

VIRGINIA:

BEFORE THE VIRGINIA GAS AND OIL BOARD

APPLICANT: **POCAHONTAS GAS LLC**

DIVISION OF GAS
AND OIL DOCKET
NO. 93-0216-0325-28

RELIEF SOUGHT: **MODIFICATION OF THE OAKWOOD I
COAL BED GAS FIELD RULES ORDER
OCGB 3-90, AS AMENDED, TO ALLOW
MORE THAN ONE COALBED GAS WELL
TO BE DRILLED IN THE UNITS
IDENTIFIED ON EXHIBIT A1 HERETO**

LEGAL DESCRIPTION: DRILLING UNIT(S) **I41 and J40**; LOCATED IN
BUCHANAN COUNTY, VIRGINIA; SEE ANNEXED **EXHIBIT A1** AND STATE
PLANE COORDINATE DESCRIPTION AT PARAGRAPH 7.h. WITHIN

**REPORT OF THE BOARD
FINDINGS AND ORDER**

1. Hearing Date and Place: This matter came for final hearing before the Virginia Gas and Oil board (hereafter "Board") at 9:00 a.m. on **April 16, 2019** at the at the Russell County Conference Center, Lebanon, Virginia.

2. Appearances: **Mark A. Swartz**, Esquire, of the firm of Swartz Law Offices, LLP appeared for the Applicant; and Paul Kugleman, Jr., Assistant Attorney General was present to advise the Board.

3. Jurisdiction and Notice: Pursuant to sections 45.1-361.1 *et seq.*, Virginia Code, as amended, the Board finds that it has jurisdiction over the subject matter. Based upon the evidence presented by the 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, or in the case of conflicting claims to the ownership of the coalbed methane gas, each person identified by Applicant as a potential owner of the coalbed methane gas underlying the area described at paragraph 7.h below and in **Exhibit A1** attached hereto; and (2) has given notice to all parties so identified (hereinafter 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 45.1-361.20, Virginia Code, as amended, to notice of this Application, and (3) that the persons listed in the Notice of Hearing are the persons so identified by the Applicant. Further, the Board has caused notice of this hearing to be published as required by § 45.1-361.19.B., Virginia Code, as amended. Whereupon, the Board hereby finds that the notices given satisfy all statutory requirements, Board rule requirements and the minimum standards of State due process.

4. Amendments and Dismissals: None.

5. Relief Requested: (1) Modification of the Oakwood I Coalbed Gas Field Rules to allow more than one coalbed methane gas well to be drilled within each of the Oakwood Field Drilling Units identified above and in **Exhibit A1** attached hereto; and (2) for an administrative order providing that additional well permits may be issued in the Oakwood I Field after this Application is filed and while it is pending.

6. Relief Granted: Available data and the evidence adduced at the hearing support Applicant's position that the production from the pool underlying the Oakwood I Coalbed Gas Field Drilling Units in question would be enhanced and benefit from in-field drilling; accordingly,

a. With regard to the Drilling Units described above and in **Exhibit A1** hereto, OGCB 3-90 is hereby amended to allow the Board's Designated Unit Operator in Drilling Units pooled by Board Order and the Well Operator/Permittee in voluntary Drilling Units to drill a total of two wells, said total to include any previously permitted wells, within the units affected by the Application and this Order;

b. In the event that an additional coalbed methane gas well(s) permitted and drilled after the entry of this order is located within the drilling window(s) of an Oakwood I Coalbed Gas Field Drilling Unit affected by this order, the production therefrom shall be solely attributed to and allocated to the Oakwood I Coalbed Gas Field Drilling Unit within which the wells are located. Such well(s) will be subject to any existing pooling orders, and no further Board appearance or action will be required;

c. In the event a second well is proposed that is to be located outside the drilling window of any Oakwood I Coalbed Gas Field Unit affected by this order and a permit application is submitted to the Division of Gas and Oil seeking such location exception, the Inspector shall assess the permit as follows:

(i) If an 80-acre square with the proposed well at its center lies entirely within Oakwood I Drilling Units which are voluntary in nature and are not subject to existing pooling orders, the Inspector may grant or deny the location exception on a case-by-case basis

according to standard procedures and provisions of the Oakwood I Field Order which allow wells to be drilled outside drilling windows; or

(ii) If an 80-acre square with the proposed well at its center lies entirely or partially within any Oakwood I Drilling Unit(s) which is subject to existing pooling orders, the Inspector shall refer the permit application to the Board for its recommendations concerning correlative rights considerations, modification of pooling orders, and escrow provisions. Alternatively, the Unit Operator may present a pooling proposal directly to the Board prior to filing a permit application. No permit under this paragraph ii. shall be issued until the Board has acted on the matter.

7. Special Findings:

- a. Applicant's proposed field rule modification is not an unreasonable or arbitrary exercise of the owner's right to explore for or produce gas;
- b. The Applicant's proposal would not unreasonably interfere with the present or future mining of coal or other minerals;
- c. The acreage to be embraced in the Drilling Units affected by and/or created by this Modification Order shall be as set forth above and in **Exhibit A1** attached hereto.
- d. The formations subject to this Modification Order are described in OGCB 3-90, as amended.
- e. The boundaries of the 80-acre Drilling Units are the same as heretofore established by OGCB 3-90, as amended.
- f. Unit Operator's production simulations indicate that drilling of an additional well in each Unit could facilitate the recovery of an additional 250,000 MCF of gas per Unit within 10 years of drilling.
- g. The boundaries of any 80-acre Drilling Units created subsequent to this Modification Order shall be according to paragraph 6.c.ii. above and as defined by Board action specific to individual units.
- h. The acreage subject to this Modification Order is depicted in **Exhibit A1** hereto and is more specifically described as follows:

190000595

Unit I41

Beginning at a point, Virginia State Plane NAD 27 coordinate of N:350777.62 E:1019727.29; thence S 02°03'56" W 1871.99 feet to a point; thence S 87°51'32" E 1861.86 feet to a point; thence N 02°03'25" E 1872.05 feet to a point; thence N 87°51'40" W 1861.57 feet to a point of beginning, containing +/- 80.00 acres.

Unit J40

Beginning at a point, Virginia State Plane NAD 27 coordinate of N:348976.57 E:1017795.06; thence S 02°04'12" W 1872.54 feet to a point; thence S 87°51'23" E 1866.20 feet to a point; thence N 02°03'56" E 1872.62 feet to a point; thence N 87°51'32" W 1866.06 feet to a point of beginning, containing +/- 80.00 acres.

i. Having considered the evidence presented, the Board found no reason to establish any allowable production rates for the wells contemplated by this Modification Order;

j. Except as herein specifically modified, the proposed Drilling Units more fully described above and in **Exhibit A1** attached hereto shall be developed and produced in compliance with OGCB 3-90, as amended.

k. This Modification Order shall be effective as of the date of the hearing, to-wit: **April 16, 2019**.

8. Conclusion: The relief granted hereby will assist in enhancing production from existing wells, will assist in more efficiently recovering coalbed methane gas from the area in question, will prevent waste, and will continue to protect the correlative rights of all owners and claimants. Therefore, the relief and all terms and provisions set forth above be and are hereby granted and IT IS SO ORDERED.

190000595

DONE AND EXECUTED this 22 day of April, 2019 by a majority of the Virginia Gas and Oil Board.



Chairman, Bradley C. Lambert

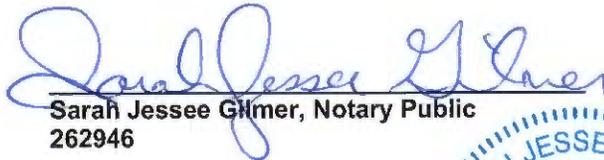
DONE AND PERFORMED this 22 day of April, 2019 by Order of the Virginia Gas and Oil Board.



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

COMMONWEALTH OF VIRGINIA
COUNTY OF RUSSELL

Acknowledged on this 22nd day of April, 2019, 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.

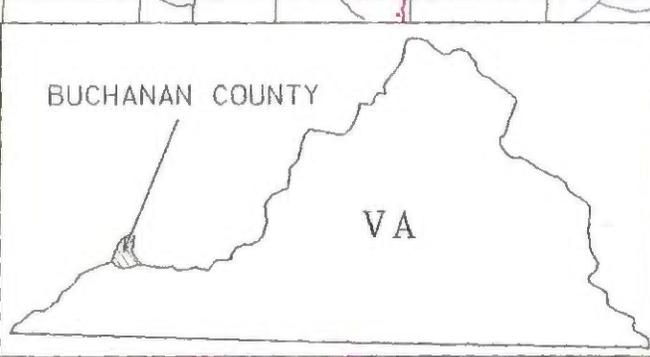


Sarah Jessee Gilmer, Notary Public
262946

My Commission expires: July 31, 2021



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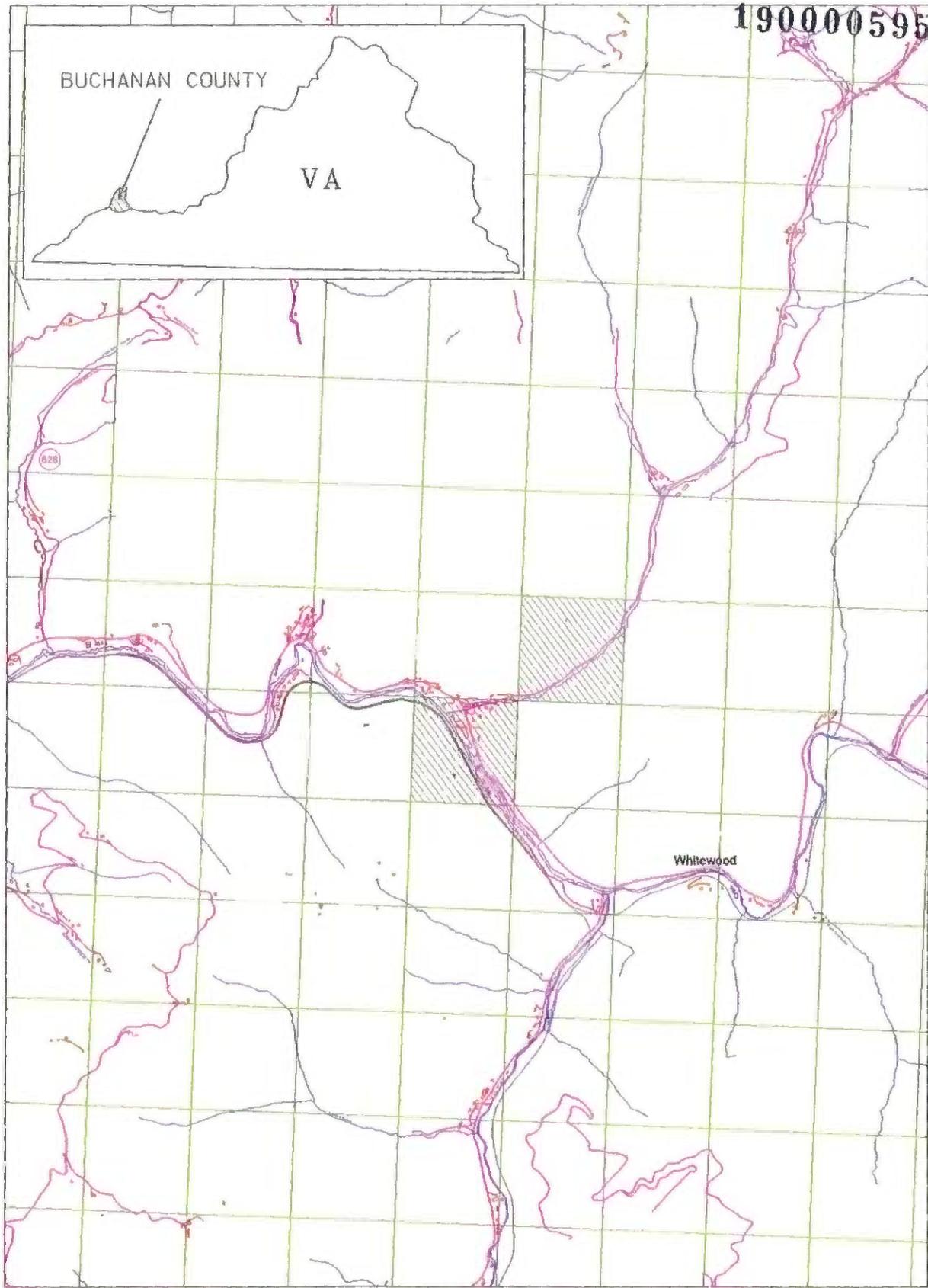
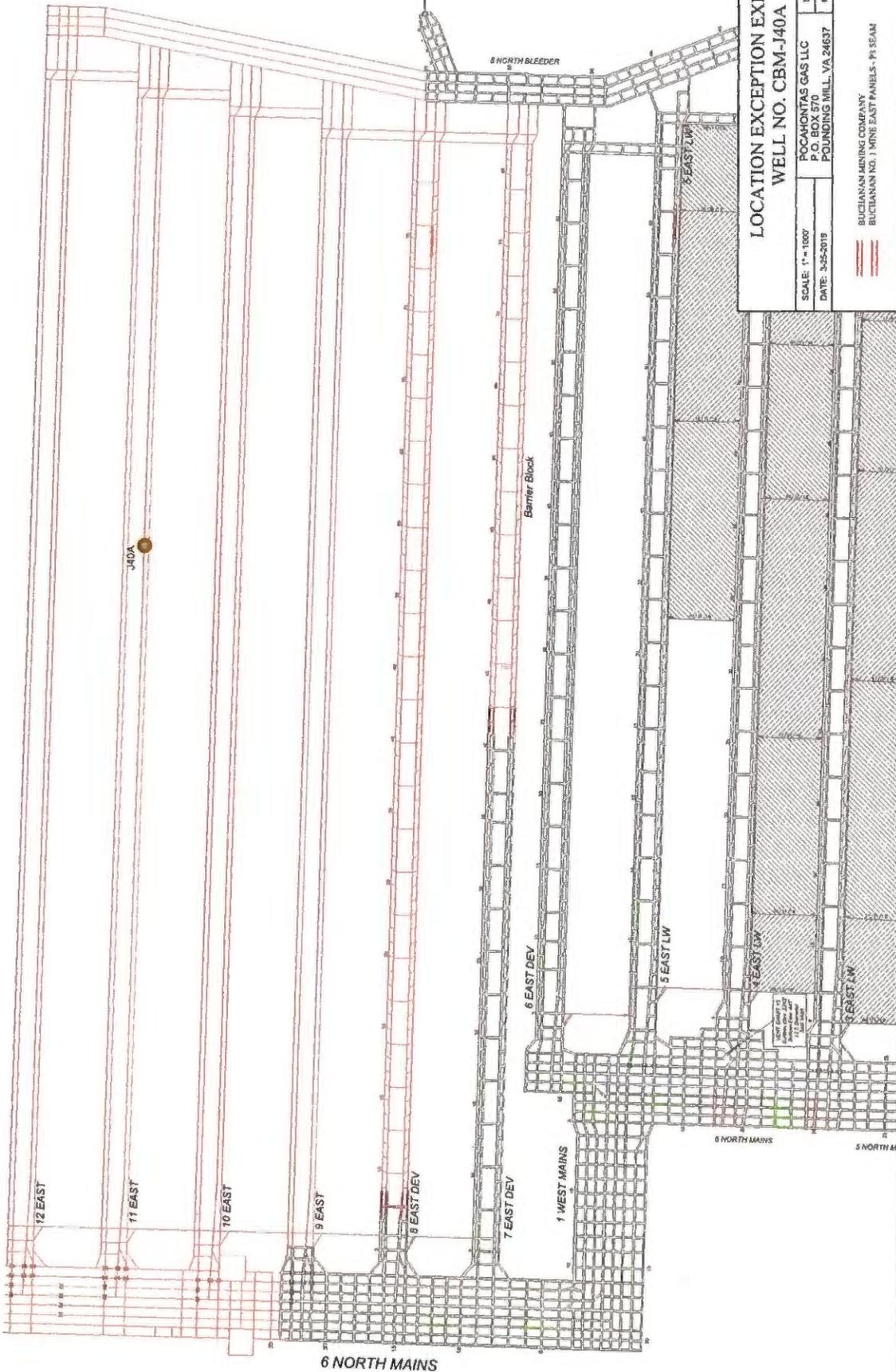


EXHIBIT A1
UNIT I-41/J-40
VGOB 93-0216-0325-28
Page Number 6.



LOCATION EXCEPTION EXHIBIT
WELL NO. CBM-J40A

SCALE: 1" = 100'	POCAHONTAS GAS LLC	DRAWN BY: PSD
DATE: 3-25-2018	P.O. BOX 570	FILE: LDC-EXCEPTION-J40A2
	POUNDRING MILL, VA 24637	

BUCHANAN MINING COMPANY
BUCHANAN NO. 1 MINE EAST PANELS - P1 SEAM

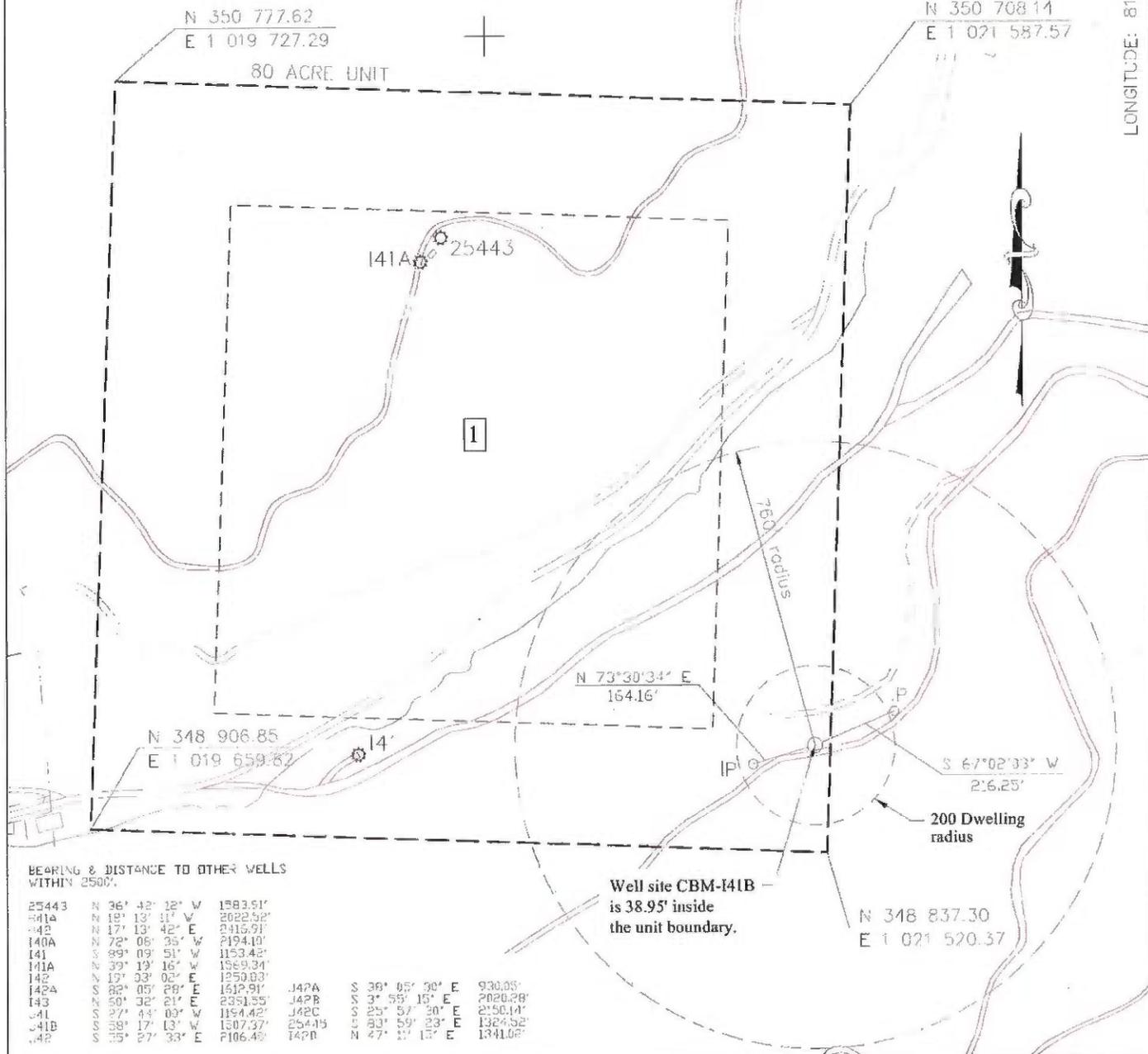
190000595

PROPERTY LINES SHOWN ON THIS PLAT WERE PROVIDED BY POCAHONTAS GAS LLC AND WERE TAKEN FROM DEED DESCRIPTIONS AND CHAIN OF TITLE OF RECORD IT DOES NOT REPRESENT A CURRENT BOUNDARY SURVEY. THE CERTIFICATION HEREON CERTIFIES THE LOCATION OF THE PROPOSED WELL ONLY.

LATITUDE: 37° 12' 30"

LONGITUDE: 81° 50' 00"

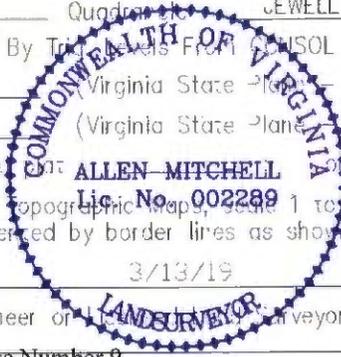
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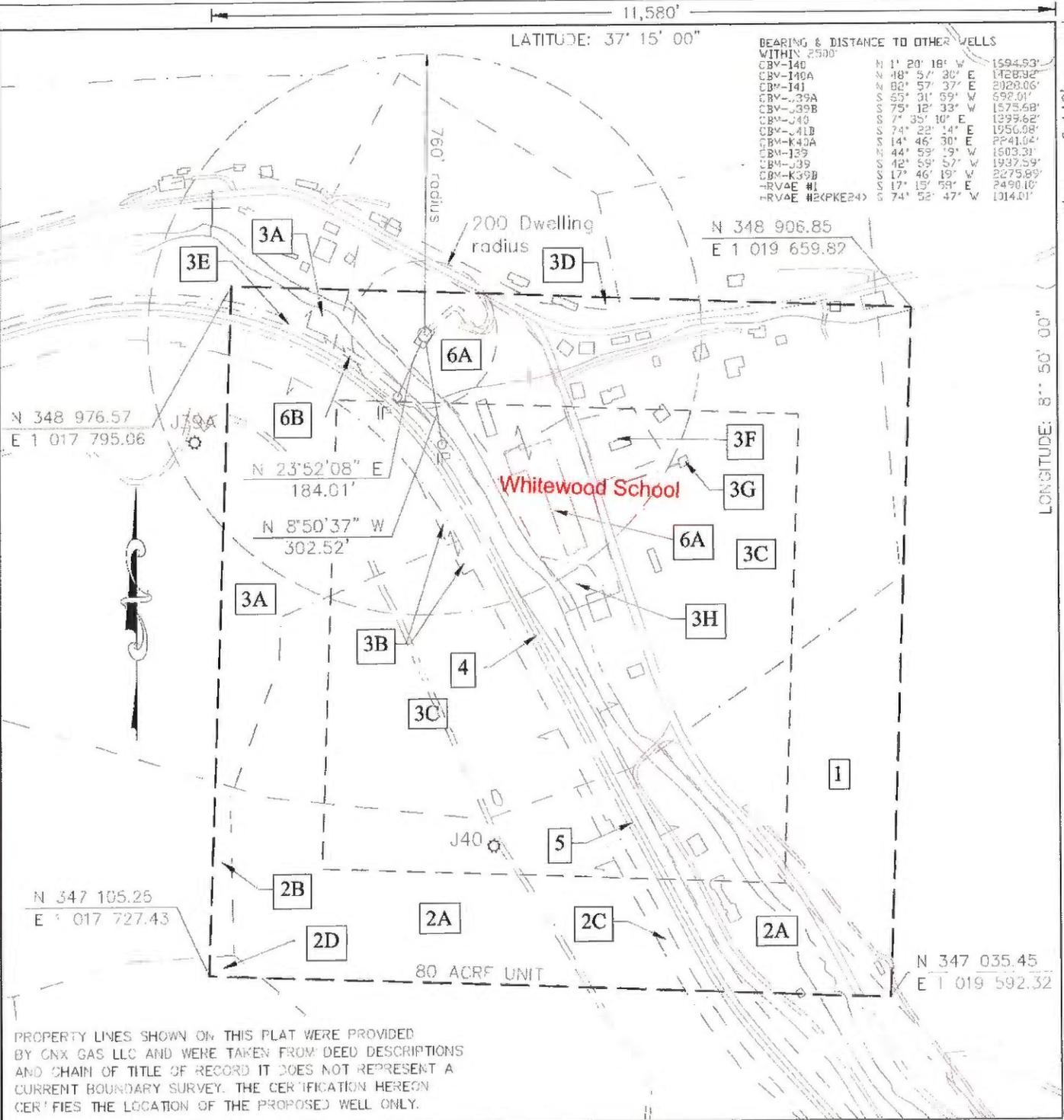
THE ACTUAL WELL LOCATION WILL BE WITHIN 10 FEET OF THE PROPOSED LOCATION ACCORDING TO 4 VAC 25-150-290 AND 45.-361.30.

WELL LOCATION PLAT

Company POCAHONTAS GAS LLC Well Name or Number CBM-141B
 Tract No. TAZEWELL COAL & GAS COMPANY, LLC (1570.19 ACRE TRACT) Scale: 1" = 400'
 County BUCHANAN District GARDEN Quadrant JEWELL RIDGE Date _____
 Elevation 2036.92' Well Elevation Determined By TRIGONOMETRIC CONSOL Inc. Benchmarks
 Well Coordinates N 349,106.15 E 1,021,491.06 (Virginia State Plane - South Zone - NAD' 27)
 Well Coordinates N 3,629,986.27 E 10,504,479.58 (Virginia State Plane - South Zone - NAD' 83)
 This plat is a new plat ; an updated plat of a final plat _____
 Prepared by ALLEN MITCHELL Lic. No. 002289



+ 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 as shown.



PROPERTY LINES SHOWN ON THIS PLAT WERE PROVIDED BY CNX GAS LLC AND WERE TAKEN FROM DEED DESCRIPTIONS AND CHAIN OF TITLE OF RECORD. IT DOES NOT REPRESENT A CURRENT BOUNDARY SURVEY. THE CERTIFICATION HEREON CERTIFIES THE LOCATION OF THE PROPOSED WELL ONLY.

THE ACTUAL WELL LOCATION WILL BE WITHIN 10 FEET OF THE PROPOSED LOCATION ACCORDING TO 4 VAC 25-150-290 AND 45.-361.30.

WELL LOCATION PLAT

Company CNX Gas Company LLC Well Name or Number CBM-J40A

Tract No. CONSOLIDATION COAL COMPANY Scale: 1" = 100'

County BUCHANAN District GARDEN Questioned WELL RIDGE Date _____

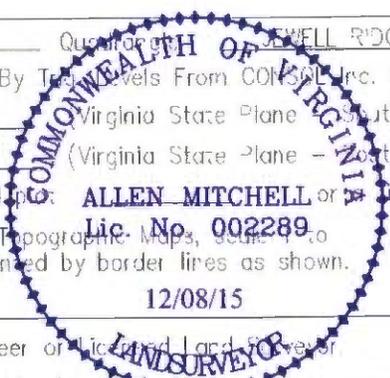
Elevation 1646.43' Well Elevation Determined By Topographic Maps, Benchmarks

Well Coordinates N 348,810.78 E 1,018,325.00 (Virginia State Plane - North Zone - NAD' 27)

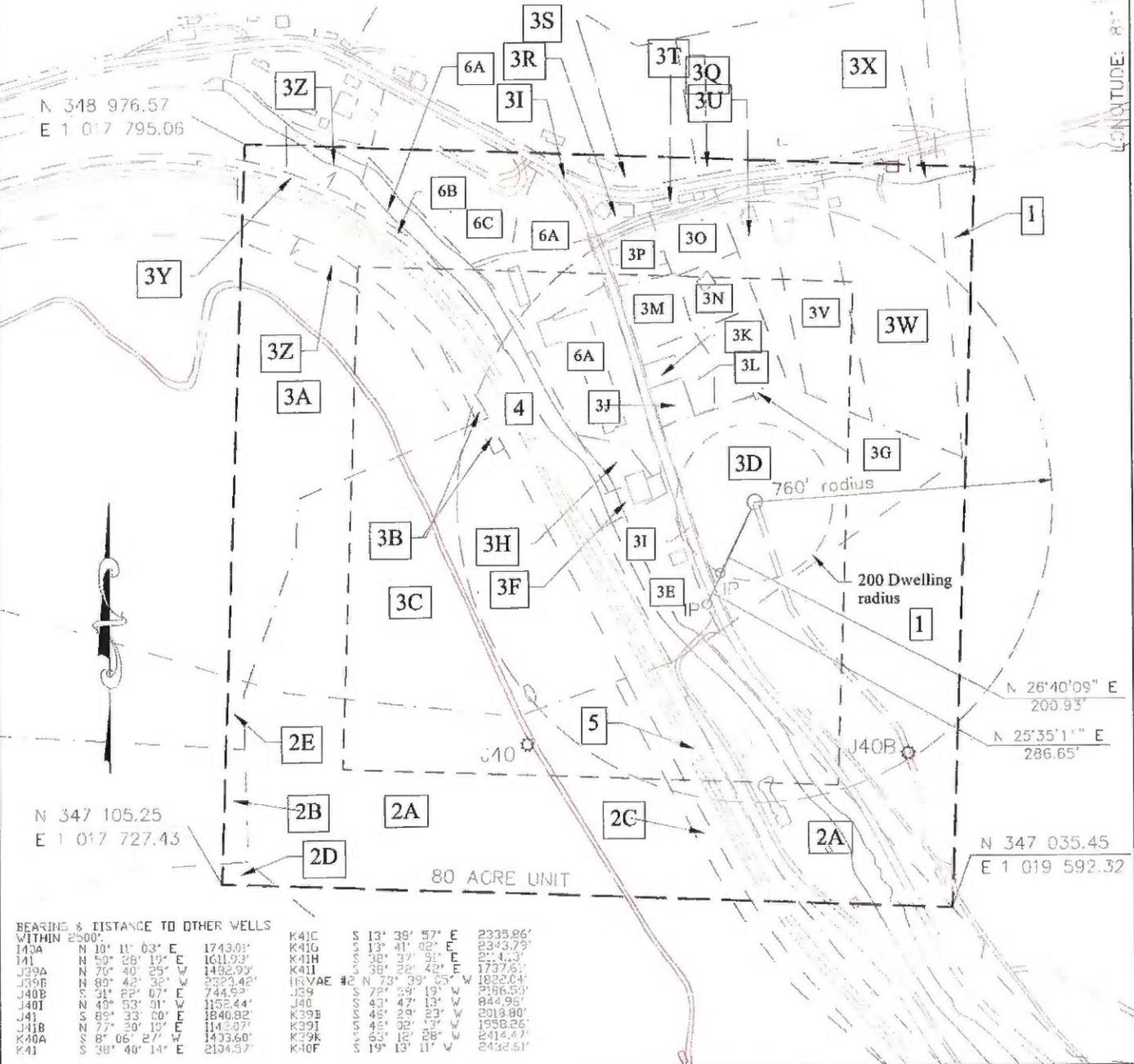
Well Coordinates N 3,629,720.86 E 10,501,313.36 (Virginia State Plane - North Zone - NAD' 83)

This plat is a new plat X; an updated plat ; or a final plat

DENOTES THE LOCATION OF A WELL ON UNITED STATES TOPOGRAPHIC MAPS, SCALE 1" = 24,000, LATITUDE AND LONGITUDE LINES BEING REPRESENTED BY BORDER LINES AS SHOWN.



PROPERTY LINES SHOWN ON THIS PLAT WERE PROVIDED BY POCAHONTAS GAS LLC AND WERE TAKEN FROM DEED DESCRIPTIONS AND CHAIN OF TITLE OF RECORD IT DOES NOT REPRESENT A CURRENT BOUNDARY SURVEY. THE CERTIFICATION HEREON CERTIFIES THE LOCATION OF THE PROPOSED WELL ONLY.



THE ACTUAL WELL LOCATION WILL BE WITHIN 10 FEET OF THE PROPOSED LOCATION ACCORDING TO 4 VAC 25-150-290 AND 45.-361.30.

WELL LOCATION PLAT

Company POCAHONTAS GAS LLC Well Name or Number CBM-J40A

Tract No. C.L. QUINER LUMBER COMPANY TRACT 40 10.96 ACRES Scale: 1" = 400'

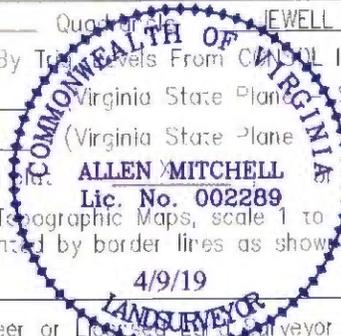
County BUCHANAN District GARDEN Quarter 1 of 1 JEWELL RIDGE Date _____

Elevation 1746.28' Well Elevation Determined By Topographic Maps From CINCINNATI Inc. Benchmarks

Well Coordinates N 348,063.40 E 1,019,094.47 (Virginia State Plane South Zone - NAD' 27)

Well Coordinates N 3,628,943.47 E 10,502,082.87 (Virginia State Plane South Zone - NAD' 83)

This plat is a new plat _____ ; an updated _____ final plat _____

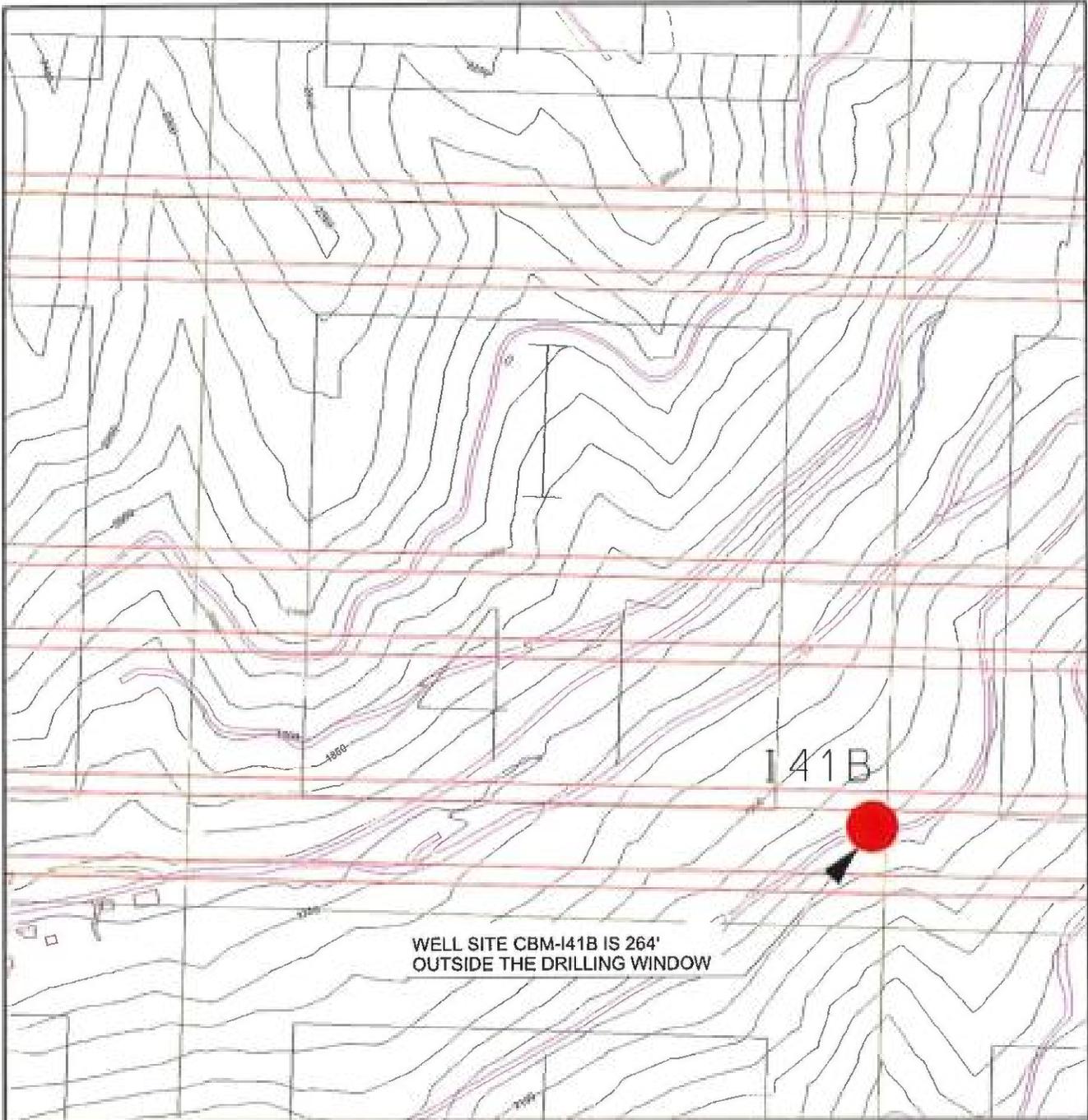


+ Denotes the location of a well on United States Topographic Maps, scale 1 to 24,000, latitude and longitude lines being represented by border lines as shown.

Form DGO-GO-7
Rev. 9/91

Licensed Professional Engineer or Licensed Professional Surveyor (Affix Seal)

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LOCATION EXCEPTION EXHIBIT WELL NO. CBM-I41B

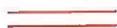
SCALE: 1" = 400'

DATE: 1-22-2019

POCAHONTAS GAS LLC
P.O. BOX 570
POUNDING MILL, VA 24637

DRAWN BY: PSD

FILE: LOC-EXCEPTION-I41B

 BUCHANAN MINING COMPANY
 BUCHANAN NO. 1 MINE 12 EAST PANEL - P3 SEAM

CNX Gas Company LLC
UNIT I41
Tract Identifications

190000595

1. Tazewell Coal & Gas Company, LLC (1570.19 Acre Tract) – Fee
Buchanan Mining Company LLC – Below Drainage Coal Leased
Revelation Energy, LLC – Jewell and Jawbone Seams Leased
CNX Gas Company LLC – Oil, Gas and CBM Leased
80 Acres 100.00%

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

CNX Gas Company LLC
UNIT J40
Tract Identifications

1. Tazewell Coal & Gas Company, LLC (1570.19 Acre Tract) – Fee
 Buchanan Mining Company LLC – Below Drainage Coal Leased
 Revelation Energy, LLC – Jewell and Jawbone Seams Leased
 CNX Gas Company LLC – Oil, Gas and CBM Leased
 9.28 Acres 11.6000%

2. CL Ritter Lumber Company Tract 41 230.57 acres – Minerals
 Island Creek Coal Company – all seams of coal underlying the Tiller Seam except the P3 seam Leased
 Buchanan Mining Company LLC – P3 seam Leased
 Revelation Energy, LLC – Above Drainage Coal Leased
 Hard Rock Exploration, et al and Carter Oil and Gas – Oil and Gas Leased
 CNX Gas company LLC – CBM leased
 17.37 acres 21.7125%

- 2A. CL Ritter Lumber Company – Surface
- 2B. Brenda Horton – Surface
- 2C. Norfolk Southern Railway Company – Surface
- 2D. Danny Hylton, et al – Surface
- 2E. Buck Jewell Resources, LLC – Surface

- 3 CL Ritter Lumber Company Tract 40 101.96 acres – Minerals
 Island Creek Coal Company – all seams of coal underlying the Tiller Seam except the P3 seam Leased
 Buchanan Mining Company LLC – P3 seam Leased
 Revelation Energy, LLC – Above Drainage Coal Leased
 Hard Rock Exploration, et al and Carter Oil and Gas – Oil and Gas Leased
 CNX Gas company LLC – CBM leased
 40.38 acres 50.4750%

- 3A. Buck Jewell Resources, LLC – Surface
- 3B. Norfolk Southern Railway Company – Surface
- 3C. Unknown – Surface
- 3D. Riley C. Cole, et ux – Surface
- 3E. Unknown – Surface
- 3F. Unknown – Surface
- 3G. Unknown – Surface
- 3H. Unknown – Surface
- 3I. Commonwealth of VA Rt 638 - Surface
- 3J. Unknown – Surface
- 3K. Unknown – Surface
- 3L. Unknown – Surface
- 3M. Jimmie Cole – Surface
- 3N. Unknown – Surface
- 3O. Unknown – Surface
- 3P. Unknown – Surface
- 3Q. Unknown – Surface
- 3R. Unknown – Surface
- 3S. Unknown – Surface
- 3T. Unknown – Surface

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

190000595

CNX Gas Company LLC
UNIT J40
Tract Identifications

- 3U. Alice Power – Surface
- 3V. Unknown – Surface
- 3W. Ricky Davis – Surface
- 3X. Unknown – Surface
- 3Y. Norfolk Southern Railway Company – Surface
- 3Z. Unknown – Surface

4. Norfolk Southern Railway Company – Fee except Coal below 800 Feet
CL Ritter Lumber Company Tract 40 101.96 acres – Coal below 800 Feet
Island Creek Coal Company – all seams of coal underlying the Tiller Seam except the P3 seam Leased
Buchanan Mining Company LLC – P3 seam Leased
Hard Rock Exploration, et al and Carter Oil and Gas – Oil and Gas Leased
CNX Gas company LLC – CBM leased
5.14 acres 6.4250%

5. Norfolk Southern Railway Company – Fee except Coal below 800 Feet
CL Ritter Lumber Company Tract 40 101.96 acres – Coal below 800 Feet
Island Creek Coal Company – all seams of coal underlying the Tiller Seam except the P3 seam Leased
Buchanan Mining Company LLC – P3 seam Leased
Hard Rock Exploration, et al and Carter Oil and Gas – Oil and Gas Leased
CNX Gas company LLC – CBM leased
1.58 acres 1.9750%

6. CL Ritter Lumber Company Tract 40 101.96 acres – Minerals
Consol Mining Company LLC – all seams above the Tiller Seam
Buchanan Mining Company LLC – All Coal in and below the Tiller Seam
CNX Gas company LLC – Oil, Gas, and CBM
6.25 acres 7.8125%

- 6A. Buchanan County, VA - Surface
- 6B. Norfolk Southern Railway Company - Surface
- 6C. Dismal River Volunteer Rescue, Inc. - Surface

INSTRUMENT 190000595
RECORDED IN THE CLERK'S OFFICE OF
BUCHANAN COUNTY CIRCUIT COURT ON
MAY 13, 2019 AT 03:38 PM
BEVERLY S. TILLER, CLERK
RECORDED BY: CXE

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