reason that we're here today  
2 is to provide Hess and Harris an opportunity to participate  
3 in a second well that we're proposing to drill in this unit?

4 A. Yes.

5 Q. And to enable them to do that if they want  
6 to, you gave them notice that we were going to have a hearing  
7 today?

8 A. I did.

9 Q. And how did you do that?

10 A. I mailed by certified mail return receipt  
11 requested on March the 16th, 2012 and published the notice  
12 and location map in the Bluefield Daily Telegraph on March  
13 the 28th, 2012.

14 Q. And have you brought with you your  
15 certificates with regard to mailing and the proof of  
16 publication from the newspaper so you can file those with  
17 the Director today?

18 A. Yes.

19 Q. And with regard to the well cost estimate  
20 for the second well, what's the estimate?

21 A. \$300,722. The estimated depth is 2,580  
22 feet.

23 Q. You haven't drilled that yet?

24 A. No.

25

1 Q. And you don't have a permit?

2 A. No.

3 Q. And are you requesting that the Board enter  
4 an order allowing the operator to drill this second well and  
5 giving Hess and Harris an opportunity to participate in the  
6 ordinary course if they want in that well?

7 A. Yes.

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

9 BUTCH LAMBERT: Any questions from the Board?

10 KATIE DYE: Mr. Chairman, I just have a comment---.

11 BUTCH LAMBERT: Mrs. Dye.

12 KATIE DYE: ---which Mr. Swartz and Ms. Duty has  
13 already taken care of this. But I did receive a call from  
14 Mr. Harris. He was concerned about being shown a lease to  
15 EQT (inaudible). But you guys have clarified that  
16 completely.

17 MARK SWARTZ: Right.

18 KATIE DYE: And he will be afforded his election  
19 options, correct?

20 MARK SWARTZ: He will have the standard options  
21 under the standard order in the second well, right?

22 KATIE DYE: Okay. Thank you. You all took care of  
23 the problem without even me having to comment.

24 SHARON PIGEON: That's good.

25

1           MARK SWARTZ: And actually just to confirm. If you  
2 look at---

3           KATIE DYE: But should this not be taken out of your  
4 Tract ID sheet?

5           ANITA DUTY: Yes.

6           MARK SWARTZ: Well, if you look at Exhibit E to this  
7 you'll see that we've got---

8           KATIE DYE: You have them reflected as unleased.

9           MARK SWARTZ: We're not reflecting leases at all,  
10 you know.

11          KATIE DYE: Okay. Thank you all.

12          MARK SWARTZ: And B-3 as well, it's shown as they  
13 own the interest and not subject to a lease. So, we fixed  
14 that.

15          KATIE DYE: Good. Thank you.

16          SHARON PIGEON: But we would like a corrected Tract  
17 ID. We want it to be consisted throughout.

18          ANITA DUTY: Okay. We can do that.

19          BUTCH LAMBERT: Any other questions?

20          (No audible response.)

21          BUTCH LAMBERT: Anything further, Mr. Swartz?

22          (Anita Duty and Mark Swartz confer among  
23 themselves.)

24          RICK COOPER: Shea Cook has got 24 on his letter.

25

1 I'm not sure why.

2 ANITA DUTY: He actually objected to the permit for  
3 BA99A.

4 RICK COOPER: Is that the reason that he has got that  
5 on there?

6 ANITA DUTY: I think that he...I think that he  
7 represents---

8 MARK SWARTZ: I don't want to speculate as to the  
9 reason that he would do something.

10 ANITA DUTY: I don't know. Yeah.

11 MARK SWARTZ: But he has objected to the permit  
12 application.

13 RICK COOPER: Okay.

14 MARK SWARTZ: But that letter doesn't say that, so  
15 we're just guessing.

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

18 MARK SWARTZ: No.

19 BUTCH LAMBERT: Do I have a motion?

20 MARY QUILLEN: Motion to approve.

21 BRUCE PRATHER: Second.

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

24 (No audible response.)

25



1 A. Anita Duty.

2 Q. And who do you work for?

3 A. CNX Land Resources.

4 Q. Okay. Does this exhibit that you've just  
5 passed...revised exhibit that you've just passed out to the  
6 Board members and to the Director, it's a revised Exhibit  
7 E, correct?

8 A. It is.

9 Q. And what have you...what have you done here  
10 with this?

11 A. The only problem that we had on the exhibit  
12 was that the fractional interest that we were showing on the  
13 Exhibit E were incorrect. The interest that was pooled and  
14 the interest that was on EE the reason that it's...we had  
15 to do some calculation because of the way that their  
16 agreement was written and we just had an error---

17 Q. In the math?

18 A. ---in our math, yes. So, that's basically  
19 all that is is just to correct that interest.

20 Q. Okay. So, there's no new names?

21 A. No.

22 Q. You just straightened out the math?

23 A. Correct.

24 Q. And when you say you straightened out the  
25

1 math, is it the last column? Was the acreage right and you  
2 fixed the last column or were there also some issues with  
3 regard to the acreage?

4 A. Well, the fractional interest affected the  
5 acreage, but---.

6 Q. Okay. So both columns potentially?

7 A. Yes.

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

10 BUTCH LAMBERT: Any questions from the Board?

11 (No audible response.)

12 BUTCH LAMBERT: Do I have a motion?

13 MARY QUILLEN: Motion to approve.

14 BRUCE PRATHER: Second.

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

17 (No audible response.)

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

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

20 BUTCH LAMBERT: Opposed, no.

21 KATIE DYE: I'll abstain.

22 BUTCH LAMBERT: One abstention Mrs. Dye. Thank  
23 you, Mr. Swartz.

24 MARK SWARTZ: Thank you.

25



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

3           Q.       And you familiar with this application, is  
4 that correct?

5           A.       That is correct.

6           Q.       And are the owners of the minerals set out  
7 on Exhibit B to the application?

8           A.       That's correct.

9           Q.       Okay. Who operates the wells from which  
10 the well location exception is sought today?

11          A.       Range Resources-Pine Mountain, Inc. does.

12          Q.       And Range is also an owner, is that correct?

13          A.       That's correct.

14          Q.       And you operate the wells, is that right?

15          A.       That's true.

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

18          A.       By certified mail and also by publication  
19 in the Bluefield Daily Telegraph on March the 20th, 2012.

20          Q.       We have some unknowns in this one, is that  
21 right?

22          A.       We have one unknown, yes.

23          Q.       Okay. And the proof of mailing and the  
24 publication have been filed with the Board?

25

1 A. That's correct.

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

3 BUTCH LAMBERT: Any questions from the Board?

4 (No audible response.)

5 BUTCH LAMBERT: Mr. Horn, did you submit your due  
6 diligence to Mr. Cooper?

7 PHIL HORN: When we force pool the hearing in a few  
8 minutes I will.

9 BUTCH LAMBERT: You will?

10 PHIL HORN: Yes, sir.

11 BUTCH LAMBERT: Okay. All right. Thank you. Any  
12 other questions from the Board?

13 (No audible response.)

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

15 TIM SCOTT: Thank you, Mr. Chairman. Can you walk  
16 and talk at the same time?

17 GUS JANSEN: Some days.

18 (Laughs.)

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, would you please state your  
2 name, by whom you're employed and your job description?

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 right?

8 A. I am.

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

11 A. Yes. If the Board will refer to Exhibit AA,  
12 you'll see the location of proposed well 900008 located in  
13 the center of the map. It's the well with the red circle  
14 and the green stippled area. This well has been positioned  
15 to maximize the recovery of the remaining nature resources  
16 stranded with the relationship of the existing offsetting  
17 wells. There is no location available that meets the  
18 statewide spacing requirements. In the event the well is  
19 not drilled at this location, there will be approximately  
20 97.2 acres of reserves stranded.

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

23 A. 5,910 feet.

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

1 application were not granted today?

2 A. 350 million cubic feet of gas.

3 Q. So, in your opinion, if the application is  
4 approved, then it would protect...protect correlative  
5 rights, prevent waste and promote conservation, is that  
6 correct?

7 A. That is correct.

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

9 BUTCH LAMBERT: Any questions from the Board?

10 (No audible response.)

11 RICK COOPER: Mr. Chairman, I have a letter to read  
12 on the record regarding this well.

13 BUTCH LAMBERT: Mr. Cooper.

14 RICK COOPER: The letter is from Vicky Lezon. She  
15 is the daughter of Clyde Deel and she is the aunt of Myrtle  
16 Deel. This letter is written by them. "Please consider  
17 the writing of my formal objection to the issuance of the  
18 request by Range Resources-Pine Mountain, Inc. to obtain  
19 exceptions to the distant limitations and spacing rules for  
20 well number 900008. Currently, there are no formal or other  
21 agreements in place at this time. No formal negotiations  
22 have been entered into regarding any compensatory  
23 agreements regarding this issue. Please postpone any and  
24 all authorizations regarding this matter until a reasonable

25

1 agreement is in place. If you have any questions, please  
2 call me at (440) 967-4950."

3 TIM SCOTT: Mr. Chairman, I'd like to respond,  
4 please.

5 BUTCH LAMBERT: Mr. Scott.

6  
7 PHIL HORN

8 DIRECT EXAMINATION RESUMES

9 QUESTIONS BY MR. SCOTT:

10 Q. Mr. Horn, I realize that this is a well  
11 location exception application. But we also have a force  
12 pooling application pending, is that correct?

13 A. That's correct.

14 Q. And what type correspondence have you had  
15 with the objecting party?

16 A. We've contacted her parents up in Ohio and  
17 we mailed them a lease. I contacted...after I found out by  
18 this letter, I contacted our field agent this morning and  
19 he said that she had emailed him and said that they weren't  
20 going to accept the terms of our lease. He emailed her back  
21 and asked them to provide us with what changes they wanted  
22 and we never heard back from them.

23 Q. So, they're...you don't know what the  
24 objections are to your lease form, is that correct?

25

1           A.       That's correct.

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

3           BUTCH LAMBERT: Any other questions from the Board?

4           BRUCE PRATHER: How much acreage do these people  
5 have in the unit?

6           PHIL HORN: They have a ninth interest in Tract 4.

7

8           BRUCE PRATHER: Oh. How much is that acreage wise  
9 other than unit?

10          PHIL HORN: Probably a little bit less than 2%.

11          BRUCE PRATHER: Oh, Lord.

12          PHIL HORN: A percent and a half probably. It's an  
13 heirship tract.

14          BRUCE PRATHER: Okay.

15          PHIL HORN: And they're some of the heirs.

16          MARY QUILLEN: 2.58 acres...2.29% of the unit. Is  
17 that right?

18          PHIL HORN: Tract 3 would be 14.94%.

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

20          PHIL HORN: The one below it. Yes, ma'am.

21          MARY QUILLEN: Oh, okay. Okay. Yeah, because  
22 that one is leased.

23          TIM SCOTT: But this is an undivided interest, is  
24 that right, Mr. Horn?

25

1           PHIL HORN: Correct.

2           MARY QUILLEN: One other question. Who operates  
3 the wells that...549, 681 and 546, does Range?

4           PHIL HORN: Yes, ma'am. Range operates those  
5 wells.

6           MARY QUILLEN: Okay.

7           BUTCH LAMBERT: Any other questions?

8           (No audible response.)

9           BUTCH LAMBERT: Anything further, Mr. Scott?

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

11          BUTCH LAMBERT: Do I have a motion?

12          MARY QUILLEN: Motion to approve.

13          BRUCE PRATHER: Second.

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

16          (No audible response.)

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

18          (All members signify by saying yes.)

19          BUTCH LAMBERT: Opposed, no.

20          (No audible response.)

21          BUTCH LAMBERT: Thank you, Mr. Scott. It's  
22 approved.

23          TIM SCOTT: Thank you, Mr. Chairman.

24          BUTCH LAMBERT: Calling docket item number 27. A

25

1 petition from Range Resources-Pine Mountain, Inc. for a well  
2 location exception for proposed well 900024, docket number  
3 VGOB-12-0417-3054. All parties wishing to testify, please  
4 come forward.

5 TIM SCOTT: Mr. Chairman, Tim Scott, Gus Jansen and  
6 Phil Horn for Range Resources-Pine Mountain, Inc.

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

8 TIM SCOTT: Thank you, Mr. Chairman.

9

10 PHIL HORN

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

13 DIRECT EXAMINATION

14 QUESTIONS BY MR. SCOTT:

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

17 A. My name is Phil Horn. I'm employed by Range  
18 Resources-Pine Mountain, Inc. as the land manger. One of  
19 my job descriptions is to get wells permitted and drilled.

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

22 A. That is correct.

23 Q. And you're familiar with the ownership of  
24 the minerals underlying this unit?

25

1 A. Yes, I am.

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

4 A. That is correct.

5 Q. Who operates well number 809547?

6 A. Range Resources-Pine Mountain, Inc.

7 Q. And Range is also an oil and gas owner in  
8 this unit, is that correct?

9 A. We own Tracts 1 and 2. That's correct.

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

12 A. By certified mail.

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

15 A. Yes, you have.

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

17 BUTCH LAMBERT: Any questions from the Board?

18 ALLEN COMPTON: Where this overlaps how much...how  
19 much distances is it from 47 into where that well site is  
20 going to be?

21 PHIL HORN: 1836.6 feet.

22 ALLEN COMPTON: What...I'm just curious. What is  
23 the distance that most people will drill a well from one to  
24 another? How much room did they leave in between them?

25



1 Q. And you've provided the Board an Exhibit AA?

2 A. That's correct.

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. Again, if the Board will refer to the  
7 Exhibit AA, you'll see the location of proposed well 900024.  
8 It's the well outlined with the red circle in the green  
9 stippled area. Again, this well has been positioned to  
10 maximize the recovery of the remaining natural resources  
11 stranded with relationship to the offsetting wells. There  
12 is no location available that will meet the statewide  
13 spacing. In this case, if we are not allowed to drill this  
14 well we would be stranding approximately 94.95 acres of  
15 reserves.

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

17 A. 5,660 feet.

18 Q. And the potential loss of reserves if the  
19 application is approved today?

20 A. 425 million cubic feet.

21 Q. And if the application is approved then it  
22 would protect the correlative rights, prevent waste and  
23 promote conservation, is that correct?

24 A. That is correct.

25

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

2           BUTCH LAMBERT: Any questions from the Board?

3           BRUCE PRATHER: I've got one question, Mr.  
4 Chairman. Gus, on your well 821672, that 82 is a prefix that  
5 I haven't seen before. Is that an outside well?

6           GUS JANSEN: Which well, the 82---

7           BRUCE PRATHER: 821672. All of your other prefixes  
8 are---

9           GUS JANSEN: That had to do with the previous  
10 operator, Columbia Resources and Chesapeake  
11 Appalachia---

12           BRUCE PRATHER: Oh, okay. So, that's a---

13           GUS JANSEN: ---and their numbering system. I  
14 think that referred to different time frames of their  
15 development program.

16           BRUCE PRATHER: Okay. Okay. So, that's a  
17 Columbia well that---

18           GUS JANSEN: Right.

19           BRUCE PRATHER: ---Chesapeake bought out---

20           GUS JANSEN: Right.

21           BRUCE PRATHER: ---and then you bought them---

22           GUS JANSEN: That we acquired through their  
23 acquisition. Yes.

24           BRUCE PRATHER: ---out?

25

1           PHIL HORN: The more recent ones were 82 wells. The  
2 older ones were 80 wells.

3           BRUCE PRATHER: Okay.

4           BUTCH LAMBERT: Allen, do you want to reask your  
5 question now to Mr. Jansen?

6           ALLEN COMPTON: Yes. Is that...is that in a legal  
7 distance from well to the other even though it's overlapping  
8 that circle?

9           GUS JANSEN: Yes. The circular units that have  
10 been established by the statewide spacing do not necessarily  
11 conform to a geologic or a production standpoint of spacing  
12 of wells and we have found over time...you will see that  
13 we've been here many times before with these location  
14 exceptions trying to recovery a lot of these reserves that  
15 have been left behind because of the circular units. We've  
16 found that the recovery factors that we've seen in the newer  
17 wells are still economic with that smaller drainage acreage.  
18 Whether it's a 112 acre, we're able to still make an economic  
19 well of 95 acres of drainage area. There will be some  
20 interconnection between wells if you got them really, really  
21 close. But I think at these distances we are not really  
22 impacting the offsetting wells. We have done some that are  
23 even tighter spacing than this in the past before the Board  
24 in the neighborhood of 20 acres and we---.

25

1           ALLEN COMPTON: And they're still productive?

2           GUS JANSEN: ---still have some of those wells in  
3 production. We have seen some depending on which  
4 formations that you are targeting. You have heard some  
5 testimony in the past concerning the Big Lime and how  
6 it...those trends in the Big Lime are a little bit  
7 diff...more difficult to space wells to get productive  
8 wells. But other formations such as the Berea and the Tight  
9 Gas Sands are more consistent and they will still be  
10 productive even in the tighter spacing. We've done studies  
11 that show recoveries from wells to be anywhere from 20% to  
12 30% recovery based on the area that we're draining.

13           ALLEN COMPTON: Thank you.

14           GUS JANSEN: You're welcome.

15           BUTCH LAMBERT: Any other questions?

16           SHARON PIGEON: Just for the record, where the units  
17 overlap the individuals will be paid from both wells,  
18 correct?

19           GUS JANSEN: That is correct.

20           BUTCH LAMBERT: Anything further, Mr. Scott?

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

22           BUTCH LAMBERT: Do I have a motion?

23           MARY QUILLEN: Motion to approve.

24           BRUCE PRATHER: Second.

25



1 QUESTIONS BY MR. SCOTT:

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

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

6 Q. And you're familiar with this application?

7 A. Yes, I am.

8 Q. And you're familiar with the ownership of  
9 the minerals underlying this unit?

10 A. Yes, I am.

11 Q. Are those owners set out on Exhibit B to this  
12 application?

13 A. Yes, they are.

14 Q. Who operates well 821027?

15 A. Range Resources-Pine Mountain, Inc.  
16 operates it.

17 Q. And, again, in this particular case, Range  
18 is both an owner and an operator, is that correct?

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

20 Q. How...how was the notice of this hearing  
21 given to the parties listed on Exhibit B?

22 A. By certified mail and also by publication  
23 in the Dickenson Star on March the 21st, 2012.

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

1 publication to the Board, is that right?

2 A. Yes, you have.

3 Q. And in this particular case, we do have an  
4 unknown, is that right?

5 A. That's right.

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

7 BUTCH LAMBERT: Any questions from the Board?

8 (No audible response.)

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

10 TIM SCOTT: Thank you, Mr. Chairman.

11

12

13

14

15

16

17

GUS JANSEN

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

20

DIRECT EXAMINATION

21 QUESTIONS BY MR. SCOTT:

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

24 A. My name is Gus Jansen. I'm employed by  
25

1 Range Resources-Pine Mountain, Inc. as the manager of  
2 geology.

3 Q. And you're familiar with this application?

4 A. I am.

5 Q. And you've handed out an Exhibit AA to the  
6 Board, is that correct?

7 A. That is correct.

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

11 A. Yes. Once again, I've handed out to the  
12 Board the Exhibit AA and you'll see the location of proposed  
13 well 530111. Again, outlined in red in the green stippled  
14 hatch unit. Again, we've tried to locate this well again  
15 to maximize the resources and the remaining. We cannot move  
16 the well in any direction without being of an exception to  
17 some other well in the location. This was the best and the  
18 most efficient location for us to drill this well. In the  
19 event we're not able to drill this location, we'd be standing  
20 approximately 104.82 acres of reserves.

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

22 A. 5,803 feet.

23 Q. And the potential loss of reserves if the  
24 application is not approved?

25

1 A. It's 400 million cubic feet of gas.

2 Q. So, if the application is approved, it would  
3 prevent waste, promote conservation and protect correlative  
4 rights, is that correct?

5 A. That is correct.

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

7 BUTCH LAMBERT: Any questions from the Board?

8 (No audible response.)

9 BUTCH LAMBERT: Do I have...anything further, Mr.  
10 Scott?

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

12 BUTCH LAMBERT: Do I have a motion?

13 MARY QUILLEN: Motion to approve.

14 BRUCE PRATHER: Second.

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

17 (No audible response.)

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

19 (All members signify by saying yes.)

20 BUTCH LAMBERT: Opposed, no.

21 (No audible response.)

22 BUTCH LAMBERT: Thank you, Mr. Scott. That's  
23 approved.

24 TIM SCOTT: Thank you, Mr. Chairman.

25

1            BUTCH LAMBERT: Docket item number 29, a petition  
2 from Range Resources-Pine Mountain, Inc. for establishment  
3 of a drilling unit and pooling of well 900008, docket number  
4 VGOB-12-0417-3056. All parties wishing to testify, please  
5 come forward.

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

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

9            TIM SCOTT: As soon as I get untangled with this  
10 rubber band I'll get started.

11           DIANE DAVIS: Who is winning?

12           TIM SCOTT: I think the rubber band is willing.

13           BUTCH LAMBERT: Help him, Gus.

14

15

16

PHIL HORN

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

19

DIRECT EXAMINATION

20 QUESTIONS BY MR. SCOTT

21

Q. Mr. Horn, your name, by whom you're employed

22

and your job description, please.

23

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

24

Resources-Pine Mountain, Inc. as land manager.

25

1 Q. And this is an application that follows a  
2 well location exception application that we just filed, is  
3 that correct?

4 A. That is correct.

5 Q. And are you familiar with this application?

6 A. Yes, I am.

7 Q. And what's the acreage...what's the  
8 acreage...what's the acreage of this unit?

9 A. 112.69 acres.

10 Q. And Range has...owns drilling rights in  
11 this unit, is that correct?

12 A. That's correct.

13 Q. Are we going to dismiss anybody today?

14 A. Yes, we are.

15 Q. Okay. Can you tell the Board who they are?

16 A. Helbert Howard and Bernice Deel, Billy Joe  
17 and Judith Deel, Elbert and Joanne Peddington, Opie and  
18 Hershel Shouth, Jeffery Gross, Gladys Peddington Oaks and  
19 Larry Eugene Looney.

20 Q. And those are persons with whom you've  
21 reached an agreement, right?

22 A. We've got leases signed since we've  
23 applied, yes.

24 Q. And you've attempted to reach agreements  
25

1 with others, is that correct?

2 A. That is correct.

3 Q. What percentage does...of the unit does  
4 Range now have under lease?

5 A. 88.38%.

6 Q. And how was notice of hearing provided to  
7 the parties listed on Exhibit B?

8 A. It was by certified mail and also by  
9 publication in the Bluefield Daily Telegraph on March the  
10 20th, 2012.

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

13 A. Yes, you have.

14 Q. Now, we've got some unknowns in this unit,  
15 is that correct?

16 A. Yes. We have one.

17 Q. And you've provided Mr. Cooper with your due  
18 diligence efforts to locate this person, is that correct?

19 A. That's correct.

20 Q. Okay. In your opinion then was due  
21 diligence exercised in attempting to locate this person?

22 A. Yes.

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

25

1 would you offer them?

2 A. \$30 per acre for a five year paid up lease  
3 that provides for a one-eighth royalty.

4 Q. And you consider this to be reasonable  
5 compensation?

6 A. Yes, I do.

7 Q. Now, is Range authorized to conduct  
8 business in the Commonwealth?

9 A. Yes, we are.

10 Q. And you have a blanket bond on file, is that  
11 correct?

12 A. That's correct.

13 Q. Now, we're seeking to pool a percentage of  
14 the unit. What is that percentage, please?

15 A. 11.62%.

16 Q. And we have an escrow requirement, is that  
17 right?

18 A. That's correct.

19 Q. And what tract is affected, please?

20 A. Tract 4.

21 Q. And what's the percentage that's going to  
22 be escrowed?

23 A. 1.66%.

24 Q. And you're asking the Board to pool those  
25

1 individuals listed on B-3, is that correct?

2 A. That's correct.

3 Q. Now, if the...if the Board grants our  
4 application today, what would be the address for any  
5 elections that would be made by any parties who would  
6 exercise their election options?

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

9 Q. And that should be the address for all  
10 communications?

11 A. That's correct.

12 Q. And you're asking that Range be designated  
13 the operator for this unit, is that also correct?

14 A. That's right.

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

16 BUTCH LAMBERT: Any questions from the Board?

17 (No audible response.)

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

19 TIM SCOTT: Thank you, Mr. Chairman.

20

21

GUS JANSEN

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

24

DIRECT EXAMINATION

25

1 QUESTIONS BY MR. SCOTT:

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

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

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

8 A. 5,910 feet.

9 Q. And the estimated reserves?

10 A. 350 million cubic feet of gas.

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

13 A. That is correct.

14 Q. And you participated in the preparation of  
15 the AFE, is that also correct?

16 A. I did.

17 Q. What's the estimated dry hole cost for this  
18 well?

19 A. \$312,714.

20 Q. And the completed well cost?

21 A. \$547,068.

22 Q. And we submitted an AFE with our  
23 application, is that correct?

24 A. That is correct.

25

1 Q. And it does have a charge for supervision,  
2 is that correct?

3 A. It does.

4 Q. And you consider that charge to be  
5 reasonable?

6 A. Yes.

7 Q. And then if the application is granted, it  
8 would be in the best interest of conservation, the  
9 prevention of waste and promotion...and  
10 promoting...protecting correlative rights, is that also  
11 correct?

12 A. That is correct.

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

15 BUTCH LAMBERT: Any questions from the Board?

16 (No audible response.)

17 RICK COOPER: Mr. Chairman, I have a letter---

18 BUTCH LAMBERT: Mr. Cooper.

19 RICK COOPER: to read in regards to this. The  
20 letter is from Vickie Lezon. Again, she is the daughter of  
21 Clyde Deel and she is the niece of Myrtle McGlothlin. I  
22 believe I incorrectly stated on the previous one on 3053 that  
23 she was...that it was Myrtle Deel, but it's Myrtle  
24 McGlothlin. I'll read the letter. "Please consider this

25

1 writing my formal objection to the issuance of the request  
2 by Range Resources-Pine Mountain, Inc. to pool all of the  
3 interest of every individual and entity owning an interest  
4 in oil and gas within the unit. To date we have telephone  
5 conversations and email correspondence with Joseph Fields  
6 from Range Resources-Pine Mountain, Inc. requesting  
7 additional information regarding a lease and potential  
8 financial terms of an agreement. Additionally, we have  
9 provided clarification and corrections to the list of Deed  
10 Heirs affected by this unit. There are no formal or other  
11 agreements in place at this time. Please postpone any and  
12 all authorizations regarding this matter until a reasonable  
13 agreement is in place. If you have any questions, please  
14 call me at (440) 967-4950."

15 TIM SCOTT: Again, I'd like to ask Mr. Horn some  
16 questions, please

17

18 PHIL HORN

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

21 DIRECT EXAMINATION

22 QUESTIONS BY MR. SCOTT:

23 Q. Mr. Horn, you did send at lease to the  
24 objecting parties, is that correct?

25

1 A. That's correct.

2 Q. And then the request was made for revisions  
3 to the lease and what these individuals found objectionable?

4 A. And according to the land agent, they never  
5 responded back by email. We never heard back from them.

6 Q. So, we're not exactly sure what the  
7 objections are at this point?

8 A. That's correct.

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

10 BUTCH LAMBERT: And just to follow up on that too.

11 Mr. Scott, what's the percentage that these  
12 folks---

13 TIM SCOTT: Okay. What is the percentage, Mr.  
14 Horn?

15 PHIL HORN: That they own? 1.66%.

16 TIM SCOTT: That's---

17 BUTCH LAMBERT: That's for Clyde Deel. What about  
18 Myrtle Deel?

19 PHIL HORN: She owns 1.66%. I didn't really know  
20 her name was involved in this letter. He told me about the  
21 letter. So, I'm not sure what the correspondence is with  
22 Ms. McGlothlin.

23 BUTCH LAMBERT: So combined just a little over 3%?

24 PHIL HORN: Yes, sir.

25

1           TIM SCOTT: The total for this particular tract  
2 though was 14.94%, is that right?

3           PHIL HORN: That's correct.

4           TIM SCOTT: Okay. And it's an undivided interest  
5 in the tract?

6           PHIL HORN: That's correct.

7           TIM SCOTT: Okay. Thank you, Mr. Horn.

8           BUTCH LAMBERT: Any further questions from the  
9 Board?

10           (No audible response.)

11           BUTCH LAMBERT: Anything further, Mr. Scott?

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

13           BUTCH LAMBERT: Do I have a motion?

14           MARY QUILLEN: Motion to approve.

15           BRUCE PRATHER: Second.

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

18           (No audible response.)

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

20           (All members signify by saying yes.)

21           BUTCH LAMBERT: Opposed, no.

22           (No audible response.)

23           BUTCH LAMBERT: Thank you, Mr. Scott. It's  
24 approved. We're calling docket item number 30. It's a

25

1 petition from Range Resources-Pine Mountain, Inc. for  
2 establishment and pooling of a conventional well unit  
3 V-530111, docket number VGOB-12-0417-3057. You may  
4 proceed, Mr. Scott.

5 TIM SCOTT: Thank you, Mr. Chairman.

6

7

8

9

10

11

12

13

PHIL HORN

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

16

DIRECT EXAMINATION

17 QUESTIONS BY MR. SCOTT:

18

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

20

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

22

23

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

24

A. Yes, I am.

25

1 Q. Now, you just passed out some revised  
2 exhibits, is that correct?

3 A. That is correct.

4 Q. And it's my understanding having reviewed  
5 the original application, there are some parties respondent  
6 who are in multiple tracts, is that right?

7 A. That's correct.

8 Q. And so when we...when we prepare the  
9 exhibits that we filed with the original application there  
10 was some inconsistencies in lease versus unleased, is that  
11 correct?

12 A. That's correct.

13 Q. So, the exhibits that you've passed out  
14 today are, in fact, correct based on the leasehold whether  
15 leased or unleased, is that correct?

16 A. That's correct.

17 Q. And to put a fine point on it, we don't have  
18 any other parties that we have to notify, is that correct?

19 A. That's correct.

20 Q. They're all properly before the Board, is  
21 that correct?

22 A. That's correct.

23 Q. All right. What's the acreage of this  
24 particular unit?

25

1 A. 112.69 acres.

2 Q. And Range has leases in this unit, is that  
3 right?

4 A. That's correct.

5 Q. And are there any parties respondent that  
6 we're going to dismiss today?

7 A. No, we're not.

8 Q. Okay. And have you attempted to reach an  
9 agreement with those parties listed on Exhibit B-3?

10 A. Yes, we have.

11 Q. And what percentage does Range currently  
12 have under lease?

13 A. 62.85004762#.

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

16 A. By certified mail and also publication in  
17 the Dickenson Star on March the 21st, 2012.

18 Q. And do we have any unknowns in this unit?

19 A. Yes, we do.

20 Q. Okay. And have you provided Mr. Cooper  
21 with your...the statement of your efforts to locate these  
22 individuals?

23 A. Yes, I have.

24 Q. In your opinion, was due diligence

25

1 exercised in attempting to locate these parties?

2 A. Yes, it has been.

3 Q. Now, have we filed our proof of publication  
4 and mailing with regard to this particular docket item?

5 A. Yes, you have.

6 Q. Okay. And if Range were to reach an  
7 agreement with the parties listed on Exhibit B-3, what terms  
8 would be offered?

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

11 Q. Do you consider this to be a reasonable  
12 compensation?

13 A. Yes, I do.

14 Q. Okay. What percentage of the oil and gas  
15 estate is Range seeking to pool today?

16 A. 47.14995238%.

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

19 A. That's correct.

20 Q. And there's a blanket bond file?

21 A. That's correct.

22 Q. Now, you had indicated just a minute ago  
23 that we have some unknowns, is that correct?

24 A. Yes, we do.

25

1 Q. So, we have an escrow requirement?

2 A. Correct.

3 Q. And we've provided an Exhibit B...and  
4 Exhibit E with our application, is that right?

5 A. Yes, we have.

6 Q. What tract or tracts are subjected to escrow  
7 and what percentage of each...of the unit is involved with  
8 the escrow?

9 A. Tracts 5, 7, 9, 12 and 16 totaling  
10 5.51028571%.

11 Q. Okay. And you're requesting the Board to  
12 pool any unleased parties, is that right?

13 A. That's correct.

14 Q. And that Range be designated as the operator  
15 for this unit?

16 A. Yes.

17 Q. Now, if any party were to exercise his or  
18 her election options under a proposed order, what...where  
19 should those election options be sent? What address?

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

22 Q. And that would be the address for all  
23 communications, is that right?

24 A. That's correct.

25

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

2           BUTCH LAMBERT: Questions from the Board?

3           (No audible response.)

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

5           TIM SCOTT: Thank you, Mr. Chairman.

6

7

8

9

10

11

12

GUS JANSEN

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

15

DIRECT EXAMINATION

16           QUESTIONS BY MR. SCOTT:

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

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

22                       Q.       And you're familiar with this application,  
23           is that right?

24                       A.       That is correct.

25

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

2 A. 5,803 feet.

3 Q. And the estimated reserves?

4 A. 400 million cubic feet of gas.

5 Q. And we've provided an AFE with the  
6 application, is that right?

7 A. That is correct.

8 Q. So, you're familiar with the well cost for  
9 this proposed well?

10 A. I am.

11 Q. What's the estimated dry hole cost?

12 A. \$338,590.

13 Q. And the estimated completed well cost?

14 A. \$602,503.

15 Q. And as I asked you before, you did assist  
16 in preparing this AFE, is that right?

17 A. That is correct.

18 Q. And it includes a supervision charge, is  
19 that right?

20 A. It does.

21 Q. Do you consider that to be a reasonable  
22 charge?

23 A. Yes, I do.

24 Q. In your opinion, if this application is  
25

1 granted, it would prevent waste, protect correlative rights  
2 and promote conservation, is that correct?

3 A. That is correct.

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

5 BUTCH LAMBERT: Any questions from the Board?

6 (No audible response.)

7 BUTCH LAMBERT: Anything further, Mr. Scott?

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

9 BUTCH LAMBERT: Do I have a motion?

10 MARY QUILLEN: Motion to approve.

11 BRUCE PRATHER: Second.

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

14 (No audible response.)

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

16 (All members signify by saying yes.)

17 BUTCH LAMBERT: Opposed, no.

18 (No audible response.)

19 BUTCH LAMBERT: Thank you, Mr. Scott. It's  
20 approved. We're calling docket item 31. A petition from  
21 Range Resources-Pine Mountain, Inc. for pooling of well  
22 900095, docket number VGOB-12-0417-3058. Parties wishing  
23 to testify, please come forward.

24 TIM SCOTT: Tim Scott, Gus Jansen and Phil Horn for  
25

1 Range Resources-Pine Mountain, Inc.

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

3 TIM SCOTT: Thank you, Mr. Chairman. One thing  
4 that I did notice as I was preparing for these hearings, and  
5 Mrs. Dye correctly brought this to Mr. Horn's attention, in  
6 the notice...the personal notice that was provided to the  
7 parties listed on Exhibit B I put 320 acres for the acreage  
8 size. It's, in fact, 220 acres. Mr. Horn will testify that  
9 it is 220 acres. If the Board wants anything corrected with  
10 regard to this notice, I'll be glad to provide to the Board.

11 GUS JANSEN: 200 acres.

12 TIM SCOTT: 200 acres. Oh, Lord. I didn't get  
13 that right either. I'm sorry.

14 (Laughs.)

15 TIM SCOTT: You're killing me with these units.

16 GUS JANSEN: This is one of the first new units that  
17 we've actually pooled under the new format---.

18 TIM SCOTT: I said you're killing me with these  
19 units.

20 GUS JANSEN: ---using the 20 acre grids and that's  
21 why they vary somewhat.

22 TIM SCOTT: I'm sorry, Mr. Jansen.

23 BUTCH LAMBERT: Okay.

24 SHARON PIGEON: I was busy while you were saying all  
25

1 of that. Could you say it all over again?

2 (Laughs.)

3 TIM SCOTT: Please don't make me.

4 BUTCH LAMBERT: Well, Mr. Scott, this is one of the  
5 first new ones. We'll all be confused.

6 TIM SCOTT: Okay. I'll be in good company then.

7 PHIL HORN: Do you all have a signed plat, Diane?  
8 Do you have a signed plat? I don't think the one with the  
9 package was signed.

10 RICK COOPER: It is not.

11 BUTCH LAMBERT: No.

12 PHIL HORN: Did I just give it to you?

13 GUS JANSEN: Me?

14 PHIL HORN: I just had it. Oh, it is.

15 SHARON PIGEON: There you go. You're prepared.  
16 Do you want to trade?

17 DIANE DAVIS: Thank you.

18 PHIL HORN: Thank you.

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. Let me see if can do this right. Mr. Horn,  
2 would you please state your name, by whom you're employed  
3 and your job description?

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

6 Q. And you're familiar with this application?

7 A. Yes, I am.

8 Q. And how many acres does this unit contain?

9 A. 10 20 acre squares, 200 acres.

10 Q. Okay. And that's reflected on our plat, is  
11 that correct?

12 A. That's correct.

13 Q. So, the notice that was provided stated that  
14 the acreage was 320 acres in the unit is incorrect, is that  
15 right?

16 A. That's correct.

17 Q. It is, in fact, 200 acres?

18 A. It is 200 acres.

19 Q. Range has leasing rights in this...or owns  
20 drilling rights in this unit, is that right?

21 A. That's correct.

22 Q. Are we going to dismiss anybody today?

23 A. No, we're not.

24 Q. Okay. And you've attempted to reach an  
25

1 agreement with the parties listed on Exhibit B-3, is that  
2 also correct?

3 A. That's correct.

4 Q. What percentage of the unit does Range  
5 currently have under lease?

6 A. 97.88182143%.

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

9 A. By certified mail and also publication in  
10 the Dickenson Star on March the 21st, 2012.

11 Q. And do we have any unknown owners in this  
12 unit?

13 A. Yes, we do. We encountered the same tract  
14 last month with a conventional well. We have several  
15 unknown owners.

16 Q. Okay. Have you provided your due diligence  
17 efforts to Mr. Cooper?

18 A. Yes, I have.

19 Q. Do you consider those to be...that you have  
20 exercised due diligence in trying to locate these  
21 individuals?

22 A. Yes, I have.

23 Q. Okay. Have we provided proof of  
24 publication and mailing with regard to this particular unit?

25

1 A. Yes, you have.

2 Q. Okay. Now, Range is authorized to conduct  
3 business in the Commonwealth, is that right?

4 A. That's correct.

5 Q. It has a blanket bond on file?

6 A. That's correct.

7 Q. And if you were to reach an agreement with  
8 the parties listed on Exhibit B-3, what terms would you offer  
9 for a lease?

10 A. \$30 per acre for a five year lease that  
11 provides a one-eighth royalty.

12 Q. Do you consider to be reasonable  
13 compensation for a lease?

14 A. Yes, I do.

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

17 A. 2.11817857%.

18 Q. And we have an escrow requirement. You  
19 just indicated we have some unknowns, is that right?

20 A. That's correct.

21 Q. What tract would be subjected to escrow?

22 A. Tract 4.

23 Q. And what's the percentage that's subjected  
24 to escrow?

25

1 A. .55561209%.

2 Q. Okay. Are you requesting the Board to pool  
3 the unleased parties listed on Exhibit B-3?

4 A. Yes, I am.

5 Q. And that Range be named the operator for  
6 this unit, is that also correct?

7 A. That's correct.

8 Q. Now, if elections were made based on an  
9 approval of our request for this application to be approved,  
10 what would be the address used for making any elections  
11 pursuant to any order?

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

14 Q. Is that the address for all communications?

15 A. Yes, it is.

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

17 BUTCH LAMBERT: Questions from the Board?

18 (No audible response.)

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

20 TIM SCOTT: Thank you.

21

22 GUS JANSEN

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

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DIRECT EXAMINATION

QUESTIONS BY MR. SCOTT:

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

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

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

A. Yes, I am.

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

A. 9,177 feet.

Q. And what's the estimated...what are the estimated reserves for this unit?

A. 1.2 bcf.

Q. And you're also familiar with the...with the cost of this well, is that right?

A. That is correct.

Q. Because you participated in the preparation of the AFE, is that also correct?

A. Yes, I did.

Q. What's the estimated dry hole cost for this unit?

A. \$562,434.

1 Q. And a completed well cost?  
2 A. \$1,259,244.  
3 Q. And you did assist in the preparation of the  
4 AFE, which we provided with our application, is that right?  
5 A. That is correct.  
6 Q. And it includes a charge for supervision?  
7 A. It does.  
8 Q. Do you consider that to be a reasonable  
9 charge?  
10 A. Yes, I do.  
11 Q. So, in your opinion, if the application were  
12 granted today, then it would protect correlative rights,  
13 prevent waste and promote conservation, is that correct?  
14 A. That is correct.  
15 TIM SCOTT: That's all I have for Mr. Jansen.  
16 BUTCH LAMBERT: Any questions from the Board?  
17 (No audible response.)  
18 BUTCH LAMBERT: Anything further, Mr. Scott?  
19 TIM SCOTT: That's all I have, Mr. Chairman.  
20 (No audible response.)  
21 BUTCH LAMBERT: Do I have a motion?  
22 BRUCE PRATHER: Motion to approve.  
23 MARY QUILLEN: Second.  
24 BUTCH LAMBERT: I have a motion and a second. Any

25

1 further 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. It's  
8 approved.

9 TIM SCOTT: Thank you.

10 GUS JANSEN: Thank you.

11 PHIL HORN: Thank you.

12 (Off record.)

13 BUTCH LAMBERT: I appreciate you all in working with  
14 us on this. The next item on the agenda is item 33. The  
15 Board will receive an update of the Board and Division  
16 activities from the staff.

17 RICK COOPER: In regards to the escrow account,  
18 we're still progressing along on that. We have sent out  
19 information to EQT to help us to better have a check and  
20 balance system. We haven't received anything from them as  
21 of yet. But we are in communication. And recently just  
22 last week we did send out a series of docket items to CNX  
23 and it will take them a week or two to go through that for  
24 copies of checks and that type of thing so we can better

25

1 balance out the account. It's coming along pretty good.  
2 I'm thinking if it continues at the rate it is, we may request  
3 Mr. Stone to come in front of the Board about June if that's  
4 okay with the Board. I think May would be a bit soon. But  
5 June is probably a good day to request him to come in. But  
6 we're getting pretty close to finishing it.

7           And also in regards to our monthly escrow  
8 statements that we receive electronically now, we did just  
9 recently send out a letter trying to fine tune that a little  
10 bit so it would be more consistent for all of the parties  
11 such as making sure they have proper naming sequences and  
12 the people have been leaving blank spots in it. For our  
13 escrow agent Debbie Davis, it creates a programing problem.  
14 We send out a letter in cooperation with our OMIS Group. We  
15 worked together on coming up with some ideas on the time  
16 tables and when they need to submit that, if we reject that  
17 and how much they have to resubmit it. We've also turned  
18 on a few reminders. We call them ticklers with our agency.  
19 If they don't respond within a certain amount of time, they  
20 will get an email telling them that they have, you know,  
21 seven days or 10 days depending on the tickler to resubmit  
22 their data and just a reminder. Again, we call them  
23 ticklers. Just fine tuning the escrow account a little bit.  
24 We did do that letter and so far we've got a good response

25

1 from everyone that we've talked to about that.

2 BUTCH LAMBERT: Okay. Any questions from the Board  
3 for Mr. Cooper?

4 MARY QUILLEN: Well, I...just a comment and not a  
5 question actually. I am just amazed that this has gone as  
6 quickly and as smoothly as it has. Congratulations. You  
7 all have done a fabulous job.

8 RICK COOPER: I'm not sure that I think it's went  
9 real quick. But it has passed rather well.

10 MARY QUILLEN: Yes.

11 RICK COOPER: We hope to end up this summer I think  
12 with some response from the companies. We do have the  
13 smaller companies. Range has already responded. We have  
14 that balanced out about as close as we're going to get it.  
15 Appalachian Energy we have them balanced out about as close  
16 as we're going to get them. There's a couple of  
17 accounts...just to let you know, it would probably cost us  
18 more time to try to get the data from one company...from well  
19 companies and even Chesapeake. I have chased them all over  
20 the country and still have got no response. But as a general  
21 rule, they only really have two active accounts there. It  
22 would probably...I don't know that's feasible for us to  
23 continue to working with Chesapeake unless you all tell me  
24 to. I just can't get any response or any information from

25

1 them.

2 DIANE DAVIS: Those wells are now owned Range.

3 RICK COOPER: Pardon.

4 DIANE DAVIS: Those wells are now owned by Range.

5 RICK COOPER: Right. Range, which Range...I have  
6 contacted Will Clearer at Range, but he has no records of  
7 that. He has given me a contact or two. I have contacted  
8 them numerous times. But, again, there's a very little  
9 dollar amount in there. There's only two of them that we  
10 would call active accounts. The rest of them are anywhere  
11 from \$25 to \$700. They're not large accounts. Unless the  
12 Board can give me some ideas of how to find that information,  
13 I'm just about...determining that it's probably more  
14 trouble to get those than what it's worth.

15 MARY QUILLEN: You would probably spend more time  
16 with...employee time trying to track those folks down  
17 because they have just scattered to the winds apparently.

18 RICK COOPER: I've contacted everybody from Texas  
19 to Pennsylvania to New York to Kentucky and no one seems to  
20 have a grasp on those particular older wells. They've  
21 changed names about four times in 10 years or 15 years.

22 BUTCH LAMBERT: And at some point in time when we  
23 get ready to get to the end of this audit process the Board  
24 is going to have to make a decision on what is going to be

25

1 the allowable accounting error that we will accept. At this  
2 point in time from our internal auditor who is independent  
3 of the audit that's ongoing who is looking at the processes,  
4 we're seeing that there's going to be maybe a 2% to 5% or  
5 6% accounting error. And that's just the history and the  
6 nature of this account that it's so old and gone through so  
7 many different bankings.

8 MARY QUILLEN: That's pretty low...pretty low  
9 considering.

10 BUTCH LAMBERT: That's pretty low.

11 MARY QUILLEN: Yeah. Considering all of the  
12 different agencies that has managed this escrow account and  
13 the...I mean, I'm surprised. I'm shocked---

14 BUTCH LAMBERT: Yeah.

15 MARY QUILLEN: ---that it's that low.

16 BUTCH LAMBERT: Well, our internal auditor---

17 SHARON PIGEON: Delightfully surprised.

18 BUTCH LAMBERT: Our internal auditor was quite  
19 surprised as well that it's turning out as low as it is.

20 MARY QUILLEN: Yes, that's---

21 BUTCH LAMBERT: That...I don't think we can make  
22 that decision right now. But as some point in time we will  
23 have to say and accept whatever amount that might be. Thank  
24 you, Rick. I appreciate that.

25

1                   MARY QUILLEN: Good job.

2                   SHARON PIGEON: I have a correction.

3                   BUTCH LAMBERT: Okay.

4                   SHARON PIGEON: On our lost docket item 31, docket  
5 number 12-0417-3058, the application has a typographical  
6 error in it on the cost. The testimony matches the AFE and  
7 is correct at \$1,259,244 for the cost of that well. There  
8 was a typo on page three of the application. So, Mr. Scott  
9 and I have worked through that. I do want to suggest that  
10 the Board start thinking about whether or not...I think that  
11 they would want to do it and I hope to do it, allocate some  
12 money from the interest that's accumulated over the years  
13 to finish out the project of putting all of these Board  
14 orders scanned and online. Right now they're not all  
15 available. I don't know if you all are aware that we weren't  
16 able to finish that project with the money that was  
17 available. But we have stopped doing that. I think that  
18 would be an appropriate expense for the Board to approve.

19                   MARY QUILLEN: I agree. I think that's a good idea  
20 to consider that project and completing that.

21                   BUTCH LAMBERT: And just to give you an idea, what  
22 has been scanned to date, which is a large portion of those  
23 documents, costed us \$10,000. We could potentially finish  
24 scanning that project for about half that. So, I think

25

1 that...we'll get that on the docket with some more specific  
2 numbers for an oncoming meeting of what that might cost.

3 MARY QUILLEN: I think that would be well worth it.  
4 If we've got a large majority of them for 2000, I would think  
5 that that would be money well spent.

6 SHARON PIGEON: We had a favorable contract with  
7 Goochland in doing that work. If we were able to go back to  
8 them since they're familiar with the process and all and it  
9 really is a service to the citizenry to have that information  
10 easily retrievable.

11 MARY QUILLEN: Exactly. I agree.

12 BUTCH LAMBERT: We'll work on that and get some  
13 specifics.

14 RICK COOPER: Yeah. That would be very beneficial  
15 to us. We get a lot of calls. It would just really expedite  
16 the process for all parties involved if we can have that data  
17 electronically...we spend sometimes four and five hours to  
18 find something that we should be able to get in ten to fifteen  
19 minutes.

20 MARY QUILLEN: Right. Right.

21 RICK COOPER: It would really help.

22 MARY QUILLEN: Well, I think it would be cost  
23 effective for everyone.

24 RICK COOPER: I think in the long term it would pay  
25

1 off for itself quickly.

2 MARY QUILLEN: Exactly.

3 BUTCH LAMBERT: Okay. The final item on the agenda  
4 is approval of the March 2012 minutes. Ms. Davis has  
5 brought to my attention that there has been one mistake in  
6 the minutes. She will correct that mistake and have them  
7 back for approval next month. Any other business before the  
8 Board today?

9 (No audible response.)

10 BUTCH LAMBERT: Do I have a motion to adjourn?

11 MARY QUILLEN: Motion to adjourn.

12 BRUCE PRATHER: Second.

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

15 (All members signify by saying yes.)

16 BUTCH LAMBERT: Opposed, no.

17 (No audible response.)

18 BUTCH LAMBERT: We're adjourned.

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1 STATE OF VIRGINIA,  
2 COUNTY OF BUCHANAN, to-wit:

3 I, Sonya Michelle Brown, Court Reporter and Notary  
4 Public for the State of Virginia, do hereby certify that the  
5 foregoing hearing was recorded by me on a tape recording  
6 machine and later transcribed by me personally.

7 Given under my hand and seal on this the 11th day  
8 of May, 2012.

9

10 \_\_\_\_\_ NOTARY PUBLIC

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12 My commission expires: August 31, 2013.  
13 My Notary Registration No.: 186661

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