

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: U18

TRACT(S): 11, 5 & 9, 8

LOCATION: BUCHANAN County, Virginia

DOCKET NUMBER: VGOB-93-0420-0355-03

APPLICANTS:

CNX Gas Company LLC on behalf of Easter Elizabeth Ratliff, James & Janice Taylor, Ruby Ratliff

HEARING DATE AND LOCATION:

On June 16, 2015, the Virginia Gas and Oil Board, on its own motion, granted the Director of the Division of Gas and Oil the authority to process coal owner dismissal disbursements that have no pending deficiencies or issues. Code of Virginia Section 45.1-361.22:2. Effective date: July 1, 2015.

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

PRIOR PROCEEDINGS:

1. Original Pooling Order Executed 08/25/1993, Recorded on 08/31/1993, Deed Book/Instrument No. 413, Page 222.
2. Supplemental Order Executed 04/25/1994, Recorded on 05/20/1994, Deed Book/Instrument No. 422, Page 482.
3. Disbursement Order -01 Executed 09/30/2004, Recorded on 10/05/2004, Deed Book/Instrument No. 604, Page 28.

1600001812

4. Disbursement Order -02 Executed 06/22/2016, Recorded on 07/07/2016, Deed Book/Instrument No. 160001177.

NOTICE:

- (1) Amend the Pooling Order to provide for the disbursement of funds on deposit in the Escrow Account attributable to Tract(s) 11, 5 & 9, 8 identified in the attached petition.
- (2) Delete the requirement that the Unit Operator place future royalties attributable to Tract(s) 11, 5 & 9, 8 relative to the interests of the Applicants identified in the attached petition.
- (3) Continue 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. James & Janice Taylor, Ruby Ratliff and Easter Elizabeth Ratliff are the gas claimants in tract(s) 5 & 9, 8 and 11. As such James & Janice Taylor, Ruby Ratliff and Easter Elizabeth Ratliff are entitled to 100% of the CBM royalties attributable to their 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 CNX Gas Company LLC has previously given the notice(s) required by § 45.1-361.22:2.A to all conflicting coal claimants identified in the above referenced pooling Order and any supplemental Orders pertaining thereto.
- c. That when the Board granted Petitioner's Miscellaneous Petition in VGOB 93-0420-0355-02, it dismissed the coal claimant H-W Financial LLC as a Respondent to these proceedings. Accordingly, Island Creek Coal Company was not provided further notice under § 45.1-361.19 and 22 of the hearing set on this Petition.
- 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 James & Janice Taylor, Ruby Ratliff and Easter Elizabeth Ratliff and shall not escrow same. See Exhibit EE annexed hereto.

Adjustment Comments:

Page Number 3.

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 continue 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.

DONE AND EXECUTED this 15 day of September, 2016 by a majority of the Virginia Gas and Oil Board.



Chairman, Bradley C. Lambert

DONE AND PERFORMED this 15 day of September, 2016 by Order of the Virginia Gas and Oil Board.



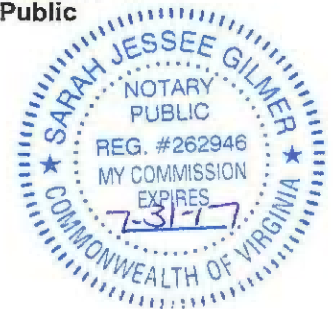
Rick Cooper
Principal Executive to the
staff, Virginia Gas and Oil Board

COMMONWEALTH OF VIRGINIA
COUNTY OF RUSSELL

Acknowledged on this 15th 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 93-0420-0355-03

RELIEF SOUGHT: (1) DISBURSEMENT FROM ESCROW REGARDING TRACT(S) 11 , 5 & 9, 8 (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: On June 16, 2015, the Virginia Gas and Oil Board, on its own motion, granted the Director of the Division of Gas and Oil the authority to process coal owner dismissal disbursements that have no pending deficiencies or issues. Code of Virginia Section 45.1-361.22:2. Effective date: July 1, 2015.

DRILLING UNIT: U18

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 Tracts 5 & 9, 8 and 11, as depicted upon the annexed Table; and (2) authorization to begin paying royalties directly to James & Janice Taylor, Ruby Ratliff and Easter Elizabeth Ratliff.

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. James & Janice Taylor, Ruby Ratliff and Easter Elizabeth Ratliff are the gas claimants in tract (s) 5 & 9, 8 and 11. As such James & Janice Taylor, Ruby Ratliff and Easter Elizabeth Ratliff are entitled to 100% of the CBM royalties attributable to their 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 CNX Gas Company LLC has previously given the notice(s) required by § 45.1-361.22:2.A to all conflicting coal claimants identified in the above referenced pooling Order and any supplemental Orders pertaining thereto.
- c. That when the Board granted Petitioner's Miscellaneous Petition in VGOB 93-0420-0355-02, it dismissed the coal claimant H-W Financial LLC as a Respondent to these proceedings. Accordingly, Island Creek Coal Company was not provided further notice under § 45.1-361.19 and 22 of the hearing set on this Petition.
- 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 James & Janice Taylor, Ruby Ratliff and Easter Elizabeth Ratliff and shall not escrow same. See Exhibit EE annexed hereto.

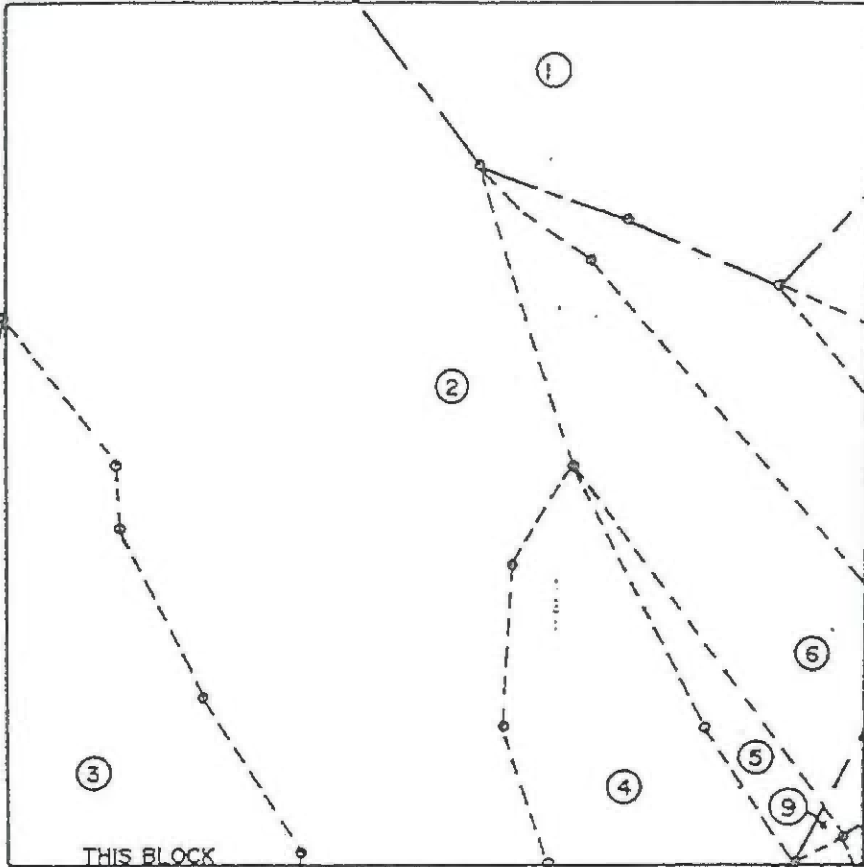
6. Attestation

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

LATITUDE

160001812

BEARING BASIS
ISLAND CRK.
VP 6 EAST
STATE PLANE
COORDINATE SYSTEMS



THIS BLOCK
COMPOSED
OF 80 acs.

YOUNGS BR.
ROAD

STATE
RTE.
624

EXHIBIT "A"
VGOB 93-04-20-0355

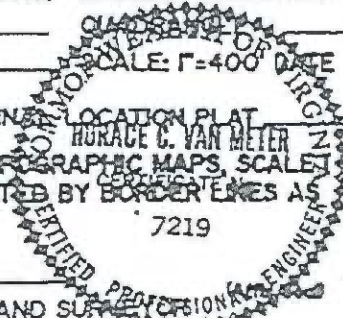
WELL LOCATION PLAT

COMPANY OXY USA INC. WELL NAME and No. UNIT U18
TRACT No. NA ELEVATION NA QUAD VANSANT
COUNTY BUCHANAN DISTRICT HURRICANE SCALE: 1"=400' DATE 11/3/91

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, SCALE 1"=24,000, LATITUDE AND LONGITUDE LINES BEING REPRESENTED BY BORDER LINES AS SHOWN.

HC Van Meter



CONSOL INC.

UNIT U-18

Tract Identifications

1. Yukon Pocahontas Coal Co. Etal. Tr 116 - Coal, Oil & Gas
Island Creek Coal Company - Coal Lessee
Beatrice Pocahontas Company
Jewell Smokeless Coal Corporation
Buchanan Production Company - CBM Lessee
Neal Blankenship - Surface
10.432 acres 13.04000%
2. Big Axe Land Company - Coal
Wayles R. Harrison & Landon R. Wyatt, Jr., Trustees
Island Creek Coal Company - Coal Lessee
Beatrice Pocahontas Company
Jewell Smokeless Coal Corporation
Buchanan Production Company - CBM Lessee
Ira Gordon Ratliff - Surface, Oil & Gas
37.624 acres 47.03000%
3. Big Axe Land Company - Coal
Wayles R. Harrison & Landon R. Wyatt, Jr., Trustees
Island Creek Coal Company - Coal Lessee
Beatrice Pocahontas Company
Jewell Smokeless Coal Corporation
Buchanan Production Company - CBM Lessee
Dianna L. Graham - Surface, Oil & Gas
8.688 acres 10.86000%
- 4, 6, 7,
10 & 12 Big Axe Land Company - Coal
Wayles R. Harrison & Landon R. Wyatt, Jr., Trustees
Island Creek Coal Company - Coal Lessee
Beatrice Pocahontas Company
Jewell Smokeless Coal Corporation
Buchanan Production Company - CBM Lessee
Wyatt & Grace Ratliff - Surface, Oil & Gas
20.34 acres 25.42500%
- 5 & 9. Big Axe Land Company - Coal
Wayles R. Harrison & Landon R. Wyatt, Jr., Trustees
Island Creek Coal Company - Coal Lessee
Beatrice Pocahontas Company
Jewell Smokeless Coal Corporation
Buchanan Production Company - CBM Lessee
James & Janice Taylor - Surface, Oil & Gas
1.744 acres 2.18000%

CONSOL INC.
UNIT U-18
Tract Identifications

160001812

8. Big Axe Land Company - Coal
Wayles R. Harrison & Landon R. Wyatt, Jr., Trustees
Island Creek Coal Company - Coal Lessee
Beatrice Pocahontas Company
Jewell Smokeless Coal Corporation
Buchanan Production Company - CBM Lessee
Harless & Ruby Ratliff - Surface, Oil & Gas
0.34 acres 0.42500%
11. Big Axe Land Company - Coal
Wayles R. Harrison & Landon R. Wyatt, Jr., Trustees
Island Creek Coal Company - Coal Lessee
Beatrice Pocahontas Company
Jewell Smokeless Coal Corporation
Buchanan Production Company - CBM Lessee
Carlus & Elizabeth Ratliff - Surface, Oil & Gas
0.06 acres 0.07500%
13. Big Axe Land Company - Coal
Wayles R. Harrison & Landon R. Wyatt, Jr., Trustees
Island Creek Coal Company - Coal Lessee
Beatrice Pocahontas Company
Jewell Smokeless Coal Corporation
Buchanan Production Company - CBM Lessee
Earl & Dorothy Ratliff - Surface, Oil & Gas
0.772 acres 0.96500%

Exhibit E
Unit U-18
VGOB 93-0420-0355-03
List of Respondents that require escrow

160001812

	Net Acres in Unit	Interest in Unit
<u>Tract #13 - 0.772 acres</u>		
<u>COAL OWNERSHIP</u>		
(1) H-W Financial LLC Box 11000 Danville, VA 24543	0.772 acres	0.9650%
<u>OIL & GAS OWNERSHIP</u>		
<i>W-9/Affidavit Pending</i>		
(1) Earl & Dorothy Ratliff, T/E 8335 Garden Creek Rd Oakwood, VA 24631	0.772 acres	0.9650%
<i>Total Acres</i>	0.7720	
<i>Total Percentage</i>	0.9650%	

Exhibit EE
Unit U-18
VGOB 93-0420-0355-03

List of Respondents with Royalty Split Agreements/Court Orders/HB2058

		Net Acres in Unit	Interest in Unit	Percent of Escrow
<u>Tract #2 - 37.624 acres</u>				
<u>COAL OWNERSHIP</u>				
(1)	H-W Financial LLC Box 11000 Danville, VA 24543	37.624 acres	47.0300%	n/a
<u>OIL & GAS OWNERSHIP</u>				
(1)	Ira Gordon Ratliff 1181 Youngs Branch Rd Oakwood, VA 24631	37.624 acres	47.0300%	n/a
<u>Tract #3 - 8.688 acres</u>				
<u>COAL OWNERSHIP</u>				
(1)	H-W Financial LLC Box 11000 Danville, VA 24543	8.688 acres	10.8600%	n/a
<u>OIL & GAS OWNERSHIP</u>				
(1)	Dianna L. Graham PO Box 395 Aylett, VA 23009	8.688 acres	10.8600%	n/a
<u>Tracts #4, 6, 7, 10 & 12 - 20.34 acres</u>				
<u>COAL OWNERSHIP</u>				
(1)	H-W Financial LLC Box 11000 Danville, VA 24543	20.34 acres	25.4250%	n/a
<u>OIL & GAS OWNERSHIP</u>				
Wyatt Ratliff deceased May 14, 2015				
(1)	Grace Ratliff 8131 Garden Creek Road Oakwood, VA 24631	20.34 acres	25.4250%	n/a
<u>Tracts #5 & 9 - 1.744 acres</u>				
<u>COAL OWNERSHIP</u>				
(1)	H-W Financial LLC Box 11000 Danville, VA 24543	1.744 acres	2.1800%	n/a
<u>OIL & GAS OWNERSHIP</u>				
(1)	James & Janice Taylor 1031 Local Rd Oakwood, VA 24631	1.744 acres	2.1800%	59.8080% HB2058
<u>Tract #8 - 0.34 acres</u>				
<u>COAL OWNERSHIP</u>				
(1)	H-W Financial LLC Box 11000 Danville, VA 24543	0.34 acres	0.4250%	n/a

Exhibit EE
Unit U-18
VGOB 93-0420-0355-03
List of Respondents with Royalty Split Agreements/Court Orders/HB2058

		Net Acres in Unit	Interest in Unit	Percent of Escrow
<u>OIL & GAS OWNERSHIP</u>				
(1)	Harless & Ruby Ratliff, T/E	0.34 acres	0.4250%	11.6598% HB2058
	<i>Harless Ratliff deceased 1984</i>			
	Ruby Ratliff PO Box 125 Oakwood, VA 24631			
<u>Tract #11 - 0.06 acres</u>				
<u>COAL OWNERSHIP</u>				
(1)	H-W Financial LLC Box 11000 Danville, VA 24543	0.06 acres	0.0750%	n/a
<u>OIL & GAS OWNERSHIP</u>				
(1)	Carlus & Elizabeth Ratliff, T/E			
	<i>Carlus Ratliff deceased 11/26/2015</i>			
	Easter Elizabeth Ratliff 1014 Local Rd Oakwood, VA 24631	0.06 acres	0.0750%	2.0576% HB2058
	<i>Total Acres</i> 66.99			
	<i>Total Percentage</i> 83.7400%			

INSTRUMENT #160001812
RECORDED IN THE CLERK'S OFFICE OF
BUCHANAN COUNTY ON
OCTOBER 5, 2016 AT 01:59PM

BEVERLY S. TILLER, CLERK
RECORDED BY: GGB