

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: CNX Gas Company on behalf of Harrison Wyatt, LLC and heirs of Fieldon Sanders including Beatrice MacCormac and Jerry Sanders **DOCKET NO.** 04-0120-1250-02

Issuance: A Supplemental Order for Disbursement of Escrowed Funds

RELIEF SOUGHT: **Action:** Amending Prior Orders Affecting Drilling Unit AZ-99, Tract 1B (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 AZ-99;
- (2) To provide each applicant an accounting of unit productions and 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 March 15, 2011 at the Russell County Government Conference Center, 139 Highland Drive Lebanon, VA
2. **Appearances:** Mark A. Swartz of Swartz Law Offices appeared for the Applicant; 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 tracts in question or any undivided interest therein or a decision from a court appointed Arbitrator.

4. **Prior Proceedings:**

4.1 (A) On January 20, 2004 the Board executed its order pooling interests in the Subject Drilling Unit which was recorded in Buchanan County on September 23, 2004 at Deed Book 0603, Page 0176.

(B) On March 11, 2005 the Board executed its Supplemental Order in the Subject Drilling Unit which was recorded in Buchanan County on March 14, 2005 at Deed Book 0614, Page 0066.

(C) On May 24, 2010 the Board executed its Disbursement Order in the Subject Drilling Unit which was recorded in Buchanan County on June 10, 2010.

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 Petition and testimony the coal interests of Harrison Wyatt and the gas interests of Beatrice Jane MacCormac and Jerry C. Sanders, heirs of Fielden Sanders in Tract 1B of the subject Drilling Unit were in conflict and became subject to the escrow requirements of the Pooling Order.

4.3 The Unit Operator Miscellaneous Petition regarding Tract 1B, a copy of which is attached hereto and made a part hereof and testimony under oath that that Harrison Wyatt, LLC and heirs of Fielden Sanders including Beatrice MacCormac and Jerry Sanders have entered into royalty split agreements (50/50) with regards to their ownership in Tract 1B.

4.4 The Unit Operator gave notice to Harrison Wyatt, LLC and heirs of Fielden Sanders including Beatrice MacCormac and Jerry Sanders that the Board would consider a disbursement authorization at its hearing on March 21, 2011 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 Tracts 2B as identified in the attached miscellaneous petition (2) delete the requirement that the Unit Operator place future royalties attributable to Tract 1B, the interests of Applicant 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.

4.5 The Unit Operator filed the attached accounting (Exhibit A-1) 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 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.

5.2 Applicant has certified and represented to the Board that:

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

VGOB Approved Disbursement
AZ99
VGOB 94-0120-1250-02

Table 1
A portion of Tract 2B

Item	Tract	Disbursement Table	Fractional Ownership in Tract	Net Acreage Ownership in Tract	Royalty Split Agreement	Escrowed Acres Disbursed	Percent of Escrowed Funds Disbursed		
		Total acreage in escrow before disbursement				8.2000			
		Tract 2B	8.20						
		Beatrice McCormac (aka Janie Sanders Rife)		6185 Willow Place #208, Beakton, VA 22712	Unknown	0.6979	50.0%	0.3810	3.7067%
1		Jerry C. Sanders		110 Roxton St., Pasadena MD, VA 24637	Unknown	0.4052	50.0%	0.2026	2.1707%
2									
3		Harrison Wyatt LLC		P. O. Box 1100, Daxville, VA 24543	Unknown	1.0131	50.0%	0.5066	6.1774%

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


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
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
Notary Public #174394

My commission expires: 09/30/2013



BEFORE THE VIRGINIA GAS AND OIL BOARD

PETITIONER: CNX Gas Company LLC

DIVISION OF GAS AND OIL
DOCKET NO: VGOB 04-0120-1250-02

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

HEARING DATE: March 15, 2016

DRILLING UNIT: AZ-99

BUCHANAN COUNTY, VIRGINIA

MISCELLANEOUS PETITION

1. Petitioner and its counsel: Petitioner is CNX Gas Company LLC, 2481 John Nash Boulevard, 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 a portion of Tract(s) 1B as depicted upon the annexed Exhibit A-1; and (2) authorization to begin paying royalties directly to the parties to the royalty agreement between Harrison-Wyatt, L.L.C and Beatrice Jane MacCormac, Jerry C. Sanders

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.

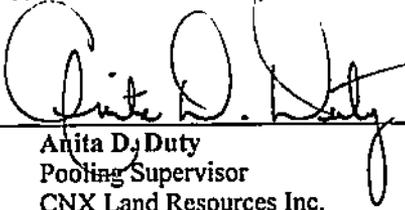
4. Type of well(s): Coalbed methane.

5. Factual basis for relief requested: Harrison-Wyatt, L.L.C and Beatrice Jane MacCormac, Jerry C. Sanders have entered into royalty agreement(s). Said royalty split agreement allows the Applicant and Designated Operator to pay royalties directly to the persons identified in Exhibit EE annexed hereto and the annexed Exhibit A-1, 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 ITS PROFESSIONAL MANAGER
CNX GAS COMPANY LLC, PETITIONER

By: _____


Anita D. Duty
Pooling Supervisor
CNX Land Resources Inc.
2481 John Nash Blvd.
Bluefield, West Virginia 24701

PROPERTY LINES SHOWN WERE TAKEN FROM
BY CNX LAND RESOURCES, INC. AND WERE NOT SURVEYED.

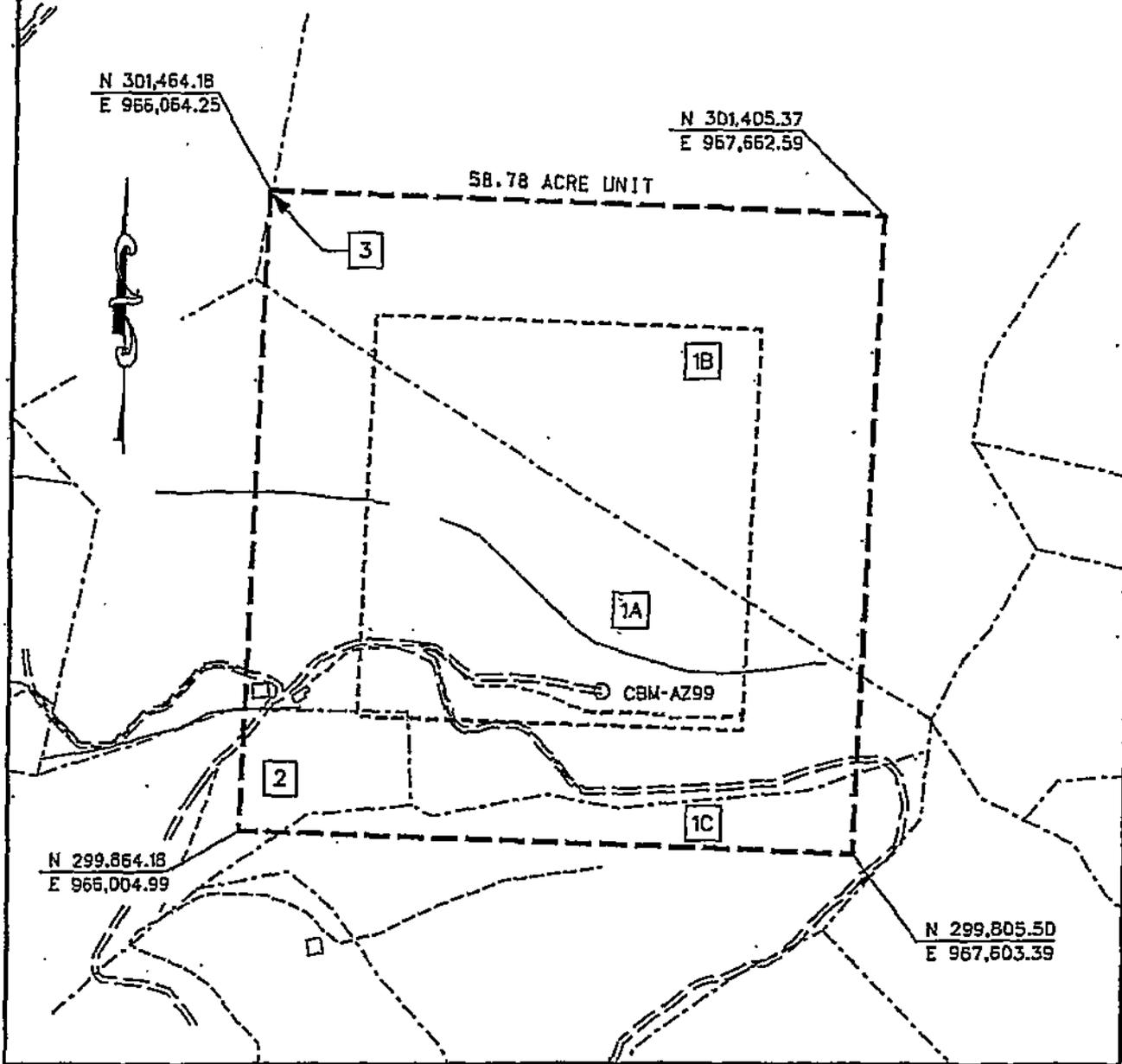


EXHIBIT A
NORA FIELD
UNIT AZ-99
FORCE POOLING
VGOB-04-0120-1250

Company CNX Gas Company LLC Well Name and Number UNIT AZ99
 Tract No. _____ Elevation _____ Quadrangle Bia A
 County Buchanan District Hurricane Scale: 1" = 400'
 This plot is a new plot X; an updated plot _____; or a final plot _____

Form DGD-GD-7
Rev. 9/91

Licensed Professional Engineer or Licensed Land Surveyor

Keith A. Franklin

STATE OF VIRGINIA
 PROFESSIONAL ENGINEER
 KEITH A. FRANKLIN
 (Affix Seal)
 No. 023780
 7 DEC 03

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CNX Gas Company LLC

UNIT AZ-99

Tract Identifications
(58.78 Acre Unit)

- 1A. Harrison-Wyatt, L.L.C. (Big Axe Tr. 4) - Coal
Jewell Smokeless Coal Corp. - Coal Above Jawbone Seam Leased
CNX Gas Company LLC - CBM Leased
Gregory D. Austin, et ux - Surface and All Minerals except Coal
CNX Gas Company LLC - Oil, Gas and CBM Leased
27.08 acres 46.0701%
- 1B. Harrison-Wyatt, L.L.C. (Big Axe Tr. 4) - Coal
Jewell Smokeless Coal Corp. - Coal Above Jawbone Seam Leased
CNX Gas Company LLC - CBM Leased
Fielden Sanders Heirs, et al. - Surface and All Minerals except Coal
CNX Gas Company LLC - Oil, Gas and CBM Leased (85%)
25.53 acres 43.4331%
- 1C. Harrison-Wyatt, L.L.C. (Big Axe Tr. 4) - Coal
Jewell Smokeless Coal Corp. - Coal Above Jawbone Seam Leased
CNX Gas Company LLC - CBM Leased
Dallas-James, et ux - Surface and All Minerals except Coal
CNX Gas Company LLC - Oil, Gas and CBM Leased
3.40 acres 6.7843%
2. Harrison-Wyatt, L.L.C. (Big Axe Tr. 8) - All Minerals
Jewell Smokeless Coal Corp. - Coal In Tiller and Above Leased
CNX Gas Company LLC - Oil, Gas and CBM Leased
Chester McGlothlin - et ux
2.76 acres 4.6955%
3. Harrison-Wyatt, L.L.C. (Big Axe Tr. 2) - All Minerals
Jewell Smokeless Coal Corp. - Coal Above Jawbone Seam Leased
CNX Gas Company LLC - Oil, Gas and CBM Leased
Unknown Surface Owner
0.01 acres 0.0170%

M

Exhibit E
Unit AZ-99
VGOB# 04-0120-1250-02
List of Conflicting Owners/Claimants that require escrow
(58.78 Acre Unit)

	Acres in Unit	Percent of Unit
<u>Tract #1B - 25.53 acres</u>		
<u>COAL OWNERSHIP</u>		
(1) Harrison-Wyatt, L.L.C. (Big Axe Tr.4) P.O. Box 11000 Danville, VA 24543	25.53 acres	43.4331%
<u>OIL & GAS OWNERSHIP</u>		
(1) Fielden Sanders Heirs, Devisees, Successors or Assigns, et al.	25.53 acres	43.4331%
(1) Ora Sanders Heirs, Devisees, Successors or Assigns		
(a) Oma Sanders Tiller Heirs, Devisees, Successors or Assigns		
(a.1) Loeita Austin 7509 Red Bud Hwy Honaker, VA 24260	0.6079 acres 1/42 of 25.53 acres	1.0341%
(a.2) Edward Tiller 7491 Red Bud Hwy Honaker, VA 24260	0.6079 acres 1/42 of 25.53 acres	1.0341%
(b) Leafy Sanders Tiller 231 Hales Rd Jonesborough, TN 37659-4639	1.2157 acres 1/21 of 25.53 acres	2.0682%
(c) Lena Sanders Sutarka 751 Forest Hill Road Gordenville, VA 22942	1.2157 acres 1/21 of 25.53 acres	2.0682%
(d) Dan Sanders P.O. Box 18 Thaxton, VA 24174	1.2157 acres 1/21 of 25.53 acres	2.0682%
(e) Julia Sanders O'Quinn 1232 Green-Cook Road Sunbury, OH 43074	1.2157 acres 1/21 of 25.53 acres	2.0682%
(f) Ellis Sanders Heirs, Devisees, Successors or Assigns		
(g) Wade Sanders Heirs, Devisees, Successors or Assigns		
(g.4) Terry Sanders 271 Pleasant Ridge Road Franklinville, NC 27248	0.3039 acres 1/84 of 25.53 acres	0.5171%
(2) Fielden Sanders Heirs, Devisees, Successors or Assigns		

Exhibit E
Unit AZ-99
VGOB# 04-0120-1250-02
List of Conflicting Owners/Claimants that require escrow
(58.78 Acre Unit)

	Acres in Unit	Percent of Unit
(d) Estil Sanders Heirs, Devisees, Successors or Assigns (1/6)		
(d.4) Harley Sanders 172 Vantage Drive Tazewell, VA 24651	0.4052 acres 1/63 of 25.53 acres	0.6894%
(d.7) Allen Sanders P.O. Box 2254 Lebanon, VA 24266	0.4052 acres 1/63 of 25.53 acres	0.6894%

Exhibit EE
Unit AZ-99
Docket #VGOB 04-0120-1250-02
List of Conflicting Owners/Claimants with Royalty Split Agreements
(58.78 Acre Unit)

	Acres In Unit	Percent of Unit	Percent of Escrow
<u>Tract #1A - 27.08 acres</u>			
<u>COAL OWNERSHIP</u>			
(1) Harrison-Wyatt, L.L.C. (Big Axe Tr.4) P.O. Box 11000 Danville, VA 24543	27.08 acres	46.0701%	n/a
<u>OIL & GAS OWNERSHIP</u>			
(1) Gregory D. Austin, et ux. 4654 Old Grissom Honaker, VA 24260	27.08 acres	46.0701%	n/a
<u>Tract #1B - 25.53 acres</u>			
<u>COAL OWNERSHIP</u>			
(1) Harrison-Wyatt, L.L.C. (Big Axe Tr.4) P.O. Box 11000 Danville, VA 24543	25.53 acres	43.4331%	6.1728%
<u>OIL & GAS OWNERSHIP</u>			
(1) Fielden Sanders Heirs, Devisees, Successors or Assigns, et al.	25.53 acres	43.4331%	
(1) Ora Sanders Heirs, Devisees, Successors or Assigns			
(f) Ellis Sanders Heirs, Devisees, Successors or Assigns			
(f.1) Beatrice Jane MacCormac 6185 Willow Place #208 Bealeton, VA 22712 <i>Previously listed as Janie Sanders Rife</i>	0.6079 acres 1/42 of 25.53 acres	1.0341%	3.7037%
(f.2) Betty Sue Sanders Fletcher P.O. Box 691 Marion, VA 24354	0.6079 acres 1/42 of 25.53 acres	1.0341%	n/a
(g) Wade Sanders Heirs, Devisees, Successors or Assigns			
(g.1) Nadine Sanders Hurley 1219 Swords Creek Road Honaker, VA 24260	0.3039 acres 1/84 of 25.53 acres	0.5171%	n/a
(g.2) Adrine Sanders Horn c/o Mary Ilene Stanley PO Box 324 Richlands, VA 24641	0.3039 acres 1/84 of 25.53 acres	0.5171%	n/a
(g.3) Roger Sanders P.O. Box 82 Pilgrims Knob, VA 24634	0.3039 acres 1/84 of 25.53 acres	0.5171%	n/a

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Exhibit EE
Unit AZ-99
Docket #VGOB 04-0120-1250-02
List of Conflicting Owners/Claimants with Royalty Split Agreements
(58.78 Acre Unit)

	Acres in Unit	Percent of Unit	Percent of Escrow
(2) Fielden Sanders Heirs, Devisees, Successors or Assigns			
(a) Chester Sanders 408W Dartmouth Avenue Melbourne, FL 32901	4.2550 acres 1/6 of 25.53 acres	7.2389%	n/a
(b) Dave Sanders 590 Bailey Switch Rd. Bluefield, VA 24605	4.2550 acres 1/6 of 25.53 acres	7.2389%	n/a
(c) Norman Sanders 2013 Otterdale Road Midlothian, VA 23112	4.2550 acres 1/6 of 25.53 acres	7.2389%	n/a
(d) Estil Sanders Heirs, Devisees, Successors or Assigns (1/6)			
(d.1) Goldie Sanders Heirs, Devisees, Successors or Assigns (1/18)	1.4183 1/18 of 0.16 acres		
<i>*Note: 1/18 interest divided among heirs listed below - Heir will be paid for Goldie's portion because she had a Royalty Split agreement, but their original 1/63 interest will remain escrowed. Unless an individual agreement has been</i>			
(d.1.1) James Sanders 96 1st Street Cleveland, VA 24225	0.2026 1/126 of 0.16 acres	0.3447%	n/a
(d.1.2) Judy Sanders Israel 5136 Drill Road Honaker, VA 24260	0.2026 1/126 of 0.16 acres	0.3447%	n/a
(d.1.3) Harley Sanders 172 Vantage Drive Tazewell, VA 24651	0.2026 1/126 of 0.16 acres	0.3447%	n/a
(d.1.4) Jerry Sanders 110 Roydon Street Pounding Mill, VA 24637-4122	0.2026 1/126 of 0.16 acres	0.3447%	n/a
(d.1.5) Larry Sanders P.O. Box 996 Honaker, VA 24260	0.2026 1/126 of 0.16 acres	0.3447%	n/a
(d.1.6) Allen Sanders P.O. Box 2254 Lebanon, VA 24266	0.2026 1/126 of 0.16 acres	0.3447%	n/a
(d.1.7) Evelyn Sanders Nash 19 Heritage Drive Honaker, VA 24260	0.2026 1/126 of 0.16 acres	0.3447%	n/a
(d.2) James Sanders 96 1st Street Cleveland, VA 24225	0.4052 1/63 of 0.16 acres	0.6894%	n/a

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Exhibit EE
Unit AZ-99
Docket #VGOB 04-0120-1250-02
List of Conflicting Owners/Claimants with Royalty Split Agreements
(58.78 Acre Unit)

	Acres in Unit	Percent of Unit	Percent of Escrow
(d.3) Judy Sanders Israel 5136 Drill Road Honaker, VA 24260	0.4052 1/63 of 0.16 acres	0.6894%	<i>n/a</i>
(d.5) Jerry Sanders 110 Roydon Street Pounding Mill, VA 24637-4122	0.4052 1/63 of 0.16 acres	0.6894%	2.4691%
(d.6) Larry Sanders P.O. Box 996 Honaker, VA 24260	0.4052 1/63 of 0.16 acres	0.6894%	<i>n/a</i>
(d.8) Evelyn Sanders Nash 19 Heritage Drive Honaker, VA 24260	0.4052 1/63 of 0.16 acres	0.6894%	<i>n/a</i>

Tract #1C - 3.40 acres

COAL OWNERSHIP

(1) Harrison-Wyatt, L.L.C. (Big Axe Tr.4) P.O. Box 11000 Danville, VA 24543	3.40 acres	5.7843%	<i>n/a</i>
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OIL & GAS OWNERSHIP

(1) Dallis James, et ux. 4565 Old Grissom Creek Rd. Honaker, VA 24260	3.40 acres	5.7843%	<i>n/a</i>
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**Exhibit A-1
 Tract-by-Tract Escrow Calculation
 Account Balances as of 12/31/2010**

Unit AZ99
 VGOB 04-0120-1250-02
 Acres Escrowed: 8.206100

Owners	Tract #	Acres	Owner Acres	Interest	Owners' Percent of Escrow (50%)	Amount Due Owners \$15,752.79
Harrison-Wyatt, L.L.C. - Coal	1B	8.206100			6.1728%	\$972.39
Fielden Sanders Heirs, et al. - Oil & Gas		25.53				
Beatrice Jane MacCormac aka Janie Sanders Rife			0.6079	1/42	3.7037%	\$583.43
Jerry C. Sanders			0.4052	1/63	2.4691%	\$388.96

Wells contributing to the escrow account:

AZ99

INSTRUMENT #120000050
 RECORDED IN THE CLERK'S OFFICE OF
 EUCHANAN COUNTY ON
 JANUARY 11, 2012 AT 02:36PM

BEVERLY S. TILLER, CLERK
 RECORDED BY: 668

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