

INSTRUMENT PREPARED BY  
VIRGINIA GAS AND OIL BOARD

ORDER RECORDED UNDER CODE  
OF VIRGINIA SECTION 45.1-361.26

VIRGINIA:

BEFORE THE VIRGINIA GAS AND OIL BOARD

IN RE:

SUPPLEMENTAL ORDER REGARDING DOCKET NO. VGOB-06-0718-1687

ELECTIONS: CBM Unit 71-AD; Well No. Haysi-31  
(hereinafter "Subject Drilling Unit")

REPORT OF BOARD

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 requirements 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 August 31, 2009, and recorded at Land Record Instrument No. 090003097 in the Office of the Clerk of the Circuit Court, Buchanan County, Virginia on October 13, 2009, (herein "Board Order") and (2) to complete the record regarding elections. The Board Order pooled all interests 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 Range Resources-Pine Mountain, Inc., (herein the "Designated Operator"), to mail copies of the Board Order to all Respondents whose interests, if any, were pooled by said Board Order;

- (b) The Designated Operator filed its affidavit of mailing dated December 18, 2009, disclosing that it had mailed a correct copy of the Board's Order to all Respondents whose interests, if any, were pooled by said Board Order;
  - (c) The Board Order required each Respondent whose interests, 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 December 18, 2009, in accordance with § 7.C of the Virginia Gas and Oil Board Regulations and 4 VAC 25-160.7C (herein "Affidavit of Elections" annexed hereto), wherein it has, for each Respondent whose interests, 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(s) made, if any; and (iii) whether, by reason of 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 Designated Operator;
  - (d) Current Board standards requiring the escrow of funds and the Board's agreement with its Escrow Agent, First Bank and Trust Company, Trust Division, P. O. Box 3860, Kingsport, Tennessee 37664; Tel: (423) 246-3700; Attn: Debbie Davis, 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 July 18, 2006. The Affidavit of Elections indicates that the escrow of funds is required with regard to CBM Unit 71-AD.
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, to the extent escrow was required and to the extent it pertained to the elections and interests of the Respondents who have entered into a royalty split agreement and no longer require escrow of any funds, the Applicant is hereby directed to provide the Board with reconciliation of its and the Escrow Agent's records so that any funds affected by this Order may be disbursed in an appropriate manner.
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

DONE AND EXECUTED this 8 day of Sept, 2011, by a majority of the Virginia Gas and Oil Board.

Bradley C. Lambert  
Chairman, Bradley C. Lambert

DONE AND PERFORMED this 8<sup>th</sup> day of September, 2011, by Order of the Board.

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

STATE OF VIRGINIA  
COUNTY OF RUSSELL

Acknowledged on this 8<sup>th</sup> day of September, 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 Chairman of the Virginia Gas and Oil Board, and appeared Rick Cooper, being duly sworn did depose and say that he is Acting Principal Executive to the Staff of the Virginia Gas and Oil Board that they executed the same and were authorized to do so.

Diane Davis  
Diane Davis, Notary Public  
174394

My commission expires: September 30, 2013



**VIRGINIA:**

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

IN RE: Application of Range Resources-Pine Mountain, Inc., for Forced Pooling of Interests in CBM Unit Number 71-AD, Well No. Haysi 31, Docket No. VGOB-06-0718-1687 in the Prater District, Prater Quadrangle, Buchanan County, Virginia.

AFFIDAVIT OF MCKINNIS & SCOTT, Attorneys-at-Law, Agents for the Designated Operator REGARDING ELECTIONS, ESCROW ACCOUNTS AND SUPPLEMENTAL ORDER

Timothy E. Scott (herein Affiant), being duly sworn on oath, deposes and says:

1. That the Affiant is an attorney in the law firm of MCKINNIS & SCOTT, the Agent for the Designated Operator, with offices located at 135 W. Main Street, Suite 200, Kingsport, Tennessee 37660, and is authorized to give this Affidavit in its behalf;
2. That the Order entered on August 31, 2009, by the Virginia Gas and Oil Board regarding the captioned Coalbed Methane Gas 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 and recorded 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; 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 Lebanon, Virginia;
4. That the Order of the Virginia Gas and Oil Board in the captioned matter required all persons pooled thereby to tender written notice of their election of the option selected under Paragraph 9 of the Order to the Designated Operator within thirty (30) days from the date of receipt of a copy of the recorded Order;
5. That the Designated Operator, by and through its agent, McKinnis & Scott, Attorneys-at-Law, has established procedures to review all mail received and all written documents received by means 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 Subject Drilling Unit; that the following persons or entities delivered, by mail or otherwise, written elections to the Unit Operator, within the thirty day elections period:

NONE

6. That the interest and/or claims of the following persons or entities (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, as conflicting and unknown or unlocatable:

See Exhibit E

7. That after the pooling hearing held in the captioned matter, the following persons or entities have leased or entered into a voluntary agreement with the Designated Operator with regard to their interest and/or claims:

<u>Owner:</u>	<u>Interest:</u>
John T. Owens & Brenda Owens (Tract 2)	0.02388300%
Anthony Wayne Owens & Dorothy Owens (Tract 2)	0.02388300%
Ken Owens & Babette Owens (Tract 2)	0.02388200%
John T. Owens & Brenda Owens (Tract 3)	0.50142800%
Anthony Wayne Owens & Dorothy Owens (Tract 3)	0.50142800%
Ken Owens & Babette Owens (Tract 3)	0.50142800%
Joann Owens Lamb (Tract 3)	Dower in 1.50428400%

8. That the Designated Operator with regard to persons previously requiring the services of the Escrow Agent have now reached an agreement regarding their interests or claims that allows Applicant/Designated Operator to make royalty distribution without the need to escrow funds which would otherwise be in conflict:

NONE

9. That the Respondents identified in Exhibit B-3 hereto have not made a timely election and have failed to enter into an agreement with the Designated Operator and their respective coalbed methane rights, interests and claims shall be deemed to have leased to Applicant/Designated Operator pursuant to and in accordance with Paragraph 10 of the Board Order dated August 31, 2009:

None

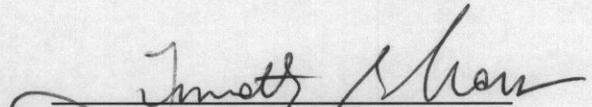
10. The Designated Operator requests that the following persons be dismissed as Respondents:

<u>Owner:</u>	<u>Interest:</u>
John T. Owens & Brenda Owens (Tract 2)	0.02388300%
Anthony Wayne Owens & Dorothy Owens (Tract 2)	0.02388300%
Ken Owens & Babette Owens (Tract 2)	0.02388200%
John T. Owens & Brenda Owens (Tract 3)	0.50142800%
Anthony Wayne Owens & Dorothy Owens (Tract 3)	0.50142800%
Ken Owens & Babette Owens (Tract 3)	0.50142800%
Joann Owens Lamb (Tract 3)	Dower in 1.50428400%

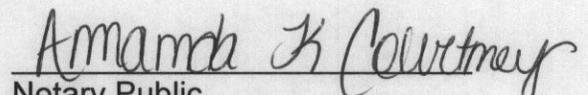
That pursuant to the provisions of 4VAC 25-160.70.A.10 and .C and VAC 25-160-80, annexed hereto and incorporated herein is a proposed supplemental order to be entered to complete the record regarding elections; that said annexed supplemental order sets forth that the services of the Escrow Agent are required in this matter pursuant to the terms of §§ 45.1-361.21.D and 45.1-361.22.A.3 and .4.

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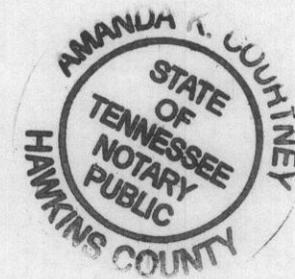
Dated at Kingsport, Tennessee, this 28<sup>th</sup> day of December, 2009.

  
Timothy E. Scott, Affiant

Taken, subscribed and sworn to before me by Timothy E. Scott, The Agent for Range Resources-Pine Mountain, Inc., a corporation, on behalf of the corporation, this 28<sup>th</sup> day of December, 2009.

  
Notary Public

My commission expires: 7/6/10



[f:mword2000\pinemountainoilandgas\pooling.haysi-31-cbm-unit-71AD.supportorder&aff]

Well Coordinates: (Geographic N27)  
37.201458° -82.195583°

Latitude 37° 12' 30"

Longitude 82° 10' 00"

Lease No. Lease No. 450270048-A&B  
Imogene Cox, et al - coal, oil, gas & CBM  
5.00 Acres  
Gas 3.83 Ac. 6.52%

Lease No. Lease No. 450270041-A,B,C,D&E  
Michael Phillips et al - coal, oil, gas & CBM  
50 Acres  
Gas 6.19 Ac. 10.53%

B.M. Viers  
221.12 Acres  
ACIN LLC - coal  
Alpha Land & Reserves LLC - coal lessee  
WBIRD LLC - coal  
Lease No.  
Samuel J. Breeding, Jr. - oil & gas 215 Acres  
215.00 Acres  
Ches. - lessee  
Gas 0.63 Ac. 1.07%

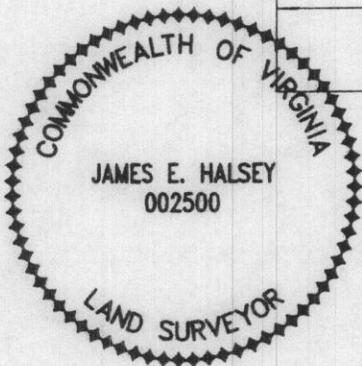
W.C. Owens  
377.12 Acres  
Heartwood Forestland Fund IV, L.P. - surface  
ACIN LLC - coal  
Alpha Land & Reserves LLC - coal lessee  
WBIRD LLC - coal  
Pine Mountain Oil & Gas, Inc. - oil, gas & CBM  
Gas 48.12 Ac. 81.88%

Well Coordinates: (VA St. Plane S. Zone,  
Calculated from CCC coordinates)  
N 337,131 E 923,927

Well Coordinates: (Clinchfield Coal Co.)  
N 36,958.64 E 54,791.03

Well elevation determined by GPS  
survey from BM MCD 229

Area of Unit = 58.77 Ac.



WELL LOCATION PLAT

COMPANY Pine Mountain Oil & Gas, Inc. WELL NAME AND NUMBER Haysi-31  
TRACT NO. W.C. Owens ELEVATION 1,998.92' QUADRANGLE Prater  
COUNTY Buchanan DISTRICT Prater SCALE 1" = 400' DATE 6-13-2006

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.

James E. Halsey  
Licensed Professional Engineer or Licensed Land Surveyor

EXHIBIT A

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**Exhibit "B-3" - Unleased Owners**  
**Haysi 31 Revised 12/28/2009**

Tract	Lessor	Lease Status	Interest Within Unit	Gross Acreage in Unit
		CBM and Gas Estate		
	NONE			

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EXHIBIT E  
 LIST OF CONFLICTING OWNERS/CLAIMANTS THAT REQUIRE ESCROW  
 HAYSI-31-CBM UNIT 71-AD  
 DOCKET NO. VGOB-06-0718-1687

<u>TRACT</u>	<u>LESSOR</u>	<u>LEASE STATUS</u>	<u>INTEREST WITHIN UNIT</u>	<u>GROSS ACREAGE IN UNIT</u>
		<u>Gas Estate Only</u>		
4	Samuel J. Breeding Jr. and Betty Sue Breeding 2344 Louita Avenue Kingsport, TN 37660	Leased - Chesapeake	1.07000000%	0.63000000
	TOTAL GAS ESTATE		1.07000000%	0.63000000
		<u>CBM Estate Only</u>		
4	Pine Mountain Oil and Gas, Inc. Attn: Jerry Grantham P. O. Box 2136 Abingdon, VA 24212	Owner	1.07000000%	0.63000000
	TOTAL CBM ESTATE		1.07000000%	0.63000000

INSTRUMENT #110002353  
 RECORDED IN THE CLERK'S OFFICE OF  
 BUCHANAN COUNTY ON  
 SEPTEMBER 27, 2011 AT 03:10PM

BEVERLY S. TILLER, CLERK  
 RECORDED BY: SLB