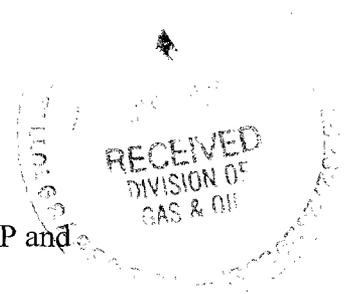


VIRGINIA:

BEFORE THE VIRGINIA GAS AND OIL BOARD

APPLICANTS: Garden Realty Corporation
Coal Mountain Mining Company Limited Partnership, LLP and
Torch Energy Advisors Incorporated



RELIEF SOUGHT: Amended Supplemental Order for
Unit Number SLW7

DOCKET NO.: VGOB-92/02/18-0185-02

LEGAL

DESCRIPTION: Drilling Unit Number SLW7 as Created
by Board Order Dated as Of February 18,
1992, VGOB-92/01/21-0185 in the
Hurricane Magisterial District,
Buchanan County, Virginia (see Exhibit A)

NOTICE OF HEARING

HEARING DATE: July 20, 1999
PLACE: Southwest 4-H Center
Hillman Highway; Abingdon, Virginia 24210
TIME: 9:00 A.M.

COMMONWEALTH OF VIRGINIA: To all persons, known or unknown, owning or claiming an interest in oil and gas, coal or other minerals and to all other persons, known or unknown, who have or claim to have an interest in the coalbed methane gas in all coal seams below the Tiller Seam underlying and within the SLW7 unit (hereinafter the "Unit"), and the lands described herein and in the application filed pursuant to Docket No. VGOB-92/02/18-0185 in Buchanan County, Virginia (hereinafter "Subject Lands"), and adjacent lands, and in particular to the following persons, their known and unknown heirs, executors, administrators, devisees, trustees, assigns and successors, both immediate and remote:

Ernest Keen Heirs -Paul Keen, Ralph Keen, Arnold Keen, Ruby Hale, Anna R. Lambert and Ann McGowan; Thurman Wade; Earl & Nellie Marshall Heirs; Corbett Jackson; W.J. Sisk Heirs - Dale Hodge Chambers, Larry Douglas Chambers, Jimmy Donald Sisk, Walter Jackson "Bud" Sisk Heirs, Nancy Sisk, Maudie Ellen Sanders; Pocahontas Gas Partnership; and Consolidation Coal Company.

NOTICE IS HEREBY GIVEN that the Applicants are requesting that the Virginia Gas and Oil Board (hereinafter the "Board") issue an amended supplemental order amending all prior orders affecting the Unit which amended supplemental order will provide as follows:

- a. Determining the amount of funds attributable to the conflicting claims of Garden Realty Corporation (hereinafter "Garden") and Coal Mountain Mining Company Limited Partnership, LLP (hereinafter "Coal Mountain") and Torch Energy Advisors, Incorporated (hereinafter "Torch");
- b. Directing the Escrow Agent to determine the amount of funds attributable to the conflicting claims of Garden, Coal Mountain and Torch, provide an accounting thereof, and disburse the funds on

deposit with the Escrow Agent, including any applicable earnings, as provided in the Garden/Coal Mountain Agreement and Trust/Torch/Coal Mountain Agreement;

- c. Directing the Operator to determine the amount of funds attributable to the conflicting claims of Garden, Coal Mountain and Torch, provide an accounting thereof, and disburse the funds in its hands, if any, subject to escrow but not then on deposit with the Escrow Agent, including any applicable earnings, at the time the amended supplemental order requested herein is executed, as provided in the Garden/Coal Mountain Agreement and Trust/Torch/Coal Mountain Agreement;
- d. Directing the Operator to disburse the funds, including any applicable earnings, and provide an accounting thereof, which it may receive after the date of the execution of the amended supplemental order requested in this Application, if any, attributable to the conflicting claims of Garden, Coal Mountain and Torch as provided in the Garden/Coal Mountain Agreement and Trust/Torch/Coal Mountain Agreement and to discontinue the payment of such funds into escrow.
- e. Granting such other relief as is merited by the evidence and is just and equitable whether or not such relief has been specifically requested herein.

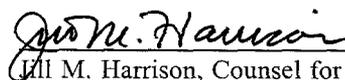
NOTICE IS FURTHER GIVEN THAT this cause has been set for hearing and the taking of evidence before the Board at 9:00 a.m. on July 20, 1999, at the Southwest 4-H Center; Abingdon, Virginia, and notice was published as required by law and the rules of the Board.

NOTICE IS FURTHER GIVEN THAT you may attend the hearing, with or without an attorney, and offer evidence or state any comments that you have. For further information, contact the Virginia Gas and Oil Board, State Gas and Oil Inspector, Department of Mines, Minerals and Energy, Division of Gas and Oil, P.O. Box 1416, Abingdon, Virginia 24212-1416, (540) 676-5423 or the Applicant at the address shown below.

DATED this 18th day of June, 1999.

GARDEN REALTY CORPORATION,
COAL MOUNTAIN MINING COMPANY
LIMITED PARTNERSHIP, LLP, and
TORCH ENERGY ADVISORS INCORPORATED,
Applicants

By



Jill M. Harrison, Counsel for

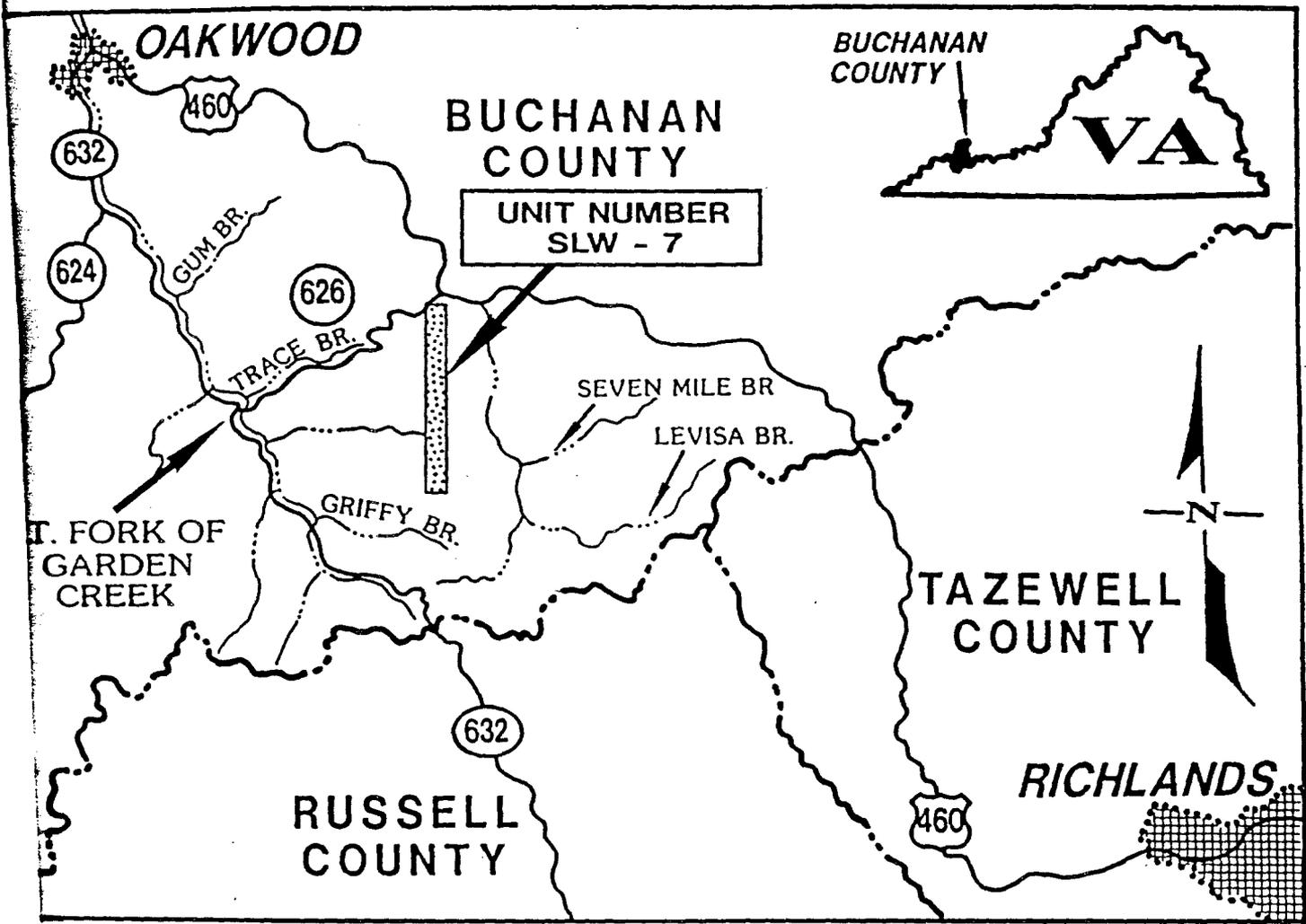
Applicants

PennStuart

P.O. Box 2288

Abingdon, Virginia 24212-2288

(540) 628-5151



SCALE

EXHIBIT A

VIRGINIA:

BEFORE THE VIRGINIA GAS AND OIL BOARD

APPLICANTS: Garden Realty Corporation
Coal Mountain Mining Company Limited Partnership, LLP and
Torch Energy Advisors Incorporated

RELIEF SOUGHT: Amended Supplemental Order for
Unit Number SLW7

DOCKET NO.: VGOB-92/02/18-0185-02

LEGAL

DESCRIPTION: Drilling Unit Number SLW7 as Created
by Board Order Dated as Of February 18,
1992, VGOB-92/01/21-0185 in the
Hurricane Magisterial District,
Buchanan County, Virginia

HEARING DATE: July 20, 1999

APPLICATION

1. Parties: Applicants herein are GARDEN REALTY CORPORATION, a Virginia corporation (hereinafter "Garden"), whose address for the purpose hereof is 2370 Lyndhurst Avenue, Winston-Salem, NC 27103, Telephone (336) 721-1452, and COAL MOUNTAIN MINING COMPANY LIMITED PARTNERSHIP, LLP (hereinafter "Coal Mountain"), whose address for the purpose hereof is P.O. Box 675, Tazewell, VA 24651, Telephone (540) 988-6700 and TORCH ENERGY ADVISORS INCORPORATED, a Delaware corporation (hereinafter "Torch"), whose address for the purpose hereof is 1221 Lamar, Suite 1600, Houston, TX 77010, Telephone (713) 753-1255. The attorney for Applicants is Jill Morgan Harrison, of the firm of PennStuart, P.O. Box 2288, Abingdon, Virginia, 24212-2288, Telephone: (540) 628-5151.

2. Facts:

- a. Pocahontas Gas Partnership was designated as the Unit Operator (hereinafter "Operator") and Applicants' interests were pooled in the SLW7 Unit (hereinafter the "Unit") by Order of the Virginia Gas and Oil Board (hereinafter the "Board") executed on April 29, 1992, pursuant to Docket No. VGOB-92/02/18-0185 and recorded in the Circuit Court Clerk's Office of Buchanan County, Virginia, on May 1, 1992, in Deed Book 390, Page 666 (hereinafter the "Order"), and supplemented by Order of the Board executed on July 11, 1996, and recorded in

the aforesaid Clerk’s Office on July 18, 1996, in Deed Book 451, Page 172 (hereinafter the “Supplemental Order”) and amended by Order of the Board executed on June 26, 1998, and recorded in the aforesaid Clerk’s Office on July 14, 1998, in Deed Book 478, Page 623 (hereinafter the “Amended Order”) and amended by Order of the Board executed on November 2, 1998 (unrecorded).

- b. The Order and the Supplemental Order required the Escrow Agent named and appointed therein to establish an interest-bearing escrow account for funds pertaining to the Unit and subject to escrow pursuant to the terms of paragraph 16 of the Order.
- c. The Order and the Supplemental Order further required the Operator to deposit bonus and royalty payments with the Escrow Agent which could not be made because the person(s) entitled thereto could not be made certain due to conflicting claims of ownership.
- d. Hugh MacRae Land Trust (the “Trust”) was a conflicting claimant with regard to the tracts listed in item e(2) below. By Assignment and Bill of Sale dated as of December 29, 1997, the Trust assigned all its interest in the bonus and royalty payments (both escrowed and future) with regard to the tracts listed below to Torch. Torch and Coal Mountain are, therefore, the present conflicting claimants with regard to the tracts listed in item e(2) below.
- e. (1) Garden and Coal Mountain are conflicting claimants with regard to the tracts listed below. Garden and Coal Mountain hereby warrant that the conflicting claims of Garden and Coal Mountain represent the following undivided interest(s) in the following tracts in the Unit:

<u>Tract</u>	<u>Aggregate Undivided Interest in Tract</u>	<u>Aggregate Interest in Unit</u>
41B	Coal Mountain - 100% of Coal Garden - 100% of Oil & Gas	0.40996%
41C	Coal Mountain - 100% of Coal Garden - 100% of Oil & Gas	0.08631%
	TOTAL	0.49627%

- (2) Coal Mountain and Torch are conflicting claimants with regard to the tracts listed below. Coal Mountain and Torch hereby warrant that the conflicting

claims of Coal Mountain and Torch represent the following undivided interest(s) in the following tracts in the Unit:

<u>Tract</u>	<u>Aggregate Undivided Interest in Tract</u>	<u>Aggregate Interest in Unit</u>
30	Torch - 100% of Coal Coal Mountain - 100% of Oil & Gas	19.84411%
TOTAL		19.84411%

f. Garden and Coal Mountain do hereby claim and warrant that they are the sole claimants of the interests identified in e(1) above within the Unit. Torch and Coal Mountain do hereby claim and warrant that they are the sole claimants of the interests identified in e(2) above within the Unit.

g. The amounts deposited with the Escrow Agent regarding the Unit and the amount attributable to the aggregate interests of Garden, Coal Mountain and Torch as conflicting claimants need to be determined. Such funds should be distributed according to the agreements referenced at paragraph “i” below.

h. Any escrow amounts, not yet deposited to the escrow account, held by the Operator should also be determined. Such funds should be distributed according to the agreements referenced at paragraph “i” below.

i. Garden and Coal Mountain have by agreement dated August 11, 1998 (hereinafter the “Garden/Coal Mountain Agreement”) agreed to a means whereby the funds on deposit with the Escrow Agent pertaining to their conflicting claims in the Unit may be distributed by the Escrow Agent and whereby the Operator may cease depositing such funds and disburse the same to Garden and Coal Mountain as set forth in the Garden/Coal Mountain Agreement.

The Trust, Torch and Coal Mountain have by agreement dated December 31, 1997 (hereinafter the “Trust/Torch/Coal Mountain Agreement”), agreed to a means whereby the funds on deposit with the Escrow Agent pertaining to their conflicting claims in the Unit may be distributed by the Escrow Agent and whereby the Operator may cease depositing such funds and disburse the same to Torch and Coal Mountain as set forth in the Trust/Torch/Coal Mountain Agreement.

j. Garden and Coal Mountain and Coal Mountain and Torch do hereby request that the Board enter an amended supplemental order directing the Escrow Agent and the

Operator to disburse to Garden and Coal Mountain and to Coal Mountain and Torch the funds attributable to their conflicting claims including any interest earned thereon.

- k. The Applicants certify that the matters set forth in this Application, to the best of their knowledge, information, and belief, are true and correct and that the form and content of this Application conform to the requirements of relevant Board regulations and orders.

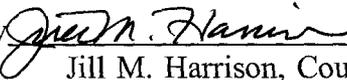
3. Legal Authority: Va. Code Ann. §§ 45.1-361.1 *et seq.*, VR 480-05-22.2, and such other regulations and Board orders promulgated pursuant to law.

4. Relief Sought: Applicants request that the Board issue an amended supplemental order amending all prior orders affecting the Unit which amended supplemental order will provide as follows:

- a. Determining the amount of funds attributable to the conflicting claims of Garden, Coal Mountain and Torch;
- b. Directing the Escrow Agent to determine the amount of funds attributable to the conflicting claims of Garden, Coal Mountain and Torch, provide an accounting thereof, and disburse the funds on deposit with the Escrow Agent, including any applicable earnings, as provided in the Garden/Coal Mountain Agreement and Trust/Torch/Coal Mountain Agreement;
- c. Directing the Operator to determine the amount of funds attributable to the conflicting claims of Garden, Coal Mountain and Torch, provide an accounting thereof, and disburse the funds in its hands, if any, subject to escrow but not then on deposit with the Escrow Agent, including any applicable earnings, at the time the Supplemental Order requested herein is executed, as provided in the Garden/Coal Mountain Agreement and Trust/Torch/Coal Mountain Agreement;
- d. Directing the Operator to disburse the funds, including any applicable earnings, and provide an accounting thereof, which it may receive after the date of the execution of the amended supplemental order requested in this Application, if any, attributable to the conflicting claims of Garden, Coal Mountain and Torch as provided in the Garden/Coal Mountain Agreement and Trust/Torch/Coal Mountain Agreement and to discontinue the payment of such funds into escrow.
- e. Granting such other relief as is merited by the evidence and is just and equitable whether or not such relief has been specifically requested herein.

Dated this 18th day of June, 1999.

GARDEN REALTY CORPORATION,
COAL MOUNTAIN MINING COMPANY
LIMITED PARTNERSHIP, LLP and
TORCH ADVISORS INCORPORATED
Applicants

By 

Jill M. Harrison, Counsel for Applicants
PennStuart
P.O. Box 2288
Abingdon, Virginia 24212-2288
(540) 628-5151

CERTIFICATE

The foregoing application to the best of my knowledge, information and belief is true and correct. Notice was given pursuant to Va. Code Ann. § 45.1-361.19 (Michie Supp. 1998).