

VIRGINIA:

BEFORE THE VIRGINIA GAS AND OIL BOARD

SUPPLEMENTAL ORDER REGARDING  
ELECTIONS, UNIT: V-2431  
(herein "Subject Drilling Unit")

DOCKET NUMBER VGOB-92/11/17-0288

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 January 12, 1993 and its subsequent amendment dated February 22, 1993 and recorded at Deed Books 745, Page 118 and 747, Page 084, respectively, in the Office of the Clerk of Circuit Court, Wise County, Virginia on January 20, 1993 and February 23, 1993, respectively, (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 Equitable Resources Exploration (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 February 26, 1993 disclosing that it had mailed a correct copy of the Board's Order to all Respondents whose interest, 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 April 15, 1993 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 as part of its Affidavit of Election. 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, Tazewell National Bank, P. O. Box 909, Tazewell, Virginia 24651, 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.

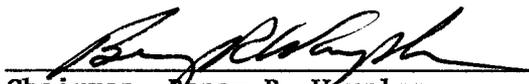
3. Order: By this Order, the Board orders the Designated Operator to tender, consistent with and in accordance with the findings set forth at paragraph 2. above and the annexed Affidavits, any funds subject to escrow and instructs the Escrow Agent, Tazewell National Bank, P. O. Box 909, Tazewell, Virginia 24651, 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 23<sup>rd</sup> day of August 1993, by a majority of the Virginia Gas and Oil Board.

  
Chairman, Benny R. Wampler

STATE OF VIRGINIA)  
COUNTY OF WISE )

Acknowledged on this 23rd day of August, 1993, 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 7/31/94

DONE AND PERFORMED this 23rd day of August 1993 by Order of this Board.

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

STATE OF VIRGINIA  
COUNTY OF WASHINGTON

Acknowledged on this 23rd day of August, 1993, 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: In the Clerk's Office of Wise Circuit Court Aug 27 19 93  
this deed was presented and upon the annexed Certificate of acknowledgement admitted to  
record at 2:14P M. The tax imposed by 58.541 of the Code has been paid in the  
amount of \$            Recorded in Deed Book 259 and Page 359  
Weste: C. Gary Rakes, Clerk Ferry Shaw Deputy Clerk

## BEFORE THE VIRGINIA GAS AND OIL BOARD

## IN RE:

Application of Equitable Resources Exploration for Forced Pooling of Interests in Unit Number V-2431, VGOB Docket No. VGOB-92-1117-0288 in the Gladeville Magisterial District of Wise County, Virginia

AFFIDAVIT OF HUNTER, SMITH & DAVIS, Attorneys-at-Law, Agents for the Designated Operator REGARDING ELECTIONS, ESCROW ACCOUNTS AND SUPPLEMENTAL ORDER

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

1. That the Affiant is a partner in the law firm of Hunter, Smith & Davis, the Agent for the Designated Operator, with offices located at 1212 North Eastman Road, Kingsport, Tennessee 37664, and is authorized to give this Affidavit in its behalf;
2. That the Order entered on February 22, 1993, by the Virginia Gas and Oil Board regarding the captioned 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, the Affiant was directed to cause 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 known, and to all persons, if any, who were added as Respondents at the hearing held in captioned matter;
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 February 23, 1993;
5. That the Designated Operator, by and through their agent, HUNTER, SMITH & DAVIS, Attorneys-at-Law, have established procedures to review all mail received and all written documents received by means other than by mail to ascertain whether parties whose interest 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:

- 1) Russell Jones - Cash Consideration
  - 2) Monroe Jr. & Charlotte Jones - Cash Consideration
  - 3) Shirley & John Okrzesik - Cash Consideration
6. That the interest 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:
- 1) Blenda Jones  
deemed to have leased (unknown)  
0.94¢ bonus cash consideration (\$5.00 per net mineral acre)  
.00007416 royalty interest (12.5% X 1/60 X 3.56%)
  - 2) Sally Jones  
deemed to have leased (unknown)  
\$1.86 bonus cash consideration (\$5.00 per net mineral acre)  
.0000370 royalty interest (12.5% X 1/120 X 3.56%)
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 interest and/or claims which are not subject to escrow:
- None.
8. That the following persons have not made a timely election and have failed to enter into an agreement with the Designated Operator and their respective interests shall be deemed to have leased pursuant to and in accordance with paragraphs 3 and 2(c) of the Order.
- 1) Jean Joan Humes
9. That pursuant to the provision 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 interest 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 Kingsport, Tennessee, this 15th day of April, 1993.

*James E. Kaiser*

\_\_\_\_\_  
Affiant

Taken, subscribed and sworn to before me by James E. Kaiser, the Agent of Equitable Resources Exploration, a corporation, on behalf of the corporation, this 15th day of April, 1993.

My commission expires: March 12, 1996

*Camela K. Albott*

\_\_\_\_\_  
Notary

[r\ele\n\v-2363.aff]

**EXHIBIT "B"**

V-2431 Page 1

<u>LESSOR</u>	<u>LEASE STATUS</u>	<u>INTEREST WITHIN UNIT</u>	<u>GROSS ACREAGE IN UNIT</u>	<u>NET REVENUE INTERESTS</u>
<b><u>TRACT 1</u></b>				
Pine Mountain Oil & Gas, Inc. T-949 P.O. Box 4000 Lebanon, VA 24266	Lsd-EREX PO-148	31.24	39.26	.03905
Equitable Resources Exploration				.27335
<b>Tract 1 Totals</b>		31.24	39.26	31.24%

**TRACT 2**

Creed and Janette Jones Rt. 1, Box 983 Norton, VA 24273	Lsd-EREX 243864L01	.445	.5589	.0005562
Carl and Iva Jones Rt. 1, Box 992 Norton, VA 24273	Lsd-EREX 243864L03	.445	.5589	.0005562
Sylvania Mullins Rt. 1, Box 980 Norton, VA 24273	Lsd-EREX 243864L02	.445	.5589	.0005562
Emory and Farah Jones 2654 Veda Dr. Bristol, VA 24201	Lsd-EREX 243864L06	.445	.5589	.0005562
Margie Doris Greer & William E. Greer 9107 Heather Lane Centerville, OH 45459	Lsd-EREX 243864L11	.445	.5589	.0005562
Rowena Blanton Cantrell Rt. 1, Box 1024 Norton, VA 24273	Lsd-EREX 243864L04	.2225	.2793	.0002781
Monette Blanton P.O. Box 1373 Wise, VA 24293	Lsd-EREX 243864L05	.2225	.2793	.0002781

VIRGINIA:

BEFORE THE VIRGINIA GAS AND OIL BOARD

APPLICANT: EQUITABLE RESOURCES EXPLORATION, )  
 A Division of Equitable Resources, )  
 Energy )  
 )  
 RELIEF: AMENDMENT OF ORDER )  
 ENTERED JANUARY 12, 1993, )  
 AND RECORDED JANUARY 20, ) VIRGINIA  
 1993 AT DEED BOOK 745, PAGE ) GAS AND OIL  
 118, IN THE CLERK'S OFFICE ) BOARD  
 OF THE CIRCUIT COURT OF )  
 WISE COUNTY, VIRGINIA ) DOCKET NO.  
 VGOB DOCKET NO. 92-1117-0288 ) 92-1020-0288-A

AMENDMENT TO

REPORT OF THE BOARD

FINDINGS AND ORDER

1. Hearing Date and Place: This matter came on for hearing before the Virginia Gas and Oil Board (hereafter "Board") at 9:00 a.m. on November 17, 1992, Dickenson Conference Room, Southwest Virginia Education 4-H Center, Abingdon, Virginia. At said hearing, the Board granted the relief sought by the Applicant and pooled the interests in Drilling Unit served by Well numbered V-2431 pursuant to § 45.1-361.21, Code of Virginia, for the production of conventional natural gas, and the Board entered its Order pertaining to same on January 12, 1993, recorded January 20, 1993 at Deed Book 745, Page 118, in the Clerk's Office of the Circuit Court of Wise County, Virginia, VGOB Docket No. 92-1117-0288 (herein "Board's Order"). This amendment to the Board's Order is being entered and recorded with the Clerk's Office of Wise County to correct scrivener's errors in Paragraph 9.2 and Paragraph 11 of the Board's Order.

2. Findings:

2.1 The Board has heretofore entered its Order more particularly described in Paragraph 1 above.

2.2 Paragraph 9.2 of the Board's Order makes reference to net proceeds received by the Unit Operator for the sale of "Coalbed Methane Gas and gas condensate", when said reference should have been to "conventional natural gas". Paragraph 11 of the Board's Order failed to refer to the payment of royalties which might come due in the event of default resulting in a deemed lease pursuant to Paragraph 9.2.

3. Conclusion: Paragraphs 9.2 and 11 of the Board's Order are amended to correct the above-described scrivener's error by deleting said Paragraphs in toto and replacing them with the following language:

9.2 Option 2 - To Receive A Cash Bonus Consideration: In lieu of participating in the development and operation of Subject Drilling Unit under Paragraph 9.1 above, any gas or oil owner in Subject Drilling Unit who has not leased to the Operator and/or voluntarily agreed to pool their interests may elect to accept a cash bonus consideration of \$5.00 per net mineral acre owned by such person, commencing upon entry of this Order and continuing annually until commencement of production from Subject Drilling Unit, and thereafter a royalty of 1/8th of 8/8ths [twelve and one-half percent (12.5%)] of the net proceeds received by the Unit Operator for the sale of the

conventional natural gas produced from any well development covered by this Order [for purposes of this Order, net proceeds shall be actual proceeds received less all post-production costs incurred downstream of the wellhead, including, but not limited to, all gathering, compression, treating, transportation and marketing costs, whether performed by Unit Operator or a third person) as fair, reasonable and equitable compensation to be paid to said gas or oil owner. The initial cash bonus shall become due and owing when so elected and shall be tendered, paid or escrowed within sixty (60) days of recording of this Order. Thereafter, annual cash bonuses, if any, shall become due and owing on each anniversary of the date of recording of this order in the event production from Subject Drilling Unit has not theretofore commenced, and once due, shall be tendered, paid or escrowed within sixty (60) days of said anniversary date. Once the initial cash bonus and the annual cash bonuses, if any, are so paid or escrowed, said payment(s) shall be satisfaction in full for all right, title, interest, estates, and claims of such electing gas or oil owner to the Gas produced from Subject Formation in the Subject Lands, except, however, for the 1/8th royalties due hereunder.

The election made under this Paragraph 9.2, when so made, shall be satisfaction in full for all right, title, interests, estates and claims of such electing person in any well development and operation covered hereby and such electing person shall be deemed to and hereby does lease and assign all its right, title, interests, estates, and claims to the Gas produced from Subject Formation in the Subject Drilling Unit to the Unit Operator.

11. Default By Participating Person: In the event a person elects to participate under Paragraph 9.1, but fails or refuses to pay, to secure the payment or to make an arrangement with the Unit Operator for the payment of such person's proportionate part of the Estimated Completed-for-Production costs as set forth herein, all within the time and in the manner as prescribed in this Order, then such person shall be deemed to have withdrawn his election to participate and shall be deemed to have elected to accept as satisfaction in full for such person's right, title, interest, estates and claims the consideration provided in Paragraph 9.2 above for which his interest qualifies depending on the excess burdens attached to such interest. Whereupon, any cash bonus consideration due as a result of such deemed election shall be tendered, paid or escrowed by Unit Operator within sixty (60) days after the last day on which such defaulting person under this Order should have paid his proportionate part of such cost or should have made satisfactory arrangements for the payment thereof. When such cash bonus consideration is paid or escrowed, it shall be satisfaction in full for all right, title, interests, estates and claims of such person to gas and oil underlying Subject Drilling Unit in the Subject Lands covered hereby, except, however, for any 1/8th royalties which would become due pursuant to Paragraph 9.2 hereof.

4. Mailing of Order and Filing of Affidavit: Further, Paragraph 18 of the Board's Order is hereby amended to provide that Applicant 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 Amendment as well as a true copy of the Board's Order being amended hereby

were mailed within seven (7) days from the date of receipt of this Amendment to each person pooled by the Board's Order whose address is known, and the election period set forth in Paragraph 8 of the Board's Order is hereby extended to thirty (30) days from the date this amendment of the Board's Order is recorded in the county above named.

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

DONE AND EXECUTED this 22<sup>nd</sup> day of February, 1993, by a majority of the Virginia Gas and Oil Board.

Benny R. Wampler  
Chairman, Benny R. Wampler

DONE AND PERFORMED this 22<sup>nd</sup> day of February, 1993, by Order of this Board.

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

STATE OF VIRGINIA )  
COUNTY OF WISE )

Acknowledged on this 22<sup>nd</sup> day of February, 1993, 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 7/31/94

STATE OF VIRGINIA )  
COUNTY OF WISE )

Acknowledged on this 23<sup>rd</sup> day of February, 1993, 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.

Susan G. Garrett  
Susan G. Garrett  
Notary Public

My commission expires 7/31/94

VIRGINIA: In the Clerk's Office of Wise Circuit Court 2-23 1993  
This deed was presented and upon the annexed Certificate of acknowledgment admitted to record at 12:51 P.M. The tax imposed by 58-541 of the Code has been paid in the amount of \$            Recorded in Deed Book 3747 and Page 084  
Date: C. Gary Rakes, Clerk Mary E. Adams Deputy Clerk