

1523

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
ELECTIONS: VH-530149
(hereinafter "Subject Drilling Unit")

DOCKET NO. VGOB-09-0616-2526

TAX MAP IDENTIFICATION
NUMBERS FOR ALL PARCELS
AFFECTED BY THIS ORDER ARE
SHOWN ON EXHIBIT B 3.

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 October 8, 2009, and recorded in Deed Book 472, Page 118 in the Office of the Clerk of the Circuit Court for Dickenson County, Virginia on November 6, 2009, (herein "Board Order") and (2) to complete the record regarding elections. The Board Order established a drilling unit and 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 February 15, 2010, 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 February 15, 2010, 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, TN 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 VH-530149.
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 Supplemental Order stating that a true and correct copy of this Supplemental Order was mailed within seven (7) days from the date of

receipt of this Supplemental Order to each Respondent 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 as of the date of the Board's approval of this Application, which is set forth at Paragraph 1 above.

DONE AND EXECUTED this 3 day of Nov, 2010, by a majority of the Virginia Gas and Oil Board.

Bradley C. Lambert
Chairman, Bradley C. Lambert

DONE AND PERFORMED this 3 day of Nov, 2010, by the Order of this Board.

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

STATE OF VIRGINIA)
COUNTY OF RUSSELL)

Acknowledged on this 3rd day of November, 2010, 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 David E. 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 were authorized to do so.

Diane J. Davis
Diane J. Davis, Notary
174394

My commission expires: 9/30/13



VIRGINIA:

BEFORE THE VIRGINIA GAS AND OIL BOARD

IN RE: Application of Range Resources-Pine Mountain, Inc, for the Forced Pooling of Interests in VH-530149, Docket No. VGOB-09-0616-2526 in the Kenady District, Caney Ridge Quadrangle, Dickenson 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 October 8, 2009, by the Virginia Gas and Oil Board regarding the captioned conventional 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 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:

None

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 October 8, 2009:

See Exhibit B-3

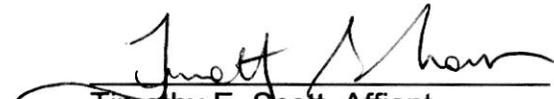
10. The Designated Operator requests that the following persons be dismissed as Respondents:

None

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.

Dated at Kingsport, Tennessee, this 21st day of April, 2010.


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 21st day of April, 2010.


Notary Public

My commission expires: 7/6/10



**Exhibit "B-3" - Unleased Owners
VH-530149**

Tract	Lessor	Lease Status	Interest Within Unit	Gross Acreage in Unit
Gas Estate Only				
4	Carl Bruce Robinson 7921 Cranesnest Road Coeburn, VA 24230 Tax Card # - 5797	Unleased Life Estate	0.00000000	0.00000000
	Stephanie G Robinson 315 Royal Oaks Drive Coeburn, VA 24230 Tax Card # - 5797	Unleased Remainder	0.61607143	1.97250000
	Brandon Robinson 316 Royal Oaks Drive Coeburn, VA 24230 Tax Card # - 5797	Unleased Remainder	2.25892857	7.23250000
	Jarvie L Robinson 316 Royal Oaks Drive Coeburn, VA 24230 Tax Card # - 5797	Unleased Remainder	0.61607143	1.97250000
	Tony R Robinson 316 Royal Oaks Drive Coeburn, VA 24230 Tax Card # - 5797	Unleased Remainder	0.61607143	1.97250000
	Judy Marie Whisenhunt & Freddie Lee Robinson 5956 Coeburn Road Coeburn, VA 24230 Tax Card # - 5797	Unleased Remainder	0.82142857	2.63000000
	Frank Douglas & Jewell A Robinson 870 Horseshoe Road Coeburn, VA 24230 Tax Card # - 5797	Unleased Remainder	0.82142857	2.63000000
5	Carl Bruce Robinson 7921 Cranesnest Road Coeburn, VA 24230 Tax Card # - 5798	Unleased Life Estate	0.00000000	0.00000000
	Stephanie G Robinson 315 Royal Oaks Drive Coeburn, VA 24230 Tax Card # - 5798	Unleased Remainder	0.26250000	0.84107143

	Brandon Robinson 316 Royal Oaks Drive Coeburn, VA 24230 Tax Card # - 5798	Unleased Remainder	0.96250000	3.08392857
	Jarvie L Robinson 316 Royal Oaks Drive Coeburn, VA 24230 Tax Card # - 5798	Unleased Remainder	0.26250000	0.84107143
	Tony R Robinson 316 Royal Oaks Drive Coeburn, VA 24230 Tax Card # - 5798	Unleased Remainder	0.26250000	0.84107143
	Judy Marie Whisenhunt & Freddie Lee Robinson 5956 Coeburn Road Coeburn, VA 24230 Tax Card # - 5798	Unleased Remainder	0.35000000	1.12142857
	Frank Douglas & Jewell A Robinson 870 Horseshoe Road Coeburn, VA 24230 Tax Card # - 5798	Unleased Remainder	0.35000000	1.12142857
7	Judy Dotson Unknown Heirs Tax Card # - 4498	Unleased	4.53000000	14.50000000
9	Virginia Robinson P.O. Box 1141 Clintwood, VA 24228 Tax Card # - 5800	Unleased Life Estate	0.00000000	0.00000000
	Gregory & Donna Melissa Robinson 1629 Horseshoe Road Coeburn, VA 24230 Tax Card # - 5800	Unleased Remainder	0.95000000	3.03500000
	Scott & Tonya Robinson 247 Powerhouse Hollow Clintwood, VA 24228 Tax Card # - 5800	Unleased Remainder	0.95000000	3.03500000
	TOTAL GAS ESTATE		14.63000000	46.83000000

**Exhibit "E" - Escrow Owners
VH-530149**

Tract	Lessor	Lease Status	Interest-Within Unit	Gross Acreage in Unit
Gas Estate Only				
7	Judy Dotson Unknown Heirs Tax Card # - 4498	Unleased	4.53000000	14.50000000
TOTAL GAS ESTATE			4.53000000	14.50000000

Virginia Information Technologies Agency



Unauthorized attempts to modify any information stored on this system, to defeat or circumvent security features or to utilize this system for other than its intended purposes are prohibited and may result in criminal prosecution.

Large File Transfer pilot for the VITA Enterprise Applications Division

Notice: This system is intended for non-sensitive data transfers.

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File(s) were sent. Your tracking number is **WMGONY70Q1B7FQB2** Please quote the tracking # if you have any problems with this transaction

Add contacts to your address book

Email Address	Status = Already in Address Book
acourtney@mckinnisscott.com	
gloria.clark@dmme.virginia.gov	
phorn@rangeresources.com	

Review Sheet Board Order

Well Name/Unit Name VH-530149 Field Name _____

Acreage: 526.00

DOCKET # 090616-2526 COUNTY Dickenson

ORIGINAL HEARING DATE 6-16-09

CONTINUED HEARING DATE _____

REVIEW DATE 9-22-09 (Jm)

Conventional Gas

INFORMATION PER ORDER:

ESCROWING REQUIRED (16) Y YES/NO

ESCROWING FOR (16) Y UNKNOWNNS - TRACT # 7

N CONFLICTING - TRACT # _____

_____ TITLE ISSUE - TRACT # _____

COAL (17.4):

_____ LEASED _____ UNLEASED TOTAL _____

GAS (17.4):

85.37 LEASED 14.63 UNLEASED TOTAL _____

AFE (9.1) \$ 1,572,249.00

REVISED EXHIBITS _____

PER TRANSCRIPT:

ESCROWING REQUIRED Y YES/NO

ESCROWING FOR Y UNKNOWNNS - TRACT # 7

N CONFLICTING - TRACT # _____

_____ TITLE ISSUE - TRACT # _____

COAL :

_____ LEASED _____ UNLEASED TOTAL _____

GAS:

85.37 LEASED 14.63 UNLEASED TOTAL _____

AFE \$ 1,572,249

REVISED EXHIBITS _____

Exhibits To Attach: A, B, B-3, C

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

APPLICANT:	<u>Range Resources-Pine Mountain, Inc.</u>)	VIRGINIA GAS
)	AND OIL BOARD
	RELIEF SOUGHT:)	
	POOLING OF INTERESTS IN)	
	SUBJECT DRILLING UNIT PURSUANT TO)	VGOB-09-0616-2526
	VA. CODE § 45.1-361.21, FOR THE)	
	PRODUCTION OF GAS OTHER THAN)	
	COALBED METHANE GAS FROM SUBJECT)	
	FORMATIONS (herein referred)	
	to as "Conventional Gas" or "Gas");)	
	and (3) DESIGNATE THE APPLICANT)	
	AS THE UNIT OPERATOR FOR THE)	
	SUBJECT DRILLING UNIT)	

LEGAL DESCRIPTION:

DRILLING UNIT SERVED BY WELL NUMBERED
VH-530149 TO BE DRILLED IN
 THE LOCATION DEPICTED ON **EXHIBIT A** HERETO,
Stephen Gose Tract T-648
526.00 acres,
CANEY RIDGE QUADRANGLE
KENADY DISTRICT
DICKENSON COUNTY, VIRGINIA
 (the "Subject Lands" are more particularly
 described on **Exhibit A** attached hereto
 and made a part hereof)

TAX MAP IDENTIFICATION NUMBERS:

TAX MAP IDENTIFICATION NUMBERS FOR ALL PARCELS
 AFFECTED BY THIS ORDER ARE SHOWN ON EXHIBIT(S)
B-3 WHICH IS/ARE ATTACHED TO AND A PART OF
 THIS ORDER.

REPORT OF THE BOARD

FINDINGS AND ORDER

1. Hearing Date and Place: This matter came on for hearing before the Virginia Gas and Oil Board (hereafter "Board") at 9:00 a.m. on **June 16, 2009**, at the Russell County Conference Center, Highland Drive, Lebanon, Virginia.
2. Appearances: **Timothy E. Scott** appeared for the Applicant. **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.*, the Board finds that it has jurisdiction over the subject matter. Based upon the evidence presented by Applicant, the Board

also finds that the Applicant has (1) exercised due diligence in conducting a meaningful search of reasonably available sources to determine the identity and whereabouts of each gas and oil owner, coal owner, or mineral owner having an interest in Subject Drilling Unit underlying and comprised of Subject Lands; (2) has represented to the Board that it has given notice to those parties (hereafter sometimes "person(s)" whether referring to individuals, corporations, partnerships, associations, companies, businesses, trusts, joint ventures or other legal entities) entitled by Va. Code § 45.1-361.19 to notice of the Application filed herein; and (3) that the persons set forth in their Application and Notice of Hearing have been identified by Applicant through its due diligence as Owners or Claimants of Conventional Gas interests underlying Subject Drilling Unit, including those set out in **Exhibit B-3** who have not heretofore leased, sold or voluntarily agreed with the Applicant to pool their Gas interests in Subject Drilling Unit. Unknown and/or Unlocatable Owners/Claimants in the Subject Drilling Unit are listed on **Exhibit E**. Further, the Board has caused notice of this hearing to be published as required by Va. Code § 45.1-361.19 B. Whereupon, the Board hereby finds that the notices given herein satisfy all statutory requirements, Board rule requirements and the minimum standards of due process.

4. Amendments: None.

5. Dismissals: None.

6. Relief Requested: Applicant requests (1) that pursuant to Va. Code § 45.1-361.20, the Board establish Subject Drilling Unit to be served by **Well No. VH-530149**; and (2) that pursuant to Va. Code § 45.1-361.21, the Board pool the rights, interests and estates in and to the Conventional Gas of the known and unknown persons listed in the attached **Exhibit B-3**, and that of their known and unknown heirs, executors, administrators, devisees, trustees, assigns and successors, both immediate and remote, for the drilling and operation, including production, of Conventional Gas from the Subject Drilling Unit established for Subject Formations underlying and comprised of the Subject Lands, (hereafter sometimes collectively identified and referred to as "Well Development and/or Operation in the Subject Drilling Unit"); and, (3) that the Board designate **Range Resources-Pine Mountain, Inc.** as Unit Operator.

7. Relief Granted: The requested relief in this cause shall be and hereby is granted.

7.1 The Board hereby: (1) establishes Subject Drilling Unit pursuant to Va. Code § 45.1-361.20; (2) pursuant to Va. Code § 45.1-361.21 C 3, designates **Range Resources-Pine Mountain, Inc.** (hereinafter "Unit Operator") as the Operator authorized to drill and operate **Well No. VH-530149** in the Subject Drilling Unit at the location depicted on the plat attached hereto as **Exhibit A** to produce Conventional Gas from Subject Formations, subject to the permit provisions contained in § 45.1-361.27 *et seq.*, Code of Virginia, 1950 as amended, to § 4 VAC 25-150 *et seq.*, Gas and Oil Regulations and to § 4 VAC 25-160 *et seq.*, Virginia Gas and Oil Board Regulations, all as amended from time to time; and (3) pursuant to Va. Code § 45.1-361.21A, the rights, interests, and estates in and to the Conventional Gas in Subject Drilling Unit including those of the known and unknown persons listed on **Exhibit B-3**, attached hereto and made a part hereof, and their known and unknown heirs, executors, administrators, devisees, trustees, assigns, and successors, both immediate and remote, be and hereby are pooled in the Subject Formations in the Subject Drilling Unit underlying and comprised of the Subject Lands. There are no applicable field rules and the unit is subject to statewide spacing requirements of Va. Code § 45.1-361.17.

8. Election and Election Period: In the event any Gas owner named in the Application and Notice of Hearing has not heretofore reached a voluntary agreement to share in the operation of the well to be located in Subject Drilling Unit at a rate of payment mutually agreed to by said Gas owner and the Operator, then, such person may elect one of the options set forth in Paragraph 9 below and must give written notice of his election of the option selected under Paragraph 9 herein to the designated Unit Operator at the address shown below within thirty (30) days from the date of receipt of a copy of this Order. A timely election shall be deemed to have been made if, on or before the last day of said 30-day period, such electing person has delivered his written election to the designated Unit Operator at the

address shown below or has duly postmarked and placed his written election in first class United States mail, postage prepaid, addressed to the Unit Operator at the address shown below.

9. Election Options:

- 9.1 Option 1 - To Participate In The Development and Operation of the Drilling Unit: Any Gas Owner or Claimant named in **Exhibit B-3** who has not reached a voluntary agreement with the Operator may elect to participate in the Well Development and Operation on the Subject Drilling Unit (hereafter "Participating Operator") by agreeing to pay the estimate of such Participating Operator's proportionate part of the actual and reasonable costs, including a reasonable supervision fee, of the Well Development and Operation, as more particularly set forth in Virginia Gas and Oil Board Regulation 4 VAC 25-160-100 (herein "Completed for Production Costs"). Further, a Participating Operator agrees to pay the estimate of such Participating Operator's proportionate part of the Estimated, Completed-for-Production Costs as set forth below to the Unit Operator within forty-five (45) days from the later of the date of mailing or the date of recording of this Order. The estimated Completion-for-Production Costs for the Subject Drilling Unit are as follows:

Estimated, Completed-for-Production Costs: **\$1,572,249.00**

Any gas owner and/or claimants named in **Exhibit B-3**, who elects this option (Option 1) understands and agrees that their initial payment under this option is for their proportionate share of the Applicant's estimate of actual costs and expenses. It is also understood by all persons electing this option that they are agreeing to pay their proportionate share of the actual costs and expenses as determined by the operator in this Board Order.

A Participating Operator's proportionate cost hereunder shall be the result obtained by multiplying the Participating Operator's "Percent of Unit" times the Completed-for-Production Cost set forth above. Provided, however, that in the event a Participating Operator elects to participate and fails or refuses to pay the estimate of his proportionate part of the Completed-for-Production Cost as set forth above, all within the time set forth herein and in the manner prescribed in Paragraph 8 of this Order, then such Participating Operator shall be deemed to have elected not to participate and to have elected compensation in lieu of participation pursuant to Paragraph 9.2 herein.

- 9.2 Option 2 - To Receive A Cash Bonus Consideration: In lieu of participating in the Well Development and Operation of Subject Drilling Unit under Paragraph 9.1 above, any Gas Owner or Claimant named in **Exhibit B-3** in the unit who has not reached a voluntary agreement with the Operator may elect to accept a cash bonus consideration of **\$25.00** (paid up lease) per net mineral acre owned by such person, commencing upon entry of this Order and continuing annually until commencement of production from Subject Drilling Unit, and thereafter a royalty of 1/8th of 8/8ths [twelve and one-half percent (12.5%)] of the net proceeds received by the Unit Operator for the sale of the Gas produced from any Well Development and Operation covered by this Order multiplied by the Gas owner's percentage Interest Within Unit as set forth in the Application and Notice of Hearing (for purposes of this Order, net proceeds shall be actual proceeds received less post-production costs incurred downstream of the wellhead, including, but not limited to, gathering, compression, treating, transportation and marketing costs, whether performed by Unit Operator or a third person) as fair, reasonable and equitable compensation to be paid to said Gas owner. The initial cash bonus shall become due and owing when so elected and shall be tendered,

paid or escrowed within one hundred twenty (120) days of recording of this Order. Thereafter, annual cash bonuses, if any, shall become due and owing on each anniversary of the date of recording of this Order in the event production from Subject Drilling Unit has not theretofore commenced, and once due, shall be tendered, paid or escrowed within sixty (60) days of said anniversary date. Once the initial cash bonus and the annual cash bonuses, if any, are so paid or escrowed, said payment(s) shall be satisfaction in full for the right, interests, and claims of such electing Gas owner in and to the Gas produced from Subject Formation in the Subject Lands, except, however, for the 1/8th royalties due hereunder.

Subject to a final legal determination of ownership, the election made under this Paragraph 9.2, when so made, shall be satisfaction in full for the right, interests, and claims of such electing person in any Well Development and Operation covered hereby and such electing person shall be deemed to and hereby does lease and assign its right, interests, and claims in and to the Gas produced from Subject Formation in the Subject Drilling Unit to the Applicant.

- 9.3. Option 3 - To Share In The Development And Operation As A Non-Participating Person On A Carried Basis And To Receive Consideration In Lieu Of Cash: In lieu of participating in the Well Development and Operation of Subject Drilling Unit under Paragraph 9.1 above and in lieu of receiving a cash bonus consideration under Paragraph 9.2 above, any Gas Owner or Claimant named in **Exhibit B-3** hereto who does not reach a voluntary agreement with the Operator may elect to share in the Well Development and Operation of Subject Drilling Unit on a carried basis (as a "Carried Well Operator") so that the proportionate part of the Completed-for-Production Costs hereby allocable to such Carried Well Operator's interest is charged against such Carried Well Operator's share of production from Subject Drilling Unit. Such Carried Well Operator's rights, interests, and claims in and to the Gas in Subject Drilling Unit shall be deemed and hereby are assigned to the Unit Operator until the proceeds from the sale of such Carried Well Operator's share of production from Subject Drilling Unit (exclusive of any royalty, excess or overriding royalty, or other non-operating or non cost-bearing burden reserved in any lease, assignment thereof or agreement relating thereto covering such interest) equals three hundred percent (300%) for a leased interest or two hundred percent (200%) for an unleased interest (whichever is applicable) of such Carried Well Operator's share of the Completed-for-Production Costs allocable to the interest of such Carried Well Operator. Any Gas Owner and/or Claimant named in **Exhibit B-3** who elects this option (Option 3) understands and agrees that Completed-for-Production Costs are the Operator's actual costs for well development and operation. When the Unit Operator recoups and recovers from such Carried Well Operator's assigned interest the amounts provided for above, then, the assigned interest of such Carried Well Operator shall automatically revert back to such Carried Well Operator, and from and after such reversion, such Carried Well Operator shall be treated as if it had participated initially under Paragraph 9.1 above; and thereafter, such participating person shall be charged with and shall pay his proportionate part of all further costs of such well development.

Subject to a final legal determination of ownership, the election made under this Paragraph 9.3, when so made, shall be satisfaction in full for the right, interests, and claims of such electing person in any well development and operation covered hereby and such electing person shall be deemed to have and hereby does assign his right, interests, and claims in and to the Gas produced from Subject Formation in the Subject Drilling Unit to the Unit Operator for the period

of time during which his interest is carried as above provided prior to its reversion back to such electing person.

10. Failure to Properly Elect: In the event a person named in **Exhibit B-3** hereto does not reach a voluntary agreement with the Applicant and fails to do so within the time, in the manner, and in accordance with the terms of this Order one of the alternatives set forth in Paragraph 9 above for which his interest qualifies, then such person shall be deemed to have elected not to participate in the proposed Well Development and Operation in Subject Drilling Unit and shall be deemed, subject to any final legal determination of ownership, to have elected to accept as satisfaction in full for such person's right, interests, and claims in and to the Gas the consideration provided in Paragraph 9.2 above for which its interest qualifies and shall be deemed to have leased and/or assigned his right, interests, and claims in and to Gas in the Subject Drilling Unit to the Unit Operator. Persons who fail to properly elect shall be deemed to have accepted the compensation and terms set forth herein at Paragraph 9.2 in satisfaction in full for the right, interests, and claims of such person in and to the Gas produced from Subject Formation underlying Subject Lands.

11. Default By Participating Person: In the event a person named in **Exhibit B-3** elects to participate under Paragraph 9.1, but fails or refuses to pay, to secure the payment or to make an arrangement with the Unit Operator for the payment of such person's proportionate part of the Estimated Completed-for-Production costs as set forth herein, all within the time and in the manner as prescribed in this Order, then such person shall be deemed to have withdrawn his election to participate and shall be deemed to have elected to accept as satisfaction in full for such person's right, interests, and claims in and to the Gas the consideration provided in Paragraph 9.2 above for which his interest qualifies depending on the excess burdens attached to such interest. Whereupon, any cash bonus consideration due as a result of such deemed election shall be tendered, paid or escrowed by Unit Operator within one hundred twenty (120) days after the last day on which such defaulting person under this Order should have paid his proportionate part of such cost or should have made satisfactory arrangements for the payment thereof. When such cash bonus consideration is paid or escrowed, it shall be satisfaction in full for the right, interests, and claims of such person in and to the Gas underlying Subject Drilling Unit in the Subject Lands covered hereby, except, however, for any 1/8th royalties which would become due pursuant to Paragraph 9.2 hereof.

12. Assignment of Interest: In the event a person named in **Exhibit B-3** is unable to reach a voluntary agreement to share in the Well Development and Operation contemplated by this Order at a rate of payment agreed to mutually by said Owner or Claimant and the Applicant, and said person elects or fails to elect to do other than participate under Paragraph 9.1 above in the Well Development and Operation in Subject Drilling Unit, then such person shall be deemed to have and shall have assigned unto Applicant such person's right, interests, and claims in and to said well, in Subject Formations in Subject Drilling Unit, and other share in and to Gas production to which such person may be entitled by reason of any election or deemed election hereunder in accordance with the provisions of this Order governing said elections.

13. Unit Operator (or Operator): **Range Resources-Pine Mountain, Inc.** shall be and hereby is designated as Unit Operator authorized to drill and operate **Well No. VH-530149** in Subject Formations in Subject Drilling Unit, all subject to the permit provisions contained in Va. Code § 45.1-361.27 *et seq.*, §§ 4 VAC 25-150 *et seq.*, Gas and Oil Regulations and §§ 4 VAC 25-160 *et seq.*, Virginia Gas and Oil Board Regulations, all as amended from time to time, and all elections required by this Order shall be communicated to Unit Operator in writing at the address shown below:

Range Resources-Pine Mountain, Inc.
406 West Main Street
P. O. Box 2136
Abingdon, VA 24212
Phone: (276) 619-2583
Fax: (276) 628-7246
Attn: Phil Horn, District Landman

14. **Commencement of Operations:** Unit Operator shall commence or cause to commence operations for the drilling of the well covered hereby within seven hundred and thirty (730) days from the date of this Order and shall prosecute the same with due diligence. If Unit Operator shall not have so commenced and/or prosecuted, then this Order shall terminate, except for any cash sums becoming payable hereunder; otherwise, unless sooner terminated by Order of the Board, this Order shall expire at 12:00 P.M. on the date on which the well covered by this Order is permanently abandoned and plugged. However, in the event an appeal is taken from this Order, then the time between the filing of the Petition for Appeal and the final Order of the Circuit Court shall be excluded in calculating the two-year period referenced herein.

15. **Operator's Lien:** Unit Operator, in addition to the other rights afforded hereunder, shall have a lien and a right of set off on the Gas estates, rights, and interests owned by any person subject hereto who elects to participate under Paragraph 9.1 in the Subject Drilling Unit to the extent that costs incurred in the drilling or operation on the Subject Drilling Unit are a charge against such person's interest. Such liens and right of set off shall be separable as to each separate person and shall remain liens until the Unit Operator drilling or operating the well covered hereby has been paid the full amounts due under the terms of this Order.

16. **Escrow Provisions:** Applicant has represented to the Board that there are Unknown and/or Unlocatable Gas Owners in **Tract 7** within the Subject Drilling Unit whose interests are subject to the escrow requirements of Paragraph 16.1 of the Subject Drilling Unit; and, the Applicant has represented to the Board that there are no conflicting claimants in the Subject Drilling Unit whose payments are subject to the provisions of Paragraph 16.2 hereof. Therefore, by this Order and unless and until otherwise ordered by the Board, the Escrow Agent named herein, or any successor named by the Board, is required as to **Tract 7** of the Subject Drilling Unit to establish an interest-bearing escrow account for the Subject Drilling Unit (herein "Escrow Account"), and to receive and account to the Board pursuant to its agreement for the escrowed funds hereafter described in Paragraphs 16.1 and 16.2:

Wachovia Bank, N.A.
VA7515
P. O. Box 14061
Roanoke, VA 24038
Attention: Judy Barger
Telephone: (540) 563-7764

- 16.1 **Escrow Provisions for Unknown or Unlocatable Persons:** If any payment of bonus, royalty payment or other payment due and owing cannot be made because the person entitled thereto cannot be located or is unknown, then such cash bonus, royalty payment or other payment shall not be commingled with any funds of the Unit Operator and shall, pursuant to Va. Code § 45.1-361.21 D, be deposited by the Operator into the Escrow Account, commencing within one hundred twenty (120) days of recording of this Order, and continuing thereafter on a monthly basis with each deposit to be made by a date which is no later than sixty (60) days after the last day of the month being reported and/or for which funds are subject to deposit. Such funds shall be held for the exclusive use of, and sole benefit of the person entitled thereto until such funds can be paid to such person(s) or until the Escrow Agent relinquishes such funds as required by law or pursuant to order of the Board in accordance with Va. Code § 45.1-361.21 D.
- 16.2 **Escrow Provisions For Conflicting Claimants:** If any payment of bonus, royalty payment, proceeds in excess of ongoing operational expenses, or other payment due and owing under this Order cannot be made because the person entitled thereto cannot be made certain due to conflicting claims of ownership and/or a defect or cloud on the title, then such cash bonus, royalty payment, proceeds in excess of ongoing operational expenses, or other payment, together with Participating Operator's Proportionate Costs paid to Unit Operator pursuant to Paragraph 9.1 hereof, if any, (1) shall not be commingled with any

funds of the Unit Operator; and (2) shall, pursuant to Va. Code §§ 45.1-361.22 A 2, 45.1-361.22 A 3 and 45.1-361.22 A 4, be deposited by the Operator into the Escrow Account within one hundred twenty (120) days of recording of this Order, and continuing thereafter on a monthly basis with each deposit to be made by a date which is no later than sixty (60) days after the last day of the month being reported and/or for which funds are subject to deposit. Such funds shall be held for the exclusive use of, and sole benefit of, the person entitled thereto until such funds can be paid to such person(s) or until the Escrow Agent relinquishes such funds as required by law or pursuant to Order of the Board.

17. Special Findings: The Board specifically and specially finds:
- 17.1. Applicant is **Range Resources-Pine Mountain, Inc.** Applicant is duly authorized and qualified to transact business in the Commonwealth of Virginia;
- 17.2. Applicant **Range Resources-Pine Mountain, Inc.** is an operator in the Commonwealth of Virginia, and has satisfied the Board's requirements for operations in Virginia;
- 17.3. Applicant **Range Resources-Pine Mountain, Inc.** claims ownership of Gas leases on **85.37%** percent of Subject Drilling Unit and the right to explore for, develop, and produce Gas from same;
- 17.4. Applicant has proposed the drilling of **Well No. VH-530149** to a depth of **9,000** feet on the Subject Drilling Unit at the location depicted on **Exhibit A** to develop the pool of Gas in Subject Formations, and to complete and operate **Well No. VH-530149** for the purpose of producing Conventional Gas.
- 17.5. The estimated production of the life of the proposed **Well No. VH-530149** is **1000 mmcf.**
- 17.6. With this Application, notice was provided to everyone claiming an ownership interest relative to the production of conventional gas in the Subject Drilling Unit. Set forth in **Exhibit B-3**, is the name and last known address of each Owner or Claimant identified by the Applicant as Gas owners in Subject Drilling Unit who has not, in writing, leased to the Applicant or the Unit Operator or agreed to voluntarily pool his interests in Subject Drilling Unit for its development. Gas interests unleased to the Operator and listed in **Exhibit B-3** represent **14.63%** percent of Subject Drilling Unit;
- 17.7. Applicant's evidence established that the fair, reasonable and equitable compensation to be paid to any person in lieu of the right to participate in the Wells are those options provided in Paragraph 9 above;
- 17.8. The Subject Drilling Unit does not constitute an unreasonable or arbitrary exercise of Applicant's right to explore for or produce Gas;
- 17.9. The relief requested and granted is just and reasonable, is supported by substantial evidence and will afford each person listed and named in **Exhibit B-3** hereto the opportunity to recover or receive, without unnecessary expense, such person's just and fair share of the production from Subject Drilling Unit. The granting of the Application and relief requested therein will ensure to the extent possible the greatest ultimate recovery of Conventional Gas, prevent or assist in preventing the various types of waste prohibited by statute and protect or assist in protecting the correlative rights of all persons in the subject common sources of supply in the Subject Lands. Therefore, the Board is entering an Order granting the relief herein set forth.
18. Mailing Of Order And Filing Of Affidavit: Applicant or its Attorney shall file an affidavit with the Secretary of the Board within sixty (60) days after the date of recording of this Order stating that

a true and correct copy of said Order was mailed within seven (7) days from the date of its receipt by the Unit Operator to each Respondent named in Exhibit B-3 pooled by this Order and whose address is known.

19. Availability of Unit Records: The Director shall provide all persons not subject to a lease with reasonable access to all records for Subject Drilling Unit which are submitted by the Unit Operator to said Director and/or his Inspector(s).

20. Conclusion: Therefore, the requested relief and all terms and provisions set forth above be and hereby are granted and **IT IS SO ORDERED**.

21. Appeals: Appeals of this Order are governed by the provisions of Va. Code Ann. § 45.1-361.9 which provides that any order or decision of the Board may be appealed to the appropriate circuit court.

22. Effective Date: This Order shall be effective as of the date of the Board's approval of this Application, which is set forth at Paragraph 1 above.

DONE AND EXECUTED this 8th day of October, 2009, by a majority of the Virginia Gas and Oil Board.

Bradley C. Lambert
Bradley C. Lambert, Chairman

DONE AND PERFORMED this 8th day of October, 2009, by Order of this Board.

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

STATE OF VIRGINIA)
COUNTY OF ~~WASHINGTON~~)
Russell

Acknowledged on this 8th day of October, 2009, personally before me a notary public in and for the Commonwealth of Virginia, appeared Bradley Lambert, being duly sworn did depose and say that he is Chairman of the Virginia Gas and Oil Board, and appeared David E. 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 were authorized to do so.

Diane J. Davis
Diane J. Davis, Notary
174394

My commission expires: September 30, ~~2009~~ ²⁰¹³

[f:\msword2000\pmog\pooling.well.no.VH-530149.order June 17, 2009]



**Exhibit "E" - Escrow Owners
VH-530149**

Tract	Lessor	Lease Status	Interest Within Unit	Gross Acreage in Unit
	Gas Estate Only			
7	Judy Dotson Unknown Heirs Tax Card # - 4498	Unleased	4.53000000	14.50000000
	TOTAL GAS ESTATE		4.53000000	14.50000000

RECORDED IN THE CLERK'S OFFICE OF
COUNTY OF
NOVEMBER 25 1977 A.M. 10:07AM
RICHARD W. EDWARDS CLERK
REGISTERED BY: 607

12

**Exhibit "B-3" - Unleased Owners
VH-530149**

Tract	Lessor	Lease Status	Interest Within Unit	Gross Acreage in Unit
Gas Estate Only				
4	Carl Bruce Robinson 7921 Cranesnest Road Coeburn, VA 24230 Tax Card # - 5797	Unleased Life Estate	0.00000000	0.00000000
	Stephanie G Robinson 315 Royal Oaks Drive Coeburn, VA 24230 Tax Card # - 5797	Unleased Remainder	0.61607143	1.97250000
	Brandon Robinson 316 Royal Oaks Drive Coeburn, VA 24230 Tax Card # - 5797	Unleased Remainder	2.25892857	7.23250000
	Jarvie L Robinson 316 Royal Oaks Drive Coeburn, VA 24230 Tax Card # - 5797	Unleased Remainder	0.61607143	1.97250000
	Tony R Robinson 316 Royal Oaks Drive Coeburn, VA 24230 Tax Card # - 5797	Unleased Remainder	0.61607143	1.97250000
	Judy Marie Whisenhunt & Freddie Lee Robinson 5956 Coeburn Road Coeburn, VA 24230 Tax Card # - 5797	Unleased Remainder	0.82142857	2.63000000
	Frank Douglas & Jewell A Robinson 870 Horseshoe Road Coeburn, VA 24230 Tax Card # - 5797	Unleased Remainder	0.82142857	2.63000000
5	Carl Bruce Robinson 7921 Cranesnest Road Coeburn, VA 24230 Tax Card # - 5798	Unleased Life Estate	0.00000000	0.00000000
	Stephanie G Robinson 315 Royal Oaks Drive Coeburn, VA 24230 Tax Card # - 5798	Unleased Remainder	0.26250000	0.84107143

	Brandon Robinson 316 Royal Oaks Drive Coeburn, VA 24230 Tax Card # - 5798	Unleased Remainder	0.96250000	3.08392857
	Jarvie L Robinson 316 Royal Oaks Drive Coeburn, VA 24230 Tax Card # - 5798	Unleased Remainder	0.26250000	0.84107143
	Tony R Robinson 316 Royal Oaks Drive Coeburn, VA 24230 Tax Card # - 5798	Unleased Remainder	0.26250000	0.84107143
	Judy Marie Whisenhunt & Freddie Lee Robinson 5956 Coeburn Road Coeburn, VA 24230 Tax Card # - 5798	Unleased Remainder	0.35000000	1.12142857
	Frank Douglas & Jewell A Robinson 870 Horseshoe Road Coeburn, VA 24230 Tax Card # - 5798	Unleased Remainder	0.35000000	1.12142857
7	Judy Dotson Unknown Heirs Tax Card # - 4498	Unleased	4.53000000	14.50000000
9	Virginia Robinson P.O. Box 1141 Clintwood, VA 24228 Tax Card # - 5800	Unleased Life Estate	0.00000000	0.00000000
	Gregory & Donna Melissa Robinson 1629 Horseshoe Road Coeburn, VA 24230 Tax Card # - 5800	Unleased Remainder	0.95000000	3.03500000
	Scott & Tonya Robinson 247 Powerhouse Hollow Clintwood, VA 24228 Tax Card # - 5800	Unleased Remainder	0.95000000	3.03500000
	TOTAL GAS ESTATE		14.63000000	46.83000000