

BEFORE THE VIRGINIA GAS AND OIL BOARD

APPLICANT: POCAHONTAS GAS PARTNERSHIP)
RELIEF SOUGHT: MODIFICATION OF FORCE POOLING OF)
THE X-31 UNIT TO INCLUDE OAKWOOD I)
COALBED METHANE PRODUCTION)
LEGAL)
DESCRIPTION: OAKWOOD I & II FIELDS UNIT X-31)
(X-31\B) KEEN MOUNTAIN QUADRANGLE)
BUCHANAN COUNTY, VIRGINIA)
(SEE DESCRIPTION HEREIN AND PLAT)
PLAT ATTACHED HERETO AS)
EXHIBIT B))

Docket No. VGOB-95/04/18-0504-01



NOTICE OF HEARING

HEARING DATE: October 24, 1995
PLACE: Breaks Interstate Park
Breaks, Virginia
TIME: 9:00 A.M.

COMMONWEALTH OF VIRGINIA: To all persons, known or unknown, owning or claiming an interest in oil and gas, coal or other minerals and to all other persons, known or unknown, who have or claim to have an interest in the coalbed methane gas from coalbed methane wells producing in advance of mining (hereinafter sometimes referred to as "coalbed methane (frac) gas"), and unsealed gob gas, short hole gas and gas from any well authorized by the Code of Virginia (1950, as amended) (hereinafter collectively referred to as "coalbed methane gas") underlying and within the X-31 unit, and the lands depicted on Exhibits B and B-1 to the application, which is shown on the attached Exhibit "A" to this Notice, in Buchanan County, Virginia (hereinafter "Subject Lands"), and adjacent lands, and in particular to the following persons, their known and unknown heirs, executors, administrators, devisees, trustees, assigns and successors, both immediate and remote:

- (1) Coal Mountain Mining Company (2) Hurt & McGuire, c/o Charles Green (3) United Coal Company (4) Jewell Smokeless Coal Company (5) Terry Baldwin GARY DAVIS, et al (6) Gary Davis (7) Wayne Davis (8) Buford Davis (9) Ruth Boyd (10) Yukon Pocahontas Coal Company (11) Jack Davis (12) Peco Resources

NOTICE IS HEREBY GIVEN that the Applicant is requesting that the Virginia Gas and Oil Board (hereinafter the "Board") issue an order pooling all the rights, interests, and estates of every individual or entity having an interest in the coalbed methane gas underlying the tracts in the X-31 unit, whether known or unknown, and their known and unknown heirs, executors, administrators, devisees, trustees, assigns and successors, both immediate and remote, pursuant to Va. Code Ann. §§ 45.1-361.1, et seq. (Michie 1994 & Supp. 1995) in regard to the drilling, development and production of coalbed methane gas from the X-31 unit, containing approximately eighty and three-hundredths (80.03) acres, from the pool defined as those coal seams below the Tiller Seam, including the Upper Seaboard, Greasy Creek, Middle Seaboard, Lower Seaboard, Upper Horsepen, Middle Horsepen, War Creek, Lower Horsepen, Pocahontas No. 9, Pocahontas No. 8, Pocahontas No. 7, Pocahontas No. 6, Pocahontas No. 5, Pocahontas No. 4, Pocahontas No. 3, Pocahontas No. 2 and various unnamed coal seams, coalbeds or pools, and rock strata associated therewith (hereinafter the "Pool"). Applicant respectfully requests the Board to issue an order providing as follows:

(A) Modifying the application previously submitted under Docket No. VGOB-95/04/18-0504 (hereinafter the "Oakwood II Application") to include coalbed methane (frac) gas production subject to the Oakwood I Order;

(B) Pooling all the interests and estates of every individual or entity having an interest in the coalbed methane (frac) gas underlying the tracts in the X-31 unit (hereinafter the "Unit"), whether known or unknown, the persons and entities named in Exhibit C and their known and unknown heirs, executors, administrators, devisees, trustees, assigns and successors, both immediate and remote, for the drilling, development and production of coalbed methane gas from the Unit for the Pool underlying and comprised of the lands depicted on Exhibits B and B-1 and the well identified on Exhibit G (hereinafter the "Well");

(C) Designating Applicant, Pocahontas Gas Partnership, as the Unit operator; providing that the operator shall have the right to drill, explore, develop, produce, market and sell coalbed methane gas produced from the Unit; granting the operator the right to market and sell coalbed methane gas produced from the Unit which is attributable to the conflicting claims and interests pooled herein; providing that the operator shall have an operator's lien on the coalbed methane gas estate and rights owned or claimed by the persons and entities named herein in the Unit; granting the operator the right to drill at any permitted location on the Unit; and granting the operator the right to operate the Well;

(D) Establishing a procedure whereby the Applicant will allocate production of the coalbed methane (frac) gas pursuant to the Oakwood I Order until the actual commencement of coal mining operations by the driving of entries and completion of isolation of a long wall panel. Under the Oakwood I Order, gas from any well located in a proposed long wall panel shall be produced from and allocated to only the 80-acre drilling unit in which the well is located.

(E) Providing that beginning with the actual commencement of coal mining operations by the driving of entries and completion of isolation of a long wall panel, the formula for division of interest for production, revenue and costs for the Unit shall be allocated pursuant to the Oakwood II Order as set forth in the Oakwood II Application;

(F) Establishing a procedure whereby each person or entity named in Exhibit D shall have one right to elect under the Oakwood II Application and the application herein pursuant to the Oakwood I Order and the Oakwood II Order as follows: (1) to assign or lease his/its coalbed methane gas interest in the Unit to the operator; (2) to enter into a voluntary agreement with the operator to share in the operation (including sharing in all reasonable costs of the drilling of the Well and development of the Unit) at a rate of payment mutually agreed to by the person or entity making the election hereunder and the operator herein; or, (3) to share in the operation of the Well as a nonparticipating operator on a carried basis after the proceeds allocable to such person or entity's share equal the following:

In the case of a leased tract, 300 percent of the share of such costs allocable to such person or entity's interest; or,

In the case of an unleased tract, 200 percent of the share of such costs allocable to such person or entity's interest,

all as determined by the Board;

(G) Providing that any person or entity named in Exhibit D who does not make a timely written election under the terms of the Order to be entered pursuant to the Oakwood II Application and the relief sought herein shall be deemed to have leased or assigned his/its coalbed methane gas interests in the Unit to the operator designated herein at a rate to be established by the Board;

(H) Providing that operations under and in accordance with this order shall be regarded and considered as development, operation and production upon all lands included within the Unit. Production from the Well pursuant to the Oakwood I Order and the wells in the Oakwood II Application pursuant to the Oakwood II Order drilled on, operated, or produced from any part of the Unit, no matter where located, shall for all purposes be regarded as production from each separately owned tract within the Unit. The portion of production produced from and attributed to the Unit and any separately owned tract therein, shall be deemed for all purposes to have been actually produced from the Unit and tract, and development, exploration or production operations with respect to the Unit shall be deemed for all purposes to be the conduct of such operations for the production of coalbed methane gas from each separately owned tract in the Unit;

(I) Making provision for the payment of all reasonable costs of the operation, including a reasonable supervision fee, to the Applicant by all parties who elect to participate therein or who elect to be carried interest owners;

(J) Making any necessary provisions for the escrowing of proceeds in cases of conflicting claims to ownership of the coalbed methane gas pursuant to Va. Code Ann. § 45.1-361.22 (Michie 1994);

(K) Providing that the order to be entered herein shall expire one (1) year from the date of its issuance if operations for the development of the Unit have not commenced by said date; but further providing that if operations have commenced during said one year period, then said order shall remain in effect for so long as operations continue on the Unit. In the event an appeal is taken from the order issued, however, the time between the mailing of the notice of appeal and the final order of the Circuit Court shall be excluded in calculating the one year period referred to herein;

(L) Providing that all nonleasing coalbed methane gas owners be provided with reasonable access to unit records submitted to the Director of Mines, Minerals and Energy or to the Inspector;

(M) Providing that the Inspector may, in his discretion, issue permits for any well contemplated by this application or any wells contemplated by the Oakwood II Application which allows the wells to be drilled in a specified direction other than the true vertical if the bottom of the wells permitted or to be permitted are within the boundaries of a long wall panel(s) from which production and costs will be allocated to the unit pooled hereby;

(N) Providing that the effective date of the order entered pursuant to the Oakwood II Application and the relief sought herein be June 1, 1995; and

(O) 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.

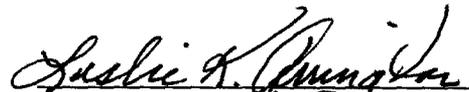
NOTICE IS FURTHER GIVEN THAT this cause has been set for hearing and the taking of evidence before the Board at 9:00 a.m. on October 24, 1995, at the Breaks Interstate Park; Breaks, Virginia, and notice was published as required by law and the rules of the Board.

NOTICE IS FURTHER GIVEN THAT you may attend the hearing, with or without an attorney, and offer evidence or state any comments that you have. For further information, contact the Virginia Gas and Oil Board, State Gas and Oil Inspector, Department of Mines, Minerals and Energy, Division of Gas and Oil, P.O. Box 1416, Abingdon, Virginia 24212-1416, (540) 676-5423 or the Applicant at the address shown below.

DATED this 23rd day of September, 1995.

POCAHONTAS GAS PARTNERSHIP

By:



Leslie K. Arrington, Permit Specialist
Pocahontas Gas Partnership
P.O. Box 200
Mavisdale, VA 24627

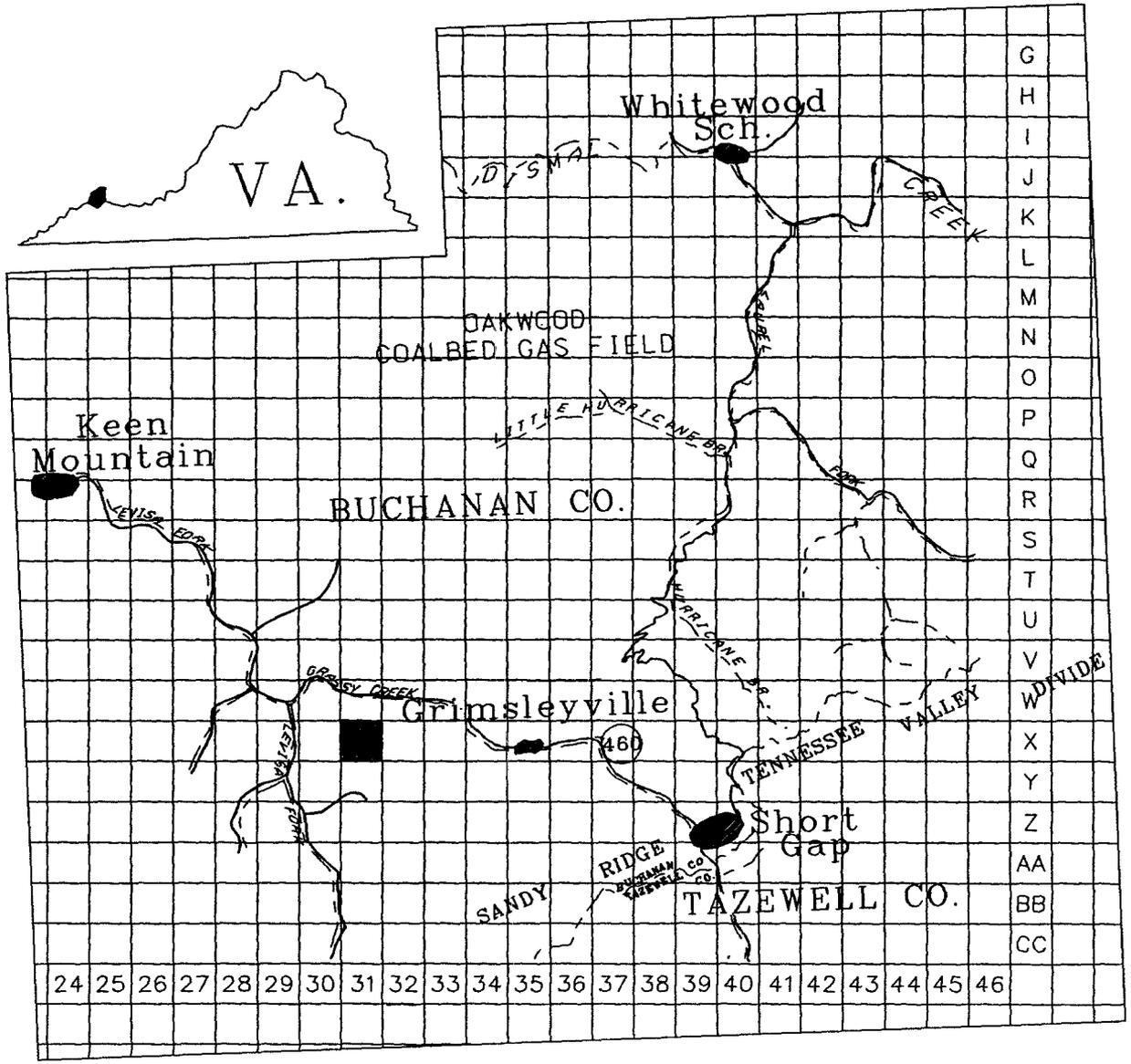


EXHIBIT A

VG0B-95/04/18-0504-01

Well No.: CBM-PGP-146

BEFORE THE VIRGINIA GAS AND OIL BOARD

APPLICANT:	POCAHONTAS GAS PARTNERSHIP)	
)	
RELIEF SOUGHT:	MODIFICATION OF FORCE POOLING OF)	
	THE X-31 UNIT TO INCLUDE OAKWOOD I)	Docket No. VGOB-95/04/18-0504-01
	COALBED METHANE PRODUCTION)	
)	
LEGAL)	
DESCRIPTION:	OAKWOOD I & II FIELDS UNIT X-31)	
	(X-31\B) KEEN MOUNTAIN QUADRANGLE)	
	BUCHANAN COUNTY, VIRGINIA)	
	(SEE DESCRIPTION HEREIN AND PLAT)	
	PLAT ATTACHED HERETO AS)	
	EXHIBIT B))	

APPLICATION:

1. PARTIES.

1.1 Applicant herein is POCAHONTAS GAS PARTNERSHIP, a Virginia partnership composed of CONSOLIDATION COAL COMPANY ("CCC"), a Delaware corporation, and CONOCO INC., a Delaware corporation, whose address is P.O. Box 200, Mavisdale, Virginia 24627, Telephone: (703) 498-4512. The attorney for Applicant is Elizabeth A. McClanahan, of the firm of Penn, Stuart, Eskridge & Jones, P.O. Box 2288, Abingdon, Virginia 24212-2288, Telephone: (540) 628-5151.

1.2 Applicant has the right to explore, develop and produce coalbed methane gas from coalbed methane wells producing in advance of mining (hereinafter sometimes referred to as "coalbed methane (frac) gas"), and unsealed gob gas, short hole gas and gas from any well authorized by the Code of Virginia (1950, as amended) (hereinafter collectively referred to as "coalbed methane gas") from the pool defined as those coal seams below the Tiller, including the Upper Seaboard, Greasy Creek, Middle Seaboard, Lower Seaboard, Upper Horsepen, Middle Horsepen, War Creek, Lower Horsepen, Pocahontas No. 9, Pocahontas No. 8, Pocahontas No. 7, Pocahontas No. 6, Pocahontas No. 5, Pocahontas No. 4, Pocahontas No. 3, Pocahontas No. 2 and various unnamed coal seams, coalbeds or pools, and rock strata associated therewith (hereinafter the "Pool"), within the Oakwood I and II

Fields underlying the lands designated as the X-31 unit (hereinafter the "Unit"), and more specifically depicted on Exhibit A attached hereto and made a part hereof, and to appropriate the coalbed methane gas produced therefrom. Exhibits B and B-1 are maps certified by a licensed land surveyor or a licensed professional engineer showing the location and/or the size and shape of the drilling unit to be pooled, as well as Applicant's interest in the Unit. Applicant attests to the fact that it believes said maps conform to existing orders issued and applications granted by the Board.

1.3 The names and last-known addresses of each owner identified by Applicant as having an interest in the coalbed methane gas, or in the case of conflicting claims to the ownership of the coalbed methane gas, each person identified by the Applicant as a potential owner of the coalbed methane gas underlying the unit are set forth in Exhibit C attached hereto and made a part hereof.

Every individual or entity having an interest in the coalbed methane gas underlying the tracts within the Unit is being made a party to this application, whether known or unknown. Each of the individuals named in Exhibit C is being made a party if living; if any such individual is deceased, then the unknown heirs, executors, administrators, devisees, trustees and assigns, both immediate and remote, of any such deceased individual are made parties herein. Any entity listed in Exhibit C that is a corporation is being made a party if such entity continues to have legal existence, and if any such corporation is dissolved, then the unknown successors, trustees and assigns, both immediate and remote, of such dissolved corporation are made parties herein. Any entity listed in Exhibit C that is an unincorporated association is being made a party if such entity continues to have legal existence, and if any such unincorporated association is dissolved or otherwise not in existence, then the unknown successors, trustees and assigns, both immediate and remote, of such unincorporated association are made parties herein.

1.4 Pocahontas Gas Partnership controls 100% of the Pocahontas No. 3 seam of coal and 93.399% of the oil and gas, and 100% of the coalbed methane gas estate underlying the Unit described herein and depicted on the attached Exhibit B. Applicant is an owner of the right to explore for, develop and produce the coalbed methane gas underlying 100% of the Unit described herein and

depicted on the attached Exhibit B. The coal, oil and gas tracts in which Pocahontas Gas Partnership has no interest are listed on Exhibit D. The known owners whose interests in the coalbed methane (frac) gas are to be pooled are listed on Exhibit C. The known parties with conflicting ownership claims and the percentage of interests in the coalbed methane (frac) gas to be escrowed are shown on Exhibit E.

2. ALLEGATION OF FACTS

2.1 The Virginia Gas and Oil Board (hereinafter the "Board") previously granted the relief sought in an application filed under Docket No. VGOB-95/04/18-0498 (hereinafter the "80-acre Unit Application"). The Board granted the conversion of panel units SLW8, SLW9, SLW10, SLW11 and SLW12 (previously established as panel units under Docket No. VGOB-92/01/21-0180 (hereinafter the "Order") and modified by Docket No. VGOB-93/06/22-0385 (hereinafter the "Panel Order")) to the following units: W-29; X-29; Y-29; Z-29; AA-29; W-30; X-30; Y-30; Z-30; AA-30; W-31; X-31; Y-31; Z-31; and, AA-31 (hereinafter collectively referred to as the "80-acre Units"). The 80-acre Units were established pursuant to the 80-acre Unit Application and approved subject to the provisions of the Oakwood Coal Bed Gas Field Order No. OGCB 3-90 dated May 18, 1990 (hereinafter the "Oakwood I Field" or the "Oakwood I Order"), as amended by VGOB-93/02/16-0325 and VGOB-93/03/16-0348 and the Oakwood Coalbed Gas Field II Order No. VGOB-91/11/19-0162 entered by the Board on December 17, 1991, as amended by VGOB-93/02/16-0336, VGOB-93/03/16-0348, and VGOB-93/03/16-0349 (hereinafter the "Oakwood II Field" or the "Oakwood II Order"). The 80-acre Application was approved on April 18, 1995, effective as of June 1, 1995.

2.2 The Applicant previously filed an application to force pool the Unit pursuant to the Oakwood II Field under Docket No. VGOB-95/04/18-0504 (hereinafter the "Oakwood II Application") and the Oakwood II Application was approved on April 18, 1995, and is to be effective as of June 1, 1995. The order for the Oakwood II Application, however, has not been entered. Applicant desires to modify the Oakwood II Application to include coalbed methane (frac) gas production subject to the Oakwood I Order.

2.3 The Board has approved the following drilling units in the Oakwood I and II Fields:

<u>Subject Formations</u>	<u>Unit Size & Shape</u>	<u>Permitted Well Locations</u>	<u>Field and Well Classifications</u>	<u>Order No. & Date</u>
All coal seams below the Tiller, including the Upper Seaboard, Grassy Creek, Middle Seaboard, Lower Seaboard Upper Horsepen, Middle Horsepen, War Creek, Lower Horsepen, Pocahontas No. 9, Pocahontas No. 8, Pocahontas No. 7, Pocahontas No. 6, Pocahontas No. 5, Pocahontas No. 4, Pocahontas No. 3, Pocahontas No. 2 and various unnamed coal seams, coalbeds or pools, and rock strata associated therewith.	Approximately 80-acre square.	Under Oakwood I - One well located no closer than 600' to any well in the same pool and no less than 300' from unit boundary. Under Oakwood II - Any point within the unit.	Oakwood Coalbed Gas Field I / Oakwood Coalbed Gas Field II	Oakwood I-Oakwood Coalbed Gas Field Order No. OGCB 3-90, as amended by VGOB-93/02 /16-0325 and VGOB-93/06/16 -0348. Oakwood II - Oakwood Coalbed Gas Field II Docket No. 91/11/19-0162, as amended by Orders issued in VGOB Docket Nos.: 93/02/16-0325, 93/03/16-0348 and 93/03/16-0349, and the relief granted in Docket No. VGOB-95/04/18-0498.

2.4 The approximate area encompassed by the Unit area to be pooled, according to Virginia (South Rectangular) State Plane Coordinate System and as approved is as follows:

Beginning at Virginia (South Rectangular) State Plane Coordinate N 323,423.33 E 1,000,044.71, thence in an eastwardly direction to a point, N 323,352.33 E 1,001,911.71, thence in a southerly direction to a point, N 321,482.33 E 1,001,843.71, thence in a westwardly direction to a point, N 321,553.33 E 999,977.71, thence in a northerly direction to the point of beginning, containing eighty (80) acres, more or less.

2.5 Applicant has proposed a plan of development and operation of the Unit (depicted on Exhibit B attached hereto and made a part hereof) and has proposed to commence such plan of development and operation, prior to the development of the long wall panel(s) affecting the Unit, by the production of coalbed methane (frac) gas production from the well identified in Exhibit G (hereinafter the "Well"). The estimated costs of drilling, completing, and producing the Well were included in Exhibits G and H of the Oakwood II Application. After development of the long wall panel(s) affecting the Unit, the plan of development and operation will commence pursuant to the Oakwood II Order as described in the Oakwood II Application.

2.6 Pursuant to the Oakwood I Order, Applicant may permit one well within the Unit for the production of coalbed methane gas from the Pool underlying the Unit in accordance with Va. Code Ann. §§ 45.1-361.1 *et seq.* (Michie 1994 & Supp. 1995).

2.7 Applicant herein states that there are two or more separately owned tracts embraced within the Unit and that there are separately owned interests in the Unit. A portion of those having interests have not agreed to pool such interests.

2.8 Applicant has exercised due diligence to locate each of the parties who own or may potentially own an interest in the coalbed methane gas underlying the tracts in the Unit. Applicant has attached an affidavit of due diligence as Exhibit F. Applicant has made a bona fide effort to reach an agreement with all known parties as to their interests for the development and operation of the Well. Simultaneously with the filing of this application, Applicant has provided notice to each of the known parties set forth in Exhibit C pursuant to the provisions of Va. Code Ann. § 45.1-361.19(A) (Michie 1994). Applicant is providing notice by certified mail, return receipt requested, to each known person or entity having or claiming an interest in the coalbed methane gas underlying the tracts in the Unit. Applicant hereby notifies the Board that where the identity or location of any person or entity is unknown, or is shown as "unknown" on Exhibits C, D, or E, then Applicant is unable to provide said person or entity with written notice of the application herein. Applicant hereby notifies the Board that where the identity or location of any person or entity is unknown, or is shown as "unknown" on Exhibits C, D, or E, Applicant is providing such person or entity with notice by publication in a newspaper of general circulation pursuant to Va. Code Ann. § 45.1-361.19 (Michie 1994). The coalbed methane gas interests of such persons and entities, whether known or unknown, should be pooled for the development and operation of the Unit. It is necessary, to prevent waste, to protect correlative rights, and to ensure the safe and efficient development and production of gas resources in the Commonwealth, that the Board hear this matter and adjudicate the rights and equities as between Applicant and the parties to this application.

2.9 Applicant requests that the Board establish an escrow account as required by Va. Code Ann. § 45.1-361.22 (Michie 1994) into which the payment of costs or proceeds attributable to conflicting interests (to the extent they are subject to escrow) shall be deposited and held for the

claimants. Applicant will submit a plan for the escrowing of such funds attributable to the conflicting interests as required by prior Board orders after the election period has expired.

2.10 The estimated total production from the Unit is 1,200 - 2,000 mmcf. The estimated average production for the Unit over its life is 1,600 mmcf. These figures concerning estimated production and the amount of reserves are, however, estimates only that are not based upon actual production. No assumptions should be made that final production will equal estimated reserves.

2.11 Applicant requests that the Board establish a procedure whereby the Applicant will allocate production of the coalbed methane (frac) gas pursuant to the Oakwood I Order until the actual commencement of coal mining operations by the driving of entries and completion of isolation of a long wall panel. Beginning with the actual commencement of coal mining operations by the driving of entries and completion of isolation of a long wall panel, production of coalbed methane gas shall be allocated pursuant to the Oakwood II Order.

3. **LEGAL AUTHORITY.** The relief sought by this application is authorized by: (1) Va. Code Ann. §§ 45.1-361.1 *et seq.* (Michie 1994); (2) VR 480-05-22.1 (1991); (3) VR 480-05-22.2 (1991); (4) Order issued in OGCB 3-90, as amended by VGOB Docket Nos. 93/02/16-0325 and 93/03/16-0348; (5) Order issued in Docket No. VGOB-91/11/19-0162, as amended by Orders issued under VGOB Docket Nos. 93/02/16-0325, 93/03/16-0348, and 93/03/16-0349; and (6) Order issued under Docket No. VGOB-95/04/18-0498; and (7) Relief granted in Docket No. VGOB-95/04/18-0504

4. **RELIEF SOUGHT.** Applicant respectfully requests the Board to enter an order as follows:

(A) Modifying the application previously submitted under Docket No. VGOB-95/04/18-0504 (hereinafter the "Oakwood II Application") to include coalbed methane (frac) gas production subject to the Oakwood I Order;

(B) Pooling all the interests and estates of every individual or entity having an interest in the coalbed methane (frac) gas underlying the tracts in the X-31 unit (hereinafter the "Unit"), whether known or unknown, the persons and entities named in Exhibit C and their known and unknown heirs, executors, administrators, devisees,

trustees, assigns and successors, both immediate and remote, for the drilling, development and production of coalbed methane gas from the Unit for the Pool underlying and comprised of the lands depicted on Exhibits B and B-1 and the well identified on Exhibit G (hereinafter the "Well");

(C) Designating Applicant, Pocahontas Gas Partnership, as the Unit operator; providing that the operator shall have the right to drill, explore, develop, produce, market and sell coalbed methane gas produced from the Unit; granting the operator the right to market and sell coalbed methane gas produced from the Unit which is attributable to the conflicting claims and interests pooled herein; providing that the operator shall have an operator's lien on the coalbed methane gas estate and rights owned or claimed by the persons and entities named herein in the Unit; granting the operator the right to drill at any permitted location on the Unit; and granting the operator the right to operate the Well;

(D) Establishing a procedure whereby the Applicant will allocate production of the coalbed methane (frac) gas pursuant to the Oakwood I Order until the actual commencement of coal mining operations by the driving of entries and completion of isolation of a long wall panel. Under the Oakwood I Order, gas from any well located in a proposed long wall panel shall be produced from and allocated to only the 80-acre drilling unit in which the well is located.

(E) Providing that beginning with the actual commencement of coal mining operations by the driving of entries and completion of isolation of a long wall panel, the formula for division of interest for production, revenue and costs for the Unit shall be allocated pursuant to the Oakwood II Order as set forth in the Oakwood II Application;

(F) Establishing a procedure whereby each person or entity named in Exhibit D shall have one right to elect under the Oakwood II Application and the application herein pursuant to the Oakwood I Order and the Oakwood II Order as

follows: (1) to assign or lease his/its coalbed methane gas interest in the Unit to the operator; (2) to enter into a voluntary agreement with the operator to share in the operation (including sharing in all reasonable costs of the drilling of the Well and development of the Unit) at a rate of payment mutually agreed to by the person or entity making the election hereunder and the operator herein; or, (3) to share in the operation of the Well as a nonparticipating operator on a carried basis after the proceeds allocable to such person or entity's share equal the following:

In the case of a leased tract, 300 percent of the share of such costs allocable to such person or entity's interest; or,

In the case of an unleased tract, 200 percent of the share of such costs allocable to such person or entity's interest,

all as determined by the Board;

(G) Providing that any person or entity named in Exhibit D who does not make a timely written election under the terms of the Order to be entered pursuant to the Oakwood II Application and the relief sought herein shall be deemed to have leased or assigned his/its coalbed methane gas interests in the Unit to the operator designated herein at a rate to be established by the Board;

(H) Providing that operations under and in accordance with this order shall be regarded and considered as development, operation and production upon all lands included within the Unit. Production from the Well pursuant to the Oakwood I Order and the wells in the Oakwood II Application pursuant to the Oakwood II Order drilled on, operated, or produced from any part of the Unit, no matter where located, shall for all purposes be regarded as production from each separately owned tract within the Unit. The portion of production produced from and attributed to the Unit and any separately owned tract therein, shall be deemed for all purposes to have been actually produced from the Unit and tract, and development, exploration or production

operations with respect to the Unit shall be deemed for all purposes to be the conduct of such operations for the production of coalbed methane gas from each separately owned tract in the Unit;

(I) Making provision for the payment of all reasonable costs of the operation, including a reasonable supervision fee, to the Applicant by all parties who elect to participate therein or who elect to be carried interest owners;

(J) Making any necessary provisions for the escrowing of proceeds in cases of conflicting claims to ownership of the coalbed methane gas pursuant to Va. Code Ann. § 45.1-361.22 (Michie 1994);

(K) Providing that the order to be entered herein shall expire one (1) year from the date of its issuance if operations for the development of the Unit have not commenced by said date; but further providing that if operations have commenced during said one year period, then said order shall remain in effect for so long as operations continue on the Unit. In the event an appeal is taken from the order issued, however, the time between the mailing of the notice of appeal and the final order of the Circuit Court shall be excluded in calculating the one year period referred to herein;

(L) Providing that all nonleasing coalbed methane gas owners be provided with reasonable access to unit records submitted to the Director of Mines, Minerals and Energy or to the Inspector;

(M) Providing that the Inspector may, in his discretion, issue permits for any well contemplated by this application or any wells contemplated by the Oakwood II Application which allows the wells to be drilled in a specified direction other than the true vertical if the bottom of the wells permitted or to be permitted are within the boundaries of a long wall panel(s) from which production and costs will be allocated to the unit pooled hereby;

(N) Providing that the effective date of the order entered pursuant to the Oakwood II Application and the relief sought herein be June 1, 1995; and

(O) 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 22nd day of September, 1995.

POCAHONTAS GAS PARTNERSHIP

By: Leslie K. Arrington
Leslie K. Arrington, Permit Specialist for
Pocahontas Gas Partnership

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 (Michie 1994).

Leslie K. Arrington

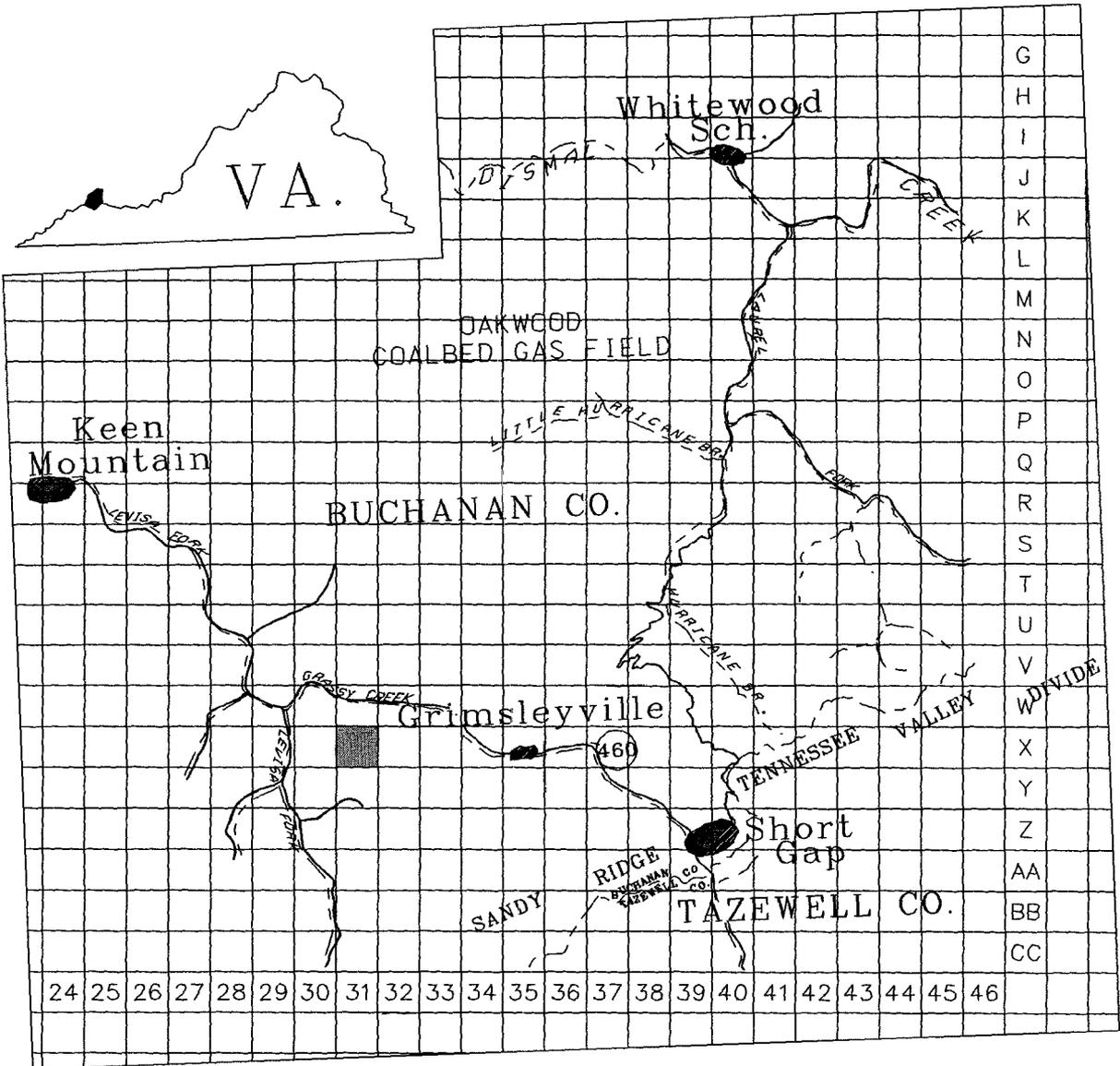
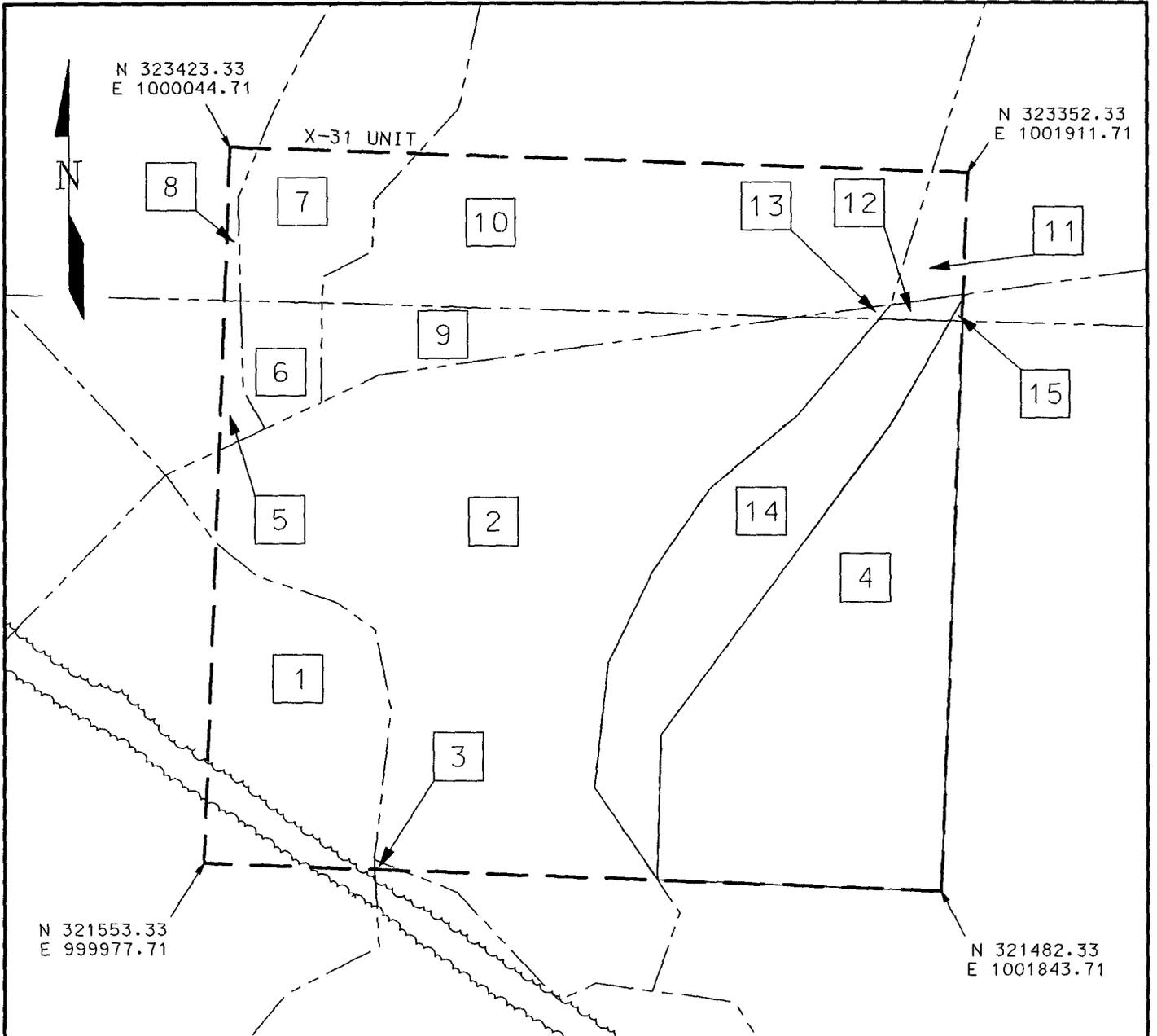


EXHIBIT A

VG0B-95/04/18-0504-01



LEGEND

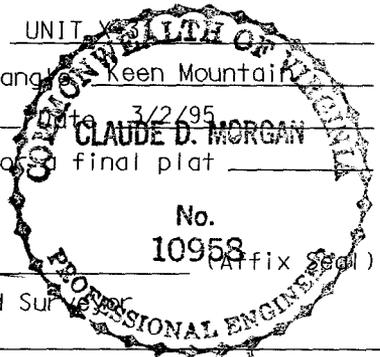
- ↖ TRACT LAND HOOK
- ⊛ EXISTING CBM WELL
- ⊠ TRACT LAND ID'S
- ⊛ PROPOSED CBM WELL
- ⊛ PROPOSED CBM WELL

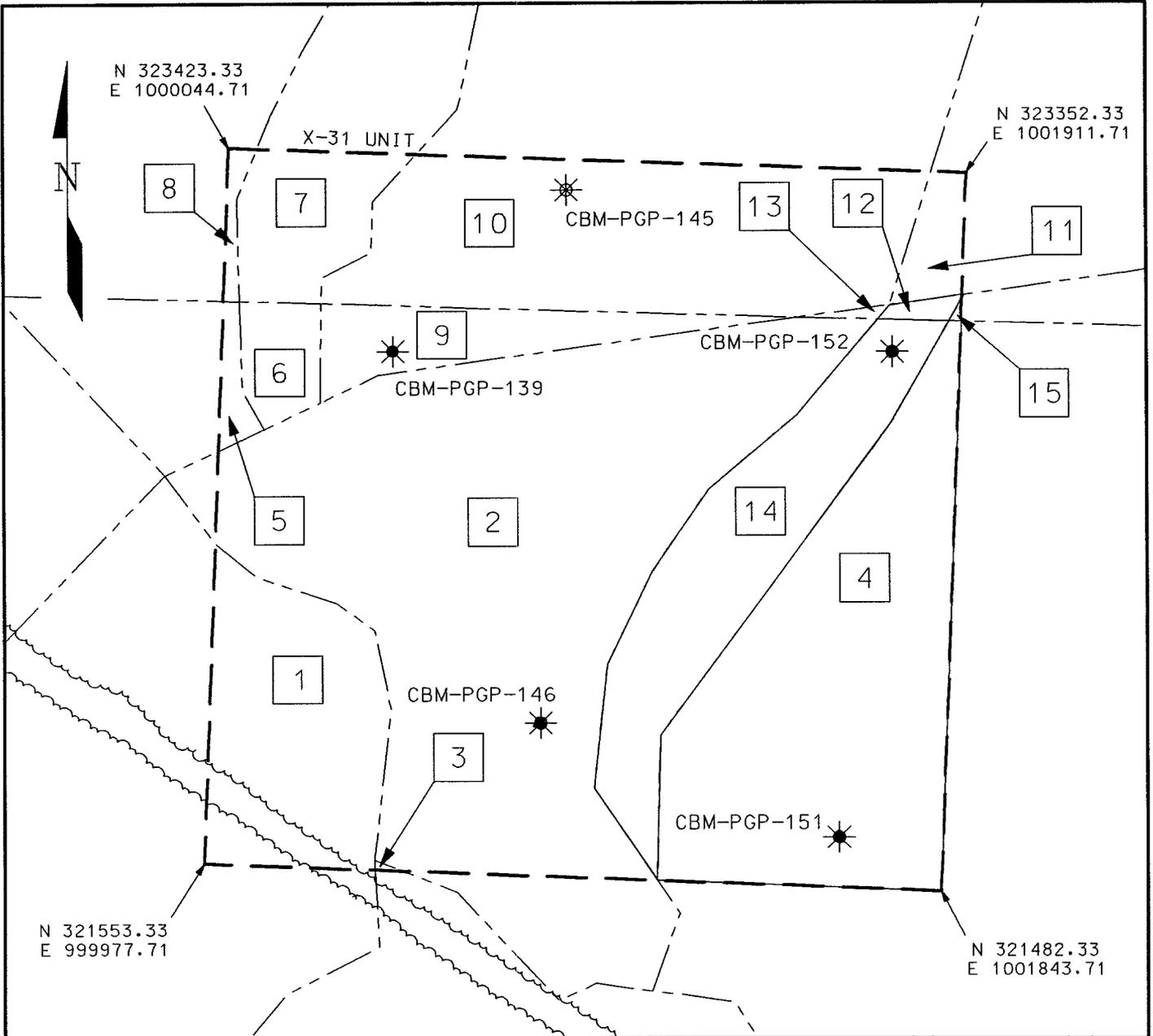
EXHIBIT B
OAKWOOD FIELD UNIT X-31
FORCE POOLING
VGOB-95/04/18-0504-01

Company Pocahontas Gas Partnership Well Name and Number UNIT X-31
 Tract No. _____ Elevation _____ Quadrangle Keen Mountain
 County Buchanan District Garden Scale: 1" = 400' Date 3/2/95
 This plat is a new plat X ; an updated plat _____ ; of 3 final plat _____

Form DGO-GO-7
Rev. 9/91

Claude D. Morgan
Licensed Professional Engineer or Licensed Land Surveyor



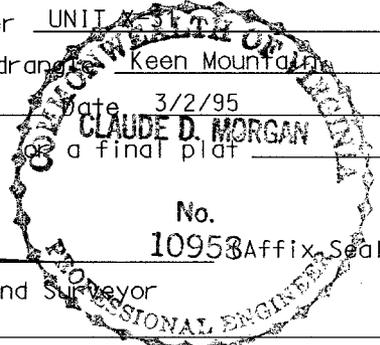


LEGEND

- TRACT LAND HOOK
- PROPOSED CBM WELL
- EXISTING CBM WELL
- TRACT LAND ID'S

EXHIBIT B1
OAKWOOD FIELD UNIT X-31
FORCE POOLING
VGOB-95/04/18-0504-01

Company Pocahontas Gas Partnership Well Name and Number UNIT X-31
 Tract No. _____ Elevation _____ Quadrangle Keen Mountain
 County Buchanan District Garden Scale: 1" = 400' Date 3/2/95
 This plat is a new plat X ; an updated plat _____ ; of a final plat _____



Form DGO-GO-7
Rev. 9/91

Claude D. Morgan
Licensed Professional Engineer or Licensed Land Surveyor

No. 10953 Affix Seal

**Pocahontas Gas Partnership
Oakwood Field Unit X-31
Docket No. VGOB-95/04/18-0504-01**

1. Coal Mountain Mining Company - TR 9A - Coal, Oil & Gas
Coal Lessees
United Coal Company
Consolidation Coal Company
Pocahontas Gas Partnership - CBM Lessee
Consolidation Coal Company - Oil & Gas Lessee
7.26 acres - 9.075%
2. Coal Mountain Mining Company - TR 5 - Coal
Coal Lessees
United Coal Company
Consolidation Coal Company
Pocahontas Gas Partnership - CBM Lessee
T. Baldwin - Oil & Gas
Pocahontas Gas Partnership - CBM Lessee
28.07 acres - 35.0875%
3. Coal Mountain Mining Company - TR 9A - Coal, Oil & Gas
Coal Lessees
United Coal Company
Consolidation Coal Company
Pocahontas Gas Partnership - CBM Lessee
Consolidation Coal Company - Oil & Gas Lessee
0.02 acres - 0.025%
4. Coal Mountain Mining Company - TR 5 - Coal
Coal Lessee
Consolidation Coal Company
United Coal Company
Pocahontas Gas Partnership - CBM Lessee
Gary Davis, et. al. - Oil & Gas
 Gary Davis - 2/5 Oil & Gas
 Wayne Davis - 1/5 Oil & Gas
 Buford Davis - 1/5 Oil & Gas
 Ruth Boyd - 1/5 Oil & Gas
Pocahontas Gas Partnership - 5/5 Oil & Gas Lessee
15.44 acres - 19.300%
5. Coal Mountain Mining Company - TR 17 - Coal
Coal Lessees
United Coal Company
Consolidation Coal Company
Pocahontas Gas Partnership - CBM Lessee
Yukon Pocahontas Coal Company - Oil & Gas
No Oil & Gas Lessee of Record
0.52 acres - 0.650%

**Pocahontas Gas Partnership
Oakwood Field Unit X-31
Docket No. VGOB-95/04/18-0504-01**

6. Coal Mountain Mining Company - TR 23 - Coal
Coal Lessees
United Coal Company
Consolidation Coal Company
Pocahontas Gas Partnership - CBM Lessee
Jack Davis - Oil & Gas
1.35 acres - 1.6875%
7. Coal Mountain Mining Company - TR 23 - Coal
Coal Lessees
United Coal Company
Consolidation Coal Company
Pocahontas Gas Partnership - CBM Lessee
Jack Davis - Oil & Gas
2.90 acres - 3.625%
8. Coal Mountain Mining Company - TR 17 - Coal
Coal Lessees
United Coal Company
Consolidation Coal Company
Pocahontas Gas Partnership - CBM Lessee
Yukon Pocahontas Coal Company - Oil & Gas
No Oil & Gas Lessee of Record
0.34 acres - 0.425%
9. Coal Mountain Mining Company - TR 23 - Coal
Coal Lessees
United Coal Company
Consolidation Coal Company
Pocahontas Gas Partnership - CBM Lessee
T. Baldwin - Oil & Gas
2.97 acres - 3.7125%
10. Coal Mountain Mining Company - TR 23 - Coal
Coal Lessees
United Coal Company
Consolidation Coal Company
Pocahontas Gas Partnership - CBM Lessee
T. Baldwin - Oil & Gas
12.11 acres - 15.1375%
11. Hurt McGuire - Coal, Oil & Gas
Coal Lessees
Jewell Smokeless Coal Company
Consolidation Coal Company
Peco - Oil & Gas Lessee
Buchanan Production Company - CBM Lessee
1.03 acres - 1.2875%

**Pocahontas Gas Partnership
Oakwood Field Unit X-31
Docket No. VGOB-95/04/18-0504-01**

12. Coal Mountain Mining Company - TR 5 - Coal
Coal Lessees
United Coal Company
Consolidation Coal Company
Pocahontas Gas Partnership - CBM Lessee
Gary Davis, et. al. - Oil & Gas
 Gary Davis - 2/5 Oil & Gas
 Wayne Davis - 1/5 Oil & Gas
 Buford Davis - 1/5 Oil & Gas
 Ruth Boyd - 1/5 Oil & Gas
Pocahontas Gas Partnership - 5/5 CBM Lessee
Terry Baldwin - Oil & Gas
Pocahontas Gas Partnership - CBM Lessee
0.21 acres - 0.2625%
13. Coal Mountain Mining Company - TR 5 - Coal
Coal Lessees
United Coal Company
Consolidation Coal Company
Pocahontas Gas Partnership - CBM Lessee
T. Baldwin - Oil & Gas
Pocahontas Gas Partnership - CBM Lessee
0.09 acres - 0.1125%
14. Coal Mountain Mining Company - TR 5 - Coal
Coal Lessees
United Coal Company
Consolidation Coal Company
Pocahontas Gas Partnership - CBM Lessee
Gary Davis, et. al. - Oil & Gas
 Gary Davis - 2/5 Oil & Gas
 Wayne Davis - 1/5 Oil & Gas
 Buford Davis - 1/5 Oil & Gas
 Ruth Boyd - 1/5 Oil & Gas
Pocahontas Gas Partnership - 5/5 CBM Lessee
Terry Baldwin - Oil & Gas
Pocahontas Gas Partnership - CBM Lessee
7.67 acres - 9.5875%

**Pocahontas Gas Partnership
Oakwood Field Unit X-31
Docket No. VGOB-95/04/18-0504-01**

15. Coal Mountain Mining Company - TR 5 - Coal
Coal Lessee
Consolidation Coal Company
United Coal Company
Pocahontas Gas Partnership - CBM Lessee
Gary Davis, et. al. - Oil & Gas
 Gary Davis - 2/5 Oil & Gas
 Wayne Davis - 1/5 Oil & Gas
 Buford Davis - 1/5 Oil & Gas
 Ruth Boyd - 1/5 Oil & Gas
Pocahontas Gas Partnership - 5/5 Oil & Gas Lessee
0.02 acres - 0.025%

**Exhibit C
Oakwood Field Unit X-31
VGOB-95/04/18-0504-01**

I. COAL FEE OWNERSHIP

(1) Coal Mountain Mining Company Coal Mountain Mining P.O. Box 675 Tazewell, VA 24651	7.28 acres (TR 9A) 51.5 acres (TR 5) 0.86 acres (TR 17) 19.33 acres (TR 23)	9.1 % 64.375 % 1.075 % 24.164 %
(2) Hurt & McGuire c/o Charles Green 1805 1/2 Jefferson Avenue Bluefield, WV 24701	1.03 acres	1.2875 %

II. COAL LEASEHOLD OWNERSHIP

(1) United Coal Company P.O. Box 901 Grundy, VA 24614	7.26 acres 28.07 acres 0.02 acres 15.44 acres 0.52 acres 1.35 acres 2.9 acres 0.34 acres 2.97 acres 12.11 acres 0.21 acres 0.09 acres 7.67 acres	9.075 % 35.0875 % 0.025 % 19.3 % 0.065 % 1.6875 % 3.625 % 0.425 % 3.7125 % 15.1375 % 0.2625 % 0.1125 % 9.5875 %
(2) Consolidation Coal Company 1800 Washington Road Pittsburgh, PA 15241	7.26 acres 28.07 acres 0.02 acres 15.44 acres 0.52 acres 1.35 acres 2.9 acres 0.34 acres 2.97 acres 12.11 acres 1.03 acres 0.23 acres 0.21 acres 0.09 acres 7.67 acres	9.075 % 35.0875 % 0.025 % 19.3 % 0.065 % 1.6875 % 3.625 % 0.425 % 3.7125 % 15.1375 % 1.2875 % 0.2875 % 0.2625 % 0.1125 % 9.5875 %
(3) Jewell Smokeless Coal Company P.O. Box 70 Vansant, VA 24656	1.03 acres 0.23 acres	1.2875 % 0.2875 %

III. OIL & GAS FEE OWNERSHIP

7.28 acre tract

(1) Coal Mountain Mining Company Coal Mountain Mining P.O. Box 675 Tazewell, VA 24651	7.26 acres	9.075 %
(2) Coal Mountain Mining Company Coal Mountain Mining P.O. Box 675 Tazewell, VA 24651	0.02 acres	0.025 %

Exhibit C
Oakwood Field Unit X-31
VGOB-95/04/18-0504-01

51.5 acre tract

	28.07 acres	35.0875 %
(3) Terry Baldwin P.O. Box 531 Oakwood, VA 24631		
(4) Gary Davis, et al	15.44 acres	19.3 %
(a) Gary Davis P.O. Box 47 Shortt Gap, VA 24627	6.176 acres	7.72 %
(b) Wayne Davis P.O. Box 183 Pounding Mill, VA 24637	3.088 acres	3.86 %
(c) Buford Davis Rt. 1 Box 190 Pounding Mill, VA 24637	3.088 acres	3.86 %
(d) Ruth Boyd 12672 Petersburg St. Chester, VA 23831	3.088 acres	3.86 %
(5) Terry Baldwin P.O. Box 531 Oakwood, VA 24631	0.21 acres	0.2625 %
Gary Davis, et al	0.21 acres	0.2625 %
(a) Gary Davis P.O. Box 47 Shortt Gap, VA 24627	0.084 acres	0.105 %
(b) Wayne Davis P.O. Box 183 Pounding Mill, VA 24637	0.042 acres	0.0525 %
(c) Buford Davis Rt. 1 Box 190 Pounding Mill, VA 24637	0.042 acres	0.0525 %
(d) Ruth Boyd 12672 Petersburg St. Chester, VA 23831	0.042 acres	0.0525 %
(6) Terry Baldwin P.O. Box 531 Oakwood, VA 24631	7.67 acres	9.5875 %
Gary Davis, et al	7.67 acres	9.5875 %
(a) Gary Davis P.O. Box 47 Shortt Gap, VA 24627	3.068 acres	3.835 %

**Exhibit C
Oakwood Field Unit X-31
VGOB-95/04/18-0504-01**

	(b) Wayne Davis P.O. Box 183 Pounding Mill, VA 24637	1.534 acres	1.9175 %
	(c) Buford Davis Rt. 1 Box 190 Pounding Mill, VA 24637	1.534 acres	1.9175 %
	(d) Ruth Boyd 12672 Petersburg St. Chester, VA 23831	1.534 acres	1.9175 %
	(7) Terry Baldwin P.O. Box 531 Oakwood, VA 24631	0.09 acres	0.1125 %
	<u>0.86 acre tract</u>		
**	(8) Yukon Pocahontas Coal Company P.O. Box 187 Tazewell, VA 24651	0.52 acres	0.65 %
**	(9) Yukon Pocahontas Coal Company P.O. Box 187 Tazewell, VA 24651	0.34 acres	0.425 %
	<u>19.33 acre tract</u>		
	(10) Jack Davis Box 82 Oakwood, VA 24631	1.35 acres	1.6875 %
	(11) Jack Davis Box 82 Oakwood, VA 24631	2.9 acres	3.625 %
	(12) Terry Baldwin P.O. Box 531 Oakwood, VA 24631	2.97 acres	3.7125 %
	(13) Terry Baldwin P.O. Box 531 Oakwood, VA 24631	12.11 acres	15.1375 %
	<u>1.03 acre tract</u>		
	(14) Hurt & McGuire c/o Charles Green 1805 1/2 Jefferson Avenue Bluefield, WV 24701	1.03 acres	1.6875 %
IV.	<u>OIL & GAS LEASEHOLD OWNERSHP</u>		
	(1) Consolidation Coal Company 1800 Washington Road Pittsburgh, PA 15241	7.28 acres	9.1 %

****NOTE: Oil and gas owner – CBM Lease Only**

**Exhibit C
Oakwood Field Unit X-31
VGOB-95/04/18-0504-01**

(2)	Peco Resources Two Executive Park Place 1989 East Stone Drive Kingsport, TN 37660	1.03 acres	1.2875 %
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V. CBM LEASEHOLD OWNERSHIP

(1)	Pocahontas Gas Partnership P.O. Box 200 Mavisdale, VA 24627	7.26 acres 28.07 acres 0.02 acres 15.44 acres 0.52 acres 1.35 acres 2.9 acres 0.34 acres 2.97 acres 12.11 acres 0.21 acres 0.09 acres 7.67 acres 0.02 acres	9.075 % 35.0875 % 0.025 % 19.3 % 0.65 % 1.6875 % 3.625 % 0.425 % 3.7125 % 15.1375 % 0.2625 % 0.1125 % 9.5875 % 0.025 %
*	(2) Buchanan Production Company P.O. Box 947 Bluefield, VA 24605	1.03 acres	1.2875 %

***NOTE: CBM leased only – assigned to Pocahontas Gas Partnership**

**Exhibit D
Oakwood Field Unit X-31
VGOB-95/04/18-0504-01
Unleased Owners**

I. OIL & GAS FEE OWNERSHIP

19.33 acre tract

(1) Jack Davis Box 82 Oakwood, VA 24631	1.35 acres	1.688 %
(2) Jack Davis Box 82 Oakwood, VA 24631	2.9 acres	3.625 %

1.03 acre tract

(3) Hurt & McGuire c/o Charles Green 1805 1/2 Jefferson Avenue Bluefield, WV 24701	1.03 acres	1.288 %
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II. OIL & GAS LEASEHOLD OWNERSHIP

(1) Peco Resources Two Executive Park Place 1989 East Stone Drive Kingsport, TN 37660	1.03 acres	1.288 %
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**Exhibit E
Oakwood Field Unit X-31
VGOB-95/04/18-0504-01
Conflicting Ownership**

0.86 acre tract

COAL FEE OWNERSHIP

	(1) Coal Mountain Mining Company Coal Mountain Mining P.O. Box 675 Tazewell, VA 24651	0.86 acres (TR 17)	1.075 %
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OIL & GAS FEE OWNERSHIP

**	(1) Yukon Pocahontas Coal Company P.O. Box 187 Tazewell, VA 24651	0.52 acres	0.65 %
**	(2) Yukon Pocahontas Coal Company P.O. Box 187 Tazewell, VA 24651	0.34 acres	0.425 %

19.33 acre tract

COAL FEE OWNERSHIP

	(1) Coal Mountain Mining Company Coal Mountain Mining P.O. Box 675 Tazewell, VA 24651	19.33 acres (TR 23)	24.164 %
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OIL & GAS FEE OWNERSHIP

	(1) Jack Davis Box 82 Oakwood, VA 24631	1.35 acres	1.688 %
	(2) Jack Davis Box 82 Oakwood, VA 24631	2.9 acres	3.625 %

1.03 acre tract

COAL LEASEHOLD OWNERSHIP

	(1) Consolidation Coal Company 1800 Washington Road Pittsburgh, PA 15241	1.03 acres	1.288 %
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OIL & GAS LEASEHOLD OWNERSHIP

	(1) Peco Resources Two Executive Park Place 1989 East Stone Drive Kingsport, TN 37660	1.03 acres	1.288 %
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COALBED METHANE LEASEHOLD OWNERSHIP

*	(1) Buchanan Production Company P.O. Box 947 Bluefield, VA 24605	1.03 acres	1.288 %
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***NOTE: CBM leased only – assigned to Pocahontas Gas Partnership**

****NOTE: Oil and gas owner – CBM leased only**

Exhibit F

AFFIDAVIT OF DUE DILIGENCE

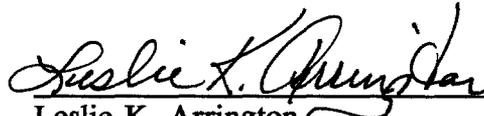
**COMMONWEALTH OF VIRGINIA
COUNTY OF TAZEWELL**

I, Leslie K. Arrington, after being duly sworn upon oath, state as follows:

1. I am a permit specialist of Pocahontas Gas Partnership and am responsible for the notification process required by Va. Code Ann. § 45.1-361.19 and VR 480-05-22.2 § 4.
2. That Pocahontas Gas Partnership has exercised due diligence in attempting to locate and notice all owners and claimants who are unleased and/or who were not previously pooled by prior order(s) of the Virginia Gas and Oil Board regarding Unit X-31, all as required by Va. Code Ann. § 45.1-361.19 and VR 480-05-22.2.
3. That on September 25, 1995 a true and correct copy of the Notice of Hearing and Application with Exhibits was mailed, via certified mail return receipt requested, to all owners and claimants listed in Exhibit B for whom mailing addresses were then available.
4. That every individual or entity having an unleased or unpooled interest in the methane gas underlying the tracts in the X-31 unit, whether known or unknown, including those persons whose mailing address were unknown, was notified of the filing of Buchanan Production Company's application by publication of the Notice of Hearing in the *Bluefield Daily Telegraph* newspaper.
5. That Pocahontas Gas Partnership will continue to exercise due diligence in attempting to locate and identify the names and/or addresses of any unknown or unlocatable parties and, if located or identified, will notify them of Pocahontas Gas Partnership's application.

Docket No. VGOB-95/04/18-0504-01
Affidavit of Due Diligence

I have read the foregoing, and the information given above is true and correct to the best of my knowledge and belief.



Leslie K. Arrington,
Permit Specialist for
Pocahontas Gas Partnership

ACKNOWLEDGMENT

COMMONWEALTH OF VIRGINIA

COUNTY OF TAZEWELL, TO-WIT:

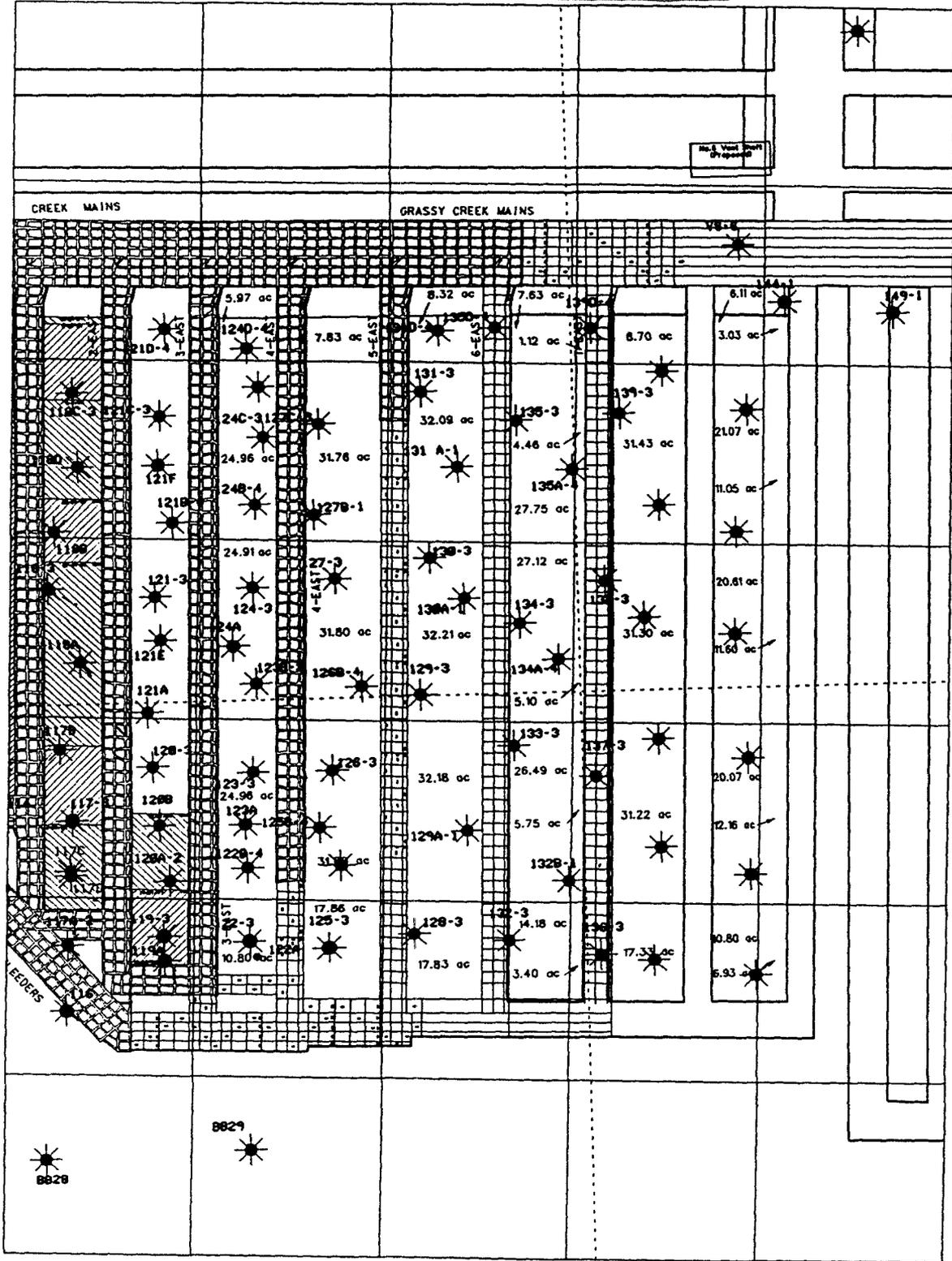
TAKEN, SUBSCRIBED AND SWORN to before me this 22 day of September, 1995.



Notary Public

My commission expires: 11/30/95

VIRGINIA GAS AND OIL BOARD
 DOCKET NO. VGOB-95/04/18-0504-01
 EXHIBIT G
 BUCHANAN NO. 1 MINE



V
 W
 X
 Y
 Z
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 BB

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