

VIRGINIA:

BEFORE THE VIRGINIA GAS AND OIL BOARD

SUPPLEMENTAL ORDER REGARDING

ELECTIONS, UNIT: 24542

(hereinafter "Subject Drilling Unit")

REPORT OF BOARD

DOCKET NO. VGOB-02/06/18-1037

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 July 22, 2002, and recorded at Deed Book 551, Page 732 in the Office of the Clerk of Circuit Court, Buchanan County, Virginia on July 25, 2002. (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 September 25, 2002, 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 May 12, 2003, 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, Wachovia Bank, Corporate Trust PA 1328, 123 Broad Street, Philadelphia, PA 19109-1199, (888) 396-0853, Attn: Rachel Rafferty, 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, Wachovia Bank, Corporate Trust, PA 1328, 123 Broad Street, Philadelphia, PA 19109-1199, (888) 396-0853, Attn: Rachel Rafferty, 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 18<sup>th</sup> day of June, 2003 by a majority of the Virginia Gas and Oil Board.

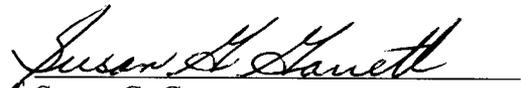
  
Chairman, Benny R. Wampler

DONE AND PERFORMED THIS 19<sup>th</sup> day of June, 2003 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 18<sup>th</sup> day of June, 2003, 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.

  
Susan G. Garrett  
Notary Public

My commission expires: 7-31-06.

STATE OF VIRGINIA     )  
COUNTY OF WISE        )

Acknowledged on this 19<sup>th</sup> day of June, 2003, 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 Virginia Gas and Oil Board, that he executed the same and was authorized to do so.

  
Diane J. Davis  
Notary Public

My commission expires: 9/30/05.

**VIRGINIA:**

***BEFORE THE VIRGINIA GAS AND OIL BOARD***

IN RE: Application of Columbia Natural Resources, for Forced Pooling of Interests in Unit Number 24542, VGOB Docket No. VGOB-02/06/18-1037 in the Rocklick 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 July 22, 2002, by the Virginia Gas and Oil Board regarding the captioned conventional 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 25, 2002.
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:

<b>Tract</b>	<b>Name</b>	<b>Election</b>
7	CNX Gas Company, L.L.C.	Carried Interest
3,4,5	Rex P. Spencer	Participation
3,4,5	Patricia S. Hogston	Participation
3,4,5	Ocie Beach	Participation
3,4,5	Delphia Davis	Participation
3,4,5	Mazie Spencer Church Fuller	Participation

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 as unknown/unlocatable.

Tract	Name	Interest
6	James Vernon Justus	0.0008
6	David Varney	0.0003

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.

Name

Donald Steven Williams  
851 Richard Road  
Wayne, PA 19087

United Coal Company  
2700 Lee Highway  
Bristol, VA 24201

Robert Kencke  
9453 Maple Drive  
Rosemont, IL 60018

Juanita Mullins  
Route 4, Box 150  
Grundy, VA 24614

Douglas Varney  
176 Regency Drive  
Kingsport, TN 37663

9. The final plat filed here as "Exhibit A" and the "Exhibit B" filed with this Order and Affidavit reflect the correct ownership within the Subject Unit.

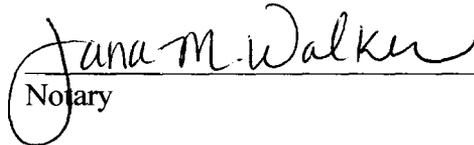
That pursuant to the provision of 4VAC 25-160.70C annexed hereto and incorporated herein is a proposed supplemental order to be entered to complete the record regarding elections; that said annexed supplemental order sets forth that the services of the Escrow Agent are required in this matter pursuant to the terms of §§ 45.1-361.21.D.

Dated at Kingsport, Tennessee, this 12<sup>th</sup> day of May 2003.

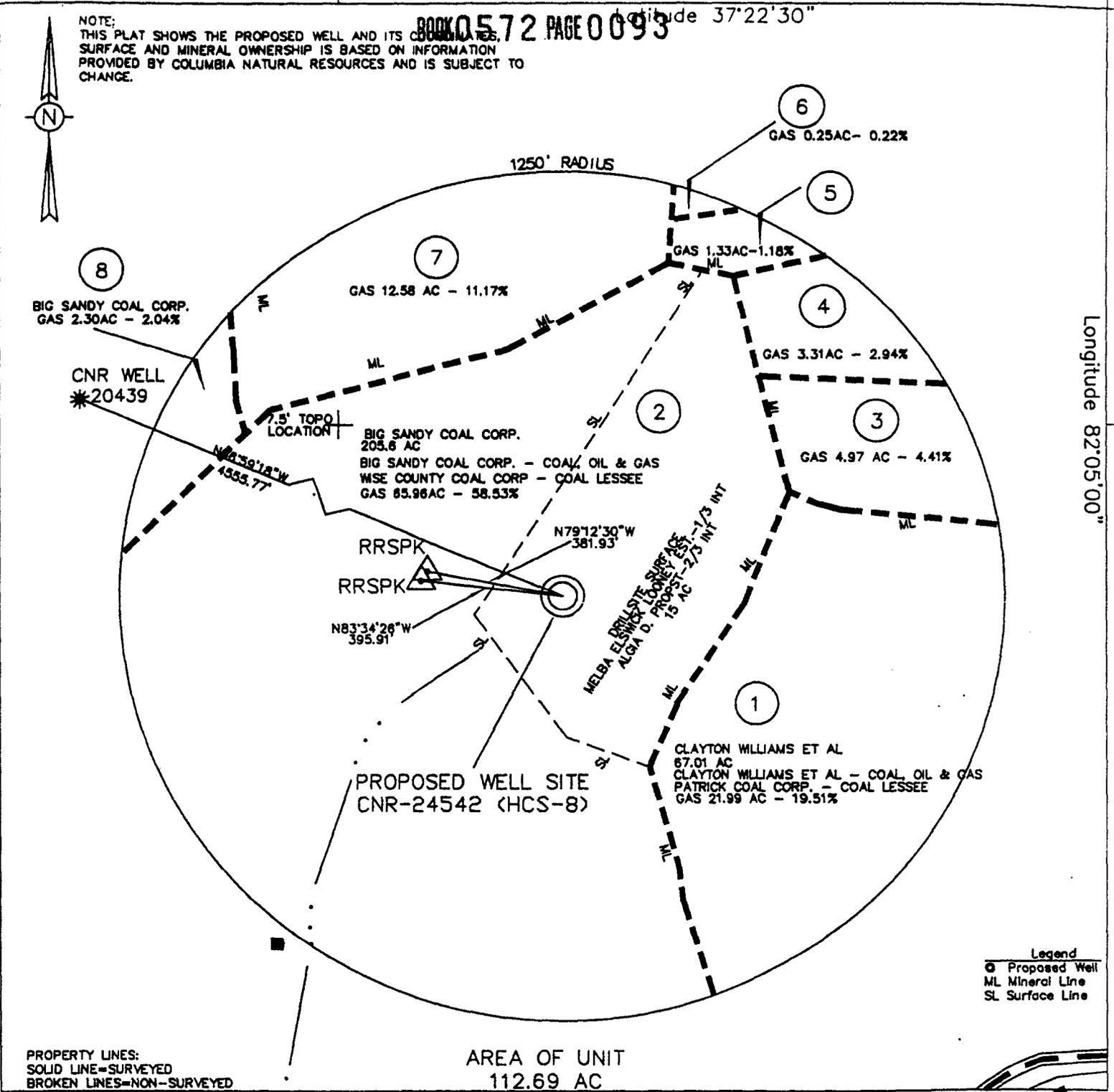
  
\_\_\_\_\_  
Affiant

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 12<sup>th</sup> day of May, 2003.

My commission expires: August 18, 2003

  
\_\_\_\_\_  
Notary

NOTE: THIS PLAT SHOWS THE PROPOSED WELL AND ITS COORDINATES, SURFACE AND MINERAL OWNERSHIP IS BASED ON INFORMATION PROVIDED BY COLUMBIA NATURAL RESOURCES AND IS SUBJECT TO CHANGE.



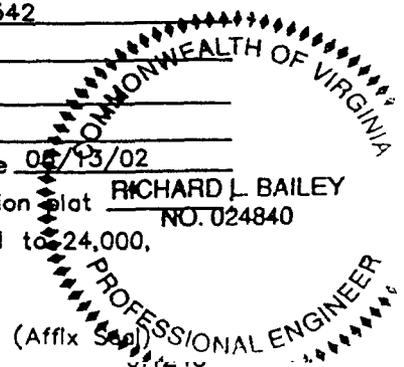
WELL LOCATION PLAT

Company COLUMBIA NATURAL RESOURCES, INC. Well Name and Number CNR-24542  
 Tract No. BIG SANDY COAL CORP Elevation 1721.69' Quadrangle GRUNDY  
 Well Coordinates (Virginia State Plane): N393,233.02' E947,844.56'  
 Method Used To Determine Elevation: CLOSED LOOP TRIGONOMETRIC FROM GPS STATION  
ON DIVIDING RIDGE BETWEEN HOME CREEK & LYNN CAMP  
 County BUCHANAN District ROCKLICK Scale: 1" = 400' Date 05/13/02

This Plat is a new plat X; an updated plat \_\_\_\_\_; or a final location plat RICHARD L BAILEY  
 NO. 024840

+ 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.

*Richard L Bailey* 6-13-02



AMENDED EXHIBIT "B"  
WELL 24542

<u>TRACT</u>	<u>LESSOR</u>	<u>LEASE STATUS</u>	<u>INTEREST WITHIN UNIT</u>	<u>GROSS ACREAGE IN UNIT</u>
1	Clayton Williams et al Route 2 Box 164 Honaker, VA 24260	Leased 1220315-001	9.7568%	10.9950
	Gordon Scott Williams Route 1, Box 403 Grundy, VA 24614	Leased 1220315-002	3.2523%	3.6650
	Alicia Leigh Deel P. O. Box 188 Big Rock, VA 24603	Leased 1220315-003	3.2523%	3.6650
	Donald Steven Williams 851 Richards Road Wayne, PA 19087	Unleased	3.2523%	3.6650
2	Big Sandy Coal Corporation P O Box 609 Huntington, WV 25701	Leased 1047353-000	58.5323%	65.9600
3,4,5	United Coal Company 2700 Lee Highway Bristol, VA 24201	Unleased	2.4365%	2.7457
	Homer Spencer Box 265 Big Rock, VA 24603	Leased 1220129-001	0.1108%	0.1248
	Melvin Spencer Jr. Route 1 Box 382 Grundy, VA 24614	Leased 1220129-009	0.1108%	0.1248
	George Dewey Spencer & Lois V Spencer, h/w P O Box 1805 Grundy, VA 24614	Leased 1220129-017	0.1108%	0.1248
	Clarence Spencer & Mary Spencer Route 1 Box 384 Grundy, VA 24614	Leased 1220129-010	0.1108%	0.1248

**AMENDED EXHIBIT "B"  
WELL 24542**

<u>TRACT</u>	<u>LESSOR</u>	<u>LEASE STATUS</u>	<u>INTEREST WITHIN UNIT</u>	<u>GROSS ACREAGE IN UNIT</u>
	Robert Spencer Route 1 Box 385 Grundy, VA 24614	Leased 1220129-007	0.1108%	0.1248
	Julie Ann Spencer Route 1 Box 383 Grundy, VA 24614	Leased 1220129-005	0.1108%	0.1248
	Kathleen Mulkey Route 1 Box 380 Grundy, VA 24614	Leased 1220129-020	0.1108%	0.1248
	Linda Phillips 6240 Stump Road Parma Heights OH 44130	Leased 1220129-021	0.1108%	0.1248
	Phyllis Mulkey 4224 Memphis Ave Cleveland, OH 44109	Leased 1220129-019	0.1108%	0.1248
	Nancy Funk General Delivery Phelps, KY 41553	Leased 1220129-004	0.1108%	0.1248
	Ervene Kencke Heirs Robert Kencke 9453 Maple Drive Rosemont, IL 60018	Unleased	0.1108%	0.1248
	Ruby H. Blythe 233 Highland Drive Jacksboro, TN 37757	Leased 1220129-016	0.2030%	0.2288
	Loraine Bunch Route 1 Box 375 Grundy, VA 24614	Leased 1220129-015	0.2030%	0.2288
	Edison Hogston & Rosalie M Hogston 218 S Second St North Baltimore, OH 45872	Leased 1220129-003	0.2030%	0.2288

**AMENDED EXHIBIT "B"  
WELL 24542**

<u>TRACT</u>	<u>LESSOR</u>	<u>LEASE STATUS</u>	<u>INTEREST WITHIN UNIT</u>	<u>GROSS ACREAGE IN UNIT</u>
	Leon Hogston & Carol Sue Hogston 253 Franklin St Tiffin, OH 44883	Leased 1220129-008	0.2030%	0.2288
	Martha Butcher 220 N 23rd St Battle Creek, MI 49015	Leased 1220129-013	0.2030%	0.2288
	Leonard Hogston 79 Forbes Road Bedford, OH 44146	Leased 1220129-018	0.2030%	0.2288
	Rex P Spencer Box 638 Vansant, VA 24656	Unleased Participating	0.6091%	0.6864
	Maxie Spencer Church P O Box 999 Vansant, VA 24656	Unleased Participating	0.6091%	0.6864
	Josephine Owens Route 1 Box 190 Honaker, VA 24260	Leased 1220129-012	0.2030%	0.2288
	Barbara Stevens P O Box 1361 Honaker, VA 24260	Leased 1220129-011	0.2030%	0.2288
	Alice Freeman 3805 West 26th Ave Apt 1009 South Denver, CO 80211	Leased 1220129-014	0.2030%	0.2288
	Patricia S Hogston P O Box 427 Grundy, VA 24614	Unleased Participating	0.2030%	0.2289
	Ocie Beach HC 67 Box 14 Oakwood, VA 24631	Unleased Participating	0.2030%	0.2289

**AMENDED EXHIBIT "B"  
WELL 24542**

<u>TRACT</u>	<u>LESSOR</u>	<u>LEASE STATUS</u>	<u>INTEREST WITHIN UNIT</u>	<u>GROSS ACREAGE IN UNIT</u>
	Delphia Davis HC 67 Box 14 Oakwood, VA 24631	Unleased Participating	0.2030%	0.2289
	Shelby Jean Lester Route 1 Box 377-A Grundy, VA 24614	Leased 1220129-006	0.6091%	0.6864
	Minnie Mae Egresitz 4916 Creek Drive Harrisburg, PA 17112	Leased 1220129-002	0.6091%	0.6864
6	United Coal Company 2700 Lee Highway Bristol, VA 24201	Unleased	0.2195%	0.2473
	Juanita Mullins Route 4 Box 150 Grundy, VA 24614	Unleased	0.0008%	0.0009
	James Vernon Justus Address Unknown	Unleased	0.0008%	0.0009
	Elmer Varney 412 Chadwell Road Kingsport, TN 37660	Leased Life Estate 1221122-004	[0.000000%]	[0.0000]
	Douglas Varney 176 Regency Drive Kingsport, TN 37663	Unleased	0.0003%	0.0003
	Donald Ray Varney 5121 Foxfire Trail Kingsport, TN 37664	Leased 1221122-005	0.0003%	0.0003
	David Varney Address Unknown	Unleased	0.0003%	0.0003
7	Buchanan Realty Ltd. Corporation P O Box 1756 Grundy, VA 24614	Leased 1221056-001	2.7908%	3.1450
	Jewell Smokeless Coal Corp. P O Box 70 Vansant, VA 24656	Leased 1222637-000	5.5817%	6.2900

AMENDED EXHIBIT "B"  
WELL 24542

<u>TRACT</u>	<u>LESSOR</u>	<u>LEASE STATUS</u>	<u>INTEREST WITHIN UNIT</u>	<u>GROSS ACREAGE IN UNIT</u>
	George W. Belcher & Sara M. Belcher Trust c/o John Belcher, Agent 524 Maxfield Drive Big Stone Gap, VA 24219	Leased to CNX	2.7908%	3.1450
	CNX Gas Co. LLC P.O. Box 947 Bluefield, VA 24605 Attn: Les Arrington			
8	Big Sandy Coal Corporation P O Box 509 Huntington, WV 25701	Leased 1047353-000	2.0410%	2.3000
<b>TOTALS</b>			100.0000%	
	Percentage of Unit Leased		89.3607%	
	Percentage of Unit Unleased		6.0213%	
	Percentage of Unit Carried		2.7908%	
	Percentage of Unit Participating		1.8272%	
	Acreage in Unit Leased			100.7003
	Acreage in Unit Unleased			6.7852
	Acreage in Unit Carried			3.1450
	Acreage in Unit Participating			2.0595

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 8<sup>th</sup> day of June, 20 03 1:24P. M.  
Deed Book No. 572 and Page No. 87.  
Returned to: Grand Davis TESTE: James M. Bevins, Jr., Clerk  
Shelby S. Miller Deputy Clerk

INSTRUMENT #030002319  
RECORDED IN THE CLERK'S OFFICE OF  
BUCHANAN COUNTY ON  
JUNE 19, 2003 AT 01:24PM  
JAMES M. BEVINS, CLERK

BY: \_\_\_\_\_ DA (DC)

*Diane Davis*