

V I R G I N I A:

BEFORE THE VIRGINIA GAS AND OIL BOARD

APPLICANT: CNX GAS COMPANY LLC) VIRGINIA GAS
) AND OIL BOARD

RELIEF SOUGHT: POOLING OF INTERESTS IN)
DRILLING UNIT **S-37** LOCATED) DOCKET NO.
IN THE **OAKWOOD COALBED METHANE GAS**) **98-0421-0649-02**
FIELD II PURSUANT TO VA. CODE)
§§ 45.1-361.21 AND 45.1-361.22, FOR)
THE PRODUCTION OF OCCLUDED NATURAL)
GAS PRODUCED FROM COALBEDS AND ROCK)
STRATA ASSOCIATED THEREWITH (herein)
Collectively referred to as)
"Coalbed Methane Gas" or "Gas")
)
)
LEGAL DESCRIPTION:)
)
)
DRILLING UNIT NUMBER **S-37**)
(herein "Subject Drilling Unit"))
IN THE **OAKWOOD COALBED METHANE GAS FIELD II**)
GARDEN MAGISTERIAL DISTRICT,)
KEEN MOUNTAIN QUADRANGLE)
BUCHANAN COUNTY, VIRGINIA)
(the "Subject Lands" are more)
particularly described on **Exhibit A,**)
attached hereto and made a part hereof)

REPORT OF THE BOARDFINDINGS AND ORDER

1. Hearing Date and Place: This matter came on for final hearing before the Virginia Gas and Oil Board (hereafter "Board") at 9:00 a.m. on **January 20, 2004** at the Southwest Virginia Higher Education Center on the campus of Virginia Highlands Community College, Abingdon, Virginia.

2. Appearances: **Mark Swartz**, Esquire, of the firm Swartz & Stump, L.C., appeared for the Applicant; 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., the Board finds that it has jurisdiction over the subject matter. Based upon the evidence presented by Applicant, the Board also finds that the Applicant has (1) exercised due diligence in conducting a search of the reasonably available sources to determine the identity and whereabouts of gas and oil owners, coal owners, mineral owners and/or potential owners, i.e., persons identified by Applicant as having ("Owner") or claiming ("Claimant") the rights to Coalbed Methane Gas in all coal seams below the Tiller Seam, including the Upper Seaboard, Greasy Creek, Middle Seaboard, Lower Seaboard, Upper Horsepen, Middle Horsepen, War Creek, Lower Horsepen, Pocahontas No. 9, Pocahontas No. 8, Pocahontas No. 7, Pocahontas No. 6, Pocahontas

No. 5, Pocahontas No. 4, Pocahontas No. 3, Pocahontas No. 2 and various unnamed coal seams and rock strata associated therewith (hereafter "Subject Formation") in Subject Drilling Unit underlying and comprised of Subject Lands; (2) represented it has given notice to those parties (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 45.1-361.22, to notice of the Application filed herein; and (3) that the persons set forth in their Application and Notice of Hearing have been identified by Applicant through its due diligence as Owners of Claimants of Coalbed Methane Gas interests in Subject Formation, in Subject Drilling Unit and that the persons identified in **Exhibit B-3** attached hereto are persons identified by Applicant who may be Owners or Claimants of Coalbed Methane Gas interests in Subject Formation who have not heretofore agreed to lease or sell to the Applicant and/or voluntarily pool their Gas interests. Conflicting Gas Owners/Claimants in Subject Drilling Unit are listed on **Exhibit E**. Further, the Board has caused notice of this hearing to be published as required by Va. Code § 45.1-361.19.B. Whereupon, the Board hereby finds that the notices given herein satisfy all statutory requirements, Board rule requirements and the minimum standards of due process.

4. Amendments: **None**

5. Dismissals: **None**

6. Relief Requested: Applicant requests (1) that pursuant to Va. Code § 45.1-361.22, including the applicable portions of Va. Code § 45.1-361.21, the Board pool all the rights, interests and estates in and to the Gas in Subject Drilling Unit, including the pooling of the interests of the Applicant and of the known and unknown persons named in Exhibit B-3 hereto and that of their known and unknown heirs, executors, administrators, devisees, trustees, assigns and successors, both immediate and remote, for the drilling and operation, including production, of Coalbed Methane Gas, produced from or allocated to the Subject Drilling Unit established for the Subject Formation underlying and comprised of the Subject Lands, (hereafter sometimes collectively identified and referred to as "Well Development and/or Operation in the Subject Drilling Unit"), and (2) that the Board designate CNX Gas Company LLC as Unit Operator.

7. Relief Granted: The Applicant's requested relief in this cause shall be and hereby is granted: (1) Pursuant to Va. Code § 45.1-361.21.C.3, CNX Gas Company LLC (hereafter "Unit Operator") is designated as the Unit Operator authorized to drill and operate the Coalbed Methane Gas well in the Subject Drilling Unit at the location depicted on the plat attached hereto as **Exhibit A**, subject to the permit provisions contained in Va. Code §§ 45.1-361.27 et seq.; to the Oakwood Coalbed Methane Gas Field II Order docket number VGOB 91-1119-162, effective December 17, 1991; to §§ 4 VAC 25-150 et seq., Gas and Oil Regulations; and to §§ 4 VAC 25-160 et seq., Virginia Gas and Oil Board Regulations, all as amended from time to time, and (2) all the interests and estates in and to the Gas in Subject Drilling Unit, including that of the Applicant and of the known and unknown persons listed on **Exhibit B-3**, attached hereto and made a part hereof, and their known and unknown heirs, executors, administrators, devisees, trustees, assigns and successors, both immediate and remote, be and

hereby are pooled in the Subject Formation in the Subject Drilling Unit underlying and comprised of the Subject Lands.

Pursuant to the Oakwood II Field Rules promulgated under the authority of Va. Code § 45.1-361.20, the Board has adopted the following method for the calculation of production and revenue and allocation of allowable costs for the production of Coalbed Methane Gas, dependent on the particular long wall mining plan applicable to each 80-acre drilling unit. The Designated Operator of any 80-acre drilling unit or units within the boundaries, of which any long wall panel which has been isolated by the driving of entries is located and from which Unsealed Gob Gas, Short Hole Gas or Gas from any Well authorized by the Code of Virginia is produced, shall calculate production and revenue based upon the mine plan as implemented within each affected 80-acre drilling unit and in particular, based upon the mineral acreage, as platted upon the surface, in each 80-acre drilling unit actually contained within a long wall panel as depicted by said mine plan. Except as otherwise provided herein, a copy of the pertinent portion of the mine plan being utilized to calculate production, revenue and costs from any affected 80-acre drilling unit shall be filed of record with the Board prior to the payment of any revenue based upon such calculations.

The formula or division of interest for production from any 80-acre drilling unit affected by a long wall panel and from any; separately owned tract in any such 80-acre unit shall be calculated as follows:

- 7.1 For Short Hole Gas - The amount of production produced from and attributed to each 80-acre drilling unit shall be the ratio (expressed as a percentage) that the amount of mineral acreage, when platted on the surface, which is both in the affected unit and the long wall panel, bears to the total mineral acreage, when platted on the surface, contained within the entire long wall panel affecting such 80-acre drilling unit.
- 7.2 For Unsealed Gob Gas - The amount of production produced from and attributed to each 80-acre drilling unit shall be the ratio (expressed as a percentage) that the amount of mineral acreage, when platted on the surface, which is both in the affected unit and the long wall panel, bears to the total mineral acreage, when platted on the surface, contained within the entire long wall panel affecting such 80-acre drilling unit.
- 7.3 a. For Gas from Any Well Located in a Long Wall Panel - After actual commencement of coal mining operations by the driving of entries and completion of isolation of a long wall panel, the amount of Gas produced from such a well and attributed to each 80-acre drilling unit shall be the ratio (expressed as a percentage) that the amount of mineral acreage, when platted on the surface, which is both in the affected 80-acre drilling unit and the isolated long wall panel, bears to the total mineral acreage, when platted on the surface, contained within the entire long wall panel affecting such 80-acre drilling unit.

b. For Frac Well Gas - Prior to the actual commencement of coal mining operations by the driving of entries and completion of isolation of a long wall panel, Gas from any well located in a proposed long wall panel shall be produced from and allocated to only the 80-acre drilling unit in which the well is located according to the undivided interests of each Owner/Claimant within the unit, which undivided interest shall be the ratio (expressed as a percentage) that the amount of mineral acreage within each separate tract that is within the Subject Drilling Unit, when platted on the surface, bears to the total mineral acreage, when platted on the surface, contained within the entire 80-acre drilling unit in the manner set for the in the Oakwood I Field Rules.

8. Election and Election Period: In the event any Owner or Claimant named in **Exhibit B-3** hereto does not reach a voluntary agreement to share in the operation of the well located in the Subject Drilling Unit, at a rate of payment mutually agreed to by said Gas Owner or Claimant and the Unit Operator, then such person named may elect one of the options set forth in Paragraph 9 below and must give written notice of his election of the option selected under Paragraph 9 to the designated Unit Operator at the address shown below within thirty (30) days from the date of receipt of a copy of this Order. A timely election shall be deemed to have been made if, on or before the last day of said 30-day period, such electing person has delivered his written election to the designated Unit Operator at the address shown below or has duly postmarked and placed its written election in first class United States mail, postage prepaid, addressed to the Unit Operator at the address shown below.

9. Election Options:

9.1 Option 1 - To Participate In The Well Development and Operation of the Drilling Unit: Any Gas Owner or Claimant named in **Exhibit B-3** who does not reach a voluntary agreement with the Unit Operator may elect to participate in the Well Development and Operation in the Subject Drilling Unit (hereafter "Participating Operator") by agreeing to pay the estimate of such Participating Operator's proportionate part of the actual and reasonable costs of the Well Development contemplated by this Order for Gas produced pursuant to the Oakwood II Field Rules, including a reasonable supervision fee, as more particularly set forth in Virginia Gas and Oil Board Regulation 4 VAC 25-160-100 (herein "Completed-for-Production Costs"). Further, a Participating Operator agrees to pay the estimate of such Participating Operator's proportionate part of the Completed-for-Production Cost as set forth below to the Unit Operator within forty-five (45) days from the later of the date of mailing or the date of recording of this Order. The Completed-for-Production Cost for the Subject Drilling Unit is as follows:

Completed-for-Production Cost: Panel 8-East	\$319,129.18
Panel 9-East	\$176,770.91
Total	\$495,900.09

A Participating Operator's proportionate cost hereunder shall be the result obtained by multiplying the Participating Operators' "Interest in Unit" times the Completed-for-Production Cost set forth above. Provided, however, that in the event a Participating Operator elects to participate and fails or refuses to pay the estimate of his proportionate part of the Completed-for-Production Cost as set forth above, all within the time set forth herein and in the manner prescribed in Paragraph 8 of this Order, then such Participating Operator shall be deemed to have elected not to participate and to have elected compensation in lieu of participation pursuant to Paragraph 9.2 herein.

9.2 Option 2 - To Receive A Cash Bonus Consideration: In lieu of participating in the Well Development and Operation in Subject Drilling Unit under Paragraph 9.1 above, any Gas Owner or Claimant named in **Exhibit B-3** hereto who does not reach a voluntary agreement with the Unit Operator may elect to accept a cash bonus consideration of **\$1.00** per net mineral acre owned by such person, commencing upon entry of this Order and continuing annually until commencement of production from Subject Drilling Unit, and thereafter a royalty of 1/8th of 8/8ths [twelve and one-half percent (12.5%)] of the net proceeds received by the Unit Operator for the sale of the Coalbed Methane Gas produced from any Well Development and Operation covered by this Order multiplied by that person's Interest in Unit or proportional share of said production [for purposes of this Order, net proceeds shall be actual proceeds received less post-production costs incurred downstream of the wellhead, including, but not limited to, gathering, compression, treating, transportation and marketing costs, whether performed by Unit Operator or a third person] as fair, reasonable and equitable compensation to be paid to said Gas Owner or Claimant. The initial cash bonus shall become due and owing when so elected and shall be tendered, paid or escrowed within one hundred twenty (120) days of recording of this Order. Thereafter, annual cash bonuses, if any, shall become due and owing on each anniversary of the date of recording of this order in the event production from Subject Drilling Unit has not theretofore commenced, and once due, shall be tendered, paid or escrowed within sixty (60) days of said anniversary date. Once the initial cash bonus and the annual cash bonuses, if any, are so paid or escrowed, subject to a final legal determination of ownership, said payment(s) shall be satisfaction in full for the right, interests, and claims of such electing person in and to the Gas produced from Subject Formation in the Subject Lands, except, however, for the 1/8th royalties due hereunder.

Subject to a final legal determination of ownership, the election made under this Paragraph 9.2, when so made, shall be satisfaction in full for the right, interests, and claims of such electing person in any Well Development and Operation covered hereby and such electing person shall be deemed to and hereby does lease and assign, its right,

interests, and claims in and to the Gas produced from Subject Formation in the Subject Drilling Unit to the Applicant.

- 9.3. Option 3 - To Share In The Well Development And Operation As A Non-Participating Person On A Carried Basis And To Receive Consideration In Lieu Of Cash: In lieu of participating in the Well Development and Operation in Subject Drilling Unit under Paragraph 9.1 above and in lieu of receiving a Cash Bonus Consideration under Paragraph 9.2 above, any Gas Owner or Claimant named in **Exhibit B-3** hereto who does not reach a voluntary agreement with the Unit Operator may elect to share in the Well Development and Operation of Subject Drilling Unit on a carried basis (as a "Carried Well Operator"] so that the proportionate part of the Completed-for-Production Cost hereby allocable to such Carried Well Operator's interest is charged against such Carried Well Operator's share of production from Subject Drilling Unit. Such Carried Well Operator's rights, interests, and claims in and to the Gas in Subject Drilling Unit shall be deemed and hereby are assigned to the Applicant until the proceeds from the sale of such Carried Well Operator's share of production from Subject Drilling Unit (exclusive of any royalty, excess or overriding royalty, or other non-operating or non cost-bearing burden reserved in any lease, assignment thereof or agreement relating thereto covering such interest) equals three hundred percent (300%) for a leased interest or two hundred percent (200%) for an unleased interest (whichever is applicable) of such Carried Well Operator's share of the Completed-for-Production Cost allocable to the interest of such Carried Well Operator. When the Applicant recoups and recovers from such Carried Well Operator's assigned interest the amounts provided for above, then, the assigned interest of such Carried Well Operator shall automatically revert back to such Carried Well Operator, and from and after such reversion, such Carried Well Operator shall be treated as if it had participated initially under Paragraph 9.1 above; and thereafter, such participating person shall be charged with and shall pay his proportionate part of all further costs of such Well Development and Operation.

Subject to a final legal determination of ownership, the election made under this Paragraph 9.3, when so made, shall be satisfaction in full for the rights, interests, and claims of such electing person in any Well Development and Operation covered hereby and such electing person shall be deemed to have and hereby does assign its rights, interests, and claims in and to the Gas produced from Subject Formation in the Subject Drilling Unit to the Applicant for the period of time during which its interest is carried as above provided prior to its reversion back to such electing person.

10. Failure to Properly Elect: In the event a person named in **Exhibit B-3** hereto does not reach a voluntary agreement with the Unit Operator and fails to elect within the time, in the manner and in

accordance with the terms of this Order, one of the alternatives set forth in Paragraph 9 above for which his interest qualifies, then such person shall be deemed to have elected not to participate in the proposed Well Development and Operation in Subject Drilling Unit and shall be deemed, subject to a final legal determination of ownership, to have elected to accept as satisfaction in full for such person's right, interests, and claims in and to the Gas the consideration provided in Paragraph 9.2 above for which its interest qualifies and shall be deemed to have leased and/or assigned his right, interests, and claims in and to the Gas produced from Subject Formation in the Subject Drilling Unit to the Applicant. Persons who fail to properly elect shall be deemed, subject to a final legal determination of ownership, to have accepted the compensation and terms set forth herein at Paragraph 9.2 in satisfaction in full for the right, interests, and claims of such person in and to the Gas produced from the Subject Formation underlying Subject Lands.

11. Default By Participating Person: In the event a person named in **Exhibit B-3** elects to participate under Paragraph 9.1, but fails or refuses to pay, to secure the payment or to make an arrangement with the Unit Operator for the payment of such person's proportionate part of the Completed-for-Production Cost as set forth herein, all within the time and in the manner as prescribed in this Order, then such person shall be deemed to have withdrawn his election to participate and shall be deemed to have elected to accept as satisfaction in full for such person's right, interest, and claims in and to the Gas the consideration provided in Paragraph 9.2 above for which his interest qualifies depending on the excess burdens attached to such interest. Whereupon, any cash bonus consideration due as a result of such deemed election shall be tendered, paid or escrowed by Unit Operator within one hundred twenty (120) days after the last day on which such defaulting person under this Order should have paid his proportionate part of such cost or should have made satisfactory arrangements for the payment thereof. When such cash bonus consideration is paid or escrowed, it shall be satisfaction in full for the right, interests, and claims of such person in and to the Gas underlying Subject Drilling Unit in the Subject Lands covered hereby, except, however, for any royalties which would become due pursuant to Paragraph 9.2 hereof.

12. Assignment of Interest: In the event a person named in **Exhibit B-3** is unable to reach a voluntary agreement to share in the Well Development and Operation contemplated by this Order at a rate of payment agreed to mutually by said Owner or Claimant and the Unit Operator, or fails to make an election under Paragraph 9.1 above, then subject to a final legal determination of ownership, such person shall be deemed to have and shall have assigned unto Applicant such person's right, interests, and claims in and to said well, and other share in production to which such person may be entitled by reason of any election or deemed election hereunder in accordance with the provisions of this Order governing said election.

13. Unit Operator (or Operator): **CNX Gas Company LLC** shall be and hereby is designated as Unit Operator authorized to drill and operate the Coalbed Methane Well in Subject Formation in Subject Drilling Unit, all subject to the permit provisions contained in Va. Code §§ 45.1-361.27 et seq.; §§ 4 VAC 25-150 et seq., Gas and Oil

Regulations; §§ 4 VAC 25-160 et seq., Virginia Gas and Oil Board Regulations; the Oakwood Coalbed Gas Field II Order Docket Number VGOB 91-1119-162, all as amended from time to time, and all elections required by this Order shall be communicated to Unit Operator in writing at the address shown below:

CNX Gas Company LLC
 P.O. Box 947
 Bluefield, VA 24605
 Attn: Leslie K. Arrington
 Phone: (276) 988-1000
 Fax: (276) 988-1050

14. Commencement of Operations: Unit Operator shall commence or cause to commence operations for the drilling of the well(s) within the Subject Drilling Unit and/or the well(s) outside the Subject Drilling Unit but from which production is allocated to the Subject Drilling Unit within Seven Hundred and Thirty (730) days from the date of the Order and shall prosecute same with due diligence. If Unit Operator shall not have so commenced and/or prosecuted, then this Order shall terminate, except for any cash sums then payable hereunder; otherwise, unless sooner terminated by Order of the Board, this Order shall expire at 12:00 P.M. on the date on which all wells covered by the Order and/or all wells from which production is allocated to the Subject Drilling Unit are permanently abandoned and plugged. However, in the event an appeal is taken from this Order, then the time between the filing of the petition for appeal and the final Order of the Circuit Court shall be excluded in calculating the two-year period referred to herein.

15. Operator's Lien: Unit Operator, in addition to the other rights afforded hereunder, shall have a lien and a right of set off on the Gas estates, rights, and interests owned by any person subject hereto who elects to participate under Paragraph 9.1 in the Subject Drilling Unit to the extent that costs incurred in the drilling or operation on the Subject Drilling Unit are chargeable against such person's interest. Such liens and right of set off shall be separable as to each separate person and shall remain liens until the Unit Operator drilling or operating any well covered hereby has been paid the full amounts due under the terms of this Order.

16. Escrow Provisions:

The Applicant represented to the Board that there **are no** unknown or unlocatable claimants in Subject Drilling Unit whose payments are subject to the provisions of Paragraph 16.1 hereof in the Subject Drilling Unit; and, the Unit Operator has represented to the Board that there **are** conflicting claimants in **Tract(s) 5** of Subject Drilling Unit whose payments are subject to the provisions of Paragraph 16.2 hereof. Therefore, by this Order, the Escrow Agent named herein or any successor named by the Board, **is** required to establish an interest-bearing escrow account for **Tract(s) 5** of Subject Drilling Unit (herein "Escrow Account"), and to receive and account to the Board pursuant to its agreement for the escrowed funds hereafter described in Paragraphs 16.1 and 16.2:

Wachovia Bank
 Corporate Trust PA 1328
 123 South Broad Street
 Philadelphia, PA 19109-1199
 Attention: Rachel Rafferty

16.1. Escrow Provisions For Unknown or Unlocatable Persons: If any payment of bonus, royalty payment or other payment due and owing under this Order cannot be made because the person entitled thereto cannot be located or is unknown, then such cash bonus, royalty payment, or other payment shall not be commingled with any funds of the Unit Operator and, pursuant to Va. Code § 45.1-361.21.D, said sums shall be deposited by the Unit Operator into the Escrow Account, commencing within one hundred twenty (120) days of recording of this Order, and continuing thereafter on a monthly basis with each deposit to be made, by use of a report format approved by the Inspector, by a date which is no later than sixty (60) days after the last day of the month being reported and/or for which funds are being deposited. Such funds shall be held for the exclusive use of, and sole benefit of the person entitled thereto until such funds can be paid to such person(s) or until the Escrow Agent relinquishes such funds as required by law or pursuant to Order of the Board in accordance with Va. Code § 45.1-361.21.D.

16.2 Escrow Provisions For Conflicting Claimants: If any payment of bonus, royalty payment, proceeds in excess of ongoing operational expenses, or other payment due and owing under this Order cannot be made because the person entitled thereto cannot be made certain due to conflicting claims of ownership and/or a defect or cloud on the title, then such cash bonus, royalty payment, proceeds in excess of ongoing operational expenses, or other payment, together with Participating Operator's Proportionate Costs paid to Unit Operator pursuant to Paragraph 9.1 hereof, if any, (1) shall not be commingled with any funds of the Unit Operator; and (2) shall, pursuant to Va. Code §§ 45.1-361.22.A.2, 45.1-361.22.A.3 and 45.1-361.22.A.4, be deposited by the Operator into the Escrow Account within one hundred twenty (120) days of recording of this Order, and continuing thereafter on a monthly basis with each deposit to be made by a date which is no later than sixty (60) days after the last day of the month being reported and/or for which funds are subject to deposit. Such funds shall be held for the exclusive use of, and sole benefit of, the person entitled thereto until such funds can be paid to such person(s) or until the Escrow Agent relinquishes such funds as required by law or pursuant to Order of the Board.

17. Special Findings: The Board specifically and specially finds:

17.1. **CNX Gas Company LLC**, a Virginia limited liability company is duly authorized and qualified to transact business in the Commonwealth of Virginia;

- 17.2. **CNX Gas Company LLC** has the authority to explore, develop and maintain the properties and assets, now owned or hereafter acquired, consented to serve as Coalbed Methane Gas Unit Operator for Subject Drilling Unit and to faithfully discharge the duties imposed upon it as Unit Operator by statute and regulations;
- 17.3. **CNX Gas Company LLC** is an operator in the Commonwealth of Virginia, and has satisfied the Board's requirements for operations in Virginia;
- 17.4. **CNX Gas Company LLC** claims ownership of gas leases, Coalbed Methane Gas leases, and/or coal leases representing **98.8750** percent of the oil and gas interest/claims in and to Coalbed Methane Gas and **100.00** percent of the coal interest/claims in and to Coalbed Methane Gas in Subject Drilling Unit; and, Applicant claims the right to explore for, develop and produce Coalbed Methane Gas from Subject Formations in Subject Drilling Unit in **Buchanan** County, Virginia, which Subject Lands are more particularly described in **Exhibit A**;
- 17.5. The estimated total production from Subject Drilling Unit is **125 MMCF to 550 MMCF**. The estimated amount of reserves from the Subject Drilling Unit is **125 MMCF to 550 MMCF**;
- 17.6. Set forth in **Exhibit B-3**, is the name and last known address of each Owner or Claimant identified by the Applicant as having or claiming an interest in the Coalbed Methane Gas in Subject Formation in Subject Drilling Unit underlying and comprised of Subject Lands, who has not, in writing, leased to the Applicant or the Unit Operator or agreed to voluntarily pool his interests in Subject Drilling Unit for its development. The interests of the Respondents listed in **Exhibit B-3** comprise **1.1250** percent of the oil and gas interests/claims in and to Coalbed Methane Gas and **0.00** percent of the coal interests/claims in and to Coalbed Methane Gas in Subject Drilling Unit;
- 17.7. Applicant's evidence established that the fair, reasonable and equitable compensation to be paid to any person in lieu of the right to participate in the Wells are those options provided in Paragraph 9 above;
- 17.8. The relief requested and granted is just and reasonable, is supported by substantial evidence and will afford each person listed and named in **Exhibit B-3** hereto the opportunity to recover or receive, without unnecessary expense, such person's just and fair share of the production from Subject Drilling Unit. The granting of the Application and relief requested therein will ensure to the extent possible the greatest ultimate recovery of Coalbed Methane Gas, prevent or assist in preventing the various types of waste prohibited by statute and protect or assist in protecting the correlative rights of all persons in the subject common sources of supply in the Subject Lands. Therefore, the Board is entering an Order granting the relief herein set forth.

18. Mailing Of Order And Filing Of Affidavit: Applicant or its Attorney shall file an affidavit with the Secretary of the Board within sixty (60) days after the date of recording of this Order stating that a true and correct copy of said Order was mailed within seven (7) days from the date of its receipt by Unit Operator to each Respondent named in Exhibit B-3 pooled by this Order and whose address is known.

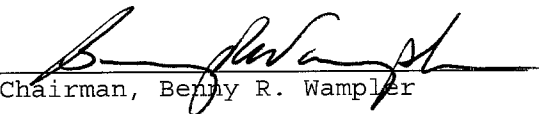
19. Availability of Unit Records: The Director shall provide all persons not subject to a lease with reasonable access to all records for Subject Drilling Unit which are submitted by the Unit Operator to said Director and/or his Inspector(s).

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

21. Appeals: Appeals of this Order are governed by the provisions of Va. Code Ann. § 45.1-361.9 which provides that any order or decision of the Board may be appealed to the appropriate circuit court.

22. Effective Date: This Order shall be effective as of the date of the Board's approval of this Application, which is set forth at Paragraph 1 above.

DONE AND EXECUTED this 29th day of March, 2004, by a majority of the Virginia Gas and Oil Board.

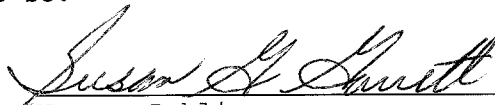

Chairman, Benny R. Wampler

DONE AND PERFORMED this 15th day of April, 2004, by Order of this Board.


B. R. Wilson
Principal Executive To The Staff
Virginia Gas and Oil Board

STATE OF VIRGINIA)
COUNTY OF WISE)

Acknowledged on this 29th day of March, 2004, 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.


Notary Public

My commission expires: 7/31/06

STATE OF VIRGINIA)
COUNTY OF WASHINGTON)

Acknowledged on this 1st day of April, 2007,
personally before me a notary public in and for the Commonwealth of
Virginia, appeared B. R. Wilson, 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: 9/30/05

Order Recorded Under Code of
Virginia Section 45.1-361.26

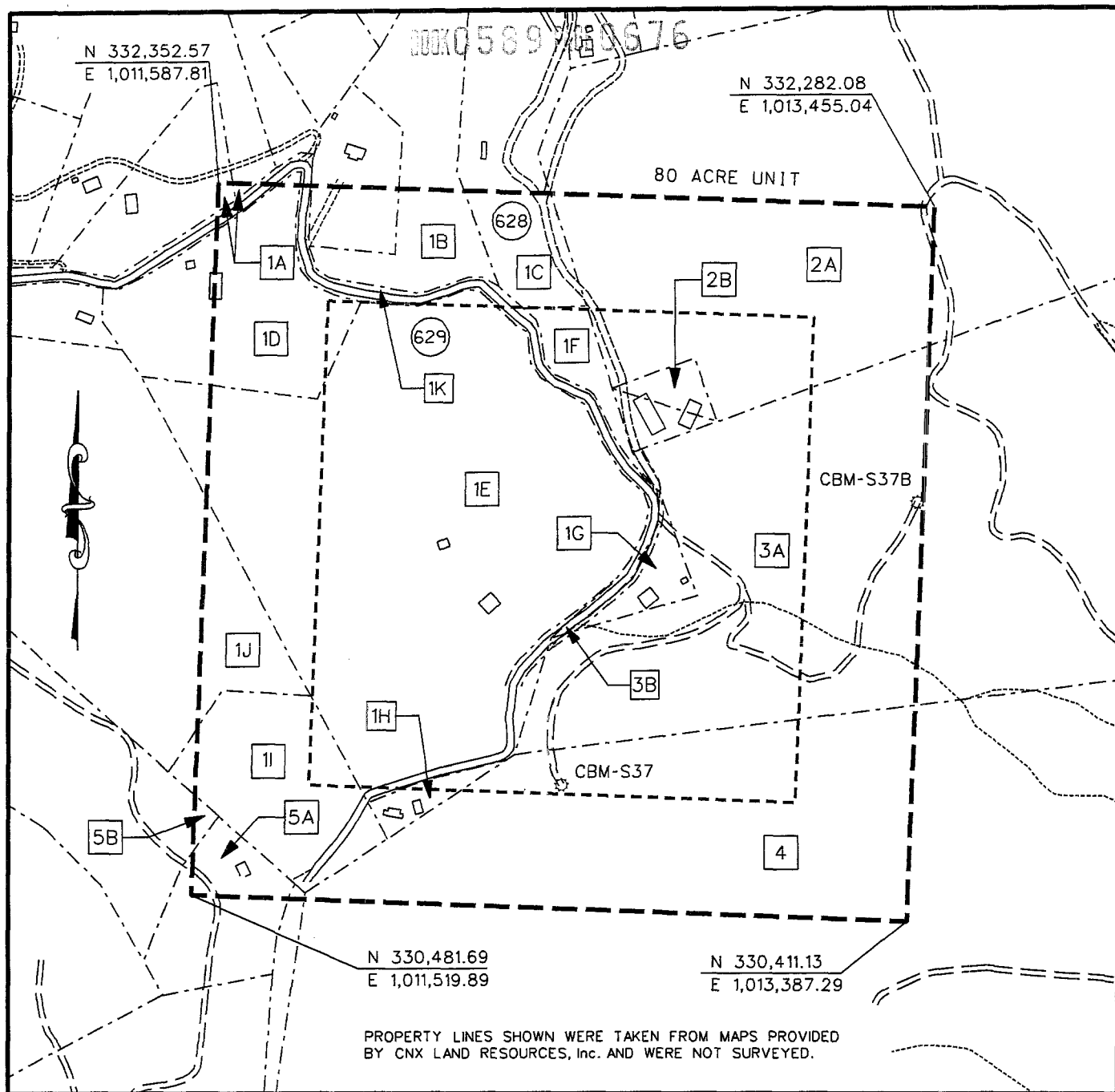
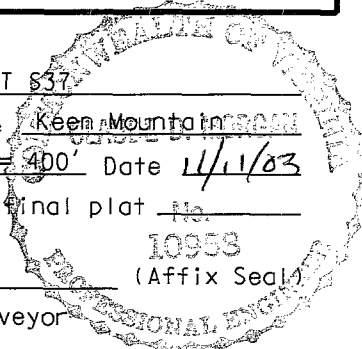


EXHIBIT A
OAKWOOD FIELD UNIT S-37
FORCE POOLING
VGOB-98-0421-0649-02

Company CNX Gas Company, LLC. Well Name and Number UNIT S37
 Tract No. _____ Elevation _____ Quadrangle Keen Mountain
 County Buchanan District Garden Scale: 1" = 400' Date 11/1/03
 This plat is a new plat X ; an updated plat _____ ; or a final plat No.

Form DGO-GO-7
Rev. 9/91

Charles O. Noh
Licensed Professional Engineer or Licensed Land Surveyor



CNX Gas Company LLC PAGE 0677
UNIT S-37
Tract Identification

1. G.W. Gillespie Estate, Inc., et al – All Minerals
Reserve Coal Properties Company – Coal Below Tiller Seam Leased
Jewell Smokeless Coal Corporation – Coal In Jawbone Seam Leased
CNX Gas Company LLC - CBM Leased
38.78 acres 48.4750%

- 1A. Bobby J. Matney, et ux – Surface
- 1B. Frank Horn – Surface
- 1C. Lonnie Honaker – Surface
- 1D. Melissa Vandyke – Surface
- 1E. Ethel Burke – Surface
- 1F. Frank Horn – Surface
- 1G. Raymond Davis – Surface
- 1H. Harold Osborne – Surface
- 1I. Roby Horn – Surface
- 1J. Jimmy L. Horn – Surface
- 1K. Commonwealth of Virginia - Surface

2. Carl F. Metcalf Estate – All Minerals
Consolidation Coal Company – Coal Below Jawbone Leased
CNX Gas Company LLC – Oil, Gas and CBM Leased
10.46 acres 13.0750%

- 2A. New Garden Coal Company - Surface
- 2B. Horn Mountain Free Pentecostal Church - Surface

3. R.O. Vandyke Heirs – All Minerals
Consolidation Coal Company – Coal Below Drainage Leased
CNX Gas Company LLC – Oil, Gas and CBM Leased
15.77 acres 19.7125%

- 3A. New Garden Coal Company – Surface
- 3B. Commonwealth of Virginia - Surface

4. Coal Mountain Mining Company, L.L.P. Tr. 26 (1,355 Acre Tract) – Fee
Consolidation Coal Company – Below Drainage Coal Leased
A.T. Massey – Above Drainage Coal Leased
CNX Gas Company LLC – Oil, Gas and CBM Leased
13.99 acres 17.4875%

5. Hurt McGuire Land Trust (William P. Stilwell 143.6 Acre Tract) - Coal
Consolidation Coal Company - Below Drainage Coal Leased
A. T. Massey - Above Drainage Coal Leased
CNX Gas Company LLC - CBM Leased
Linkous Horn Heirs – All Minerals except Coal
CNX Gas Company LLC - Oil, Gas and CBM Leased (10%)
1.00 acres 1.2500%

- 5A. Willard Osborne – Surface
- 5B. Arlen Osborne - Surface

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Exhibit A, Page 2

Ownership information pertaining to S-37 unit.

1. Percentage of coalbed methane rights owned, leased or previously pooled by applicant:

<u>Gross Percentages</u>	<u>Coal Owner(s)</u>	<u>Net Percentages</u>
100.00%		100.00%

<u>Gross Percentages</u>	<u>Oil & Gas Owner(s)</u>	<u>Net Percentages</u>
98.8750%		98.8750%

2. Percentage of coalbed methane rights not owned, leased or previously pooled by applicant:

<u>Gross Percentages</u>	<u>Coal Owner(s)</u>	<u>Net Percentages</u>
0.00%		0.00%

<u>Gross Percentages</u>	<u>Oil & Gas Owner(s)</u>	<u>Net Percentages</u>
1.125%		1.125%

3. Percentage of coal owned/leased: 100.00%

4. Total interest to be pooled:

- a. Coal interest: 0.00%
- b. Oil & Gas interest: 1.125%

11/12/03

Docket # VGOB-98-0421-0649-02
List of Unleased Owners/Claimants

	Acres in Unit	Percent of Unit	Division of Interest in 8-Right 16.41221%	9-Right 9.54198%
II. OIL & GAS FEE OWNERSHIP				
<u>Tract #5, 1.00 acres</u>				
(1) Linkous Horn Heirs, Devisees, Successors or Assigns	1.00 acres	1.25000%	0.20515%	0.11927%
(a) Sydney Smith 1911 McVetty Road Salem, VA 24153	0.0333 acres 1/30 of 1.00 acres	0.04167%	0.00684%	0.00398%
(b) Kenneth R. Osborne 848 Peyton Street Roanoke, VA 24019	0.0333 acres 1/30 of 1.00 acres	0.04167%	0.00684%	0.00398%
(c) Martha Guiliams 1911 McVetty Road Salem, VA 24153	0.0333 acres 1/30 of 1.00 acres	0.04167%	0.00684%	0.00398%
(d) Ivory Horn P. O. Box 748 Raven, VA 24639	0.0333 acres 1/30 of 1.00 acres	0.04167%	0.00684%	0.00398%
(e) Perry W. Horn. P.O. Box 33 Raven, VA 24639	0.0333 acres 1/30 of 1.00 acres	0.04167%	0.00684%	0.00398%
(f) Larry M. Horn P. O. Box 131 Rarden, OH 45671	0.0333 acres 1/30 of 1.00 acres	0.04167%	0.00684%	0.00398%
(h) Marilyn Taylor RR1 Box 1445 Pounding Mill, VA 24637	0.1000 acres 1/10 of 1.00 acres	0.12500%	0.02052%	0.01193%
(i) Thelma H. Osborne P. O. Box 33 Raven, VA 24639	0.1000 acres 1/10 of 1.00 acres	0.12500%	0.02052%	0.01193%
(j) Martha Smith P. O. Box 395 Max Meadows, VA 24360	0.1000 acres 1/10 of 1.00 acres	0.12500%	0.02052%	0.01193%
(k) Sarah Horn Day P. O. Box 208 Peterstown, WV 24963	0.1000 acres 1/10 of 1.00 acres	0.12500%	0.02052%	0.01193%
(l) Joe P. Horn P. O. Box 775 Raven, VA 24639	0.1000 acres 1/10 of 1.00 acres	0.12500%	0.02052%	0.01193%
(m) Nancy Ann Horn Stilwell Rt. 4, Box 722 North Tazewell, VA 24630	0.1000 acres 1/10 of 1.00 acres	0.12500%	0.02052%	0.01193%
(n) Clifford Osborne P. O. Box 643 Keen Mountain, VA 24624	0.0091 acres 1/110 of 1.00 acres	0.01136%	0.00187%	0.00108%

Docket # VGOB-98-0421-0649-02
List of Unleased Owners/Claimants

	Acres in Unit	Percent of Unit	Division of Interest in	
			8-Right 16.41221%	9-Right 9.54198%
(o) James R. Osborne P. O. Box 484 Keen Mountain, VA 24624	0.0091 acres 1/110 of 1.00 acres	0.01136%	0.00187%	0.00108%
(p) Shirley Keene Rt. 1 Box 159R Raven, VA 24639	0.0091 acres 1/110 of 1.00 acres	0.01136%	0.00187%	0.00108%
(q) Noah & Mary Jane Keen Rt. 1, Box 154 Raven, VA 24639	0.0091 acres 1/110 of 1.00 acres	0.01136%	0.00187%	0.00108%
(r) John Osborne Heirs, Devisees, Successors or Assigns Rt. 1, Box 159 Raven, VA 24639	0.0091 acres 1/110 of 1.00 acres	0.01136%	0.00187%	0.00108%
(s) Ronnie & Sherry Osborne P. O. Box 12 Oakwood, VA 24631	0.0091 acres 1/110 of 1.00 acres	0.01136%	0.00187%	0.00108%
(t) Brenda Sue & Eddie Justice P. O. Box 627 Keen Mountain, VA 24624	0.0091 acres 1/110 of 1.00 acres	0.01136%	0.00187%	0.00108%
(u) Richard & Debbie Osborne P. O. Box 541 Keen Mountain, VA 24624	0.0091 acres 1/110 of 1.00 acres	0.01136%	0.00187%	0.00108%
(v) Charles M. Osborne 216 Plantation Drive Richlands, VA 24641	0.0091 acres 1/110 of 1.00 acres	0.01136%	0.00187%	0.00108%
(w) Ruth Keen Heirs, Devisees, Successors or Assigns P. O. Box 58 Oakwood, VA 24631	0.0091 acres 1/110 of 1.00 acres	0.01136%	0.00187%	0.00108%
(x) Patsy & Clyde Moore Rt. 1, Box 138 Raven, VA 24639	0.0091 acres 1/110 of 1.00 acres	0.01136%	0.00187%	0.00108%

Docket # VGOB-98-0421-0649-02

List of Conflicting Owners/Claimants that require escrow

	Acres in Unit	Percent of Unit	Division of Interest in 8-Right 16.41221%	9-Right 9.54198%
<u>Tract #5, 1.00 acres</u>				
<u>COAL FEE OWNERSHIP</u>				
(1) Hurt McGuire Heirs c/o Charles Green P.O. Box 1067 Bluefield, VA 24605	1.00 acres	1.25000%	0.20515%	0.11927%
<u>OIL & GAS FEE OWNERSHIP</u>				
(1) Linkous Horn Heirs, Devisees, Successors or Assigns	1.00 acres	1.25000%	0.20515%	0.11927%
(a) Sydney Smith 1911 McVetty Road Salem, VA 24153	0.0333 acres 1/30 of 1.00 acres	0.04167%	0.00684%	0.00398%
(b) Kenneth R. Osborne 848 Peyton Street Roanoke, VA 24019	0.0333 acres 1/30 of 1.00 acres	0.04167%	0.00684%	0.00398%
(c) Martha Williams 1911 McVetty Road Salem, VA 24153	0.0333 acres 1/30 of 1.00 acres	0.04167%	0.00684%	0.00398%
(d) Ivory Horn P. O. Box 748 Raven, VA 24639	0.0333 acres 1/30 of 1.00 acres	0.04167%	0.00684%	0.00398%
(e) Perry W. Horn P.O. Box 33 Raven, VA 24639	0.0333 acres 1/30 of 1.00 acres	0.04167%	0.00684%	0.00398%
(f) Larry M. Horn P. O. Box 131 Rarden, OH 45671	0.0333 acres 1/30 of 1.00 acres	0.04167%	0.00684%	0.00398%
(g) Dorothy Horn 305 Bane Bottom Avenue Cedar Bluff, VA 24609	0.1000 acres 1/10 of 1.00 acres	0.12500%	0.02052%	0.01193%
(h) Marilyn Taylor RR1 Box 1445 Pounding Mill, VA 24637	0.1000 acres 1/10 of 1.00 acres	0.12500%	0.02052%	0.01193%
(i) Thelma H. Osborne P. O. Box 33 Raven, VA 24639	0.1000 acres 1/10 of 1.00 acres	0.12500%	0.02052%	0.01193%
(j) Martha Smith P. O. Box 395 Max Meadows, VA 24360	0.1000 acres 1/10 of 1.00 acres	0.12500%	0.02052%	0.01193%
(k) Sarah Horn Day P. O. Box 208 Peterstown, WV 24963	0.1000 acres 1/10 of 1.00 acres	0.12500%	0.02052%	0.01193%

Exhibit E
Unit S-37

BOOK 0589 PAGE 0682

Docket # VGOB-98-0421-0649-02

List of Conflicting Owners/Claimants that require escrow

	Acres in Unit	Percent of Unit	Division of Interest in	
			8-Right 16.41221%	9-Right 9.54198%
(l) Joe P. Horn P. O. Box 775 Raven, VA 24639	0.1000 acres 1/10 of 1.00 acres	0.12500%	0.02052%	0.01193%
(m) Nancy Ann Horn Stilwell Rt. 4, Box 722 North Tazewell, VA 24630	0.1000 acres 1/10 of 1.00 acres	0.12500%	0.02052%	0.01193%
(n) Clifford Osborne P. O. Box 643 Keen Mountain, VA 24624	0.0091 acres 1/110 of 1.00 acres	0.01136%	0.00187%	0.00108%
(o) James R. Osborne P. O. Box 484 Keen Mountain, VA 24624	0.0091 acres 1/110 of 1.00 acres	0.01136%	0.00187%	0.00108%
(p) Shirley Keene Rt. 1 Box 159R Raven, VA 24639	0.0091 acres 1/110 of 1.00 acres	0.01136%	0.00187%	0.00108%
(q) Noah & Mary Jane Keen Rt. 1, Box 154 Raven, VA 24639	0.0091 acres 1/110 of 1.00 acres	0.01136%	0.00187%	0.00108%
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(v) Charles M. Osborne 216 Plantation Drive Richlands, VA 24641	0.0091 acres 1/110 of 1.00 acres	0.01136%	0.00187%	0.00108%
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(x) Patsy & Clyde Moore Rt. 1, Box 138 Raven, VA 24639	0.0091 acres 1/110 of 1.00 acres	0.01136%	0.00187%	0.00108%

VIRGINIA: In the Clerk's Office of the Circuit Court of Buchanan County. The foregoing instrument was this day presented in the office aforesaid and is, together with the certificate of acknowledgment annexed, admitted to record this 2nd day of April, 2004 at 2:26 P. M.
Deed Book No. 589 and Page No. 664
Returned to: Dm m e TESTE: James M. Bevins, Jr., Clerk
TESTE: Quincy S. Jiles Deputy Clerk

BV

#29

2200000

Carpenter

BY:

INSTRUMENT #040001007
RECORDED IN THE CLERK'S OFFICE OF
BUCHANAN COUNTY ON
APRIL 21 2004 AT 02:26PM
JAMES H. BEVINS, CLERK

(DC)