

TAX MAP IDENTIFICATION NUMBERS FOR ALL PARCELS
AFFECTED BY THIS ORDER ARE SHOWN ON EXHIBIT(S) 3;
WHICH IS / ARE ATTACHED TO AND A PART OF THIS ORDER

Instrument prepared by:

VIRGINIA GAS AND OIL BOARD

Order recorded under:

CODE OF VIRGINIA
§ 45.1-361.26

VIRGINIA:

BEFORE THE GAS AND OIL BOARD

APPLICANTS:

EQT Production Company on behalf of Mary
C. Mayes and Standard Banner Coal
Corporation.

DOCKET NO.

94-0621-0455-02

RELIEF SOUGHT:

Issuance: A Supplemental Order for Disbursement of Escrowed Funds
Action: Amending Prior Orders Affecting Drilling Unit VC-2942, Tract 10
(Referenced herein as "the Subject Drilling Unit")

Location: Dickenson County, Virginia

Action Details:

- (1) To provide a calculation of funds, Unit Operator has deposited into the Escrow Account for Drilling Unit VC-2942 by Tract Subaccounts;
- (2) To provide each applicant, in simple terms, a complete month over month Royalty Accounting of unit production, costs, taxes and proceeds, depicting variables used in the calculation of royalty payments to the unit escrow account.
- (3) To disburse unit funds to the Applicants, in accordance with their Unit Ownership Interests relative to those funds deposited by the Unit Operator into Subject Drilling Unit's Escrow Subaccount for **VGOB Tract(s) identified in Table 1.**

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 July 21, 2009, at the Russell County Conference Center, 139 Highland Drive, Russell County Government Center Complex, Lebanon, VA
2. **Appearances:** James E. Kaiser of Wilhoit and Kaiser appeared for the Applicant; 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 tracts in question or any undivided interest therein.

4. **Prior Proceedings:**

- 4.1. (a) On June 21, 1994, the Board executed its order pooling 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 SS 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, Deed Book 302, page 083 to 097. The supplemental order was executed on October 20, 1993, and recorded in with the Clerk of the Court, Dickenson County on November 10, 1994, Deed Book 305, page 108 to 117.
- 4.2 To the extent claims to the Gas were in conflict, pursuant to Va. Code S 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 Orders (herein "Escrow Account"). According to the Pooling Orders and testimony, the coal estate ownership interests of Standard Banner Coal Corporation, and the gas and oil ownership interests of Delmer and Mary C. Mayes in tract known as 10 in the Subject Drilling Unit were in conflict and became subject to the escrow requirements of the Pooling Order.
- 4.3 The Unit Operator's Miscellaneous Petition regarding Tract 10, a copy of which is attached to and made a part hereof, states under oath that Standard Banner Coal Corporation and the Applicants have entered into an agreement with regards to Tract 10 and that by the terms of the agreements, Standard Banner Coal Corporation has entered into a split agreement (50% / 50%) regarding this Tract and escrow regarding these individual conflicting claims detailed herein, is no longer required.
- 4.4 The Unit Operator gave notice to Standard Banner Coal Corporation and the applicants that the Board would consider its disbursement authorization at its hearing on September 21, 2009, and consider whether to: (1) amend the Pooling Order to provide for the disbursement a portion of funds on deposit in the Escrow Account attributable to Tract 10 as identified in the attached miscellaneous petition (2) delete the requirement that the Unit Operator place future royalties attributable to a portion of said Tract 10 and the interests of Applicants identified in the miscellaneous petition 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 continued payments in the escrow.
- 4.5 The Unit Operator filed the attached accounting (Exhibit A) 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 tracts 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 Applicant has certified and represented to the Board that:

- (1) Standard Banner Coal Corporation, and Mary C. Mayes, respectively, are the owners of the coal estate, gas and oil acreage estate underlying VGOB Tract 10 of the Subject Drilling Unit;
- (2) Net interests attributable and to be disbursed to Applicants are shown in Table 1,

VGOB Approved Disbursement
VGOB 94-0621-0455-01
UNIT VC-2942 (VC-702942)

Acreage Split
 Interest Agreement Acres % of
 Escrowed Funds

TABLE 1						
No	Tract	Disbursement Table	Acreage Interest	Split Agreement	Acres	% of Escrowed Funds
			4.8470		30.1310	
1	10	Standard Banner Coal Corp / 3924 SW Stonybrook Dr / Topeka, KS 66610	4.8470	50.0%	2.424	8.043211%
2	10	Mary C. Mayes / Box 286 / Dante VA 24237	4.8470	50.0%	2.424	8.043211%

6. Relief Granted:

For the reasons set forth in Paragraph 4 and 5 above, and based upon the Accounting and Table 1 above, the Escrow Agent is ordered to, within 10 days of receipt of this executed order to disburse funds for the unit and applicants detailed in Table 1 above.

Exhibit E to the Pooling Order, showing owners subject to escrow, is deleted 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 those applicants indicated in Table 1 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 31 day of August, 2009, by a majority of the Virginia Gas and Oil Board.

Bradley C. Lambert
Bradley C. Lambert, Chairman

DONE AND PERFORMED this 31st day of August, 2008, by an Order of this Board.

David E. Asbury Jr.
David E. Asbury Jr.,
Principal Executive to the Staff
Virginia Gas and Oil Board

COMMONWEALTH OF VIRGINIA)
COUNTY OF RUSSELL)

Acknowledged on this 31st day of August, 2009, personally before me a notary public in and for the Commonwealth of Virginia, appeared **Bradley C. Lambert**, being duly sworn did depose and say that he is the Chairman of the Virginia Gas and Oil Board and **David E. Asbury Jr.**, 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 #174394

My commission expires: 09/_30_/2009__



VIRGINIA:

BEFORE THE VIRGINIA GAS AND OIL BOARD

APPLICANTS: EQT Production Company on behalf of Mary C. Mayes and Standard Banner Coal Corporation.

DOCKET NUMBER: VGOB 94/06/21-0455-~~01-02~~

RELIEF SOUGHT: Supplemental Order for Disbursement of Escrowed Funds on behalf of Mary C. Mayes and Standard Banner Coal Corporation.

LEGAL DESCRIPTIONS: Drilling Unit Number VC-2942 created by Board Order Dated July 18, 1994, VGOB 94/06/21-0455 in the Kenady District, Dickenson County, Virginia.

HEARING DATE: July 21, 2009

MISCELLANEOUS PETITION

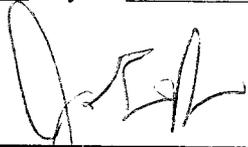
1. Parties: Applicants herein are: Mary C. Mayes, (hereinafter "Plaintiff"), whose address is P.O. Box 286, Dante, VA 24237 and Standard Banner Coal Corporation, (hereinafter "Plaintiff"), whose address is: 29059 Rivermont Drive, Meadowview, VA 24361.
2. Facts:
 - a. EQT was designated as the Operator 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 me 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. As created by Board Order as VGOB 94/06/21-0455 is the applicable Tract.
 - 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 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.

Docket Number VGOB 94/06/21-0455
Page 3

- 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 19th day of June, 2009.

By: 

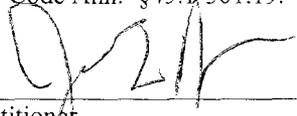
Petitioner

Address: Wilhoit & Kaiser
220 Broad St, Ste. 210
Kingsport, TN 37660

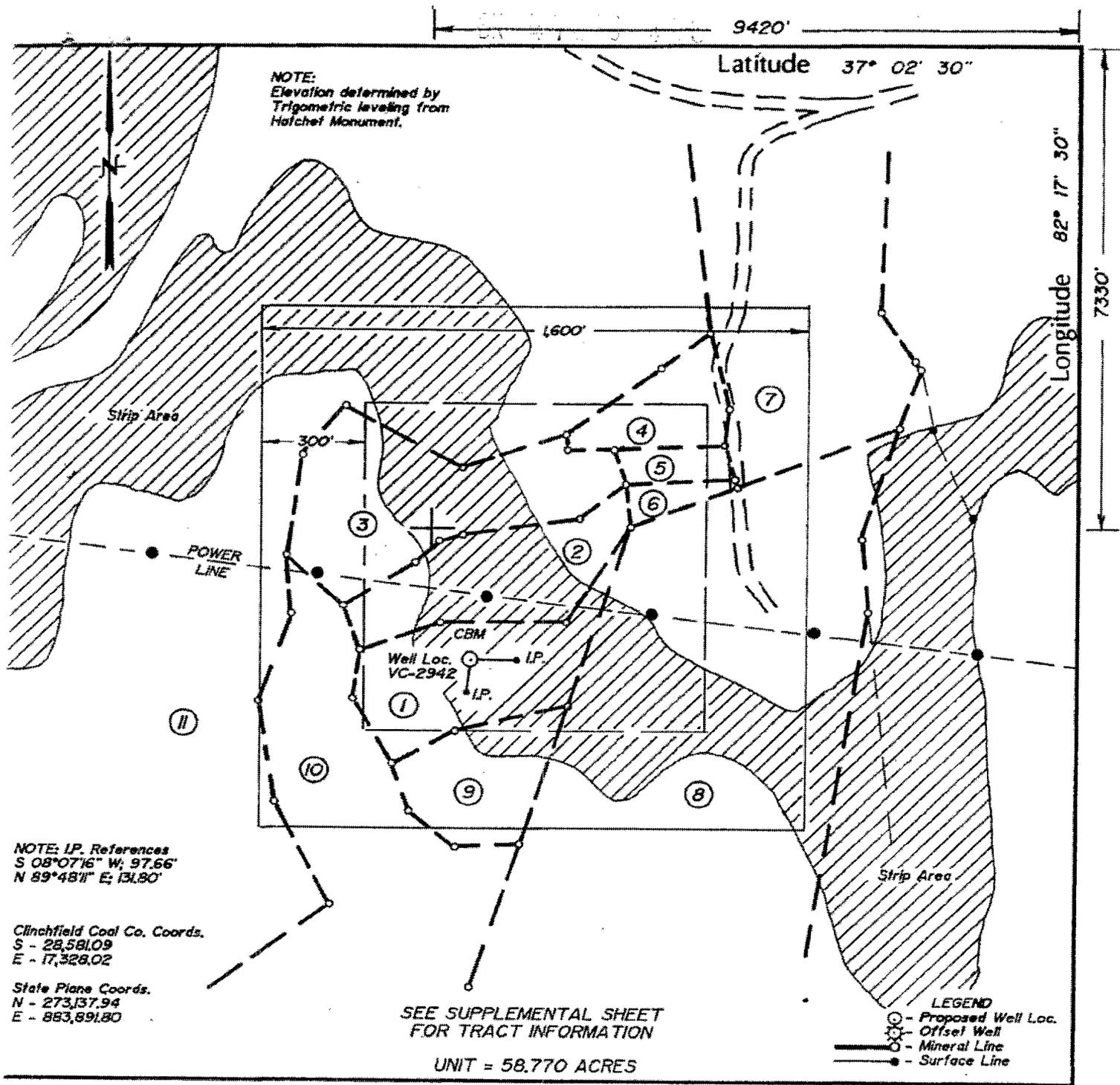
01 17 13 192

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



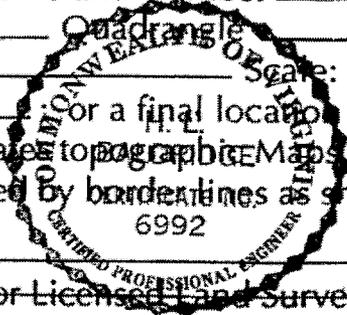
WELL LOCATION PLAT

DWG. # 3192

Company Equitable Resources Exploration Well Name and Number VC-2942
 Tract No. TL-223 Elevation 2159.66 Quadrangle Nora
 County Dickenson District Ervington Scale: 1"=400' Date 11-17-93

This Plat is a new plat ; an updated plat ; or a final location plat ;
 + Denotes the location of a well on United States topographic Maps, scale 1 to 24,000, latitude and longitude lines being represented by borderlines as shown.

[Signature]
 Licensed Professional Engineer or Licensed Land Surveyor (Affix Seal)



BK 425PG 249

Topeka Office
3924 SW Stonybrook Dr.
Topeka, Kansas 66610
Tel: 785-478-1526 Fax: 785-478-3119
Cell: 785-249-5200
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

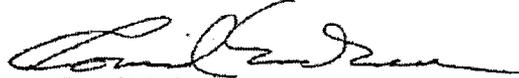
Dear Mary:

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			

INSTRUMENT #090001669
RECORDED IN THE CLERK'S OFFICE OF
DICKENSON ON
SEPTEMBER 10, 2009 AT 02:59PM

RICHARD W. EDWARDS, CLERK
RECORDED BY: CFF