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INSTRUMENT PREPARED BY VIRGINIA GAS AND OIL BOARD

ORDER RECORDED UNDER CODE OF VIRGINIA SECTION 45.1-361.26

VIRGINIA: BEFORE THE VIRGINIA GAS AND OIL BOARD

APPLICANTS: Delmar H. Mays and Mary C. Mayes) and Standard Banner Coal Corporation)
RELIEF SOUGHT: Issuance of an Amended Supplemental) Order Amending Prior Orders Affecting) Drilling Unit Served by well VC-702942) Located in Kenady District,) Dickenson County, Virginia) (herein "Subject Drilling Unit") to Provide:) (1) Calculation of Funds Unit Operator) Deposited into the Escrow Account for) Subject Drilling Unit by Tract Subaccounts;) (2) to Applicants a Royalty Accounting; and) (3) Disbursement to applicants in) Accordance with Their Royalty) Agreement Those Funds Deposited by the) Unit Operator into Subject Drilling Unit's) Escrow Subaccount for VGOB Tract 10.)

DOCKET NO. 94-0621-0455-01

TAX MAP IDENTIFICATION NUMBERS: TAX MAP IDENTIFICATION NUMBERS FOR ALL PARCELS AFFECTED BY THIS ORDER ARE SHOWN ON EXHIBIT(S) EEE WHICH IS/ARE ATTACHED TO AND A PART OF THIS ORDER.

REPORT OF THE BOARD

FINDINGS AND ORDER

- 1. Hearing Date and Place: This matter came on for final hearing before the Virginia Gas and Oil Board (herein "Board") at 9:00 a.m. on September 19, 2006 at the Southwest Virginia Higher Education Center on the campus of Virginia Highlands Community College, Abingdon, VA.
2. Appearances: Jim Kiser, Esq. appeared for the Unit Operator; and Sharon M.B. Pigeon, Assistant Attorney General, was present to advise the Board.
3. Jurisdiction and Notice: Pursuant to Va. Code §§ 45.1-361.1 et seq., and in particular Va. Code §§ 45.1-361.21 and 45.1-361.22, the Board finds that it has jurisdiction over the establishment and maintenance of an escrow account, with tract subaccounts, for each of the coalbed methane gas drilling units established by the Board through its field rules that are subject to a Board pooling order. Further, the Unit Operator is required to deposit, as applicable, those funds specified in Va. Code § 45.1-361.21.D., 45.1-361.22.A.2, 45.1-361.22.A.3 and 45.1-361.22.A.4 into the applicable escrow tract subaccounts. The Board finds that: (1) while it does not have jurisdiction to resolve conflicting claims to the ownership of the Coalbed Methane Gas produced by the Unit Operator from wells located on Subject Drilling Unit, and (2) while it does not have jurisdiction to interpret agreements by and between the Gas owners/claimants and/or the Unit Operators or to abridge or contravene the provisions of such agreements, (3) pursuant to Va. Code § 45.1-361.22.A.5, the Board does have jurisdiction and authority to disburse funds from the Escrow Account provided the Board has been provided with a final decision of a court of competent jurisdiction adjudicating the ownership of coalbed methane gas as between the conflicting claimants or an agreement among all claimants owning conflicting estates in the tract in question or any undivided interest therein.
4. Prior Proceedings:

- 4.1. On July 18, 1994, the Board executed its order pooling all interests in the Subject Drilling Unit for the production of occluded natural gas produced from coalbeds and rock strata associated therewith (herein "Gas") in accordance with the provisions of Va. Code §§ 45.1-361.21 and 45.1-361.22 (herein "Pooling Order"). The Pooling Order was filed with the Clerk of the Circuit Court of Dickenson County on July 20, 1994 in Deed Book 302 at Page 083. The Board designated Equitable Resources Exploration as the Unit Operator of the Subject Drilling Unit. The Pooling Order was amended and supplemented by the Board's Supplemental Order Regarding Elections executed on October 26, 1994 that was filed with the Clerk's Office on November 10, 1994 in Deed Book 305 at page 108 ("Supplemental Order") (hereafter the Pooling Order and the Supplemental Order are collectively referred to as the "Pooling Order").
- 4.2 To the extent claims to the Gas were in conflict, pursuant to Va. Code § 45.1-361-22 payments attributable to said conflicting claims were ordered deposited by the Unit Operator into the escrow account established by the Pooling Order (herein "Escrow Account"). According to the Pooling Order, the coal fee ownership of Standard Banner Coal Corporation and the oil and gas fee ownership of Delmar H. and Mary C. Mayes in a 4,847-acre tract known as VGOB Tract 10 in Subject Drilling Unit were in conflict and became subject to the escrow requirements of the Pooling Order.
- 4.3 The Unit Operator's Affidavit and Miscellaneous Petition dated August 18, 2006, a copy of which is attached to and made a part hereof, states under oath that Standard Banner Coal Corporation and Delmar H. and Mary C. Mayes have entered into a royalty split agreement; and that by the terms of that agreement escrow regarding the conflicting claims of Standard Banner Coal Corporation and Delmar H. And Mary C. Mayes is no longer required.
- 4.4 The Unit Operator gave notice to Standard Banner Coal Corporation and Delmar H. And Mary C. Mayes that the Board would take the Affidavit referred to in Paragraph 4.3 above under consideration at its hearing on September 19, 2006 and consider whether to: (1) amend the Pooling Order to provide for the disbursement of funds on deposit in the Escrow Account attributable to Tract 10 and the interest of Standard Banner Coal Corporation and Delmar H. And Mary C. Mayes in accordance with the terms of their split agreement, (2) delete the requirement that the Unit Operator place future royalties attributable to Standard Banner Coal Corporation and Delmar H. And Mary C. Mayes in Tract 10 in the Escrow Account, and (3) continue the escrow account under this docket number because parties other than those seeking disbursement under this order are subject to escrow.
- 4.5 The Unit Operator filed the attached accounting for Subject Drilling Unit's Escrow Account with the Board ("Accounting").

5. **Findings:**

- 5.1. Va. Code 45.1-361.22.5 provides:

The Board shall order payment of principal and accrued interests, less escrow account fees, from the escrow account to conflicting claimants within thirty days of receipt of notification of (i) a final decision of a court of competent jurisdiction adjudicating the ownership of coalbed methane gas as between them or (ii) an agreement among all claimants owning conflicting estates in the tract in question or any undivided interest therein. The amount to be paid to the conflicting claimants shall be determined based on the percentage of ownership interest of the conflicting claimants as shown in the operator's supplemental filing made part of the pooling order that established the escrow account, the operator's records of deposits attributable to those tracts for which funds are being requested, and the records of the escrow account for the coalbed methane gas drilling unit. The interests of any cotenants who have not entered into an agreement shall remain in the escrow account.

- 5.2 The Unit Operator has certified and represented to the Board that:

- (1) Standard Banner Coal Corporation is the owner of 100% of the coal estate underlying VGOB Tract 10 of the Subject Drilling Unit;
- (2) Delmar H. and Mary C. Mayes are the owners of 100% of oil and gas estate underlying VGOB Tract 10 of the Subject Drilling Unit;
- (3) that Standard Banner Coal Corporation and Delmar H. and Mary C. Mayes have entered into an agreement to split on a 50/50 basis royalties attributable to their conflicting claims to coalbed methane gas underlying VGOB Tract 10 of Subject Drilling Unit and their proportionate share of conflicting claims to bonuses and/or royalties, if any, deposited by the Unit Operator in the Escrow Account which are attributable to said tract.
- (4) that the net interests attributable and to be disbursed to applicants are shown in Table 1, Below.

TABLE 1		
Tract # Owner Names	% interest in tract	% interest in 94-0621-0455 balance
Tract 10 Standard Banner Coal Corporation Route 1, Box 277 Meadowview, VA 24361 Attn. Joan Gillenwalters, VP	50%	8.0432%
Tract 10 Delmar H. Mayes Mary C. Mayes P. O. Box 286 Dante, VA 24237	50%	8.0432%

6. **Relief Granted:**

For the reasons set forth in Paragraph 4 and 5 above, and based upon the Accounting, the Escrow Agent is ordered to, within 10 days of receipt of this executed order: (1) disburse fifty percent (50%) of the funds attributable to VGOB Tract 10, being 8.0432 percent of funds on deposit in the escrow sub-account on the date of disbursement, to:

Standard Banner Coal Corporation
Route 1, Box 277
Meadowview, VA 24361
Attn. Joan Gillenwalters, VP

and (2) disburse fifty percent (50%) of the funds attributable to the VGOB Tract 10, being 8.0432 percent of funds on deposit in the escrow sub-account on the date of disbursement, to:

Delmar H. Mayes
Mary C. Mayes
P. O. Box 286
Dante, VA 24237

Exhibits to the Pooling Order showing owners subject to escrow are deleted in toto and replaced with the Exhibit E attached to this order. Further, the Supplemental Order filed in this cause is hereby modified to delete the requirement that payments attributable to the conflicting coalbed methane gas ownership interests of Standard Banner Coal Corporation and Delmar H. and Mary C. Mayes in VGOB Tract 10 be deposited by the Unit Operator into the Escrow Account, and, because there are other owners subject to escrow under the Supplemental Order, the Escrow Agent is directed to

continue the Escrow Account for Subject Drilling Unit. To the extent not specifically granted herein, any other or further relief is denied.

7. **Conclusion:**

Therefore, the requested relief and all terms and provisions set forth above in Paragraph 6 above be and hereby are granted and IT IS SO ORDERED.

8. **Appeals:**

Appeals of this Order are governed by the provisions of Va. Code § 45.1-361.9 which provides that any order or decision of the Board may be appealed to the appropriate circuit court and that whenever a coal owner, coal operator, gas owner, gas operator, or operator of a gas storage field certificated by the State Corporation Commission is a party in such action, the court shall hear such appeal de novo.

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

DONE AND EXECUTED this 16th day of January, 2006, by a majority of the Virginia Gas and Oil Board.

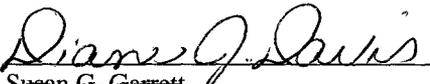

Chairman, Benny R. Wampler

DONE AND PERFORMED this 12th day of February, 2006, by an Order of this Board.


B. R. Wilson
Principal Executive to the Staff
Virginia Gas and Oil Board

COMMONWEALTH OF VIRGINIA)
COUNTY OF ~~WISE~~ Washington)

Acknowledged on this 16 day of January, 2006, personally before me a notary public in and for the Commonwealth of Virginia, appeared Benny R. 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. Carrott~~
Notary Public

My Commission expires: 9/30/09

COMMONWEALTH OF VIRGINIA)
COUNTY OF WASHINGTON 12th)

Acknowledged on this 12th day of February, 2006, personally before me a notary public in and for the Commonwealth of Virginia, appeared B. R. Wilson, 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
Notary Public

My commission expires: 9/30/09

VIRGINIA:

BEFORE THE VIRGINIA GAS AND OIL BOARD

APPLICANTS: Delmar H. Mayes and Mary C. Mayes

DOCKET NUMBER: VGOB 94/06/21-0455-01

RELIEF SOUGHT: Supplemental Order for Disbursement of Escrowed Funds on behalf of Delmar H. Mayes and Mary C. Mayes

LEGAL DESCRIPTIONS: Drilling Unit Number VC-702942 created by Board Order Dated July 18, 1994, VGOB 94/06/21-0455 in the Kenady District, Dickenson County, Virginia.

HEARING DATE: September 19, 2006

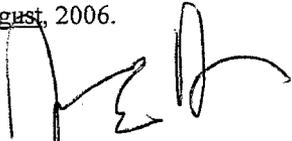
MISCELLANEOUS PETITION

1. Party: Applicants herein are Delmar H. Mayes and Mary C. Mayes, (hereinafter "Plaintiffs"), whose address is P.O. Box 286, Dante, VA 24237.
2. Facts:
 - a. Equitable was designated as the Operator and Applicants interests were Pooled in the VC-2942 Unit by Order of the Virginia Gas and Oil Board (hereinafter "Board") executed on July 18, 1994, pursuant to Docket No. VGOB-94/06/21-0455 and recorded in the Circuit Court Clerk's Office of Dickenson County, Virginia on July 20, 1994, Deed Book 302, Page 83 (hereinafter "Order").
 - b. The order and Supplemental Order required the Escrow Agent named and appointed therein to establish an interest-bearing escrow account for funds pertaining to the above-referenced Unit and subject to escrow pursuant to the terms of the Order.
 - c. The Order and Supplemental Order further required the Operator to deposit bonus and royalty payments with the Escrow agent which could not be made because the person(s) entitled hereto could not be made certain due to conflicting claims of ownership.
 - d. Standard Banner Coal Corporation was a conflicting claimant with the above-listed Plaintiffs with regard to Tract 10.
 - e. To resolve this conflict, a Letter dated April 24, 2006 signed by Conrad McNeer, an officer of Standard Banner Coal Corporation is attached hereto and incorporated herein as Exhibit "A".
 - f. The amounts deposited with the Escrow Agent regarding the Unit need to be determined and distributed accordingly.

- g. Any escrow amount, not yet deposited into the escrow account, held by Operator should also be determined, and distributed to Applicants/Plaintiffs herein, accordingly.
- h. Applicants/Plaintiffs herein do hereby request that the Board enter an amended supplemental order for the Unit directing the Escrow Agent and the Operator to disburse to the aforesaid Plaintiff the funds attributable to the previous conflicting claim with Standard Banner Coal Corporation, held in escrow for the VGOB number as listed above.
1. The Applicants certify that the matters set forth in the application, to the best of their knowledge, information, and belief, are true and correct and that the form and content of the Application and conform to the requirements of relevant Board regulations and orders.
 2. Legal Authority: Va. Code Ann. §45.1-361.1 et seq., 4 VAC 25-160, and such other regulations and Board orders promulgated pursuant to law.
 3. Relief Sought: Applicants request that the Board issue amended supplement order amending all prior orders affecting the Unit which amended supplement order will provide as follows:
 - a. Determining the amount of funds attributable to the Applicants/Plaintiffs herein.
 - b. Directing the Escrow Agent to determine the amount of funds attributable to Applicants/Plaintiffs herein, provide an accounting hereof, and disburse the funds on deposit with the Escrow Agent, including any applicable interest, pertaining to the interest in the Unit shown above for distribution.
 - c. Directing the Operator to determine the amount of funds attributable to the Applicants/Plaintiffs herein, provide an accounting thereof, and disburse the units in its hands, if any, subject to escrow but not then on deposit with the Escrow Agent, including any applicable interest, at the time of the Supplemental Order requested therein is executed, attributable to the Applicants/Plaintiffs herein for distribution.
 - d. Directing the Operator to disburse the funds, including any applicable interest, and provide an accounting thereof, which it may receive after the date of the execution of the amended supplemental order requested in the Application, if any, attributable to the Applicants/Plaintiff herein, and to discontinue the payment of such funds into Escrow.

- e. Granting such other relief as is merited by the evidence and is just and equitable whether or not such relief has been specifically requested herein.

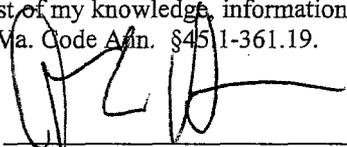
Dated this 18th day of August, 2006.

By: 

Petitioner
Address: 220 Broad Street, Suite 202
Kingsport, TN 37660

CERTIFICATE

The foregoing application to the best of my knowledge, information and belief is true and correct. Notice was given pursuant to Va. Code Ann. §45-1-361.19.



Petitioner

BK 434 PG 557

BK 425 PG 249

Topeka Office
3924 SW Stonybrook Dr.
Topeka, Kansas 66610
Tel: 785-478-1526 Fax: 785-478-3119
Cell: 785-249-5500
Email: cmcneer@Cox.net



Standard Banner Coal Corporation

April 24, 2006

Mary C. Mayes
Mary C. Mayes, Agent and Attorney in Fact for Delmar H. Mayes
P. O. Box 286
Dante, VA 24237

Re: Agreement on Coalbed Methane

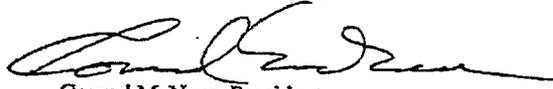
Dear Mary:

Standard Banner Coal Corporation owns the coal underlying your tract of land at Sandy Ridge in Dickenson County, Virginia. You acquired your land by deed recorded in Deed Book 331 at Page 568 (Plat Book 215 at Page 329). Due to the separate ownership of coal and gas on your tract, you have agreed to split on an equal 50%/50% basis the royalty and other income from the past and future production of coalbed methane gas underlying your land with Standard Banner Coal Corporation and to permit Standard Banner Coal Corporation to take all necessary measures to bring about the split of monies due on account of coalbed methane production.

Please show your agreement to the terms of this letter agreement by signing in the space below provided on the original and signed copy of this letter. Page 2 of this letter agreement contains a place for your signature to be notarized.

Thank you for your cooperation.

Sincerely yours,
Standard Banner Coal Corporation



Conrad McNeer, President

AGREED TO THIS 1 DAY OF May, 2006

Mary C. Mayes
Mary C. Mayes

Mary C. Mayes for Delmar H. Mayes P.O.A.
Mary C. Mayes, Agent and Attorney in Fact for Delmar H. Mayes
Mary Mayes and Delmar Mayes

Virginia Office: Joan Gillenwalters, VP, 29059 Rivermont Drive, Meadowview, VA 24361

EXHIBIT "E"
VC-2942
VGOB 94/06/21-0455
Unleased Owners/Claimants Requiring Escrow
 8/16/2006

<u>TRACT</u>	<u>LESSOR</u>	<u>LEASE STATUS</u>	<u>INTEREST WITHIN UNIT</u>	<u>NET REVENUE INTEREST</u>
<u>Gas Estate Only</u>				
3 UNKNOWN	Mary Turner Heirs Unknown	Unleased	0.11890000	0.01486250 RI
4 ID 4875	Mary Turner Heirs Unknown	Unleased	0.03690000	0.00461250 RI
5 ID 4787	Howard C. Holifield and Helen J. Holifield, H/W P.O. Box 676 Dante, VA 24237	Leased-EREX 244707L-01	0.01310000	0.00163750 RI
8 UNASSESSED	<u>B.H. Long Heirs</u> Joseph R. Long and Tabitha G. Long, H/W P.O. Box 261 Castlewood, VA 24224	Leased-EREX 244712L-02	0.13065000	0.01633125 RI
	Denny Long and Sharon M. Long, H/W Route 3 Box 361 Lebanon, VA 24226	Leased-EREX 244712L-01	0.04335000	0.00544375 RI
	Judy L. Manual, Single P.O. Box 314 Castlewood, VA 24224	Leased-EREX 244712L-03	0.04335000	0.00544375 RI
	Timothy R. Long and Vera V. Long, H/W Route 2 Box 93-B Castlewood, VA 24424	Leased-EREX 244712L-04	0.04335000	0.00544375 RI
<u>Coal Estate Only</u>				
1,2,3,4 5,6,7,8 9,10,11 ID 11814	Standard Banner Coal Corp Route 1 Box 277 Meadowview, VA 24361 Attn: Joan Gillenwalters, VP		1.00000000	1.00000000

EXHIBIT "EE"
VC-702942
VGOB-94/06/21-0455

**Listing of Owners/Claimants who have entered into
split agreements and for which escrow is NOT required**

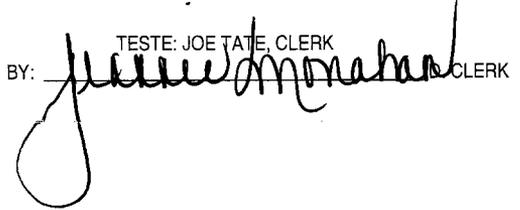
<u>TRACT</u>	<u>LESSOR</u>	<u>LEASE STATUS</u>	<u>NET REVENUE INTEREST</u>
<u>Gas and CBM Estate</u>			
10 ID 5106	Delamr H. Mayes and Mary C. Mayes-POA, Tenants by the entirety with rights of survivorship P.O. Box 286 Dante, VA 24237	Leased-EPC 244837L	0.05190625
	Standard Banner Coal Corp Route 1, Box 277 Meadowview, VA 24361 Attn: Joan Gillenwalters, VP		0.05190625

INSTRUMENT #070000263
RECORDED IN THE CLERK'S OFFICE OF
DICKENSON ON
FEBRUARY 12, 2007 AT 11:08AM
JOE TATE, CLERK

RECORDED BY: JSM

VIRGINIA: IN THE OFFICE OF THE CLERK OF THE CIRCUIT COURT OF DICKENSON COUNTY, February 12, 2007, This deed was this day presented in said office, and upon the certificate of acknowledgment thereto annexed, admitted to record at 11:08 o'clock AM, after payment of \$ _____ tax imposed by Sec. 58.1-802.

Original returned this date to: Diane Paris

TESTE: JOE TATE, CLERK
BY:  CLERK