

INSTRUMENT PREPARED BY
VIRGINIA GAS AND OIL

ORDER RECORDED UNDER CODE
OF VIRGINIA SECTION 45.1-361.26

VIRGINIA:

BEFORE THE VIRGINIA GAS AND OIL BOARD

APPLICANT: **Equitable Production Company**

VIRGINIA GAS AND
OIL BOARD
VGOB DOCKET NO.:
89-0126-0009-31

RELIEF SOUGHT:

MODIFICATION OF THE OGCB NORA GAS
FIELD RULES ORDER, ENTERED MARCH 26,
1989, AS AMENDED, TO ALLOW MORE THAN
ONE COALBED GAS WELL TO BE DRILLED IN
THE UNITS INDETIFIED ON EXHIBIT "A" HERETO

LEGAL DESCRIPTION:

DRILLING UNITS: **BQ-45** (VC-536305), **BS-54** (VC-536944),
& **BU-43** (VC-536594).
LOCATED IN **DICKENSON COUNTY, VIRGINIA**;
SEE ANNEXED **EXHIBIT "H2"**

**REPORT OF THE BOARD
FINDINGS AND ORDER**

1. Hearing Date and Place: This matter came on for hearing before the Virginia Gas and Oil Board (hereinafter "Board") at 9:00 a.m. on **July 15, 2008** at the Southwest Virginia Technology Center, Campus of Virginia Highlands Community College, Abingdon, Virginia.

2. Appearances: **James E. Kaiser of Wilhoit and Kaiser**, appeared for the Applicant; and Sharon B. Pigeon, Assistant Attorney General was present to advise the Board.

3. Jurisdiction and Notice: Pursuant to Va. Code §§45.1-361.1 *et seq.*, as amended, the Board finds that it has jurisdiction over the subject matter. Based upon the evidence presented by the Applicant, the Board also finds that the Applicant has (1)

exercised due diligence in conducting a meaningful search of reasonably available sources to determine the identity and whereabouts of each gas and oil owner, coal owner, or mineral owner, or in the case of conflicting claims to the ownership of the coalbed methane gas, each person identified by Applicant as a potential owner of the coalbed methane gas underlying the area described at paragraph 7.h below and in **Exhibit "B"** attached hereto; and (2) has given notice to all parties so identified (hereinafter sometimes "person(s)" whether referring to individuals, corporation, partnerships, associations, companies, businesses, trusts, joint ventures or other legal entities) and entitled by §§ 45.1-361.19 and 45.1-361.20, Virginia Code, as amended, to notice of the Application, and (3) that the persons listed in the Notice of Hearing are the persons so identified by the Applicant. Further, the Board has caused notice of this hearing to be published as required by § 45.1-361.19.B., Virginia Code, as amended. Whereupon, the Board hereby finds that the notices given satisfy all statutory requirements, Board rule requirements and the minimum standards of State due process.

4. Amendments and Dismissals: **None.**

5. Relief Requested: (1) Modification of the Nora Gas Field Rules to allow more than one coalbed methane gas well to be drilled within each of the Nora Field Drilling Units identified above and in **Exhibit "H2"** attached hereto; and (2) for an administrative order providing that additional well permits may be issued in the Nora Field after the Application is filed and while it is pending.

6. Relief Granted: Available data and the evidence adduced at the hearing support Applicant's position that the production from the pool underlying the Nora Coal Bed Gas Field Drilling Units in question would be enhanced and benefit from in-field drilling; accordingly,

a. With regard to the Drilling Units described above and in **Exhibit "H2"** hereto, the Nora Coal Bed Gas Field Rules Order, OCGB order entered of March 26, 1989, is hereby amended to allow the Board's Designated Unit Operator in Drilling Units pooled by Board Order and the Well Operator/Permittee in voluntary Drilling Units to drill a total of two (2) wells, said total to include any previously permitted well(s), within the units affected by the Application and this Order;

b. In the event that an additional coalbed methane gas well(s) permitted and drilled after the entry of this order is located within the drilling window(s) of a Nora Coal Bed Gas Field Drilling Unit affected by this order, the production therefrom shall be solely attributed to and allocated to the Nora Drilling Unit within which the wells are located.

c. In the event a second well is proposed that is to be located outside the drilling window of any Nora Unit affected by this order and a permit application is submitted to the Division of Gas and Oil seeking such location exception, the Inspector shall assess the permit as follows:

(i) If a 58 acre square with the proposed well at its center lies entirely within Nora Drilling Units which are voluntary in nature and are not subject to existing pooling order, the Inspector may grant or deny the location exception on a case-by-case basis according to standard procedures and provisions of the Nora Order which allow wells to be drilled outside the drilling windows; or

(ii) If a 58 acre square with the proposed well at its center lies entirely or partially within any Nora Drilling Unit(s) which is subject to existing pooling orders, the Inspector shall refer the permit application to the Board for its recommendations concerning correlative rights considerations, modification of pooling orders, and escrow provisions. Alternatively, the Unit Operator may present a pooling proposal directly to the Board prior to filing a permit application. No permit under this paragraph (ii) shall be issued until the Board has acted on the matter.

7. Special Findings:

a. Applicant's proposed field rule modification is not an unreasonable or arbitrary exercise of the owner's right to explore for or produce gas;

b. The Applicant's proposal would not unreasonably interfere with the present or future mining of coal or other minerals;

c. The acreage to be embraced in the Drilling Units affected by and/or created by this Modification Order shall be as set forth above and in **Exhibit "H2"** attached hereto.

d. The formations subject to this Modification Order are described in the OGCB Order entered March 26, 1989, as amended.

e. The boundaries of the Drilling Units are the same as heretofore established by the OGCB Order entered March 26, 1989, as amended.

f. Unit Operator's production simulations indicate that drilling of an additional well in each Unit could facilitate the recovery of an additional 250,000 MCF of gas per Unit within ten (10) years of drilling.

g. The boundaries of any Drilling Units crated subsequent to this Modification Order shall be according to paragraph 6.c.ii. above and as defined by Board action specific to individual units.

h. The acreage subject to this Modification Order is depicted in **Exhibit "H2"** attached hereto:

i. Having considered the evidence presented, the Board found no reason to establish any allowable production rates for the wells contemplated by this Modification Order;

j. Except as herein specifically modified, the proposed Drilling Units in **Exhibit "H2"** shall be developed and produced in compliance with the OGCB Order entered on March 26, 1989 regarding the Nora Gas Field Rules, as amended.

k. This Modification Order shall be effective as of the date of the hearing, to wit: **July 15, 2008.**

8. Conclusion: The relief granted hereby will assist in enhancing production from existing wells, will assist in more efficiently recovering coalbed methane gas from the area in question, prevent waste by more effectively extracting the resource, and will continue to protect the correlative rights of all owners and claimants. Therefore, the relief and all terms and provisions set forth above be and are hereby granted and IT IS SO ORDERED.

9. Effective Date: **July 15, 2008.**

DONE AND EXECUTED this 7th day of July, 2014, by a majority of the Virginia Gas and Oil Board.

Bradley C. Lambert
Bradley Lambert, Chairman

DONE AND EXECUTED this 7th day of July, 2014, by a majority of the Virginia Gas and Oil Board.

Rick Cooper
Rick Cooper
Principal Executive to the Staff
Virginia Gas and Oil Board

STATE OF VIRGINIA
COUNTY OF RUSSELL:

Acknowledged this 7th day of July, 2014, personally before me a notary public in and for the Commonwealth of Virginia, appeared Bradley Lambert, being duly sworn did depose and say that he is Chairman of the Virginia Gas and Oil Board and Rick Cooper being duly sworn did depose and say that he is Principal Executive to the Staff of the Virginia Gas and Oil Board, that they executed same and were authorized to do so.

Sarah Jesse Gilmer
Sarah J. Gilmer



My Commission Expires July 31, 2017

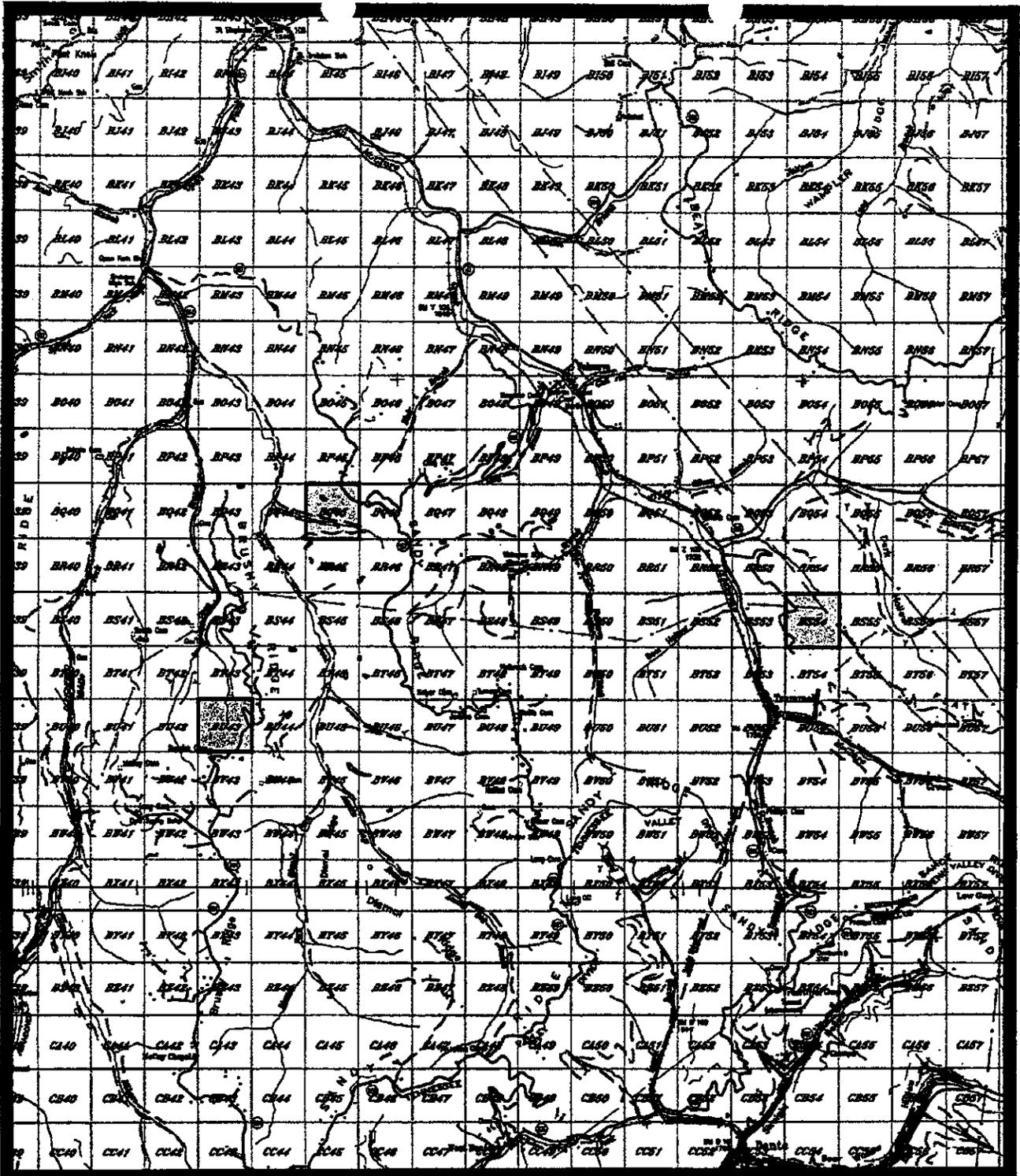


EXHIBIT A
MIDDLE FORK
INCREASED DENSITY DRILLING NORA FIELD



EXHIBIT "B"
Increased Density
Middle Fork (BQ-45, BS-54, BU-43)

David E. Rasnick
219 Brownview St.
Anaheim, CA 92804

Fay McCoy Heirs:

Janice Fay Ratliff Nelson
Unknown/Unlocatable

Charles Kenneth McCoy &
Patricia A. McCoy, h/w
847 Cold Springs Road
Nora, VA 24272

James P. Herring and
Debra A. Herring, H/W
1431 E. State St. Lot #6
Bristol, TN 37620

Danny Kermit McCoy, single
21014 Lovers Lane
Bristol, VA 24202-4228

Pam Walker Day
1240 Flatwood Road NW
Ramsey, IND 47166

Shalor Columbus McCoy
Unknown/Unlocatable

Arthur Jerry McCoy
Unknown/Unlocatable

Ferrell Doug Reed &
Deirdre Leann Reed, H/W
P.O. Box 2007 (mailing)
Clintwood, VA 24228
6437 DC Caney Ridge Rd. (physical)
Coeburn, VA 24230

Carlotta Reed Hawkins &
Ross E. Hawkins, W/H
Holly Brook Trailer # 10
Clintwood, VA 24228

Rita Reed Rose, single
P.O. Box 1631
Clintwood, VA 24228

EXHIBIT "B"
Increased Density
Middle Fork (BQ-45, BS-54, BU-43)

Gina (Regina) Reed Patterson &
Ralph Patterson, W/H
P.O. Box 2003
Clintwood, VA 24228

Standard Banner Coal Corporation
c/o Mike Clisso
P.O. Drawer 750
Wise, VA. 24293

Gregory Darrell Carico & Sheila
Marie Carico, h/w
6519 Phoenix Hill Lane
Warrenton, VA 20187

William C. Culbertson &
Charlotte Culbertson H/W
4370 Brushy Ridge Road
Nora, VA 24272
Tax ID 6414

Standard Banner Coal Corporation
c/o Mike Clisso
P.O. Drawer 750
Wise, VA. 24293

Jennifer D. & Matthew S. Shastid, w/h
343 Robbins Lane
Clintwood, VA 24228

Sandra J. McKnight
1865 Hale Mountain Road
Clinchco, VA 24226

Michelle R. Estep
4370 Brushy Ridge Road
Nora, VA 24272

Paul & Marie Stroud, h/w
208 S State Route 57
Petersburg, IN 47567

Laura Gerlene McCoy Taylor, widow
21014 Lovers Lane
Bristol, VA 24202-4228

Range Resources-Pine Mountain, Inc.
Attn: Jerry Grantham
P.O. Box 2136
Abingdon, VA 24212

DB 518 PG 194

EXHIBIT "B"
Increased Density
Middle Fork (BQ-45, BS-54, BU-43)

Lorrain H. Martin
10635 Indian Creek Road
Pound, VA 24279

ACIN, LLC
Attn: John Mooney
P.O. Box 2827
Huntington, WV 25727

INSTRUMENT #140000329
RECORDED IN THE CLERK'S OFFICE OF
SICKENSON ON
JULY 17, 2014 AT 12:13PM

RICHARD W. EDWARDS, CLERK
RECORDED BY: CJS