

THIS DOCUMENT PREPARED BY THE VIRGINIA GAS AND OIL BOARD

VIRGINIA:

BEFORE THE VIRGINIA GAS AND OIL BOARD

AMENDED SUPPLEMENTAL ORDER REGARDING
ELECTIONS, UNIT: EH-37

(herein "Subject Drilling Unit")

DOCKET NO. VGOB-92/08/18-0253

REPORT OF BOARD

FINDINGS AND ORDER

1. This Supplemental Order is entered by the Board sua sponte in the form authorized by the Board at its hearing held at 9:00 a.m. on October 20, 1992, Board of Supervisors Room, Courthouse, Grundy, Virginia, and pursuant to authority granted to the Board's Chairman at the hearing of the Virginia Gas and Oil Board on June 16, 1992 at 9:00 a.m. at the Rhododendron Restaurant at the Breaks Interstate Park, Breaks, Virginia; and this Supplemental Order is being recorded for the purpose of (1) complying with the requirements of § 7.c of the Virginia Gas and Oil Board Regulations, VR 480-05-22.2 by supplementing the Order previously issued by the Board for the subject Docket on November 19, 1992, and recorded at Deed Book 287, Page 510, in the Office of the Clerk of the Circuit Court of Dickenson County, Virginia on November 19, 1992, (herein "Board Order") to complete the record regarding elections. The Board Order pooled all interests in Subject Drilling Unit including those of the Respondents more particularly set forth and identified by the Designated Operator in the affidavits attached hereto and made a part hereof. The Board finds it has jurisdiction over the subject matter pursuant to the provisions of the Virginia Gas and Oil Act, § 45.1-361.1 et seq., Virginia Code, 1950 as amended.

2. Findings: The Board finds that:

(a) The Board Order directed Virginia Gas Company (herein the "Designated Operator"), to mail copies of the Board Order to all Respondents whose interests, if any, were pooled by said Board Order;

(b) The Designated Operator filed its affidavit of mailing dated December 7, 1992, disclosing that it had mailed a true and correct copy of the Board's Order to all Respondents whose interests, if any, were pooled by said Board Order;

(c) The Board Order required each Respondent whose interests, if any, were pooled by the terms of said Board Order to make his or her election within thirty (30) days after the date of mailing or recording, as applicable, of said Order; the Designated Operator has filed its affidavit dated May 17, 1993 in accordance with 7.c of the Virginia Gas and Oil Board Regulations and VR 480-05-22.2 (herein "Affidavit of Election"), wherein it has, for each Respondent whose interests, if any, were pooled by said Board Order, stated: (i) whether each Respondent has made or failed to make a

timely election; (ii) the nature of the election made, if any; (iii) whether, by reason of a failure to elect or to timely elect one or more Respondents are deemed, under the terms of the Board's Order, to have leased all their rights, title, interests, estates and claims in Subject Drilling Unit to the Designated Operator;

(d) The Board Order further required the Designated Operator, after expiration of the election period, to file with the Board a statement of the interests subject to escrow under the terms and provisions of the Board Order, in light of the elections made or deemed to have been made (herein "Statement of Interests"); that the Designated Operator furnished said Statement of Interest dated May 17, 1993. A copy of which is attached hereto.

(e) Current Board standards requiring the escrow of funds and the Board's agreement with its Escrow Agent, Premier Trust Company, 29 College Drive, P. O. Box 1199, Bluefield, Virginia 24605, or any successor named by the Board, require the entry of a Supplemental Order establishing of record the elections made or deemed to have been made and specifying the sums or percentage thereof subject to escrow. Current Board escrow standards were made applicable to Subject Drilling Unit by a Board Order dated October 20, 1992.

3. Order: By this Order, the Board orders the Designated Operator to tender, consistent with and in accordance with the findings set forth at paragraph 2. above and the annexed Affidavits, any funds subject to escrow and instructs the Escrow Agent, Premier Trust Company, 29 College Drive, P. O. Box 1199, Bluefield, Virginia 24605, or any successor named by the Board to establish interest-bearing escrow account(s), IRS Tax Identification Number 54-1629506, in accordance with the information set forth in said Affidavits to receive such funds and account to the Board therefore.

4. Mailing of Order and Filing of Affidavit: The Designated Operator under the captioned order or its Attorney shall file an affidavit with the Secretary of the Board within ten (10) days after the date of receipt of this Order stating that a true and correct copy of this Order was mailed within seven (7) days from the date of receipt of this Order to each person whose interest or claim is subject to escrow and whose address is known.

5. Conclusion: Therefore, the findings and all terms and provisions set forth above be and hereby are granted and IT IS SO ORDERED.

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

DONE AND EXECUTED this 4th day of Sept. 1995, by a majority of the Virginia Gas and Oil Board.


Chairman, Benny R. Wampler

STATE OF VIRGINIA)
COUNTY OF WISE)

Acknowledged on this 4th day of September, 1995, personally before me a notary public in and for the Commonwealth of Virginia, appeared Benny 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
Susan G. Garrett
Notary Public

My commission expires 7/31/98

DONE AND PERFORMED this 5th day of September 1995 by Order of this Board.

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

STATE OF VIRGINIA
COUNTY OF WASHINGTON

Acknowledged on this 5th day of September 1995, 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
Diane J. Davis
Notary Public

My commission expires 9/30/97

VIRGINIA:

BEFORE THE VIRGINIA GAS AND OIL BOARD

IN RE:

Application of Virginia Gas Company for Forced Pooling of Interests in Unit Number EH-37, VGOB Docket No. VGOB-92/0818-0253 in the Sand Lick District of Dickenson County, Virginia

AFFIDAVIT OF Virginia Gas Company (herein "Designated Operator")
REGARDING ELECTIONS, ESCROW AND SUPPLEMENTAL ORDER

James D. Rasnake (herein Affiant), being first duly sworn on oath, deposes and says:

1. That your Affiant is employed by Virginia Gas Company, the Designated Operator, at its office located at 120 South Court Street, Abingdon, Virginia 24210 that your Affiant is the Designated Operator's Land Manager, and is authorized to give this Affidavit in its behalf;
2. That the Order entered on November 19, 1992, by the Virginia Gas and Oil Board regarding the captioned (CBM or conventional) Unit required the Applicant to mail a true and correct copy of said Order to each person pooled by said Order;
3. That within seven (7) days of the receipt of an executed copy of the Order referred to at Paragraph 2. above, your Affiant caused a true and correct copy of said Order to be mailed via the United States Postal Service to each Respondent named in the captioned Application, whose address was know, and to all persons, if any, who were added as Respondents at the hearing held in the captioned matter; that annexed hereto and incorporated herein are copies of the letters of transmittal, receipts for certified mail, and return receipts pertaining to said mailing;
4. That the Order of the Virginia Gas and Oil Board in the captioned matter required all persons pooled thereby to tender their written elections to the Unit Operator within thirty (30) days of the date said Order was recorded in the county above named; that said Order was recorded on November 19, 1992;
5. That the Designated Operator, Virginia Gas Company, has established procedures to review all mail received and all written documents received by means other than by mail to ascertain whether parties whose interests have been pooled have made a written election, in a timely fashion, as required by the captioned Order; that said procedures were followed to identify the elections, if any, made with regard to Subject Unit; that the following persons delivered, by mail or otherwise, written elections to the Unit Operator, within the thirty day election period:

Michael Colley
Cecil Edwards
Emma & Woodrow Sutherland
6. That the interests and/or claims of the following persons (who made timely elections, or who are deemed under the terms of the Board's Order to have leased, or who, subsequent to the pooling hearing held in the captioned matter, have leased or otherwise entered into an

agreement with the Designated Operator) are subject to escrow under the Board's Order pooling the captioned Unit, Board Regulations and the Code of Virginia; that opposite the name of each person named as a Respondent listed below is set forth:

SEE ATTACHED

- 7. That after the pooling hearing held in the captioned matter, the following persons have leased or entered into a voluntary agreement with the Designated Operator with regard to their interests and/or claims which are not subject to escrow and should, therefore, be dismissed as Respondents: See Attached Listing
- 8. That pursuant to the provisions of VR 480-05-22.27.C and VR 480-05-22.2.8, annexed hereto and incorporated herein is a proposed supplemental order to be entered to complete the record regarding elections; that said annexed supplemental order sets forth and identifies the conflicting claims and/or interests which require escrow of funds pursuant to the terms of §§ 45.1-361.21.D, 45.1-361.22.A.3 and 4.;

Dated at Abingdon, Virginia, this 17th day of May, 1993.

James D. Rasnake
Affiant

Taken, subscribed and sworn to before me by James D. Rasnake, the

Land Manager of Virginia Gas Company, a corporation,

on behalf of the corporation, this 17th day of May, 1993.

1993.

My commission expires: 9/30/96

Brenda K. Stephenson
Notary

614 Dogwood Drive
Abingdon, VA 24210

December 9, 1992

Mr. James Rasnake
Virginia Gas Company
P.O. Box 2407
Abingdon, VA 24210

Re: Well No. EH-37

Dear Mr. Rasnake:

We received a copy of the forced pooling order dated November 19, 1992.

Contrary to the exhibits to the forced pooling order reflecting that we are among the "unleased" owners, we signed oil and gas leases with Equitable Resources on October 23, 1990, which were recorded in the Clerk's Office of the Circuit Court of Dickenson County on February 21, 1991, in Deed Book 271, pages 163 and 169. We understand there is a farm-out agreement between Virginia Gas Company and Equitable Resources that affects the acreage covered by these leases.

We do not wish to participate in the proposed unit, but wish to be paid in accordance with the terms of our leases with Equitable Resources.

Sincerely yours,

Emma Sutherland
Emma Sutherland

Woodrow Sutherland
Woodrow Sutherland

Cecil Edwards
Rt. 4, Box 434
State City, Va.
Dec. 11, 1992

Virginia Gas Company
P.O. Box 2407
Chingdon, Va. 24210

Gentlemen:

I, Cecil Edwards, do accept option 9.2
as stated in the Report of the Board
on the W.B. Sutherland Hines' property
that I received from you on Dec.
5, 1992.

Yours truly,
Cecil Edwards

S. I. No. 530-05-6692

CASH BONUS
CONSIDERATION

\$ 5.00 per net
ACRE.

RECEIVED DEC 05 1992

VIRGINIA:

BEFORE THE VIRGINIA GAS AND OIL BOARD

APPLICANT: VIRGINIA GAS COMPANY

RELIEF SOUGHT: (1) EXCEPTION TO STATEWIDE SPACING; (2) ESTABLISHMENT OF THE DRILLING UNIT DESCRIBED IN EXHIBIT "A" HERETO AND SERVED BY WELL NO. EH-37 (herein "Subject Drilling Unit") PURSUANT TO § 45.1-361.20, CODE OF VIRGINIA; AND (3) POOLING OF INTERESTS IN SUBJECT DRILLING UNIT PURSUANT TO § 45.1-361.21, CODE OF VIRGINIA, FOR THE PRODUCTION OF CONVENTIONAL NATURAL GAS FROM SUBJECT FORMATIONS (herein sometimes referred to as "Gas")

VIRGINIA GAS AND OIL BOARD

CONSOLIDATED DOCKET NOS. 92/0818-0252 and 92/0818-0253

Dear Sir Madam: I would like to receive the \$20-25 previously offered. If not available, then I choose option 2

LEGAL DESCRIPTION:

DRILLING UNIT SERVED BY WELL NUMBERED EH-37, PRATER QUADRANGLE, SANDLICK MAGISTERIAL DISTRICT, DICKENSON COUNTY, VIRGINIA (the "Subject Lands" are more particularly described on Exhibit "A", attached hereto and made a part hereof)

Michael Kelly 531 North Hill Millbether Va 22133 804-794-2077

REPORT OF THE BOARD FINDINGS AND ORDER

1. Hearing Date and Place: These matters came on for hearing before the Virginia Gas and Oil Board (hereafter "Board") at 9:00 a.m. on August 18, 1992, Dickenson Conference Room, Southwest Virginia Education 4-H Center, Abingdon, Virginia.

2. Appearances: Stanford T. Mullins of the firm Street, Street, Street, Scott and Bowman, appeared for the Applicant; Greg Mullins appeared to represent unspecified claimants; Bernard Riley appeared to represent his wife, Vina Deel Riley; and Sandra B. Riggs, Assistant Attorney General, was present to advise the Board.

3. Jurisdiction and Notice: Pursuant to § 45.1-361.1 et seq., Virginia Code, 1950 as amended, the Board finds that it has jurisdiction over the subject matter. Based upon the evidence presented by Applicant, the Board also finds that the Applicant has (1) exercised due diligence in conducting a meaningful search of reasonably available sources to determine the identity and whereabouts of each gas or oil owner, coal owner, or mineral owner having an interest in Subject Drilling Unit comprised of Subject Lands; (2) has given notice to all parties (hereafter sometimes "person(s)" whether referring to individuals, corporations, partnerships, associations, companies, businesses, trusts, joint ventures or other legal entities) entitled by § 45.1-361.19, Virginia Code, 1950 as amended, to notice of this application; and (3) that the persons set forth in Exhibit C hereto are owners of unleased gas and oil interests in Subject Drilling Unit. Further, the Board has caused notice of this hearing to be published as required by § 45.1-361.19.B, Virginia Code, 1950 as amended. Whereupon, the Board

THIS AFFIDAVIT is to certify that Virginia Gas Company has mailed, within seven (7) days from its receipt of the VGOB Report of the Board Findings and Order concerning the EH-37 well unit (Consolidated Docket Nos. VGOB 92/0818-0252 and 92/0818-0253), a true and correct copy of said report to each person pooled by this order whose address is shown on Exhibit C of said report.

Signature:

James D. Rasnake

James D. Rasnake
Land Manager
Virginia Gas Company

ACKNOWLEDGMENT

COMMONWEALTH OF VIRGINIA)

COUNTY OF WASHINGTON)

SUBSCRIBED AND SWORN to before me this 7th day of December 1992.

Mexida K. Stephenson
Notary Public

My commission expires:

September 30, 1996

WELL #37 VGOB-92-0818-0253	ELECTIONS				Conflicting Claim	% Unit	Division of Interest	ESCROW Amount Due as of 8/96
	Deemed Leased	Leased	Participating	Non-Partic. or Carried				
NAME								
Coosie Counts						0.00092	0.000115	\$18.25
Alta Counts					X	0.00554	0.0006925	\$109.88
R.S. Sutherland	X					0.00138	0.0001725	
Kilby P. Counts	X					0.00554	0.0006925	
E. Gorman Counts	X					0.00554	0.0006925	
Frederick Counts	X					0.00275	0.00034375	
Jennifer Colley Belcher	X					0.0002	0.000025	
Vera Barosin					X	0.00092	0.000115	\$18.25
William L. Counts, Jr.	X					0.00092	0.000115	
Janice Webb	X					0.00092	0.000115	
Beulah Ann Adkins	X					0.00554	0.0006925	
Cornelius Sutherland	X					0.00138	0.0001725	
Effie Koehler	X					0.00554	0.0006925	
Ernest G. Counts	X					0.00554	0.0006925	
Julian L. Counts	X					0.00275	0.00034375	
Rene Colley	X					0.0002	0.000025	
Ronald Clayton Colley	X					0.0002	0.000025	
Hazel Malcolm					X	0.00123	0.00015375	\$24.40
Milton R. Counts					X	0.00614	0.0007675	\$121.78
Gaynell Sharon Shifflett					X	0.00038	0.0000475	\$7.54
Bobby Deel	X					0.00023	0.00002875	
Marie Viers	X					0.00023	0.00002875	
Monte Deel					X	0.00023	0.00002875	\$4.56
Anna Lee Carter	X					0.00033	0.00004125	
Shirley Counts	X					0.00033	0.00004125	
Edna Marie Renfro	X					0.00033	0.00004125	
Pricy Counts	X					0.0004	0.00005	
Michael Colley	X					0.0002	0.000025	
Joseph (Jack) Colley	X					0.00123	0.00015375	
Donnie Curtis Deel	X					0.00038	0.0000475	
Erma Powers	X					0.00113	0.00014125	
Gordon Deel	X					0.00023	0.00002875	
Kizzie Deel	X					0.00023	0.00002875	
Ethel Counts	X					0.00033	0.00004125	
Margaret Childress	X					0.00033	0.00004125	
Betty Jo Clark					X	0.00033	0.00004125	\$6.55
Sandra Thomas					X	0.00099	0.00012375	\$19.64
Larry Counts	X					0.0004	0.00005	
Theda McGraw	X					0.0004	0.00005	
Clifford M. Taylor	X					0.00264	0.00033	
Cecil Edwards	X					0.00113	0.00014125	

WELL #37	NAME	ELECTIONS				Non-Partic. or Carried	Unknown or Unlocatable	Conflicting Claim	% Unit	Division of Interest	ESCROW Amount Due as of 8/96
		Deemed Leased	Leased	Participating							
	Emma Smith	X						0.00113	0.00014125		
	Sena Smith	X						0.00113	0.00014125		
	James E. Sutherland				X			0.01847	0.00230875	\$366.32	
	Eura Blankenship	X						0.00123	0.00015375		
	Roberta Ann Looney				X			0.00074	0.0000925	\$14.68	
	Marcella Gibson Morrow	X						0.00369	0.00046125		
	Goldia Sutherland				X			0.00504	0.00063	\$99.96	
	JoAnne S. Butler				X			0.00251	0.00031375	\$49.78	
	Hazel Sutherland				X			0.00126	0.0001575	\$24.99	
	Goldie Ball Bailey	X						0.00198	0.0002475		
	Alma Bowman	X						0.00113	0.00014125		
	Sally Grizzle	X						0.00113	0.00014125		
	Ethel Marie Music				X			0.00369	0.00046125	\$73.19	
	Everette Raines	X						0.00369	0.00046125		
	Paul V. Sutherland, Jr.				X			0.00252	0.000315	\$49.98	
	Robert Lamar Sutherland	X						0.00126	0.0001575		
	Gene Sutherland				X			0.00498	0.0006225	\$98.77	
	D.C. Sutherland	X						0.00072	0.00009		
	Lima Fowler	X						0.00791	0.00098875		
	David Neaville	X						0.00264	0.00033		
	Maxine Sutherland	X						0.00791	0.00098875		
	Shirley Sutherland				X			0.00396	0.000495	\$78.54	
	Harold Sykes	X						0.00307	0.00038375		
	Hazel Rasnake	X						0.00072	0.00009		
	Mrs. Ulin Harvey	X						0.00791	0.00098875		
	Charles Neaville				X			0.00264	0.00033	\$52.36	
	Diane Neaville	X						0.00264	0.00033		
	Ruth Fuller				X			0.00264	0.00033	\$52.36	
	Madeline Counts	X						0.00307	0.00038375		
	Archie Deel	X						0.00009	0.00001125		
	Carter Deel	X						0.00009	0.00001125		
	Debbie Deel				X			0.00009	0.00001125	\$1.79	
	Vina Deel Reilly	X						0.00009	0.00001125		
	David Deel	X						0.00009	0.00001125		
	M.D. Deel	X						0.00009	0.00001125		
	Hubert Deel	X						0.00009	0.00001125		
	Jack Counts	X						0.00123	0.00015375		
	Billy J. Blankenship	X						0.00074	0.0000925		
	Betty Blankenship Moorefield	X						0.00074	0.0000925		
	Lillian Blankenship	X						0.00185	0.00023125		
	Rodger W. Blankenship				X			0.00123	0.00015375	\$24.40	
	A. Garner Deel	X						0.00009	0.00001125		

WELL #37	VGOB-92-0818-0253	ELECTIONS				Unknown or Unlocatable	Conflicting Claim	% Unit	Division of Interest	ESCROW Amount Due as of 8/96
		Deemed Leased	Leased	Participating	Non-Partic. or Carried					
Sharon Deel Patton	X						0.00009	0.00001125		
Elsie Deel Edwards	X						0.00009	0.00001125		
Corneail Deel Michael	X						0.00009	0.00001125		
Ellen Deel	X						0.00009	0.00001125		
Dwight Deel	X						0.00009	0.00001125		
Sammy J. Blankenship	X						0.00074	0.0000925		
Gary B. Blankenship	X						0.00123	0.00015375		
Unknown or Unlocatable					X		0.11715	0.01464375	\$2,323.49	
Donald E. Counts							0	0		
James R. Blankenship							0	0		
Greg Mullins							0	0		
Mrs. Madge Maxfield		X					0.00092	0.000115		
Mrs. Faye Strickland		X					0.00092	0.000115		
Lucille P. Bell		X					0.00277	0.00034625		
Elva Hughes		X					0.00277	0.00034625		
William A. Counts, Jr.		X					0.00123	0.00015375		
Carole Mamone		X					0.00123	0.00015375		
Gary L. Colley		X					0.00020	0.000025		
W. Clyde Colley		X					0.00123	0.00015375		
Violet Tarwater		EREXLS					0.00614	0.0007675		
Ruby Hay		X					0.00113	0.00014125		
E. Grayson Deel		X					0.00113	0.00014125		
Emma Arrington		EREXLS					0.00614	0.0007675		
Bonnie T. Lee		X					0.00264	0.00033		
Betty Taylor Thompson		X					0.00264	0.00033		
Donald Gene Sutherland		X					0.00396	0.000495		
Eula King		X					0.00264	0.00033		
Guy Milton Sutherland		X					0.00395	0.00049375		
Delores Blankenship Duty		X					0.00074	0.0000925		
Jimmy N. Sutherland		EREXLS					0.00126	0.0001575		
Virginia Adkins		EREXLS					0.00504	0.00063		
Erlene Turner		EREXLS					0.00072	0.00009		
Ray Sutherland		X					0.00072	0.00009		
Claude Sutherland		EREXLS					0.00504	0.00063		
Hunter Sutherland		EREXLS					0.00504	0.00063		
Ella Holyfield		EREXLS					0.00504	0.00063		
Frank Lowell Sutherland		EREXLS					0.00498	0.0006225		
K.R. Sutherland		EREXLS					0.00498	0.0006225		
June Owens		EREXLS					0.01349	0.00168625		
Kennith Holyfield		EREXLS					0.01349	0.00168625		
Kit Sykes		EREXLS					0.00307	0.00038375		
Emma Sutherland		EREXLS					0.00426	0.0005325		

WELL #37		ELECTIONS										ESCROW
VGOB-92-0818-0253		Deemed Leased	Leased	Participating	Non-Partic. or Carried	Unknown or Unlocatable	Conflicting Claim	% Unit	Division of Interest	Amount Due as of 8/96		
NAME												
June Taylor			EREXLS					0.05545	0.00693125			
Constance Addington			EREXLS					0.00923	0.00115375			
Audrey Anderson			EREXLS					0.00923	0.00115375			
Edgar Sutherland			EREXLS					0.01217	0.00152125			
Clyne Blankenship		X						0.00369	0.00046125			
Ann Counts Rausauer		X						0.00123	0.00015375			
Helen Mullins		X						0.00369	0.00046125			
Tina B. O'Shaughnessy		X						0.00185	0.00023125			
						unknown or unlocatable totals:		0.183600000	0.022950000		\$3,641.46	

VIRGINIA: IN THE OFFICE OF THE CLERK OF THE CIRCUIT COURT OF DICKENSON COUNTY, Sept 17 1996. This deed was this day presented in said office, and upon the certificate of acknowledgment thereto annexed, admitted to record at 12:45 o'clock PM, after payment of \$ _____ tax imposed by Sec. 58.1-802.

TESTE: JOE TATE, CLERK

Original returned this date to: Diane Davis