

VIRGINIA:

BEFORE THE VIRGINIA GAS AND OIL BOARD

SUPPLEMENTAL ORDER REGARDING
ELECTIONS, UNIT: V-2707

(herein "Subject Drilling Unit")

DOCKET NUMBER VGOB-93/08/17-0396

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 September 17, 1993 and recorded at Deed Book 761, Page 228 in the Office of the Clerk of the Circuit Court, Wise County, Virginia on September 22, 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 October 14, 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 November 9, 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 Interests as part of its Affidavit of Election. A copy of which is attached hereto as Exhibit B.

(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 20th day of December 1994, by a majority of the Virginia Gas and Oil Board.



Chairman, Benny R. Wampler

STATE OF VIRGINIA)
COUNTY OF WISE)

Acknowledged on this 20th day of December, 1994, 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 20th day of December 1994 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 20th day of December, 1994, 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 12-28 19 94
The deed was properly recorded upon the annexed Certificate of acknowledgement admitted to
record at 2:04P on 12-28. The tax imposed by §8.541 of the Code has been paid in the
amount of \$ Recorded in Deed Book 793 and Page 362
Ferry Shatt Deputy Clerk

V I R G I N I A:

BOOK 703 PAGE 265

BEFORE THE VIRGINIA GAS AND OIL BOARD

IN RE:

Application of Equitable Resources Exploration for Forced Pooling of Interests in Unit Number V-2707, VGOB Docket No. VGOB-93-0817-0396 in the Lipps 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 an attorney 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 September 17, 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 September 22, 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) Robert D. Buchanan Heirs (Tract 1)
deemed to have leased (unknown)
19¢ bonus cash consideration (\$5.00 per net mineral acre)
.0000378 royalty interest (12.5% X 1/56 X 1.695%)
 - 2) Robert D. Buchanan Heirs (Tract 5)
deemed to have leased (unknown)
\$21.69 bonus cash consideration (\$5.00 per net mineral acre)
.0043146 royalty interest (12.5% X 1/12 X 41.421%)
 - 3) Daniel E. Buchanan Heirs
deemed to have leased (unknown)
\$3.11 bonus cash consideration (\$5.00 per net mineral acre)
.0006163 royalty interest (12.5% X 1/84 X 41.421%)
 - 4) Jewell Carr, Widow
deemed to have leased (unknown)
\$6.51 bonus cash consideration (\$5.00 per net mineral acre)
.0012945 royalty interest (12.5% X 1/40 X 41.421%)
 - 5) James Shipp, Single
deemed to have leased (unknown)
\$6.51 bonus cash consideration (\$5.00 per net mineral acre)
.0012945 royalty interest (12.5% X 1/40 X 41.421%)

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:

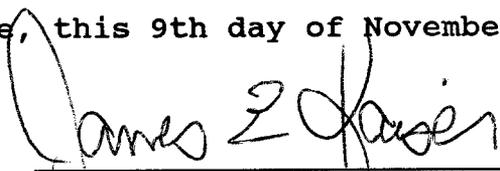
- 1) Katherine Mason McCracken
EREX Lease Number 243408L-09

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) Robert D. Buchanan Heirs
- 2) Daniel E. Buchanan Heirs
- 3) Jewell Carr, Widow
- 4) James Shipp, Single

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 9th day of November, 1993.



 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 9th day of November, 1993.

My commission expires: *April 17, 1995*



 Notary

EXHIBIT "B"

V-2707 Page 1

VGOB/93/08/17-0396

<u>LESSOR</u>	<u>LEASE STATUS</u>	<u>INTEREST WITHIN UNIT</u>	<u>GROSS ACREAGE IN UNIT</u>	<u>NET REVENUE INTERESTS</u>
<u>TRACT 1</u>				
Virginia Iron, Coal & Coke ATTN: R. G. Poindexter Vice-President & General Manager P. O. Box 1871 Roanoke, VA 24008	Leased-EREX 223010L-01 W.I.-108	1.392%	1.75	.0017405 (until 120% payout)
Robert D. Buchanan Heirs Unknown	Unleased	.0304%	.038	.0000378
William A. Buchanan and Alberta Buchanan, H/W Route #1, Box 425 Wise, VA 24293	Leased-EREX 243407L-01	.0304%	.038	.0000378
James D. Hamm and Pat Hamm, H/W 4312 West Bogart Road Sandusky, OH 44870	Leased-EREX 243407L-02	.2118%	.266	.0002648
<u>Martha B. Coleman Heirs</u>				
Billy Wayne Coleman and Debbie Coleman, H/W Magnolia Lane Route #3, Box 1949 Palatka, FL 32177	Leased-EREX 243407L-04	.0152%	.019	.0000189
Virginia Coleman, Single Route #4, Box 18 Floyd, VA 24091	Leased-EREX 243407L-03	.0152%	.019	.0000189
Equitable Resources Exploration				.0148313 (until 120% payout)
Tract 1 Totals		1.695%	2.13	1.695%

EXHIBIT "B"

V-2707 Page 2

VGOB/93/08/17-0396

<u>LESSOR</u>	<u>LEASE STATUS</u>	<u>INTEREST WITHIN UNIT</u>	<u>GROSS ACREAGE IN UNIT</u>	<u>NET REVENUE INTERESTS</u>
<u>TRACT 2</u>				
Virginia Iron, Coal & Coke ATTN: R. G. Poindexter Vice-President & General Manager P. O. Box 1871 Roanoke, VA 24008	Leased-EREX 223010L-01 W.I.-110	2.484%	3.122	.003105 (until 120% payout)
Equitable Resources Exploration				.021735 (until 120% payout)
Tract 2 Totals		2.484%	3.122	2.484%
<u>TRACT 3</u>				
Virginia Iron, Coal & Coke ATTN: R. G. Poindexter Vice-President & General Manager P. O. Box 1871 Roanoke, VA 24008	Leased-EREX 223010L-01 W.I.-180	4.194%	5.270	.0052425 (until 120% payout)
Equitable Resources Exploration				.0366975 (until 120% payout)
Tract 3 Totals		4.194%	5.270	4.194%
<u>TRACT 4</u>				
Virginia Iron, Coal & Coke ATTN: R. G. Poindexter Vice-President & General Manager P. O. Box 1871 Roanoke, VA 24008	Leased-EREX 223010L-01 W.I.-235	50.206%	63.088	.0627663
Equitable Resources Exploration				.4392937
Tract 4 Totals		50.206%	63.088	50.206%

EXHIBIT "B"

V-2707 Page 3

VGOB/93/08/17-0396

<u>LESSOR</u>	<u>LEASE STATUS</u>	<u>INTEREST WITHIN UNIT</u>	<u>GROSS ACREAGE IN UNIT</u>	<u>NET REVENUE INTERESTS</u>
<u>TRACT 5</u>				
<u>Mary E. Buchanan Heirs</u>				
Bernice Couch and Hubert W. Couch, H/W P. O. Box 464 Coeburn, VA 24230	Leased-EREX 243408L-01	3.452%	4.337	.0086294
William A. Buchanan and Alberta Buchanan, H/W Route #1, Box 425 Wise, VA 24293	Leased-EREX 243408L-02	3.452%	4.337	.0043147
Joyce Crystal Buchanan Davis & William P. Davis, H/W 4070 Black Highway Smyrna, SC 29743	Leased-EREX 243408L-03	5.177%	6.507	.0064721
Virginia Coleman, Single Route #4, Box 18 Floyd, VA 24091	Leased-EREX 243408L-04	3.452%	4.337	.0021573
Billy Wayne Coleman and Debbie Coleman, H/W Magnolia Lane Route #3, Box 1949 Palatka, FL 32177	Leased-EREX 243408L-05	3.452%	4.337	.0021573
Jewell Buchanan Oliff, Widow #1 Calibogue Road Savannah, GA 31410	Leased-EREX 243408L-06	9.319%	11.711	.0116496
Katherine Mason McCracken, Widow 144 Shoreham Road Spartanburg, SC 29307	Leased-EREX 243408L-09	2.071%	2.603	.0025888
Nell Mason Barr and John M. Barr, W/H 4701 Carter Hill Road Columbia, SC 29206	Leased-EREX 243408L-08	2.071%	2.603	.0025888

EXHIBIT "B"

V-2707 Page 4

BOOK 713 PAGE 371

VGOB/93/08/17-0396

<u>LESSOR</u>	<u>LEASE STATUS</u>	<u>INTEREST WITHIN UNIT</u>	<u>GROSS ACREAGE IN UNIT</u>	<u>NET REVENUE INTERESTS</u>
Jewell Carr Unknown	Unleased	1.0355%	1.301	.0012945
James Shipp, Single Unknown	Unleased	1.0355%	1.301	.0012945
Robert D. Buchanan Heirs Unknown	Unleased	3.452%	4.337	.0043146
Daniel E. Buchanan Heirs Unknown	Unleased	.494%	.621	.0006163
C. & K. Coal Co., Inc. P. O. Box BB St. Paul, VA 24283 Wiley Carroll, President	Leased-EREX 243408L-07	2.958%	3.718	.0036983
Equitable Resources Exploration				.3624338
Tract 5 Totals		41.421%	52.05	41.421
TOTAL		100.000%	125.66	100.00%