

110000801

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 07/10/16-2055

ELECTIONS, UNIT: AE-186 (E-100)

(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 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 with Instrument # 070004653 at 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 Appalachian Energy Inc., (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 9, 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 February 21, 2011, 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, First Bank & Trust Company, P.O. Box 3860, Kingsport, TN, 37660 (423) 245-6971, 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 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, First Bank & Trust Company, P.O. Box 3860, Kingsport, TN, 37660 (423) 245-6971, Attn: Debbie Davis, 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 a true and correct copy of this Order was mailed 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 16 day of March, 2011 by a majority of the Virginia Gas and Oil Board.

Bradley C. Lambert
Chairman, Bradley C. Lambert

DONE AND PERFORMED THIS 16 day of March, 2011 by Order of this Board.

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

STATE OF VIRGINIA)
COUNTY OF RUSSELL)

Acknowledged on this 16th day of March, 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 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 J Davis
Diane Davis, Notary
174394

My commission expires: September 30, 2013



VIRGINIA:

BEFORE THE VIRGINIA GAS AND OIL BOARD

IN RE: Application of Appalachian Energy, Inc., for Forced Pooling of Interests in Unit Number AE-186 (E-100) VGOB Docket No. VGOB-07/10/16-2055 in the North Grundy 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:

<u>Tract</u>	<u>Lessor</u>	<u>Elected</u>
1	Meredith Ellis Jennings 542 Butler Mill Rd Maryville, TN 37803	Carried Interest
		1

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Tract

Lessor

Elected

1

Richard K. Pobst
3760 Lindell Rd
Las Vegas, NV 89103

Carried Interest

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 as either unknown claimants or conflicting claimants under the Board's Order pooling the captioned Unit, Board Regulations and the Code of Virginia; that opposite the name of each person named as a Respondent listed below is set forth:

See Exhibit E

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.

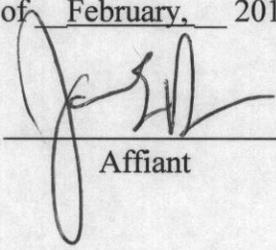
NONE

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.

See Exhibit B-3

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.

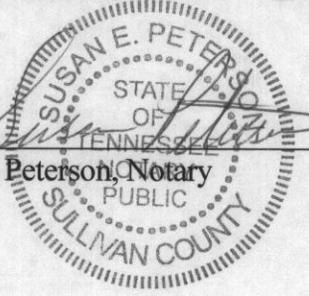
Dated at Kingsport, Tennessee, this 21st day of February, 2011.



Affiant

State of Tennessee)
County of Sullivan)

Taken, subscribed and sworn to before me by James E. Kaiser, the Agent of Appalachian Energy Inc., a corporation, on behalf of the corporation, this 21st day of February, 2011.



Susan Peterson, Notary

My commission expires: October 24, 2012 .

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EXHIBIT "B"
AE-186 (E-100)

Revised (10/15/07)

LESSOR	LEASE STATUS	INTEREST WITHIN UNIT	GROSS ACREAGE IN UNIT
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GAS ESTATE ONLY

COLEMAN / LECKIE / POBST HEIRS

1	Dorothy Compton and or Heirs unknown / unlocateable	unleased	3.38%	1.988
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William E. Davis
3930 Deborah Lane
Anchorage, Alaska 99504

Watie Davis
4547 County Rd #25
Heflin, AL 36264

Barbara Davis Yagle
3642 Gunnels Lane
Oxford, AL 36203

Douglas Wayne Davis
1004 Edgewood Drive
Clarksville, TN 37040

Glenn Allen Davis
Rt. 2, Box 560-A
Hartford, AL 36344

Shelby Davis Stacy
PO Box 966
Grundy, VA 24614

W.W. Coleman Heirs

	Lydia Jane Coleman 10216-B White Pelican Way New Market, MD 21774	unleased	2.38%	1.40
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	Alice Maclean Schepp 273 Hickory Heights Dr Bridgeville, PA 15017	leased	2.38%	1.40
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	Amy Elizabeth Reilly 819 Hillcrest Circle Wexford, PA 15090	leased	2.38%	1.40
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Daniel L. & Annie G. Coleman leased 7.14% 4.20
200 Bellefonte Circle
Ashland, KY 41101

Frances Foley leased 7.14% 4.20
34958 Roberts Lane
St. Helens, OR 97051

W.S. Leckie Heirs

S. Charles & Lillian C. Ratliff leased 21.42% 12.59
110 Fairview Street
Grundy, VA 24614

H. Claude Pobst Heirs

Meredith Ellis Jennings unleased 7.14% 4.20
542 Butler Mill Rd
Maryville, TN 37803

Richard K. Pobst unleased 3.57% 2.10
3760 Lindell Rd
Las Vegas, NV 89103

Nancy Catherine Pobst-Hooper unleased 3.57% 2.10
111 Postelle St
Cartersville, GA 30120

John W. Pobst Heirs

John W. Pobst, Jr. & Lynda Pobst unleased 3.57% 2.10
PO Box 86
Revere, PA 18953

Virginia & Phillip Linnick unleased 3.57% 2.10
4324 South Ball Dr
Veradale, WA 99037

2 **EAGLE COAL CORPORATION** unleased 31.93% 18.74
c/o Stewart & Campbell Hess
PO Box 1060
Huntington, West Virginia 25727

3 **BUCHANAN REALTY LIMITED PARTNERHIP** 0.43% 0.25
PO Drawer 2005 leased
Grundy, VA 24614

Total AEI Leased 40.89% 24.04
Total AEI Unleased 59.11% 34.73



LESSOR	LEASE STATUS	INTEREST WITHIN UNIT	GROSS ACREAGE IN UNIT
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COAL ESTATE ONLY

COLEMAN / LECKIE / POBST HEIRS

W.W. Coleman Heirs

1	Lydia Jane Coleman 10216-B White Pelican Way New Market, MD 21774 Tazewell, VA 24651	unleased	2.51%	1.47
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	Alice Maclean Schepp 273 Hickory Heights Dr Bridgeville, PA 15017	leased	2.51%	1.47
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	Amy Elizabeth Reilly 819 Hillcrest Circle Wexford, PA 15090	leased	2.51%	1.47
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	Daniel L. & Annie G. Coleman 200 Bellefonte Circle Ashland, KY 41101	leased	7.52%	4.42
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	Frances Foley 34958 Roberts Lane St. Helens, OR 97051	leased	7.52%	4.42
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W.S. Leckie Heirs

	S. Charles & Lillian C. Ratliff 110 Fairview Street Grundy, VA 24614	leased	22.55%	13.25
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H. Claude Pobst Heirs

	Meredith Ellis Jennings 542 Butler Mill Rd Maryville, TN 37803	unleased	7.52%	4.42
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	Richard K. Pobst 3760 Lindell Rd Las Vegas, NV 89103	unleased	3.76%	2.21
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	Nancy Catherine Pobst-Hooper 111 Postelle St Cartersville, GA 30120	unleased	3.76%	2.21
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John W. Pobst Heirs

	John W. Pobst, Jr. & Lynda Pobst PO Box 86 Revere, PA 18953	unleased	3.76%	2.21
	Virginia & Phillip Linnick 4324 South Ball Dr Veradale, WA 99037	unleased	3.76%	2.21
2	EAGLE COAL CORPORATION c/o Stewart & Campbell Hess PO Box 1060 Huntington, WV 25727	unleased	31.92%	18.76
3	BUCHANAN REALTY LIMITED PARTNERHIP PO Drawer 2005 Grundy, VA 24614	leased	0.40%	0.25

	Total AEI Leased	43.01%	0.25
	Total AEI Unleased	56.99%	33.49

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Exhibit B-3
Unit E-100
(AE-186)
Revised 2/21/2011

<u>TRACT</u>	<u>LESSOR</u>	<u>LEASE STATUS</u>	<u>INTEREST WITHIN UNIT</u>	<u>GROSS ACREAGE IN UNIT</u>
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Gas Estate Only

1	Dorothy Compton and or Heirs unknown / unlocateable	unleased	3.38%	1.988
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William E. Davis
3930 Deborah Lane
Anchorage, Alaska 99504

Watie Davis
4547 County Rd #25
Heflin, AL 36264

Barbara Davis Yagle
3642 Gunnels Lane
Oxford, AL 36203

Douglas Wayne Davis
1004 Edgewood Drive
Clarksville, TN 37040

Glenn Allen Davis
Rt. 2, Box 560-A
Hartford, AL 36344

Shelby Davis Stacy
PO Box 966
Grundy, VA 24614

W.W. Coleman Heirs

	Lydia Jane Coleman 10216-B White Pelican Way New Market, MD 21774	unleased	2.38%	1.40
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H. Claude Pobst Heirs

	Nancy Catherine Pobst-Hooper 111 Postelle St Cartersville, GA 30120	unleased	3.57%	2.10
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John W. Pobst Heirs

	John W. Pobst, Jr. & Lynda Pobst PO Box 86 Revere, PA 18953	unleased	3.57%	2.10
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Exhibit B-3
Unit E-100
 (AE-186)
 Revised 2/21/2011

TRACT	LESSOR	LEASE STATUS	INTEREST WITHIN UNIT	GROSS ACREAGE IN UNIT
	Virginia & Phillip Linnick 4324 South Ball Dr Veradale, WA 99037	unleased	3.57%	2.10
2	EAGLE COAL CORPORATION c/o Stewart & Campbell Hess PO Box 1060 Huntington, West Virginia 25727	unleased	31.93%	18.74
GAS ESTATE TOTAL			48.40%	28.43
<u>Coal Estate Only</u>				
	Lydia Jane Coleman 10216-B White Pelican Way New Market, MD 21774	unleased	0.13%	0.073
1	Lydia Jane Coleman 10216-B White Pelican Way New Market, MD 21774	unleased	2.51%	1.47
	Nancy Catherine Pobst-Hooper 111 Postelle St Cartersville, GA 30120	unleased	3.76%	2.21
John W. Pobst Heirs				
	John W. Pobst, Jr. & Lynda Pobst PO Box 86 Revere, PA 18953	unleased	3.76%	2.21
	Virginia & Phillip Linnick 4324 South Ball Dr Veradale, WA 99037	unleased	3.76%	2.21
2	EAGLE COAL CORPORATION c/o Stewart & Campbell Hess PO Box 1060 Huntington, WV 25727	unleased	31.92%	18.76
COAL ESTATE TOTAL			45.71%	26.86

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Exhibit E
E-100
(AE-186)
Revised 2/21/2011

TRACT	LESSOR	LEASE STATUS	INTEREST WITHIN UNIT	GROSS ACREAGE IN UNIT
<u>Gas Estate</u>				
1	Dorothy Compton and or Heirs unknown / unlocateable	unleased	3.38%	1.988
<u>Coal Estate</u>				
	Lydia Jane Coleman 10216-B White Pelican Way New Market, MD 21774 Tazewell, VA 24651	unleased	0.13%	0.073
	Alice Maclean Schepp 273 Hickory Heights Dr Bridgeville, PA 15017	leased	0.13%	0.073
	Amy Elizabeth Reilly 819 Hillcrest Circle Wexford, PA 15090	leased	0.13%	0.073
	Daniel L. & Annie G. Coleman 200 Bellefonte Circle Ashland, KY 41101	leased	0.38%	0.218
	Frances Foley 34958 Roberts Lane St. Helens, OR 97051	leased	0.38%	0.218
	S. Charles & Lillian C. Ratliff 110 Fairview Street Grundy, VA 24614	leased	1.13%	0.663
	Meredith Ellis Jennings 542 Butler Mill Rd Maryville, TN 37803	unleased	0.38%	0.218
	Richard K. Pobst 3760 Lindell Rd Las Vegas, NV 89103	unleased	0.19%	0.109
	Nancy Catherine Pobst-Hooper 111 Postelle St Cartersville, GA 30120	unleased	0.19%	0.109

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Exhibit E
E-100
(AE-186)
Revised 2/21/2011

TRACT	LESSOR	LEASE STATUS	INTEREST WITHIN UNIT	GROSS ACREAGE IN UNIT
1	John W. Pobst, Jr. & Lynda Pobst PO Box 86 Revere, PA 18953	unleased	0.19%	0.109
	Virginia & Phillip Linnick 4324 South Ball Dr Veradale, WA 99037	unleased	0.19%	0.109

INSTRUMENT #110000801
RECORDED IN THE CLERK'S OFFICE OF
BUCHANAN COUNTY ON
APRIL 4, 2011 AT 01:43PM

BEVERLY S. TILLER, CLERK
RECORDED BY: GGB

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