

VIRGINIA:

BEFORE THE VIRGINIA GAS AND OIL BOARD

| | | |
|---|---|---------------------|
| APPLICANT: COLUMBIA NATURAL RESOURCES, INC. |) | |
| |) | |
| RELIEF SOUGHT: | (1) ESTABLISHMENT OF THE DRILLING |) VIRGINIA GAS |
| | UNIT #821732 DESCRIBED IN EXHIBIT |) AND OIL BOARD |
| | "A" HERETO AND SERVED BY WELL NO. |) |
| | 21732 (herein "Subject |) DOCKET NO. |
| | Drilling Unit") PURSUANT TO |) |
| | § 45.1-361.20, CODE OF |) VGOB 94-0621-0454 |
| | VIRGINIA, AND (2) POOLING OF |) |
| | INTERESTS IN SUBJECT DRILLING |) |
| | UNIT PURSUANT TO § 45.1-361.21, |) |
| | CODE OF VIRGINIA, FOR THE |) |
| | PRODUCTION OF CONVENTIONAL NATURAL |) |
| | GAS FROM SUBJECT FORMATIONS |) |
| | (herein referred to as "Gas") |) |
| |) | |
| LEGAL DESCRIPTION: |) | |
| |) | |
| | DRILLING UNIT #821732 SERVED BY WELL NUMBERED |) |
| | 21732 TO BE DRILLED IN THE LOCATION |) |
| | DEPICTED ON EXHIBIT A HERETO, |) |
| | ROCKLICK MAGISTERIAL DISTRICT, |) |
| | BUCHANAN 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 June 21, 1994, at Southwest Virginia 4-H Center, Abingdon, Virginia.
2. Appearances: Mark A. Swartz of Kay, Casto, Chaney, Love & Wise 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 those parties so identified who have not heretofore leased or voluntarily agreed to pool their Gas interests in the Subject Drilling Unit (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 pool their Gas interests in Subject Drilling Unit. 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: The detailed well estimate (sometimes referred to as "DWE" and sometimes referred to as "AFE") attached to the Application as Exhibit C was revised to reflect actual costs incurred rather than estimated costs.

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. 21732; (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, Page 7, Section III, hereof, and their known and unknown heirs, executors, administrators, devisees, trustees, assigns and successors, both immediate and remote, in and to the Gas for the drilling and operation, including production, of Gas from the Subject Drilling Unit established for the Berea Sandstone and Devonian Shale 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, Columbia Natural Resources, Inc. (hereafter "Unit Operator") is designated as the Operator authorized to drill and operate the well in the Subject Drilling Unit to produce 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 in Exhibit B, Page 7, Section III, 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> |
|--|--|---|--------------------------------------|
| The Berea Sandstone and Devonian Shale formations. | Approximately 125.66-acre circular drilling unit | 21732 (See Exhibit A for location depth: approximately 5,440 feet | No applicable field rules; |

For the Subject Drilling Unit underlying and comprised of the Subject Land Served by Well No. 21732

Buchanan County, Virginia

8. Election and Election Period: In the event any gas or oil owner named in Exhibit B, Page 7, Section III, has not heretofore reached a voluntary agreement to share in the operation of the well to be located in Subject Drilling Unit at a rate of payment mutually agreed to by said gas or oil owner 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 his 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, Page 7, Section III, who has not reached 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 (herein "Completed for Production Costs"). Further, a Participating Operator agrees to pay such Participating Operator's proportionate part of the 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 Completed-for-Production Costs for the Subject Drilling Unit are as follows:

Completed-for-Production Costs:

\$288,145.00

A Participating Operator's proportionate cost hereunder shall be the result obtained by multiplying the Participating Operator's Division of Interest as set forth in Exhibit B, Page 7, Section III, 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 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 named in Exhibit B, Page 7, Section III, who has not reached a voluntary agreement with the Operator may elect to accept a cash bonus consideration of \$2.00 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 produced from any well development covered by this Order multiplied by the gas or oil owner's Division of Interest as set forth in Exhibit B, Page 7, Section III [for purposes of this Order, net proceeds shall be actual proceeds received less post-production costs incurred downstream of the wellhead, including, but not limited to, 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 the right, interests, and claims of such electing gas or oil owner in and to the Gas 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 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 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 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 named in Exhibit B, Page 7, Section III, who has not reached a voluntary agreement with the Operator 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. Such Carried Well Operator's rights, interests, and claims in and to the Gas 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 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 have and hereby does assign his right, interests, and claims in and to the Gas produced from Subject Formation in the Subject Drilling Unit to the Unit

Operator for the period of time during which his 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 pooled hereby 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 any final legal determination of ownership, 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 its interest qualifies and shall be deemed to have leased and/or assigned his right, interests, and claims in and to Gas 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 the right, interests, and claims of such person in and 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 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 in and to the Gas 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 pooled hereby is unable to reach a voluntary agreement to share in the operation of the well contemplated by this Order at a rate of payment agreed to mutually by said gas or oil owner 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 Subject Drilling Unit, then 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 Subject Formations in Subject Drilling Unit, and other share in and to Gas 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): Columbia Natural Resources, Inc., be and hereby is designated as Unit Operator authorized to drill and operate Well No. 21732 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:

Columbia Natural Resources, Inc.
 P. O. Box 6070
 Charleston, WV 25362-0070
 Phone: (304) 353-5165
 Fax: (304) 353-5231
 Attn: Keith E. Moffatt

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 Gas 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 Texas corporation duly authorized and qualified to transact business in the Commonwealth of Virginia;

- 17.2 Applicant claims ownership of gas leases on 99.8977 percent of Subject Drilling Unit and the right to explore for, develop and produce Gas 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 drilled of Well No. 21732 on the Subject Drilling Unit to develop the pool of Gas 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 a gas or oil owner, having an interest in the Gas in Subject Drilling Unit underlying and comprised of Subject Lands of which .1023 percent remains unleased by or to the Operator.
- 17.6 The Applicant has drilled and completed, pursuant to Well Work Permit API #2566 issued on or about October 21, 1993, a gas well to an approximate depth of 5,440 feet on Subject Lands to test for natural gas in the Berea Sandstone and Devonian Shale Formations underlying the Subject Drilling Unit.
- 17.7 The estimated production over the projected 30-year life of the proposed well is 20.54\ mcfd. The estimated amount of reserves in place in the Subject Drilling Unit is 0.225 bcf.
- 17.8 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.
- 17.9 The Subject Drilling Unit does not constitute an unreasonable or arbitrary exercise of Applicant's right to explore for or produce Gas.
- 17.10 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 3rd day of August, 1994, by a majority of the Virginia Gas and Oil Board.

Benny R. Wampler
Chairman, Benny R. Wampler

DONE AND PERFORMED this 3rd day of August, 1994, by Order of this Board.

Byron J. Fulmer
Byron Thomas Fulmer
Principal Executive To The Staff
Virginia Gas and Oil Board

STATE OF VIRGINIA)
COUNTY OF WISE)

Acknowledged on this 3rd day of August, 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 WISE)

Acknowledged on this 3rd day of August, 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

EXHIBIT A

425 PAGE 27

Tract No. 2
Ls. No. 1067003-000-0006
0.282 Ac., 0.23%

Tract No. 3
Lease No. 1063742-000
12.794 Ac., 10.18%

Ls. No. 1062622
Tract No. 6

Tract No. 1
Lease No. 1063679-000
92.142 Ac., 73.32%

Tract No. 4
Ls. No. 1066589-000-009
3.760 Ac., 2.99%

N 27°42'00" W
1483.46'

Halman Mining Corp. - Surface

S 88°57'33" W
899.60'

Well Loc.
No. 21732

Access Road
(existing strip bench)

N 05°18'00" W
606.48'

STARR

BRANCH

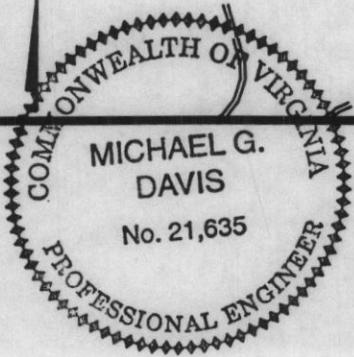
To VA Route 609

S 46°32'22" E
2643.80'

Tract No. 5
Lease No. 1203076-000
4.488 Ac., 3.57%

Tract No. 6
Ls. No. 1062622-000
12.198 Ac., 9.71%

Plane Coordinate
N 922067.03
E 374033.22



MAP SHOWING
UNIT 821732
CONTAINING 125.884 ACRES
SCALE : 1" = 400'

Michael Davis

Licensed Professional Engineer

COLUMBIA
Natural Resources

EXHIBIT BI. OIL AND GAS OWNERS IN EACH TRACT IN THE UNIT

Tract 1

CNR Lease #: 1063679-000
 Acres in Unit: 92.142
 Division of Interest: 73.3242

MR. STEWART ELSWICK AND
 HELEN H. ELSWICK
 P. O. BOX 561
 HARMAN, VA 24618

Tract 2 Acres in unit: .282
 Percentage of Tract 2 in Unit: .2244

CNR Lease No.: 1067003-000:

KELSIE VANOVER AND
 BERLIN VANOVER
 HARMON, VA 24618
 Division of Interest: $.282/125.664 = .2244 \times 11/121 = .0204\%$

LOU DELL CLEVINGER AND
 GROVER CLEVINGER
 RT 5 BOX 580
 ABINGDON, VA 24210
 Division of Interest: $.282/125.664 = .2244 \times 11/121 = .0204\%$

ARTIE CLEVINGER
 RFD 2 BOX 56
 MOUTHCARD, KY 41548
 Division of Interest: $.282/125.664 = .2244 \times 11/121 = .0204\%$

EMIL CLEVINGER
 P. O. BOX 199
 HARMON, VA 24618
 Division of Interest: $.282/125.664 = .2244 \times 11/121 \times 1/10 = .0020\%$

LOUIS MATNEY
 RT 2 BOX 669
 GRUNDY, VA 24618
 Division of Interest: $.282/125.664 = .2244 \times 11/121 \times 1/10 = .0020\%$

ANN STILTNER
 BOX 200
 HARMAN, VA 24618
 Division of Interest: $.282/125.664 = .2244 \times 11/121 \times 1/10 = .0020\%$

VIRGIL STILTNER
 GENERAL DELIVERY
 HARMAN, VA 24618
 Division of Interest: $.282/125.664 = .2244 \times 11/121 \times 1/10 = .0020\%$

LARRY A. CLEVINGER
 RT 1 BOX 232
 GRUNDY, VA 24618
 Division of Interest: $.282/125.664 = .2244 \times 11/121 \times 1/10 = .0020\%$

ERNIE CLEVINGER
 RT 1, BOX 790
 BASTION, VA 24314
 Division of Interest: $.282/125.664 = .2244 \times 11/121 \times 1/10 = .0020\%$

HERB CLEVINGER
 RT 1, BOX 956
 BASTIAN, VA 24314
 Division of Interest: $.282/125.664 = .2244 \times 11/121 \times 1/10 = .0020\%$

JAMES A. CLEVINGER
 P. O. BOX 847
 VANSANT, VA 24656
 Division of Interest: $.282/125.664 = .2244 \times 11/121 \times 1/10 = .0020\%$

VERNAL CLEVINGER
 BOX 334
 VANSANT, VA 24656
 Division of Interest: $.282/125.664 = .2244 \times 11/121 \times 1/10 = .0020\%$

ESTIL CLEVINGER
 P. O. Box 875
 Grundy, VA 24614
 Division of Interest: $.282/125.664 = .2244 \times 11/121 \times 1/10 = .0020\%$

TANZY CLEVINGER AND
 VIRGINIA CLEVINGER
 RFD 2 BOX 280
 GRUNDY, VA 24614
 Division of Interest: $.282/125.664 = .2244 \times 11/121 = .0204\%$

VGOB 94/06/21-0454
 Exhibit B
 Page 2

CLARENCE CLEVINGER AND
 ETHEL CLEVINGER
 RFD 2 BOX 246
 GRUNDY, VA 24614
 Division of Interest: .282/125.664=.2244 X 11/121= .0204%

ARLIN CLEVINGER AND
 EXIE CLEVINGER
 RFD 2 BOX 281
 GRUNDY, VA 21614
 Division of Interest: .282/125.664=.2244 X 11/121= .0204%

ARNOLD CLEVINGER AND
 CARRIE CLEVINGER
 RFD 2 BOX 179
 GRUNDY, VA 24614
 Division of Interest: .282/125.664=.2244 X 11/121= .0204%

CNR Lease # 1067003-001:

LONNIE EVERETT CLEVINGER
 MAXIE, VA 24628
 Division of Interest: .282/125.664=.2244 X 1/121= .002%

CNR Lease # 1067003-000:

EARL CLEVINGER
 BOX 658
 ELKHORN CITY, KY 41522
 Division of Interest: .282/125.664=.2244 X 11/121= .0204%

BURCHIE VESTAL AND
 PAUL VESTAL
 BOX 274
 OAKWOOD, VA 24631
 Division of Interest: .282/125.664=.2244 X 1/121= .002%

KINETH CLEVINGER AND
 CHRISTINE CLEVINGER
 RT 1 BOX 30
 VANSANT, VA 24656
 Division of Interest: .282/125.664=.2244 X 1/121= .002%

MADGE ROWE AND
 RALPH ROWE
 RFD 2 BOX 15
 GRUNDY, VA 24614
 Division of Interest: .282/125.664=.2244 X 1/121= .002%

MELBA LESTER AND
 FERRELL LESTER
 GENERAL DELIVERY
 VANSANT, VA 24656
 Division of Interest: .282/125.664=.2244 X 1/121= .002%

LAURA B. CLEVINGER AND
 KENNETH F. CLEVINGER
 RFD 2 BOX 284-1-A
 GRUNDY, VA 24614
 Division of Interest: .282/125.664=.2244 X 1/121= .002%

KERKSEY CLEVINGER AND
 KATHRYN CLEVINGER
 GENERAL DELIVERY
 BREAKS, VA 24607
 Division of Interest: .282/125.664=.2244 X 1/121= .0019%

SHELBY JEAN CLEVINGER KEEN
 BOX 432
 KEEN MOUNTAIN, VA 24614
 Division of Interest: .282/125.664=.2244 X 1/121= .0019%

WILMA BALDWIN AND
 PAUL BALDWIN
 BOX 97
 VANSANT, VA 24656
 Division of Interest: .282/125.664=.2244 X 1/121= .0019%

RUBY HAGY AND
 ELMER C. HAGY
 BOX 78
 GRUNDY, VA 24614
 Division of Interest: .282/125.664=.2244 X 1/121= .0019%

JETTY GERALDINE SLONE AND
 LOUIS F SLONE
 RT 2 BOX 348
 GRUNDY, VA 24614
 Division of Interest: .282/125.664=.2244 X 1/121= .0019%

CNR Lease # 1067003-003:

PAULINE STILTNER
 BOX 541
 BIG ROCK, VA 24603
 Division of Interest: .282/125.664=.2244 X 11/121 X 1/3= .0067%

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DELBERT LEE CLEVINGER
 RT 1 BOX 952
 BASTIEN, VA 24314
 Division of Interest: $.282/125.664 = .2244 \times 11/121 \times 2/3 \times 1/5 = .0026\%$

KEITHAL JUNIOR CLEVINGER
 GENERAL DELIVERY
 CONAWAY, VA 24611
 Division of Interest: $.282/125.664 = .2244 \times 11/121 \times 2/3 \times 1/5 = .0026\%$

HENSLEY CLEVINGER
 GENERAL DELIVERY
 CONAWAY, VA 24611
 Division of Interest: $.282/125.664 = .2244 \times 11/121 \times 2/3 \times 1/5 = .0026\%$

CORBETT CLEVINGER
 P. O. BOX 541
 BIGROCK, VA 246033
 Division of Interest: $.282/125.664 = .2244 \times 11/121 \times 2/3 \times 1/5 = .0026\%$

NOT LEASED:

DENVER ALLEN CLEVINGER
 256 Hamilton Street
 San Francisco, CA 94143
 Division of Interest: $.282/125.664 = .2244 \times 11/121 \times 2/3 \times 1/5 = .0026\%$

Tract 3 CNR Lease #: 1063742-000
 Acres in Unit: 12.794
 Division of Interest: 10.1811%

EMIL CLEVINGER
 P. O. BOX 199
 HARMON, VA 24618

Tract 4 Acres in Unit: 3.760
 Percentage of Tract 4 in Unit: 2.9921%

CNR Lease #: 1203077-002:

COY STILTNER
 BOX 193
 HARMAN, VA 24618
 Division of Interest: $3.760/125.664 = 2.992 \times 1/10 = .2992\%$

CNR Lease #: 1203077-001:

ELSIE SPAKE
 BOX 504
 HARMAN, VA 24618
 Division of Interest: $3.760/125.664 = 2.992 \times 1/3 \times 1/10 = .0997\%$

JACKIE G. OWENS
 BOX 648
 VANSANT VA 24656
 Division of Interest: $3.760/125.664 = 2.992 \times 1/3 \times 1/10 = .0997\%$

CNR Lease #: 1203077-006:

EDITH BURGE
 8200 CRESUP STREET
 BROOKSVILLE, FL 34613
 Division of Interest: $3.760/125.664 = 2.992 \times 1/5 \times 1/10 = .0598\%$

CNR Lease #: 1203077-008:

BENNY MUFDI
 5318 MARSHALL STREET
 CHEYANNE, WY 82009
 Division of Interest: $3.760/125.664 = 2.992 \times 1/5 \times 1/10 = .0598\%$

CNR Lease #: 1203077-006:

AVIS EDWARDS
 8250 CRESUP STREET
 BROOKSVILLE, FL 34613
 Division of Interest: $3.760/125.664 = 2.992 \times 1/5 \times 1/10 = .0598\%$

CNR Lease #: 1203077-002:

NANCY B. ELSWICK
 RR 2 BOX 80
 FRIES, VA 24330-9511
 Division of Interest: $3.760/125.664 = 2.992 \times 1/5 \times 1/10 = .0598\%$

JONAH STILTNER
 GENERAL DELIVERY
 MAXIE, VA 24628

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Division of Interest: $3.760/125.664 = 2.992 \times 1/10 = .2992\%$

CNR Lease #: 1203077-004:

LORAIN STILTNER 1203077-004
 P. O. BOX 1063
 PIKEVILLE, KY 41502
 Division of Interest: $3.760/125.664 = 2.992 \times 1/3 \times 1/10 = .0997\%$

CRYSTAL RAY
 P. O. BOX 1063
 PIKEVILLE, KY 41502
 Division of Interest: $3.760/125.664 = 2.992 \times 1/3 \times 2/3 \times 1/10 = .0665\%$

BARBARA KAY STILTNER
 200 DOUGLAS PARKWAY
 APARTMENT 703
 PIKEVILLE, KY 41501
 Division of Interest: $3.760/125.664 = 2.992 \times 1/3 \times 2/3 \times 1/10 = .0665\%$

DEBRA P. CARPENTER
 93B Paz Drive West
 Greenwood, IN 46122
 Division of Interest: $3.760/125.664 = 2.992 \times 1/3 \times 2/3 \times 1/10 = .0665\%$

CNR Lease #: 1203077-001:

JUDY KEEN
 P. O. BOX 68
 ROWE, VA 24646
 Division of Interest: $3.760/125.664 = 2.992 \times 1/10 = .2992\%$

CNR Lease #: 1203077-002:

ELSIE COMPTON
 BOX 190
 GRUNDY, VA 24618
 Division of Interest: $3.760/125.664 = 2.992 \times 1/10 = .2992\%$

CNR Lease #: 1203077-001:

IVEL FLETCHER
 P. O. BOX 666
 VANSANT, VA 24656
 Division of Interest: $3.760/125.664 = 2.992 \times 2/10 = .5984\%$

CNR Lease #: 1203077-005:

ZELLA FRENCH
 4335 CADIEUX STREET
 DETROIT, MI 48224
 Division of Interest: $3.760/125.664 = 2.992 \times 1/7 \times 1/10 = .0428\%$

CNR Lease #: 1203077-003:

BURCHIE TOLER
 HRC 67 BOX 770
 CLEARFORK, WV 24822
 Division of Interest: $3.760/125.664 = 2.992 \times 1/7 \times 1/10 = .0428\%$

CNR Lease #: 1203077-007:

GOLDIE YOUNG
 500 ADAIR BLVD.
 MIDWEST CITY, OK 73110
 Division of Interest: $3.760/125.664 = 2.992 \times 1/7 \times 1/10 = .0428\%$

CNR Lease #: 1203077-005:

LUCILLE STILTNER
 1250 MARILYN STREET
 GROSE POINT PARK, MI 48230
 Division of Interest: $3.760/125.664 = 2.992 \times 1/7 \times 1/10 = .0428\%$

CNR Lease #: 1203077-003:

CLAYTON C. STILTNER
 RT 2 BOX 330
 GRUNDY, VA 24618
 Division of Interest: $3.760/125.664 = 2.992 \times 1/7 \times 1/10 = .0428\%$

HASSELL STILTNER
 BOX 130
 MAXIE, VA 24628
 Division of Interest: $3.760/125.664 = 2.992 \times 1/7 \times 1/10 = .0428\%$

CNR Lease #: 1203077-005:

MARIE MCBROOM
 BOX 235
 TWINNING, MI 48766
 Division of Interest: $3.760/125.664 = 2.992 \times 1/7 \times 1/10 = .0428\%$

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NOT LEASED:

BILLY R. STILTNER
BOX 289
GRUNDY, VA 24614
Division of Interest: $3.760/125.664 = 2.992 \times 1/3 \times 1/10 = .0997\%$

CNR Lease #: 1203077-009:

ESTIL ELSWICK
PSC 79
BOX 27854
APO AT963647854, OKINAWA
Division of Interest: $3.760/125.664 = 2.992 \times 1/5 \times 1/10 = .0598\%$

Tract 5 **CNR Lease #: 1203076-000**
Acres in Unit: 4.488
Division of Interest: 3.5714%

HARMAN COAL CORPORATION
P. O. BOX 60
HARMAN, VA 24614

Tract 6 **CNR Lease #: 1062622-000:**
Acres in Unit: 12.198
Percentage of Tract 6 in Unit: 9.7068%

CNR Lease #: 1062622-000:

MYRTLE ANN CHARLES
2069 S. BROCKMAN ROAD
FT. PIERCE, FL 34945
Division of Interest: $12.198/125.664 = 9.7068 \times 288/1008 = 2.7735\%$

DIXIE RICHARDSON
1315 PONDALE ROAD
MECHANICSVILLE, VA 23111
Divisions of Interest: $12.198/125.664 = 9.7068 \times 72/1008 = .6934\%$

DOROTHY MITCHELL, WIDOW
10885 SOUTHEAST
FEDERAL HIGHWAY - LOT 98
HOBE SOUND, FL 33455
Division of Interest: $12.198/125.664 = 9.7068 \times 36/1008 = .3468\%$

REED OWENS AND
MARJORIE W. OWENS, HIS WIFE
4046 GREENWOOD DRIVE
FT. PIERCE, FL 34982
Division of Interest: $12.198/125.664 = 9.7068 \times 18/1008 = .1734\%$

CARMEN HARRIS, WIDOW
3205 TENNESSEE AVENUE
FT. PIERCE, FL 34947
Division of Interest: $12.198/125.664 = 9.7068 \times 18/1008 = .1734\%$

THELMA BEAVERS, WIDOW
4432 RISKE DRIVE #4
FLINT, MI 48532
Division of Interest: $12.198/125.664 = 9.7068 \times 18/1008 = .1733\%$

MILDRED LONG AND
WILLIAM R. LONG, HER HUSBAND
7412 SHARPE ROAD
SWARTZ CREEK, MI 48473
Division of Interest: $12.198/125.664 = 9.7068 \times 18/1008 = .1733\%$

J. K. CHARLES AND
SADIE CHARLES, HIS WIFE
BOX 222, PARK STREET
PIKEVILLE, KY 41501
Division of Interest: $12.198/125.664 = 9.7068 \times 84/1008 = .8089\%$

RUTH CHARLES FRIEND, WIDOW
203 HICKORY STREET
NITRO, WV 25143
Division of Interest: $12.198/125.664 = 9.7068 \times 42/1008 = .4044\%$

EUGENE F. CHARLES AND
CHERITH CHARLES, HIS WIFE
705 HAMMOND ROAD
YORK, PA 17402-1324
Division of Interest: $12.198/125.664 = 9.7068 \times 35/1008 = .3370\%$

BETTY C. CLEVINGER, WIDOW
RT. 3, BOX 320
PIKEVILLE, KY 41501
Division of Interest: $12.198/125.664 = 9.7068 \times 14/1008 = .1348\%$

EMMA JO CONNER AND

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OWEN CONNER, HER HUSBAND
 8020 RIDGE ROAD EAST
 SODUS, NY 14551
 Division of Interest: 12.198/125.664 = 9.7068 X 35/1008 = .3370†

BLANCHE E. CHARLES, WIDOW
 5205 KENTUCKY STREET
 SOUTH CHARLESTON, WV 25309
 Division of Interest: 12.198/125.664 = 9.7068 X 14/1008 = .1348†

JAMES R. CHARLES, JR., AND
 CAROL J. CHARLES, HIS WIFE
 RT. 1, BOX 173D
 MONROE, VA 24574
 Division of Interest: 12.198/125.664 = 9.7068 X 14/1008 = .1348†

JOHN L. CHARLES AND
 LAURA K. CHARLES, HIS WIFE
 703 SUNTREE DRIVE
 WESTERVILLE, OH 43081
 Division of Interest: 12.198/125.664 = 9.7068 X 14/1008 = .1348†

DOUGLAS MACK JUSTICE
 P.O. BOX 2883
 PIKEVILLE, KY 41501
 Division of Interest: 12.198/125.664 = 9.7068 X 28/1008 = .2696†

EDITH J. HUBER AND
 CHARLES HUBER
 3901 GREENE HAVEN LANE
 GOSHEN, KY 40026
 Division of Interest: 12.198/125.664 = 9.7068 X 14/1008 = .1348†

ELOISE HUGHES
 416 THIRD STREET
 PIKEVILLE, KY 41501
 Division of Interest: 12.198/125.664 = 9.7068 X 84/1008 = .8089†

FLORANE J. BAIRD, WIDOW
 BOX 203, CEDAR DRIVE
 PIKEVILLE, KY 41501
 Division of Interest: 12.198/125.664 = 9.7068 X 42/1008 = .4044†

NORA JANESTA C. CURRENT
 10 WILMINGTON AVENUE
 APARTMENT 142-E
 DAYTON, OH 45420
 Division of Interest: 12.198/125.664 = 9.7068 X 28/1008 = .2696†

GEORGE FRED CHARLES AND
 JEAN CHARLES, HIS WIFE
 1653 LAWRENCE AVENUE
 ASHLAND, KY 41101
 Division of Interest: 12.198/125.664 = 9.7068 X 28/1008 = .2696†

LUELLA MASON CHARLES, WIDOW
 249 HILL-N-DALE DRIVE
 LEXINGTON, KY 40512
 Division of Interest: 12.198/125.664 = 9.7068 X 28/1008 = .2696†

NANCY J. RIPE, AND
 DAVID L. RIPE
 3572 RITNER HIGHWAY
 NEWVILLE, PA 17241
 Division of Interest: 12.198/125.664 = 9.7068 X 36/1008 = .3467†

II. GAS AND OIL LEASEHOLD OWNERSHIP

COLUMBIA NATURAL RESOURCES, INC.
 P. O. BOX 6070
 CHARLESTON, WV 25362-0070

| | Acres: | Percent of Unit: |
|---|--------|------------------|
| TRACT 1 - LEASE 1063679-000 | 92.142 | 73.3242 |
| TRACT 2 - LEASES 1067003-000 - 006 unleased Denver Clevinger | .282 | .2218 .0026 |
| TRACT 3 - LEASE 1063742-000 | 12.794 | 10.1811 |

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| | | |
|------------------------------------|----------------|-----------------|
| TRACT 4 - LEASES 1203077-000 - 009 | 3.760 | 2.8924 |
| unleased Billy R. Stiltner | | .0997 |
| TRACT 5 - LEASE 1203076-000 | 4.488 | 3.5714 |
| TRACT 6 - LEASE 1062622-000 | 12.198 | 9.7068 |
| TOTAL: | 125.664 | 100.0000 |

III. UNLEASED OWNERS OF GAS

Tract 2

DENVER ALLEN CLEVINGER
 256 HAMILTON STREET
 SAN FRANCISCO, CA 94143
 Division of Interest:

$$.282/125.664 = .2244 \times 11/121\% \times 2/3 \times 1/5 = .0026\%$$

Tract 4

BILLY R. STILTNER
 BOX 289
 GRUNDY, VA 24614

Division of Interest: $3.760/125.664 = 2.992\% \times 1/3 \times 1/10 = .0997\%$

TOTAL: .1023%

IV. UNLOCATED GAS AND OIL MINERAL OWNERS

None.

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 15th day of August 1994 2:49 P. M.
 Deed Book No. 425 and Page No. 19 TESTE: James M. Bevins, Jr., Clerk
 Returned this date to: Nancy Davis TESTE: [Signature], Deputy Clerk

Dept. of Mines, Minerals & Energy