

VIRGINIA:

BEFORE THE VIRGINIA GAS AND OIL BOARD

APPLICANTS:

Hugh MacRae Land Trust (herein "Trust") and Garden Realty Corporation (herein "Garden") (Trust and Garden are sometimes herein collectively referred to as "Applicants")

DOCKET NO. VGOB 97/04/15-0577

RELIEF SOUGHT:

Issuance of an Amended Supplemental Order Amending all Prior Orders Affecting SLW8 Drilling Unit to Provide: (1) for the Calculation of Those Funds Attributable To the Conflicting Claims, in the Aggregate, Of Trust and Garden Pursuant to the Terms Of Trust's and Garden's Voluntary Lease Agreements with Pocahontas Gas Partnership (herein "PGP"), (2) to Provide a Royalty Accounting, and (3) Disbursement To Trust and Garden of Funds on Deposit in the SLW8 Escrow Account Which are Attributable to Trust's and Garden's Conflicting Coalbed Methane Gas Claims in Tract 57 of the SLW8 Drilling Unit

1. **Hearing Date and Place:** This matter came on for further and final hearings before the Virginia Gas and Oil Board (herein "Board") at 9:00 a.m. on February 2 and 16, 1999 at the Dickenson Conference Room, Southwest Virginia Education 4-H Center, Abingdon, VA.
2. **Appearances:** Jill Harrison of the firm Penn Stuart appeared in behalf of the Applicants; Mark A. Swartz of the firm Swartz & Stump appeared on behalf of PGP; and Sandra B. Riggs, 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 for each of the coalbed methane gas drilling units established by the Board through its pooling orders, and that 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 account. Further, the Board finds: (1) that 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, (2) that it does not have jurisdiction to interpret voluntary agreements by and between the Gas claimants and/or the Unit Operators or to abridge or contravene the provisions of such agreements, and (3) that pursuant to Va. Code § 45.1-361.22.A.5, it does have jurisdiction and authority to disburse funds from the Escrow Account provided there has first been either a legal determination of claimants' entitlement thereto or there is an agreement by all the claimants.
4. **Prior Proceedings:**
 - 4.1. Drilling Unit Number SLW8 was created by Board Order effective as of February 18, 1992, Docket No. VGOB 92/01/21-0180 as amended by Board Orders in VGOB Docket Nos. 93/06/22-0385 and 95/04/18-0498 (herein "Subject Drilling Unit") in the Hurricane Magisterial District, Buchanan County, Virginia (herein "Subject Lands"). At the Board's hearing on April 21, 1992, for Docket No. VGOB 92-04/21-0216, in accordance with the

provisions of Va. Code §§ 45.1-361.21 and 45.1-361.22, the Board granted the relief sought by PGP and executed an Order dated July 27, 1992 and filed July 30, 1992 with the Clerk of the Circuit Court of Buchanan County, VA in Deed Book 396 at Page 75, as amended by Order executed August 14, 1992 and filed August 19, 1992 in Deed Book 396 at Page 764, and as modified by Order entered in VGOB Docket No. 93-0817-0392 on October 25, 1993 and filed on October 29 1993 in Deed Book 415 at Page 195 pooling all interests in the Subject Drilling Unit for the production of gas produced from coalbeds and rock strata associated therewith (herein "Coalbed Methane Gas" or "Gas") below the Tiller seam from active gob areas from a longwall panel and its surrounding area in Consolidation Coal Company's Buchanan No. 1 Mine (herein "Subject Formations") all pursuant to: (1) the permit provisions contained in Section 45.1-361.27 *et seq.*, Code of Virginia, 1950 as amended; (b) the Oakwood Coalbed Gas Field Order No. OGCB 3-90 dated May 18, 1990; (c) the Board's Order No. VGOB No. 92/01/21-0180 dated as of February 18, 1992; (d) §§480-05-22.1 *et seq.*, Gas and Oil Board Regulations; and (e) §§ 480-05-22.2 *et seq.*, Virginia Gas and Oil Board Regulations, all as amended from time to time (herein "Pooling Order"). The Pooling Order was amended and supplemented by the Board's Supplemental Order Regarding Elections entered in VGOB Docket No. 92-04/21-0216 executed on July 11, 1996 and filed on July 18, 1996 in Deed Book 451 at Page 183 (herein "Supplemental Order"); by the Board's Amended Supplemental Order Regarding Docket Number VGOB 92-04/21-0216 executed August 25, 1997 and filed September 3, 1997 in Deed Book 466 at Page 321 (herein "First Amended Supplemental Order"); and the Board's Amended Supplemental Order entered June 26, 1998 and filed July 14, 1998 at Deed Book 478 at Page 646 (herein "Second Amended Supplemental Order"). The Board named PGP as the Unit Operator of Subject Drilling Unit.

- 4.2. As instructed by the Board through the Pooling Order, the Supplemental Order, the First Amended Supplemental Order, and the Second Amended Supplemental Order, the Escrow Agent established an escrow account for Subject Drilling Unit (herein "Escrow Account"), and thereafter the Escrow Agent periodically received from the Unit Operator for deposit into the Escrow Account proceeds which were designated by the Operator through its royalty statements and through its Further Accounting as being attributable to various tracts within Subject Drilling Unit, including but not limited to Tract 57.
- 4.3. In Applicants' application herein for royalty accountings, determination of the funds on deposit in the Escrow Account for Tract 57 of Subject Drilling Unit, and disbursement to them of all such Escrowed Funds attributable to Tract 57 pursuant to their written agreement with each other (herein referred to as "Split Agreement"), the Applicants warranted and represented to the Board that: (1) Garden is the sole oil and gas owner within Tract 57 and that Trust is the sole coal owner within Tract 57; (2) that Tract 57 represents 0.70 percent of Subject Drilling Unit; (3) that together Applicants have and own in the aggregate a 0.70 percent conflicting Gas royalty interest in Subject Drilling Unit by virtue of their respective ownership interests in Tract 57 and the terms of their voluntary leases with PGP pertaining to same; and (4) that while at the time of the entry of the Pooling Order, Applicant's had conflicting claims of ownership in Tract 57, subsequent to the entry of the Pooling Order, Applicants entered into the Split Agreement whereby each Applicant is entitled to receive a sum equal to fifty percent (50%) of funds due from PGP to the Applicants pursuant to the terms of their voluntary leases. Applicants have represented to the Board that notice of their Application was given in accordance with Va. Code 45.1-361.19, and the Board received no objections to it.
- 4.4. With respect to the relief sought by the Applicants herein, the Board has entered two prior orders whose provisions are incorporated herein by reference: (a) an order executed May 23, 1997 (herein "Accounting Order"), and (b) an order executed April 16, 1998 (herein "Further Accounting Order"). As recited in these accounting orders, Applicants seek a disbursement of the Escrowed Funds which are attributable to Trust's and Garden's conflicting coalbed methane gas interests in Tract 57 of Subject Drilling Unit based on their Split Agreement.

4.5. By letter dated August 12, 1998, December 9, 1998 and December 31, 1998, PGP filed a further accountings in compliance with the Further Accounting Order, and at the Board's hearing on February 2, 1998, PGP presented to the Board further refinements to said further accounting to reflect interest accruing on funds deposited into the Escrow Account and fees charged to the Escrow Account on a tract-by-tract basis, including funds attributable to Tract 57 and a reconciliation of PGP's records of Escrowed Funds to the records of the Escrow Agent, a copy of which further and final accounting is attached hereto as Exhibit A (herein "Further Accounting").

4.6. The Applicants represented to the Board on February 2, 1998 that they had been provided with an advance copy of the Further Accounting, have had their experts review same, and that Trust and Garden are in agreement that the Further Accounting accurately reflects their Entitlement to the Escrowed Funds for Tract 57 of Subject Drilling Unit.

5. **Findings:**

Va. Code 45.1-361.22.5 provides that "*The Board shall order payment of principal and accrued interest from the escrow account to all persons legally entitled thereto pursuant to the provisions of § 45.1-361.21 and the Order of the Board. Such order shall be issued within thirty days of receipt of notification of the final legal determination of entitlement thereto or upon agreement of all claimants*". The term "entitlement" is not defined by law or regulation; therefore, the Board applies its common meaning as set forth in *Black's Law Dictionary* to be "*Right or benefits, income or property which may not be abridged without due process*". Thus, the Board defines the term "entitlement" as used in Va. Code § 45.1-361.22.A.5. to mean "the liquidated dollar amount of that portion of the Escrowed Funds which are attributable to Applicant's/Claimant's Nonconflicting Gas interest in Subject Drilling Unit". The Escrowed Funds are comprised of the Principal deposited by PGP into the Escrow Account, plus interest accruing on the Principal while on deposit in the Escrow Account, less Escrow Agent fees charged to the Escrow Account. In determining that Trust and Garden have established their Entitlement to the Escrowed Funds, the Board finds that:

5.1. The Board lacks the statutory authority to supercede, impair, abridge or affect any contractual rights or other obligations existing between the Operator and the Applicants. The Operator and the Applicants have acknowledged such limitation and have, therefore, agreed that no such party will argue or contend in other pending or future proceedings or actions inter se (including without limitation Levisa Coal Company, et al. v. Consolidation Coal Company, et al., Civil Action No. 97-0117-A pending in the United States District Court at Abingdon) that the findings and/or order of the Board herein bar their assertion of any claims or defenses, including payment, or otherwise constitute a waiver or an estoppel in such other proceedings or actions.

5.2. Notwithstanding the fact that Trust is challenging PGP's royalty calculations and/or payments under the terms of its voluntary lease with PGP, Trust and Garden have entered into the Split Agreement with each other whereby they have agreed to split on a 50/50 basis royalties attributable to their conflicting claims to coalbed methane gas, purportedly including but not limited to their conflicting claims to ownership of coalbed methane gas underlying Tract 57 of Subject Drilling Unit and their conflicting claims to bonuses and/or royalties deposited by PGP in the Escrow Account which are attributable to Tract 57. Based upon the Split Agreement, the Applicants', through their application herein, seek among other things, for the Board to determine their respective Entitlement, an accounting of royalties due under the terms of their voluntary leases with PGP, and disbursement to them in accordance with the terms of the Split Agreement those funds on deposit in the Escrow Account which are attributable to Tract 57.

5.3. According to the Pooling Order, the Supplemental Order, the First Amended Supplemental Order, the Second Amended Supplemental Order, the accountings and the Further

Accounting filed in this matter: (a) the funds deposited by PGP into the Escrow Account for Subject Drilling Unit consists of payments calculated by PGP to be due those persons identified in Exhibit E hereto, (b) PGP has identified the Applicants as the sole Gas owners/claimants of coalbed methane gas within Tract 57 of Subject Drilling Unit and thus as the sole claimants to the funds on deposit in the Escrow Account attributable to said Tract 57, (c) PGP has represented to the Board through the Further Accounting that as of December 1998 \$259.17 of the funds on deposit in the Escrow Account are attributable to Tract 57, and (d) Applicants have made the warranties and representations to the Board set forth in Paragraph 4.3 above.

6. **Relief Granted:**

For the reasons set forth in Paragraph 5 above, and based upon the Further Accounting and the Applicants' agreements to same, the Escrow Agent is ordered to disburse via wire transfer in accordance with instructions provided to the Escrow Agent by Applicants' counsel's letter dated February 15, 1999, copy attached hereto: (1) the sum of \$129.58 together with any interest which accrues thereon from the date of the Further Accounting through the date of disbursement to Trust and (2) the sum of \$129.58 together with any interest accruing thereon from the date of the Further Accounting through the date of disbursement to Garden. Further, the Amended Supplement Order filed in this cause is hereby modified to delete the requirement that funds attributable to Applicants' conflicting coalbed methane gas ownership interests in Tract 57 be deposited by PGP into the Escrow Account. To the extent not specifically granted herein, any other or further relief requested by the Applicants in their application filed herein or in their objections to the accountings heretofore provided is denied.

7. **Conclusion:**

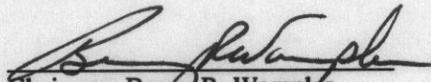
Therefore, the requested relief and all terms and provisions set forth above in Paragraph 6 above be and hereby are granted and IT IS SO ORDERED.

8. **Appeals:**

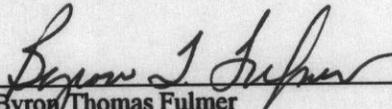
Appeals of this Order are governed by the provisions of Va. Code § 45.1-361.9 which provides that any order or decision of the Board may be appealed to the appropriate circuit court and that whenever a coal owner, coal operator, gas owner, gas operator, or operator of a gas storage field certificated by the State Corporation Commission is a party in such action, the court shall hear such appeal de novo. Such appeals must be taken in the manner prescribed in the Administrative Process Act, Va. Code §§ 9-6.14:1 *et seq.*

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

DONE AND EXECUTED this 17th day of February, 1999, by a majority of the Virginia Gas and Oil Board.

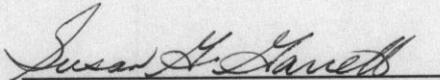

Chairman, Benny R. Wampler

DONE AND PERFORMED THIS 22nd DAY OF February, 1999, by an Order of this Board.


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

COMMONWEALTH OF VIRGINIA)
COUNTY OF WISE)

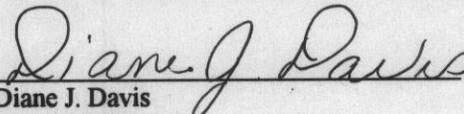
Acknowledged on this 17th day of February 1999, personally before me a notary public in and for the Commonwealth of Virginia, appeared Benny R. Wampler, being duly sworn did depose and say that he is Chairman of the Virginia Gas and Oil Board, that he executed the same and was authorized to do so.


Susan G. Garrett
Notary Public

My Commission expires: July 31, 2002

COMMONWEALTH OF VIRGINIA)
COUNTY OF WASHINGTON)

Acknowledged on this 22nd day of February 1999, 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 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: September 30, 2001

UNIT SLWS
Docket # VGOB-92-0421-0216-01
Exhibit E

EXHIBIT H

List of Conflicting Owners/Claimants that require escrow

	Net Acres In Unit	Interest In Unit
<u>Tract #48 - 4.324 Acre Tract</u>		
<u>COAL FEE OWNERSHIP</u>		
(1) Hugh Macrae Land Trust Tr 5 P. O. Box 29 Tazewell, VA 24651	4.32 acres	2.37807%
<u>OIL & GAS FEE OWNERSHIP</u>		
(1) Coal Mountain Mining Company P. O. Box 675 Tazewell, VA 24651	4.32 acres	2.37807%
<u>Tract #49 - 31.064 Acre Tract</u>		
<u>COAL FEE OWNERSHIP</u>		
(1) Coal Mountain Mining Company Tr 4 P. O. Box 675 Tazewell, VA 24651	31.06 acres	17.08428%
<u>OIL & GAS FEE OWNERSHIP</u>		
(1) Ernest Keen Heirs	31.06 acres	17.08428%
(a) Paul Keen Rt. 1, Box 52 Raven, VA 24639	5.18 acres 1/6 of 31.064 acres	2.84738%
(b) Ralph Keen Rt. 1, Box 52 Raven, VA 24639	5.18 acres 1/6 of 31.064 acres	2.84738%
(c) Arnold Keen P. O. Box 386 Oakwood, VA 24631	5.18 acres 1/6 of 31.064 acres	2.84738%
(d) Ruby Hale Cedar Bluff, VA 24609	5.18 acres 1/6 of 31.064 acres	2.84738%
(e) Anna R. Lambert Rt. 1, Box 52 Raven, VA 24639	5.18 acres 1/6 of 31.064 acres	2.84738%
(f) Ann McGowan Rt. 1, Box 52 Raven, VA 24639	5.18 acres 1/6 of 31.064 acres	2.84738%
<u>Tract #50 - 6.193 Acre Tract</u>		
<u>COAL FEE OWNERSHIP</u>		
(1) Hugh Macrae Land Trust Tr 5 P. O. Box 29 Tazewell, VA 24651	6.19 acres	3.40597%
<u>OIL & GAS FEE OWNERSHIP</u>		
(1) Thurman Wade P. O. Box 225 Oakwood, VA 24631	6.19 acres	3.40597%

UNIT SLW8
Docket # VGOB-92-0421-0216-01
Exhibit E

List of Conflicting Owners/Claimants that require escrow

	Net Acres In Unit	Interest In Unit
<u>Tract #51 - 3.247 Acre Tract</u>		
<u>COAL FEE OWNERSHIP</u>		
(1) Hugh Macrae Land Trust Tr 5 P. O. Box 29 Tazewell, VA 24651	8.95 acres	4.92058%
<u>OIL & GAS FEE OWNERSHIP</u>		
(1) Thurman Wade P. O. Box 225 Oawood, VA 24631	8.95 acres	4.92058%
<u>Tract #52 - 4.102 Acre Tract</u>		
<u>COAL FEE OWNERSHIP</u>		
(1) Hugh Macrae Land Trust Tr 5 P. O. Box 29 Tazewell, VA 24651	4.10 acres	2.25598%
<u>OIL & GAS FEE OWNERSHIP</u>		
(1) Pocahontas Gas Partnership P. O. Box 947 Bluefield, VA 24605	4.10 acres	2.25598%
<u>Tract #52A - 1.606 Acre Tract</u>		
<u>COAL FEE OWNERSHIP</u>		
(1) Hugh Macrae Land Trust Tr 5 P. O. Box 29 Tazewell, VA 24651	1.61 acres	0.88325%
<u>OIL & GAS FEE OWNERSHIP</u>		
(1) Deborah Ann & Scott Whitt P. O. Box 70 Mavisdale, VA 24627	1.61 acres	0.88325%
<u>Tract #52B - 0.877 Acre Tract</u>		
<u>COAL FEE OWNERSHIP</u>		
(1) Hugh Macrae Land Trust Tr 5 P. O. Box 29 Tazewell, VA 24651	0.88 acres	0.48232%
<u>OIL & GAS FEE OWNERSHIP</u>		
(1) Consolidation Coal Company P. O. Box 947 Bluefield, VA 24605	0.88 acres	0.48232%
<u>Tract #53 - 0.544 Acre Tract</u>		
<u>COAL FEE OWNERSHIP</u>		
(1) Hugh Macrae Land Trust Tr 5 P. O. Box 29 Tazewell, VA 24651	0.54 acres	0.29916%

UNIT SLWS
Docket # VGOB-92-0421-0216-01
Exhibit E
List of Conflicting Owners/Claimants that require escrow

	Net Acres in Unit	Interest in Unit
<u>OIL & GAS FEE OWNERSHIP</u>		
(1) Winfrad L. Wade Rt. 1, Box 57 Raven, VA 24639	0.54 acres	0.29918%
<u>Tract #54 - 5.057 Acre Tract</u>		
<u>COAL FEE OWNERSHIP</u>		
(1) Hugh Macrae Land Trust Tr 5 P. O. Box 29 Tazewell, VA 24651	5.06 acres	2.78120%
<u>OIL & GAS FEE OWNERSHIP</u>		
(1) Pocahontas Gas Partnership P. O. Box 947 Bluefield, VA 24605	5.06 acres	2.78120%
<u>Tract #55 - 11.749 Acre Tract</u>		
<u>COAL FEE OWNERSHIP</u>		
(1) Hugh Macrae Land Trust Tr 17 P. O. Box 29 Tazewell, VA 24651	11.75 acres	6.46160%
<u>OIL & GAS FEE OWNERSHIP</u>		
(1) Earl Marshall Heirs, Devisees, Successors or Assigns	11.75 acres	6.46160%
(a) Charles L. Ritchie Rt. 1, Box 258-A St. Paul, VA 24283	7.34 acres 5/8 of 11.749 acres	4.03850%
(b) Lowery L. Jackson 5001 Parker Avenue West Palm Beach, FL 33405	1.47 acres 1/8 of 11.749 acres	0.80770%
(c) Corbit Jackson Rt. 1, Box 80 Raven, VA 24639	1.47 acres 1/8 of 11.749 acres	0.80770%
(d) Herbert L. Jackson P. O. Box 426 Grundy, VA 24614	1.47 acres 1/8 of 11.749 acres	0.80770%
<u>Tract #55A - 12.423 Acre Tract</u>		
<u>COAL FEE OWNERSHIP</u>		
(1) Hugh Macrae Land Trust Tr 17 P. O. Box 29 Tazewell, VA 24651	12.42 acres	6.83228%
<u>OIL & GAS FEE OWNERSHIP</u>		
(1) Pocahontas Gas Partnership P. O. Box 947 Bluefield, VA 24605	12.42 acres	6.83228%

UNIT SLWS
Docket # VGOB-92-0421-0216-01
Exhibit E
List of Conflicting Owners/Claimants that require escrow

	Net Acres In Unit	Interest In Unit
<u>Tract #55B - 9.007 Acre Tract</u>		
<u>COAL FEE OWNERSHIP</u>		
(1) Hugh Macrae Land Trust Tr 17 P. O. Box 29 Tazewell, VA 24651	6.01 acres	3.30367%
<u>OIL & GAS FEE OWNERSHIP</u>		
(1) Glenn Rose 114 First Avenue Richlands, VA 24641	6.01 acres	3.30367%
<u>Tract #55C - 7.739 Acre Tract</u>		
<u>COAL FEE OWNERSHIP</u>		
(1) Hugh Macrae Land Trust Tr 17 P. O. Box 29 Tazewell, VA 24651	7.74 acres	4.25622%
<u>OIL & GAS FEE OWNERSHIP</u>		
(1) Bobby Steele Rt. 1, Box 66 Raven, VA 24641	7.74 acres	4.25622%
<u>Tract #55D - 0.820 Acre Tract</u>		
<u>COAL FEE OWNERSHIP</u>		
(1) Hugh Macrae Land Trust Tr 17 P. O. Box 29 Tazewell, VA 24651	0.82 acres	0.45098%
<u>OIL & GAS FEE OWNERSHIP</u>		
(1) Pocahontas Gas Partnership P. O. Box 947 Bluefield, VA 24605	0.82 acres	0.45098%
<u>Tract #55E - 15.210 Acre Tract</u>		
<u>COAL FEE OWNERSHIP</u>		
(1) Hugh Macrae Land Trust Tr 17 P. O. Box 29 Tazewell, VA 24651	15.21 acres	8.36505%
<u>OIL & GAS FEE OWNERSHIP</u>		
(1) Ernest Keen Heirs, Deviseses, Successors or Assigns	15.21 acres	8.36505%
(a) Paul Keen Rt. 1, Box 52 Raven, VA 24639	2.54 acres 1/6 of 15.210 acres	1.39417%
(b) Ralph Keen Rt. 1, Box 52 Raven, VA 24639	2.54 acres 1/6 of 15.210 acres	1.39417%

UNIT 3LW8
Docket # VGOB-92-0421-0216-01
Exhibit E
List of Conflicting Owners/Claimants that require escrow

	Net Acres in Unit	Interest in Unit
(c) Arnold Keen P. O. Box 386 Oakwood, VA 24631	2.54 acres 1/6 of 15.210 acres	1.39417%
(d) Ruby Hale Cedar Bluff, VA 24609	2.54 acres 1/6 of 15.210 acres	1.39417%
(e) Anna R. Lambert Rt. 1, Box 52 Raven, VA 24639	2.54 acres 1/6 of 15.210 acres	1.39417%
(f) Ann McGowan Rt. 1, Box 52 Raven, VA 24639	2.54 acres 1/6 of 15.210 acres	1.39417%

Tract #55F - 0.12 Acre Tract

COAL FEE OWNERSHIP

(1) Hugh Macrae Land Trust Tr 17 P. O. Box 29 Tazewell, VA 24651	0.12 acres	0.06600%
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OIL & GAS FEE OWNERSHIP

(1) Tracey & Vinnie Keen Rt. 2, Box 54 Grundy, VA 24614	0.12 acres	0.06600%
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Tract #55G - 0.38 Acre Tract

COAL FEE OWNERSHIP

(1) Hugh Macrae Land Trust Tr 17 P. O. Box 29 Tazewell, VA 24651	0.38 acres	0.20899%
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OIL & GAS FEE OWNERSHIP

(1) Orpha Deskins c/o Beecher Deskins Box 33 Shortt Gap, VA 24647	0.38 acres	0.20899%
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Tract #56 - 12.845 Acre Tract

COAL FEE OWNERSHIP

(1) Hugh Macrae Land Trust Tr 2 P. O. Box 29 Tazewell, VA 24651	12.85 acres	7.06437%
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OIL & GAS FEE OWNERSHIP

(1) Ernest Keen Heirs, devisees, Successors or Assigns	12.85 acres	7.06437%
(a) Paul Keen Rt. 1, Box 52 Raven, VA 24639	2.14 acres 1/6 of 12.845 acres	1.17739%

UNIT SLW8
Docket # VGOB-92-0421-0218-01
Exhibit E
List of Conflicting Owners/Claimants that require escrow

	Net Acres In Unit	Interest In Unit
(b) Ralph Keen Rt. 1, Box 52 Raven, VA 24639	2.14 acres 1/6 of 12.845 acres	1.17739%
(c) Arnold Keen P. O. Box 386 Oakwood, VA 24631	2.14 acres 1/6 of 12.845 acres	1.17739%
(d) Ruby Hale Cedar Bluff, VA 24609	2.14 acres 1/6 of 12.845 acres	1.17739%
(e) Anna R. Lambert Rt. 1, Box 52 Raven, VA 24639	2.14 acres 1/6 of 12.845 acres	1.17739%
(f) Ann McGowan Rt. 1, Box 52 Raven, VA 24639	2.14 acres 1/6 of 12.845 acres	1.17739%

Tract #56A - 0.171 Acre Tract

COAL FEE OWNERSHIP

(1) Hugh Macrae Land Trust Tr 2 P. O. Box 29 Tazewell, VA 24651	0.17 acres	0.09404%
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OIL & GAS FEE OWNERSHIP

(1) Julius Rowe P. O. Box 454 Grundy, VA 24614	0.17 acres	0.09404%
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Tract #57 - 1.266 Acre Tract

COAL FEE OWNERSHIP

(1) Hugh Macrae Land Trust Tr 17 P. O. Box 29 Tazewell, VA 24651	1.27 acres	0.69626%
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OIL & GAS FEE OWNERSHIP

(1) Garden Realty Corporation c/o Betty Boyd King 2370 Lyndhurst Avenue Winston-Salem NC 27103	1.27 acres	0.69626%
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Tract #58 - 8.23 Acre Tract

COAL FEE OWNERSHIP

(1) Coal Mountain Mining Company Tr 24 P. O. Box 675 Tazewell, VA 24651	8.23 acres	4.52626%
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OIL & GAS FEE OWNERSHIP

(1) Garden Realty Corporation c/o Betty Boyd King 2370 Lyndhurst Avenue Winston-Salem NC 27103	8.23 acres	4.52626%
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UNIT 3LW8
 Docket # VGOB-92-0421-0216-01
 Exhibit E
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	Net Acres In Unit	Interest In Unit
<u>Tract #58A - 7.14 Acre Tract</u>		
<u>COAL FEE OWNERSHIP</u>		
(1) Coal Mountain Mining Company Tr 24 P. O. Box 675 Tazewell, VA 24651	7.14 acres	3.92679%
<u>OIL & GAS FEE OWNERSHIP</u>		
(1) Garden Realty Corporation c/o Betty Boyd King 2370 Lyndhurst Avenue Winston-Salem NC 27103	7.14 acres	3.92679%
<u>Tract #59 - 0.090 Acre Tract</u>		
<u>COAL FEE OWNERSHIP</u>		
(1) Hugh Macrae Land Trust Tr 17 P. O. Box 29 Tazewell, VA 24651	0.09 acres	0.04950%
<u>OIL & GAS FEE OWNERSHIP</u>		
(1) W. J. Sisk Heirs, Devisees Successors or Assigns	0.09 acres	0.04950%
(a) Dale Hodge Chambers Rt. 1, Box 82 Raven, VA 24639	0.030 acres 7/21 of 0.090 acres	0.01650%
(b) Larry Douglas Chambers Rt. 1, Box 81 Raven, VA 24639	0.047 acres 11/21 of 0.090 acres	0.02593%
(c) Jimmy Donald Sisk 3153 Creekside Drive Norton, OH 44203	0.003 acres 1/28 of 0.090 acres	0.00177%
(d) Walter Jackson "Bud" Sisk 229 Hesque Street Kingsport, TN 37665	0.003 acres 1/28 of 0.090 acres	0.00177%
(e) Nancy Sisk c/o Walter Jackson Sisk 229 Hesque Street Kingsport, TN 37665	0.003 acres 1/28 of 0.090 acres	0.00177%
(f) Maudie Ellen Sanders 600 North 583 Street Kokomo, IN 46901	0.003 acres 1/28 of 0.090 acres	0.00177%

PennStuart

Geo. E. Penn (1895-1931)
Wm. A. Stuart (1922-1976)

Wm. W. Eskridge
John B. Hemmings
Stephen M. Hodges
W. Challen Walling
Wade W. Massie **
Daniel H. Caldwell
Michael F. Blair
William M. Moffet
Mark L. Esposito
Elizabeth A. McClanahan + *
Timothy W. Gresham *
H. Ashby Dickerson
Byrum L. Geisler

Jill Morgan Harrison + +
Richard E. Ladd, Jr. *
W. Bradford Stallard
Ramesh Murthy *
Kenneth R. Russell, Jr. * +
Mark E. Frye *
Laura E. Wilson +
Elizabeth Rousset Walters
Eric R. Thiessen
Richard A. Mahevich
David W. Rodstein
Leslie S. Blanchard

PENN. STUART & ESKRIDGE
ATTORNEYS AT LAW

POST OFFICE BOX 2288
ABINGDON, VIRGINIA 24212-2288

208 E. MAIN STREET
ABINGDON, VIRGINIA 24210-2904

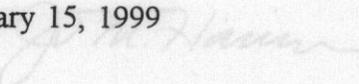
TELEPHONE 540/628-5151
FAX 540/628-5621

Offices in Abingdon
and Bristol, Virginia

* Va & Tn bar
** Va & WV bar
+ + Ga. Tn & Va bar
+ Va, Tn & Ky bar
+ + Va, Tn, WV & NC bar
+ + Va, Tn, Ky, WV, Md & DC bar

February 15, 1999

Yours truly,


JILL M. HARRISON

HAND-DELIVERED

Mr. Dale Dietz
First Virginia Bank
P.O. Box 429
Bristol, TN 37621

Re: Applications by Hugh MacRae Land Trust and Garden Realty Corporation
for the withdrawal of funds from the escrow accounts for the SLW5, SLW6,
SLW7, SLW8, NELW9 and NELW10 units
PS&E File No. 3373-3

Dear Mr. Dietz:

The wiring instructions for the portion of the funds to be paid on behalf of Garden
Realty Corporation are:

Bank Name: Centura Bank
Bank ABA No: 053100850
Account Name: Garden Realty Corporation
Account No: 3250011144

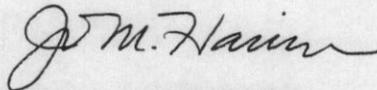
The wiring instructions for the portion of the funds to be paid on behalf of Hugh
MacRae Land Trust are:

Bank Name: Chase Bank of Texas
Bank ABA No: 113000609
Account Name: Torch Operating Company
Account No: 00101776293

Mr. Dale Dietz
February 15, 1999
Page 2

I would appreciate it if you would provide a letter or memorandum stating the amount wired and a breakdown by units with the portion of the funds wired attributable to that unit. My clients will need this information for their accounting records. I would also appreciate it if you would advise me when the funds are being wired so I may notify my clients. Please call me if you have any questions.

Yours truly,



JILL M. HARRISON

cc: Mrs. Betty Boyd King
Alan Siegel, Esq.
Mr. Burt Williams
Mr. Benny Wampler
Sandra Riggs, Esq.

