

Instrument prepared by:

VIRGINIA GAS AND OIL BOARD

Order recorded under:

CODE OF VIRGINIA

§ 45.1-361.26

VIRGINIA:

BEFORE THE GAS AND OIL BOARD

APPLICANTS:

Jack and Elizabeth Fletcher,

DOCKET NO.

Tommy Fletcher et ux; Clair Fletcher,
 Donald D. Fletcher et ux.; Helen Blanche
 Boyd et vir.; Emily Wood et vir.; Jessie Roy
 Fletcher et ux.; Faye Kinsey et vir.; Harless
 E. Fletcher, and
 Range Resources-Pine Mountain Inc. LLC

01-0515-0893-01

RELIEF SOUGHT:

Issuance: A Supplemental Order for Disbursement of Escrowed Funds
 Action: Amending Prior Orders Affecting Drilling Unit DD-3, Tract 4B
 (Referenced herein as "the Subject Drilling Unit")
 Location: Buchanan County, Virginia

Action Details:

- (1) To provide a calculation of funds, Unit Operator has deposited into the Escrow Account for Drilling Unit DD-3, Tract 4B by Tract Subaccounts;
- (2) To provide each applicant, in simple terms, a complete month over month Royalty Accounting of unit production, costs, taxes and proceeds, depicting variables used in the calculation of royalty payments to the unit escrow account.
- (3) To disburse unit funds to the Applicants, in accordance with their Unit Ownership Interests relative to those funds deposited by the Unit Operator into Subject Drilling Unit's Escrow Subaccount for VGOB Tract(s) identified in Table 1.

REPORT OF THE BOARDFINDINGS AND ORDER

1. Hearing Date and Place: This matter came on for final hearing before the Virginia Gas and Oil Board (herein "Board") at 9:00 a.m. on May 20, 2008 at the Southwest Virginia Higher Education Center on the campus of Virginia Highlands Community College, Abingdon, VA.
2. Appearances: Mark Swartz Esq. and Leslie K. Arrington, Director-Environmental Permitting appeared for the Unit Operator, and Sharon M.B. Pigeon, 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, with tract subaccounts, for each of the coalbed methane gas drilling units established by the Board through its field rules that are subject to a Board pooling order. Further, 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 tract subaccounts. The Board finds that: (1) while 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, and (2) while it **does not** have jurisdiction to interpret agreements by and between the Gas owners/claimants and/or the Unit Operators or to abridge or contravene the provisions of such agreements, (3) pursuant to Va. Code § 45.1-361.22.A.5, **the Board does have jurisdiction and authority to disburse funds from the Escrow Account** provided the Board has been provided with a final decision

of a court of competent jurisdiction adjudicating the ownership of coalbed methane gas as between the conflicting claimants or an agreement among all claimants owning conflicting estates in the tract in question or any undivided interest therein.

4. **Prior Proceedings:**

- 4.1. (a) On May 15, 2001 the Board executed its order pooling interests in the Subject Drilling Unit for the production of occluded natural gas produced from coalbeds and rock strata associated therewith (herein "Gas") in accordance with the provisions of Va. Code SS 45.1-361.21 and 45.1-361.22 (herein "Pooling Order"). The Pooling Order was filed with the Clerk of the Circuit Court of Buchanan County on September 5, 2001, Deed Book 529, and Page 830. The Board executed its Supplemental Order Regarding Elections which was filed with the Clerk on November 14, 2001 in Deed Book 534 at Page 0205; (hereafter all orders are collectively referred to as the "Pooling Orders").
- 4.2 To the extent claims to the Gas were in conflict, pursuant to Va. Code S 45.1-361-22 payments attributable to said conflicting claims were ordered deposited by the Unit Operator into the escrow account established by the Pooling Orders (herein "Escrow Account"). According to the Pooling Order and testimony, Range Resources-Pine Mountain Inc. has released their claim to the undivided 1/9 working interest owned by Jack & Elizabeth Fletcher. Furthermore, 100% of the royalty, currently being held in escrow, due to previous conflicting royalty ownership with Range Resources-Pine Mountain Oil Inc should be paid entirely to Jack & Elizabeth Fletcher and is not subject to a royalty division agreement.
- 4.3 Additionally the disbursement order described Range Resources-Pine Mountain Inc., and Tommy Fletcher et ux., Clair Fletcher, Donald D. Fletcher et ux., Helen Blanche Boyd, et vir., Emily Wood, et vir, Jessie Roy Fletcher, et ux, Faye Kinsey, et vir, and Harless E. Fletcher, in a tract known as VGOB Tract 4b, in the Subject Drilling Unit, were in conflict and became subject to the escrow requirements of the Pooling Order.
- 4.4 The Unit Operator's Miscellaneous Petition regarding Tract 4b, a copy of which is attached to and made a part hereof, states under oath that Range Resources-Pine Mountain Inc. and the Applicants have entered into a royalty agreement with regard to said Tract 4b and that by the terms of the agreements, Range Resources Pine Mountain Inc. has entered into a split agreement regarding this Tract and escrow regarding these individual conflicting claims detailed herein, are no longer required.
- 4.5 The Unit Operator gave notice to Range Resources-Pine Mountain Inc. and the applicants that the Board would consider its disbursement authorization at its hearing on May 20, 2008 and consider whether to: (1) amend the Pooling Order to provide for the disbursement of funds on deposit in the Escrow Account attributable to Tract 4b as identified in the attached miscellaneous petition (2) delete the requirement that the Unit Operator place future royalties attributable to said Tract 4b and the interests of Applicants identified in the miscellaneous petition in the Escrow Account, and (3) continue the escrow account under this docket number because parties other than those seeking disbursement under this order are subject to continued payments in the escrow.
- 4.6 The Unit Operator filed the attached accounting (Exhibit A) for Subject Drilling Unit's Escrow Account with the Board ("Accounting").

5. **Findings:**

5.1. Va. Code 45.1-361.22.5 provides:

The Board shall order payment of principal and accrued interests, less escrow account fees, from the escrow account to conflicting claimants within thirty days of receipt of notification of (i) a final decision of a court of competent jurisdiction adjudicating the ownership of coalbed methane gas as between them or (ii) an agreement among all claimants owning conflicting estates in the tract in question or any undivided interest therein. The amount to be paid to the conflicting claimants shall be determined based on the percentage of ownership interest of the conflicting claimants as shown in the operator's supplemental filing made part of the pooling order that established the escrow account, the operator's records of deposits attributable to those tracts for which funds are being requested, and the records of the escrow account for the coalbed methane gas drilling unit. The interests of any cotenants who have not entered into an agreement shall remain in the escrow account.

5.2 Applicant has certified and represented to the Board that:

- (1) Tommy Fletcher et ux., Clair Fletcher, Donald D. Fletcher et ux., Helen Blanche Boyd, et vir., Emily Wood, et vir, Jessie Roy Fletcher, et ux, Faye Kinsey, et vir, and Harless E. Fletcher; plus Range Resources-Pine Mountain Inc. respectively, are the owners of the gas and oil acreage estate underlying VGOB Tract 4b of the Subject Drilling Unit;
- (2) Net interests attributable and to be disbursed to Applicants are shown in Table 1,

VGOB Approved Disbursement
VGOB 01-0515-0893-01

	Acreage Interest	Acres	Split Agreement	Acres	% of Escrowed Funds	Disbursement \$
Tract 4B						
Disbursement Table				1.270		
1 Range Resources-Pine Mountain, Inc. PO Box 2136, Abingdon, VA 24212		1.1289	25.0%	0.2822	12.3241%	
2 Tommie A and Carole Fletcher, 335 Irvington Road, Kilmarnock, VA 22482	1/9	0.1411	75.0%	0.1058	4.6215%	
3 Clair Fletcher 8087 Lacy Drive #192 Manassas, VA 20110	1/9	0.1411	75.0%	0.1058	4.6215%	
4 Marie Fletcher, 11726 Lucasville Road, Manassas, VA 20112	1/9	0.1411	75.0%	0.1058	4.6215%	
5 Helen Blanche (Fletcher) Boyd, 863 Fincastle Street, North Tazewell VA 24630	1/9	0.1411	75.0%	0.1058	4.6215%	
6 Emily (Fletcher) Wood, 7905 Carrie Lane, Manassas, VA 20111	1/9	0.1411	75.0%	0.1058	4.6215%	
7 Bea Fletcher, 12315 Izaak Walton Road, Bristow, VA 20136	1/9	0.1411	75.0%	0.1058	4.6215%	
8 Estate of Paul Kinsey, c/o Ryan McKillips, Executor, P.O. Box 3279, Oakton, VA 22124	1/9	0.1411	75.0%	0.1058	4.6215%	
9 Harless E. Fletcher, 12605 Valley View Drive, Nokesville, VA 20181	1/9	0.1411	75.0%	0.1058	4.6215%	
10 Jack & Elizabeth Fletcher, 13301 Powderham Lane, Midlothian, VA 23113	1/9	0.1411	N/A	0.141	6.1621%	

6. Relief Granted:

For the reasons set forth in Paragraph 4 and 5 above, and based upon the Accounting and Table 1 above, the Escrow Agent is ordered to, within 10 days of receipt of this executed order to disburse funds for the unit and applicants detailed in Table 1 above.

Exhibit E to the Pooling Order, showing owners subject to escrow, is deleted and replaced with the Exhibit E attached to this order. Further, the Supplemental Order filed in this cause is hereby modified to delete the requirement that payments attributable to the conflicting coalbed methane gas ownership interests of those applicants indicated in Table 1 be deposited by the Unit Operator into the Escrow Account, and, because there are other owners subject to escrow under the Supplemental Order, the Escrow Agent is directed to continue the Escrow Account for Subject Drilling Unit. To the extent not specifically granted herein, any other or further relief 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:

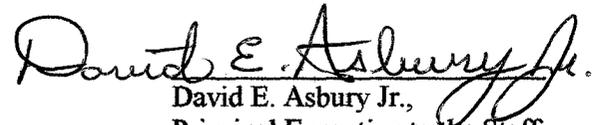
Appeals of this Order are governed by the provisions of Va. Code § 45.1-361.9 which provides that any order or decision of the Board may be appealed to the appropriate circuit court and that whenever a coal owner, coal operator, gas owner, gas operator, or operator of a gas storage field certificated by the State Corporation Commission is a party in such action, the court shall hear such appeal de novo.

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

DONE AND EXECUTED this 6th day of November, 2008, by a majority of the Virginia Gas and Oil Board.


Benny R. Wampler, Chairman

DONE AND PERFORMED this 6th day of November, 2008, by an Order of this Board.


David E. Asbury Jr.,
Principal Executive to the Staff
Virginia Gas and Oil Board

COMMONWEALTH OF VIRGINIA)
COUNTY OF WASHINGTON

Acknowledged on this 6th day of November, 2008, 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 and **David E. Asbury Jr.**, 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 #174394

My commission expires 09/30/09



BEFORE THE VIRGINIA GAS AND OIL BOARD

PETITIONER: CNX Gas Company LLC

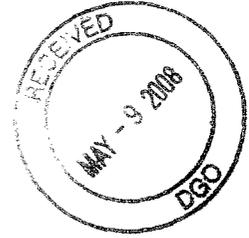
DIVISION OF GAS AND OIL
DOCKET NO: VGOB 01-0515-0893-01

RELIEF SOUGHT: (1) DISBURSEMENT FROM
ESCROW REGARDING TRACT(S) 4B
(2) AND AUTHORIZATION FOR DIRECT
PAYMENT OF ROYALTIES

HEARING DATE: May 20, 2008

DRILLING UNIT: DD-3

BUCHANAN COUNTY, VIRGINIA



AMENDED MISCELLANEOUS PETITION

1. **Petitioner and its counsel:** Petitioner is CNX Gas Company LLC, 2481 John Nash Blvd., Bluefield, West Virginia 24701. Petitioner's counsel is Mark A. Swartz, **SWARTZ LAW OFFICES, PLLC.**, 601 Sixth Avenue, Suite 201, P.O. Box 1808, St. Albans, WV 25177-1808.

2. **Relief sought:** (1) the disbursement of escrowed funds heretofore deposited with the Board's Escrow Agent(s) attributable to Tract(s) 4B as depicted upon the annexed Exhibit A; and (2) authorization to begin paying royalties directly to the parties to the royalty division agreement between Pine Mountain Oil and Gas, Inc. (currently Range Resources – Pine Mountain, Inc.) and Tommy Fletcher, et ux., Clair Fletcher, Donald D. Fletcher, et ux., Helen Blanche Boyd, et vir., Emily Wood, et vir., Jessie Roy Fletcher, et ux., Faye Kinsey, et vir. and Harless E. Fletcher. Pine Mountain Oil & Gas, Inc. (currently Range Resources – Pine Mountain, Inc.) has released their claim to the undivided 1/9 working interest owned by Jack & Elizabeth Fletcher. Furthermore, 100% of the royalty currently being held in escrow, due to previous conflicting royalty ownership with Pine Mountain Oil & Gas, Inc. (currently Range Resources – Pine Mountain, Inc.) should be paid entirely to Jack & Elizabeth Fletcher and is not subject to a royalty division agreement.

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:** Pine Mountain Oil and Gas, Inc. (currently Range Resources – Pine Mountain, Inc.) and Tommy Fletcher, et ux., Clair Fletcher, Donald D. Fletcher, et ux., Helen Blanche Boyd, et vir., Emily Wood, et vir., Jessie Roy Fletcher, et ux., Faye Kinsey, et vir. and Harless E. Fletcher have entered into a royalty division agreement(s). Said royalty division agreement allows the Applicant and Designated Operator to pay royalties directly to the persons identified in Exhibit EE annexed hereto and the annexed Exhibit A1, further, specifies how said royalties are to be divided and paid. Pine Mountain Oil & Gas, Inc. (currently Range Resources – Pine Mountain, Inc.) has released their claim to the undivided 1/9 working interest owned by Jack & Elizabeth Fletcher. Furthermore, 100% of the royalty currently being held in escrow, due to previous conflicting royalty ownership with Pine Mountain Oil & Gas, Inc. (currently Range Resources – Pine Mountain, Inc.) should be paid entirely to Jack & Elizabeth Fletcher and is not subject to a royalty division agreement.

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

CNX GAS COMPANY LLC
BY IT'S PROFESSIONAL MANAGER
CNX GAS COMPANY LLC, PETITIONER

By: Leslie K. Arrington /s/
Leslie K. Arrington
Director – Environmental Permitting
CNX Gas Company LLC
2481 John Nash Blvd.
Bluefield, West Virginia 24701

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

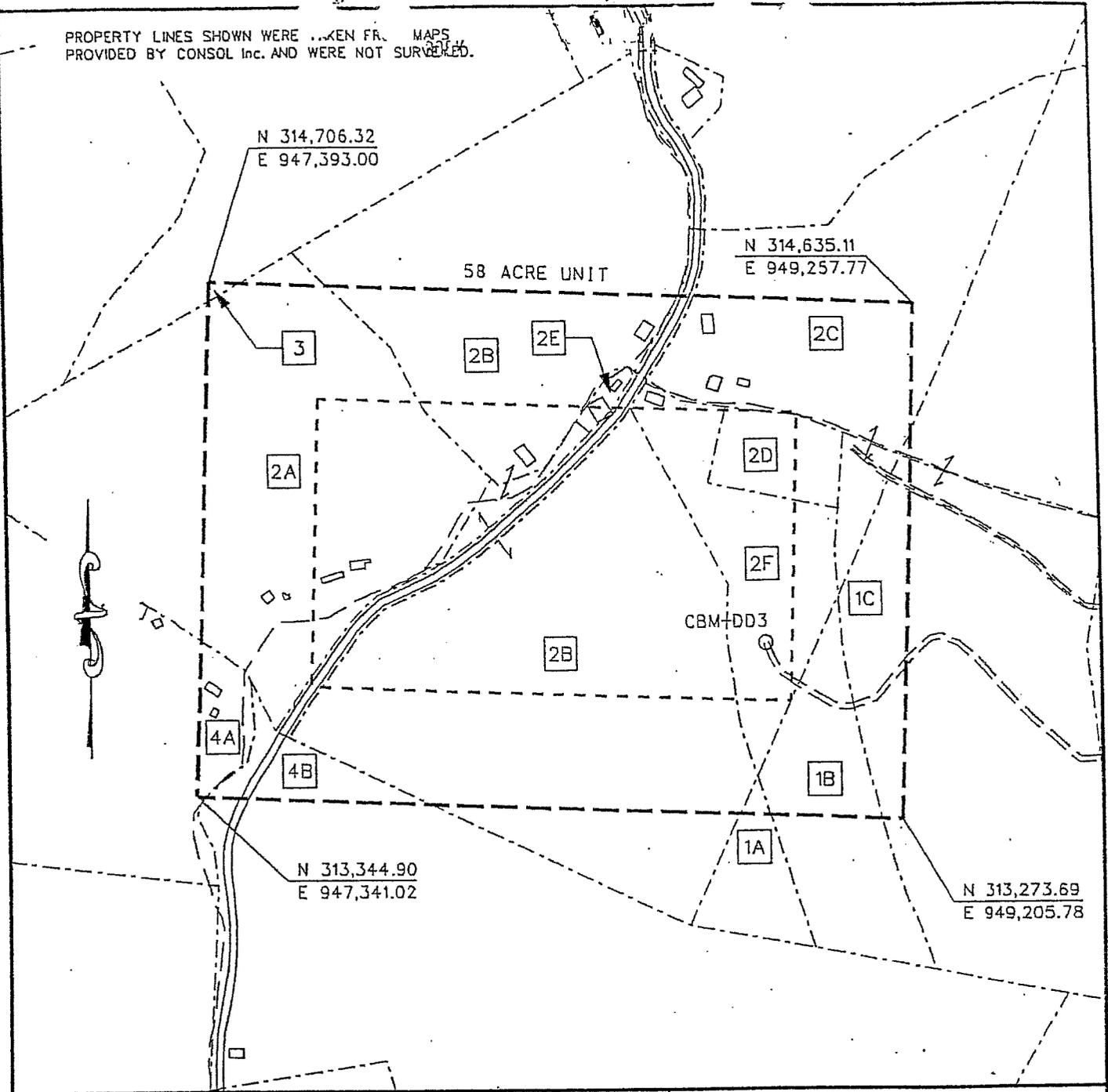


EXHIBIT A
 OAKWOOD FIELD UNIT DD-3
 FORCE POOLING
 VGOB-01-0515-0893

Company CONSOL Energy Inc. Well Name and Number UNIT DD3
 Tract No. _____ Elevation _____ Quadrangle Vansant
 County Buchanan District Hurricane Scale: 1" = 400' Date 4/9/01
 This plat is a new plat X ; an updated plat _____ ; or a final plat _____

Form DGD-60-7 Rev. 9/91 Charles A. Noyes (Affix Seal)
 Licensed Professional Engineer or Licensed Land Surveyor

CONSOL ENERGY INC.
UNIT DD-3
Tract Identifications

1. Landon Wyatt, Jr., et al. (Big Axe) Tr. 16-2 - Coal, Oil & Gas
Coal Lessee
Jewell Smokeless Coal Corp. - Tiller and Above Coal Leased
Buchanan Production Co. - CBM Leased
Buchanan Production Co. - Oil & Gas Leased
4.87 acres 8.3966 %
 - 1A. Emily Woosley - Surface
 - 1B. Anna Ruth Powers - Surface
 - 1C. Fannie Vandyke - Surface

2. Landon Wyatt, Jr., et al. (Big Axe) Tr. 16-1 - Coal, Oil & Gas
Coal Lessee
Jewell Smokeless Coal Corp. - Tiller and Above Coal Leased
Buchanan Production Co. - CBM Leased
Buchanan Production Co. - Oil & Gas Leased
50.80 acres 87.5862 %
 - 2A. Unknown Surface Owner
 - 2B. Emily Woosley - Surface
 - 2C. Fannie Vandyke - Surface
 - 2D. Woodrow Powers, Jr. - Surface
 - 2E. United Methodist Church - Surface
 - 2F. Anna Ruth Powers - Surface

3. Levisa Coal Corporation Tr. 59 - Coal
Coal Lessee
Jewell Smokeless Coal Corp. - Tiller and Above Coal Leased
John W. Pobst, Jr., et al. - Oil & Gas
Buchanan Production Co. - CBM Leased
Buchanan Production Co. - Oil & Gas Leased
James M. Nuckles - Surface
0.04 acres 0.0690 %

- 4A. Pegasus Resource Company - Coal
Equitable Resources Energy Company - CBM (Coal Only) Leased
Eldon J. Farmer, et ux. - Surface, Oil & Gas
1.02 acres 1.7586 %

- 4B. Pegasus Resource Company - Coal
Equitable Resources Energy Company - CBM (Coal Only) Leased
Roby Fletcher Heirs - Surface, Oil & Gas
1.27 acres 2.1896 %

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Exhibit E
Unit DD-3
VGOB 01-0515-0893
List of Conflicting Owners/Claimants that require escrow

	Acres in Unit	Percent of Unit
<u>Tract #4A - 1.02 acres</u>		
<u>COAL FEE OWNERSHIP</u>		
(1) ACIN LLC c/o Western Pocahontas Properties LP P.O. Box 2827 Huntington, WV 25727 (previously Pegasus Resource Company) <i>ACIN does not receive any royalty, it belongs to Range Resources - Pine Mountain, Inc.</i>	1.02 acres	1.7586%
<u>CBM Royalty Owner (Coal Only):</u>		
Range Resources - Pine Mountain, Inc. * 406 West Main Street P.O. Box 2136 Abingdon, VA 24212	1.02 acres	1.7586%
<u>OIL & GAS FEE OWNERSHIP</u>		
(1) Eldon J. Farmer, et ux. 8245 Old Steelhouse Road Rixeyville, VA 22737	1.02 acres	1.7586%

* The CBM (Coal only) is leased by Equitable Resources Energy Company.

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Exhibit EE
Unit DD-3
VGOB 01-0515-0893
List of Conflicting Owners/Claimants with Royalty Split Agreements

	Acres in Unit	Percent of Unit	Percent of Escrow
<u>Tract #4B - 1.27 acres</u>			
<i>Royalty Division Agreement 25% Pine Mtn. / 75% Fletcher Heirs, except for Jack Fletcher (100% paid to Jack Fletcher)</i>			
<u>COAL FEE OWNERSHIP - CBM ROYALTY OWNER</u>			
(1) Range Resources - Pine Mountain, Inc. 406 West Main Street P.O. Box 2136 Abingdon, VA 24212	1.27 acres	2.1897%	12.3242%
<u>OIL & GAS FEE OWNERSHIP</u>			
(1) Roby & Grace Fletcher Heirs, Devisees, Successors or Assigns	1.27 acres	2.1897%	55.4585%
(a) Tommie A. Fletcher, et ux. 335 Irvington Road Kilarnock, VA 22482	0.1411 acres 1/9 of 1.27 acres	0.2433%	4.6215%
(b) Clair Fletcher 8087 Lacy Drive #102 Manassas, VA 20110	0.14 acres 1/9 of 1.27 acres	0.2433%	4.6215%
(c) Donald D. Fletcher Heirs, Devisees, Successors or Assigns			
(c.1) Marie Fletcher 11726 Lucasville Road Manassas, VA 20110	0.14 acres 1/9 of 1.27 acres	0.2433%	4.6215%
(d) Helen Blanche Boyd, et vir. 863 Fincastle Street North Tazewell, VA 24630	0.14 acres 1/9 of 1.27 acres	0.2433%	4.6215%
(e) Emily Wood, et vir. 7905 Carrie Lane Manassas, VA 20111	0.14 acres 1/9 of 1.27 acres	0.2433%	4.6215%
(f) Jessie Roy Fletcher Heirs, Devisees, Successors or Assigns			
(f.1) Bea Fletcher 12315 Izaak Walton Road Bristow, VA 20136	0.14 acres 1/9 of 1.27 acres	0.2433%	4.6215%
(g) Faye Kinsey c/o Robert Paul Kinsey P.O. Box 3279 Oakton, VA 22124-9279	0.14 acres 1/9 of 1.27 acres	0.2433%	4.6215%
(h) Harless E. Fletcher 12605 Valleyview Road Nokesville, VA 20181	0.14 acres 1/9 of 1.27 acres	0.2433%	4.6215%
(i) Jack & Elizabeth Fletcher 13301 Powderham Lane Midlothian, VA 23113 <i>(Pine Mountain has released its claim to Jack Fletcher's 1/9 Working Interest)</i>	0.14 acres 1/9 of 1.27 acres	0.2433%	6.1621%

Exhibit A1
Tract-by-Tract Escrow Calculation
Account Balances as of 3/31/08

Unit DD-3
 VGOB 01-0515-0893
 Acres Escrowed: 2.29

Owners	Tract #	Acres	Total Tract Percent of Escrow	Interest	Owners' Percent of Escrow	Royalty Division Agreement	Amount Due Owners
	4a	1.02	44.5415%		22.2707%		\$746.77
	4a				22.2707%		\$746.77
	4b	1.27	55.4585%		12.3242%	25%	\$413.25
Range Resources - Pine Mtn. - Coal (CBM Royalty Owner)							
Roby & Grace Fletcher Heirs - O&G							
Tommy Fletcher				1/9	4.6215%	75%	\$154.97
Clair Fletcher				1/9	4.6215%	75%	\$154.97
Donald D. Fletcher				1/9	4.6215%	75%	\$154.97
Helen Blanche Boyd				1/9	4.6215%	75%	\$154.97
Emily Wood				1/9	4.6215%	75%	\$154.97
Jessie Roy Fletcher				1/9	4.6215%	75%	\$154.97
Faye Kinsey				1/9	4.6215%	75%	\$154.97
Harless E. Fletcher				1/9	4.6215%	75%	\$154.97
Jack & Elizabeth Fletcher				1/9	6.1621%	n/a	\$206.62

INSTRUMENT #080004217
 RECORDED IN THE CLERK'S OFFICE OF
 BUCHANAN COUNTY ON
 NOVEMBER 12, 2008 AT 02:33PM

BEVERLY S. TILLER, CLERK
 RECORDED BY: AKT