

140001196

INSTRUMENT PREPARED BY
VIRGINIA GAS AND OIL

ORDER RECORDED UNDER CODE
OF VIRGINIA SECTION 45.1-361.26

VIRGINIA:

BEFORE THE VIRGINIA GAS AND OIL BOARD

APPLICANT: **APPALACHIAN ENERGY, INC.**

VIRGINIA GAS AND
OIL BOARD
VGOB DOCKET NO.:
93-0216-0325-20

RELIEF SOUGHT:

MODIFICATION OF THE **OAKWOOD No.1** COALBED
GAS FIELD RULES ORDER, PURSUANT TO VA. CODE
4 VAC 25-160-50 AND § 45.1-361.20, AS AMENDED, TO ALLOW
MORE THAN ONE COALBED GAS WELL TO BE DRILLED IN
THE UNITS IDENTIFIED ON EXHIBIT "A" HERETO

LEGAL DESCRIPTION:

DRILLING UNITS: **I-38 (AE-208/AE-209)**
LOCATED IN **BUCHANAN COUNTY, VIRGINIA**; SEE
ANNEXED **EXHIBIT "H2"** AND STATE PLANE COORDINATE
DESCRIPTION AT PARAGRAPH 7.h. WITHIN

**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 (hereinafter "Board") at 9:00 a.m. on **November 17, 2009** at the Conference Center at the Russell County Office Facility, Lebanon, Virginia.

2. Appearances: **James E. Kaiser of Wilhoit and Kaiser**, appeared for the Applicant; and Sharon B. Pigeon, Assistant Attorney General was present to advise the Board.

3. Jurisdiction and Notice: Pursuant to Va. Code §§45.1-361.1 et seq., as amended, the Board finds that it has jurisdiction over the subject matter. Based upon the evidence presented by the 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 and oil owner, coal owner,

or mineral owner, or in the case of conflicting claims to the ownership of the coalbed methane gas, each person identified by Applicant as a potential owner of the coalbed methane gas underlying the area described at paragraph 7.h below and in **Exhibit "B"** attached hereto; and (2) has given notice to all parties so identified (hereinafter sometimes "person(s)" whether referring to individuals, corporation, partnerships, associations, companies, businesses, trusts, joint ventures or other legal entities) and entitled by §§ 45.1-361.19 and 45.1-361.20, Virginia Code, as amended, to notice of the Application, and (3) that the persons listed in the Notice of Hearing are the persons so identified by the Applicant. Further, the Board has caused notice of this hearing to be published as required by § 45.1-361.19.B., Virginia Code, as amended. Whereupon, the Board hereby finds that the notices given satisfy all statutory requirements, Board rule requirements and the minimum standards of State due process.

4. Amendments and Dismissals: **None.**

5. Relief Requested: (1) Modification of the Oakwood No. 1 Coalbed Gas Field Rules to allow more than one coalbed methane gas well to be drilled within each of the Oakwood No. 1 Coalbed Gas Field Drilling Units identified above and in **Exhibit "H2"** attached hereto; and (2) for an administrative order providing that additional well permits may be issued in the Oakwood No. 1 Coalbed Gas Field after the Application is filed and while it is pending.

6. Relief Granted: Available data and the evidence adduced at the hearing support Applicant's position that the production from the pool underlying the Oakwood No. 1 Coalbed Gas Field Drilling Units in question would be enhanced and benefit from in-field drilling; accordingly,

a. With regard to the Drilling Units described above and in **Exhibit "H2"** hereto, the Oakwood No. 1 Coalbed Gas Field Rules Order, is hereby amended to allow the Board's Designated Unit Operator in Drilling Units pooled by Board Order and the Well Operator/Permittee in voluntary Drilling Units to drill a total of two (2) wells, said total to include any previously permitted well(s), within the units affected by the Application and this Order;

b. In the event that an additional coalbed methane gas well(s) permitted and drilled after the entry of this order is located within the drilling window(s) of a Oakwood No. 1 Coalbed Gas Field Drilling Unit affected by this order, the production therefrom shall be solely attributed to and allocated to the Oakwood No. 1 Coalbed Gas Drilling Unit within which the wells are located.

c. In the event a second well is proposed that is to be located outside the drilling window of any Oakwood No. 1 Coalbed Gas Field Unit affected by this order and a permit application is submitted to the Division of Gas and Oil seeking such location exception, the Inspector shall assess the permit as follows:

- (i) If an 80 acre square with the proposed well at its center lies

entirely within Oakwood No. 1 Coalbed Gas Field Drilling Units which are voluntary in nature and are not subject to existing pooling order, the Inspector may grant or deny the location exception on a case-by-case basis according to standard procedures and provisions of the Oakwood No. 1 Coalbed Gas Field Order which allow wells to be drilled outside the drilling windows; or

(ii) If an 80 acre square with the proposed well at its center lies entirely or partially within any Oakwood No. 1 Coalbed Gas Drilling Unit(s) which is subject to existing pooling orders, the Inspector shall refer the permit application to the Board for its recommendations concerning correlative rights considerations, modification of pooling orders, and escrow provisions. Alternatively, the Unit Operator may present a pooling proposal directly to the Board prior to filing a permit application. No permit under this paragraph (ii) shall be issued until the Board has acted on the matter.

7. Special Findings:

- a. Applicant's proposed field rule modification is not an unreasonable or arbitrary exercise of the owner's right to explore for or produce gas;
- b. The Applicant's proposal would not unreasonably interfere with the present or future mining of coal or other minerals;
- c. The acreage to be embraced in the Drilling Units affected by and/or created by this Modification Order shall be as set forth above and in **Exhibit "H2"** attached hereto.
- d. The formations subject to this Modification Order are described pursuant to VA. CODE 4 VAC 25-160-50 AND § 45.1-361.20.
- e. The boundaries of the Drilling Units are the same as heretofore established by the OGCB Order entered March 26, 1989, as amended.
- f. Unit Operator's production simulations indicate that drilling of an additional well in each Unit could facilitate the recovery of an additional 250,000 MCF of gas per Unit within ten (10) years of drilling.
- g. The boundaries of any Drilling Units created subsequent to this Modification Order shall be according to paragraph 6.c.ii. above and as defined by Board action specific to individual units.
- h. The acreage subject to this Modification Order is depicted in **Exhibit "H2"** attached hereto:

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- i. Having considered the evidence presented, the Board found no reason to establish any allowable production rates for the wells contemplated by this Modification Order;
 - j. Except as herein specifically modified, the proposed Drilling Units in **Exhibit "H2"** shall be developed and produced in compliance with the OGCB Order entered on March 26, 1989 regarding the Oakwood No. 1 Coalbed Gas Field Rules, as amended.
 - k. This Modification Order shall be effective as of the date of the hearing, to wit: **November 17, 2009.**
8. Conclusion: The relief granted hereby will assist in enhancing production from existing wells, will assist in more efficiently recovering coalbed methane gas from the area in question, prevent waste by more effectively extracting the resource, and will continue to protect the correlative rights of all owners and claimants. Therefore, the relief and all terms and provisions set forth above be and are hereby granted and IT IS SO ORDERED.
9. Effective Date: **November 17, 2009.**

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DONE AND EXECUTED this 7th day of July, 2014, by a majority of the Virginia Gas and Oil Board.

Bradley C. Lambert
Bradley Lambert, Chairman

DONE AND EXECUTED this 7th day of July, 2014, by a majority of the Virginia Gas and Oil Board.

Rick Cooper
Rick Cooper
Principal Executive to the Staff
Virginia Gas and Oil Board

STATE OF VIRGINIA
COUNTY OF RUSSELL:

Acknowledged this 7th day of July, 2014, personally before me a notary public in and for the Commonwealth of Virginia, appeared Bradley Lambert, being duly sworn did depose and say that he is Chairman of the Virginia Gas and Oil Board and Rick Cooper being duly sworn did depose and say that he is Principal Executive to the Staff of the Virginia Gas and Oil Board, that they executed same and were authorized to do so.

Sarah Jesse Gilmer
Sarah J. Gilmer

My Commission Expires July 31, 2017

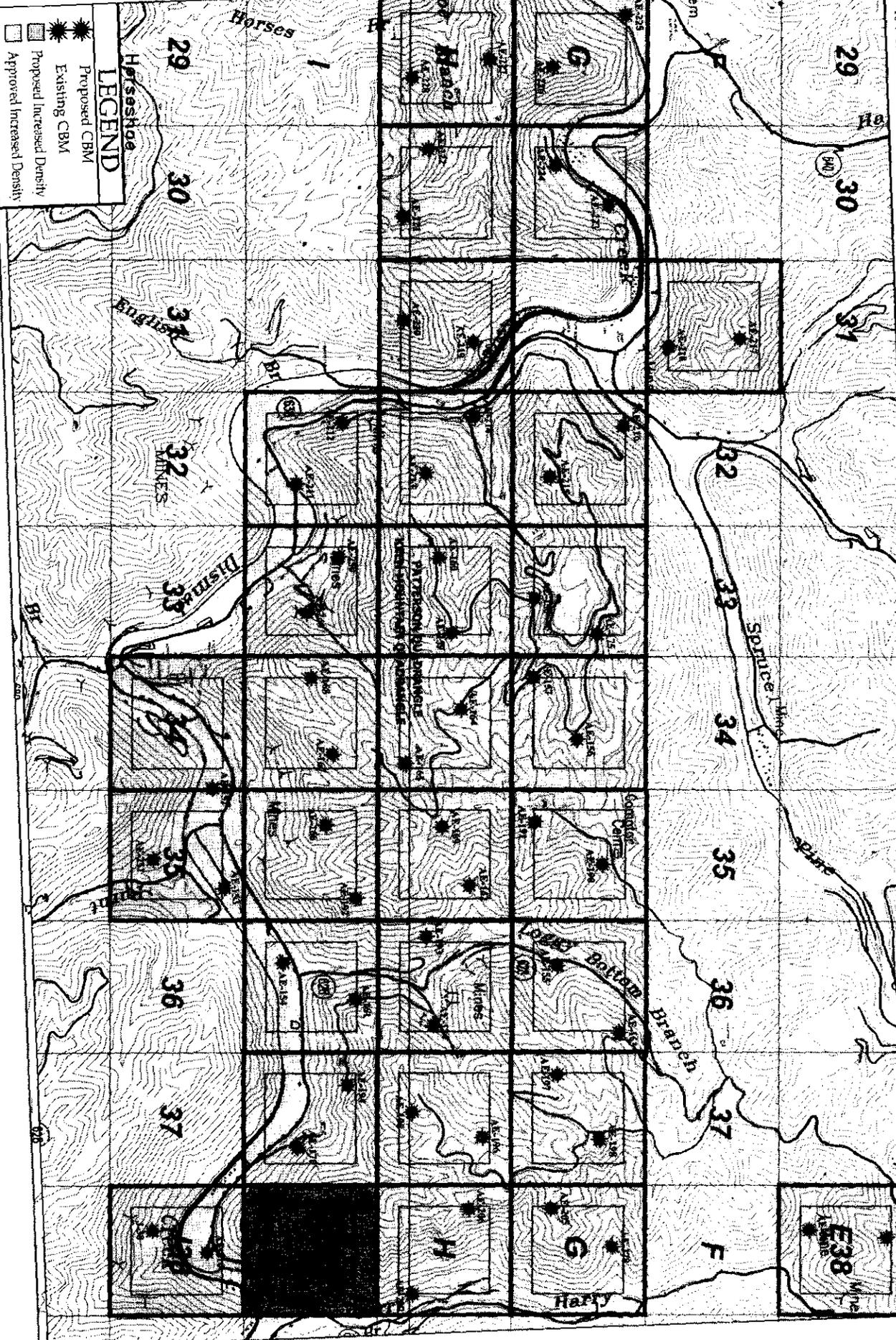
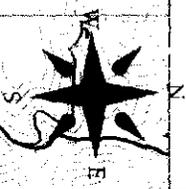


EXHIBIT A
WHITEWOOD PROSPECT
PROPOSED INCREASED DENSITY DRILLING
NOVEMBER 2009 DOCKET

DATE: 10-7-09
 SCALE: 1" = 1800'
 DRAWING NAME: Increased Density: 2009.dwg

APPALACHIAN ENERGY, INC.

LEI & ASSOCIATES, PC
SURVEYORS - ENGINEERS
 ROADWAY CONSTRUCTION - ENERGY ENVIRONMENTAL MINING
 270 S. 35th St., Suite 100, Falmouth, VA 23041
 800-333-5535, 541-661-6611, FAX: 270-535-0730



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Exhibit "B"

Katherine B. Cole Estate
PO Box 85
Jewell Ridge, VA 24622

CAROLINE COLE ESTATE

Edith G. Street
P.O. Box 792
Grundy, VA 24614

Martha Combs
c/o A.G.Edwards & Co.
P.O. Box 1199
Bluefield, VA 24605-4199

Elene Combs
318 East Fincastle
Tazewell, VA 24651

Carol Irvin
4710 Hunterwood Circle
Richmond, TX 77469-7635

Nancy Cole
Box 2075
Beckley, WV 25802

James W. & Daisy Burress
22638 Aven Lane
Abingdon, VA 24211

Margaret & Jerry Davis
P.O. Box 10
Richlands, VA 24641

Timothy McDonald
P.O. Box 609
Prestonsburg, KY 41653

Tamala Williams
P.O. Box 82
Roaring Gap, NC 28668

Gregory B. McDonald
P.O. Box 727
Prestonsburg, KY 41653

Greta Meek
177 Colvin Branch
Oil Springs, KY 41238

Exhibit "B"

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William Byrd McDonald
513 NW 13th St. Suite 202
Portland, OR 97209

Larry Dean & Bridget Cole
14573 Lee Hwy
Bristol, VA 24202

Mary Francis Harris
4823 Basswood Drive
Columbus, GA 31904

Harold Cole
1436 Betana Avenue
Akron, OH 44310

Donald Stephen Cole
7583 Lakewater Drive
Cincinnati, OH 45242

Kenneth Edward Cole
12043 Windermere Crossing Circle
Winter Garden, FL 34787-5522

Norma Cole Dotson
P.O. Box 226
Rosedale, VA 24280

Caroline & Claude Keen
Drawer B
Whitewood, VA 24657

Thurman & Archine Cooper
12 Mellow Lane
Bristol, VA 24201

Karen & Bryan Rowe
Box 366
Bradshaw, WV 24871

Sharon & William Daniels
PO Drawer T
Gilbert, WV 25621

Melanie D. Cooper
P.O. Box 314
Hurley, VA 24620

Corey S. Cooper
P.O. Box 314
Hurley, VA 24620

Exhibit "B"

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Byron D. Cooper
P.O. Box 314
Hurley, VA 24620

Yukon Pocahontas Coal Co.etal
Attn: Charles Hart
Tazewell, VA 24651

Attn: C. Dale Harman
615 Tuxedo Place
Atlanta, GA 30342

Buchanan Coal Company, LLP
Attn: Charles Hart
312 West Main St
Tazewell, VA 24651

Attn: C. Dale Harman
615 Tuxedo Place
Atlanta, GA 30342

Sayers-Pocahontas Coal Company, LLP
Attn: Charles Hart
312 West Main St
Tazewell, VA 24651

Attn: C. Dale Harman
615 Tuxedo Place
Atlanta, GA 30342

Plum Creek Timberlands, L.P.
Minerals Dept
One Concourse Parkway, Suite 755
Atlanta, GA 30328

Norfolk & Southern Railway
c/o Pocahontas Land Corp.
PO Box 1517
Bluefield, WV 24701

Lewis Keene
c/o Leonard Keene
1219 Thur Dr
Pounding Mill, VA 24637

Bill Wimmer & Lola Wimmer
HC 66, Box 69
Whitewood, VA 24657

Ducinia Stacy
PO Box 564
Grundy, VA 24614

Exhibit "B"

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Archie White & Cathy White
PO Box 73
Whitewood, VA 24657

Jerry Brewster & Jaclyn Brewster
Box 3972
Pounding Mill, VA 24637

Danny Paul Justus
Rt 1, Box 257
Grundy, VA 24614

Freddie Lester & Geraldine Lester
PO Box 33
Pilgrims Knob, VA 24634

Wanda White
PO Box 208
Whitewood, VA 24657

Ricky K. Goodman & Betty Jo Goodman
HC 66, Box 2
Whitewood, VA 24657

Billy Brian Channing Wimmer
HC 66, Box 69
Whitewood, VA 24657

Zachary Suel Wimmer
HC 66, Box 69
Whitewood, VA 24657

Mildren E. Catron (Life Estate)
PO Box 80
Whitewood, VA 24657

Lisa Compton (Remainderman)
PO Box 80
Whitewood, VA 24657

Ronald Kelly & Deborah Kelly
HC 66, Box 85
Whitewood, VA 24657

Roger Sanders & Brenda Sanders
PO Box 82
Pilgrims Knob, VA 24634

W.B. Day & Martha Day
General Delivery
Whitewood, VA 24657

Exhibit "B"

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Sandra L. Coleman
HCR 66, Box 74-A
Whitewood, VA 24657

Freddie Horn & Sheila Sharon Horn
31300 Old Stage Rd
Glade Spring, VA 24340

Jewell Smokeless
PO Box 70
Vansant, VA 24656

Island Creek Coal Co.
Drawer L
Oakwood, VA 24631

EQT Production Company
1710 Pennsylvania Avenue
Charleston, WV 25302

CNX Gas Co., LLC
2481 John Nash Blvd.
Bluefield, WV 24701

INSTRUMENT #140001196
RECORDED IN THE CLERK'S OFFICE OF
BUCHANAN COUNTY ON
JULY 17, 2014 AT 11:25AM

BEVERLY S. TILLER, CLERK
RECORDED BY: GGB