

VIRGINIA DEPARTMENT OF MINES, MINERALS AND ENERGY

VIRGINIA GAS AND OIL BOARD HEARING

Tuesday, July 16, 2019

Lebanon, Virginia

BOARD MEMBERS:

Mary Quillen- Public Member

Donnie Rife- Public Member

Bruce Prather- Oil & Gas Industry Representative

Bradley Lambert- Chairman of the Virginia Gas & Oil Board

Bill Harris- 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

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

Sally Ketron- Staff Member of the Division of Gas & Oil

Daniel Ingersoll- Assistant Attorney General

Paul Kugelman, Jr. – Senior Assistant Attorney General

Darlene Gibson- Hearings Coordinator, VA DMME

Jody Maney- First Bank & Trust Company

Scott Arnett- First Bank & Trust Company

Transcribed by: Darlene Gibson

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1 **Bradley Lambert:** Good morning ladies and gentlemen. It is now after 9:00 and time to begin
2 our proceedings this morning. We'll ask if you have cell phones or other communication devices,
3 please put those on vibrate or silence in some way and if you must take a call, please do so out in
4 the hall. I would like to begin this morning by asking the Board to please introduce themselves
5 and I'll begin with Ms. Surratt.

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

7 **Daniel Ingersoll:** I'm Daniel Ingersoll with the Virginia Attorney General's Office.

8 **Bradley Lambert:** I'm Butch Lambert with the Virginia Department of Mines, Minerals and
9 Energy, Deputy Director.

10 **Donnie Rife:** Donnie Rife, public member from Dickenson County.

11 **Bill Harris:** I'm Bill Harris, public member from Wise County.

12 **Bruce Prather:** I'm Bruce Prather; I represent the Oil and Gas Industry.

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

14 **Item Number 1 & 2**

15 **Bradley Lambert:** Thank you ladies and gentlemen. The next item on our docket for this
16 morning is the Board will receive public comments. We have no one signed up this morning for
17 comments but I'll ask that if someone came in late and didn't get signed up and would like to
18 speak, to please come forward. I see none, so we will move to Docket item #2, it's the First
19 Bank and Trust Company Escrow Agent for the Virginia Gas and Oil Board will appear to
20 address the Board on the Quarterly Report (April – June). Good Morning, it's good to see you
21 all this morning.

22 **Jody Maney:** Good morning, does everybody have a copy?

23 **Board:** Yes

24 **Jody Maney:** This is our 2nd Quarter report for 2019. We will start out on page three (3). The
25 beginning balance in the 1st Quarter was \$10,103,182.29; we have deposits for the quarter of
26 \$73,559.12. Interest earned \$15,167.34, fees paid for the quarter is \$2,522.96. Total distributions
27 for the quarter was \$314,441.71 giving us an ending balance of June 30 at \$9,874,944.08. The
28 next several pages are the outstanding checks; these are checks through June 30 that were issued
29 that have not been cashed. On page 62, it gives you the breakdown of totals with Gas
30 Companies. As you can see, some of these checks were issued in June, so by June 30 some of
31 these people probably had not had time to cash the checks yet, any questions on those?

32 **Board:** [No response]

1 **Jody Maney**: The next page is our check escheatment. The total for this year to escheat is about
2 \$2,700. The next year is about \$4,500. The graph at the bottom of the page shows as it is right
3 now if these people do not cash their checks. They would be escheated after 2020. The next
4 several pages are our funded units, this is the June information. We start out with the beginning
5 balance for each account, deposits, interest earned, fees deducted from each account, any
6 distributions, any transfers, the no W-9's spreadsheet and the ending market value for each
7 account. On page 79, distributions for June were \$186,000, just in the month of June. The next
8 several pages are our no W-9's list; these are people that have not submitted their W-9's. We
9 have close to \$40,000 sitting in that account.

10 **Donnie Rife**: Those W-9's submissions, there's no possible way of receiving a check?

11 **Jody Maney**: No, we need their W-9 giving their name, address and social security number, that
12 way we give tax information at the end of the year.

13 **Bruce Prather**: Have they had an opportunity?

14 **Jody Maney**: They have had numerous opportunities, yes. On page 90, this is a list of our annual
15 distributions since First Bank and Trust took over as Escrow Agent, since 2010 it's over
16 \$30,000,000. On Page 91, this is a list of how the accounts are invested; right now all of it is in
17 ITS Money Market account with an annual yield of .55%. So you have an estimated income of
18 \$54,000 based upon the market value of \$9,000,000. The last page is rate comparisons; this gives
19 the CDARS rates for one (1) month, three (3) months, six (6) months, 1-year term and 2-year
20 terms and then Treasury rates and brokerage CD rates for the same terms. It's a comparison of
21 what it was the last time I reported and what it was just a few days ago. As you can see, the rates
22 have decreased since April, any questions on that?

23 **Bradley Lambert**: Any questions from the Board?

24 **Bill Harris**: We decided, I think to stay where we are in terms of investments; we're not
25 considering anything further?

26 **Bradley Lambert**: That's what we said at the last Board meeting.

27 **Bill Harris**: I just wanted to confirm.

28 **Bradley Lambert**: Yes.

29 **Bill Harris**: I guess that was a question and a statement.

30 **Bradley Lambert**: Ok.

31 **Bill Harris**: We decided to hold where we are, is that the understanding?

32 **Jody Maney**: Yes, that was the decision at the last meeting.

1 **Mary Quillen**: We had seen rates drop in these other areas?

2 **Jody Maney**: Yes.

3 **Scott Arnett**: That is likely that the Feds will drop rates again; at least that is the expectation.

4 **Mary Quillen**: Yes

5 **Bradley Lambert**: Mr. Harris?

6 **Bill Harris**: There's no concern, I just wondered. There's nothing further, I was just curious of
7 where we go from here.

8 **Bradley Lambert**: Ok, so anything else from the Board?

9 **Board**: [No response]

10 **Bradley Lambert**: Ms. Maney, I know our contract will be ending with the bank this
11 December?

12 **Jody Maney**: Yes.

13 **Bradley Lambert**: Do you have anything you would like to present to the Board as far as
14 considering going forward?

15 **Jody Maney**: I have a contract proposal.

16 **Scott Arnett**: For the record, Rick asked me to identify myself. My name is Scott Arnett, I work
17 with First Bank and Trust with Jody. I'm the Investment Manager.

18 **Jody Maney**: What we have proposed is forty (40) basis points renewing the contract for twelve
19 (12) months and then at the end of twelve (12) months, then we have the option to renew it again
20 and make any changes at the end of twelve (12) months.

21 **Bruce Prather**: Is this the same as what we are operating under in the present time?

22 **Jody Maney**: The same what?

23 **Bruce Prather**: The same contract we're operating under?

24 **Bradley Lambert**: It's the same contract.

25 **Jody Maney**: It's the same contract; the fee currently is ten (10) basis points. In the original
26 contract, it was ten (10) basis points for five (5) years and then we extended again for another
27 five (5) years at ten (10) basis points. So essentially, First Bank and Trust has had it for ten (10)
28 years now.

1 **Donnie Rife**: So the forty (40) basis points are based on yearly?

2 **Jody Maney**: It's based on the market value of the assets and then it's deducted each month.

3 **Donnie Rife**: This is a yearly contract instead of the five (5) years?

4 **Jody Maney**: Yes.

5 **Mary Quillen**: This will be on a one (1) year basis each year with the option to renew it at the
6 end of those?

7 **Jody Maney**: Yes.

8 **Rick Cooper**: Mr. Chairman, I would like to point out one thing. I think it would be prudent of
9 the Board to consider that however we write the contract that at no time their fee would exceed
10 whatever interest we're paying them to put us in the negative column.

11 **Bradley Lambert**: Thank you Mr. Cooper. That was going to be my next question. So we don't
12 ever expect that would happen?

13 **Jody Maney**: Right now, you are earning fifty-five (55) basis points; fifty-five (55) basis points
14 are what the money market is right now. So our fee would be forty (40) basis points.

15 **Bradley Lambert**: As the Board today, I'm asking do we feel comfortable enough that we can
16 take a vote to approve this today and direct Mr. Cooper to work with our Office of General
17 Services to start preparing a new contract or would this Board feel more comfortable to wait until
18 later? The only caution I would make is if we wait too late, the contract might expire before
19 DMME would have time to prepare and enter into a new contract. So we have to be careful of
20 our timing and not let the contract expire.

21 **Mary Quillen**: I think at this point, we have had such excellent service from First Bank and
22 Trust and we're hopefully at the end or getting close to the end of it. I would be concerned with
23 even considering changing Escrow Agents. That's just my personal opinion and we have had
24 such good service. They did a magic wand, evidently over so many problems that we had and
25 they took over and I personally feel like I would like to see us renew this contract and approve it
26 today.

27 **Bradley Lambert**: I'm not asking that we approve, what I'm doing is only letting the Board
28 know what the consequences might be if we wait too long. If we don't renew this contract, then
29 we have to go out for bids, we have to put out a new RFP and we're looking at three (3) to four
30 (4) months easily before we could get a new contract with another entity if we don't renew a
31 contract with First Bank and Trust. The only concern is let's not wait until October or November
32 to make a decision on this.

33 **Mary Quillen**: I agree.

1 **Donnie Rife**: I think we need to go ahead and approve it and get the wheels started because
2 we're basically only looking at a twelve (12) month contract. So I think we need to go ahead and
3 get that taken care of Mr. Chair. That's my recommendation.

4 **Bradley Lambert**: Any other discussion from the Board?

5 **Bill Harris**: This is equivalent to what we had before except for the fee and I know this is a big
6 jump but I'm looking at the service we've gotten in the past from First Bank and Trust and
7 considering the ten (10) basis points that we were probably underpaying them for the kind of
8 service that they ended up rendering so I have no problem with upping it to the forty (40).

9 **Bruce Prather**: One advantage, since this is a one (1) year contract instead of five (5), if there is
10 anything we find is wrong we won't have a long time period to correct it.

11 **Rick Cooper**: Mr. Chairman, I don't see it as a complication, you all probably know better than I
12 do, but currently the contract states it's a renewable five (5) year contract so I don't think we
13 would have a problem changing that to a one year but it currently says renewable for five (5)
14 years in the contract. I don't know if that's a problem, I guess that's something we can work with
15 Mr. Cooney on.

16 **Donnie Rife**: With forty (40) basis points, I think one year at a time is a plenty then we can see
17 what is going on.

18 **Bruce Prather**: The only thing I'm concerned about is I sure don't want us to have to get into
19 the principle. I think we had this problem before like that.

20 **Bradley Lambert**: We don't foresee that happening, if we are at fifty-five (55) right now and we
21 are only proposing forty (40), that shouldn't or couldn't happen really.

22 **Jody Maney**: The interest you've earned over the years since First Bank took over has been
23 \$469,000.

24 **Donnie Rife**: Plus we are only looking at twelve (12) months. I think we need to get it done that
25 way it's behind us and we don't have to worry about it.

26 **Paul Kugelman**: Mr. Lambert.

27 **Bradley Lambert**: Yes, Sir, Mr. Kugelman?

28 **Paul Kugelman**: Mr. Lambert had brought up something earlier; I just want to make sure that
29 First Bank and Trust is okay with capping whatever the fee is to no more than the interest earned
30 on the account. The problem we have is if we start eating into the principle, we are starting to
31 take other people's money and we can't do that. So, is that something you all need to think about
32 or something you guys would be okay with to agree to today; I don't know what your fees are
33 based on the interest that we've collected, I know it's going to go down as time goes on.

1 **Jody Maney**: Our fees since First Bank has taken over have been \$213,000.

2 **Paul Kugelman**: Okay.

3 **Jody Maney**: The interest earned has been \$469,000.

4 **Paul Kugelman**: If it goes to forty (40) basis points, what would it be?

5 **Rick Cooper**: \$3,600 per month, does that sound right?

6 **Scott Arnett**: I don't have a monthly calculation.

7 **Bruce Prather**: On a one year basis, I don't see what the problem is.

8 **Scott Arnett**: No, to me neither. There is a concern about what the Fed does and if they do cut
9 rates shortly, it will impact the money market rate that we have along with everything else, T-
10 bills and the CD's. I think if that dynamic happens, I think it's going to be shorter term in nature
11 but I don't think we would have a problem putting a codicil in the bottom of the contract.

12 **Paul Kugelman**: Okay, that would be helpful. You understand our concern? I want to make sure
13 that First Bank and Trust is considered as well.

14 **Scott Arnett**: That was probably our mistake in the second renewal just because we didn't know
15 the scope of work that was required as things started to accelerate with pay outs but yes, I don't
16 think that's an issue to put in the contract to make sure we don't go into the negative.

17 **Paul Kugelman**: Okay.

18 **Mary Quillen**: It's been past experience that's made us a little gun shy and we didn't know
19 about it until way after the fact because of the concern which has never happened since doing
20 business with you. We've always been alerted on any changes.

21 **Scott Arnett**: We've had great rates in the last eighteen (18) months which has really helped the
22 fund.

23 **Bradley Lambert**: Does somebody want to make a motion?

24 **Donnie Rife**: I'll make the motion Mr. Chair to accept the new agreement at forty (40) basis
25 points for a period of one (1) year.

26 **Bill Harris**: Second.

27 **Bradley Lambert**: With the language not to exceed or that it will never go into the principle?

28 **Donnie Rife**: Absolutely.

29 **Bill Harris**: I'll second that amended. I'm assuming your amending your motion.

1 **Donnie Rife**: I will amend that motion as amended.

2 **Bill Harris**: So I will second that.

3 **Bradley Lambert**: I have a motion and I have a second, any further discussions? [No response]

4 All in favor signify by saying yes.

5 **Board**: Yes.

6 **Bradley Lambert**: Opposed, No? [No response] So the Board will direct Mr. Cooper to begin

7 work with our Office of General Services; Mr. Cooney to draft a new contract for signatures.

8 **Jody Maney**: Any other questions or concerns?

9 **Board**: [No response]

10 **Bradley Lambert**: Thank you, we appreciate it. Have a good day.

11 **Item Number 3**

12 **Bradley Lambert**: We're calling docket item number two (2); or number three (3), I'm sorry.

13 It's a petition from Pocahontas Gas, LLC, for (1) the disbursement of escrowed funds heretofore

14 deposited with the Board's Escrow Agent, attributable to a portion of Tracts 1B, a portion of 3,

15 and a portion of 4A, as depicted upon the annexed table; and (2) authorization to begin paying

16 royalties directly to the parties listed in the petition and (3) dismissal of coal owner. This is

17 docket number VGOB-04-1116-1358-03. All parties wishing to testify please come forward.

18 **Mark Swartz**: Mark Swartz and Kelli Berry.

19 **Bradley Lambert**: Good morning.

20 **Mark Swartz**: Good morning.

21 **Kelli Berry**: Good morning.

22 **Sarah Gilmer**: Ms. Berry, do you swear or affirm that your testimony is the truth, the whole

23 truth and nothing but the truth?

24 **Kelli Berry**: I do.

25 **Bradley Lambert**: You may begin Mr. Swartz.

26 **Mark Swartz**: Kelli, could you state your name for us please?

27 **Kelli Berry**: Kelli Berry.

28 **Mark Swartz**: Who do you work for?

1 **Kelli Berry**: CNX Resources.

2 **Mark Swartz**: Are you here on behalf of the petitioner Pocahontas Gas, LLC today?

3 **Kelli Berry**: Yes.

4 **Mark Swartz**: This first petition we have on the docket is for disbursement, correct?

5 **Kelli Berry**: That's correct.

6 **Mark Swartz**: We are seeking three (3) different kinds of relief. First of all, the approval of a
7 disbursement of an escrow secondly is the authorization to pay the recipients of that
8 disbursement and directly in the future and we will address a coal operator dismissal as well,
9 correct?

10 **Kelli Berry**: That's correct.

11 **Mark Swartz**: This pertains to what unit?

12 **Kelli Berry**: AX99.

13 **Mark Swartz**: The reason for the requests, first of all, I believe we have some royalty split
14 agreements, correct?

15 **Kelli Berry**: Yes.

16 **Mark Swartz**: So we shall be taken those into consideration and then the majority of the people
17 that we are disbursing to are CBM claimants under the amended code?

18 **Kelli Berry**: That's correct.

19 **Mark Swartz**: We are seeking a disbursement to them as CBM claimants under the statute, we
20 have given notice some time ago and we've got proof that notice to conflicting claimants and
21 except for the split agreements, none of the conflicting claimants have responded to the notice
22 and except for those split agreements, we're asking those claimants be dismissed?

23 **Kelli Berry**: That's correct.

24 **Mark Swartz**: This is a rather enormous list of people today, right?

25 **Kelli Berry**: Indeed it is.

26 **Mark Swartz**: On Table 1, which is the disbursement table starts at pdf page 10 and goes to pdf
27 page 16, did you try to mail to all these folks?

28 **Kelli Berry**: Yes.

1 **Mark Swartz**: Have you gone through the mailings to determine if there are a significant
2 number of the people in table 1 that did not pick up their mail?

3 **Kelli Berry**: There are a few, yes.

4 **Mark Swartz**: As a preliminary matter, do you propose to submit a revised table 1 to delete
5 people that did not pick up their mail?

6 **Kelli Berry**: Yes.

7 **Mark Swartz**: So we're not paying people who never received mail or not getting their mail?

8 **Kelli Berry**: Correct.

9 **Mark Swartz**: Let's go back to the plat; we've got two wells in this unit, right?

10 **Kelli Berry**: Yes.

11 **Mark Swartz**: From table 1, is that the list you prepared assuming that everybody picked up
12 their mail?

13 **Kelli Berry**: Yes.

14 **Mark Swartz**: This Table 1 would include all the people that when you filed this, you were
15 asking the Board to approve disbursements?

16 **Kelli Berry**: Yes.

17 **Mark Swartz**: In every instance, you write down a tract these folks are in?

18 **Kelli Berry**: Yes.

19 **Mark Swartz**: You've given the name of the person, the estate, the company; you've given a
20 mailing address?

21 **Kelli Berry**: Yes.

22 **Mark Swartz**: In the second column from the right hand margin, you've given a percentage for
23 everybody?

24 **Kelli Berry**: Correct.

25 **Mark Swartz**: When the Escrow Agent prepares to calculate the dollar amount to make these
26 disbursements, what they should do is take the percentage in the 2nd column from the right hand
27 margin and multiply that times the total balance on hand in that escrow account at that time and
28 that will give them the right dollar amount?

1 **Kelli Berry**: Yes.

2 **Mark Swartz**: The dollar amounts you've got in the far right hand column are simply estimates
3 based on that bank statement?

4 **Kelli Berry**: Correct.

5 **Mark Swartz**: And we know the balance will be different?

6 **Kelli Berry**: Yes.

7 **Mark Swartz**: You've provided a revised Exhibit E, which will be the people that will remain in
8 escrow after the disbursements?

9 **Kelli Berry**: Yes.

10 **Mark Swartz**: Obviously! That's going to have to be revised because you are going to subtract
11 people from the disbursements and put them back into Exhibit A or E, I'm sorry?

12 **Kelli Berry**: Yes.

13 **Mark Swartz**: Exhibit E goes on for many, many pages and the percentages are to give the
14 Board a sense of progress here. The last page of Exhibit E is pdf page 103 and it has a summary
15 of where it ends?

16 **Kelli Berry**: Yes.

17 **Mark Swartz**: If the Board was able to make all of the disbursements you requested, that would
18 have left .05 acres in escrow?

19 **Kelli Berry**: Yes; No, that's for this tract.

20 **Mark Swartz**: I'm sorry, that would have left 12.5711 acres in escrow? Which is 21.3904%?

21 **Kelli Berry**: Yes.

22 **Mark Swartz**: Obviously the acreage is going to increase a little bit; the percentage is going to
23 increase a little bit?

24 **Kelli Berry**: Right.

25 **Mark Swartz**: We've got an Exhibit EE?

26 **Kelli Berry**: Yes.

27 **Mark Swartz**: That will be the directions in terms of the going forward payments authorizing
28 the operator to pay the people in Exhibit E directly?

1 **Kelli Berry**: Correct.

2 **Mark Swartz**: That's going to change as well?

3 **Kelli Berry**: Yes.

4 **Mark Swartz**: So we are going to reduce that list?

5 **Kelli Berry**: Yes, we are.

6 **Mark Swartz**: On pdf page 131, the total of conflicts resolved would be on order of 16 acres?

7 **Kelli Berry**: Yes.

8 **Mark Swartz**: The last exhibit that I want to spend a little bit of time on is Exhibit J. Exhibit J is
9 undertaking the checks the operators have paid?

10 **Kelli Berry**: Yes.

11 **Mark Swartz**: Then we look for a corresponding deposit?

12 **Kelli Berry**: Yes.

13 **Mark Swartz**: This goes on for roughly 2 ½ pages?

14 **Kelli Berry**: Yes.

15 **Mark Swartz**: The stuff you've highlighted in yellow, is that checks and deposits that you just
16 cannot resolve the discrepancy?

17 **Kelli Berry**: Correct.

18 **Mark Swartz**: If we go down to September 25, 2008, on the first page, just to give the Board an
19 example, we've got a check for \$1,096.31, and we have a deposit that is roughly in the same time
20 frame?

21 **Kelli Berry**: Yes.

22 **Mark Swartz**: A couple days later, a deposit of \$1,107.53, and that's a discrepancy the bank is
23 showing more than the check you issued? And you just can't account for that?

24 **Kelli Berry**: Yes.

25 **Mark Swartz**: Then there are items that are not highlighted in yellow, but are bracketed in a
26 darker bracket; those indicate checks you have written that you've been able to figure out why
27 the deposit amount is different? For example, the first ones in January-February of 2009, if you
28 add those together, it equals the one deposit?

1 **Kelli Berry**: That's correct.

2 **Mark Swartz**: On the second page, we've got a couple more of those, right?

3 **Kelli Berry**: Yes.

4 **Mark Swartz**: Those you were able to resolve actually?

5 **Kelli Berry**: Yes.

6 **Mark Swartz**: Finally, you take a calculation to what you think should be in escrow?

7 **Kelli Berry**: Yes.

8 **Mark Swartz**: You then compare that to a bank statement?

9 **Kelli Berry**: Correct.

10 **Mark Swartz**: What was the date of the bank statement that you used?

11 **Kelli Berry**: March, 2019.

12 **Mark Swartz**: When you compared your calculation to the bank statement at the end of March,
13 2019, was there a difference?

14 **Kelli Berry**: Yes.

15 **Mark Swartz**: What was that?

16 **Kelli Berry**: \$35.80.

17 **Mark Swartz**: Lastly, we have an affidavit of mailing?

18 **Kelli Berry**: Yes.

19 **Mark Swartz**: It indicates that we mailed to a coal company, right?

20 **Kelli Berry**: Yes.

21 **Mark Swartz**: To the extent that they provided a split agreement, we are not dismissing them
22 but to the extent that they were not able to come up with an agreement on some other tracts,
23 some other interests, they are being dismissed?

24 **Kelli Berry**: Yes.

25 **Mark Swartz**: That is all I have on this one Mr. Chairman.

26 **Bradley Lambert**: Any questions from the Board?

1 **Board**: [No response]

2 **Bradley Lambert**: For the record for Tract 3; there's a lady, I'm assuming it's a lady, Loleta
3 Lambert, there's no kin or relation to the Chairman; any other questions from the Board?

4 **Board**: [No response]

5 **Bradley Lambert**: You may continue Mr. Swartz.

6 **Mark Swartz**: That's all I have.

7 **Bradley Lambert**: Any other questions from the Board? [No response] Do I have motion?

8 **Donnie Rife**: Motion made for approval, Mr. Chairman.

9 **Bill Harris**: Second.

10 **Bradley Lambert**: With amended exhibits?

11 **Donnie Rife**: With the amended tables.

12 **Bradley Lambert**: You'll have to update a lot of exhibits.

13 **Mark Swartz**: We will be amending Table 1, and making adjustments in Exhibit E in regard to
14 escrow, consistent to the changes in Table 1. We will also be amending Exhibit EE which is just
15 a payment exhibit and making further adjustments consistent with Table 1. Those are the three
16 (3) items we will be amending to make this work?

17 **Kelli Berry**: Yes.

18 **Bill Harris**: So your motion will include those?

19 **Donnie Rife**: Yes, it will. Change it with the amendments included.

20 **Bill Harris**: I'll second that as amended.

21 **Bradley Lambert**: I have a motion and a second, any further discussion? [No response] All in
22 favor signify by saying yes?

23 **Board**: Yes.

24 **Bradley Lambert**: Opposed, no? [No response]. Thank you Mr. Swartz, that one is approved.

25 **Item Number 4**

26 **Bradley Lambert**: Now calling docket item number four (4) a petition from Pocahontas Gas,
27 LLC, for (1) the disbursement of escrowed funds heretofore deposited with the Board's Escrow
28 Agent, attributable to a portion of Tracts 1F, 1G & 2, as depicted upon the annexed table; and (2)

1 authorization to begin paying royalties directly to the parties in the petition. This is docket
2 number VGOB-04-1214-1368-05. All parties wishing to testify please come forward.

3 **Mark Swartz**: Mark Swartz and Kelli Berry.

4 **Bradley Lambert**: You may proceed Mr. Swartz.

5 **Mark Swartz**: State your name for us please?

6 **Kelli Berry**: Kelli Berry.

7 **Mark Swartz**: Who do you work for?

8 **Kelli Berry**: CNX Resources.

9 **Mark Swartz**: Are you here on behalf of the petitioner Pocahontas Gas, LLC today?

10 **Kelli Berry**: Yes.

11 **Mark Swartz**: This pertains to a unit that was pooled in 2004?

12 **Kelli Berry**: Yes.

13 **Mark Swartz**: Which unit is it?

14 **Kelli Berry**: BF-100.

15 **Mark Swartz**: This is a disbursements request?

16 **Kelli Berry**: Yes.

17 **Mark Swartz**: A request for direct pay of the people who received the disbursements and we are
18 also going to address the dismissal of coal owners?

19 **Kelli Berry**: Yes.

20 **Mark Swartz**: The reasons for the applications are we got a court case, right?

21 **Kelli Berry**: Yes.

22 **Mark Swartz**: You've attached a copy of that?

23 **Kelli Berry**: Yes.

24 **Mark Swartz**: So this is just a court case disbursement?

25 **Kelli Berry**: Yes.

1 **Mark Swartz**: We've given notice to some conflicting coal claimants but they were previously
2 dismissed by the Board?

3 **Kelli Berry**: Yes.

4 **Mark Swartz**: Table 1 starts at pdf page 7 and this is a percentage table?

5 **Kelli Berry**: Yes.

6 **Mark Swartz**: In this table, which goes on for two and a half pages list all the people you are
7 proposing for disbursements?

8 **Kelli Berry**: Yes.

9 **Mark Swartz**: When I say people, I mean people, estates, companies and so forth?

10 **Kelli Berry**: Yes.

11 **Mark Swartz**: Have you provided a mailing address for everybody?

12 **Kelli Berry**: Yes.

13 **Mark Swartz**: When the Escrow Agent prepares to issue the checks to these folks, should the
14 agent be instructed to use the percentage in the column on the 2nd from the right hand side
15 multiply that times the balance on hand for this unit and that will generate the dollar amount?

16 **Kelli Berry**: Yes.

17 **Mark Swartz**: The dollar amounts that you have in the farthest column to the right are your
18 calculations using those percentages on a bank statement which will be stale stated by the time
19 this happens?

20 **Kelli Berry**: Correct.

21 **Mark Swartz**: The last of Table 1, which indicates where these royalties have come from?

22 **Kelli Berry**: Yes.

23 **Mark Swartz**: On Exhibit E, you've provided the Board and the Escrow Agent with a revised
24 exhibit which will reflect who will be in escrow in the event when the disbursements are made?

25 **Kelli Berry**: Yes.

26 **Mark Swartz**: At the end of that, at pdf page 35. I'm sorry; pdf page 13, the total remaining in
27 escrow after the disbursements would be how many acres?

28 **Kelli Berry**: 2.5477.

1 **Mark Swartz**: Which is what percentage of the unit?

2 **Kelli Berry**: 4.3324%.

3 **Mark Swartz**: We will have dealt with more than 95% of the money at that point?

4 **Kelli Berry**: Yes.

5 **Mark Swartz**: You also provided Exhibit EE, which starts at pdf page 14. That's a list of the
6 folks that are going to be paid on a going forward basis?

7 **Kelli Berry**: Correct.

8 **Mark Swartz**: We got an Exhibit J, which starts at pdf page 36, correct?

9 **Kelli Berry**: Yes.

10 **Mark Swartz**: Again, you've looked for all the royalty checks paid?

11 **Kelli Berry**: Correct.

12 **Mark Swartz**: Then you went looking for deposits?

13 **Kelli Berry**: Yes.

14 **Mark Swartz**: Once again, you noticed a discrepancy, some of which you could solve and some
15 in which you couldn't?

16 **Kelli Berry**: Yes.

17 **Mark Swartz**: The highlighted in yellow is problems you identified but couldn't solve?

18 **Kelli Berry**: Yes.

19 **Mark Swartz**: The bracketed in a darker cell outline, those are issues that you identified but you
20 were able to figure out what happened and balanced?

21 **Kelli Berry**: Yes.

22 **Mark Swartz**: At the end, pdf page 39, once again you did your calculation?

23 **Kelli Berry**: Yes.

24 **Mark Swartz**: Here we have disbursements from prior years?

25 **Kelli Berry**: Yes.

26 **Mark Swartz**: You accounted for those and you came up with a balance compared that to the
27 bank, what month did you use?

1 **Kelli Berry**: April, 2019.

2 **Mark Swartz**: Was there a difference?

3 **Kelli Berry**: Yes.

4 **Mark Swartz**: What was it?

5 **Kelli Berry**: \$15.12.

6 **Mark Swartz**: The bank had more than you?

7 **Kelli Berry**: Yes.

8 **Mark Swartz**: We've got an affidavit mailing to Harrison Wyatt and we're requesting they be
9 dismissed, their claims in this unit?

10 **Kelli Berry**: Yes.

11 **Mark Swartz**: Lastly, we have a copy of the order that you are relying on to make these
12 disbursements?

13 **Kelli Berry**: Yes, correct.

14 **Mark Swartz**: That's all I have Mr. Chairman.

15 **Bradley Lambert**: Any questions from the Board? [No response]. Do I have a motion?

16 **Donnie Rife**: Motion made for approval Mr. Chairman

17 **Bill Harris**: Second.

18 **Bradley Lambert**: I have a motion and I have a second; any further discussions?

19 **Rick Cooper**: Before you vote, are all notices adequate on this one Ms. Berry?

20 **Kelli Berry**: On this one, yes.

21 **Bradley Lambert**: I have a motion and I have a second, any further discussions? [No response]
22 All in favor signify by saying yes.

23 **Board**: Yes.

24 **Bradley Lambert**: Opposed, no? [No response]. Thank you Mr. Swartz, that one is approved.

25 **Mark Swartz**: Thank you.

26

Item Number 5

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Bradley Lambert: Calling docket item number 5, a petition from Pocahontas Gas, LLC, for (1) the disbursement of escrowed funds heretofore deposited with the Board’s Escrow Agent, attributable to a portion of Tract 2A, as depicted upon the annexed table; and (2) authorization to begin paying royalties directly to parties listed in the petition and (3) we have a dismissal of a coal owner. This docket number VGOB-05-0215-1401-01. All parties wishing to testify please come forward.

Mark Swartz: Mark Swartz and Kelli Berry.

Bradley Lambert: You may proceed Mr. Swartz.

Mark Swartz: Kelli, your name again?

Kelli Berry: Kelli Berry.

Mark Swartz: Who do you work for?

Kelli Berry: CNX Resources.

Mark Swartz: The petitioner here is Pocahontas Gas, LLC, are you appearing on their behalf?

Kelli Berry: Yes.

Mark Swartz: This unit was pooled in 2005?

Kelli Berry: Yes.

Mark Swartz: What’s the identification of the unit?

Kelli Berry: BG103.

Mark Swartz: Again, we’re looking for a disbursement and the opportunity to pay directly and we are going to address the dismissal of a coal owner, right?

Kelli Berry: Yes.

Mark Swartz: The reasons for the requests are royalty split agreements?

Kelli Berry: Yes.

Mark Swartz: Also under the act of disbursement to gas owners, right?

Kelli Berry: Yes.

Mark Swartz: Lastly, it’s just noted that you noticed coal owners and we will be dealing with that eventually?

1 **Kelli Berry**: Yes.

2 **Mark Swartz**: Other than the split agreements from the coal owner that we will be talking about
3 eventually, that's the only agreements you've received?

4 **Kelli Berry**: Yes.

5 **Mark Swartz**: On Table 1, this is a percentage table. Have you identified in Table 1, which
6 starts at pdf page 6 and goes to pdf page 11, all of the folks you propose to receive a
7 disbursement?

8 **Kelli Berry**: Yes.

9 **Mark Swartz**: For all those people, companies, estates or trustees, have you given a name and
10 an address?

11 **Kelli Berry**: Yes.

12 **Mark Swartz**: What's the situation with notice on this one?

13 **Kelli Berry**: We have a few unclaimed packages on this mailing, actually one.

14 **Mark Swartz**: Who is that?

15 **Kelli Berry**: Wanda Hicks-Caskey.

16 **Mark Swartz**: Which tract is she in?

17 **Kelli Berry**: Tract 2A.

18 **Mark Swartz**: So we need to eliminate her from Table 1, put her back in Exhibit E and take her
19 off of Exhibit EE?

20 **Kelli Berry**: Yes.

21 **Mark Swartz**: Is that the only one?

22 **Kelli Berry**: We also have an Audrey Boyd, no she received hers. John Boyd, yes, John L. Boyd
23 did not claim his petition package as well.

24 **Mark Swartz**: Those two people need to be taken off Table 1, added to Exhibit E and deleted
25 from Exhibit EE?

26 **Kelli Berry**: That's correct.

27 **Mark Swartz**: You'll provide those amendments if those are approved?

28 **Kelli Berry**: Yes, sir.

1 **Mark Swartz**: Other than that, everybody got their mail, amazingly?

2 **Kelli Berry**: Amazingly, yes.

3 **Mark Swartz**: When we look at Exhibit E, obviously that is going to be revised but just to give
4 the Board a sense of progress we're making. On the last page of E, pdf page 31 and the total
5 acres remaining in escrow are what?

6 **Kelli Berry**: 1.2113.

7 **Mark Swartz**: Which is a percentage of?

8 **Kelli Berry**: 2.0615%.

9 **Mark Swartz**: We're on roughly 98%?

10 **Kelli Berry**: Yes.

11 **Mark Swartz**: Exhibit J starts at pdf page 51, again a list of all the royalty checks and you went
12 looking for deposits?

13 **Kelli Berry**: Yes, that's correct.

14 **Mark Swartz**: You had some problems again, their highlighted in the yellow to the extent you
15 couldn't resolve them. The first one for example is \$2.00 difference, you couldn't figure why it's
16 different, right?

17 **Kelli Berry**: Yes.

18 **Mark Swartz**: Some of the issues you've been able to resolve and those are highlighted or
19 outlined in a darker bracket?

20 **Kelli Berry**: Yes.

21 **Mark Swartz**: Those issues are first page of exhibit, 2nd page and none on the 3rd?

22 **Kelli Berry**: Yes.

23 **Mark Swartz**: You did your math, right?

24 **Kelli Berry**: Yes.

25 **Mark Swartz**: Was there a difference?

26 **Kelli Berry**: There was a slight difference.

27 **Mark Swartz**: What was it?

1 **Kelli Berry**: \$3.34.

2 **Mark Swartz**: Your number was bigger or lower, or less than the bank?

3 **Kelli Berry**: Our number was more than the bank by \$3.34.

4 **Mark Swartz**: We're at the coal owner exhibits, this looks like it's probably dealt with before,
5 but we gave notice to Tazewell Coal and Gas, they had some split agreements and that's been
6 addressed in the file?

7 **Kelli Berry**: Yes.

8 **Mark Swartz**: To the extent, they are accounted for Exhibit EE. We are dismissing them but
9 except for those issues?

10 **Kelli Berry**: Correct.

11 **Mark Swartz**: We got our notice with regard to Tazewell Coal and Gas. That's all I have.

12 **Bradley Lambert**: Any questions from the Board? [No response] Do I have a motion?

13 **Donnie Rife**: Motion for approval Mr. Chair as amended.

14 **Bill Harris**: I'll second that.

15 **Bradley Lambert**: I have a motion and I have a second, any further discussions? [No response]
16 All in favor signify by saying yes.

17 **Board**: Yes.

18 **Bradley Lambert**: Opposed, no? [No response] Thank you Mr. Swartz, that one is approved.

19 **Item Number 6**

20 **Bradley Lambert**: We're calling docket item number 7, a petition from CNX Gas LLC for
21 pooling under Oakwood Coalbed Methane Gas, Field I. Docket number VGOB 19-0521.

22 **Rick Cooper**: Mr. Chairman, I think you skipped one.

23 **Bradley Lambert**: Okay, that's the first mistake I've ever made.

24 **Mark Swartz**: I'm not sure it was a mistake, but an oversight.

25 **Bradley Lambert**: Okay, so let it go. We're calling petition docket item number 7, a petition
26 from....

27 **Donnie Rife**: Its number 6.

1 **Bradley Lambert:** Okay, I approved the wrong one on my sheet. Okay, we're calling docket
2 number 6 a petition from Pocahontas Gas, LLC, for (1) the disbursement of escrowed funds
3 heretofore deposited with the Board's Escrow Agent, attributable to a portion of Tracts 1A, 1B,
4 2A, 2B, & 4, as depicted upon the annexed table; and (2) authorization to begin paying royalties
5 directly to parties listed in the petition. This is docket number VGOB-05-1018-1507-05. All
6 parties wishing to testify please come forward.

7 **Mark Swartz:** Mark Swartz and Kelli Berry.

8 **Bradley Lambert:** You may proceed Mr. Swartz.

9 **Mark Swartz:** Kelli, state your name for us again?

10 **Kelli Berry:** Kelli Berry.

11 **Mark Swartz:** Who do you work for?

12 **Kelli Berry:** CNX Resources.

13 **Mark Swartz:** Are you here on behalf of the petitioner Pocahontas Gas, LLC today?

14 **Kelli Berry:** Yes.

15 **Mark Swartz:** What drilling unit?

16 **Kelli Berry:** BF101.

17 **Mark Swartz:** That was pooled in 2005?

18 **Kelli Berry:** Yes.

19 **Mark Swartz:** You're again seeking a disbursement, authorization for a direct pay and address
20 dismissal of coal owners, right?

21 **Kelli Berry:** Correct.

22 **Mark Swartz:** The reasons we are is that we got a court case which involves some of the folks?

23 **Kelli Berry:** Yes.

24 **Mark Swartz:** We have royalty split agreements with Tazewell Coal and Gas Company and
25 Gent Enterprises, right?

26 **Kelli Berry:** Yes.

27 **Mark Swartz:** We've got some gas claimants under the amended act you want to pay as well?

28 **Kelli Berry:** That's correct.

1 **Mark Swartz**: To the extent, Tazewell Coal and Gas Company, LLC, does have split
2 agreements so we want to dismiss their claims because they haven't given us anything beyond
3 the split agreements?

4 **Kelli Berry**: Correct.

5 **Mark Swartz**: Table 1 starts at pdf page 5 and goes to the middle of pdf page 7 and is that a
6 percentage table?

7 **Kelli Berry**: Yes.

8 **Mark Swartz**: In Table 1, have you listed all people, companies, estates, trustees that you're
9 proposing to receive disbursement?

10 **Kelli Berry**: Yes.

11 **Mark Swartz**: Have you provided a mailing address for everybody?

12 **Kelli Berry**: Yes.

13 **Mark Swartz**: Is the percentage the Escrow Agent should use in this 2nd column from the right
14 hand margin?

15 **Kelli Berry**: Yes.

16 **Mark Swartz**: And what the Board should order the Escrow Agent should do is to take that
17 percentage for everybody, each person multiply it times the balance on hand when the
18 disbursement is being calculated and that will generate the correct dollar?

19 **Kelli Berry**: That's correct.

20 **Mark Swartz**: The dollar amount in the column closest to the right hand margin is using a bank
21 statement that you had right to do Exhibit J, but it's not going to be correct down the road?

22 **Kelli Berry**: Yes.

23 **Mark Swartz**: With regard to mailing, we've got quite a list here. Did we have problems with
24 mailing?

25 **Kelli Berry**: We have one owner who was unclaimed but I would like to point out to the Board,
26 Ms. Pennie Davis. Her package for this petition was mailed on May 30, and was unclaimed,
27 however; the previous docket item BG103, that petition was mailed on May 15, and was signed
28 for. So I would ask the Board to make a decision whether to leave her on this petition based on
29 the fact that 15 days prior, we mailed a package that she signed for at the address on her W-9 or
30 if we should remove her from this petition?

1 **Mark Swartz**: Basically, what you are saying; we know we have a good address?

2 **Kelli Berry**: Yes.

3 **Bradley Lambert**: I'll have to ask the counsel.

4 **Daniel Ingersoll**: I would think she would have to accept notice for that particular petition order
5 and at this point, she would have to be removed unless Paul disagrees with that?

6 **Paul Kugelman**: You're Counsel. You have to forgive me I wasn't completely paying attention.

7 **Rick Cooper**: Repeat that scenario Ms. Berry.

8 **Kelli Berry**: Okay, we have an owner on this petition.

9 **Paul Kugelman**: A gas owner?

10 **Kelli Berry**: Yes, who was mailed to for the previous docket item basically 15 days before she
11 was mailed to for this petition, she signed for that package but she did not sign for this package.
12 So there's 15 days mailing difference. In general, I think people get tired of going to the post
13 office to pick these up and that could be the scenario, but we don't know that for certain.

14 **Paul Kugelman**: Well one thing, this is a little bit of a swan song for me. One thing I will
15 always remember is Mr. Swartz telling me when we're grown-ups we got to check our mail.

16 **Mark Swartz**: I don't remember that, but that sounds like something I would say.

17 **Paul Kugelman**: I remember clearly, it just stuck with me. As I tell myself, I don't want to
18 check my mail; no Mark would tell me I need to check my mail. All kidding aside though, I
19 think Mr. Ingersoll's instinct is well taken. But I am certainly willing to hear anything that Mr.
20 Swartz would have to say in response.

21 **Mark Swartz**: It's a judgement call. We'll pull his name from those exhibits.

22 **Paul Kugelman**: Okay.

23 **Bill Harris**: If I might ask Mr. Chairman, what happens if we exclude that person from the
24 approval at this point?

25 **Mark Swartz**: It remains in escrow.

26 **Kelli Berry**: We will update the Exhibits and the table to put that person back on Exhibit E.

27 **Bill Harris**: So the W-9 comes or the signatures come in, do you all have to come before us
28 again?

29 **Kelly Berry**: We do.

1 **Mark Swartz**: The W-9, that's the other problem. We have a W-9 that he's signed to receive
2 this and we think we have a good address because of circumstantial evidence.

3 **Bill Harris**: Because a few weeks earlier, you got it, right?

4 **Mark Swartz**: Right and we have this quandary that arises with a W-9, because we wouldn't file
5 a Table. You don't get on Table 1 unless we have a W-9.

6 **Paul Kugelman**: Let me ask this; is the address on the W-9 the same as the mailing address we
7 used for notice here?

8 **Kelli Berry**: Yes and it's a P O Box.

9 **Paul Kugelman**: But still, it's the one on the W-9?

10 **Kelli Berry**: That's correct.

11 **Paul Kugelman**: The prior one was picked up and signed for.

12 **Mary Quillen**: Where does this person live?

13 **Kelli Berry**: Pounding Mill.

14 **Mary Quillen**: Pounding Mill? So then they've not picked up their mail, I mean that's very
15 rural. Where do they go in to get their mail, is the Post Office in Pounding Mill?

16 **Kelli Berry**: Yes.

17 **Mary Quillen**: They may not go into town, like I said that's a very rural area and maybe they
18 just don't pick up their mail once a month. I mean there are people that do that, they pick up their
19 mail once a month.

20 **Bill Harris**: Let me ask another question related to that, what is it that he's signing for this time
21 that we don't have? Since the W-9 is in place, we assume the address is correct.

22 **Kelli Berry**: The petition package was unclaimed.

23 **Bill Harris**: So they have to reply to that?

24 **Mark Swartz**: He hadn't signed for it. We just sent him notice, we got his W-9 and your one of
25 the instances that you might get paid and we sent him this package, that we're talking about right
26 now, docket item 6 and he didn't pick it up.

27 **Bill Harris**: So basically, a receipt acknowledging? Something acknowledging receipt of the
28 package?

1 **Mary Quillen:** In the event that he might want to come to this meeting and respond in some
2 way, he would have something or whatever?

3 **Mark Swartz:** He's given us a W-9. I mean we sent it to him because we want him to know we
4 are having a meeting.

5 **Mary Quillen:** Right.

6 **Mark Swartz:** So if he wanted to complain, he could come but he's given us a W-9. To me, is a
7 message, here's my social security number; pay me.

8 **Daniel Ingersoll:** The other notice for the other unit had the same hearing date, is that right?

9 **Kelli Berry:** Yes.

10 **Daniel Ingersoll:** So he was given notice of something was happening today but he's not availed
11 himself of, correct?

12 **Mary Quillen:** Will you make contact with this person again?

13 **Mark Swartz:** He needs to get in line, ok well all joking aside. We have a lot of these; we try to
14 accumulate so it's worth making a trip so that there's enough people involved. He's going to be
15 in escrow for a while. He's going to get a check on the other.

16 **Mary Quillen:** They got a package, opened it. Is he following along and knows that he has
17 interest in these X number?

18 **Kelli Berry:** Yes.

19 **Mary Quillen:** Is he thinking, 'oh I've already gotten that'? You never know what they're
20 doing.

21 **Bill Harris:** Its kind like the letter of the law versus the spirit of the law. The letter says he has to
22 acknowledge.

23 **Mary Quillen:** You have to acknowledge it, yes.

24 **Mark Swartz:** Well the point Dan is making, I'm guessing is the principle in the law is you get
25 notice that there's a hearing. You should show up for that hearing because you never know
26 what's going to happen. Usually that's never known if somethings bad is going to happen. You
27 know that's the idea. The Board in the past, at times; the Board has said a W-9 and a good
28 address is enough.

29 **Bill Harris:** We've done that in the past?

1 **Mark Swartz**: Yes, you have and also at times you haven't. I think the general process we got
2 too was if we're comfortable for a collection of these, we've got a good address and we have a
3 W-9 and those addresses are the same. So we are mailing a check to what we think is a good
4 address, I think we morphed to a position that could pass muster.

5 **Daniel Ingersoll**: In consideration to the fact that we have a good address from another notice,
6 an address on the W-9 that matches. A notice of the hearing today and a pass on Board policy
7 then perhaps we should go ahead and allow this gentleman to settle this.

8 **Bill Harris**: What is the worse that happens if we send them a check and he doesn't cash it, it
9 goes back and we wait?

10 **Mark Swartz**: It goes back and then it gets on the unclaimed check list.

11 **Donnie Rife**: I think this Board needs to represent the fact that we're giving them the benefit of
12 doubt, because you said yourself; it's basically a judgement call.

13 **Mark Swartz**: Right.

14 **Donnie Rife**: I want to make sure that he will at least get the benefit of the doubt.

15 **Mark Swartz**: He's not going to lose the money. It's either he's going to get it or be held.

16 **Bruce Prather**: You think the possibility he thinks this W-9 will cover all future
17 correspondences?

18 **Mark Swartz**: I get stuff in the mail; in general I pick it up. But I get stuff in the mail and I think
19 it's something I already got. It may be 'well I'm just getting the same thing from them', but you
20 don't know, but at least he had notice.

21 **Bill Harris**: But then again, as we've said, as our Legal Advisor has said, I think considering the
22 fact he did reply and we do have a good address, I think that's enough going forward.

23 **Mark Swartz**: Also, the best argument is this is not something that will injure this person. If he
24 doesn't pick up the check, it's going to be held.

25 **Bradley Lambert**: Okay, based upon the discussion, do I have a motion?

26 **Donnie Rife**: Motion made for approval Mr. Chair to leave him on the list.

27 **Bill Harris**: I'll second that.

28 **Bradley Lambert**: I have a motion and I have a second, any further discussion? [No response]
29 All in favor signify by saying yes.

30 **Board**: Yes.

1 **Bradley Lambert**: Opposed, no? [No response] Thank you Mr. Swartz, that one is approved.

2 **Mark Swartz**: Thank you.

3 **Item Number 7**

4 **Bradley Lambert**: We're calling docket item number 7 a petition from Pocahontas, LLC, for
5 pooling under Oakwood Coalbed Methane Gas Field I. Docket number VGOB 19-0521-4212.
6 All parties wishing to testify please come forward.

7 **Mark Swartz**: Mark Swartz and Kelli Berry.

8 **Bradley Lambert**: You may proceed Mr. Swartz.

9 **Mark Swartz**: Thank you. Kelli, state your name for us please.

10 **Kelli Berry**: Kelli Berry.

11 **Mark Swartz**: You work for?

12 **Kelli Berry**: CNX Resources.

13 **Mark Swartz**: You're here on behalf of Pocahontas Gas, LLC?

14 **Kelli Berry**: Yes.

15 **Mark Swartz**: This is a pooling application, correct?

16 **Kelli Berry**: That's correct.

17 **Mark Swartz**: It concerns unit number X82?

18 **Kelli Berry**: Yes

19 **Mark Swartz**: X82 is actually a Nora unit, right?

20 **Kelli Berry**: That's correct.

21 **Mark Swartz**: So we need to point out for the Board and we need to submit a revised plat. The
22 plat is correct except for the legend.

23 **Kelli Berry**: That's correct.

24 **Mark Swartz**: If the Board looks at pdf page 6, you'll immediately notice that doesn't look
25 anything like an Oakwood unit, right?

26 **Kelli Berry**: That's correct.

1 **Mark Swartz**: It's one of the weird makeup units in the Nora field and in fact the next unit up
2 location will have another sort of weird shaped makeup unit. So we took a revised legend on the
3 plat to change it from Oakwood to Nora.

4 **Kelli Berry**: That's correct.

5 **Mark Swartz**: If you look at the well cost estimate, pdf page 62. Bob Staton had it in a Nora
6 field and knew where it was when he was doing the estimating and for some reason or other, in
7 recycling forms, we got Oakwood instead?

8 **Kelli Berry**: Yes.

9 **Mark Swartz**: So going back to the start of this, this is a pooling application in the Nora Field,
10 right?

11 **Kelli Berry**: Yes.

12 **Mark Swartz**: How many wells are proposed?

13 **Kelli Berry**: One (1).

14 **Mark Swartz**: The cost estimated stated in the notice and application is what?

15 **Kelli Berry**: \$369,368.

16 **Mark Swartz**: At the very end of this packet, there's a break-up of the estimate Mr. Staton did
17 as of 4/11/19?

18 **Kelli Berry**: That's correct.

19 **Mark Swartz**: That's pretty recent.

20 **Kelli Berry**: Yes.

21 **Mark Swartz**: This is an application to pool interest in coalbed methane and in the Notice of
22 Hearing; you have a list of two people to be the respondents. Do you want to add any
23 respondents to the list today?

24 **Kelli Berry**: No.

25 **Mark Swartz**: Do you want to dismiss any of these folks?

26 **Kelli Berry**: No.

27 **Mark Swartz**: What did you do to tell these respondents that they have a hearing today?

1 **Kelli Berry**: We mailed them a copy of the application as well as published it in *The Virginia*
2 *Mountaineer*.

3 **Mark Swartz**: When did you mail?

4 **Kelli Berry**: May 9, 2019.

5 **Mark Swartz**: When did you publish?

6 **Kelli Berry**: May 16, 2019.

7 **Mark Swartz**: In what paper?

8 **Kelli Berry**: *The Virginia Mountaineer*.

9 **Mark Swartz**: When you published in the Mountaineer, you published the notice, I take it?

10 **Kelli Berry**: Yes.

11 **Mark Swartz**: And the map, or a map?

12 **Kelli Berry**: Yes.

13 **Mark Swartz**: So they could see where the unit was?

14 **Kelli Berry**: Correct.

15 **Mark Swartz**: Is this in the request that the applicant so be designated as the unit operator?

16 **Kelli Berry**: Yes.

17 **Mark Swartz**: In that regard, is Pocahontas Gas, LLC a Virginia Limited Liability Company?

18 **Kelli Berry**: Yes.

19 **Mark Swartz**: Is it authorized to do business in the Commonwealth?

20 **Kelli Berry**: Yes.

21 **Mark Swartz**: Is it registered with DMME?

22 **Kelli Berry**: Yes.

23 **Mark Swartz**: Does Pocahontas, Gas LLC have a blanket bond on file?

24 **Kelli Berry**: Yes.

25 **Mark Swartz**: What are the terms that you recommending to the Board, the royalty terms of the
26 event that people deemed to have been leased. Is it the original 1/8 and \$25 an acre?

1 **Kelli Berry**: Yes.

2 **Mark Swartz**: We provided a plat, correct?

3 **Kelli Berry**: Correct.

4 **Mark Swartz**: Is this well drilled and the proposed location just inside the drilling window?

5 **Kelli Berry**: Yes.

6 **Mark Swartz**: As we said earlier, we're looking for one well at this time?

7 **Kelli Berry**: Yes.

8 **Mark Swartz**: Probably, because it's a small unit, that's going to be it?

9 **Kelli Berry**: Yes.

10 **Mark Swartz**: You've got an Exhibit B, and the purpose of the Exhibit B in which we haven't
11 seen in the disbursement applications is to list everybody that has an interest?

12 **Kelli Berry**: Yes.

13 **Mark Swartz**: In B3, lists the people that we're seeking to pool?

14 **Kelli Berry**: Correct.

15 **Mark Swartz**: Which is the same list you would have in the notice?

16 **Kelli Berry**: Yes.

17 **Mark Swartz**: So there's no Exhibit E and no escrow requirement?

18 **Kelli Berry**: There's no Exhibit E.

19 **Mark Swartz**: Awesome, you've provided the last thing; the well cost estimate, which we've
20 already talked about. That's all I have Mr. Chairman.

21 **Bradley Lambert**: Any questions from the Board?

22 **Bill Harris**: Mr. Chairman, let me just ask a question about the plat that's mislabeled. Is that the
23 companies responsibility to do that or does the surveyor has some responsibility in knowing
24 where they are? I know this happens but you all contract with them to go up, do you just tell
25 them this is Oakwood or Nora? Or are they supposed to know that?

26 **Mark Swartz**: In assumption of when surveys are done, first thing I need to say that would not
27 be the case. The exterior dimensions of this unit, which are showing on Exhibit A, come from the
28 Board's maps when the field was created.

1 **Bill Harris**: Okay.

2 **Mark Swartz**: So the shape of this 35 acre unit and the drilling windows are actually maps that
3 you all have.

4 **Bill Harris**: But it's signed off by a Surveyor, a registered Surveyor. So what?

5 **Mark Swartz**: When the Nora field was created, we took a large piece of ground. I don't know
6 how many acres are in Nora, do you have any idea?

7 **Rick Cooper**: 58 in most of them.

8 **Mark Swartz**: No, no, the whole field?

9 **Rick Cooper**: No, I do not know the entire field, no.

10 **Mark Swartz**: Thousands, I would think. Several thousand acres but I'm not for sure. What he
11 did was we did the exterior meets and bounds and that would be on the state plain coordinates
12 and that's a known dimension of the entire Nora field. If it was added onto, I think at times there
13 were some changes. Those exterior dimensions of that field are? You could go out and find them
14 on the ground. Then somebody took a pen or pencil to it and overlaid a grid on that boundary and
15 that grid is not surveyed. It's a mapping grid. So when the fellow or person that platted this, he or
16 she went to that grid picked out the unit because it has a name and said this is what it looks like
17 and then it fit the boundaries from descriptions or mapping or whatever of the tracts in that unit
18 into it, so there's no surveying.

19 **Bill Harris**: Mapping on the ground at this point?

20 **Mark Swartz**: Correct and when the field was created by the Board, those interior grids; those
21 weren't surveyed either. The exterior boundaries are a known.....

22 **Bill Harris**: When we get a certification stamp by a land surveyor, is this someone that's gone in
23 and certified that the Division is correct? I mean I'm not sure.

24 **Mark Swartz**: I think there's a statement on the plat, let me look here.

25 **Bruce Prather**: Is there any conflict on the GPS and the industry?

26 **Mark Swartz**: I'm sorry?

27 **Bruce Prather**: Are there any conflict between GPS and that of what you get out of the
28 courthouse? There usually is, I was just wondering if that's a possibility.

29 **Mark Swartz**: For sure, but not this problem. There's a legend at the top of the plat Mr. Harris.
30 'Property lines shown on this plat were provided by Pocahontas Gas was taken from description
31 and chain of title of record and does not represent a current boundary survey.' The certification

1 certifies the location of the proposed well only because historically what we do is we take the
2 grid lines in relation to the boundaries of the field and we say this is in unit X82 and you
3 provided us when you did those, the drilling window. We're saying the well is inside that drilling
4 window on the Board's map and that we have taken the boundaries and planted them on this
5 map. Does that help?

6 **Bill Harris**: I was just wondering, this has led to a long discussion but I was just wondering
7 about the Oakwood versus Nora but when I see a Land Surveyor stamp, you know to me says,
8 'oh, this has been surveyed', but obviously not, in the sense that I'm thinking on the ground
9 survey.

10 **Mark Swartz**: I think the reason that a plat has that legend at the top is because the Surveyor
11 doesn't want you to make that assumption or at least gives you the opportunity to know that he
12 hasn't done that.

13 **Bill Harris**: So what is he certifying?

14 **Mark Swartz**: He's saying that our title work, or the title work that he was provided puts these
15 tracts in this designated unit.

16 **Bruce Prather**: But this is in your lease?

17 **Donnie Rife**: And above his pay scale.

18 **Bruce Prather**: This particular unit, I would think that the guy surveyed in your lease. In other
19 words, you leased that.

20 **Rick Cooper**: So Mr. Chairman, if I may help here. I believe what the certified plat is, is the
21 Certified Land Surveyor or Engineer certifying the well location is within three feet of wherever
22 they say it is on that plat. So that's what they are certifying, the location of the plat, not the
23 property lines and things along that.

24 **Bill Harris**: That's the legend at top that you talked about.

25 **Mark Swartz**: What happen here and I can't explain. I mean somebody provided Mr. Mitchell
26 with the dimension of this Nora unit, so somebody gave him this unit and this is what it looks
27 like on the Board's field maps and for some reason that I cannot explain he didn't write Nora in
28 the legend.

29 **Donnie Rife**: Don't you think that we ought to know who that somebody is?

30 **Bradley Lambert**: I think we can simplify this, Mr. Harris you can correct me if I'm wrong.
31 When we see a stamp on a map telling us that the information provided on this map is accurate
32 but what you all have testified too is 'no, no it's not Oakwood, it's a Nora, we're going to fix
33 that, that should take care of it'?

1 **Mark Swartz**: Except, that's not mapped.

2 **Bradley Lambert**: But the information on the plat is incorrect, he's got a stamp on there saying
3 this information is accurate and correct and what you all testify to is well no it's not, it's
4 identified wrong.

5 **Mark Swartz**: Well, it's wrong. I mean it's wrong. If I didn't tell you that, I have to tell you
6 that. I look at this and I'm like this is wrong.

7 **Bradley Lambert**: I know, we appreciate that but you said you testified we're going to fix it. So
8 we are going to change Oakwood to Nora, so it's ok. Did I get that, Mr. Harris?

9 **Bill Harris**: Yes.

10 **Mark Swartz**: But getting back to it, I do want to quibble a little bit. The stuff in the plat, which
11 is in the box of the legend, my understanding is correct. The intersections of the tracts in this unit
12 are correct.

13 **Bradley Lambert**: I don't think we are arguing that, I think we are just saying you testified that
14 the legend is wrong.

15 **Mark Swartz**: It is.

16 **Bradley Lambert**: Well there's a stamp on there that says everything on here's correct, it's
17 wrong and you're going to fix it. So we're okay.

18 **Bill Harris**: I'm sorry to have got started down that path.

19 **Bradley Lambert**: No, you're good.

20 **Mark Swartz**: Periodically, we have the discussion about survey's and mapping. It's not a bad
21 thing to happen.

22 **Bill Harris**: This information is good to know going forward.

23 **Mark Swartz**: It's not a bad thing to remind everybody that in general surveys are not done on
24 the ground.

25 **Bradley Lambert**: And I think we've been down that road many times.

26 **Mark Swartz**: Right, I think we forget sometimes that's the case.

27 **Bill Harris**: Okay, thank you.

28 **Mark Swartz**: Ms. Quillen, I think you have a question or no? Or did you lose it?

29 **Mary Quillen**: I did because my computer just went down.

1 **Bradley Lambert:** Do we need to take a break so you can get that back up Ms. Quillen? [No
2 response] Let's vote on this one. Do you have anything further Mr. Swartz?

3 **Mark Swartz:** That's all the testimony.

4 **Bradley Lambert:** Do I have a motion?

5 **Bill Harris:** I move that we approve the petition with the correction to the plat that it is a Nora
6 field rather than Oakwood.

7 **Donnie Rife:** I will second that motion Mr. Chairman.

8 **Bradley Lambert:** I have a motion and I have a second, any further discussion? [No response]
9 All in favor signify by saying yes.

10 **Board:** Yes.

11 **Bradley Lambert:** Opposed, no? [No response] Okay, let's take a 10 minute break to give Ms.
12 Quillen time; we'll get her computer back up.

13 **Mary Quillen:** It won't let me back in.

14 [Break]

15 **Item Number 8**

16 **Bradley Lambert:** Okay, Ladies and Gentleman. It's time to get started back with our
17 proceedings this morning and we're moving on to number 8.

18 **Mark Swartz:** I wrote approved on that one, I think we are done with that, just kidding.

19 **Bradley Lambert:** We're calling docket item number 8, a petition from Pocahontas Gas, LLC,
20 for pooling under Oakwood Coalbed Methane Gas Field I, VGOB 19-0716-4218. All parties
21 wishing to testify please come forward.

22 **Mark Swartz:** Mark Swartz and Kelli Berry.

23 **Bradley Lambert:** You may proceed Mr. Swartz.

24 **Mark Swartz:** Kelli, would you state your name for us again please?

25 **Kelli Berry:** Kelli Berry.

26 **Mark Swartz:** Who do you work for?

27 **Kelli Berry:** CNX Resources.

28 **Mark Swartz:** Are you here today on behalf of Pocahontas Gas, LLC?

1 **Kelli Berry**: Yes.

2 **Mark Swartz**: This is an application to pool a unit?

3 **Kelli Berry**: Yes.

4 **Mark Swartz**: What unit is that?

5 **Kelli Berry**: F21.

6 **Mark Swartz**: It's in what field?

7 **Kelli Berry**: Oakwood.

8 **Mark Swartz**: How many wells are we talking about?

9 **Kelli Berry**: One (1).

10 **Mark Swartz**: What did you do to tell people there would be a hearing today?

11 **Kelli Berry**: We mailed a copy of the package as well as publishing a notice.

12 **Mark Swartz**: When did you mail?

13 **Kelli Berry**: On June 12, 2019.

14 **Mark Swartz**: When did you publish?

15 **Kelli Berry**: June 20, 2019.

16 **Mark Swartz**: The paper you published that in?

17 **Kelli Berry**: *The Virginia Mountaineer*.

18 **Mark Swartz**: You published the notice and the unit or the location of the unit map?

19 **Kelli Berry**: The location map, yes.

20 **Mark Swartz**: In your notice of hearing, in your Exhibit B3, you've identified two companies as
21 respondents, correct?

22 **Kelli Berry**: Yes.

23 **Mark Swartz**: Do you want to dismiss either one of them?

24 **Kelli Berry**: No.

25 **Mark Swartz**: Do you want to add anybody?

1 **Kelli Berry**: No.

2 **Mark Swartz**: The well, we're talking about one well. Has that been drilled yet?

3 **Kelli Berry**: No.

4 **Mark Swartz**: In looking at the plat, which is pdf page 5. We've got that just inside the unit,
5 correct?

6 **Kelli Berry**: Yes.

7 **Mark Swartz**: It's an 88 acre unit?

8 **Kelli Berry**: Yes.

9 **Mark Swartz**: At the end of the application, you've got your explanation of the location
10 exception and the letter that was written to the DGO, right?

11 **Kelli Berry**: Correct.

12 **Mark Swartz**: You're seeking to pool two companies at Exhibit B, which lists everybody that
13 has an interest in the unit, correct?

14 **Kelli Berry**: Yes .

15 **Mark Swartz**: In Exhibit B3, that list again the people you're seeking to pool?

16 **Kelli Berry**: Yes.

17 **Mark Swartz**: It identifies the tracts they're in?

18 **Kelli Berry**: Yes.

19 **Mark Swartz**: Out of the 88 acre unit, how many do you have leased or owned?

20 **Kelli Berry**: The unleased is 20.07 acres.

21 **Mark Swartz**: So roughly 60, you've got leased or control and you're seeking to pool roughly
22 20 acres. Which is what percentage?

23 **Kelli Berry**: 25.0875%.

24 **Mark Swartz**: Did you provide a well cost estimate?

25 **Kelli Berry**: Yes.

26 **Mark Swartz**: What's the amount of the estimate?

27 **Kelli Berry**: \$351,640.

1 **Mark Swartz**: When was that prepared?

2 **Kelli Berry**: June, 2019.

3 **Mark Swartz**: Again, by Mr. Staton?

4 **Kelli Berry**: Yes.

5 **Mark Swartz**: Then we got pdf page 15, we have the letter regarding the location exception and
6 attachment.

7 **Kelli Berry**: Yes.

8 **Mark Swartz**: Concerning the operator here, is Pocahontas Gas, LLC a Virginia Limited
9 Liability Company?

10 **Kelli Berry**: Yes.

11 **Mark Swartz**: Is it authorized to do business in the Commonwealth?

12 **Kelli Berry**: Yes.

13 **Mark Swartz**: Does it have a blanket bond on file with the DMME?

14 **Kelli Berry**: Yes.

15 **Mark Swartz**: Is it registered with the DMME and the DGO?

16 **Kelli Berry**: Yes.

17 **Mark Swartz**: In regard to royalties and bonus, you are recommending to the Board to the
18 extent that there are people who are deemed to have to been leased at the end of day, they receive
19 1/8 royalty and \$25 an acre bonus?

20 **Kelli Berry**: Yes.

21 **Mark Swartz**: It looks like there's no escrow requirement?

22 **Kelli Berry**: No.

23 **Mark Swartz**: Great, that's all I have Mr. Chairman.

24 **Bradley Lambert**: Any questions from the Board? [No response] Mr. Swartz, that drilling
25 location exception letter we have, it has 200 some feet outside the drilling window and will all
26 production come from within the unit?

27 **Mark Swartz**: Obviously not. There will be drainage across that line; it's the whole idea behind
28 the units though. Everybody in this unit will see some of that production and the areas of the

1 adjoining units will be drilled up and ultimately the production will be spread across the entire
2 Oakwood Field which is some hundred thousand acres. In looking at one unit at a time you're
3 absolutely right, looking at the field rules in general I think they're still working because we
4 actually drilled up the field.

5 **Bradley Lambert**: So there are wells in adjoining units Mr. Cooper?

6 **Rick Cooper**: Yes.

7 **Bradley Lambert**: So the production from F21 will be divided amongst those owners outside
8 the unit?

9 **Mark Swartz**: No, the production from F21 will be paid according to the division of interest to
10 the people in this unit. In general, the reservoir under the hundred thousand plus acres in
11 Oakwood would be spread across the acreage and here it will be ultimately balanced. That's the
12 whole idea behind the field units.

13 **Bradley Lambert**: Okay, I just wanted to get your testimony that production would not only just
14 be within or inside that we moved outside the drilling window to testify that production will be
15 outside the window.

16 **Mark Swartz**: No question, with frack links being what they are, I think there's an argument to
17 be made that even wells inside the drilling window could technically be producing from
18 adjoining units. The purpose of the drilling window was to try to minimize that overlap but it
19 certainly didn't eliminate it.

20 **Bruce Prather**: The surface location is what controls all of this, in other words where you have
21 surface location here; it takes up that part of the reservoir.

22 **Mark Swartz**: It drives the payment.

23 **Bruce Prather**: Now that's not to say the bottom of the hole of that well 30 feet away from
24 where you got it on the surface.

25 **Mark Swartz**: Well the bottom of that hole better be in the unit, I'm seeing that. I'm not an
26 engineer, I spend a lot of time looking at this stuff but there's no doubt in my mind this well will
27 drain the adjoining unit as well.

28 **Donnie Rife**: Mr. Swartz, will the property owners outside the window be notified that their
29 minerals rights are being extracted without them being reimbursed for?

30 **Mark Swartz**: When this well is permitted, people outside of this unit will get notice of the
31 permit application.

1 **Donnie Rife**: But they still don't get reimbursement for mineral rights? Because he was talking
2 about surface designation takes priority.

3 **Mark Swartz**: Correct, the location of the well in a unit drives the royalty payments but these
4 people to the North of this unit and probably to the East, if you look at it. If you're within a 750
5 foot radius of that well, you're going to get notice of the permit application.

6 **Bruce Prather**: The thing you got to remember is the thing is being used of; it's cut up into
7 these squares and basically the surface location is the reservoir that you're draining. That doesn't
8 mean the bottom line oil is where that surface location is but you got to do it someway.

9 **Mark Swartz**: Correct.

10 **Mary Quillen**: Is there a unit directly butted up against this?

11 **Mark Swartz**: On all four sides of it.

12 **Mary Quillen**: Particularly to the North, there would have to be.

13 **Mark Swartz**: Right.

14 **Bruce Prather**: The way you handle this; the unit that's just north of that you'd drill them two
15 wells too that way it takes care of it.

16 **Mark Swartz**: Another way to look at it; let's buy into the idea that this is the only location
17 that's available. If we don't drill this well, these people are going to get zero.

18 **Donnie Rife**: You're talking about the ones inside the window?

19 **Mark Swartz**: If this is the only available location, if we don't drill this well, this 88 acre unit
20 with the people within that unit are going to receive zero revenue. The theory behind both, if this
21 is the Oakwood field and it's a 100,000 acres if you drill enough wells in this field, everybody is
22 going to get their fair share of the 100,000 acre production. It's a theory. I think when we started
23 20 some years ago; there was skepticism of how many wells we actually drilled. We've got five
24 or six thousand wells?

25 **Kelli Berry**: Yes.

26 **Mark Swartz**: We could drill up this acreage and people are getting revenue but if you say
27 'well, we're not going to make exceptions', you can't drill within that hole concept of drilling as
28 many wells as you possibly can to spread the revenue equally between the owners, that breaks
29 down then if you don't have a well in a unit because the only way you're going to as Mr. Prather
30 is saying, you got to have a well in the unit to get money. That's the concept, the theory of
31 protecting the correlative rights of owners in this large field is proven in practice. The theory is
32 working.

1 **Bruce Prather**: Do you think the units are too small now?

2 **Mark Swartz**: Well I have to say their too big because we keep coming in and wanting to end
3 field drill but we didn't know that in the beginning. We did not.

4 **Mary Quillen**: That's what I was saying a few minutes ago, when all of this was set up thirty
5 (30) years ago, or over thirty years or close to it.

6 **Mark Swartz**: Well, close.

7 **Mary Quillen**: The technology, we didn't have the technology.

8 **Mark Swartz**: And we didn't understand the reservoir either.

9 **Mary Quillen**: Exactly, all these things have come out because we have more knowledge so
10 you're trying to work them all back in and get everybody connected.

11 **Mark Swartz**: We just didn't know, we knew there was much more gas in the coal in Oakwood
12 than some of the surrounding areas but we didn't really appreciate the 88 acre would support two
13 of them. I don't think we appreciated the fact that multiple wells created an interference which
14 proved more gas that was something we learned. So to answer your question, no it's in retrospect
15 is the 88 acre too big, it is but I think the Board has addressed that by allowing in-field drilling
16 and getting it down to 40 essentially.

17 **Bruce Prather**: Exactly.

18 **Mary Quillen**: That's the way it should be as you would have more knowledge, more
19 technology and better resources to work with, then you have to adjust.

20 **Mark Swartz**: In theory, some of us learn from our experiences and that should be the goal.

21 **Mary Quillen**: That's right, experience is the best teacher.

22 **Bradley Lambert**: Okay, any other discussion? [No response] Anything further Mr. Swartz?
23 [No response] Do I have a motion?

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

25 **Donnie Rife**: Second.

26 **Bradley Lambert**: I have a motion and I have a second, any further discussion? [No response]
27 All in favor signify by saying yes.

28 **Board**: Yes.

29 **Bradley Lambert**: Opposed, no? [No response] Okay, Mr. Swartz, that one is approved.

1 **Mark Swartz**: Thank you all.

2 **Item Number 9**

3 **Bradley Lambert**: You may want to stay here Mark since you're the instigator of this.

4 **Paul Kugelman**: You might want to ask Mr. Scott if he wants to come up.

5 **Bradley Lambert**: Yes, I will. Mr. Scott, do you want to approach at this next item. It impacts
6 both companies.

7 **Paul Kugelman**: You want to read what you're agreeing too? [No response]

8 **Bradley Lambert**: We're calling docket item number 9, it says on the Board's Own Motion, the
9 Chairman will present to the Board the Administrative Order prepared by the Attorney General's
10 Office allowing the Director to approve more than two wells in a unit in the Oakwood I and
11 Oakwood II Field Orders. This is docket number; we're calling both docket numbers below?

12 **Rick Cooper**: Yes.

13 **Bradley Lambert**: Okay, VGOB 93-0216-0325-29 and 91-1119-0162-01. All parties involved
14 in this motion, please come forward.

15 **Mark Swartz**: Mark Swartz on behalf of Pocahontas Gas.

16 **Bradley Lambert**: I know there's been a lot of emailing back and forth in working on the
17 language, Mr. Kugelman, would you care to introduce what you and Dan have prepared.

18 **Paul Kugelman**: Are you good with me taking this Dan? Or do you want?

19 **Daniel Ingersoll**: I can do it. We've prepared an Order for today that would delegate authority to
20 the Gas and Oil Inspector to modify drilling units that's under the Code of Virginia 45.1-
21 361.20C that would address some issues that Mr. Kugelman can share.

22 **Rick Cooper**: I believe the original issue that started this is that multiple units per well in
23 regards to underground mining. I think historically there have been a few units approved over the
24 years where's there more than two wells approved in some of these outer units are not directly
25 related to the Gob and I just felt really uncomfortable that there was nothing on record that we
26 would do that. I don't have any problem that they put three (3) wells or four (4) wells for mining
27 as long as we have it on a record. We can have terms and conditions. The conditions may vary so
28 what we would request from them to put into the permit could vary over the years. At least it
29 gives the Director the flexibility to ask for certain items, for example; if your drilling a well
30 through what would be active mining, one of the requirements would be to put fiberglass casing
31 in that. They do that but as a matter of record, this process would ensure we can do that and
32 there's no problem moving forward.

1 **Daniel Ingersoll**: The Order also preserves the right of the Inspector and the affected parties to
2 approach the Board to contest the modification.

3 **Rick Cooper**: So what that actually means is it's just a matter of record again. If I say a
4 particular company ABC in there and they say no, we are only going to put A. My situation
5 would say, you would need to take that back in front of the Board to only want to put A and not
6 ABC.

7 **Bradley Cooper**: Mr. Swartz, Mr. Scott, have you anything to add?

8 **Mark Swartz**: I think that my client's thing was as Rick has mentioned to sort of streamline the
9 process to add additional wells in a unit in anticipation of mining. To de-gas wells and that is
10 really the reference of the 361.20C, but I think with the input from the AG, they were interested
11 in making and giving the inspector the opportunity to address other issues from a modification
12 stand point, not creating units or anything like that but just to streamline that process. So it's a
13 little broader than what we were initially asking but I think it certainly meets our needs and I
14 think actually delegates a little more responsibility to the Director to address other issues without
15 forcing people coming to the Board.

16 **Bradley Lambert**: Any questions, comments from the Board concerning this Order?

17 **Mary Quillen**: This is specifically related to de-gassing?

18 **Mark Swartz**: The section of the statute or the code that's referencing here, that's multiple wells
19 for de-gas.

20 **Mary Quillen**: Right.

21 **Tim Scott**: Something that Mr. Cooper said that I'm a little bit confused about, in the event that
22 the permit is filed and when it anticipates more than one well in the unit, if those wells are not
23 actually drilled, we have to come back before the Board to modify, to take to only drill one well?

24 **Rick Cooper**: No, this is not to increase density. This has nothing to do with increased density.

25 **Tim Scott**: I understand that but as far as what would be required? What would be requested
26 from the Operator? So if once the permits are filed, there's only one (1) well in the unit then you
27 have the authority then to authorize the drilling of additional wells, is that correct? Based on this
28 Order?

29 **Bradley Lambert**: For de-gas purposes only.

30 **Rick Cooper**: Yes, you are correct.

31 **Mark Swartz**: Which is different than in-field?

32 **Rick Cooper**: Yes, it is different than in-field or increased density would. Yes.

1 **Bruce Prather**: Are these coal wells originally bonded? You know if someone walks off and
2 leaves them and there's a bond there to plug them? Are these wells originally bonded?

3 **Mark Swartz**: Well, since 1990 for sure. A de-gas well had to be permitted after 1990.

4 **Rick Cooper**: Yes.

5 **Mark Swartz**: Before that, the vertical ventilation holes, that's a coal company issue I think
6 probably?

7 **Bradley Lambert**: Those are regulated by DMME as only as vertical ventilation holes are for as
8 mine safety are under DM and for ground disturbance for reclamation purposes.

9 **Mark Swartz**: I don't know what the bonding is, but I would imagine there's bonding.

10 **Bradley Lambert**: There's bonding, yes.

11 **Mark Swartz**: Because it was coal mining.

12 **Bradley Lambert**: It wasn't a gas well bond.

13 **Mark Swartz**: Yes, then in 1990 that shifted. So they would have been bonded from that point
14 forward under the Gas and Oil operations.

15 **Bradley Lambert**: Any other questions from the Board? Any discussion? [No response] So I'll
16 ask for a motion on the Order to approve or not?

17 **Bill Harris**: I move that we approve this Order; do I need to say more than that?

18 **Bradley Lambert**: I don't think so Mr. Harris.

19 **Bill Harris**: Okay that we approve the order as presented.

20 **Donnie Rife**: I'll second it Mr. Chair but I don't understand how it can simplify for both
21 companies but not for property owners.

22 **Paul Kugelman**: Mr. Chair, maybe I can help out just a little bit here. The whole genesis of this,
23 the whole reason we undertook this was basically we're having problems with getting permits
24 quickly enough for de-gassing and in accordance to the mine plan. This was the whole purpose
25 to just allow the coal companies to sink wells to de-gas for safety and instead of coming to the
26 Board these things especially in light of the fact that we are going to be meeting a lot less
27 regularly given that the CBM is going out, this gives Rick, the Inspector the opportunity to say
28 alright, as long as it's non-controversial and it's in accordance to the mine plan, Rick can say
29 yea, go ahead and sink the well for safety purposes. That's all it's about. It doesn't change notice
30 or anything else.

1 **Donnie Rife**: I'll second the motion Mr. Chair.

2 **Bradley Lambert**: I have a motion and I have a second, any further discussion? [No response]
3 All in favor signify by saying yes.

4 **Board**: Yes.

5 **Bradley Lambert**: Opposed, no? [No response] That one is approved. Rick, can you take care of
6 getting it prepared and I'll sign it; Thank you Gentlemen.

7 **Item Number 10, 11 & 12**

8 **Bradley Lambert**: Calling docket item number 10, a petition from EnerVest Operating, LLC,
9 for pooling of well VCI-531533. Docket number VGOB 19-0416-4207. All parties wishing to
10 testify please come forward.

11 **Tim Scott**: Mr. Chairman, we are going to withdraw items 10, 11 & 12.

12 **Bradley Lambert**: Number 10 will be withdrawn. Docket item number 11 which is VGOB 19-
13 0416-4208 will be withdrawn and docket item number VGOB 19-0416-4209 will be withdrawn.

14 **Item Number 13**

15 **Bradley Lambert**: We're calling docket item number 13, a petition from EnerVest Operating,
16 LLC, for pooling of Well No. Haysi-93, docket number VGOB 19-0618-4213. All parties
17 wishing to testify please come forward.

18 **Tim Scott**: Tim Scott, Gus Janson and Aaron Anderson for EnerVest Operating, LLC.

19 **Bradley Lambert**: Sarah?

20 **Sarah Gilmer**: Mr. Janson and Mr. Anderson, do you swear and affirm that your testimony is
21 the truth, the whole truth and nothing but the truth?

22 **Gus Janson**: I do.

23 **Aaron Anderson**: I do.

24 **Bradley Lambert**: You may proceed Mr. Scott.

25 **Tim Scott**: Mr. Chairman, the next three items involve Yellow Poplar Lumber acreage and when
26 Mr. Anderson prepared the affidavit, the plat or the map that showed where the location of these
27 was within the Yellow Poplar acreage was so faint that when I tried to upload it, it basically
28 disappeared so I brought copies for the Board and then we'll upload the original with a darker
29 version of plat.

30 **Rick Cooper**: Let me help you out.

1 **Tim Scott**: It's still fairly faint but I think you can see the outline of that unit, tract number 11.
2 Mr. Anderson please state your name, to whom you're employed and your job description.

3 **Aaron Anderson**: Aaron Anderson, employed by EnerVest Operating, LLC, as Associate
4 Landman.

5 **Tim Scott**: Your familiar with this application, is that correct?

6 **Aaron Anderson**: That's correct.

7 **Tim Scott**: EnerVest is both a lessee and an owner of acreage within this unit, is that also
8 correct?

9 **Aaron Anderson**: That's correct.

10 **Tim Scott**: We have one party respondent today, is that correct?

11 **Aaron Anderson**: That's correct.

12 **Tim Scott**: Are we going to dismiss Mr. Lamey today?

13 **Aaron Anderson**: That's correct.

14 **Tim Scott**: How was notice of this hearing provided to party respondent?

15 **Aaron Anderson**: By certified mail, return receipt requested.

16 **Tim Scott**: We provided proof of mailing to the Board, is that correct?

17 **Aaron Anderson**: Yes.

18 **Tim Scott**: Do we have any unknown owners in this unit?

19 **Aaron Anderson**: No, sir.

20 **Tim Scott**: As indicated to the Board a minute ago, we do have acreage within this unit that is
21 part of Yellow Poplar Lumber Company acreage, is that correct?

22 **Aaron Anderson**: That's correct.

23 **Tim Scott**: We just now provided an affidavit showing where that is located?

24 **Aaron Anderson**: That's correct.

25 **Tim Scott**: And that Mr. Lamey is the proper party as the trustee to be notified of this hearing is
26 that also correct?

27 **Aaron Anderson**: Yes, sir.

1 **Tim Scott**: Is EnerVest authorized to transact business in the Commonwealth?

2 **Aaron Anderson**: We are.

3 **Tim Scott**: Is there a blanket bond on file?

4 **Aaron Anderson**: Yes.

5 **Tim Scott**: If you were able to reach with Mr. Lamey about obtaining a lease from him, what
6 would be the terms you would offer?

7 **Aaron Anderson**: \$25.00 per acre for a 5-year paid up lease with a 1/8 royalty.

8 **Tim Scott**: Is that considered fair compensation for a lease in this area?

9 **Aaron Anderson**: Yes, sir.

10 **Tim Scott**: What percentage of the unit does EnerVest either own or have under lease?

11 **Aaron Anderson**: 95.835%.

12 **Tim Scott**: Again, that acreage does include fee simple interest in the minerals owned by
13 EnerVest, is that right?

14 **Aaron Anderson**: That's correct.

15 **Tim Scott**: What percentage of the unit are you seeking to pool today?

16 **Aaron Anderson**: 4.165.

17 **Tim Scott**: Is there an escrow requirement for this unit?

18 **Aaron Anderson**: No, sir.

19 **Tim Scott**: You're asking the Board to pool the unleased parties list on Exhibit B3, is that
20 correct?

21 **Aaron Anderson**: That's correct.

22 **Tim Scott**: And that EnerVest be named the Operator of this unit?

23 **Aaron Anderson**: Yes.

24 **Tim Scott**: If the Board grants our application today and an order is entered, what will be the
25 address used for making the elections for that order?

26 **Aaron Anderson**: EnerVest Operating, LLC, 408 West Main Street, Abingdon, Virginia, 24210,
27 Attn: Chuck Akers, Land Manager.

1 **Tim Scott**: For any communications regarding this order, would that be the correct address?

2 **Aaron Anderson**: Correct.

3 **Tim Scott**: That's all I have for Mr. Anderson.

4 **Bradley Lambert**: Any questions from the Board? [No response] You may continue Mr. Scott.

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

7 **Gus Janson**: My name is Gus Janson, employed by EnerVest Operating, LLC, as the Geology
8 Advisor.

9 **Tim Scott**: You participated in the preparation of this application, is that correct?

10 **Gus Janson**: I did.

11 **Tim Scott**: Are you familiar with the proposed depth of this well?

12 **Gus Janson**: Yes, the proposed well depth is 2,160 feet.

13 **Tim Scott**: What about the estimated reserves from this unit?

14 **Gus Janson**: The estimated reserves are 800 million cubic feet of gas.

15 **Tim Scott**: And are you also familiar with the well cost of this proposed well?

16 **Gus Janson**: I am.

17 **Tim Scott**: What is the estimated dry well cost?

18 **Gus Janson**: The estimated dry well cost is \$166,500.

19 **Tim Scott**: And the completed well cost?

20 **Gus Janson**: \$386,400.

21 **Tim Scott**: And you did participate in the preparation of the AFE that was submitted in Exhibit
22 C, is that correct?

23 **Gus Janson**: I did.

24 **Tim Scott**: In your opinion, if the Board grants our application, would it prevent waste, promote
25 conservation and protect correlative rights?

26 **Gus Janson**: Yes, it would.

27 **Tim Scott**: That's all I have for Mr. Janson.

1 **Bradley Lambert**: Any questions from the Board? [No response] anything further Mr. Scott?

2 **Tim Scott**: That's all I have on this one Mr. Chairman.

3 **Bradley Lambert**: Do I have a motion? Mr. Harris?

4 **Bill Harris**: I just want to ask a question, this affidavit that we were given I'm not sure I
5 understand what it's telling me.

6 **Tim Scott**: Well, the reason for that affidavit is that you have to determine who the correct party
7 is to notify.

8 **Bill Harris**: Yellow Poplar?

9 **Tim Scott**: Yes, sir and so we've previously submitted the order where Mr. Lamey was
10 appointed as Trustee for Yellow Lumber; Yellow Poplar Lumber, so he is the party that we list
11 as a party respondent when we're filing our pooling applications.

12 **Bill Harris**: Ok.

13 **Bruce Prather**: Is he through the courts?

14 **Tim Scott**: He was appointed by the court as a Trustee for Yellow Poplar Lumber Company and
15 so the reason for adding the plat is to show exactly what acreage he has control over as the
16 Trustee.

17 **Bill Harris**: Ok, Thank you.

18 **Bradley Lambert**: Any other questions from the Board? [No response] Do I have a motion?

19 **Bill Harris**: Motion for approval.

20 **Donnie Rife**: Second, Mr. Chair.

21 **Bradley Lambert**: I have a motion and I have a second, any further discussions? All in favor
22 signify by saying yes.

23 **Board**: Yes.

24 **Bradley Lambert**: Opposed, no? [No response] Thank you Mr. Scott, that one is approved.

25 **Tim Scott**: Thank you Mr. Chairman.

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28

1 **Item Number 14**

2 **Bradley Lambert:** We're calling docket item number fourteen (14), a petition from EnerVest
3 Operating, LLC, for pooling of Unit VCI-538691. Docket Number VGOB 19-0618-4214. All
4 parties wishing to testify please come forward.

5 **Tim Scott:** Thank you Mr. Chairman. Tim Scott, Gus Janson and Aaron Anderson for EnerVest
6 Operating, LLC.

7 **Bradley Lambert:** You may proceed Mr. Scott.

8 **Tim Scott:** Thank you. Mr. Anderson, one more time; your name, your employment and what's
9 your job description, please?

10 **Aaron Anderson:** I'm Aaron Anderson, employed by EnerVest Operating, LLC, as an Associate
11 Landman.

12 **Tim Scott:** Again, EnerVest owns drilling rights as well as leasehold rights in this unit based on
13 ownership and leases, is that correct?

14 **Aaron Anderson:** That's correct.

15 **Tim Scott:** We have Mr. John Lamey as the Trustee of the Yellow Poplar Lumber in this unit, is
16 that right?

17 **Aaron Anderson:** That's correct.

18 **Tim Scott:** Are we going to dismiss Mr. Lamey today?

19 **Aaron Anderson:** No, sir.

20 **Tim Scott:** How was notice of this hearing provided to the party respondent listed on exhibit B3?

21 **Aaron Anderson:** Certified mail with return receipt.

22 **Tim Scott:** You've provided proof of mailing to the Board, is that correct?

23 **Aaron Anderson:** Yes.

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

25 **Aaron Anderson:** Yes, sir.

26 **Tim Scott:** We've already indicated the Yellow Poplar Lumber Company acreage in this unit, is
27 that right?

28 **Aaron Anderson:** That's correct.

1 **Tim Scott**: An affidavit has been filed with Board, is that also correct?

2 **Aaron Anderson**: That's correct.

3 **Tim Scott**: Again, is EnerVest authorized to transact business in the Commonwealth?

4 **Aaron Anderson**: Yes.

5 **Tim Scott**: Is there a blanket bond on file?

6 **Aaron Anderson**: There is.

7 **Tim Scott**: If you were able to reach an agreement with Mr. Lamey, what would be the terms
8 you would offer him for a lease?

9 **Aaron Anderson**: \$25.00 per acre with a 5-year paid up lease with a 1/8 royalty.

10 **Tim Scott**: Again, that is fair compensation for a lease in this area?

11 **Aaron Anderson**: That's correct.

12 **Tim Scott**: What percentage of the unit does EnerVest have under lease presently?

13 **Aaron Anderson**: 64.505.

14 **Tim Scott**: What percentage of the unit are you seeking to pool?

15 **Aaron Anderson**: 35.495.

16 **Tim Scott**: Again, we have no escrow, is that right?

17 **Aaron Anderson**: That's correct.

18 **Tim Scott**: And that you are requesting the Board to name EnerVest as the Operator and to pool
19 the unleased parties listed on Exhibit B3, is that also correct?

20 **Aaron Anderson**: Yes, sir.

21 **Tim Scott**: And again, if the Board grants our application today and elections are made under the
22 order and entered by the Board, what would be address used for making elections?

23 **Aaron Anderson**: EnerVest Operating, LLC, 408 West Main Street, Abingdon, Virginia, 24210
24 Attn: Chuck Akers, Land Manager.

25 **Tim Scott**: This should be address for all communications, is that correct?

26 **Aaron Anderson**: Yes, sir.

27 **Tim Scott**: That's all I have for Mr. Anderson.

1 **Bradley Lambert**: Any questions from the Board? [No response] You may continue Mr. Scott.

2 **Tim Scott**: Thank you, Mr. Janson, again your name, by whom you are employed and your job
3 description.

4 **Gus Janson**: My name is Gus Janson. I'm employed by EnerVest Operating, LLC, as a Geology
5 Advisor.

6 **Tim Scott**: You've helped in preparing this application, is that right?

7 **Gus Janson**: I did.

8 **Tim Scott**: Are you familiar with the proposed depth of this well?

9 **Gus Janson**: Yes, the proposed well depth 2,560 feet.

10 **Tim Scott**: What are the estimated reserves for this well?

11 **Gus Janson**: The estimated reserves for this well are 830,000 cubic feet of gas.

12 **Tim Scott**: You're also familiar with the well cost, is that right?

13 **Gus Janson**: I am.

14 **Tim Scott**: What's the estimated dry hole cost of this well?

15 **Gus Janson**: The estimated dry hole cost is \$147,600.

16 **Tim Scott**: And the completed well cost?

17 **Gus Janson**: The completed well cost is \$375,650.

18 **Tim Scott**: And again you helped in the preparation of the AFE, is that correct?

19 **Gus Janson**: I did.

20 **Tim Scott**: In your opinion, if the Board grants our application today, would it promote
21 conservation, prevent waste and protect correlative rights?

22 **Gus Janson**: Yes it would.

23 **Tim Scott**: That's all I have for Mr. Janson.

24 **Bradley Lambert**: Any questions from the Board? [No response] Anything further Mr. Scott?

25 **Tim Scott**: That's all I have on this one Mr. Chairman.

26 **Bradley Lambert**: Do I have motion?

1 **Donnie Rife**: Motion for approval Mr. Chairman.

2 **Bill Harris**: Second.

3 **Bradley Lambert**: I have a motion and I have a second, any further discussion? [No response]
4 All in favor signify by saying yes.

5 **Board**: Yes.

6 **Bradley Lambert**: Opposed, no? [No response] Thank you Mr. Scott, that one is approved.

7 **Tim Scott**: Thank you.

8 **Item Number 15**

9 **Bradley Lambert**: We're calling docket item fifteen (15). A petition from EnerVest Operating,
10 LLC, for pooling of Unit VCI-530586, docket number VGOB 19-0618-4215. All parties wishing
11 to testify please come forward.

12 **Tim Scott**: Tim Scott, Gus Janson and Aaron Anderson from EnerVest Operating, LLC.

13 **Bradley Lambert**: You may proceed Mr. Scott.

14 **Tim Scott**: Thank you Mr. Chairman, Mr. Anderson, again your name, by whom you're
15 employed and your job description please.

16 **Aaron Anderson**: Aaron Anderson, I'm employed by EnerVest Operating, LLC, as an Associate
17 Landman.

18 **Tim Scott**: Your familiar with this application, is that correct?

19 **Aaron Anderson**: That's correct.

20 **Tim Scott**: And you did assist in the preparation of the application, is that also correct?

21 **Aaron Anderson**: That's correct.

22 **Tim Scott**: Again, EnerVest has both leasehold interest and fee simple interest in this unit, is that
23 right?

24 **Aaron Anderson**: Yes, sir.

25 **Tim Scott**: We have Yellow Poplar Lumber Company acreage in this unit, is that right?

26 **Aaron Anderson**: That's correct.

27 **Tim Scott**: So we notified John Lamey, who is the Trustee. Is that correct?

1 **Aaron Anderson**: That's correct.

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

3 **Aaron Anderson**: By certified mail with return receipt requested.

4 **Tim Scott**: We've provided proof of mailing to the Board, is that right?

5 **Aaron Anderson**: It is.

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

7 **Aaron Anderson**: No, sir.

8 **Tim Scott**: Again, we've got Yellow Poplar in this unit?

9 **Aaron Anderson**: Yes.

10 **Tim Scott**: We've provided an affidavit indicating who we notified and why, is that correct?

11 **Aaron Anderson**: That's correct.

12 **Tim Scott**: EnerVest is authorized to transact business in the Commonwealth, is that correct?

13 **Aaron Anderson**: We are.

14 **Tim Scott**: There's a bond on file with the department?

15 **Aaron Anderson**: There is.

16 **Tim Scott**: If you were able to reach an agreement with Mr. Lamey, what would be the terms
17 you would offer for a lease?

18 **Aaron Anderson**: \$25.00 per acre for a 5-year paid up lease with a 1/8 royalty.

19 **Tim Scott**: This is fair compensation for a lease in this area?

20 **Aaron Anderson**: Yes, sir.

21 **Tim Scott**: What percentage of the unit does EnerVest presently have under lease?

22 **Aaron Anderson**: 15.835.

23 **Tim Scott**: That includes acreage in which EnerVest has fee simple interest in the minerals, is
24 that right?

25 **Aaron Anderson**: Yes it is.

26 **Tim Scott**: What percentage of the unit are you seeking to pool?

1 **Aaron Anderson**: 4.165.

2 **Tim Scott**: Do we have an escrow requirement for this unit?

3 **Aaron Anderson**: No, sir.

4 **Tim Scott**: Your requesting the Board to pool down leased parties and have EnerVest be named
5 the Operator under the order entered, is that correct?

6 **Aaron Anderson**: That's correct.

7 **Tim Scott**: If the Board grants our application and elections are made under an order by the
8 Board, what will be the address used for making such elections?

9 **Aaron Anderson**: EnerVest Operating, LLC, 408 West Main Street, Abingdon, Virginia, 24210
10 Attention: Chuck Akers, Land Manager.

11 **Tim Scott**: This is the address for communications concerning any order by the Board, is that
12 right?

13 **Aaron Anderson**: That's correct.

14 **Tim Scott**: That's all I have for Mr. Anderson.

15 **Bradley Lambert**: Any questions from the Board [No response] you may continue Mr. Scott.

16 **Tim Scott**: Thank you, Mr. Janson, again your name, by whom you're employed and your job
17 description please.

18 **Gus Janson**: My name is Gus Janson, employed by EnerVest Operating, LLC as a Geology
19 advisor.

20 **Tim Scott**: And you participated in the preparation of this application, is that correct?

21 **Gus Janson**: I did.

22 **Tim Scott**: You're familiar with the proposed depth of this well?

23 **Gus Janson**: Yes, the proposed depth is 2,060 feet.

24 **Tim Scott**: What are the estimated reserves for this unit?

25 **Gus Janson**: The estimated reserves are 830,000 of cubic feet of gas.

26 **Tim Scott**: You helped in the preparation of the AFE, is that correct?

27 **Gus Janson**: I did.

1 **Tim Scott**: Are you familiar with the well cost?

2 **Gus Janson**: Yes, the dry hole cost is \$164,400.

3 **Tim Scott**: And the completed well cost?

4 **Gus Janson**: The completed well cost is \$386,350.

5 **Tim Scott**: In your opinion if the Board grants our application today, would it prevent waste,
6 promote conservation and protect correlative rights?

7 **Gus Janson**: Yes, it would.

8 **Tim Scott**: Ok. That's all I have.

9 **Bradley Lambert**: Any questions from the Board? [No response] Do I have a motion?

10 **Donnie Rife**: Motion made for approval Mr. Chairman.

11 **Bill Harris**: I'll second that.

12 **Bradley Lambert**: I have a motion and a second, any further discussion? [No response] All in
13 favor signify by saying yes.

14 **Board**: Yes.

15 **Bradley Lambert**: Opposed, no? [No response] Thank you Mr. Scott, that one is approved.

16 **Tim Scott**: Thank you.

17 **Item Number 16**

18 **Bradley Lambert**: We're calling docket item number sixteen (16), a petition from EnerVest
19 Operating, LLC, for pooling for Well No. V-537558, docket number VGOB 19-0618-4216. All
20 parties wishing to testify please come forward.

21 **Tim Scott**: Tim Scott, Gus Janson and Aaron Anderson for EnerVest Operating, LLC.

22 **Bradley Lambert**: You may proceed Mr. Scott.

23 **Tim Scott**: Thank you, Mr. Anderson, your name, by whom you're employed and your job
24 description please.

25 **Aaron Anderson**: Aaron Anderson, employed by EnerVest Operating, LLC, as an Associate
26 Landman.

27 **Tim Scott**: This is a conventional well, is that correct?

1 **Aaron Anderson**: That's correct.

2 **Tim Scott**: So it contains 112.69 acres, is that correct?

3 **Aaron Anderson**: That's correct.

4 **Tim Scott**: And again EnerVest is both an owner by virtue of ownership of the minerals and also
5 has a leasehold interest, is that correct?

6 **Aaron Anderson**: That's correct.

7 **Tim Scott**: Are we going to dismiss any parties respondent listed on Exhibit B3 today?

8 **Aaron Anderson**: No, sir.

9 **Tim Scott**: How was notice of this hearing provided to the respondents listed on Exhibit B3?

10 **Aaron Anderson**: By certified mail, return receipt requested.

11 **Tim Scott**: We've provided proof of mailing to the Board, is that right?

12 **Aaron Anderson**: Yes.

13 **Tim Scott**: We do have unknown owners in this unit, is that correct?

14 **Aaron Anderson**: Yes, we do.

15 **Tim Scott**: You've provided to Mr. Cooper your efforts to locate these individuals?

16 **Aaron Anderson**: Yes.

17 **Tim Scott**: Are you efforts ongoing to locate these individuals?

18 **Aaron Anderson**: They are.

19 **Tim Scott**: As far as these individuals, did you publish notice of this hearing?

20 **Aaron Anderson**: We did in the Dickenson Star on May 29, 2019.

21 **Tim Scott**: We've provided proof of publication to the Board as well?

22 **Aaron Anderson**: Yes.

23 **Tim Scott**: EnerVest is authorized to transact business in the Commonwealth, is that right?

24 **Aaron Anderson**: That's correct.

25 **Tim Scott**: We have blanket bond on file?

1 **Aaron Anderson**: That's correct.

2 **Tim Scott**: What would be your lease terms if you could reach an agreement for the parties listed
3 on B3?

4 **Aaron Anderson**: It would be \$25 per acre for a 5-year paid up lease with a 1/8 royalty.

5 **Tim Scott**: This is fair compensation for a lease in this area?

6 **Aaron Anderson**: Yes, sir.

7 **Tim Scott**: What percentage of the unit does EnerVest presently have under lease?

8 **Aaron Anderson**: 63.63.

9 **Tim Scott**: What percentage are you seeking to pool today?

10 **Aaron Anderson**: 36.37.

11 **Tim Scott**: We've already indicated that we've got unknowns, is that right?

12 **Aaron Anderson**: That's correct.

13 **Tim Scott**: So we do have an escrow requirement?

14 **Aaron Anderson**: That's correct.

15 **Tim Scott**: Which tract or tracts does that effect?

16 **Aaron Anderson**: Tract 9 which contains 6.34% of the unit.

17 **Tim Scott**: Your requesting the Board to pool the unleased parties listed on Exhibit B3?

18 **Aaron Anderson**: Yes, sir.

19 **Tim Scott**: And that EnerVest be named the Operator for this unit is that also correct?

20 **Aaron Anderson**: That's correct.

21 **Tim Scott**: If the Board grants our application today and an order is entered what would be the
22 address used for making any elections under the order entered by the Board?

23 **Aaron Anderson**: EnerVest Operating, LLC, 408 West Main Street, Abingdon, Virginia, 24210,
24 Attention: Chuck Akers, Land Manager.

25 **Tim Scott**: This would be the address for all communication for any order entered by the Board,
26 is that correct?

27 **Aaron Anderson**: That's correct.

1 **Tim Scott**: Thank you Mr. Anderson.

2 **Bradley Lambert**: Any questions from the Board? [No response] anything further Mr. Scott?

3 **Tim Scott**: Just for Mr. Janson. Mr. Janson, please state your name, by whom you're employed
4 and your job description.

5 **Gus Janson**: My name is Gus Janson. I'm employed by EnerVest Operating, LLC, as a Geology
6 Advisor.

7 **Tim Scott**: You've assisted in the preparation of this application, is that right?

8 **Gus Janson**: I did.

9 **Tim Scott**: Are you familiar with the proposed depth of this well?

10 **Gus Janson**: Yes, the proposed depth is 5,589 feet.

11 **Tim Scott**: What are the estimated reserves for this unit?

12 **Gus Janson**: The estimated reserves are 923,000,000 cubic feet of gas.

13 **Tim Scott**: You're also familiar with the proposed well cost?

14 **Gus Janson**: Yes I am. The dry hole cost of the well is \$285,200 and the completed well cost is
15 \$574,100.

16 **Tim Scott**: You've participated in the preparation of the AFE, is that right?

17 **Gus Janson**: I did.

18 **Tim Scott**: So in your opinion if the Board grants our application today, would it prevent waste,
19 promote conservation and protect correlative rights?

20 **Gus Janson**: Yes, it would.

21 **Tim Scott**: That's all I have for Mr. Janson.

22 **Bradley Lambert**: Any questions from the Board? [No response] Anything further Mr. Scott?

23 **Tim Scott**: That's all I have on this one Mr. Chairman.

24 **Bradley Lambert**: Do I have a motion.

25 **Donnie Rife**: Motion to grant for approval Mr. Chair.

26 **Bill Harris**: I'll second that.

1 **Bradley Lambert**: I have a motion and I a second, any further discussion? [No response] All in
2 favor signify by saying yes.

3 **Board**: Yes.

4 **Bradley Lambert**: Opposed, no? [No response] Thank you Mr. Scott that one is approved.

5 **Item Number 17**

6 **Bradley Lambert**: We're calling docket item number seventeen (17) a petition from EnerVest
7 Operating, LLC, for a Well Location Exception for Well No. V-537558, docket number VGOB
8 19-0618-4217. All parties wishing to testify please come forward.

9 **Tim Scott**: Tim Scott, Gus Janson and Aaron Anderson for EnerVest Operating, LLC.

10 **Bradley Lambert**: You may proceed Mr. Scott.

11 **Tim Scott**: Thank you, Mr. Anderson, one more time your name, by whom you're employed and
12 your job description please.

13 **Aaron Anderson**: Aaron Anderson, employed by EnerVest Operating, LLC, as an Associate
14 Landman.

15 **Tim Scott**: You're familiar with this application, is that correct?

16 **Aaron Anderson**: That's correct.

17 **Tim Scott**: Are you familiar with the ownership of the minerals of the acreage encompassed by
18 this unit?

19 **Aaron Anderson**: Yes, sir.

20 **Tim Scott**: Are those owners on Exhibit B to the application?

21 **Aaron Anderson**: They are.

22 **Tim Scott**: Who operates the well from which the Well Location Exception is sought today?

23 **Aaron Anderson**: EnerVest Operating, LLC.

24 **Tim Scott**: So EnerVest is both an owner and participates in the operation of that well, is that
25 correct?

26 **Aaron Anderson**: That's correct.

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

28 **Aaron Anderson**: By certified mail, return receipt requested?

1 **Tim Scott**: We've provided proof of mailing to the Board, is that correct?

2 **Aaron Anderson**: Yes.

3 **Tim Scott**: Again, this is a Well Location Exception for the previous hearing. There are
4 unknown parties respondent in this unit, is that right?

5 **Aaron Anderson**: That's correct.

6 **Tim Scott**: How was notification affected for these individuals?

7 **Aaron Anderson**: By publish in the Dickenson County Star on May 29, 2019.

8 **Tim Scott**: We've provided proof of publication to the Board, is that right?

9 **Aaron Anderson**: That's correct.

10 **Tim Scott**: That's all I have for Mr. Anderson on this one.

11 **Bradley Lambert**: Any questions from the Board? [No response] You may continue Mr. Scott.

12 **Tim Scott**: Thank you Mr. Chairman. Mr. Janson, one more time, your name, by whom you're
13 employed and your job description please?

14 **Gus Janson**: My name is Gus Janson. I'm employed by EnerVest Operating, LLC, as a Geology
15 Advisor.

16 **Tim Scott**: You're familiar with this application, is that correct?

17 **Gus Janson**: Yes, I am.

18 **Tim Scott**: Would you please tell the Board why we are seeking Well Location Exception for
19 this unit.

20 **Gus Janson**: Yes, if the Board will refer to Exhibit K. You'll see the location of proposed well
21 537558. This well is in the middle of the map in the green area associated with it. So this
22 location has been positioned due to steep terrain, topographic constraints resulting in maximum
23 recovery of the natural gas resources with relationship to the existing offsetting wells. There's
24 feasible locations state-wide special requirements identified as located approximately 2500 feet
25 to the west. In the event if this well is not drilled approximately 102.03 of reserves will be
26 stranded.

27 **Tim Scott**: What's the proposed depth of this well?

28 **Gus Janson**: The depth is also 5,589 feet.

29 **Tim Scott**: What would be the potential loss of reserves if the application is not granted today?

1 **Gus Janson**: Reserves would be 923,000,000 cubic feet of gas.

2 **Tim Scott**: In your opinion, if the Board grants our application, it would prevent waste, protect
3 correlative rights and promote conservation, is that correct?

4 **Gus Janson**: That is correct.

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

6 **Bradley Lambert**: Any questions from the Board? [No response] Do I have a motion?

7 **Donnie Rife**: Motion made for approval Mr. Chair.

8 **Bill Harris**: Second.

9 **Bradley Lambert**: I have a motion and I have a second, any further discussion? [No response]
10 All in favor signify by saying yes.

11 **Board**: Yes.

12 **Bradley Lambert**: Opposed, no? [No response] Thank you Mr. Scott, that one is approved.

13 **Tim Scott**: Thank you Mr. Chairman.

14 **Item Number 18**

15 **Bradley Lambert**: Calling docket item number eighteen (18), the Board will receive an update
16 of Board and Division activities from the staff. Mr. Cooper?

17 **Rick Cooper**: I believe First Bank and Trust has covered most of the items that I generally go
18 over, the only thing that I'm handing out here today is where I track the quarterly and annually
19 since House Bill 2058 was passed. We have disbursed out \$20,450,000.00, so I think this is the
20 first time as Jody has reported, and I'm not sure that everyone caught that the account is below
21 \$10,000,000. I think it will continue to do that because several of these disbursements that we
22 have made recently as you have seen today, had 300-700 checks on them, so we think that is a
23 trend that we'll still see. We write a lot of checks but it doesn't add up to a lot of dollars and we
24 still see those coming in, we're still working progressively to process those timely. Other than
25 that, unless you've got some questions, Jody pretty much covered all the other items.

26 **Bradley Lambert**: Have we or you taken care of all those unfunded accounts? Have we closed
27 those out?

28 **Rick Cooper**: We have not. Are you talking about the unknown/unlocatable?

1 **Bradley Lambert**: Those unfunded accounts that we had out there that were dealt with a few
2 months ago? The wells or permits that had no money in them, we were calling them unfunded
3 accounts that you just kept on the books but were no money in them.

4 **Rick Cooper**: Help me out, Sarah?

5 **Sarah Gilmer**: I'm going to pull it up and get the exact current name of it.

6 **Rick Cooper**: Are you talking about the no W-9's?

7 **Sarah Gilmer**: He's talking about that other list that was originally...

8 **Rick Cooper**: Oh ok, yes sir. All those unfunded accounts are closed and gone. Yes, I now
9 remember what you're talking about, they are all gone.

10 **Bradley Lambert**: Good, any other questions for Rick from the Board?

11 **Donnie Rife**: Do we have any idea about what month in 2020 we are looking at undeliverable
12 funds will be given back to the State or to the Counties, hopefully to the Counties?

13 **Rick Cooper**: So maybe Mr. Lambert or Mr. Ingersoll might speak on behalf of that, I'm not
14 sure I know of that. He's talking about the unknowns/unlocatable.

15 **Donnie Rife**: Yes, the unknown, unlocatable funds.

16 **Rick Cooper**: I'm not sure I have an update to report on that.

17 **Bradley Lambert**: I don't.

18 **Donnie Rife**: 2020 is twelve months long.

19 **Paul Kugelman**: As far as what we're doing with that money? What is it now, \$4 million?

20 **Rick Cooper**: Approximately, \$3.4 but it could be either side of that.

21 **Paul Kugelman**: I would say that, can you all hear me on the tape ok? After the Escrow Agent
22 gave us the report, I talked with Scott Arnett briefly on the side and basically we asked each
23 other where we were with that. My recollection is that the last time the Escrow Agent was here,
24 we asked them to approach their counsel to let us know what roadblocks or issues we needed to
25 resolve in order to get an order done. We hadn't heard back and that's what I told him. He told
26 me this morning that what they need is an order from the Board to transfer it to the unclaimed
27 property fund for the Department of Treasury. With that, I can talk with Dan to see how the
28 Board should move forward but I think the range of options are to wait to hear back from them
29 by the next Board meeting and if we don't hear anything, maybe Rick can reach out to them and
30 say this is what we're going to do unless you say otherwise or you all make a motion today to

1 issue an order to transfer it and send the order over to the Escrow Agent and see what they do
2 with it.

3 **Bill Harris**: When you say transfer, we're transferring unclaimed?

4 **Paul Kugelman**: Let me give some context. I think I understand where you're going and I'm
5 sorry if I cut you off. So the problem that we have with this \$3.4 million dollars is that the actual
6 owners of that money are either unknown by identity or even though we know who owns it, we
7 can't find them but there is an ownership interest there. Under the Constitution of the United
8 States and the Virginia Constitution, we just can't take that money. There's also been some
9 questions and I don't want to go too far into this, but from the General Assembly saying, why
10 isn't that money with Treasury in the unclaimed property fund? And based on that, I think I sent
11 some advice to you all about that.

12 **Bradley Lambert**: You did.

13 **Paul Kugelman**: Also under the Gas and Oil Act and under the Unclaimed Property Act, it
14 would be appropriate for the Board to transfer that money to the unclaimed property fund for
15 handling by the Department of Treasury because that's what they do. By the way, a little bit
16 further background, there have been at least two runs, maybe three at trying to use that money
17 for other purposes.

18 **Bradley Lambert**: Three.

19 **Paul Kugelman**: Three? There's Delegate Pillion had one, there was one last session for it, I
20 can't remember the name of the program but anyway, we've worked to use that money for the
21 benefit of Southwest Virginia and we've run into constitutional constraints with that so basically
22 is let the money sit where it is in the account or transfer it to the unclaimed property fund. Given
23 the desire of the General Assembly and also what I view as to take some pressure off this Board
24 to deal with this money is to just transfer it. Let Treasury deal with it. Basically, it takes it out of
25 DMME's and the Gas & Oil Board's hands and puts it in a constitutionally appropriate place.

26 **Donnie Rife**: I don't like it.

27 **Bruce Prather**: You think this is going to affect First Bank's contract? In other words, you've
28 got this money in hand. You can't get rid of it, you may escheat it down the road some place but
29 are we using this as part of the basis for doing contract work with First Bank?

30 **Paul Kugelman**: It may have an adverse impact on the fees they collect but it will also reduce
31 the amount of work they have to do.

32 **Bruce Prather**: It may be the reason they want to stay with these one year contracts too.

33 **Donnie Rife**: We know exactly where every one of these wells are, what is the issue in giving it
34 back to the counties where this gas was produced?

1 **Paul Kugelman**: Because somebody owns it and it would be taking it from them.

2 **Donnie Rife**: Do what?

3 **Paul Kugelman**: Somebody owns that interest, a private citizen or company owns that interest.
4 I'm guessing because it's unknown, unlocatable, I'm assuming it's a person and the government
5 just can't take it.

6 **Donnie Rife**: If you give it back to the Treasury, then what they are going to do is use it all the
7 way through the Commonwealth of Virginia.

8 **Paul Kugelman**: No, it goes into a fund and they can't use it either. I don't know what they do
9 with it; they probably collect interest off of it. I'm not sure what they do with it but they can't
10 use it for general funds. They can't use it any special funds. It is its on-fund that is designed to
11 basically be an escrow account for everybody that who has property that somebody can't find or
12 can't locate.

13 **Donnie Rife**: Boy, that's clear as mud isn't it?

14 **Paul Kugelman**: I don't know what else to tell you. The straightest answer I can give you is
15 somebody owns it and the government just can't take it. No matter how beneficial the use is,
16 under the Gas & Oil Act, the Virginia and Federal Constitutions and under the Treasury's basic
17 law that money belongs in the Unclaimed Property Fund.

18 **Donnie Rife**: So it's basically going to sit there untouchable?

19 **Paul Kugelman**: No, it's not untouchable. It's there for the people who own it to get it when
20 they come around and get it.

21 **Mary Quillen**: But the state would be getting the interest on that, what would be the difference
22 in leaving it where it is and let that interest accrue in the escrow account?

23 **Donnie Rife**: Let us get the interest on it.

24 **Bradley Lambert**: That's a perfect scenario for us, except for the Chairman of the Finance
25 Committee; I think he was finance wasn't he?

26 **Paul Kugelman**: Yes, Senate Finance.

27 **Bradley Lambert**: Yes, Senate Finance says DMME didn't know what they're doing, they
28 shouldn't be holding that money and we want to see it come back here to Richmond in the
29 unclaimed properties.

30 **Mary Quillen**: It seems to me it would be to our advantage to keep it.

31 **Bradley Lambert**: I agree we would get the interest.

1 **Paul Kugelman**: The thing is the Board is not getting interest.

2 **Mary Quillen**: No, the interest is going into the escrow account.

3 **Bradley Lambert**: It's paying for our Escrow Agent.

4 **Paul Kugelman**: My understanding is the object of the exercise is to get as much money out of
5 the CBM escrow account as possible, this would move another \$3.4 million out and it would take
6 us to \$5.6 million and that would basically be those that failed to file W-9's and those that have
7 some sort of legal issue, legal contest with the title of the gas, is that right Rick?

8 **Rick Cooper**: Yes, cloud on title is about \$1.2 million or \$1.8 million of that.

9 **Paul Kugelman**: I can't tell the Board what to do; I sent you all an analysis. I thought we'd
10 talked about it?

11 **Rick Cooper**: We did.

12 **Donnie Rife**: We've talked about it several times.

13 **Rick Cooper**: I think this is the first time we've had a full Board.

14 **Bradley Lambert**: No, we don't.

15 **Rick Cooper**: No, we do have one missing. I'm sorry.

16 **Paul Kugelman**: It's the closest we've been in a while.

17 **Rick Cooper**: If it would help the Board, if the bank gets cleared of what to do we can request
18 for Ms. Maney to come back before her quarterly report, maybe in September. That is just an
19 option, I'll leave that up to you all and so we've talked with her and the last time we've talked
20 with her, their attorneys had not given her an opinion. I just don't know.

21 **Bill Harris**: So we are dealing with a request from the State Treasurer?

22 **Paul Kugelman**: More particular we're dealing with the object of putting the escrow royalties
23 where they belong and the question becomes....I'll have to go back and look at the advice.

24 **Bill Harris**: Suppose we decided to keep it in the bank, what happens next? Are we going to be
25 called on the carpet for that?

26 **Paul Kugelman**: This is the important thing the Board does have a range of discretion to operate
27 within. The question I don't know the answer to because I don't have the advice in front of me
28 because it's been probably 4-5 months since I did it?

29 **Bradley Lambert**: Yes.

1 **Paul Kugelman**: If there is no discretion not to transfer it and I'm not saying that's what the
2 advice was and you all don't do it, it exposes you to some liability but I'm not saying that's
3 where it is. If keeping it or transferring it is what's in the scope of your discretion, then you all
4 can do what you want but we got to make sure what your decision you make and I don't know
5 the answer to this, is within the bounds of your discretion.

6 **Mary Quillen**: This goes back to an Escrow Agent in the past that there was not enough money
7 in interest to pay and we were paying the fees out of principle and this is taking somebody else's
8 money when you were referring to which is what this is and that's paying the bank the fees. I
9 mean, we weren't aware of that until after the fact. It's been so many years now I can't really
10 remember but it was over an extended period of time. By releasing this, is this going to put us in
11 the position that approach that same scenario?

12 **Rick Cooper**: To address that concern, I believe Mr. Lambert had brought when he was talking
13 to First Bank and Trust. We'll put some type of clause in the contract that their fee could never
14 exceed whatever interest they're paying us. That way you will never dip into principle.

15 **Mary Quillen**: But they would not renew contract, so what do we do?

16 **Rick Cooper**: If they don't renew the contract I guess on an annual basis, I guess we'd have to
17 re-bid eventually.

18 **Mary Quillen**: We'd have to go out and that's funding that would have to come out of that
19 account so we're not protected if they're not involved and it still might come to a point that the
20 fees would have to be paid and expenses of going out to bid, selecting new Escrow Agent and
21 that sort of thing.

22 **Paul Kugelman**: If I may make a suggestion, rather than guessing that is going to undo the
23 contract with First Bank and Trust is to ask them. Maybe we can approach them and they are
24 aware of it too. I just had a talk with Mr. Arnett, he knows that money could go their aware of it
25 and he's not telling me if you all do this, we're not going to be able to renew the contract.

26 **Mary Quillen**: The unknown and the fact that we've gone through this before and we've known
27 what has happened.

28 **Bill Harris**: I just kind of, I'm not sure if this should be off the record or not, but I remember
29 years ago when working with the state, we used to say; it's easier to ask forgiveness than it is to
30 ask permission and with that in mind, I would almost keep it in until we are told by law or
31 whatever that we have to remove that and transfer. I know it's been suggested but that's what
32 I'm saying if this comes from some type... I mean if the state says you have to transfer that
33 money then of course we have to transfer but to me until that time, I think we ought to keep it.

34 **Mary Quillen**: I can't see the difference between being in Richmond and it can't be used for
35 anything except the interest going to.

1 **Paul Kugelman**: I don't know if the interest goes to the state, it may accumulate to the
2 benefit....

3 **Mary Quillen**: Would it be accumulated back into the account?

4 **Paul Kugelman**: I don't know.

5 **Mary Quillen**: Or keep it here and...

6 **Paul Kugelman**: So I guess what your saying is assuming the principle stays the same, if we are
7 going to pay somebody, let's pay the Escrow Agent not whoever benefits from Treasury? That's
8 what I'm hearing; I just want to make sure that's what it is.

9 **Mary Quillen**: Now, wait a minute. Say that again.

10 **Paul Kugelman**: Assuming that the principle stays the same and the interest is used for
11 something else, if we are going to use the interest for something, it might as well to be to pay the
12 Escrow Agent as opposed to whatever Treasury would use it for. Would it make any difference
13 to the Board's decision if the interest....?

14 **Mary Quillen**: I think so because all of that money came from Southwest Virginia and we have
15 no....

16 **Donnie Rife**: Essentially it's not coming from Southwest Virginia; it's coming from about four
17 (4) counties and they could really use it.

18 **Mary Quillen**: Yes, that's the economic situation and that's the thing that concerns me is the
19 economic situation that this part of the state is experiencing.

20 **Donnie Rife**: We have the problem of being the most depressed region in the state that they
21 could use that money more than anybody.

22 **Mary Quillen**: I mean we're not going to be able to use that. It's going to be put somewhere.

23 **Bradley Lambert**: There's another player that's going to be involved in this with us whether we
24 want to or not. The Chairman of the Senate Finance in that hearing that was held in Richmond
25 when they were in session up there, he directed the Department of Accounts to work with
26 DMME and the Gas & Oil Board to transfer those funds to the Department of Accounts, which is
27 unclaimed property.

28 **Paul Kugelman**: Right.

29 **Bradley Lambert**: So we will be hearing from them and I'm surprised we haven't already heard
30 from them but they're going to be calling us and will want to know what we're going to do.

31 **Donnie Rife**: Is this the same group that said DMME didn't know what they were doing?

1 **Bradley Lambert**: Well, that come out of that hearing and during that same conversation is
2 when he directed the lady and I know her, Vickie Bridgeman with the Department of Accounts
3 to contact DMME, DGO and the Gas & Oil Board and work with us on how to transfer those
4 funds. I don't know where that's going to go, we haven't heard from her yet so I don't know.

5 **Mary Quillen**: But that money belongs to somebody.

6 **Paul Kugelman**: Right, that's the whole point. The money belongs to somebody, that's why we
7 can't take it and use it.

8 **Mary Quillen**: That's right.

9 **Paul Kugelman**: No matter where it goes, nobody can take it and use it. It has to sit.

10 **Mary Quillen**: It seems though, that could change in a heartbeat.

11 **Paul Kugelman**: Not under the Constitution of the United States or the Virginia Constitution, it
12 can't. It belongs to somebody.

13 **Bruce Prather**: If the state took it and they found the person that was due that escrow, would the
14 state; even though they took the account, would they have to refund these people the money?

15 **Paul Kugelman**: Yes.

16 **Mary Quillen**: Would they be making an effort to locate these people or would they just be
17 holding it there and if somebody happens to contact them? Or do you know?

18 **Paul Kugelman**: I don't know if there's any effort that can be made to find the people that are
19 attached to this money, I don't know if there's any further effort that can be made. Rick, can
20 you?

21 **Rick Cooper**: No, but I do think that some of the accounts we have today are escrowed there's
22 escrowing amongst the company now. One of the options would be to divert this money back to
23 the companies and let them handle the responsibility and I believe that EnerVest had met with us
24 once before and said they would take that money back in their account and they would monitor it
25 and pay the interest and maintain. That was an option that we do have and I think Pocahontas
26 Gas has also agreed and that's probably where 80-85% within those two companies that they
27 internally escrow that. It presents another set of concerns but I do know the companies are
28 willing to internally escrow that money. I believe maybe after so many years you all would
29 escheat that money out, is that not correct? After five years, they would escheat that money out.

30 **Donnie Rife**: Why can't the counties do the same thing? The counties that the gas was in, why
31 can't they do the same thing?

1 **Rick Cooper**: When it goes back to the counties, I think it gets a bit more complicated
2 legislatively. I don't know all the details. I can't answer that, I really can't Mr. Rife. I don't
3 know the answer. I know they tried that one year and it just could never really get off the floor.

4 **Donnie Rife**: I think we need to try to again because you got an area right here in Southwest
5 Virginia that could probably use the money more than anybody. The gas comes from these areas.
6 You probably got, I don't know, you would have to look into it. What we have four (4), maybe
7 five (5) counties that the gas was drilled from?

8 **Rick Cooper**: The majority of it is, there may be one in Scott County but the majorities are
9 for....

10 **Donnie Rife**: Right, I just think it would benefit the counties very, very much to make these
11 requests and petition to recommend it to try to get this thing changed. There's no way, of what I
12 was just telling Butch, there is no way that everybody that hasn't collected this money is going to
13 come forward all of a sudden and say, we need to do this? If the counties have got the money,
14 they can draw the interest off of it and if somebody does come forward in the county, then the
15 county should reimburse them for that.

16 **Rick Cooper**: I don't know enough about the legislative process or know how complicated that
17 is, but I do know they've tried at least three (3) years straight.

18 **Donnie Rife**: Well I can tell you one thing they'll make it a whole lot more complicated than it
19 is. I can guarantee you that.

20 **Bradley Lambert**: Paul and Dan may correct me if I'm wrong here, but as of an arm of the state
21 government, we can't petition for legislative change. I know we can't at DMME, I don't think
22 this Board can do that either. Can we?

23 **Donnie Rife**: What about the counties?

24 **Bradley Lambert**: Well, that's different. That's outside, and they have done it but I don't think
25 this Board can go to a legislator and 'say introduce this bill for us'.

26 **Paul Kugelman**: I'm not aware of any legal prohibition but I'd have to look. I'm not saying you
27 can't, I'm not saying you can. At bottom, there's no question that whoever holds the money
28 there's some benefit to them. I get that and I understand that what your being communicated by
29 me about the limitations of the use and where the money should go is frustrating. I hope and pray
30 that you all know that I would do everything I could to let you get to where you want to go and I
31 promise you I've looked at it with an eye towards that but with everything I've researched
32 through three (3) legislative sessions and in response to the request from Butch in light of what
33 he was directed to do, at least I understood it to be a direction by Senate Finance. I looked at it
34 very carefully and it was vetted and I sent it over to Mike Skiffington, Butch and I think to John
35 Warren as well. I would encourage rather than make a decision today, given where everybody is,

1 I would encourage may be we pass that around to the Board and to Dan. Let everybody take a
2 good look at it, maybe Mr. Cooper have a talk with Mr. Arnett or whoever his contact is over at
3 First Bank and say 'Hey, what's the dynamics here with respect to the contract, you all have a
4 better idea of what the range of possibilities is' and then come back together and talk it through
5 and make a decision. It doesn't seem like today is the day to do any kind of thing.

6 **Bradley Lambert**: In addition to that, if we could get a letter from the Bank stating what Mr.
7 Arnett told you, if we could get that on official letterhead. I would feel more comfortable with
8 that too.

9 **Paul Kugelman**: Can you reach out to him?

10 **Rick Cooper**: I will reach out to them and try to get something by the next meeting, if before the
11 meeting, I'll circulate it.

12 **Mary Quillen**: This long range thing that concerns me is what happens when we are to this point
13 that we don't have monies to pay fees.

14 **Rick Cooper**: I don't think we will ever get to the point where we wouldn't pay fees but it
15 would just take a percentage of money that their getting out monthly. It would just drop their
16 monthly income every dollar for \$3.4 million and it would drop their income.

17 **Mary Quillen**: When that happens though, how long will they continue to do it? What's going to
18 happen where there's going to be several million dollars that's sitting out there.

19 **Rick Cooper**: That is the reason Ms. Maney; I've talked to them a couple of times, that's the
20 reason they want to do a one year contract. As for your question, they don't actually, they don't
21 want to do more work than what they can get paid for. I don't know if that is one year, three
22 years or five years, I don't have the answer to that question. I would think to get this money out
23 of there is at least, a few more years. I don't think the...unknown/unlocatable is one issue but
24 these others cloud on titles, I don't have an answer for that and that's a little over two (2) million.
25 That's a legislative court action and I'm not sure if that could be a week or five (5) years, I don't
26 have answer for that.

27 **Paul Kugelman**: Another issue that the Board really needs to consider taking the long view is at
28 some point that money is going to go somewhere. It will go somewhere other than the escrow
29 account of where it is sitting. I am sorry, but somebody who's got the means and ability to have
30 that money moved is eyeing it to go to Treasury. At some point, the Board is going to have to
31 figure out with the reduced amount of money in the escrow account possibly being limited to just
32 those with clouds on title. There needs to be an Escrow Agent that you all can hire that is willing
33 to operate with that money with the fees from that account. I'm not saying this is going to change
34 tomorrow but the money isn't going to be here forever. The object of the exercise is to get this
35 account to zero and is not going to get there because of cloud on title but the cloud on title may

1 be all you have to work with the W-9's really don't add that much to the pot. It's less than
2 \$100,000.

3 **Rick Cooper**: \$40,000.

4 **Paul Kugelman**: It's \$140,000.

5 **Rick Cooper**: \$40,000.

6 **Paul Kugelman**: Oh, it's \$40,000.

7 **Rick Cooper**: I believe its \$40,000 right?

8 **Paul Kugelman**: That's not even \$50,000 in the scope of \$9 million, that's nothing.

9 **Mary Quillen**: I know.

10 **Paul Kugelman**: Percentage wise.

11 **Mary Quillen**: It just concerns me of the money being taken out of this escrow account.

12 **Bill Harris**: I don't know, to me again, the money has to go somewhere. Either we get the
13 interest or the state gets the interest and I still think until we are told we have to give it up that we
14 ought to hang on to it. But I don't have a legal reference for that.

15 **Rick Cooper**: I don't either for we are at the pleasure of the Board.

16 **Bruce Prather**: Is there any indications that the laws are going to be changed?

17 **Donnie Rife**: That's what I was just telling Butch, you know we could probably have a 'come to
18 Jesus meeting' at the legislative procession or legislative meeting in January and see if we can't
19 have the laws changed possibly to direct this to where we need it, where the region needs to have
20 it the most.

21 **Paul Kugelman**: But that's the point I've been trying to get across. We've been trying that for
22 the last three (3) sessions. It doesn't fly in the face of the Constitution. You can't get that money
23 directed to localities. We've tried it. There are too many other players that come in and say it's
24 unconstitutional and I don't have basis to tell them their wrong. You all can make another run at
25 it and see what happens.

26 **Bruce Prather**: So there's no indication that the laws are going to be changed? In other words,
27 we're just butting our head against the wall.

28 **Mary Quillen**: It could.

29 **Donnie Rife**: It's a sad day when what's legal and what are right is two different dogs.

1 **Bradley Lambert**: Ok, thank you Rick. So Rick, for August, there's not enough items on the
2 agenda to have a meeting?

3 **Rick Cooper**: That is correct. We currently only have three (3) and the two parties today that are
4 involved which are EnerVest and Pocahontas Gas didn't submit anything by Friday so it should
5 still only be three (3).

6 **Bradley Lambert**: So we won't have an August meeting?

7 **Rick Cooper**: Yes, I think that will be correct.

8 **Item Number 19**

9 **Bradley Lambert**: Last item on the agenda is review of the May 2019 minutes for approval, any
10 corrections or additions or do I have a motion to accept?

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

12 **Bruce Prather**: Second.

13 **Bradley Lambert**: I have a motion and a second.

14 **Donnie Rife**: I'll abstain, Mr. Chairman. I wasn't here.

15 **Bradley Lambert**: Ok, with one abstention. All in favor signify by saying yes.

16 **Board**: Yes.

17 **Bradley Lambert**: Opposed, no? [No response] Ladies and Gentleman, we are adjourned.

18 **Donnie Rife**: Mr. Chairman, before we adjourn I would like to make a request that we get new
19 iPads for the Board members since mine can't even get an email. It is so old and so outdated, I
20 can't get an email and I can't download my docket. I can't do anything.

21 **Bradley Lambert**: We'll get you a new one.

22 **Donnie Rife**: But let's get everybody a new one.

23 **Bradley Lambert**: Everybody didn't want one.

24 **Donnie Rife**: Well, I need one.

25 **Bradley Lambert**: We will get you one. We are adjourned.