

## VIRGINIA:

## BEFORE THE VIRGINIA GAS AND OIL BOARD

|                    |                                    |   |             |
|--------------------|------------------------------------|---|-------------|
| APPLICANT:         | POCAHONTAS GAS PARTNERSHIP         | ) |             |
|                    |                                    | ) |             |
| RELIEF SOUGHT:     | FORMATION OF A PRODUCTION UNIT     | ) |             |
|                    | KNOWN AS BUS2 (herein "Subject     | ) | VIRGINIA    |
|                    | Drilling Unit") FOR THE PRODUCTION | ) | GAS AND OIL |
|                    | OF SEALED COALBED METHANE GOB GAS  | ) | BOARD       |
|                    | (herein "Sealed Coalbed Methane    | ) |             |
|                    | Gob Gas") ALL A MORE PARTICULARLY  | ) | DOCKET NO.  |
|                    | SET FORTH IN PARAGRAPH 6 BELOW     | ) |             |
|                    |                                    | ) |             |
| LEGAL DESCRIPTION: | IN THE CONSOLIDATION               | ) | VGOB NO.    |
|                    | COAL COMPANY BUCHANAN NO. 1        | ) | 91-1119-159 |
|                    | MINE IN THE HURRICANE MAGISTER-    | ) |             |
|                    | IAL DISTRICT OF BUCHANAN           | ) |             |
|                    | COUNTY, VIRGINIA AS MORE           | ) |             |
|                    | PARTICULARLY DESCRIBED IN SUB-     | ) |             |
|                    | PARAGRAPH 7.d. BELOW AND           | ) |             |
|                    | DEPICTED ON EXHIBIT B ATTACHED     | ) |             |
|                    | HERETO AND MADE A PART HEREOF      | ) |             |
|                    | (herein "Subject Lands")           | ) |             |

REPORT OF THE BOARDFINDINGS AND ORDER

1. Hearing Date and Place: This cause came on for hearing before the Virginia Gas and Oil Board (hereafter "Board") at 9:00 a.m. on November 19, 1991 at the Virginia 4-H Center, Abingdon, Virginia.

2. Appearances: James P. Jones and Elizabeth A. McClanahan of Penn, Stuart, Eskridge and Jones appeared for Applicant.

3. Notice and Jurisdiction: 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 reasonable available sources to determine the identity and whereabouts of persons of record having or claiming the rights to coalbed methane gob gas in formations more particularly described in Subparagraph 7.c. below (herein "Subject Formations"), in Subject Drilling Unit comprised of and underlying Subject Lands and (2) has given notice to all parties (hereafter sometimes "person(s)" whether referring to individuals, corporations, partnerships, associations, companies, businesses, trusts, joint ventures or other legal entities) entitled by Section 45.1-361.19, Virginia Code, 1950 as amended, to notice of this application. Further, the Board has caused notice of this hearing to be published as required by Section 45.1-361.19B, Virginia Code, 1950 as amended.

4. Amendments: None.

5. Dismissals: None.

6. Relief Requested: Applicant requests that the Board establish and create a unit and boundaries of the pool for production of sealed coalbed methane gob gas from the sealed mined-out gob areas, separate and distinct from and not in communication with any other common accumulation of sealed coalbed methane gob gas (herein "Sealed Coalbed Methane Gob Gas"), which will consist of four (4) sealed, previously mined longwall panels as more particularly described in the Board's Order of even date herewith, VGOB No. 91-1119-0158 and known as "SLW1, SLW2, SLW3 and SLW4" and their surrounding areas (herein the "BUS2 Unit" or

"Subject Drilling Unit"), in the formations more particularly described in Subparagraph 7.c. below (herein "Subject Formations"), underlying and comprised of the property more particularly described in Subparagraph 7.d. below (herein "Subject Lands") for the production of Sealed Coalbed Methane Gob Gas.

7. Reasons Relief Should Be Granted: The application and/or the evidence presented to the Board at the hearing reflects that:

a. The following named persons may be owners of coalbed methane gob gas interests in Subject Drilling Unit in the Subject Formations underlying and comprised of the Subject Lands:

- (1) Hugh MacRae Land Trust, P.O. Box 29, Tazewell, VA 24651
- (2) Consolidation Coal Company, 1800 Washington Road, Pittsburgh, PA 15241
- (3) Raymond Meadows, Rt. 2, Box 26, Oakwood, VA 24631
- (4) Pocahontas Gas Partnership, P.O. Box 200, Mavisdale, VA 24627

b. Pocahontas Gas Partnership claims control of 100% of all coal below drainage, 100% of the oil and gas and 100% of the Coalbed Methane leasehold estate. Pocahontas Gas Partnership claims ownership of the right to explore for, develop and produce the Coalbed Methane underlying 100% of Subject Drilling Unit. The Board also finds that Pocahontas Gas Partnership has a unit and pooling designation agreement with all of the parties involved in Subject Formations underlying the BUS2 Unit.

c. Based on the evidence presented and Va. Code Ann. § 45.1-361.1 (Supp. 1991), the Board interprets gob areas as including the de-stressed zones associated with the rubble area remaining after full seam mining of coal and extending above and below into areas in communication with the gob rubble resulting from fracturing associated with full seam extraction mining methods. The Board concludes, based upon the evidence presented, that the gob area will extend from the base of the Pocahontas No. 2 seam of coal upward to and result in common communication of all seams and areas below the Tiller seam of coal (herein "Subject Formations").

d. In order to avoid drilling of unnecessary wells, prevent the various types of waste and protect the correlative rights of all owners and potential owners of Sealed Coalbed Methane Gob Gas below the Tiller seam of coal with respect to the Subject Drilling Unit, the most effective and economical method to recover and produce Sealed Coalbed Methane Gob Gas is to conform to existing mine plans by the creation of Subject Drilling Unit consisting of four (4) sealed longwall panels (SLW1, SLW2, SLW3 and SLW4) and their surrounding areas designated as BUS2, in Subject Formations comprised and underlying Subject Lands, bounded and described as follows:

Beginning at Virginia (South Rectangular) State Plane Coordinate N 319,661 E 988,570, thence S 87° 46' 02" E 3,926.98 feet to a point (N 319,508 E 992,494), thence S 01° 57' 23" W 5,975.48 feet to a point (N 313,536 E 992,290), thence N 87° 49' 00" W 4,252.09 feet to a point (N 313,698 E 988,041), thence N 01° 58' 55" E 4,741.84 feet to a point (N 318,437 E 988,205), thence S 88° 03' 41" E 325.19 feet to a point (N 318,426 E 988,530), thence N 01° 51' 18" E 1,235.65 feet to the point of Beginning, containing a total of 570 acres.

e. Based upon the Applicant's application, eleven (11) existing vertical ventilation holes should be converted to coalbed methane gas wells within the BUS2 Unit to provide efficient drainage of said Unit; however, Applicant may be entitled to convert and/or to drill wells pursuant to the Board's Order No. VGOB



No. 91-1119-0158..

8. Relief Granted: Pursuant to Va. Code Ann. §§ 45.1-361.1, et seq. (Supp. 1991), VR 480-05-22.1 (1991) and VR 480-05-22.2 (1991), the Virginia Gas and Oil Board ORDERS as follows:

a. The Board establishes and creates the BUS2 Unit for the production of Sealed Coalbed Methane Gob Gas in Subject Formations underlying and comprised of the Subject Lands.

b. To the extent permitted by the Board's Order VGOB No. 91-1119-0158, Pocahontas Gas Partnership is hereby authorized to apply for a permit to convert existing vertical ventilation holes to a coalbed methane wells or to drill coalbed methane wells to produce Sealed Coalbed Methane Gob Gas from the BUS2 Unit.

c. No venting of coalbed methane wells located in Subject Drilling Units shall be allowed without the prior approval of the Inspector, except that:

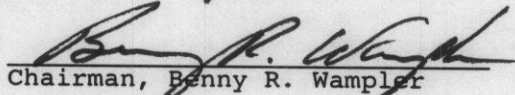
(1) Venting shall be allowed at any time and for any duration as is necessary for mine safety upon approval by the Chief, Virginia Division of Mines.

(2) Venting may be allowed for periods not to exceed thirty (30) days as deemed necessary by the well operator for production testing.

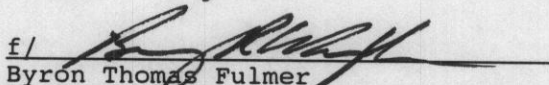
d. The Board grants the relief set forth in subparagraphs 8.a, 8.b. and 8.c. above in order to conform to existing mine plans and provide mine safety while also preventing the waste of Sealed Coalbed Methane Gob Gas, avoiding the drilling of unnecessary wells and protect correlative rights.

9. Effective Date: This Order shall be effective as of November 19, 1991.

DONE AND EXECUTED this 30<sup>th</sup> day of April, 1992, by a majority of the Virginia Gas and Oil Board.

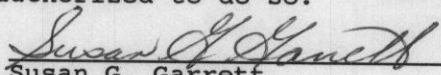
  
Chairman, Benny R. Wampler

DONE AND PERFORMED THIS 30<sup>th</sup> day of April, 1992, by Order of the Board.

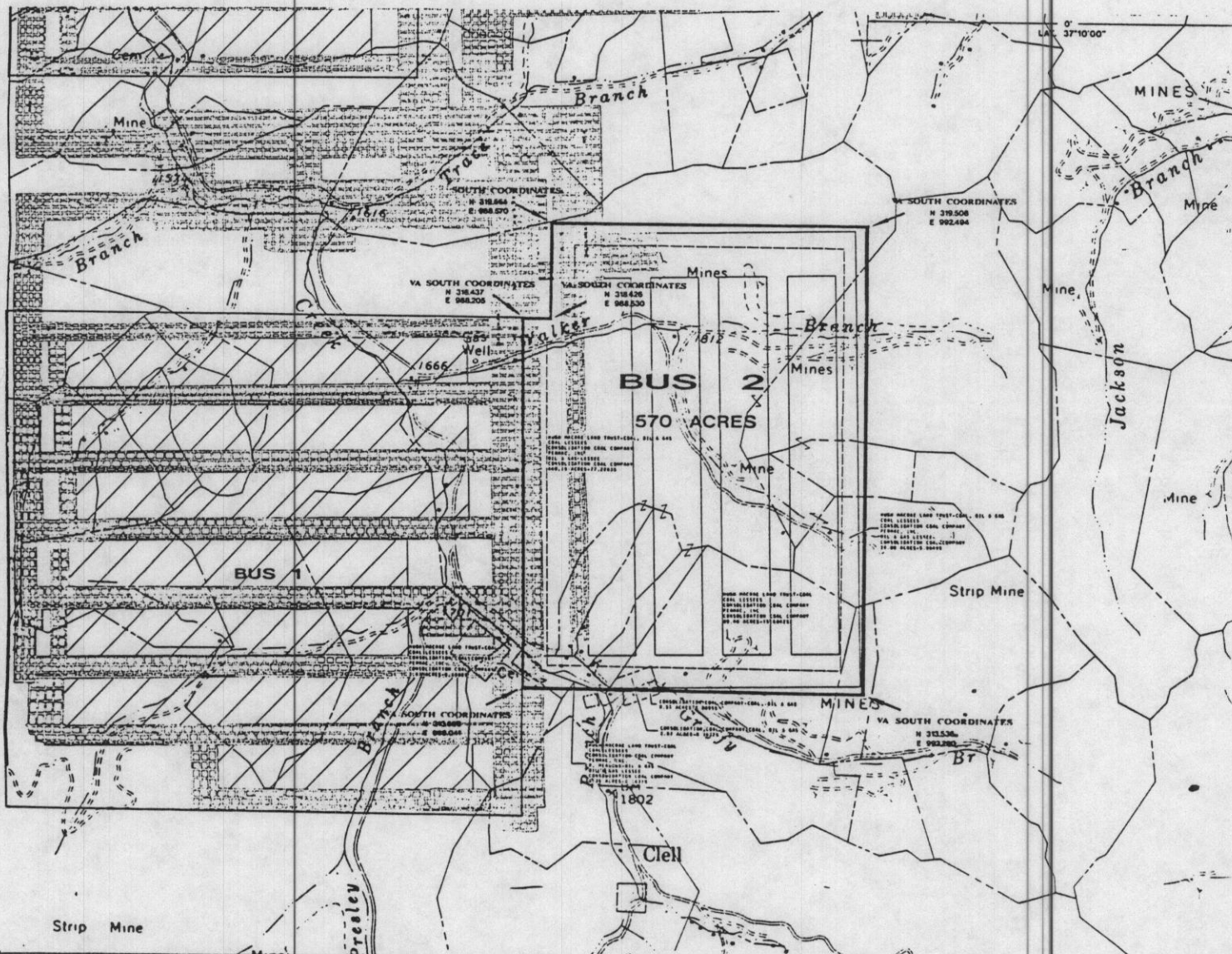
f/   
Byron Thomas Fulmer  
Principal Executive to the Staff  
Virginia Gas and Oil Board

Commonwealth of Virginia  
County of Washington

Acknowledged on this 30<sup>th</sup> day of April, 1992, personally before me a notary public in and for the Commonwealth of Virginia, appeared Benny R. Wampler, being duly sworn did depose and say that he is Chairman of the Virginia Gas and Oil Board, that he executed the same as Chairman of the Virginia Gas and Oil Board as well as in behalf of the Principal Executive to the Staff of the Virginia Gas and Oil Board and was authorized to do so.

  
Susan G. Garrett  
Notary Public

My commission expires July 31, 1994.



EXPLANATION

----- PROPERTY LINE  
 N 313.536 VA STATE PLANE COORDINATES  
 E 982.200

EXHIBIT B

POCAHONTAS GAS PARTNERSHIP

VIRGINIA: In the Clerk's Office of the Circuit Court of Buchanan County. The foregoing instrument was this day presented in the office aforesaid and is together with the certificate of acknowledgment annexed, admitted to record this 9th day of November 1992 at 1:01 P. M. Deed Book No. 400 and Page No. 844

TESTE:

Clerk



# 3566

CLERK'S OFFICE CIRCUIT COURT  
BUCHANAN COUNTY, VIRGINIA  
Filed and admitted to record,  
this 9th day of July 1992  
at 1:01 o'clock P M.  
Recorded Deed Book \_\_\_\_\_ Page \_\_\_\_\_  
639 State Tax \_\_\_\_\_  
231 County Tax \_\_\_\_\_  
233 Transfer \_\_\_\_\_  
301 Rerolling 13.00  
038 State Tax \_\_\_\_\_  
220 Local Tax \_\_\_\_\_  
145 VSIF 1.00  
Total 14.00  
Teste James M. Devins, Jr., Clerk AT  
By DR

**Department of Mines, Minerals and Energy**

DIVISION OF GAS & OIL

POST OFFICE BOX 1416

230 CHARWOOD DRIVE

ABINGDON, VIRGINIA 24210