

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: L46

TRACT(S): 3

LOCATION: BUCHANAN County, Virginia

DOCKET NUMBER: VGOB-99-0720-0725-01

APPLICANTS:

CNX Gas Company LLC on behalf of Buchanan County, VA, Norfolk Southern Railway
Company c/o Pocahontas Land Corporation

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 12/17/1999, Recorded on 12/22/1999, Deed Book/Instrument No.
499, Page 809.
2. Supplemental Order Executed 02/22/2000, Recorded on 02/25/2000, Deed Book/Instrument No.
502, Page 498.

NOTICE:

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- (1) Amend the Pooling Order to provide for the disbursement of funds on deposit in the Escrow Account attributable to Tract(s) 3 identified in the attached petition.
- (2) Delete the requirement that the Unit Operator place future royalties attributable to Tract(s) 3 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. Norfolk Southern Railway Company c/o Pocahontas Land Corporation and Buchanan County, VA is the gas claimant in Tracts 3 As such Norfolk Southern Railway Company c/o Pocahontas Land Corporation and Buchanan County, VA 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 Norfolk Southern Railway Company c/o Pocahontas Land Corporation and Buchanan County, VA and not escrow same. See Exhibit EE annexed hereto.

VGOB-99-0720-0725-01

Tracts: 3

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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 and 2.

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 6 day of May, 2016 by a majority of the Virginia Gas and Oil Board.



Chairman, Bradley C. Lambert

DONE AND PERFORMED this 6 day of May, 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 6th day of May, 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 99-0720-0725-01

RELIEF SOUGHT: (1) DISBURSEMENT FROM ESCROW REGARDING TRACT(S) 3 (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: L46**BUCHANAN COUNTY, VIRGINIA****PETITION FOR ORDER OF DISBURSEMENT OF ESCROW FUNDS****1. Petitioner and its counsel**

Petitioner is CNX Gas Company LLC, P. O. 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 Tract(s) 3 as depicted upon the annexed Table; and (2) authorization to begin paying royalties directly to Norfolk Southern Railway Company c/o Pocahontas Land Corporation & Buchanan County, VA (3) Dismissal of coal owner(s): David Horton

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

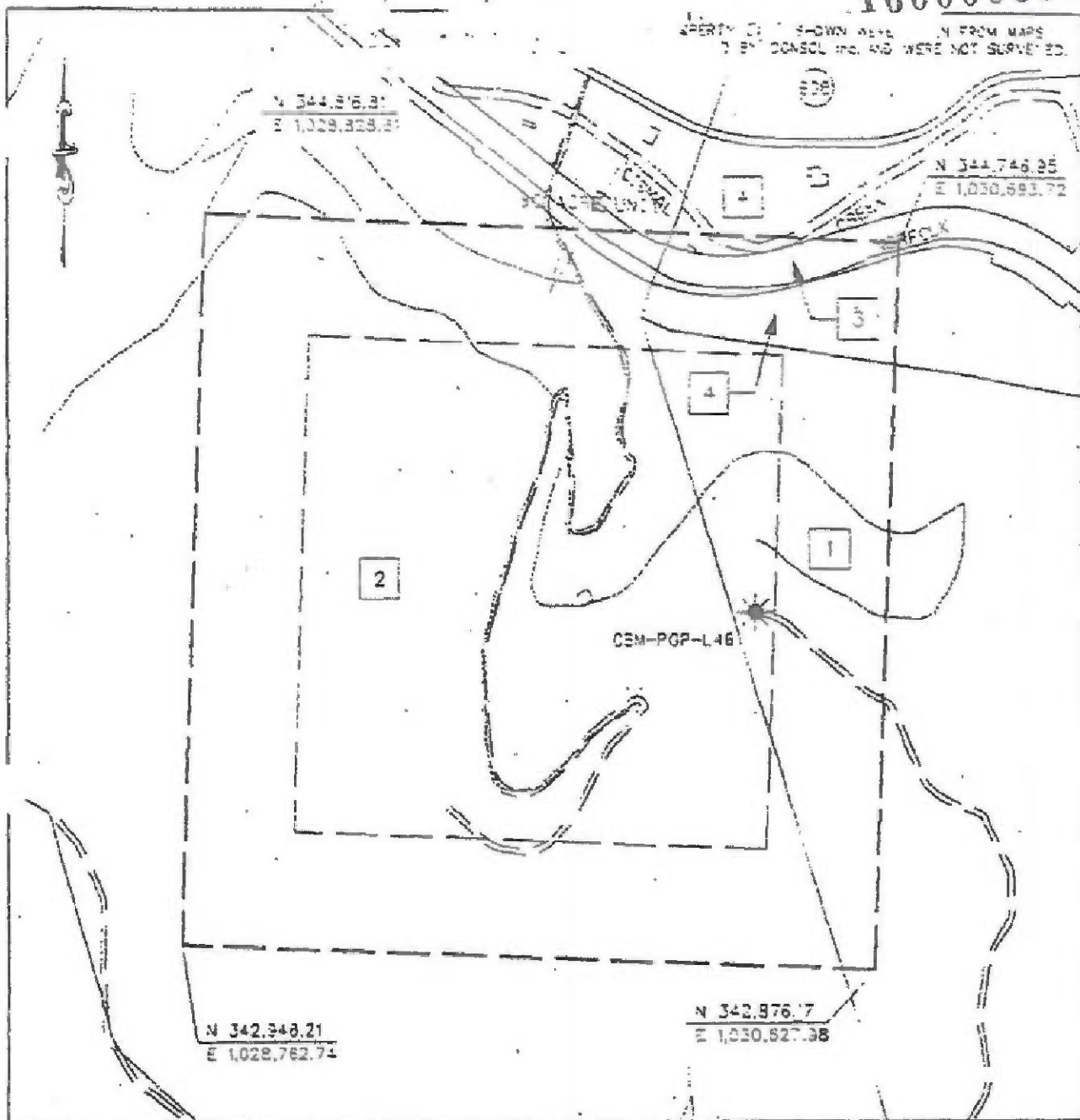
5. Factual basis for relief requested

- a. Norfolk Southern Railway Company c/o Pocahontas Land Corporation and Buchanan County, VA is the gas claimant in Tracts 3 As such Norfolk Southern Railway Company c/o Pocahontas Land Corporation and Buchanan County, VA 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 Norfolk Southern Railway Company c/o Pocahontas Land Corporation and Buchanan County, VA 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 L-46
FORCE POOLING
VG02-99-3720-0725

Company Peachon Gas Partnership Well Name and Number UNIT L-46
Tract No. Elevation Quadrangle Jewell-Briggs
County Buchanan District Garden Scale: 1" = 400' Date 5/8/99
This plot is a new plot X or an located plot or a final plot

Form 600-60-7
Rev. 3/91

Charles G. Meyer
Licenses: Professional Engineer or Licensed Land Surveyor

(Affix Seal)

POCAHONTAS GAS PARTNERSHIP**UNIT L - 46****Tract Identifications**

1. Pocahontas Mining Company . Tr 72 - Fee
 Coal Lessees
 Reserve Coal Properties - P-3 Seam and 250' above
 Jewell Ridge Coal Corp. - Tiller Seam and above
 Pocahontas Gas Partnership - CBM Leased P-3 Seam and 250' above
 14.34 acres 17.9250%

2. David Horton - Coal, Oil & Gas
 Coal Lessee
 Reserve Coal Properties - Below drainage coal Lessee
 Pocahontas Gas Partnership - Oil & Gas Lessee
 Pocahontas Gas Partnership - CBM Lessee
 Reserve Coal Properties - Surface
 62.12 acres 77.6500%

3. Norfolk Southern Corp. - Coal, (surface down 800') & Oil & Gas
 David Horton - Coal below 800'
 Coal Lessee
 Reserve Coal Properties - Coal below 800'
 Pocahontas Gas Partnership - CBM Lessee below 800'
 1.55 acres 1.9375%

4. David Horton - Coal, Oil & Gas
 Coal Lessee
 Reserve Coal Properties - Below drainage coal Lessee
 Pocahontas Gas Partnership - Oil & Gas Lessee
 Pocahontas Gas Partnership - CBM Lessee
 Reserve Coal Properties - Surface
 1.99 acres 2.4875%

Exhibit E
UNIT L-46

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Docket # VGOB - 99-0720-0725-01
List of Respondents that require escrow

Percent of
Unit

Acres in Unit

All Conflicts Resolved

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Exhibit EE

Unit L-46

Docket # VGOB 99-0720-0725-01

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

	Acres in Unit	Percent of Unit	Percent of Escrow
<u>Tract #3. 1.55 acres</u>			
<u>COAL OWNERSHIP</u>			
(1) David Horton (Coal below 800') PO Box 59A Richlands, VA 24641	1.55 acres	1.9375%	n/a
<u>OIL & GAS OWNERSHIP</u>			
(1) Norfolk Southern Railway Company c/o Pocahontas Land Corporation, Agent PO Box 1517 Bluefield, WV 24701			
Conveyed to Buchanan Co. 5/12/2003, DB 569 PG 498 Norfolk Southern will receive a one-time payment of the funds that accumulated up until the date of the sale			
(a) Buchanan County Virginia PO Box 1056 Grundy, VA 24614	1.55 acres	1.9375%	100.0000% HB2058

INSTRUMENT #160000889
RECORDED IN THE CLERK'S OFFICE OF
BUCHANAN COUNTY ON
MAY 19, 2016 AT 04:29PM

BEVERLY S. TILLER, CLERK
RECORDED BY: SLP