

associated therewith (hereafter "Subject Formations") in the Subject Drilling Unit underlying and comprised of Subject Lands, and (2) has given notice to all parties so identified (hereafter sometimes "person(s)" whether referring to individuals, corporations, partnerships, associations, companies, businesses, trusts, joint ventures or other legal entities) entitled by Va. Code §§ 45.1-361.19 and 45.1-361.22, to notice of this application; (3) that the persons set forth in Exhibit B hereto are persons identified by Applicant who may be claimants of Coalbed Methane Gas interests in Subject Formations, in the Subject Drilling Unit underlying and comprised of Subject Lands, and set forth in Paragraph 4 below are additional claimants who appeared at the hearing of this matter. Further, the Board has caused notice of this hearing to be published as required by Va. Code § 45.1-361.19.B. Whereupon, the Board hereby finds that the notices given herein satisfy all statutory requirements, Board rule requirements and the minimum standards of state and federal due process.

4. Amendments: Exhibit E.

5. Dismissals: James L. White Coal Trust.

6. Relief Requested: Applicant requests (1) that pursuant to Va. Code § 45.1-361.22, including the applicable portions of Va. Code § 45.1-361.21, the Board pool the rights, interests and claims in and to the Gas in the Subject Drilling Unit, including those of the known and unknown persons named herein 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 Coalbed Methane Gas produced from the Subject Drilling Unit established for the 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 (2) that the Board designate Virginia Gas Company as the Unit Operator.

7. Relief Granted: The requested relief in this cause be and hereby is granted: (1) pursuant to Va. Code § 45.1-361.21.C.3, Virginia Gas Company (hereafter "Unit Operator") is designated as the Unit Operator authorized to drill and operate the Well in the Subject Drilling Unit, subject to the permit provisions contained in Section 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, and to the Oil and Gas Conservation Board's Order entered March 20, 1989, establishing Drilling Units for the Nora Coalbed Gas Field in Dickenson, Wise, Russell and Buchanan Counties, Virginia, all as amended from time to time; and (2) all the rights and interests in and to the Gas in the Subject Drilling Unit, including those of the known and unknown persons listed on Exhibit C attached hereto and made a part hereof, as amended in Paragraph 4 hereof, and their known and unknown heirs, executors, administrators, devisees, trustees, assigns and successors, both immediate and remote, 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>Subject Unit Size</u>	<u>Permitted Well Location</u>	<u>Field and Well Classification</u>	<u>Order Number</u>
All Pennsylvanian Age coals from the top of the Raven formation, including all splits to the top of the red and green shales, including, but not limited to,	Approximately 58.77 acres	Well EH-43 to be located as depicted on Exhibit A Depth: 1,875 feet	Nora Coalbed Gas Field	OGCB Order dated March 20, 1989, establishing Drilling Units for the Nora Coal Bed Gas

Raven, Jawbone,
 Upper Horsepen,
 Middle Horsepen,
 War Creek, Beckley,
 Lower Horsepen,
 Pocahontas No. 8,
 Pocahontas No. 4,
 Pocahontas No. 3,
 Pocahontas No. 1,
 and any other
 unnamed coal seams,
 coalbeds, and
 rock strata
 associated
 therewith

Field
 in
 Dickenson
 Wise,
 Russell
 and
 Buchanan
 Counties,
 Virginia

For the Subject Drilling Unit
 underlying and comprised of the Subject
 Land referred to as:

Subject Unit Served by Well EH-43
 Buchanan County, Virginia

8. Election and Election Period: In the event any gas or oil owner or claimant named in Exhibit D, as amended, does not reach a voluntary agreement to share in the operation of the well to be located in the Subject Drilling Unit at a rate of payment mutually agreed to by said gas or oil owner or claimant and the Operator, then such person 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 or claimant pooled hereby, who does not reach a voluntary agreement with the Operator, may elect to participate in the development and operation of the Subject Drilling Unit (hereafter "Participating Operator") by agreeing to pay 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 ("Completed-for-Production Costs"). Further, a Participating Operator agrees to pay his proportionate part of the Estimated, Completed-for-Production Costs 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 - \$272,446.01

A Participating Operator's proportionate cost hereunder shall be the result obtained by multiplying the Participating Operator's Percentage Interest Within Unit as set forth in Exhibit D times the costs stated immediately above. Provided, however, that in the event a Participating Operator elects to participate and fails or refuses to pay 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, subject to a final legal determination of ownership, to have accepted the cash bonus consideration in lieu of participation pursuant to Paragraph 9.2 hereof.

- 9.2 Option 2 - Receive a Cash Bonus Consideration from Operator : In lieu of participating in the development and operation of the Subject Drilling Unit under Paragraph 9.1 above, any gas or oil owner or claimant pooled hereunder who does not reach a voluntary agreement with the Operator 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 the 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 produced from any well development covered by this Order multiplied by the gas or oil owner's or claimant's Percentage Interest Within Unit as set forth in Exhibit D (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 the 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, subject to a final legal determination of ownership, said payment(s) shall be satisfaction in full for the right, interests, and claims of such electing gas or oil owner or claimant in and to the Gas produced from Subject Formation underlying 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 the right, interests 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, subject to a final legal determination of ownership, his right, interests and claims in and to the Gas 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 the Subject Drilling Unit under Paragraph 9.1 above and in lieu of receiving the Cash Bonus Consideration under Paragraph 9.2 above, any gas or oil owner or claimant pooled hereby who does not reach a voluntary agreement with the Operator may elect to share

in the development and operation of the 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 the Subject Drilling Unit. Such Carried Well Operator's rights, interests, and claims in and to the Gas in the 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 the 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 9.4, when so made, shall be satisfaction in full for the rights, interests, and claims of such electing person in any well development and operation covered hereby and, subject to a final legal determination of ownership, such electing person shall be deemed to have and hereby does assign his rights, interests and claims in the Gas produced from Subject Formations in the Subject Drilling Unit to the Applicant 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 named in Exhibit D, as amended does not reach a voluntary agreement with the Operator and fails to elect within the time, in the manner and in accordance with the terms of this Order one of the alternatives set forth in Paragraph 9 above for which his interest qualifies, 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 such person's right, interests and claims, the consideration provided in Paragraph 9.2 above, and shall be deemed to have leased and/or assigned all his right, interests and claims to said Gas produced from Subject Formation in Subject Drilling Unit to the Applicant. Persons who fail to properly elect shall be deemed, subject to a final legal determination of ownership, to have accepted the compensation and terms set forth herein at Paragraph 9.2 in satisfaction in full for the rights, interests, and claims of such person to the Gas produced from Subject Formation underlying Subject Lands.

11. Default By Participating Person: In the event a person pooled hereby 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, interests and claims in and to the Gas 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 the right, interests and claims of such person to the Gas underlying Subject Drilling Unit in the Subject Lands covered hereby, except, however, for any 1/8 royalties which would become due pursuant to Paragraph 9.2 hereof.

12. Assignment of Interest: In the event a person pooled hereby is unable to reach a voluntary agreement to share in the operation of any well contemplated by this Order at a rate of payment agreed to mutually by said gas or oil owner or claimant and the Operator and said 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 the Subject Formations in the Subject Drilling Unit, then, subject to a final legal determination of ownership,, such person shall be deemed to have and shall have assigned unto Unit Operator such person's right, interests and claims in and to said well, in the Subject Formations in Subject Drilling Unit, and other share in 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 election.

13. Unit Operator (or Operator): The Applicant, Virginia Gas Company, be and hereby is designated as Unit Operator authorized to drill and operate the well in Subject Formations in the Subject Drilling Unit, all subject to the permit provisions contained in Va. Code §§ 45.1-361.27 et seq., §§ 480-05-22.1 et seq., Gas and Oil Regulations and §§ 480-05-22.2 et seq., Virginia Gas and Oil Board Regulations, and the Gas and Oil Conservation Board's Order entered March 20, 1989, establishing drilling units for the Nora Coal Bed Gas Field in Dickenson, Wise, Russell and Buchanan Counties, Virginia, 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:

Virginia Gas Company
P. O. Box 2407
Abingdon, VA 24210
Phone: (703) 676-2380
Fax: (703) 676-0151
Atten: Michael L. Edwards

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, 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 unless sooner terminated by Order of the Board. 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.

Upon completion of any Well whose costs comprise part of the estimated completed-for-production costs above and within ninety (90) days after production into the pipeline is obtained and restoration of the location is completed, the Operator shall file with the Board a revised exhibit reflecting the actual Completed-for-Production Costs for the Subject Drilling Unit.

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 Gas 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 of 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 a lien 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:

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")

16.1 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 pursuant to Va. Code § 45.1-361.21.D, 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 the report format approved by the Inspector, by a date which is no later than sixty (60) days after the last day of each month being reported and/or for which funds 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 Va. Code § 45.1-361.21.D.

16.2 Escrow Provisions For Conflicting Claimants: 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 made certain due to conflicting claims of ownership and/or a defect or cloud on the title, then such cash bonus, royalty payment or other payment, together with Participating Operator's Proportionate Costs paid to Operator pursuant to Paragraph 9.1, if any, (1) shall not be commingled with any funds of the Unit Operator; and (2) shall, pursuant to Va. Code §§ 45.1-361.22A.2, 45.1-361.22A.3 and 45.1-361.22A.4, be deposited by the Operator into the Escrow Account, commencing within sixty (60) days of the 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 each 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.

17. Special Findings: The Board specifically and specially finds:

- 17.1 Applicant is a Delaware corporation duly authorized to transact business in the Commonwealth of Virginia;
- 17.2 Through its wholly owned subsidiary, Virginia Gas Corporation, Applicant claims control of oil and gas and coalbed methane gas leasehold estates representing 91.735 percent of the gas and oil estate, 100 percent of the coal estate and the right to explore,

for, develop and produce the Coalbed Methane Gas underlying 100 percent of Subject Drilling Unit.

- 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 one (1) well, Well EH-43, to a depth of 1,875 feet on the Subject Drilling Unit to develop the Gas in Subject Formations.
 - 17.5 The individuals or entities named in Exhibit C to the Application are those Respondents who may claim an interest in the Gas underlying Subject Drilling Unit. With the exception of the James L. White Coal Trust, which has been dismissed and is therefore not entitled to make an election pursuant to Paragraph 9 of this Order, those Respondents who have not reached a voluntary agreement to share in the operation of the well to be located on Subject Drilling Unit and are entitled to make an election pursuant to Paragraph 9 of this Order are set forth in Exhibit D to the Application, a copy of which is attached to this Order. The known parties with conflicting ownership claims are set forth in Exhibit E. Those owners or claimants who have not reached a voluntary agreement to share in the operation of the well represent 8.265 percent of the gas and oil estate in Subject Drilling Unit.
 - 17.6 The estimated amount of reserves contained within Subject Drilling Unit is 40 mmcf. The production over the life of the well is 40 mmcf.
 - 17.7 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; and
 - 17.8. A well work permit for Well EH-43 is currently pending before the Department of Mines, Minerals and Energy.
 - 17.9 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 from the Subject Drilling Unit, subject to a final legal determination of ownership; and the granting of the Application and relief requested therein will ensure to the extent possible at this time the greatest ultimate recovery of coalbed methane gas, 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 the 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 28th day of September, 1994, by a majority of the Virginia Gas and Oil Board.

Benny R. Wampler
Chairman, Benny R. Wampler

DONE AND PERFORMED this 28th day of September, 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 WISE)

Acknowledged on this 28th day of September, 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

STATE OF VIRGINIA)
COUNTY OF WASHINGTON)

Acknowledged on this 28th day of September, 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 09/30/97

EXHIBIT A

SUBJECT LANDS

BEGINNING at a point Virginia (South Rectangular) State Plane Coordinates N 378,906.72, E 960,908.56; thence S 87° 48' 10" E 1,600.00 feet to a point (N 378,845.38 E 962,507.38); thence S 02° 11' 49" W 1,600.00 feet to a point (N 377,246.56, E 962,446.05); thence N 87° 48' 10" W 1,600.00 feet to a point (N 377,307.90 E 960,847.23); thence N 02° 11' 49" E 1,600.00 feet to the point of Beginning, containing 58.77 acres.

LATITUDE 37° 20' 00"

8830'

Exhibit B

VGOB-94/06/21-0452

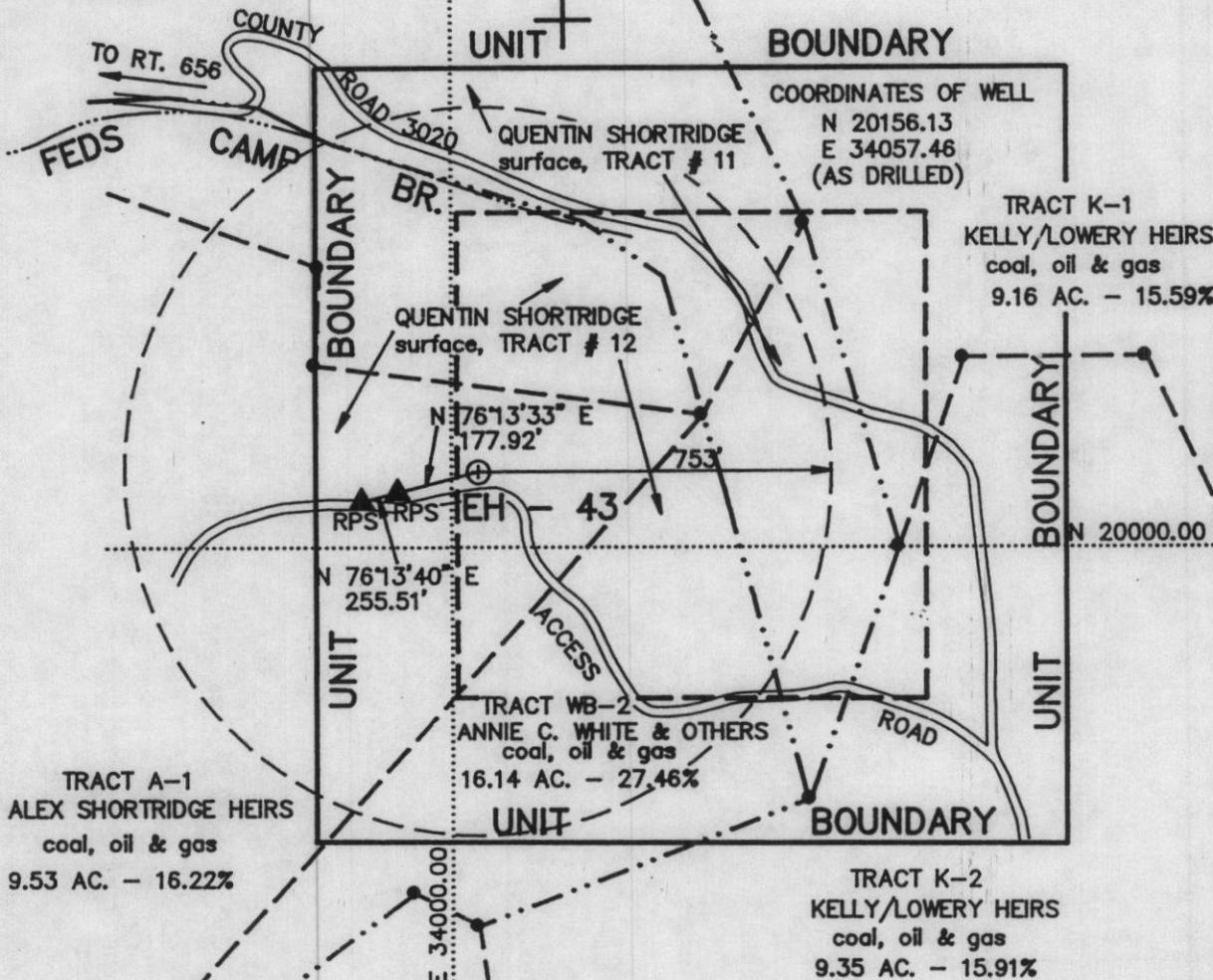
N 22000.00
E 34000.00

TOTAL UNIT AREA
= 58.77 ACRES

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NOTE: COAL LESSEES
FOR ALL TRACTS ARE
RAPOCA ENERGY CO.
& WELLMORE COAL CORP.

TRACT E-28
EAGLE COAL CORP. & OTHERS
coal, oil & gas
14.59 AC. - 24.82%



COORDINATES OF WELL
N 20156.13
E 34057.46
(AS DRILLED)

N 76°13'33" E
177.92'
N 76°13'40" E
255.51'

LONGITUDE 82° 02' 30"

NOTE: WELL COORDINATE SYSTEM IS BASED ON
RAPOCA ENERGY CO. MINE COORDINATE SYSTEM

--- DENOTES MINERAL & SURFACE P
- - - DENOTES SURFACE P

WELL LOCATION PLAT

COMPANY Virginia Gas Company WELL NAME AND NUMBER EH - 43
TRACT No. ALEX SHORTRIDGE HEIRS ELEVATION 2050.85 (Trig) QUADRANGLE GRUNDY
COUNTY BUCHANAN DISTRICT NORTH GRUNDY SCALE: 1" = 400' DATE FEBRUARY 4, 1993
THIS PLAT IS A NEW PLAT ; AN UPDATED PLAT x; OR A FINAL LOCATION PLAT
PROPOSED TOTAL DEPTH OF WELL =

+ 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.

B. Leman Kendrick 21573
LICENSED PROFESSIONAL ENGINEER OR LICENSED LAND SURVEYOR (AFFIX SEAL)

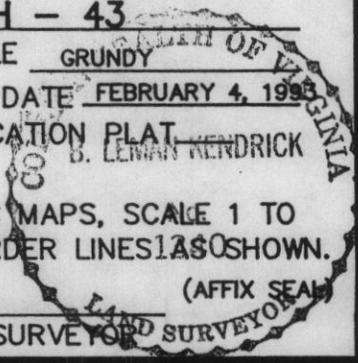


EXHIBIT COwners and Potential Owners of Methane Gas

VGOB-94/06/21-0452

EH-43 UnitI. Coal Fee Ownership:9.16 acre tract:

- | | | |
|----|----------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------|
| 1. | <u>Kelly/Lowry Heirs</u> | 9.16 acres - 15.59% |
| a. | A.F. Kelly
149 Woodland Drive
Bristol, VA 24201 | 1.52 acres - 2.60%
(1/6 of 9.16 acres) |
| b. | Julia K. Daniel
P.O. Box 1197
2328 Five Diamond Road
Borrego Springs, CA 92004 | 1.52 acres - 2.60%
(1/6 of 9.16 acres) |
| c. | Selma S. Kelly and
Barbara Kelly Oakley,
Trustees of Robert W.
Kelly Trust
704 Arlington Avenue
Bristol, VA 24201 | 1.52 acres - 2.60%
(1/6 of 9.16 acres) |
| d. | James M. Kelly, Jr. Estate
c/o Edith K. Bales, Executrix
1940 Terwood Road
Huntington Valley, PA 19006 | 0.52 acres - 0.87%
(1/18 of 9.16 acres) |
| e. | Balmer H. Kelly
P.O. Box 272
Reedville, VA 22539 | 0.52 acres - 0.87%
(1/18 of 9.16 acres) |
| f. | Carolyn Kelly Maynard
220 Fairway Drive
Nacogdoches, TX 75961 | 0.13 acres - 0.2125%
(1/72 of 9.16 acres) |
| g. | Lowry Stuart Kelly, Jr.
4142 Pine Valley Drive
Powder Springs, GA 30073 | 0.13 acres - 0.2125%
(1/72 of 9.16 acres) |
| h. | Minnie Kelly Hunt
1210 East Main Street
Sunset Beach, NC 28459 | 0.13 acres - 0.2125%
(1/72 of 9.16 acres) |

EXHIBIT C

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- | | | |
|----|--------------------------------------------------------------------|----------------------------------------------|
| i. | William Chilton Kelly
7009 Roberts Drive
Woodridge, IL 60517 | 0.13 acres - 0.2125%
(1/72 of 9.16 acres) |
| j. | Charles J. Lowry, Sr.
Lowry Hills
Bristol, VA 24201 | 1.52 acres - 2.60%
(1/6 of 9.16 acres) |
| k. | R.K. Lowry, Jr.
Route 1
Abingdon, VA 24210 | 1.52 acres - 2.60%
(1/6 of 9.16 acres) |

9.35 acre tract:

- | | | |
|----|----------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------|
| 2. | <u>Kelly/Lowry Heirs</u> | 9.35 acres - 15.91% |
| a. | A.F. Kelly
149 Woodland Drive
Bristol, VA 24201 | 1.56 acres - 2.66%
(1/6 of 9.35 acres) |
| b. | Julia K. Daniel
P.O. Box 1197
2328 Five Diamond Road
Borrego Springs, CA 92004 | 1.56 acres - 2.66%
(1/6 of 9.35 acres) |
| c. | Selma S. Kelly and
Barbara Kelly Oakley,
Trustees of Robert W.
Kelly Trust
704 Arlington Avenue
Bristol, VA 24201 | 1.56 acres - 2.66%
(1/6 of 9.35 acres) |
| d. | James M. Kelly, Jr. Estate
c/o Edith K. Bales, Executrix
1940 Terwood Road
Huntington Valley, PA 19006 | 0.52 acres - 0.88%
(1/18 of 9.35 acres) |
| e. | Balmer H. Kelly
P.O. Box 272
Reedville, VA 22539 | 0.52 acres - 0.88%
(1/18 of 9.35 acres) |
| f. | Carolyn Kelly Maynard
220 Fairway Drive
Nacogdoches, TX 75961 | 0.13 acres - 0.2125%
(1/72 of 9.35 acres) |
| g. | Lowry Stuart Kelly, Jr.
4142 Pine Valley Drive
Powder Springs, GA 30073 | 0.13 acres - 0.2125%
(1/72 of 9.35 acres) |

EXHIBIT C

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- | | | |
|----|----------------------------------------------------------------------|----------------------------------------------|
| h. | Minnie Kelly Hunt
1210 East Main Street
Sunset Beach, NC 28459 | 0.13 acres - 0.2125%
(1/72 of 9.35 acres) |
| i. | William Chilton Kelly
7009 Roberts Drive
Woodridge, IL 60517 | 0.13 acres - 0.2125%
(1/72 of 9.35 acres) |
| j. | Charles J. Lowry, Sr.
Lowry Hills
Bristol, VA 24201 | 1.56 acres - 2.66%
(1/6 of 9.35 acres) |
| k. | R.K. Lowry, Jr.
Route 1
Abingdon, VA 24210 | 1.55 acres - 2.66%
(1/6 of 9.35 acres) |

16.14 acre tract:

- | | | |
|----|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------|
| 3. | <u>White/Shortridge</u> | 16.14 acres - 27.46% |
| a. | James L. White Coal Trust
W.R. White, III, W.Y.C.
White, III, and James L.
White, Trustees
Attn.: Jim White
P.O. Box 2471
Abingdon, VA 24212-2471 | 2.69 acres - 4.575%
(1/6 of 16.14 acres) |
| b. | Blakemore Family Trust
Martha B. McCrary,
Trustee, et al.
P.O. Box 22
Emory, VA 24237-0022 | 2.69 acres - 4.575%
(1/6 of 16.14 acres) |
| c. | Alex Shortridge Heirs
c/o Mark Goff, Agent
P.O. Box 282
Grundy, VA 24614 | 10.76 acres - 18.31%
(2/3 of 16.14 acres) |

9.53 acre tract:

- | | | |
|----|-----------------------------------------------------------------------------------|---------------------|
| 4. | Alex Shortridge Heirs
c/o Mark Goff, Agent
P.O. Box 282
Grundy, VA 24614 | 9.53 acres - 16.22% |
|----|-----------------------------------------------------------------------------------|---------------------|

14.59 acre tract:

- | | |
|--------------------------------------------------------------------------------------|---------------------------------------------|
| 5. Eagle Coal/Shortridge | 14.59 acres - 24.82% |
| a. Eagle Coal Corporation
Suite 531
Frederick Building
Huntington, WV 25701 | 4.86 acres - 8.27%
(1/3 of 14.59 acres) |
| b. Alex Shortridge Heirs
c/o Mark Goff, Agent
P.O. 282
Grundy, VA 24614 | 9.73 acres - 16.55%
(2/3 of 14.59 acres) |

II. Coal Leasehold Ownership

- | | |
|----------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. Rapoca Energy Company
Attn.: Chip Baker
2700 Lee Highway
Bristol, VA 24201 | 9.16 acres - 15.59%*
9.35 acres - 15.91%*
2.69 acres - 4.575%**
2.69 acres - 4.575%**
10.76 acres - 18.31%**
9.53 acres - 16.22%**
4.86 acres - 8.27%**
9.73 acres - 16.55%** |
|----------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

*NOTE: The lease to Rapoca Energy Company is for all coal above drainage.

**NOTE: The lease to Rapoca Energy Company is for all the coal. Rapoca Energy Company assigned all of its right, title and interest in and to the coalbed methane in all coal seams below drainage underlying this acreage to Virginia Gas Company.

- | | |
|-----------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------|
| 2. Wellmore Coal Corporation
c/o Mark Goff
P.O. Box 901
Grundy, VA 24614 | 5.38 acres - 9.15%*
10.76 acres - 18.31%*
9.53 acres - 16.22%*
4.86 acres - 8.27%*
9.73 acres - 16.55%* |
|-----------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------|

*NOTE: The lease to Wellmore Coal Corporation is for the Eagle and Blair seams of coal.

III. Gas & Oil Fee Ownership:

9.16 acre tract:

- | | | |
|----|----------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------|
| 1. | <u>Kelly/Lowry Heirs</u> | 9.16 acres - 15.59% |
| a. | A.F. Kelly
149 Woodland Drive
Bristol, VA 24201 | 1.52 acres - 2.60%
(1/6 of 9.16 acres) |
| b. | Julia K. Daniel
P.O. Box 1197
2328 Five Diamond Road
Borrego Springs, CA 92004 | 1.52 acres - 2.60%
(1/6 of 9.16 acres) |
| c. | Selma S. Kelly and
Barbara Kelly Oakley,
Trustees of Robert W.
Kelly Trust
704 Arlington Avenue
Bristol, VA 24201 | 1.52 acres - 2.60%
(1/6 of 9.16 acres) |
| d. | James M. Kelly, Jr. Estate
c/o Edith K. Bales, Executrix
1940 Terwood Road
Huntington Valley, PA 19006 | 0.51 acres - 0.87%
(1/18 of 9.16 acres) |
| e. | Balmer H. Kelly
P.O. Box 272
Reedville, VA 22539 | 0.51 acres - 0.87%
(1/18 of 9.16 acres) |
| f. | Carolyn Kelly Maynard
220 Fairway Drive
Nacogdoches, TX 75961 | 0.13 acres - 0.2125%
(1/72 of 9.16 acres) |
| g. | Lowry Stuart Kelly, Jr.
4142 Pine Valley Drive
Powder Springs, GA 30073 | 0.13 acres - 0.2125%
(1/72 of 9.16 acres) |
| h. | Minnie Kelly Hunt
1210 East Main Street
Sunset Beach, NC 28459 | 0.13 acres - 0.2125%
(1/72 of 9.16 acres) |
| i. | William Chilton Kelly
7009 Roberts Drive
Woodridge, IL 60517 | 0.13 acres - 0.2125%
(1/72 of 9.16 acres) |

EXHIBIT C
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- | | | |
|----|-----------------------------------------------------------|-------------------------------------------|
| j. | Charles J. Lowry, Sr.
Lowry Hills
Bristol, VA 24201 | 1.53 acres - 2.60%
(1/6 of 9.16 acres) |
| k. | R.K. Lowry, Jr.
Route 1
Abingdon, VA 24210 | 1.53 acres - 2.60%
(1/6 of 9.16 acres) |

9.35 acre tract:

- | | | |
|----|----------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------|
| 2. | <u>Kelly/Lowry Heirs</u> | 9.35 acres - 15.91% |
| a. | A.F. Kelly
149 Woodland Drive
Bristol, VA 24201 | 1.56 acres - 2.66%
(1/6 of 9.35 acres) |
| b. | Julia K. Daniel
P.O. Box 1197
2328 Five Diamond Road
Borrego Springs, CA 92004 | 1.56 acres - 2.66%
(1/6 of 9.35 acres) |
| c. | Selma S. Kelly and
Barbara Kelly Oakley,
Trustees of Robert W.
Kelly Trust
704 Arlington Avenue
Bristol, VA 24201 | 1.56 acres - 2.66%
(1/6 of 9.35 acres) |
| d. | James M. Kelly, Jr. Estate
c/o Edith K. Bales, Executrix
1940 Terwood Road
Huntington Valley, PA 19006 | 0.52 acres - 0.88%
(1/18 of 9.35 acres) |
| e. | Balmer H. Kelly
P.O. Box 272
Reedville, VA 22539 | 0.52 acres - 0.88%
(1/18 of 9.35 acres) |
| f. | Carolyn Kelly Maynard
220 Fairway Drive
Nacogdoches, TX 75961 | 0.13 acres - 0.2125%
(1/72 of 9.35 acres) |
| g. | Lowry Stuart Kelly, Jr.
4142 Pine Valley Drive
Powder Springs, GA 30073 | 0.13 acres - 0.2125%
(1/72 of 9.35 acres) |
| h. | Minnie Kelly Hunt
1210 East Main Street
Sunset Beach, NC 28459 | 0.13 acres - 0.2125%
(1/72 of 9.35 acres) |

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- | | | |
|----|--------------------------------------------------------------------|----------------------------------------------|
| i. | William Chilton Kelly
7009 Roberts Drive
Woodridge, IL 60517 | 0.13 acres - 0.2125%
(1/72 of 9.35 acres) |
| j. | Charles J. Lowry, Sr.
Lowry Hills
Bristol, VA 24201 | 1.56 acres - 2.66%
(1/6 of 9.35 acres) |
| k. | R.K. Lowry, Jr.
Route 1
Abingdon, VA 24210 | 1.55 acres - 2.66%
(1/6 of 9.35 acres) |

16.14 acre tract:

- | | | |
|----|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------|
| 3. | <u>White/Shortridge</u> | 16.14 acres - 27.46% |
| a. | James L. White Coal Trust
W.R. White, III, W.Y.C.
White, III, and James L.
White, Trustees
Attn.: Jim White
P.O. Box 2471
Abingdon, VA 24212-2471 | 2.69 acres - 4.575%
(1/6 of 16.14 acres) |
| b. | Blakemore Family Trust
Martha B. McCrary,
Trustee, et al.
P.O. Box 22
Emory, VA 24237-0022 | 2.69 acres - 4.575%
(1/6 of 16.14 acres) |
| c. | Alex Shortridge Heirs
c/o Mark Goff, Agent
P.O. Box 282
Grundy, VA 24614 | 10.76 acres - 18.31%
(2/3 of 16.14 acres) |

9.53 acre tract:

- | | | |
|----|-----------------------------------------------------------------------------------|---------------------|
| 4. | Alex Shortridge Heirs
c/o Mark Goff, Agent
P.O. Box 282
Grundy, VA 24614 | 9.53 acres - 16.22% |
|----|-----------------------------------------------------------------------------------|---------------------|

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14.59 acre tract:

- | | | |
|----|--------------------------------------------------------------------------------------|---------------------------------------------|
| 5. | Eagle Coal/Shortridge | 14.59 acres - 24.82% |
| | a. Eagle Coal Corporation
Suite 531
Frederick Building
Huntington, WV 25701 | 4.86 acres - 8.27%
(1/3 of 14.59 acres) |
| | b. Alex Shortridge Heirs
c/o Mark Goff, Agent
P.O. 282
Grundy, VA 24614 | 9.73 acres - 15.55%
(2/3 of 14.59 acres) |

IV. Gas & Oil Leasehold Ownership:9.16 acre tract:

- | | | |
|----|------------------------------------------------------------------|---------------------|
| 1. | Virginia Gas Company
P.O. Box 2407
Abingdon, VA 24212-2407 | 9.16 acres - 15.59% |
|----|------------------------------------------------------------------|---------------------|

9.35 acre tract:

- | | | |
|----|------------------------------------------------------------------|---------------------|
| 2. | Virginia Gas Company
P.O. Box 2407
Abingdon, VA 24212-2407 | 9.35 acres - 15.91% |
|----|------------------------------------------------------------------|---------------------|

16.14 acre tract:

- | | | |
|----|--------------------------------------------------------------------------------------------------------|-----------------------------------------------|
| 3. | a. Virginia Gas Company
P.O. Box 2407
Abingdon, VA 24212-2407 | 2.69 acres - 4.575%
(1/6 of 16.14 acres) |
| | b. Columbia Natural Resources
Attn.: Mr. Danny Haught
P.O. Box 6070
Charleston, WV 25362-0070 | 10.76 acres - 18.31%*
(2/3 of 16.14 acres) |

*NOTE: This acreage has been farmed out to Virginia Gas Company.

EXHIBIT C
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9.53 acre tract:

- | | | |
|----|-----------------------------------------------------------------------------------------------------|----------------------------------------------|
| 4. | Columbia Natural Resources
Attn.: Mr. Danny Haught
P.O. Box 6070
Charleston, WV 25362-0070 | 9.53 acres - 16.22%*
(2/3 of 16.14 acres) |
|----|-----------------------------------------------------------------------------------------------------|----------------------------------------------|

*NOTE: This acreage has been farmed out to Virginia Gas Company.

14.59 acre tract:

- | | | |
|----|-----------------------------------------------------------------------------------------------------|----------------------------------------------|
| 5. | Columbia Natural Resources
Attn.: Mr. Danny Haught
P.O. Box 6070
Charleston, WV 25362-0070 | 9.73 acres - 16.55%*
(2/3 of 14.59 acres) |
|----|-----------------------------------------------------------------------------------------------------|----------------------------------------------|

*NOTE: This acreage has been farmed out to Virginia Gas Company.

IV. Coalbed Methane Leasehold Ownership:

- | | | |
|----|------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. | Virginia Gas Company
P.O. Box 2407
Abingdon, VA 24212-2407 | 9.16 acres - 15.59%
9.35 acres - 15.91%
5.38 acres - 9.15%*
2.69 acres - 4.575%*
10.76 acres - 18.31%*
9.53 acres - 16.22%*
4.86 acres - 8.27%*
9.73 acres - 16.55%* |
|----|------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

*NOTE: The coalbed methane interest in this acreage was assigned to Virginia Gas Company by Rapoca Energy Company.

EXHIBIT DUnleased Owners and Potential Owners of Methane Gas

VGOB-94/06/21-0452

EH-43 UnitI. Coal Fee Ownership:9.16 acre tract:

*NOTE: Virginia Gas Company has obtained an oil, gas and coalbed methane lease from the Kelly/Lowry heirs.

9.35 acre tract:

*NOTE: Virginia Gas Company has obtained an oil, gas and coalbed methane lease from the Kelly/Lowry heirs.

16.14 acre tract:

- | | | |
|----|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------|
| 1. | <u>White/Shortridge</u> | 16.14 acres - 27.4600%
(Unleased 2.69 acres - 4.575%) |
| a. | James L. White Coal Trust
W.R. White, III, W.Y.C.
White, III, and James
L. White, Trustees
Attn.: Jim White
P.O. Box 2471
Abingdon, VA 24212-2471 | 2.69 acres - 4.575%
(1/6 of 16.14 acres) |

14.59 acre tract:

- | | | |
|----|-----------------------------------------------------------------------------------|---------------------------------------------------------|
| 2. | <u>Eagle Coal/Shortridge</u> | 14.49 acres - 24.8200%
(Unleased 4.86 acres - 8.27%) |
| a. | Eagle Coal Corporation
Suite 531
Frederick Building
Huntington, WV 25701 | 4.86 acres - 8.2700%
(1/3 of 14.59 acres) |

EXHIBIT D
 VGOB-94/06/21-0452
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II. Coal Leasehold Ownership

NOTE: Rapoca Energy Company assigned all of its right, title and interest in and to the coalbed methane in all coal seams below drainage underlying this acreage to Virginia Gas Company.

III. Gas & Oil Fee Ownership:

16.14 acre tract:

- | | | |
|----|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------|
| 1. | <u>White/Shortridge</u> | 16.14 acres - 27.4600%
(Unleased 2.69 acres - 4.575%) |
| a. | James L. White Coal Trust
W.R. White, III, W.Y.C.
White, III, and James
L. White, Trustees
Attn.: Jim White
P.O. Box 2471
Abingdon, VA 24212-2471 | 2.69 acres - 4.575%
(1/6 of 16.14 acres) |

14.59 acre tract:

- | | | |
|----|-----------------------------------------------------------------------------------|---------------------------------------------------------|
| 2. | Eagle Coal/Shortridge | 14.49 acres - 24.8200%
(Unleased 4.86 acres - 8.27%) |
| a. | Eagle Coal Corporation
Suite 531
Frederick Building
Huntington, WV 25701 | 4.86 acres - 8.2700%
(1/3 of 14.59 acres) |

EXHIBIT E

Conflicting Ownership Claimants

VGOB-94/06/21-0452

EH-43

Eagle Coal Corporation
Suite 531
Frederick Building
Huntington, WV 25701

VIRGINIA: In the Clerk's Office of the Circuit Court of Buchanan County. The foregoing instrument was this day presented in the office aforesaid and is, together with the certificate of acknowledgment annexed, admitted to record this 3rd day of October, 1994 at 2:25 P. M.
Deed Book No. 427 and Page No. 725 TESTE: James M. Bevins, Jr., Clerk
Returned this date to: Dept of Mines, 1416 TESTE: [Signature] Deputy Clerk
PO Box 01416
Abingdon, VA 24210

2532

#

CLERK'S OFFICE CIRCUIT COURT
 BUCHANAN COUNTY, VIRGINIA
 Filed and admitted to record.

this at 1:25 day of Oct 94 M.
 Recorded Deed Book _____ Page _____

039 State Tax	_____
213 County Tax	_____
212 Transfer	_____
301 Recording	<u>32.00</u>
038 State Tax	_____
220 Local Tax	_____
145 VSLF	<u>1.00</u>
Total	<u>33.00</u>

Teste James M. Bevins, Jr., Clerk
 By _____ D.C.

*Department of Mines,
 Mineral & Energy*