

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:	Buchanan Production Company) Harrison-Wyatt, LLC)	DOCKET NO. 95-0558-0511-03
RELIEF SOUGHT:	Issuance of an Amended Supplemental) Order Amending Prior Orders Affecting) Drilling Unit V-16 Located in) Buchanan County, VA) (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 Buchanan Production) Company and Harrison-Wyatt, LLC) in Accordance with Their Ownership) Interests Those Funds Deposited by the Unit) Operator into Subject Drilling Unit's) Escrow Subaccount for VGOB Tract 6)	

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 May 18, 2004 at the Southwest Virginia Higher Education Center on the campus of Virginia Highlands Community College, Abingdon, VA.
2. **Appearances:** Mark Swartz, 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 September 28, 1995, 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 Buchanan County on October 5, 1995 in Deed Book 440 at Page 810. The Pooling Order was modified under Docket number 95-0815-0511-01 by order executed on April 1, 1996 and recorded in Deed Book 447, Page 380, and supplemented by the Board's Supplemental Order Regarding Elections executed on July 7, 1997 that was filed with the Clerk's Office on July 24, 1997 in Deed Book 464 at page 787 ("Supplemental Order") (hereafter the Pooling Orders and the Supplemental Order are collectively referred to as the "Pooling Orders"). On September 30, 2004, the Board executed an order under Docket 95-0878-0511-02 disbursing escrowed funds to prior petitioners in Tracts 1 and 3 of Unit V-17. On June 17, 2003, The Board executed an order without docket number amending all prior pooling orders that named Buchanan Production Company, Pocahontas Gas Partnership, Island Creek Coal Company or Consol Energy, Inc. as unit operator, and designated CNX Gas Company, LLC as operator. In Buchanan County, the amendment order was recorded with the Buchanan County Clerk in Deed Book 585, Page 65.

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 Orders the coalbed methane claims of oil and gas fee owners Buchanan Production Company and coal fee owners Harrison-Wyatt, LLC in a portion of a 6.12-acre tract known as VGOB Tract 6 were in conflict and became subject to the escrow requirements of the Pooling Order.

4.3 The Unit Operator's Miscellaneous Petition regarding VGOB Tract 6 dated May 18, 2004, a copy of which is attached to and made a part hereof, states under oath that Buchanan Production Company and Harrison-Wyatt, LLC have entered into a royalty split agreement; and that by the terms of that agreement escrow regarding the conflicting claims of said parties is no longer required. By sworn testimony before the Board on May 18, 2004, the Unit Operator testified that a portion of VGOB Tract 6 and the interests of Buchanan Production Company and Harrison-Wyatt, LLC were subject to the split agreement.

4.4 Applicants gave notice to Harrison-Wyatt, LLC that the Board would take the Petition referred to in Paragraph 4.3 above under consideration at its hearing on May 18, 2004 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 6 the interests of Buchanan Production Company and Harrison-Wyatt, LLC, (2) delete the requirement that the Unit Operator place future royalties attributable to Tract 6 and the interests of Buchanan Production Company and Harrison-Wyatt, LLC, 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 Applicant has certified and represented to the Board that:

- (1) Buchanan Production Company is fee owner of oil and gas rights in Tract 6, and Harrison-Wyatt, LLC is fee owner of coal rights in Tract 6.
- (2) Buchanan Production Company and Harrison-Wyatt, LLC have entered into a royalty split agreement specifying that escrowed funds are to be divided with 50% going to the gas owner and 50% going to the coal owner, and also specifying that future royalties be paid directly to the owners according to the split agreement.
- (3) Net interests attributable and to be disbursed to Applicants are shown in Table 1, Below.

TABLE 1			
Tract # Owner Names	Net acres In unit	% interest in unit	% interest in 95-0815-0511 balance
Tract 6	6.12	7.650	
Buchanan Production Co. (50%)			43.3333
Harrison-Wyatt, LLC (50%)			43.3333

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 50% of 143/165 (86.6666%) of the funds attributable to VGOB Tract 6, being 43.3333 percent of funds on deposit in the escrow sub-account on the date of disbursement, to:

Buchanan Production Co.
P. O. Box 947
Bluefield, VA 24605

and, (2) disburse 50% of 143/165 (86.6666%) of the funds attributable to VGOB Tract 6, being 43.3333 percent of funds on deposit in the escrow sub-account on the date of disbursement, to:

Harrison-Wyatt, LLC
c/o Wyatt Buick Pontiac, Inc.
P.O. Box 11000
Danville, VA 24543

Exhibit E to the Pooling Order, showing owners subject to escrow, is 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 Buchanan Production Company and Harrison-Wyatt, LLC in VGOB Tract 6 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 11th day of August, 2005, by a majority of the Virginia Gas and Oil Board.


Chairman, Benny R. Wampler

DONE AND PERFORMED this 17th day of August, 2005, 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 11th day of August, 2005, 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. Garrett~~
Notary Public

My Commission expires: 9/30/05

COMMONWEALTH OF VIRGINIA)
COUNTY OF WASHINGTON)

Acknowledged on this 17th day of August, 2005, 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: 9/30/05

BEFORE THE VIRGINIA GAS AND OIL BOARD

PETITIONER: CNX Gas Company LLC

**DIVISION OF GAS AND OIL
DOCKET NO: VGOB 95-0815-0511**

**RELIEF SOUGHT: (1) DISBURSEMENT FROM
ESCROW REGARDING TRACT(S) 6
(2) AND AUTHORIZATION FOR DIRECT
PAYMENT OF ROYALTIES**

HEARING DATE: May 18, 2004

DRILLING UNIT: V-16

BUCHANAN COUNTY, VIRGINIA

MISCELLANEOUS PETITION

1. **Petitioner and its counsel:** Petitioner is **CNX Gas Company LLC**, P. O. Box 947, Bluefield, Virginia 24605, 276/988-1000. Petitioner's counsel is Mark A. Swartz, **SWARTZ & STUMP, L.C.**, P.O. Box 517, Abingdon, VA 24212.
2. **Relief sought:** (1) the disbursement of escrowed funds heretofore deposited with the Board's Escrow Agent(s) attributable to portion of Tract(s) 6 as depicted upon the annexed Exhibit A dated July 7, 1995; and (2) authorization to begin paying royalties directly to the parties to the royalty split between Harrison-Wyatt, LLC and CNX Gas Company LLC (Buchanan Production Company).
3. **Legal Authority:** Va. Code Ann. § 45.1-361.1 et seq., 4 VAC 25-160-140., and relevant Virginia Gas and Oil Board Orders ("Board") heretofore promulgated pursuant to law.
4. **Type of well(s):** Coalbed methane.
5. **Factual basis for relief requested:** Harrison-Wyatt, LLC and CNX Gas Company LLC (Buchanan Production Company), have entered into a royalty split agreement. Said royalty split agreement allows the Applicant and Designated Operator to pay royalties directly to the persons identified in Exhibit EE annexed hereto and, further, specifies how said royalties are to be divided and paid, to-wit: 19.80135 percent of escrow to Harrison-Wyatt, LLC and 19.80135 percent of escrow to CNX Gas Company LLC (Buchanan Production Company).
6. **Attestation:** The foregoing Petition to the best of my knowledge, information, and belief is true and correct.

**CNX GAS COMPANY LLC
BY IT'S PROFESSIONAL MANAGER
CNX GAS COMPANY LLC, PETITIONER**

By: 

Leslie K. Arrington

Manager – Environmental / Permitting
CNX Gas Company LLC
P.O. Box 947
Bluefield, Virginia 24605
276/988-1000



Unit V-16
 VGOB #95-0815-0511

VGOB Tract #	1	3	6	Check Total	+/-	Operator Balance	Bank Balance
Check Date	2.176	5.097	6.12	13.393	Net Income		
12/31/99				\$0.00	\$8.66	\$8.66	
1/31/00				\$0.00	\$0.02	\$8.68	
2/28/00				\$0.00	\$0.03	\$8.71	
3/24/00	\$4,689.24	\$10,983.93	\$13,187.41	\$28,860.58	\$198.86	\$29,068.15	
4/25/00	\$154.20	\$361.20	\$433.65	\$949.05	\$188.79	\$30,205.99	
5/25/00	\$77.11	\$180.61	\$216.83	\$474.55	\$133.84	\$30,814.38	
6/23/00	\$47.10	\$110.33	\$132.47	\$289.90	\$126.08	\$31,230.36	
7/25/00	\$39.65	\$92.86	\$111.48	\$243.99	\$133.21	\$31,607.56	
8/25/00	\$36.61	\$85.77	\$102.97	\$225.35	\$134.23	\$31,967.14	
9/25/00	\$32.63	\$76.42	\$91.75	\$200.80	\$126.76	\$32,294.70	
10/25/00	\$25.57	\$59.89	\$71.89	\$157.35	\$147.36	\$32,599.41	
11/24/00	\$32.20	\$75.42	\$90.57	\$198.19	\$136.80	\$32,934.40	
12/22/00	\$30.33	\$71.05	\$85.29	\$186.67	\$134.42	\$33,255.49	
1/25/01	\$39.49	\$92.49	\$111.07	\$243.05	\$141.75	\$33,640.29	
2/23/01	\$94.24	\$220.75	\$265.03	\$580.02	\$101.34	\$34,321.65	
3/31/01					\$110.45	\$34,432.10	
3/23/01	\$77.36	\$181.19	\$217.53	\$476.08	\$108.44	\$35,016.62	
4/25/01	\$42.38	\$99.26	\$119.13	\$260.77	\$89.95	\$35,367.34	
5/25/01	\$28.40	\$66.52	\$79.85	\$174.77	\$0.00	\$35,542.11	
6/25/01	\$20.49	\$47.98	\$57.61	\$126.08	\$76.00	\$35,744.19	
7/25/01	\$9.28	\$21.75	\$26.11	\$57.14	\$79.77	\$35,881.10	
8/24/01	\$17.30	\$40.52	\$48.65	\$106.47	\$77.60	\$36,065.17	
9/25/01	\$6.65	\$15.58	\$18.72	\$40.95	\$58.06	\$36,164.18	
10/25/01	\$11.97	\$28.04	\$33.65	\$73.66	\$52.27	\$36,290.11	
11/23/01	\$4.50	\$10.55	\$12.66	\$27.71	\$41.06	\$36,358.88	
12/24/01	\$2.29	\$5.37	\$6.44	\$14.10	\$43.94	\$36,416.92	
1/31/02					\$26.08	\$36,443.00	
2/28/02					\$19.29	\$36,462.29	
3/25/02	\$4.43	\$10.37	\$12.45	\$27.25	\$21.35	\$36,510.89	
4/30/02					\$23.75	\$36,534.64	
5/30/02					\$19.97	\$36,554.61	
6/30/02					\$18.88	\$36,573.49	
7/31/02					\$19.85	\$36,593.34	
8/30/02					\$19.20	\$36,612.54	
9/30/02					\$16.25	\$36,628.79	
10/31/02					\$17.98	\$36,646.77	
11/30/02					\$16.94	\$36,663.71	
12/24/02	\$0.10	\$0.24	\$0.29	\$0.63	\$8.32	\$36,672.66	
1/31/03					\$7.62	\$36,680.28	
2/28/03					\$3.81	\$36,684.09	
3/31/03					\$6.23	\$36,690.32	
4/30/03					\$4.32	\$36,694.64	
5/30/03					\$5.94	\$36,700.58	
6/30/03					\$3.63	\$36,704.21	
7/31/03					\$1.50	\$36,705.71	
8/29/03					\$1.32	\$36,707.03	
9/30/03					\$2.01	\$36,709.04	
10/31/03					\$3.12	\$36,712.16	
11/30/03					\$2.01	\$36,714.17	
12/31/03					\$3.78	\$36,717.95	
1/31/04					\$2.71	\$36,720.66	

16.2473%	38.0572%	45.6955%	100.0000%
\$5,958.31	\$13,956.59	\$16,757.76	\$36,672.66
Donald & Ann Ratliff	Donald & Ann Ratliff	Wyatt / BPC (143/185)	
		39.60274711	

Exhibit E
Unit V-16
Docket #VGOB-95/08/15-0511
List of Conflicting Owners/Claimants that require escrow

Revised 8/11/05

	Net Acres in Unit	Interest in Unit	Division of Interest in 3 East = 26.989%	Division of Interest in 4 East = 9.285%
<u>TRACT #6 - 6.120 acres</u>				
<u>COAL FEE OWNERSHIP</u>				
(1) Harrison-Wyatt, LLC c/o Wyatt Buick Pontiac P.O. Box 11000 Danville, VA 24543	6.12 acres 0.816 acres 2/165 of 6.12 acres	7.6500%	2.0647%	0.7103%
<u>OIL & GAS FEE OWNERSHIP</u>				
(1) Jessie Childress Heirs, et al.	6.12 acres	7.6500%	2.0647%	0.7103%
(a) Phyllis Everett 4472 Dike Road Winter Park, FL 32792	0.371 acres 2/33 of 6.12 acres	0.4636%	0.1251%	0.0430%
(b) Eleanor Hankins 2819 Broadwood Drive Knoxville, TN 37917	0.371 acres 2/33 of 6.12 acres	0.4636%	0.1251%	0.0430%
(c) Louise & Lester Agee 7601 Bull Run Road Manassas, VA 22110	0.074 acres 2/165 of 6.12 acres	0.0927%	0.0250%	0.0086%

VIRGINIA: In the Clerk's Office of the Circuit Court of Buchanan County. The foregoing instrument was this day presented in the office aforesaid and is, together with the certificate of acknowledgment annexed, admitted to record this 18th day of August, 20 05 12:04P M. The tax imposed by §587.1-802 of the Code has been paid in the amount of \$.
Deed Book No. and Page No. .
Returned to: DMME TESTE: James M. Bevins, Jr., Clerk
 TESTE: Deputy Clerk

B
#18

RECORDED IN THE CLERK'S OFFICE OF
BUCHANAN COUNTY ON
AUGUST 18, 2005 AT 12:04PM
JAMES M. BEVINS, CLERK
RECORDED BY: AMT

2461

ENTERED

BEFORE THE VIRGINIA GAS AND OIL BOARD

PETITIONER: CNX Gas Company LLC

DIVISION OF GAS AND OIL
DOCKET NO: VGOB 95-0815-0511

RELIEF SOUGHT: (1) DISBURSEMENT FROM
ESCROW REGARDING TRACT(S) 6
(2) AND AUTHORIZATION FOR DIRECT
PAYMENT OF ROYALTIES

HEARING DATE: May 18, 2004

DRILLING UNIT: V-16

BUCHANAN COUNTY, VIRGINIA

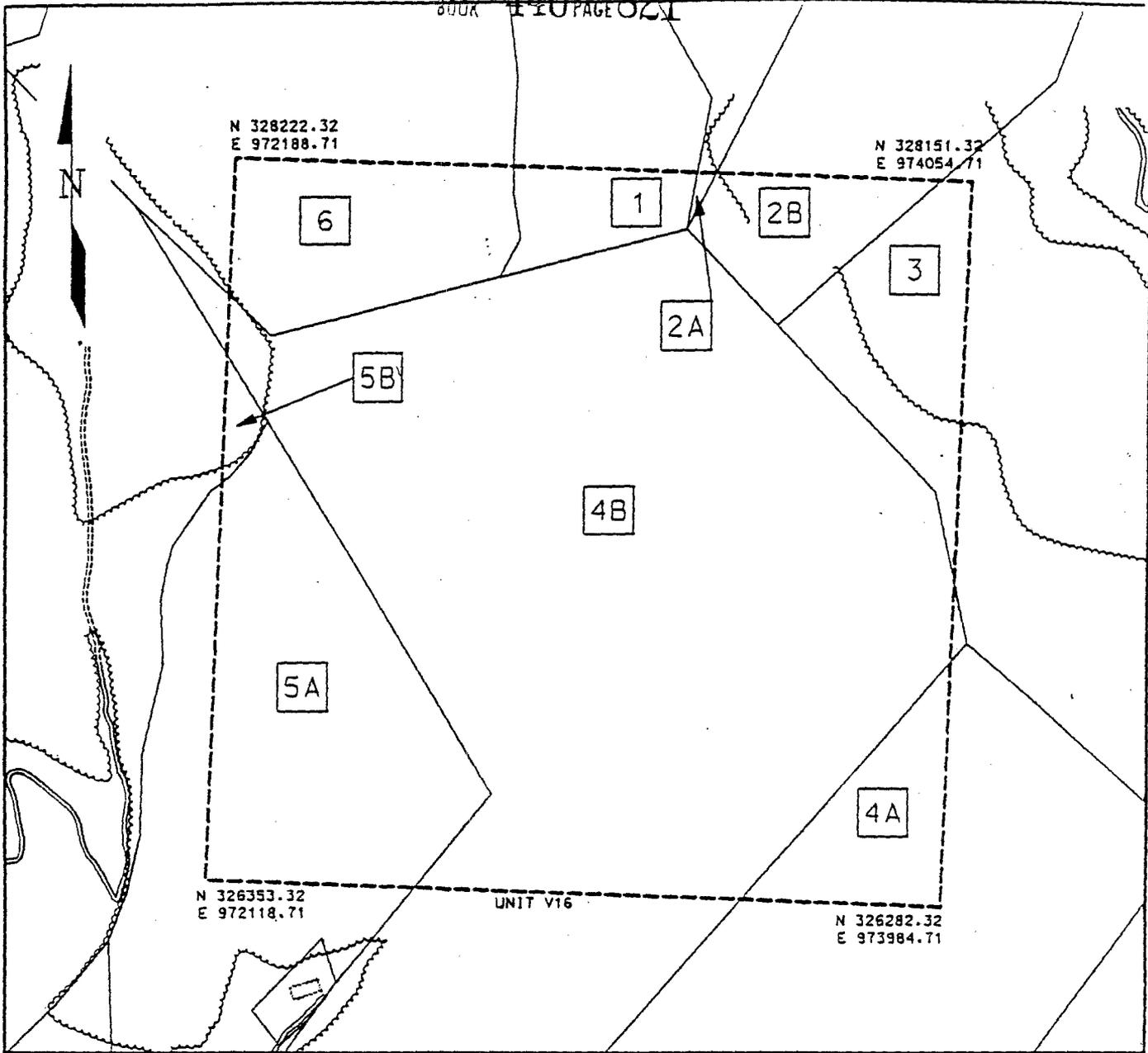
MISCELLANEOUS PETITION

1. **Petitioner and its counsel:** Petitioner is **CNX Gas Company LLC**, P. O. Box 947, Bluefield, Virginia 24605, 276/988-1000. Petitioner's counsel is Mark A. Swartz, **SWARTZ & STUMP, L.C.**, P.O. Box 517, Abingdon, VA 24212.
2. **Relief sought:** (1) the disbursement of escrowed funds heretofore deposited with the Board's Escrow Agent(s) attributable to portion of Tract(s) 6 as depicted upon the annexed Exhibit A dated July 7, 1995; and (2) authorization to begin paying royalties directly to the parties to the royalty split between Harrison-Wyatt, LLC and CNX Gas Company LLC (Buchanan Production Company).
3. **Legal Authority:** Va. Code Ann. § 45.1-361.1 et seq., 4 VAC 25-160-140., and relevant Virginia Gas and Oil Board Orders ("Board") heretofore promulgated pursuant to law.
4. **Type of well(s):** Coalbed methane.
5. **Factual basis for relief requested:** Harrison-Wyatt, LLC and CNX Gas Company LLC (Buchanan Production Company), have entered into a royalty split agreement. Said royalty split agreement allows the Applicant and Designated Operator to pay royalties directly to the persons identified in Exhibit EE annexed hereto and, further, specifies how said royalties are to be divided and paid, to-wit: 19.80135 percent of escrow to Harrison-Wyatt, LLC and 19.80135 percent of escrow to CNX Gas Company LLC (Buchanan Production Company).
6. **Attestation:** The foregoing Petition to the best of my knowledge, information, and belief is true and correct.

CNX GAS COMPANY LLC
BY IT'S PROFESSIONAL MANAGER
CNX GAS COMPANY LLC, PETITIONER

By: 
Leslie K. Arrington
Manager – Environmental / Permitting
CNX Gas Company LLC
P.O. Box 947
Bluefield, Virginia 24605
276/988-1000



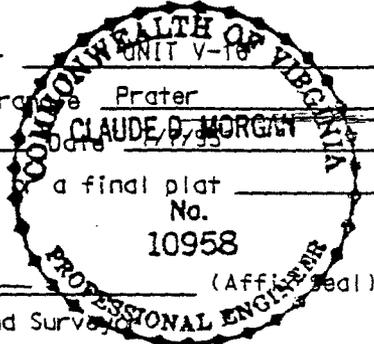


LEGEND

-  TRACT LAND HOOK
-  TRACT LAND ID'S

EXHIBIT A
 OAKWOOD FIELD UNIT V16
 FORCE POOLING
 VGOB-95/08/15-0511

Company Consol Inc. Well Name and Number _____
 Tract No. _____ Elevation _____ Quadrangle Prater
 County Buchanan District Prater Scale: 1" = 400'
 This plat is a new plat X ; an updated plat _____ ; a final plat _____



Form DGO-GO-7
 Rev. 9/91

Claude D. Morgan
 Licensed Professional Engineer of Licensed Land Surveyors (Affix Seal)