

State of West Virginia

JOHN D. PERDUE
STATE TREASURER

OFFICE OF THE STATE TREASURER
CHARLESTON, WV 25305
PHONE: 304-558-5000 FAX: 304-558-4097
1-800-422-7498
www.wvtreasury.com

JOSH STOWERS
ASSISTANT STATE TREASURER

July 27, 2018

Dave McMahon
1624 Kenwood Road
Charleston, WV 25314
VIA Email: wvdavid@wvdavid.net

Mark D. Clark, Esq.
Spilman Thomas & Battle, PLLC
PO Box 273
Charleston, WV 25321-0723
VIA Email: mclark@spilmanlaw.com

Re: Comments to Legislative Rule 112 CSR 16
Reporting and Claiming Unknown and Unlocatable
Interest Owners Reserved Interests

Gentlemen:

Thank you so very much for commenting on our new proposed legislative rule, 112 CSR 16, Reporting and Claiming Unknown and Unlocatable Interest Owners Reserved Interests. Your comments truly helped us better understand the issues.

Each of us have somewhat differing interests in this matter. The interests of the State Treasurer's Office are to make every effort to ensure the rightful owners receive their property as expeditiously as possible and to make sure the maximum available funds are remitted to the Oil and Gas Reclamation Fund and the Public Employees Insurance Agency Stability Fund, while complying with the law. Mr. McMahon seeks to protect the surface owners; Mr. Clark seeks to protect the various companies engaged in the oil and gas industry in West Virginia. We sought your comments because of the differing interests of you and your clients.

July 27, 2018

Page two

When reviewing and considering your comments, we took great care to take each one in the context offered, as well as the potential impact on all of our interests. Given the time frame today, I am unable to respond to each of your comments, but will do so this weekend and send you a specific response by Tuesday, July 31, 2018.

As you will note, we have dramatically revised the proposed rule because we believe that many of your comments were appropriate and improvements. Some of your comments we felt were beyond the authority granted to this Office by law. As you will also note, we did not include some of your comments because we did not view them as the right thing to do.

We do not expect that you will necessarily agree with the revisions made or not made. However, we would like the opportunity to meet in the next couple of weeks to discuss these issues. Then when the Legislative Rulemaking Review Committee meets, we will all better understand each other and may be able to agree on additional revisions.

Thank you again for your comments and for your interests. We truly appreciate them.

Sincerely,

A handwritten signature in cursive script that reads "Diana".

Diana Stout
General Counsel

DS/wlh



West Virginia
Surface Owners Rights Organization

1500 Dixie Street, Charleston, West Virginia 25311

Voice/VoiceMail 304-346-5891

www.wvsoro.org

**Written Comments on
West Virginia Treasurer Proposed Rule 112 C.S.R. 16
"Reporting and Claiming Unknown and Unlocatable Interest Owners Reserved Interests."**

Comment on Proposed §112-16-4.

It is not apparent from the language of the proposed rule or its enabling legislation why any presumption or other determination of "abandonment" is relevant to these funds. The author of these comments is not familiar with the UUPA. But these funds are held, and then either returned to the mineral owner or forwarded to the two funds stated in the statute and all of this is provided in the four corners of the statute. One is the Oil and Gas Reclamation Fund which is near and dear to the members of WVSORO. If making the funds "abandoned" makes them go anywhere else then this rule provision is not appropriate.

Comment on Proposed §112-16-5.3(a).

The WVSORO has two concerns. The first is providing all the funds possible to the Oil and Gas Reclamation Fund to plug orphaned wells. Exhibit F contains data and some pictures of some of the 4000 orphaned wells that this fund needs to plug. Current funding sources only plug 4 or 5 a year! The first, an Upshur County picture, is only 85th on the list. The problem will get worse as Marcellus shale production drives conventional drillers out of business and shuts in the lower pressure conventional wells.

The second concern of WVSORO is to be able to get some notice to the surface owner that, after seven years, the surface owner(s) can file a court action to get title to the mineral interest as well as future royalties. When drillers do their title work for the minerals and when they do their leasing and when they do their permitting work and when they do their unit declarations, they know obviously where the mineral tracts are located. Mineral tracts are not universally or reliably mapped in West Virginia. However, the surface tracts are admirably, if not perfectly, mapped by the State Tax Department. Drillers therefore in their mapping and other paperwork (leases, unit declarations etc.) almost universally indicate the location of mineral tracts by reference to the corresponding, overlying surface tax map and parcel numbers.

Attached as Exhibits A, B and C are the plats that three different operators submit with the application to DEP for their well work permit to drill the well. The tax map and page numbers are highlighted in orange. Attached as Exhibits D and E are two "unit declarations." These instruments show the mineral tracts all or parts of which are included in the "unit" to be drained by one (or more) horizontal wells are filed in the county record rooms. Again as highlighted in orange, they show in the later pages that the drillers have and use the surface tax map and parcel numbers that closely if not perfectly correspond to the underlying mineral tracts. And if the cotenancy provisions of HB 4268 the driller will know which mineral tracts those



West Virginia
Surface Owners Rights Organization

1500 Dixie Street, Charleston, West Virginia 25311

Voice/VoiceMail 304-346-5891


www.wvsoro.org

**Written Comments on
West Virginia Treasurer Proposed Rule 112 C.S.R. 16
"Reporting and Claiming Unknown and Unlocatable Interest Owners Reserved Interests."**

Comment on Proposed §112-16-4. 

It is not apparent from the language of the proposed rule or its enabling legislation why any presumption or other determination of "abandonment" is relevant to these funds. The author of these comments is not familiar with the UUPA. But these funds are held, and then either returned to the mineral owner or forwarded to the two funds stated in the statute and all of this is provided in the four corners of the statute. One is the Oil and Gas Reclamation Fund which is near and dear to the members of WVSORO. If making the funds "abandoned" makes them go anywhere else then this rule provision is not appropriate.


Comment on Proposed §112-16-5.3(a).

The WVSORO has two concerns. The first is providing all the funds possible to the Oil and Gas Reclamation Fund to plug orphaned wells. Exhibit F contains data and some pictures of some of the 4000 orphaned wells that this fund needs to plug. Current funding sources only plug 4 or 5 a year! The first, an Upshur County picture, is only 85th on the list. The problem will get worse as Marcellus shale production drives conventional drillers out of business and shuts in the lower pressure conventional wells. 


The second concern of WVSORO is to be able to get some notice to the surface owner that, after seven years, the surface owner(s) can file a court action to get title to the mineral interest as well as future royalties. When drillers do their title work for the minerals and when they do their leasing and when they do their permitting work and when they do their unit declarations, they know obviously where the mineral tracts are located. Mineral tracts are not universally or reliably mapped in West Virginia. However, the surface tracts are admirably, if not perfectly, mapped by the State Tax Department. Drillers therefore in their mapping and other paperwork (leases, unit declarations etc.) almost universally indicate the location of mineral tracts by reference to the corresponding, overlying surface tax map and parcel numbers.

Attached as Exhibits A, B and C are the plats that three different operators submit with the application to DEP for their well work permit to drill the well. The tax map and page numbers are highlighted in orange. Attached as Exhibits D and E are two "unit declarations." These instruments show the mineral tracts all or parts of which are included in the "unit" to be drained by one (or more) horizontal wells are filed in the county record rooms. Again as highlighted in orange, they show in the later pages that the drillers have and use the surface tax map and parcel numbers that closely if not perfectly correspond to the underlying mineral tracts. And if the cotenancy provisions of HB 4268 the driller will know which mineral tracts those


were and which corresponding overlying surface tract taxpayers should get the required notice in seven years.

County records, most of which are available on line, would allow a member of the public, or the Treasurer, to quickly find the name and mailing address of the person paying taxes on a given surface tract identified by its map and parcel number. It is therefore very important, in order to give the best possible chance for actual notice after seven years to the surface owner, for the driller to also be required to provide to the Treasurer the (legible) tax map and parcel number for each surface tract any portion of which overlies the mineral tract with unknown or unlocatable owners in question. It would not be burdensome since they almost universally already have that information. The treasurer could then use that in the publication, or even better, very quickly send a letter to that person. 

The parcel numbers can change over seven years' time as property is subdivided or joined. It might be burdensome for the driller to have to continue to update that with each quarterly report, so it may be that this requirement should be only the tax map and parcel identifications as of the date of the first report. A quick review of county tax records should allow an update at the time a letter is sent. The owners can also change over time but an up-to-date name and address (only a year or two old) is available in real time in county records many of which are on line.

Further information not listed in the rule should be included. The treasurer is required to give a public notice publication.  The notice/publication needs to contain a map, and in addition a description of the county, district, watershed and stream recognizable by the general public. The rule should require the driller to provide the information making this possible.

The map should locate the property as per state road maps (not the one available at rest stops, but those maintained by the highway department and used in other public notices). Generally operators do actual on-the-ground surveys when putting together units, and those mineral boundaries frequently track at least some of the surface boundaries and roads etc., so this is not burdensome.

Similarly they have looked at the deeds giving rise to the ownership needed to lease. So supplying additional information including a description of the county, district, watershed and stream recognizable by the general public should be required so something like this could be in the publication.  "Unknown heirs of John Smith were leased pursuant to [the statute] and their oil, gas and minerals are situate in West Union District of Doddridge County on Laurel Fork of Muddy Branch on the waters of Middle Island Creek and within and underlying all or part of the surface tracts identified on surface tax maps as West Union District Tax Map 7, Parcel 8 and 8.1"

Without these further descriptions and a map, the casual reader of a newspaper will have no idea where the property is that is being advertised.


Comment on Proposed §112-16-8. 

It is not stated from a reading of the statute or the rule where the interest that is earned on the funds goes after three years. We believe, and urge, that it go to the fund to be given to the Oil and Gas Reclamation Fund and PEIA and that should be stated.

Comment on Proposed §112-16-9. 

First, this section uses the term "property". That is confusing to a first time reader. It may have come from language in other Treasurer rules. But the only thing coming to the

treasurer pursuant to this rule and its enabling statute is funds. The ownership of the mineral real property is taken care of by a quiet title action. It is suggested that the term "funds" be used instead of "property".

Second, there does not appear to be a process for payment of claims or distributions to funds. Perhaps other statutes or rules provide this, but if not should something be provided. 

Comment on Proposed §112-16-13. 

This section should be deleted as unnecessary for the reasons set out in our comment on §112-16-4. It purports to deal with property where "no taker" heirs can be located.

The oil and gas royalties, the personal property in the referenced code section, will never accumulate beyond what is needed to pay claims. As required by the statute, the treasurer will estimate that the funds in excess of those needed to pay claims will be distributed to the Oil and Gas Reclamation Fund and the Public Employees Insurance Agency Stabilization Fund. So there will be no funds for which there is "no taker".

The ownership of the mineral real property interest does not come to the Treasurer under the statute. In any event, the ownership interest in real property should remain in its unknown and unlocatable interest owner state of affairs until a surface owner figures it out and gets title as provided in the Act. Since real property, including severed real property interests, is taxed in West Virginia and will be sold for non-payment of taxes if taxes are not paid, there are probably only two fact situations that result in these unknown and unlocatable property interests. The most common is probably where one cotenant/heir (technically a "coparcener") is paying taxes on an interest that is also owned by a number of other cotenants/heirs. The other is where for some reason or other the mineral interest in question is un-assessed -- usually a mistake when the minerals and surface are severed and the assessor does not catch it. No harm in allowing this state of affairs to remain the same, and the benefit is that the royalty continues to go to its beneficial purposes until a surface owner shows up and brings suit.

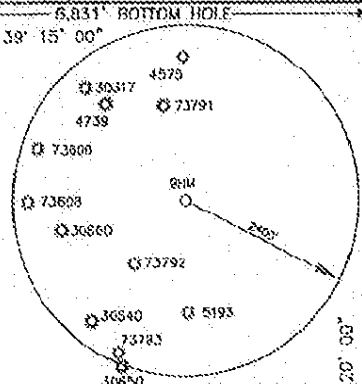
TreasurerRulemakingComment2018-07-24DraftDbmc.wpd
Prepared by David B. McMahon, J.D.
1018 Kanawha Blvd, Suite 1200, Charleston, WV 25301
Voice/VoiceMail 304-415-4288,
E-mail: wvdavid@wvdavid.net

PBC MOUNTAINEER, LLC.
GEPSCO, PALETTA WELL NO. PAD 9HM

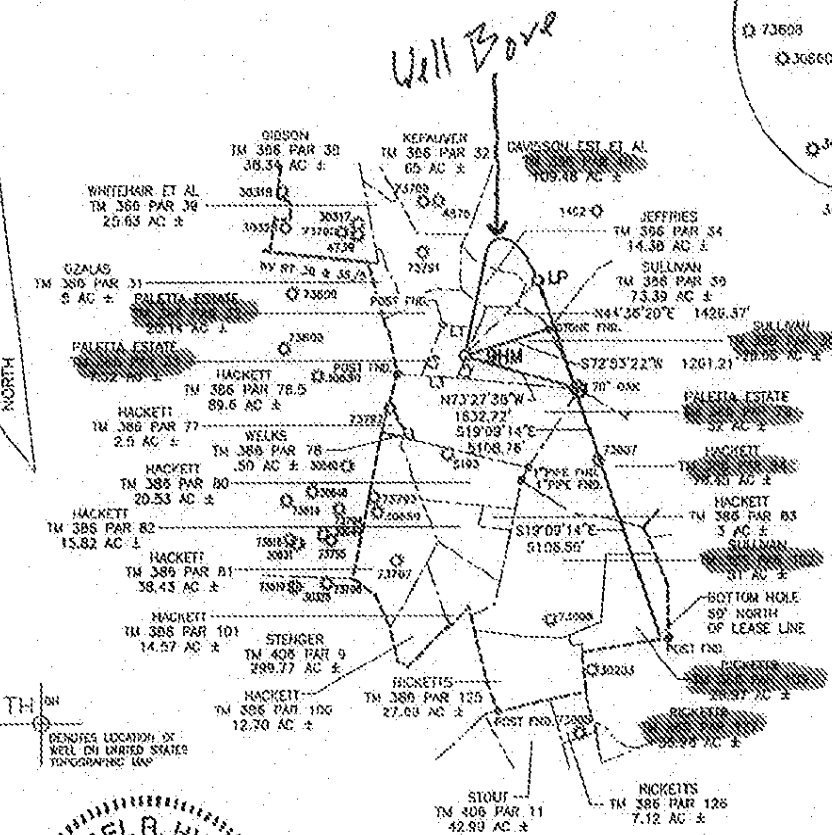
9,546' TOP HOLE
6,831' BOTTOM HOLE
LATITUDE 39° 15' 00"

NOTES:
PLAT ORIGINATOR, CORNERS AND WELL REFERENCES
ARE BASED UPON THE 1983 NORTH ZONE FOR THE
WV STATE PLANE COORDINATE SYSTEM, NORTH ZONE.
PAD 83 WELL LOCATION REFERENCE IS BASED
UPON THE MAGNETIC MERIDIAN.

-THERE APPEARS TO BE NO WATER WELLS LOCATED
WITHIN 1000' OF WELL 9HM.



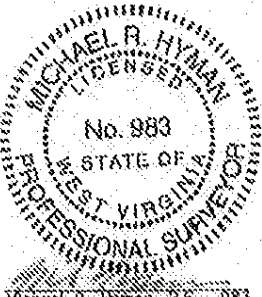
USER: kpoth
LAYOUT: 9HM (2)
PLOT DATE/TIME: 4/15/2013 1:55pm



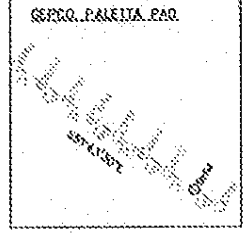
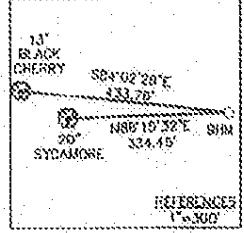
WELL NO. 9HM
TOP HOLE
STATE PLANE COORDINATES
(NAD 83 NORTH ZONE)
N:288671.258
E:172827.402
LAT:39°12'34.88"
LON:80°22'01.33"
UTM COORDINATES
(NAD 83-METER)
N:4340236.433
E:554647.502

WELL NO. 9HM
LAUNCH POINT
STATE PLANE COORDINATES
(NAD 83 NORTH ZONE)
N:286688.011
E:1723827.141
LAT:39°12'45.01"
LON:80°21'48.70"
UTM COORDINATES
(NAD 83-METER)
N:4340501.557
E:554948.201

WELL NO. 9HM
BOTTOM HOLE
STATE PLANE COORDINATES
(NAD 83 NORTH ZONE)
N:228865.049
E:1725962.027
LAT:39°11'57.48"
LON:80°21'26.83"
UTM COORDINATES
(NAD 83-METER)
N:4330880.419
E:555483.029



LINE	BEARING	DISTANCE
L1	S88°10'43"E	487.87'
L2	S23°37'40"W	786.81'
L3	N89°48'20"W	478.81'
L4	N23°04'17"E	750.63'

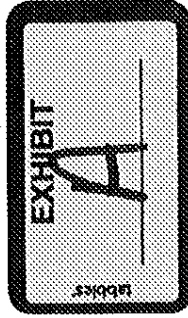


I, THE UNDERSIGNED, HEREBY CERTIFY THAT THIS PLAT IS CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF AND SHOWS ALL THE INFORMATION REQUIRED BY LAW AND THE REGULATIONS ISSUED AND PRESCRIBED BY THE DIVISION OF ENVIRONMENTAL PROTECTION.

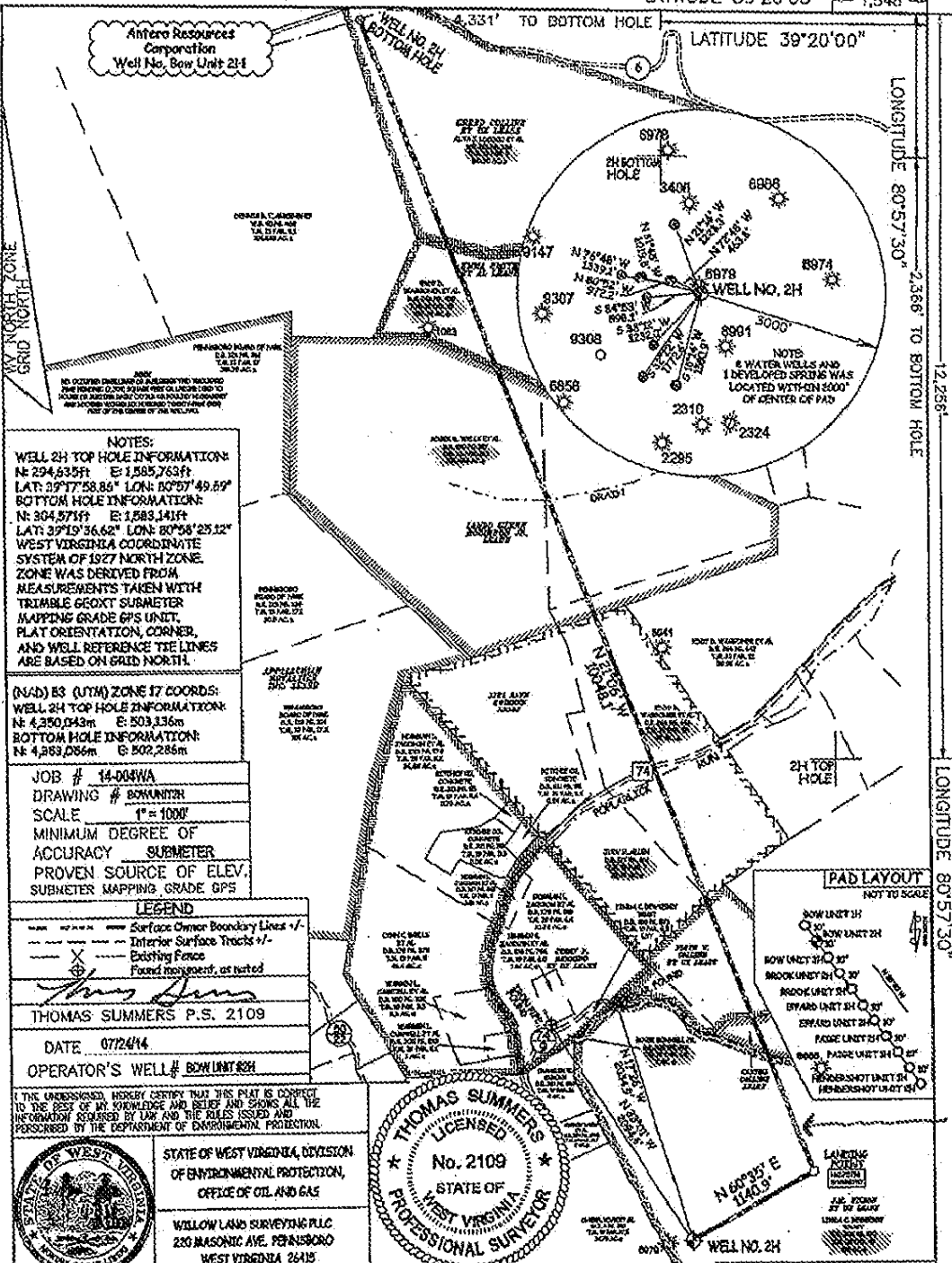
FILE NO. D30-2292
SCALE: 1"=2000'
MINIMUM DEGREE OF ACCURACY: 1 in 2500
PROVEN SOURCE OF ELEVATION: OPUS, SURVEY GRADE GPS
DATE: APRIL 15, 2013
OPERATOR'S WELL NO. GEPSCO, PALETTA PAD NO. 9HM
API WELL NO. 47 - 033 - 0577416A
STATE COUNTY PERMIT

WELL TYPE: OIL GAS LIQUID INJECTION WASTE DISPOSAL (IF "GAS"), PRODUCTION STORAGE DEEP SHALLOW
LOCATION: ELEVATION: 1151.40 WATER SHED: WEST FORK RIVER
DISTRICT: UNION COUNTY: HARRISON
QUADRANGLE: MOUNT CLARE 7.5' ACRES: 7.52 AC±
SURFACE OWNER: DOMINECK PALETTA ESTATE LEASE ACRES: 461.99 AC±
OIL & GAS ROYALTY OWNER: DOMINECK PALETTA ESTATE C/O TONY PALETTA, G. DIANE SULLIVAN
COAL ROYALTY OWNER: MIKE ROSS, LLC & W.J. SUTTON LEASE NO.

PROPOSED WORK: DRILL CONVERT DRILL DEEPER REDRILL FRACTURE OR STIMULATE
PERFORATE NEW FORMATION PLUG OFF OLD FORMATION OTHER PHYSICAL CHANGE IN WELL (SPECIFY)
PLUG AND ABANDON CLEAN OUT AND REPLUG
TARGET FORMATION: MARCELLUS SHALE ESTIMATED DEPTH: 7,280' TVD / 13,550' MD
WELL OPERATOR: PBC MOUNTAINEER, LLC DESIGNATED AGENT: JAMIE HAGA
ADDRESS: 120 GENESIS BOULEVARD ADDRESS: 120 GENESIS BOULEVARD
BRIDGEPORT, WV 26330 BRIDGEPORT, WV 26330



LATITUDE 39°20'00" -1,548'



NOTES:
 WELL 2H TOP HOLE INFORMATION:
 N: 294,635ft E: 1,585,763ft
 LAT: 39°17'58.86" LON: 80°57'49.89"
 BOTTOM HOLE INFORMATION:
 N: 304,971ft E: 1,583,141ft
 LAT: 39°19'36.62" LON: 80°58'25.12"
 WEST VIRGINIA COORDINATE SYSTEM OF 1927 NORTH ZONE. ZONE WAS DERIVED FROM MEASUREMENTS TAKEN WITH TRIMBLE GEOXT SUBMETER MAPPING GRADE GPS UNIT. PLAT ORIENTATION, CORNER, AND WELL REFERENCE THE LINES ARE BASED ON GRID NORTH.

(NAD) 83 (UTM) ZONE 17 COORDS:
 WELL 2H TOP HOLE INFORMATION:
 N: 4,350,043m E: 503,136m
 BOTTOM HOLE INFORMATION:
 N: 4,383,056m E: 502,286m

JOB # 14-004WA
 DRAWING # 824MINITER
 SCALE 1" = 1000'
 MINIMUM DEGREE OF ACCURACY SUBMETER
 PROVEN SOURCE OF ELEV. SUBMETER MAPPING GRADE GPS

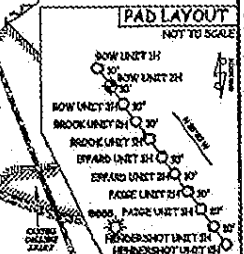
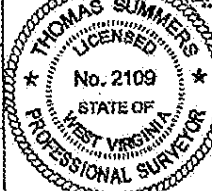
LEGEND
 --- Surface Owner Boundary Lines +/-
 --- Interior Surface Tracks +/-
 --- Existing Fence
 --- Fenced Measurement, as noted

THOMAS SUMMERS P.S. 2109
 DATE 07/24/14
 OPERATOR'S WELL # BOW UNIT 2H

I, THE UNDERSIGNED, HEREBY CERTIFY THAT THIS PLAT IS CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF AND SHOWS ALL THE INFORMATION REQUIRED BY LAW AND THE RULES ISSUED AND PERFORMED BY THE DEPARTMENT OF ENVIRONMENTAL PROTECTION.

STATE OF WEST VIRGINIA, DIVISION OF ENVIRONMENTAL PROTECTION, OFFICE OF OIL AND GAS

WILLOW LAND SURVEYING PLLC
 220 MASONIC AVE. PENNSBORO WEST VIRGINIA 26415



STATE OF WEST VIRGINIA DEPARTMENT OF ENERGY DIVISION OF OIL AND GAS

API WELL # 47-085-10157 HQA

STATE COUNTY PERMIT
 WELL TYPE: OIL GAS LIQUID INJECTION WASTE DISPOSAL
 (IF "GAS") PRODUCTION STORAGE DEEP SHALLOW

LOCATION: ELEVATION 1,117 WATERSHED BUNNELL RUN
 QUADRANGLE PENNSBORO 7.5 DISTRICT CLAY COUNTY RITCHIE

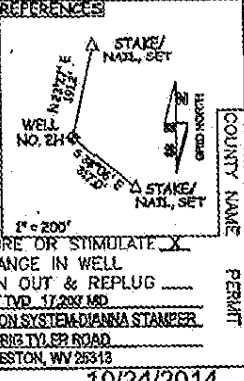
SURFACE OWNER LINDA C. DENBERRY TRUST ACREAGE 151 ACRES +/-
 OR AS SHOWN ONLY JIM WILSON ET AL; CARITHA COLLINS; FLOYD W. COLLINS ET AL; LISA DAWN SWISHER; LINDA GLENN ROBINSON JR.; EMMA SMITH ET AL; CREED COLLINS ET AL

LEASE ACREAGE 700 AC; 18 AC; 26 AC; 24 AC; 130 AC; 78 AC; 104 AC

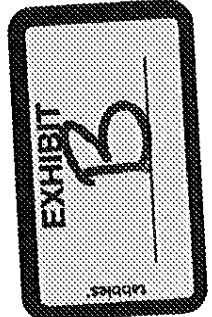
PROPOSED WORK: DRILL CONVERT DRILL DEEPER REDRILL FRACTURE OR STIMULATE
 PLUG OFF OLD FORMATION PERFORATE NEW FORMATION OTHER PHYSICAL CHANGE IN WELL
 (SPECIFY) PLUG & ABANDON CLEAN OUT & REPLUG

TARGET FORMATION MARCELLUS ESTIMATED DEPTH 8,800 TVD 17,200 MD

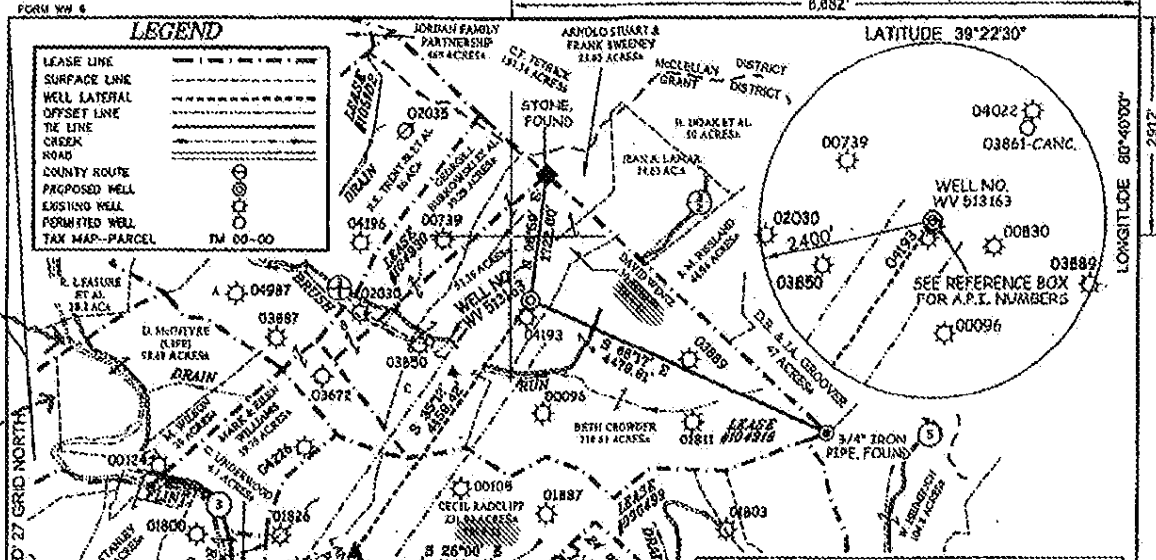
WELL OPERATOR ANTERO RESOURCES CORP DESIGNATED AGENT CT CORPORATION SYSTEM/DIANNA STAMPER
 ADDRESS 1616 WYMKOP STREET ADDRESS 6400 D RIG TYLER ROAD
 DENVER, CO 80202 CHARLESTON, WV 25313



Well Bore



10/24/2014

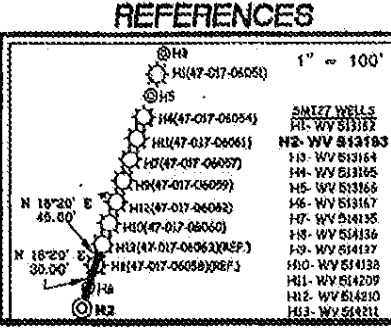


Lease/Minord tract line
Surface property line

**EQT PRODUCTION COMPANY
CARR LEASE 351 ACRES ±
WELL NO. WV 513163**
(S.P.C. NORTH ZONE) (UTM/M) ZONE 17 NORTH
NAD27 S.P.C. (FT) N. 318,037.8 E. 1,061,481.1
NAD27 GEO. LAT. (N) 39.467008 LONG. (W) 80.697374
NAD83 UTM (M) N. 4,397,559.1 E. 626,084.2
LANDING POINT
NAD27 S.P.C. (FT) N. 314,628.5 E. 1,059,083.9
NAD27 GEO. LAT. (N) 39.357699 LONG. (W) 80.705891
NAD83 UTM (M) N. 4,385,510.3 E. 626,971.1
BOTTOM HOLE
NAD27 S.P.C. (FT) N. 309,055.8 E. 1,051,687.2
NAD27 GEO. LAT. (N) 39.342058 LONG. (W) 80.698222
NAD83 UTM (M) N. 4,354,822.7 E. 626,102.8

DIANITA ROBERTS ET AL	29 AC ±
ROSE MARION LIND	21.66 AC ±
ELIZABETH CONNOR	12.11 AC ±
JACK TRAVIS	10.11 AC ±
HENSCHL L THOMAS	8.66 AC ±
IDA K CHILDERS (LIFE)	7.04 AC ±
WILLIAM A NEILSSA	4.37 AC ±
DUFFSLAGER	
CLYDE MACLAN EST.	4.21 AC ±
NOLA S MAMILLON ET AL	34.71 AC ±
MIRIAM A ANKA BERANI	20.65 AC ±
DAWNETTE F. WELSON	22.28 AC ±
ET AL	
DAWNETTE F. WILSON	21.16 AC ±
ET AL	
MIRIAM BERANI	9.37 AC ±
CAROL RYAN ET AL	9.07 AC ±
CAROL RYAN ET AL	15.12 AC ±
JOHN A MCDONNELL	19 AC ±
DESDAY LAMBERT	1 AC ±
ANNA M MORGAN	1 AC ±

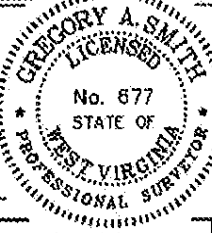
NOTES ON SURVEY
1. NO WATER WELLS WERE FOUND WITHIN 350' OF PROPOSER GAS WELL. NO AGRICULTURAL BUILDINGS.
2. 2500 SQ. FT. OR DWELLINGS WERE FOUND WITHIN 625' OF THE CENTER OF PROPOSED WELL PAD.
ROYALTY OWNERS
NEVA BITTNER ET AL 50% AC ± LEASE NO. 00000
EDISON BITTNER ET AL 100 AC ± LEASE NO. 00000



Professional Energy Consultants
SERVICES OF SURVEYING & ENGINEERING
SLS
200 MILLERS ROAD
BRIDGEPORT, WV 26330
PHONE: 304-634-1100 FAX: 304-634-1101

I THE UNDERSIGNED, HEREBY CERTIFY THAT THIS PLAN IS CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF AND SHOWS ALL THE INFORMATION REQUIRED BY LAW AND THE REGULATIONS ISSUED AND PRESCRIBED BY THE DIVISION OF ENVIRONMENTAL PROTECTION.

P.S. 677 *Gregory A. Smith*



(H) DENOTES LOCATION OF WELL ON UNITED STATES TOPOGRAPHIC MAPS.
DATE JULY 26, 20 11
REVISED 08/02/11, 09/29/11, 11/07/12, 10/09/14 & 10/22/14
OPERATORS WELL NO. WV 513163
API WELL NO. 47
STATE COUNTY PERMIT

MINIMUM DEGREE OF ACCURACY 1/2500 FILE NO. 7884P513163R6
SCALE 1" = 2000'
HORIZONTAL & VERTICAL CONTROL DETERMINED BY DGPS (SURVEY GRADE TIE TO CORS NETWORK)

STATE OF WEST VIRGINIA
DIVISION OF ENVIRONMENTAL PROTECTION
OFFICE OF OIL AND GAS

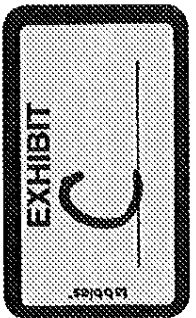
WELL TYPE: OIL GAS X LIQUID INJECTION WASTE DISPOSAL IF "GAS" PRODUCTION X STORAGE DEEP SHALLOW X

LOCATION: ELEVATION 1,178' (EXISTING PAD) WATERSHED BRUSH RUN OF FLINT RUN
DISTRICT GRANT COUNTY DODDRIDGE QUADRANGLE SMITHBURG 7.5

SURFACE OWNER DAVID WENTZ ACREAGE 30±
ROYALTY OWNER PATTY J. & R. KEITH CRIFIELD ACREAGE 35±

PROPOSED WORK: DRILL X CONVERT DRILL DEEPER REDRILL FRACTURE OR STIMULATE X PLUG OFF OLD FORMATION PERFORATE NEW FORMATION PLUG AND ABANDON CLEAN OUT AND REPLUG OTHER
PHYSICAL CHANGE IN WELL (SPECIFY) TARGET FORMATION MARCELLUS
ESTIMATED DEPTH TVD 7,034'

WELL OPERATOR EQT PRODUCTION COMPANY DESIGNATED AGENT REX C. RAY
ADDRESS 115 PROFESSIONAL PLACE P.O. BOX 280 BRIDGEPORT, WV 26330 ADDRESS 115 PROFESSIONAL PLACE P.O. BOX 280 BRIDGEPORT, WV 26330



COUNTY NAME
PERMIT

**DECLARATION -- NOTICE OF UNITIZATION
AMENDED AND REVISED SM127 NORTH #2**

TO:

The Parties listed on EXHIBIT "A," or their Successors-in-Interest

FROM:

**EQT Production Company
625 Liberty Avenue
15th Floor
Pittsburgh, PA 15222**

NOTICE is hereby given that from the date Turned in Line, in reasonable judgment in good faith, **EQT PRODUCTION COMPANY**, a Pennsylvania corporation, has allocated the oil and gas leasehold estates in the following described leases attached hereto as Exhibit A, Doddridge County, West Virginia, to form a unit containing 257.7 acres, more or less, (the "SM127 North # 2 Unit"). The aforesaid leases will participate in the allocation area in the proportion shown on Exhibit A.

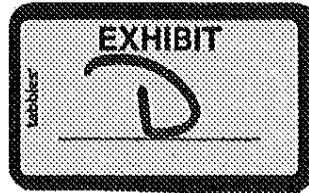
Said leases are shown and identified on the map or plat attached hereto as Exhibit B and made a part hereof entitled "EQT Production Company SM127 North #2 Unit", Scale 1" = 800', dated December 19, 2013.

The wells included in this allocation area are numbered 513165, 514135, and 513162. Nothing contained herein shall be construed to limit the rights of EQT Production Company to develop all formations and/or stratum under the above described leases and to use the surface of the leased premises as necessary to develop the same.

The remainder of this document was intentionally left blank.

Declaration of Unitization SM127 North #2 Unit

Page 1 of 2



IN WITNESS WHEREOF, EQT Production Company has caused its corporate name to be subscribed as of this the 18th day of November, 2014.

EQT PRODUCTION COMPANY

By: Karen Moreland
Karen Moreland
Its: Title Supervisor

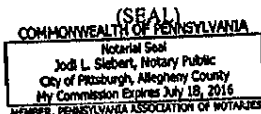
This Instrument Prepared By:
EQT Production Company
625 Liberty Avenue
15th Floor
Pittsburgh, PA 15222

ACKNOWLEDGMENT

STATE OF PENNSYLVANIA;

COUNTY OF ALLEGHENY:

Before me, Jodi L. Siebert, a Notary Public, on this day personally appeared Karen Moreland, Supervisor of Title for EQT Production Company, a Pennsylvania Corporation, and acknowledged to me that she executed the instrument above for the purposes and consideration therein expressed as her free act and deed on behalf of said company. Given under my hand and seal of office this 18th day of NOVEMBER, 2014.



Jodi L. Siebert
Notary Public

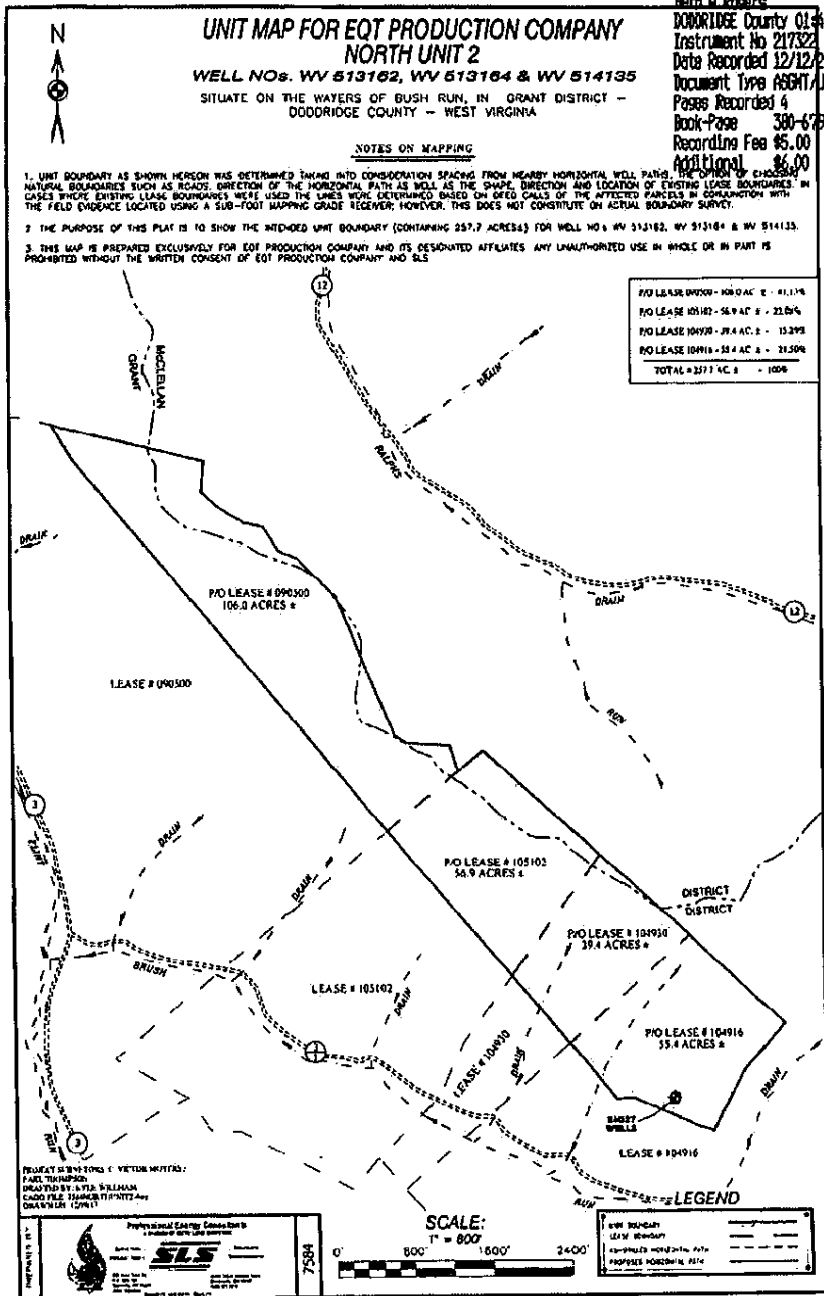
My Commission Expires: July 18, 2016

Declaration of Unitization SMI27 North #2 Unit

EXHIBIT A
 Attached to and made part of the Declaration and Notice of Undisturbance
 By: EOT Production Company
 SANIT MORT # 2 UNIT
 Doddridge County, West Virginia

TRACT #	LEASE #	ORIGINAL LESSOR	ORIGINAL LESSEE	LEASE DATE	RECORDING INFORMATION	DEBT	AMOUNT	ACRES	Unit Average	Unit %
1	090500	J.D. McReynolds and Mary M. McReynolds South Penn Oil Company	T.B. Hamilton	June 20, 1892	DB B, Page 405	Grant	1500.00	1500.00	106.00	41.13%
2	105102	J.W. McReynolds and R.L. McReynolds	J.L. Newman	10/13/1958	DB 19, Page 122	Grant	234.00	56.90	22.08%	
3	104920	Martha L. Smith, Guardian of Charles B. Smith	T.B. Hamilton	8/10/1901	DB 21, Page 194	Grant	75	39.40	15.29%	
4	104915	Joseph Carr, et ux.	T.B. Hamilton	8/5/1901	DB 19, Page 140	Grant	351	55.40	21.50%	
							TOTAL	257.70	109.00%	

EQT PRODUCTION, ATTN: KIM SKINNER
 115 PROFESSIONAL PLACE
 BRIDGEPORT, WV 25330-6809



AMENDED DECLARATION AND NOTICE OF POOLED UNIT

BRETT BERISFORD UNIT

This Amended Declaration and Notice of Pooled Unit, ("Amended Declaration") is executed to be effective as of June 12, 2009, by the undersigned parties, who are the owners of an interest in the leasehold estates created under those certain oil and gas leases and any renewals, extensions, ratifications and amendments thereof, which are more particularly described on Exhibit "A" attached hereto and incorporated herein by reference for all purposes (the "Leases"), or who are the owners of an interest in the oil and gas estate in the lands described in the Leases, who join in the execution hereof to evidence their consent to the pooling, unitization and combination of the leases and oil and gas estates herein described. This Amended Declaration shall amend and replace that certain Declaration and Notice of Pooled Unit -- Brett Berisford Unit recorded June 3, 2010, in the Recorder's Office of Wetzel County, WV, Book 110A and Page 774. Specifically, this Amended Declaration amends the size of the Unit and/or substitutes one or both exhibits thereto.

RECITALS

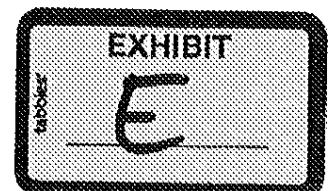
WHEREAS, each of the Leases authorizes the lessee thereunder to pool, unitize or combine all or a portion of the lands covered thereby with other land and leases, to form a pooled unit for the exploration, development and production of oil, gas and associated and constituent hydrocarbons from the lands covered by the Leases; and

WHEREAS, the pooling, unitization and combination of the Leases and oil and gas estates to the extent necessary to form the hereinafter described pooled unit are necessary and advisable in the judgment of the undersigned to efficiently and effectively develop the oil and gas rights within such unit.

WHEREAS, Chesapeake Appalachia, L.L.C. is the Operator of the gas well(s) in the pooled unit and executes this document on behalf of itself and as agent for all interest owners in the leases to the extent that they do not separately join in the execution hereof.

NOW, THEREFORE, in order to establish and provide proper notice for the creation of the hereinafter described unit, the undersigned hereby declare as follows:

1. Declaration of Unit: In accordance with the provisions of the Leases, the undersigned do hereby declare, pool, unitize and combine the Leases, including all renewals, extensions, ratifications and amendments thereof, and the lands covered thereby and the oil and gas estates therein, to the extent necessary to form and create a pooled unit as described below. Production from the unit shall be allocated among all of the Leases and tracts within the unit in the proportion that the number of surface acres of each lease and tract included within the unit bears to the total number of surface acres in the unit, as described in Exhibit "A".
2. Unit Name: The pooled unit created hereby shall be known as the "Brett Berisford Unit" ("the Unit").
3. Description of Unit: The Unit shall consist of 336.379360 acres, more or less, being all or a portion of the Leases listed on Exhibit "A" INsofar AND ONLY INsofar as the Leases fall within the



boundary more particularly described and depicted on Exhibit "B", which is attached hereto and incorporated herein by reference for all purposes. This Declaration and Notice of Pooled Unit covers all production from the lands described on Exhibit "A" and Exhibit "B" which is produced from any well drilled within the Unit. To the extent of any inconsistency between the information contained on Exhibit "A" and that depicted on Exhibit "B", Exhibit "A" shall supersede and control.

4. Effect of Pooled Unit. The effect of this Declaration and Notice of Pooled Unit shall be that operations and/or production (or the equivalent as in the case of shut-in payments) anywhere within the Unit shall be deemed to be operations and/or production on each separate tract sufficient to extend and maintain each included lease in the Unit.

5. Right to Amend. The undersigned hereby expressly reserve the right, from time to time, to amend this Declaration and Notice of Pooled Unit, and the respective terms and provisions hereof, and to change the size and area of, and interests covered by the Unit, including without limitation, the power (i) to change, reduce, enlarge or extend the size or configuration of the Unit; (ii) to include in the Unit additional lands and oil and gas leases, or interests in the lands described therein, covering interests in the Unit, which are secured or obtained subsequent to the date hereof, or prior to the date hereof and not included and described herein; (iii) to include in the Unit full or undivided interests in the Unit which are not otherwise included herein by the respective owner of such full or undivided interests; and (iv) to change the allocation of oil and gas production attributable to the various lands, leases and owners thereof to conform with (i) – (iii) above.

6. Dissolution of Unit. The Unit formed hereby may be dissolved by Chesapeake Appalachia, L.L.C., acting as the Operator of the Unit, with the consent of the undersigned, at any time by filing an appropriate instrument of record in Wetzel County, West Virginia, after any failure to establish unit production or after cessation of operations upon the Unit.

7. Binding upon Assigns and Successors: This instrument shall bind, inure to the benefit of, and be exercised by heirs, assigns, and successors in interest of all parties.

8. Counterparts. This document may be executed in one or more counterparts, each of which will be deemed to be an original for all purposes and all of which, when taken together, will be deemed to constitute one and the same document as if all signatures were included therein. The failure of one or more of the signatory parties listed below to execute this instrument or a counterpart thereof shall not in any manner affect the validity of same as to the parties who do execute this instrument.

9. Effective Date: This Unit shall remain in force from the effective date listed hereinabove and for as long as oil and gas are being produced from the Unit, or so long as the Leases are maintained in force and effect by payment or tender of shut-in royalties, or by other means, in accordance with the terms and provisions of the Leases.

EXECUTED by the undersigned parties on the respective dates of acknowledgment hereof, to be effective for all purposes as of the date first above written.

Chesapeake Appalachia, L.L.C.
an Oklahoma limited liability company

By: [Signature]
Henry J. Hood, Senior Vice President -
Land and Legal & General Counsel

MR

CORPORATE ACKNOWLEDGMENT

STATE OF Oklahoma)
) SS:
COUNTY OF Oklahoma)

On this, the 11th day of August, 2010, before me Gina Romano, the undersigned officer, personally appeared Henry J. Hood, who acknowledged himself to be the Senior Vice President - Land and Legal & General Counsel of Chesapeake Appalachia, L.L.C., an Oklahoma limited liability company, and that he as such Senior Vice President - Land and Legal & General Counsel, being authorized to do so, executed the foregoing instrument for the purpose therein contained by signing the name of the limited liability company by himself as Senior Vice President - Land and Legal & General Counsel.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.



My Commission Expires: 7-21-14
Signature/Notary Public: [Signature]
Name/Notary Public (print): Gina Romano

Statoil USA Onshore Properties Inc.

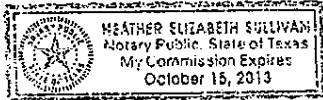
By: [Signature]
M.K. Williams, Land Manager - Onshore Gas

CORPORATE ACKNOWLEDGMENT

STATE OF Texas)
) SS:
COUNTY OF Harris)

On this, the 15th day of September, 2010, before me Heather Elizabeth Sullivan, the undersigned officer, personally appeared M.K. Williams, who acknowledged himself to be the Land Manager - Onshore Gas of Statoil USA Onshore Properties Inc., a corporation, and that he as such Land Manager - Onshore Gas, being authorized to do so, executed foregoing instrument for the purpose therein contained by signing the name of the corporation by himself as Land Manager - Onshore Gas.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.



My Commission Expires: 10-15-2013
Signature/Notary Public: [Signature]
Name/Notary Public (print): _____

This document prepared by:
Chesapeake Appalachia, L.L.C.
6100 N. Western Avenue
P.O. Box 18496
Oklahoma City, OK 73118

AMENDED EXHIBIT "A"

Attached to and made a part of that Amended Declaration and Notice of Pooled Unit dated August 9, 2010, but effective June 12, 2009, by and between Chesapeake Appalachia, L.L.C. and Statoil USA Onshore Properties Inc.

BRETT BERISFORD UNIT
Westzel County, West Virginia

LEASE NUMBER	LEASEE NAME	LEASE DATE	RECORDING INFORMATION	DISTRICT	COUNTY	LEASED ACRES	NET ACRES IN UNIT
1-254910-000	WILLIAM SCHAFER	4/17/2008	Book 80-A, Page 448	Proctor	Westzel	75.000000	64.367875
1-26238-001	MARY T YANBY	3/11/2005	Book 84-A, Page 514	Proctor	Westzel	95.000000	2,242,008
1-26238-002	MONICA C. ROMAR	3/11/2005	Book 84-A, Page 512	Proctor	Westzel	100.000000	1,493,737
1-26238-003	KAYMOND G. BLATT	3/11/2005	Book 84-A, Page 510	Proctor	Westzel	100.000000	1,493,737
1-26238-004	SERVALDINE STOUT	3/28/2005	Book 84-A, Page 508	Proctor	Westzel	100.000000	2,246,604
1-26238-005	MARY ANN LIPPS	3/28/2005	Book 84-A, Page 504	Proctor	Westzel	100.000000	4,461,211
1-26238-006	LEONIA MIRRELANDO	3/28/2005	Book 84-A, Page 508	Proctor	Westzel	100.000000	2,246,604
1-26238-007	SOMIA M. MC-COMBS	4/12/2005	Book 84-A, Page 492	Proctor	Westzel	100.000000	1,493,737
1-26238-008	DOROTHY L. WILSON	4/12/2005	Book 84-A, Page 492	Proctor	Westzel	100.000000	1,493,737
1-26238-009	SCHEIBELHOOD	2/20/2006	Book 84-A, Page 505	Proctor	Westzel	100.000000	10,455,160
1-26238-010	GERALD FROHMAYER	4/14/2005	Book 84-A, Page 508	Proctor	Westzel	100.000000	2,246,604
1-26238-011	JEAN FROHMAYER	4/14/2005	Book 84-A, Page 518	Proctor	Westzel	100.000000	2,246,604
1-26238-012	MARY ELIZABETH BLATT GUZZETTA	4/22/2005	Book 84-A, Page 542	Proctor	Westzel	100.000000	2,246,604
1-26238-013	ANTHONY C. BLATT	4/22/2005	Book 84-A, Page 551	Proctor	Westzel	100.000000	2,246,604
1-26238-014	TERESA JOHANN BLATT	5/22/2005	Book 84-A, Page 587	Proctor	Westzel	100.000000	2,246,604
1-26238-015	MARGARET BLATT	7/12/2005	Book 85-A, Page 334	Proctor	Westzel	100.000000	2,246,604
1-26238-016	LAWRENCE E. BLATT AND RENE E. BLATT	7/12/2005	Book 85-A, Page 338	Proctor	Westzel	100.000000	2,246,604
1-26238-017	KATHLEEN BLATT KRAMER	12/14/2007	Book 87-A, Page 864	Proctor	Westzel	100.000000	1,493,737
1-26238-018	CAROLYN LEE BLATT	12/14/2007	Book 87-A, Page 861	Proctor	Westzel	100.000000	1,493,737
1-26238-019	JOHN J. BLATT	12/14/2007	Book 87-A, Page 867	Proctor	Westzel	100.000000	1,493,737
1-26238-020	MARY VIRGINIA EBEL	12/14/2007	Book 87-A, Page 864	Proctor	Westzel	100.000000	1,493,737
1-26238-021	NANCY LOUISE FREEMAN	2/19/2007	Book 88-A, Page 318	Proctor	Westzel	100.000000	1,280,146
1-26238-022	JAMES E. BLATT AND PEGGY E. BLATT	2/19/2007	Book 88-A, Page 363	Proctor	Westzel	100.000000	1,280,146
1-26238-023	RICHARD W. BLATT AND RENEE J. BLATT	3/7/2007	Book 88-A, Page 284	Proctor	Westzel	100.000000	1,280,146
1-26238-024	FRED ESTEP	3/15/2007	Book 45-A, Page 144	Proctor	Westzel	5.400000	5,400,000
1-26238-025	WILLIAM LEE & MARTHA A. HOHMAN	5/9/2006	Book 86-A, Page 138	Proctor	Westzel	15.600000	2,372,493
1-26238-026	CLARA SCHEIBELHOOD	5/9/2006	Book 86-A, Page 140	Proctor	Westzel	15.600000	2,372,493
1-26238-027	LOREN E. & LINDA M. BUCKOVSKY	5/30/2006	Book 86-A, Page 144	Proctor	Westzel	15.600000	2,372,493
1-26238-028	MARGARET SCHEIBELHOOD	5/4/2006	Book 86-A, Page 142	Proctor	Westzel	15.600000	2,372,493
1-26238-029	EDUARD & TERESA SHUTLER	2/4/2008	Book 86-A, Page 236	Proctor	Westzel	15.600000	2,372,493
1-26238-030	EVERETT & ROSIE AMMONTORIS	5/17/2008	Book 86-A, Page 246	Proctor	Westzel	15.600000	2,372,493
1-26238-031	MICHAEL R. SCHEIBELHOOD AND ANNA M. SCHEIBELHOOD, EDWARD L. SCHEIBELHOOD AND SANDRA SCHEIBELHOOD, THEODORE N. SCHEIBELHOOD AND SILVIA SCHEIBELHOOD, PATRICK A. SCHEIBELHOOD AND MARILYN SCHEIBELHOOD	6/22/2008	Book 47-A, Page 145			115.600000	56,937,980
1-26238-032	MATTHEW & BRENDA SCHEIBELHOOD	6/29/2008	Book 87-A, Page 242	Proctor	Westzel	115.600000	3,558,624
1-26238-033	MARK E. SCHEIBELHOOD	7/10/2008	Book 95-A, Page 132	Proctor	Westzel	115.600000	3,558,624
1-26238-034	BRYAN & MARSHA S. EDWARDS	7/10/2008	Book 95-A, Page 136	Proctor	Westzel	115.600000	3,558,624
1-26238-035	NICHOLAS J. SCHEIBELHOOD	7/10/2008	Book 95-A, Page 137	Proctor	Westzel	115.600000	3,558,624
1-26238-036	LILLIAN L. RAMSEY (10% 024 30% 08)	8/14/2008	Book 84-A, Page 494	Proctor	Westzel	71.940000	35,763,398
1-26238-037	JAMES E. NEWMAN (04 only)	9/29/2008	Book 100-A, Page 79	Proctor	Westzel	77.340000	Non-Participating Gas Royalty and Oil Rights Only

AMENDED EXHIBIT "A"

Attached to and made a part of that Amended Declaration and Notice of Pooled Unit dated August 9, 2010, but effective June 12, 2009,
by and between Chesapeake Appalachia, L.L.C. and Statoil USA Onshore Properties Inc.

BRETT BERISFORD UNIT
Weizel County, West Virginia

LEASE NUMBER	LEASE NAME	LEASE DATE	RECORDING INFORMATION	UNITIZED TAX ID NUMBERS	DISTRICT	COUNTY	LEASED ACRES	NET ACRES IN UNIT
35	NANCY FOUT (oil only)	02/10/2008	Book 100-A, Page 78	12-9-2	Proctor	Weizel	77.340000	Non-Participating Gas Royalty and Oil Rights Only
46	CHARLES B SCHAFER (oil only)	02/05/2009	Book 100-A, Page 244	12-9-2	Proctor	Weizel	77.340000	Non-Participating Gas Royalty and Oil Rights Only
41	JAMES A SCHAFER (oil only)	02/05/2009	Book 100-A, Page 235	12-9-2	Proctor	Weizel	77.340000	Non-Participating Gas Royalty and Oil Rights Only
42	ROBERT T SCHAFER (oil only)	02/05/2009	Book 100-A, Page 241	12-9-2	Proctor	Weizel	77.340000	Non-Participating Gas Royalty and Oil Rights Only
43	PATRICIA A MASTELLAR (oil only)	02/05/2009	Book 100-A, Page 220	12-9-2	Proctor	Weizel	77.340000	Non-Participating Gas Royalty and Oil Rights Only
44	AGATHA A LYONS (oil only)	02/25/2009	Book 100-A, Page 232	12-9-2	Proctor	Weizel	77.340000	Non-Participating Gas Royalty and Oil Rights Only
45	ROGER A WELLS (oil only)	02/23/2009	Book 100-A, Page 260	12-9-2	Proctor	Weizel	77.340000	Non-Participating Gas Royalty and Oil Rights Only
46	HOWARD J WELLS (oil only)	02/11/2009	Book 100-A, Page 347	12-9-2	Proctor	Weizel	77.340000	Non-Participating Gas Royalty and Oil Rights Only
47	HAYLURST COMPANY	10/27/2008	Book 87-A, Page 452	12-9-2	Proctor	Weizel	40.000000	2.419398
48	ROSSE M HERMAN	3/7/2004	Book 84-A, Page 422	12-9-2	Proctor	Weizel	40.000000	2.449399
49	BETTY LOU & FLOYD R HARDMAN	4/14/2000	Book 100-A, Page 675	12-9-2	Proctor	Weizel	40.000000	0.111652
50	ALBERT ROY, JR & BRENDA BLAKE	4/14/2000	Book 100-A, Page 672	12-9-2	Proctor	Weizel	40.000000	0.111652
51	RICHARD D & EILEEN BLAKE	4/20/2000	Book 100-A, Page 669	12-9-2	Proctor	Weizel	40.000000	0.111652
52	MARGUERITE E GIBSON	05/7/2006	Book 86-A, Page 530	12-9-2	Proctor	Weizel	19.448000	0.018663
53	LAVINA M BAUER AND LUDMILA J PIETRO	5/23/2008	Book 86-A, Page 530	12-9-2	Proctor	Weizel	19.448000	0.018663
54	ROSEBETH R KLUG & PAUL J KLUG	5/23/2008	Book 86-A, Page 532	12-9-2	Proctor	Weizel	19.448000	0.018663
55	AGNESS C KLUG	5/23/2008	Book 86-A, Page 532	12-9-2	Proctor	Weizel	19.448000	0.018663
56	CATHERINE R KLUG	5/23/2008	Book 86-A, Page 532	12-9-2	Proctor	Weizel	19.448000	0.018663
57	DAVID & MARY M STINE	6/2/2008	Book 86-A, Page 536	12-9-2	Proctor	Weizel	19.448000	0.018663
58	CLARA W KLUG	6/2/2008	Book 86-A, Page 536	12-9-2	Proctor	Weizel	19.448000	0.018663
59	WILLIAM B & BERTHA L KLUG	6/6/2008	Book 86-A, Page 534	12-9-2	Proctor	Weizel	19.448000	0.018663
60	DAVID J, JR & VIRGINIA MILLER	5/14/2008	Book 86-A, Page 538	12-9-2	Proctor	Weizel	19.448000	0.018663
61	DAVID L & MARY ANN HUFF	6/19/2008	Book 86-A, Page 532	12-9-2	Proctor	Weizel	19.448000	0.018663
62	DARBARA A ORAWFORD	6/19/2008	Book 86-A, Page 538	12-9-2	Proctor	Weizel	19.448000	0.018663
63	JOHN L & JANELLE LESNY	6/19/2008	Book 86-A, Page 538	12-9-2	Proctor	Weizel	19.448000	0.018663
64	AGNES M VESIEP	5/23/2008	Book 86-A, Page 538	12-9-2	Proctor	Weizel	19.448000	0.018663
65	KATHLEEN C LEWIS	7/6/2008	Book 86-A, Page 538	12-9-2	Proctor	Weizel	19.448000	0.018663
66	MELINDA GRAY BATES AND LAURA A BATES	7/21/2008	Book 86-A, Page 532	12-9-2	Proctor	Weizel	19.448000	0.018663
67	JOHN J SINGER	7/29/2008	Book 87-A, Page 633	12-9-2	Proctor	Weizel	19.448000	0.018663
68	CHARLES J & MARCELLA C ESTEP	7/6/2008	Book 100-A, Page 607	12-9-2	Proctor	Weizel	19.448000	0.005916

AMENDED EXHIBIT "A"

Attached to and made a part of that Amended Declaration and Notice of Pooled Unit dated August 9, 2010 but effective June 12, 2009,
by and between Chesapeake Appalachia, L.L.C. and Statoil USA Onshore Properties Inc.

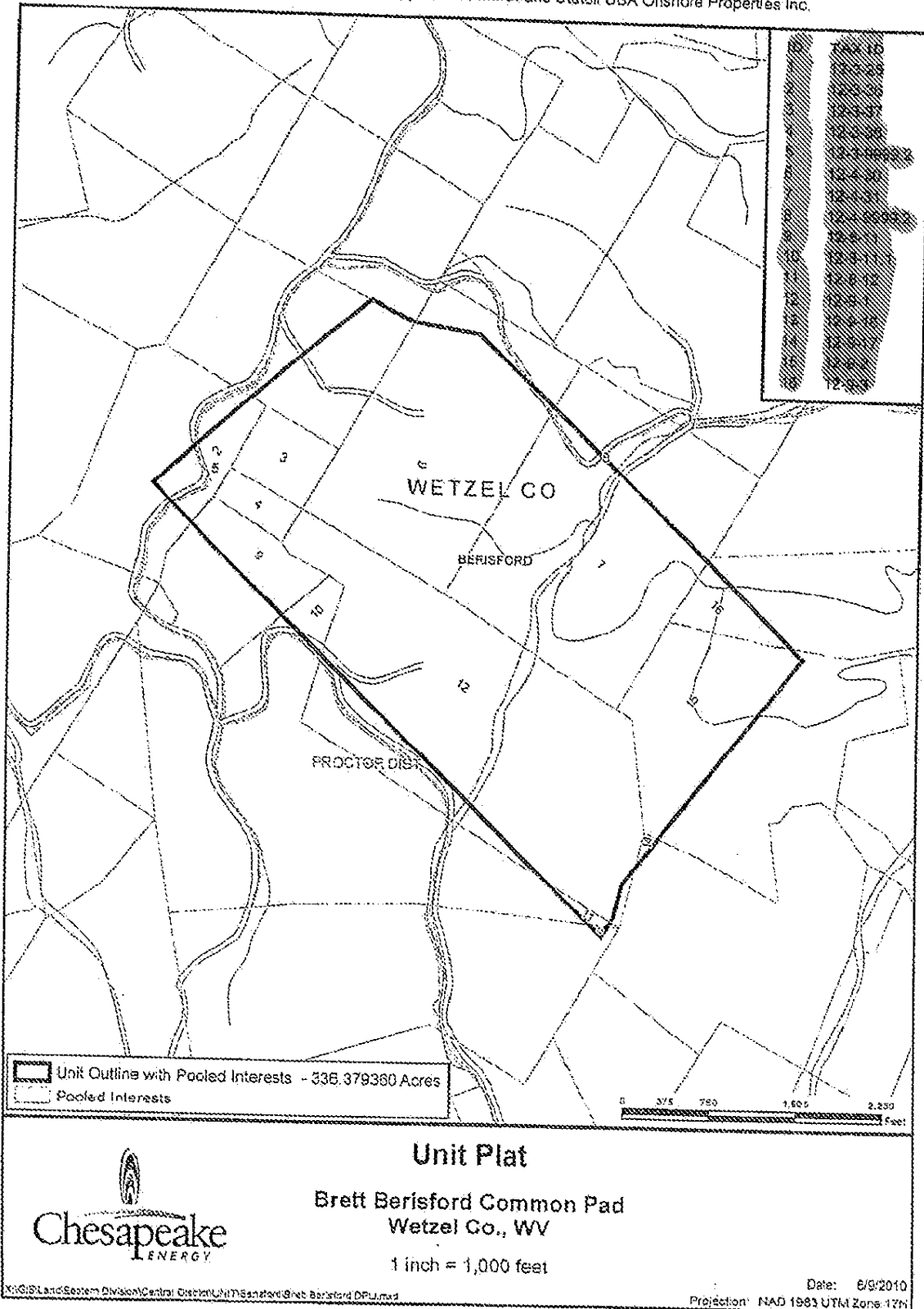
BRETT BERNISFORD UNIT
Weitzel County, West Virginia

LEASE NUMBER	LEASEE NAME	LEASE DATE	RECORDING INFORMATION	UNITIZED TAX ID NUMBERS	DISTRICT	COUNTY	LEASED ACRES	NET ACRES IN UNIT
69	JANICE L MAZGLE	7/27/2006	Book 86-A, Page 109	12-B-12	Proctor	Weitzel	104.480000	0.020087
70	EUGENE F & DIANE L SINGER	7/29/2006	Book 87-A, Page 131	12-B-12	Proctor	Weitzel	104.480000	0.020087
71	THOMAS S SR & MARY V BREIDING	7/29/2006	Book 87-A, Page 159	12-B-12	Proctor	Weitzel	104.480000	0.020087
72	DAVID C & PAULA M SINGER	7/29/2006	Book 87-A, Page 153	12-B-12	Proctor	Weitzel	104.480000	0.020087
73	WILLIAM H SINGER	6/7/2006	Book 87-A, Page 244	12-B-12	Proctor	Weitzel	104.480000	0.020087
74	MARGARET A TRACEY	6/7/2006	Book 87-A, Page 71	12-B-12	Proctor	Weitzel	104.480000	0.020087
75	JUANITA SINGER	6/9/2006	Book 87-A, Page 415	12-B-12	Proctor	Weitzel	104.480000	0.020087
76	GEORGE JR & CAROL A HERSEY	7/27/2006	Book 86-A, Page 693	12-B-12	Proctor	Weitzel	104.480000	0.020087
77	WILLIAM R & MARY JOO GATCHELL	6/7/2006	Book 87-A, Page 413	12-B-12	Proctor	Weitzel	104.480000	0.020087
78	JAY & SUZANNE HOWELL	6/7/2006	Book 87-A, Page 389	12-B-12	Proctor	Weitzel	104.480000	0.020087
79	MARY EMELER	6/11/2006	Book 87-A, Page 389	12-B-12	Proctor	Weitzel	104.480000	0.020087
80	ALBERT L & MARY HOHMAN	7/27/2006	Book 87-A, Page 535	12-B-12	Proctor	Weitzel	104.480000	0.020087
81	ELLENOR FOX	7/27/2006	Book 87-A, Page 535	12-B-12	Proctor	Weitzel	104.480000	0.020087
82	GORA A SCHEIBEL HOOD	3/27/1962	Book 45-A, Page 304	12-B-12	Proctor	Weitzel	35.000000	0.119172
83	ALBERT F ESTEP	2/22/2004	Book 84-A, Page 407		Proctor	Weitzel	104.730000	36.050076
84	JOSEPH L VILLERS	3/14/2005	Book 84-A, Page 438		Proctor	Weitzel	34.970000	7.211962
85	ST JOSEPH CATHOLIC CHURCH	3/17/2005	Book 87-A, Page 987		Proctor	Weitzel	22.050000	4.750460
86	ST JOSEPH CATHOLIC CHURCH	11/10/2010	Book 87-A, Page 987		Proctor	Weitzel	12.000000	2.475562
87	EVERETT SIMMONS	2/17/2005	Book 84-A, Page 397		Proctor	Weitzel	24.380000	0.307834
88	ROBERT L NEWMAN	12/8/11	Book 84-A, Page 395		Proctor	Weitzel	74.390000	0.076908
89	ROBE SIMMONS	2/17/2005	Book 84-A, Page 418		Proctor	Weitzel	74.390000	0.076908
90							TOTAL:	336.379366

CASE: 8 H8087
 WETZEL County 12:41:32 PM
 Instrument: K0 107467
 Date Recorded 03/20/2010
 Document Type: Plat
 Book-Page 1535-460
 Recording Fee \$7.00
 Additional \$6.00

AMENDED EXHIBIT "B"

Attached to and made a part of that Amended Declaration and Notice of Pooled Unit dated August 9, 2010, but effective June 12, 2009, by and between Chesapeake Appalachia, L.L.C. and Statoil USA Onshore Properties Inc.



X:\GIS\Land\System Division\Central District\Units\Brett Berisford DP\mxd

Date: 6/9/2010
 Projection: NAD 1983 UTM Zone 17N



west virginia department of environmental protection

Office of Oil and Gas
601 57th Street, S.E.
Charleston, WV 25304
(304) 926-0450
Fax: (304) 926-0452

Austin Caperton, Cabinet Secretary
dep.wv.gov

July 5, 2018

Dear Mr. McMahon:

The following is the information requested back to OOG's FY2012 Abandoned Well Plugging Program (ABWP). You also requested status of OOG's abandoned enforcement efforts and up-dated numbers. I updated FY2017 and FY2018 numbers along with the Consent Order numbers.

Abandoned Well (Enforcement) –

Abandoned Status (System Query): 12674;
API abandoned status "Operator Unknown" = 4458;
Current # wells on Consent Orders: 3409;
Current # Operators/Orders: 62;
Verified Wells Abated from Orders: 1771

Abandoned Well Plugging Program (ABWP) –

Current Well Inventory (Wells Verified/Ranked): 1155;
Reclamation Funding (State):
FY2018 – 0 wells plugged and 2 site clean-up projects and one safety project;
FY2017 - 2 wells plugged;
FY2016 - 0 wells plugged;
FY2015 - 1 well plugged and 1 site clean-up project;
FY2014 - 2 wells plugged and 2 site clean-up projects;
FY2013 - 1 well plugged;
FY2012 - 1 well plugged and 1 site clean-up project.

OPA Funding (Federal):

FY2018 – 0 wells plugged;
FY2017 - 1 wells plugged; 1 clean-up
FY2016 - 4 wells plugged;
FY2015 - 1 well plugged;
FY2014 - 7 wells plugged;
FY2013 - 10 wells plugged;
FY2012 - 7 wells plugged

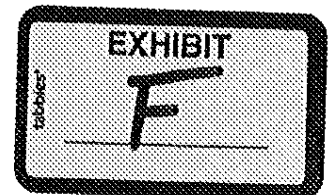
WVDEP OOG fiscal year period begins July 1st and ends June 30th the next year.

Sincerely,

A handwritten signature in black ink that reads "J. Scott Rodeheaver".

J. Scott Rodeheaver,
Assistant Chief Enforcement

Promoting a healthy environment.



Orphaned Wells By County

Non-Producing Wells with Operator Out of Business

County	Number
Barbour	151
Boone	88
Braxton	169
Brooke	4
Cabell	55
Calhoun	360
Clay	269
Doddridge	366
Fayette	49
Gilmer	411
Grant	18
Hancock	12
Harrison	238
Jackson	93
Kanawha	246
Lewis	233
Lincoln	206
Logan	58
Marion	239
Marshall	87
Mason	20
McDowell	66
Mercer	11
Mineral	17
Mingo	65
Monongalia	173
Nicholas	85
Ohio	6
Pendleton	2
Pleasants	334
Pocahontas	1
Preston	34
Putnam	71
Raleigh	70
Randolph	96
Ritchie	633
Roane	414
Taylor	61
Tucker	7
Tyler	149
Upshur	194
Wayne	206
Webster	6
Wetzel	217
Wirt	134
Wood	203
Wyoming	123

Orphaned Well "Oil and Gas Reclamation Fund (#3322)" Activity

Data from 2003 through 2010 from DEP annual reports. Data from 2010 through 2014 from reports made by DEP pursuant to W. Va. Code 22-6-29(b).
 Number of wells plugged with State and Federal money came from FOIA request.

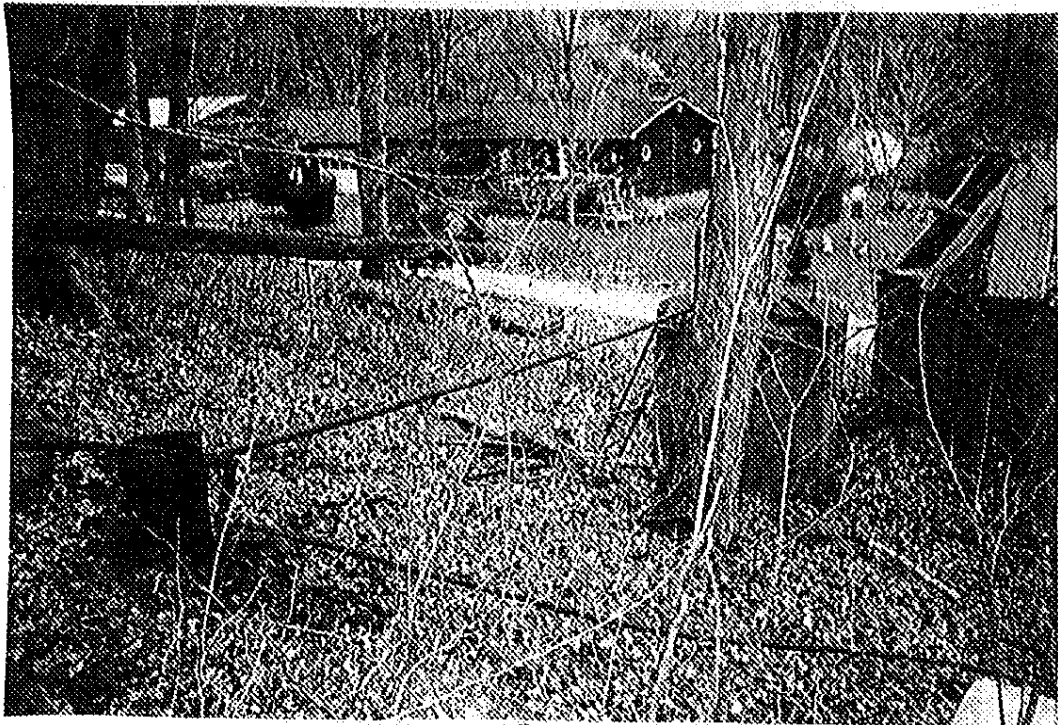
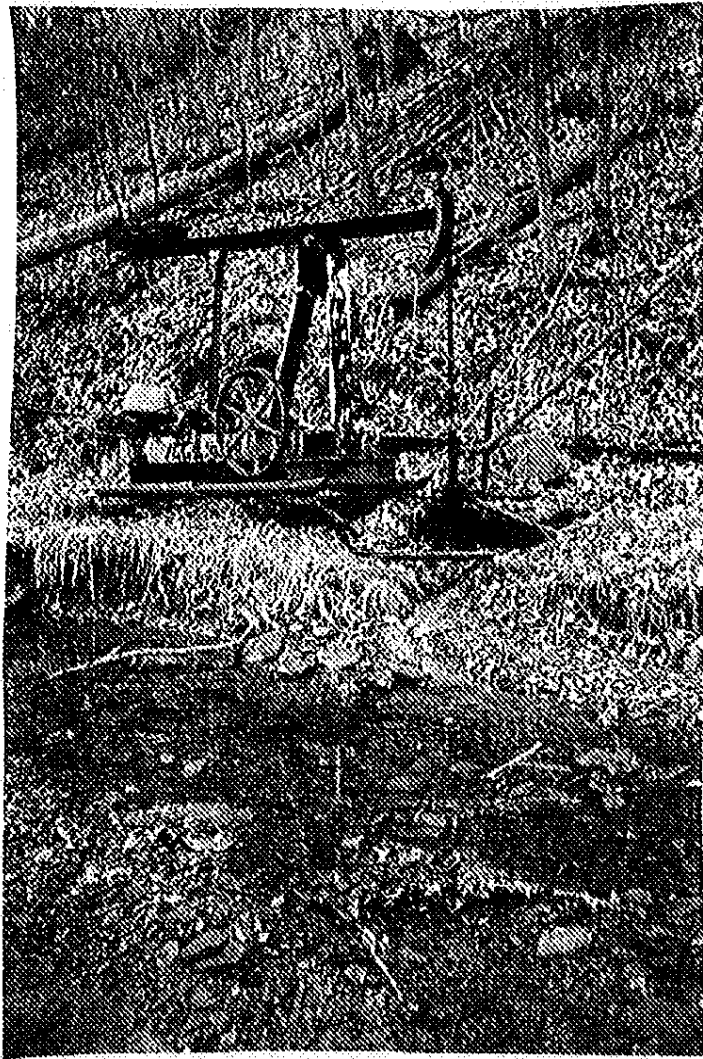
Fiscal Year	Beginning \$	Bond Forfeitures Proceeds ²	Permit Fees	TOTAL Revenue	Personal Services	Benefits	"Unclassified" (Plugging contracts?)	TOTAL Expenditures	Number of Wells Plugged with STATE MONEY ³	Ending \$	Number of OIL Wells Plugged with FEDERAL Money from Other Funds	Total Wells Plugged
2003-2004	\$94,066.32		\$204,100.00	\$298,166.32	\$878.66	\$390.06	\$118,410.31	\$119,679.03	4	\$178,487.29		?
2004-2005	\$178,487.00		\$213,500.00	\$391,987.00	\$3,146.00	\$888.00	\$182,742.60	\$186,776.00	5	\$205,211.00		?
2005-2006	\$205,211.00	\$5,000.00	\$394,850.00	\$399,850.00	\$54,369.00	\$19,014.00	\$181,275.00	\$254,658.00	5	\$350,403.00		?
2006-2007	\$350,404.00	\$20,000.00	\$416,500.00	\$436,500.00	\$32,528.00	\$11,002.00	\$263,719.00	\$307,249.00	5	\$479,655.00		?
2007-2008	\$479,654.00		\$523,250.00	\$523,250.00	\$64,077.00	\$21,010.00	\$220,081.00	\$305,168.00	5	\$697,736.00		?
2008-2009	\$697,735.00		\$45,070.00	\$345,070.00	\$7,607.00	\$22,155.00	\$503,057.00	\$596,819.00	9	\$445,986.00		?
2009-2010	\$445,986.00	\$50,000.00	\$209,250.00	\$259,250.00	\$67,017.00	\$20,170.00	\$459,266.00	\$546,453.00	8	\$158,815.00		20
2010-2011	\$158,815.00	\$50,000.00	\$184,500.00	\$234,500.00	\$51,295.00	\$15,834.00	\$86,457.00	\$153,586.00	4	\$239,729.00		25
2011-2012	\$239,729.00		\$130,650.00	\$130,676.00	\$43,098.00	\$17,590.00	\$159,240.00	\$219,928.00	1	\$150,477.00		8
2012-2013	\$150,477.00	\$5,000.00	\$141,400.00	\$146,400.00	\$32,917.00	\$17,852.00		\$50,769.00	1	\$246,108.00		9
2013-2014	\$246,108.00		\$141,250.00	\$141,250.00	\$3,433.00	\$6,924.00	\$116,212.00	\$126,570.00	2	\$260,788.00		10

C:\Users\Dave\Documents\Oil\Plugging\Surfaced\2017\Periton\Abandoned\Wells\earChart\New/2013-2014-15667mar162016-08-25.wpd

1. Concludingly, the statutes and rules use the term "abandoned well" for a well that has not been produced for one year and does not have a "bona fide future use". However, some "abandoned wells" still have a "responsible operator" with a bond on the well and so those wells are not really "abandoned" in the normal sense of the word. Other wells no longer have a responsible operator with a bond on the well. This chart uses the term "orphaned wells" for wells that no longer have a bonded responsible operator.
2. Bond amounts are \$5000 for single well bonds (uncommon) and \$50,000 for blanket bonds (common practice). This data shows that very few bonds have been forfeited by the DEP despite all of the orphaned wells and well with other problems! Probably only six \$5000 bonds and two \$50,000 bonds between 2004 and 2014!
3. Presumably the salaries of state inspector overseeing plugging program.
4. "x" means some work other than actual well plugging was done with the money.

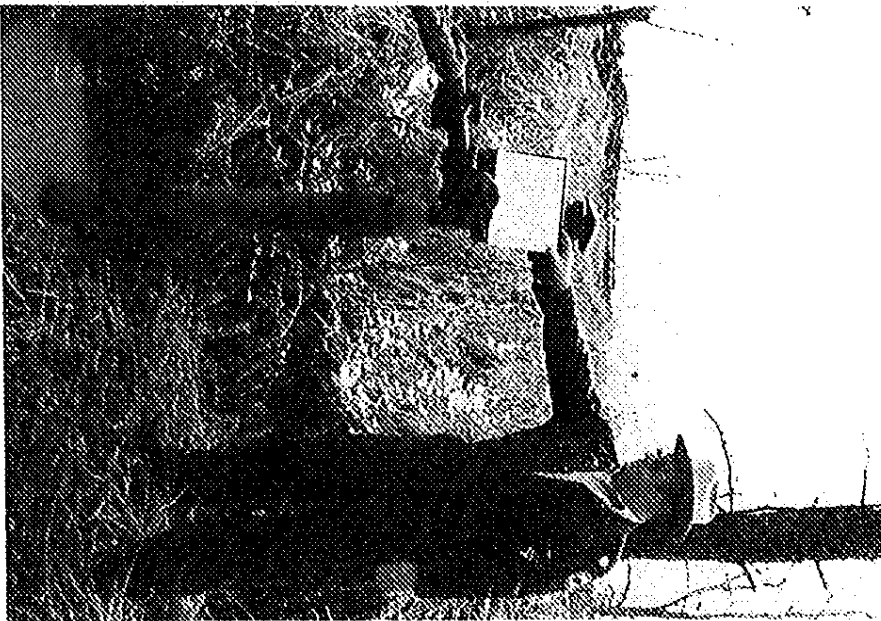


Upsher County
47-097-01588



Wood County
47-107-80155

Roane County
47-087-30457





11/9/05 039-80030 ME Dept #1

Frame & Leoney

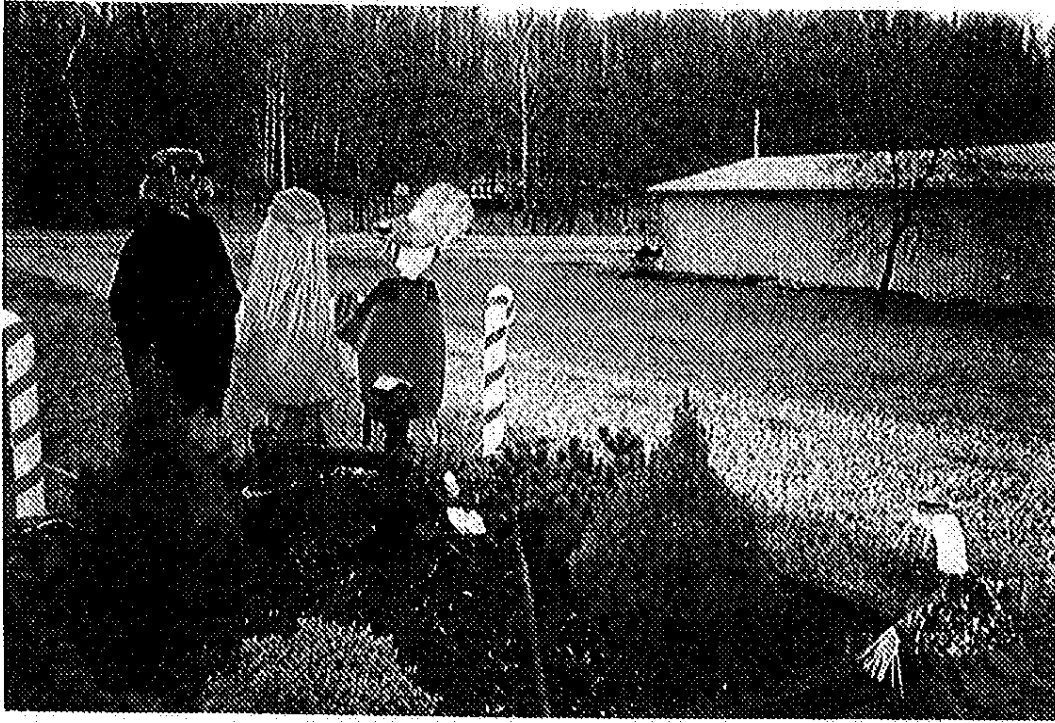
South Penn job # 3160

Producing gas

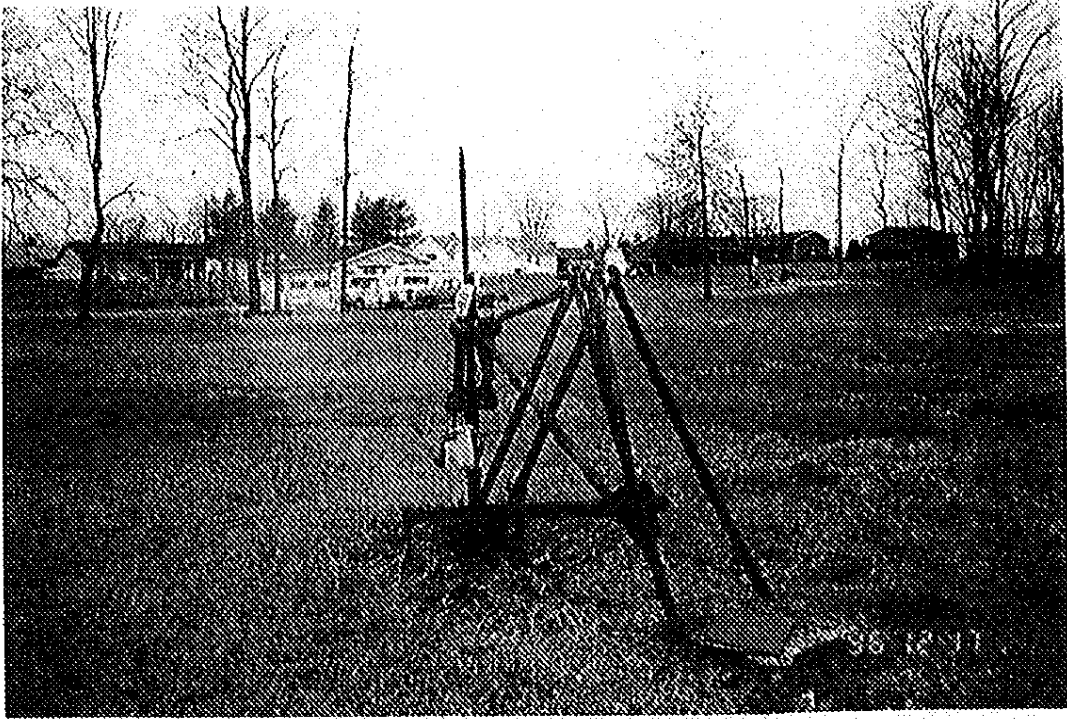
Kanawha County
47-039-80030



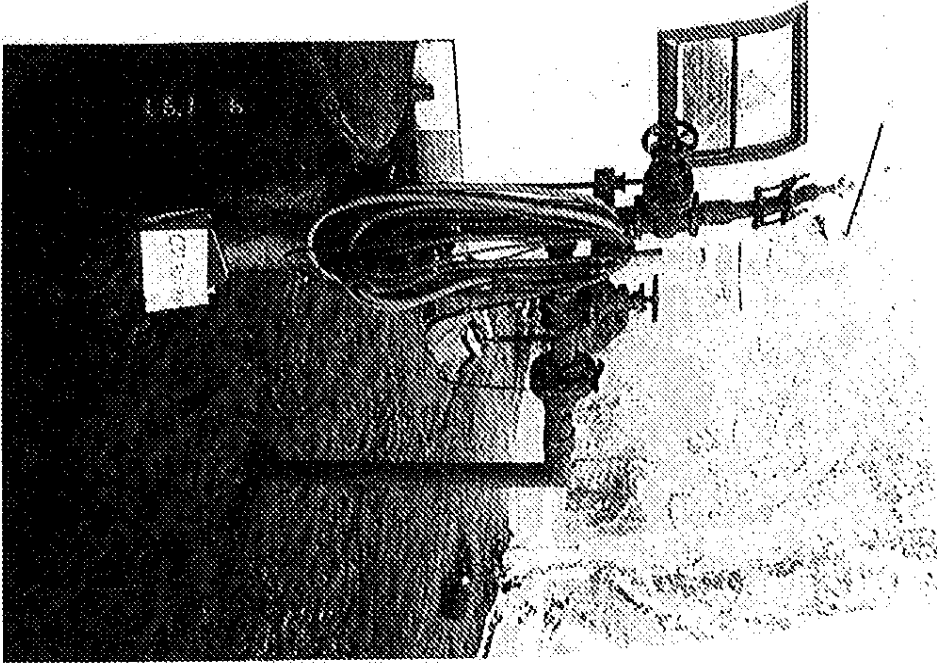
Wood County
47-107-80135



Wood County
47-107-80011



Wood County
47-107-80008



Kanawha County
47-039-80009



Dec 7, 2015 1:59 PM
Wirt County
47-105-80305



Tyler County
47-095-91762

**West Virginia Oil and Natural Gas Association
and
Independent Oil and Gas Association of West Virginia, Inc.**

**Comments to the Proposed Legislative Rule, 112 C.S.R. 16,
"Reporting and Claiming Unknown and Unlocatable Interest Owners
Reserved Interests"**

To: West Virginia Treasurer's Office
Attn: Diana Stout
1900 Kanawha Blvd. East, Building 1, Room E145
Charleston WV 25305

Via E-mail: Diana.Stout@wvsto.com

The West Virginia Oil & Natural Gas Association ("WVONGA") and the Independent Oil & Gas Association of West Virginia ("IOGA") appreciate the opportunity to submit the following joint comments on the proposed new legislative rule, Reporting and Claiming Unknown and Unlocatable Interest Owners Reserved Interests, 112 C.S.R. 16 ("Proposed Rule") implementing the Unknown and Unlocatable Interest Owners Act, **W. Va. Code §37B-2-1 et seq.** ("UUIO Act"). The Proposed Rule was submitted to the West Virginia Secretary of State on June 27, 2018, including a notice that written comments must be submitted to the West Virginia State Treasurer's Office ("Treasurer"), by Noon, July 27, 2018. WVONGA and IOGA (sometimes jointly referred to herein as "Commenters" or "the Associations") are recognized as representing virtually the entire oil and gas industry in West Virginia. These comments are submitted without prejudice to any member of WVONGA or IOGA submitting comments, including comments that may be inconsistent with these comments, concerning the Proposed Rule.

The Associations

Chartered in 1915, WVONGA is one of the oldest trade organizations in West Virginia, and serves the entire oil and gas industry. The activities of WVONGA members include construction, environmental services, drilling, completion, gathering, transporting, distribution and processing of oil, natural gas and their constituents. WVONGA members operate in almost every county in West Virginia and employ thousands of people across the State, with payrolls totaling hundreds of millions of dollars annually. Members have cumulative investment of nearly ten billion dollars in West Virginia, account for most of the production and recent well work permits, operate more than 20,000 miles of pipeline across the state and provide oil and natural gas to more than 300,000 West Virginia homes and businesses. As such, WVONGA's members have a keen interest in all aspects of regulation associated with oil and gas activities, including the Proposed Rule.

Formed in 1959, IOGA is a statewide nonprofit trade association that represents companies engaged in the extraction and production of natural gas and oil in West Virginia, as well as the companies that support these extraction and production activities. IOGA was formed to promote and protect a strong, competitive and capable independent natural gas and oil producing industry in West Virginia, while also protecting the natural environment of our state. IOGA has been in existence during times of boom and bust and its members have a long history of driving innovation in exploration and development of West Virginia's oil and gas reserves. IOGA members operate in virtually every county in West Virginia and have a longstanding tradition of working with state agencies to help regulators understand existing operations and new innovations and how to reasonably and effectively regulate specific activities.

It is in this spirit of experience and partnership with Treasurer's office that WVONGA and IOGA offer these comments.

A. General Comments

As an initial matter, the Associations appreciate the effort the Treasurer's office put into developing the Proposed Rule and the Associations support the objectives of the Proposed Rule to establish efficient and understandable rules for collecting, reporting and processing of funds payable to unknown and unlocatable interest owners in development of oil and natural gas reserves. Commenters recognize that the Proposed Rule is premised in significant part on the Uniform Unclaimed Property Act ("UUP Act") and the legislative rule, 112 C.S.R. 5, implementing the UUP Act. However, the Associations urge the Treasurer to acknowledge and differentiate the obligations of holders of funds or assets under the UUP Act and the UIIO Act. For instance, the unknown and unlocatable interest owners under the UIIO Act have never actively engaged in any financial or contractual interaction with an operator/holder from which to develop identity or location information. Moreover, the holders do not hold themselves out as depositories of assets for the owners. Instead, the interest owners are minority owners in oil and gas mineral properties that have not been actively involved with their own property management. The oil and gas operators/holders have never had the ability to make payments to the unknown or unlocatable interest owners. There are significant differences between the UIIO and UUP Acts and, thus, the limited to nonexistent relationship between the operator/holder of assets and the potential owner/claimants should be clearly reflected in the Proposed Rule.

1. The Proposed Rule Should Expressly Provide That It Is Limited To Interest Owners Under the Cotenancy Modernization and Majority Protection Act

The UIIO Act was part of House Bill 4268 (2018 Reg. Sess.) which also enacted the Cotenancy Modernization and Majority Protection Act, **W. Va. Code** § 37B-1-1 *et seq.* ("Cotenancy Act"). The definition of "unknown or unlocatable interest owner" is contained in the Cotenancy Act, **W. Va. Code** §37B-1-3, which relates only to owners of oil or natural gas and their constituents in connection with the development of oil and natural gas pursuant to the Cotenancy Act. The definition itself already includes specific search efforts before an interest owner may be designated as "unknown or unlocatable." Specifically, the definition requires:

"(A) A reasonable review of the records of the clerk of the county commission, the sheriff, the assessor, and the clerk of the circuit court in the county or counties in which the interest is located, and includes unknown heirs, successors and assigns known to be alive;

(B) A reasonable inquiry in the vicinity of the owner's last known place of residence;

(C) A diligent inquiry into known interest owner's in the same tract; and

(D) A reasonable review of available internet resources commonly utilized by the industry."

Thus, the definition of unknown or unlocatable interest owner can only be utilized in the context of oil and natural gas development in accordance with the Cotenancy Act and the Proposed Rule should expressly be so limited.

2. The Proposed Rule Should Include All Necessary Definitions In Full Or By Specific Reference to the Cotenancy, UIIO or UUP Acts

Because of the significant differences between the underlying purpose of the Cotenancy and UUP Acts and the possibility of conflict or confusion in terms, the Associations request that the Proposed Rule include either specific language for each definition or incorporation by reference to the statutory language in which the definition originates. For example, the term "reserved interests" exceeds the scope of the payments required to be made to "unknown or unlocatable interest owners" in the Cotenancy Act. In addition, many of the defined terms in the UUP Act are inapplicable to or inconsistent with the Proposed Rule. Thus, greater precision in the defined terms is important to the understanding and implementation of the Proposed Rule.¹

B. Specific Comments to Proposed Rule

§112-16 - Reporting and Claiming Unknown and Unlocatable Interest Owners Reserved Interests

§112-16-1.1 -- Please revise the "Scope" to recognize that the UIIO Act is in furtherance and implementation of the Cotenancy Act which is article 1 to Chapter 37B, as follows: "1.1 Scope. - This rule implements the provisions of West Virginia Code §37B-2-1, *et seq.*, relating to the Unknown and Unlocatable Interest Owners Act and the provisions of West Virginia Code §37B-1-1, *et seq.*, relating to the Cotenancy Modernization and Majority Protection Act which defines "unknown or unlocatable interest owners" forming the purpose of and need for the Unknown and Unlocatable Interest Owners Act."

§112-16-2.2 -- Please revise the definition of "holder" for consistency with the Cotenancy Act as follows: "Holder" means an operator person or entity obligated to hold for the account of, or deliver or pay to, ~~the owner of reserved interests from minerals produced in West Virginia an~~

¹ While this language is not in the Proposed Rule itself, Commenters also observe that in Note D, "Explanation of Above Estimates" explaining the Fiscal Note Detail, reference is made in the 3rd line which indicates that the "Administrator is to transfer moneys **from** the Oil and Gas Reclamation Fund and the PEIA Stability Fund," but the word "from" should be "to."

unknown or unlocatable interest owner a prorata share of production royalty, paid on gross proceeds received at the first point of sale to an unaffiliated third-party purchaser and free of post-production expenses, equal to the highest royalty percentage paid to his or her consenting cotenants in the same mineral property, under a bona fide, arms-length lease transaction and lease bonus and delay rental payments or other non-royalty mineral payments, calculated on a weighted-average net mineral acre basis as set forth in W. Va. Code §37B-1-4(b)(1).

§112-16-2.4 -- Please revise for consistency with the Cotenancy Act as follows: "Owner" means ~~the person or entity that owns a Reserved Interest~~ an unknown or unlocatable interest owner.

§112-16-2.5 -- Please revise for consistency with the Cotenancy Act as follows: "Property" means ~~a reserved interest under the Act~~ monies owed to an unknown or unlocatable interest owner based on a prorata share of production royalty, paid on gross proceeds received at the first point of sale to an unaffiliated third-party purchaser and free of post-production expenses, equal to the highest royalty percentage paid to his or her consenting cotenants in the same mineral property, under a bona fide, arms-length lease transaction and lease bonus and delay rental payments or other non-royalty mineral payments, calculated on a weighted-average net mineral acre basis as set forth in W. Va. Code §37B-1-4(b)(1).

§112-16-2. ___ -- Please add the definition of "unknown or unlocatable interest owner" from the Cotenancy Act as follows: "Unknown or unlocatable interest owner" means a person vested with a present ownership interest in the oil or natural gas and their constituents in place in a mineral property whose present identity or location cannot be determined from:

(A) A reasonable review of the records of the clerk of the county commission, the sheriff, the assessor, and the clerk of the circuit court in the county or counties in which the interest is located, and includes unknown heirs, successors and assigns known to be alive;

(B) A reasonable inquiry in the vicinity of the owner's last known place of residence;

(C) A diligent inquiry into known interest owners in the same tract; and

(D) A reasonable review of available Internet resources commonly utilized by the industry."

§112-16-2. ___ -- Please insert the definition of "operator" from the Cotenancy Act as follows: "Operator" means any owner of at least an undivided three-fourths interest of the right to develop, operate and produce oil, natural gas, or their constituents, and to appropriate the oil, natural gas, or their constituents produced therefrom.

§112-16-2. ___ -- Please add the definitions of "consenting cotenant," "post-production expense," "prorata share" and "royalty owner" from the Cotenancy Act as follows: The terms "consenting cotenant," "post-production expense," "prorata share" and "royalty owner" shall have the meanings ascribed to each in W. Va. Code §37B-1-3.

§112-16-3 -- Please revise this section to recognize that the courts are the arbiters of conflicts in statutory construction and not the Treasurer as follows: "The Act and the UUPA are to be read in conjunction with each other and not in conflict. ~~In the event of conflict, the administrator shall establish the controlling provision.~~

§112-16-4 -- Please delete this section and renumber subsequent sections accordingly as there is no need for a presumption of abandonment under the Cotenancy Act which determines the conditions under which an owner of an oil and gas interest qualifies as an unknown or unlocatable interest owner triggering reporting and payment of funds to the Treasurer. The monies owed unknown or unlocatable interest owners is not abandoned, but is to be deposited in the Unknown and Unlocatable Interest Owners Fund and administered in accordance with the UIIO Act. There is no conflict with the UUPA that requires reference to a presumption of abandonment. ~~"Reserved interests are presumed abandoned and reportable under the Act when a holder has not paid the owner and is unable to identify or locate the owner."~~

§112-16-5.1 -- Please delete the first sentence of section 5.1 because the due diligence is already performed before an oil and gas interest is qualified by definition as owned by an "unknown or unlocatable interest owner" under the Cotenancy Act. Likewise the Cotenancy Act does not require due diligence searches prior to each quarterly report. Once the interest is qualified as an unknown or unlocatable interest owner, it remains so until the interest owner is identified or located, but the holder should not be required to perform new due diligence four times a year. In any event the words "of a reserved interest in the possession of the holder" should be deleted because the definition of "owner" includes the ownership interest. Section 5.1 should read as follows: ~~"Holders shall make reasonable efforts to identify and locate every owner of a reserved interest in the possession of the holder not less than sixty days before submitting a report to the administrator. Holders may not charge the expenses of identifying or locating an owner against the amount owed the owner."~~

§112-16-5.3 -- The Associations recognize that the quarterly filing requirement is consistent with the language in the UIIO Act, but requests that the Treasurer create a safe harbor from penalties for reports filed within 65 days of the end of a calendar quarter. For example, production data for the month of June may not be available until August to enable the calculation of royalties owed. The filing of a report that encompasses information for an entire calendar quarter on the day after the calendar quarter closes is unrealistic and some recognition and accommodation for that fact should be made in the Proposed Rule. Specifically, the Associations request that the Treasurer issue in the Proposed Rule a blanket extension of the filing date to "65 days following the end of each calendar quarter" pursuant to the Treasurer's authority in W. Va. Code §37B-2-4(c). In addition, the Associations request that the Proposed Rule incorporate language regarding the first report date consistent with the Cotenancy Act. Commenters propose the following language: "Holders of a reserved interest presumed abandoned ~~an owner's property~~ shall within 120 days from the date upon which an amount is reserved for an owner and each calendar quarter thereafter shall file a verified report with the administrator by the ~~first~~ 65th day of the month following ~~that~~ the end of each subsequent calendar quarter and containing the following:"

§112-16-5.3(a) -- The Associations question whether the use of the term "legal description" is appropriate in that a metes and bounds legal description will be long and cumbersome in most instances and will not provide as useful information as a tax map and parcel number for the mineral tract. Commenters propose the following: "(a) any information that identifies the ~~reserved~~ owner's interest, including without limitation, the ~~legal description of the real property interest~~ tax map and parcel number of the mineral interest, name of the county and district in which the mineral ~~property~~ parcel is located, and division orders;"

§112-16-5(b) -- The Associations remind the Treasurer that operators have not had a business relationship with the unknown or unlocatable interest owners, so operators are less likely to have the type of detailed information that a financial institution would more likely have related to the UUP Act. Please revise subpart 5(b) to clarify that such information need only be reported "if known" and a commitment by the Treasurer to not disclose such personal information to third parties to the full extent permitted by law to read as follows: "~~a designation of the reserved interest as belonging to an unknown or unlocatable owner and~~ to the extent known by the holder in the determination and designation of an unknown or unlocatable interest owner, all such information known about the unknown or unlocatable owner, including, without limitation, any names, addresses, social security number or taxpayer identification number, date of birth, date of death, driver's license number, telephone numbers and e-mail addresses, which information the administrator shall refrain from making public to the fullest extent permitted by law;"

§112-16-5(c) -- Please revise this subpart to use "property" in place of "reserved interest" because "property" is defined as the payments made in accordance with the Cotenancy Act which is more precise than the definition of "reserved interest." This change is similarly proposed in other sections of the Proposed Rule. The subpart should read as follows: "(c) date or dates which the ~~reserved interest~~ property became payable under ~~the Act~~ Article 1 of Chapter 37B of the West Virginia Code."

§112-16-5.4 -- Please revise this subsection to conform to the revisions to the definitions as follows: "Holders shall remit the ~~amount of any reserved interest~~ owner's property concurrently with the filing of the associated report."

§112-16-5.5 -- Since the information available to a holder will not be the same for each owner and report, please revise this subsection to clarify the scope of incomplete or missing information as follows: "A report is not considered an adequate report if the administrator determines the report is incomplete or missing information known to the holder and required pursuant §112-16-5.3 of this rule or the remittance does not match the report. If the administrator determines the report is not adequate, the administrator shall notify the holder and the holder shall file a corrected report or remittance, or an explanation for the absence of information or any inconsistency identified by the administrator, with the administrator within twenty calendar days after the administrator returned the report or remittance to the holder."

§112-16-5.7 -- The Associations believe that this subsection is overly broad and should be revised to be consistent with the relationship of the holder and owner under the Cotenancy Act which does not include a lease agreement and to limit the information to relevant, non-privileged and non-proprietary information as follow: "If the administrator is unable to locate an owner within one year of receiving the initial report for that owner, the administrator may contact the holder and ~~obtain~~ request any other information from the holder that is reasonably related to identifying and locating the owner that the holder may have pertaining to the ~~reserved interest~~ owner. The holder shall provide any information reasonably requested by the administrator if known or ~~available to~~ in possession of the holder that is not privileged or proprietary, including without limitation, any prior payments to the owner, ~~information about the lease under which the reserved interest was created,~~ well work permits involving the owner's interest, title opinions, filings with any governmental entity and the names and any other ~~available~~ information pertaining to family members, guardians, conservators, joint owners, co-owners, co-tenants and beneficiaries."

§112-16-5.8 and 5.9 -- Please revise these subsections to reasonably restrict the records to be made available and to reflect that a report is timely if filed pursuant to an extension of the deadline as follows: "5.8 Records of a holder, reasonably related to identifying or locating an owner, in the event the holder fails to submit an adequate report or remittance within the time required by the Act, or such later date as approved by the administrator, are subject to examination." AND "5.9 The administrator may assess interest and penalties in accordance with W. Va. Code §36-8-24, against a holder failing to file a report and remittance on or before the time specified in the Act, or such later date as approved by the administrator.

§112-16-5.12(a) -- Please revise this subpart to remove the sentence regarding due diligence which is performed in the determination of whether a mineral interest qualifies as an unknown or unlocatable interest owner and to expand the category of "reasonable cause" to include accounting requirements as follows: "(a) A request by a holder for an extension of time to report or remit the amount due shall include a reasonable cause for delaying the report or remittance. Reasonable cause includes, but is not limited to, timing limitations on closing books and records for a calendar quarter, a natural disaster, criminal activity related to the holder's books and records, or a recent change in the form of ownership of the holder through merger, acquisition or reorganization. ~~Reasonable cause does not include the failure of a holder to perform the due diligence required under subsection 5.1 of this rule.~~"

§112-16-6 -- Please revise this section to conform to the revised definitions as follows: "Holders shall remit the amount of a reserved interest property of the owner in the manner determined by the administrator, including, without limitation, by electronic funds transfer."

§112-16-10.1 -- Please add a time limitation upon the payment of money to the holder under this subsection as follows: "In the event a holder pays a claim to an owner for property previously paid to the administrator, the holder may file a request for reimbursement with the administrator. The administrator will verify the payment is for property previously reported and paid. The holder shall provide the documentation requested by the administrator and then the administrator shall reimburse the holder within 45 days of the date the administrator verifies the payment is for property previously reported and paid to the administrator."

§112-16-13 -- Please delete this section because it is inconsistent with the requirements in the UIC Act to pay certain proceeds to the Oil and Gas Reclamation Fund and the Public Employees Insurance Agency Stability Fund and the right of surface owners to acquire the owner's interest in the mineral estate: "~~If there is no taker under the provisions of W. Va. Code §42-1-3c, the intestate estate passes to the state. Any personal property passes to the administrator for disposition by public sale in accordance with W. Va. Code §36-8-12. The administrator shall deposit the proceeds of the sale of the personal property to the credit of the general revenue fund.~~"

WVONGA and IOGA request that these comments be given serious and careful consideration and would be willing to meet with the Treasurer, or his designees, to discuss these comments. We look forward to reviewing the response to comments required pursuant to the West Virginia Administrative Procedures Act.

Respectfully Submitted,

West Virginia Oil and Natural Gas Association

By: *Anne C. Blankenship*
Its: Executive Director

Independent Oil and Gas Association
of West Virginia, Inc.

By: ***Charlie Burd***
Its: Executive Director

11028526.2