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ENTERED

VIRGINIA:

BEFORE THE VIRGINIA GAS AND OIL BOARD

APPLICANTS: Corbett Glen Anderson, Harry K. Anderson) VIRGINIA GAS
 and Ruby Forcum) AND OIL BOARD
)
 RELIEF SOUGHT: Issuance of an Amended Supplemental) DOCKET NO.
 Order Amending Prior Orders Affecting) 93-0119-0313-01
 the Conventional Gas Drilling Unit Served)
 by Well EH-108 Located in Dickenson)
 County, VA (herein "Subject Drilling)
 Unit") to provide: (1) for the Calculation of)
 Those Funds Unit Operator Has Deposited)
 Into the Escrow Account for Subject)
 Drilling Unit; (2) to Applicants a Royalty)
 Accounting of Those Escrowed Funds)
 Attributable to Their Gas and Oil Interests)
 In Subject Drilling Unit; (3) for the)
 Disbursement to Applicants of Those)
 Escrowed Royalties Which Are Attributable)
 To Their Gas and Oil Interests in Subject)
 Drilling Unit; and (4) to amend the Pooling)
 Order to Authorize the Unit Operator to)
 Make Future Royalty Payments Directly to)
 Applicants as Their Interests Appear)

REPORT OF THE BOARD

FINDINGS AND ORDER

1. Hearing Date and Place: This matter came on for final hearing before the Virginia Gas and Oil Board (herein "Board") at 9:00 a.m. on July 21, 2001 at the Southwest Virginia Higher Education Center on the campus of Virginia Highlands Community College, Abingdon, VA.
2. Appearances: Henry Keuling-Stout, Esquire, appeared for the Applicants; Sandra B. Riggs, Assistant Attorney General, was present to advise the Board. Brad Swanson of Virginia Gas Company ("Unit Operator") was present but did not enter an appearance of record. Sandra B. Riggs, Assistant Attorney General, was present to advise the Board.
3. Jurisdiction and Notice: Pursuant to Va. Code §§ 45.1-361.1 *et seq.*, and in particular Va. Code §§ 45.1-361.21, the Board finds that it has jurisdiction over the establishment and maintenance of an escrow account for each of the drilling units established by the Board pursuant to its pooling orders, and that

the Unit Operator is required to deposit, as applicable, those funds specified in Va. Code § 45.1-361.21.D into the applicable escrow account. Further, the Board finds that while it does not have jurisdiction to resolve conflicting ownership claims to the Gas produced by the Unit Operator from the well located on Subject Drilling Unit, pursuant to Va. Code § 45.1-361.21.D, the Board does have jurisdiction and authority to disburse funds from the Escrow Account when the Board is provided with a final decision of a court of competent jurisdiction adjudicating the ownership of said Gas as between the conflicting claimants.

4. Prior Proceedings:

4.1 On February 23, 1993, the Board executed its order pooling all interests in the Subject Drilling Unit for the production of conventional gas (herein "Gas") in accordance with the provisions of Va. Code § 45.1-361.21. The Pooling Order was filed with the Clerk of the Circuit Court of Dickenson County on March 5, 1993 in Deed Book 289 at Page 751. The Board designated Virginia Gas Company as the Unit Operator of the Subject Drilling Unit. The Pooling Order was amended and supplemented by the Board's Supplemental Order Regarding Elections executed on January 3, 1994, which was filed on January 6, 1994 in Deed Book 297 at Page 385 (the Pooling Order and the Supplemental Order are herein collectively referred to as the "Pooling Order").

4.2 To the extent payments of bonus, royalty payments or other payments due and owing under the Pooling Order could not be made because the person entitled thereto could not be located or is unknown or uncertain, then such cash bonus, royalty payment or other payment was ordered deposited by the Unit Operator into an escrow account established by the Board (herein "Escrow Account").

4.3 By letter dated February 27, 2001, Attorney for the Applicants notified the Board that Judge Keary Williams had entered a Final Decree and Order on January 29, 2001 (herein "Court Order") resolving the questions as to the title of the Unit Operator's lessors, Corbett Glen Anderson and Harry K. Anderson, as to Virginia Gas Well EH-108, and requested that the Board bring on for hearing the Applicants' request for the disbursement to them of escrowed funds attributable to their Gas interests in Subject Drilling Unit.

4.4 By letter dated March 19, 2001, the Board gave notice to the Unit Operator, Buddy H. Wallen, Guardian ad litem for all of Hazy a/k/a Hazei Anderson, deceased, Crissa a/k/a Chrissey Anderson, deceased, and Mary a/k/a Polly Anderson, deceased; Bill V. Anderson, S., Henry S. Keuling-Stout as attorney for the Applicants, Stanford T. Mullins as attorney for the Unit Operator, the Unit Operator, and the Escrow Agent that on its

own motion it would take the Court Order under consideration at its hearing on April 17, 2001, to consider whether to: (1) amend the Pooling Order to provide for the disbursement to Applicants, as their interests appear, of funds on deposit in the Escrow Account which were attributable to their Gas interests in Subject Drilling Unit; and (2) amend the Pooling Order to delete the requirement that the Unit Operator place future royalties attributable to Applicants' Gas interests in Subject Drilling Unit in the Escrow Account. Further, the Board ordered the Unit Operator to file with the Board a complete accounting of funds it had placed on deposit in the Escrow Account and to reconcile that accounting to the Escrow Agent's records. At the request of Applicants' attorney, at the April 17, 2001 hearing of this matter, it was continued until May 15, 2001; at the May 15, 2001 hearing, it was continued to June 19, 2001, and at the June 19, 2001 hearing the matter was continued to July 17, 2001 hearing of the Board.

4.5 The Unit Operator filed the attached accounting and allocation of funds for Subject Drilling Unit's Escrow Account with the Board ("Accounting").

5. Findings:

5.1 Va. Code § 45.1-361.21.D provides that the escrowed funds shall be held for the benefit of those entitled thereto. Applicants have provided to the Board a final order of a court of competent jurisdiction quieting title in the Applicants, a copy of which is attached hereto.

5.2 Through its Pooling Order, and the exhibits attached thereto and the Accounting, the Unit Operator certified and represented to the Board that the parties entitled to the escrowed funds were either:

- a. Mary Anderson Estate, Hazy Anderson Estate and Chrissey Anderson Estate; or
- b. Fred O'Quinn, Alfred Compton, Harry and Corbett Anderson, Gary Owens, Pine Mountain, Justine Robinson and Blanch Sutherland.

5.3 Paragraph 2 on Page 5 of the Court Order specifically provides that the Complainants Corbett Glen Anderson and Harry K. Anderson own in fee simple and absolutely and are entitled to quiet and peaceful possession of all the property granted in and described by Deed Book 260 Page 473, a deed dated August 1, 1989 [a deed conveying a portion of the Hazy Anderson 70 acre tract (sometimes described as a 61 acre tract)], and a portion of the Crissa or Chrissy Anderson 70 acre tract (sometimes described as a 90 acre tract] including without limitation all of the oil and

gas subject to the rights as between Glen and Harry Anderson and Ruby A. Forcum described in the deed, except for the estate in the coal therein heretofore granted in Deed Book 18, Page 280.

5.4 Paragraph 4 on Page 6 of the Court Order specifically provides that all heirs, known and unknown, living and deceased, wheresoever situated, and of whatsoever status, be they competent, incompetent, majority, minority or otherwise of Hazy Anderson, Crissa Anderson, Mary Anderson and Charles H. Anderson, deceased, and his nine (9) children, namely: George Anderson, Elihu P. Anderson, Mary Anderson, Victor Anderson, Arlie Anderson, Grace Anderson, Florence Anderson, Stacy Anderson, and Edith Faye Anderson; the heirs of Elihu P. Anderson, including Victor Anderson, including Bill V. Anderson and Paul Anderson; and the heirs of Henry A. Anderson, have no estate, right title, lien or interests in the property granted in and described by the deed dated August 1, 1989, Dickenson County Deed Book 260, Page 473, nor in the property granted in and described by Dickenson County Deed Book 35, Page 3 (Hazy Anderson by special commissioner to John M. Skeen) or in Dickenson County Deed Book 29, Page 252 (Crissy Anderson by special commissioner to Trivitt & Pressley).

5.5 Paragraph 5 on Page 7 of the Court Order permanently enjoins all defendants in the suit from asserting any estate, title, lien or interest in or to said premises, the oil and gas estate therein, or any part thereof, except that the defendant Virginia Gas Company is not enjoined by said Decree from asserting its interests in the oil and gas estate created by the Lease dated February 13, 1992 by and between Virginia Gas Company and the complainants Glen and Harry Anderson.

5.6 At the hearing of this matter in accordance with the Accounting, counsel for Applicants requested that the Board disburse 77.556 percent of the funds on deposit in the Board's Escrow Account for Subject Drilling Unit as follows: 1/3 to Harry Anderson; 1/3 to Glen Anderson, and 1/3 to Ruby Forcum.

6. Relief Granted: For the reasons set forth in Paragraph 5 above, the Escrow Agent is ordered to disburse to the Applicants 77.556 percent of the funds currently on deposit in the Escrow Account being those funds designated the "Harry & Corbett Anderson 0.0656125 \$95,110.28" share in the attached Accounting, together with said proportionate share of any subsequent deposits made by the Unit Operator into the Escrow Account, less escrow fees incurred thereon, and plus interest accruing thereon to be paid as follows:

1/3 (25.852% of funds on deposit) to Harry Anderson, 112 Sullins Road, Spruce Pine, NC 28777.

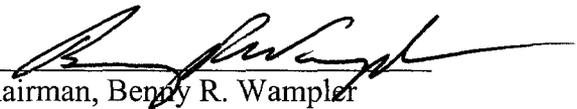
1/3 (25.852% of funds on deposit) to Glen Anderson, 5482 Riverwalk Drive, Kings Mill, OH 45034.

1/3 (25.852% of funds on deposit) to Ruby A. Forcum, c/o Glen Anderson, 5482 Riverwalk Drive, Kings Mill, OH 45034.

Further, the Pooling Order is hereby modified to delete the requirement that payments attributable to Applicants' gas ownership interests in Subject Drilling Unit be deposited by the Unit Operator in the Escrow Account.

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 24th day of October, 2001, by a majority of the Virginia Gas and Oil Board.

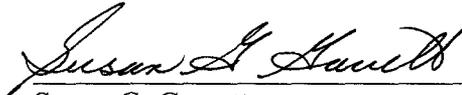

Chairman, Benny R. Wampler

DONE AND PERFORMED this 29th day of October, 2001, by an Order of this Board.


B. R. Wilson
Principal Executive to the Staff
Virginia Gas and Oil Board

COMMONWEALTH OF VIRGINIA)
COUNTY OF WISE)

Acknowledged on this 24th day of October, 2001, personally before me a notary public in and for the Commonwealth of Virginia, appeared Benny R. Wampler, being duly sworn did depose and say that he is Chairman of the Virginia Gas and Oil Board, that he executed the same and was authorized to do so.



Susan G. Garrett
Notary Public

My commission expires July 31, 2002

COMMONWEALTH OF VIRGINIA)
COUNTY OF WASHINGTON)

Acknowledged on this 29th day of October, 2001, personally before me a notary public in and for the Commonwealth of Virginia, appeared B. R. Wilson, being duly sworn did depose and say that he is Principal Executive to the Staff of the Virginia Gas and Oil Board, that he executed the same and was authorized to do so.



Diane J. Davis
Notary Public

My commission expires September 30, 2005

EH-108 Production

1992	\$ 57,596.00
1993	\$ 264,215.00
1994	\$ 209,702.00
1995	\$ 136,498.00
1996	\$ 205,023.00
1997	\$ 152,356.00
1998	\$ 96,262.00
1999	\$ 101,164.00
2000	\$ 155,151.38
Jan '01	<u>\$ 41,585.42</u>

Production-to-Date \$1,419,552.80

Lessors in Escrow with 1st Union Bank

	Division of Interest		Gross Production	Proceeds Due Lessor as of 4/10/01
Deposited with 1st Union Bank	0.08460000	x	\$ 1,419,552.80	\$ 120,094.17
			Total in Escrow	\$ 120,094.17
Mary Anderson Estate	2.820000%		\$ 40,031.39	
Hazy Anderson Estate	2.892500%		\$ 41,060.56	
Chrissey Anderson Estate	2.747500%		\$ 39,002.21	
				\$ 120,094.17
Fred O'Quinn	0.005125		\$ 7,275.21	
Alfred Compton	0.0008		\$ 1,135.64	
Harry & Corbett Anderson	0.0656125		\$ 93,140.41	
Gary Owens	0.0003125		\$ 443.61	
Pine Mtn	0.002425		\$ 3,442.42	
Justine Robinson	0.0098375		\$ 13,964.85	
Blanche Sutherland	0.0004875		\$ 692.03	
				\$ 120,094.17

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Virginia Gas and Oil Board Escrow
First Union National Bank as Agent

Operator Name - 93-0119-0313

Operation Unit - EH-102

VGOB - 93-0119-0313

December 1 - 31, 2001

Starting Balance	Deposits	Interest	Payments	Ending Balance
150,127.31	-120,820.22	42.60	0.00	29,349.79

Virginia Gas and Oil Board Escrow
First Union National Bank as Agent

Operator Name - 93-0119-0313
Operation Unit - Eff-102
VGOB - 93-0119-0313
November 1 - 30, 2001

Starting Balance	Deposits	Interest	Payments	Ending Balance
155,464.06	0.00	175.00	0.00	156,127.06

**Virginia Gas and Oil Board Escrow
First Union National Bank as Agent**

Operator Name - 93-0119-0313

Operation Unit - EH-102

VGOB - 93-0119-0313

October 1 - 31, 2001

Starting Balance	Deposits	Interest	Payments	Ending Balance
154,186.70	1,539.75	224.61	0.00	155,941.06

**Virginia Gas and Oil Board Escrow
First Union National Bank as Agent**

Operator Name - 93-0119-0313

Operation Unit - EH-108

VGOB - 93-0119-0313

September 1 - 30, 2001

Starting Balance	Deposits	Interest	Payments	Ending Balance
153,939.17	0.00	247.53	0.00	154,186.70

**Virginia Gas and Oil Board Escrow
First Union National Bank as Agent**

Operator Name - 93-0119-0313
Operation Unit - EH-108
VGOB - 93-0119-0313
August 1 - 31, 2001

Starting Balance	Deposits	Interest	Payments	Ending Balance
152,188.46	1,421.57	329.14	0.00	153,939.17

**Virginia Gas and Oil Board Escrow
First Union National Bank as Agent**

Operator Name - 93-0119-0313

Operation Unit - EH-108

VGOB - 93-0119-0313

July 1 - 31, 2001

Starting Balance	Deposits	Interest	Payments	Ending Balance
150,499.49	1,350.62	338.35	0.00	152,188.46