

BEFORE THE VIRGINIA GAS AND OIL BOARD

RELIEF SOUGHT: An Order for Disbursement of Escrowed Funds
(and Authorization for Direct Payment of Royalties)

JURISDICTION: Code of Virginia § 45.1-351. (et seq) AND § 45.1-361.22 (et seq)

UNIT/WELL NAME: VC-704511
TRACT(S): 1, 2
LOCATION: DICKENSON County, Virginia

TAX ID NUMBERS: Tax Map Identification Numbers for all parcels affected by this order are shown on: Exhibit B

DOCKET NUMBER: VGOB-00-0620-0813-03

APPLICANTS: EQT Production Company on behalf of East Tennessee Natural Gas Co, EQT Production Company

HEARING DATE AND LOCATION: Russell County Government Center, Lebanon, Virginia
May 20, 2014 and June 17, 2014

APPEARANCES: James Kaiser on behalf of EQT Production Company

PRIOR PROCEEDINGS:

1. Original Pooling Order Executed 07/18/2000, Recorded on 07/24/2000, Deed Book/Instrument No. 356, Page 572.
2. Supplemental Order Executed 12/18/2000, Recorded on 01/03/2001, Deed Book/Instrument No. 361, Page 30.
3. Supplemental Order, Recorded on 11/01/2007, Deed Book/Instrument No. 444, Page 741.
4. Disbursement Order -02 Executed 04/12/2013, Recorded on 05/10/2013, Deed Book/Instrument No. 507, Page 280.

DB 518 PG 150

NOTICE:

The Unit Operator gave notice to the Applicants that the Board would consider its disbursement petition at the May 20, 2014 hearing and was continued to June 17, 2014 where the Board considered whether to:

- (1) Amend the Pooling Order to provide for the disbursement of funds on deposit in the Escrow Account attributable to Tract(s) 1, 2 identified in the attached petition.
- (2) Delete the requirement that the Unit Operator place future royalties attributable to Tract(s) 1, 2 relative to the interests of the Applicants identified in the attached petition.
- (3) Close the escrow account under this docket number.

FINDINGS: Code of Virginia § 45.1-361.22

Applicant has certified and represented to the Board that:

Range-Resources - Pine Mountain, Inc. was a conflicting claimant with regards to Tracts 1 and 2 as created by Board Order 00/06/20-0813, Well VC-4511. To resolve this conflict, a letter dated 1/14/2014 and signed by Phil Horn, Land Manager Range Resources-Pine Mountain, Inc. is attached hereto.

RELIEF GRANTED:

DB 518 PG 151

VGOB Disbursement
Unit VC-704511

VGOB-00-0620-0813-03

Table 1
Tracts: 1, 2

			Fractional Ownership	Net Acreage	Royalty Split	Escrowed Acres	Percent of Escrowed Funds
Item	Tract	Disbursement Table	in Tract	inTract	Agreement	Disbursed	Disbursed
		Total acreage in escrow before disbursement				19.76800	
	1	Tract 1 (total acreage)		4.16			
1	1	EQT Production Company\Attn: Kristie Rudick, PO Box 23536, Pittsburg, PA 15222		4.1600	100.00%	4.1600	21.0441%

2		Tract 2 (total acreage)			15.61			
1	2	East Tennessee Natural Gas Co\	Route 1, Box 241, McClure, VA 24269		15.6080	100.00%	15.6080	78.9559%

1. The Escrow Agent is ordered, to within ten (10) days of receipt of this executed order, disburse funds for the unit and applicants detailed in Table 1.

2. The Escrow Agent is ordered to close the Escrow Account for the Subject Drilling unit based on the attached Revised Exhibit E which replaces all prior Exhibit E's recorded for the Subject Drilling Unit.

CONCLUSION:

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

APPEALS:

Appeals of this Order are governed by the provisions of the Code of Virginia § 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.

DB 518 PG 152

DONE AND EXECUTED this 19th day of June, 2014, by a majority of the Virginia Gas and Oil Board.

Bradley C. Lambert
Bradley Lambert, Chairman

DONE AND EXECUTED this 19th day of June, 2014, by a majority of the Virginia Gas and Oil Board.

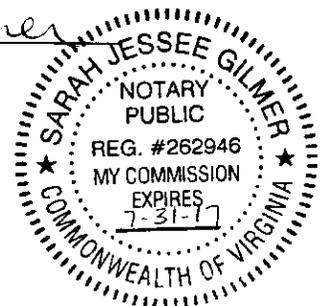
Rick Cooper
Rick Cooper
Principal Executive to the Staff
Virginia Gas and Oil Board

STATE OF VIRGINIA
COUNTY OF RUSSELL:

Acknowledged this 19th day of June, 2014, personally before me a notary public in and for the Commonwealth of Virginia, appeared Bradley Lambert, being duly sworn did depose and say that he is Chairman of the Virginia Gas and Oil Board and Rick Cooper being duly sworn did depose and say that he is Principal Executive to the Staff of the Virginia Gas and Oil Board, that they executed same and were authorized to do so.

Sarah Jessee Gilmer
Sarah Jessee Gilmer

My Commission Expires July 31, 2017



BEFORE THE VIRGINIA GAS AND OIL BOARD

PETITIONER: EQT Production Company

DIVISION OF GAS AND OIL

DOCKET NO: VGOB 00-0620-0813-03

RELIEF SOUGHT: (1) DISBURSEMENT FROM
ESCROW REGARDING TRACT(S) 1, 2
(2) AND AUTHORIZATION FOR DIRECT
PAYMENT OF ROYALTIES

HEARING DATE: March 18, 2014

DRILLING UNIT: VC-704511

DICKENSON COUNTY, VIRGINIA

PETITION FOR ORDER OF DISBURSEMENT OF ESCROW FUNDS

1. Petitioner and its counsel

Petitioner is EQT Production Company, 225 North Shore Drive, Pittsburgh, PA 15212, (412)553-5700. Petitioner's counsel is James Kaiser, Wilhoit and Kaiser Law Firm, 220 Broad Street, Suite 210, Kingsport, TN 37660 .

2. Relief Sought

Petition for the disbursement of funds and authorization for direct payment on behalf of the known owners on tracts 2 and 3 in Well VC-704511. VGOB 00/06/20-0813.

3. Legal Authority

Va. Code Ann. § 45.1-361.1 et seq., 4 VAC 25-160-140., and relevant Virginia Gas and Oil Board Orders ("Board") heretofore promulgated pursuant to law.

4. Type of Well(s)

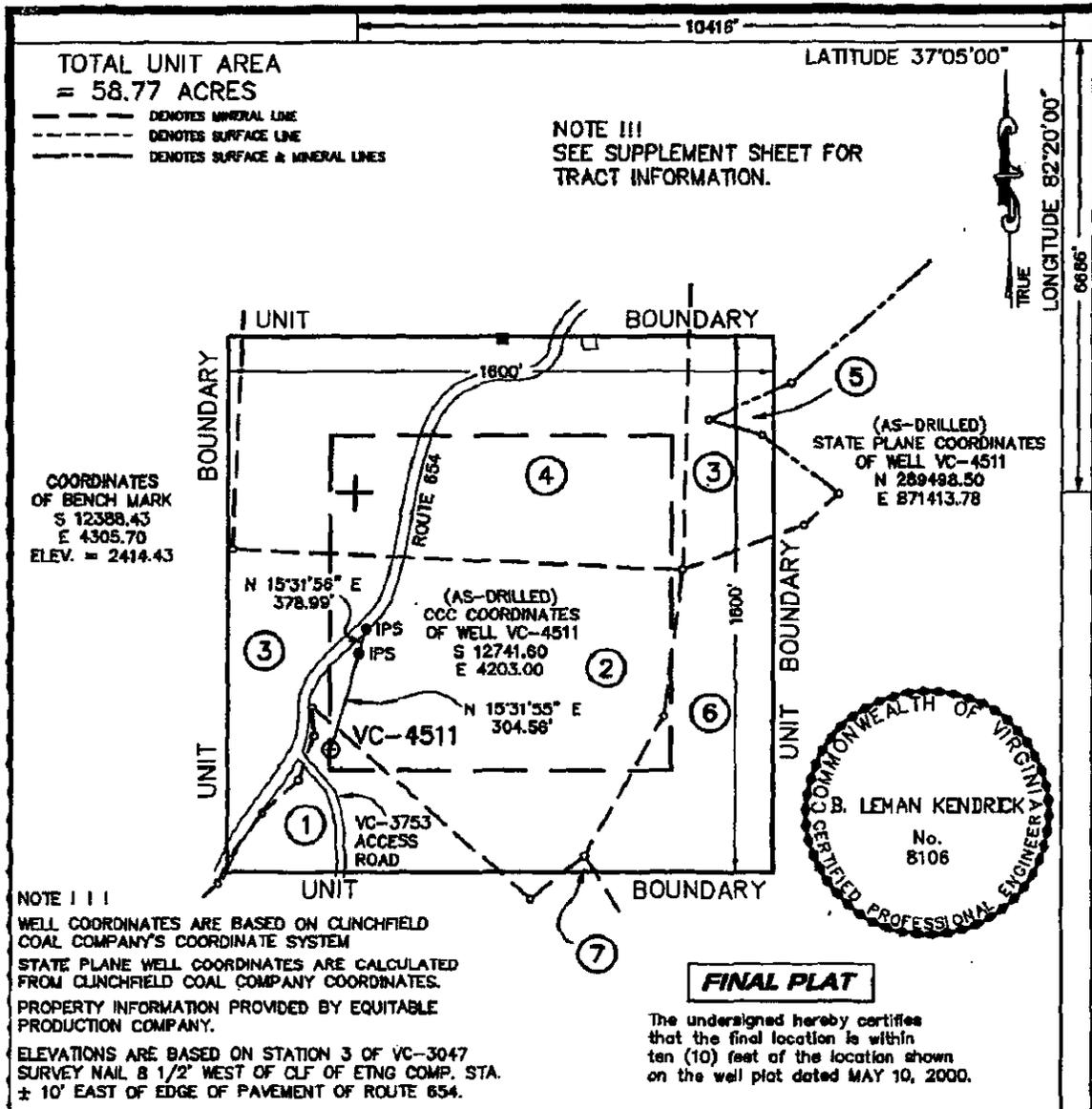
Coalbed Methane

5. Factual basis for relief requested

Range-Resources - Pine Mountain, Inc. was a conflicting claimant with regards to Tracts 1 and 2 as created by Board Order 00/06/20-0813, Well VC-4511. To resolve this conflict, a letter dated 1/14/2014 and signed by Phil Horn, Land Manager Range Resources-Pine Mountain, Inc. is attached hereto.

6. Attestation

The foregoing Petition to the best of my knowledge, information, and belief is true and correct.



WELL LOCATION PLAT

COMPANY Equitable Production Company WELL NAME AND NUMBER VC-4511

TRACT No. TRACT TL-219 ELEVATION 2393.64 (Trig) QUADRANGLE NORA

COUNTY DICKENSON DISTRICT KENADY SCALE: 1" = 400' DATE AUGUST 18, 2000

THIS PLAT IS A NEW PLAT ; AN UPDATED PLAT ; OR A FINAL LOCATION PLAT x

PROPOSED TOTAL DEPTH OF WELL =

+ 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.

B. Lemman Kendrick 8/16/2000 (AFFIX SEAL)

LICENSED PROFESSIONAL ENGINEER OR LICENSED LAND SURVEYOR

①

LEASE No. 241490 / TL-219
 MAE SMITH ROWLETT
 9.76 ACRES
 EQUITABLE PRODUCTION CO. - surface & gas
 LEASE No. 244792 / TC-177
 CLINCHFIELD COAL COMPANY/
 PYXIS RESOURCES COMPANY - coal
 PINE MOUNTAIN OIL & GAS, INC. - oil
 GAS 4.16 AC. 7.06%

②

LEASE No. 241490 / TL-219
 MAE SMITH ROWLETT
 EAST TENNESSEE NATURAL GAS CO. - surface & gas
 15.608 ACRES
 LEASE No. 244792 / TC-177
 CLINCHFIELD COAL COMPANY/
 PYXIS RESOURCES COMPANY - coal
 PINE MOUNTAIN OIL & GAS, INC. - oil
 GAS 15.608 AC. 26.56%

③

LEASE No. 241490 / TL-219
 MAE SMITH ROWLETT
 67.202 ACRES
 MAE SMITH ROWLETT - surface & gas
 LEASE No. 244792 / TC-177
 CLINCHFIELD COAL COMPANY/
 PYXIS RESOURCES COMPANY - coal
 PINE MOUNTAIN OIL & GAS, INC. - oil
 GAS 10.422 AC. 17.73%

④

LEASE No. 241490 / T-146
 ELEGYUS SMITH
 40 ACRES
 CLINCHFIELD COAL COMPANY/
 PYXIS RESOURCES COMPANY - coal
 PINE MOUNTAIN OIL & GAS, INC. - oil & gas
 GAS 20.18 AC. 34.34%

⑤

LEASE No. 241640 / T2-120
 ROLAND L. COUNTS
 87.88 ACRES
 CLINCHFIELD COAL COMPANY/
 PYXIS RESOURCES COMPANY - coal
 PINE MOUNTAIN OIL & GAS, INC. - oil & gas
 GAS 0.32 AC. 0.54%

⑥

LEASE No. 241490 / T-1022
 J.B.F. COUNTS
 58.14 ACRES
 CLINCHFIELD COAL COMPANY/
 PYXIS RESOURCES COMPANY - coal
 PINE MOUNTAIN OIL & GAS, INC. - oil & gas
 GAS 8.03 AC. 13.66%

⑦

LEASE No.
 LAURA JEAN COLE
 22 ACRES
 CLINCHFIELD COAL COMPANY/
 PYXIS RESOURCES COMPANY - coal
 LEASE No. 244792 / TC-177
 LAURA JEAN COLE - surface, oil & gas
 GAS 0.05 AC. 0.09%

KENDRICK
 ENGINEERING & SURVEYING Co.
 40 MAIN STREET
 CLINTWOOD, VIRGINIA
 24228
 (540) 926-6967 (540) 926-4173

EQUITABLE PRODUCTION COMPANY
 WELL No. VC-4511
 WELL PLAT SUPPLEMENT
 SHEET 2

DRAWING NAME:	1567PLAT.DWG
SCALE:	1" = 400'
PROJECT No.:	1567
DATE:	AUGUST 16, 2000

VGOB Disbursement
Unit VC-704511

VGOB-00-0620-0813-03

Table 1
Tracts: 1, 2

Item	Tract	Disbursement Table	Fractional Ownership in Tract	Net Acreage in Tract	Royalty Split Agreement	Escrowed Acres Disbursed	Percent of Escrowed Funds Disbursed	Disbursement
		Total acreage in escrow before disbursement				19.76800		
	1	Tract 1 (total acreage)		4.16				
1	1	EQT Production Company\Attn: Kristie Rudick, PO Box 23536, Pittsburgh, PA 15222		4.1600	100.00%	4.1600	21.0441%	\$10,649.85
	2	Tract 2 (total acreage)		15.61				
1	2	East Tennessee Natural Gas Co\Route 1, Box 241, McClure, VA 24269		15.6080	100.00%	15.6080	78.9559%	\$39,957.42

Wells contributing to the escrow account: VC-4511 W/PL

DB 518 PG 157

EXHIBIT "B"
VC-4511
VGOB 00/06/20-0813

<u>TR</u>	<u>LESSOR</u>	<u>LEASE STATUS</u>	<u>INTEREST WITHIN UNIT</u>	<u>GROSS ACREAGE IN UNIT</u>	<u>NET REVENUE INTEREST</u>		
<u>Gas Estate Only</u>							
1 TAX ID 1826433	EQT Production Company P. O. Box 23536 Pittsburgh, PA 15222	Gas Estate Owner	7.080000%	4.1600	0.00885000	RI	
Tract 1 Totals					Equitable Production	0.06195000	WI
					<hr/>		
					7.080000%	4.1600	0.07080000
2 TAX ID Mineral Only	East Tennessee Natural Gas Co. Route 1, Box 241 McClure, VA 24269	Leased 241490L/TL-219	26.560000%	15.6080	0.03320000	RI	
Tract 2 Totals					Equitable Production	0.23240000	WI
					<hr/>		
					26.560000%	15.6080	0.26560000
3 TAX ID 11000	Mae Smith Rowlett 3152 Steele Creek Drive Bristol, TN 37620-7203	Leased 241490L/TL-219	17.730000%	10.4220	0.02216250	RI	
Tract 3 Totals					Equitable Production	0.15513750	WI
					<hr/>		
					17.730000%	10.4220	0.17730000
4 TAX ID 1828057	Range Resources-Pine Mountain* Attn: Jerry Grantham PO Box 2136 Abingdon, VA 24212	Leased 241490L/T-146	34.340000%	20.1800	0.04292500	RI	
Tract 4 Totals					Equitable Production	0.30047500	WI
					<hr/>		
					34.340000%	20.1800	0.34340000
5 TAX ID 1828248	Range Resources-Pine Mountain* ATTN: Jerry Grantham P.O. Box 2136 Abingdon, VA 24212	Leased 241640L/T2-120	0.540000%	0.3200	0.00067500	RI	
Tract 5 Totals					Equitable Production	0.00472500	WI
					<hr/>		
					0.540000%	0.3200	0.00540000
6 TAX ID 9134	Range Resources-Pine Mountain* ATTN: Jerry Grantham P.O. Box 2136 Abingdon, VA 24212	Leased 241640L/T-1022	13.660000%	8.0300	0.01707500	RI	
Tract 6 Totals					Equitable Production	0.11952500	WI
					<hr/>		
					13.660000%	8.0300	0.13660000
7 TAX ID 2262	Range Resources-Pine Mountain* Leroy Cole, W/H 457 Whitson Hollow Rd Red Boiling Springs, TN 37150	Unleased	0.090000%	0.0500	0.00011250	RI	
Tract 7 Totals					Equitable Production	0.00078750	WI
					<hr/>		
					0.090000%	0.0500	0.00090000
TOTAL GAS ESTATE			100.000000%	58.7700	1.00000000		

EXHIBIT "B"
VC-4511
VGOB 00/06/20-0813

Coal Estate Only

1	Range Resources-Pine Mountain*	Leased	7.080000%	4.1600	0.00885000	RI
TAX ID 1849	ATTN: Jerry Grantham P.O. Box 2136 Abingdon, VA 24212	244792L/TC-177				
Tract 1 Totals		Equitable Production	7.080000%	4.1600	0.06195000	WI
					0.07080000	
2	Range Resources-Pine Mountain*	Leased	26.560000%	15.6080	0.03320000	RI
TAX ID 1849	ATTN: Jerry Grantham P.O. Box 2136 Abingdon, VA 24212	244792L/TC-177				
Tract 2 Totals		Equitable Production	26.560000%	15.6080	0.23240000	WI
					0.26560000	
3	Range Resources-Pine Mountain*	Leased	17.730000%	10.4220	0.02216250	RI
TAX ID 1849	ATTN: Jerry Grantham P.O. Box 2136 Abingdon, VA 24212	244792L/TC-177				
Tract 3 Totals		Equitable Production	17.730000%	10.4220	0.15513750	WI
					0.17730000	
4	Range Resources-Pine Mountain*	Leased	34.340000%	20.1800	0.04292500	RI
TAX ID 1828057	ATTN: Jerry Grantham P.O. Box 2136 Abingdon, VA 24212	241490L/T-146				
Tract 4 Totals		Equitable Production	34.340000%	20.1800	0.30047500	WI
					0.34340000	
5	Range Resources-Pine Mountain*	Leased	0.540000%	0.3200	0.00067500	RI
TAX ID 1828248	ATTN: Jerry Grantham P.O. Box 2136 Abingdon, VA 24212	241640L/T2-120				
Tract 5 Totals		Equitable Production	0.540000%	0.3200	0.00472500	WI
					0.00540000	
6	Range Resources-Pine Mountain*	Leased	13.6600000%	8.0300	0.01707500	RI
TAX ID 9134	ATTN: Jerry Grantham P.O. Box 2136 Abingdon, VA 24212	241490L/T-1022				
Tract 6 Totals		Equitable Production	13.660000%	8.0300	0.11952500	WI
					0.13660000	
7	Range Resources-Pine Mountain*	Leased	0.090000%	0.0500	0.00011250	RI
TAX ID 1849	ATTN: Jerry Grantham P.O. Box 2136 Abingdon, VA 24212	244792L/TC-177				
Tract 7 Totals		Equitable Production	0.090000%	0.0500	0.00078750	WI
					0.00090000	
TOTAL COAL ESTATE			100.000000%	58.7700	1.00000000	

DB 518 PG160

**EXHIBIT "B"
VC-4511
VGOB 00/06/20-0813**

* Formerly:
Pine Mountain Oil & Gas, Inc.
ATTN: Jerry Grantham
P.O. Box 2136
Abingdon, VA 24212

DB 518 PG161

EXHIBIT "E"
VC-4511
VGOB 00/06/20-0813
revised 2/13/2014

<u>TR</u>	<u>LESSOR</u>	<u>LEASE STATUS</u>	<u>INTEREST WITHIN UNIT</u>	<u>GROSS ACREAGE IN UNIT</u>
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N/A

EXHIBIT "EE"
 VC-704511
 VGOB 00/06/20-0813-0
 REVISED 2/13/2014

<u>TRACT</u>	<u>LESSOR</u>	<u>INTEREST WITHIN UNIT</u>	<u>GROSS ACREAGE IN UNIT</u>	
<u>Disbursement -01</u>				
<u>Gas Estate Only</u>				
3	Mae Smith Rowlett AX ID 11003152 Steele Creek Drive Bristol, TN 37620-7203	17.730000%	10.4220	RI
TOTAL SUBSEQUENT TO RR-PM Royalty Waiver		0.17730000	10.4220	
<u>Disbursement -02</u>				
7	Laura Jean Cole & Leroy Cole, W/H 457 Whitson Hollow Rd Red Boiling Springs, TN 37150	0.090000%	0.0500	
TOTAL		0.09000000%	0.0500	
TOTAL SUBSEQUENT TO RR-PM Royalty Waiver		0.09000000%	0.0500	
<u>Current Disbursement - 03</u>				
1	EQT Production Company PO Box 23536 Pittsburgh, PA 15222 Attn: Kristie Rudick	7.08%	4.1600	
Tract 1 Total		7.08%	4.1600	
2	East Tennessee Natural Gas Co. Route 1 Box 241 McClure, VA 24269	26.56%	15.6080	
Tract 2 Total		26.56%	15.6080	
TOTAL -03 Disbursement		33.64%	19.7680	

January 14, 2014



EQT Production Company
P.O. Box 23536
Pittsburgh, PA 15222

ATTENTION: Kristie Rudick

Re: **Permanent Release of CBM Royalty
11 Wells as shown on Exhibit A
Dickenson and Russell Counties, Virginia**

Dear Kristie:

As you are aware, EQT Production Company ("EQT") has drilled the coalbed methane gas wells which are identified on the attached Exhibit A either under pooling orders from the Virginia Gas and Oil Board ("Board") or as voluntary drilling units. For these wells, we are listed as having conflicting claims with the gas owners.

EQT, as operator of these units, has placed or will place all royalty proceeds attributable to the conflicting claims as it relates to CBM ownership into an escrow or suspense account. In order to allow release of the royalty proceeds, RRPM hereby waives any claims to past or to future royalties attributable to the CBM ownership for the portion of the tract included in the well units identified on the attached Exhibit A.

RRPM is requesting EQT to initiate distribution directly to the gas owners of all current royalties, as well as all future royalties, attributable to their interests in these wells.

If you have any questions, please do not hesitate to call me at 276-619-2583.

Sincerely,

RANGE RESOURCES-PINE MOUNTAIN, INC.



Phil Horn
Land Manager

Enclosures

cc: **Debbie Louthian, RRPM
George Heflin, EQT
Rita Barrett, EQT**

DB 518 P0164

EXHIBIT A

WELL NUMBER	TRACT TO RELEASE	TRACT NAME
VC-501853	T2-177	H. & E. L. KISER
VC-501853	TC-214	ELIHU L. KISER
VC-502832	T2-177	H. & E. L. KISER
VC-502832	TC-214	ELIHU L. KISER
VC-504637	TC-154	NOAH SMITH
VC-505241	TC-153	WILSON ROSE JR
VC-536070	T2-177	H. & E. L. KISER
VC-536070	TC-214	ELIHU L. KISER
VC-702846	TC-226	J.B. COMPTON
VC-702966	TC-219	J.H. POWERS
VC-703324	TC-154	NOAH SMITH
VC-703324	TC-177	ELEXIUS SMITH
VC-703655	TC-219	J.H. POWERS
VC-703655	TC-220	Z.T. SUTHERLAND
VC-703655	TC-221	Z.T. SUTHERLAND
VC-704511	TC-177	ELEXIUS SMITH
VC-503042	TC-177	ELEXIUS SMITH

INSTRUMENT #140000825
RECORDED IN THE CLERK'S OFFICE OF
LICKENS ON
JULY 17, 2014 AT 11:00AM

RICHARD W. EDWARDS, CLERK
RECORDED BY: CJB