

Recordation Tax:
See Va. Code § 45.1-361.26
For Tax Due for the Recording
of this Instrument

BEFORE THE VIRGINIA GAS AND OIL BOARD

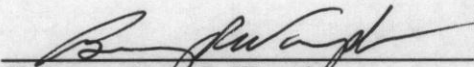
FINDINGS AND ORDER

1. Hearing Date and Place: This matter came on for hearing before the Virginia Gas and Oil Board (herein "Board") at 9:00 a.m. on May 20, 1997, Dickenson Conference Room, Southwest Virginia 4-H Center, Abingdon, Virginia.
2. Appearances: James E. Kaiser of Wilhoit, Weatherly, Stetson & Kaiser appeared for the Applicant, and Sandra B. Riggs, Assistant Attorney General, was present to advise the Board.
3. Jurisdiction and Notice: Pursuant to Va. Code §§ 45.1-361.1 et seq., the Board finds that it has jurisdiction over the subject matter. Based upon Applicant's representations to the Board, the Board also finds that the Applicant has given notice to each gas or oil owner, coal owner, or mineral owner within the Subject Lands (hereafter sometimes "person(s)" whether referring to individuals, corporations, partnerships, associations, companies, businesses, trusts, joint ventures or other legal entities) entitled by Va. Code §§ 45.1-361.19 and 45.1-361.20 to notice of this application.
4. Amendments None.
5. Dismissals None.
6. Relief Requested: Applicant seeks to modify the coalbed methane gas fields established by the Nora Order, the Oakwood I Order and the Oakwood II Order with respect to their applicability to Subject Lands to: (1) exclude the Subject Lands from the Oakwood I Field and from the Oakwood II Field, which is comprised of 80-acre drilling units; (2) include the Subject Lands within the Nora Field, which is comprised of 60-acre drilling units; and (3) establish drilling units within the Subject Lands consistent with those established by the Nora Order.
7. Relief Granted: Available data and the evidence adduced at the hearing was insufficient for the Board to determine whether the Pool underlying the Subject Lands has the same characteristics as, and a similar nature to, the Pool underlying the Nora Field, and that the Subject Lands should be treated as a common coalbed methane pool or reservoir subject to the field rules established by the Nora Order; therefore, the requested relief in this cause be and hereby is provisionally granted pursuant to Va. Code § 45.1-361.20.E to allow for the orderly development of the pool underlying Subject Lands pending receipt of the information necessary to establish the common boundary lying between the Nora Field and the Oakwood I and II Fields. Subject to the conditions set forth in Paragraph 8 below, pursuant to Va. Code § 45.1-361.20 the Oakwood I Order, the Oakwood II Order and the Nora Order are provisionally modified and amended in the following respects:
 - a. Paragraphs 7.a. 1. And 7.c. of VGOB Order No. 93-0316-0348, are modified to provisionally less and except, i.e., exclude, the Subject Lands.
 - b. Commencing on the effective date of this Order and continuing until further ordered by this Board, the Subject Lands shall provisionally presumed to not be a part of the Oakwood I Field or of the Oakwood II Field, but rather Subject Lands shall provisionally presumed to be a part of the Nora Field.
 - c. Consistent with the Nora Order, drilling units are temporarily and provisionally established within and for the Subject Lands as depicted on Exhibit B hereto.
8. Unit Operators may seek permits to drill six (6) wells to be located within drilling units within Subject Lands in conformance with the requirements of the Nora Field Rules made temporarily applicable to the Subject Lands by this Provisional Order; however, once said six (6) wells have been permitted, no Unit Operator shall be entitled to apply for a permit to drill any subsequent well proposed to be located within Subject Lands unless and until said Unit Operator(s) first appears before this Board and presents its plan of exploration within Subject Lands, the total number and location of wells said Unit Operator proposes to drill within Subject Lands as well as all available technical data and evidence pertaining to Subject Lands, including, but not limited to reservoir "modeling" of the structural features underlying Subject Lands, coal thicknesses encountered, and "gas in place" or gas content sufficient for the Board to modify this Provisional Order to permanently establish and/or modify the drilling units within Subject Lands by making the final determinations required by Va. Code § 45.1-361.20.

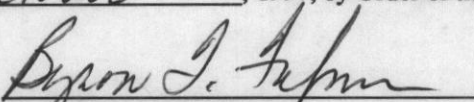
9. Conclusion: Therefore, the relief considered in accordance with the terms and provisions set forth in Paragraph 7 above be and hereby is granted and IT IS SO ORDERED.

10. Effective Date: This Order shall be effective as of the date of its execution.

DONE AND EXECUTED this 28th day of October, 1997, by a majority of the Virginia Gas and Oil Board.


Chairman, Benny R. Wampler

DONE AND PERFORMED this 28th day of October, 1997, by Order of this Board.


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

STATE OF VIRGINIA)
COUNTY OF WISE)

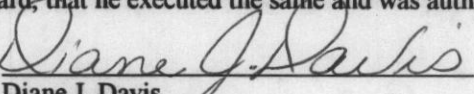
Acknowledged on this 28th day of October, 1997, personally before me a notary public in and for the Commonwealth of Virginia, appeared Benny Wampler, being duly sworn did depose and say that he is Chairman of the Virginia Gas and Oil Board, that he executed the same and was authorized to do so.


Susan G. Garrett
Notary Public

My commission expires: 07/31/98

STATE OF VIRGINIA)
COUNTY OF WASHINGTON)

Acknowledged on this 28th day of October, 1997, 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.


Diane J. Davis
Notary Public

My commission expires September 30, 2001

EXHIBIT A
LEGAL DESCRIPTION OF SUBJECT LANDS

BEGINNING at latitude 37° 07' 30" longitude 82° 07' 30" being the S W corner of Unit FF1, thence north to the S W corner of Unit CC1, thence east to N W corner of Unit DD6, thence south to S W corner of Unit EE6, thence east to S W corner of Unit EE8, thence south to S W corner of Unit FF8, thence west to point of **BEGINNING**.

Ex1

