

VIRGINIA:

BEFORE THE VIRGINIA GAS AND OIL BOARD

SUPPLEMENTAL ORDER REGARDING
ELECTIONS, UNIT: VC-3594
(hereinafter "Subject Drilling Unit")

DOCKET NO. VG0B-96/0820-0552-01

REPORT OF BOARD

FINDINGS AND ORDER

1. This Supplemental Order is entered by the Board sua sponte in the form authorized by the Board at its hearing held at 9:00 a.m. on October 20, 1992, Board of Supervisors Room, Courthouse, Grundy, Virginia, and pursuant to authority granted to the Board's Chairman at the hearing of the Virginia Gas and Oil Board on June 16, 1992, at 9:00 a.m. at the Rhododendron Restaurant at the Breaks Interstate Park, Breaks, Virginia; and this Supplemental Order is being recorded for the purpose of (1) complying with the requirements of § 7.C of the Virginia Gas and Oil Board Regulations, VR 480-05-22.2 by supplementing the Order previously issued by the Board for subject Docket on January 17, 1997, and recorded at Deed Book 323, Page 611 in the Office of the Clerk of Circuit Court, Dickenson County, Virginia on January 31, 1997 (herein "Board Order") to complete the record regarding elections. The Board Order pooled all interests in Subject Drilling Unit including those of the Respondents more particularly set forth and identified by the Designated Operator in the affidavits attached hereto and made a part hereof. The Board finds it has jurisdiction over the subject matter pursuant to the provisions of the Virginia Gas and Oil Act, § 45.1-361.1 et seq., Virginia Code, 1950 as amended.

2. Findings: The Board finds that:

(a) The Board Order directed Equitable Resources Energy Company, (herein the "Designated Operator"), to mail copies of the Board Order to all respondents whose interest, if any, were pooled by said Board Order;

(b) The designated operator filed its affidavit of mailing dated February 20, 1997, disclosing that it had mailed a correct copy of the Board's Order to all Respondents whose interest, if any, were pooled by said Board Order;

(c) The Board Order required each Respondent whose interest, if any, were pooled by the terms of said Board Order to make his or her election within thirty (30) days after the date of mailing or recording, as applicable, of said Order; the Designated Operator has filed its affidavit dated April 12, 1997, in accordance with § 7.C of the Virginia Gas and Oil Board Regulations and VR 480-05-22.2 (herein "Affidavit of Election"), wherein it has, for each Respondent whose interest, if any, were pooled by said Board Order, stated: (i) whether each

Respondent has made or failed to make a timely election; (ii) the nature of the election made, if any; (iii) whether, by reason of a failure to elect or to timely elect one or more Respondents are deemed, under the terms of the Board's Order, to have leased all their rights, title, interest, estates and claims in Subject Drilling Unit to the Designated Operator;

(d) The Board Order further required the Designated Operator, after expiration of the election period, to file with the Board a statement of the interests subject to escrow under the terms and provisions of the Board Order, in light of the elections made or deemed to have been made (herein "Statement of Interests"); that the Designated Operator furnished said Statement of Interests as part of its Affidavit of Election. A copy of which is attached hereto as Exhibit B.

(e) Current Board standards requiring the escrow of funds and the Board's agreement with its Escrow Agent, Premier Trust Company, P.O. Box 1199, Bluefield, Virginia 24605-1199, or any successor named by the Board, require the entry of a Supplemental Order establishing of record the elections made or deemed to have been made and specifying the sums or percentage thereof subject to escrow. Current Board escrow standards were made applicable to Subject Drilling Unit by a Board Order dated December 23, 1992.

3. Order: By this Order, the Board orders the Designated Operator to tender, consistent with and in accordance with the findings set forth at paragraph 2. above and the annexed Affidavits, any funds subject to escrow and instructs the Escrow Agent, Tazwell National Bank Trust Department, c/o Premier Bankshares Corporation, 29 College Drive, Premier, P.O. Box 1199, Bluefield, Virginia 24605-1199, or any successor named by the Board to establish interest-bearing escrow account(s), IRS Tax Identification Number 54-1629506, in accordance with the information set forth in said affidavits to receive such funds and account to the Board therefore.

4. Mailing of Order and Filing of Affidavit: The Designated Operator under the captioned Order or its Attorney shall file an affidavit with the Secretary of the Board within ten (10) days after the date of receipt of this Order stating that true and correct copy of this Order to each person whose interest or claim is subject to escrow and whose address is known.

5. Conclusion: Therefore, the findings and all terms and provisions set forth above be and hereby are granted and IT IS SO ORDERED.

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

DONE AND EXECUTED this 8th day of May, 1997 by a majority of the Virginia Gas and Oil Board.



Chairman, Benny R. Wampler

DONE AND PERFORMED THIS 8th day of May, 1997,
by Order of this Board.

Byron J. Fulmer
Byron Thomas Fulmer
Principal Executive to the Staff
Virginia Gas and Oil Board

STATE OF VIRGINIA)
COUNTY OF WISE)

Acknowledged on this 8th day of May, 1997, personally before me a notary public in and for the Commonwealth of Virginia, appeared Benny 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
Susan G. Garrett
Notary Public

My commission expires 7/31/98

STATE OF VIRGINIA)
COUNTY OF WISE)

Acknowledged on this 8th day of May, 1997, personally before me a notary public in and for the Commonwealth of Virginia, appeared Byron Thomas Fulmer, 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.

Diane J. Davis
Diane J. Davis
Notary Public

My commission expires: 9/30/97

VIRGINIA:

BEFORE THE VIRGINIA GAS AND OIL BOARD

IN RE:

Application of Equitable Resources Energy Company, Eastern Region for Forced Pooling of Interests in Unit Number VC-3594, VGOB Docket No. VGOB-96/0820-0552-01 in the Kenady Magisterial District of Dickenson County, Virginia.

AFFIDAVIT OF WILHOIT, WEATHERLY, STETSON & KAISER, Attorneys-at-Law, Agents for the Designated Operator REGARDING ELECTIONS, ESCROW ACCOUNTS AND SUPPLEMENTAL ORDER

James E. Kaiser (herein Affiant), being first duly sworn on oath, deposes and says:

1. That the Affiant is an attorney in the law firm of Wilhoit, Stetson & Kaiser, the Agent for the Designated Operator, with offices located at 155 Shelby Street, Kingsport, Tennessee 37660, and is authorized to give this Affidavit in its behalf;
2. That the Order entered on January 17, 1997, by the Virginia Gas and Oil Board regarding the captioned conventional Unit required the Applicant to mail a true and correct copy of said Order to each person pooled by said Order;
3. That within seven (7) days of the receipt of an executed copy of the Order referred to at Paragraph 2. above, the Affiant was directed to cause a true and correct copy of said Order to be mailed via the United States Postal Service to each Respondent named in the captioned Application, whose address was known, and to all persons, if any, who are added as Respondents at the hearing held in the captioned matter;
4. That the Order of the Virginia Gas and Oil Board in the captioned matter required all persons pooled thereby to tender their written elections to the Unit Operator within thirty (30) days of the date said Order was recorded in the county above named; that said Order was recorded on January 31, 1997.
5. That the Designated Operator, by and through their agent, Wilhoit, Weatherly, Stetson & Kaiser, Attorneys-at-Law, have established procedures to review all mail received and all written documents received by means other than by mail to ascertain whether parties whose interest have been pooled have made a written election, in a timely fashion, as required by the captioned Order; that said

procedures were followed to identify the elections, if any, made with regard to Subject Unit; that the following persons delivered, by mail or otherwise, written elections to the Unit Operator, within the thirty day election periods:

None.

6. That the interest and/or claims of the following persons (who made timely elections, or who are deemed under the terms of the Board's Order to have leased, or who, subsequent to the pooling hearing held in the captioned matter, have leased or otherwise entered into an agreement with the Designated Operator) are subject to escrow under the Board's Order pooling the captioned Unit, Board Regulations and the Code of Virginia; that opposite the name of each person named as a Respondent listed below is set forth:

Tract 1: Pauline R. McCoy, widow
 $19.91\% \times 1/8 \text{ RI} = 0.02488750 \text{ RI}$
or
Clinchfield Coal Company
 $19.91\% \times 1/8 \text{ RI} = 0.02488750 \text{ RI}$

Tract 2: Nancy A. Hale Heirs (unknown)
 $5.26\% \times 1/8 \text{ RI} = 0.00657500 \text{ RI}$
or
Clinchfield Coal Company
 $5.26\% \times 1/8 \text{ RI} = 0.00657500 \text{ RI}$

Tract 6: David K. Rose, single
 $10.21\% \times 1/8 \text{ RI} = 0.01276250 \text{ RI}$

Virginia Vandergriff and Randall Vandergriff, W/H
 $10.21\% \times 1/8 \text{ RI} = 0.01276250 \text{ RI}$
or
Clinchfield Coal Company
 $20.420\% \times 1/8 \text{ RI} = 0.02552500 \text{ RI}$

Tract 7: Quentin M. McCoy, single
 $12.230\% \times 1/8 \text{ RI} = 0.01528750 \text{ RI}$
or
Clinchfield Coal Company
 $12.230\% \times 1/8 \text{ RI} = 0.01528750 \text{ RI}$

7. That after the pooling hearing held in the captioned matter, the following persons have leased or entered into a voluntary agreement with the Designated Operator with regard to their interest and/or claims which are not subject to escrow:

None.

8. That the following persons have not made a timely election and have failed to enter into an agreement with the Designated Operator and their respective interests shall be deemed to have leased pursuant to and in accordance with paragraphs 3 and 2(c) of the Order.

<u>Tract</u>	<u>Name</u>	<u>Cash Consideration</u>
Tract 2 Gas Estate:	Nancy A. Hales Heirs Unknown	3.090 Acres x \$5 = \$15.45 Subject to Escrow
Tract 7 Gas Estate:	Quentin M. McCoy, single	7.190 Acres x \$5 = \$35.95

That pursuant to the provision of VR 480-05-22.2 § 7.C and VR 480-05-22.2 § 8, annexed hereto and incorporated herein is a proposed supplemental order to be entered to complete the record regarding elections; that said annexed supplemental order sets forth that the services of the Escrow Agent are required in this matter pursuant to the terms of §§ 45.1-361.21.D, 45.1-361.22A.3 and 4.

Dated at Kingsport, Tennessee, this 2nd day of April 1997.

James E. Kaiser
Affiant

Taken, subscribed and sworn to before me by James E. Kaiser, the Agent of Equitable Resources Energy Company, a corporation, on behalf of the corporation, this 2nd day of April 1997.

My commission expires: 6/19/2000

Jennie R. Pendleton
Notary

EXHIBIT "B" BOOK 326 PAGE 376
VC-3594
VGOB 96-0820-0552

<u>TRAC</u>	<u>LESSOR</u>	<u>LEASE STATUS</u>	<u>INTEREST WITHIN UNIT</u>	<u>GROSS ACREAGE IN UNIT</u>	<u>NET REVENUE INTERESTS</u>
<u>Gas Estate Only</u>					
1	Pauline R. McCoy, widow HC05, Box 424 Coeburn, VA 24230	Leased-EREC 241581L	19.910%	11.700	0.02488750 RI
	Equitable Energy Resources Company				0.17421250 WI
Tract 1 Totals			19.910%	11.700	0.19910000
2	Nancy A. Hale Heirs Unknown	Unleased	5.260%	3.090	0.00657500 RI
	Equitable Energy Resources Company				0.04602500 WI
Tract 2 Totals			5.260%	3.090	0.05260000
3	Garland E. White, Jr. and Rilda Mae White, H/W Rt. 1, Box 206 McClure, VA 24269	Leased-EREC 245122L01	24.450%	14.370	0.03056250 RI
	Equitable Energy Resources Company				0.21393750 WI
Tract 3 Totals			24.450%	14.370	0.24450000
4	Pine Mountain Oil & Gas, Inc. Attn: Richard Brillhart P. O. Box 5100 Lebanon, VA 24226	Leased-EREC 241490L Tract T-123	11.080%	6.510	0.01385000 RI
	Equitable Energy Resources Company				0.09695000 WI
Tract 4 Totals			11.080%	6.510	0.11080000

EXHIBIT "B"
VC-3594
VGOB 96-0820-0552

BOOK 326 PAGE 377

<u>TRAC</u>	<u>LESSOR</u>	<u>LEASE STATUS</u>	<u>INTEREST WITHIN UNIT</u>	<u>GROSS ACREAGE IN UNIT</u>	<u>NET REVENUE INTERESTS</u>
5	Pine Mountain Oil & Gas, Inc. Attn: Richard Brillhart P. O. Box 5100 Lebanon, VA 24226	Leased-EREC 241490L Tract T-28	6.650%	3.910	0.00831250 RI
	Equitable Energy Resources Company				0.05818750 WI
	Tract 5 Totals		6.650%	3.910	0.06650000
6	David K. Rose, single 3408 Belair Road Baltimore, MD 21213	Leased-EREC 245198L-01	10.210%	6.000	0.01276250 RI
	Virginia Vandergriff and Randall Vandergriff, W/H 120 Ranch Lake Blvd. Scott Depot, WV 25560	Leased-EREC 245198L-02	10.210%	6.000	0.01276250 RI
	Equitable Energy Resources Company				0.17867500 WI
	Tract 6 Totals		20.420%	12.000	0.20420000
7	Quentin M. McCoy, single Rt. 1, Box 299 St. Paul, VA 24282	Unleased	12.230%	7.190	0.01528750 RI
	Equitable Energy Resources Company				0.10701250 WI
	Tract 7 Totals		12.230%	7.190	0.12230000
	GAS ESTATE TOTALS		100.000%	58.770	1.00000000

EXHIBIT "B"
VC-3594
VGOB 96-0820-0552

BOOK 26 PAGE 378

<u>TRAC</u>	<u>LESSOR</u>	<u>LEASE STATUS</u>	<u>INTEREST WITHIN UNIT</u>	<u>GROSS ACREAGE IN UNIT</u>	<u>NET REVENUE INTERESTS</u>
<u>Coal Estate Only</u>					
1	Clinchfield Coal Company Attn: Steve Smith P. O. Box 5100 Lebanon, VA 24226	Leased-EREC 244792L Tract TC-158	19.910%	11.700	0.02488750 RI
	Equitable Energy Resources Company				0.17421250 WI
	Tract 1 Totals		19.910%	11.700	0.19910000
2	Clinchfield Coal Company Attn: Steve Smith P. O. Box 5100 Lebanon, VA 24226	Leased-EREC 244792L Tract TC-158	5.260%	3.090	0.00657500 RI
	Equitable Energy Resources Company				0.04602500 WI
	Tract 2 Totals		5.260%	3.090	0.05260000
3	Garland E. White, Jr. and Rilda Mae White, H/W Rt. 1, Box 206 McClure, VA 24269	Leased-EREC 245122L01	24.450%	14.370	0.03056250 RI
	Equitable Energy Resources Company				0.21393750 WI
	Tract 3 Totals		24.450%	14.370	0.24450000
4	Clinchfield Coal Company Attn: Steve Smith P. O. Box 5100 Lebanon, VA 24226	Leased-EREC 241490L Tract T-123	11.080%	6.510	0.01385000 RI
	Equitable Energy Resources Company				0.09695000 WI
	Tract 4 Totals		11.080%	6.510	0.11080000

EXHIBIT "B"
VC-3594
VGOB 96-0820-0552

BOOK 326 PAGE 379

<u>TRAC</u>	<u>LESSOR</u>	<u>LEASE STATUS</u>	<u>INTEREST WITHIN UNIT</u>	<u>GROSS ACREAGE IN UNIT</u>	<u>NET REVENUE INTERESTS</u>
5	Clinchfield Coal Company Attn: Steve Smith P. O. Box 5100 Lebanon, VA 24226	Leased-EREC 241490L Tract T-28	6.650%	3.910	0.00831250 RI
	Equitable Energy Resources Company				0.05818750 WI
	Tract 5 Totals		6.650%	3.910	0.06650000
6	Clinchfield Coal Company Attn: Steve Smith P. O. Box 5100 Lebanon, VA 24226	Leased-EREC 244792L Tract TC-158	20.420%	12.000	0.02552500 RI
	Equitable Energy Resources Company				0.17867500 WI
	Tract 6 Totals		20.420%	12.000	0.20420000
7	Clinchfield Coal Company Attn: Steve Smith P. O. Box 5100 Lebanon, VA 24226	Leased-EREC 244792L Tract TC-158	12.230%	7.190	0.01528750 RI
	Equitable Energy Resources Company				0.10701250 WI
	Tract 7 Totals		12.230%	7.190	0.12230000
COAL ESTATE TOTALS			100.000%	58.770	1.00000000

VIRGINIA: IN THE OFFICE OF THE CLERK OF THE CIRCUIT COURT OF DICKENSON COUNTY, May 21, 1997. This deed was this day presented in said office, and upon the certificate of acknowledgment thereto annexed, admitted to record at 9:05 o'clock A.M, after payment of \$ — tax imposed by Sec. 58.1-802.

Original returned this date to: Diane Davis

TESTE: JOE TATE, CLERK
 BY: [Signature] D. CLERK