

VIRGINIA:

BEFORE THE VIRGINIA GAS AND OIL BOARD

SUPPLEMENTAL ORDER REGARDING

ELECTIONS, UNIT: V-1831

(herein "Subject Drilling Unit")

DOCKET NUMBER VGOB-93/01/19-0315

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 February 12, 1993 and recorded in Deed Book 289, Page 764 in the Office of the Clerk of Circuit Court, Dickenson County, Virginia on March 5, 1993 (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 March 18, 1993 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 3, 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

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 Interests 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 21st day of July, 1993, by a majority of the Virginia Gas and Oil Board.

  
Chairman, Betty R. Wampler

STATE OF VIRGINIA)  
COUNTY OF WISE )

Acknowledged on this 21st day of July, 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 22nd day of July 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 WASHINGTON

Acknowledged on this 22nd day of July, 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

V I R G I N I A :

## BEFORE THE VIRGINIA GAS AND OIL BOARD

IN RE:

Application of Equitable Resources Exploration for Forced Pooling of Interests in Unit Number V-1831, VGOB Docket No. VGOB-93-0119-0315 in the Ervinton Magisterial District of Dickenson 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 12, 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 March 5, 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:

None.

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) Stephen Brinkley  
deemed to have leased (unknown or unlocatable)  
\$27.88 bonus cash consideration (\$5.00 per net mineral acre)  
.0055482 royalty interest (12.5% X 1/14 X 62.14%)
- 2) Unknown heirs of Frank Kilgore  
deemed to have leased (unknown or unlocatable)  
\$55.77 bonus cash consideration (\$5.00 per net mineral acre)  
0.110964 royalty interest (12.5% X 1/7 X 62.14%)

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.

None.

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 3rd day of May, 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 3rd day of May, 1993.

My commission expires: March 12, 1996

Annella L. Talbot  
Notary

[regulat\erex\election\january\v-1831.aff]

VIRGINIA: IN THE OFFICE OF THE CLERK OF THE CIRCUIT COURT OF DICKENSON COUNTY, July 30, 1993. This deed was this day presented in said office, and upon the certificate of acknowledgment thereto annexed, admitted to record at 1:39 o'clock PM, after payment of \$ \_\_\_\_\_ tax imposed by Sec. 58.1-802.

Original returned this date to: Diane Davis

TESTE: JOE TATE, CLERK  
BY: Lula Large D. CLERK

V I R G I N I A:

BEFORE THE VIRGINIA GAS AND OIL BOARD

APPLICANT:	EQUITABLE RESOURCES EXPLORATION	)	
	A Division of Equitable Resources	)	
	Energy Company	)	
RELIEF SOUGHT:	(1) ESTABLISHMENT OF THE DRILLING	)	VIRGINIA GAS
	UNIT DESCRIBED IN EXHIBIT "A"	)	AND OIL BOARD
	HERETO AND SERVED BY WELL NO.	)	
	V-1831 (herein "Subject	)	DOCKET NO.
	Drilling Unit") PURSUANT TO	)	
	§ 45.1-361.20, CODE OF	)	VGOB 93-0119-0315
	VIRGINIA, AND (2) POOLING OF	)	
	INTERESTS IN SUBJECT DRILLING	)	
	UNIT PURSUANT TO § 45.1-361.21,	)	
	CODE OF VIRGINIA, FOR THE	)	
	PRODUCTION OF CONVENTIONAL OIL	)	
	AND/OR GAS FROM SUBJECT FORMATIONS	)	
	(herein referred to as "Oil and/or	)	
	Gas")	)	
LEGAL DESCRIPTION:		)	
		)	
	DRILLING UNIT SERVED BY WELL NUMBERED	)	
	V-1831 TO BE DRILLED IN THE LOCATION	)	
	DEPICTED ON EXHIBIT A HERETO, COLUMBUS	)	
	KILGORE HEIRS OIL AND GAS TRACTS	)	
	CLINTWOOD QUADRANGLE,	)	
	ERVINTON MAGISTERIAL DISTRICT,	)	
	DICKENSON COUNTY, VIRGINIA	)	
	(the "Subject Lands" are more	)	
	particularly described on Exhibit	)	
	"A", attached hereto and made a	)	
	part hereof)	)	

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 January 19, 1993, Dickenson Conference Room, Southwest Virginia Education 4-H Center, Abingdon, Virginia.
2. Appearances: Richard A. Counts appeared for the Applicant; 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 underlying and 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 B hereto have been identified by applicant as owners of gas or oil, coal or mineral interests underlying Subject Drilling Unit,

including those who have not heretofore leased or voluntarily agreed to lease their interests. 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 hereby finds that the notices given herein satisfy all statutory requirements, Board rule requirements and the minimum standards of state due process.

4. Amendments: Exhibit B to reflect additional leased interests; Detailed Well Estimate (DWE) to reflect signature.

5. Dismissals: None.

6. Relief Requested: Applicant requests (1) that pursuant to § 45.1-361.20, Code of Virginia, 1950, as amended, the Board establish Subject Drilling Unit to be served by Well No. V-1831; (2) that pursuant to § 45.1-361.21, Code of Virginia, 1950 as amended, the Board pool the rights, interests and estates of the known and unknown persons listed in Exhibit B hereof, and their known and unknown heirs, executors, administrators, devisees, trustees, assigns and successors, both immediate and remote, for the drilling and operation, including production, of Oil and/or Gas produced from the Subject Drilling Unit established for all non-coalbed formations from the surface to the total depth drilled of 4,370 feet, and all areas between, including, but not limited to the Devonian Shale, Berea, Weir, Big Lime, Maxon and Ravencliff formations (herein "Subject Formations") underlying and comprised of the Subject Lands, (hereafter sometimes collectively identified and referred to as "well development and/or operation in the Subject Drilling Unit"); and, (3) that the Board designate Applicant as Unit Operator.

7. Relief Granted: The requested relief in this cause be and hereby is granted and: (1) Pursuant to § 45.1-361.20, Code of Virginia, 1950 as amended, the Board hereby establishes Subject Drilling Unit; (2) pursuant to § 45.1-361.21.C.3, Code of Virginia, 1950 as amended, Equitable Resources Exploration. (hereafter "Unit Operator") is designated as the Operator authorized to drill and operate the well in the Subject Drilling Unit to produce Oil and/or Gas from Subject Formations, subject to the permit provisions contained in § 45.1-361.27 et seq., Code of Virginia, 1950 as amended, to § 480-05-22.1 et seq., Gas and Oil Regulations and to § 480-05-22.2 et seq., Virginia Gas and Oil Board Regulations, all as amended from time to time; and (3) the Gas interests and estates in Subject Drilling Unit of the known and unknown persons listed on Exhibit B, attached hereto and made a part hereof, and their known and unknown heirs, executors, administrators, devisees, trustees, assigns and successors, both immediate and remote, leased or unleased, be and hereby are pooled in the Subject Formations in the Subject Drilling Unit underlying and comprised of the Subject Lands.

<u>Subject Formations</u>	<u>Unit Size</u>	<u>Permitted Well Location</u>	<u>Field and Well Classification</u>
Commencing at the surface to the total depth drilled of 4,370 feet, and all areas in between including, but not limited to the Devonian Shale, Berea, Weir, Maxon, Big Lime, and Ravencliff formations	Approximately 125.66-acre circular drilling unit	V-1831 (See Exhibit A for location)	No applicable field rules; gas and oil well under Statewide Spacing §45.1-361.17 Code of Virginia, as amended

For the Subject Drilling Unit  
underlying and comprised of the Subject  
Land Served by Well No. V-1831

Dickenson County, Virginia.

8. Election and Election Period: Any gas or oil owner named in Exhibit B who has not heretofore leased to the Operator and/or voluntarily agreed to pool their interests in Subject Drilling Unit in the gas or oil in the Subject Drilling Unit may elect one of the options set forth in Paragraph 9 below and must give written notice of his election of the option selected under Paragraph 9 herein to the designated Unit Operator at the address shown below within thirty (30) days from the date this Order is recorded in the county above named. A timely election shall be deemed to have been made if, on or before the last day of said 30-day period, such electing person has delivered his written election to the designated Unit Operator at the address shown below or has duly postmarked and placed its written election in first class United States mail, postage prepaid, addressed to the Unit Operator at the address shown below.

9. Election Options:

9.1 Option 1 - To Participate In The Development and Operation of the Drilling Unit: Any gas or oil owner named in Exhibit B who has not leased to the Operator and/or voluntarily agreed to pool their interest may elect to participate in the development and operation of the Subject Drilling Unit (hereafter "Participating Operator") by agreeing to pay the estimate of such Participating Operator's proportionate part of the actual and reasonable costs, including a reasonable supervision fee, of the well development and operation in the Subject Drilling Unit, as more particularly set forth in Virginia Gas and Oil Board Regulation VR 480-05-22.2, Section 10 (herein "Completed for Production Costs"). Further, a Participating Operator agrees to pay the estimate of such Participating Operator's proportionate part of the Estimated, Completed-for-Production Costs as set forth below to the Unit Operator within forty-five (45) days from the later of the date of mailing or the date of recording of this Order. The estimated Completed-for-Production Costs for the Subject Drilling Unit are as follows:

Estimated, Completed-for-Production Costs:

\$ 221,150.00

A Participating Operator's proportionate cost hereunder shall be that portion of said costs which the net mineral acres in the Subject Drilling Unit owned or claimed by such Participating Operator bears to the total number of mineral acres in Subject Drilling Unit. Provided, however, that in the event a Participating Operator elects to participate and fails or refuses to pay the estimate of his proportionate part of the Estimated, Completed-for-Production Costs as set forth above, all within the time set forth herein and in the manner prescribed in Paragraph 8 of this Order, then such Participating Operator shall be deemed to have elected not to participate and to have elected compensation in lieu of participation pursuant to Paragraph 9.2 herein.

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 Gas or Oil 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 or oil 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 and oil produced from Subject Formation in the Subject Drilling Unit to the Unit Operator.

- 9.3. Option 3 - To Share In The Development And Operation As A Non-Participating Person On A Carried Basis And To Receive Consideration In Lieu Of Cash: In lieu of participating in the development and operation of Subject Drilling Unit under Paragraph 9.1 above and in lieu of receiving a cash bonus consideration under Paragraph 9.2 above, any gas or oil owner who has not leased to the Operator and/or voluntarily agreed to pool their interests in Subject Drilling Unit may elect to share in the development and operation of Subject Drilling Unit on a carried basis (as a "Carried Well Operator"] so that the proportionate part of the Completed-for-Production Costs hereby allocable to such Carried Well Operator's interest is charged against such Carried Well Operator's share of production from Subject Drilling Unit. All of such Carried Well Operator's rights, title, interests, estates and claims in Subject Drilling Unit shall be deemed and hereby are assigned to the Unit Operator until the proceeds from the sale of such Carried Well Operator's share of production from Subject Drilling Unit (exclusive of any royalty, excess or overriding royalty, or other non-operating or non cost-bearing burden reserved in any lease, assignment thereof or agreement relating thereto covering such interest) equals three hundred percent (300%) for a leased interest or two hundred percent (200%) for an unleased interest (whichever is applicable) of such Carried Well Operator's share of the Completed-for-Production Costs allocable to the interest of such Carried Well Operator. When the Unit Operator recoups and recovers from such Carried Well Operator's assigned interest the amounts provided for above, then, the assigned interest of such Carried Well Operator shall automatically revert back to such Carried Well Operator, and from and after such reversion, such Carried Well Operator shall be treated as if it had

participated initially under Paragraph 9.1 above; and thereafter, such participating person shall be charged with and shall pay his proportionate part of all further costs of such well development.

The election made under this Paragraph 9.3, when so made, shall be satisfaction in full for all rights, 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 have and hereby does assign all its rights, title, interest, estates and claims in the gas and oil produced from Subject Formation in the Subject Drilling Unit to the Unit Operator for the period of time during which its interest is carried as above provided prior to its reversion back to such electing person.

10. Failure to Properly Elect: In the event a person fails to elect within the time, in the manner and in accordance with the terms of this Order or the alternatives set forth in Paragraph 9 above, then such person shall be deemed to have elected not to participate in the proposed development and operation of Subject Drilling Unit and shall be deemed, subject to a final legal determination of ownership, to have elected to accept as satisfaction in full for all such person's right, title, interests, estates and claims the consideration provided in Paragraph 9.2 above for which its interest qualifies and shall be deemed to have leased and/or assigned all his right, title, interests, estates and claims to gas and oil in the Subject Drilling Unit to the Unit Operator. Persons who fail to properly elect shall be deemed to have accepted the compensation and terms set forth herein at Paragraph 9.2 in satisfaction in full for all right, title, interests, estates and claims of such person to the gas and oil in the Subject Lands underlying Subject Drilling Unit.

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.

12. Assignment of Interest: In the event a person elects or fails to elect to do other than participate under Paragraph 9.1 above in the development and operation of the well in Subject Drilling Unit, then such person shall be deemed to have and shall have assigned unto Unit Operator all of such person's right, title, interests, estates and claims in and to said well, in Subject Formations in Subject Drilling Unit, and other share in gas and oil production to which such person may be entitled by reason of any election or deemed election hereunder in accordance with the provisions of this Order governing said elections.

13. Unit Operator (or Operator): Equitable Resources Exploration be and hereby is designated as Unit Operator authorized to drill and operate Well No. V-1831 in Subject Formations in Subject Drilling Unit, all subject to the permit

provisions contained in Section 45.1-361.27 et seq. , Code of Virginia, 1950 as amended, §§ 480-05-22.1 et seq., Gas and Oil Regulations and §§ 480-05-22.2 et seq., Virginia Gas and Oil Board Regulations, all as amended from time to time, and all elections required by this Order shall be communicated to Unit Operator in writing at the address shown below:

Hunter, Smith & Davis  
 Law Center  
 1212 North Eastman Road  
 Kingsport, TN 37664  
 Phone: (615) 378-8800  
 Fax: (615) 378-8801  
 Attn: Douglas S. Tweed

14. Commencement of Operations: Unit Operator shall commence or cause to commence operations for the drilling of any well covered hereby within three hundred and sixty-five (365) days from the date of this Order and shall prosecute the same with due diligence. If Unit Operator shall not have so commenced and/or prosecuted, then this Order shall terminate, except for any cash sums becoming payable hereunder; otherwise, unless sooner terminated by Order of the Board, this Order shall expire at 12:00 P.M. on the date on which any well covered by this Order is permanently abandoned and plugged. However, in the event an appeal is taken from this Order, then the time between the filing of the Petition for Appeal and the final Order of the Circuit Court shall be excluded in calculating the one year period referenced herein.

15. Operator's Lien: Unit Operator, in addition to the other rights afforded hereunder, shall have a lien and a right of set off on the mineral estates, rights, and interests owned by any person subject hereto who elects to participate under Paragraph 9.1 in the Subject Drilling Unit to the extent that costs incurred in the drilling or operation on the Subject Drilling Unit are a charge against such person's interest. Such liens and right of set off shall be separable as to each separate person and shall remain liens until the Unit Operator drilling or operating any well covered hereby has been paid the full amounts due under the terms of this Order.

16. Escrow Provisions:

16.1 Escrow Account: By this Order, the Board instructs the Escrow Agent named herein or any successor named by the Board to establish an interest-bearing escrow account, (herein "the Escrow Account") to receive and account to the Board pursuant to its agreement for the escrowed funds hereafter described:

Tazewell National Bank  
 P. O. Box 909  
 Tazewell, VA 24651  
 (herein "Escrow Agent")

16.2. Escrow Provisions For Unknown or Unlocatable Persons: If any payment of bonus, royalty payment or other payment due and owing under this Order cannot be made because the person entitled thereto cannot be located or is unknown, then such cash bonus, royalty payment, or other payment shall not be commingled with any funds of the Unit Operator and shall, pursuant to Section 45.1-361.21.D, Code of Virginia, 1950 as amended, and said sums shall be deposited by the Operator into the Escrow Account, commencing within sixty (60) days of recording of this Order, and continuing thereafter on a monthly basis with each deposit to be made, by use of a report format approved by the Inspector, by a date which is no later than sixty (60) days after the last day of the month being reported and/or for which funds are subject to deposit. Such funds shall be held for the exclusive use of, and sole benefit of the person entitled thereto until such funds can be paid to such person(s) or until the Escrow Agent relinquishes such funds as

required by law or pursuant to Order of the Board in accordance with § 45.1-361.21.D., Code of Virginia, 1950 as amended.

17. Special Findings: The Board specifically and specially finds:
  - 17.1 Applicant is a division of Equitable Resources Energy Company, a corporation duly authorized and qualified to transact business in the Commonwealth of Virginia;
  - 17.2 Applicant claims ownership of gas leases on 86.684282 percent of Subject Drilling Unit and the right to explore for, develop and produce gas and oil from same.
  - 17.3 Applicant is an operator in the Commonwealth of Virginia and has satisfied the Board's requirements for operations in Virginia;
  - 17.4 Applicant has proposed the drilling of Well No. V-1831 on the Subject Drilling Unit to develop the pool of gas and oil in Subject Formations.
  - 17.5 Set forth in Exhibit B is the name and last known address of each person of record identified by the Applicant as gas or oil, coal or mineral owners who may have an interest in the gas or oil in Subject Drilling Unit underlying and comprised of Subject Lands of which 13.315718 percent remain unleased by or to the Operator.
  - 17.6 The proposed depth of Well No. V-1831 is 4,370 feet.
  - 17.7 The estimated production over the life of the proposed well is 349,999 mcf.
  - 17.8 A well work permit for well V-1831 is currently pending before the Virginia Department of Mines, Minerals and Energy.
  - 17.9 Applicant's evidence established that the fair, reasonable and equitable compensation to be paid to any person in lieu of the right to participate in any well covered hereby are those options provided in Paragraph 9 above.
  - 17.10 The Subject Drilling Unit does not constitute an unreasonable or arbitrary exercise of Applicant's right to explore for or produce Gas.
  - 17.11 The relief requested and granted is just and reasonable, is supported by substantial evidence and will afford each person in the Subject Drilling Unit the opportunity to recover or receive, without unnecessary expense, each person's just and fair share of the production of the gas and/or oil from Subject Drilling Unit. The granting of the Application and relief requested therein will ensure to the extent possible the greatest ultimate recovery of gas and oil, prevent or assist in preventing the various types of waste prohibited by statute and protect or assist in protecting the correlative rights of all persons in the subject common sources of supply in the Subject Lands. Therefore, the Board is entering an Order granting the relief herein set forth.

18. Mailing Of Order And Filing Of Affidavit: Applicant or its Attorney shall file an affidavit with the Secretary of the Board within sixty (60) days after the date of receipt of this Order stating that a true and correct copy of said Order was mailed within seven (7) days from the date of receipt of this Order to each person pooled by this Order whose address is known.

19. Availability of Unit Records: The Director shall provide all persons not subject to a lease with reasonable access to all records for Subject Drilling Unit which are submitted by the Unit Operator to said Director and/or his Inspector(s).

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

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

DONE AND EXECUTED this 12<sup>th</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 12<sup>th</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 12<sup>th</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 12<sup>th</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

WELL COORDINATES

(VA State Plane)  
N 331,683.98  
E 866,764.28

(Clinchfield Coal Co.)  
N 29,218.75  
W 2,178.19

P-502

N3°40'13"W  
242.82'

Ls. #242972L  
S. H. G. Enterprises -  
surface, oil, & gas  
374.94 Ac.  
21.45%  
Tract 1

U.S.A. - surface & coal  
Tr. 1004  
33.44 Ac.

U.S.A. -  
surface & coal  
Tr. 1003  
6.16 Ac.

PROPOSED  
ACCESS

1320' R.

N69°18'26"E  
140.29'

5/8" I. ROD (SET)  
N27°39'39"W 155.54'

5/8" I. ROD  
(SET)

V-1831

Ls. #242971L  
Columbus Kilgore Hrs. - oil & gas  
84. Ac. & 17.17 Ac. Tracts  
62.14%  
Tract 5

U.S.A. - surface & coal  
Tr. 1002  
10.34 Ac.

U.S.A. - surface & coal  
Tr. 1121  
30.84 Ac.

Ls. #63898/242790L  
U.S.A. - Fee Tract  
Tr. 1001-1  
140. Ac.  
6.00%  
Tract 4

Tract 2  
Ls. # PO-148  
T-813

Pine Mountain Oil & Gas - oil & gas  
273 Ac.  
7.51%

U.S.A. - surface, Tr. 1122, 2.12 Ac.

U.S.A. - surface, Tr. 1123, 1.69 Ac.

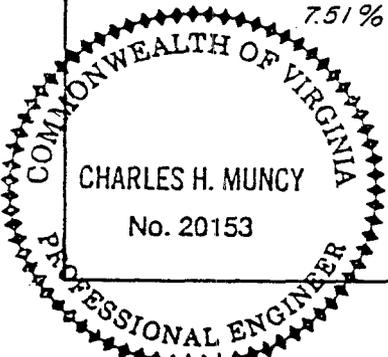
U.S.A. - surface, Tr. 1119, 1.80 Ac.

U.S.A. - surface, Tr. 1120, 0.95 Ac.

Ls. #63900/242792L  
U.S.A. - Fee Tract  
Tr. 1116-1  
126.34 Ac.  
2.90%  
Tract 3

LEGEND

- mineral line
- - - surface line



WELL LOCATION PLAT

COMPANY EQUITABLE RESOURCES EXPLORATION WELL NAME AND NUMBER V-1831  
 TRACT NO. Tr. 1121 ELEVATION 1704.15' QUADRANGLE CLINTWOOD, VA 7.5'  
 COUNTY DICKENSON DISTRICT ERVINTON SCALE 1" = 400' DATE 12/10/92

This Plat is a new plat X; an updated plat \_\_\_\_\_; or a final location plat \_\_\_\_\_

+ Denotes the location of a well on United States topographic maps, scale 1 to 24,000, latitude and longitude lines being represented by border lines as shown.

*Chas H. Muncy*

Licensed Professional Engineer or Licensed Land Surveyor

EXHIBIT "B"

V-1831

VGOB-93/01/19-0315 BOOK 289 PAGE 773

<u>TRACT</u>	<u>LESSOR</u>	<u>LEASE STATUS</u>	<u>INTEREST WITHIN UNIT</u>	<u>GROSS ACREAGE IN UNIT</u>
1	S.H.G. Enterprises P.O. Box 197 Norton, VA 24273 ATTN: James M. Gott, General Partner	Leased-EREX 242972	21.45%	26.954070
2	Pine Mountain Oil and Gas Attn: Richard Brillhart P.O. Box 7 Dante, VA 24237	Leased-EREX PO-148/T-813	7.51	9.437066
3	U.S.A. United States Department of Interior Jackson District Office 411 Briarwood Dr., Suite 404 Jackson, MS 39206 ATTN: U.J. Parikh	Leased-EREX 242792 U.S.A. Tr. 1116-1	2.90	3.644140
4	U.S.A. United States Department of Interior Jackson District Office 411 Briarwood Dr., Suite 404 Jackson, MS 39206 ATTN: U.J. Parikh	Leased-EREX 242790 U.S.A. Tr. 1001-1	6.00	7.539600
5	<u>Columbus C. Kilgore Heirs</u>			
	Asa M. and Edith Kilgore 3051 Rio Dosa Drive Lexington, KY 40509	Leased-EREX 242971L05	13.315726	16.732541
	Roberta D. Kilgore 3100 Jane, N.E. Apt. 0105 Albuquerque, NM 87111	Leased-EREX 242971L04	8.877127	11.154998
	Heirs of Paul H. Kilgore Ruth Kilgore, Agent 2745 Kennett Drive Liburn, GA 30247	Leased-EREX Dower 242971L02	8.877127	11.154998
	Linda Sue and Steven Manion 2745 Kennett Drive Liburn, GA 30247	Leased-EREX Remainder 242971L02		

EXHIBIT "B"

V-1831

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INTEREST GROSS  
WITHIN ACREAGE  
UNIT IN UNIT

<u>TRACT</u>	<u>LESSOR</u>	<u>LEASE STATUS</u>	<u>UNIT</u>	<u>IN UNIT</u>
	Alice D. Kilgore 1311 E. Clay Street Thomasville, GA 31792	Leased-EREX 242971L01	2.959038	3.718327
	Frances A. and Neil Wentworth 1311 E. Clay Street Thomasville, GA 31792	Leased-EREX 242971L01	5.918082	7.436662
	Craig Rodger Clark 2685D N. Point Lane Tallahassee, FL 32308	Leased-EREX 242971L03	4.438591	5.577534
	Virginia Louise and Robert H. Graska 1015 Claremont Ave. Ashland, OH 44805	Leased-EREX 242971L06	4.438591	5.577533
	Stephen H. Brinkley Address Unknown	Unleased	4.438591	5.577533
	Unknown Heirs of Frank Allen Kilgore	Unleased	8.877127	11.154998

TOTAL

100.00% 125.66

Percentage of Unit Leased	108.927 Ac.	86.684282%
Percentage of Unit Unleased	16.733 Ac.	13.315718%

VIRGINIA: IN THE OFFICE OF THE CLERK OF THE CIRCUIT COURT OF DICKENSON COUNTY, Mar 5, 1993. This deed was this day presented in said office, and upon the certificate of acknowledgment thereto annexed, admitted to record at 3:09 o'clock PM, after payment of \$ — tax imposed by Sec. 58.1-802.

Original returned this date to: Diane Davis

TESTE: JOE TATE, CLERK  
BY: [Signature] D. CLERK