

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: Z38

TRACT(S): 1B

LOCATION: BUCHANAN County, Virginia

DOCKET NUMBER: VGOB-98-0324-0634-03

APPLICANTS: CNX Gas Company LLC on behalf of Julia W Beckham, Lydia R Freund, Nathan Wade, Susan J Wade, Thelma Josie Wade

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 05/26/1998, Recorded on 06/05/1998, Deed Book/Instrument No. 476, Page 830.
2. Supplemental Order Executed 08/28/1998, Recorded on 09/02/1998, Deed Book/Instrument No. 481, Page 132.
3. Disbursement Order -01 Executed 12/16/2015, Recorded on 12/29/2015, Deed Book/Instrument No. 150002114.

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NOTICE:

- (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. Julia W. Beckham, Lydia R. Freund, Nathan Wade, Susan Wade, and Thelma J. Wade are the gas claimants in a portion of Tr. 1B. As such Julia W. Beckham, Lydia R. Freund, Nathan Wade, Susan Wade, and Thelma J. Wade 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 98-0324-0634-02, it dismissed the coal claimant Commonwealth Coal Corporation as a Respondent to these proceedings. Accordingly, Commonwealth Coal Corporation 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 Julia W. Beckham, Lydia R. Freund, Nathan Wade, Susan Wade, and Thelma J. Wade and shall not escrow same. See Exhibit EE annexed hereto.

RELIEF GRANTED:

VGOB Disbursement
Unit Z38

VGOB-98-0324-0634-03

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				14.98600		
1B Tract 1B (total acreage)			20.9800					
1	1B	Susan J Wade\6745 N Richmond St Chicago, IL 60645	1/7	2.9971	100.00%	2.9971	19.99996%	
2	1B	Lydia R Freund\734 Norton Ave Mundelein, IL 60060-1924	1/7	2.9971	100.00%	2.9971	19.99996%	
3	1B	Thelma Josie Wade\16330 Old Timber Rd Abingdon, VA 24210-4888	1/7	2.9971	100.00%	2.9971	19.99996%	
4	1B	Julia W Beckham\12500 Virtudes St Coral Gables, FL 33156	1/7	2.9971	100.00%	2.9971	19.99996%	
5	1B	Nathan Wade\60 Longbranch Ln Tyron, NC 28782	1/7	2.9971	100.00%	2.9971	19.99996%	

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.

160001816

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



Chairman, Bradley C. Lambert

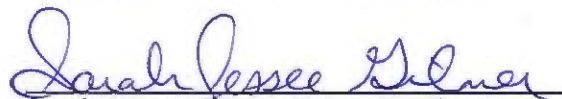
DONE AND PERFORMED this 15 day of September, 2016 by Order of the Virginia Gas and Oil Board.



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 98-0324-0634-03

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: 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: Z38**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 of Tract(s) portion of Tr. 1B as depicted upon the annexed Table; and (2) authorization to begin paying royalties directly to Julia W. Beckham, Lydia R. Freund, Nathan Wade, Susan Wade, and Thelma J. Wade.

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)

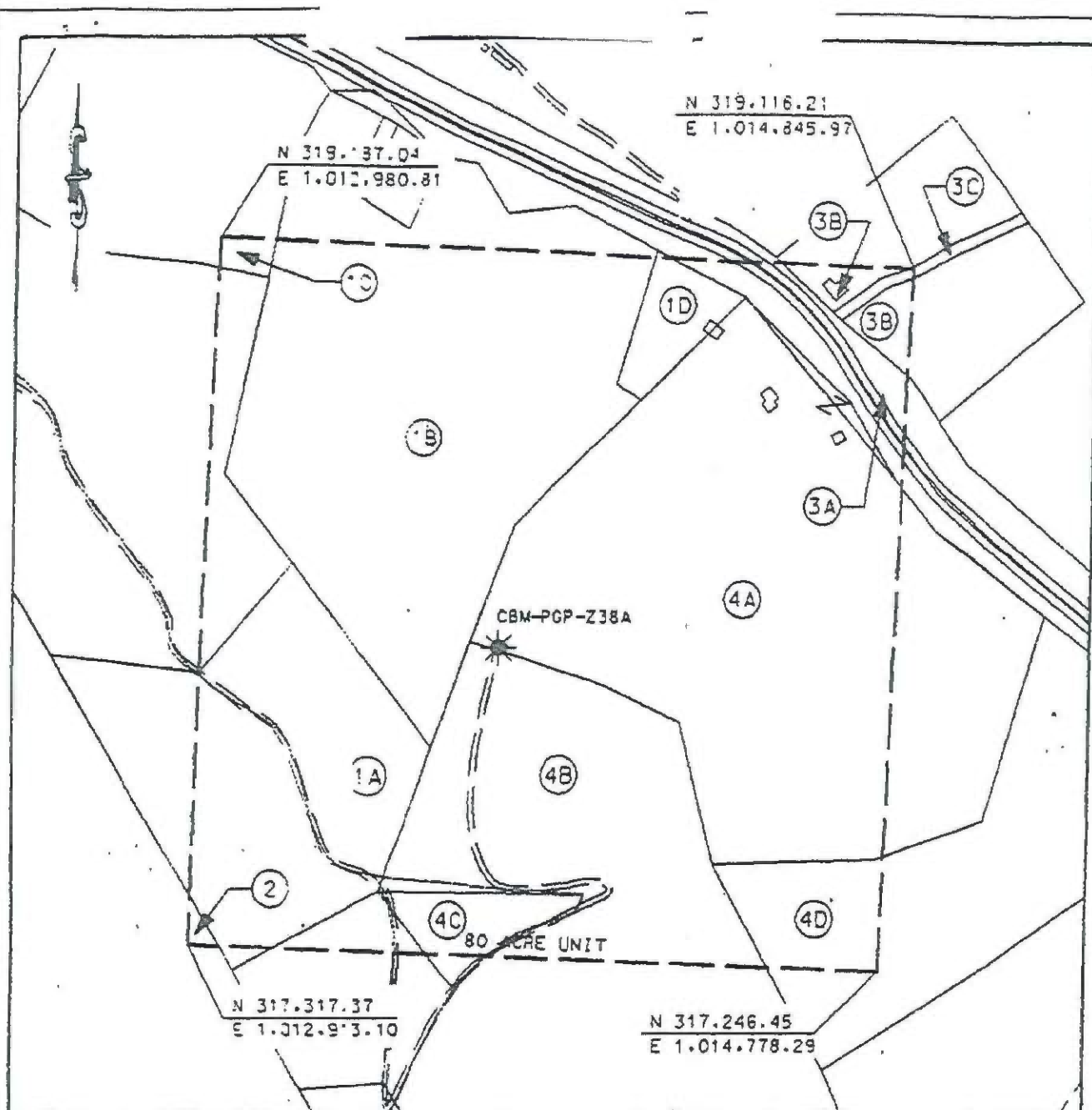
Coalbed Methane

5. Factual basis for relief requested

- a. Julia W. Beckham, Lydia R. Freund, Nathan Wade, Susan Wade, and Thelma J. Wade are the gas claimants in a portion of Tr. 1B. As such Julia W. Beckham, Lydia R. Freund, Nathan Wade, Susan Wade, and Thelma J. Wade 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 98-0324-0634-02, it dismissed the coal claimant Commonwealth Coal Corporation as a Respondent to these proceedings. Accordingly, Commonwealth Coal Corporation 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 Julia W. Beckham, Lydia R. Freund, Nathan Wade, Susan Wade, and Thelma J. Wade 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.

**LEGEND**

← TRACT LAND HOOK

[2] TRACT LAND ID'S

EXHIBIT A
OAKWOOD FIELD UNIT Z-38
FORCE POOLING
VGOB-98-0324-0634

Company Pochohontas Gas Partnership Well Name and Number UNIT Z38

Tract No. Elevation Quadrangle Keen-Mountain

County Buchanan District Garden Scale: 1" = 400' Date 2/4/98

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

Form DGO-GD-7
Rev. 9/91

Charles D. Moy
Licensee Professional Engineer or Licensed Land Surveyor

(Affix Seal)

POCAHONTAS GAS PARTNERSHIP

UNIT Z-38

Tract Identifications

1. Commonwealth Coal Co. Tr 3 - Coal
Consolidation Coal Co. - Below drainage coal Leased
United Coal Company - Above drainage coal Leased
Pocahontas Gas Partnership - CBM Lessee
Betty Addison - Surface, Oil & Gas
12.80 acres 16.0000%

- 1B. Commonwealth Coal Co. Tr 3 - Coal
Consolidation Coal Co. - Below drainage coal Leased
United Coal Company - Above drainage coal Leased
Pocahontas Gas Partnership - CBM Lessee
Curtis Wade - Surface, Oil & Gas
20.98 acres 26.2250%

- 1C. Commonwealth Coal Co. Tr 3 - Coal
Consolidation Coal Co. - Below drainage coal Leased
United Coal Company - Above drainage coal Leased
Pocahontas Gas Partnership - CBM Lessee
Gerald Shortt - Surface, Oil & Gas
0.28 acres 0.3500%

- 1D. Commonwealth Coal Co. Tr 3 - Coal
Consolidation Coal Co. - Below drainage coal Leased
United Coal Company - Above drainage coal Leased
Pocahontas Gas Partnership - CBM Lessee
Elmer Burke - Surface, Oil & Gas
1.42 acres 1.7750%

2. Commonwealth Coal Co. Tr 2 - Fee
Consolidation Coal Co. - Below drainage coal Leased
United Coal Company - Above drainage coal Leased
Consolidation Coal Co. - Oil & Gas Lessee
Pocahontas Gas Partnership - CBM Lessee
0.10 acres 0.1250%

3. Commonwealth Coal Co. Tr 4 - Coal, Oil & Gas
Consolidation Coal Co. - Below drainage coal Leased
United Coal Company - Above drainage coal Leased
Consolidation Coal Co. - Oil & Gas Lessee
Pocahontas Gas Partnership - CBM Lessee
3.70 acres 4.6250%

- 3A. VDOT - Surface
- 3B. Peggy Lane - Surface
- 3C. Harold Altizer - Surface (30' R/W)

4. Commonwealth Coal Co. Tr 5 - Coal & Gas
Consolidation Coal Co. - Below drainage coal Leased
United Coal Company - Above drainage coal Leased
Consolidation Coal Co. - Gas Lessee
Pocahontas Gas Partnership - CBM Lessee
40.72 acres 50.9000%
- 4A. Michell Counts - Surface & Oil
4B. Danny Clevinger et al. - Surface & Oil
4C. Joe Deel - Surface & Oil
4D. Joseph Turley - Surface & Oil

Exhibit E
Unit Z-38
Docket #VGOB-98-0324-0634-03
List of Respondents that require escrow

160001816

	Net Acres in Unit	Interest in Unit
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Escrowing no longer required

Exhibit EE
Unit Z-38

160001816

Docket No. VGOB-98-0324-0634-03

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

	Net Acres in Unit	Interest in Unit	Percent of Escrow
<u>Tract #1 - 12.80 acres</u>			
<u>COAL OWNERSHIP</u>			
(1) Commonwealth Coal Company, Tr. 3 (Newell Short 87.13 Acre Tract) P.O. Box 1269 Bristol, VA 24203	12.80 acres	16.0000%	n/a
<u>OIL & GAS OWNERSHIP</u>			
<i>Affidavit from Commonwealth Coal Corporation, dated September 30, 2015 stating they make no claim to the CBM due to the current state of law The owners listed below are plaintiffs in case no: 1:10-cv65</i>			
(1) Doris Betty Addison 1305 Terrace Court Sykesville, MD 21784	12.80 acres	16.0000%	n/a
<u>Tract #1B - 20.98 acres</u>			
<u>COAL OWNERSHIP</u>			
(1) Commonwealth Coal Company, Tr. 3 (Newell Short 87.13 Acre Tract) P.O. Box 1269 Bristol, VA 24203	20.98 acres	26.2250%	
<u>OIL & GAS OWNERSHIP</u>			
(1) Curtis E. Wade Heirs, Devisees, Successors or Assigns	20.98 acres	26.2250%	
(a) Laura Beth Lundy Wade Heirs, Devisees, Successors or Assigns			
(a.1) Barbara K. Hendrix PO Box 21884 Saint Simons Island, GA 31522	2.997 acres 1/7 of 20.98 acres	3.7464%	n/a
(a.2) Susan J. Wade 6745 N. Richmond St. Chicago, IL 60645	2.997 acres 1/7 of 20.98 acres	3.7464%	19.9996% HB2058
(a.3) Lydia R. Freund 734 Norton Ave Mundelein, IL 60060-1924	2.997 acres 1/7 of 20.98 acres	3.7464%	19.9996% HB2058
(a.4) Theima Josie Wade 16330 Old Timber Road Abingdon, VA 24210-4888	2.997 acres 1/7 of 20.98 acres	3.7464%	19.9996% HB2058
(a.5) Julia W. Beckham 12500 Virtudes St. Coral Gables, FL 33156	2.997 acres 1/7 of 20.98 acres	3.7464%	19.9996% HB2058
(a.6) Curtis R. Wade 629 High Point Drive Mount Dora, FL 32757	2.997 acres 1/7 of 20.98 acres	3.7464%	n/a
(a.7) Nathan Wade 60 Longbranch Lane Tryon, NC 28782	2.997 acres 1/7 of 20.98 acres	3.7464%	19.9996% HB2058

		Net Acres in Unit	Interest in Unit	Percent of Escrow
<u>Tract #1C - 0.28 acres</u>				
<u>COAL OWNERSHIP</u>				
(1)	Commonwealth Coal Company, Tr. 3 (Newell Short 87.13 Acre Tract) P.O. Box 1269 Bristol, VA 24203	0.28 acres	0.3500%	
<u>OIL & GAS OWNERSHIP</u>				
(1)	Gerald K. Shortt 1475 Shortts Road Raven, VA 24639	0.28 acres	0.3500%	n/a
<u>Tract #1D - 1.42 acres</u>				
<u>COAL OWNERSHIP</u>				
(1)	Commonwealth Coal Company, Tr. 3 (Newell Short 87.13 Acre Tract) P.O. Box 1269 Bristol, VA 24203	1.42 acres	1.7750%	n/a
<u>OIL & GAS OWNERSHIP</u>				
(1)	Elmer Burke 1759 Riverside Drive Raven, VA 24639	1.42 acres	1.7750%	n/a
Total Acres Resolved		35.4800		
Total Percentage Resolved			44.3500%	

INSTRUMENT #160001816
RECORDED IN THE CLERK'S OFFICE OF
BUCHANAN COUNTY ON
OCTOBER 5, 2016 AT 02:08PM

BEVERLY S. TILLER, CLERK
RECORDED BY: GGB