

1235

080000452

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

SUPPLEMENTAL ORDER REGARDING: DOCKET NO. VGOB-06/11/14-1768

ELECTIONS, UNIT: 826091

(hereinafter "Subject Drilling Unit")

TAX MAP IDENTIFICATION NUMBERS:  
  
TAX MAP IDENTIFICATION NUMBERS FOR ALL PARCELS  
AFFECTED BY THIS ORDER ARE SHOWN ON EXHIBITS (S) B  
WHICH IS/ARE ATTACHED TO AND A PART OF THIS ORDER.

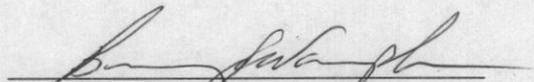
REPORT OF BOARD

FINDINGS AND ORDER

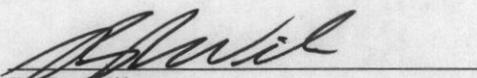
1. This Supplemental Order is entered by the Board sua sponte in the form authorized by the Board at its hearing held at 9:00 a.m. on October 20, 1992, Board of Supervisors Room, Courthouse, Grundy, Virginia, and pursuant to authority granted to the Board's Chairman at the hearing of the Virginia Gas 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 requirement 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 April 17, 2007 and recorded instrument # 070001679 in the Office of the Clerk of Circuit Court, Buchanan County, Virginia on April 30, 2007 (herein "Board Order") to complete the record regarding elections. The Board Order pooled all interest 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 Chesapeake Appalachia LLC, (herein the Designated Operator"), to mail copies of the Board Order to all respondents whose interest, if any, were pooled by said Board Order;
  - (b) The designated operator filed its affidavit of mailing dated May 29, 2007, disclosing that it had mailed a correct copy of the Board's Order to all Respondents whose interest, if any, were pooled by said Board Order;

- (c) The Board Order required each Respondent whose interest, 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 January 11, 2008, in accordance with § 7.C of the Virginia Gas and Oil Board Regulations and 4 VAC 25-160.70C (herein "Affidavit of Election"), wherein it has, for each Respondent whose interest, 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 made, if any; (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, interest, estates and claims in Subject Drilling Unit to the Designated Operator;
  - (d) The Board Order further required the Designated Operator, after expiration of the election period, to file with the Board a statement of the interests subject to escrow under the terms and provisions of the Board Order, in light of the elections made or deemed to have been made (herein "Statement of Interests"); that the Designated Operator furnished said Statement of Interests as part of its Affidavit of Election. A copy of which is attached hereto as Exhibit B;
  - (e) Current Board standards requiring the escrow of funds and the Board's agreement with its Escrow Agent, Wachovia Bank, N.A., VA7515, P.O. Box 14061, Roanoke, VA 24038, (540) 563-7764, Attn: Judy Barger, 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 December 23, 1992.
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 and the annexed Affidavits, any funds subject to escrow and instructs the Escrow Agent, Wachovia Bank, N.A., VA7515, P.O. Box 14061, Roanoke, VA 24038, (888) 396-0853, 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 said affidavits to receive such funds and account to the Board therefore.
  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 Order stating that true and correct copy of this Order to each person whose interest or claim is subject to escrow and whose address is known.
  5. Conclusion: Therefore, the findings and all terms and provisions set forth above be and hereby are granted and IT IS SO ORDERED.
  6. Effective Date: This Order shall be effective on the date of its execution.

DONE AND EXECUTED this 31<sup>st</sup> day of Jan, 2008 by a majority of the Virginia Gas and Oil Board.

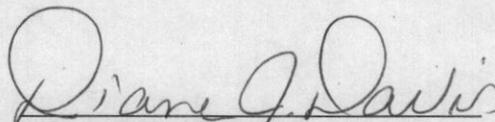
  
Chairman, Benny R. Wampler

DONE AND PERFORMED THIS 31<sup>st</sup> day of January, 2008 by Order of this Board.

  
B. R. Wilson  
Principal Executive to the Staff  
Virginia Gas and Oil Board

STATE OF VIRGINIA )  
COUNTY OF WASHINGTON )

Acknowledged on this 31<sup>st</sup> day of January, 2008, personally before me a notary public in and for the Commonwealth of Virginia, appeared Benny Wampler, being duly sworn did depose and say that he is Chairman of the Virginia Gas and Oil Board, and 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 was authorized to do so.

  
Diane Davis, Notary  
174394

My commission expires: September 30, 2009

**VIRGINIA:**

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

IN RE: Application of Chesapeake Appalachia LLC for Forced Pooling of Interests in Unit Number 826091, VGOB Docket No. VGOB-06/11/14-1768 in the Rocklick Magisterial District of Buchanan County, Virginia.

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

James E. Kaiser (herein Affiant), being first duly sworn on oath, deposes and says:

1. That the Affiant is an attorney in the law firm of WILHOIT & KAISER, the Agent for the Designated Operator, with offices located at 220 Broad Street, Kingsport, Tennessee 37660, and is authorized to give this Affidavit in its behalf;
2. That the Order entered on April 17, 2007, by the Virginia Gas and Oil Board regarding the captioned conventional 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 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;
4. That the Order of the Virginia Gas and Oil 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 said Order was recorded in the county above named; that said Order was recorded on April 30, 2007.
5. That the Designated Operator, by and through their agent, Wilhoit & Kaiser, Attorneys-at-Law, have established procedures to review all mail received and all written documents received by means other than by mail to ascertain whether parties whose interest 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 Unit; that the following persons delivered, by mail or otherwise, written elections to the Unit Operator, within the thirty day election periods:

NONE

6. That the interest and/or claims of the following persons (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, Board Regulations and the Code of Virginia as unknown/unlocatable.

NONE

7. That after the pooling hearing held in the captioned matter, the following persons have leased or entered into a voluntary agreement with the Designated Operator with regard to their interest and/or claims which are not subject to escrow:

NONE

8. That the following persons have not made a timely election and have failed to enter into an agreement with the Designated Operator and their respective interests shall be deemed to have leased pursuant to and in accordance with paragraph 10 of the Order.

<u>Tract</u>	<u>Lessor</u>	<u>Cash Consideration</u>
3	John G. Charles and spouse or heirs 153 Phillips Drive Pikeville, KY 41501	0.083333 X \$5.00 = \$0.42
3	Mary Eloise Hughes and spouse or heirs 146 Third Street Pikeville, KY 41501	0.083333 X \$5.00 = \$0.42
3	George Fred Charles and Jean Charles, his wife 1653 Lawrence Avenue Ashland, KY 41101	0.027778 X \$5.00 = \$0.14
3	Luella Charles and spouse or heirs 249 Hill-N-Dale Road Lexington, KY 40503	0.027778 X \$53.00 = \$0.14

<u>Tract</u>	<u>Lessor</u>	<u>Cash Consideration</u>
3	N. Janesta Current Revocable Trust c/o Nora L. Charles, Trustee 6246 Rosebury One North St. Louis, MO 63105	0.027778 X \$56.00 = \$0.14
3	Florane J. Baird and spouse or heirs P.O. Box 351 Pikeville, KY 41502	0.041667 X \$5.00 = \$0.21
3	Edith J. Huber and Charles H. Huber, her husband 3901 Grenehaven Lane Goshen, KY 40026	0.013889 X \$5.00 = \$0.07
3	Douglas Mack Justice and spouse or heirs P.O. Box 2883 Pikeville, KY 41502	0.027778 X \$5.00 = \$0.14
3	Betty C. Clevinger and spouse or heirs 300 Mantua Venice, FL 34292	0.013889 X \$5.00 = \$0.07
3	Kimberly Rowe and spouse or heirs 159 Cecil Hill Drive Pikeville, KY 41501	0.017361 X \$5.00 = \$0.09
3	Kelli Shannon and spouse or heirs 14106 Willow Grove Way Louisville, KY 40245	0.017361 X \$5.00 = \$0.09
3	Eugene F. Charles and Cherith Charles, his wife 705 Hammond Road York, PA 17402	0.034722 X \$5.00 = \$0.17
3	James R. Charles, Jr. and Carol J. Charles, his wife 356 Montrose Road Monroe, VA 24574	0.020833 X \$5.00 = \$0.10

<u>Tract</u>	<u>Lessor</u>	<u>Cash Consideration</u>
3	John L. Charles and Laura K. Charles, his wife 703 Suntree Drive Westerville, OH 43081	0.020833 X \$5.00 = \$0.10
3	Nancy F. Cooksey and Douglas Cooksey, her husband 1083 Greenland Circle South Charleston, WV 25309	0.041667 X \$5.00 = \$0.21

That pursuant to the provision of 4VAC 25-160.70C 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 not required in this matter pursuant to the terms of §§ 45.1-361.21.D.

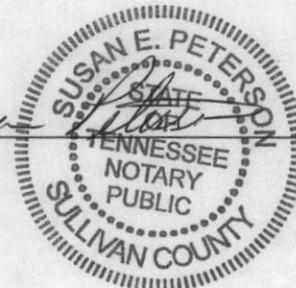
Dated at Kingsport, Tennessee, this 11<sup>th</sup> day of January 2008.

[Signature]  
Affiant

Taken, subscribed and sworn to before me by James E. Kaiser, the Agent of Chesapeake Appalachia LLC, a corporation, on behalf of the corporation, this 11<sup>th</sup> day of January, 2008.

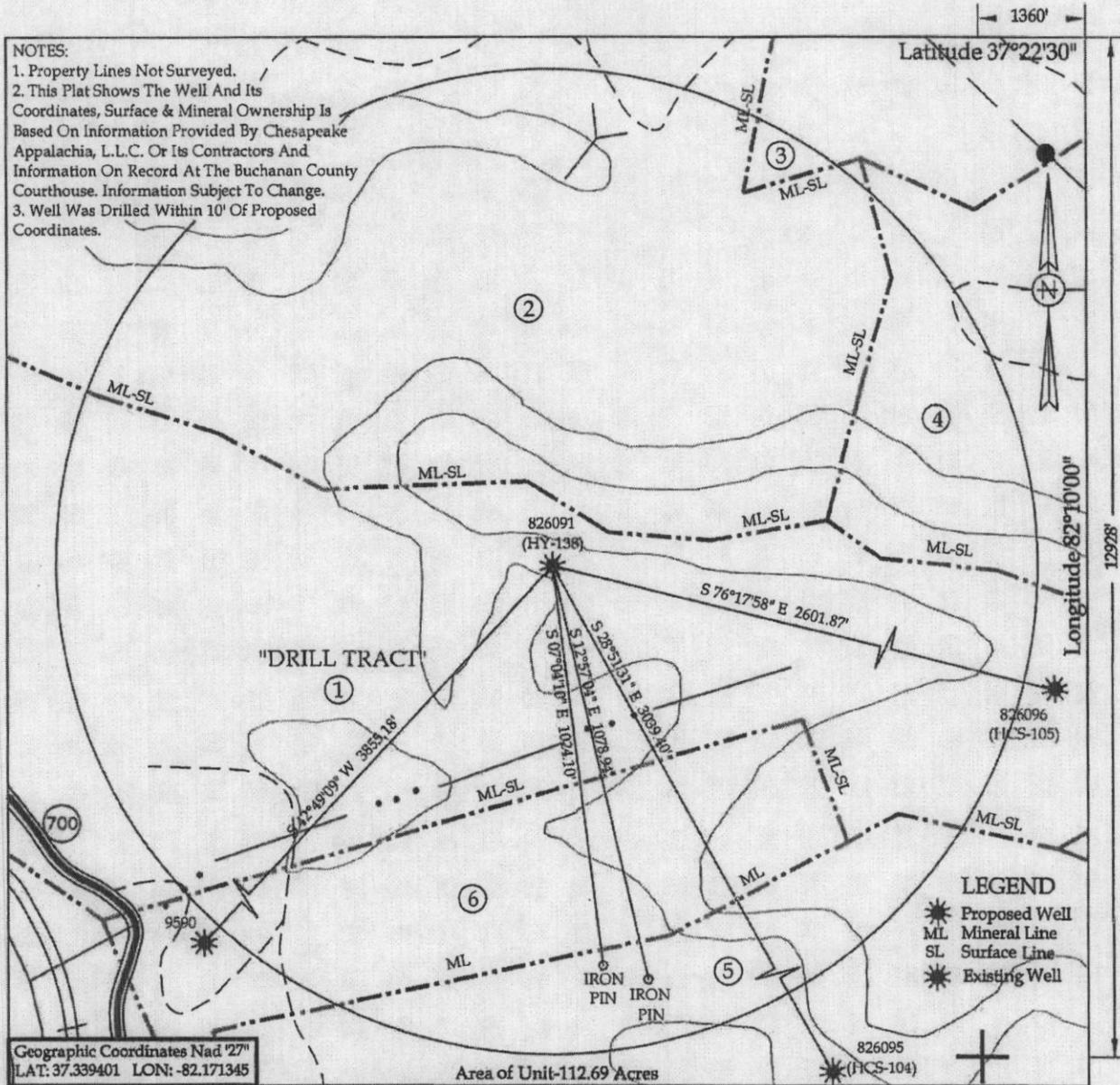
My commission expires: 11-12-08

[Signature]  
Notary



NOTES:

1. Property Lines Not Surveyed.
2. This Plat Shows The Well And Its Coordinates, Surface & Mineral Ownership Is Based On Information Provided By Chesapeake Appalachia, L.L.C. Or Its Contractors And Information On Record At The Buchanan County Courthouse. Information Subject To Change.
3. Well Was Drilled Within 10' Of Proposed Coordinates.



Geographic Coordinates Nad '27"  
LAT: 37.339401 LON: -82.171345

Area of Unit-112.69 Acres

WELL LOCATION PLAT

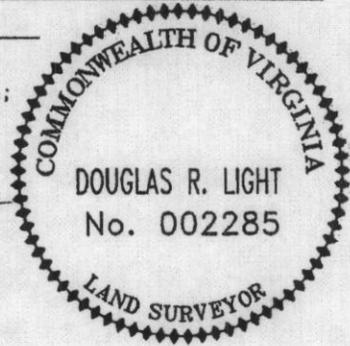
Company CHESAPEAKE APPALACHIA, LLC Well Name or Number 826091 (HY-138)  
 Tract No. BELVA McCLANAHAN, ET AL Quadrange HARMAN  
 District ROCKLICK  
 Well Coordinates (Virginia State Plane) N: 387,041.63 E: 932,933.26  
 Elevation: 1712.17 Method Used to Determine Elevation: Trig. Levels from GPS derived elevation.

County BUCHANAN Scale: 1" = 400' Date 7-20-07

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

+ 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.

*Douglas R. Light*  
 \_\_\_\_\_  
 Licensed Professional Engineer or Licensed Land Surveyor



DGO-7 Supplement  
WELL UNIT PROPERTY OWNER INDEX  
826091 (HY-138)

(1)

Drill Tract  
Surface, Coal & Mineral  
Belva McClanahan Heirs (Fee)  
43.80 Ac. ~ 38.87 % of 112.69 Ac.

(2)

Landon McClanahan Trust (Fee)  
39.83 Ac. ~ 35.34 % of 112.69 Ac.

(3)

Green Charles Estate  
0.5 Ac. ~ 0.44% of 112.69 Ac.

(4)

Landon McClanahan Trust  
6.91 Ac. ~ 6.13 % of 112.69 Ac.

(5)

James E. Buskirk (2/3 Int.)  
Eagle Coal Corp. (1/3 Int.)  
7.94 Ac. ~ 7.05 % of 112.69 Ac.

(6)

James E. Buskirk  
13.71 Ac. ~ 12.17 % of 112.69 Ac.

EXHIBIT B  
Well No. 826091 (HY-138)  
Revised 9.10.07

<u>LESSOR</u>	<u>LEASE STATUS</u>	<u>PERCENT INTEREST WITHIN UNIT</u>	<u>GROSS ACREAGE WITHIN UNIT</u>
<b>TRACT 1 - 43.80 Acres in Unit</b>			
Annabelle McClanahan P.O. Box 105 Worthington, KY 41183	Leased	9.716923%	10.950000
Bill G. Snoddy 2401 South 10th. Street Ironton, OH 45638	Leased	9.716923%	10.950000
Faye M. Hewlett 816 Raceland Avenue Raceland, KY 41169	Leased	9.716923%	10.950000
Sandy Slone & Paul Slone 2438 Clinton Street Ashland, KY 41101	Leased	1.943385%	2.190000
Mark Huffman & Shala Huffman 205 3rd. Avenue Worthington, KY 41183	Leased	1.943385%	2.190000
Kathy Smith & Harold Smith 505 Crump Street Raceland, KY 41169	Leased	1.943385%	2.190000
Diedre L. Novinger & Raymond Dean Novinger 2903 Willow Way Portsmouth, OH 45662	Leased	1.943385%	2.190000
Jerri Peeler & David Peeler P.O. Box 512 Granite Quarry, NC 28072	Leased	1.943385%	2.190000
<b>TRACTS 2 &amp; 4 - 39.83 + 6.91 = 46.74 Acres in Unit</b>			
Jennings, Lydia and Landon McClanhan Estate by Faye Hewlett, Dorothy J. McClanahan, and June M. Wallace, Trustees c/o June M. Wallace Route 1, Box 453 Grundy, VA 24614	Leased	41.476617%	46.740000
<b>TRACT 3 - .50 Acres in Unit</b>			
John G. Charles and spouse or heirs 153 Phillips Drive Pikeville, KY 41501	Unleased	0.073949%	0.083333

EXHIBIT B  
Well No. 826091 (HY-138)  
Revised 9.10.07

<u>LESSOR</u>	<u>LEASE STATUS</u>	<u>PERCENT INTEREST WITHIN UNIT</u>	<u>GROSS ACREAGE WITHIN UNIT</u>
Mary Eloise Hughes and spouse or heirs 146 Third Street Pikeville, KY 41501	Unleased	0.073949%	0.083333
George Fred Charles and Jean Charles, his wife 1653 Lawrence Avenue Ashland, KY 41101	Unleased	0.024650%	0.027778
Luella Charles and spouse or heirs 249 Hill-N-Dale Road Lexington, KY 40503	Unleased	0.024650%	0.027778
N. Janesta Current Revocable Trust c/o Nora L. Charles, Trustee 6246 Rosebury One North St. Louis, MO 63105	Unleased	0.024650%	0.027778
Florane J. Baird and spouse or heirs P.O. Box 351 Pikeville, KY 41502	Unleased	0.036975%	0.041667
Edith J. Huber and Charles H. Huber, her husband 3901 Grenehaven Lane Goshen, KY 40026	Unleased	0.012325%	0.013889
Douglas Mack Justice and spouse or heirs P.O. Box 2883 Pikeville, KY 41502	Unleased	0.024650%	0.027778
Betty C. Clevinger and spouse or heirs 300 Mantua Venice, FL 34292	Unleased	0.012325%	0.013889
Kimberly Rowe and spouse or heirs 159 Cecil Hill Drive Pikeville, KY 41501	Unleased	0.015406%	0.017361
Kelli Shannon and spouse or heirs 14106 Willow Grove Way Louisville, KY 40245	Unleased	0.015406%	0.017361

**EXHIBIT B**  
**Well No. 826091 (HY-138)**  
**Revised 9.10.07**

<u>LESSOR</u>	<u>LEASE STATUS</u>	<u>PERCENT INTEREST WITHIN UNIT</u>	<u>GROSS ACREAGE WITHIN UNIT</u>
Eugene F. Charles and Cherith Charles, his wife 705 Hammond Road York, PA 17402	Unleased	0.030812%	0.034722
James R. Charles, Jr. and Carol J. Charles, his wife 356 Montrose Road Monroe, VA 24574	Unleased	0.018487%	0.020833
John L. Charles and Laura K. Charles, his wife 703 Suntree Drive Westerville, OH 43081	Unleased	0.018487%	0.020833
Nancy F. Cooksey and Douglas Cooksey, her husband 1083 Greenland Circle South Charleston, WV 25309	Unleased	0.036975%	0.041667
<b>TRACT 5 - 7.94 Acres in Unit</b>			
Eagle Coal Corporation William R. Ritter, Jr., President c/o Hess, Stewart & Campbell P. O. Box 1060 Huntington, WV 25713	Leased	2.348626%	2.646667
Margaret Waldron c/o Sandra Waldron, Attorney-in-Fact 11412 SE US Highway 301 Bellview, FL 34420	Leased	1.174313%	1.323333
Carol Ann Schenandoah and David C. Schenandoah, her husband 1820 South Brocksmitth Road Fort Pierce, FL 34945	Leased	0.587157%	0.661667
Susan Burton 1771 Gulfstream Ave. Apt. B-3 Fort Pierce, FL 34949	Leased	0.587157%	0.661667
Georgie B. Huff 1235 South Highland Ave, Apt. 210-5F Clearwater, FL 33756-4391	Leased	0.469725%	0.529333
Marie B. Williams P.O. Box 655 Grundy, VA 24614	Leased	0.469725%	0.529333

**EXHIBIT B**  
**Well No. 826091 (HY-138)**  
**Revised 9.10.07**

<u>LESSOR</u>	<u>LEASE STATUS</u>	<u>PERCENT INTEREST WITHIN UNIT</u>	<u>GROSS ACREAGE WITHIN UNIT</u>
Gladys Purcell 524 Webster Street South Boston, VA 24592	Leased	0.469725%	0.529333
Neppie B. Hay 9538 Tower Ridge Road Pensacola, FL 32526	Leased	0.156575%	0.176444
Virginia B. Goodman P.O. Box 808 Opelika, AL 36803-0808	Leased	0.156575%	0.176444
William Roger Buskirk 71 Lee Road 99 Waverly, AL 36879	Leased	0.156575%	0.176444
Francila Swisher 5890 Oak Creek Lane Brighton, MI 48116	Leased	0.117431%	0.132333
James E. Buskirk, Jr. W 633 East Fordville Road Hardwood, MI 49807	Leased	0.117431%	0.132333
Cathy Kreider 683 Derek Pl. Locust Grove, GA 30248	Leased	0.117431%	0.132333
Thomas Buskirk 217 Florence Ave. Interlachen, FL 32148	Leased	0.117431%	0.132333
<b>TRACT 6 - 13.71 Acres in Unit</b>			
Margaret Waldron c/o Sandra Waldron, Attorney-in-Fact 11412 SE US Highway 301 Bellview, FL 34420	Leased	3.041530%	3.427500
Carol Ann Schenandoah and David C. Schenandoah, her husband 1820 South Brocksmith Road Fort Pierce, FL 34945	Leased	1.520765%	1.713750
Susan Burton 1771 Gulfstream Ave. Apt. B-3 Fort Pierce, FL 34949	Leased	1.520765%	1.713750
Georgie B. Huff 1235 South Highland Ave, Apt. 210-5F Clearwater, FL 33756-4391	Leased	1.216612%	1.371000

EXHIBIT "B-3"  
 Well No. 826091 (HY-138)  
 Revised 9.10.07

<u>LESSOR</u>	<u>LEASE STATUS</u>	<u>PERCENT INTEREST WITHIN UNIT</u>	<u>GROSS ACREAGE WITHIN UNIT</u>
Pikeville, KY 41501			
Kelli Shannon and spouse or heirs 14106 Willow Grove Way Louisville, KY 40245	Unleased	0.015406%	0.017361
Eugene F. Charles and Cherith Charles, his wife 705 Hammond Road York, PA 17402	Unleased	0.030812%	0.034722
James R. Charles, Jr. and Carol J. Charles, his wife 356 Montrose Road Monroe, VA 24574	Unleased	0.018487%	0.020833
John L. Charles and Laura K. Charles, his wife 703 Suntree Drive Westerville, OH 43081	Unleased	0.018487%	0.020833
Nancy F. Cooksey and Douglas Cooksey, her husband 1083 Greenland Circle South Charleston, WV 25309	Unleased	0.036975%	0.041667
Total Percentage Unleased		0.443695%	
Total Acreage Unleased			0.500000

BU  
\$200

INSTRUMENT #080000452  
RECORDED IN THE CLERK'S OFFICE OF  
BUCHANAN COUNTY ON  
FEBRUARY 7, 2008 AT 01:31PM

BEVERLY S. TILLER, CLERK  
RECORDED BY: NKE