



05-0003590

INSTRUMENT PREPARED BY
VIRGINIA GAS AND OIL BOARD

ORDER RECORDED UNDER CODE
OF VIRGINIA SECTION 45.1-361.26

BEFORE THE VIRGINIA GAS AND OIL BOARD

APPLICANT:	CNX Gas Company LLC)	VIRGINIA GAS
)	AND OIL BOARD
RELIEF SOUGHT :	AUTHORIZATION TO)	
	COMBINE THE ALLOWABLE)	
	PRODUCTION ALLOCATED TO COALBED)	
	METHANE GAS DRILLING UNITS T-17, S-18))	DOCKET NO.:
	AND S-20 IN ACCORDANCE WITH THE)	99-1117-0765-01
	PROVISIONS OF THE ORDER)	
	ESTABLISHING THE BEATRICE MINE)	
	SEALED GOB AREA)	
)	
)	
LEGAL DESCRIPTION:)	
)	
	DRILLING UNITS T-17, S-18 AND S-20 LOCATED AS)	
	DEPICTED ON EXHIBITS A AND A1 HERETO IN THE)	
	OAKWOOD I COALBED METHANE GAS FIELD, VANSANT)	
	AND KEEN MOUNTAIN QUADRANGLES, GARDEN,)	
	HURRICANE AND SOUTH GRUNDY DISTRICTS, BUCHANAN)	
	COUNTY, VIRGINIA)	

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 (hereinafter "Board") at 9:00 A.M. on March 16, 2004 at the Southwest Virginia Higher Education Center on the campus of Virginia Highlands Community College, Abingdon, Virginia.
2. **Appearances:** Leslie K. Arrington and Mark A. Swartz, Esq. appeared on behalf of the Applicant; and Sharon M.B. Pigeon, Esq., Assistant Attorney General, was present to advise the Board.
3. **Jurisdiction and Notice:** Pursuant to Va. Code §§ 45.1-361.1 *et. seq.*, and more particularly Va. Code § 45.1-361.20, the Board finds that it has jurisdiction over the subject matter. Based upon the evidence presented by the Applicant, the Board also finds that the Applicant has: (1) exercised due diligence in conducting an update of its search of the reasonably available sources to determine the identity and whereabouts of all gas or oil owners, coal owners, mineral owners and/or potential owners, i.e., persons identified by Applicant as having ("Owner") or claiming ("Claimant") the rights to coalbed methane gas in all coal seams in Subject Drilling Units underlying and comprised of Subject Lands; and (2) has given notice to all such parties, herein sometimes "person(s)" whether referring to individuals, corporations, partnerships, associations, companies, businesses, trusts, joint ventures or other legal entities) who are those persons entitled by Va. Code §§ 45.1-361.19 and 45.1-361.22 to notice of the application filed herein. Further, the Board has caused notice of this hearing to be published as required by Va. Code § 45.1-361.19.B. 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:** None.
5. **Dismissals:** None.
6. **Relief Requested:** Applicant seeks by this order of the Board to: (1) combine the allowable production of coalbed methane gas from those portions of the Oakwood Grid Units identified as T-17, S-18 and S-20 which are also within the Beatrice Mine sealed gob area, heretofore allocated by the Board's Order in VGOB 96-0618-0545 to Drilling Units within the said sealed gob area, specifically the allowable production of 350 MMCF of gas from each 80 acre unit within the Beatrice Mine; (2) to establish a combined allowable production (herein "Combined Allowable Production") of 807 MMCF for Units T-17, S-18 and S-20 (herein "Combined Units"); (3) to provide that all of the Combined Allowable Production is to be produced from Wells T17E-31 (Permit No. 3625) and T17-40 (Permit No. 3630) (herein collectively "Wells"); (4) to authorize the Unit Operator to allocate the first 107 MMCF of Combined Allowable Production produced from the Wells to Drilling

Unit T-17, and thereafter, the next 350 MMCF of Combined Allowable Production produced from the Wells to Unit S-18, and thereafter, the next 350 MMCF of Combined Allowable Production produced from the Wells to Unit S-20.

7. Relief Granted: The Applicants requested relief in this cause, as more particularly set forth and described in Paragraph 6 above, shall be and hereby is granted:

8. Special Findings:

- a. The Oakwood Field Rules heretofore established by the Board contemplate and make provision for the production of coalbed gas from the Oakwood grid units by specified means of production. The Oakwood Field Rules do not provide for the production of gas from a sealed gob area of a mine.
- b. To the extent that a drilling unit lies within the Beatrice Mine sealed gob area and production is proposed from the sealed gob, said production of gas is subject to the Board's Beatrice Mine sealed gob Order rather than the Oakwood Field Rules.
- c. The Beatrice Mine sealed gob area Order established the allowable production allocable to each 80-acre Oakwood grid drilling unit contained within the boundaries of said Mine as 350 MMCF, and further provided that in the event a unit within the Beatrice Mine area contained less than 80-acres, then such unit was to be allocated an allowable production determined by multiplying the number of acres in the unit times 350 and dividing the result by 80.
- d. The Beatrice Mine sealed gob area Order further provides that a Unit Operator may produce in excess of the established allowable production for a drilling unit only if, upon application to the Board, the Board authorizes the combining of two or more contiguous and/or noncontiguous drilling units within the sealed gob area of the Mine into a single drilling unit for purposes of calculating their combined allowable production and assigns the allowable production of each of the combined units to said well, provided, however, that the unit operator demonstrates: (1) that the requested relief is necessary to avoid the drilling of unnecessary wells, (2) the applicant has acquired through voluntary agreements or by Board action pursuant to Va. Code § 45.1-361.21 and 45.1-361.22 the right to conduct operation on all of the acreage within the units to be combined; and that the proposal is not an unreasonable or arbitrary exercise of applicant's right to explore for or produce Gas.
- e. With respect to Applicant's application to: (1) combine the allowable production allocable by application of the Beatrice Mine sealed gob Order to Oakwood grid Units T-17, S-18 and S-20; and (2) permit the Unit Operator to produce from Wells T17E-31 and T17-40 a combined allowable production of 807 MMCF.

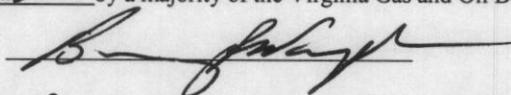
(1) Unit T-17 is an 80-acre Unit lying entirely within the Oakwood Field. Unit S-18 is an 80-acre Unit lying entirely within the Oakwood Field.

Prior Proceedings: Unit T-17 was pooled by Board Orders made in VGOB-92-1117-0284 and VGOB 95-0321-0493 and is being operated by the Unit Operator. Units S-18 and S-20 are voluntary Units being operated by Applicant.

(2) As shown on the Plat of Drilling Unit T-17 attached hereto as Exhibit A, 2 wells have been drilled in said Unit.

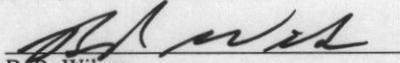
- f. By virtue of voluntary lease agreements between the Applicant and all the Owners and Claimants in and to coalbed methane gas within the Combined Units S-18 and S-20 and the forced pooling Orders entered with regard to Unit T-17, Applicant represents that it has acquired the right to produce gas from all tracts that lie within the three Combined Units.
 - g. The relief requested will avoid the drilling of additional unnecessary wells and the construction and maintenance of additional surface facilities to gather the gas from such additional wells, thereby totally avoiding additional unnecessary surface disturbance.
 - h. The requested relief is not an unreasonable or arbitrary exercise of Applicant's rights.
9. Conclusion: Therefore, the requested relief and all terms and provisions set forth above be and hereby are granted and IT IS SO ORDERED.
10. Effective Date: This Order shall be effective on the date of its execution.

DONE AND EXECUTED this 15th day of November by a majority of the Virginia Gas and Oil Board.



Chairman, Benny R. Wampler

DONE AND PERFORMED this 15th day of Nov. 2005, by Order of this Board.

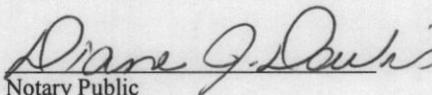


B. R. Wilson
Principal Executive to the Staff
Virginia Gas and Oil Board

STATE OF VIRGINIA)

COUNTY OF ~~WISE~~
Washington

Acknowledged on this 15th day of November 2005, 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.

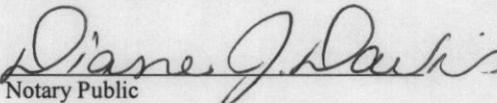


Notary Public

My commission expires: 9/30/09

STATE OF VIRGINIA)
COUNTY OF WASHINGTON

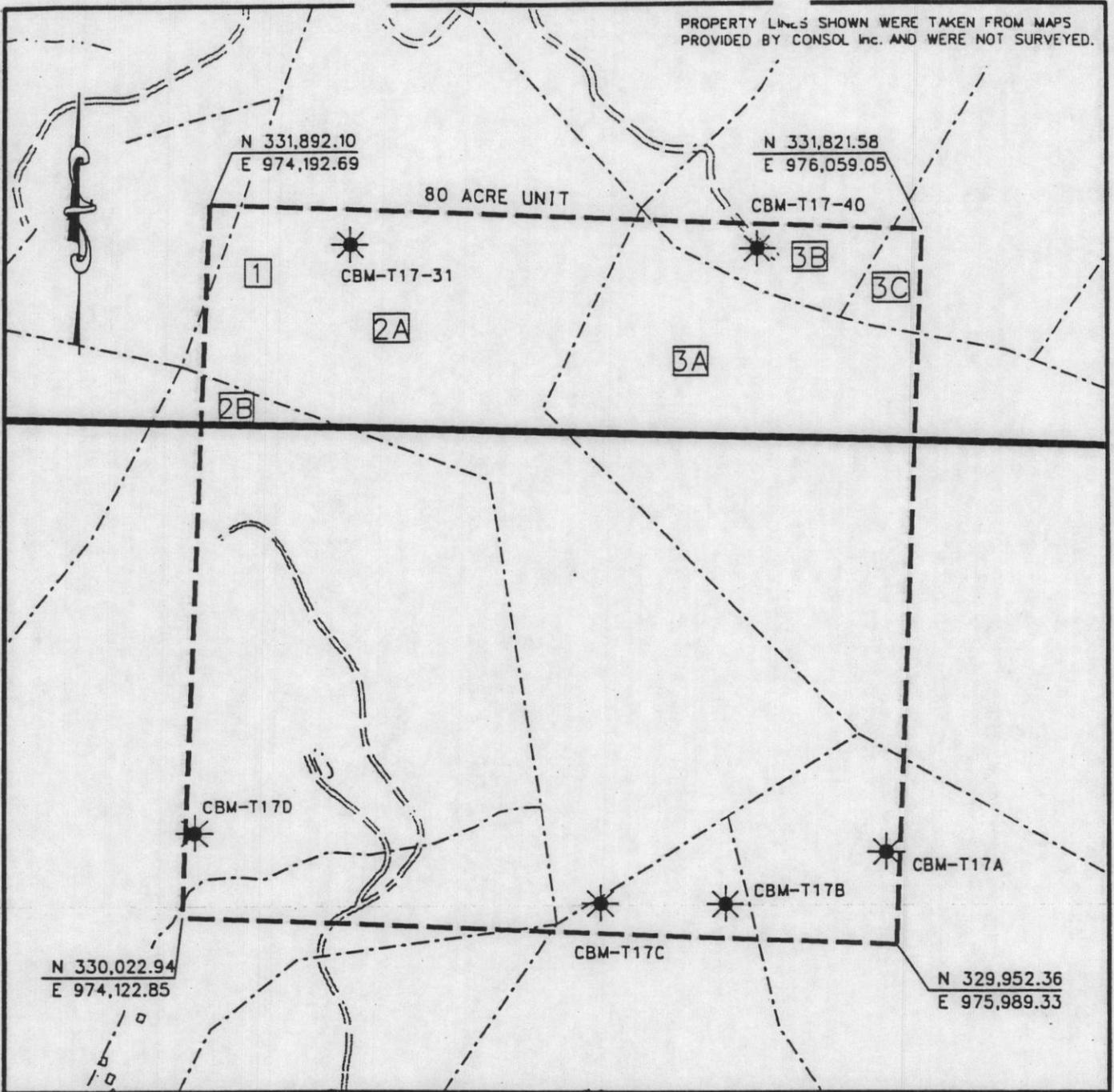
Acknowledged on this 15th day of November 2005, personally before me a notary public in and for the Commonwealth of Virginia appeared B. R. Wilson, being duly sworn did depose and say that he is Principal Executive to the Staff of the Virginia Gas and Oil Board, that he executed the same and was authorized to do so.



Notary Public

My commission expires: 9/30/09

PROPERTY LINES SHOWN WERE TAKEN FROM MAPS PROVIDED BY CONSOL Inc. AND WERE NOT SURVEYED.



LEGEND

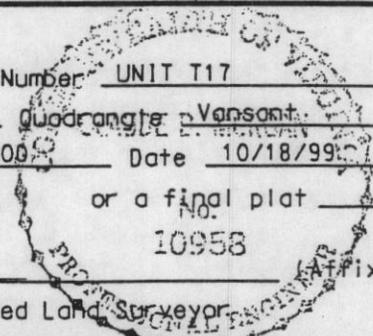
-  TRACT LAND HOOK
-  TRACT LAND ID'S

EXHIBIT A
OAKWOOD FIELD UNIT T-17
VGOB-99-1117-0765

Company Consol Inc. Well Name and Number UNIT T17
 Tract No. _____ Elevation _____ Quadrangle Vansant
 County Buchanan District Hurricane Scale: 1" = 400' Date 10/18/99
 This plat is a new plat X ; an updated plat _____ or a final plat _____

Form DGO-60-7
Rev. 9/91

Claude A. Morgan
 Licensed Professional Engineer or Licensed Land Surveyor



CONSOL INC.
BEATRICE MINE AREA
UNIT T-17
Tract Identifications

1. Big Axe Tract 4 - Coal
Wayles R. Harrison & Landon R. Wyatt, Jr., Trustees
Island Creek Coal Company - Coal Lessee
Beatrice Pocahontas Company
Jewell Smokeless Coal Corporation
Buchanan Production Company - CBM Lessee
Jesse Childress Heirs, Et al. - Surface, Oil & Gas
0.22 acres 0.88943%

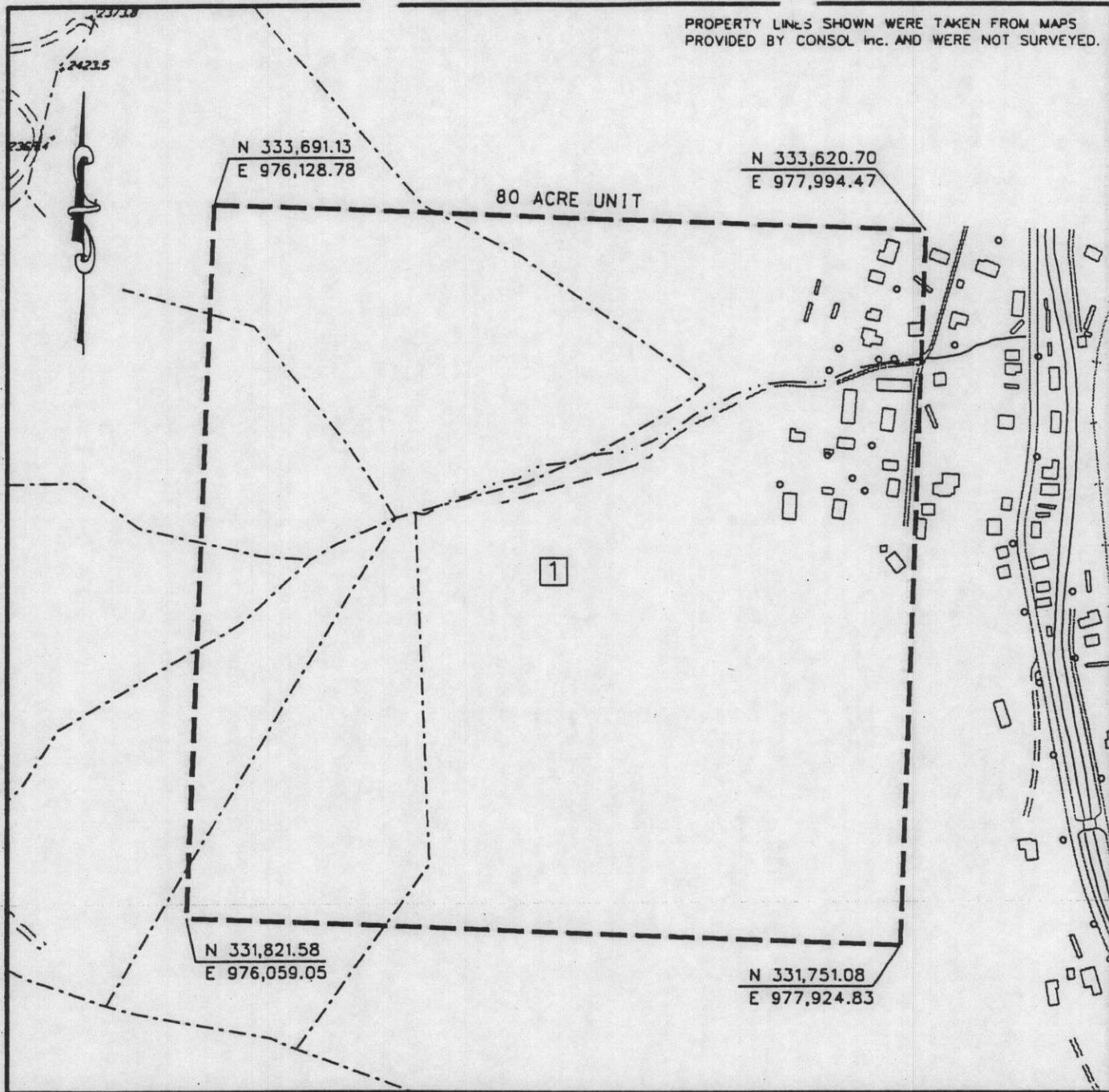
2. Big Axe Tract 6 - Coal, Oil & Gas
Wayles R. Harrison & Landon R. Wyatt, Jr., Trustees
Island Creek Coal Company - Coal Lessee
Beatrice Pocahontas Company
Jewell Smokeless Coal Corporation
Buchanan Production Company - Oil & Gas Lessee
Buchanan Production Company - CBM Lessee
12.91 acres 52.78005%

- 2A. Jessie G. Childress Heirs, Et al. - Surface
2B. Bill Ratliff - Surface

3. Yukon Pocahontas Coal Co. Etal - Coal, Oil & Gas
Island Creek Coal Company - Coal Lessee
Beatrice Pocahontas Company
Jewell Smokeless Coal Corporation
Buchanan Production Company - CBM Lessee
11.33 acres 46.32052%

- 3A. Neal Blankenship - Surface
3B. Clarence Phillips, et al - Surface
3C. Clarence Phillips, et al - Surface

PROPERTY LINES SHOWN WERE TAKEN FROM MAPS PROVIDED BY CONSOL Inc. AND WERE NOT SURVEYED.



LEGEND

↪ TRACT LAND HOOK

1 TRACT LAND ID'S

EXHIBIT A
OAKWOOD FIELD UNIT S-18
VGOB-99-1117-0765

Company Consol Inc. Well Name and Number UNIT S18

Tract No. _____ Elevation _____ Quadrangle Vansant

County Buchanan District S. Grundy Scale: 1" = 400' Date 10/18/99

This plat is a new plat X ; an updated plat _____ ; or a final plat _____

Form DGO-GO-7
Rev. 9/91

Claude O. Moya
Licensed Professional Engineer or Licensed Land Surveyor (Affix Seal)

CONSOL INC.
UNIT S-18
Tract identifications

1. Yukon Pocahontas Coal Company, et al - Coal, Oil & Gas
Big Vein Tr. 3
Island Creek Coal Company - Coal Lessee
Jewell Smokeless Coal Corporation
Buchanan Production Company - CBM Lessee
80.00 acres 100.00%

PROPERTY LINES SHOWN WERE TAKEN FROM MAPS PROVIDED BY CNX LAND RESOURCES, Inc. AND WERE NOT SURVEYED.

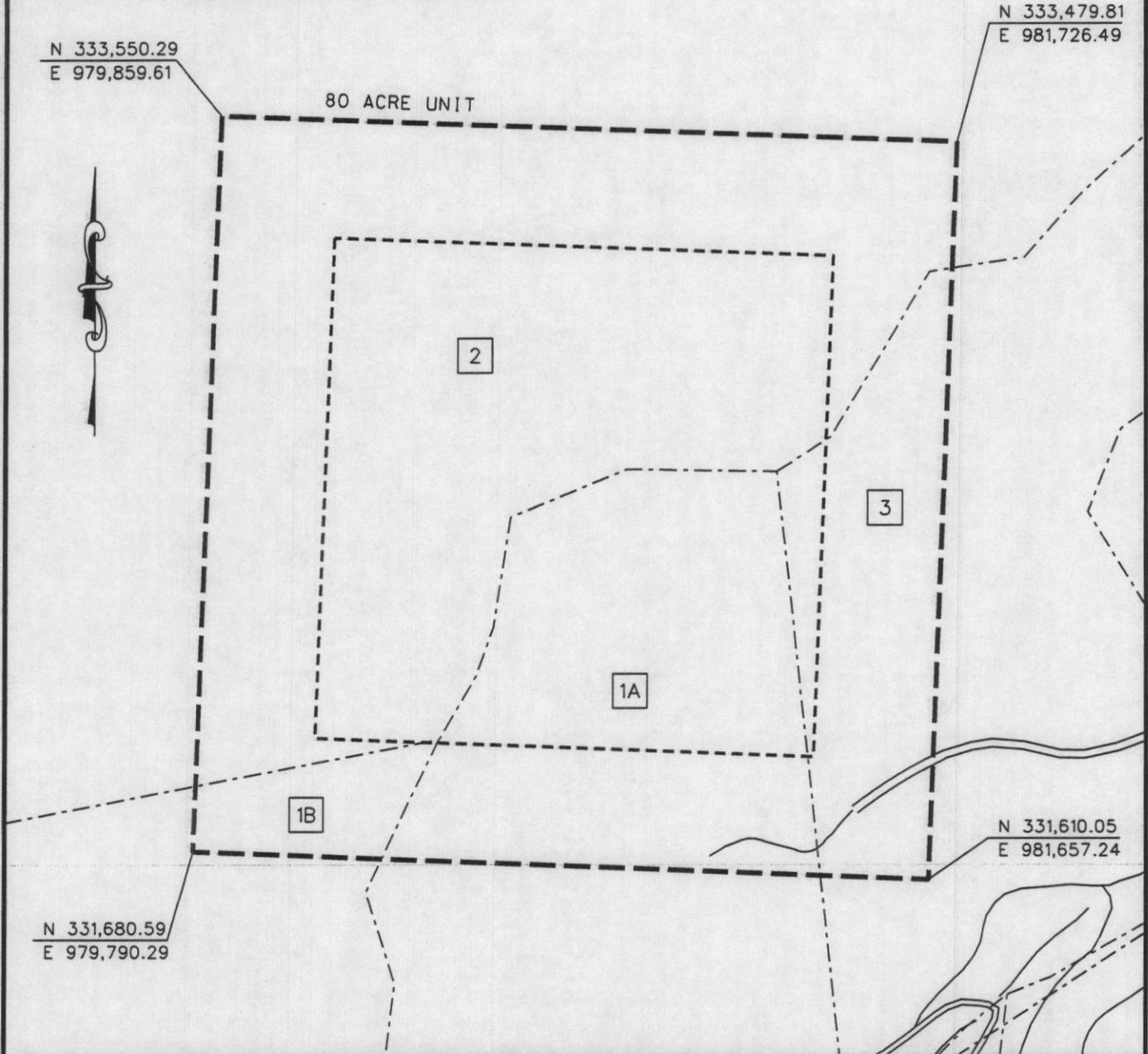
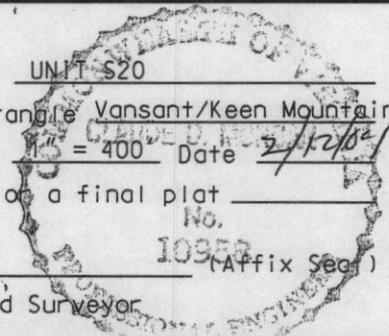


EXHIBIT A
OAKWOOD FIELD UNIT S-20
FORCE POOLING
VGOB-99-1117-0765-01

Company CNX Gas Company LLC Well Name and Number UNIT S20
 Tract No. _____ Elevation _____ Quadrangle Vansant/Keen Mountain
 County Buchanan District Garden Scale: 1" = 400' Date 2/12/04
 This plat is a new plat X ; an updated plat _____ ; of a final plat _____

Form DGO-GO-7
Rev. 9/91

Clayton D. May
Licensed Professional Engineer or Licensed Land Surveyor



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CNX Gas Company LLC
UNIT S-20
Tract Identifications

1. Yukon Pocahontas Coal Company, et al. (Big Vein Tr. 3) – All Minerals
Island Creek Coal Company/Consolidation Coal Company – Coal In Tiller and Below Leased
Jewell Smokeless Coal Corporation – Coal In Jawbone and Widow Kennedy Seams Leased
CNX Gas Company LLC - CBM Leased
22.15 acres 27.6875%

- 1A. Unknown Surface Owner
1B. Unknown Surface Owner

2. Yukon Pocahontas Coal Co., et al. (Big Vein Tr. 116) – All Minerals
Island Creek Coal Company/Consolidation Coal Company - Coal In Tiller and Below Leased
Jewell Smokeless Coal Corporation – Coal In Jawbone Seam Leased
CNX Gas Company LLC - CBM Lessee
Unknown Surface Owner
47.32 acres 59.1500%

3. C. L. Ritter Lumber Company - Tr. 11-2 (134.60 Acre Tract) – All Minerals
Island Creek Coal Company/Consolidation Coal Company - Coal below Tiller seam Leased
CNX Gas Company LLC - CBM Leased
10.53 acres 13.1625%

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 17th day of November, 20 05 at 12:36 P.M.
The tax imposed by §587.1-802 of the Code has been paid in the amount of \$.
Deed Book No. and Page No. . TESTE: James M. Bevins, Jr., Clerk
Returned to: TESTE: Deputy Clerk