

080004226

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-07/09/18-2026

ELECTIONS, UNIT: 826109

(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 &
Plat** WHICH IS/ARE ATTACHED TO AND A PART OF THIS
ORDER.

REPORT OF BOARD

FINDINGS AND ORDER

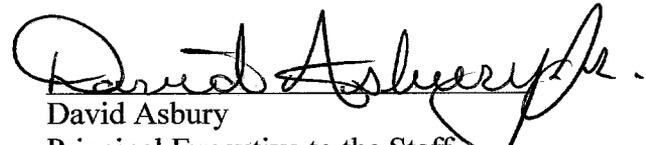
1. This Supplemental Order is entered by the Board sua sponte in the form authorized by the Board at its hearing held at 9:00 a.m. on October 20, 1992, Board of Supervisors Room, Courthouse, Grundy, Virginia, and pursuant to authority granted to the Board's Chairman at the hearing of the Virginia Gas 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 December 5, 2007 and recorded instrument # 070004649 in the Office of the Clerk of Circuit Court, Buchanan County, Virginia on December 12, 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 January 8, 2008, 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 September 30, 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, (540) 563-7764, 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 30th day of October, 2008 by a majority of the Virginia Gas and Oil Board.


Chairman, Benny R. Wampler

DONE AND PERFORMED THIS 30th day of October, 2008 by Order of this Board.

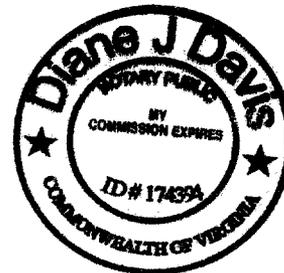

David Asbury
Principal Executive to the Staff
Virginia Gas and Oil Board

STATE OF VIRGINIA)
COUNTY OF WASHINGTON)

Acknowledged on this 30th day of October, 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 David Asbury, 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 826109, VGOB Docket No. VGOB-07/09/18-2026 in the Prater 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 December 5, 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 December 12, 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.

<u>LESSOR</u>	<u>LEASE STATUS</u>	<u>NET REVENUE INTEREST</u>
TRACT 6 0.55 Acre in Unit		
Basil Fields and spouse or heirs address unknown unlocatable	Unleased	0.244032%
TRACT 8 0.19 Acre in Unit		
Basil Fields and spouse or heirs address unknown unlocatable	Unleased	0.084302%

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:

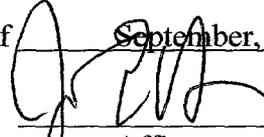
NONE

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>
6	Little David Old Regular Baptist Church c/o Frank Newsome, Elder Rt. 2, Box 302 Haysi, VA 24256	0.275000 x \$5.00 = \$1.37
7	Little David Old Regular Baptist Church c/o Frank Newsome, Elder Rt. 2, Box 302 Haysi, VA 24256	0.470000 x \$5.00 = \$2.35

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 required in this matter pursuant to the terms of §§ 45.1-361.21.D.

Dated at Kingsport, Tennessee, this 30th day of September, 2008.



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 30th day of September, 2008.



Susan Peterson, Notary OF


My commission expires: November 12, 2008

EXHIBIT B
Well No. 826109 (HY-124)

<u>LESSOR</u>	<u>LEASE STATUS</u>	<u>PERCENT INTEREST WITHIN UNIT</u>	<u>GROSS ACREAGE WITHIN UNIT</u>
TRACTS 1 & 17 64.37+19.23 = 83.60 Acres in Unit			
Pine Mountain Oil & Gas, Inc. c/o Jerry Grantham P. O. Box 2136 Abingdon, VA 24212	Leased	74.185820%	83.600000
ACIN, LLC WBRD, LLC Attn: John Mooney P.O. Box 2827 Huntington, WV 25727			
Maxxim Shared Services, LLC Paramont Coal Company Virginia, LLC Attn: Steve Smith 5703 Crutchfield Drive Norton, VA 24273			
Alpha Land and Reserves, LLC Attn: Larry Cline 1 Alpha Place P.O. Box 2345 Abingdon, VA 24212			
TRACT 2 0.52 Acre in Unit			
Melinda Sykes 2246 Kermit Avenue, NE Roanoke, VA 24012	Leased	0.461443%	0.520000
TRACTS 3 & 4 - 2.30a. + .25a. = 2.55 Acres in Unit			
Mazel Jean Deel, widow Rt. 2 Box 216, Vansant, VA 24656	Leased	2.262845%	2.550000
TRACTS 5, 10, 12 - 10.60a. +5.55a.+ 1.96a. = 18.11 Acres in Unit			
Jerry Lee Deel and Iva Jean Deel, his wife RR 2 Box 292 Haysi, VA 24256	Leased	16.070636%	18.110000
TRACT 6 0.55 Acre in Unit			
Basil Fields and spouse or heirs address unknown unlocatable	Unleased	0.244032%	0.275000
Little David Old Regular Baptist Church c/o Frank Newsome, Elder Rt. 2, Box 302 Haysi, VA 24256	Unleased	0.244032%	0.275000

7

TRACT 7 0.47 Acre in Unit

Little David Old Regular Baptist Church c/o Frank Newsome, Elder Rt. 2, Box 302 Haysi, VA 24256	Unleased	0.417073%	0.470000
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TRACT 8 0.19 Acre in Unit

Jerry Lee Deel and Iva Jean Deel, his wife RR 2 Box 292 Haysi, VA 24256	Leased	0.082797%	0.093304
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Basil Fields and spouse or heirs address unknown unlocatable	Unleased	0.084302%	0.095000
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French Coleman Heirs:

Lester Coleman 150 Gant Road Sherman, TX 75090	Leased	0.000301%	0.000339
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Kenneth Coleman Rt. 1, Box 562 Vansant, VA 24656	Leased	0.000301%	0.000339
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Roma Deel 24004 State Highway 31 Bokoshe, OK 74930	Leased	0.000301%	0.000339
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Ada Sue Stacy 0170 Wakefield Drive Pounding Mill, VA 24637	Leased	0.000301%	0.000339
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Ermaline Boyd P. O. Box 430 Davenport, VA 24239	Leased	0.000301%	0.000339
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TRACT 9 .89 Acre in Unit

Norman Boyd and Josephine Boyd, his wife P.O. Box 418 Haysi, VA 24256	Leased	0.789777%	0.890000
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TRACT 11 0.98 Acre in Unit

Brice Viers and Effie Viers, his wife Rt 2 Box 249 Vansant, VA 24656	Leased	0.869642%	0.980000
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TRACT 13 0.94 Acre in Unit

Stoney Deel Rt. 6, Box 14A Tazewell, VA 24651	Leased	0.834147%	0.940000
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8

TRACT 14 2.09 Acres in Unit

Harman Boyd and Wanda Lee Boyd, his wife 595 Dotson Ridge Road Ceres, VA 24318	Leased	1.854645%	2.090000
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TRACT 15 1.70 Acres in Unit

Norman Boyd and Josephine Boyd, his wife P.O. Box 418 Haysi, VA 24256	Leased	1.508563%	1.700000
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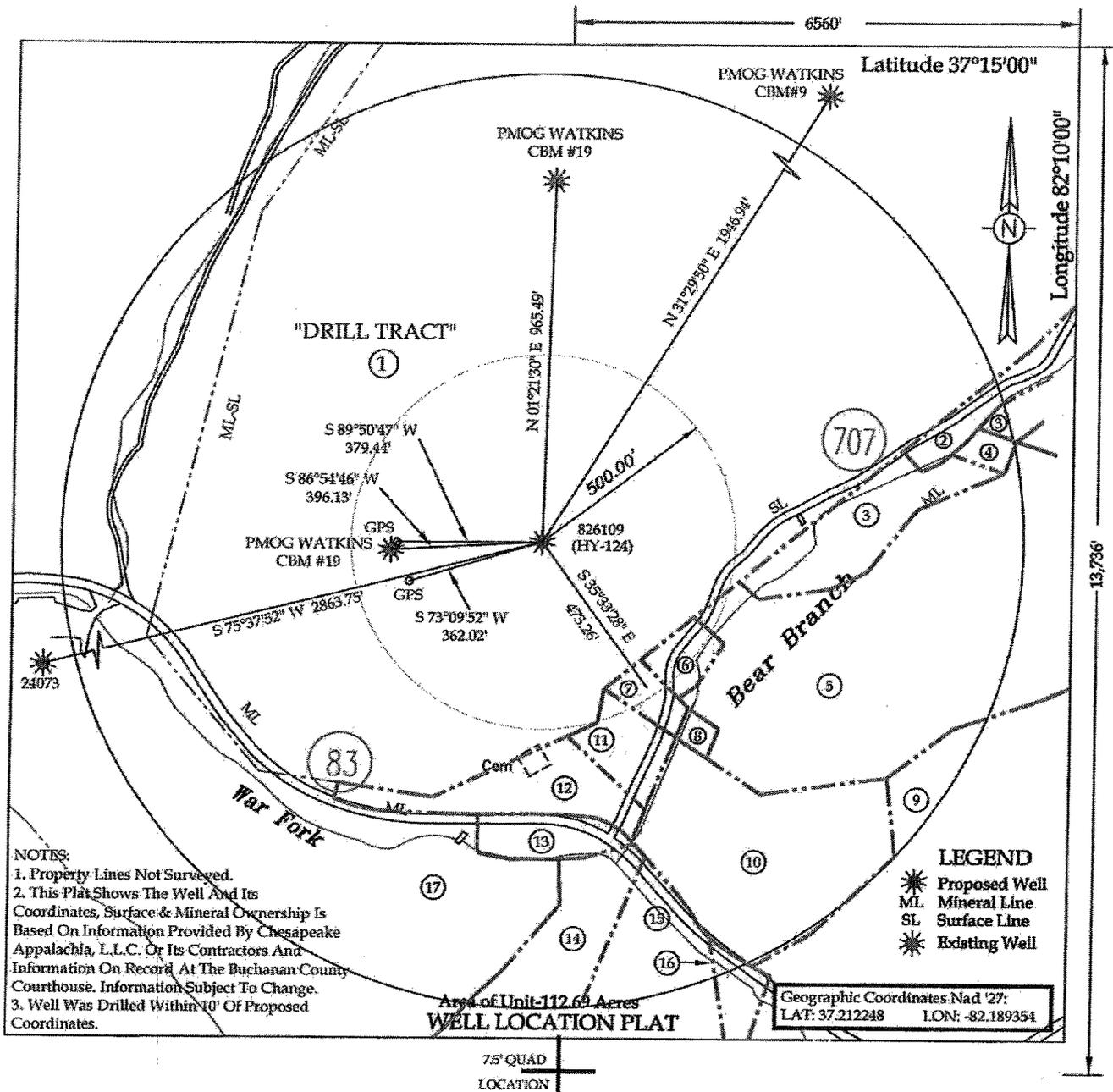
Craig O. Boyd, remainder interest
P.O. Box 597
Haysi, VA 24256

TRACT 16 .10 Acre in Unit

Norman Boyd and Josephine Boyd, his wife P.O. Box 418 Haysi, VA 24256	Leased	0.088739%	0.100000
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Craig O. Boyd, remainder interest
P.O. Box 597
Haysi, VA 24256

TOTAL GAS ESTATE		100.000000%	112.690000
Total Percentage Leased		99.010560%	
Total Percentage Unleased		0.989440%	
Total Acreage Leased			111.575000
Total Acreage Unleased			1.115000



Company CHESAPEAKE APPALACHIA, L.L.C. Well Name or Number 826109 (HY-124)
 Tract No. PINE MOUNTAIN OIL & GAS, INC. Quadrange PRATER
 District PRATER
 Well Coordinates (Virginia State Plane) N: 340,986.17 E: 925,892.93
 Elevation: 1753.62 Method Used to Determine Elevation: Trig. Levels from GPS derived elevation.
 County BUCHANAN Scale: 1" = 400' Date 8-28-08

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
Chesapeake Appalachia, L.L.C.
826109 (HY-124) with pipeline

(1)

Drill Tract

Surface:

The Industrial Development Authority of Buchanan County, Virginia

Coal:

ACIN, LLC

WBRD, LLC

Oil & Gas:

Pine Mountain Oil & Gas, Inc.
64.37 Ac. ~ 57.12% of 112.69 Ac.

(2)

Melinda Sykes

0.52 Ac. ~ 0.46% of 112.69 Ac.

(3)

Mazel Jean Deel

2.30 Ac. ~ 2.04% of 112.69 Ac.

(4)

Mazel Jean Deel

0.25 Ac. ~ 0.22% of 112.69 Ac.

(5)

Iva Jean Deel, et ux

10.60 Ac. ~ 9.41% of 112.69 Ac.

(6)

Little David Old Regular Baptist Church

0.55 Ac. ~ 0.49% of 112.69 Ac.

(7)

Little David Old Regular Baptist Church

0.47 Ac. ~ 0.42% of 112.69 Ac.

(8)

Jerry Lee Deel, et al

0.19 Ac. ~ 0.17% of 112.69 Ac.

(9)

Norman & Josephine Boyd
0.89 Ac. ~ 0.79% of 112.69 Ac.

(10)

Jerry Lee Deel & Iva Jean Deel
5.55 Ac. ~ 4.93% of 112.69 Ac.

(11)

Bruce & Effie Viers
0.98 Ac. ~ 0.87% of 112.69 Ac.

(12)

Jerry Lee Deel & Iva Jean Deel
1.96 Ac. ~ 1.74% of 112.69 Ac.

(13)

Stoney Deel
0.94 Ac. ~ 0.83% of 112.69 Ac.

(14)

Harman & Wanda Lee Boyd
2.09 Ac. ~ 1.85% of 112.69 Ac.

(15)

Norman & Josephine Boyd, et al
1.70 Ac. ~ 1.51% of 112.69 Ac.

(16)

Norman S. Boyd, et al
0.10 Ac. ~ 0.09% of 112.69 Ac.

(17)

Pine Mountain Oil & Gas
19.23 Ac. ~ 17.06% of 112.69 Ac.

INSTRUMENT #080004226
RECORDED IN THE CLERK'S OFFICE OF
BUCHANAN COUNTY ON
NOVEMBER 12, 2008 AT 02:51PM

BEVERLY S. TILLER, CLERK
RECORDED BY: AKT