

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:

Wayne and Genevie Riner
Standard Banner Coal Corporation

DOCKET NO.

07-0821-1989-01

RELIEF SOUGHT:

Issuance: A Supplemental Order for Disbursement of Escrowed Funds
Action: Amending Prior Orders Affecting Drilling Unit VC-536867
 (Referenced herein as "the Subject Drilling Unit")
Location: Dickenson County, Virginia

Action Details:

- (1) To provide a calculation of funds, Unit Operator has deposited into the Escrow Account for Drilling Unit VC-536867 by Tract Subaccounts;
- (2) To provide each applicant, in simple terms, a complete month over month Royalty Accounting of unit production, costs, taxes and proceeds, depicting variables used in the calculation of royalty 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 August 21, 2007 at the Southwest Virginia Higher Education Center on the campus of Virginia Highlands Community College, Abingdon, VA.
2. **Appearances:** James E. Kaiser of Wilhoit and Kaiser 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

4. **Prior Proceedings:**

- 4.1. (a) On October 18, 2007, the Board executed its order pooling interests in the Subject Drilling Unit for the production of occluded natural gas produced from coalbeds and rock strata associated therewith (herein "Gas") in accordance with the provisions of Va. Code SS 45.1-361.21 and 45.1-361.22 (herein "Pooling Order"). The Pooling Order was filed with the Clerk of the Circuit Court of Dickenson County on November 1, 2007, Instrument Number 070002080.
- 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 Orders and testimony, the coal estate ownership interests of Standard Banner Coal Corporation, and the gas and oil ownership interests of Wayne and Genevie Riner in tract known as 6 in the Subject Drilling Unit were in conflict and became subject to the escrow requirements of the Pooling Order.
- 4.3 The Unit Operator's Miscellaneous Petition regarding Tract 6, a copy of which is attached to and made a part hereof, states under oath that Standard Banner Coal Corporation and the Applicants have entered into an agreement with regards to Tract 6 and that by the terms of the agreements, Standard Banner Coal Corporation has entered into a split agreement regarding this Tract and escrow regarding these individual conflicting claims detailed herein, is no longer required.
- 4.4 The Unit Operator gave notice to Standard Banner Coal Corporation and the applicants that the Board would consider its disbursement authorization at its hearing on September 16, 2008 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 Tract 6 identified in the VGOB-07-0821-1989 pooling order Exhibit PL-1 and identified as property owners Wayne and Genevie Riner and Standard Banner Coal Corporation in the attached miscellaneous petition (2) delete the requirement that the Unit Operator place future royalties attributable to a portion of said Tract 6 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 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) 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) Standard Banner Coal Corporation and Wayne and Genevie Riner, respectively, are the owners of the coal estate, gas and oil acreage estate underlying VGOB Tract 6 of the Subject Drilling Unit;

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

VGOB Approved Disbursement
VGOB 07-0821-1989-01

DONE AND EXECUTED this 17 day of Feb 2008 by a duly authorized officer of the State of Virginia

	Net Acreage in Tract	Royalty Split Agreement	Escrowed Acreage Disbursed	Percent of Escrowed Funds Disbursed
Table 1				
Tract 6				
Disbursement Table				
Total acreage in escrow before disbursement			33.4200	
6 Wayne and Genevie Riner, 4907 Long Ridge, Nora, VA 24272	9.300	50.0%	4.650	13.9138%
6 Standard Banner Coal Corp., P.O. Box 750, Wise, VA, 24293	9.300	50.0%	4.650	13.9138%

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 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 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.



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VIRGINIA:

BEFORE THE VIRGINIA GAS AND OIL BOARD

APPLICANTS: Equitable Production Company on behalf of Wayne and Genevie Riner and Standard Banner Coal Corporation.

DOCKET NUMBER: VGOB 07/08/21-1989-01

RELIEF SOUGHT: Supplemental Order for Disbursement of Escrowed Funds on behalf of Wayne and Genevie Riner and Standard Banner Coal Corporation.

LEGAL DESCRIPTIONS: Drilling Unit Number 536867 created by Board Order Dated November 1, 2007 VGOB 07/08/21-1989 in Dickenson County, Virginia.

HEARING DATE: September 16, 2008.

MISCELLANEOUS PETITION

1. Party: Applicant herein are Wayne and Genevie Riner, (hereinafter "Plaintiffs"), whose address is: 4907 Long Ridge, Nora, VA 24272; Standard Banner Coal Corporation (hereinafter "Plaintiffs"), whose address is: Attn: Mike Clisso, P.O. Box 750, Wise, VA 24293.
2. Facts:
 - a. Equitable was designated as the Operator and Applicants interests were Pooled in the 536867 Unit by Order of the Virginia Gas and Oil Board (hereinafter "Board") executed on October 18, 2007, pursuant to Docket No. VGOB 07/08/21-1989 and recorded in the Circuit Court Clerk's Office Dickenson County, Virginia on November 1, 2007, Deed Book 444, Page 695 (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. Standard Banner Coal Corporation was a conflicting claimant with the above-listed Plaintiffs with regard to Tract 6 as created by Board Order as VGOB 07/08/21-1989 is the applicable Tracts.
- e. To resolve this conflict, a Royalty Agreement dated December 20, 2007 signed by Conrad McNeer, President of Standard Banner Coal Corporation 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 Applicants/Plaintiffs herein, accordingly.
- h. Applicants/Plaintiffs herein do 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 Standard Banner Coal Corporation, held in escrow for the VGOB number as listed above.
 1. The Applicants certify that the matters set forth in the application, to the best of their 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: Applicants request 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 Applicants/Plaintiffs 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 Applicants/Plaintiffs 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 Applicants/Plaintiffs herein for distribution.

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- 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 Applicants/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 15th day of August, 2008.

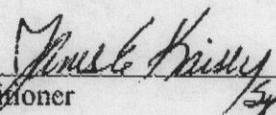
By: 

 Petitioner

Address: Wilhoit & Kaiser
 220 Broad Street
 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

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VC- 536867
VC- 536868

This instrument Prepared by: Donald R. Johnson, Attorney at Law, 1950 Electric Road, Danone, VA 24018-1621.

ROYALTY AGREEMENT

THIS AGREEMENT, made and entered into this 20th day of December, 2007, between WAYNE RINER and GENEVIE RINER, husband and wife, hereinafter referred to as "First Party," and STANDARD BANNER COAL CORPORATION, a Virginia corporation, hereinafter referred to as "Second Party."

WHEREAS, Second Party owns coal underlying a certain tract or tracts of land in Dickenson County, Virginia, which tract or tracts of land are described in Exhibit A attached hereto and made a part hereof; and

WHEREAS, First Party owns oil and gas underlying the land described in Exhibit A; and

WHEREAS, the parties hereto recognize that they have been or may be designated by statutory or regulatory requirements as conflicting claimants to the coalbed methane/coalseam gas; and

WHEREAS, the parties hereto desire to agree that all royalties from the production of coalbed methane/coalseam gas underlying said land shall be apportioned equally between the First Party and the Second Party; and

WHEREAS, the parties desire by this instrument to set forth their agreement for apportionment of said production royalties, all as contained herein.

NOW THEREFORE, in consideration of the premises which are incorporated herein as a part of this Agreement and not as mere recitals, the payment of One Dollar (\$1.00) by the Second Party to the First Party and other good and valuable consideration, the sufficiency and receipt of which is hereby acknowledged, the parties intending to be legally bound, it is hereby agreed as follows:

DONALD R. JOHNSON
ATTORNEY AT LAW
SUGAR LOAF CROSSING
1950 ELECTRIC ROAD
DANONE VIRGINIA 24018
5401 909-3505

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1. First Party and Second Party agree that all royalties with any accrued interest which have been paid into any escrow account and those now due or which will, in the future, become due from coalbed methane/coalseam gas underlying the land described in Exhibit A where Second Party owns the coal and First Party owns the oil and gas in Dickenson County, Virginia, shall belong to and be paid equally (50%-50% basis) to the First Party and the Second Party.

2. Either Party is authorized to seek the release of any and all monies held in any escrow account on account of the coalbed methane/coalseam gas underlying the land and the future disbursement of the royalties equally to the First Party and the Second Party.

3. This Agreement shall cease and terminate upon the exhaustion of all coalbed methane/coalseam gas underlying the above described land.

4. This Agreement states the entire agreement between the parties, and no representation or promise, oral or written, on behalf of any party shall be binding unless contained herein and may not be amended or revoked except by written agreement executed by all parties hereto, their successors or assigns. This Agreement shall be binding upon and benefit the parties' successors and assigns.

DONALD R. JOHNSON
ATTORNEY AT LAW
SUGAR LOAF CROSSING
1950 ELECTRIC ROAD
DANCKE, VIRGINIA 24018
(540) 980-5503

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WITNESS THE FOLLOWING SIGNATURES AND SEALS. Executed in duplicate.

Wayne Riner
WAYNE RINER

Genevieve Riner
GENEVIE RINER

STATE OF Virginia
COUNTY OF Wise

The foregoing Agreement executed and acknowledged before me this 11 day of January, 2008 by WAYNE RINER and GENEVIE RINER, husband and wife, First Party therein, as the act and deed of each of them.

Lois Mullins
Notary Public

My commission expires: 10-31-08



ONALD R. JOHNSON
ATTORNEY AT LAW
SUGAR LOAF CROSSING
1950 ELECTRIC ROAD
CANONVA VIRGINIA 24018
540) 988-3908

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STANDARD BANNER COAL CORPORATION

By: [Signature]
Its President

STATE OF Kansas

COUNTY OF Shawnee

The foregoing Agreement was executed and acknowledged before me this 4th day of Jan, 2008, by Conrad McNeer, President of STANDARD BANNER COAL CORPORATION, as the act and deed of said Corporation.

[Signature]
Notary Public

My commission expires: 7-22-2010

 **Daryel Mills**
Notary Public
State of Kansas
My Appt. Expires 7-22-2010

HOWARD R. JOHNSON
ATTORNEY AT LAW
SUGAR LOAF CROSSING
1950 ELECTRIC ROAD
DANONE VIRGINIA 24019
540-388-3505

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EXHIBIT A

AGREEMENT DATED DECEMBER 20, 2007

, WAYNE RINER AND GENEVIE RINER, HUSBAND AND WIFE, FIRST PARTY AND
STANDARD BANNER COAL CORPORATION, SECOND PARTY

Two (2) tracts or parcels of land containing 22.069 acres (Tract 1) and 25.678 acres (Tract 2), more or less, situate at a fork of Sandy Ridge at or near the waters of Honey Branch in Ervington Magisterial District of Dickenson County, Virginia, as is more fully bounded and described in a deed dated October 7, 1999, of record in Deed Book 350 at page 10, in the office of the Clerk of the Circuit Court of Dickenson County, Virginia, from Wayne Long to Wayne Riner and Genevieve Riner, husband and wife, with rights of survivorship as at common law.

Map No. minerals only

INSTRUMENT RECORDED
RECORDED IN THE CLERK'S OFFICE OF
DICKENSON CO
JANUARY 17 2008 AT 1:47 PM

VIRGINIA: IN THE OFFICE OF THE CLERK OF THE CIRCUIT COURT OF DICKENSON COUNTY, 01/17 2008. This deed was this day presented in said office, and upon the certificate of acknowledgment thereto annexed, admitted to record at 1:47 o'clock PM, after payment of \$ 0 tax imposed by Sec. 58.1-802.

TESTE: RICHARD EDWARDS, CLERK
BY: Guthrie D. CLERK

Original returned this date to: ESI

RONALD R. JOHNSON
ATTORNEY AT LAW
USAR LANE CROSSING
1900 ELECTRIC ROAD
LANOKE VIRGINIA 24018
(540) 382-0201

EXHIBIT "E"

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VC-536867

Revised 06-30-2008

<u>TRACT</u>	<u>LESSOR</u>	<u>LEASE STATUS</u>	<u>INTEREST WITHIN UNIT</u>	<u>GROSS ACREAGE IN UNIT</u>
Gas Estate Only				
1	Denny Long and Sharon M. Long, h/w Rt. 3 Box 361 Lebanon, VA 24266	Leased 244712L	0.51%	0.2975
	Joseph R. Long and Tabitha G. Long, h/w P.O. Box 261 Castlewood, VA 24224	Leased 244712L	0.51%	0.2975
	Judy Manuel, single P.O. Box 314 Lebanon, VA 24266	Leased 244712L	0.51%	0.2975
	Timothy R. Long and Vera W. Long, h/w Rt. 2 Box 90-L Castlewood, VA 24224 TAX ID Minerals Only	Leased 244712L	0.51%	0.2975
Tract 1 Totals			2.02%	1.19
2	Lawrence Turner Heirs Unknown/Unlocatable TAX ID Minerals Only	Unleased	8.61%	5.05
Tract 2 Totals			8.61%	5.05
3	Lambert Land, LLC. Box 490 Nora, VA 24272 TAX ID 4920	Leased 906216	25.32%	14.88
Tract 3 Totals			25.32%	14.88
5	J.L. Turner heirs Unknown/Unlocatable TAX ID Minerals Only	Unleased	5.10%	3.000
Tract 5 Totals			5.10%	3.000
TOTAL			41.050000%	24.1200

Coal Estate Only

1	Standard Banner Coal Corp. Attn: Mike Clisso P.O. Box 750 Wise, VA 24293 TAX ID 5362	Leased 241490 TL-223	2.020000%	1.1900
Tract 1 Totals			2.020000%	1.1900
2	Standard Banner Coal Corp. Attn: Mike Clisso	Leased 241490	8.610000%	5.0500

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<u>TRACT</u>	<u>LESSOR</u>	<u>LEASE STATUS</u>	<u>INTEREST WITHIN UNIT</u>	<u>GROSS ACREAGE IN UNIT</u>
	P.O. Box 750 Wise, VA 24293 TAX ID 5362	TL-223		
<u>Tract 2 Totals</u>			<u>8.610000%</u>	<u>5.0500</u>
3	Standard Banner Coal Corp. Attn: Mike Clisso P.O. Box 750 Wise, VA 24293 TAX ID 5362	Leased 241490 TL-223	25.320000%	14.8800
<u>Tract 3 Totals</u>			<u>25.320000%</u>	<u>14.8800</u>
5	Standard Banner Coal Corp. Attn: Mike Clisso P.O. Box 750 Wise, VA 24293 TAX ID 5362	Leased 241490 TL-223	5.100000%	3.0000
<u>Tract 5 Totals</u>			<u>5.100000%</u>	<u>3.0000</u>
TOTAL			41.050000%	24.1200

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VGOB 07/08/21-1989

VC-536867

TRACT NO.	OWNER NAME and ADDRESS	SPLIT %	OWNER NET INTEREST	TOTAL NET ESCROW INTEREST	TOTAL AMOUNT IN ESCROW 5/31/2008	OWNER % IN ESCROW 5/31/2008	OWNER AMOUNT IN ESCROW 5/31/2008
6	Wayne & Genevieve Riner 4907 Long Ridge Nora, VA 24272	50%	0.00988750 0.00988750	0.07108750 0.07108750	Bank Total - \$2,995.77 Equitable Total - \$2,995.77	13.90891507%	\$416.68 \$416.68
6	Standard Banner Coal Corp. P.O. Box 750 Wise, VA 24293	50%	0.00988750 0.00988750	0.07108750 0.07108750	Bank Total - \$2,995.77 Equitable Total - \$2,995.77	13.90891507%	\$416.68 \$416.68

VIRGINIA: IN THE OFFICE OF THE CLERK OF THE CIRCUIT COURT OF DICKENSON COUNTY, 02-20, 2009. This deed was this day presented in said office, and upon the certificate of acknowledgment thereto annexed, admitted to record at 2:42 o'clock P.M., after payment of \$ tax imposed by Sec. 58.1-802.

Original returned this date to: DMTE

TESTE: RICHARD EDWARDS, CLERK
BY: Janey Cole D. CLERK

INSTRUMENT #090000302
RECORDED IN THE CLERK'S OFFICE OF
DICKENSON ON
FEBRUARY 20, 2009 AT 02:42PM
RICHARD W. EDWARDS, CLERK
RECORDED BY: TLC