

Instrument prepared by

VIRGINIA GAS AND OIL BOARD

Order recorded under

**CODE OF VIRGINIA
§ 45.1-361.26**

BEFORE THE VIRGINIA GAS AND OIL BOARD

**RELIEF
SOUGHT:**

An Order for Disbursement of Escrowed Funds
(and Authorization for Direct Payment of Royalties)

JURISDICTION:

Code of Virginia § 45.1-351. (et seq) AND § 45.1-361.22 (et seq) AND § 45.1-361.22:2

UNITWELL NAME: B41

TRACT(S): 3

LOCATION: BUCHANAN County, Virginia

DOCKET NUMBER: VGOB-12-0417-3051-02

APPLICANTS:

CNX Gas Company LLC on behalf of Derek Browning Rogers, Gregory Poulos, Jason Poulos,
Kevin Rogers, Pamela Poulos, Shaun Rogers, T.G. Rogers; III

HEARING DATE AND LOCATION:

Russell County Government Center, Lebanon, Virginia
July 21, 2015

APPEARANCES:

Mark A. Swartz on behalf of CNX Gas Company LLC

PRIOR PROCEEDINGS:

1. Original Pooling Order Executed 06/14/2012, Recorded on 08/08/2012, Deed Book/Instrument No. 120001608.
2. Supplemental Order, Recorded on 04/23/2013, Deed Book/Instrument No. 130000671.
3. Modification Order -01 Executed 06/23/2014, Recorded on 07/17/2014, Deed Book/Instrument No. 140001198.
4. Supplemental Order -01, Recorded on 10/08/2014, Deed Book/Instrument No. 140001692.

NOTICE:

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3.25

3 Tract 3 (total acreage)

| | | | | | | | |
|---|---|--|------|--------|---------|--------|----------|
| 2 | 3 | Derek Browning Rogers\2300 CARMEL RD CHARLOTTE NC 28226-6323 | 1/32 | 0.1016 | 100.00% | 0.1016 | 12.5000% |
| 3 | 3 | Kevin Rogers\139 WICKHAM RD GARDEN CITY NY 11530-1141 | 1/32 | 0.1016 | 100.00% | 0.1016 | 12.5000% |
| 4 | 3 | Shaun Rogers\121 NE 100TH St MIAMI SHORES FL 33138-2316 | 1/32 | 0.1016 | 100.00% | 0.1016 | 12.5000% |
| 5 | 3 | Gregory Poulos\1894 GLENWOOD St NEPALM BAY FL 32907-2423 | 1/24 | 0.1354 | 100.00% | 0.1354 | 16.6667% |
| 6 | 3 | Jason Poulos\10870 SW 95TH St MIAMI FL 33176-2615 | 1/24 | 0.1354 | 100.00% | 0.1354 | 16.6667% |
| 7 | 3 | Pamela Poulos\5000 SW 83RD St MIAMI FL 33143-8510 | 1/24 | 0.1354 | 100.00% | 0.1354 | 16.6667% |

1. The Escrow Agent is ordered, to within ten (10) days of receipt of this executed order, disburse funds for the unit and applicants detailed in Table 1.

2. The Escrow Agent is ordered to close the Escrow Account for the Subject Drilling unit based on the attached Revised Exhibit E which replaces all prior Exhibit E's recorded for the Subject Drilling Unit.

CONCLUSION:

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

APPEALS:

Appeals of this Order are governed by the provisions of the Code of Virginia § 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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DONE AND EXECUTED this 23 day of July, 2015 by a majority of the Virginia Gas and Oil Board.



Chairman, Bradley C. Lambert

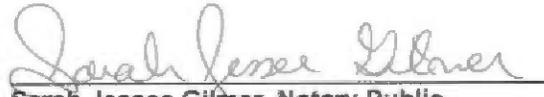
DONE AND PERFORMED this 23 day of July, 2015 by Order of the Virginia Gas and Oil Board.



Rick Cooper
Principal Executive to the
staff, Virginia Gas and Oil Board

COMMONWEALTH OF VIRGINIA
COUNTY OF RUSSELL

Acknowledged on this 23rd day of July, 2015, 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 the Chairman of the Virginia Gas and Oil Board and appeared Rick Cooper, 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.



Sarah Jessee Gilmer, Notary Public
262946

My Commission expires: July 31, 2017



BEFORE THE VIRGINIA GAS AND OIL BOARD

PETITIONER: CNX Gas Company LLC

DIVISION OF GAS AND OIL

DOCKET NO: VGOB 12-0417-3051-02

RELIEF SOUGHT: (1) DISBURSEMENT FROM ESCROW REGARDING TRACT(S) 3 (2) AND AUTHORIZATION FOR DIRECT PAYMENT OF ROYALTIES

HEARING DATE: July 21, 2015

DRILLING UNIT: B41

BUCHANAN COUNTY, VIRGINIA

PETITION FOR ORDER OF DISBURSEMENT OF ESCROW FUNDS

1. Petitioner and its counsel

Petitioner is CNX Gas Company LLC, 627 Claypool Hill Mall Road, Cedar Bluff, VA 24609, (276) 596-5075. Petitioner's counsel is Mark A. Swartz, Hillard & Swartz, LLP, 122 Capital Street, Suite 201, Charleston, WV 25301.

2. Relief Sought

(1) the disbursement of escrowed funds heretofore deposited with the Board's Escrow Agent(s) attributable to Tract 3 as depicted upon the annexed Table; and (2) authorization to begin paying royalties directly to the parties to the prevailing plaintiff(s); T.G. Rogers, III, Derek Browning Rogers, Kevin Rogers, Shaun Rogers, Gregory Poulos, Jason Poulos, and Pamela Poulos.

3. Legal Authority

Va. Code Ann. § 45.1-361.1 et seq., 4 VAC 25-150-140., and relevant Virginia Gas and Oil Board Orders ("Board") heretofore promulgated pursuant to law.

4. Type of Well(s)

Coalbed Methane

5. Factual basis for relief requested

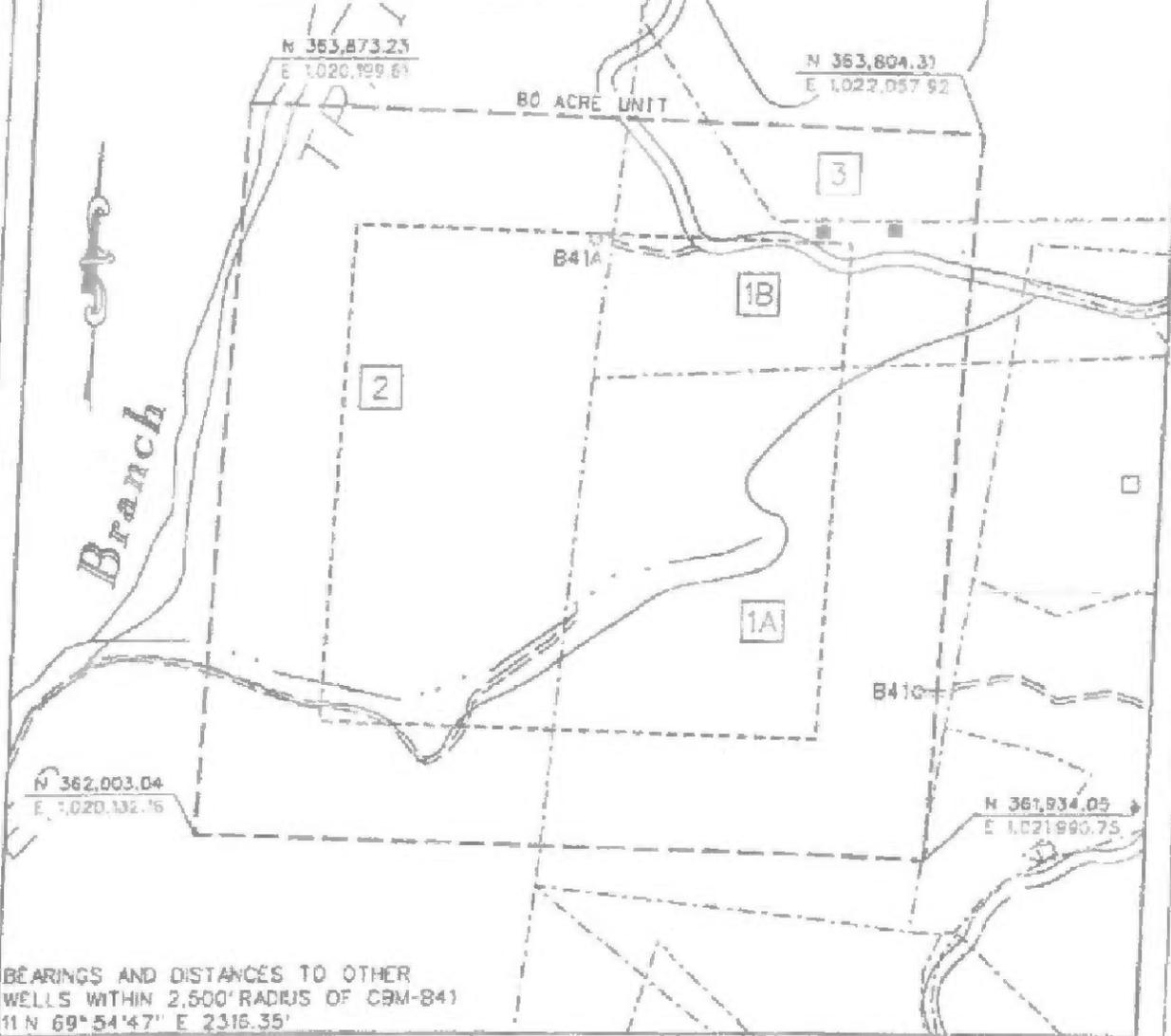
T.G. Rogers, III, Derek Browning Rogers, Kevin Rogers, Shaun Rogers, Gregory Poulos, Jason Poulos, and Pamela Poulos are entitled to 100% of the CBM royalties awarded under Case No. 550-13, Opinion dated July 10, 2014, Said decision allows the Applicant and Designated Operator to pay royalties directly to the person(s) identified in Exhibit EE annexed hereto and the annexed Table, further, specifies how said royalties are to be paid.

There are no remaining conflicts after the disbursement, escrow is no longer required and account is to be closed after disbursement.

6. Attestation

The foregoing Petition to the best of my knowledge, information, and belief is true and correct.

Property lines shown on this plat were provided by CNG Gas Company LLC, and were taken from deed descriptions and copies of TRM B record. This does not represent a current boundary survey. This certification is as to the size, shape and location of the proposed unit.



BEARINGS AND DISTANCES TO OTHER WELLS WITHIN 2,500' RADII OF CBM-B41
 11 N 69° 54' 47" E 2316.35'

- OPEN WELL
- ⊙ PROPOSED OPEN WELL

Stephen E. Marfield

Digitally signed by Stephen E. Marfield
 DN: cn=US, o=IdeaTrust ACES
 Business Representative, ou=D.
 R. PRICE ENGINEERING AND
 LAND SURVEYING INC. PC,
 cn=Stephen E. Marfield,
 O=S.2342.19200300.100.L1=AG10
 500000013840E1AF80006577
 Date: 2014.05.12 13:56:51 -0400

EXHIBIT A
 DAKWOOD FIELD
 UNIT B41
 FORCE POOLING
 VGOB-12-0417-3051-01

Company CNG Gas Company LLC Well Name and Number UNIT B41
 Tract No. _____ Elevation _____ Quadrangle BRADSHAW
 County BUCHANAN District GARDEN/NORTH GRINDY Scale: 1" = 400' Date _____
 This plat is a new plat : on an updated plat _____ : on a final plat _____

Form BGC-60-7 _____ (Affix Seal)
 Rev. 9/9: _____ Licensed Professional Engineer or Licensed Land Surveyor

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CNX Gas Company LLC

UNIT B41

Tract Identifications

- 1A. Pocahontas Resources LLC Tr. 69 (938.57 Acre tract) – Fee
Reserve Coal Properties Company – Coal in P-3 Seam and 260' Above Leased
Jewell Smokeless Coal Corporation – Red Ash, Jawbone and Tiller Seam Leased
Revelation Energy, LLC – Coal Above Red Ash Seam Leased
Cabot Oil and Gas Corporation – Oil and Gas Leased
CNX Gas Company LLC – CBM Leased
27.06 acres 33.6250%
- 1B. Pocahontas Resources LLC Tr. 69 (938.57 Acre tract) – Fee
Reserve Coal Properties Company – Coal in P-3 Seam and 250' Above Leased
Jewell Smokeless Coal Corporation – Red Ash, Jawbone and Tiller Seam Leased
Revelation Energy, LLC – Coal Above Red Ash Seam Leased
CNX Gas Company LLC – Oil, Gas and CBM Leased
9.84 acres 12.3000%
2. Pocahontas Resources LLC Tr.78 (202.36 Acre tract) – Fee
Reserve Coal Properties Company – Coal in P-3 Seam and 250' Above Leased
Jewell Smokeless Coal Corporation – Red Ash, Jawbone and Tiller Seam Leased
Revelation Energy, LLC – Coal Above Red Ash Seam Leased
Cabot Oil and Gas Corporation – Oil and Gas Leased
CNX Gas Company LLC – CBM Leased
39.86 acres 49.8125%
3. LBR Holdings, LLC (410.60 Acre Tract) – All Coal
Island Creek Coal Company – Coal Below Jawbone Seam Leased
Reserve Coal Properties Company – P-3 Seam Subleased
Jewell Smokeless Coal Corporation – Coal in Jawbone Seam and Above Leased
LBR Holdings, LLC, et al – Oil and Gas
EQT Production Company – Oil, Gas and CBM Leased (75%)
Unknown Surface Owner
3.25 acres 4.0625%

"This title block is for general informational purposes only and does not reflect an analysis of the severance deed and its effect upon coal bed methane ownership and should not be relied upon for such purpose."

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April 7, 2014

Exhibit E
Unit B-41
Docket #VGOB 12-0417-3051-02
List of Responds requiring escrow

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Acres in Unit

Percent of
Unit

Escrowing not required

Exhibit EE
Unit B-41
Docket #VGOB 12-0417-3051-02
List of Respondents with Royalty Split Agreements or Court Orders

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| | Acres in Unit | Percent of Unit | Percent of Escrow |
|--|----------------------------------|-----------------|-------------------|
| <u>Tract #3, 3.25 Acres</u> | | | |
| <u>COAL OWNERSHIP</u> | | | |
| (1) LBR Holdings, LLC P.O. Box 22427 Lexington, KY 40522-2427 (410.60 Acre Tract) | 3.25 acres | 4.0625% | n/a |
| <u>OIL & GAS OWNERSHIP</u> | | | |
| (1) LBR Holdings, LLC, et al. (410.60 Acre Tract) | 3.25 acres | 4.0625% | |
| (b) T.G. Rogers, III 3014 Shalford Lane Matthews, NC 28104 | 0.10 acres 1/32 of 3.25 acres | 0.1270% | 12.5000% |
| (c) Derek Browning Rogers 2300 Carmel Road Charlotte, NC 28226 | 0.10 acres 1/32 of 3.25 acres | 0.1270% | 12.5000% |
| (d) Kevin Rogers 139 Wickham Rd. Garden City, NY 11530 | 0.10 acres 1/32 of 3.25 acres | 0.1270% | 12.5000% |
| (e) Shaun Rogers 121 NE 100th St. Miami Shores, FL 32907-2423 | 0.10 acres 1/32 of 3.25 acres | 0.1270% | 12.5000% |
| (f) Gregory Poulos 1894 Glenwood St., SE Palm Bay, FL 32907-2423 | 0.14 acres 1/24 of 3.25 acres | 0.1693% | 16.6667% |
| (g) Jason Poulos 10870 SW 95 St. Miami, FL 33176 | 0.14 acres 1/24 of 3.25 acres | 0.1693% | 16.6667% |
| (h) Pamela Poulos 5000 SW 83rd St. Miami, FL 33143-8510 | 0.14 acres 1/24 of 3.25 acres | 0.1693% | 16.6667% |
| <i>*Prevailing plaintiff under Case No. 550-13 Awarded 100% of the CBM royalty.</i> | | | |
| <u>TOTAL:</u> | | | |
| | Acresage in Unit | 0.81 | |
| | Percentage of Unit | | 1.0156% |

VIRGINIA: IN THE CIRCUIT COURT OF BUCHANAN COUNTY

GREGORY G. POULOS, JASON G. POULOS,
PAMELA F. POULOS, SHAUN D. ROGERS,
KEVIN H. ROGERS, DEREK B. ROGERS and
T.G. ROGERS, III,

Plaintiffs,

v.

LBR HOLDINGS, LLC,

Defendant.

Case No. 550-13

ORDER

This matter, having come before the Court for hearing on June 2, 2014, on the parties' respective motions for summary judgment, and the Court, having reviewed the written submissions of the parties and having heard oral argument of counsel, and for good cause shown, hereby ORDERS:

1. Plaintiffs' Complaint and Defendant's Counterclaim both request that this Court, pursuant to Virginia Code § 8.01-184, declare their respective rights under the May 27, 1938, deed ("Deed") attached to Plaintiffs' Complaint as Exhibit "A."

2. The Deed includes a conveyance by T. G. Rogers and Martha F. Rogers, his wife (the "Talmage Rogers Group"), and Lloyd Rogers and Anne F. Rogers, his wife (the "Lloyd Rogers Group"), of their interests in certain parcels of property in Buchanan County, Virginia, (the "Property") and McDowell County, West Virginia, to Lon B. Rogers. The Deed specifically recites: "But there is excepted from the above-described property an undivided one-half interest in the oil and gas under said property and the same is reserved to T. G. Rogers and Lloyd Rogers,

parties of the first part, their heirs and assigns, together with the usual and necessary rights of ingress and egress and drilling rights to explore, get and remove said oil and gas.”

3. It is undisputed that Plaintiffs are the successors to the interests of the Talmage Rogers Group under the Deed, and that Defendant, LBR Holdings, LLC (“LBR”), is the successor to the interests of Lon B. Rogers and the Lloyd Rogers Group under the Deed.

4. Plaintiffs seek a declaration that the Deed’s reservation of gas under the Property includes, *inter alia*, coalbed methane gas, and that they are, therefore, the owners of 25% of the coalbed methane gas under the Property and entitled to the associated royalties. LBR, on the other hand, seeks a declaration that the Deed’s reservation of gas under the Property does not include coalbed methane gas, that the Deed, therefore, conveyed coalbed methane gas to Lon B. Rogers, and that LBR, as Lon B. Rogers’ successor-in-interest, is the owner of all the coalbed methane gas under the Property and entitled to the associated royalties.

5. Having examined the reservation language and the “four corners” of the Deed, the Court finds that the Deed is unambiguous and that the Deed’s reservation of “the oil and gas under said property” includes a reservation of coalbed methane gas under the Property. Plaintiffs are, therefore, entitled to prevail as a matter of law.

6. Coalbed methane gas is obviously “gas,” *see Harrison-Wyatt, LLC v. Ratliff*, 593 S.E.2d at 234, 238 (Va. 2004) (coalbed methane “is a gas”); and there is nothing in the Deed that removes coalbed methane or any other type of gas from the scope of the reservation. The language at issue is unlimited, plain, and unambiguous.

7. LBR argues that “the oil and gas” does not mean “all” but only “some” gas. The Court agrees with Plaintiffs, however, that the reservation of “the” gas is not a limited reservation of only some types of gas, but an unambiguous and unlimited reservation of all gas. Such an

interpretation of "the" is in accordance with the ordinary, plain and common sense meaning of the word.

8. LBR also argues that the parties to the Deed would not have intended to include coalbed methane gas in the reservation because, according to LBR, the commercial value of coalbed methane was not known in 1938. LBR presented no evidence in support of this argument and Plaintiffs presented undisputed evidence to the contrary. Regardless, this Court is bound to uphold the unambiguous reservation language, which refers to gas without qualification or limitation, and which, as written, encompasses all types of gas, whether commercially exploitable at the time of the Deed's execution or not.

9. The Court concludes that the arguments and authorities presented by Plaintiffs in their motion and reply brief are well-founded and correct. A ruling in LBR's favor would require the Court to rewrite the Deed, which it will not do. Nor will the Court torture words and phrases or engage in speculation to create an ambiguity where the ordinary meaning of the words leaves no room for ambiguity.

10. There are no issues of material fact in dispute regarding Plaintiffs' ownership of 25% of the coalbed methane gas under the Property. The Court grants Plaintiffs' motion for summary judgment in full and denies LBR's motion for summary judgment in full.

11. This Order constitutes a judicial determination of coalbed methane gas ownership as between Plaintiffs and LBR pursuant to Virginia Code § 45.1-361.22(5)(i) and resolves in Plaintiffs' favor all conflicting claims of coalbed methane gas ownership between Plaintiffs and LBR relating to the Property.

12. Plaintiffs are entitled to receive all coalbed methane gas royalties attributable to their 25% gas estate interest in the Property that are being held in the Virginia Gas and Oil Board's

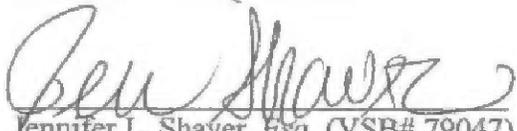
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escrow account or otherwise being withheld from Plaintiffs due to the conflicting claims of coalbed methane ownership between Plaintiffs and LBR. Plaintiffs are also entitled to receive all future coalbed methane gas royalties or other proceeds that are attributable to their 25% gas estate interest in the Property. All such royalties and proceeds shall be divided among the individual Plaintiffs in accordance with their respective percentages of ownership.

SO ORDERED, this the 10th day of July, 2014.


Circuit Court Judge

SEEN AND REQUESTED:


Jennifer L. Shaver, Esq. (VSB# 79047)
Ellis Professional Building, Suite A
211 West Main Street
Abingdon, VA 24210
Telephone: (276) 525-1103
Facsimile: (276) 525-1112
jen@jenshaver.com

Counsel for Plaintiffs

SEEN AND OBJECTED TO FOR ALL THE REASONS DETAILED IN LBR HOLDINGS, LLC'S MEMORANDUM IN SUPPORT OF ITS MOTION FOR SUMMARY JUDGMENT AND RESPONSE TO PLAINTIFFS' MOTION FOR SUMMARY JUDGMENT AND AT THE HEARING; AND ON THE ADDITIONAL GROUNDS THAT TO THE EXTENT THE COURT MAY HAVE CONSIDERED SUBMISSIONS OF EXHIBITS OTHER THAN THE DEED AT

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ISSUE, THE COURT SHOULD HAVE DENIED BOTH PARTIES' MOTIONS FOR SUMMARY JUDGMENT SO THAT BOTH PARTIES WOULD HAVE HAD AN OPPORTUNITY TO DEVELOP AND PROPERLY INTRODUCE SUCH EVIDENCE:

James R. Hodgson for
Trevor L. Earl, Esq. (VSB# 37573)
REED WEITKAMP SCHELL & VICE PLLC *Trevor L. Earl*
500 West Jefferson Street, Suite 2400
Louisville, KY 40202
Telephone: (502) 589-1000
Facsimile: (502) 562-2200
tearl@rwsvlaw.com

Counsel for LBR Holdings, LLC

A Copy
Teste: Beverly S. Tiller
Circuit Court of Buchanan
County, Virginia

Beverly S. Tiller
Deputy Clerk

#25
K. Cray
S. D. [unclear]
closed
Account
per order

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INSTRUMENT #150001270
RECORDED IN THE CLERK'S OFFICE OF
BUCHANAN COUNTY ON
AUGUST 4, 2015 AT 03:16PM
BEVERLY S. TILLER, CLERK
RECORDED BY: GGB