

Instrument prepared by:

VIRGINIA GAS AND OIL BOARD

Order recorded under:

110000688

CODE OF VIRGINIA

§ 45.1-361.26

VIRGINIA:

BEFORE THE GAS AND OIL BOARD

APPLICANTS:

CNX Gas Company on behalf of Coal Mountain Mining Company and Ernest Keen Heirs including: Ralph Keen, Arnold Keen, Billy Ray Hale, Linda Hale Matney, Brenda Weddle, Carl Lee Hale, Anna R. Lambert, and Elizabeth Ann Justice (previously Ann McCowan).

DOCKET NO.

92-0218-0185-04

RELIEF SOUGHT:

Issuance: A Supplemental Order for Disbursement of Escrowed Funds

Action: Amending Prior Orders Affecting Drilling Unit SLW 7;
Tract 31
(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 SLW 7 by Tract Sub-accounts;
- (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 Unit's Escrow Subaccount for VGOB Tract(s) identified in Table 1.

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 Conference Center, 139 Highland Drive, Lebanon, Virginia.
2. **Appearances:** Mark A. Swartz of Swartz Law Office appeared for the Applicant; and Sharon M.B. Pigeon, Sr. Senior 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. **Proceedings:**

- 4.1 A) On April 29, 1992 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 Circuit Court of Buchanan County on May 1, 1992, in Deed Book 390, Page 666 to 676.
- B) The Supplemental Order was executed and recorded with the Clerk of the Circuit Court Buchanan County on July 18, 1996; Deed Book 451 Pages 172 to 182.
- C) On June 4, 1997 a Board Order was entered VGOB Docket 97-0415-0576 (aka 92-0218-0185) and recorded with the Clerk of the Circuit Court Buchanan County Deed Book 463, Pages 203 to 207.
- D) On May 23, 1997 a Board Order was entered for VGOB Docket 97-0415-0576-01 (aka 92-0218-0185) and recorded with the Clerk of the Circuit Court Buchanan County on April 29, 1998, Deed Book 475, Pages 367 to 374.
- E) An amended Supplemental Order was executed and recorded with the Clerk of the Circuit Court Buchanan County on July 14, 1998, Deed Book 478, Pages 623 to 645.
- F) On November 2, 1998 the board executed an Ammended Supplemental Order for VGOB 92-0218-0185-01.
- G) On August 20, 1999 the board executed a disbursement order for VGOB 92-0218-0185-02 for Tracts 30, 41B and 41C.
- H) On November 16, 2010 the board approved a disbursement of funds relative to Tract 33, VGOB Docket 92-0218-0185-03 and was recorded with the Clerk of the Circuit Court of Buchanan County on December 21, 2010, Instrument Number 100003364.
- 4.2 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 Pooling Order and testimony, the coal estate ownership interests of Coal Mountain Mining Company and the gas estate interests of Ernest Keen Heirs including: Ralph Keen, Arnold Keen, Billy Ray Hale, Linda Hale Matney, Brenda Weddle, Carl Lee Hale, Anna R. Lambert, and Elizabeth Ann Justice (previously Ann McCowan) in the Subject Drilling Unit were in conflict and became subject to the escrow requirements of the Pooling Order.
- 4.3 The Unit Operator's Miscellaneous Petition, a copy of which is attached to and made a part hereof, states under oath that Coal Mountain Mining Company and the Ernest Keen Heirs including: Ralph Keen, Arnold Keen, Billy Ray Hale, Linda Hale Matney, Brenda Weddle, Carl Lee Hale, Anna R. Lambert, and Elizabeth Ann Justice (previously Ann McCowan) have executed a split agreement (50% / 50%) with regard to Tract 31 in the subject drilling unit.
- 4.4 The Unit Operator gave notice to Coal Mountain Mining Company and the Ernest Keen Heirs including: Ralph Keen, Arnold Keen, Billy Ray Hale, Linda Hale Matney, Brenda Weddle, Carl Lee Hale, Anna R. Lambert, and Elizabeth Ann Justice (previously Ann McCowan) that the Board would consider this disbursement authorization at its hearing on January 18, 2011 and consider whether to: (1) amend the Pooling Order to provide for the disbursement a portion of funds on deposit in the Escrow Account attributable to Tract 31 identified in the attached miscellaneous petition (2) delete the requirement that the Unit Operator place future royalties attributable to said Tract 31 relative to 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 in other tracts under this order subject to continued payment in the escrow.
- 4.5 The Unit Operator filed the attached accounting for Subject Drilling Unit's Escrow Account with the Board ("Accounting").

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 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) Coal Mountain Mining Company and the Ernest Keen Heirs including: Ralph Keen, Arnold Keen, Billy Ray Hale, Linda Hale Matney, Brenda Weddle, Carl Lee Hale, Anna R. Lambert, and Elizabeth Ann Justice (previously Ann McCowan) have entered into a split agreement (50% / 50%) and are to be disbursed following the percentage in Escrowed Funds based on the owner's acreage proportionate share of total acreage escrowed.

(2) Net interests attributable and to be disbursed to each Applicant is shown in Table 1,

VGOB Approved Disbursement
 VGOB-92-0218-0185-04
 SLW_7

Item	Tract	Disbursement Table	Frac Interest	Acreage Interest Disbursed	Split Agreement	Escrowed Acres Total	% of Escrowed Funds
Table 1							
Disbursement Table							
Totals						64,4405	
Torch Oil and Gas Company				0.6770			
1	31	Torch Oil and Gas Company, c/o Sue Ann Craddock, 670 Dona Ana Road, SW, Deming	1	0.4062	50.0%	0.2031	0.3152%
Ernest Keen Heirs							
2	31	Ralph Keen (Do not Disburse due to the Split Agreement being disputed.)	1/5				
3	31	Arnold Keen, P. O. Box 475, Keen Mountain, VA 24624	1/5	0.1354	50.0%	0.0677	0.1051%
4	31	Billy Ray Hale, P.O. Box 311, Honaker, VA 24660	1/20	0.0339	50.0%	0.0169	0.0263%
5	31	Linda Hale Matney, P. O. Box 738, Pounding Mill, VA 24637	1/20	0.0339	50.0%	0.0169	0.0263%
6	31	Brenda Weddle, P. O. Box 185, Cedar Bluff, VA 24609	1/20	0.0339	50.0%	0.0169	0.0263%
7	31	Carl Lee Hale, P. O. Box 330, Pounding Mill, VA 24637	1/20	0.0339	50.0%	0.0169	0.0263%
8	31	Anna R. Lambert (Do not disburse due to the Split Agreement being disputed.)	1/5				
9	31	Elixabeth Ann Justice (previously Ann McCowan), P. O. Box 677, Rosedale, VA 24280	1/5	0.1354	50.0%	0.0677	0.1051%

6. **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.

7. **Conclusion:**

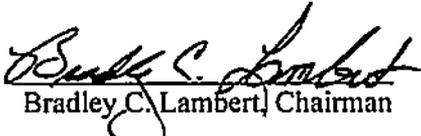
Therefore, the requested relief and all terms and provisions set forth above in Paragraph 6 above be and hereby are granted and **IT IS SO ORDERED.**

8. **Appeals:**

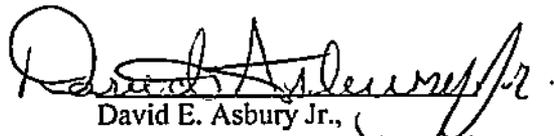
Appeals of this Order are governed by the provisions of Va. Code § 45.1-361.9 which provides that any order or decision of the Board may be appealed to the appropriate circuit court and that whenever a coal owner, coal operator, gas owner, gas operator, or operator of a gas storage field certificated 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 4th day of March, 2011, by a majority of the Virginia Gas and Oil Board.

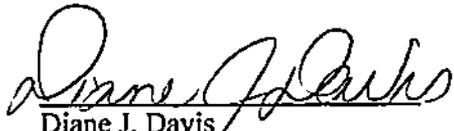

Bradley C. Lambert, Chairman

DONE AND PERFORMED this 4th day of March, 2011, by an Order of this Board.


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

COMMONWEALTH OF VIRGINIA)
COUNTY OF RUSSELL)

Acknowledged on this 4th 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
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 92-0218-0185-04

RELIEF SOUGHT: (1) DISBURSEMENT FROM
ESCROW REGARDING TRACT(S) 31
(Royalties currently being paid under
Buchanan No.1 SGU, VGOB 98-1117-0697)

HEARING DATE: December 14, 2010

DRILLING UNIT: SLW 7

BUCHANAN COUNTY, VIRGINIA

MISCELLANEOUS PETITION

1. Petitioner and its counsel: Petitioner is CNX Gas Company LLC, 2481 John Nash Boulevard, 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 a portion of Tract(s) 31 as depicted upon the annexed Exhibit A. (Royalties currently being paid under Buchanan No.1 SGU, VGOB 98-1117-0697)

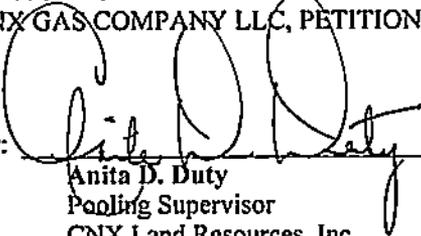
3. Legal Authority: Va. Code Ann. § 45.1-361.1 et seq., 4 VAC 25-160-140., and relevant Virginia Gas and Oil Board Orders ("Board") heretofore promulgated pursuant to law.

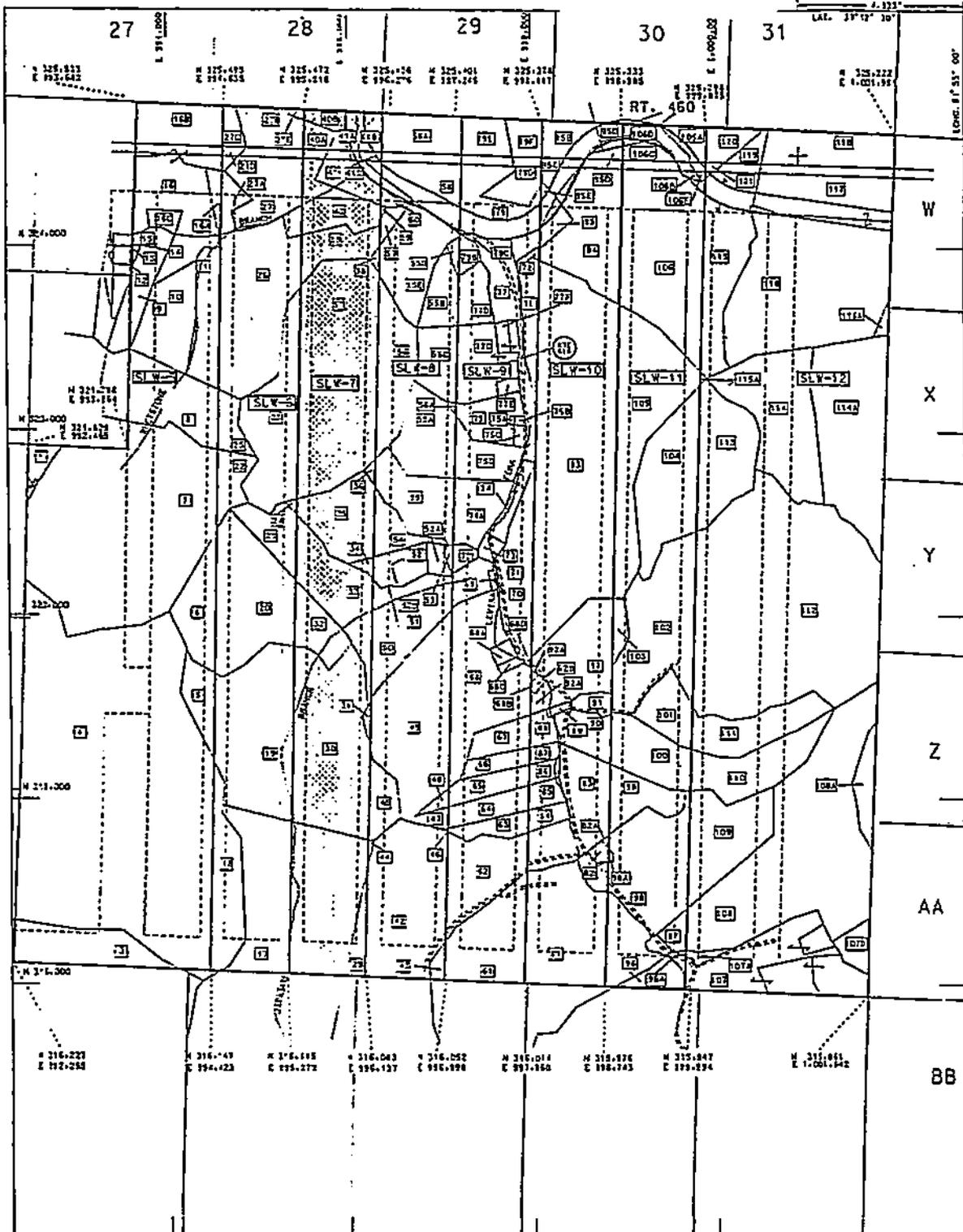
4. Type of well(s): Coalbed methane.

5. Factual basis for relief requested: Coal Mountain Mining Co., LLP and Ernest Keen Heirs including Ralph Keen, Arnold Keen, Billy Ray Hale, Linda Hale Matney, Brenda Weddle, Carl Lee Hale, Anna R. Lambert and Elizabeth Ann Justice have entered into royalty split agreement(s). The annexed Exhibit A, further, 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
Pooling Supervisor
CNX Land Resources, Inc.
2481 John Nash Blvd.
Bluefield, West Virginia 24701



NOTE: ALL ACRES ARE PLANIMETERED

EXPLANATION

- PROPOSED SLW UNIT
- PROPERTY LINE
- HIGHWAY RIGHT-OF-WAY
- TRACT IDENTIFICATION NUMBER
- COUNTY ROUTE
- OAKWOOD FIELD LINE
- AA-25 OAKWOOD FIELD 80 ACRE ID.
- SLW-7 LONGWALL PANEL UNIT ID.
- PROPOSED LONGWALL PANEL
- 178.447 VIRGINIA SOUTH STATE PLANE COORDINATES NORTH 325.065 EAST 992.687
- ↙ TRACT LAND HOOK
- ▣ FORCE POOL PANEL

EXHIBIT B

POCAHONTAS GAS PARTNERSHIP
 OCKET NO. VGOB-92-0121- 0185
 FORCE POOLING

UNIT SLW - 7
 KEEN MTN. QUADRANGLE
 BUCHANAN COUNTY, VA

SCALE: 0" = 550' 1100'	PREPARED BY: L. ARRINGTON DRAWN BY: D.L. BRADSHAW DATE: JAN 13, 1992
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6

Pocahontas Gas Partnership
Docket No. VGOB-92/02/18-0185 Force Pooling Application
Panel by Panel Active Coalbed Methane Units
SLW-7
Total Acres - 185.385

Page 1

28. Coal Mountain Mining - TR 2 - Coal, Oil & Gas
Coal Lessees
United Coal Company
Consolidation Coal Company
Consolidation Coal Company - Oil & Gas Lessee
Pocahontas Gas Partnership - CBM Lessee
27.403 acres - 14.78%

29. Coal Mountain Mining Company - TR 6 - Coal, Oil & Gas
Coal Lessees
United Coal Company
Consolidation Coal Company
Pocahontas Gas Partnership - CBM Lessee
Consolidation Coal Company - Oil & Gas Lessee
3.310 acres - 1.79%

30. Hugh MacRae Land Trust - TR 14 - Coal
Coal Lessees
Permac, Inc.
Consolidation Coal Company
Pocahontas Gas Partnership - CBM Lessee
Coal Mountain Mining - Oil & Gas
36.788 acres - 19.84%

31. Coal Mountain Mining Company - TR 11 - Coal
Coal Lessees
United Coal Company
Consolidation Coal Company
Pocahontas Gas Partnership - CBM Lessee
E. Keen Heirs - Oil & Gas
0.677 acres - 0.36%

Pocahontas Gas Partnership
Docket No. VGOB-92/02/18-0185 Force Pooling Application
Panel by Panel Active Coalbed Methane Units
SLW-7
Total Acres - 185.385

Page 1

28. Coal Mountain Mining - TR 2 - Coal, Oil & Gas
Coal Lessees
United Coal Company
Consolidation Coal Company
Consolidation Coal Company - Oil & Gas Lessee
Pocahontas Gas Partnership - CBM Lessee
27.403 acres - 14.78%

29. Coal Mountain Mining Company - TR 6 - Coal, Oil & Gas
Coal Lessees
United Coal Company
Consolidation Coal Company
Pocahontas Gas Partnership - CBM Lessee
Consolidation Coal Company - Oil & Gas Lessee
3.310 acres - 1.79%

30. Hugh MacRae Land Trust - TR 14 - Coal
Coal Lessees
Permac, Inc.
Consolidation Coal Company
Pocahontas Gas Partnership - CBM Lessee
Coal Mountain Mining - Oil & Gas
36.788 acres - 19.84%

31. Coal Mountain Mining Company - TR 11 - Coal
Coal Lessees
United Coal Company
Consolidation Coal Company
Pocahontas Gas Partnership - CBM Lessee
E. Keen Heirs - Oil & Gas
0.677 acres - 0.36%

Pocahontas Gas Partnership
Docket No. VGOB-92/02/18-0185 Force Pooling Application
Panel by Panel Active Coalbed Methane Units
SLW-7
Total Acres - 185.385

Page 2

32. Hugh MacRae Land Trust - TR 5 - Coal
Coal Lessees
Permac, Inc.
Consolidation Coal Company
Pocahontas Gas Partnership - CBM Lessee
R. Horn - Oil & Gas
7.040 acres - 3.80%
33. Hugh MacRae Land Trust - TR 5 - Coal
Coal Lessees
Permac, Inc.
Consolidation Coal Company
Pocahontas Gas Partnership - CBM Lessee
T. Wade - Oil & Gas
15.868 acres - 8.56%
34. Hugh MacRae Land Trust - TR 5 - Coal
Coal Lessees
Permac, Inc.
Consolidation Coal Company
Pocahontas Gas Partnership - CBM Lessee
J. V. Hale - Oil & Gas
0.772 acres - 0.42%
35. Hugh MacRae Land Trust - TR 5 - Coal
Coal Lessees
Permac, Inc.
Consolidation Coal Company
Pocahontas Gas Partnership - CBM Lessee
J.D. Keen - Oil & Gas
13.307 acres - 7.18%

Pocahontas Gas Partnership
Docket No. VGOB-92/02/18-0185 Force Pooling Application
Panel by Panel Active Coalbed Methane Units
SLW-7
Total Acres - 185.385

Page 3

36. Hugh MacRae Land Trust - TR 17 - Coal
Coal Lessees
Permac, Inc.
Consolidation Coal Company
Pocahontas Gas Partnership - CBM Lessee
E. Marshall Heirs - Oil & Gas
0.4475 acres - 0.24%
37. Hugh MacRae Land Trust - TR 2 - Coal
Coal Lessees
Permac, Inc.
Consolidation Coal Company
Pocahontas Gas Partnership - CBM Lessee
E. Keen Heirs - Oil & Gas
47.907 acres - 25.84%
38. Hugh MacRae Land Trust - TR 17 - Coal
Coal Lessees
Permac, Inc.
Consolidation Coal Company
Pocahontas Gas Partnership - CBM Lessee
E. Keen Heirs - Oil & Gas
0.454 acres - 0.24%
39. Hugh MacRae Land Trust - TR 17 - Coal
Coal Lessees
Permac, Inc.
Consolidation Coal Company
Pocahontas Gas Partnership - CBM Lessee
Garden Reality - Oil & Gas
Consolidation Coal Company - Oil & Gas Lessee
7.057 acres - 3.81%

Pocahontas Gas Partnership

Docket No. VGOB-92/02/18-0185 Force Pooling Application

Panel by Panel Active Coalbed Methane Units

SLW-7

Total Acres - 185.385

Page 4

40. Hugh MacRae Land Trust - TR 17 - Coal
Coal Lessees
Permac, Inc.
Consolidation Coal Company
Pocahontas Gas Partnership - CBM Lessee
W.J. Sisk Heirs - Oil & Gas
11.923 acres - 6.43%
41. Yukon Pocahontas Coal - TR 50-3 - Coal, Oil & Gas
Coal Lessees
Jewell Smokeless Coal Corporation/ Oakwood Ash Coal Corp.
Island Creek Coal Company
Consolidation Coal Company
OXY USA - CBM Lessee
Cabot Oil - Oil & Gas Lessee
6.55 acres - 3.53%
- 40A. Hugh MacRae Land Trust - TR 17 - Coal
Coal Lessees
Permac, Inc.
Consolidation Coal Company
Island Creek Coal Company
Pocahontas Gas Partnership - CBM Lessee
W.J. Sisk Heirs - Oil & Gas
1.37 acres - 0.74%

Pocahontas Gas Partnership
Docket No. VGOB-92/02/18-0185 Force Pooling Application
Panel by Panel Active Coalbed Methane Units
SLW-7
Total Acres - 185.385

Page 5

- 40B. Hugh MacRae Land Trust - TR 17 - Coal
Coal Lessees
Permac, Inc.
Consolidation Coal Company
Island Creek Coal Company
Pocahontas Gas Partnership - CBM Lessee
C. Jackson - Oil & Gas
1.662 acres - 0.90%
- 41A. Yukon Pocahontas Coal - Coal, Oil & Gas
Coal Lessees
Island Creek Coal Company
Jewell Smokeless Coal Corporation
OXY USA - CBM Lessee
Cabot Oil - Oil & Gas Lessee
1.93 acres - 1.04%
- 41B. Coal Mountain Mining Company - TR24 - Coal
Coal Lessees
Permac, Inc.
Consolidation Coal Company
Island Creek Coal Company
Pocahontas Gas Partnership - CBM Lessee
Garden Realty - Oil & Gas
Consolidation Coal Company - Oil & Gas Lessee
0.76 acres - 0.41%
- 41C. Coal Mountain Mining Company - TR24 - Coal
Coal Lessees
Permac, Inc.
Consolidation Coal Company
Pocahontas Gas Partnership - CBM Lessee
Garden Realty - Oil & Gas
Consolidation Coal Company - Oil & Gas Lessee
0.16 acres - 0.09%

Exhibit E
Unit SLW-7
Docket #VGOB 92-0218-0185-04
List of Conflicting Owners/Claimants that require escrow
(185.385 Acre Unit)

	Net Acres In Unit	Interest in Unit
<u>Tract #31 - 0.677 Acres</u>		
<u>COAL OWNERSHIP</u>		
(1) Coal Mountain Mining Company, LLP, Tr. 11 P.O. Box 675 Tazewell, VA 24851	0.677 acres	0.3652%
<u>OIL & GAS OWNERSHIP</u>		
(1) Ernest Keen Heirs, Devisees, Successors, or Assigns	0.677 acres	0.3652%
(b) Ralph Keen 200 Summit Avenue Lebanon, VA 24266	0.135 acres 1/5 of 0.677 acres	0.0730%
**** NOTE: Royalty Split Agreements have been executed, but are in dispute. The VGOB approved withholding the Disbursement at the January 18, 2011 hearing.		
(e) Anna R. Lambert 182 Blankenship Drive N. Tazewell, VA 24630	0.135 acres 1/5 of 0.677 acres	0.0730%
**** NOTE: Royalty Split Agreements have been executed, but are in dispute. The VGOB approved withholding the Disbursement at the January 18, 2011 hearing.		
<u>Tract #36 - 0.4475 Acres</u>		
<u>COAL OWNERSHIP</u>		
(1) Hugh MacRae Land Trust, Tr.17 c/o Alan Slegel Esq Gump, Strauss, Akin LLP 590 Madison Avenue, 20th Floor New York, NY 10022-2524	0.4475 acres	0.2414%
<u>CBM Royalty Owner (Claim from the Coal Estate Owner):</u>		
Torch Oil & Gas Company c/o Sue Ann Craddock 670 Dona Ana Road SW Deming, NM 88030		
<u>OIL & GAS OWNERSHIP</u>		
(1) Earl Marshall Heirs, Devisees, Successors or Assigns	0.4475 acres	0.2414%
(a) Charles L. Ritchie 1509 Kentucky Ave. Bristol, VA 37620	0.280 acres 5/8 of .4475 acres	0.1509%
(b) Lowery L. Jackson 5001 Parker Avenue West Palm Beach, FL 33405	0.056 acres 1/8 of .4475 acres	0.0302%

13

Exhibit E
Unit SLW-7
Docket #VGOB 92-0218-0185-04
List of Conflicting Owners/Claimants that require escrow
(185.385 Acre Unit)

	Net Acres In Unit	Interest in Unit
(c) Corbit Jackson Rt. 1, Box 80 Raven, VA 24639	0.056 acres 1/8 of .4475 acres	0.0302%
(d) Herbert L. Jackson P. O. Box 426 Grundy, VA 24614 <i>(Deceased - goes to Jerry Jackson, other portions as well. Look for deeds/will forthcoming.)</i>	0.056 acres 1/8 of .4475 acres	0.0302%

Tract #37 - 47.907 Acres

COAL OWNERSHIP

(1) Hugh MacRae Land Trust, Tr.2 c/o Alan Siegel Esq Gump, Strauss, Akin LLP 590 Madison Avenue, 20th Floor New York, NY 10022-2524	47.907 acres	25.8419%
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CBM Royalty Owner (Claim from the Coal Estate Owner):

Torch Oil & Gas Company
c/o Sue Ann Craddock
670 Dona Ana Road SW
Deming, NM 88030

OIL & GAS OWNERSHIP

(1) Ernest Keen Heirs, Devisees, Successors or Assigns	47.907 acres	25.8419%
(a) Paul Keen Heirs, Devisees, Successors, or Assigns		
(b) Ralph Keen 200 Summit Avenue Lebanon, VA 24266	9.581 acres 1/5 of 47.907 acres	5.1684%
(c) Arnold J. & Wilda Keene 962 Ascue Road Cedar Bluff, VA 24609	9.581 acres 1/5 of 47.907 acres	5.1684%
(d) Ruby Hale Heirs, Devisees, Successors or Assigns		
(d.1) Billy Ray Hale PO Box 311 Honaker, VA 24660	2.395 acres 1/20 of 47.907 acres	1.2921%
(d.2) Linda Hale Matney PO Box 738 Pounding Mill, VA 24637	2.395 acres 1/20 of 47.907 acres	1.2921%
(d.3) Brenda Weddle PO Box 185 Cedar Bluff, VA 24609	2.395 acres 1/20 of 47.907 acres	1.2921%

Exhibit E
Unit SLW-7
Docket #VGOB 92-0218-0185-04
List of Conflicting Owners/Claimants that require escrow
(185,385 Acre Unit)

	Net Acres in Unit	Interest in Unit
(d.4) Carl Lee Hale PO Box 330 Pounding Mill, VA 24637	2.395 acres 1/20 of 47.907 acres	1.2921%
(e) Anna R. Lambert 182 Blankenship Drive N. Tazewell, VA 24630	9.581 acres 1/5 of 47.907 acres	5.1684%
(f) Elizabeth Ann Justice P.O. Box 677 Rosedale, VA 24280 <i>(previously Roy & Ann McCowan)</i>	9.581 acres 1/5 of 47.907 acres	5.1684%

Tract #38 - 0.454 Acres

COAL OWNERSHIP

(1) Hugh MacRae Land Trust, Tr.17 c/o Alan Siegel Esq Gump, Strauss, Akin LLP 590 Madison Avenue, 20th Floor New York, NY 10022-2524	0.454 acres	0.2449%
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CBM Royalty Owner (Claim from the Coal Estate Owner):

Torch Oil & Gas Company
c/o Sue Ann Craddock
670 Dona Ana Road SW
Deming, NM 88030

OIL & GAS OWNERSHIP

(1) Ernest Keen Heirs, Devisees, Successors or Assigns	0.454 acres	0.2449%
(a) Paul Keen Heirs, Devisees, Successors, or Assigns		
(b) Ralph Keen 200 Summit Avenue Lebanon, VA 24268	0.091 acres 1/5 of 0.454 acres	0.0490%
(c) Arnold J. & Wilda Keene 962 Ascue Road Cedar Bluff, VA 24609	0.091 acres 1/5 of 0.454 acres	0.0490%
(d) Ruby Hale Heirs, Devisees, Successors or Assigns		
(d.1) Billy Ray Hale PO Box 311 Honaker, VA 24660	0.023 acres 1/20 of 0.454 acres	0.0122%
(d.2) Linda Hale Matney PO Box 738 Pounding Mill, VA 24637	0.023 acres 1/20 of 0.454 acres	0.0122%

Exhibit E
Unit SLW-7
Docket #VGOB 92-0218-0185-04
List of Conflicting Owners/Claimants that require escrow
(195.385 Acre Unit)

	Net Acres In Unit	Interest In Unit
(d.3) Brenda Weddle PO Box 185 Cedar Bluff, VA 24609	0.023 acres 1/20 of 0.454 acres	0.0122%
(d.4) Carl Lee Hale PO Box 330 Pounding Mill, VA 24637	0.023 acres 1/20 of 0.454 acres	0.0122%
(e) Anna R. Lambert 182 Blankenship Drive N. Tazewell, VA 24630	0.091 acres 1/5 of 0.454 acres	0.0490%
(f) Elizabeth Ann Justice P.O. Box 677 Rosedale, VA 24280 <i>(previously Roy & Ann McCowan)</i>	0.091 acres 1/5 of 0.454 acres	0.0490%

Tract #40 - 11.923 Acres

COAL OWNERSHIP

(1) Hugh MacRae Land Trust, Tr.17 c/o Alan Siegel Esq Gump, Strauss, Akin LLP 590 Madison Avenue, 20th Floor New York, NY 10022-2524	11.923 acres	6.4315%
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CBM Royalty Owner (Claim from the Coal Estate Owner):

Torch Oil & Gas Company
c/o Sue Ann Craddock
670 Dona Ana Road SW
Deming, NM 88030

OIL & GAS OWNERSHIP

(1) W.J. Sisk Heirs, Devisees	11.923 acres	6.4315%
(a) Dale Hodge Chambers Rt 1 Box 82 Raven, Va 24639	3.974 acres 1/3 of 11.923 acres	2.1438%
(b) Larry Douglas Chambers Rt 1 box 82 Raven, Va 24639	6.245 acres 11/21 of 11.923 acres	3.3689%
(c) Jimmy Donald Sisk 2854 Kay Blvd Norton, OH 44203	0.426 acres 1/28 of 11.923 acres	0.2297%
(d) Walter Jackson "Bud" Sisk 229 Hesque Street Kingsport, TN 37665	0.426 acres 1/28 of 11.923 acres	0.2297%
(e) Nancy Sisk c/o Walter Jackson Sisk 229 Hesque Street Kingsport, TN 37665	0.426 acres 1/28 of 11.923 acres	0.2297%

Exhibit E
Unit SLW-7
Docket #VGOB 92-0218-0185-04
List of Conflicting Owners/Claimants that require escrow
{185.385 Acre Unit}

	Net Acres In Unit	Interest In Unit
(f) Maudie Ellen Sanders 600 North 583 Street Kokomo, In 46901	0.426 acres 1/28 of 11.923 acres	0.2297%

Tract #40A - 1.37 Acres

COAL OWNERSHIP

(1) Hugh MacRae Land Trust, Tr.17 c/o Alan Siegel Esq Gump, Strauss, Akin LLP 590 Madison Avenue, 20th Floor New York, NY 10022-2524	1.370 acres	0.7390%
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CBM Royalty Owner (Claim from the Coal Estate Owner):

Torch Oil & Gas Company
c/o Sue Ann Craddock
670 Dona Ana Road SW
Deming, NM 88030

OIL & GAS OWNERSHIP

(1) W.J. Sisk Heirs, Devisees	1.370 acres	0.7390%
(a) Dale Hodge Chambers Rt 1 Box 82 Raven, Va 24639	0.457 acres 1/3 of 1.37 acres	0.2463%
(b) Larry Douglas Chambers Rt 1 box 82 Raven, Va 24639	0.718 acres 11/21 of 1.37 acres	0.3871%
(c) Jimmy Donald Sisk 2854 Kay Blvd Norton, OH 44203	0.049 acres 1/28 of 1.37 acres	0.0264%
(d) Walter Jackson "Bud" Sisk 229 Hesque Street Kingsport, TN 37665	0.049 acres 1/28 of 1.37 acres	0.0264%
(e) Nancy Sisk c/o Walter Jackson Sisk 229 Hesque Street Kingsport, TN 37665	0.049 acres 1/28 of 1.37 acres	0.0264%
(f) Maudie Ellen Sanders 600 North 583 Street Kokomo, In 46901	0.049 acres 1/28 of 1.37 acres	0.0264%

Tract #40B - 1.662 Acres

COAL OWNERSHIP

(1) Hugh MacRae Land Trust, Tr.17 c/o Alan Siegel Esq Gump, Strauss, Akin LLP 590 Madison Avenue, 20th Floor New York, NY 10022-2524	1.662 acres	0.8965%
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17

Exhibit E
Unit SLW-7
Docket #VGOB 92-0218-0185-04
List of Conflicting Owners/Claimants that require escrow
(185.385 Acre Unit)

	Net Acres In Unit	Interest In Unit
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CBM Royalty Owner (Claim from the Coal Estate Owner):

Torch Oil & Gas Company
c/o Sue Ann Craddock
670 Dona Ana Road SW
Deming, NM 88030

OIL & GAS OWNERSHIP

(1)	Corbett Jackson Rt 1 Box 80 Raven, Va 24639	1.662 acres	0.8965%
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Exhibit EE
Unit SLW-7
Docket #VGOB 92-0218-0185-04
List of Conflicting Owners/Claimants with Royalty Split Agreements
(185.385 Acre Unit)

	Net Acres In Unit	Interest In Unit	Percent of Escrow
<u>Tract #30 - 36.788 Acres</u>			
<u>COAL OWNERSHIP</u>			
(1) Hugh MacRae Land Trust, Tr.14 c/o Alan Siegel Esq Gump, Strauss, Akin LLP 590 Madison Avenue, 20th Floor New York, NY 10022-2524	36.788 acres	19.8441%	n/a
<u>CBM Royalty Owner (Claim from the Coal Estate Owner):</u>			
Torch Oil & Gas Company c/o Sue Ann Craddock 670 Dona Ana Road SW Deming, NM 88030			
<u>OIL & GAS OWNERSHIP</u>			
(1) Coal Mountain Mining Company, LLP P.O. Box 675 Tazewell, VA 24651	36.788 acres	19.8441%	n/a
<u>Tract #31 - 0.677 Acres</u>			
<u>COAL OWNERSHIP</u>			
(1) Coal Mountain Mining Company, LLP, Tr. 11 P.O. Box 675 Tazewell, VA 24651	0.677 acres	0.3652%	0.3152%
<u>OIL & GAS OWNERSHIP</u>			
(1) Ernest Keen Heirs, Devisees, Successors, or Assigns	0.677 acres	0.3652%	
(a) Paul Keen Heirs, Devisees, Successors, or Assigns			
(c) Arnold J. & Wilda Keene 962 Ascue Road Cedar Bluff, VA 24609	0.135 acres 1/5 of 0.677 acres	0.0730%	0.1051%
(d) Ruby Hale Heirs, Devisees, Successors or Assigns			
(d.1) Billy Ray Hale PO Box 311 Honaker, VA 24660	0.034 acres 1/20 of 0.677 acres	0.0183%	0.0263%
(d.2) Linda Hale Matney PO Box 738 Pounding Mill, VA 24637	0.034 acres 1/20 of 0.677 acres	0.0183%	0.0263%
(d.3) Brenda Weddle PO Box 185 Cedar Bluff, VA 24609	0.034 acres 1/20 of 0.677 acres	0.0183%	0.0263%

Exhibit EE
Unit SLW-7
Docket #VGOB 92-0218-0185-04
List of Conflicting Owners/Claimants with Royalty Split Agreements
(185.385 Acre Unit)

	Net Acres In Unit	Interest In Unit	Percent of Escrow
(d.4) Carl Lee Hale PO Box 330 Pounding Mill, VA 24637	0.034 acres 1/20 of 0.677 acres	0.0183%	0.0263%
(f) Elizabeth Ann Justice P.O. Box 677 Rosedale, VA 24280 <i>(previously Roy & Ann McCowan)</i>	0.135 acres 1/5 of 0.677 acres	0.0730%	0.1051%

Tract #32 - 7.040 Acres

COAL OWNERSHIP

(1) Hugh MacRae Land Trust, Tr.5 c/o Alan Siegel Esq Gump, Strauss, Akin LLP 590 Madison Avenue, 20th Floor New York, NY 10022-2524	7.040 acres	3.7975%	n/a
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CBM Royalty Owner (Claim from the Coal Estate Owner):

Torch Oil & Gas Company
c/o Sue Ann Craddock
670 Dona Ana Road SW
Deming, NM 88030

OIL & GAS OWNERSHIP

(1) CNX Gas Company LLC 1000 Consol Energy Drive Canonsburg, PA 15317 <i>(previously Consolidation Coal Company)</i>	7.040 acres	3.7975%	n/a
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Tract #33 - 15.868 Acres

COAL OWNERSHIP

(1) Hugh MacRae Land Trust, Tr.5 c/o Alan Siegel Esq Gump, Strauss, Akin LLP 590 Madison Avenue, 20th Floor New York, NY 10022-2524	15.868 acres	8.5595%	n/a
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Although the deed from Hugh Macrae Land Trust to Torch Operating Company conveyed the Coal owners' claim to the CBM estate to Torch Operating Company. The CBM ownership was adjudicated to the prevailing plaintiff Sarah Kathleen Wade under Civil Action Case #CL09-476 executed August 31, 2010. Royalties are to be paid 100% to the prevailing plaintiff.

Torch Oil & Gas Company
c/o Sue Ann Craddock
670 Dona Ana Road SW
Deming, NM 88030

OIL & GAS OWNERSHIP

(1) Thurman Wade Heirs, Devisees, Successors or Assigns			
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Exhibit EE
Unit SLW-7
Docket #VGOB 92-0218-0185-04
List of Conflicting Owners/Claimants with Royalty Split Agreements
(185.385 Acre Unit)

	Net Acres in Unit	Interest in Unit	Percent of Escrow
(a) Sarah Kathleen Wade P. O. Box 225 Oakwood, VA 24631	15.868 acres	8.5595%	n/a

NOTE: Sarah Kathleen Wade is prevailing Plaintiff in Civil Action Case #CL09-476 and is awarded 100% of the Coalbed Methane Gas estate underlying Tract #22. All bonuses and/or royalties are to be paid to Sarah Kathleen Wade.

Tract #34 - 0.772 Acres

COAL OWNERSHIP

(1) Hugh MacRae Land Trust, Tr.5 c/o Alan Siegel Esq Gump, Strauss, Akin LLP 590 Madison Avenue, 20th Floor New York, NY 10022-2524	0.772 acres	0.4164%	n/a
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CBM Royalty Owner (Claim from the Coal Estate Owner):

Torch Oil & Gas Company
c/o Sue Ann Craddock
670 Dona Ana Road SW
Deming, NM 88030

OIL & GAS OWNERSHIP

(1) CNX Gas Company LLC 1000 Consol Energy Drive Canonsburg, PA 15317 (previously Consolidation Coal Company)	0.772 acres		n/a
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Tract #35 - 13.307 Acres

COAL OWNERSHIP

(1) Hugh MacRae Land Trust, Tr.5 c/o Alan Siegel Esq Gump, Strauss, Akin LLP 590 Madison Avenue, 20th Floor New York, NY 10022-2524	13.307 acres	7.1780%	n/a
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CBM Royalty Owner (Claim from the Coal Estate Owner):

Torch Oil & Gas Company
c/o Sue Ann Craddock
670 Dona Ana Road SW
Deming, NM 88030

OIL & GAS OWNERSHIP

(1) CNX Gas Company LLC 1000 Consol Energy Drive Canonsburg, PA 15317 (previously Pocahontas Gas Partnership)	13.307 acres	7.1780%	n/a
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Exhibit EE
Unit SLW-7
Docket #VGOB 92-0218-0185-04
List of Conflicting Owners/Claimants with Royalty Split Agreements
(185.385 Acre Unit)

	Net Acres In Unit	Interest In Unit	Percent of Escrow
<u>Tract #39 - 7.057 Acres</u>			
<u>COAL OWNERSHIP</u>			
(1) Hugh MacRae Land Trust, Tr.17 c/o Alan Siegel Esq Gump, Strauss, Akin LLP 590 Madison Avenue, 20th Floor New York, NY 10022-2524	7.057 acres	3.8067%	n/a
<u>CBM Royalty Owner (Claim from the Coal Estate Owner):</u>			
Torch Oil & Gas Company c/o Sue Ann Craddock 670 Dona Ana Road SW Deming, NM 88030			
<u>OIL & GAS OWNERSHIP</u>			
(1) Garden Realty Corporation c/o Margret Worley Burns 108 Bexley Road Moorsville, NC 28117	7.057 acres	3.8067%	n/a
<u>Tract #41B - 0.76 Acres</u>			
<u>COAL OWNERSHIP</u>			
(1) Coal Mountain Mining Company, LLP, Tr. 24 P.O. Box 675 Tazewell, VA 24651	0.760 acres	0.4100%	n/a
<u>OIL & GAS OWNERSHIP</u>			
(1) Garden Realty Corporation c/o Margret Worley Burns 108 Bexley Road Moorsville, NC 28117	0.760 acres	0.4100%	n/a
<u>Tract #41C - 0.16 Acres</u>			
<u>COAL OWNERSHIP</u>			
(1) Coal Mountain Mining Company, LLP, Tr. 24 P.O. Box 675 Tazewell, VA 24651	0.160 acres	0.0863%	n/a
<u>OIL & GAS OWNERSHIP</u>			
(1) Garden Realty Corporation c/o Margret Worley Burns 108 Bexley Road Moorsville, NC 28117	0.160 acres	0.0863%	n/a

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

Unit: SLW7
 VGOB 92-0218-0185-04
 Acres Escrowed: 64.440500

Owners	Tract #	Acres	Owner Acres	Interest	Total Tract Percent of Escrow	Amount Due Owners \$104,767.77
Coal Mountain Mining Company- Coal					0.5253%	\$550.34
Ernest Keen Heirs - O&G	31	0.677				
Ralph Keen			0.1354	1/5	0.1051%	\$110.07
Arnold Keen			0.1354	1/5	0.1051%	\$110.07
Billy Ray Hale			0.0339	1/20	0.0263%	\$27.52
Linda Hale Matney			0.0339	1/20	0.0263%	\$27.52
Brenda Weddle			0.0339	1/20	0.0263%	\$27.52
Carl Lee Hale			0.0339	1/20	0.0263%	\$27.52
Anna R. Lambert			0.1354	1/5	0.1051%	\$110.07
Elizabeth Ann Justice (previously Ann McCowan)			0.1354	1/5	0.1051%	\$110.07

INSTRUMENT #110000688
 RECORDED IN THE CLERK'S OFFICE OF
 BUCHANAN COUNTY ON
 MARCH 22, 2011 AT 02:01PM
 BEVERLY S. TILLER, CLERK
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