

VIRGINIA:

BEFORE THE VIRGINIA GAS AND OIL BOARD

APPLICANT: EQUITABLE RESOURCES ENERGY COMPANY )  
 A West Virginia Corporation )  
 )  
 RELIEF SOUGHT: (1) ESTABLISHMENT OF THE DRILLING ) VIRGINIA GAS  
 UNIT DESCRIBED IN EXHIBIT "A" ) AND OIL BOARD  
 HERETO AND SERVED BY WELL NO. )  
 V-2705 (herein "Subject ) DOCKET NOS.  
 Drilling Unit") PURSUANT TO ) 97-0916-0606  
 § 45.1-361.20, CODE OF ) 97-0916-0607  
 VIRGINIA; (2) GRANTING A LOCATION )  
 EXCEPTION PURSUANT TO VA. CODE )  
 § 45.1-361.17(A)(2); AND (3) )  
 POOLING OF INTERESTS IN SUBJECT )  
 DRILLING UNIT PURSUANT TO )  
 § 45.1-361.21, CODE OF VIRGINIA, )  
 FOR THE PRODUCTION OF GAS OTHER )  
 THAN COALBED METHANE GAS FROM )  
 SUBJECT FORMATIONS (herein referred )  
 to as "Conventional Gas" or "Gas") )  
 )  
 LEGAL DESCRIPTION: )  
 )  
 DRILLING UNIT SERVED BY WELL NUMBERED )  
 V-2705 TO BE DRILLED IN THE LOCATION )  
 DEPICTED ON EXHIBIT A HERETO, )  
 JOHN G. MARKHAM SURFACE, OIL AND GAS TRACT )  
 COEBURN QUADRANGLE, )  
 LIPPS MAGISTERIAL DISTRICT, )  
 WISE COUNTY, VIRGINIA )  
 (the "Subject Lands" are more )  
 particularly described on Exhibit )  
 "A", attached hereto and made a )  
 part hereof) )

REPORT OF THE BOARD

FINDINGS AND ORDER

1. Hearing Date and Place: This matter came on for hearing before the Virginia Gas and Oil Board (hereafter "Board") at 9:00 a.m. on September 16, 1997, Dickenson Conference Center, Southwest Virginia Education 4-H Center, Abingdon, Virginia.
2. Appearances: James E. Kaiser of Wilhoit & Kaiser appeared for the Applicant.
3. Jurisdiction and Notice: Pursuant to § 45.1-361.1 et seq., Virginia Code, 1950 as amended, the Board finds that it has jurisdiction over the subject matter. Based upon the evidence presented by Applicant, the Board

also finds that the Applicant has (1) exercised due diligence in conducting a meaningful search of reasonably available sources to determine the identity and whereabouts of each gas and oil owner, coal owner, or mineral owner having an interest in Subject Drilling Unit underlying and comprised of Subject Lands; (2) has given notice to those parties (hereafter sometimes "person(s)" whether referring to individuals, corporations, partnerships, associations, companies, businesses, trusts, joint ventures or other legal entities) entitled by § 45.1-361.19, Virginia Code, 1950 as amended, to notice of this application; and (3) that the persons set forth in Exhibit B hereto have been identified by Applicant as owners of Gas interests underlying Subject Drilling Unit, including those who have not heretofore leased, sold or voluntarily agreed with the Applicant to pool their Gas interests in Subject Drilling Unit. Further, the Board has caused notice of this hearing to be published as required by § 45.1-361.19.B, Virginia Code, 1950 as amended. Whereupon, the Board hereby finds that the notices given herein satisfy all statutory requirements, Board rule requirements and the minimum standards of state due process.

4. Amendments: Exhibit B.

5. Dismissals: None.

6. Relief Requested: Applicant requests (1) that pursuant to § 45.1-361.20, Code of Virginia, 1950, as amended, the Board establish Subject Drilling Unit to be served by Well No. V-2705; (2) that it be granted an exception to the statewide spacing requirements set forth in Va. Code § 45.1-361.17 for Well V-2705; (3) that pursuant to § 45.1-361.21, Code of Virginia, 1950 as amended, the Board pool the rights, interests and estates in and to the Gas of the known and unknown persons listed in Exhibit B hereof, and their known and unknown heirs, executors, administrators, devisees, trustees, assigns and successors, both immediate and remote, for the drilling and operation, including production, of Gas from the Subject Drilling Unit established from the surface to the total depth drilled of 5,490 feet for all Devonian Shales, including, the Base Lee Sands, Ravencliff, Maxon, Big Lime, Borden, Coffee Shale, Berea, and Devonian and White Slate Formations (herein "Subject Formations") underlying and comprised of the Subject Lands, (hereafter sometimes collectively identified and referred to as "well development and/or operation in the Subject Drilling Unit"); and, (4) that the Board designate Applicant as Unit Operator.

7. Relief Granted: The requested relief in this cause be and hereby is granted and: (1) Pursuant to § 45.1-361.20, Code of Virginia, 1950 as amended, the Board hereby establishes Subject Drilling Unit; (2) pursuant to § 45.1-361.21.C.3, Code of Virginia, 1950 as amended, EQUITABLE RESOURCES ENERGY COMPANY (hereafter "Unit Operator") is designated as the Operator authorized to drill and operate Well No. V-2705 in the Subject Drilling Unit to produce Conventional Gas from Subject Formations, subject to the permit provisions contained in § 45.1-361.27 et seq., Code of Virginia, 1950 as amended, to § 4 VAC 25-150 et seq., Gas and Oil Regulations and to § 4 VAC 25-160 et seq., Virginia Gas and Oil Board Regulations, all as amended from time to time; (3) the Applicant is granted an exception to the statewide spacing requirements of Va. Code § 45.1-361.17 so that it may apply for a permit to drill proposed Well V-2705 2,331.00 feet from existing EREC Well P-342 at the

location depicted on Exhibit A; and (4) the rights, interests and estates in and to the Conventional Gas in Subject Drilling Unit including those of the known and unknown persons listed on Exhibit B, attached hereto and made a part hereof, and their known and unknown heirs, executors, administrators, devisees, trustees, assigns and successors, both immediate and remote, leased or unleased, be and hereby are pooled in the Subject Formations in the Subject Drilling Unit underlying and comprised of the Subject Lands.

<u>Subject Formations</u>	<u>Unit Size</u>	<u>Permitted Well Location</u>	<u>Field and Well Classification</u>
Surface to total depth drilled of 5,490 feet for all Devonian Shales, including the Base Lee Sands, Ravencliff, Maxon, Big Lime, Borden, Coffee Shale, Berea, Devonian Shale Formations of Va. Code	Approximately 112.69-acre circular drilling unit	V-2705 (See Exhibit A) which location is hereby established as a legal location by the granting of Applicant's request for an exception to the statewide spacing requirements of Va. Code § 45.1-361.17	No applicable field rules; an exception to the statewide spacing requirements of Va. Code § 45.1-361.17 was requested by Applicant in VGOB Docket No. 97-0916-0606 and is granted by this Order.

For the Subject Drilling Unit  
underlying and comprised of the Subject  
Land Served by Well No. V-2705

Wise County, Virginia

8. Election and Election Period: In the event any Gas owner named in Exhibit B has not heretofore reached a voluntary agreement to share in the operation of the well to be located in Subject Drilling Unit at a rate of payment mutually agreed to by said Gas owner and the Operator, then, such person may elect one of the options set forth in Paragraph 9 below and must give written notice of his election of the option selected under Paragraph 9 herein to the designated Unit Operator at the address shown below within thirty (30) days from the date this Order is recorded in the county above named. A timely election shall be deemed to have been made if, on or before the last day of said 30-day period, such electing person has delivered his written election to the designated Unit Operator at the address shown below or has duly postmarked and placed his written election in first class United States mail, postage prepaid, addressed to the Unit Operator at the address shown below.

9. Election Options:

- 9.1 Option 1 - To Participate In The Development and Operation of the Drilling Unit: Any Gas owner named in Exhibit B who has not reached a voluntary agreement with the Operator may elect to participate in the development and operation of the Subject Drilling Unit (hereafter "Participating Operator") by agreeing to pay the estimate of such Participating Operator's proportionate part of the actual and reasonable costs, including a reasonable supervision fee, of the well development and operation in the Subject Drilling Unit, as more particularly set forth in Virginia Gas and Oil Board Regulation 4 VAC 25-160-100 (herein "Completed for Production Costs"). Further, a Participating Operator agrees to pay the estimate of such Participating Operator's proportionate part of the Estimated, Completed-for-Production Costs as set forth below to the Unit Operator within forty-five (45) days from the later of the date of mailing or the date of recording of this Order. The estimated Completed-for-Production Costs for the Subject Drilling Unit are as follows:

Estimated, Completed-for-Production Costs:

\$307,100.00  
(Multiple Completion)

A Participating Operator's proportionate cost hereunder shall be the result obtained by multiplying the Participating Operator's percentage Interest Within Unit as set forth in revised Exhibit B times the costs stated immediately above. Provided, however, that in the event a Participating Operator elects to participate and fails or refuses to pay the estimate of his proportionate part of the Estimated, Completed-for-Production Costs as set forth above, all within the time set forth herein and in the manner prescribed in Paragraph 8 of this Order, then such Participating Operator shall be deemed to have elected not to participate and to have elected compensation in lieu of participation pursuant to Paragraph 9.2 herein.

- 9.2 Option 2 - To Receive A Cash Bonus Consideration: In lieu of participating in the development and operation of Subject Drilling Unit under Paragraph 9.1 above, any Gas owner named in Exhibit B who has not reached a voluntary agreement with the Operator may elect to accept a cash bonus consideration of \$5.00 per net mineral acre owned by such person, commencing upon entry of this Order and continuing annually until commencement of production from Subject Drilling Unit, and thereafter a royalty of 1/8th of 8/8ths [twelve and one-half percent (12.5%)] of the net proceeds received by the Unit Operator for the sale of the Gas produced from any well development covered by this Order multiplied by the Gas owner's percentage Interest Within Unit as set forth in Exhibit B (for purposes of this Order, net proceeds shall be actual proceeds received less post-production costs incurred downstream of the wellhead, including, but not limited to, gathering, compression, treating, transportation and marketing costs, whether performed by Unit Operator or a third person) as

fair, reasonable and equitable compensation to be paid to said Gas owner. The initial cash bonus shall become due and owing when so elected and shall be tendered, paid or escrowed within one hundred twenty (120) days of recording of this Order. Thereafter, annual cash bonuses, if any, shall become due and owing on each anniversary of the date of recording of this order in the event production from Subject Drilling Unit has not theretofore commenced, and once due, shall be tendered, paid or escrowed within thirty (30) days of said anniversary date. Once the initial cash bonus and the annual cash bonuses, if any, are so paid or escrowed, said payment(s) shall be satisfaction in full for the right, interests, and claims of such electing Gas owner in and to the Gas produced from Subject Formation in the Subject Lands, except, however, for the 1/8th royalties due hereunder.

The election made under this Paragraph 9.2, when so made, shall be satisfaction in full for the right, interests, and claims of such electing person in any well development and operation covered hereby and such electing person shall be deemed to and hereby does lease and assign its right, interests, and claims in and to the Gas produced from Subject Formation in the Subject Drilling Unit to the Unit Operator.

- 9.3. Option 3 - To Share In The Development And Operation As A Non-Participating Person On A Carried Basis And To Receive Consideration In Lieu Of Cash: In lieu of participating in the development and operation of Subject Drilling Unit under Paragraph 9.1 above and in lieu of receiving a cash bonus consideration under Paragraph 9.2 above, any gas owner named in Exhibit B, who has not reached a voluntary agreement with the Operator may elect to share in the development and operation of Subject Drilling Unit on a carried basis (as a "Carried Well Operator"] so that the proportionate part of the Completed-for-Production Costs hereby allocable to such Carried Well Operator's interest is charged against such Carried Well Operator's share of production from Subject Drilling Unit. Such Carried Well Operator's rights, interests, and claims in and to the Gas in Subject Drilling Unit shall be deemed and hereby are assigned to the Unit Operator until the proceeds from the sale of such Carried Well Operator's share of production from Subject Drilling Unit (exclusive of any royalty, excess or overriding royalty, or other non-operating or non cost-bearing burden reserved in any lease, assignment thereof or agreement relating thereto covering such interest) equals three hundred percent (300%) for a leased interest or two hundred percent (200%) for an unleased interest (whichever is applicable) of such Carried Well Operator's share of the Completed-for-Production Costs allocable to the interest of such Carried Well Operator. When the Unit Operator recoups and recovers from such Carried Well Operator's assigned interest the amounts provided for above, then, the assigned interest of such Carried Well Operator shall automatically revert back to such Carried Well Operator, and from and after such reversion, such Carried Well Operator shall be treated as if it had participated initially under

Paragraph 9.1 above; and thereafter, such participating person shall be charged with and shall pay his proportionate part of all further costs of such well development.

The election made under this Paragraph 9.3, when so made, shall be satisfaction in full for the right, interests, and claims of such electing person in any well development and operation covered hereby and such electing person shall be deemed to have and hereby does assign his right, interests, and claims in and to the Gas produced from Subject Formation in the Subject Drilling Unit to the Unit Operator for the period of time during which his interest is carried as above provided prior to its reversion back to such electing person.

10. Failure to Properly Elect: In the event a person entitled to elect fails to do so within the time, in the manner, and in accordance with the terms of this Order one of the alternatives set forth in Paragraph 9 above for which his interest qualifies, then such person shall be deemed to have elected not to participate in the proposed development and operation of Subject Drilling Unit and shall be deemed, subject to any final legal determination of ownership, to have elected to accept as satisfaction in full for such person's right, interests, and claims in and to the Gas the consideration provided in Paragraph 9.2 above for which its interest qualifies and shall be deemed to have leased and/or assigned his right, interests, and claims in and to Gas in the Subject Drilling Unit to the Unit Operator. Persons who fail to properly elect shall be deemed to have accepted the compensation and terms set forth herein at Paragraph 9.2 in satisfaction in full for the right, interests, and claims of such person in and to the Gas produced from Subject Formation underlying Subject Lands.

11. Default By Participating Person: In the event a person so entitled elects to participate under Paragraph 9.1, but fails or refuses to pay, to secure the payment or to make an arrangement with the Unit Operator for the payment of such person's proportionate part of the Estimated Completed-for-Production costs as set forth herein, all within the time and in the manner as prescribed in this Order, then such person shall be deemed to have withdrawn his election to participate and shall be deemed to have elected to accept as satisfaction in full for such person's right, interests, and claims in and to the Gas the consideration provided in Paragraph 9.2 above for which his interest qualifies depending on the excess burdens attached to such interest. Whereupon, any cash bonus consideration due as a result of such deemed election shall be tendered, paid or escrowed by Unit Operator within sixty (60) days after the last day on which such defaulting person under this Order should have paid his proportionate part of such cost or should have made satisfactory arrangements for the payment thereof. When such cash bonus consideration is paid or escrowed, it shall be satisfaction in full for the right, interests, and claims of such person in and to the Gas underlying Subject Drilling Unit in the Subject Lands covered hereby, except, however, for any 1/8th royalties which would become due pursuant to Paragraph 9.2 hereof.

12. Assignment of Interest: In the event a person pooled hereby is unable to reach a voluntary agreement to share in the operation of the well contemplated by this Order at a rate of payment agreed to mutually by said Gas owner and the Operator, and said person elects or fails to elect to do other than participate under Paragraph 9.1 above in the development and operation of the well in Subject Drilling Unit, then such person shall be deemed to have and shall have assigned unto Unit Operator such person's right, interests, and claims in and to said well, in Subject Formations in Subject Drilling Unit, and other share in and to Gas production to which such person may be entitled by reason of any election or deemed election hereunder in accordance with the provisions of this Order governing said elections.

13. Unit Operator (or Operator): EQUITABLE RESOURCES ENERGY COMPANY be and hereby is designated as Unit Operator authorized to drill and operate Well No. V-2705 in Subject Formations in Subject Drilling Unit, all subject to the permit provisions contained in Section 45.1-361.27 et seq., Code of Virginia, 1950 as amended, §§ 4 VAC 25-150 et seq., Gas and Oil Regulations and §§ 4 VAC 25-160 et seq., Virginia Gas and Oil Board Regulations, all as amended from time to time, and all elections required by this Order shall be communicated to Unit Operator in writing at the address shown below:

EQUITABLE RESOURCES ENERGY COMPANY  
 P. O. Box 1983  
 1989 East Stone Drive  
 Kingsport, TN 37662  
 Phone: (423) 224-3800  
 Fax: (423) 224-3892  
 Attn: Dennis R. Baker, Regulatory

14. Commencement of Operations: Unit Operator shall commence or cause to commence operations for the drilling of any well covered hereby within three hundred and sixty-five (365) days from the date of this Order and shall prosecute the same with due diligence. If Unit Operator shall not have so commenced and/or prosecuted, then this Order shall terminate, except for any cash sums becoming payable hereunder; otherwise, unless sooner terminated by Order of the Board, this Order shall expire at 12:00 P.M. on the date on which any well covered by this Order is permanently abandoned and plugged. However, in the event an appeal is taken from this Order, then the time between the filing of the Petition for Appeal and the final Order of the Circuit Court shall be excluded in calculating the one year period referenced herein.

15. Operator's Lien: Unit Operator, in addition to the other rights afforded hereunder, shall have a lien and a right of set off on the Gas estates, rights, and interests owned by any person subject hereto who elects to participate under Paragraph 9.1 in the Subject Drilling Unit to the extent that costs incurred in the drilling or operation on the Subject Drilling Unit are a charge against such person's interest. Such liens and right of set off shall be separable as to each separate person and shall remain liens until the Unit Operator drilling or operating any well covered hereby has been paid the full amounts due under the terms of this Order.

16. Escrow Provisions:

16.1 Escrow Account: By this Order, the Board instructs the Escrow Agent named herein or any successor named by the Board to establish an interest-bearing escrow account, (herein "the Escrow Account") to receive and account to the Board pursuant to its agreement for the escrowed funds hereafter described:

Tazewell National Bank  
Trust Department  
c/o Premier Bankshares Corporation  
29 College Drive, P. O. Box 1199  
Bluefield, VA 24605-1199  
Telephone: (540) 322-2242  
Fax: (540) 322-2766

16.2. Escrow Provisions For Unknown or Unlocatable Persons: If any payment of bonus, royalty payment or other payment due and owing cannot be made because the person entitled thereto cannot be located or is unknown, then such cash bonus, royalty payment, or other payment shall not be commingled with any funds of the Unit Operator and shall, pursuant to Section 45.1-361.21.D, Code of Virginia, 1950 as amended, be deposited by the Operator into the Escrow Account, commencing within one hundred twenty (120) days of recording of this Order, and continuing thereafter on a monthly basis with each deposit to be made, by use of a report format approved by the Inspector, by a date which is no later than one hundred twenty (120) days after the last day of the month being reported and/or for which funds are subject to deposit. Such funds shall be held for the exclusive use of, and sole benefit of the person entitled thereto until such funds can be paid to such person(s) or until the Escrow Agent relinquishes such funds as required by law or pursuant to Order of the Board in accordance with § 45.1-361.21.D., Code of Virginia, 1950 as amended.

17. Special Findings: The Board specifically and specially finds:

- 17.1 Applicant claims ownership of Gas leases on 94.168 percent of Subject Drilling Unit and the right to explore for, develop and produce Gas from same.
- 17.2 Applicant is an operator in the Commonwealth of Virginia and has satisfied the Board's requirements for operations in Virginia;
- 17.3 Applicant has proposed the drilling of Well No. V-2705 on the Subject Drilling Unit at the location depicted in Exhibit A to develop the pool of Gas in Subject Formations. An expert witness testified that the requested location exception was necessary due to surface topography, and that the granting of this exception was in the best interest of preventing waste, protecting correlative rights and maximizing recovery of Conventional Gas from the Subject Drilling Unit.
- 17.4 Set forth in Exhibit B is the name and last known address of each person of record identified by the Applicant as Gas owners within Subject Drilling Unit, including those persons who have not

reached a voluntary agreement to share in the operation of Well V-2705 at a rate of payment agreed to mutually by said gas and oil owners and the Operator. Gas interests unleased to the Operator represent 5.832 percent of Subject Drilling Unit.

- 17.5 The proposed depth of Well No. V-2705 is 5,490 feet.
- 17.6 The estimated production over the life of the proposed well is 700 million cubic feet.
- 17.7 Applicant's evidence established that the fair, reasonable and equitable compensation to be paid to any person in lieu of the right to participate in any well covered hereby are those options provided in Paragraph 9 above.
- 17.8 The Subject Drilling Unit does not constitute an unreasonable or arbitrary exercise of Applicant's right to explore for or produce Gas.
- 17.9 The relief requested and granted is just and reasonable, is supported by substantial evidence and will afford each person in the Subject Drilling Unit the opportunity to recover or receive, without unnecessary expense, each person's just and fair share of the production of the gas and/or oil from Subject Drilling Unit. The granting of the Application and relief requested therein will ensure to the extent possible the greatest ultimate recovery of gas and oil, prevent or assist in preventing the various types of waste prohibited by statute and protect or assist in protecting the correlative rights of all persons in the subject common sources of supply in the Subject Lands. Therefore, the Board is entering an Order granting the relief herein set forth.
18. Mailing Of Order And Filing Of Affidavit: Applicant or its Attorney shall file an affidavit with the Secretary of the Board within sixty (60) days after the date of receipt of this Order stating that a true and correct copy of said Order was mailed within seven (7) days from the date of receipt of this Order to each person pooled by this Order whose address is known.
19. Availability of Unit Records: The Director shall provide all persons not subject to a lease with reasonable access to all records for Subject Drilling Unit which are submitted by the Unit Operator to said Director and/or his Inspector(s).
20. Conclusion: Therefore, the requested relief and all terms and provisions set forth above be and hereby are granted and IT IS SO ORDERED.
21. Appeals: Appeals of this Order are governed by the provisions of Va. Code Ann. § 45.1-361.9 which provides that any order or decision of the Board may be appealed to the appropriate circuit court. Such appeals must be taken in the manner prescribed in the Administrative Process Act, Va. Code Ann. § 9-6.14:1 et seq. and Rule 2A of the Rules of the Virginia Supreme Court.

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

DONE AND EXECUTED this 10<sup>th</sup> day of October, 1997, by a majority of the Virginia Gas and Oil Board.

Benny R. Wampler  
Chairman, Benny R. Wampler

DONE AND PERFORMED this 16<sup>th</sup> day of October, 1997, by Order of this Board.

Byron Thomas Fulmer  
Byron Thomas Fulmer  
Principal Executive To The Staff  
Virginia Gas and Oil Board

STATE OF VIRGINIA )  
COUNTY OF WISE )

Acknowledged on this 10<sup>th</sup> day of October, 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 July 31, 1998

STATE OF VIRGINIA )  
COUNTY OF WASHINGTON )

Acknowledged on this 10<sup>th</sup> day of October, 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 Principal Executive to the Staff of the Virginia Gas and Oil Board, that he executed the same and was authorized to do so.

Diane J. Davis  
Diane J. Davis  
Notary Public

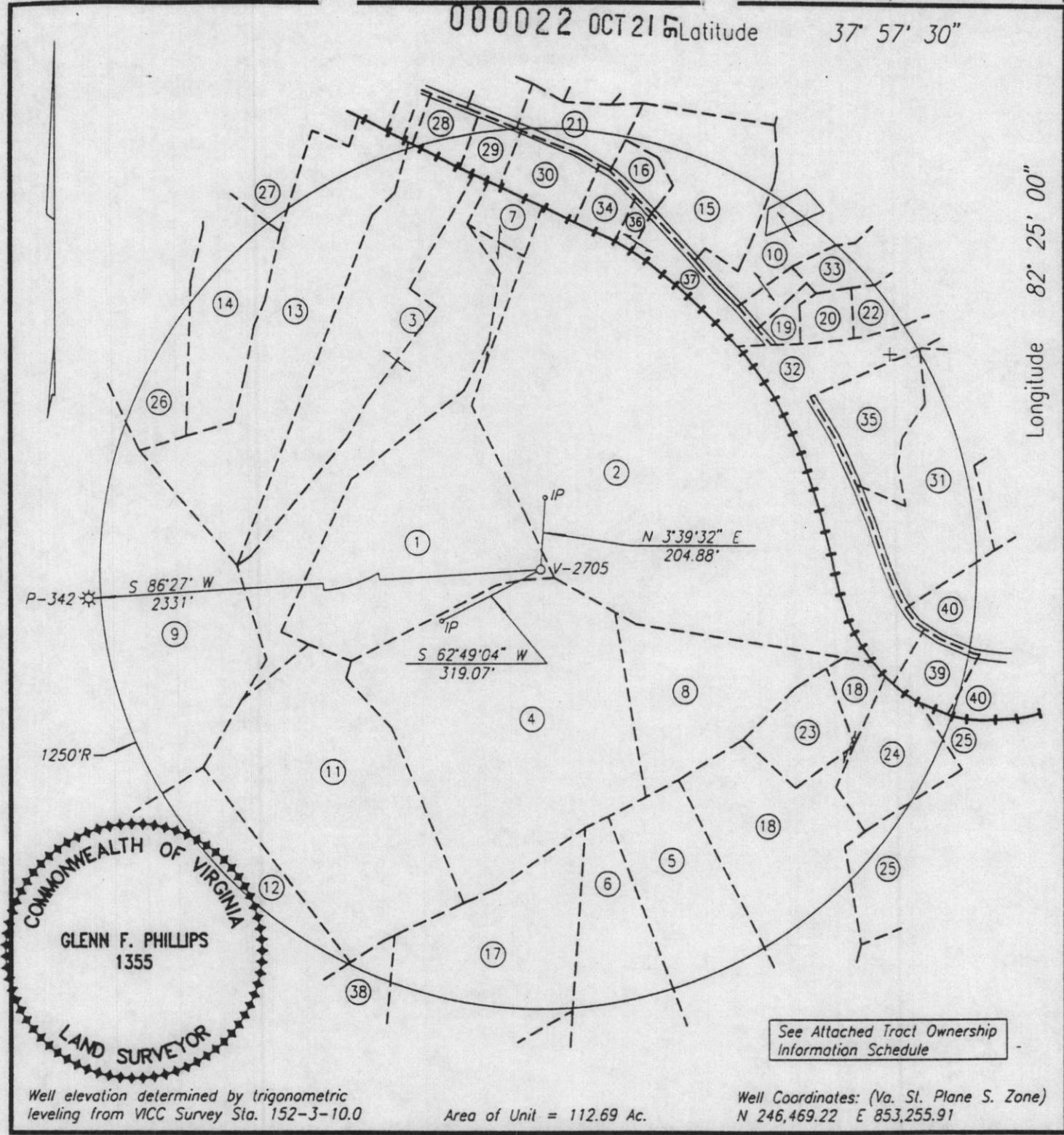
My commission expires September 30, 2001

2,480'

000022 OCT 21 1997 Latitude

37° 57' 30"

Longitude 82° 25' 00"



WELL LOCATION PLAT

COMPANY Equitable Resources Energy Company WELL NAME AND NUMBER V-2705  
 TRACT NO. Lse. No. 245236L ELEVATION 2322.13 QUADRANGLE Coeburn  
 COUNTY Wise DISTRICT Lipps SCALE 1" = 400' DATE 8-06-1997

This Plat is a new plat x; an updated plat     ; or a final location plat     

+ Denotes the location of a well on United States topographic Maps, scale 1 to 24,000, latitude and longitude lines being represented by border lines as shown.

*Glenn F. Phillips*

Licensed Professional Engineer or Licensed Land Surveyor

000023 OCT 21 5

**EXHIBIT "B"**  
**V-2705**

Revised: 9/15/97  
VGOB 97/09/16-0607

<u>TRACT</u>	<u>LESSOR</u>	<u>LEASE STATUS</u>	<u>INTEREST WITHIN UNIT</u>	<u>GROSS ACREAGE IN UNIT</u>
1	John G. Markham and Helen Markham, H/W P. O. Box 311 Coeburn, VA 24230	Leased-EREC 245236L01	6.320000%	7.1300
2	Equitable Resources Energy Company Eastern Region P. O. Box 1983 Kingsport, TN 37662-1983	Leased-EREC 241709L	16.960000%	19.1100
3	Margie B. Kiser and James Kiser, W/H 611 Overbrook Dr. Fort Walton Beach, FL 32547	Leased-EREC 244649L01	4.305000%	4.8500
	Norma B. Hart and James Hart, W/H 6185 Sundew St. Crestview, FL 32536	Leased-EREC 244649L01	4.305000%	4.8500
4	P. W. Markham and Bernett Markham, H/W 4557 Markham Road Coeburn, VA 24230	Leased-EREC 244597L01	9.980000%	11.2400
5	Mildred Couch, a widow P. O. Box 522 Coeburn, VA 24230	Leased-EREC 242591L01	2.770000%	3.1200
6	Jane Couch Harvey and and Delmar Harvey, W/H 4540 Markham Road Coeburn, VA 24230	Leased-EREC 242592L01	1.890000%	2.1300

**EXHIBIT "B"**  
**V-2705**

Revised: 9/15/97  
VGOB 97/09/16-0607

<u>TRACT</u>	<u>LESSOR</u>	<u>LEASE STATUS</u>	<u>INTEREST WITHIN UNIT</u>	<u>GROSS ACREAGE IN UNIT</u>
7	Lois Dishman, single P. O. Box 868 Coeburn, VA 24230	Leased-EREC 244647L01	0.083000%	0.0930
	Juanita Orender and Charlie Orender, W/H 712 Oakdale Road Kingsport, TN 37664	Leased-EREC 244647L02	0.166000%	0.1860
	Evelyn Hughes and Jack Hughes, W/H 18625 Cleveland Road Abingdon, VA 24210	Leased-EREC 244647L03	0.166000%	0.1860
	Ival A. Robinette and Isabell Robinette, H/W 742 Dexter Road Roanoke, VA 24019	Leased-EREC 244647L04	0.083000%	0.0930
	Allen D. Robinette and Ruth Robinette, H/W 433 Burnt Factory Road Stephens VA 22656	Unleased	0.166000%	0.1860
	Stella McCury Unknown	Unleased	0.083000%	0.0930
	James Melvin Hughes Unknown	Unleased	0.083000%	0.0930
8	Linda Markham Wright and Kenneth James Wright, W/H P. O. Box 502 Duffield, VA 24244	Leased-EREC 245268L01	3.370000%	3.8000

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**EXHIBIT "B"**  
**V-2705**

Revised: 9/15/97  
VGOB 97/09/16-0607

<u>TRACT</u>	<u>LESSOR</u>	<u>LEASE STATUS</u>	<u>INTEREST WITHIN UNIT</u>	<u>GROSS ACREAGE IN UNIT</u>
9	Equitable Resources Energy Company Eastern Region P. O. Box 1983 Kingsport, TN 37662-1983	Leased-EREC 241709L	5.920000%	6.6800
10	R. L. Crawford and Nancy Jane Crawford, H/W P. O. Box 2212 Coeburn, VA 24230	Leased-EREC 223018L01	1.280000%	1.4500
11	Dudley Carter Riner, Sr., single 4505 Markham Road Coeburn, VA 24230	Leased-EREC 245271L01	7.290000%	8.2100
12	Clonnie Lawson and Mary Lawson, H/W 17208 Capella Lane Abingdon, VA 24210	Leased -EREC 245274L02	0.253333%	0.2850
	Alton Lawson, Sr. and Rose Dedulonus Lawson, H/W 121 Beech Ave. N.E. Coeburn, VA 24230	Leased-EREC 245274L01	0.253333%	0.2850
	Timothy Lawson and Betina Lawson, H/W 108 Sunset Loop #2 Minot AFB, ND 58704	Unleased	1.013334%	1.1400
13	Joseph B. Powers and Anita Powers, H/W Alma Burton and Gene Burton, W/H Lucille Scholz, single Donald Powers and Etsuko Powers, H/W c/o Joseph B. Powers, Agent 7025 Terrace Drive Charlotte, NC 28211	Leased-EREC 244633L01	4.940000%	5.5700

**EXHIBIT "B"**  
**V-2705**

Revised: 9/15/97  
VGOB 97/09/16-0607

<u>TRACT</u>	<u>LESSOR</u>	<u>LEASE STATUS</u>	<u>INTEREST WITHIN UNIT</u>	<u>GROSS ACREAGE IN UNIT</u>
14	Thomas L. Jackson and Susie M. Jackson, H/W P.O. Box 1343 Coeburn, VA 24230	Leased-EREC 245270L01	1.800000%	2.0300
15	William M. Fleenor and Sandra H. Fleenor, H/W P. O. Box 334 Coeburn, VA 24230	Leased-EREC 244634L01	1.450000%	1.6400
16	Leon Collins and Sarah Collins, H/W 13327 Bull Run Road Coeburn, VA 24230	Leased-EREC 245276L01	0.400000%	0.4500
17	<u>Wiley Smith and E. C. Smith Heirs</u> Unknown	Unleased	3.460000%	3.9000
18	Frank Harold Markham and Carol A. Markham, H/W P. O. Box 417 Coeburn, VA 24230	Leased-EREC 242612L01	4.020000%	4.5300
19	Henry A. Hamm and Cora Hamm, H/W 13351 Bull Run Road Coeburn, VA 24230	Leased-EREC 244594L01	0.270000%	0.3000
20	Dianna Hamm Holbrook and Dennis Holbrook, W/H 13403 Grayson Road Coeburn, VA 24230	Leased-EREC 244593L01	0.420000%	0.4800
21	Arnold Addington, a widower Box 94 St. Paul, VA 24283	Leased-EREC 244671L01	0.340000%	0.3800

**EXHIBIT "B"**  
**V-2705**

Revised: 9/15/97  
VGOB 97/09/16-0607

<u>TRACT</u>	<u>LESSOR</u>	<u>LEASE STATUS</u>	<u>INTEREST WITHIN UNIT</u>	<u>GROSS ACREAGE IN UNIT</u>
22	Judy Hamm Kilgore, single P. O. Box 125 Norton, VA 24273	Leased-EREC 244610L01	0.310000%	0.3500
23	Shane Grover Markham, single 3359 Possum Hollow Road Coeburn, VA 24230	Leased-EREC 245273L01	1.180000%	1.3300
24	John Markham and Helen Markham, H/W P. O. Box 311 Coeburn, VA 24230	Leased-EREC 245245L01	1.540000%	1.7400
25	Luther Clay and Lela E. Clay, H/W 12550 Crab Orchard Road Coeburn, VA 24230	Leased-EREC 242656L01	0.304762%	0.3429
	Thomas C. Lawson and Jerry K. Lawson, H/W 4305 Rockrose Circle Kingsport, TN 37660	Leased-EREC 242656L02	0.015238%	0.0171
26	Bonita Sanders, widow P. O. Box 1765 Coeburn, VA 24230	Leased-EREC 245269L01	0.566667%	0.6400
	Kenneth Sanders and Judy Sanders, H/W 4126 Allegheny Road Coeburn, VA 24230	Leased-EREC 245269L02	0.056667%	0.0640
	Kathy Hale and Roger Hale, W/H P. O. Box 81 Coeburn, VA 24230	Leased-EREC 245269L03	0.056667%	0.0640
	Amy Sanders Unknown	Unleased	0.056667%	0.0640

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## EXHIBIT "B"

V-2705

Revised: 9/15/97  
VGOB 97/09/16-0607

<u>TRACT</u>	<u>LESSOR</u>	<u>LEASE STATUS</u>	<u>INTEREST WITHIN UNIT</u>	<u>GROSS ACREAGE IN UNIT</u>
	Gary Sanders and Judy Sanders, H/W 617 Branch St. Kingsport, TN 37660	Leased-EREC 245269L05	0.056666%	0.0640
	Anthony Funk, a widower P. O. Box 1765 Coeburn, VA 24230	Leased-EREC 245269L04	0.056666%	0.0640
27	Joseph B. Powers and Anita Powers, H/W Alma Burton and Gene Burton, W/H Lucille Scholz, single Donald Powers and Etsuko Powers, H/W c/o Joseph B. Powers, Agent 7025 Terrace Drive Charlotte, NC 28211	Leased-EREC 244633L01	0.030000%	0.0300
28	Betty Hamm Hobbs and David Hobbs, W/H 510 NW 130th St. Miami, FL 33168	Leased-EREC 244668L01	0.150000%	0.1700
29	Claude Collins and Phyllis Collins, H/W P. O. Box 1605 Wise, VA 24293	Unleased	0.360000%	0.4100
30	Betty Hamm Hobbs and David Hobbs, W/H 510 NW 130th St. Miami, FL 33168	Leased-EREC 244668L01	0.860000%	0.9700
31	Larry C. Salyer and Donna M. Salyer, H/W P. O. Box 98 Coeburn, VA 24230	Leased-EREC 244609L01	2.410000%	2.7100

**EXHIBIT "B"**  
**V-2705**  
 Revised: 9/15/97  
 VGOB 97/09/16-0607

<u>TRACT</u>	<u>LESSOR</u>	<u>LEASE STATUS</u>	<u>INTEREST WITHIN UNIT</u>	<u>GROSS ACREAGE IN UNIT</u>
32	Daisy Mitchell, a widow Route 1, Box 502 St. Paul, VA 24283	Leased-EREC 244557L01	3.370000%	3.8000
33	Gerald T. Bates and Shirley F. Bates, H/W 13345-A Bull Run Road Coeburn, VA 24230	Leased-EREC 223020L01	0.370000%	0.4100
34	Donald Robinette and Elva Robinette, H/W 610 Orems Road Baltimore, MD 21221	Unleased	0.143333%	0.1600
	Geraldine Kowalczyk and Anthony Kowalczyk, W/H 337 Magothy Blvd. Pasedena, MD 21122	Unleased	0.143333%	0.1600
	<u>Bobby Robinette Heirs</u>			
	Walter Robinette Unknown	Unleased	0.047778%	0.0533
	Toy Annette Robinette Unknown	Unleased	0.047778%	0.0533
	Eric Robinette Unknown	Unleased	0.047778%	0.0534
35	Ronald L. Lawson and Dorothy Lawson, H/W P. O. Box 1759 Coeburn, VA 24230	Leased-EREC 244558L01	1.600000%	1.8000
36	Lester Boggs and Jeanette Boggs, H/W P. O. Box 598 Pound, VA 24279	Leased-EREC 244625L01	0.160000%	0.1800

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**EXHIBIT "B"**  
**V-2705**

Revised: 9/15/97  
VGOB 97/09/16-0607

<u>TRACT</u>	<u>LESSOR</u>	<u>LEASE STATUS</u>	<u>INTEREST WITHIN UNIT</u>	<u>GROSS ACREAGE IN UNIT</u>
37	Lester Boggs and Jeanette Boggs, H/W P. O. Box 598 Pound, VA 24279	Leased-EREC 244625L01	0.810000%	0.9100
38	W. H. Ham Heirs and <u>Mary E. Smith/J. C. Smith Heirs</u>  Unknown	Unleased	0.180000%	0.2000
39	Evelyn Hughes and Jack Hughes, W/H 18625 Cleveland Road Abingdon, VA 24210	Leased-EREC 244623L01	0.128000%	0.1460
	Lois Dishman, single P. O. Box 868 Coeburn, VA 24230	Leased-EREC 244623L02	0.128000%	0.1460
	Ival A. Robinette and Isabell Robinette, H/W 742 Dexter Road Roanoke, VA 24019	Leased-EREC 244623L03	0.128000%	0.1460
	Allen D. Robinette and Ruth Robinette, H/W 433 Burnt Factory Road Stephenson, VA 22656	Leased-EREC 244623L04	0.128000%	0.1460
	Juanita Orender and C. L. Orender, W/H 712 Oakdale Road Kingsport, TN 37664	Leased-EREC 244623L05	0.128000%	0.1460

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**EXHIBIT "B"**  
**V-2705**

Revised: 9/15/97  
VGOB 97/09/16-0607

<u>TRACT</u>	<u>LESSOR</u>	<u>LEASE STATUS</u>	<u>INTEREST WITHIN UNIT</u>	<u>GROSS ACREAGE IN UNIT</u>
40	Gerfus Addington McReynolds and James O. McReynolds, W/H 13481 Grayson Road Coeburn, VA 24230	Leased-EREC 244624L01	0.590000%	0.6600
			100.000000%	112.6900
Percentage of Unit Leased			94.167999%	
Percentage of Unit Unleased			5.832001%	
Acreage in Unit Leased				106.1240
Acreage in Unit Unleased				6.5660

INSTRUMENT #970004246  
RECORDED IN THE CLERK'S OFFICE OF  
WISE COUNTY ON  
OCTOBER 21, 1997 AT 12:42PM  
J. JACK KENNEDY, JR., CLERK

BY: J. Gandy DEPUTY CLERK

BEFORE THE VIRGINIA GAS AND OIL BOARD

Applicant: Equitable Resources Energy Company, )  
Eastern Region )  
Relief Sought: Well No. V-2705 )  
Location Exception )  
) Docket No.  
) VGOB-97/09/16-0606  
)

AFFIDAVIT OF MAILING  
(CERTIFICATE OF SERVICE)

STATE OF TENNESSEE )  
COUNTY OF SULLIVAN )

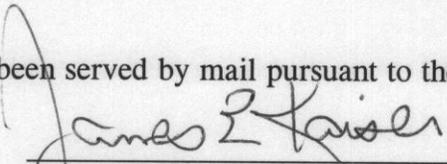
James E. Kaiser, of lawful age, being duly sworn, upon oath, deposes and says:

(1) He is a partner with WILHOIT & KAISER, Agent for Equitable Resources Energy Company ("EREC") and makes this affidavit on behalf of EREC.

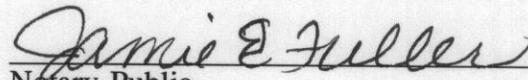
(2) Based upon information and belief, the names and last-known addresses, where such addresses are known, of the parties owning an interest in the oil and gas in this cause are set forth and attached hereto.

(3) On the 15th day of August, 1997, true and correct copies of the Application and the Notice of Hearing in this matter were placed in the United States mail in Kingsport, TN, certified mail, return receipt requested, postage prepaid, duly addressed to all parties at their respective addresses as set forth in the attached Exhibit B which is hereby made a part of this Affidavit.

(4) Notice of this cause has therefore been served by mail pursuant to the applicable statutes and rules of the Board.

  
James E. Kaiser

SUBSCRIBED AND SWORN TO before me this 9th day of September, 1997.

  
Notary Public

My commission expires:

7-31-2001