

Instrument prepared by:

VIRGINIA GAS AND OIL BOARD

Order recorded under:

CODE OF VIRGINIA

§ 45.1-361.26

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: Y37

TRACT(S): 3F

LOCATION: BUCHANAN County, Virginia

DOCKET NUMBER: VGOB-98-0324-0637-03

APPLICANTS:

CNX Gas Company LLC on behalf of Gerald K Shortt

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 797.
2. Supplemental Order Executed 09/02/1998, Recorded on 09/02/1998, Deed Book/Instrument No. 481, Page 159.
3. Disbursement Order -01 Executed 12/16/2015, Recorded on 12/29/2015, Deed Book/Instrument No. 150002118.
4. Disbursement Order -02 Executed 05/06/2016, Recorded on 05/19/2016, Deed Book/Instrument No. 160000888.

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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) 3F identified in the attached petition.
- (2) Delete the requirement that the Unit Operator place future royalties attributable to Tract(s) 3F 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. Gerald K. Shortt is the gas claimant in Tracts 3F. As such Gerald K. Shortt is 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 Gerald K. Shortt and not escrow same. See Exhibit EE annexed hereto.

RELIEF GRANTED:

VGOB Disbursement
Unit Y37

VGOB-98-0324-0637-03

Table 1

Tracts: 3F

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				7.48000		
3F Tract 3F (total acreage)			7.4800					
1	3F	Gerald K Shortt\1475 Shortts Rd Raven VA 24639		7.4800	100.000%	7.4800	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:

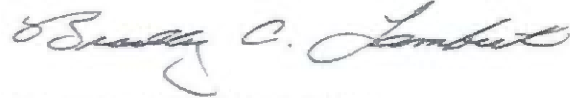
Therefore, the requested relief and all terms and provisions set forth above be and hereby are granted and IT IS SO ORDERED.

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 16 day of August, 2016 by a majority of the Virginia Gas and Oil Board.



Chairman, Bradley C. Lambert

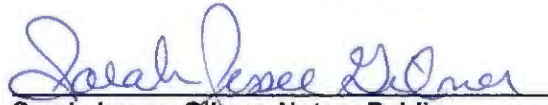
DONE AND PERFORMED this 16 day of August, 2016 by Order of the Virginia Gas and Oil Board.



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

COMMONWEALTH OF VIRGINIA
COUNTY OF RUSSELL

Acknowledged on this 16th day of August, 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 98-0324-0637-03

RELIEF SOUGHT: (1) DISBURSEMENT FROM ESCROW REGARDING TRACT(S) 3F (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: Y37

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) 3F as depicted upon the annexed Table; and (2) authorization to begin paying royalties directly to Gerald K.. Shortt; (3) Dismissal of Coal Owner(s): Commonwealth Coal Corp.

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

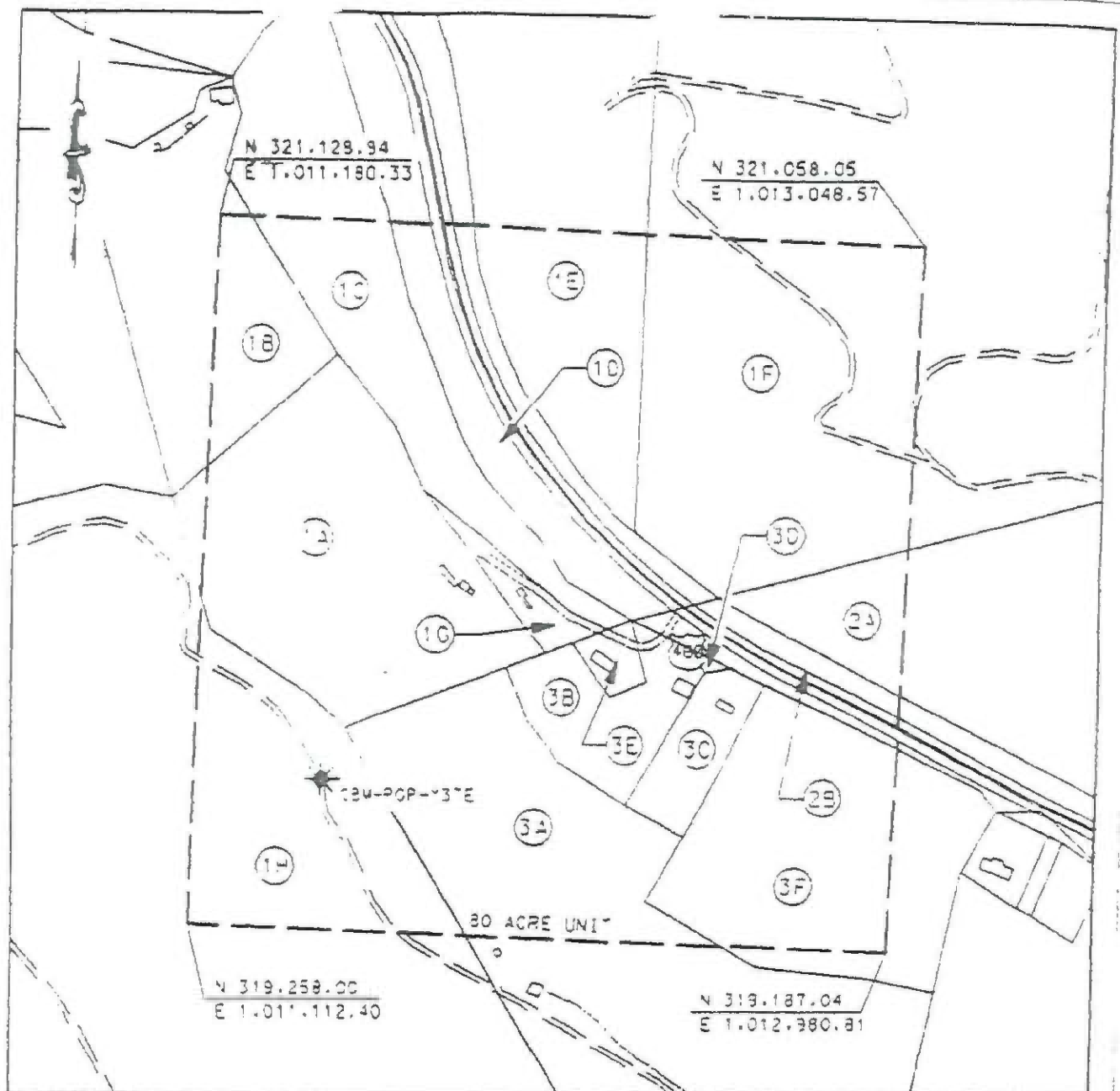
5. Factual basis for relief requested

- a. Gerald K. Shortt is the gas claimant in Tracts 3F. As such Gerald K. Shortt is 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 Gerald K. Shortt 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.

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LEGEND

- TRACT LAND HOOK
- [2] TRACT LAND ID'S

EXHIBIT A
OAKWOOD FIELD UNIT Y-37
FORCE POOLING
VGOB-98-0324-0637

Company Pocahontas Gas Partnership Well Name and Number UNIT Y37
Tract No. _____ Elevation _____ Quadrangle Keen Mountain
County Buchanan District Garden Scale: 1" = 400' Date 2/3/98
This plat is a new plat X : an updated plat _____ : or a final plat _____

Form DGO-GO-7
Rev. 9/91

Charles S. May (Affix Seal)
Licensed Professional Engineer or Licensed Land Surveyor

POCAHONTAS GAS PARTNERSHIP

UNIT Y-37

Tract Identifications

1. Commonwealth Coal Co. Tr 2 - Coal, Oil & Gas
Consolidation Coal Co. - Below drainage coal Leased
United Coal Company - Above drainage coal Leased
Pocahontas Gas Partnership - CBM Lessee
Consolidation Coal Co. - Oil & Gas Lessee
54.55 acres 68.1875%
- 1A. Bobby Shortt - Surface
- 1B. Hubert Carter - Surface
- 1C. John Street - Surface
- 1D. VDOT - Surface
- 1E. Louis Horn - Surface
- 1F. Commonwealth Coal Co. - Surface
- 1G. E. L. Shortt - Surface
- 1H. Commonwealth Coal Co. - Surface
2. Commonwealth Coal Co. Tr 4 - Coal, Oil & Gas
Consolidation Coal Co. - Below drainage coal Leased
United Coal Company - Above drainage coal Leased
Pocahontas Gas Partnership - CBM Lessee
Consolidation Coal Co. - Oil & Gas Lessee
4.32 acres 5.4000%
- 2A. Commonwealth Coal Co. - Surface
- 3A. 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
8.62 acres 10.7750%
- 3B. 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
Rondal Wade - Surface, Oil & Gas
2.83 acres 3.5375%
- 3C. 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
Jimmy Wade - Surface, Oil & Gas
1.68 acres 2.1000%

POCAHONTAS GAS PARTNERSHIP**UNIT Y-37****Tract Identifications**

3D.

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
VDOT - Surface, Oil & Gas
0.03 acres 0.0375%

3E.

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
Rondal Wade - Surface, Oil & Gas
0.49 acres 0.6125%

3F.

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 K. Short - Surface, Oil & Gas
7.48 acres 9.3500%

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Exhibit E
Unit Y-37

Docket #VGOB-98-0324-0637-03
List of Respondents that require escrow

Net Acres
in Unit

Percent of
Unit

Escrowing no longer required

Exhibit EE
Unit Y-37

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Docket #VGOB-98-0324-0637-03

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

	Net Acres in Unit	Percent of Unit	Percent of Escrow
<u>Tract #3A - 8.62 acres</u>			
<u>COAL OWNERSHIP</u>			
(1) Commonwealth Coal Corp. Tr 3 P.O. Box 1269 Bristol, VA 24203	8.62 acres	10.7750%	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	8.62 acres	10.7750%	n/a
<u>Tract #3B - 2.83 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	2.83 acres	3.5375%	n/a
<u>OIL & GAS OWNERSHIP</u>			
(1) Rondal & Freda Wade, TE 1053 Short Hill Road Raven, VA 24639	2.83 acres	3.5375%	n/a
<u>Tract #3C - 1.68 acres</u>			
<u>COAL OWNERSHIP</u>			
(1) Commonwealth Coal Corp. Tr 3 P.O. Box 1269 Bristol, VA 24203	1.68 acres	2.1000%	n/a
<u>OIL & GAS OWNERSHIP</u>			
(1) Jimmy & Linda Wade, TE 1333 Short Hill Road Raven, VA 24639	1.68 acres	2.1000%	n/a

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

	Net Acres in Unit	Percent of Unit	Percent of Escrow
<u>Tract #3D - 0.03 acres</u>			
<u>COAL OWNERSHIP</u>			
(1) Commonwealth Coal Corp. Tr 3 P.O. Box 1269 Bristol, VA 24203	0.03 acres	0.0375%	n/a
<u>OIL & GAS OWNERSHIP</u>			
(1) Commonwealth of Virginia Department of Transportation 870 Bonham Road Bristol, VA 24201	0.03 acres	0.0375%	n/a
<u>Tract #3E - 0.49 acres</u>			
<u>COAL OWNERSHIP</u>			
(1) Commonwealth Coal Corp. Tr 3 P.O. Box 1269 Bristol, VA 24203	0.49 acres	0.6125%	n/a
<u>OIL & GAS OWNERSHIP</u>			
(1) Rondal & Freda Wade, TE 1053 Short Hill Road Raven, VA 24639	0.49 acres	0.6125%	n/a
<u>Tract #3F - 7.48 acres</u>			
<u>COAL OWNERSHIP</u>			
(1) Commonwealth Coal Corp. Tr 3 P.O. Box 1269 Bristol, VA 24203	7.48 acres	9.3500%	n/a
<u>OIL & GAS OWNERSHIP</u>			
(1) Gerald K. Shortt 1475 Shortts Road Raven, VA 24639	7.48 acres	9.3500%	100.00% HB2058
Total Acreage Resolved		21.1300	
Total Percentage Resolved			26.4125%

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INSTRUMENT #160001560
RECORDED IN THE CLERK'S OFFICE OF
BUCHANAN COUNTY ON
AUGUST 30, 2016 AT 02:22PM

BEVERLY S. TILLER, CLERK
RECORDED BY: GGB