

BK 484PG 449

TAX MAP IDENTIFICATION NUMBERS FOR ALL PARCELS AFFECTED BY THIS ORDER ARE related to a 46-acre Tract on Map 124C, Parcel 1702. Card number is 3520 for Leonard O & Trula Powers.

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 Mrs. Trulah Powers and Range Resources-Pine Mountain Inc. seeking disbursement of funds in a portion of Tract 2.

DOCKET NO.

94-0816-0467-02

RELIEF SOUGHT:

Issuance: A Supplemental Order for Disbursement of Escrowed Funds
Action: Amending Prior Orders Affecting Drilling **VC-702966**,
A portion of Tract 2
(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-702966** 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

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 January 19, 2010 at the Russell County Government, Conference Center in Lebanon, VA.
2. **Appearances:** Mr. James E Kaiser, Esq. of Wilhoit and Kaiser, Attorneys at Law, 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 sub accounts, 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 sub accounts. 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 August 16, 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 September 28, 1994, Deed Book 304, and Pages 004 to 017. The Board executed its Supplemental Order Regarding Elections that was filed with the Clerk of the Circuit Court of Dickenson County on December 28, 1994, Deed Book 305, and Pages 786 to 795.
- (b) On May 15, 2007, the Virginia Gas and Oil Board withdrew its approval for disbursement of funds from Docket Number 94-0816-0467 pending resolution of ownership issues between Missouri Kiser Heirs and Leonard and Trulah Powers (see file). After the initial order was in place and before disbursement, Mr. Leonard Powers passed. Subsequent actions confirmed that Trulah Powers is the rightful owner of a portion of Tract 2 being considered for disbursement and should be disbursed under the Split Agreement (100% / 0%) with Range Resources-Pine Mountain Inc. Range Resources-Pine Mountain Inc relinquished their claim to the coalbed methane acreage previously claimed by Powers. **No Order of disbursement will be issued under 94-0816-0467-01.**
- 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 Range Resources-Pine Mountain Inc; and the gas ownership interests of Trulah Powers in a portion of Tract 2, 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 a portion of Tract 2, a copy of which is attached to and made a part hereof, states under oath that Range Resources-Pine Mountain Inc. and the Applicants have entered into an agreement with regards to a portion of Tract 2 and that by the terms of the agreements, Range Resource-Pine Mountain Inc and Trulah Powers have entered into a split agreement (100% to Trulah Powers) regarding this tract and escrow regarding these individual conflicting claims detailed herein, is no longer required for these parties.
- 4.4. The Unit Operator gave notice to Range Resources-Pine Mountain Inc and the Applicants that the Board would consider its disbursement authorization at its hearing on January 19, 2010 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 a portion of Tract 2 identified in the attached miscellaneous petition (2) delete the requirement that the Unit Operator place future royalties attributable to a portion of said Tract 2 relative to the interests of Applicants identified in the miscellaneous petition in the Escrow Account, and (3) continue the escrow account under this docket number because there are other parties under this order subject to continued payments in the 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 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) Range Resources-Pine Mountain Inc. and Leonard and Trulah Powers in a portion of Tract 2; are the owners of the coal and gas acreage estate underlying a portion of VGOB Tract 2 of the Subject Drilling Unit VC-702966; and that Trulah Powers is to receive 100% of the gas and coalbed methane estate.
- (2) Net interests attributable and to be disbursed to Applicants are shown in Table 1,

VGOB Approved Disbursement
 VGOB-94-0816-0467-02 Disbursement
 VC-702966

			Frac Interest	Acreage Interest Disbursed	Split Agreement	Escrowed Acres Total	% of Escrowed Funds
Table 1							
Disbursement Table							
Item	Tract	A portion of Tract 2					
No		Totals				58.6900	
Range Resources-Pine Mountain Inc.							
1	2	Range Resources-Pine Mountain Inc / Attn: Jerry Grantham / PO Box 2136/ Abingdon, VA	16.23	13.5250	0.0%	-	0.0000%
2	2	Trulah Powers / PO Box 102 / Birchleaf, Virginia 24220 (Includes 13/18 of Trulah Powers and 2/18 of Bonnie Kiser... Leonard's sister's sold 2/18 to him)	5/6	13.5250	100.0%	13.5250	23.0448%

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 7 day of Feb., 2010 by a majority of the Virginia Gas and Oil Board.

Bradley C. Lambert
Bradley C. Lambert, Chairman

DONE AND PERFORMED this 7 day of February, 2011 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 7th day of February, 2011, 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 / 2013





VIRGINIA:

BEFORE THE VIRGINIA GAS AND OIL BOARD

APPLICANTS: EQT Production Company on behalf of Trulah Powers and Range Resources-Pine Mountain Inc.

DOCKET NUMBER: VGOB 94/08/16-0467-02

RELIEF SOUGHT: Supplemental Order for Disbursement of Escrowed Funds on behalf of Trulah Powers and Range Resources-Pine Mountain Inc.

LEGAL DESCRIPTIONS: Drilling Unit Number VC-702966 created by Board Order Dated July 29, 1994, VGOB 94/08/16-0467 in the Kenady District, Dickenson County, Virginia.

HEARING DATE: September 21, 2010

MISCELLANEOUS PETITION

1. Party: Applicants herein are: Trulah Powers, (hereinafter "Plaintiffs), whose address P.O. Box 277, Weippe, ID 83553 and Range Resources-Pine Mountain Inc., (hereinafter "Plaintiffs), whose address is P.O. Box 2136, Abingdon, VA 24212.
2. Facts:
 - a. EQT was designated as the Operator and Applicants interests were Pooled in the VC-702966 Unit by Order of the Virginia Gas and Oil Board (hereinafter "Board") executed on July 29, 1994, pursuant to Docket No. VGOB 94/08/16-0467, 0468, and VGOB 94/05/17-0448 and recorded in the Circuit Court Clerk's Office of Dickenson County, Virginia on August 5, 1994, Deed Book 302, Page 512 (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.

Docket No. 94/08/16-0467

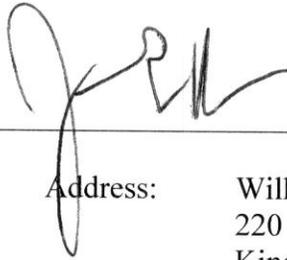
Page 2

- d. Range Resources-Pine Mountain Oil and Gas, Inc. was a conflicting claimant with the above-listed Plaintiffs with regard to Tract 2, as created by Board Order as VGOB 94/08/16-0467 is the applicable Tract.
 - e. To resolve this conflict, a Letter dated December 2, 2009, signed by Jerry H. Grantham, Vice President of Range Resources-Pine Mountain 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 Range Resources-Pine Mountain, 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 20th day of August, 2010.

By: _____



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

A handwritten signature in black ink, consisting of a large, stylized initial 'M' followed by several loops and a final flourish.

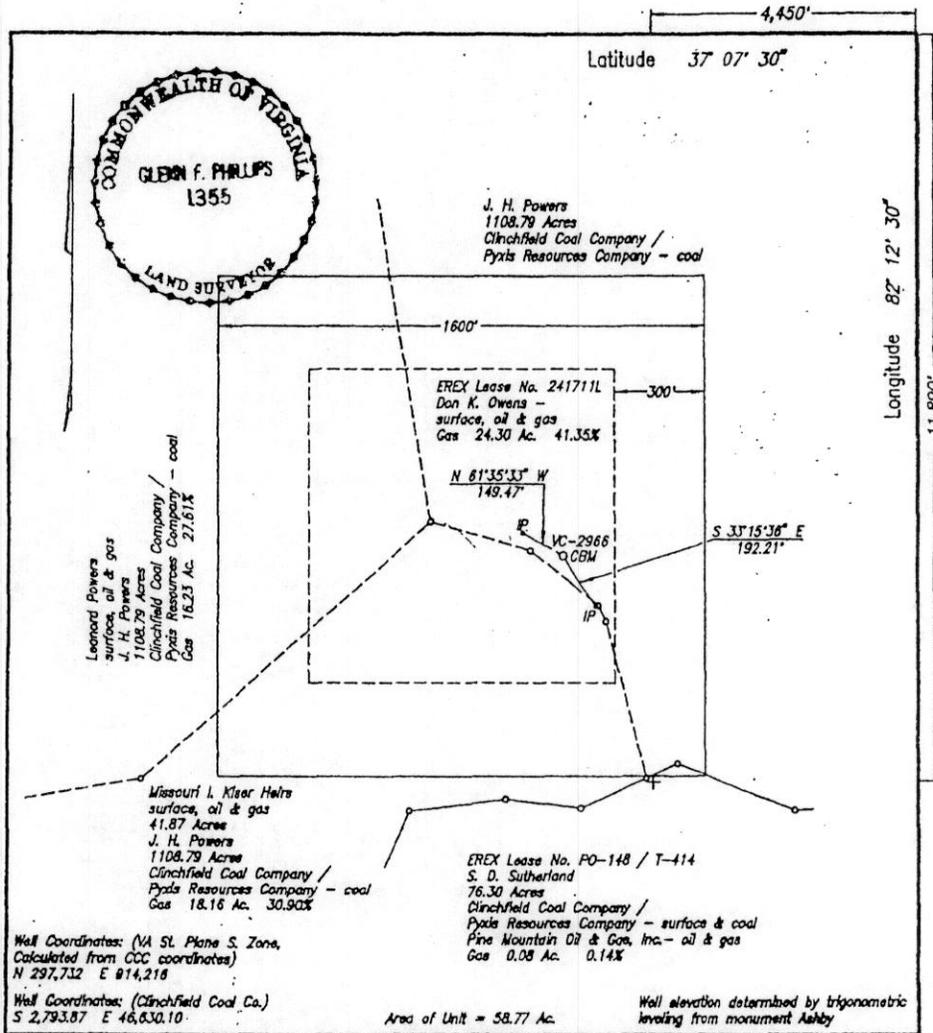
Petitioner

A horizontal line extending from the signature area to the right, ending in a small tick mark.

Tom O'Neill

COPY

Cartes Coord.
H-88-24



WELL LOCATION PLAT

COMPANY Equitable Resources Exploration WELL NAME AND NUMBER VC-2966
TRACT NO. 241711L ELEVATION 2073.56 QUADRANGLE Duty
COUNTY Dickenson DISTRICT Ervinton SCALE 1" = 400' DATE 7-15-1994

This Plat is a new plat X; 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 border lines as shown.

Glen F. Phillips

Licensed Professional Engineer or Licensed Land Surveyor

**RANGE RESOURCES**

December 2, 2009

Ms. Rita Barrett
EQT Production Company
Cloverleaf Square, Building B
Big Stone Gap, VA 24219

Re: Release of CBM Royalty Letter Agreement
For Well 702966 and all future wells
On The Leonard Powers 46 Acre Tract
Dickenson County, Virginia

Dear Ms. Barrett:

As you are aware, Equitable Production Company ("EQT"), has drilled the above-referenced coalbed methane gas well which includes a portion of the Leonard Powers 46 acre tract (the "Subject Tract") in the unit. Range Resources - Pine Mountain, Inc., formerly Pine Mountain Oil and Gas, Inc., ("RRPM") has a claim to the coalbed methane gas through its deed from the former coal owner underlying the Subject Tract and a third party owns the gas. This has created conflicting claims as to the ownership of the coalbed methane gas on the Subject Tract.

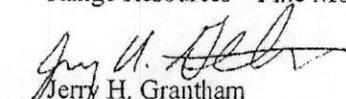
Due to the conflicting interests in the Subject Tract, EQT, as operator of the unit, has placed all royalty proceeds attributable to the conflicting interests into an escrow account. RRPM consents to release this conflicting interest on the above-mentioned tract to the record title owner of the gas. By copy of this letter, RRPM is also advising you to distribute all escrowed royalties, as well as all future royalties, on the above-mentioned tract to the record title owner of the gas on the Subject Tract.

The release of the accrued, suspended or escrowed royalty payments and all future royalty payments on the above-mentioned tract shall not change or alter the parties' common law rights and liabilities or the legal title to their respective coal and gas estates.

If you have any questions, please do not hesitate to call me at 276-619-2584.

Sincerely,

Range Resources - Pine Mountain, Inc.


Jerry H. Grantham
Vice President

Enclosure
/dtl

cc: Ms. Kristie Shannon

EXHIBIT "E"
VC-2966
VGOB 94/08/16/0467
Unleased Owners/Claimants Requiring Escrow

<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>			
1	Don K. Owens and Kay R. Owens, H/W Box R Haysi, VA 24256	Leased-EREX 241711L-01	0.41350000	0.05168750 RI
2	Sandra Powers Strickfadden, Divorced 1511 Ninth Avenue Lewiston, ID 83501	Unleased	0.04601700	0.00575210 RI
3	<u>Missouri I. Kiser Heirs</u> <u>William R. Kiser Heirs</u> Florence Kiser, widow 1513 White Oak Court Martinsville, VA 24112	Unleased Life Estate	0.00000000	0.00000000 RI
	Jackson L. Kiser and Carole G. Kiser, H/W 1513 White Oak Court Martinsville, VA 24112	Unleased Remainderman	0.03090000	0.00386250 RI
	William R. Kiser, Jr. and Nancy Kiser, H/W Foxfield Farm, Route 2 Box 370 Waynesboro, VA 22980	Leased-EREX Remainderman 244789L-03	0.03090000	0.00386250 RI
	<u>Utah Kiser Heirs</u> Bessie Kiser, widow Route 4 Box 400 Clintwood, VA 24228	Leased-EREX 244789L-02	0.06180000	0.00772500 RI
	<u>Aubrey Kiser Heirs</u> Virginia Alta Kiser, widow Star Route Box 35C Cleveland, VA 24225	Unleased	0.06180000	0.00772500 RI

James Kiser Heirs
 Cartha Kiser, widow
 5722 Dunn Avenue
 Jacksonville, FL 32218

Leased-EREX 0.00000000 0.00000000 RI
 Life Estate
 244789L-06

Alona Bailey and
 Robert Bailey, W/H
 7530 Rondex Lane
 Lewisville, NC 27023

Leased-EREX 0.03090000 0.00386250 RI
 Remainderman
 244789L-07

Teresa Chandler, Single
 353 Jonestown Suite 126
 Winston-Salem, NC 27104

Leased-EREX 0.03090000 0.00386250 RI
 Remainderman
 244789L-05

Coal Estate Only

1,2, & 3 Clinchfield Coal Co
 Attn: Paul Guild, Chief Engineer
 P.O. Box 7
 Dante, VA 24237
 Pyxis Resources Company
 Attn: Larry Cline, Property Mgr.
 P.O. Box 5100
 Lebanon, VA 24266

Leased-EREX 0.99860000 0.12482500 RI
 241640L-01
 PO #1042
 T2C-233

VGOB 94/08/16-0467

VC-702966

created 08/26/2010

TRACT NO.	OWNER NAME and ADDRESS	SPLIT %	OWNER NET INTEREST	TOTAL NET ESCROW INTEREST	TOTAL AMOUNT IN ESCROW 08/31/2010	OWNER % IN ESCROW 08/31/2010	OWNER AMOUNT IN ESCROW 08/31/2010
2	Trulah Powers PO Box 277 Weippi, ID 83553	100%	0.02876040	0.12482500	Bank Total - \$58,768.22 Equitable Total - \$58,768.22	23.04057681%	\$13,540.54

INSTRUMENT #110000204
RECORDED IN THE CLERK'S OFFICE OF
DICKENSON ON
FEBRUARY 24, 2011 AT 02:56PM

RICHARD W. EDWARDS, CLERK
RECORDED BY: CJF



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rbarrett@eqt.com	
sep@wilhoitandkaiser.com	