

VIRGINIA:

BEFORE THE VIRGINIA GAS AND OIL BOARD

APPLICANTS:	Torch Energy Advisors Incorporated) (herein "Torch"), Coal Mountain Mining) Company Limited Liability Partnership L.L.P.) f/k/a Coal Mountain Mining Company and) As Coal Mountain Mining Trust (herein) "Coal Mountain"), and) Garden Realty Corporation (herein "Garden")) (Torch, Coal Mountain and Garden) sometimes collectively referred to as) "Applicants")))	DOCKET NO. VGOB 92/02/18-0185-02
RELIEF SOUGHT:	Issuance of a Third Amended Supplemental) Order Amending Prior Orders Affecting) SLW7 Drilling Unit to Provide: (1) for the) Calculation of Those Funds the) Unit Operator Deposited into the Escrow) Account for Tracts 30, 41B and 41C of the) SLW7 Drilling Unit;) (2) to Provide to Applicants a Royalty) Accounting;) (3) Disbursement to Torch and Coal) Mountain in Accordance with Their) Agreement All of Those Funds Deposited) by the Unit Operator into the SLW7 Escrow) Account for Tract 30; and) (4) Disbursement to Coal Mountain and) Garden in Accordance with Their Agreement) All of Those Funds Deposited by the Unit) Operator Into the SLW7 Escrow Account) for Tracts 41B and 41C)	

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 July 20, 1999 at the Dickenson Conference Room, Southwest Virginia Education 4-H Center, Abingdon, VA..
2. **Appearances:** Sandra Fraley of the firm Penn Stuart appeared on behalf of the Applicants; Pocahontas Gas Partnership (herein "Unit Operator"); and Sandra B. Riggs, 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 for each of the coalbed methane gas drilling units established by the Board through its pooling orders, and that 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 account. Further, the Board finds: (1) that 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, (2) that

it does not have jurisdiction to interpret voluntary agreements by and between the Gas owners/claimants and/or the Unit Operators or to abridge or contravene the provisions of such agreements, but (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) a final decision of a court of competent jurisdiction adjudicating the ownership of coalbed methane gas as between the conflicting claimants or (b) an agreement among all claimants owning conflicting estates in the tract in question or any undivided interest therein.

4. **Prior Proceedings:**

4.1. Drilling Unit SLW7 was created by Board order effective as of February 18, 1992 in Docket No. VGOB 92/01/21-0180 as amended by Board orders in VGOB Docket Nos. 93/06/22-0385 and 95/04/18-0498 (herein "Subject Drilling Unit") in the Hurricane Magisterial District, Buchanan County, VA (herein "Subject Lands"). At the Board's hearing on February 18, 1992 for Docket No. VGOB 92/02/18-0185, in accordance with the provisions of Va. Code §§ 45.1-361.21 and 45.1-361.22, the Board granted the relief sought by PGP and executed an Order dated April 29, 1992 and filed with the Clerk of the Circuit Court of Buchanan County on May 1, 1992 in Deed Book 390 at Page 666 (herein "Pooling Order") pooling all interests in the Subject Drilling Unit for the production of gas produced from coalbeds and rock strata associated therewith below the Tiller seam (herein "Coalbed Methane Gas" or "Gas") from active gob areas from a longwall panel and its surrounding area in Consolidation Coal Company's Buchanan No. 1 Mine (herein "Subject Formations") all pursuant to: (a) the permit provisions contained in Section 45.1-361.27 *et seq.*, Code of Virginia, 1950 as amended; (b) the Oakwood Coalbed Gas Field Order No. OGCB 3-90 dated May 18, 1990; (c) the Board's Order No. VGOB 92/01/21-0180 dated as of February 18, 1992; (d) Section 480-05-22.1 *et seq.*, Gas and Oil Regulations; and (e) Section 480-05-22.2 *et seq.*, Virginia Gas and Oil Board Regulations, all as amended from time to time (herein "Pooling Order"). The Pooling Order was amended and supplemented by the Board's Supplemental Order Regarding Elections executed on July 11, 1996 and filed on July 18, 1996 in Deed Book 451, Page 172 (herein "Supplemental Order"), and by the Board's Amended Supplemental Order executed June 26, 1998 and filed July 14, 1998 in Deed Book 478 at Page 623 (herein "First Amended Supplemental Order"). By Board Order entered February 17, 1999 in VGOB Docket # 97-04/15-0576 escrowed fund attributable to Tract 39 of the SLW7 Drilling Unit were disbursed to Torch and Garden Realty Corporation (herein "Second Amended Supplemental Order"). Torch and Pocahontas Gas Partnership applied to the Board for disbursement of funds attributable to Tracts 32, 34 and 35 of the SLW7 Drilling Unit; however, said funds have not been disbursed due to an appeal to the Circuit Court of Buchanan County of the Board's Accounting Order entered November 2, 1998 (Case #7-99) which deprived the Board of jurisdiction to proceed with respect to the disbursement of funds for said Tracts 32, 34 and 35. The Board named PGP as the Unit Operator of Subject Drilling Unit. By letter dated June 25, 1999 the Board noticed the Applicants, the Unit Operator and the Escrow Agent of its intention to hear this matter on July 20, 1999, ordered the Unit Operator to file with the Board an accounting of funds placed on deposit in the escrow account for the SLW7 Drilling Unit attributable to Tracts 30, 41B and 41C, and ordered the Unit Operator and the Escrow Agent to reconcile their accountings with respect to same (herein "Accounting Order").

4.2. As instructed by the Board through the Pooling Order, the Supplemental Order, and the Amended Supplemental Order, the Escrow Agent established the Escrow Account for Subject Drilling Unit (herein "Escrow Account"), and thereafter the Escrow Agent periodically received from the Unit Operator for deposit into the Escrow Account proceeds which were designated by the Operator through its royalty statements as being attributable to various tracts identified in the attached Exhibit E and the attached Accounting. By letter dated June 25, 1999, the Board ordered PGP to file with the Board an accounting of funds on deposit in the Escrow Account attributable to Tracts 30, 41B and 41C (herein "Accounting Order").

4.3. Applicants' seek a royalty accounting, determination of the funds on deposit in the Escrow Account for Tracts 30, 41B and 41C of Subject Drilling Unit, and disbursement to Torch and Coal Mountain of all such Escrowed Funds attributable to Tract 30 pursuant to their written agreement, and disbursement to Coal Mountain and Garden of the Escrowed Funds attributable to Tracts 41B and 41C pursuant to their written agreement. The Applicants warranted and represented to the Board that:

- (1) Hugh Macrae Land Trust (herein "Trust") is the sole owner of the coal estate underlying Tract 30 of the SLW7 Drilling Unit, however, by Assignment and Bill of Sale dated December 29, 1997 (herein "Assignment") Trust assigned to Torch its conflicting coalbed methane gas royalty interest in said tracts including all its interest in the funds on deposit in the Escrow Account which the Unit Operator attributes to Tract 30;
- (2) Coal Mountain is the sole owner of oil and gas estate underlying Tract 30 of the SLW7 Drilling Unit, and Coal Mountain is the sole owner of the coal estate underlying Tracts 41B and 41C of the SLW7 Drilling Unit;
- (3) Garden is the sole owner of the oil and gas estate underlying Tracts 41B and 41C of the SLW7 Drilling Unit;
- (4) That together Trust and Coal Mountain claim to have and own, in the aggregate, the following Gas royalty interest in Subject Drilling Unit by virtue of their respective ownership interests in Tract 30 and the terms of their leases pertaining to same, and that Trust has assigned to Torch its interest in funds deposited by the Unit Operator into the Escrow Account established by the Board for the SLW7 Drilling Unit with respect to said tract:

Tract #	Acres	Interest in Unit	Funds On Deposit As of 6/30/99 (Exclusive Of Interest and Fees for 6/99)
30	36.788	19.84411%	\$46,332.53

- (5) that together Coal Mountain and Garden have and own in the aggregate the following conflicting Gas royalty interest in Subject Drilling Unit by virtue of their respective ownership interests in Tracts 41B and 41C:

Tract #	Acres	Interest in Unit	Funds On Deposit As of 6/30/99 (Exclusive Of Interest and Fees for 6/99)
41B	0.76	0.40996%	
41C	0.16	0.08631%	\$1,157.59

- (6) that while at the time of the entry of the Pooling Order, as amended, Trust and Coal Mountain had conflicting claims of ownership in Tract 30, subsequent to the entry of the Pooling Order, Trust, Torch and Coal Mountain entered into a Split Agreement whereby Torch and Coal Mountain are each entitled to receive a sum equal to fifty percent (50%) of funds due pursuant to the terms of their leases, including, but not necessarily limited to such funds on deposit in the Escrow Account.
- (7) that while at the time of the entry of the Pooling Order, as amended, Coal Mountain and Garden had conflicting claims of ownership in Tracts 41B and 41C, subsequent to the entry of the Pooling Order, Coal Mountain and Garden entered into a Split Agreement whereby each of them is entitled to receive a sum equal to fifty percent (50%) of the funds due from PGP to them pursuant to the terms of their leases, including, but not necessarily limited, to such funds on deposit in the Escrow Account.

(8) Applicants have represented to the Board that notice of their Application was given in accordance with Va. Code 45.1-361.19, and the Board received no objections to it.

4.4. In compliance with the Accounting Order, PGP presented to the Board an accounting of funds deposited into the Escrow Account for Tract 30, 41B and 41C, including interest accruing thereon and fees charged to the Escrow Account and with a reconciliation of PGP's records of Escrowed Funds to the records of the Escrow Agent, a copy of which accounting is attached hereto as Exhibit A (herein "Accounting").

4.5. The Applicants represented to the Board that they were provided with a copy of the Accounting, have reviewed same, and that Applicants are in agreement that the sums set forth in Paragraph 4.3(4) and 4.3 (5) above accurately reflect the Escrowed Funds attributable to Tracts 30, 41B and 41C of Subject Drilling Unit. Torch and Coal Mountain seek disbursement to them, in the aggregate, the sum of \$46,332.53 from the Escrow Account for the SLW7 Drilling Unit. Coal Mountain and Garden seek disbursement to them, in the aggregate, the sum of \$1,157.59 from the Escrow Account for the SLW7 Drilling Unit.

5. **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 tract 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 The Board lacks the statutory authority to supercede, impair, abridge or affect any contractual rights or other obligations existing between the Operator and the Applicants. The Operator and the Applicants have acknowledged such limitation and have, therefore, agreed that no such party will argue or contend in other pending or future proceedings or actions inter se (including without limitation Levisa Coal Company, et al. v. Consolidation Coal Company, et al., Civil Action No. 97-0117-A pending in the United States District Court at Abingdon) that the findings and/or order of the Board herein bar their assertion of any claims or defenses, including payment, or otherwise constitute a waiver or an estoppel in such other proceedings or actions.

5.3 Notwithstanding the fact that Trust is challenging PGP's royalty calculations and/or payments under the terms of its voluntary lease with PGP, Trust has assigned its right to the escrowed funds to Torch and Trust has entered into a Split Agreement with Coal Mountain; likewise, Coal Mountain has entered into a Split Agreement with Garden. Pursuant to the applicable Split Agreement, the Applicants have agreed to split on a 50/50 basis royalties attributable to their respective conflicting claims to coalbed methane gas, including but not limited to their conflicting claims to ownership of coalbed methane gas underlying Tract 30, 41B and 41C of Subject Drilling Unit and their conflicting claims to bonuses and/or royalties deposited by PGP in the Escrow Account which are attributable to said tracts. Based upon the Split Agreements, the Applicants', through their application herein, seek among other things,

disbursement to them in accordance with the terms of the Split Agreements those funds set forth in 4.3(4), 4.3(5) and 4.5 above.

5.4 According to the Pooling Order, the Supplemental Order and the Amended Supplemental Order, the Accounting and the Application filed in this matter: (a) the funds deposited by PGP into the Escrow Account for Subject Drilling Unit consists of payments calculated by PGP to be due those persons identified in Exhibit E hereto and (b) PGP has represented to the Board through the Accounting that as of June 30, 1999 the funds set forth in Paragraphs 4.3(4), 4.3(5) and 4.5 above are those funds on deposit in the Escrow Account which are attributable to Tracts 30, 41B and 41C all as more particularly reflected in the Accounting, and (c) Applicants have made the warranties and representations to the Board set forth in Paragraph 4.3 above.

6. **Relief Granted:**

For the reasons set forth in Paragraph 4 and 5 above, and based upon the Accounting, the Escrow Agent is ordered to disburse via wire transfer in accordance with instructions provided to the Escrow Agent by Applicants' counsel: (1) the sum of \$23,166.27, plus any additional payments and interest and less fees which accrue thereon from May 31, 1999 through the date of disbursement, to Torch Energy Advisors Incorporated; (2) the sum of \$23,745.05, plus any additional payments and interest and less fees which accrue thereon from May 31, 1999 through the date of disbursement, to Coal Mountain Mining Co. Limited Liability Partnership L.L.P f/k/a Coal Mountain Mining Company and as Coal Mountain Mining Trust; and (3) the sum of \$578.80, plus any additional payments and interest and less fees which accrue thereon from May 31, 1999 through the date of disbursement, to Garden Realty Corporation. Further, the Amended Supplemental Orders filed in this cause is hereby modified to delete the requirement that lease payments attributable to Applicants' conflicting coalbed methane gas ownership interests in Tracts 30, 41B and 41C be deposited by PGP into the Escrow Account. To the extent not specifically granted herein, any other or further relief is denied.

7. **Conclusion:**

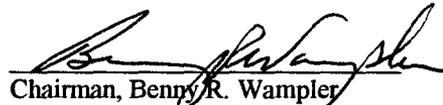
Therefore, the requested relief and all terms and provisions set forth above in Paragraph 6 above be and hereby are granted and IT IS SO ORDERED.

8. **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.

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

DONE AND EXECUTED this 17th day of August, 1999, by a majority of the Virginia Gas and Oil Board.


Chairman, Benny R. Wampler

DONE AND PERFORMED this 20th day of August, 1999, by an Order of this Board.


Byron Thomas Fulmer
Principal Executive to the Staff
Virginia Gas and Oil Board

COMMONWEALTH OF VIRGINIA)
COUNTY OF WISE)

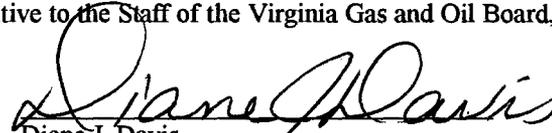
Acknowledged on this 17th day of August, 1999, personally before me a notary public in and for the Commonwealth of Virginia, appeared Benny R. Wampler, being duly sworn did depose and say that he is Chairman of the Virginia Gas and Oil Board, that he executed the same and was authorized to do so.


Susan G. Garrett
Notary Public

My Commission expires: July 31, 2002

COMMONWEALTH OF VIRGINIA)
COUNTY OF WASHINGTON)

Acknowledged on this 20th day of August, 1999, personally before me a notary public in and for the Commonwealth of Virginia, appeared Byron Thomas Fulmer, 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
Notary Public

My commission expires: September 30, 2001

List of Conflicting Owners/Claimants that require escrow

	Net Acres In Unit	Interest in Unit
<u>Tract #30 - 36.788 Acre Tract</u>		
<u>COAL FEE OWNERSHIP</u>		
(1) Hugh Macrae Land Trust Trust P. O. Box 29 Tazewell, VA 24651	36.79 acres	19.84411%
<u>OIL & GAS FEE OWNERSHIP</u>		
(1) Coal Mountain Mining Company P. O. Box 675 Tazewell, VA 24651	36.79 acres	19.84411%
<u>Tract #31 - 0.677 Acre Tract</u>		
<u>COAL FEE OWNERSHIP</u>		
(1) Coal Mountain Mining Company P. O. Box 675 Tazewell, VA 24651	0.68 acres	0.36519%
<u>OIL & GAS FEE OWNERSHIP</u>		
(1) Ernest Keen Heirs, devisees Successors or Assigns	0.68 acres	0.36519%
(a) Paul Keen Rt. 1, Box 52 Raven, VA 24639	0.11 acres 1/6 of 0.677 acres	0.06086%
(b) Ralph Keen Rt. 1, Box 52 Raven, VA 24639	0.11 acres 1/6 of 0.677 acres	0.06086%
(c) Arnold Keen P. O. Box 386 Oakwood, VA 24631	0.11 acres 1/6 of 0.677 acres	0.06086%
(d) Rudy Hale Cedar Bluff, VA 24609	0.11 acres 1/6 of 0.677 acres	0.06086%
(e) Anna R. Lambert Rt. 1, Box 52 Raven, VA 24639	0.11 acres 1/6 of 0.677 acres	0.06086%
(f) Ann McGowan Rt. 1, Box 52 Raven, VA 24639	0.11 acres 1/6 of 0.677 acres	0.06086%
<u>Tract #32 - 7.040 Acre Tract</u>		
<u>COAL FEE OWNERSHIP</u>		
(1) Hugh Macrae Land Trust Trust P. O. Box 29 Tazewell, VA 24651	7.04 acres	3.79750%

List of Conflicting Owners/Claimants that require escrow

	Net Acres In Unit	Interest in Unit
<u>OIL & GAS FEE OWNERSHIP</u>		
(1) Pocahontas Gas Partnership P. O. Box 947 Bluefield, VA 24605	7.04 acres	3.79750%
<u>Tract #33 - 15.368 Acre Tract</u>		
<u>COAL FEE OWNERSHIP</u>		
(1) Hugh Macrae Land Trust Tr 5 P. O. Box 29 Tazewell, VA 24651	15.87 acres	8.55948%
<u>OIL & GAS FEE OWNERSHIP</u>		
(1) Thurman Wade P. O. Box 225 Oawood, VA 24631	15.87 acres	8.55948%
<u>Tract #34 - 0.772 Acre Tract</u>		
<u>COAL FEE OWNERSHIP</u>		
(1) Hugh Macrae Land Trust Tr 5 P. O. Box 29 Tazewell, VA 24651	0.77 acres	0.41643%
<u>OIL & GAS FEE OWNERSHIP</u>		
(1) Pocahontas Gas Partnership P. O. Box 947 Bluefield, VA 24605	0.77 acres	0.41643%
<u>Tract #35 - 13.307 Acre Tract</u>		
<u>COAL FEE OWNERSHIP</u>		
(1) Hugh Macrae Land Trust Tr 5 P. O. Box 29 Tazewell, VA 24651	13.31 acres	7.17303%
<u>OIL & GAS FEE OWNERSHIP</u>		
(1) Pocahontas Gas Partnership P. O. Box 947 Bluefield, VA 24605	13.31 acres	7.17303%
<u>Tract #36 - 0.4475 Acre Tract</u>		
<u>COAL FEE OWNERSHIP</u>		
(1) Hugh Macrae Land Trust Tr 17 P. O. Box 29 Tazewell, VA 24651	0.45 acres	0.24139%
<u>OIL & GAS FEE OWNERSHIP</u>		
(1) Earl Marshall Heirs, devisees Successors or Assigns	0.45 acres	0.24139%

List of Conflicting Owners/Claimants that require escrow

	Net Acres In Unit	Interest in Unit
(a) Charles L. Ritchie Rt. 1, Box 258-A St. Paul, VA 24283	0.29 acres 5/8 of 0.4475 acres	0.15087%
(b) Lowery L. Jackson 5001 Parker Avenue West Palm Beach, FL 33405	0.06 acres 1/8 of 0.4475 acres	0.03017%
(c) Corbit Jackson Rt. 1, Box 80 Raven, VA 24639	0.06 acres 1/8 of 0.4475 acres	0.03017%
(d) Herbert L. Jackson P. O. Box 426 Grundy, VA 24614	0.06 acres 1/8 of 0.4475 acres	0.03017%

Tract #37 - 44.907 Acre Tract

COAL FEE OWNERSHIP

(1) Hugh Macrae Land Trust Trust P. O. Box 29 Tazewell, VA 24651	44.91 acres	24.22364%
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OIL & GAS FEE OWNERSHIP

(1) Ernest Keen Heirs, Descendants Successors or Assigns	47.91 acres	25.84190%
(a) Paul Keen Rt. 1, Box 52 Raven, VA 24639	7.98 acres 1/6 of 47.907 acres	4.30698%
(b) Ralph Keen Rt. 1, Box 52 Raven, VA 24639	7.98 acres 1/6 of 47.907 acres	4.30698%
(c) Arnold Keen P. O. Box 386 Oakwood, VA 24631	7.98 acres 1/6 of 47.907 acres	4.30698%
(d) Ruby Harer Cedar Bluff, VA 24609	7.98 acres 1/6 of 47.907 acres	4.30698%
(e) Anna R. Lambert Rt. 1, Box 52 Raven, VA 24639	7.98 acres 1/6 of 47.907 acres	4.30698%
(f) Ann McGowan Rt. 1, Box 52 Raven, VA 24639	7.98 acres 1/6 of 47.907 acres	4.30698%

Tract #38 - 0.454 Acre Tract

COAL FEE OWNERSHIP

(1) Hugh Macrae Land Trust Trust P. O. Box 29 Tazewell, VA 24651	0.45 acres	0.24490%
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List of Conflicting Owners/Claimants that require escrow

	Net Acres in Unit	Interest in Unit
<u>OIL & GAS FEE OWNERSHIP</u>		
(1) Ernest Keen Heirs, Devisees, Successors or Assigns	0.45 acres	0.04490%
(a) Paul Keen Rt. 1, Box 52 Raven, VA 24639	0.08 acres 1/6 of .454 acres	0.04082%
(b) Ralph Keen Rt. 1, Box 52 Raven, VA 24639	0.08 acres 1/6 of .454 acres	0.04082%
(c) Arnold Keen P. O. Box 386 Oakwood, VA 24631	0.08 acres 1/6 of .454 acres	0.04082%
(d) Ruby Hale Cedar Bluff, VA 24609	0.08 acres 1/6 of .454 acres	0.04082%
(e) Anna R. Lambert Rt. 1, Box 52 Raven, VA 24639	0.08 acres 1/6 of .454 acres	0.04082%
(f) Ann McGowan Rt. 1, Box 52 Raven, VA 24639	0.08 acres 1/6 of .454 acres	0.04082%

Tract #39 - 7.057 Acre Tract

COAL FEE OWNERSHIP

(1) Hugh Macrae Land Trust Tr 17 P. O. Box 29 Tazewell, VA 24651	7.06 acres	3.30667%
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OIL & GAS FEE OWNERSHIP

(1) Garden Realty Corporation c/o Betty Boyd King 2370 Lynchurst Avenue Winston-Salem NC 27103	7.06 acres	3.30667%
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Tract #40 - 11.923 Acre Tract

COAL FEE OWNERSHIP

(1) Hugh Macrae Land Trust Tr 17 P. O. Box 29 Tazewell, VA 24651	11.92 acres	6.43148%
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OIL & GAS FEE OWNERSHIP

(1) W. J. Sisk Heirs, Devisees, Successors or Assigns	11.92 acres	6.43148%
(a) Dale Hodge Chambers Rt. 1, Box 82 Raven, VA 24639	3.97 acres 7/21 of 11.923 acres	2.14383%

List of Conflicting Owners/Claimants that require escrow

	Net Acres In Unit	Interest In Unit
(b) Larry Douglas Chambers Rt. 1, Box 31 Raven, VA 24639	6.25 acres 11/21 of 11.923 acres	3.36887%
(c) Jimmy Donald Sisk 3153 Creekside Drive Norton, OH 44203	0.43 acres 1/23 of 11.923 acres	0.22970%
(d) Waiter Jackson "Bud" Sisk 229 Hescue Street Kingsport, TN 37665	0.43 acres 1/23 of 11.923 acres	0.22970%
(e) Nancy Sisk c/o Waiter Jackson Sisk 229 Hescue Street Kingsport, TN 37665	0.43 acres 1/23 of 11.923 acres	0.22970%
(f) Maudie Ellen Sanders 600 North 583 Street Kokomo, IN 46901	0.43 acres 1/23 of 11.923 acres	0.22970%

Tract #40A - 1.37 Acre Tract

COAL FEE OWNERSHIP

1) Hugh Macrae Land Trust Trust P. O. Box 29 Tazewell, VA 24651	1.37 acres	0.73900%
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OIL & GAS FEE OWNERSHIP

1) W. J. Sisk Heirs, devisees Successors or Assigns	1.37 acres	0.73900%
a) Dale Hodga Chambers Rt. 1, Box 32 Raven, VA 24639	0.46 acres 7/21 of 1.37 acres	0.04633%
b) Larry Douglas Chambers Rt. 1, Box 31 Raven, VA 24639	0.70 acres 11/21 of 1.37 acres	0.38710%
c) Jimmy Donald Sisk 3153 Creekside Drive Norton, OH 44203	0.05 acres 1/23 of 1.37 acres	0.02639%
d) Waiter Jackson "Bud" Sisk 229 Hescue Street Kingsport, TN 37665	0.05 acres 1/23 of 1.37 acres	0.02639%
(e) Nancy Sisk c/o Waiter Jackson Sisk 229 Hescue Street Kingsport, TN 37665	0.05 acres 1/23 of 1.37 acres	0.02639%
(f) Maudie Ellen Sanders 600 North 583 Street Kokomo, IN 46901	0.05 acres 1/23 of 1.37 acres	0.02639%

List of Conflicting Owners/Claimants that require escrow

	Net Acres In Unit	Interest In Unit
<u>Tract #40B - 1.662 Acre Tract</u>		
<u>COAL FEE OWNERSHIP</u>		
(1) Hugh Macrae Land Trust Trust P. O. Box 29 Tazewell, VA 24651	1.66 acres	0.89651%
<u>OIL & GAS FEE OWNERSHIP</u>		
(1) Corbit Jackson Rt. 1, Box 80 Raven, VA 24639	1.66 acres	0.89651%
<u>Tract #41B - 0.76 Acre Tract</u>		
<u>COAL FEE OWNERSHIP</u>		
(1) Coal Mountain Mining Company P. O. Box 675 Tazewell, VA 24651	0.76 acres	0.40996%
<u>OIL & GAS FEE OWNERSHIP</u>		
(1) Garden Realty Corporation c/o Betty Boyd King 2370 Lyndhurst Avenue Winston-Salem NC 27103	0.76 acres	0.40996%
<u>Tract #41C - 0.16 Acre Tract</u>		
<u>COAL FEE OWNERSHIP</u>		
(1) Coal Mountain Mining Company P. O. Box 675 Tazewell, VA 24651	0.16 acres	0.08631%
<u>OIL & GAS FEE OWNERSHIP</u>		
(1) Garden Realty Corporation c/o Betty Boyd King 2370 Lyndhurst Avenue Winston-Salem NC 27103	0.16 acres	0.08631%

PennStuart

Geo. E. Penn (1895-1931)
Wm. A. Stuart (1922-1976)

Wm. W. Eskridge
John B. Hemmings
Stephen M. Hodges
W. Challen Walling
Wade W. Massie TM
Daniel H. Caldwell
Michael F. Blair
William M. Moffet
Mark L. Esposito
Elizabeth A. McClanahan TM
Timothy W. Gresham ^T
H. Ashby Dickerson
Byrum L. Geisler
Jill Morgan Harrison TM

Richard E. Ladd, Jr. ^T
W. Bradford Stallard
Ramesh Murthy ^T
Kenneth R. Russell, Jr. TM
Karl K. Kindig TM
JoAnne L. Nolte
Mark E. Frye ^T
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**COMMERCE AND TRADE SECTION
BIG STONE GAP**

July 26, 1999

Mr. Dale Dietz
First Virginia Bank
P.O. Box 429
Bristol, TN 37621

RE: Applications by Torch Energy/Garden Realty Corporation/ Coal Mountain Mining Co. Limited Liability Partnership, LLP, for the withdrawal of funds from the escrow accounts for the SLW5, SLW6, SLW7, SLW8, SLW9, V-28, V-29, W-29 and W-30 units PS&E File Nos. 4169-9, 3373-8, 3373-10, 3373-12, 3373-14, 3373-16, 3373-18 and 3373-20

Dear Mr. Dietz:

The wiring instructions for the portion of the funds to be paid on behalf of Torch Energy Advisors Incorporated are:

Bank Name: Chase Bank of Texas
Bank ABA No: 113000609
Account Name: Torch Operating Company
Account No: 00103291234

The wiring instructions for the portion of the funds to be paid on behalf of the Addison Heirs:

Bank Name: Wachovia Abingdon, VA
Bank ABA No: 051000253
Account Name: PennStuart Trustee Account
Account No: 3110033322

Sandra B. Riggs
July 26, 1999
Page 2

The wiring instructions for the portion of the funds to be paid on behalf of Garden Realty Corporation are:

Bank Name: Centura Bank
Bank ABA No: 053100850
Account Name: Garden Realty Corporation
Account No: 3250011144

The wiring instructions for the portion of the funds to be paid on behalf of Coal Mountain Mining Co. Limited Liability Partnership, LLP, are

Bank Name: First Virginia Bank, SW Roanoke, VA
Bank ABA No: 051402903
Account Name: Coal Mountain Mining Co., Limited Liability Partnership, LLP
Account No: 00009121

I would appreciate it if the escrow agent would provide a letter or memorandum stating the amount wired and a breakdown by units with the portion of the funds wired attributable to that unit. My clients will need this information for their accounting records. I would also appreciate it if the escrow agent would advise me when the funds are being wired so I may notify my clients. Please call me if you have any questions. Thank you.

Sincerely,

PENN, STUART & ESKRIDGE



By: Sandra K. Fraley

SKF/tjd

cc: Alan Siegel, Esq.
Mr. Burt Williams
George W. Williams, Esq.
Mrs. Betty Boyd King
Sandra B. Riggs, Esq.
Addison Heirs