

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: EQT Production Company on behalf of Clarence
W. Truax, Jr. and Range Resources-Pine
Mountain Inc.

DOCKET NO.
03-08/19-1174-01

Tax Map Identification Numbers for All Parcels Affected By This Order Are Shown On Exhibit B

RELIEF SOUGHT: Issuance: An Order for Disbursement of Escrowed Funds
Action: Amending Prior Orders Affecting Drilling Unit 535612
Tract I
(Referenced herein as "the Subject Drilling Unit")

Location: Dickenson County, VirginiaAction Details:

- (1) To provide a calculation of funds, Unit Operator has deposited into the Escrow Account for Drilling Unit
- (2) To provide each applicant a Royalty Accounting
- (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 I.

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 October 18, 2011 at the Conference Center, Russell County Office Building, and Highland Drive, Lebanon, Virginia.
2. **Appearances:** James Kaiser 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 sub-accounts, 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 tracts in question or any undivided interest therein.

4. **Prior Proceedings:**

- 4.1. A. The Board issued its original order dated November 12, 2003 and recorded in Dickenson County, Virginia on November 24, 2003 at Deed Book 393 Page 544.
 B. The Board issued its supplemental order dated January 21, 2004 and recorded in Dickenson County, Virginia on January 22, 2004 at Deed Book 395 Page 384.
- 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 attached miscellaneous petition and testimony, the coal estate ownership interests of Range Resources-Pine Mountain, Inc., and the gas ownership interests of Clarence W. Truax, Jr. in Tract 1 in the Subject Drilling Unit were in conflict and became subject to the escrow requirements of the Pooling Order.
- 4.2 The Unit Operator's Miscellaneous Petition regarding Tract 1, a copy of which is attached hereto and made a part hereof, states that the conflict was resolved by a letter dated July 15, 2011 signed by Jerry Grantham, Vice President of Range Resources-Pine Mountain, Inc. relinquishing claim to the coalbed methane interest and that per testimony all funds on deposit for Tract 3 should be paid to Clarence W. Truax. That by the terms of the agreement and escrow regarding these individual conflicting claims detailed herein escrowing with the Virginia Gas and Oil Board is no longer required.
- 4.3 The Unit Operator gave notice to the applicants that the Board would consider its disbursement authorization at its hearing on August 16, 2011 to consider whether to: (1) amend the Pooling Order to provide for the disbursement of funds on deposit in the Escrow Account attributable to Tract 1 as identified in the attached miscellaneous petition (2) delete the requirement that the Unit Operator place future royalties attributable to Tract 1 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 there are other parties under this order subject to continued payments in the escrow

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 tracts 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.

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

Unit VC-535612
 VGOB 03-08/19-1174-01
 Acres Escrowed: 30.50
 Table 1

Account Balance as of 7/31/11
 \$141,817.14

Owner	Address	Tract No.	Tract Acres	Interest	Owners Percent of Escrow
Clarence Truax, Jr. and Debra June Truax	238 Bugle Hill Lane, Luray, VA 22835	1	24.71	100	81.016393%
Range Resources-Pine Mountain				0	

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 the Subject Drilling Unit. To the extent not specifically granted herein, any other or further relief is denied.

6. **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.**

7. **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.

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

DONE AND EXECUTED this 19 day of Dec., 2011, by a majority of the Virginia Gas and Oil Board.

Bradley C. Lambert
Bradley C. Lambert, Chairman
Virginia Gas and Oil Board

DONE AND PERFORMED this 19th day of Dec., 2011, by an Order of this Board.

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

COMMONWEALTH OF VIRGINIA)
COUNTY OF RUSSELL

Acknowledged on this 19th day of Dec, 2011, personally before me a notary public in and for the Commonwealth of Virginia, appeared Bradley C. Lambert, being duly sworn did depose and say that he is the 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 he executed the same and was authorized to do so.

Diane J. Davis
Diane J. Davis
Notary Public #174394

My commission expires: 09/30/13



VIRGINIA:

BEFORE THE VIRGINIA GAS AND OIL BOARD

APPLICANT: EQT Production Company on behalf of Clarence W. Truax, Jr., and Range Resources-Pine Mountain Inc.

DOCKET NUMBER: VGOB 03/08/19-1174-01

RELIEF SOUGHT: Supplemental Order for Disbursement of Escrowed Funds on behalf of Clarence W Truax, Jr., Range Resources-Pine Mountain Inc.

LEGAL DESCRIPTIONS: Drilling Unit Number 535612 created by Board Order Dated November 12, 2003, VGOB 03/08/19-1174 in Dickenson County, Virginia.

HEARING DATE: October 18, 2011

MISCELLANEOUS PETITION

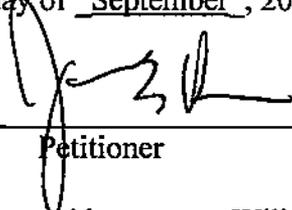
1. Party: Applicant herein is, Clarence Truax, Jr. (hereinafter "Plaintiff"), whose address is 238 Bugle Hill Lane, Luray, VA 22835, and Range Resources-Pine Mountain Inc. , (hereinafter "Plaintiffs), whose address is P.O. Box 2136, Abingdon, VA 24212.
2. Facts:
 - a. Equitable was designated as the Operator and Applicants interests were Pooled in the 535612 Unit by Order of the Virginia Gas and Oil Board (hereinafter "Board") executed on November 3, 2003, pursuant to Docket No. VGOB 03/08/19-1174 and recorded in the Circuit Court Clerk's Office Dickenson County, Virginia on November 24, 2003, Book 393 Page 544 (hereinafter "Order").
 - b. The Order and Supplemental Order required the Escrow Agent named and appointed therein to establish an interest-bearing escrow account for funds pertaining to the above-referenced Unit and subject to escrow pursuant to the terms of the Order.
 - c. The Order and Supplemental Order further required the Operator to deposit bonus and royalty payments with the Escrow agent which could not be made because the person(s) entitled hereto could not be made certain due to conflicting claims of ownership.

- d. Range Resources-Pine Mountain, Inc. was a conflicting claimant with the above-listed Plaintiff with regard to Tract 1 as created by Board Order as VGOB 03/08/19-1174 is the applicable Tract.
- e. To resolve this conflict, a Letter dated July 15, 2011, signed Jerry Grantham, Vice President of Range Resources-Pine Mountain, Inc. is attached hereto and incorporated herein as Exhibit "A".
- f. The amounts deposited with the Escrow Agent regarding the Unit need to be determined and distributed accordingly.
- g. Any escrow amount, not yet deposited into the escrow account, held by Operator should also be determined, and distributed to Applicant/Plaintiff herein, accordingly.
- h. Applicant/Plaintiff herein does hereby request that the Board enter amended supplemental order for the Unit directing the Escrow Agent and the Operator to disburse to the aforesaid Plaintiff the funds attributable to the previous conflicting claim with Pine Mountain, held in escrow for the VGOB number as listed above.
 - 1. The Applicant certifies that the matters set forth in the application, to the best of her knowledge, information, and belief, are true and correct and that the form and content of the Application and conform to the requirements of relevant Board regulations and orders.
 - 2. Legal Authority: Va Code Ann. §45.1-361.1 et seq., 4 VAC 25-160, and such other regulations and Board orders promulgated pursuant to law.
 - 3. Relief Sought: Applicant requests that the Board issue amended supplement order amending all prior orders affecting the Unit which amended supplement order will provide as follows:
 - a. Determining the amount of funds attributable to the Applicants/Plaintiffs herein.
 - b. Directing the Escrow Agent to determine the amount of funds attributable to Applicant/Plaintiff herein, provide an accounting hereof, and disburse the funds on deposit with the Escrow Agent, including any applicable interest, pertaining to the interest in the Unit shown above for distribution.
 - c. Directing the Operator to determine the amount of funds attributable to the Applicant/Plaintiff herein, provide an accounting thereof, and disburse the units in its hands, if any, subject to escrow but not then on deposit with the Escrow Agent, including any applicable interest, at the time of the Supplemental Order requested therein is executed, attributable to the Applicant/Plaintiff herein for distribution.

- d. Directing the Operator to disburse the funds, including any applicable interest, and provide an accounting thereof, which it may receive after the date of the execution of the amended supplemental order requested in the Application, if any, attributable to the Applicant/Plaintiff herein, and to discontinue the payment of such funds into Escrow.
- e. Granting such other relief as is merited by the evidence and is just and equitable whether or not such relief has been specifically requested herein.

Dated this 16th day of September, 2011.

By: _____



Petitioner

Address: Wilhoit & Kaiser
220 Broad St, Ste. 301
Kingsport, TN 37660

CERTIFICATE

The foregoing application to the best of my knowledge, information and belief is true and correct. Notice was given pursuant to Va. Code Ann. §45.1-361.19.



Petitioner

BK 4934 220

SUPPLEMENT "B"
VC-535612
VGOB-03/08/19-1174

<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>	
<u>Gas Estate Only</u>						
1	Clarence and Debra J. Truax, Jr. Rt. 2 Box 435 Lurray, VA 22835	Leased-EPC 244427L 01	42.040000%	24.7100	0.05255000	RI
	Equitable Production Company				0.36785000	
Tract 1 Totals			42.040000%	24.7100	0.42040000	
2	<u>B.S. Powers Heirs</u> Barnum S. Powers Route 1, Box 402 Clintwood, VA 24228	Unleased	2.462500%	1.4475	0.00307813	RI
	Darrell C. Powers and Dorothy Powers, his wife Box 443 Clinchco, VA 24226	Unleased	2.462500%	1.4475	0.00307813	RI
	Gaynell Sykes and Clair Sykes, H/W 3719 Grandin Road, S.W. Roanoke VA 24018	Unleased	2.462500%	1.4475	0.00307813	RI
	Betty Lou Powers, widow 971 Dixie Road Greenville, TN 37743	Unleased	2.462500%	1.4475	0.00307813	RI
	Equitable Production Company				0.08618750	
Tract 2 Totals			9.850000%	5.7900	0.09850000	
3	Pittston Company c/o Pine Mountain Oil & Gas, Inc. Attn: Richard Brillhart PO Box 5100 Lebanon, VA 24226	Leased-EPC 241490L 01 Tract T-408	34.170000%	20.0800	0.0427125	
	Equitable Production Company				0.29898750	
Tract 3 Totals			34.170000%	20.0800	0.34170000	
4	Pittston Company c/o Pine Mountain Oil & Gas, Inc. Attn: Richard Brillhart PO Box 5100 Lebanon, VA 24226	Leased-EPC 241490L 01 Tract T-390	13.940000%	8.1900	0.017425	
	Equitable Production Company				0.12197500	
Tract 4 Totals			13.940000%	8.1900	0.13940000	

TOTAL GAS ESTATE 100.000000% 58.7700 1.00000000

Coal Estate Only

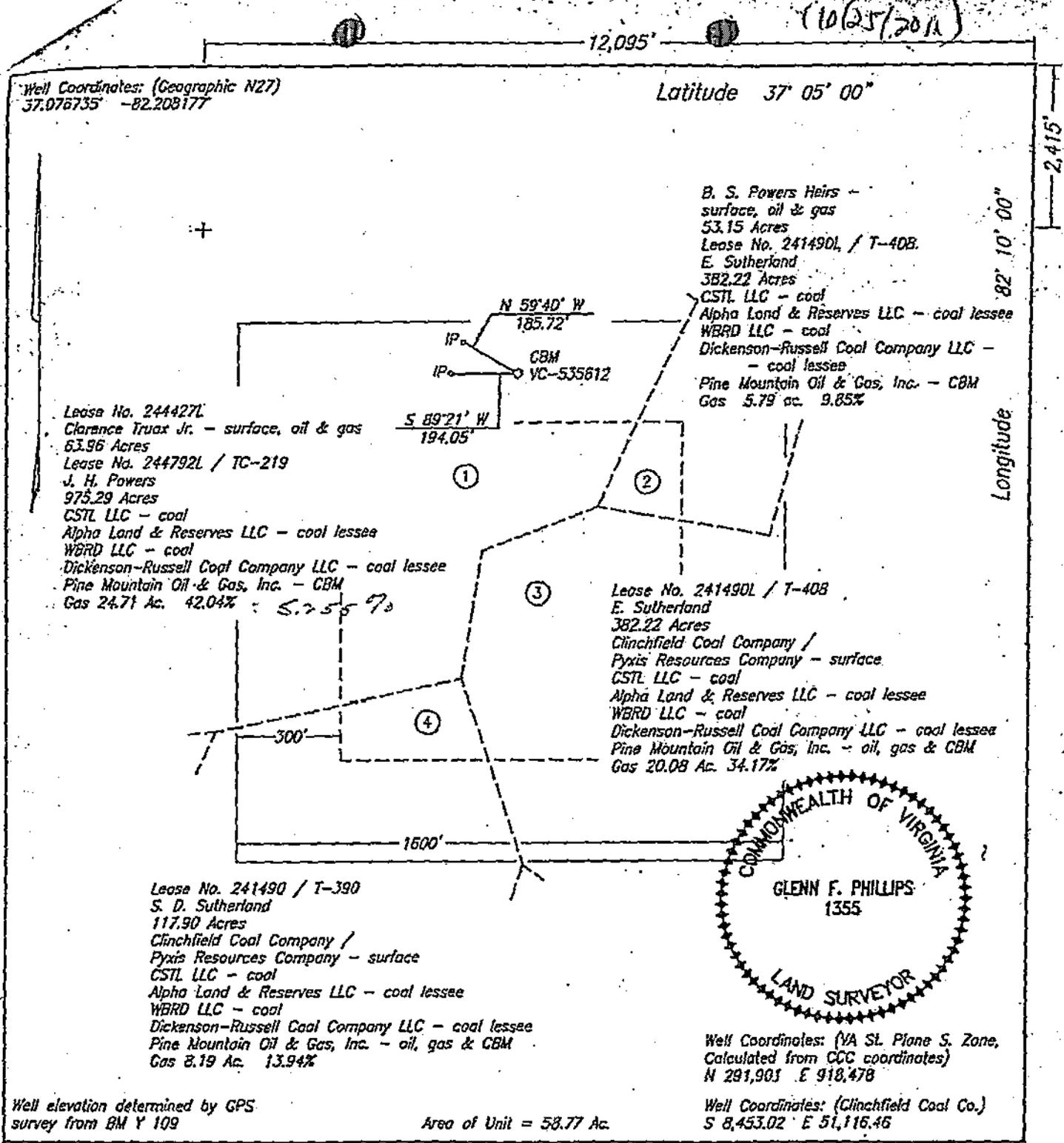
1	Pittston Company c/o Pine Mountain Oil & Gas, Inc. Attn: Richard Brillhart PO Box 5100 Lebanon, VA 24226	Leased-EPC 244792L 01 Tract TC-219	42.040000%	24.7100	0.05255000	RI
					Equitable Production Company	0.36785000
Tract 1 Totals			42.040000%	24.7100	0.42040000	
2	Pittston Company c/o Pine Mountain Oil & Gas, Inc. Attn: Richard Brillhart PO Box 5100 Lebanon, VA 24226	Leased-EPC 241490L 01 Tract T-408	9.850000%	5.7900	0.01231250	RI
					Equitable Production Company	0.08618750
Tract 2 Totals			9.850000%	5.7900	0.09850000	
3	Pittston Company c/o Pine Mountain Oil & Gas, Inc. Attn: Richard Brillhart PO Box 5100 Lebanon, VA 24226	Leased-EPC 241490L 01 Tract T-408	34.170000%	20.0800	0.04271250	
					Equitable Production Company	0.29898750
Tract 3 Totals			34.170000%	20.0800	0.34170000	
4	Pittston Company c/o Pine Mountain Oil & Gas, Inc. Attn: Richard Brillhart PO Box 5100 Lebanon, VA 24226	Leased-EPC 241490L 01 Tract T-390	13.940000%	8.1900	0.01742500	
					Equitable Production Company	0.12197500
Tract 4 Totals			13.940000%	8.1900	0.13940000	
TOTAL COAL ESTATE			100.000000%	58.7700	1.00000000	

EXHIBIT "E"
VC-535612
Unleased Owners/Claimants Requiring Escrow

<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>	
<u>Gas Estate</u>						
2	<u>B.S. Powers Heirs</u> Barnum S. Powers Route 1, Box 402 Clintwood, VA 24228	Unleased	2.462500%	1.4475	0.00307813	RI
	Darrell C. Powers and Dorothy Powers, his wife Box 443 Clinchco, VA 24226	Unleased	2.462500%	1.4475	0.00307813	RI
	Gaynell Sykes and Clair Sykes, H/W 3719 Grandin Road, S.W. Roanoke VA 24018	Unleased	2.462500%	1.4475	0.00307813	RI
	Betty Lou Powers, widow 971 Dixie Road Greenville, TN 37743	Unleased	2.462500%	1.4475	0.00307813	RI
	Totals		9.850000%	5.7900	0.01231252	
<u>Coal Estate</u>						
2	Pittston Company c/o Pine Mountain Oil & Gas, Inc. Attn: Richard Brillhart PO Box 5100 Lebanon, VA 24226	Leased-EPC 241490L 01 Tract T-408	9.850000%	5.7900	0.01231250	RI
	Totals		9.850000%	5.7900	0.01231252	

EXHIBIT "EE"
VC-535612
VGOB-03/08/19-1174

<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>	
		<u>Gas Estate</u>				
1	Clarence and Debra J. Truax, Jr. Rt. 2 Box 435 Lurray, VA 22835	Leased-EPC 244427L 01	42.040000%	24.7100	0.05255000	RI
	Total		42.040000%	24.7100	0.05255000	
	Total Subsequent to RR-PM Waiver		42.04	24.17	0.05255	



WELL LOCATION PLAT.

COMPANY Equitable Production Company WELL NAME AND NUMBER VC-535612
 TRACT NO. Tr. No. 244427L ELEVATION 2,235.82' QUADRANGLE Duly
 COUNTY Dickenson DISTRICT Evinton SCALE 1" = 400' DATE 9-08-2003

This Plat is a new plat X; an updated plat _____; or a final location plat _____
 + 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.

Glenn F. Phillips
 Licensed Professional Engineer or Licensed Land Surveyor

VG08 03/08/19-1174
VC-535612

Total Unit Acres	% by Tract
58.77000000	
Total Unit Acreage (Exhibit B)	58.77000000 100.000000%

	Total Unit Acres	% by Tract
Tract 1		
Clarence and Debra J Truax, Jr	24.71000000	42.040000%
Tract 1 Totals	<u>24.71000000</u>	<u>42.040000%</u>
Tract 2		
Barnum S Powers	1.44750000	2.462500%
Darrell C Powers and Dorothy Powers	1.44750000	2.462500%
Gaynell Sykes and Clair Sykes	1.44750000	2.462500%
Betty Lou Powers	1.44750000	2.462500%
Tract 2 Totals	<u>5.79000000</u>	<u>9.850000%</u>
Tract 3		
Range Resources -Pine Mountain	20.08000000	34.170000%
Tract 3 Totals	<u>20.08000000</u>	<u>34.170000%</u>
Tract 4		
Range Resources-Pine Mountain	8.19000000	13.940000%
Tract 4 Totals	<u>8.19000000</u>	<u>13.940000%</u>
	58.77000000	100.000000%

	Total for Tracts/Acres Escrowed	% of Escrow Fund
Escrowed Acreage (Exhibit E)	30.50000000	100.000000%
Tract 1		
Clarence and Debra Truax	24.71000000	81.016393%
Tract 1 Totals	<u>24.71000000</u>	<u>81.016393%</u>
Tract 2		
Barnum S Powers	1.44750000	4.745902%
Darrell C Powers and Dorothy Powers	1.44750000	4.745902%
Gaynell Sykes and Clair Sykes	1.44750000	4.745902%
Betty Lou Powers	1.44750000	4.745902%
Tract 2 Totals	<u>5.79000000</u>	<u>18.983607%</u>
	30.50000000	100.000000%

Amount from First Bank Payment Spreadsheet \$141,817.14

Item	Tract	Disbursement Table	Acreage Interest Disbursed	Split Agreement	Escrowed Acres Total	% of Escrowed Funds	Disbursement \$
		Totals			30.50000000		
1	1	Clarence and Debra Truax	24.71	100%	24.71000000	81.016383%	\$114,895.13

Beginning acreage in escrow 30.5
Acreage disbursed -24.71
Acreage remaining in escrow 5.79



July 15, 2011

RANGE RESOURCES

Mr. Clarence W. Truax, Jr.
238 Bugle Hill Lane
Luray, VA 22835

Re: **Permanent Release of CBM Royalty**
Well VC-702844, VC-503308, VC-53561 2,
Dickenson County, Virginia

Dear Mr. Truax:

As you are aware, EQT Production Company ("EQT") has drilled the above-referenced coalbed methane gas well on a 63.96 acre tract ("Subject Tract") under a pooling order from the Virginia Gas and Oil Board ("Board"). In the pooling order, we are listed as having conflicting claims. Range Resources - Pine Mountain, Inc. ("RRPM") is listed as claiming under a coal title, and you are listed as claiming under a gas title. The plat indicating the location of the well within the operating unit is enclosed for your reference.

EQT, as operator of the unit, has placed or will place all royalty proceeds attributable to conflicting claims into an escrow account. In order to allow release of the royalty proceeds, RRPM hereby waives any claims to past or to future royalties attributable to your interest in this well.

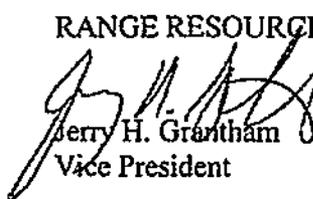
By copy of this letter, RRPM is requesting EQT to initiate distribution directly to you of all current royalties, as well as all future royalties, attributable to your interests in this well.

Please be advised that EQT may require that you demonstrate that you are the current owner of the gas estate subject to the pooling order. You should work directly with EQT on that issue.

If you have any questions, please do not hesitate to call me at 276-619-2584

Sincerely,

RANGE RESOURCES-PINE MOUNTAIN, INC.



Jerry H. Grantham
Vice President

Enclosure

cc: Kristie Shannon, EQT
Alma Tolman, EQT
Debbie Louthian, RRPM

AD
\$25

693PG 227



(INSTRUMENT #120000045
RECORDED IN THE CLERK'S OFFICE OF
DICKENSUN ON
JANUARY 12, 2012 AT 01:58PM
RICHARD W. EDWARDS, CLERK
RECORDED BY: CJF