

Instrument prepared by:

**VIRGINIA GAS AND OIL BOARD**

Order recorded under:

**CODE OF VIRGINIA  
§ 45.1-361.26****VIRGINIA:****BEFORE THE GAS AND OIL BOARD****APPLICANTS:**CNX Gas Company LLC on behalf of  
Harrison-Wyatt LLC and CNX Gas  
Company LLC; Harrison-Wyatt LLC and  
Rachel Cook; Harrison-Wyatt LLC and  
Dorlis Cook and Arron Cook**DOCKET NO.****90-0905-0014-01****RELIEF SOUGHT:**

Issuance: A Supplemental Order for Disbursement of Escrowed Funds  
Action: Amending Prior Orders Affecting Drilling **X-10, Tracts 2A, 2D & 2E.**  
(Referenced herein as "the Subject Drilling Unit")

Location: Buchanan County, Virginia**Action Details:**

- (1) To provide a calculation of funds, Unit Operator has deposited into the Escrow Account for Drilling Unit **X-10** by Tract Subaccounts;
- (2) To provide each applicant, in simple terms, a complete month over month Royalty Accounting of unit production, costs, taxes and proceeds, depicting variables used in the calculation of royalty payments to the unit escrow account.
- (3) To disburse unit funds to the Applicants, in accordance with their Unit Ownership Interests relative to those funds deposited by the Unit Operator into Subject Drilling

**REPORT OF THE BOARD****FINDINGS AND ORDER**

1. **Hearing Date and Place:** This matter came on for final hearing before the Virginia Gas and Oil Board (herein "Board") at 9:00 a.m. on January 18, 2011 at the Russell County Government Complex, Conference Center, and 139 Highland Drive, Lebanon, VA.
2. **Appearances:** Mark A. Swartz, Esq. Swartz Law Offices PLLC appeared for the Unit Operator; and Sharon M.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.*, and in particular Va. Code §§ 45.1-361.21 and 45.1-361.22, the Board finds that it has jurisdiction over the establishment and maintenance of an escrow account, with tract subaccounts, for each of the coalbed methane gas drilling units established by the Board through its field rules that are subject to a Board pooling order. Further, the Unit Operator is required to deposit, as applicable, those funds specified in Va. Code § 45.1-361.21.D., 45.1-361.22.A.2, 45.1-361.22.A.3 and 45.1-361.22.A.4 into the applicable escrow tract subaccounts. The Board finds that: (1) while it **does not** have jurisdiction to resolve conflicting claims to the ownership of the Coalbed Methane Gas produced by the Unit Operator from wells located on Subject Drilling Unit, and (2) while it **does not** have jurisdiction to interpret agreements by and between the Gas owners/claimants and/or the Unit Operators or to abridge or contravene the provisions of such agreements, (3) pursuant to Va. Code § 45.1-361.22.A.5, **the Board does have jurisdiction and authority to disburse funds from the Escrow Account** provided the Board has been provided with a final decision of a court of competent jurisdiction adjudicating the ownership of coalbed methane gas as between the conflicting claimants or an agreement among all claimants owning conflicting estates in the tracts in question or any undivided interest therein.

4. **Prior Proceedings:**

(a) On October 17, 1990 the Board executed its order pooling interests in the Subject Drilling Unit for the production of occluded natural gas produced from coalbeds and rock strata associated therewith (herein "Gas") in accordance with the provisions of Va. Code SS 45.1-361.21 and 45.1-361.22 (herein "Pooling Order"). The Pooling Order was filed with the Clerk of the Court of Buchanan County on October 26, 1990, in Deed Book 366 at Page 504.

(b) On October 1, 1993, the Board executed its Supplemental Order. The Order was recorded with the Clerk of the Court of Buchanan County on October 8, 1993 at Deed Book 414, Page 506.

4.1 To the extent claims to the gas were in conflict, pursuant to Va. Code S 45.1-361-22 payments attributable to said conflicting claims were ordered deposited by the Unit Operator into the escrow account established by the Pooling Orders (herein "Escrow Account"). According to the Pooling Orders and testimony, the coal estate ownership interests of Harrison-Wyatt LLC and the gas estate ownership interests of CNX Gas Company LLC Tract 2A; the coal estate ownership interests of Harrison-Wyatt LLC and the gas estate ownership interests of Rachel Cook Tract 2D and the coal estate ownership interests of Harrison-Wyatt LLC and the gas estate ownership interests of Dorlis Cook and Arron Cook Tract 2E in the Subject Drilling Unit were in conflict and became subject to the escrow requirements of the Pooling Order.

4.2 The Unit Operator's Miscellaneous Petition regarding Tracts 2A, 2D and 2E, a copy of which is attached to and made a part hereof, states under oath that Harrison-Wyatt LLC and CNX Gas Company LLC; Harrison-Wyatt LLC and Rachel Cook; Harrison-Wyatt LLC and Dorlis Cook and Arron Cook have entered into royalty split agreements with regards to Tracts 2A, 2D and 2E and that by the terms of the agreements escrow regarding these individual conflicting claims detailed herein is no longer required.

4.3 The Unit Operator gave notice to Harrison-Wyatt LLC, CNX Gas Company LLC, Rachel Cook, Dorlis Cook and Arron Cook that the Board would consider its disbursement authorization at its hearing on January 18, 2011 and consider whether to: (1) amend the Pooling Order to provide for the disbursement of funds on deposit in the Escrow Account attributable to Tracts 2A, 2D and 2E identified in the attached miscellaneous petition (2) delete the requirement that the Unit Operator place future royalties attributable to Tract 2A, 2D and 2E, the interests of Applicants identified in the miscellaneous petition, in the Escrow Account, and (3) continue the escrow account under this docket number because there are other parties under this order subject to continued payments in the escrow.

4.4 The Unit Operator filed the attached accounting for Subject Drilling Unit's Escrow Account with the Board ("Accounting").

4. **Findings:**

5.1. **Va. Code 45.1-361.22.5 provides:**

*The Board shall order payment of principal and accrued interests, less escrow account fees, from the escrow account to conflicting claimants within thirty days of receipt of notification of (i) a final decision of a court of competent jurisdiction adjudicating the ownership of coalbed methane gas as between them or (ii) an agreement among all claimants owning conflicting estates in the tracts in question or any undivided interest therein. The amount to be paid to the conflicting claimants shall be determined based on the percentage of ownership interest of the conflicting claimants as shown in the operator's supplemental filing made part of the pooling order that established the escrow account, the operator's records of deposits attributable to those tracts for which funds are being requested, and the records of the escrow account for the coalbed methane gas drilling unit. The interests of any cotenants who have not entered into an agreement shall remain in the escrow account.*

5.2 Applicant has certified and represented to the Board that:

(1) Harrison-Wyatt LLC owns the coal interest and CNX Gas Company LLC owns the gas interest in Tract 2A; Harrison-Wyatt LLC owns the coal interests and Rachel Cook owns the gas interests in Tract 2D; Harrison-Wyatt LLC owns the coal interest and Dorlis Cook and Arron Cook own the gas interests in Tract 2E in the subject drilling unit.

(2) Net interests attributable and to be disbursed to Applicants are shown in Table 1,

VGOB Approved Disbursement VGOB 90-0905-0014-01 X-10 Tracts 2A, 2D, 2E			Frac Interest	Acreage Interest Disbursed	Split Agreement	Escrowed Acres Total	% of Escrowed Funds
Item	Tract	Disbursement Table					
		Totals				27.41000	
		Harrison-Wyatt LLC		4.3800			
1	2A	Harrison-Wyatt LLC, PO Box 11000, Danville, VA 24543	1	4.3800	50.0%	2.190	7.9898%
2	2A	CNX Gas Company, LLC, 2481 John Nash Blvd., Bluefield, VA 24701	1	4.3800	50.0%	2.190	7.9898%
		Harrison-Wyatt LLC		9.8200			
3	2D	Harrison-Wyatt LLC, PO Box 11000, Danville, VA 24543	1	9.8200	50.0%	4.910	17.9132%
4	2D	Rachel Cook, P. O. Box 91, Vansant, VA 24656	1	9.8200	50.0%	4.910	17.9132%
		Harrison-Wyatt LLC		1.8100			
5	2E	Harrison-Wyatt LLC, PO Box 11000, Danville, VA 24543	1	1.8100	50.0%	0.905	3.3017%
		Doris Cook et al					
6	2E	Dorlis Cook, 23274 Golden View Drive, Abingdon, VA 24211	1/2	0.9050	50.0%	0.453	1.6509%
7	2E	Aaron Dorlis Cook, 515 Maplewood Drive, Vinton, VA 24179	1/2	0.9050	50.0%	0.453	1.6509%

5. **Relief Granted:**

For the reasons set forth in Paragraph 4 and 5 above, and based upon the Accounting and Table 1 above, the Escrow Agent is ordered to, within 10 days of receipt of this executed order to disburse funds for the unit and applicants detailed in Table 1 above.

Exhibit E to the Pooling Order, showing owners subject to escrow, is deleted and replaced with the Exhibit E attached to this order. Further, the Supplemental Order filed in this cause is hereby modified to delete the requirement that payments attributable to the conflicting coalbed methane gas ownership interests of those applicants indicated in Table 1 be deposited by the Unit Operator into the Escrow Account, **and**, because there are other owners subject to escrow under the Supplemental Order, the Escrow Agent is directed to continue the Escrow Account for Subject Drilling Unit. To the extent not specifically granted herein, any other or further relief is denied.

6. **Conclusion:**

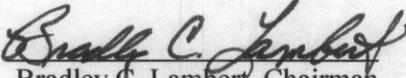
Therefore, the requested relief and all terms and provisions set forth above in Paragraph 6 above be and hereby are granted and **IT IS SO ORDERED**.

7. **Appeals:**

Appeals of this Order are governed by the provisions of Va. Code § 45.1-361.9 which provides that any order or decision of the Board may be appealed to the appropriate circuit court and that whenever a coal owner, coal operator, gas owner, gas operator, or operator of a gas storage field certificated by the State Corporation Commission is a party in such action, the court shall hear such appeal de novo.

8. **Effective Date:** This Order shall be effective on the date of its execution.

DONE AND EXECUTED this 16 day of March, 2011 by a majority of the Virginia Gas and Oil Board.

  
Bradley C. Lambert, Chairman

DONE AND PERFORMED this 16<sup>th</sup> day of March 2011 by an Order of this Board.

*David E. Asbury Jr.*  
David E. Asbury Jr.,  
Principal Executive to the Staff  
Virginia Gas and Oil Board

COMMONWEALTH OF VIRGINIA )  
COUNTY OF RUSSELL )

Acknowledged on this 16<sup>th</sup> day of March, 2011, personally before me a notary public in and for the Commonwealth of Virginia, appeared **Bradley C. Lambert**, being duly sworn did depose and say that he is the Chairman of the Virginia Gas and Oil Board and **David E. Asbury Jr.**, being duly sworn did depose and say that he is Principal Executive to the Staff of the Virginia Gas and Oil Board, that he executed the same and was authorized to do so.

*Diane J. Davis*  
Diane J. Davis  
Notary Public #174394

My commission expires: 09 / 30 / 2013



BEFORE THE VIRGINIA GAS AND OIL BOARD

PETITIONER: CNX Gas Company LLC

DIVISION OF GAS AND OIL  
DOCKET NO: VGOB 90-0905-0014-01

RELIEF SOUGHT: (1) DISBURSEMENT FROM  
ESCROW REGARDING TRACT(S) 2A, 2D, & 2E  
(Royalties currently being paid under  
VP8SGU3, VGOB 06-0321-1598)

HEARING DATE: December 14, 2010

DRILLING UNIT: X-10

BUCHANAN COUNTY, VIRGINIA

MISCELLANEOUS PETITION

1. **Petitioner and its counsel:** Petitioner is CNX Gas Company LLC, 2481 John Nash Blvd., Bluefield, West Virginia 24701, 304/323-6500. Petitioner's counsel is Mark A. Swartz, **SWARTZ LAW OFFICES, PLLC**, 601 Sixth Avenue, Suite 201, P.O. Box 1808, St. Albans, WV 25177-1808.

2. **Relief sought:** (1) the disbursement of escrowed funds heretofore deposited with the Board's Escrow Agent(s) attributable to Tract(s) 2A, 2D, and 2E as depicted upon the annexed Exhibit A-1. (Royalties currently being paid under VP8SGU3, VGOB 06-0321-1598)

3. **Legal Authority:** Va. Code Ann. § 45.1-361.1 et seq., 4 VAC 25-160-140., and relevant Virginia Gas and Oil Board Orders ("Board") heretofore promulgated pursuant to law.

4. **Type of well(s):** Coalbed methane.

5. **Factual basis for relief requested:** Harrison-Wyatt LLC and CNX Gas Company LLC; Harrison-Wyatt LLC and Rachel Cook; Harrison-Wyatt LLC and Dorlis Cook and Arron Dorlis Cook have entered into a royalty split agreement. The Annexed Exhibit A-1, specifies how said royalties are to be divided and paid.

6. **Attestation:** The foregoing Petition to the best of my knowledge, information, and belief is true and correct.

CNX GAS COMPANY LLC  
BY ITS PROFESSIONAL MANAGER  
CNX GAS COMPANY LLC, PETITIONER

By: \_\_\_\_\_

*Anita D. Duty*  
Anita D. Duty  
Pooling Supervisor  
CNX Gas Company LLC  
2481 John Nash Blvd.  
Bluefield, West Virginia 24701





Exhibit E  
Unit X-10  
Docket #VGOB 90-0905-0014-01  
List of Conflicting Owners/Claimants that require escrow

	Acres in Unit	Percent of Unit	Interest in 5-West 24.37931%	Interest in 6-West 13.54493%
<b><u>Tract #2B, 4.33 Acres</u></b>				
<b><u>COAL OWNERSHIP</u></b>				
(1) Harrison-Wyatt, L.L.C. P.O. Box 11000 Danville, VA 24543	4.33 acres	5.4125%	1.31953%	0.73312%
<b><u>OIL &amp; GAS OWNERSHIP</u></b>				
(1) Delmar Kyle Meadows, et ux P.O. Box 49 Mavisdale, VA 24627	4.33 acres	5.4125%	1.31953%	0.73312%
<b><u>Tract #2C, 7.07 Acres</u></b>				
<b><u>COAL OWNERSHIP</u></b>				
(1) Harrison-Wyatt, L.L.C. P.O. Box 11000 Danville, VA 24543	7.07 acres	8.8375%	2.15452%	1.19703%
<b><u>OIL &amp; GAS OWNERSHIP</u></b>				
(1) David & Elizabeth Meadows P. O. Box 142 Vansant, VA 24656	7.07 acres	8.8375%	2.15452%	1.19703%

7

**Exhibit EE  
Unit X-10  
Docket #VGOB 90-0905-0014-01  
List of Conflicting Owners/Claimants with Royalty Split Agreements**

	Acres in Unit	Percent of Unit	Interest in 5-West 24.37931%	Interest in 6-West 13.54493%	Percent of Escrow
<b><u>Tract #2A, 4.38 Acres</u></b>					
<b><u>COAL OWNERSHIP</u></b>					
(1) Harrison-Wyatt, L.L.C. P.O. Box 11000 Danville, VA 24543	4.38 acres	5.4750%	1.33477%	0.74158%	7.9898%
<b><u>OIL &amp; GAS OWNERSHIP</u></b>					
(1) CNX Gas Company LLC 2481 John Nash Blvd. Bluefield, WV 24701 <i>Previously George Jackson, CNX purchased</i>	4.38 acres	5.4750%	1.33477%	0.74158%	7.9898%
<b><u>Tract #2D, 9.82 Acres</u></b>					
<b><u>COAL OWNERSHIP</u></b>					
(1) Harrison-Wyatt, L.L.C. P.O. Box 11000 Danville, VA 24543	9.82 acres	12.2750%	2.99256%	1.66264%	17.9132%
<b><u>OIL &amp; GAS OWNERSHIP</u></b>					
(1) Rachel Cook P.O. Box 91 Vansant, VA 24656	9.82 acres	12.2750%	2.99256%	1.66264%	17.9132%
<b><u>Tract #2E, 1.81 Acres</u></b>					
<b><u>COAL OWNERSHIP</u></b>					
(1) Harrison-Wyatt, L.L.C. P.O. Box 11000 Danville, VA 24543	1.81 acres	2.2625%	0.55158%	0.30645%	3.3017%
<b><u>OIL &amp; GAS OWNERSHIP</u></b>					
(1) Dorlis Cook, et al	1.81 acres	2.2625%	0.55158%	0.30645%	
(a) Dorlis Cook 23274 Golden View Drive Abingdon, VA 24211	0.91 acres 1/2 of 1.81 acres	1.1313%	0.27579%	0.15323%	1.6509%
(b) Arron Dorlis Cook 515 Maplewood Drive Vinton, VA 24179	0.91 acres 1/2 of 1.81 acres	1.1313%	0.27579%	0.15323%	1.6509%

5

**Exhibit A-1**  
**Tract-by-Tract Escrow Calculation**  
**Account Balances as of 9/30/10**

Unit X10

VGOB 90-0905-0014-01

Acres Escrowed: 27.410000

Owners	Tract #	Acres	Interest	Owners' Percent of Escrow (50%)	Amount Due Owners \$167,681.86	
Harrison-Wyatt LLC - Coal	2A	4.38		7.9898%	\$13,397.42	
CNX Gas Company LLC - O&G				7.9898%	\$13,397.42	
Harrison-Wyatt LLC - Coal	2D	9.82		17.9132%	\$30,037.14	
Rachel Cook- O&G				17.9132%	\$30,037.14	
Harrison-Wyatt LLC - Coal	2E	1.81		3.3017%	\$5,536.38	
Dorlis Cook, et al - O&G						
			Dorlis Cook	1/2	1.6509%	\$2,768.19
			Arron Dorlis Cook	1/2	1.6509%	\$2,768.19

INSTRUMENT #110000743  
RECORDED IN THE CLERK'S OFFICE OF  
BUCHANAN COUNTY ON  
MARCH 30, 2011 AT 11:00AM

BEVERLY S. TILLER, CLERK  
RECORDED BY: SLB

BM  
#109

Tract 1 -	52.17	NE
Tract 2A -	4.38	<del>D</del>
Tract 2B	4.33	E
Tract 2C	7.07	E
Tract 2D	9.82	D
2E	1.81	E
3	0.42	NE