

Instrument prepared by:

VIRGINIA GAS AND OIL BOARD

0900000717

Order recorded under:

CODE OF VIRGINIA
§ 45.1-361.26

VIRGINIA:

BEFORE THE GAS AND OIL BOARD

APPLICANTS:

Lydia Victoria Newberry, et al.
Range Resources-Pine Mountain Inc.

DOCKET NO.

93-0420-0367-01

RELIEF SOUGHT:

Issuance: A Supplemental Order for Disbursement of Escrowed Funds
Action: Amending Prior Orders Affecting Drilling Unit VC-2914 (Well 702914) Tract 3
(Referenced herein as "the Subject Drilling Unit")
Location: Buchanan County, Virginia

Action Details:

- (1) To provide a calculation of funds, Unit Operator has deposited into the Escrow Account for Drilling Unit VC-2914 (Well 702914) by Tract Subaccounts;
- (2) To provide each applicant, in simple terms, a complete month over month Royalty Accounting of unit production, costs, taxes and proceeds, depicting variables used in the calculation of royalty payments to the unit escrow account.
- (3) To disburse unit funds to the Applicants, in accordance with their Unit Ownership Interests relative to those funds deposited by the Unit Operator into Subject Drilling Unit's Escrow Subaccount for **VGOB Tract(s) identified in Table 1.**

REPORT OF THE BOARD

FINDINGS AND ORDER

1. **Hearing Date and Place:** This matter came on for final hearing before the Virginia Gas and Oil Board (herein "Board") at 9:00 a.m. on September 16, 2008 at the Southwest Virginia Higher Education Center on the campus of Virginia Highlands Community College, Abingdon, VA.
2. **Appearances:** James E. Kaiser, Esq. appeared for the Unit Operator; and Sharon M.B. Pigeon, Assistant Attorney General, was present to advise the Board.
3. **Jurisdiction and Notice:** Pursuant to Va. Code §§ 45.1-361.1 *et seq.*, and in particular Va. Code §§ 45.1-361.21 and 45.1-361.22, the Board finds that it has jurisdiction over the establishment and maintenance of an escrow account, with tract subaccounts, for each of the coalbed methane gas drilling units established by the Board through its field rules that are subject to a Board pooling order. Further, the Unit Operator is required to deposit, as applicable, those funds specified in Va. Code § 45.1-361.21.D., 45.1-361.22.A.2, 45.1-361.22.A.3 and 45.1-361.22.A.4 into the applicable escrow tract subaccounts. The Board finds that: (1) while it **does not** have jurisdiction to resolve conflicting claims to the ownership of the Coalbed Methane Gas produced by the Unit Operator from wells located on Subject Drilling Unit, and (2) while it **does not** have jurisdiction to interpret agreements by and between the Gas owners/claimants and/or the Unit Operators or to abridge or contravene the provisions of such agreements, (3) pursuant to Va. Code § 45.1-361.22.A.5, **the Board does have jurisdiction and authority to disburse funds from the Escrow Account** provided the Board has been provided with a final decision of a court of competent jurisdiction adjudicating the ownership of coalbed methane gas as between the conflicting claimants or an agreement among all claimants owning conflicting estates in the tracts in question or any undivided interest therein.

4. **Prior Proceedings:**

- 4.1. (a) On June 16, 1993, the Board executed its order pooling interests in the Subject Drilling Unit for the production of occluded natural gas produced from coalbeds and rock strata associated therewith (herein "Gas") in accordance with the provisions of Va. Code SS 45.1-361.21 and 45.1-361.22 (herein "Pooling Order"). The Pooling Order was filed with the Clerk of the Circuit Court of Buchanan County on June 18, 1993 recorded in Book 410, Page 255. The Board executed its Supplemental Order Regarding Elections that was filed with the Clerk on October 29, 1993, Instrument Number 2788, Records Book 415, Page 328 (hereafter all orders are collectively referred to as the "Pooling Orders").
- 4.2 To the extent claims to the Gas were in conflict, pursuant to Va. Code S 45.1-361-22 payments attributable to said conflicting claims were ordered deposited by the Unit Operator into the escrow account established by the Pooling Orders (herein "Escrow Account"). According to the Pooling Orders and testimony, the gas estate ownership interests between Range Resources-Pine Mountain Inc., and Lydia Victoria Newberry in tract 3 in the Subject Drilling Unit were in conflict and became subject to the escrow requirements of the Pooling Order.
- 4.3 The Unit Operator's Miscellaneous Petition regarding Tract 3, a copy of which is attached to and made a part hereof, states under oath that Lydia Victoria Newberry and the Applicants have entered into an agreement with regards to Tracts 3 and that by the terms of the agreements, Range Resources-Pine Mountain Inc. has entered into a split agreement regarding this Tract and escrow regarding these individual conflicting claims detailed herein, is no longer required.
- 4.4 The Unit Operator gave notice to Lydia Victoria Newberry and the applicants that the Board would consider its disbursement authorization at its hearing on September 16, 2008 and consider whether to: (1) amend the Pooling Order to provide for the disbursement a portion of funds on deposit in the Escrow Account attributable to Tracts 3 as identified in the attached miscellaneous petition (2) delete the requirement that the Unit Operator place future royalties attributable to a portion of said Tracts 3 and the interests of Applicants identified in the miscellaneous petition in the Escrow Account, and (3) continue the escrow account under this docket number because parties other than those seeking disbursement under this order are subject to continued payments in the escrow.
- 4.5 The Unit Operator filed the attached accounting for Subject Drilling Unit's Escrow Account with the Board ("Accounting") within the Supplemental Order for Disbursement of Escrow..

5. **Findings:**

5.1. Va. Code 45.1-361.22.5 provides:

The Board shall order payment of principal and accrued interests, less escrow account fees, from the escrow account to conflicting claimants within thirty days of receipt of notification of (i) a final decision of a court of competent jurisdiction adjudicating the ownership of coalbed methane gas as between them or (ii) an agreement among all claimants owning conflicting estates in the tracts in question or any undivided interest therein. The amount to be paid to the conflicting claimants shall be determined based on the percentage of ownership interest of the conflicting claimants as shown in the operator's supplemental filing made part of the pooling order that established the escrow account, the operator's records of deposits attributable to those tracts for which funds are being requested, and the records of the escrow account for the coalbed methane gas drilling unit. The interests of any cotenants who have not entered into an agreement shall remain in the escrow account.

5.2 Applicant has certified and represented to the Board that:

- (1) Range Resources-Pine Mountain Inc. and Lydia Victoria Newberry respectively, are the owners of the gas and oil acreage estate underlying VGOB Tracts 3 of the Subject Drilling Unit;

(2) Net interests attributable and to be disbursed to Applicants are shown in Table 1,

VGOB Approved Disbursement

VGOB 93-0420-0367-01_01072009

VC-2914

Well No 702914

TABLE 1

	Average Interest	Split Agreement	Acres	% of Escrowed Funds
Tract 3				
Disbursement Table				
³ Range Resources - Pine Mountain Inc.				
³ Furl Newberry and Lydia Victoria Newberry			0.030	0.2348%
Lydia Victoria Newberry; 14810 West Calavar Road; Surprise, AZ 85379	0.030	75%	0.023	0.0383%
Range Resources - Pine Mountain Inc.; PO box 2136; Abingdon, VA 24212	0.030	25%	0.008	0.0128%
Sum Total			0.030	0.0510%

6. Relief Granted:

For the reasons set forth in Paragraph 4 and 5 above, and based upon the Accounting and Table 1 above, the Escrow Agent is ordered to, within 10 days of receipt of this executed order to disburse funds for the unit and applicants detailed in Table 1 above.

Exhibit E to the Pooling Order, showing owners subject to escrow, is deleted and replaced with the Exhibit E attached to this order. Further, the Supplemental Order filed in this cause is hereby modified to delete the requirement that payments attributable to the conflicting coalbed methane gas ownership interests of those applicants indicated in Table 1 be deposited by the Unit Operator into the Escrow Account, and, because there are other owners subject to escrow under the Supplemental Order, the Escrow Agent is directed to continue the Escrow Account for Subject Drilling Unit. To the extent not specifically granted herein, any other or further relief is denied.

7. Conclusion:

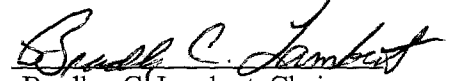
Therefore, the requested relief and all terms and provisions set forth above in Paragraph 6 above be and hereby are granted and **IT IS SO ORDERED.**

8. Appeals:

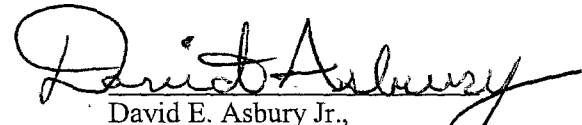
Appeals of this Order are governed by the provisions of Va. Code § 45.1-361.9 which provides that any order or decision of the Board may be appealed to the appropriate circuit court and that whenever a coal owner, coal operator, gas owner, gas operator, or operator of a gas storage field certificated by the State Corporation Commission is a party in such action, the court shall hear such appeal de novo.

9. **Effective Date:** This Order shall be effective on the date of its execution.

DONE AND EXECUTED this 12 day of January, 2009, by a majority of the Virginia Gas and Oil Board.


Bradley C. Lambert, Chairman

DONE AND PERFORMED this 12 day of January, 2009, by an Order of this Board.

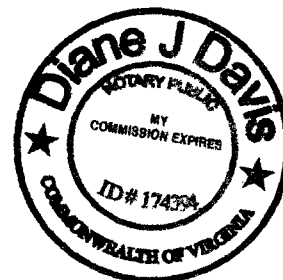

David E. Asbury Jr.,
Principal Executive to the Staff
Virginia Gas and Oil Board

**COMMONWEALTH OF VIRGINIA)
COUNTY OF WASHINGTON**

Acknowledged on this 12th day of January, 2009, 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 **David E. Asbury Jr.**, 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 #174394

My commission expires: 09 / 30 / 2009



VIRGINIA:

BEFORE THE VIRGINIA GAS AND OIL BOARD

APPLICANTS: Equitable Production Company on behalf of Lydia
Victoria Newberry and Range Resources-Pine
Mountain Inc.

DOCKET NUMBER: VGOB 93/04/20-0367-01

RELIEF SOUGHT: Supplemental Order for Disbursement of Escrowed
Funds on behalf of Lydia Victoria Newberry and
Range Resources-Pine Mountain Inc.

LEGAL DESCRIPTIONS: Drilling Unit Number 702914 created by Board
Order Dated June 16, 1993 VGOB 93/04/20-0367 in
Buchanan County, Virginia.

HEARING DATE: September 16, 2008

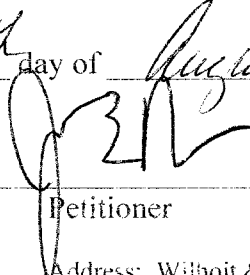
MISCELLANEOUS PETITION

1. Party: Applicant herein is Lydia Victoria Newberry, (hereinafter "Plaintiff), whose address is 14810 West Calavar Road, Surprise, AZ 85379; and Range Resources-Pine Mountain Inc., whose address is 406 W. Main Street, Abingdon, VA 24212.
2. Facts:
 - a. Equitable was designated as the Operator and Applicants interests were Pooled in the 702914 Unit by Order of the Virginia Gas and Oil Board (hereinafter "Board") executed on June 16, 1993, pursuant to Docket No. VGOB 93/04/20-0367 and recorded in the Circuit Court Clerk's Office Buchanan County, Virginia on June 18, 1993, Deed Book 410, Page 255 (hereinafter "Order").
 - b. The Order and Supplemental Order required the Escrow Agent named and appointed therein to establish an interest-bearing escrow account for funds pertaining to the above-referenced Unit and subject to escrow pursuant to the terms of the Order.
 - c. The Order and Supplemental Order further required the Operator to deposit bonus and royalty payments with the Escrow agent which could not be made because the person(s) entitled hereto could not be made certain due to conflicting claims of ownership.

- d. Pine Mountain Oil and Gas, Inc. was a conflicting claimant with the above-listed Plaintiff with regard to Tract 3 as created by Board Order as VGOB 93/04/20-0367 is the applicable Tracts.
- e. To resolve this conflict, a Letter dated January 18, 2008 signed by Phil Horn, District Landman of Pine Mountain Oil and Gas, Inc. is attached hereto and incorporated herein as Exhibit "A".
- f. The amounts deposited with the Escrow Agent regarding the Unit need to be determined and distributed accordingly.
- g. Any escrow amount, not yet deposited into the escrow account, held by Operator should also be determined, and distributed to Applicants/Plaintiff herein, accordingly.
- h. Applicants/Plaintiff herein do hereby request that the Board enter amended supplemental order for the Unit directing the Escrow Agent and the Operator to disburse to the aforesaid Plaintiff the funds attributable to the previous conflicting claim with Pine Mountain, held in escrow for the VGOB number as listed above.
 - 1. The Applicants certify that the matters set forth in the application, to the best of their knowledge, information, and belief, are true and correct and that the form and content of the Application and conform to the requirements of relevant Board regulations and orders.
 - 2. Legal Authority: Va Code Ann. §45.1-361.1 et seq., 4 VAC 25-160, and such other regulations and Board orders promulgated pursuant to law.
 - 3. Relief Sought: Applicants request that the Board issue amended supplement order amending all prior orders affecting the Unit which amended supplement order will provide as follows:
 - a. Determining the amount of funds attributable to the Applicants/Plaintiffs herein.
 - b. Directing the Escrow Agent to determine the amount of funds attributable to Applicants/Plaintiffs herein, provide an accounting hereof, and disburse the funds on deposit with the Escrow Agent, including any applicable interest, pertaining to the interest in the Unit shown above for distribution.
 - c. Directing the Operator to determine the amount of funds attributable to the Applicants/Plaintiffs herein, provide an accounting thereof, and disburse the units in its hands, if any, subject to escrow but not then on deposit with the Escrow Agent, including any applicable interest, at the time of the Supplemental Order requested therein is executed, attributable to the Applicants/Plaintiffs herein for distribution.

- d. Directing the Operator to disburse the funds, including any applicable interest, and provide an accounting thereof, which it may receive after the date of the execution of the amended supplemental order requested in the Application, if any, attributable to the Applicants/Plaintiff herein, and to discontinue the payment of such funds into Escrow.
- e. Granting such other relief as is merited by the evidence and is just and equitable whether or not such relief has been specifically requested herein.

Dated this 15th day of August, 2008.

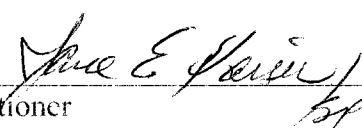
By: 

Petitioner

Address: Wilhoit & Kaiser
220 Broad Street
Kingsport, TN 37660

CERTIFICATE

The foregoing application to the best of my knowledge, information and belief is true and correct. Notice was given pursuant to Va. Code Ann. §45.1-361.19.


Petitioner



RANGE RESOURCES

May 12, 2008

Ms. Nikki Atkison
EQUITABLE PRODUCTION COMPANY
225 North Shore Drive
Pittsburgh, PA 15212

RE: **Permanent Split of Royalty**
VC-535686, VC-2914, and Haysi 142
and any future CBM Wells
Furl Newberry 225.6 Acre Lease
Buchanan County, Virginia

Dear Ms. Atkison:

I enclose a copy of a letter dated January 18, 2008, between Range Resources – Pine Mountain, Inc., and Lydia Victoria Newberry, wherein the parties have agreed to a 75%/25% permanent split of escrowed royalty and all future royalty from the above wells and any other CBM wells that include a portion of the Furl Newberry 225.6 acre lease. Please release the escrowed royalty to Lydia Victoria Newberry and Range Resources - Pine Mountain, Inc., and begin making all future payments to the parties pursuant to their agreement.

By copy of this letter, I am notifying Lydia Victoria Newberry of Pine Mountain's action on this matter. If you have any questions or comments, please do not hesitate to contact me by phone at (276) 619-2644 or by e-mail at aedmisten@gl-energy.com.

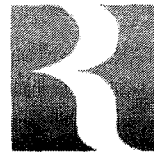
Sincerely,

RANGE RESOURCES - PINE MOUNTAIN, INC.

Ann Edmisten, CLAS
Land Technician

Enclosure

cc: Lydia Victoria Newberry
Wanda (PMOG) w/original enclosure
D. Louthian (PMOG) w/enclosure
P. Horn (PMOG) w/enclosure
D. Hall (EPC) w/enclosure (dhall@eqt.com)



January 18, 2008

RANGE RESOURCES

Ms. Lydia Victoria Newberry
14810 West Calavar Road
Surprise, AZ 85379

**Re: Permanent Split of CBM Royalty
Furl Newberry – 225.60 Acres
VC-535686, VC-2914, and Haysi 142 CBM Wells
Buchanan County, Virginia**

Dear Ms. Newberry:

As you are aware, Equitable Production Company ("EPC"), has drilled the referenced coalbed methane gas wells on a tract of land (the "Property" or "Subject Tract") in which Range Resources – Pine Mountain, Inc. ("RR-PM"), formerly Pine Mountain Oil and Gas, Inc., owns the coalbed methane gas through its deed from the former coal owner underlying the Property and you own the gas. The above has created conflicting claims as to the ownership of the coalbed methane gas on the Subject Tract between RR-PM, as the owner of the coalbed methane gas through its deed from the former coal owner, and you, as the owner of the gas. A plat for each of the above wells indicating the location of the well within the operating unit is enclosed for your reference.

Due to our conflicting interests in the Subject Tract, EPC, as operator of the unit, has placed all royalty proceeds attributable to our conflicting interests into an escrow account. These royalty proceeds will remain in the escrow account until either a final legal determination of our conflicting claims to the coalbed methane gas is made or we reach an agreement on the division of the royalty proceeds. The most economical and expedient way to secure a release of the escrowed funds is for us to enter into an agreement which sets forth how the funds are to be distributed. Accordingly, in order to avoid the expense and time required to resolve the ownership question through the courts, RR-PM proposes resolving this matter by the agreement described below. Such an agreement will allow us to request distribution of the proceeds presently held in the escrow account and direct payment of all future proceeds.

RR-PM proposes that you receive disbursement of 75% of the proceeds held in the escrow account on the above-mentioned wells and that RR-PM receive disbursement of 25% of the proceeds held in the escrow account on the above-mentioned wells. RR-PM proposes the same percentage division for all future production payments which may accrue to our conflicting interests from the above-mentioned wells. RR-PM will, at its sole expense, pursue the administrative process required to secure release of the proceeds held in the escrow account and will absorb all future costs of administering this letter agreement. None of these expenses and costs will be deducted from your 75% of the royalty proceeds. It is also agreed that the royalty from any future coalbed methane gas wells drilled upon the subject tract or upon other lands in which the subject tract is pooled therewith will be permanently split in the same 75%/25% proportion.

January 18, 2008

Page 2 of 3

If this division of proceeds is agreeable with you, RR-PM will diligently pursue the administrative processes required to secure release of the proceeds in the escrow account to you and RR-PM. You will be provided with copies of the correspondence to EPC, requesting distribution of the escrowed funds as well as the directive to EPC to pay all future royalties and other benefits attributable to our conflicting interests in the same 75% / 25% proportion.

This letter agreement effects a permanent division of the accrued, suspended or escrowed royalty payments and all future royalty payments on the above-mentioned wells and future wells which agreement is binding upon you, your heirs and assigns and RR-PM and its successors and assigns. By entering into this agreement, the parties agree to refrain from making any claim or bringing any suit against the other party attacking the other party's coalbed methane interests set forth in this letter agreement. It is expressly agreed by the parties hereto that the division of the accrued, suspended or escrowed royalty payments and all future royalty payments on the above-mentioned well shall remain subject to this letter agreement, regardless of any subsequent judicial determination of ownership of coalbed methane in the Commonwealth of Virginia. Provided, however, nothing contained in this letter agreement shall change or alter the parties' common law rights and liabilities or the legal title to their respective coal and gas estates.

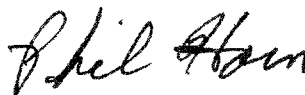
By entering into this letter agreement, you confirm that you are the current record title owner of the gas estate underlying the tract attributed to the Furl Newberry 225 acre tract as shown on the enclosed plats. If you are not the current gas owner, please notify us immediately.

By accepting the terms and conditions of this letter agreement, you are directing EPC to disburse royalties in accordance with this agreement. It is understood and agreed that no other terms or conditions of your lease with EPC are affected by this letter agreement.

Please evidence your agreement to these terms by signing this letter agreement on the line indicated below and returning this letter agreement to RR-PM in the enclosed self-addressed, stamped envelope. If you have any questions, please do not hesitate to call me at 276-619-2583.

Sincerely,

RANGE RESOURCES - PINE MOUNTAIN, INC.



Phil Horn
District Landman

Enclosures

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January 18, 2008

Page 3 of 3

AGREED TO AND ACCEPTED BY:

Lydia Victoria Newberry
Lydia Victoria Newberry

RANGE RESOURCES - PINE MOUNTAIN, INC.
(Formerly Pine Mountain Oil and Gas, Inc.)

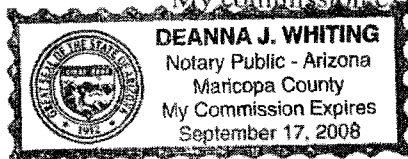
BY: Phil Horn
Phil Horn
District Landman

STATE OF ARIZONA

COUNTY OF Maricopa, to-wit:

I, Deanna Whiting, a Notary Public in and for the State and County aforesaid, do hereby certify Lydia Victoria Newberry, whose name is signed to the writing hereto annexed, bearing date of the 18th day of January, 2008, has this day acknowledged the same before me, in said County and State.

Given under my hand and notarial seal this the 7 day of May, 2008.



My commission expires:

9-17-08
Deanna Whiting
Notary Public

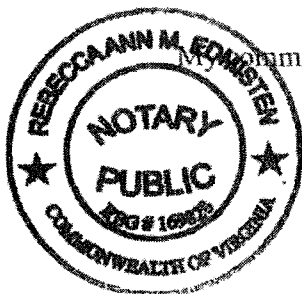
Registration # _____

COMMONWEALTH OF VIRGINIA

COUNTY OF WASHINGTON, to-wit:

I, Rebecca Ann M. Edmisten, a Notary Public in and for the State and County aforesaid, do hereby certify that Phil Horn, District Landman for Range Resources - Pine Mountain, Inc., formerly Pine Mountain Oil and Gas, Inc., whose name as such is signed to the writing hereto annexed, bearing date the 18th day of January, 2008, has this day, before me, in my said County acknowledged the said writing on behalf of said corporation.

Given under my hand and notarial seal this the 18th day of January, 2008.



My commission expires:

1/31/2012

Rebecca Ann M. Edmisten
Notary Public

Registration #: 169828

VGOB 93/04/20-0367

VC-702914

TRACT NO.	OWNER NAME and ADDRESS	SPLIT %	OWNER NET INTEREST	TOTAL NET ESCROW INTEREST	TOTAL AMOUNT IN ESCROW 6/08/2008	OWNER % IN ESCROW 6/08/2008	OWNER AMOUNT IN ESCROW 6/08/2008
3	Lydia Victoria Newberry 14810 West Calavar Road Surprise, AZ 85379	75%	0.00004688 0.00004688	0.12500000 0.12500000	Bank Total - \$23115.96 Equitable Total - \$23115.96	0.04%	\$8.67 \$8.67
3	Range Resources - Pine Mountain, Inc PO Box 2136 Abingdon, VA 24212	25%	0.00001563 0.00001563	0.12500000 0.12500000	Bank Total - \$23115.96 Equitable Total - \$23115.96	0.01%	\$2.89 \$2.89

4428

EXHIBIT "E"
VC-702914
Revised 05/19/2008

<u>TRACT</u>	<u>LESSOR</u>	<u>LEASE STATUS</u>	<u>INTEREST WITHIN UNIT</u>	<u>GROSS ACREAGE IN UNIT</u>
<u>Gas Estate Only</u>				
1	Yellow Poplar Lumber Company Unknown	Unleased	99.710000%	58.6020
Tract 1 Totals			99.71%	58.6020
2	Willard Newberry and Audrey Newberry H/W Route 1, Box 482 Vansant, VA 24656-9728	Leased-EPC 243343L	0.240000%	0.1380
Tract 2 Totals			0.24%	0.1380
TOTAL GAS ESTATE			99.95%	58.7400
<u>Coal Estate Only</u>				
1	Pine Mountain Oil & Gas, Inc. Attn: Jerry Grantham P.O. Box 2136 Abingdon, VA 24212	Leased-EPC 241640L	99.710000%	58.6020
Tract 1 Totals			99.71%	58.6020
2	Pine Mountain Oil & Gas, Inc. Attn: Jerry Grantham P.O. Box 2136 Abingdon, VA 24212	Leased-EPC 241640L	0.240000%	0.1380
Tract 2 Totals			0.24%	0.1380
TOTAL COAL ESTATE			99.95%	58.7400

INSTRUMENT #090000717
RECORDED IN THE CLERK'S OFFICE OF
BUCHANAN COUNTY ON
MARCH 12, 2009 AT 10:49AM
BEVERLY S. TILLER, CLERK
RECORDED BY: MKE

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