

1259

VIRGINIA:

BEFORE THE VIRGINIA GAS AND OIL BOARD

IN RE:

SUPPLEMENTAL ORDER REGARDING DOCKET NUMBER  
VGOB 04-1019-1348

ELECTIONS: UNIT BF-118  
(herein "Subject Drilling Unit")

REPORT OF BOARD

FINDINGS AND ORDER

This Supplemental Order is entered by the Board *sua sponte* in the form authorized by the Board at hearings held on February 15, 1994 and June 16, 1992; and this Supplemental Order is being recorded for the purpose of supplementing the Order previously in the captioned matter on April 19, 2005 which was recorded at Deed Book 629, Page 552 in the Office of the Clerk of the Circuit Court of Russell County, Virginia, on April 20, 2005, (herein "Board Order") and completing the record regarding elections.

Findings: The Board finds that:

The Board Order directed CNX GAS COMPANY LLC (herein "Designated Operator") to mail copies of the Board Order to all Respondents whose interests, if any, were pooled by the said Board Order;

The Designated Operator filed its affidavit of elections disclosing that it had mailed a true and correct copy of the Board's Order to all Respondents whose interests, if any, were pooled by said Board Order;

The Board Order required each Respondent whose interests, if any, were pooled by the terms of said Board Order to make an election within thirty (30) days after the date of mailing or recording, as applicable, of said Order; the affidavit of elections filed herein and annexed hereto as Exhibit A states: (i) whether each Respondent has made or failed to make a timely election; (ii) the nature of any election(s) made; and (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, interests, estates and claims in Subject Drilling Unit to the Applicant;

That the affidavit of elections annexed hereto with the Exhibits submitted therewith identifies the Respondent(s) making a timely election, if any; identifies the Respondent(s), if any, who are deemed to have leased; identifies the conflicting interests and claims which require escrow; identifies the interests and claims, if any, requiring escrow under Virginia Code section 45.1-361.21.D.; and identifies the Respondents, if any, who may be dismissed by reason of having leased or entered into a voluntary agreement with the Applicant.

The affidavit of elections indicates whether or not the escrow of funds is required with regard to Unit BF-118;

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 affidavit of elections with Exhibits thereto, any funds subject to escrow and instructs the Escrow Agent, Wachovia Bank, N.A., VA7515, P.O. Box 14061, Roanoke, VA 24038, Attn: Judy Barger 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 the affidavit of elections with Exhibits thereto, to receive funds and account to the Board therefore.

Mailing of Order and Filing of Affidavit: The Designated Operator under the captioned Order or shall file an affidavit with the Secretary of the Board within ten (10) days after the date of receipt of this Order stating that a true and correct copy of this Order was mailed to each Respondent whose interests or claims are subject to escrow and whose address is known within seven (7) days from the date of receipt of this Order.

Conclusion: Therefore, the findings and all terms and provisions set forth above be and hereby are granted and IT IS SO ORDERED.

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

DONE AND EXECUTED this 20<sup>th</sup> day of March, 2008, by a majority of the Virginia Gas and Oil Board.

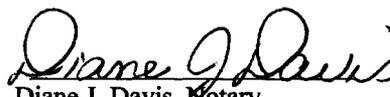
  
Chairman, Benny R. Wampler

DONE AND PERFORMED THIS 20<sup>th</sup> day of March, 2008, by Order of the Board.

  
B. R. Wilson,  
Director of the Division of Gas & Oil Board and  
Principal Executive to the Board

STATE OF VIRGINIA  
COUNTY OF WASHINGTON

Acknowledged on this 20<sup>th</sup> day of March, 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 appeared B. R. Wilson, being duly sworn did depose and say that he is Principal Executive to the Staff of the Virginia Gas and Oil Board that they executed the same and were authorized to do so.

  
Diane J. Davis, Notary  
174394

My commission expires: September 30, 2009

VIRGINIA:

Exhibit A

BEFORE THE VIRGINIA GAS AND OIL BOARD

IN RE:

Application of CNX Gas Company LLC for Forced Pooling of Interests in CBM Unit BF-118  
VGOB 14-1019-1348 in the Garden District of Russell County, Virginia

AFFIDAVIT OF CNX GAS COMPANY LLC (herein "Designated Operator") REGARDING ELECTIONS,  
ESCROW AND SUPPLEMENTAL ORDER

Leslie K. Arrington, being first duly sworn on oath, deposes and says:

That your affiant is employed by CNX Gas Company LLC, as a Manager – Environmental Permitting and is duly authorized to make this affidavit on behalf of CNX GAS COMPANY LLC, the designated operator,

That the Order entered on April 19, 2005, by the Virginia Gas and Oil Board (hereinafter "Board") regarding the captioned CBM Unit required the Applicant to mail a true and correct copy of said Order to each person pooled by the Order;

That within seven (7) days of receipt of an executed copy of the Order referred to at paragraph 2. above, your affiant caused 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 were added as Respondents at the hearing held in the captioned matter; that proof of such mailing has previously been tendered to the Division of Gas and Oil, the Office of the Gas and Oil Inspector, at Abingdon, Virginia;

That the Order of the 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 the Order was recorded in the counties identified above; that said Order was recorded on April 20, 2005;

That the designated operator CNX GAS COMPANY LLC has established procedures to review all mail received and all written documents received other than by mail to ascertain whether parties whose interests 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 the Subject Unit; that the following persons delivered, by mail or otherwise, written elections the Unit Operator, within the thirty day elections period:

None

That Respondents identified in Exhibit B-3 hereto are, having failed to make any election, deemed to have leased their coalbed methane rights, interests and claims to Applicant, all as provided in the Board's Order of April 19, 2005;

See attached Exhibit B-3

That the rights, interests and claims of the following persons are subject to escrow under the Board's Order pooling the captioned Unit, Board Regulations and the Code of Virginia:

See attached Exhibit E

That after the pooling hearing held in the captioned matter, the following persons have entered into a voluntary agreement with the Designated Operator:

See attached Exhibit B-2

That to the extent any of said persons listed in Exhibit B-2 have rights, interests and claims which are subject to escrow, they should be dismissed as respondents; the Operator requests that the following persons be dismissed as Respondents:

Rita Gardner

That the persons identified in Exhibit EE attached hereto have entered into royalty split agreements that allow the Applicant/Designated Operator to pay them directly without the need to escrow funds which would otherwise be in conflict.

None

That pursuant to the provisions of VAC 25-160-70.A.10. and C. and VAC 25-160-80 the annexed supplemental order sets forth the interests and claims that require escrow of funds pursuant to Virginia Code sections 45.1-361.21.D. and 45.1-361.22.A.3. and 4.

Dated at Mercer, West Virginia, this 3rd day of March, 2008.

*Leslie K. Arrington*  
Leslie K. Arrington

Taken, subscribed and sworn to before me by Leslie K. Arrington as a Manager – Environmental Permitting for CNX Gas Company LLC, on behalf of the corporate Designated Operator, this 3rd day of march, 2008.

*Melissa Cumbow*  
Notary

My commission expires: April 9, 2013.



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



N 290,744.08  
E 996,040.48

80 ACRE UNIT

N 290,686.67  
E 997,638.96

5

4

1A

CBM-BF118

6

3

1B

1C

1E

1D

2

1F

N 289,145.30  
E 995,983.06

N 289,087.89  
E 997,581.54

EXHIBIT A  
MIDDLE RIDGE 1 FIELD  
UNIT BF-118  
FORCE POOLING  
VGOB-04-1019-1348

Company CNX Gas Company LLC Well Name and Number UNI 118

Tract No. \_\_\_\_\_ Elevation \_\_\_\_\_ Quadrangle Honaker

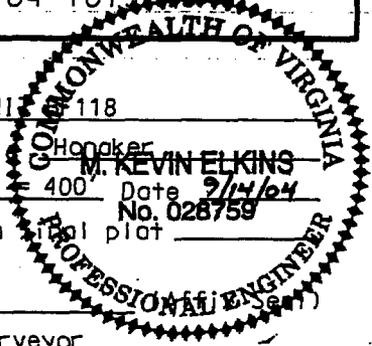
County Russell District New Garden Scale: 1" = 400' Date 2/14/04

This plat is a new plat  ; an updated plat \_\_\_\_\_ ; or a final plat \_\_\_\_\_

Form DGO-GO-7  
Rev. 9/91

*M. Kevin Elkins*

Licensed Professional Engineer or Licensed Land Surveyor



**CNX Gas Company LLC****UNIT BF 118****Tract Identifications  
(58.74 Acre Unit)**

1. **Swords Creek Land Partnership Tr. 9 – Fee**  
Reserve Coal Properties Company - Coal Below Tiller Seam Leased  
Knox Creek Coal Corporation – Tiller and Above Coal Leased  
CNX Gas Company LLC – Oil, Gas and CBM Leased  
38.45 acres                      65.4580%
- 1A. **Swords Creek Land Partnership - Surface**
- 1B. **Unknown Surface Owner**
- 1C. **Unknown Surface Owner**
- 1D. **Unknown Surface Owner**
- 1E. **Unknown Surface Owner**
- 1F. **Swords Creek Land Partnership - Surface**
2. **Swords Creek Land Partnership (14 Acre Tract) – All Minerals (1/2 undivided interest)**  
E. G. Hunter, et al OR Garnett Herman Buckles – All Minerals (1/2 undivided interest)  
CNX Gas Company LLC – (1/2) CBM Leased (Swords Creek Land Partnership Interest)  
Swords Creek Land Partnership – Surface  
6.46 acres                      10.9976%
3. **Swords Creek Land Partnership Tr. 1 (880.51 Acre Tract) – Fee**  
Reserve Coal Properties Company – Coal Below Drainage Leased  
Knox Creek Coal Corporation – Coal Above Drainage Leased  
CNX Gas Company LLC – Oil, Gas and CBM Leased  
1.99 acres                      3.3878%
4. **Swords Creek Land Partnership Tr. 8 (22.40 Acre Tract) - Coal**  
Reserve Coal Properties Company - Coal Below Tiller Seam Leased  
Knox Creek Coal Corporation - Tiller and Above Coal Leased  
Buckhorn Coal Company – All Minerals except Coal  
CNX Gas Company LLC – Oil, Gas and CBM Leased  
Delmer S. Vencill, et al (Directors as Trustees in Liquidation of Kelsa Corporation) - Surface  
4.52 acres                      7.6949%
5. **Swords Creek Land Partnership Tr. 47 – Fee**  
Reserve Coal Properties Company – Coal Below Tiller Seam Leased  
Knox Creek Coal Corporation – Tiller and Above Coal Leased  
CNX Gas Company LLC – Oil, Gas and CBM Leased  
6.32 acres                      10.7593%
6. **Curtis Reedy, et al. – Fee**  
Consolidation Coal Company – Coal Below Tiller Seam Leased  
CNX Gas Company LLC – Oil, Gas and CBM Leased (%)  
1.00 acres                      1.7024%

**Exhibit B-2**  
**Unit BF-118**  
**Docket #VGOB 04-1019-1348**  
**List of Respondents to be Dismissed**  
**(58.74 Acre Unit)**

BOOK 688 PAGE 0464

	Acres in Unit	Interest in Unit	Reason for Dismissal
<b>I. <u>COAL FEE OWNERSHIP</u></b>			
<b><u>Tract #6, 1.00 acres</u></b>			
(1) Curtis Reedy, et al. (R.L. Reedy Heirs, Devisees, Successors or Assigns)	1.00 acres	1.7024%	
(g) Rita Gardner Rt.1 Box 34B Hiltons, VA 24258	0.063 acres 1/16 of 1.00 acres	0.1064%	Leased
<b>II. <u>OIL &amp; GAS FEE OWNERSHIP</u></b>			
<b><u>Tract #6, 1.00 acres</u></b>			
(1) Curtis Reedy, et al. (R.L. Reedy Heirs, Devisees, Successors or Assigns)	1.00 acres	1.7024%	
(g) Rita Gardner Rt.1 Box 34B Hiltons, VA 24258	0.063 acres 1/16 of 1.00 acres	0.1064%	Leased

Exhibit B-3  
 Unit BF-118  
 Docket #VGOB 04-1019-1348  
 List of Unleased Owners/Claimants  
 (58.74 Acre Unit)

BOOK 688 PAGE 0465

	Acres In Unit	Interest In Unit
<b>I. COAL FEE OWNERSHIP</b>		
<b><u>Tract #2, 6.46 acres</u></b>		
(1) Swords Creek Land Partnership, et al.	6.46 acres	10.9976%
(b) E.G. Hunter, et al. Estate of E.G. Hunter and The First National Bank of Sullivan Co. TN c/o AmSouth Trust Department P.O. Box 1981 Kingsport, TN 37662	3.2300 acres 1/2 of 6.46 acres	5.4988%
- OR -		
(b) Garnett Herman Buckles Rt.1 Box 512 Lebanon, VA 24266	3.2300 acres 1/2 of 6.46 acres	5.4988%
<b><u>Tract #6, 1.00 acres</u></b>		
(1) Curtis Reedy, et al. (R.L. Reedy Heirs, Deviseses, Successors or Assigns)	1.00 acres	1.7024%
(a) Curtis Reedy Rt.1 Box 57 Swords Creek, VA 24649	0.250 acres 1/4 of 1.00 acres	0.4256%
(d) David A. Reedy 6834 Boston Avenue Baltimore, MD 21222	0.063 acres 1/16 of 1.00 acres	0.1064%
(e) Richard L. Reedy P.O. Box 486 Doran, VA 24612	0.063 acres 1/16 of 1.00 acres	0.1064%
(f) Esta Belle Hess Rt.1 Box 57 Swords Creek, VA 24649	0.125 acres 1/8 of 1.00 acres	0.2128%
(h) Wilma Durham 133 North Dogwood Drive Weber City, VA 24290	0.063 acres 1/16 of 1.00 acres	0.1064%
(i) Iris M. Davis 4015 Umbarger Lane Signal Mountain, TN 37377	0.063 acres 1/16 of 1.00 acres	0.1064%
(j) Nadine M. Freeman 5316 Taft Highway Signal Mountain, TN 37377	0.063 acres 1/16 of 1.00 acres	0.1064%

Exhibit B-3  
Unit BF-118  
Docket #VGOB 04-1019-1348  
List of Unleased Owners/Claimants  
(58.74 Acre Unit)

BOOK 688 PAGE 0466

	Acres in Unit	Interest in Unit
<b>II. OIL &amp; GAS FEE OWNERSHIP</b>		
<b><u>Tract #2, 6.46 acres</u></b>		
(1) Swords Creek Land Partnership, et al.	6.46 acres	10.9976%
(b) E. G. Hunter, et al. Estate of E. G. Hunter and The First National Bank of Sullivan Co. TN c/o AmSouth Trust Department P.O. Box 1981 Kingsport, TN 37662	3.2300 acres 1/2 of 6.46 acres	5.4988%
- OR -		
(b) Garnett Herman Buckles Rt.1 Box 512 Lebanon, VA 24266	3.2300 acres 1/2 of 6.46 acres	5.4988%
<b><u>Tract #6, 1.00 acres</u></b>		
(1) Curtis Reedy, et al. (R.L. Reedy Heirs, Devisees, Successors or Assigns)	1.00 acres	1.7024%
(a) Curtis Reedy Rt.1 Box 57 Swords Creek, VA 24649	0.250 acres 1/4 of 1.00 acres	0.4256%
(d) David A. Reedy 6834 Boston Avenue Baltimore, MD 21222	0.063 acres 1/16 of 1.00 acres	0.1064%
(e) Richard L. Reedy P.O. Box 486 Doran, VA 24612	0.063 acres 1/16 of 1.00 acres	0.1064%
(f) Esta Belle Hess Rt.1 Box 57 Swords Creek, VA 24649	0.125 acres 1/8 of 1.00 acres	0.2128%
(h) Wilma Durham 133 North Dogwood Drive Weber City, VA 24290	0.063 acres 1/16 of 1.00 acres	0.1064%
(i) Iris M. Davis 4015 Umbarger Lane Signal Mountain, TN 37377	0.063 acres 1/16 of 1.00 acres	0.1064%
(j) Nadine M. Freeman 5316 Taft Highway Signal Mountain, TN 37377	0.063 acres 1/16 of 1.00 acres	0.1064%

Exhibit E  
 Unit BF-118  
 Docket #VGOB 04-1019-1348  
 List of Conflicting Owners/Claimants that require escrow  
 (58.74 Acre Unit)

BOOK 688 PAGE 0467

	Acres in Unit	Interest in Unit
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**Tract #2, 6.46 acres**

*Escrow due to title conflict*

**COAL FEE OWNERSHIP**

- |  |                                   |          |
|--|-----------------------------------|----------|
| (1) Swords Creek Land Partnership, et al.  | 6.46 acres                        | 10.9976% |
| (b) E.G. Hunter, et al.<br>Estate of E.G. Hunter and<br>The First National Bank of Sullivan Co. TN<br>c/o AmSouth Trust Department<br>P.O. Box 1981<br>Kingsport, TN 37662 | 3.2300 acres<br>1/2 of 6.46 acres | 5.4988%  |

- OR -

- |   |                                   |         |
|---|-----------------------------------|---------|
| (b) Garnett Herman Buckles<br>Rt.1 Box 512<br>Lebanon, VA 24266 | 3.2300 acres<br>1/2 of 6.46 acres | 5.4988% |
|---|-----------------------------------|---------|

**OIL & GAS FEE OWNERSHIP**

- |  |                                   |          |
|--|-----------------------------------|----------|
| (1) Swords Creek Land Partnership, et al.  | 6.46 acres                        | 10.9976% |
| (b) E.G. Hunter, et al.<br>Estate of E.G. Hunter and<br>The First National Bank of Sullivan Co. TN<br>c/o AmSouth Trust Department<br>P.O. Box 1981<br>Kingsport, TN 37662 | 3.2300 acres<br>1/2 of 6.46 acres | 5.4988%  |

- OR -

- |   |                                   |         |
|---|-----------------------------------|---------|
| (b) Garnett Herman Buckles<br>Rt.1 Box 512<br>Lebanon, VA 24266 | 3.2300 acres<br>1/2 of 6.46 acres | 5.4988% |
|---|-----------------------------------|---------|

**Tract #4, 4.52 acres**

**COAL FEE OWNERSHIP**

- |   |            |         |
|---|------------|---------|
| (1) Swords Creek Land Partnership, Tr.8<br>P.O. Box 187<br>Tazewell, VA 24651 | 4.52 acres | 7.6949% |
|---|------------|---------|

**OIL & GAS FEE OWNERSHIP**

- |   |            |         |
|---|------------|---------|
| (1) Buckhorn Coal Company<br>P.O. Box 187<br>Tazewell, VA 24651 | 4.52 acres | 7.6949% |
|---|------------|---------|

0800933

VIRGINIA: IN THE OFFICE OF THE CLERK OF THE CIRCUIT COURT OF RUSSELL COUNTY, 4-2-2008. This deed was this day presented in said office, and upon the certificate of acknowledgment thereto annexed, admitted to record at 12:15 o'clock P.M., after payment of \$ tax imposed by Sec. 58.1-802.

TESTE: ANNY SAMREYNOLDS, CLERK  
 BY: *Lance Rader* D. CLERK

Original returned this date to: *Diane Davis*