

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:

Edith G. Street, Frederick H. Combs, II Testamentary
Trust c/o Kelly Necessary, Martha E. Combs and Carol
and John Irvin.

DOCKET NO.

02-1119-1093-01

RELIEF SOUGHT:

Issuance: A Supplemental Order for Disbursement of Escrowed Funds
Action: Amending Prior Orders Affecting Drilling K-37 Tract 2
(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 K-37 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 BOARD**FINDINGS 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 July 15, 2008 at the Southwest Virginia Higher Education Center on the campus of Virginia Highlands Community College, Abingdon, VA.
2. **Appearances:** Mark A. Swartz, Esq. and Leslie K Arrington CNX 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 On April 26, 2004, 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 April 28, 2004, Instrument Number 40001321. The Board executed its Supplemental Order Regarding Elections that was filed with the Clerk on April 27, 2005, Instrument number 050001246 (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 Orders and testimony, the oil and gas ownership interests of Edith G. Street, Frederick H. Combs, II Testamentary Trust c/of Kelly Necessary, Martha E. Combs and Carol and John Irvin in Tract 2 were in conflict in the Subject Drilling Unit and became subject to the escrow requirements of a Pooling Order.
- 4.3 The Unit Operator's Miscellaneous Petition regarding Tract 2, a copy of which is attached to and made a part hereof, states under oath that there was originally a conflict with the P3 seam between the aforementioned parties and Island Creek Coal Company. Island Creek Coal Company has deeded that interest to the above parties and this order is to payout based on the deed to the aforementioned parties. That by the terms of the deed, the parties in Tract 2 require no further escrowing.
- 4.4 The Unit Operator gave notice to the applicants that the Board would consider its disbursement authorization at its hearing on July 15, 2008 and consider whether to: (1) amend the Pooling Order to provide for the disbursement a portion of funds on deposit in the Escrow Account attributable to a portion of Tract 2 identified in the attached miscellaneous petition (2) delete the requirement that the Unit Operator place future royalties attributable to Tract 29 plus the interests of Applicants identified in the miscellaneous petition in the Escrow Account, and (3) close the escrow account under this docket number because there are no other parties subject to this escrow account.
- 4.5 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:

Edith G. Street, Frederick H. Combs, II Testamentary Trust c/o Kelly Necessary, Martha E. Combs and Carol and John Irvin are the owners of the coal, oil and gas in Tract 2 based on a deed from Island Creek Coal Company.

(1) Net interests attributable and to be disbursed to Applicants are shown in Table 1,

VGOB Approved Disbursement

VGOB 01-0515-0000-01

1093-01

	Average Interest	Split Agreement	Acres	% of Escrowed Funds	Disbursement \$
Tract 2 (This disbursement closes the account)					
Disbursement Table					
Island Creek Coal Company (ICCC-Coal) (Deeded Interest)					
Caroline Cole Heirs - Oil and Gas					
			1.667	100.0000%	
1	Edith G. Street; PO Box 792, Grundy Virginia, 24614	1/18 of 15	0.833	50.0000%	
2	Frederick H. Combs, II Testamentary Trust; c/o Kelly Combs Necessary; PO Box 841, Tazewell, Virginia 24651	1/54 of 15	0.278	16.6667%	
3	Martha E. Combs; PO Box 1404, Abingdon, VA 24212	1/54 of 15	0.278	16.6667%	
4	Carol & John Irvin; 4710 Hunterwood Circle, Richmond Texas, 77469	1/54 of 15	0.278	16.6667%	
	Sum Total		1.667	100.0000%	

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 no other owners subject to escrow under the Supplemental Order, the Escrow Agent is directed to disburse all funds and close the Escrow Account for Subject the Drilling Unit. To the extent not specifically granted herein, any other or further relief is denied.

7. **Conclusion:**

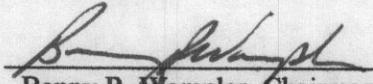
Therefore, the requested relief and all terms and provisions set forth above in Paragraph 6 above be and hereby are granted and **IT IS SO ORDERED.**

8. **Appeals:**

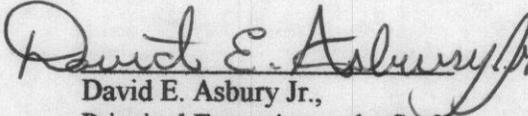
Appeals of this Order are governed by the provisions of Va. Code § 45.1-361.9 which provides that any order or decision of the Board may be appealed to the appropriate circuit court and that whenever a coal owner, coal operator, gas owner, gas operator, or operator of a gas storage field certificated 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.

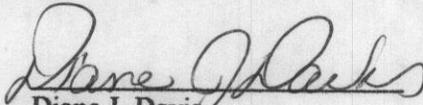

Benny R. Wampler, Chairman

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, and that they executed the same and were authorized to do so.


Diane J. Davis
Notary Public #174394

My commission expires: 9/30/09



BEFORE THE VIRGINIA GAS AND OIL BOARD

PETITIONER: CNX Gas Company LLC

DIVISION OF GAS AND OIL
DOCKET NO: VGOB 02-1119-1093-01

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

HEARING DATE: July 15, 2008

DRILLING UNIT: K-37

BUCHANAN COUNTY, VIRGINIA

MISCELLANEOUS PETITION

1. **Petitioner and its counsel:** Petitioner is **CNX Gas Company LLC**, 2481 John Nash Blvd., Bluefield, West Virginia 24701, 304/323-6500. 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) 2 as depicted upon the annexed Exhibit A; and (2) authorization to begin paying royalties directly to the parties Edith G. Street, Frederick H. Combs, II Testamentary Trust c/o Kelly Necessary, Martha E. Combs and Carol & John Irvin.

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:** Edith G. Street, Frederick H. Combs, II Testamentary Trust c/o Kelly Necessary, Martha E. Combs and Carol & John Irvin., have been deeded the 1/9 conflicting interest in the Pocahontas No.3 seam (previously shown as Island Creek Coal Company). Said deed allows the Applicant and Designated Operator to pay royalties directly to the persons identified in Exhibit EE annexed hereto, further, specifies how said royalties are to be divided and paid.

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 /add

Leslie K. Arrington
Director - Environmental Permitting
CNX Gas Company LLC
2481 John Nash Blvd.
Bluefield, West Virginia 24701



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

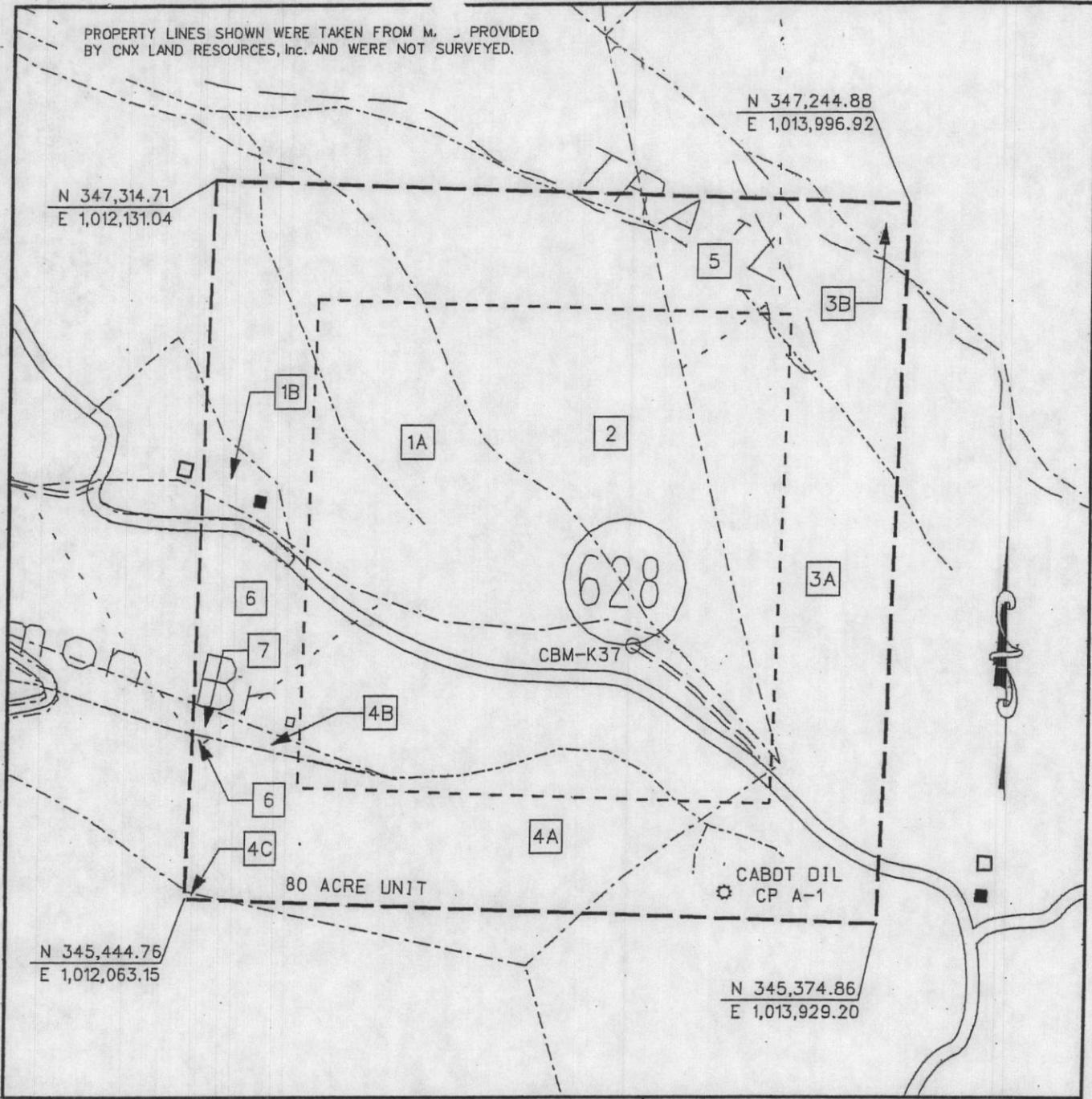
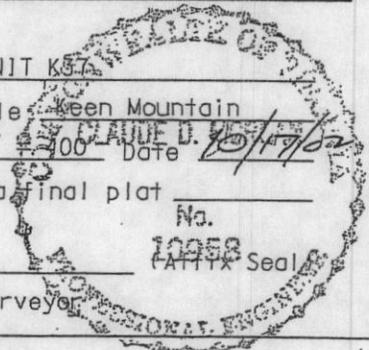


EXHIBIT A
 OAKWOOD FIELD UNIT K-37
 FORCE POOLING
 VGOB-02-1119-1093

Company CONSOL Energy Inc. Well Name and Number UNIT K37
 Tract No. _____ Elevation _____ Quadrangle Keen Mountain
 County Buchanan District Garden Scale: 1" = 400' Date 10/17/02
 This plat is a new plat X ; an updated plat _____ ; or a final plat _____

Form DGO-GO-7
 Rev. 9/91

Harold O. May
 Licensed Professional Engineer or Licensed Land Surveyor



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CONSOL Energy, Inc.
UNIT K-37
Tract Identifications

1. **A. B. Jewell Estate – All Minerals**
Island Creek Coal Co./Consolidation Coal Company - Below Drainage Coal Leased
Virginia Gas Exploration Company - CBM Leased
17.57 acres 21.9625%

1A. **A. B. Jewell Estate - Surface**
1B. **Don Honaker, et al - Surface**

2. **Caroline Cole Heirs, et al. – All Minerals**
Island Creek Coal Co./Consolidation Coal Company - Below Drainage Coal Leased
Virginia Gas Exploration Company - CBM Leased (90%)
Buchanan Production Company - CBM Leased (3.73%)
15.00 acres 18.7500%

3. **Yukon Pocahontas Coal Company, LLP, et al. – Tr. 32 – All Minerals**
Island Creek Coal Co./Consolidation Coal Company - Below Drainage Coal Leased
Jewell Smokeless Coal Corp. - Above Drainage Coal Leased
Buchanan Production Company - CBM Leased
19.25 acres 24.0625%

3A. **Virginia Boyd - Surface**
3B. **Milferd Maxwell, et al. - Surface**

4. **Yukon Pocahontas Coal Company, LLP, et al. – Tr. 50 – All Minerals and Surface Rights**
Island Creek Coal Co./Consolidation Coal Company - Below Drainage Coal Leased
Jewell Smokeless Coal Corp. - Above Drainage Coal Leased
Buchanan Production Company - CBM Leased
21.59 acres 26.9875%

4A. **Don Honaker, et al - Surface**
4B. **Don Honaker - Surface**
4C. **Lawrence Horn - Surface**

5. **Yukon Pocahontas Coal Company, LLP, et al. – Tr. 32 – All Minerals**
Consolidation Coal Company/Island Creek Coal Company - Below Drainage Coal Leased
Jewell Smokeless Coal Corp. - Above Drainage Coal Leased
Cabot Oil and Gas Corp. - Oil and Gas Leased
Buchanan Production Company - CBM Leased
Virginia Boyd - Surface
2.62 acres 3.2750%

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CONSOL Energy, Inc.

UNIT K-37

Tract Identifications

6. Yukon Pocahontas Coal Company, LLP, et al. – Tr. 50 – All Minerals and Surface Rights
Consolidation Coal Company/Island Creek Coal Company - Below Drainage Coal Leased
Jewell Smokeless Coal Corp. - Above Drainage Coal Leased
Cabot Oil and Gas Corp. - Oil and Gas Leased
Buchanan Production Company - CBM Leased
Don Honaker, et al - Surface
3.84 acres 4.8000%
7. Yukon Pocahontas Coal Company, LLP, et al. – Tr. 50 – All Minerals and Surface Rights
Consolidation Coal Company/Island Creek Coal Company - Below Drainage Coal Leased
Jewell Smokeless Coal Corp. - Above Drainage Coal Leased
Cabot Oil and Gas Corp. - Oil and Gas Leased
Buchanan Production Company - CBM Leased
Don Honaker - Surface
0.13 acres 0.1625%

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Exhibit EE
 Unit K-37
 Docket #VGOB 02-1119-1093
 List of Conflicting Owners/Claimants with Agreements

	Acres in Unit	Percent of Unit	Percent of Escrow
			1.666667
<u>Tract #2, 15.00 Acres</u>			
<u>COAL FEE OWNERSHIP</u>			
(1) Caroline Cole Heirs, Devisees, Successors or Assigns, et al.	15.00 acres	18.7500%	
(2) Island Creek Coal Company (1/9 int. P3 seam) Drawer L Oakwood, VA 24631	1.666667 acres 1/9 of 15.00 acres	2.0833%	n/a (Deeded Interest)
<u>OIL & GAS FEE OWNERSHIP</u>			
(1) Caroline Cole Heirs, Devisees, Successors or Assigns	15.00 acres	18.7500%	
(h) Hinsel Cole Heirs, Devisees, Successors or Assigns			
(h.1) Edith G. Street P.O. Box 792 Grundy, VA 24614	0.833333 acres 1/18 of 15.00 acres	1.0417%	50.0000% ✓
(h.2) Marion S. Combs Heirs, Devisees, Successors or Assigns			
(h.2.1) Frederick H. & Elane Combs III 318 East Fincastle Tazewell, VA 24651	0.277778 acres 1/54 of 15.00 acres	0.3472%	16.6667% ✓
(h.2.2) Martha E. Combs P.O. Box 1404 Abingdon, VA 24210	0.277778 acres 1/54 of 15.00 acres	0.3472%	16.6667% ✓
(h.2.3) Carol & John Irvin 4710 Hunterwood Circle Richmond, TX 77469	0.277778 acres 1/54 of 15.00 acres	0.3472%	16.6667% ✓

VCOB
7-15-08
RA

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Tract-by-Tract Escrow Calculation
Account Balances as of 4/30/08

Unit K-37
 VGOB 02-1119-1093-01
 Acres Escrowed: 1.6667

Owners	Tract #	Acres	Total Tract Percent of Escrow	Interest	Owners' Percent of Escrow	Amount Due Owners
ICCC - Coal (Deeded Interest)			n/a			\$664.99
Caroline Cole Heirs - O&G						
Edith G. Street	2			1/18	50.0000%	\$327.50
Frederick H. Combs, II Testamentary Trust		(15.00)		1/54	16.6667%	\$109.17
Martha E. Combs				1/54	16.6667%	\$109.17
Carol & John Irvin		1.6667	100.0000%	1/54	16.6667%	\$109.17

INSTRUMENT #080004222
 RECORDED IN THE CLERK'S OFFICE OF
 BUCHANAN COUNTY ON
 NOVEMBER 12, 2008 AT 02:37PM
 BEVERLY S. TILLER, CLERK
 RECORDED BY: AKT

51004769

REG 537
DISP 5516
OFF 5007
BR 204
CF-VIRGINIA

Account VIRGINIA GAS AND OIL BOARD WACHOVIA BANK, N.A. AGENT
Name: UNDER AGREEMENT DATED SEPTEMBER 19, 2006

Account 5025890684
Number:

Date
02/17/09

00378 EDITH G. STREET
P. O. BOX 459
ABINGDON, VA 24212

Remittance Amount	
Income	Principal
\$*****370.34	\$*****0.00

For: PAYMENT

FUND 1093

WACHOVIA

PLEASE FOLD AND DETACH AT PERFORATION BEFORE PRESENTING FOR PAYMENT

WACHOVIA

WACHOVIA BANK, N.A.
CHARLOTTE, NC 28238-1154
1-888-216-2308

66-21
530
51004769

Date
02/17/09

Account No.
5025890684 VGOB

Amount
\$*****370.34

Pay: Three Hundred Seventy DOLLARS AND Thirty- Four CENTS

To The Order of: EDITH G. STREET

Leon M. Lerman
Authorized Signature

⑈ 51004769⑈ ⑆ 053000219⑆ 5046001042738⑈

51004770

REG 537
DISP 5516
OFF 5007
BR 204
CF-VIRGINIA

Account VIRGINIA GAS AND OIL BOARD WACHOVIA BANK, N.A. AGENT
Name: UNDER AGREEMENT DATED SEPTEMBER 19, 2006

Account 5025890684
Number:

Date
02/17/09

00379

FRED H. COMBS TESTAMENTARY TRUST
P. O. BOX 841
TAZEWELL, VA 24651

Remittance Amount	
Income	Principal
\$*****123.44	\$*****0.00

For: PAYMENT
FUND 1093

WACHOVIA

PLEASE FOLD AND DETACH AT PERFORATION BEFORE PRESENTING FOR PAYMENT

WACHOVIA

WACHOVIA BANK, N.A.
CHARLOTTE, NC 28288-1151
1-888-216-2308

66-21 530 51004770

Date
02/17/09

Account No.
5025890684 VGOB

Amount
\$*****123.44

Pay: One Hundred Twenty-Three DOLLARS AND Forty -Four CENTS

To The Order of: FRED H. COMBS TESTAMENTARY TRUST

Leon Mc Lendon
Authorized Signature

⑈ 51004770⑈ ⑆053000219⑆ 5046001042738⑈

51004771

REG 537
DISP 5516
OFF 5007
BR 204
CF-VIRGINIA

Account VIRGINIA GAS AND OIL BOARD WACHOVIA BANK, N.A. AGENT
Name: UNDER AGREEMENT DATED SEPTEMBER 19, 2006

Account 5025890684
Number:

Date
02/17/09

00380 MARTHA E. COMBS
P. O. BOX 1404
ABINGDON, VA 24212

Remittance Amount	
Income	Principal
\$*****123.44	\$*****0.00

For: PAYMENT

FUND 1093

WACHOVIA

PLEASE FOLD AND DETACH AT PERFORATION BEFORE PRESENTING FOR PAYMENT

WACHOVIA

WACHOVIA BANK, N.A.
CHARLOTTE, NC 28288-1151
1-888-216-2308

68-21
530

51004771

Date
02/17/09

Account No.
5025890684 VGOB

Amount
\$*****123.44

Pay: One Hundred Twenty-Three DOLLARS AND Forty -Four CENTS

To The Order Of: MARTHA E. COMBS

Leon M. L...
Authorized Signature

⑈ 51004771 ⑈ ⑆ 053000219 ⑆ 5046001042738 ⑈

51004772

REG 537
DISP 5516
OFF 5007
BR 204
CF-VIRGINIA

Account VIRGINIA GAS AND OIL BOARD WACHOVIA BANK, N.A. AGENT
Name: UNDER AGREEMENT DATED SEPTEMBER 19, 2006

Account 5025890684
Number:

Date
02/17/09

00381 CAROL C. IRVIN
4710 HUNTERWOOD CIRCLE
RICHMOND, TX 77406

Remittance Amount	
Income	Principal
\$*****123.44	\$*****0.00

For: PAYMENT

FUND 1093

WACHOVIA

740.44

PLEASE FOLD AND DETACH AT PERFORATION BEFORE PRESENTING FOR PAYMENT

WACHOVIA

WACHOVIA BANK, N.A.
CHARLOTTE, NC 28288-1151
1-800-216-2308

66-21
530
51004772

Date
02/17/09

Account No.
5025890684 VGOB

Amount
\$*****123.44

Pay: One Hundred Twenty-Three DOLLARS AND Forty -Four CENTS

To The Order of: CAROL C. IRVIN

Leon M. Lerner
Authorized Signature

⑈ 51004772 ⑆ ⑆ 053000219 ⑆ 5046001042738 ⑆

7/15/08 Items 12 13 14

CERTIFICATION OF NOTICE
CNX Gas Company LLC

Units J-38, J-39 and K-37

VGOB 01-0515-0890-01, 01-0515-0891-01 and 02-1119-1093-01
Miscellaneous Petition / Escrow Disbursement

NAME	MAILED	J38	J39	K37	RECEIPT #	RECEIVED
Combs	6/16/08	X	X	X	7008050000013155 1330	Returned
Combs, II Testamentary Trust	6/16/08	X	X	X	7008050000013155 1347	6/23/08
Irvin	6/16/08	X	X	X	7008050000013155 1354	6/23/08
Street	6/16/08	X	X	X	7008050000013155 1361	Returned
ICCC	6/16/08	X	X	X	**Hand Delivered**	