02665

V I R G I N I A:

BEFORE THE VIRGINIA GAS AND OIL BOARD

APPLICANT: OXY USA, INC. AND BUCHANAN PRODUCTION COMPANY	)	
RELIEF SOUGHT: SUPPLEMENTAL ORDER TO VGOB DOCKET NO. 92-0915-0265 FOR THE POOLING OF INTERESTS IN DRILLING UNIT NO. W-19/B PURSUANT TO SECTION 45.1-361.22, (CODE OF VIRGINIA, 1950 AS AMENDED) FOR THE PRODUCTION OF COALBED METHANE GAS INCLUDING GAS FROM SHORT HOLES, UNSEALED GOB ANY ANY ADDITIONAL WELLS THAT MAY BE AUTHORIZED PURSUANT TO § 45.1-361.20, CODE OF VIRGINIA, 1950 AS AMENDED, (herein "Additional Well(s)" (herein collectively referred to as "Coalbed Methane Gas" or "Gas")	)	VIRGINIA GAS AND OIL BOARD DOCKET NO. VGOB 92-1215-0305 (Supplemental Order to Consolidated Docket Nos. VGOB 92-0915-0265 and VGOB 92-1117-0290 Entered January 26, 1993, and Recorded in Deed Book 463 at Page 664 Buchanan County, Virginia
LEGAL DESCRIPTION:	)	
DRILLING UNIT NUMBER W-19/B (Hereafter "Subject Drilling Unit") IN THE OAKWOOD COALBED GAS FIELD II HURRICANE MAGISTERIAL DISTRICT, VANSANT QUADRANGLE, BUCHANAN COUNTY, VIRGINIA (the "Subject Lands" are more particularly described on Exhibit "A", attached hereto and made a part hereof)	)	

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 January 20, 1993, Dickenson Conference Room, Southwest Virginia 4-H Center, Abingdon, Virginia.

2. Appearances: Howard G. Salisbury and Mark A. Swartz, attorneys of Kay, Casto, Chaney, Love and Wise, appeared for the Applicant; and Sandra B. Riggs, Assistant Attorney General was present to advise the Board.

3. Jurisdiction and Notice: Pursuant to Sections 45.1-361.1 et seq., Virginia Code, 1950 as amended, 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 an update of its search of the reasonably available sources to determine the identity and whereabouts of potential owners, i.e., persons identified by Applicant as having or claiming the rights to coalbed methane gas in all coal seams below the Tiller Seam (hereafter "Subject Formation") in Subject Drilling Unit underlying and comprised of Subject Lands; (2) has given notice to all such parties so

identified, (hereafter sometimes "person(s)" whether referring to individuals, corporations, partnerships, associations, companies, businesses, trusts, joint ventures or other legal entities) and entitled by §§ 45.1-361.19 and 45.1-361.22, Virginia Code, 1950 as amended, to notice; and (3) that the persons set forth in Exhibit B hereto are persons identified by applicant through its updated search who may be claimants of coalbed methane gas interests in Subject Formation, in Subject Drilling Unit underlying and comprised of Subject Lands, who have not heretofore agreed to lease to the Operator and/or voluntarily pool their interests, but who were not named as respondents in the Board's Order entered January 26, 1993, under Consolidated Docket Nos. VGOB 92-0915-0265 and 92-1117-0290 pooling interests in Subject Drilling Unit. Further, the Board has caused notice of this hearing to be published as required by § 45.1-361.19B, Virginia Code, 1950 as amended. Whereupon, the Board hereby finds that the notices given herein satisfy all statutory requirements, Board rule requirements and the minimum standards of state due process.

4. Amendments: Exhibit B.

5. Dismissals: Pamela Darnell Jones and Tom Jones, who have leased their interests to the Applicant; Julie C. McCoy, now deceased.

6. Relief Requested: Applicant requests (1) that pursuant to §§ 45.1-361.22, including the applicable portions of § 45.1-361.21, Code of Virginia, 1950 as amended, the Board supplement its order entered January 26, 1993, under consolidated VGOB Docket Nos. 92-92-0915-0265 amd 92-1117-0290 to pool all the rights, interests and estates in Subject Drilling Unit, including those of the known and unknown persons named in Exhibit B hereto, with those heretofore named in VGOB Docket Nos. 92-0915-0265 and 92-1117-0290, and their known and unknown heirs, executors, administrators, devisees, trustees, assigns and successors, both immediate and remote, for the drilling and operation, including production, of Coalbed Methane Gas, produced from the Subject Drilling Unit established for the Subject Formation 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 (2) that the Board redesignate Oxy USA, Inc. as Unit Operator.

7. Relief Granted: The requested relief in this cause be and hereby is granted: (1) Pursuant to Sections 45.1-361.21.C.3, Code of Virginia, 1950 as amended, Oxy USA, Inc. (hereafter "Unit Operator") is redesignated as the Unit Operator authorized to drill and operate any well in the Subject Drilling Unit, subject to the permit provisions contained in Section 45.1-361.27 et seq., Code of Virginia, 1950 as amended, to the Oakwood Coalbed Gas Field I Order OGCB 3-90, dated May 18, 1990, to the Oakwood Coalbed Gas Field II Board's Order 91-1119-0162 effective as of December 17, 1992, to § 480-05-22.1 et seq., Gas and Oil Regulations and to § 480-05-22.2 et seq., Virginia Gas and Oil Board Regulations, all as amended from time to time, and (2) all the interests and estates in Subject Drilling Unit, including those of the known and unknown persons listed on Exhibit "B", attached hereto and made a part hereof, as well as those heretofore named in Consolidated VGOB Docket Nos. 92-0915-0265 and 92-1117-0290, 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 Formation in the Subject Drilling Unit underlying and comprised of the Subject Lands.

Subject Formation	Unit Size	Permitted Well Location	Field and Well Classification	Order Number
All coal seams below the Tiller seam and associated strata	Approximately 80-acre square drilling unit	Two well bores to be located in Unit W-19/B	Oakwood Coalbed Gas Field II for Coalbed Methane Gas including Short Hole Gas, Unsealed Gob Gas and Gas from Any Additional Wells	OGCB 3-90, VGOB No. 91-1119-0162 and Consolidated VGOB Nos. 92-0915-0265 and 92-1117-0290

For the Subject Drilling Unit
underlying and comprised of the Subject
Land referred to as:

Unit Number W-19/B
Buchanan County, Virginia

Pursuant to the Board's Order No. VGOB 91-1119-162, effective as of December 17, 1992, the Board has adopted the following method for the calculation of production and revenue and allocation of allowable costs for short hole and unsealed gob production of Coalbed Methane Gas dependent upon the particular long wall mining plan applicable to each 80-acre drilling unit. The designated operator of any 80-acre drilling unit or units within the boundaries of which any long wall panel is located and from which unsealed gob gas or short hole gas is produced, shall calculate production and revenue and allocate allowable costs based upon the mine plan being implemented within each affected 80-acre drilling unit and in particular, based upon the surface acreage in each 80-acre drilling unit actually contained within a long wall panel as shown on the applicable mine plan. A copy of the pertinent portion of the mine plan being utilized to calculate production and revenue from and to allocate allowable costs for any effected 80-acre drilling units shall be filed of record with the Board prior to the payment of any revenue based upon such calculations. The formula or division of interest for production from any 80-acre drilling unit affected by a long wall panel and from any separately owned tract in any such 80-acre unit shall be calculated as provided in VGOB No. 91-1119-162, a summary of which follows:

7.1. For Short Hole Gas - The amount of production produced from and attributed to each 80-acre drilling unit shall be the ratio (expressed as a percentage) that the amount of surface acreage in any affected 80-acre drilling unit bears to the total surface acreage contained in the entire long wall panel(s) affecting such 80-acre drilling unit.

7.2. For Unsealed Gob Gas - The amount of production produced from and attributed to each 80-acre drilling unit shall be the ratio (expressed as a percentage) that the amount of surface acreage in any affected 80-acre drilling unit bears to the total surface acreage contained in the entire long wall panel(s) affecting such 80-acre drilling unit.

7.3. For Gas from Any Additional Well - After actual commencement of coal mining operations by the driving of entries and completion of isolation of a long wall panel underlying any 80-acre unit containing any Additional Well, the amount of gas produced from and costs attributed to each such 80-acre drilling unit shall be the ratio (expressed as a percentage) that the amount of surface acreage

in any affected 80-acre drilling unit bears to the total surface acreage contained in the entire long wall panel(s) affecting such 80-acre drilling unit.

Prior to the actual commencement of coal mining operations by the driving of entries and completion of isolation of a long wall panel, gas from any Additional Well shall be deemed produced from the 80-acre drilling unit in which the well is located.

8. Election and Election Period: Each person named in Exhibit B hereto 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 this Order is recorded in the county above named. 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 its 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 or oil owner named in Exhibit B hereto) may elect to participate in the development and operation of 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 in the Subject Drilling Unit, as more particularly set forth in Virginia Gas and Oil Board Regulation VR 480-05-22.2, Section 10 (herein "Allocable, Completed for Production Costs"). Further, a Participating Operator agrees to pay the estimate of such Participating Operator's proportionate part of the Allocable, 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 (total) estimated Allocable, Completed-for-Production Panel Costs for the Subject Drilling Unit are as follows:

Allocable, Completed-for-Production Panel Costs:

PANEL DEV-2 - $170,705.00
PANEL DEV-3 - 189,504.00

TOTAL PANEL COSTS: $360,209.00

A Participating Operator's proportionate cost hereunder shall be the total of the results obtained by multiplying the Participating Operators' "Panel Interest" as set forth in the fourth column of Exhibit G, Page 3, times each of the Allocable,Completed-for-Production Panel Costs 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 total Allocable, Completed-for Production Panel Costs 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 development and operation of Subject Drilling Unit under Paragraph 9.1 above, any gas or oil owner named in Exhibit B hereto may elect to accept a cash bonus consideration of $1.00 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 Coalbed Methane Gas and gas condensate produced from any well development covered by this Order [for purposes of this Order, net proceeds shall be actual proceeds received less all post-production costs incurred downstream of the wellhead, including, but not limited to, all 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 or oil owner. The initial cash bonus shall become due and owing when so elected and shall be tendered, paid or escrowed within sixty (60) 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 all right, title, interest, estates, and claims of such electing gas or oil owner to the Gas produced from Subject Formation in the Subject Lands, except, however, for the 1/8th royalties due hereunder.

The election made under this Paragraph 9.2, when so made, shall be satisfaction in full for all right, title, interests, estates 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 all its right, title, interests, estates, and claims to the Gas produced from Subject Formation in the Subject Drilling Unit to the Unit Operator.

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 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 or oil owner named in Exhibit B hereto may elect to share in the 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. All of such Carried Well Operator's rights, title, interests, estates and claims 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. 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.

The election made under this Paragraph 9.3, when so made, shall be satisfaction in full for all rights, title, interests, estates 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 all its rights, title, interest, estates and claims in the gas produced from Subject Formation in the Subject Drilling Unit to the Unit Operator for the period of time during which its 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 hereto fails to elect 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, then such person shall be deemed to have elected not to participate in the proposed development and operation of Subject Drilling Unit and shall be deemed, subject to a final legal determination or ownership, to have elected to accept as satisfaction in full for all such person's right, title, interests, estates and claims the consideration provided in Paragraph 9.2 above for which its interest qualifies and shall be deemed to have leased and/or assigned all his right, title, interests, estates and claims to the Gas produced from Subject Formation in the Subject Drilling Unit to the Unit Operator. Persons who fail to properly elect shall be deemed, subject to a final legal determination of ownership, to have accepted the compensation and terms set forth herein at Paragraph 9.2 in satisfaction in full for all right, title, interests, estates and claims of such person to the Gas produced from the Subject Formation underlying Subject Lands.

11. Default By Participating Person: In the event a person 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 Allocable, Completed-for-Production Panel 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, title, interest, estates and claims 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 sixty (60) 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 all right, title, interests, estates and claims of such person to the Gas underlying Subject Drilling Unit in the Subject Lands covered hereby, except, however, for any royalties which would become due pursuant to Paragraph 9.2 hereof.

12. Assignment of Interest: In the event a person elects or fails to elect to do other than participate under Paragraph 9.1 above in the development and operation of the well in Subject Formations in Subject Drilling Unit, then such person shall be deemed to have and shall have assigned unto Unit Operator such person's right, title, interests, estates and claims in and to said well, in Subject Formation in Subject Drilling Unit, and other share in 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 election.

13. Unit Operator (or Operator): OXY USA, Inc., be and hereby is designated as Unit Operator authorized to drill and operate any well in Subject Formation in Subject Drilling Unit, all subject to the permit provisions contained in Section 45.1-361.27 et seq. , Code of Virginia, 1950 as amended, §§ 480-05-22.1 et seq., Gas and Oil Regulations and §§ 480-05-22.2 et seq., Virginia Gas and Oil Board Regulations, 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:

OXY USA INC.
P. O. Drawer Q
Richlands, VA 24641
Phone: (703) 964-9803
Fax: (703) 964-0381
Attn: Martin E. Wirth, Land Manager

14. Commencement of Operations: Unit Operator shall commence or cause to commence operations for the drilling of any well covered hereby within three hundred and sixty-five (365) 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 any 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 one year period referred 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 mineral 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 chargeable 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 any well covered hereby has been paid the full amounts due under the terms of this Order.

16. Escrow Provisions:

By this Order, the Board instructs the Escrow Agent named herein or any successor named by the Board to establish an interest-bearing escrow account, (herein "the Escrow Account") to receive and account to the Board pursuant to its agreement for the escrowed funds hereafter described:

Tazewell National Bank
P. O. Box 909
Tazewell, VA 24651
(herein "Escrow Agent")

16.1. Escrow Provisions For Unknown or Unlocatable Persons: If any payment of bonus, royalty payment or other payment due and owing under this Order 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 Section 45.1-361.21.D, Code of Virginia, 1950 as amended, and said sums shall be deposited by the Operator into the Escrow Account, commencing within sixty (60) days of recording of this Order, and continuing thereafter on a

monthly basis with each deposit to be made, by use of a report format approved by the Inspector, 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 being deposited. 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 § 45.1-361.21.D., Code of Virginia, 1950 as amended.

16.2 Escrow Provisions For Conflicting Claimants: If any payment of bonus, royalty payment of 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 or other payment, together with Participating Operator's Proportionate Costs paid to 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 Virginia Code Sections 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 sixty (60) days of recording of this Order, and continuing thereafter on a monthly basis with each deposit to be made, by use of a report format approved by the Inspector, 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 a Virginia general partnership comprised of Appalachian Operators, Inc., and Appalachian Methane, Inc., and is duly authorized and qualified to transact business in the Commonwealth of Virginia;

17.2 Based on the evidence presented, OXY USA, Inc. assigned all of its interests in Buchanan County, Virginia in coalbed methane leases and other interests to Applicant, Buchanan Production Company, which assignment of interests was recorded in the public records of Buchanan County, Virginia on or about March 20, 1992. Applicant, Buchanan Production Company, claims ownership of gas leases, coalbed methane gas leases, and/or coal leases representing 99 percent of the oil and gas interest and 100 percent of the coal interest in Subject Drilling Unit, and applicant claims the right to explore for, develop and produce coalbed methane gas from coal seams below the Tiller seam in Unit Number W-19/B in Buchanan County, Virginia, which Subject Lands are more particularly described in Exhibit "A";

17.3 Applicant has delegated to OXY USA Inc., authority to explore, develop and maintain the properties and assets of Applicant now owned or hereafter acquired, which delegation is evidenced by resolution of the management committee of Applicant introduced as Exhibit J, and Applicant seeks the appointment of OXY USA Inc. as the coalbed methane gas well Unit Operator of Subject Drilling Unit. Further, OXY USA Inc. has accepted Applicant's delegation and has agreed to explore, develop and maintain the properties and assets of Applicant, and has consented to serve as coalbed methane gas well Unit Operator for Subject Drilling Unit and to faithfully discharge

the duties imposed upon it as Unit Operator by statute and regulation, all as evidenced by the consent introduced as Exhibit J;

17.4 OXY USA Inc. is a Delaware corporation duly authorized to transact business in the Commonwealth of Virginia and is an operator in the Commonwealth of Virginia and has satisfied the Board's requirements for operations in Virginia;

17.5 Applicant has proposed the drilling of two (2) wells on the Subject Drilling Unit to develop the pool of Gas in Subject Formations. Exhibit G, Page 1 depicts Island Creek Coal Company's VP-6 Mine works underlying Subject Drilling Unit introduced by Applicant in support of their Application for an Additional Well.

17.6 The estimated total production from Subject Drilling Unit is 125 to 550 MMCF. The estimated amount of reserves from the Subject Drilling Unit is 125 to 550 MMCF.

17.7 Respondents are listed on Exhibit "B". Set forth in Exhibit "B" is the name and last known address of each person identified by the Applicant as having or claiming a potential interest in the Coalbed Methane Gas in Subject Formation in Subject Drilling Unit underlying and comprised of Subject Lands, but who were not heretofore named as a Respondent in proceedings for consolidated Docket Nos. VGOB 92-0915-0265 and 92-1117-0290, but who have not, in writing, leased to the Operator and/or voluntarily pooled their interests in Subject Drilling Unit for its development which said interests represents .14 percent of the oil and gas interests and 0 percent of the coal interests in Subject Drilling Unit.

17.8 The Board has heretofore been presented with Exhibit K, a contract approval abstract, which purports to summarize the basic agreements reached by Island Creek Coal Company, OXY USA, Inc. and Buchanan Production Company concerning the consideration to be paid by Applicant for the use of the well bores to be used to produce gas from Subject Drilling Unit, which cost is incorporated in and made a part of the Allocable, Completed-for-Production Cost, set forth in Paragraph 9.1 above or on Exhibit G hereto.

17.9 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 any well covered hereby are those options provided in Paragraph 9 above;

17.10 The Board has not heretofore entered an Order pooling interests for Subject Drilling Unit pursuant to its Oakwood Coalbed Gas Field I Order, OGCB No. 3-90. The Board has entered an Order pooling interests for Subject Drilling Unit pursuant to Oakwood Coalbed Gas Field II, Order VGOB 91-1119-0162 under Consolidated VGOB Docket Nos. 92-0915-0265 and 92-1117-0290; however, the parties set forth in Exhibit B hereto were not parties to said pooling proceedings;

17.11 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 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 coalbed methane 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 Supplemental Order stating that a true and correct copy of said Order was mailed within seven (7) days from the date of receipt of this Order to each person pooled by this Order 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. Effective Date: This Order shall be effective on the date of its execution.

DONE AND EXECUTED this 17th day of February, 1993, by a majority of the Virginia Gas and Oil Board.

Chairman, Benny R. Wampler

DONE AND PERFORMED this 17th day of February, 1993, by Order of this Board.

Byron Thomas Fulmer
Principal Executive To The Staff
Virginia Gas and Oil Board

STATE OF VIRGINIA)
COUNTY OF WISE)

Acknowledged on this 17th day of February, 1993, personally before me a notary public in and for the Commonwealth of Virginia, appeared Benny Wampler, being duly sworn did depose and say that he is Chairman of the Virginia Gas and Oil Board, that he executed the same and was authorized to do so.

Susan G. Garrett
Notary Public

My commission expires 7/31/94

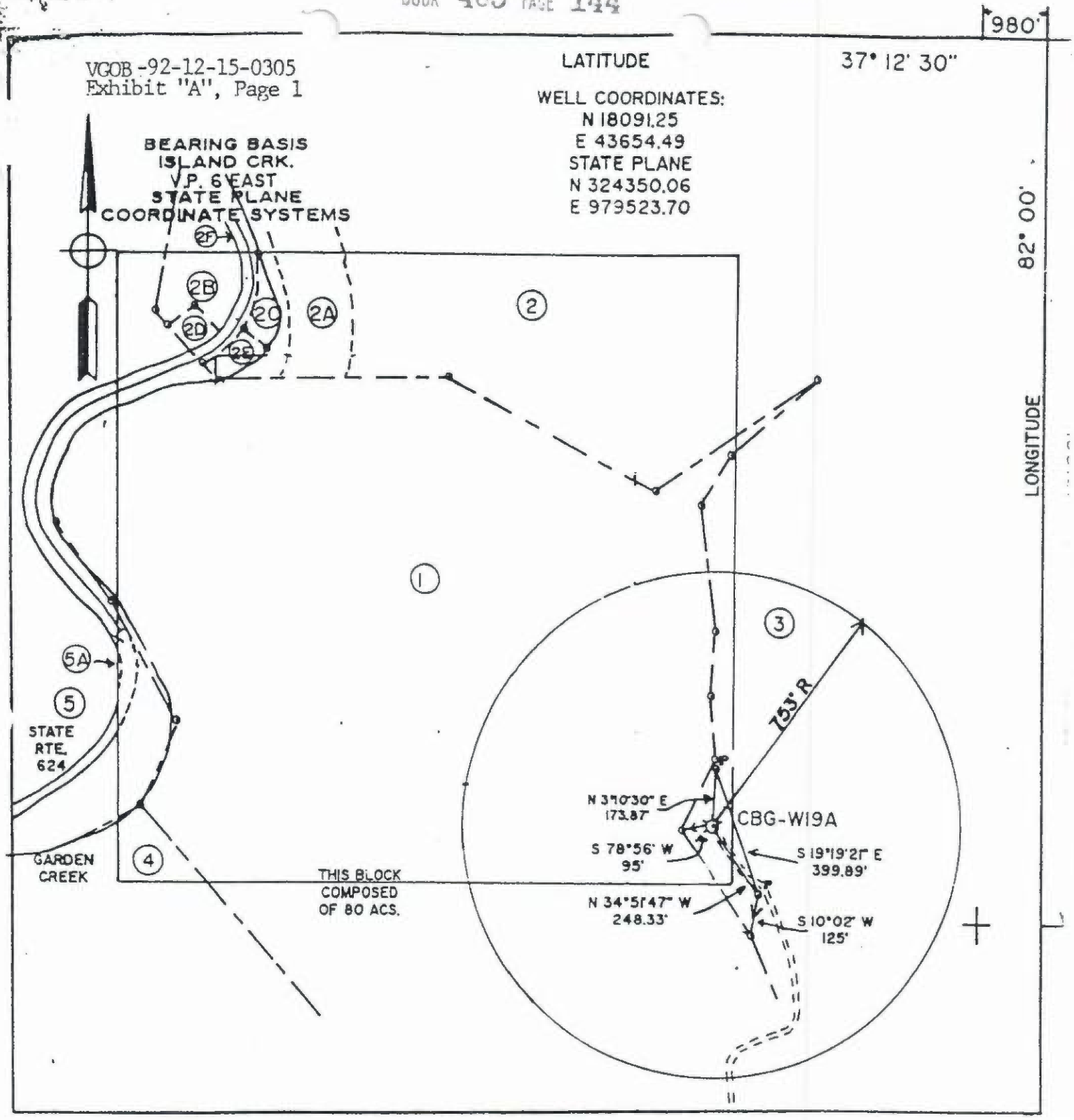
STATE OF VIRGINIA)
COUNTY OF WISE)

Acknowledged on this 17th day of February, 1993, personally before me a notary public in and for the Commonwealth of Virginia, appeared Byron Thomas Fulmer, being duly sworn did depose and say that he is Principal Executive to the Staff of the Virginia Gas and Oil Board, that he executed the same and was authorized to do so.

Susan G. Garrett
Notary Public

My commission expires 7/31/94

VGOB -92-12-15-0305
Exhibit "A", Page 1



WELL LOCATION PLAT

COMPANY OXY USA INC. WELL NAME and No. CBG-W19A
TRACT No. MULLINS COAL TR. ELEVATION 2213.78' QUADRANGLE VANSANT
COUNTY BUCHANAN DISTRICT HURRICANE SCALE: 1"=400' DATE 9/25/'92
REVISED 10/12/92

THIS PLAT IS A NEW PLAT X ; AN UPDATED PLAT ____ ; OR A FINAL LOCATION PLAT ____

+ DENOTES THE LOCATION OF A WELL ON UNITED STATES TOPOGRAPHIC MAPS, SCALED TO 24,000, LATITUDE AND LONGITUDE LINES BEING REPRESENTED BY BORDER LINES AS SHOWN.

HC Van Meter

HORACE C. VAN METER
CERTIFICATE No. 7219
CERTIFIED PROFESSIONAL ENGINEER
COMMONWEALTH OF VIRGINIA

PROFESSIONAL ENGINEER OR LICENSED LAND SURVEYOR

PARTIES RESPONDENT
EXHIBIT "B"
Unit No.: W-19
Amended

RESPONDENT(S) WHO HAVE NOT LEASED OR OTHERWISE CONTRACTED WITH APPLICANT

	Owner	Mineral Ownership	Net Acreage Within Unit	Undivided Net Interest Within Unit
	Tract 2B			
1.	John P. Ratliff Rt. 2, Box 60 Oakwood, Virginia 24631	Oil & Gas	1.49 Ac.	1.8625%
	Tract 2F			
1.	Commonwealth of Virginia Department of Transportation 1401 East Broad Street Richmond, VA 23219	Oil & Gas	0.04 Ac.	0.05%
	Tract 5			
1.	Pamela Darnell 1714 East Downing Street Mesa, Arizona 85203	Oil & Gas DISMISSED	.006854 Ac.	.00857%
2.	Carol Barnett and Sparky Barnett 1018 No. Hunt Mesa, Arizona 85203	Oil & Gas	.006854 Ac.	.00857%
3.	Julie C. McCoy, widow Address Unknown	Oil & Gas DECEASED	.0548328 Ac.	.06854%
	Tract 5-A			
1.	Commonwealth of Virginia Department of Transportation 1401 East Broad Street Richmond, VA 23219	Oil & Gas	0.07 Ac.	0.09%

NOV 1992

Docket No. VGOB-92-12-15-0305

EXHIBIT "B1"

Other persons entitled to notice under Va. Code Ann. § 45.1-361.19

	Name	Status of Ownership
1.	None.	

Applicant, has under lease or contract the Coalbed Methane Gas underlying the tract(s) within this unit from all other interest owners.

'Irginia Gas and Oil E d
Docket No. VGOB - 92-12-15-0305
Exhibit G Page 1

VP6 Short Hole Production

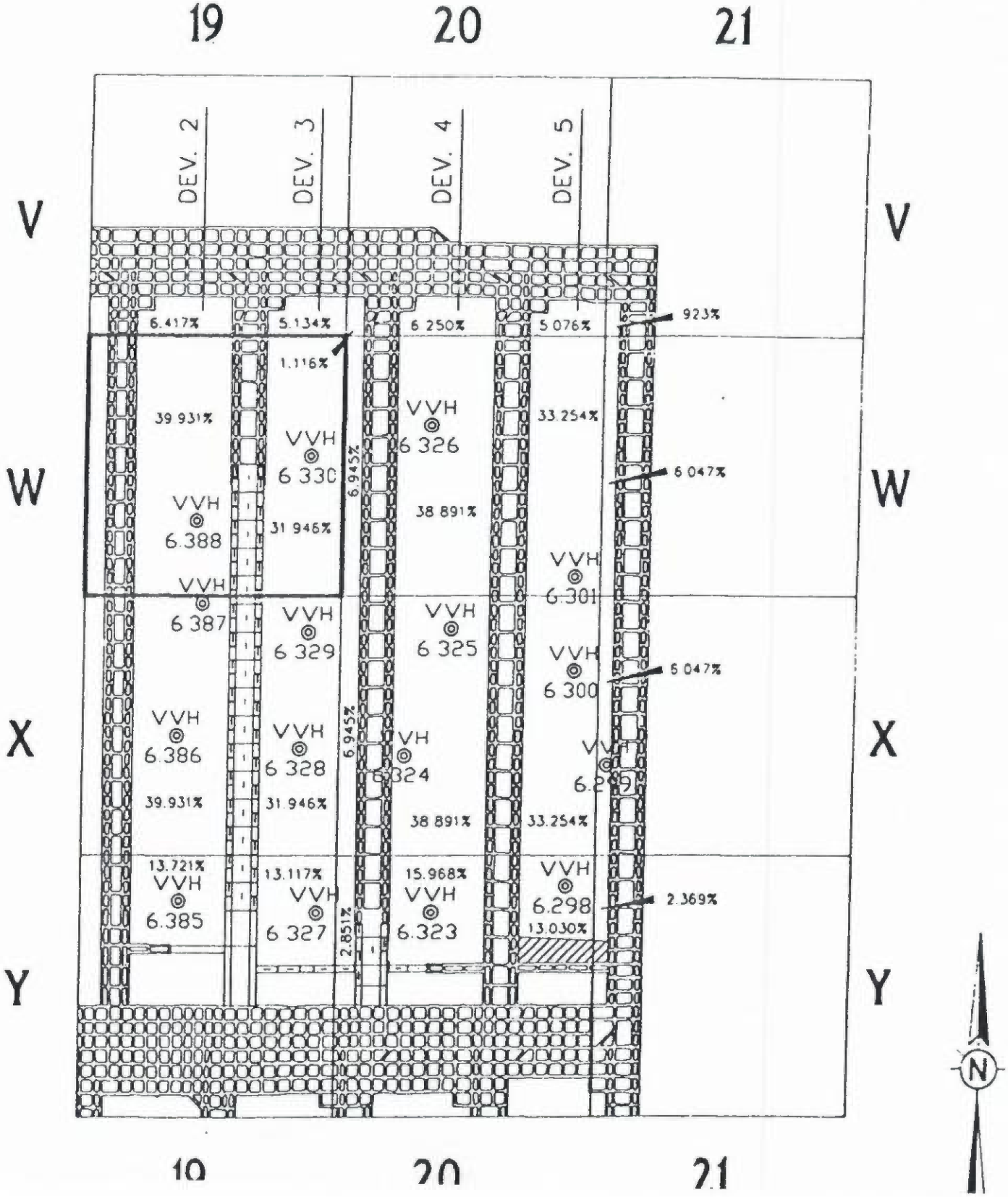


EXHIBIT "G", Page 3
VGOB-92-12-15-0305
FORMULA FOR DIVISION OF INTEREST
AMENDED

UNIT: W-19

NAME	NET% INTEREST IN UNIT *	UNIT% INTEREST IN PANEL **	PANEL INTEREST
Panel Dev. 3			
John P. Ratliff	1.8625%	31.946%	0.5950%
Pamela Darnell	0.0086%	31.946%	0.0027%
Carol and Sparky Barnett	0.0086%	31.946%	0.0027%
Julie C. McCoy	0.0685%	31.946%	0.0219%
Commonwealth of Virginia	0.14%	31.946%	0.0447%
Panel Dev. 2			
John P. Ratliff	1.8625%	39.931%	0.7437%
Pamela Darnell	0.0086%	39.931%	0.0034%
Carol and Sparky Barnett	0.0086%	39.931%	0.0034%
Julie C. McCoy	0.0685%	39.931%	0.0274%
Commonwealth of Virginia	0.14%	39.931%	0.0559%

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 24th day of February, 19 93 1:56 P. M. Deed Book No. 405 and Page No. 133.

TESTE: [signature] Clerk

* FROM EXHIBIT "B"
** FROM EXHIBIT "G"