

VIRGINIA:

BEFORE THE VIRGINIA GAS AND OIL BOARD

SUPPLEMENTAL ORDER REGARDING

DOCKET NO. VGOB-00/05/16-0802

ELECTIONS, UNIT: 21671

(hereinafter "Subject Drilling Unit")

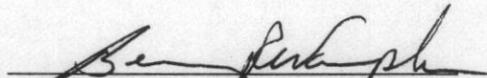
REPORT OF BOARD

FINDINGS AND ORDER

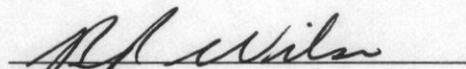
1. This Supplemental Order is entered by the Board sua sponte in the form authorized by the Board at its hearing held at 9:00 a.m. on October 20, 1992, Board of Supervisors Room, Courthouse, Grundy, Virginia, and pursuant to authority granted to the Board's Chairman at the hearing of the Virginia Gas 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 requirement of the Virginia Gas and Oil Board Regulations, 4 VAC 25-160.70C by supplementing the Order previously issued by the Board for subject Docket on June 26, 2000, and recorded at Deed Book 509, Page 641 in the Office of the Clerk of Circuit Court, Buchanan County, Virginia on July 5, 2000 (herein "Board Order") to complete the record regarding elections. The Board Order pooled all interest 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 Columbia Natural Resources, Inc., (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 July 19, 2000, 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 January 19, 2001 in accordance with § 7.C of the Virginia Gas and Oil Board Regulations and 4 VAC 25-160.70C (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, First Union National Bank, Corporate Trust, PA 1328, 123 Broad Street, Philadelphia, PA 19109-1199, (888) 396-0853, Attn: Don Ballinghoff, 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, First Union National Bank, Corporate Trust, PA 1328, 123 Broad Street, Philadelphia, PA 19109-1199, (888) 396-0853, Attn: Don Ballinghoff, 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 6<sup>th</sup> day of February 2001 by a majority of the Virginia Gas and Oil Board.

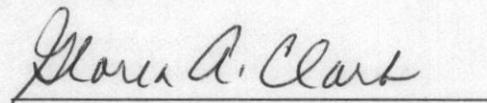
  
Chairman, Benny R. Wampler

DONE AND PERFORMED this 8<sup>th</sup> day of February 2001 by Order of this Board.

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

STATE OF VIRGINIA )  
COUNTY OF WISE )

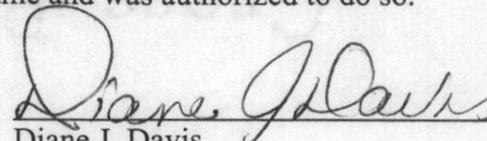
Acknowledged on this 6<sup>th</sup> day of February, 2001, personally before me a notary public in and for the Commonwealth of Virginia, appeared Benny R. Wampler, being duly sworn did depose and say that he is Chairman of the Virginia Gas and Oil Board, that he executed the same and was authorized to do so.

  
Gloria A. Clark  
Notary Public

My commission expires: 12/31/03

STATE OF VIRGINIA )  
COUNTY OF WASHINGTON )

Acknowledged on this 8<sup>th</sup> day of February, 2001, personally before me a notary public in and for the Commonwealth of Virginia, appeared B. R. Wilson, being duly sworn did depose and say that he is Principal Executive to the Staff of the Virginia Gas and Oil Board, that he executed the same and was authorized to do so.

  
Diane J. Davis  
Notary Public

My commission expires: 09/30/01

VIRGINIA:

**BEFORE THE VIRGINIA GAS AND OIL BOARD**

IN RE: Application of Columbia Natural Resources, for Forced Pooling of Interests in Unit Number 21671, VGOB Docket No. VGOB-00/0516-0802 in the Prater Magisterial District of Buchanan County, Virginia.

AFFIDAVIT OF WILHOIT & 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 & KAISER, the Agent for the Designated Operator, with offices located at 220 Broad Street, Kingsport, Tennessee 37660, and is authorized to give this Affidavit in its behalf;
2. That the Order entered on June 26, 2000, by the Virginia Gas and Oil Board regarding the captioned coalbed methane 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 July 5, 2000.
5. That the Designated Operator, by and through their agent, Wilhoit & 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:

NONE

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:

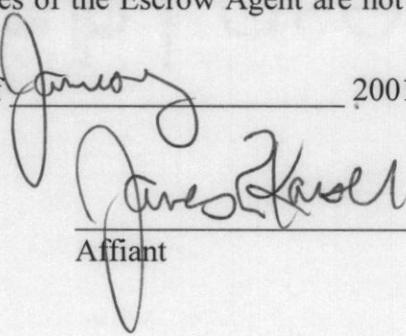
NONE

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 paragraph 10 of the Order.

Tract	Name	Cash Consideration
7	Katie Blankenship & Alvin Blankenship	0.4300 Acres x \$5 = \$2.15
	Katie Blankenship & Alvin Blankenship	0.4500 Acres x \$5 = \$2.25

That pursuant to the provision of 4VAC 25-160.70C 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 not required in this matter pursuant to the terms of §§ 45.1-361.21.D.

Dated at Kingsport, Tennessee, this 19<sup>th</sup> day of January, 2001.

  
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 Affiant

Taken, subscribed and sworn to before me by James E. Kaiser, the Agent of Columbia Natural Resources, Inc., a corporation, on behalf of the corporation, this 19th day of

January, 2001.

My commission expires: July 31, 2001

Jamie E. Fuller  
Notary



**EXHIBIT "B"**  
**Well No. 21671**    BOOK **519** PAGE **404**  
**VGOB 00-0516-0802**

<u>TRACT</u>	<u>LESSOR</u>	<u>LEASE STATUS</u>	<u>INTEREST WITHIN UNIT</u>	<u>GROSS ACREAGE IN UNIT</u>	<u>NET REVENUE INTEREST</u>	
1	Pine Mountain Oil & Gas P O Box 4000 Lebanon, VA 24266	Leased 1064340-000	64.330000%	72.4900	0.08041250	RI
	Columbia Natural Resources				0.56288750	WI
	Tract 1 Totals		64.330000%	72.4900	0.64330000	
2	Pine Mountain Oil & Gas P O Box 4000 Lebanon, VA 24266	Leased 1064340-000	31.610000%	35.6200	0.03951250	RI
	Columbia Natural Resources				0.27658750	WI
	Tract 2 Totals		31.610000%	35.6200	0.31610000	
3	Tarzan Deel and Bessie Jerrine Deel, H/W Route 2 Box 362 Haysi, VA 24256	Leased 1216220-000	0.450000%	0.5100	0.00056250	RI
	Columbia Natural Resources				0.00393750	WI
	Tract 3 Totals		0.450000%	0.5100	0.00450000	
4	James H. Deel & Shirley Deel, H/W 19233 Sandy Lane Stewartstown, PA 17363	Leased 1216224-000	1.280000%	1.4400	0.00160000	RI
	Columbia Natural Resources				0.01120000	WI
	Tract 4 Totals		1.280000%	1.4400	0.01280000	
5	Connie Deel P O Box 368 Vansant, VA 24656	Leased 1215846-000	0.440000%	0.5000	0.00055000	RI
	Columbia Natural Resources				0.00385000	WI
	Tract 5 Totals		0.440000%	0.5000	0.00440000	

**EXHIBIT "B"**  
**Well No. 21671**  
**VGOB 00-0516-0802**

BOOK **519** PAGE **405**

<u>TRACT</u>	<u>LESSOR</u>	<u>LEASE STATUS</u>	<u>INTEREST WITHIN UNIT</u>	<u>GROSS ACREAGE IN UNIT</u>	<u>NET REVENUE INTEREST</u>	
6	Connie Deel P O Box 368 Vansant, VA 24656	Leased 1215846-000	0.770000%	0.8700	0.00096250	RI
	Columbia Natural Resources				0.00673750	WI
	Tract 6 Totals		0.770000%	0.8700	0.00770000	
7	Katie Blankenship & Alvin Blankenship, H/W Rt Box 275 Haysi, VA 24256	Unleased	0.380000%	0.4300	0.00047500	RI
	Columbia Natural Resources				0.00332500	WI
	Tract 7 Totals		0.380000%	0.4300	0.00380000	
8	Katie Blankenship & Alvin Blankenship, H/W Rt Box 275 Haysi, VA 24256	Unleased	0.400000%	0.4500	0.00050000	RI
	Columbia Natural Resources				0.00350000	WI
	Tract 8 Totals		0.400000%	0.4500	0.00400000	
9	Carter Deel, single P O Box 631 Haysi, VA 24256	Leased 1216221-000	0.340000%	0.3800	0.00042500	RI
	Columbia Natural Resources				0.00297500	WI
	Tract 9 Totals		0.340000%	0.3800	0.00340000	
<b>TOTAL GAS ESTATE</b>			<b>100.000000%</b>	<b>112.6900</b>	<b>1.00000000</b>	

**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 25<sup>th</sup> day of February, 2001 M.  
 Deed Book No. 519 and Page No. 398.  
 Returned this date to: Marie Davis TESTE: James M. Bevins, Jr., Clerk  
Patricia L. Mel Deputy Clerk