

VIRGINIA DEPARTMENT OF MINES, MINERALS AND ENERGY

VIRGINIA GAS AND OIL BOARD HEARING

Tuesday, April 16, 2013

Lebanon, Virginia

BOARD MEMBERS:

Bill Harris – Public Member

Bruce Prather – Gas & Oil Industry Representative

Mary Quillen – Public Member

Rita Surratt – Public Member

APPEARANCES:

Rick Cooper – Director of the Division of Gas & Oil and Principal Executive to the Staff of the Board

Sharon Pigeon – Senior Assistant Attorney General

Diane Davis – Staff Member of the Division of Gas & Oil

Sarah Gilmer – Staff Member of the Division of Gas & Oil

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Mary Quillen: I would like to call this meeting to order. Just a reminder, if you have electronic devices be sure that you turn them off or put them on vibrate. The first item on the agenda is public comments. We have one speaker. And before we open this for public comments we will ask the board to introduce themselves, Rita.

Rita Surratt: I'm Rita Surratt from Dickenson County.

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

Mary Quillen: Public representative and active Chair for today's meeting. Chairman Lambert is out of town.

Bill Harris: I'm Bill Harris the public member from Wise County.

Bruce Prather: I'm Bruce Prather, I represent the Oil and Gas Industry on the Board.

Item Number 1

Mary Quillen: We have one speaker and just a reminder this is public comments and please hold your comments to two minutes please. The first speaker is Juanita Sneeuwjagt.

Juanita Sneeuwjagt: Good morning. I am Juanita Sneeuwjagt and President and Director of Committee for Constitutional and Environmental Justice and I am from Dickenson County. Several things have not escaped my notice and if some of these have been corrected, good. Please let me know if they haven't I will bring them to your attention. I notice we have a new lady this morning. I don't know if she is our new transcriptionist but I did want to comment on that. It has not escaped the notice of the public for several months; no transcription has been recorded of the minute meetings or the meeting minutes. There may be references so that so and so spoke for example: In August, I think Kathy Selvage spoke, Mitch Counts and myself and our comments had to do with the audit; and the minutes merely said that we spoke did not, did not tell us what our comments were and that is what we need to do is to, we want to know what the comments were.

Sharon Pigeon: Well the transcript has your comments in it.

Juanita Sneeuwjagt: I beg your pardon?

Sharon Pigeon: The transcript is the verbatim record of your comments.

Juanita Sneeuwjagt: Okay, because I looked for that and I did not find it.

Mary Quillen: You did not find the transcript?

Diane Davis: The transcript has not been posted online because I had to do them.

Sharon Pigeon: Well I think she is talking about... (inaudible)

Diane Davis: The August I have been working on too.

Mary Quillen: Okay. It will be in the transcript.

Juanita Sneeuwjagt: Thank you. Thank you because it is kind of pointless to say so and so spoke and not say what they spoke about, what the subject matter was, etcetera etcetera. So, that will be taken care of. Thank you. I appreciate that. And I did want to make a comment about the lady that was doing the transcribing for a long time and I understand that she is very very ill. So, if you see her give her our best and we are very sorry that she is very ill. I have already directed my question to you Attorney Pigeon so you have answered it. Additionally the public cannot hear what is being discussed. We had that big problem the last time and has that been rectified Mr. Cooper?

Rick Cooper: As you saw we were trying to get the sound system correct. I had UVA Wise up here this morning to test it so we will know after today. We are trying not to get feedback. We get feedback between the two mics but we are working on that.

Juanita Sneeuwjagt: Okay. Well I can hear you from here so... I did try to pull up a chair and sit alongside of him and see what would happen. Okay, thank you. This is a particular question of mine to either they were referring back Docket 8 from the March 19th meeting. I am quoting that Docket 8, March 19th, "A petition from CNX Gas Well Company, LLC, for the disbursement funds from escrow attributable to Tract 1E, 1G, 1L, an authorization to be paid royalties directly to the parties resulting from the royalty split agreement between Sword Creek Land Partnership and Jackie Richardson, Phyllis Richardson and Jerry Lee Plaster." I am including the docket number which you already have VGOB 3-1118-1119-01. CNX had no plat. When questioned by Chairman Butch Lambert it appears CNX had been remised for some time in presenting to the Board a plat. Not only does the law state that a plat must be submitted but that a certified plat must be submitted. So there was no plat and obviously no certified plat. Why did the board vote unanimously to okay this disbursement with no plat? If CNX and their secretary's word had no substance in the past, what guarantee does the Board have that prompts to supply plat to hold substance now? And I would like you to give some more thought to that. I don't believe they are here today and I think on good faith they were given another opportunity to produce a plat and I will keep my eyes and ears peeled for that. That's all I have this morning. Thank you very much.

Item Number 2

Mary Quillen: Okay. The second item on our agenda is Item # 10 which is being moved to the second item and our speaker is Mr. Michael Skiffington and this is regarding the arbitration regulations.

Michael Skiffington: Yes, good morning ladies and gentleman of the Board. Nice to see you again. My name is Michael Skiffington, I am the Program Support Manager for the Department of Mines, Minerals and Energy, and part of my responsibilities for the agency are to be the Regulatory Coordinator for the agency. That is what brings me before you this morning. Before you, you have the final arbitration regulations for your consideration. As you may recall in 2010, the General Assembly passed a statute creating an arbitration system as an alternative means to litigation to resolve disputes arising from coal bed methane gas ownership. That legislation required you the Board to draft regulations to implement the arbitration procedure. Emergency regulations were adopted by the Board in August of 2010. Those emergency regulations were in effect for eighteen months and served as Stage 1 of the three stage promulgation system that the administrative process act allows for in Virginia. We are now here at the start of the third stage, the final stage of the regulations and if you choose to adopt the regulations this morning they will go through Executive Branch review one last time; and will then once that is approved by the Governor's Office ultimately they will be published in the Virginia Register of Regulations and will become effective 30 days after the date of publication. Just to give you an idea of how the process works in a very brief nutshell. With that, I am at your service to answer any questions that you might have about the process or the regulations themselves. No changes have been made since you voted on the proposed regulations back in July of 2011.

Bill Harris: Just one question you said we have this in front of us, do we have?

Sharon Pigeon: Yes we do. Number ten

Bill Harris: When I look at Number ten it says: This petition to review arbitration regulations.

Rick Cooper: Scroll on down.

Sharon Pigeon: Did you find it? Because I can hand you mine.

Bill Harris: I found it. Yeah I had to scroll on down.

Sharon Pigeon: And these are the same as the emergency regulations that have been approved previously.

Michael Skiffington: Well there was one minor change from the emergency regulations to the proposed regulations, and what you have in front of you is identical to what was that of the proposed stage that was published in the registry.

Mary Quillen: So each of these steps in this final regulation process are have all of these steps been met that we have in this list?

Michael Skiffington: Yeah where you are is on the top of the third column.

Mary Quillen: Right, right.

Michael Skiffington: Yes ma'am.

Mary Quillen: I believe the only thing that we had I guess commented on was in Section 60 of removing the one statement: "Has a present or former personal or business relationship with one of the clients." Is that correct?

Michael Skiffington: The conflict of interest section?

Mary Quillen: Yes

Michael Skiffington: That was the change that was made between the emergency and proposed section.

Mary Quillen: Right. I just want to clarify that was the change.

Michael Skiffington: Yes ma'am.

Mary Quillen: Okay. Does the Board have any additional questions for Mr. Skiffington? Do I have a motion to accept the arbitration regulations which will include the one change in Section 60 that we had previously requested?

Bill Harris: So moved.

Bruce Prather: Second.

Mary Quillen: Okay we have a motion and a second. All in favor of accepting, answer yes.

Board: Yes.

Mary Quillen: Opposed no. Okay motion carries and approved.

Item Number 3

Mary Quillen: The second Item which will now be item number three the Board will receive the quarterly report from First Bank and Trust escrow agents for the Virginia Gas and Oil Board.

Debbie Davis: Good morning.

Board: Good morning.

Debbie Davis: I am Debbie Davis, I am the trust officer with First Bank and Trust Company.

C. J. Carter: I am C. J. Carter, Portfolio Manager for the First Bank and Trust Company.

Debbie Davis: If you will turn to your second page I have done a first quarter of 2013 Summary. We had a beginning balance as of 12/31/2012, of \$27,639,043.14. We had deposits which include royalty and working income of \$443,311.79. Interest earned during the first quarter of money market and CDARS is \$20,090.28. Our, the bank escrow fees was \$6,930.44. Distributions that was made per orders was \$215,683.73. We had audit expenses of \$9,546.45. We had an adjustment of \$1,436.43. There was an issue that had been posted in December with the CNX deposit and I had to return those monies. So, it was reflected as the deposit in the fourth quarter of 2012, and I had to make that adjustment during the first quarter of 2013. Which left us with with an ending balance as of 3/31/13, of \$27,868,848.16.

Sharon Pigeon: Debbie, can you tell us why you had a deposit that had to be returned?

Debbie Davis: Actually, what they had done, they issued two checks that had the same check number and they weren't supposed, it was like the check duplicated itself for whatever reason and we were only supposed to receive the one.

Sharon Pigeon: Okay, so it was...

Debbie Davis: It was a production error.

Sharon Pigeon: Okay, was this an electronic deposit?

Debbie Davis: No that was actually it was before the electronic deposits started. It was an actually printed check.

Sharon Pigeon: Electronic is better. We knew that when we asked them to.

Debbie Davis: And speaking of electronic, CNX for the past couple of months has done direct deposit on their monthly escrow. We had a few kinks to work out but everything is going very smoothly now. I am now in the process of working with EQT to do the same process with them and get that finalized. Hopefully that will be accomplished the next time I come.

Sharon Pigeon: Oh well, very good. Excellent.

Debbie Davis: We are very excited about that. It is not only a time saver for me but a cost savings for the producers. Under your first tab I've included your outstanding check list just for information purposes. You will notice that the list is smaller. There has been some checks that were cashed, so we are still in hopes that others out there will see this and cash those checks.

Bill Harris: By that you mean there were checks actually issued from the escrow to folks that are listed and they have not cashed those?

Debbie Davis: They have not cashed those.

Sharon Pigeon: Do we still need a good address for Edna Sue Bailey? This is one that has been returned.

Debbie Davis: If I am not mistaken, I think she may be the one that we found may be deceased now, and they are trying to work on getting documentation of who those checks should be reissued to.

Sharon Pigeon: Oh.

Mary Quillen: That was our only one that had an incorrect address or that was returned?

Debbie Davis: Yes.

Mary Quillen: Okay.

Debbie Davis: The other ones have been mailed and I have not seen them back or so.

Sharon Pigeon: Well you have these back that were written.

Debbie Davis: Yes. I have a couple that I have noted. And at any time some of the older dated ones you know if they would contact me and for me to reissue a current check I can. If not, those funds will be escheated to the State of Virginia within the five year issuance date.

Mary Quillen: You know, there needs.... I wonder if these people are aware of this?

Debbie Davis: Well that is the reason I figured that this goes on public record so....

Mary Quillen: Right, but do they....

Debbie Davis: They've actually received tax reporting on it.

Mary Quillen: Yeah, but they are going to lose it.

Sharon Pigeon: Do you send them a letter saying: "we issued the check and it has not been negotiated?" Because I get some of those letters myself personally so I can say that is helpful.

Debbie Davis: And that would probably occur before they are escheated. And while we are talking about escheated, the checks that were escheated on EQT, all of those have been resolved and we do have (inaudible) now.

Sharon Pigeon: The Tennessee part?

Debbie Davis: Yes. They actually, EQT actually reissued the checks for those amounts, sent those in and now they are working on getting their monies back from the state.

Mary Quillen: The state of Tennessee, right?

Debbie Davis: Yes.

Sharon Pigeon: Oh, okay good.

Debbie Davis: Under the second tab is just the breakdown of the well of any deposits, interest, fees, etcetera. And also the last page of that section are the unfunded units. We have actually went through and worked with Diane and they have been in contact with me and they have been working with the producers for any of those that were approved but never drilled and the Order has been expired to get those off the records.

Sharon Pigeon: Oh okay. Housekeeping.

Debbie Davis: Yes housekeeping. Are there any questions in this section?

Sharon Pigeon: It looks like we are making some real progress.

Debbie Davis: Yes we really are. Verses how things looked a couple of years ago.

Sharon Pigeon: Earlier.

Debbie Davis: Things are going very smoothly.

Mary Quillen: Well, these pages are getting smaller numbers and the lists are getting shorter, so....

Sharon Pigeon: That's always a good sign.

Mary Quillen: Exactly.

Debbie Davis: If there are no further questions, under the third tab I have a breakdown of how the funds are currently invested. You will notice that I have \$3,188,848.16, invested in the ICS money market. Those are liquid funds that are available. Which I am trying to keep that around three million and with one of the next CDARS purchases I will try to take up a little bit more of that money. And then you will note, the next three CDARS are actually the six month CDARS which is earning twenty basis points. That totals \$3,140,000.00, and the next list I've went ahead and took advantage of the higher yields and taken those out for a year. Actually, the first one was matured as of to date; because it matured on the 4th of April, so that was the last of our fifty basis points CDARS. We are down to thirty basis points now.

Sharon Pigeon: This says 14 should it say 13?

Debbie Davis: It should I apologize.

Sharon Pigeon: That's okay. Just...I thought that I was....

Bruce Prather: I guess I saw that and was hoping it was extended.

Sharon Pigeon: I hoped that until she spoke.

Debbie Davis: Sorry.

Sharon Pigeon: That one didn't happen that way. Okay well.

Debbie Davis: But we are happy that you know that Mr. Hyder and the Board extended to continue out those rates for this next year.

Sharon Pigeon: We are too.

Mary Quillen: We appreciate that.

Debbie Davis: I am hoping that if there is any changes, they will adjust and go up. But I will let CJ talk on his expectations of that. The next page of course I have attached for your fun and amusement to see what the Treasury is offering as of the moment. Still to get a better rate we would need to go out 3-5 years and I know the Board is not wanting to do that. So hopefully maybe those two years might, and that might be an option for us.

Sharon Pigeon: Three years is not noticeably better.

Debbie Davis: Right.

---(inaudible)---

Debbie Davis: They make me nervous. So with that I will let CJ kind of give you an overview of the market and where we think rates may be going.

C. J. Carter: Okay. I don't really have anything prepared. I will just give you a short little overview and be happy to take any questions. I, in my personal opinion I don't see rates any catalyst to move rates any higher. Certainly what we have seen so far the relatively strong stock market performance here to date may be the exception of yesterday. Rates have actually come down and I think that's... I tend to think the bond market tends to lead the stock market. I think that could suggest some short-term weakness in the stock market. So in terms of where your investments are, you know as Debbie pointed out of course treasury rates to me it is pretty self-explanatory that you need to stay in the CDs until that dynamic changes. You know, I really feel that the CDs are in that lower risk, zero risk corner of that market, the best place to be. There is really not too many other options. You can go out into the municipal bonds. There are some pre-refunded bonds that are backed by treasuries those typically trade at very small --- (inaudible)--- to treasuries and I think you are better suited to stay in the CD area. There's a multitude of forces and things going on in the global economy that we are constantly trying to

make since of and I would be happy to go in any further depth on anything you have a question on.

Sharon Pigeon: We still have FDIC protection at \$250,000.00, correct?

C. J. Carter: That is correct.

Sharon Pigeon: Do we have an end date on that? I know that originally it was through a certain date and then it was extended.

Debbie Davis: No. And with these investments it is spread out through banks so that it always meets that.

Sharon Pigeon: I understand that is why we have it, but has there been any movement in the federal legislation to change the limit of the FDIC coverage.

Debbie Davis: Not to my knowledge.

C. J. Carter: Not that I am aware of.

Sharon Pigeon: We would be very interested that if that happens to be kept apprised of that.

Debbie Davis: Yes.

C. J. Carter: Right.

Mary Quillen: Because that was a big concern that the time when we were looking at these is because of that initial deadline.

Debbie Davis: Right, yes.

Sharon Pigeon: It seems as though they had an end date and then they extended it.

Mary Quillen: Seems like it was December.

Sharon Pigeon: And they extended it but I'm not sure after that.

Debbie Davis: I don't know but I will check into that and see.

C. J. Carter: I think the market is certainly, the expectation is that is going to continue. That is certainly what the market believes.

Sharon Pigeon: I haven't seen anything to make me think that is not the case but I wanted to hear it from someone that should know that.

Debbie Davis: Okay. Are there any other questions or concerns or anything else that we may be able to address?

Mary Quillen: You mentioned earlier Debbie, that the next CDARS that you do purchase that you were going to take a little bit more out of that money market, did you say?

Debbie Davis: Yes.

Mary Quillen: But you are still going to keep it somewhere?

Debbie Davis: I keep it at the three million. So as it builds up over that three million depending on how many disbursing orders I am getting in versus the deposits, I try to keep it as close to that three million level as I can.

Mary Quillen: Okay. Because we are making a real effort to try and get these disbursements and get them out as quickly as possible and get this money to the rightful owners.

Debbie Davis: Yes, right. And back to the Summary page, you know I had deposits for the quarter of \$443,000 plus and distributions too. So it is almost as my deposits are covering disbursements going out.

Mary Quillen: Right, right. And I notice this and I think that your last meeting with us, the same thing is that the deposits are covering the disbursements.

Debbie Davis: They are and with the interest coming in.

Mary Quillen: Right, right. And that is a good thing.

Debbie Davis: It is.

Mary Quillen: Yes. So we just want to be sure just in case.

Debbie Davis: Right. And you know with the laddering with the CDs I pretty much have those coming due regularly so that we shouldn't have any issues and then the bank has said that I can cash it early without the penalty and have those funds available as well.

Mary Quillen: I feel very comfortable with the way it is going with the deposits and the disbursements and the fact that we do have those that are maturing and we are reinvesting, so I feel comfortable with that I think we are in pretty good shape.

Debbie Davis: Yes, and you know I look at this daily.

Mary Quillen: Right, right and that is a comfort to us as I had mentioned to you all earlier, you know we have just had excellent, excellent support and feedback from you folks and we really appreciate it. Because you keeping us informed and up to date then we can make better informed decisions. And we know that you have our back and we really appreciate the good work that you are doing.

Debbie Davis: Thank you.

Mary Quillen: Any other questions from the board? Thank you so much and we will see you next quarter.

Debbie Davis: We are here if you need us.

Item Number 4

Mary Quillen: Thank you. The next item on the Agenda is listed as number three but it will actually be number 4. A petition from EQT Production Company for disbursement of funds from Escrow on behalf of Edward Galyon and Rebecca J. Galyon in Tract 6 for well VC-537869, Docket Number VGOB 07-1016-2046-01. This was continued from March meeting those having an interest in this please come forward and be sworn.

Jim Kaiser: Madame Chairman and members of the Board, Jim Kaiser and Rita Barrett on behalf of EQT production.

Diane Davis: Do you swear and affirm that your testimony is the truth the whole truth and nothing but the truth?

Rita Barrett: Yes Ma'am.

Diane Davis: Thank you.

Jim Kaiser: Ms. Barrett if you will state your name for the record who you're employed by and in what capacity.

Rita Barrett: Yes. My name is Rita McGlothlin Barrett, I am employed by EQT production company as a contract land man.

Jim Kaiser: And this is a request for disbursement on the well serving the unit for VC-537869?

Rita Barrett: That is correct.

Jim Kaiser: And have all parties been notified as required by statute?

Rita Barrett: Yes sir.

Jim Kaiser: And we are disbursing from Tract 6 in the unit?

Rita Barrett: Yes sir.

Jim Kaiser: Is this a partial or full disbursement?

Rita Barrett: This is a partial.

Jim Kaiser: And the reason for the disbursement?

Rita Barrett: The reason for disbursement is a letter dated February 22, 2011, wherein Range Resources relinquished its claim to the coalbed methane royalty.

Jim Kaiser: And have the figures been reconciled between the escrow agent and EQT?

Rita Barrett: Yes they have as of December 31, 2012.

Jim Kaiser: And the amount of the disbursement or the figure that the Board should use to disburse going forward would be that percentage as represented in the last column, next to last column to the right, percent of escrowed funds?

Rita Barrett: That is correct.

Jim Kaiser: Okay. And who should receive the disbursements?

Rita Barrett: Edwin Galyon and Rebecca J. Galyon.

Jim Kaiser: And have you provided the Board with Exhibits E and double E to reflect the facts of this disbursement?

Rita Barrett: Yes sir.

Jim Kaiser: And would you ask that any Order provide that the Galyon's be paid their royalty directly going forward?

Rita Barrett: Yes sir.

Jim Kaiser: Nothing further of this witness at this time, Ms. Chairman.

Mary Quillen: Any questions from the Board? Do you have a reconciliation date from the bank on that?

Rita Barrett: I'm sorry?

Mary Quillen: Do you have the reconciliation date with the bank?

Rita Barrett: The date, as I said it was effective as of December 31, 2012.

Sharon Pigeon: The Petition that I am looking at has a hearing date on it of February 19, 2012.

Rita Barrett: I'm not sure what that is.

Jim Kaiser: It's the wrong date.

Rita Barrett: It's the wrong date.

Sharon Pigeon: It's a mistake. Just wanted to confirm that I wasn't looking at an old file somewhere.

Rita Barrett: It should be March, I think.

Sharon Pigeon: Well, whatever it is, its not for today's hearing.

Rita Barrett: It was continued from March.

Sharon Pigeon: From March of 2013, not 2012. Take the rap take the rap.

Jim Kaiser: No, no. Let me get that straight on the record. They have been doing these themselves and now we are taking them over again starting next month.

Sharon Pigeon: Okay, okay.

Jim Kaiser: Alright are we good? You need a corrected front sheet there obviously.

Sharon Pigeon: I don't need a.... We testified to it, I rolled across it. I am happy.

Jim Kaiser: We ask that the Petition be approved as submitted.

Mary Quillen: Is there a motion for approval?

Bill Harris: Motion for approval.

Bruce Prather: Second.

Mary Quillen: Motion in second. All in favor answer by saying yes.

Board: Yes.

Mary Quillen: Opposed no. Motion carries. You have approval.

Rita Barrett: Thank you.

Item Number 5

Mary Quillen: The next item on your Agenda is number four but is actually number five because of the switch. A petition from EQT Production Company for the disbursement of the funds and authorization of direct payment for Cheryl Fields, Teresa Campbell and Range Resources-Pine Mountain, Inc. in Tract 3 for Well VC-551315, Docket Item Number VGOB 06-0620-1653-01. This was continued from March 2013.

Jim Kaiser: Ms. Barrett is this a disbursement request again?

Rita Barrett: It is.

Jim Kaiser: And have all parties been notified as required by statute?

Rita Barrett: Yes sir.

Jim Kaiser: This disbursement is for what unit.

Rita Barrett: This is a disbursement for VC-551315.

Jim Kaiser: And what tract are be disbursing from?

Rita Barrett: Tract 3.

Jim Kaiser: Is this a partial or full disbursement?

Rita Barrett: This is a partial.

Jim Kaiser: The reason for the disbursement?

Rita Barrett: We have royalty split agreements between Range Resources and Cheryl Fields and Teresa Campbell.

Jim Kaiser: And that is a 75/25 split?

Rita Barrett: That is correct.

Jim Kaiser: And have all of the figures been reconciled between the escrow agent and EQT?

Rita Barrett: Yes. As of January 31st of this year.

Jim Kaiser: So it is January 31, 2013?

Rita Barrett: That is correct.

Jim Kaiser: And the Board should look to the percentage of escrowed funds in the next to the last column to the right on our Exhibit AA for disbursement purposes?

Rita Barrett: Yes sir.

Jim Kaiser: And who should receive these disbursements?

Rita Barrett: Teresa Campbell, Cheryl Fields and Range Resources.

Jim Kaiser: Have you provided the Board with Exhibits E and EE to reflect the facts of this disbursement?

Rita Barrett: Yes sir.

Jim Kaiser: Would you ask that these parties be paid their, the Order state that these parties be paid their royalties going forward?

Rita Barrett: Yes.

Jim Kaiser: Nothing further from this witness at this time Ms. Chairman.

Mary Quillen: Any questions from the Board?

Sharon Pigeon: Font on this one is larger. That is good folks. We can see it.

Rita Barrett: I've asked.

Mary Quillen: Is there a motion for approval?

Bill Harris: Motion to approve.

Bruce Prather: Second.

Mary Quillen: We have a motion and a second. All those in favor respond by saying yes.

Board: Yes.

Mary Quillen: Opposed, no. You have approval.

Jim Kaiser: Thank you.

Rita Barrett: Thank you. Actually Sharon are these not electronically generated now? So can we increase the size of the font after.

Diane Davis: I don't know.

Sharon Pigeon: This one is larger, than the one before it.

Diane Davis: Since you can increase them on your screen I don't know.

Sharon Pigeon: Okay. Thanks Diane.

Item Number 6

Mary Quillen: The next item on the Agenda is five on the Agenda but it is number six because of the change. Petition from EQT Production Company for disbursement of funds from escrow in Tracts 2-7 on behalf of Range Resources-Pine Mountain for well VC-504659, Docket Number 02/05/21-1030-01. This was continued from March 2013.

Jim Kaiser: Rita, again we have a disbursement request Petition?

Rita Barrett: Yes sir.

Jim Kaiser: And have all parties been notified as required by statute.

Rita Barrett: Yes.

Jim Kaiser: And what unit is this disbursement for?

Rita Barrett: This is for VC-504659.

Jim Kaiser: And what tracts?

Rita Barrett: Tracts 2-7.

Jim Kaiser: Now is this a partial or full disbursement?

Rita Barrett: This is a partial.

Jim Kaiser: And the reason for the disbursement?

Rita Barrett: We have a letter dated October 5, 2012, where in the coal company relinquished their claim to the coalbed methane.

Jim Kaiser: Who is that coal company?

Rita Barrett: Lambert Land, LLC.

Jim Kaiser: Okay and should the Board be directed to the next to last column on the right of the spread sheet that we label Exhibit AA for the percentage of escrowed funds?

Rita Barrett: Yes.

Jim Kaiser: And who should receive this disbursement?

Rita Barrett: Range Resources-Pine Mountain.

Jim Kaiser: And have you provided the Board with Exhibits E and EE to reflect the facts of the disbursement?

Rita Barrett: Yes sir.

Jim Kaiser: Would you ask that they would provide that Range be paid any royalty due them directly going forward?

Rita Barrett: Yes.

Jim Kaiser: Nothing further of this witness at this time Ms. Chairman.

Mary Quillen: Questions from the Board.

Rita Barrett: I will point out that this reconciliation is as of December 31, 2012.

Mary Quillen: Any question from the Board. Do I hear a motion for approval?

Bill Harris: Motion to approve.

Bruce Prather: Second.

Mary Quillen: We have a motion and a second. All those in favor respond by saying yes.

Board: Yes.

Item Number 7

Mary Quillen: Opposed, no. You have approval. Item number six which will be actually number seven because of the change. Petition from EQT Production Company for disbursement of funds from escrow on behalf of Range Resources-Pine Mountain, Inc., Lonnie Rayford Counts, James E. Counts, Maynard Counts, Linda Gail Chafin, William Larry Counts, Lora Lee Counts, Kevin Counts, Teresa Campbell and Cheryl Fields. Docket Item Number VGOB 07-1218-2102-01.

Rita Barrett: Madame Chairman, we are going to ask that that item be continued because we did not get notification that the Application had been approved in time to get the affidavits and mailings out. So, we want to continue that until May.

Mary Quillen: Until May?

Rita Barrett: Yes.

Item Number 8

Mary Quillen: Okay, we will continue Docket Item VGOB 07-1218-2102-01, will be continued until May. The next item on the Agenda is number seven changed to number eight. A petition from EQT Production Company for disbursement of funds on behalf of the heirs of Viola E. Carter for Tract 6 for Well V-502726. Docket Number VGOB 04-1116-1362-01. Anyone wishing to speak to this item, please come forward.

Jim Kaiser: Ms. Chairman, Jim Kaiser and Rita Barrett on behalf of EQT. Ms. Barrett this is a disbursement request?

Rita Barrett: Yes sir.

Jim Kaiser: And have all parties been notified as required by statute?

Rita Barrett: Yes.

Jim Kaiser: Do you want to explain kind of who the parties are here?

Rita Barrett: The parties are Joshua James Carter, Shannon Meryl and David Ballard Carter. These are the heirs of Viola Carter, per her Last Will and Testament that was recorded in Wise County, on January 11th of this year.

Jim Kaiser: Ok and what unit is this disbursement for?

Rita Barrett: V-502726.

Jim Kaiser: So this is actually a conventional gas well?

Rita Barrett: Yes sir it is.

Jim Kaiser: Okay, and the reason for the disbursement?

Rita Barrett: These parties were listed as unknown heirs and once this Last Will and Testament got recorded, we were able to determine the heirs of Viola Carter.

Jim Kaiser: And this being a conventional well and all the unknowns now being located this will actually represent a full disbursement?

Rita Barrett: Yes.

Jim Kaiser: Okay. So the escrow account for this unit of this well can actually be closed upon disbursement?

Rita Barrett: Yes sir.

Jim Kaiser: Alright, and have the figures been reconciled between the bank and EQT?

Rita Barrett: Yes sir, as of February 28, 2013.

Jim Kaiser: And we would direct the Board to the percentage of escrowed funds in the next to the last column on the right of Exhibit AA.

Rita Barrett: Yes sir.

Jim Kaiser: And who should receive these disbursements?

Rita Barrett: Again, Joshua James Carter, Shannon Meryl and David Ballard Carter.

Jim Kaiser: Have you provided the Board with Exhibits E and EE to reflect the facts of this disbursement?

Rita Barrett: Yes.

Jim Kaiser: Would you ask that any Order state that these royalty owners be paid their royalty directly going forward?

Rita Barrett: Yes. Actually there is no Exhibit E needed because all of the owners have been located.

Jim Kaiser: Thank you. That is all I have Ms. Chairman.

Mary Quillen: Any questions from the Board?

Bill Harris: Madame Chairman, let me ask one question. They have some listings here, actually it is page number nine, I believe it is, well actually page eight. After the Exhibit EE, we have proof date, payment date, and own net. It is after page seven, actually it is listed as page eight. There are several of these pages that I am a little confused as to why we have them, what they are. It is after Exhibit EE in our electronic file. Now I am not sure where it is in your paper files.

---- inaudible----

Rita Barrett: That's just the dates of the deposits into the account. Those are the royalty deposits into escrow.

Rick Cooper: It's the reconciliation page.

Diane Davis: It's just the proof of reconciliation. It should be Exhibit J.

Rick Cooper: Correct, going forward that should be Exhibit J.

Mary Quillen: Reconciliation of bank and operator documents.

Bill Harris: Thank you.

Mary Quillen: Any other questions? Do I have a motion for approval?

Bill Harris: Motion to approve.

Bruce Prather: Second.

Mary Quillen: We have a motion and a second. All those in favor respond by saying yes.

Board: Yes.

Mary Quillen: Opposed no. You have approval.

Jim Kaiser: Thank you.

Rita Barrett: Thank you.

Mary Quillen: The Board will take about a 15 minute recess. It is now ten o'clock, say if everyone would return at 10:15.

Mary Quillen: We are back on the record, and the Board on its own motion will ask EQT Production Company, LLC to withdraw previously approved disbursement petition on March 2012, for well VC-536636, Docket Number 09-1117-2635-01. A re-pooling is required prior to this disbursement being processed.

Rita Barrett: Oh where to start. We've had a lot of discussions with DGO and EQT and what happened on this one, apparently, let me get my ducks in a row here. Subsequent to the original Pooling Order a Supplemental Order was submitted, let me back up. The original Order had the plat and exhibits that involved six tracts. Then a Supplemental Order was prepared.

Jim Kaiser: Subsequent to the filing of the Order there was a conveyance, correct? Prior to the Supplemental Order.

Rita Barrett: Apparently yes. There was a conveyance, or, I haven't determined this, I didn't have the opportunity to talk to EQT or the surveyor yesterday. But, when the Supplemental was sent, it showed that tracts 2 and tracts 3 from the original order had been combined. The exhibits...

Jim Kaiser: Now we are down to five tracts.

Rita Barrett: Correct.

Sharon Pigeon: Is that based on the conveyance that had occurred between the Order and the Supplemental Order?

Rita Barrett: That's what I have not been able to determine.

Sharon Pigeon: But that is where you think it is going?

Rita Barrett: Correct. But I have not confirmed it so I cannot testify that indeed it has happened. What we are asking to do once everybody is aware of, we had applied for disbursement for Mr. Hurley Ratliff. We want Mr. Ratliff, as do you guys, everybody wants him to get his money. So, today we are asking for that disbursement to go forward, and that EQT send revised disbursement exhibits and revise the Supplemental and all of those exhibits. If we determine that indeed we need to re-pool this well we will do that going forward. I think yesterday we determined that if we do this disbursement to Mr. Ratliff today there is going to be an overpayment of \$42. EQT will not try to recoup that from Mr. Ratliff, but they will indeed put that \$42 back into this escrow account so that it balances.

Sharon Pigeon: If there is an overpayment to Mr. Ratliff, EQT is going to reimburse the escrow account. Let's not talk about \$42, since we don't have all of the documents here. We think it is \$42.

Rita Barrett: I agree with that, yes, if there is an overpayment.

Sharon Pigeon: Whatever the overpayment is, EQT is going to pick it up?

Rita Barrett: Correct, correct.

Sharon Pigeon: Just to keep the record straight.

Rita Barrett: Absolutely, I agree with that.

Mary Quillen: So you are asking the Board to consider going forward with the disbursement to Mr. Ratliff with the understanding that once this is finalized with the re-pooling, any overpayment will be absorbed by EQT and the escrow account will be reimbursed.

Rita Barrett: Yes ma'am.

Sharon Pigeon: And this is simply because we have to get Mr. Ratliff's disbursement out to him.

Rita Barrett: Yes ma'am.

Mary Quillen: Are there any questions from the Board?

Rick Cooper: Ms. Chairman could you put the percentage on record for us? Do you know that?

Sharon Pigeon: This would be the percentage that you originally brought to the Board. Would it not?

Rita Barrett: I'm sorry.

Sharon Pigeon: This percentage would be the same one that you brought to the Board previously asking for the disbursement.

Rita Barrett: Yes ma'am. And that reflects the 25.24 acres and yes tract one, 55.606962%.

Mary Quillen: I'm sorry what was that percentage again?

Rita Barrett: 55.606962

Mary Quillen: Any other questions from the Board?

Bruce Prather: Madame Chair has this ever been done before?

Mary Quillen: I would have to defer to Ms. Pigeon on that.

Sharon Pigeon: Well, I don't recall this exact situation, we have had situations where a disbursement was made incorrectly for one reason or another and then we came back and corrected what had happened. As far as a conveyance between the Order and the Supplemental

Order which seems to be the trigger here that may have happened. I just don't recall. You know, what happened here is that we have an Order, we had a conveyance before we had the Supplemental Order which is filed after the election options. And then we had a disbursement Order all kind of boom, boom, boom with a ripple in there. So as far as this exact circumstance I don't recall such, but I do know that we have had disbursements that were made and then corrected after the fact, in order to get the business ironed out.

Bruce Prather: Okay.

Jim Kaiser: There could be deaths within that interim period, I'm sure that has happened.

Sharon Pigeon: And we've had.... we've just had mistakes before. We've had Orders that went out and instead of saying each person got \$4,000, we said each person got we said they got \$4,000, between them or something like that. Between the testimony and the record on the transcript it wasn't clear. We went back and had to review it, correct it. So mistakes get made in anything. This is just a mistake I think we want to get it corrected and get on with it. But we don't want to hold up Mr. Ratliff to get our records corrected.

Rita Barrett: That's right. I mean we are just trying to get Mr. Ratliff his money.

Bruce Prather: Yeah.

Rita Barrett: And he shouldn't be punished because of mistakes.

Sharon Pigeon: Yeah, to hold him up while we look for a \$42 mistake which is what we think it is but you know again we are not saying that is it but whatever the mistake is it is really on the business end of it. It is not Mr. Ratliff's mistake and we want to get his money to him.

Bruce Prather: Yeah.

Mary Quillen: Any other questions? Do I hear a motion?

Bill Harris: I make a motion to approve.

Bruce Prather: Second.

Mary Quillen: We have a motion and a second. All those in favor respond by saying yes.

Board: Yes.

Mary Quillen: Opposed, no. Motion carries. Do we need to restate what that understanding is?

Jim Kaiser: You stated it perfectly I mean, to start with.

Mary Quillen: But we don't need to restate it? Okay.

Sharon Pigeon: It will be in the transcript exactly as you had it. If we restate it we might not say it as well.

Mary Quillen: Very well. Very good.

Sharon Pigeon: We are making the disbursement and we have a pending correction to come in after the fact.

Rita Barrett: I am assuming since Mr. Cook isn't here, does that royalty check need to go to his office?

Sharon Pigeon: No we don't pay third parties.

Rita Barrett: Okay.

Mary Quillen: You have approval.

Jim Kaiser: Thank you.

Rita Barrett: Thank you.

Sharon Pigeon: This turned out to be a little bit more complicated of a correction to make and holding him up while we work through the paperwork seems unfair.

Rita Barrett: Yeah, I agree.

Item Number 9

Mary Quillen: The next item on the Agenda which is number eight will be number nine. A petition from Range Resources-Pine Mountain for modification of the Nora Coalbed Methane Gas Field Rules, to allow one additional coalbed gas well to be drilled within each of the 58.77acre Nora Units identified in Exhibit A. Docket Item Number VGOB 89-0126-009-80.

Sharon Pigeon: It is zero zero zero nine. You left out the zero there. I'm sorry.

Mary Quillen: Let me re-state the Docket Item Number. Docket Item Number 89-0126-0009-80.

Sharon Pigeon: Correct.

Mary Quillen: Sorry.

Sharon Pigeon: That's okay.

Mary Quillen: Those wishing to speak to this item please come forward, and I believe we have a hand-out.

Jim Kaiser: Ms. Chairman, Jim Kaiser, Phil Horn and Gus Janson on behalf of Range Resources.

Diane Davis: Do you swear and affirm that your testimony is the truth the whole truth and nothing but the truth?

Gus Janson: Yes I do.

Phil Horn: I do.

Diane Davis: Thank you.

Jim Kaiser: We will start with Mr. Horn. If you will state who you are employed by and in what capacity.

Phil Horn: My name is Phil Horn. I am employed by Range Resources-Pine Mountain, Inc., as Land Manager.

Jim Kaiser: And your responsibilities include the area in which these increased densities are being sought to be drilled?

Phil Horn: That is correct.

Jim Kaiser: And this is the Nora coal bed gas field?

Phil Horn: That is correct.

Jim Kaiser: And have all parties been notified that being the coal, oil and gas owners within all of these units?

Phil Horn: Yes they have.

Jim Kaiser: Okay and this application includes thirteen units?

Phil Horn: That is correct.

Jim Kaiser: And how many of those units are forced pooled?

Phil Horn: One.

Jim Kaiser: Just the one? Do you want to identify that one?

Phil Horn: Its unit number 77Y.

Jim Kaiser: And should Range elect to drill a increased density well in that force pooled unit, will those parties be afforded their election options?

Phil Horn: Yes provided that that won't lease again. That is correct.

Jim Kaiser: Nothing further from this witness at this time Ms. Chairman.

Mary Quillen: Have any questions for this?

Bruce Prather: How much acreage does that outside participation amount to?

Phil Horn: How much acreage does the party own?

Bruce Prather: No the 77Y, how much in other words you have one outstanding royalty owner apparently.

Phil Horn: A couple of acres. We drilled that well five, six or seven years ago. I think it is two or three acres. Small amount.

Bruce Prather: Okay.

Sharon Pigeon: And all of the others are voluntary units?

Phil Horn: We have third party leases and some other units but they are 100% leased.

Jim Kaiser: So they are either 100% leased or Range acreage for the rest of the units.

Phil Horn: Correct.

Mary Quillen: Except for this one. Any other questions for Mr. Horn? Okay you may continue.

Jim Kaiser: I am going to turn to Mr. Janson. Mr. Janson if you would state your name for the record of who you are employed by and in what capacity.

Gus Janson: My name is Gus Janson employed by Range Resources-Pine Mountain, Inc., as the Manager of Geology.

Jim Kaiser: And your responsibilities include the increased density program?

Gus Janson: That is correct.

Jim Kaiser: And you have prepared a package of information to illustrate to explain why Range is seeking the right to drill these increased density wells.

Gus Janson: That is correct.

Jim Kaiser: If you will just go through that with the Board at this time.

Gus Janson: Okay. Again, I have handed out the Exhibit K to the Board. The first page of the exhibit simply outlines the thirteen units that are included in this application, which is mimicking the application which you have already received. You also see on here the additional units that have been previously approved for infilling by the Board in gray. And if you will also note to the very eastern side of the map you can see where we are butting up against the Oakwood Field also there, where the 80 units come into play. Those have been done by CNX, just for reference. On page two is sort of a blow-out view of the Nora field which again shows the location of all of the previously approved units by the Board for increased density. You also see the proposed units by Range today. The thirteen units outlined in green in the northeastern corner. Page three is an illustration of the existing units that have been already have a second well drilled on those units. Those are indicated with the little red circles. So there has been approximately 180 some odd wells that have already been drilled in the Nora field and additionally, Range has drilled about ten of those up in their field to the northwest. You can see that the programs have quite a bit of activity over the years. Page four again is a close up view of the increased density areas. Which I will also show you which wells have been drilled to date. Several units show the first well and the second well, you will see two wells on several of the units that have been done in the past. The majority, in fact all of the proposed wells already have a first well in them to date. Just a little update on the Range CBM program in this area, we have recently drilled a few in fills in the areas that have previously been approved by the Board. We have been very pleased with the results and would like to continue that activity. This year our plan is to probably drill around ten in fill wells up in this general area. Again, we have been very pleased with those results and want to continue to extract the natural gas resource in this area. Page five is an exhibit that we have shown to you in the past which is a representation of the production from the original well and the in-fill well. These are based on the wells that Range is in partnership with EQT in the Nora field. These have the most history on the wells. The blue curve shows the original well as they were drilled in their production curved profile and the magenta or red line shows where the infilling wells came on line, and as their production increased and showing the benefit of extracting that additional gas. Not what you sort of see is this sort of a peak in 2011, is sort of a last time frame for any significant amount of increased drilling has been done by Equitable and Range down in Nora. So you see both of those profiles should have been the same decline as you are going forward; which would be expected, so we are seeing about the same amount of gas out of both wells which is what we would hope to expect and be able to increase that resource potential by doing the increase density.

Mary Quillen: Mr. Janson, just one question here. You just said that this February of 2011, which looks like the peak production, do you say that there had not been any infill drilling since then in the Nora?

Gus Janson: Down in the main part of Nora field where Equitable was actually.... had to originally start the infill or the increased drilling. Now we have drilled some of in our field in the northeast. But those aren't included in production. We have a limited amount of data on

those at this point, but we do see a very similar type of production profile. We just have a lot less well data.

Mary Quillen: So when that infill production or drilling ceased that is when the line sort of went into decline on production is that right?

Gus Janson: Right.

Mary Quillen: Okay very good. Excellent.

Gus Janson: So again, the benefits of this is that we are able to increase that fracturing network and to promote the gas flow at a low pressure regime. We are decreasing that dewatering time frame and increasing the recovery factor of the resource in the individual units. And again, we have not seen any negative impact to that first well production in general we do see an improvement in the existing well production. And again, this graph is representing about 183 units down in the main part of Nora.

Bill Harris: Let me ask you a quick question, you made a comment earlier, actually before your question about the extent. If you extend these you said something about reaching the same level. Is that what you said?

Gus Janson: Right.

Bill Harris: Are you saying the red and the blue lines eventually coincide?

Gus Janson: Yes. Eventually those probably would come to a similar decline over time. But right now we are seeing the benefit of that increased production by producing from two wells.

Bill Harris: When you say similar decline, I guess the slope of them stays the same.

Gus Janson: Right. Again, moving on to page six, just to summarize the increased density, again the working interest owners, the royalty owners, and the state will likely benefit by maximizing production. This will promote the conservation of the gas resource and prevent waste by effectively extracting the resource. Allow for the shared facilities such as roads, pipelines, and power lines, etcetera, to help minimize an environmental impact. Again, we have no correlative rights issues within these proposed units. And the final page of Exhibit K is an informational page that shows the Board the topographic setting where these units are proposed and also any underground abandoned deep mining areas. In this case it is on the splashdam seam and any existing DMLR permits that are in the vicinity of these proposed units. And again, we don't have any issues with any mining in this area; we have worked closely with the coal companies to position our wells so that we don't impact any of their future mining.

Sharon Pigeon: Who holds that permit? That DMLR permit.

Gus Janson: That is Alpha Natural Resources. It's probably in the name of Paramount Coal. I think that is the name of the operator.

Bruce Prather: Gus, I noticed by your map here that 73X has mine workings adjacent to your proposed unit here. I just wondered, does that continue on over into your unit?

Gus Janson: That is a very small piece of a mining area that doesn't intend to get into that adjacent unit. But we positioned the wells where we can avoid abandoned mine works if at all possible. There will be times where we will have to go through those abandoned mine works. We will have to set our water protection and coal protection streams accordingly.

Mary Quillen: This down here at 73X is an abandoned?

Gus Janson: Right. There is no active mining, deep mining in these areas.

Mary Quillen: Okay. Any other questions from the Board? Anything else Mr. Kaiser?

Jim Kaiser: We'd ask that the application be approved as submitted, Ms. Chairman.

Mary Quillen: Do I have a motion for approval?

Bill Harris: Madame Chairman, I move for approval.

Bruce Prather: Second.

Mary Quillen: We have a motion and a second. All those in favor respond by saying yes.

Board: Yes.

Mary Quillen: Proposed, no. Your motion is approved.

Jim Kaiser: Thank you.

Gus Janson: Thank you.

Item Number 10

Mary Quillen: The next item on the agenda, number nine which will be our tenth item. A petition from Range Resources-Pine Mountain for a pooling of Well No. V-530347, Docket number VGOB 13-0416-4008.

Gus Janson: Range would like to continue this item until May. Coalfield Progress did not run our publication.

Item Number 11

Mary Quillen: Okay. Docket Item Number VGOB 13-0416-4008, is continued until May. We have already, we moved number ten to number two. So, we will go to Docket number eleven on your agenda. And that is actually number twelve that we will address. The Board will receive an update of Board and Division activities from the staff.

Item Number 12

Rick Cooper: I have a couple of things I wanted to update the Board on. We have officially scanned all of the VGOB files in and we are working with our IT department to convert those to searchable PDFs. We hope to do that by mid-summer and when we do that we will post those on our website. And that has been a project that has been needed to be accomplished for many years. I think it will help all of the operators and citizens to move forward when they need to look at things.

Sharon Pigeon: Rick, before you move from that, are you saying all of the board orders or what are you saying all of the items are being scanned?

Rick Cooper: All of our board orders have been scanned.

Diane Davis: Everything.

Rick Cooper: Everything, everything.

Sharon Pigeon: Royalty reports, I'm not, you know what.

Diane Davis: Applications, Board Orders, all types of Board Orders.

Sharon Pigeon: So all of the Board related documentation. Is that what you are saying?

Diane Davis: Yes.

Rick Cooper: Yes.

Sharon Pigeon: So it has been scanned, it is not yet available online? Part of it is and part of it is not?

Rick Cooper: That is correct. The escrow part that is on the escrow estimator is available and we are working with the IT department to upgrade and update that and make all of the other items available also. That would be everything from a location exception to a unit establishment to an increase density.

Sharon Pigeon: But all of the escrow related orders are online now?

Rick Cooper: No. We only have a portion, but we have them all scanned and we are working with the IT department to get the escrow information on our escrow estimator.

Sharon Pigeon: Okay.

Rick Cooper: We are working on that now.

Sharon Pigeon: Thank you.

Rick Cooper: I also wanted to update the Board, we are working with Ms. Barrett and some of the other people associated with the accounts. We are going through all of the escrow accounts trying to determine the status. We would like to think that in the very near future, in the next few months that we will be closing several accounts or requesting payments to or whatever may need to be done. We are sort of piloting internal to see just the status of the account. We feel like there is probably a lot of accounts out there that we need to address so we are working on that and we will report to that.

Sharon Pigeon: As I understand it from our preliminary discussions that a lot of these that you are looking at are actually where there was no production ever on.

Rick Cooper: Correct.

Sharon Pigeon: We have a sub account open but the well perhaps was never drilled and there is no production.

Rick Cooper: That is correct. That is correct.

Sharon Pigeon: And the permit is expired by now so it is really just a housekeeping kind of...

Rick Cooper: That is correct. We are doing some cleansing of the account. One other item I wanted to bring in front of the Board. We have discovered that on a previous disbursement in October 16, 2007, there was an account 1109-3 where Range Resources had signed a 75/25 split agreement and we disbursed funds. We did disburse the 75% to the citizens that were entitled to the disbursement. At that time, we did not disburse the 25% to Range. I am asking the Board to approve today that we actually go ahead and disburse 1109-3 to Range so we can balance our account and move forward.

Sharon Pigeon: Could you give me that number again?

Rick Cooper: 1109-03

Sharon Pigeon: And that actually was already approved for disbursement?

Rick Cooper: That is correct. At the time that it was brought in front of the Board in 2007, the lease agreement for whatever reason may have been left out of that original petition. We have

discovered that it should have been in there and Range should have been paid 25% and they were never paid.

Mary Quillen: And this was previously approved in 2007?

Rick Cooper: That is correct. And we need to pay them out to balance the account to move forward on this.

Mary Quillen: Okay we need a motion. Do I hear a motion to pay this outstanding disbursement to Range Resources that was approved in 2007.

Bill Harris: Madame Chairman, I will make that motion.

Bruce Prather: Second.

Mary Quillen: We have a motion and a second. Those in favor respond by saying yes.

Board: Yes.

Mary Quillen: Opposed no. Okay you have your motion. You can disburse those funds to Pine Mountain.

Rick Cooper: Thank you so much. That is all we have to report for this month.

Mary Quillen: Okay. Any other Board discussion? Okay, we have one last item which will be: Approval of the March minutes. Has everyone had an opportunity to read them and does anybody have any changes or corrections? We did clear up that item number five that was referenced in the minutes in today's meeting.

Sharon Pigeon: Well we cleared up the disbursement.

Mary Quillen: Right the disbursement that was the one.

Sharon Pigeon: We will still be talking about it ---inaudible---

Mary Quillen: Right, the disbursement for Mr. Hurley. Any other comments?

Bruce Prather: Madame Chairman, did you want to make a comment about Range Resources gas powered vehicle?

Mary Quillen: Oh yes, yes. We will do that. Just as soon as we get this approved.

Bruce Prather: Okay.

Mary Quillen: Okay. Do I hear a motion for approval of the minutes?

Bill Harris: Bruce I wasn't hear so I don't know if it is appropriate for me to make the motion.

Rita Surratt: I can make it.

Mary Quillen: Okay. Do we have a second?

Bruce Prather: Second.

Mary Quillen: The minutes are accepted. Thank you. Before we close the meeting, we have an invitation to look at the compressed natural gas powered vehicle that is owned by Range Resources. They have brought it to the center here today for those Board Members who would like to see it. Maybe take a little spin around the parking lot. It is very neat. They brought it to the center where we were having a program a couple of years ago and it is very unique and something that compressed natural gas vehicles are probably something that is going to be coming around before too much longer. We will see more and more of them particularly when we have industry people now using them and a lot of municipalities have transferred all their fleet vehicles and that sort of thing into compressed natural gas. If Mr. Janson would you like to say anything else about that?

Gus Janson: No ma'am. That is fine. Like I said we have it out here for your inspection if you would like to look at it and we will give you the update on where this is at and what we see in the future for this.

Mary Quillen: Okay, well if there are no more comments or questions, then we will be adjourned. Do I have a motion to adjourn?

Bruce Prather: I will make that motion.

Bill Harris: Second.

Mary Quillen: Okay, board meeting is adjourned.