



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

UNIT/WELL NAME: Q42

TRACT(S): 1B

LOCATION: BUCHANAN County, Virginia

DOCKET NUMBER: VGOB-93-0216-0326-03

APPLICANTS:

CNX Gas Company LLC on behalf of Norfolk Southern Railway Company c/o Pocahontas
Land Corporation

HEARING DATE AND LOCATION:

Russell County Government Center, Lebanon, Virginia
September 20, 2016

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

PRIOR PROCEEDINGS:

1. Original Pooling Order Executed 04/05/1993, Recorded on 04/08/1993, Deed Book/Instrument No. 406, Page 459.
2. Supplemental Order Executed 12/06/1993, Recorded on 12/16/1993, Deed Book/Instrument No. 416, Page 820.
3. Disbursement Order -01 Executed 04/08/2003, Recorded on 04/08/2003, Deed Book/Instrument No. 566, Page 413.
4. Modification Order -02 Executed 09/08/2011, Recorded on 09/27/2011, Deed Book/Instrument No. 110002356.

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NOTICE:

The Unit Operator gave notice to the Applicants that the Board would consider its disbursement petition at the September 20, 2016 hearing and considered whether to:

- (1) Amend the Pooling Order to provide for the disbursement of funds on deposit in the Escrow Account attributable to Tract(s) 1B identified in the attached petition.
- (2) Delete the requirement that the Unit Operator place future royalties attributable to Tract(s) 1B 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. Norfolk Southern Railway Company (Pocahontas Land Corporation, Agent) is the gas claimant in Tracts 1B. As such Norfolk Southern Railway Company (Pocahontas Land Corporation, Agent) are entitled to 100% of the CBM royalties now in escrow and as may be hereafter payable. See Va. Code Ann. § 45.1-361.22:2.A.
- b. That CNX Gas Company LLC has given the notice(s) required by § 45.1-361.22:2.A to all conflicting claimants identified in the above referenced pooling Order and any supplemental Orders pertaining thereto.
- c. That none of the conflicting claimants noticed have provided, within 45 days of the notice(s) given as provided in b. above, the Board, its designated agent the Director of the Division of Gas and Oil, the Operator and/or the Applicant evidence of either an agreement regarding the escrowed funds/royalties or a proceeding regarding same.
- d. That a detailed accounting in accordance with the applicable provisions of § 45.1-361.22 is submitted herewith and identified as Exhibit J.
- e. 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.
- f. 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 Norfolk Southern Railway Company (Pocahontas Land Corporation, Agent) and not escrow same. See Exhibit EE annexed hereto.

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RELIEF GRANTED:

VGOB Disbursement
Unit Q42

VGOB-93-0216-0326-03

Table 1

Tracts: 1B

Item	Tract	Disbursement Table	Fractional Ownership	Net Acreage Ownership	Royalty Split	Escrowed Acres	Percent of Escrowed Funds	Adjustment Amount
			in Tract	in Tract	Agreement	Disbursed	Disbursed	
		Total acreage in escrow before disbursement				5.00000		
1B Tract 1B (total acreage)			5.0000					
1	1B	Norfolk Southern Railway Company c/o Pocahontas Land Corporation P.O. Box 1517, Bluefield, WV 24701		5.0000	100.00%	5.0000	100.00000%	

Adjustment Comments:

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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 September, 2016 by a majority of the Virginia Gas and Oil Board.



Chairman, Bradley C. Lambert

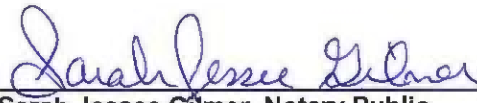
DONE AND PERFORMED this 23 day of September, 2016 by Order of the Virginia Gas and Oil Board.



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

COMMONWEALTH OF VIRGINIA
COUNTY OF RUSSELL

Acknowledged on this 23rd day of September, 2016, 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 93-0216-0326-03

RELIEF SOUGHT: (1) DISBURSEMENT FROM ESCROW REGARDING TRACT(S) 1B (2) AND AUTHORIZATION FOR DIRECT PAYMENT OF ROYALTIES (3) AND DISMISSAL OF COAL OWNERS PURSUANT TO CODE OF VIRGINIA SECTION 45.1-361.22:2.

HEARING DATE: September 20, 2016

DRILLING UNIT: Q42

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(s) attributable to Tract 1B, as depicted upon the annexed table; and (2) authorization to begin paying royalties directly to Norfolk Southern Railway Company (Pocahontas Land Corporation, Agent); (3) Dismissal of Coal Owner: James M. McGuire Land Trust.

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

- a. Norfolk Southern Railway Company (Pocahontas Land Corporation, Agent) is the gas claimant in Tracts 1B. As such Norfolk Southern Railway Company (Pocahontas Land Corporation, Agent) are entitled to 100% of the CBM royalties now in escrow and as may be hereafter payable. See Va. Code Ann. § 45.1-361.22:2.A.
- b. That CNX Gas Company LLC has given the notice(s) required by § 45.1-361.22:2.A to all conflicting claimants identified in the above referenced pooling Order and any supplemental Orders pertaining thereto.
- c. That none of the conflicting claimants noticed have provided, within 45 days of the notice(s) given as provided in b. above, the Board, its designated agent the Director of the Division of Gas and Oil, the Operator and/or the Applicant evidence of either an agreement regarding the escrowed funds/royalties or a proceeding regarding same.
- d. That a detailed accounting in accordance with the applicable provisions of § 45.1-361.22 is submitted herewith and identified as Exhibit J.
- e. 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.
- f. 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 Norfolk Southern Railway Company (Pocahontas Land Corporation, Agent) and not escrow same. See Exhibit EE annexed hereto.

6. Attestation

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

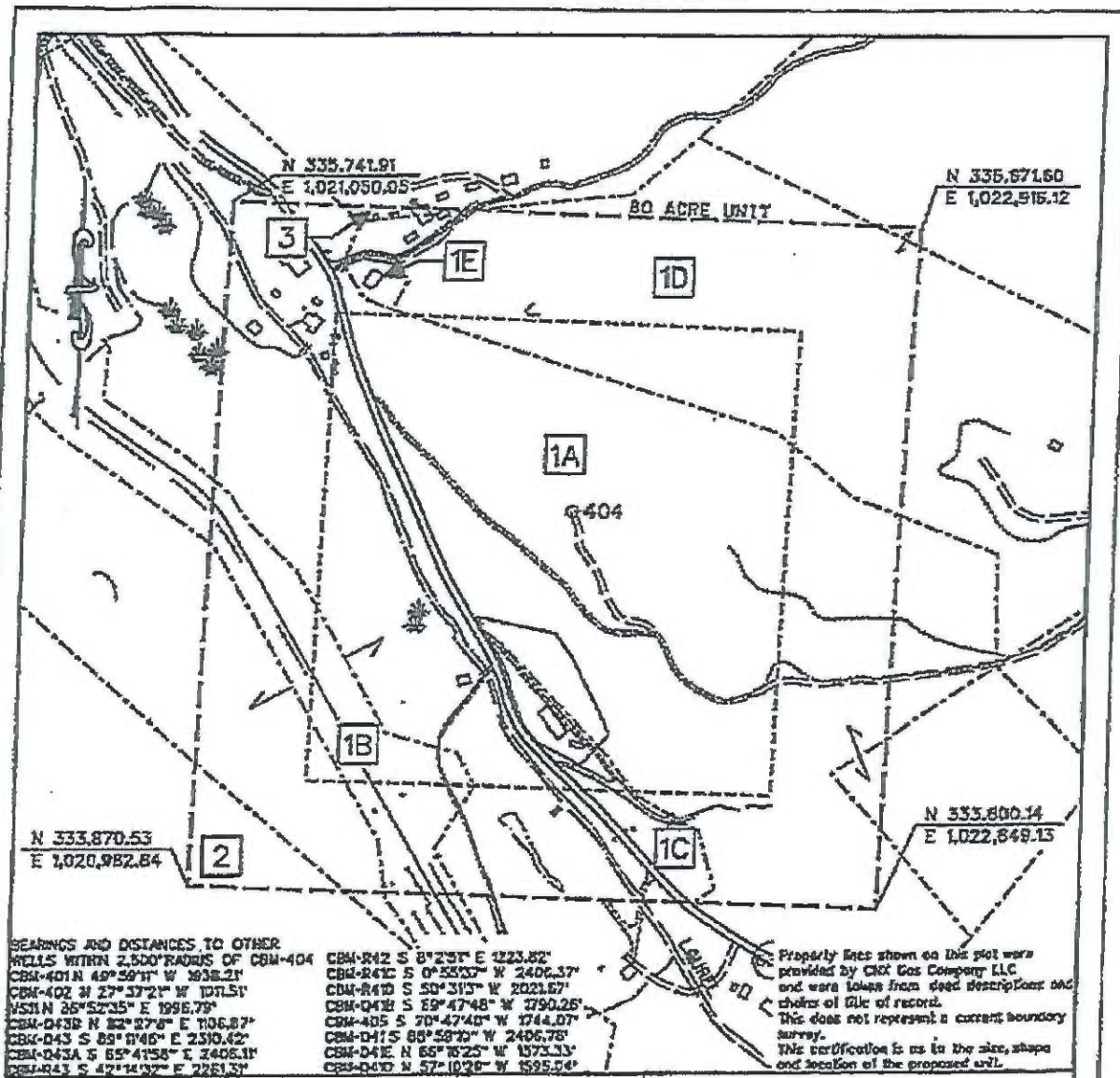


EXHIBIT A
OAKWOOD FIELD
UNIT Q42
FORCE POOLING
VGDB-93-0216-0326-02

Company CNX Gas Company LLC Well Name and Number CBM-404

Tract No. Elevation Quadrangle Jewell Ridge

County Buchanan District Garden Scale: 1" = 100'

This plat is a new plat X ; on updated plat ; or

Form D60-60-7
Rev. 9/81

Licensed Professional Engineer or Licensed Land Surveyor

Lic. No. 041898

(Affix Seal)

06/01/16

CNX Gas Company LLC

UNIT Q 42

Tract Identification

- 1A. James McGuire Land Trust (460.57 Acre Tract) – Coal
Consolidation Coal Company – Below Drainage Coal Leased
Jewell Smokeless Coal Corp. – Coal in the Raven Seam Leased
CNX Gas Company LLC – CBM Leased
CNX Gas Company LLC – Oil and Gas
Consolidation Coal Company – Surface
54.30 Acres 67.8750%
- 1B. James McGuire Land Trust (460.57 Acre Tract) – Coal
Consolidation Coal Company – Below Drainage Coal Leased
Jewell Smokeless Coal Corp. – Coal in the Raven Seam Leased
CNX Gas Company LLC – CBM Leased
Norfolk Southern Railway Company – Surface, Oil and Gas
CNX Gas Company LLC – CBM Leased
5.00 Acres 6.2500%
- 1C. James McGuire Land Trust (460.57 Acre Tract) – Coal
Consolidation Coal Company – Below Drainage Coal Leased
Jewell Smokeless Coal Corp. – Coal in the Raven Seam Leased
CNX Gas Company LLC – CBM Leased
CNX Gas Company LLC – Surface, Oil and Gas
2.08 Acres 2.6000%
- 1D. James McGuire Land Trust (460.57 Acre Tract) – Coal
Consolidation Coal Company – Below Drainage Coal Leased
Jewell Smokeless Coal Corp. – Coal in the Raven Seam Leased
CNX Gas Company LLC – CBM Leased
CNX Gas Company LLC – Oil and Gas
Consolidation Coal Company – Surface
16.45 Acres 20.5625%
- 1E. James McGuire Land Trust (460.57 Acre Tract) – Coal
Consolidation Coal Company – Below Drainage Coal Leased
Jewell Smokeless Coal Corp. – Coal in the Raven Seam Leased
CNX Gas Company LLC – CBM Leased
CNX Gas Company LLC – Oil and Gas
Consolidation Coal Company – Surface
0.35 Acres 0.4375%
2. Coal Mountain Mining Company L.L.P. Tr. 26 (1355 Acre Tract) – Fee
Consolidation Coal Company – Coal Below Drainage Leased
Knox Creek Coal Corporation – Coal Above Drainage Leased
CNX Gas Company LLC – Oil, Gas and CBM Leased
1.64 Acres 2.0500%

(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 Q 42****Tract Identification**

3. P. J. Brown Heirs, et al (889 Acre Tract) – All Mineral
Island Creek Coal Company/Consol Energy, Inc. Company – Coal Below Drainage Leased
Jewell Smokeless Coal Corporation – Coal Above Drainage Leased
Dismal Processing, LLC – Lessee (Coal Refuse Only)
CNX Gas Company LLC – Oil, Gas and CBM Leased (99.86775%)
P. J. Brown Heirs - Surface
0.18 Acres 0.2250%

(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.)

Exhibit E
Unit Q-42
VGOB# 93-0216-0326-03
List of Owners/Claimants that require escrow

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	Net Acres in Unit	Interest in Unit	Interest in	
			16-Right	17-Right
			16.26897%	16.07123%

Escrowing no longer required

List of Owners/Claimants with Royalty Split Agreements/Court Orders/HB2058

	Net Acres In Unit	Interest in Unit	Interest in		Percent of Escrow
			16-Right 16.26897%	17-Right 16.07123%	
<u>Tract #1A - 54.30 acres</u>					
<u>COAL OWNERSHIP</u>					
(1) James M. McGuire Land Trust (460.57 Acre Tract) P.O. Box 1067 Bluefield, VA 24605	54.30 acres	67.8750%	11.04256%	10.90835%	n/a
<u>OIL & GAS OWNERSHIP</u>					
(1) CNX Gas Company, LLC 1000 Consol Energy Drive Canonsburg, PA 15317 (Previously Reserve Coal Properties)	54.30 acres	67.8750%	11.04256%	10.90835%	n/a
<u>Tract #1B- 5.00 acres</u>					
<u>COAL OWNERSHIP</u>					
(1) James M. McGuire Land Trust (460.57 Acre Tract) P.O. Box 1067 Bluefield, VA 24605	5.00 acres	6.2500%	1.01681%	1.00445%	n/a
<u>OIL & GAS OWNERSHIP</u>					
(1) Norfolk Southern Railway Company c/o Pocahontas Land Corporation, Agent P. O. Box 1517 Bluefield, WV 24701	5.00 acres	6.2500%	1.01681%	1.00445%	100.00% HB2058
<u>Tract #1C - 2.08 acres</u>					
<u>COAL OWNERSHIP</u>					
(1) James M. McGuire Land Trust (460.57 Acre Tract) P.O. Box 1067 Bluefield, VA 24605	2.08 acres	2.6000%	0.42299%	0.41785%	n/a
<u>OIL & GAS OWNERSHIP</u>					
(1) CNX Gas Company, LLC 1000 Consol Energy Drive Canonsburg, PA 15317 (Previously Reserve Coal Properties)	2.08 acres	2.6000%	0.42299%	0.41785%	n/a
<u>Tract #1D - 16.45 acres</u>					
<u>COAL OWNERSHIP</u>					
(1) James M. McGuire Land Trust (460.57 Acre Tract) P.O. Box 1067 Bluefield, VA 24605	16.45 acres	20.5625%	3.34531%	3.30465%	n/a

List of Owners/Claimants with Royalty Split Agreements/Court Orders/HB2058

	Net Acres in Unit	Interest in Unit	Interest in		Percent of Escrow
			16-Right 16.26897%	17-Right 16.07123%	
<u>OIL & GAS OWNERSHIP</u>					
(1) CNX Gas Company, LLC 1000 Consol Energy Drive Canonsburg, PA 15317 <i>(Previously Reserve Coal Properties)</i>	16.45 acres	20.5625%	3.34531%	3.30465%	<i>n/a</i>
<u>Tract #1E - 0.35 acres</u>					
<u>COAL OWNERSHIP</u>					
(1) James M. McGuire Land Trust <i>(460.57 Acre Tract)</i> P.O. Box 1067 Bluefield, VA 24605	0.35 acres	0.4375%	0.07118%	0.07031%	<i>n/a</i>
<u>OIL & GAS OWNERSHIP</u>					
(1) CNX Gas Company, LLC 1000 Consol Energy Drive Canonsburg, PA 15317 <i>(Previously Reserve Coal Properties)</i>	0.35 acres	0.4375%	0.07118%	0.07031%	<i>n/a</i>
Total Acres		78.1800			
Total Percentage			97.7250%		

INSTRUMENT #160001811
RECORDED IN THE CLERK'S OFFICE OF
BUCHANAN COUNTY ON
OCTOBER 5, 2016 AT 01:57PM

BEVERLY S. TILLER, CLERK
RECORDED BY: GGB