

VIRGINIA DEPARTMENT OF MINES, MINERALS AND ENERGY

VIRGINIA GAS AND OIL BOARD HEARING

Tuesday, May 21, 2013

Lebanon, Virginia

**BOARD MEMBERS PRESENT:**

Bruce Prather – Gas & Oil Industry Representative

Bill Harris – Public Member, Acting Chairman

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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1 **Bill Harris**: Good morning everyone. We'd like to go ahead and begin this morning's meeting  
2 of the Gas and Oil Board. I am Bill Harris, I will be chairing today's meeting. And we would  
3 ask you first, since we do have a sound system going that if you have cell phones or pagers or  
4 whatever, that you would turn those off or put those on vibrate, so they won't interfere with the  
5 system. We'd like to have folks at the front table introduce themselves beginning to my left with  
6 Ms. Surratt.

7 **Rita Surratt**: I'm Rita Surratt, I'm the public member from Dickenson County.

8 **Sharon Pigeon**: Sharon Pigeon with the Office of the Attorney General.

9 **Bill Harris**: I am Bill Harris, a public member for Wise County.

10 **Bruce Prather**: I am Bruce Prather. I represent the oil and gas industry on the Board.

11 **Mary Quillen**: Mary Quillen, public member.

12

13

### **Item Number 1**

14

15 **Bill Harris**: Thank you. The first item was to receive public comment. We actually have no  
16 one signed up to offer public comments so we will move right on to item number two.

17

### **Item Number 15**

18 **Bill Harris**: Item number two is a petition from EQT Production Company for disbursement of  
19 funds from escrow on behalf of Range Resources – Pine Mountain, Inc. And there are no  
20 representatives so..... [Inaudible]

21 We will move on to....

22 **Sharon Pigeon**: You don't have council yet?

23 **Rick Cooper**: No. Range doesn't have council yet.

24 **Bruce Prather**: Do you expect council?

25 **Rita Barrett**: Yes. I do.

26 [Inaudible]

27 **Bill Harris**: [Laugh]....we will just move on to.....

28 **Mary Quillen**: There is nothing to move on to.

1 **Bill Harris**: There is nothing we can do. Everything is.....

2 [Inaudible]

3 **Bill Harris**: Rick, do we want to move to the end of the Docket?

4 **Rick Cooper**: Yes.

5 **Bill Harris**: Okay. What we will do is move to the end of the Docket until council arrives and  
6 we are expecting those folks. The item would be number 15. The Board will receive an update  
7 of Board and Division activities from the staff. Mr. Cooper.....

8 **Rick Cooper**: Good morning. A couple of things I guess we wanted to address is that we do  
9 now have all of the VGOB items scanned and we are in the process of converting those to  
10 searchable PDFs. We hope again, like I said the last time, we hope to get those on line for  
11 everybody's use in the very near future. And what I have passed out here, we have talked in the  
12 past about cleaning up some of these unfunded accounts. This is another phase of that. As you  
13 can see, working with CNX, they have ten items here that we feel can be removed from the  
14 unfunded. We have checked all of these items and we have verified that again the first four, no  
15 escrowing is required. So we can actually remove that from the unfunded. We have three orders  
16 that have expired. We can remove those. The other one was resolved with the landowner, so we  
17 can actually also close O-37. And we have one vacated order, U-6 that we can actually close.

18 **Bill Harris**: Questions/Comments?

19 **Sharon Pigeon**: Could you give us a little bit more information on no escrowing was required?  
20 These were units that were permitted, drilled, pooled but should not have had an escrow account,  
21 but were all leased?

22 **Rick Cooper**: Correct, they were all leased.

23 **Sharon Pigeon**: So they were all leased units?

24 **Diane Davis**: Originally they were but by the time the supplemental came they were leased.

25 [Inaudible]

26 **Sharon Pigeon**: They were leased?

27 **Rick Cooper**: They were leased.

28 **Diane Davis**: So they were properly set up but no longer needed funding.

29 **Sharon Pigeon**: Okay that was the top ones there. The order expired.

1 **Rick Cooper**: Yes. More than two years has passed on those second three. No activity has  
2 been conducted. No well has been drilled. So we have closed those.

3 **Sharon Pigeon**: So the wells were never drilled.

4 **Rick Cooper**: Correct.

5 **Sharon Pigeon**: Even though a permit was properly issued and a pooling order so....just  
6 everything expired?

7 **Rick Cooper**: That is correct.

8 **Sharon Pigeon**: And you vacated the last one. What does all resolved mean?

9 **Rick Cooper**: Go ahead.

10 **Diane Davis**: I was addressing the last one. That order.

11 **Sharon Pigeon**: Yeah.

12 [Inaudible]

13 **Diane Davis**: That was what was vacated. And then all resolved.

14 **Sharon Pigeon**: What's the all resolved mean?

15 **Diane Davis**: Same thing. They resolved and worked it out.

16 **Rick Cooper**: They had a lease agreement. They handled with a supplemental.

17 **Sharon Pigeon**: So it was subsequently leased?

18 **Rick Cooper**: Correct.

19 **Sharon Pigeon**: Okay.

20 **Diane Davis**: The last one they put through and they resolved everything but they vacated the  
21 order. There is really no difference; they are pretty much the same.

22 **Sharon Pigeon**: There is almost no difference in the first four and the last two because it was  
23 subsequent leasing after the original pooling.

24 **Diane Davis**: Exactly.

25 **Bruce Prather**: Is this the first one of these you've received from the companies?

26 **Rick Cooper**: No we actually, a couple of months ago, we came before the Board and I think  
27 we took ten or twelve off. Also working with EQT, we have, removed a couple that have come

1 before the Board. We are continuing to look at those and check on those and report on those in  
2 the future.

3 **Sharon Pigeon**: We really have two primary reasons for these that you're probably as you are  
4 finding, investigating it. They subsequently have been leased after they were pooled, so that they  
5 are voluntary units.

6 **Rick Cooper**: Correct.

7 **Sharon Pigeon**: Or they were not ultimately drilled or produced.

8 **Rick Cooper**: Correct. That is correct.

9 **Sharon Pigeon**: No matter how we break it out, it is basically two reasons.

10 **Bill Harris**: Okay. Do we need to take any action on these to remove them?

11 **Sharon Pigeon**: Umm...I think it would be good to have a motion and accept the staff's  
12 findings and recommendations.

13 **Bill Harris**: We don't need to do these individually?

14 **Sharon Pigeon**: I don't think so. I think we have a good report to work off of here. You can  
15 read into the record about what units we are talking about. I think the transcript will be  
16 sufficient.

17 **Bill Harris**: Okay. I will entertain a motion to remove the following units VG for the reasons  
18 listed in the letter presented by Mr. Cooper. The units are VGOB 02-1119-1089, 08-0617-2241,  
19 06-0815-1690, 03-0415-1143, 06-0221-1579, 07-0918-2014, 07-0717-1965, also 98-0616-0669,  
20 and 10, that is 10-0921-2813. So I will entertain a motion to remove those from our list of items  
21 requiring escrow.

22 **Bruce Prather**: Motion to approve.

23 **Bill Harris**: Mr. Prather with the motion. Do I have a second?

24 **Mary Quillen**: Second.

25 **Bill Harris**: We have the second. Any further discussion? Let's take a vote. All in favor of the  
26 motion say yes.

27 **Board**: Yes.

28 **Bill Harris**: Opposed, no. Motion is passed. Thank you Mr. Cooper. I guess, are we ready to  
29 move back to the Item Number 2?  
30

1 **Item Number 2**

2 **Bill Harris:** Item number two a petition from EQT Production Company for disbursement of  
3 funds from escrow on behalf of Range Resources-Pine Mountain, Inc., Lonnie Rayford Counts,  
4 James E. Counts, Maynard Counts, Linda Gail Chafin, William Larry Counts, Lora Lee Counts,  
5 Kevin Counts, Teresa Campbell and Cheryl Fields. The Docket Number is VGOB 07-1218-  
6 2102-01. This item was continued from April. Would all persons interested in speaking to this  
7 item come forward.

8 **Jim Kaiser:** Mr. Chairman, Board Members, Jim Kaiser and Rita Barrett on behalf of EQT  
9 Production.

10 **Bill Harris:** Fine. The record will show there are no others, you may proceed.

11 **Jim Kaiser:** Thank you. Ms. Barrett we continued this last month because we had not filed an  
12 Affidavit of Mailing for notice purposes?

13 **Rita Barrett:** That is correct.

14 **Jim Kaiser:** And that since has been taken care of?

15 **Rita Barrett:** Yes sir.

16 **Jim Kaiser:** Okay. And this is a disbursement request?

17 **Rita Barrett:** I'm sorry?

18 **Jim Kaiser:** This is a disbursement request?

19 **Rita Barrett:** Yes sir.

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

21 **Rita Barrett:** Yes.

22 **Jim Kaiser:** And what unit does this pertain to?

23 **Rita Barrett:** This is Well VC-501854.

24 **Jim Kaiser:** And what tracts are we disbursing?

25 **Rita Barrett:** Tract two.

26 **Jim Kaiser:** Okay. And is this a partial or full disbursement?

27 **Rita Barrett:** This is a partial.

28 **Jim Kaiser:** And the reason for the disbursement?

1 **Rita Barrett**: There is a 75/25 royalty split between Range Resources and the other individuals.

2 **Jim Kaiser**: The lessors?

3 **Rita Barrett**: Yes sir.

4 **Jim Kaiser**: Have the figures been reconciled between the bank and EQT?

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

6 **Jim Kaiser**: And that has been provided to the Board?

7 **Rita Barrett**: Yes sir.

8 **Jim Kaiser**: And what percentage escrow should be used for disbursement purposes? Are those  
9 the percentages that are in the next to last column on the right for Exhibit AA?

10 **Rita Barrett**: Yes.

11 **Jim Kaiser**: And the parties in the Exhibit AA are the parties who should receive those  
12 disbursements?

13 **Rita Barrett**: Yes sir.

14 **Jim Kaiser**: And have we provided the Board the Exhibits E and EE to reflect the facts of this  
15 disbursement?

16 **Rita Barrett**: Yes.

17 **Jim Kaiser**: And would you ask that any Order direct EQT to pay the royalties to these folks  
18 directly going forward?

19 **Rita Barrett**: Yes.

20 **Jim Kaiser**: Nothing further at this time Mr. Chairman.

21 **Bill Harris**: Questions from members of the Board? Anything further?

22 **Jim Kaiser**: We would ask that the application be approved as submitted Mr. Chairman.

23 **Bill Harris**: Do we have a motion for this?

24 **Mary Quillen**: Motion to approve.

25 **Bruce Prather**: Second.

26 **Bill Harris**: Thank you. Any further discussion? All in favor say yes.

27 **Board**: Yes.

1 **Bill Harris**: Opposed no?  
2 **Sharon Pigeon**: This is a partial?  
3 **Rita Barrett**: Yes it is a partial  
4 **Sharon Pigeon**: Okay. Thank you.  
5 **Bill Harris**: The motion has passed.

6  
7

**Item Number 3**

8 **Bill Harris**: We will move on to Item Number three. Item three is a petition from EQT  
9 Production Company for disbursement of escrowed funds on behalf of Lambert Land for Well  
10 VC-536867. The Docket Number is VGOB 07-0821-1989-02. We'd ask that all persons who  
11 wish to speak to this item would please come forward.  
12 **Jim Kaiser**: Again for EQT, Jim Kaiser and Rita Barrett. Ms. Barrett again is this a  
13 disbursement request?  
14 **Rita Barrett**: Yes sir.  
15 **Jim Kaiser**: Have all parties been notified as required by statute?  
16 **Rita Barrett**: Yes.  
17 **Jim Kaiser**: And what unit is this disbursement for?  
18 **Rita Barrett**: This is Unit VC-536867.  
19 **Jim Kaiser**: And have all parties been notified as required by statute?  
20 **Rita Barrett**: Yes.  
21 **Jim Kaiser**: And we have filed our Affidavit of Mailing?  
22 **Rita Barrett**: Yes.  
23 **Jim Kaiser**: And what tract are we disbursing for?  
24 **Rita Barrett**: Tract three.  
25 **Jim Kaiser**: And the reason for disbursement?  
26 **Rita Barrett**: There is a letter dated March 21, 2013, where Standard Banner Coal Corporation  
27 relinquishes its claim to the coal bed methane royalty.

1 **Jim Kaiser**: And have the figures been reconciled between the bank and EQT?

2 **Rita Barrett**: Yes. As of February 28, 2013.

3 **Jim Kaiser**: Those figures have been provided to the Board?

4 **Rita Barrett**: Yes.

5 **Jim Kaiser**: And the percentage escrow the Board's used for disbursement purposes would be  
6 found in the next to last column on the right of Exhibit AA?

7 **Rita Barrett**: Yes.

8 **Jim Kaiser**: And who should receive this disbursement?

9 **Rita Barrett**: Lambert Land, LLC.

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

12 **Rita Barrett**: Yes.

13 **Jim Kaiser**: And would you ask that Lambert Land be paid their royalty directly from EQT  
14 going forward?

15 **Rita Barrett**: Yes.

16 **Jim Kaiser**: Nothing further of this witness at this time Mr. Chairman.

17 **Bill Harris**: Questions from the Board?

18 **Mary Quillen**: Mr. Chairman, one, is this a full disbursement or partial?

19 **Rita Barrett**: It's a partial.

20 **Bill Harris**: Further questions? Anything further?

21 **Jim Kaiser**: We would ask that the application be approved as submitted, Mr. Chairman.

22 **Bill Harris**: Do we have a motion?

23 **Mary Quillen**: Motion to approve.

24 **Bruce Prather**: Second.

25 **Bill Harris**: Any further discussion? All in favor say yes.

26 **Board**: Yes.

1 **Bill Harris**: Opposed no. Motion passed. Thank you.

2 **Item Number 4**

3 **Bill Harris**: Item four is a petition from Range Resources-Pine Mountain for disbursement of  
4 funds in an exact payment amount for monies deposited into an escrow account after  
5 disbursement was made to parties. The docket number is VGOB 05-0621-1470-03. We would  
6 ask that all parties that wish to speak to this matter, please come forward.

7 **Jim Kaiser**: Mr. Chairman and Board Members in the case, Jim Kaiser and Phil Horn on behalf  
8 of Range Resources-Pine Mountain.

9 **Diane Davis**: Mr. Horn do you swear and affirm that the testimony that you are about to give is  
10 the truth the whole truth and nothing but the truth?

11 **Phil Horn**: Yes.

12 **Bill Harris**: If no others then you may proceed.

13 **Jim Kaiser**: Mr. Horn will you state who you work for and in what capacity?

14 **Phil Horn**: My name is Phil Horn, I am the land manager for Range Resources-Pine Mountain,  
15 Inc.

16 **Jim Kaiser**: Okay and we have already disbursed from this unit, I guess twice, right? This will  
17 be the third?

18 **Phil Horn**: Yes.

19 **Jim Kaiser**: And what is the reason for the Petition that we filed today?

20 **Phil Horn**: We did a disbursement I think back in October 2011, and the bank made the  
21 payment I think in March of 2012, and Range Resources inadvertently continued paying money  
22 to the escrow account and we caught it here a couple of months ago. So now we come before the  
23 Board to go ahead and get this money out doing exact pay.

24 **Jim Kaiser**: Okay and this is for Watkins number seven?

25 **Phil Horn**: That is correct.

26 **Jim Kaiser**: Okay and this would close out the escrow for the unit?

27 **Phil Horn**: No it will not.

28 **Jim Kaiser**: It will not? But it will close out the escrow for tract four?

29 **Phil Horn**: No it will not.

1 **Jim Kaiser**: No it will not there either. So it is a partial disbursement?

2 **Phil Horn**: Correct.

3 **Jim Kaiser**: And the figures the Board should use for percentage of escrow to be paid out would  
4 be that included in the next to last column on the right in Exhibit AA?

5 **Phil Horn**: That is correct.

6 **Jim Kaiser**: And the folks listed in Exhibit AA under tract four would be the people receiving  
7 this exact pay disbursement?

8 **Phil Horn**: That is correct.

9 **Jim Kaiser**: Okay, and then you would ask that any order regarding this disbursement direct  
10 that these people be paid directly going forward?

11 **Phil Horn**: That is correct.

12 **Jim Kaiser**: Nothing further of this witness at this time Mr. Chairman.

13 **Bill Harris**: And you said that the escrow account would stay open?

14 **Phil Horn**: We have unknowns. We have other people.

15 **Bill Harris**: Okay so okay okay. Questions from Board members?

16 **Sharon Pigeon**: This is for an exact amount not a percentage?

17 **Jim Kaiser**: The amount is based on a percentage.

18 **Sharon Pigeon**: So we have an exact amount and we use these percentage?

19 **Jim Kaiser**: Yes ma'am.

20 **Sharon Pigeon**: Do we know what that exact amount is? Since this is not going to close the  
21 subaccount it seems like we need that figure.

22 **Jim Kaiser**: Mr. Horn do you know what the exact pay amount is?

23 **Phil Horn**: It says \$109.31.

24 **Jim Kaiser**: That is reflected in the Petition?

25 **Phil Horn**: Correct.

26 **Jim Kaiser**: Okay.

27 **Sharon Pigeon**: Okay we are going to pay the various percentages of that amount?

1 **Jim Kaiser**: Right. I think if we totaled everything in that last column it would be \$109.31.

2 **Bill Harris**: That looks less than \$109.

3 **Jim Kaiser**: Board members we are going to have to file a corrected AA because that is not  
4 going to add up to \$109. I can do that in my head it is about sixty some.

5 **Bill Harris**: Yeah.

6 **Sharon Pigeon**: Do you want to set this over and come back?

7 **Phil Horn**: Do we have to come back or could we just correct the amount?

8 **Jim Kaiser**: Either correct this to reflect the petition or correct the petition to reflect this.

9 **Sharon Pigeon**: Okay so we have the figure right in the petition? We just don't have it right in  
10 the [inaudible]

11 **Phil Horn**: I think it's right in the petition that is correct.

12 **Bruce Prather**: Do you need a calculator?

13 **Jim Kaiser**: No I can do that in my head.

14 **Bruce Prather**: Okay.

15 **Jim Kaiser**: It is not enough. Thank you though.

16 **Sharon Pigeon**: The petition is what provided notice to the people so we have got it right there.

17 **Jim Kaiser**: Right that is the important part. We've just got to get the exhibit right.

18 **Sharon Pigeon**: So we need to correct the exhibit.

19 **Jim Kaiser**: Yes ma'am.

20 **Bill Harris**: So we can take action on this pending corrected exhibit?

21 **Sharon Pigeon**: Yes with the caveat he is going to provide us a corrected Exhibit A.

22 **Bill Harris**: Mr. Kaiser, do you have anything else?

23 **Jim Kaiser**: No. We would ask that the application be approved with the caveat that we would  
24 provide a corrected Exhibit AA to reflect the amount that we asked to be disbursed in the petition  
25 and that the recipients received notice of.

26 **Bill Harris**: Okay. I will entertain a motion to that effect.

27 **Mary Quillen**: Motion to approve pending the receipt of the corrected Exhibit AA.

1 **Bruce Prather**: Second.

2 **Rick Cooper**: Mr. Chairman before you vote on that. I guess what we are looking at to make  
3 sure we are clear on the table A1 it says pay exact dollar based on the balance as of 4-15-2013.  
4 Right?

5 **Bill Harris**: Are you asking me?

6 [Laughter]

7 **Sharon Pigeon**: I like the way Rita is looking terribly over.

8 **Jim Kaiser**: That is what Exhibit AA says.

9 **Diane Davis**: If you submit a revised Exhibit A you have to redo this table to make....we build  
10 our order from what's in there. So you would have to....if this is wrong then you would need to  
11 truthfully continue it and redo it. Because that's where the data comes from but if this statement  
12 is right that we are going to pay this percentage in the second column from the right as of the  
13 balance of 4-15-2013, we are okay. Because there is no dollar amount in here except for what  
14 you all calculated. Okay. Which is not what you are saying it is.

15 **Sharon Pigeon**: Well aren't you going to be ah.....

16 **Mary Quillen**: Well are the percentages right?

17 **Diane Davis**: I don't know. We've got 14.444 in the first.....

18 **Sharon Pigeon**: Aren't you going to be recording this Exhibit AA, though?

19 **Diane Davis**: We might would need that but, let me rephrase it. They would resubmit that with  
20 this but what builds our Order is the data they put in here. [Inaudible] So yes they would have  
21 to submit a revised one if this is wrong but they can't just submit a revised one and this order go  
22 forward because I would be building it with the data they input into the system. Does that make  
23 since?

24 **Sharon Pigeon**: Not to me.

25 **Jim Kaiser**: Not to me either.

26 **Diane Davis**: Well it would to Susan. When you build a disbursement order you build a table  
27 internally and really to do this we really don't other than to just report it.....it builds an Exhibit  
28 A based on the data you enter. You used an as-of date. You said as of 4-15. So the system  
29 automatically pulls the balance of the escrow account as of 4-15. You put in your percentages  
30 and it creates this. So there submitting a revised Exhibit A will not change this and so.....

31 **Sharon Pigeon**: What's going to be recorded?

1 **Diane Davis**: This data here is what will make the original order.

2 **Sharon Pigeon**: And the Exhibit AA that is attached to the order that is recorded, is it going to  
3 have the correct numbers?

4 **Diane Davis**: It will have the correct numbers on it to. It should match it.

5 **Sharon Pigeon**: You don't think the dollar figures, even though we are looking at them here  
6 today you think that it is automatically correct that.

7 **Diane Davis**: Pardon, I didn't understand what you asked.

8 **Sharon Pigeon**: That is how I feel when you are talking to.

9 **Diane Davis**: The system is built by data that they put in as their petition. It is built on the  
10 percentages and the dollar amount as of the day they filled it in. Once they do that the system  
11 calculates at that moment in time, if it says pay exact amount, there is a button they push and that  
12 is what the escrow agent is going to pay. If it is not exact amount and they push do not pay exact  
13 amount the petition will give percentages and she will pay it on whatever it is based on the date  
14 of payment. So revising this Exhibit A and submitting it will not fix the order online. And my  
15 question is, is what's online correct? You mentioned no specific dollar amounts. You say based  
16 on the account balance as of 4-15-2013.

17 **Mary Quillen**: We ignore those figures anyway. If the amount on 4-15 was correct and the  
18 percentages are correct, then we ignore these payments anyway because you don't know when it  
19 is actually going to be paid. If this was just a reconciliation.....

20 **Sharon Pigeon**: In this case we have overpayment so we know exactly and it is not closing out  
21 this tract. This tract is only partially being disbursed. We know exactly the date and exactly the  
22 amount. Which was identified in the petition.

23 **Mary Quillen**: So this was the amount on 4-15?

24 **Sharon Pigeon**: And that is the date of the overpayment. After that you were not doing that  
25 correctly.

26 **Jim Kaiser**: We have had a revelation over here too.

27 [Laughter]

28 **Sharon Pigeon**: Would you like to continue this? You know I would really be happy....

29 **Jim Kaiser**: Let us show you where we are, you tell us what to do. That's fine if that is what  
30 we need to do.

31 **Sharon Pigeon**: Okay here we go.

1 **Phil Horn**: The total amount of escrow was \$109.31, and we are only disbursing approximately  
2 2/3 of that. So the numbers.

3 **Jim Kaiser**: This is correct.

4 **Sharon Pigeon**: Okay so everything that we have is right? Let's just give up then.

5 **Jim Kaiser**: Yeah. I should have kept my mouth shut.

6 [Laughter]

7 **Bill Harris**: So.....we need to.....okay so where we are then....we had started a motion, I don't  
8 know if we had a second for that if we did we need to replace that motion. We did not have a  
9 second?

10 **Mary Quillen**: It can be withdrawn. Motion is withdrawn.

11 **Bill Harris**: Yes. We will withdraw that initial motion and we will entertain another motion  
12 relative to this item. And the floor is open for a motion.

13 **Mary Quillen**: Well I don't know what I am making the motion for. I mean it seems that.....

14 **Jim Kaiser**: We would ask that the petition be approved as submitted.

15 **Mary Quillen**: As submitted?

16 **Jim Kaiser**: Yes ma'am.

17 **Mary Quillen**: Motion to approve as submitted.

18 **Bill Harris**: Do we have a second?

19 **Bruce Prather**: I will second.

20 **Bill Harris**: Thank you. Are we all clear now on what has happened?

21 **Jim Kaiser**: It is all my fault I should have never said anything.

22 [Laughter]

23 **Bill Harris**: Just hit the delete key and delete that previous conversation. Okay fine there is a  
24 motion on the floor. All in favor say yes.

25 **Board**: Yes.

26 **Bill Harris**: Opposed, no. Motion passed.

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**Item Number 5**

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**Bill Harris:** We will move to item number four. I am sorry five. I looked at it incorrectly. Thank you. A petition from EQT Production Company for disbursement of funds and authorization of direct payment to Range Resources-Pine Mountain, Inc., James Counts, Kevin Counts, Linda Gail Chaffin, Lonnie Rayford Counts, Lora Lee Counts, Maynard Counts and William Counts, in well VC-537965. To resolve this conflict a letter dated January 8, 2009, was signed by Phil Horn, Land Manager, Range Resources-Pine Mountain and is provided to the Board for consideration. This docket number is VGOB 07-0821-1988-01. We would ask all parties that wish to speak to this item, please come forward.

**Jim Kaiser:** Jim Kaiser and Rita Barrett on behalf of EQT Production. Ms. Barrett again this is a disbursement request?

**Rita Barrett:** Yes sir.

**Jim Kaiser:** Have all parties been notified as required by statute?

**Rita Barrett:** Yes sir.

**Jim Kaiser:** The board has an Affidavit of Mailing?

**Rita Barrett:** Yes sir.

**Jim Kaiser:** And what unit are we disbursing from?

**Rita Barrett:** This is VC-537965.

**Jim Kaiser:** And what tract?

**Rita Barrett:** Tract two.

**Jim Kaiser:** Is this a partial or full disbursement?

**Rita Barrett:** This is a partial.

**Jim Kaiser:** The reason for the disbursement?

**Rita Barrett:** There are various letters between Range and the other parties wherein they all agreed to a 75/25 split.

**Jim Kaiser:** And have your figures been reconciled between the bank and EQT?

**Rita Barrett:** Yes as of January I am sorry February 28<sup>th</sup> of this year.

**Jim Kaiser:** And the Board for disbursement purposes should use the percentage of escrowed funds to be disbursed as depicted in the next to last column on the right of Exhibit AA?

1 **Rita Barrett**: Yes sir.

2 **Jim Kaiser**: And the parties listed over there are the parties that should receive these  
3 disbursements?

4 **Rita Barrett**: Yes sir.

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

7 **Rita Barrett**: Yes sir.

8 **Jim Kaiser**: And would you ask that the royalty be paid to the parties directly going forward?

9 **Rita Barrett**: Yes.

10 **Jim Kaiser**: Nothing forward of this witness at this time Mr. Chairman.

11 **Bill Harris**: Any questions from the Board.

12 **Mary Quillen**: Yes, is this partial or full?

13 **Rita Barrett**: Yes ma'am partial.

14 **Bill Harris**: It is partial, okay. Any further questions? Anything else?

15 **Jim Kaiser**: We would ask that this petition be approved as submitted.

16 **Bill Harris**: I will entertain a motion.

17 **Mary Quillen**: Motion to approve.

18 **Bill Prather**: Second.

19 **Bill Harris**: Any further discussion? All in favor say yes.

20 **Board**: Yes.

21 **Bill Harris**: Opposed, no. Motion passed. Thank you.

22

23

### **Item Number 6**

24 **Bill Harris**: Item Number six, a petition from EQT Production Company for disbursement of  
25 funds on behalf of Thomas Dotson for Well VC-539776. The docket number is VGOB 08-0916-  
26 2330-01. We would ask that all parties that wish to speak to this, come forward.

27 **Jim Kaiser**: Jim Kaiser and Rita Barrett. Ms. Barrett again this is a disbursement request.

1 **Rita Barrett**: Yes sir.

2 **Jim Kaiser**: Have all parties been notified as required by statute and the Board has an Affidavit  
3 of Mailing?

4 **Rita Barrett**: Yes sir.

5 **Jim Kaiser**: What unit are we disbursing from?

6 **Rita Barrett**: This is unit VC-539776.

7 **Jim Kaiser**: And what tract or tracts are we disbursing from?

8 **Rita Barrett**: Tracts 4 and 5.

9 **Jim Kaiser**: And is this a partial or full?

10 **Rita Barrett**: This will be a full disbursement for these two tracts.

11 **Jim Kaiser**: But not for the unit?

12 **Rita Barrett**: That is correct.

13 **Jim Kaiser**: Okay and the reason for the disbursement?

14 **Rita Barrett**: There is a letter dated March 7, 2013, wherein Range Resources relinquishes its  
15 claim to the coal bed methane royalty.

16 **Jim Kaiser**: And you've reconciled your figures with the bank?

17 **Rita Barrett**: Yes as of February 28, 2013.

18 **Jim Kaiser**: And the percentage the bank should use for escrow purposes should be that as  
19 represented in the next to last column on the right of Exhibit AA.

20 **Rita Barrett**: That is correct.

21 **Jim Kaiser**: And who should receive these disbursements?

22 **Rita Barrett**: Thomas Dotson.

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

25 **Rita Barrett**: Yes.

26 **Jim Kaiser**: And you would ask the order to reflect that Mr. Dotson be paid any royalties due  
27 him directly going forward?

1 **Rita Barrett**: Yes.

2 **Jim Kaiser**: Nothing further at this time of this witness, Mr. Chairman.

3 **Bill Harris**: Questions from members of the Board? Anything further?

4 **Jim Kaiser**: We would ask that the petition be approved as submitted Mr. Chairman.

5 **Bill Harris**: Thank you. I will entertain a motion.

6 **Mary Quillen**: Motion to approve.

7 **Bruce Prather**: Second.

8 **Bill Harris**: Any further discussion? All in favor say yes.

9 **Board**: Yes.

10 **Bill Harris**: Opposed no. Thank you. Motion passed.

11

12

### **Item Number 7**

13 **Bill Harris**: We will move on to item number seven. This is item seven a petition from EQT  
14 Production Company for disbursement of funds on behalf of Thomas Dotson for Well VC-  
15 539762. The docket number is VGOB 08-0916-2328-01. We would ask that all parties that  
16 wish to speak to this matter, please come forward.

17 **Jim Kaiser**: Jim Kaiser and Rita Barrett on behalf of EQT Production.

18 **Bill Harris**: You may proceed.

19 **Jim Kaiser**: Ms. Barrett again this a disbursement request.

20 **Rita Barrett**: Yes.

21 **Jim Kaiser**: All parties have been notified as required by statute?

22 **Rita Barrett**: Yes sir.

23 **Jim Kaiser**: And we are disbursing from what unit?

24 **Rita Barrett**: Unit VC-539762.

25 **Jim Kaiser**: And what tract?

26 **Rita Barrett**: Tract two.

1 **Jim Kaiser**: Is this a partial or full disbursement?

2 **Rita Barrett**: This will be a full disbursement for tract two.

3 **Jim Kaiser**: And the reason for the disbursement?

4 **Rita Barrett**: There is a letter dated March 7, 2013, wherein Range Resources relinquishes its  
5 claim to the coal bed methane royalty.

6 **Jim Kaiser**: And have your figures been reconciled between your folks and the bank?

7 **Rita Barrett**: Yes as of February 28, 2013.

8 **Jim Kaiser**: For disbursement purposes the Board would look to the percentage of escrow funds  
9 to be disbursed? Which in this case would be 100% which is in the next to last column on the  
10 right in Exhibit AA.

11 **Rita Barrett**: That is correct.

12 **Jim Kaiser**: And who should receive that disbursement?

13 **Rita Barrett**: Thomas Dotson.

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

16 **Rita Barrett**: Yes.

17 **Jim Kaiser**: And would you ask that any order direct that the royalty be paid directly to Mr.  
18 Dotson going forward?

19 **Rita Barrett**: Yes.

20 **Jim Kaiser**: Nothing forward of this witness at this time Mr. Chairman.

21 **Bill Harris**: Questions from members of the Board? You may continue.

22 **Jim Kaiser**: We would ask that the application be approved as submitted.

23 **Bill Harris**: I will entertain a motion.

24 **Mary Quillen**: Motion to approve.

25 **Bruce Prather**: Second.

26 **Bill Harris**: Any further discussion? All in favor say yes.

27 **Board**: Yes.

1 **Bill Harris**: Opposed, no. Your motion passed.

2

3

**Item Number 8**

4 **Bill Harris**: Number eight item. A petition from EQT Production Company for disbursement of  
5 escrowed funds on behalf of Thomas Dotson for Well VC-53976. The docket number is VGOB  
6 08-0916-2329-01. We would ask all parties that wish to speak to this item, please come forward.

7 **Jim Kaiser**: Jim Kaiser and Rita Barrett again.

8 **Mary Quillen**: Mr. Chairman, correction on that unit number. It is 539764.

9 **Bill Harris**: Did I? That's the one that is missing a number, okay. That's for well VC-539764  
10 is the well. The docket number is still correct. Thank you. You may proceed.

11 **Jim Kaiser**: Ms. Barrett again it is a disbursement request?

12 **Rita Barrett**: Yes sir.

13 **Jim Kaiser**: And have all parties been notified?

14 **Rita Barrett**: Yes.

15 **Jim Kaiser**: And it is for disbursement for what unit?

16 **Rita Barrett**: Well VC-539764.

17 **Jim Kaiser**: Partial or full disbursement?

18 **Rita Barrett**: This will be a full disbursement for tract six.

19 **Jim Kaiser**: Okay and the reason for the disbursement?

20 **Rita Barrett**: There is a letter dated March 7, 2013, wherein Range Resources relinquishes its  
21 claim to the coal bed methane royalties.

22 **Jim Kaiser**: Have your figures been reconciled between your company and the bank?

23 **Rita Barrett**: Yes. As of February 28, 2013.

24 **Jim Kaiser**: And the Board should use the in this case again 100% is the amount of percentage  
25 of escrowed funds to be disbursed?

26 **Rita Barrett**: Yes sir.

27 **Jim Kaiser**: And Mr. Dotson again should receive this disbursement?

1 **Rita Barrett**: Yes. Thomas Dotson.

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

4 **Rita Barrett**: Yes.

5 **Jim Kaiser**: And would you ask that in any order or state that Mr. Dotson be paid his royalty  
6 directly going forward.

7 **Rita Barrett**: Yes.

8 **Jim Kaiser**: Nothing further of this witness at this time, Mr. Chairman.

9 **Bill Harris**: Questions from members of the Board?

10 **Sharon Pigeon**: I have a question about the Exhibit B that is attached to our document. Just  
11 looking at tract five and tract six. Both of those are owned by Mr. Dotson. One is leased and  
12 one is unleased.

13 **Jim Kaiser**: She is saying tracts five and six in the unit.

14 **Sharon Pigeon**: On the Exhibit B.

15 **Jim Kaiser**: On the Exhibit B.

16 **Sharon Pigeon**: We have one of those as leased to Mr. Dotson and one that is unleased to him.  
17 Is that correct?

18 **Rita Barrett**: Yeah I don't know why we're not.....I'm not sure why it is shown as leased and  
19 unleased.

20 **Sharon Pigeon**: Mr. Horn can you come forward. You have been sworn. You could address  
21 this.

22 **Phil Horn**: Some of his tracts are shown as leased and some as unleased?

23 **Sharon Pigeon**: Yes.

24 **Phil Horn**: He purchased this oil and gas and part of it was leased to EQT and part of it was not.

25 **Sharon Pigeon**: So it was leased when he purchased it and that has not changed. If it was  
26 leased it is leased now and if it was not leased before he hasn't subsequently leased it.

27 **Phil Horn**: That is correct.

28 **Rita Barrett**: I wasn't aware that he had purchased the leased property.

1 **Sharon Pigeon**: [Laugh] Well that is quite alright. That is why we have more than one person  
2 here to answer our questions. Thank you Phil.

3 **Bill Harris**: Anything further?

4 **Jim Kaiser**: We would ask that the application be approved as submitted.

5 **Bill Harris**: I will entertain a motion.

6 **Mary Quillen**: Motion to approve.

7 **Bruce Prather**: Second.

8 **Bill Harris**: Any further questions or discussions? All in favor say yes.

9 **Board**: Yes.

10 **Bill Harris**: Opposed say no. Thank you. Motion is passed.

11

12

### **Item Number 9**

13 **Bill Harris**: This is number nine. Item number nine, a petition from EQT Production Company  
14 for disbursement of escrowed funds on behalf of Lambert Land for Well VC-536082. The  
15 Docket Number is VGOB 05-1115-1535-02. We would ask that all parties that wish to speak to  
16 this item, please come forward.

17 **Jim Kaiser**: Jim Kaiser and Rita Barrett for EQT. Ms. Barrett again this is a disbursement  
18 request?

19 **Rita Barrett**: Yes sir.

20 **Jim Kaiser**: Have all parties been notified?

21 **Rita Barrett**: Yes sir.

22 **Jim Kaiser**: And this is disbursing from what unit?

23 **Rita Barrett**: Unit VC-536082.

24 **Jim Kaiser**: And what tract?

25 **Rita Barrett**: Tract number five.

26 **Jim Kaiser**: Is this a partial or full disbursement?

1 **Rita Barrett**: This is a...I think it is a full disbursement for that particular tract, tract five. Yes  
2 it is a full disbursement for tract five.

3 **Jim Kaiser**: And the reason for the disbursement?

4 **Rita Barrett**: There is a letter dated March 21, 2013, wherein Standard Banner Coal  
5 Corporation relinquishes their claim to the coal bed methane royalty.

6 **Jim Kaiser**: And to your knowledge have the figures been reconciled between the bank and  
7 EQT?

8 **Rita Barrett**: Yes as of February 29, 2013.

9 **Jim Kaiser**: And the Board should use the percentage of escrow in the column next to the last  
10 on the right hand side of Exhibit AA?

11 **Rita Barrett**: Yes.

12 **Jim Kaiser**: And who should receive any disbursement?

13 **Rita Barrett**: Lambert Land, LLC.

14 **Jim Kaiser**: And have you provided the Board with Exhibits E and EE to reflect the facts of this  
15 unit after this disbursement?

16 **Rita Barrett**: Yes.

17 **Jim Kaiser**: And would you ask that any order provide that the royalty under this tract be paid  
18 directly to Lambert Land going forward?

19 **Rita Barrett**: Yes.

20 **Jim Kaiser**: Nothing further of this witness at this time Mr. Chairman.

21 **Bill Harris**: Questions from members of the Board? You may continue.

22 **Jim Kaiser**: We would ask that the application be approved as submitted.

23 **Bill Harris**: Do we have a motion?

24 **Mary Quillen**: Motion to approve.

25 **Bruce Prather**: Second.

26 **Bill Harris**: Fine. Any further discussions? All in favor say yes.

27 **Board**: Yes.

1 **Bill Harris**: Opposed, no. Motion passed.

2

3

**Item Number 10**

4 **Bill Harris**: Docket item number ten. A petition from EQT Production Company for  
5 disbursement of escrowed funds on behalf of Lambert Land for Well VC-503440. The docket  
6 number is VGOB 05-1115-1534-01. We ask that all parties that wish to speak to this will come  
7 forward.

8 **Jim Kaiser**: Jim Kaiser and Rita Barrett for EQT. Ms. Barrett is this a disbursement request?

9 **Rita Barrett**: It is.

10 **Jim Kaiser**: Have all parties been notified as required by statute?

11 **Rita Barrett**: Yes.

12 **Jim Kaiser**: What unit are we disbursing from?

13 **Rita Barrett**: This is unit VC-503440.

14 **Jim Kaiser**: What tract?

15 **Rita Barrett**: Tract number two.

16 **Jim Kaiser**: Is this a partial or full?

17 **Rita Barrett**: This will be a full disbursement for tract two.

18 **Jim Kaiser**: So it will close out the tract?

19 **Rita Barrett**: Yes sir.

20 **Jim Kaiser**: And the reason for this disbursement?

21 **Rita Barrett**: Again, there is a letter dated March 21, 2013, wherein Standard Banner Coal  
22 Corporation relinquished its claims to the coal bed methane royalty.

23 **Jim Kaiser**: And have the figures been reconciled between the bank and EQT?

24 **Rita Barrett**: Yes as of February 28, 2013.

25 **Jim Kaiser**: And the Board should use for disbursement purposes the percentage of escrowed  
26 funds to be disbursed which is represented in the next to last column on the right of Exhibit AA?

27 **Rita Barrett**: That is correct.

1 **Jim Kaiser**: Who should receive any disbursement?

2 **Rita Barrett**: Lambert Land, LLC.

3 **Jim Kaiser**: Did you provide the Board with Exhibits E and EE to reflect the facts as this unit  
4 stands going forward?

5 **Rita Barrett**: Yes.

6 **Jim Kaiser**: And would you ask that any order directed the royalty for this tract be paid directly  
7 to Lambert Land, LLC, going forward?

8 **Rita Barrett**: Yes.

9 **Jim Kaiser**: Nothing further of this witness at this time, Mr. Chairman.

10 **Bill Harris**: Questions from members of the Board? You may continue.

11 **Jim Kaiser**: We would ask that the application be approved as submitted.

12 **Bill Harris**: I will entertain a motion.

13 **Mary Quillen**: Motion to approve.

14 **Bruce Prather**: Second.

15 **Bill Harris**: Any further discussion? All in favor say yes.

16 **Board**: Yes.

17 **Bill Harris**: Opposed, no. Motion passed.

18 **Jim Kaiser**: Thank you.

19 **Rita Barrett**: Thank you.

20 **Bill Harris**: Thank you.

21 **Item Number 11**

22 **Bill Harris**: We will move on to number eleven. This is item eleven, a petition from Range  
23 Resources-Pine Mountain for a Well Location Exception for well number 900121, Sandlick  
24 District, Dickenson County, Virginia. The docket number is VGOB 13-0521-4010. We would  
25 ask that all parties that wish to speak to this matter to please come forward.

26 **Tim Scott**: Tim Scott, Ian Landon and Phil Horn for Range Resources-Pine Mountain.

1 **Diane Davis**: Mr. Landon, do you swear and affirm that the testimony you are about to give is  
2 the truth the whole truth and nothing but the truth?

3 **Ian Landon**: Yes.

4 **Bill Harris**: The record will show there are no others. Okay, you may proceed.

5 **Tim Scott**: Thank you. Mr. Horn, please state you name by whom you are employed and your  
6 job description.

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

9 **Tim Scott**: You are familiar with this application are you not?

10 **Phil Horn**: Yes I am.

11 **Tim Scott**: And you are familiar with the ownership of the minerals underlying this unit?

12 **Phil Horn**: That is correct.

13 **Tim Scott**: Is the ownership set out on Exhibit B of the application?

14 **Phil Horn**: Yes it is.

15 **Tim Scott**: Who operates the wells in which the well location exception sought today?

16 **Phil Horn**: Range Resources-Pine Mountain, Inc.

17 **Tim Scott**: In this particular case, Range is both an owner and an operator. Is that right?

18 **Phil Horn**: That is correct.

19 **Tim Scott**: How was notice of this hearing provided to the parties listed on Exhibit B?

20 **Phil Horn**: By certified mail.

21 **Tim Scott**: And that has already been provided to the Board, is that correct?

22 **Phil Horn**: That is correct.

23 **Tim Scott**: That is all I have for Mr. Horn.

24 **Bill Harris**: Questions from members of the Board? Fine, you may continue.

25 **Tim Scott**: Thank you. Mr. Landon, will you please state your name, by whom your employed  
26 and your job description?

1 **Ian Landon**: My name is Ian Landon. I am Operations Manager for Range Resources-Pine  
2 Mountain.

3 **Tim Scott**: And you are familiar with the application, is that correct?

4 **Ian Landon**: That is correct.

5 **Tim Scott**: Will you please explain to the Board why we are seeking a well location exception  
6 for this unit today?

7 **Ian Landon**: We are seeking a location exception due to the topographic constraints. We  
8 positioned this well due to the topographic constraints to result in the maximum recovery of  
9 natural gas resources with relationship to the existing offsetting wells. The nearest feasible  
10 location was identified and meets statewide spacing requirements is approximately two thousand  
11 feet to the northeast.

12 **Tim Scott**: Now do you have an exhibit that depicts the well from which the well location is  
13 being sought today?

14 **Ian Landon**: Yes.

15 **Tim Scott**: Has that been provided to the Board previously?

16 **Ian Landon**: Yes.

17 **Tim Scott**: What is the proposed depth of this well?

18 **Ian Landon**: It is 5,148 feet.

19 **Tim Scott**: And what is the potential loss of reserves if this application were not granted here  
20 today?

21 **Ian Landon**: 525 million cubic feet.

22 **Tim Scott**: And in your opinion if the Board grants this application it will prevent waste,  
23 promote conservation and protect correlative rights. Is that correct?

24 **Ian Landon**: That is correct.

25 **Tim Scott**: That is all I have for Mr. Landon.

26 **Bill Harris**: I'm not sure if we have that exhibit that you referred to.

27 **Tim Scott**: Is that K?

28 **Rick Cooper**: Just to let you know they actually submitted the exhibit after you all received  
29 your information. So we do have that. Do you have any copies to pass out?

1 **Sharon Pigeon**: And that is Exhibit K.

2 **Ian Landon**: It is Exhibit K and H too.

3 **Sharon Pigeon**: Okay.

4 (Exhibits are being passed out)

5 **Mary Quillen**: While we are passing these exhibits out, I have one question for Mr. Landon.

6 Who operates those two wells, the 809835 and 820007?

7 **Ian Landon**: Range Resources-Pine Mountain.

8 **Mary Quillen**: Range? Okay.

9 **Bill Harris**: Okay. Were there any questions concerning the exhibits that were handed out? Do

10 we need a second to look at those?

11 **Bill Harris**: Okay. Thank you Mr. Landon. Mr. Scott you may continue.

12 **Tim Scott**: That is all I have Mr. Chairman.

13 **Bill Harris**: Any further questions from the Board?

14 **Sharon Pigeon**: Are you going to ask someone about resources lost?

15 **Tim Scott**: I already did.

16 **Sharon Pigeon**: You did?

17 **Bruce Prather**: I've got a question. In the middle of this well location circle, these two white

18 little places in here, are those outstanding leases? Those two little white areas in the middle of

19 your green here?

20 **Phil Horn**: That is coal related. That is not oil and gas related.

21 **Bruce Prather**: Okay.

22 **Phil Horn**: I am assuming those are coal blocks.

23 **Ian Landon**: I would think that is correct.

24 **Phil Horn**: Our coal expert is not here today with us.

25 **Bruce Prather**: Okay.

26 **Tim Scott**: Mr. Landon, one more time, what's the potential loss of reserves if this application

27 is not granted?

1 **Ian Landon**: 525 million cubic feet.

2 **Sharon Pigeon**: I can't hear you.

3 **Ian Landon**: 525 million cubic feet.

4 **Sharon Pigeon**: Thank you.

5 **Ian Landon**: Sorry Ms. Pigeon.

6 [Laughter]

7 **Sharon Pigeon**: I am old. You have to talk really loud.

8 **Bill Harris**: Further questions or discussions? Mr. Scott you said that you were finished.

9 **Tim Scott**: Yes sir.

10 **Bill Harris**: Okay. Do we have a motion?

11 **Mary Quillen**: Motion to approve.

12 **Bruce Prather**: Second.

13 **Bill Harris**: Any further discussion? Questions? Okay. All in favor say yes.

14 **Board**: Yes.

15 **Bill Harris**: Opposed say no. Thank you. The motion passed. Thank you.

16

17

### **Item Number 12**

18 **Bill Harris**: Number twelve. A petition for Range Resources-Pine Mountain for a Well  
19 Location Exception for well number V-530023, Kenady District, Dickenson County Virginia.  
20 The docket number is VGOB 13-0521-4011. We ask all parties that wish to speak to this item to  
21 please come forward.

22 **Tim Scott**: Tim Scott, Ian Landen and Bill Harris for Range Resources-Pine Mountain.

23 **Bill Harris**: You may proceed.

24 **Tim Scott**: Again Mr. Horn will you please state your name, by whom you're employed, and  
25 your job description.

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

1 **Tim Scott**: And you are familiar with this application is that correct?

2 **Phil Horn**: Yes I am.

3 **Tim Scott**: And you are familiar with the ownership of the minerals underlying this unit, is that  
4 correct?

5 **Phil Horn**: That is correct.

6 **Tim Scott**: And those owners are set out on Exhibit B of the application?

7 **Phil Horn**: That is correct.

8 **Tim Scott**: Who operates the well on which the Location Exception is sought today? If you just  
9 want to go through them one at a time for the Board. E-75

10 **Phil Horn**: EQT Production Company, V-5249 EQT Production Company, V-504910 EQT  
11 Production Company, and P-76 EQT Production Company.

12 **Tim Scott**: Now on these particular wells does Range also operate?

13 **Phil Horn**: We all own interest in all of these wells. That is correct.

14 **Tim Scott**: How was notice of the hearing provided to the Board?

15 **Phil Horn**: By certified mail.

16 **Tim Scott**: And you have provided proof of our mailing to the Board is that correct?

17 **Phil Horn**: That is correct.

18 **Tim Scott**: That's all I have for Mr. Horn.

19 **Bill Harris**: Any questions from the Board members?

20 **Sharon Pigeon**: Did you say that Range owns an interest in all of these reciprocal wells?

21 **Phil Horn**: Yes ma'am.

22 **Bill Harris**: You may continue. Sorry.

23 **Bruce Prather**: How much acreage is still by the new well. I know it's not the 112, but what is  
24 the total?

25 **Phil Horn**: Ian will get to that when he testifies if that is okay. [Inaudible]

26 **Bruce Prather**: Okay.

27 **Tim Scott**: Mr. Landon, again your name by whom you are employed and your job description.

1 **Ian Landon**: My name is Ian Landon. I am the operations manager with Range Resources-Pine  
2 Mountain.

3 **Tim Scott**: And you are familiar with this application, is that correct?

4 **Ian Landon**: That is correct.

5 **Tim Scott**: Can you explain to the Board, using the exhibits that have been passed out, why  
6 Range is seeking a Well Location Exception for this particular unit?

7 **Ian Landon**: We are seeking the Well Location Exception, as you can see there is no location  
8 available that meets statewide spacing requirements. We have positioned this well to maximize  
9 the recovery of the remaining natural gas resources that would be stranded with the relationship  
10 of existing offsetting wells.

11 **Tim Scott**: What's the acreage that would be stranded if this application were not granted?

12 **Ian Landon**: 99.12 acres

13 **Tim Scott**: The proposed depth of the well?

14 **Ian Landon**: It is 5,355 feet.

15 **Tim Scott**: And the potential loss of reserves if the application is not granted?

16 **Ian Landon**: 525 million cubic feet.

17 **Tim Scott**: If the Board grants our application today it would prevent waste, promote  
18 conservation and protect correlative rights, is that also correct?

19 **Ian Landon**: That is correct.

20 **Tim Scott**: That's all I have for Mr. Landon.

21 **Bill Harris**: Questions from members of the Board? Mr. Prather, did you get your question  
22 answered?

23 **Bruce Prather**: Yeah. Thank you.

24 **Sharon Pigeon**: Are these active? These coal seams being actively mined. Do you know?

25 **Ian Landon**: No they are not actively being mined.

26 **Sharon Pigeon**: Thank you.

27 **Bill Harris**: Mr. Scott, anything further?

28 **Tim Scott**: That is all I have Mr. Chairman.

1 **Bill Harris**: I will entertain a motion.

2 **Mary Quillen**: Motion to approve.

3 **Bruce Prather**: Second.

4 **Bill Harris**: Any further discussion? All in favor say yes.

5 **Board**: Yes.

6 **Bill Harris**: Opposed, no. Motion passed.

7 **Item Number 13**

8 **Bill Harris**: We will move on to item number thirteen. This is a petition from Range-  
9 Resources-Pine Mountain for pooling of conventional well number 900121, located in the  
10 Sandlick District, Dickenson County, Virginia. The docket number is VGOB 13-0521-4012.  
11 We would ask that all parties that wish to speak to this item, please come forward.

12 **Tim Scott**: Tim Scott, Ian Landon and Phil Horn for Range Resources-Pine Mountain, Inc.

13 **Bill Harris**: The record will show there are no others, you may continue.

14 **Tim Scott**: Mr. Horn your name, by whom you are employed and your job description.

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

17 **Tim Scott**: And you helped in preparing this application, is that correct?

18 **Phil Horn**: That is correct.

19 **Tim Scott**: And how many acres does this unit contain?

20 **Phil Horn**: 112.69.

21 **Tim Scott**: And Range has some of the acreage under lease, is that correct?

22 **Phil Horn**: That is correct.

23 **Tim Scott**: Are we going to dismiss any respondents today?

24 **Phil Horn**: No, we're not.

25 **Tim Scott**: And you have attempted to reach agreements with respondents set out on Exhibit B,  
26 is that correct?

27 **Phil Horn**: That is correct.

1 **Tim Scott**: As a result of your leasing efforts, what percentage of the unit does Range have  
2 under lease presently?

3 **Phil Horn**: 94.23%.

4 **Tim Scott**: And how was notice of this hearing provided to the parties listed on Exhibit B?

5 **Phil Horn**: By certified mail and also notice was published in the Dickenson Star on April 24,  
6 2013.

7 **Tim Scott**: Are there any unknown owners in this unit?

8 **Phil Horn**: No there are not.

9 **Tim Scott**: And we have submitted our proof of publication and proof of mailing to the Board,  
10 is that right?

11 **Phil Horn**: Yes we have.

12 **Tim Scott**: Range is authorized to conduct business in the Commonwealth, is that right?

13 **Phil Horn**: That is correct.

14 **Tim Scott**: A Blanket Bond is on file.

15 **Phil Horn**: That is correct.

16 **Tim Scott**: And if you were to reach an agreement with those parties listed on B-3, what lease  
17 terms would you offer?

18 **Phil Horn**: Thirty dollars per acre, for five year paid up lease, provide for a 1/8 royalty.

19 **Tim Scott**: Do you consider that to be reasonable compensation for a lease in this area?

20 **Phil Horn**: Yes I do.

21 **Tim Scott**: What percentage of the unit are you asking the Board to approve here?

22 **Phil Horn**: 5.77%.

23 **Tim Scott**: And you indicated earlier that we have no unknowns, is that correct?

24 **Phil Horn**: That is correct.

25 **Tim Scott**: No conflicting claims, is that right?

26 **Phil Horn**: That is correct.

27 **Tim Scott**: So we have no escrow requirements, is that right?

1 **Phil Horn**: That is correct.

2 **Tim Scott**: You are requesting the Board to pool the unleased parties listed on Exhibit B-3. Is  
3 that right?

4 **Phil Horn**: That is correct.

5 **Tim Scott**: And you are also requesting that Range be named as operator of this unit. Is that  
6 right?

7 **Phil Horn**: That is correct.

8 **Tim Scott**: And if the Board grants out application today and parties make an election through  
9 provisions of the Order, what address should be used to make this election?

10 **Phil Horn**: Range Resources-Pine Mountain, Inc. P. O. Box 2136, Abingdon, VA 24212.

11 **Tim Scott**: And that would be the address for all communications, is that right?

12 **Phil Horn**: That is correct.

13 **Tim Scott**: That is all I have for Mr. Horn.

14 **Bill Harris**: Questions from members of the Board? Thank you. You may continue.

15 **Tim Scott**: Thank you. Mr. Landon, again your name and by whom you are employed and your  
16 job description please.

17 **Ian Landon**: My name is Ian Landon and I am the Operations Manager for Range Resources-  
18 Pine Mountain, Inc.

19 **Tim Scott**: And you are familiar with this pooling application is that correct?

20 **Ian Landon**: That is correct.

21 **Tim Scott**: And what is the proposed depth of this well?

22 **Ian Landon**: 5,148 feet.

23 **Tim Scott**: Are you also familiar with the reserves for this unit?

24 **Ian Landon**: Yes I am.

25 **Tim Scott**: And what would those be?

26 **Ian Landon**: 525 million cubic feet.

27 **Tim Scott**: And the well costs, are you familiar with those as well?

1 **Ian Landon**: Yes.

2 **Tim Scott**: What's the estimated dry hole cost?

3 **Ian Landon**: \$271,698.

4 **Tim Scott**: And the completed well costs?

5 **Ian Landon**: \$521,830.

6 **Tim Scott**: And the AFE's have been submitted with the application, is that right?

7 **Ian Landon**: That is correct.

8 **Tim Scott**: And you have participated in preparation of the AFE is that also correct?

9 **Ian Landon**: That is correct.

10 **Tim Scott**: Does the AFE include a charge for supervision?

11 **Ian Landon**: Yes.

12 **Tim Scott**: Do you consider that charge being used today?

13 **Ian Landon**: Yes.

14 **Tim Scott**: If the Board grants our application today will it prevent waste, promote conservation  
15 of resources and protect correlative rights, is that right?

16 **Ian Landon**: That is correct.

17 **Tim Scott**: That's all I have for Mr. Landon.

18 **Bill Harris**: Questions from members of the Board? You may continue.

19 **Tim Scott**: That's all I have Mr. Chairman.

20 **Bill Harris**: Is there a motion?

21 **Mary Quillen**: Motion to approve.

22 **Bill Prather**: Second.

23 **Bill Harris**: Any further discussion? All in favor say yes.

24 **Board**: Yes.

25 **Bill Harris**: Opposed no. Thank you. Motion passed.

**Item Number 14**

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**Bill Harris**: We will move on to Item Number fourteen. A petition from Range Resources-Pine Mountain for pooling of Well Number V-530347, Roberson District, Wise County, Virginia. The docket number is VGOB 13-0416-4008. It is continued from April. We would ask all parties who wish to speak to this item, please come forward.

**Tim Scott**: Tim Scott, Ian Landon and Phil Horn for Range Resources-Pine Mountain, Inc.

**Bill Harris**: Mr. Scott you may proceed.

**Tim Scott**: Thank you. Mr. Horn, your name by whom you are employed and your job description please.

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

**Tim Scott**: And you are familiar with this application, is that right?

**Phil Horn**: Yes I am.

**Tim Scott**: And we continued this from April, what is the reason for that?

**Phil Horn**: The Coal Field Progress did not publish it.

**Tim Scott**: But it has been published?

**Phil Horn**: It has been published now, correct.

**Tim Scott**: How many acres does this unit contain?

**Phil Horn**: 112.69.

**Tim Scott**: And Range has a good percentage of this unit leased, is that correct?

**Phil Horn**: That is correct.

**Tim Scott**: Are we going to dismiss anybody today?

**Phil Horn**: Yes. I just...we uploaded these revised exhibits but apparently...they may not have it in what you gave them, but yes we've leased David H. Hobbs and Alex Matthew Hobbs.

**Tim Scott**: Deborah Lynn McCarthy Hobbs?

**Phil Horn**: She was listed. I think she was listed on the original application being leased.

**Tim Scott**: Alright. Now with regard to the other parties listed on Exhibit B-3, have you tried to reach an agreement with those individuals?

1 **Phil Horn**: Yes we have.

2 **Tim Scott**: And as a result of your leasing efforts, how much of the unit do you have leased  
3 presently?

4 **Phil Horn**: 98.95%.

5 **Tim Scott**: And you have provided notice of this hearing, is that right?

6 **Phil Horn**: Yes we have.

7 **Tim Scott**: How was that done?

8 **Phil Horn**: By certified mail and also it was published in the Coalfield Progress on April 16,  
9 2013.

10 **Tim Scott**: We don't have any unknowns in this unit is that right?

11 **Phil Horn**: That is correct.

12 **Tim Scott**: And as you indicated you have provided proof of certification and publication to the  
13 Commonwealth, is that correct?

14 **Phil Horn**: That is correct.

15 **Tim Scott**: Range is authorized to conduct business in the Commonwealth, is that right?

16 **Phil Horn**: That is correct.

17 **Tim Scott**: And a blanket bond is on file?

18 **Phil Horn**: That is correct?

19 **Tim Scott**: And if you were to reach an agreement with the parties listed as Exhibit B-3, what  
20 lease terms would you offer?

21 **Phil Horn**: \$25 per acre for a five year paid up lease and provides for a 1/8 royalty.

22 **Tim Scott**: Do you consider these lease terms to be a fair and reasonable compensation for a  
23 lease in this area?

24 **Phil Horn**: Yes I do.

25 **Tim Scott**: What percentage of the oil and gas estate does Range seek to pool today?

26 **Phil Horn**: 1.05%

27 **Tim Scott**: And you have indicated that you don't have any unknowns, is that right?

1 **Phil Horn**: That is correct.

2 **Tim Scott**: And no conflicting claims, is that also correct?

3 **Phil Horn**: That is correct.

4 **Tim Scott**: So we don't have an escrow requirement?

5 **Phil Horn**: That is correct.

6 **Tim Scott**: So you are requesting the Board to pool the unleased parties of this Exhibit B-3, is  
7 that right?

8 **Phil Horn**: That is right.

9 **Tim Scott**: And Range will be named the operator of this unit?

10 **Phil Horn**: That is correct.

11 **Tim Scott**: With regard to notice, if the parties elect under the provisions of the order, if the  
12 Board grants our application today, what address should be used?

13 **Phil Horn**: Range Resources-Pine Mountain, Inc., Post Office Box 2136, Abingdon, VA  
14 24212.

15 **Tim Scott**: Okay, should that be the address for all communications?

16 **Phil Horn**: Yes.

17 **Tim Scott**: That's all I have for Mr. Horn.

18 **Bill Harris**: Thank you. Questions?

19 **Bruce Prather**: I've got a question.

20 **Bill Harris**: Yes, Mr. Prather.

21 **Bruce Prather**: Phil, the foundation that I work for has an interest in an AFE or an area of  
22 mutual interest in Wise County. Is this Roberson well, is this close to the Roaring Fork wells?

23 **Phil Horn**: It is close to it, but it is inside our area with EQT.

24 **Bruce Prather**: I mean is it part of that that has been exempted?

25 **Phil Horn**: I'm not exactly sure what your all's area, I mean I don't know, I've worked over  
26 there for years. I'm not sure but I do not think that you would have acreage in this unit.

1 **Bruce Prather**: Okay. Well I might have to recues myself anyway, since we don't know where  
2 it is.

3 **Bill Harris**: Umm let me....

4 **Bruce Prather**: I mean its fine. I will just excuse myself.

5 **Bill Harris**: I am trying to look at the map here to see if we can determine from that. Is there an  
6 issue with....

7 **Sharon Pigeon**: No. It's the majority.

8 [Inaudible]

9 **Bill Harris**: We have established a quorum. Yeah I was just concerned about if you were to do  
10 that....abstain from voting.

11 **Sharon Pigeon**: It's alright. It is the majority of voting.

12 **Bill Harris**: Yes. Okay.

13 **Sharon Pigeon**: It's the majority of the voting.

14 **Bill Harris**: Okay. One other question, Mr. Horn I think, did I understand you to say that the  
15 Coalfield Progress didn't want to print?

16 **Phil Horn**: No they did not publish the first go around.

17 **Bill Harris**: Oh okay.

18 **Phil Horn**: We have issues with the papers a lot of times they don't publish as prompt as we  
19 would like for them to. On our permits also.

20 **Bill Harris**: Yes.

21 **Tim Scott**: The problem with it is that you have to hound them continually to get them to make  
22 sure that it gets in the paper and apparently we didn't bark enough this last go around.

23 **Bill Harris**: You pay for the service, don't you?

24 **Tim Scott**: Oh absolutely. I mean they are very nice about it, it just doesn't...

25 **Sharon Pigeon**: So they say we will run it next time?

26 **Tim Scott**: Yes.

27 **Sharon Pigeon**: That is basically what happened. So then you are off on your time, basically is  
28 what happens. So that you are off then on your timing.

1 **Tim Scott**: Right.

2 **Bill Harris**: I thought you said you didn't want to but..... [Laughter].....I thought oh geez  
3 that's.....okay. You may continue then I think.

4 **Tim Scott**: Mr. Landon, your name by whom you are employed and your job description please.

5 **Ian Landon**: My name is Ian Landon, I am Operations Manager of Range Resources-Pine  
6 Mountain, Inc.

7 **Tim Scott**: And you are familiar with this application, is that right?

8 **Ian Landon**: That is correct.

9 **Tim Scott**: What is the proposed depth of this well?

10 **Ian Landon**: 5,407 feet.

11 **Tim Scott**: And what are you estimating your reserve is?

12 **Ian Landon**: 400 million cubic feet.

13 **Tim Scott**: And I believe that you were involved in the preparation of the AFE so you are  
14 familiar with the well costs, is that right?

15 **Ian Landon**: Yes.

16 **Tim Scott**: What is the estimated [inaudible] cost for this well?

17 **Ian Landon**: \$247,324

18 **Tim Scott**: And the estimated completed well costs?

19 **Ian Landon**: \$524,884

20 **Tim Scott**: I believe that again, your signature is on the AFE, is that right?

21 **Ian Landon**: That is correct.

22 **Tim Scott**: So you are familiar with the preparation of the AFE, is that right?

23 **Ian Landon**: Yes.

24 **Tim Scott**: Is there a cost for supervision listed on the AFE?

25 **Ian Landon**: Yes.

26 **Tim Scott**: Do you consider that cost to be reasonable?

1 **Ian Landon**: Yes.

2 **Tim Scott**: So, in your opinion, if the Board grants an application today, it would prevent waste,  
3 promote conservation of the resources and protect correlative rights, is that correct?

4 **Ian Landon**: That is correct.

5 **Tim Scott**: That's all I have for Mr. Landon.

6 **Bill Harris**: Alright. Questions from members of the Board? Do you have anything further?

7 **Tim Scott**: That's all I have Mr. Chairman.

8 **Bill Harris**: I will entertain a motion relative to this item.

9 **Mary Quillen**: Motion to approve.

10 **Rita Surratt**: Second.

11 **Bill Harris**: Okay fine. Any further discussion? All in favor say yes.

12 **Board**: Yes.

13 **Bill Harris**: Opposed no.

14 **Bruce Prather**: I excuse myself.

15 **Bill Harris**: We have one abstention, Mr. Prather. Fine. Motion passed.

16 **Tim Scott**: Thank you.

17 **Ian Landon**: Thank you very much.

18 **Bill Harris**: Thank you gentlemen.

19

20 **Item Number 16**

21 **Bill Harris**: The next item is number sixteen. The Board will review the April 2013 minutes for  
22 approval. Have you had an opportunity to review the minutes? Any corrections or additions to  
23 that document? I will entertain a motion relative to the minutes.

24 **Mary Quillen**: Motion to accept the minutes as written.

25 **Bill Harris**: Do we have a second.

26 **Bruce Prather**: Second.

- 1 **Bill Harris**: Fine. All in favor say yes.
- 2 **Board**: Yes.
- 3 **Bill Harris**: Opposed, no. Thank you. Motion passed. I believe this is it. So meeting is
- 4 adjourned.