



BEFORE THE VIRGINIA GAS AND OIL BOARD

RELIEF SOUGHT: An Order for Disbursement of Escrowed Funds

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

UNIT/WELL NAME: S14
TRACT(S): 4
LOCATION: BUCHANAN County, Virginia

DOCKET NUMBER: VGOB-92-0317-0196-02

APPLICANTS: CNX Gas Company LLC on behalf of H-W Financial, LLC

HEARING DATE AND LOCATION: Russell County Government Center, Lebanon, Virginia
December 19, 2017

APPEARANCES: Mark A. Swartz on behalf of CNX Gas Company LLC

PRIOR PROCEEDINGS:

1. Original Pooling Order Executed 06/03/1992, Recorded on 06/09/1992, Deed Book/Instrument No. 392, Page 255.
2. Supplemental Order Executed 10/20/1993, Recorded on 10/29/1993, Deed Book/Instrument No. 415, Page 259.
3. Disbursement Order -01 Executed 05/31/2012, Recorded on 06/25/2012, Deed Book/Instrument No. 120001249.

NOTICE:

The Unit Operator gave notice to the Applicants that the Board would consider its disbursement petition at the December 19, 2017 hearing and considered whether to:

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- (1) Amend the Pooling Order to provide for the disbursement of funds on deposit in the Escrow Account attributable to Tract(s) 4 identified in the attached petition.
- (2) Delete the requirement that the Unit Operator place future royalties attributable to Tract(s) 4 relative to the interests of the Applicants identified in the attached petition.
- (3) Close the escrow account under this docket number.

FINDINGS: Code of Virginia § 45.1-361.22 AND § 45.1-361.22:2

Applicant has certified and represented to the Board that:

- a. That H-W Financial, LLC (previously Harrison-Wyatt, LLC) as successor in interest of Big Axe Land Company—the gas claimant in Tract 1A—is entitled to 100% of the CBM royalties attributable to its gas claims that are now in escrow and as may be hereafter payable. See Va. Code Ann. § 45.1-361.22:2.A.
- b. That when the Board pooled this Unit by Order entered June 3, 1992, it identified the Respondents to be dismissed at this time, who are identified in the Notice of Hearing as surface owners. Surface owners are not gas claimants and are not entitled to receive royalties under Va. Code Ann. § 45.1-361.22:2.A.
- c. That a detailed accounting in accordance with the applicable provisions of § 45.1-361.22 is submitted herewith and identified as Exhibit J.
- d. That an Exhibit identified as Table 1 is annexed hereto, and it specifies how the disbursement(s) is to be calculated and paid by the escrow agent.
- e. That Va. Code Ann. § 45.1-361.22:2.A. further provides that the Operator shall pay such royalties as may hereafter be payable directly to the gas claimant H-W Financial, LLC (previously Harrison-Wyatt, LLC) and shall not escrow same. See Exhibit EE annexed hereto.
- f. That notice of the Petition and the hearing regarding same has been provided by U.S. Mail and by publication. See certification of mailing and proof of publication.

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:

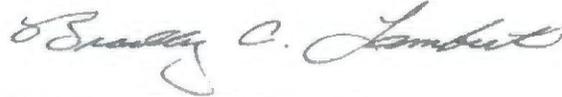
Therefore, the requested relief and all terms and provisions set forth above be and hereby are granted and IT IS SO ORDERED.

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 20 day of December, 2017 by a majority of the Virginia Gas and Oil Board.



Chairman, Bradley C. Lambert

DONE AND PERFORMED this 20 day of December, 2017 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 20th day of December, 2017, 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, 2021



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BEFORE THE VIRGINIA GAS AND OIL BOARD

PETITIONER: CNX Gas Company LLC

DIVISION OF GAS AND OIL

DOCKET NO: VGOB 92-0317-0196-02

RELIEF SOUGHT: (1) DISBURSEMENT FROM ESCROW REGARDING TRACT(S) 4 (2) AND DISMISSAL OF COAL OWNERS PURSUANT TO CODE OF VIRGINIA SECTION 45.1-361.22:2.

HEARING DATE: December 19, 2017

DRILLING UNIT: S14

BUCHANAN COUNTY, VIRGINIA

PETITION FOR ORDER OF DISBURSEMENT OF ESCROW FUNDS

1. Petitioner and its counsel

Petitioner is CNX Gas Company LLC, PO Box 570, Pounding Mill, VA 24637, (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, attributable to Tract 4, as depicted upon the annexed table; (2) dismissal of surface owners in Tract 4, B.F. McGlothlin Heirs, Devisees, Successors or Assigns (individuals listed below).

3. Legal Authority

Va. Code Ann. § 45.1-361.1 et seq., 4 VAC 25-160-140., 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

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- a. That H-W Financial, LLC (previously Harrison-Wyatt, LLC) as successor in interest of Big Axe Land Company—the gas claimant in Tract 1A—is entitled to 100% of the CBM royalties attributable to its gas claims that are now in escrow and as may be hereafter payable. See Va. Code Ann. § 45.1-361.22:2.A.
- b. That when the Board pooled this Unit by Order entered June 3, 1992, it identified the Respondents to be dismissed at this time, who are identified in the Notice of Hearing as surface owners. Surface owners are not gas claimants and are not entitled to receive royalties under Va. Code Ann. § 45.1-361.22:2.A.
- c. That a detailed accounting in accordance with the applicable provisions of § 45.1-361.22 is submitted herewith and identified as Exhibit J.
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- e. That Va. Code Ann. § 45.1-361.22:2.A, further provides that the Operator shall pay such royalties as may hereafter be payable directly to the gas claimant H-W Financial, LLC (previously Harrison-Wyatt, LLC) and shall not escrow same. See Exhibit EE annexed hereto.
- f. That notice of the Petition and the hearing regarding same has been provided by U.S. Mail and by publication. See certification of mailing and proof of publication.

6. Attestation

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

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11,250'

Latitude 37° 12' 30"

LT. FK. LITTLE GARDEN

5,350'

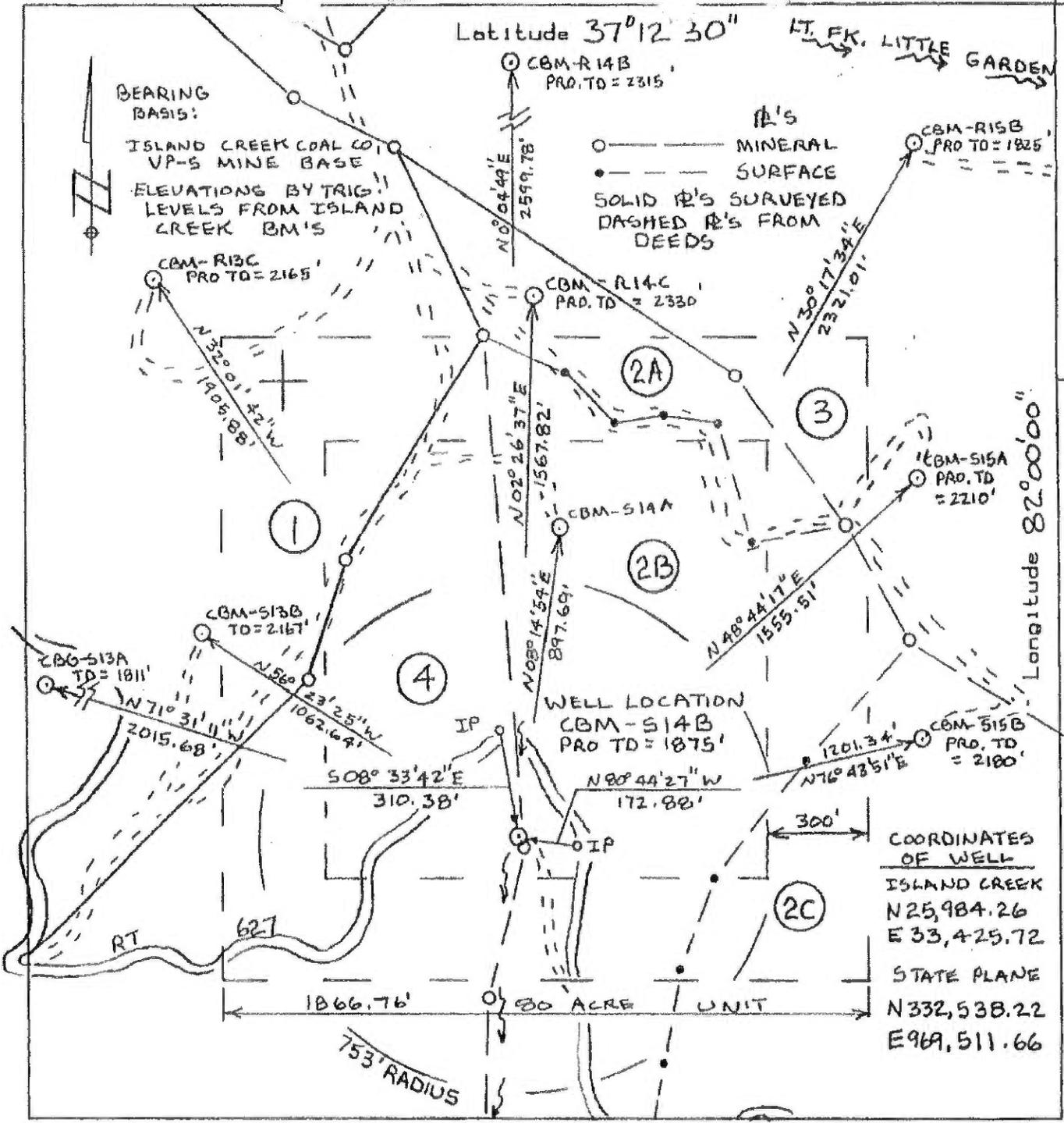
Longitude 82° 00' 00"

BEARING BASIS:

ISLAND CREEK COAL CO. VP-S MINE BASE

ELEVATIONS BY TRIG. LEVELS FROM ISLAND CREEK BM'S

MINERAL SURFACE
SOLID B'S SURVEYED
DASHED B'S FROM DEEDS



COORDINATES OF WELL

ISLAND CREEK	N 25,984.26
	E 33,425.72
STATE PLANE	N 332,538.22
	E 969,511.66

WELL LOCATION PLAT

(AKA: 5-110-2E-7)

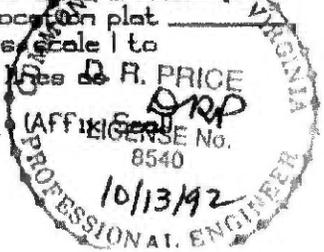
Company OXY USA INC Well Name and Number CBM-514B
 Tract No. BIGAYE TR. B Elevation 1982.67 Quadrange VANSANT
 County BUCHANAN District GARDEN Scale: 1" = 400'

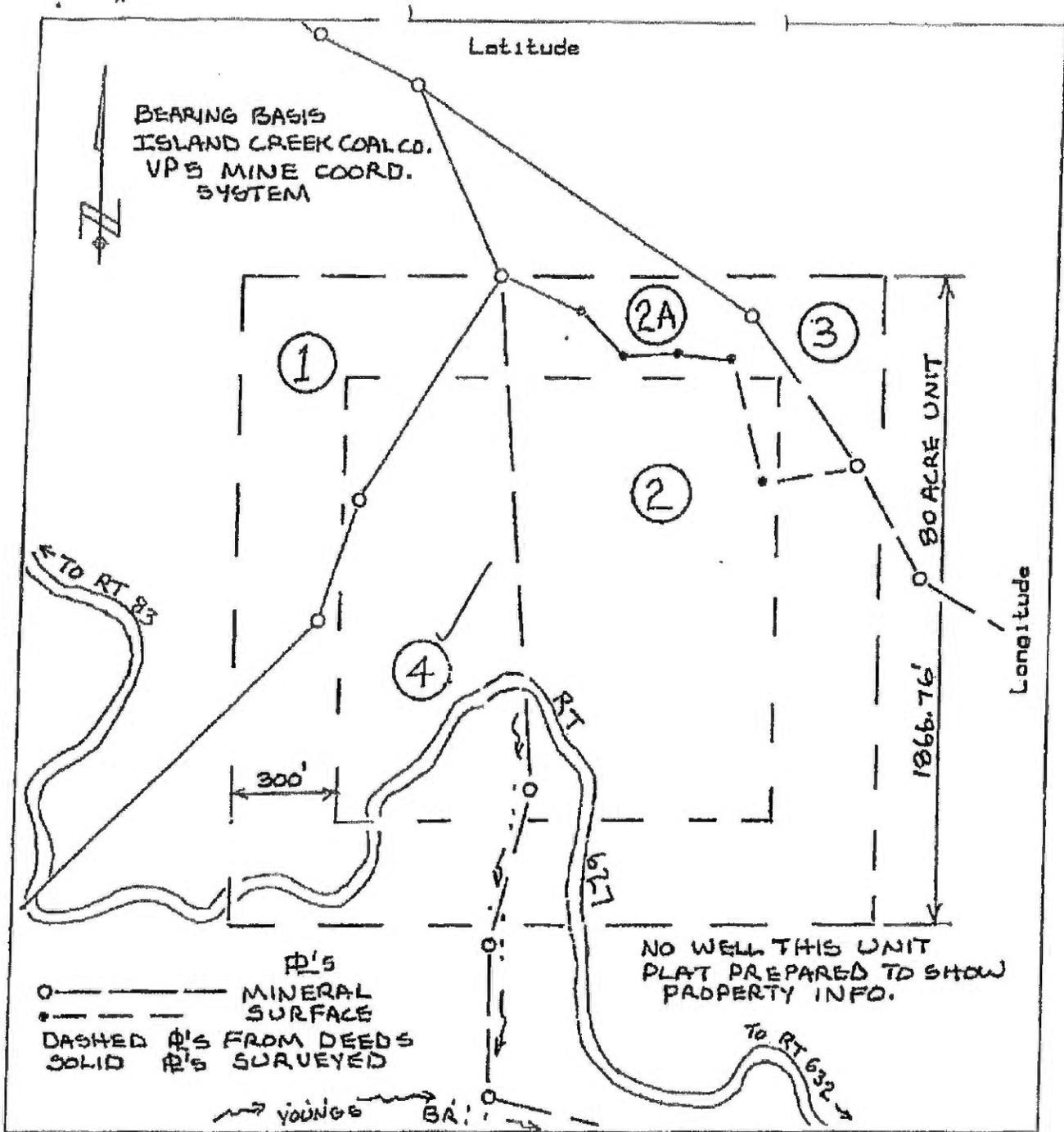
This Plat is a new plat ; an updated plat ; or a final location plat

+ Denotes the location of a well on United States topographic Maps, scale 1 to 24,000. latitude and longitude lines being represented by border lines shown.

D.R. Price

Licensed Professional Engineer or Licensed Land Surveyor



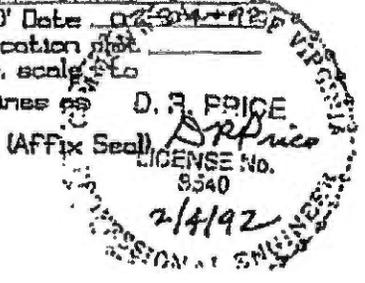


WELL LOCATION PLAT

Company OXY USA INC Well Name and Number UNIT 514
 Tract No. N/A Elevation N/A Quad angle VANSANT
 County BUCHANAN District S. GRUNDY / GARDEN Scale: 1" = 400' Date 02-24-92

This Plat is a new plat ; on updated plat _____; or a final location plat _____
 Denotes the location of a well on United States topographic Maps, scale _____ to
 + 24,000. latitude and longitude lines being represented by border lines as shown.

D. R. Price
 Licensed Professional Engineer or Licensed Land Surveyor



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OXY USA INC.

Well Plat Legend
Property and Lease Information
Well Unit -- S14

- 1. Surface, Oil & Gas ----- Raymond Street & Gerald McClanahan
- Coal ----- Big Axe Tract No 1
- Wayles R. Harrison and Landon R. Wyatt, Jr., Trustees
- Oil & Gas Lessee ----- Unleased
- Coal Lessee ----- Island Creek Coal Co.
- Jewell Smokless Coal Corp.
- Coalbed Methane Lessee -- OXY USA INC

1 = 11.19 Acres - 13.99% of Unit

- 2. Surface ----- Thelma Sizemore
- Coal, Oil & Gas ----- Big Axe Tract No 3
- Wayles R. Harrison and Landon R. Wyatt, Jr., Trustees
- Oil & Gas Lessee ----- OXY USA INC
- Coal Lessee ----- Island Creek Coal Co.
- Jewell Smokless Coal Corp.
- Coalbed Methane Lessee -- OXY USA INC

- 2A. Surface ----- Garden Realty Corp.
- Coal, Oil & Gas ----- Big Axe Tract No 3
- Wayles R. Harrison and Landon R. Wyatt, Jr., Trustees
- Oil & Gas Lessee ----- OXY USA INC
- Coal Lessee ----- Island Creek Coal Co.
- Jewell Smokless Coal Corp.
- Coalbed Methane Lessee -- OXY USA INC

2 & 2A = 41.40 Acres - 51.74% of Unit

(Continued next page)

OXY USA INC
 Well Unit S14
 Well Plat Legend
 Page 2

3. Surface ----- Garden Realty Corp.
 Coal, Oil & Gas ----- Yukon Pocahontas Coal Co., ET. AL.
 Big Vein TR 12B
 %Georgia Pacific Corp.
 Oil & Gas Lessee ----- Cabot Oil & Gas Corp.
 Coal Lessee ----- Island Creek Coal Co.
 Jewell Smokless Coal Corp.
 Coalbed Methane Lessee -- OXY USA INC

3 = 3.48 Acres -- 4.35% of Unit

4. Surface ----- B. F. McGlothlin Heirs
 Coal, Oil & Gas ----- Big Axe Tract No 8
 Wayles R. Harrison and Landon R.
 Wyatt, Jr., Trustees
 Oil & Gas Lessee ----- OXY USA INC
 Coal Lessee ----- Island Creek Coal Co.
 Jewell Smokless Coal Corp.
 Coalbed Methane Lessee -- OXY USA INC

4 = 23.93 Acres - 29.92% of Unit

Exhibit E
Unit S-14
Docket # VGOB-92-0317-0196-02
List of Owners/Claimants that require escrow

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Acres in Unit

Percent
of Unit

Escrowing no longer required

Exhibit EE
Unit S-14
Docket # VGOB-92-0317-0196-02
List of Owners/Claimants with Royalty Split Agreements/Court Order/HB2058

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	Acres In Unit	Percent of Unit	Percent of Escrow
<u>Tract #1 - 11.19 acres</u>			
<u>COAL OWNERSHIP</u>			
(1) H-W Financial, LLC PO Box 11000 Danville, VA 24543	11.19 acres	13.9875%	n/a
<u>OIL & GAS OWNERSHIP</u>			
(1) CNX Gas Company 1000 Consol Energy Drive Canonsburg, PA 15317 <i>(previously Buchanan Production Co.)</i>	11.19 acres	13.9875%	n/a
<u>Tract #4 - 23.93 acres</u>			
<u>COAL OWNERSHIP</u>			
(1) H-W Financial, LLC PO Box 11000 Danville, VA 24543	23.93 acres	29.9125%	n/a
<u>OIL & GAS OWNERSHIP</u>			
(1) H-W Financial, LLC PO Box 11000 Danville, VA 24543	23.93 acres	29.9125%	100.00% HB2058

INSTRUMENT 180000069
RECORDED IN THE CLERK'S OFFICE OF
BUCHANAN COUNTY CIRCUIT COURT ON
January 10, 2018 AT 11:22 AM
BEVERLY S. TILLER, CLERK
RECORDED BY: CXE