

BEFORE THE VIRGINIA GAS AND OIL BOARD

APPLICANT: BUCHANAN PRODUCTION COMPANY	)	VIRGINIA GAS
	)	AND OIL BOARD
RELIEF SOUGHT: POOLING OF INTERESTS IN	)	
DRILLING UNIT NO. U-32 LOCATED	)	DOCKET NO.
IN THE OAKWOOD COALBED METHANE GAS	)	99-0922-0747
FIELD I 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 U-32	)	
(hereafter "Subject Drilling Unit")	)	
IN THE OAKWOOD COALBED METHANE GAS FIELD I	)	
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 hearing before the Virginia Gas and Oil Board (hereafter "Board") at 9:00 a.m. on September 22, 1999, Southwest Higher Education Center, Campus of Virginia Highlands Community College, Abingdon, Virginia.

2. Appearances: Mark Swartz, Esquire, of Swartz & Stump, L.C., appeared for the Applicant and the Unit Operator. Sandra Riggs, 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, coalbeds 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 Exhibit B-3 hereto are persons identified by Applicant through its due diligence who may be Owners or Claimants of Coalbed Methane Gas interests in Subject Formation, in Subject Drilling Unit underlying and comprised of Subject Lands, 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 Ann. § 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 state due process.

4. Amendments: Exhibit B-3.

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, the Unit Operator, 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 CONSOL Inc. as Unit Operator.

7. Relief Granted: The Applicant's requested relief in this cause be and hereby is granted: (1) Pursuant to Va. Code § 45.1-361.21.C.3, CONSOL Inc. (herein "Operator" or "Unit Operator") is designated as the Unit Operator authorized to drill and operate Coalbed Methane Gas well(s) 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 I Order OGC 3-90, dated May 18, 1990, as amended; 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, the Unit Operator, 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.

<u>Subject Formation</u>	<u>Unit Size</u>	<u>Permitted Well Location(s)</u>	<u>Field and Well Classification</u>	<u>Order Number</u>
All coal-beds and coal seams below the Tiller Seam, including, but not limited to Upper Seaboard, Greasy Creek, Middle Seaboard, Lower Seaboard, Upper Horsepen, Middle Horsepen, War Creek, Lower Horsepen, Pocahontas Nos. 9, 8, 7, 6, 5, 4, 3, 2 and various unnamed seams and associated rock strata	Approximately 80-acre square drilling unit	Wells CBM-U32, CBM-U32A and CBM-U32B (herein "Wells") located in Unit U-32 at the locations depicted on the Plat attached hereto as Exhibit A, and drilled to the depth of 1,753.5', 1,592.2' and 1,682' respectively	Oakwood Coalbed Gas Field I for Coalbed Methane Gas Produced in advance of mining including Gas from an Additional Wells Authorized Pursuant to Va. Code § 45.1-361.20	OGCB-as amended, (herein "Oakwood I Field Rules")

For the Subject Drilling Unit
underlying and comprised of the Subject
Land referred to as:

Unit Number U-32
Buchanan County, Virginia

Pursuant to the Oakwood I Field Rules, 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.

For Frac Well Gas. - Gas shall be produced from and allocated to only the 80-acre drilling unit in which the Wells are 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 forth 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 Applicant or 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 this Order is recorded in the county above named. 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 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 Applicant or the Unit Operator may elect to participate in the development and operation of 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 development contemplated by this Order for Gas produced pursuant to the Oakwood I Field Rules, including a reasonable supervision fee, of the well development and operation in the Subject Drilling Unit, 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: \$197,702.66

A Participating Operator's proportionate cost hereunder shall be the result obtained by multiplying the Participating Operators' "Percent of 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 of 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 Applicant or 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 Percent of 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 sixty (60) 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 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 development and operation of 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 Applicant or Unit Operator may elect to share in the well development and operation in 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 Applicant or 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 of 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 operation of the Wells contemplated by this Order at a rate of payment agreed to mutually by said Owner or Claimant and the Unit Operator, and such person elects or fails to elect to do other than participate under Paragraph 9.1 above in the well development and operation in Subject Drilling Unit, 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 Wells, 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): CONSOL Inc. be and hereby is designated as Unit Operator authorized to drill and operate the 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 I Order OGCB 3-90, 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:

CONSOL Inc.
P. O. Box 947
Bluefield, VA 24605
Phone: (540) 988-1016
Fax: (540) 988-1055
Attn: Leslie K. Arrington

14. Commencement of Operations: Unit Operator has heretofore drilled Wells CBM-U32 and CBM-U32A, and has received from the Division of Gas and Oil a permit to drill Well CBM-U32B within the Subject Drilling Unit. Unless sooner terminated by Order of the Board, this Order shall expire at 12:00 P.M. on the date on which all the Wells are permanently abandoned and plugged.

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 of the Wells has been paid the full amounts due under the terms of this Order.

16. Escrow Provisions:

The Unit Operator represented to the Board that there are unknown or unlocatable claimants in Tract 3 of Subject Drilling Unit whose payments are subject to the provisions of Paragraph 16.1 hereof; and, as reflected on Exhibit E hereto, the Unit Operator has represented to the Board that there are also conflicting claimants in Tract 3 of Subject Drilling Unit whose payments are subject to the provisions of Paragraph 16.2 hereof. By this Order, the Board instructs the Escrow Agent named herein or any successor named by the Board to establish an interest-bearing escrow account for Tract 3 of Subject Drilling Unit, (herein "the Escrow Account") to receive and account to the Board pursuant to its agreement for the escrowed funds hereafter described in Paragraphs 16.1 and 16.2 for the claimants listed in Exhibit E:

First Union National Bank
Corporate Trust PA1328
123 South Broad Street
Philadelphia, PA 19109-1199
Telephone: (215) 985-3485 or (800) 664-9359
Attention: Don Ballinghoff

- 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 Ann. § 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 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 Ann. §§ 45.1-361.22.A.2, 45.1-361.22.A.3 and 45.1-361.22.A.4, be deposited by the Unit 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 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 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. Applicant is a Virginia general partnership composed of Appalachian Operators, Inc., and Appalachian Methane, Inc., who are indirect wholly owned subsidiaries of MCN Corporation. Applicant is duly authorized and qualified to transact business in the Commonwealth of Virginia;
- 17.2. CONSOL Inc. has accepted Applicant's delegation of authority to explore, develop and maintain the properties and assets of Applicant now owned or hereafter acquired, has agreed to explore, develop and maintain the properties and assets of Applicant, and has 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. CONSOL Inc. is a Delaware corporation duly authorized to transact business in the Commonwealth of Virginia, is an operator in the Commonwealth of Virginia, and has satisfied the Board's requirements for operations in Virginia;
- 17.4. Applicant, Buchanan Production Company, claims ownership of gas leases, Coalbed Methane Gas leases, and/or coal leases representing 98.96875 percent of the oil and gas interest and 98.96875 percent of the coal interest in Subject Drilling Unit, and Applicant claims the right to explore for, develop and produce Coalbed Methane Gas from Subject Formations in Oakwood Unit Number U-32 in Buchanan County, Virginia, which Subject Lands are more particularly described in Exhibit "A";

- 17.5. Applicant has heretofore drilled the Wells on the Subject Drilling Unit at the locations depicted on the plat attached hereto as Exhibit A to develop the pool of Gas in Subject Formations;
- 17.6. The estimated total production from Subject Drilling Unit is 125 to 550 MMCF. The estimated amount of reserves from the Subject Drilling Unit is 125 to 550 MMCF;
- 17.7. Subject Drilling Unit is located over longwall panels proposed for the Buchanan No. 1 mine. The Wells depicted on Exhibit A are required to accommodate the mine plans for said mine by degassing the coal seam prior to mining. Currently, mining is projected to occur in the Buchanan No. 1 mine underlying Subject Drilling Unit in approximately four years. The Unit Operator has filed with the Division of Gas and Oil a copy of the mine plan for that portion of the Buchanan No. 1 mine which will underlie Subject Drilling Unit;
- 17.8. The Virginia Department of Mines, Minerals and Energy's Division of Gas and Oil has heretofore issued Permit Number 4146 for Well CBM-U32, Permit Number 4439 for Well CBM-U32A, and Permit Number 4043 for Well CBM-U32B. Additionally, the Division granted location exceptions for Well CBM-U32A;
- 17.9. 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 1.03125 percent of the oil and gas interests and 1.03125 percent of the coal interests in Subject Drilling Unit;
- 17.10. 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;
- 17.11. 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 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 on the date of its execution.

DONE AND EXECUTED this 1st day of December, 1999, by a majority of the Virginia Gas and Oil Board.


Chairman, Benny R. Wampler

DONE AND PERFORMED this 9th day of December, 1999, by Order of this Board.


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

STATE OF VIRGINIA)
COUNTY OF WISE)

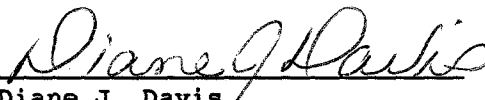
Acknowledged on this 1st day of December, 1999, personally before me a notary public in and for the Commonwealth of Virginia, appeared Benny Wampler, being duly sworn did depose and say that he is Chairman of the Virginia Gas and Oil Board, that he executed the same and was authorized to do so.


Susan G. Garrett
Notary Public

My commission expires July 31, 2002

STATE OF VIRGINIA)
COUNTY OF WASHINGTON)

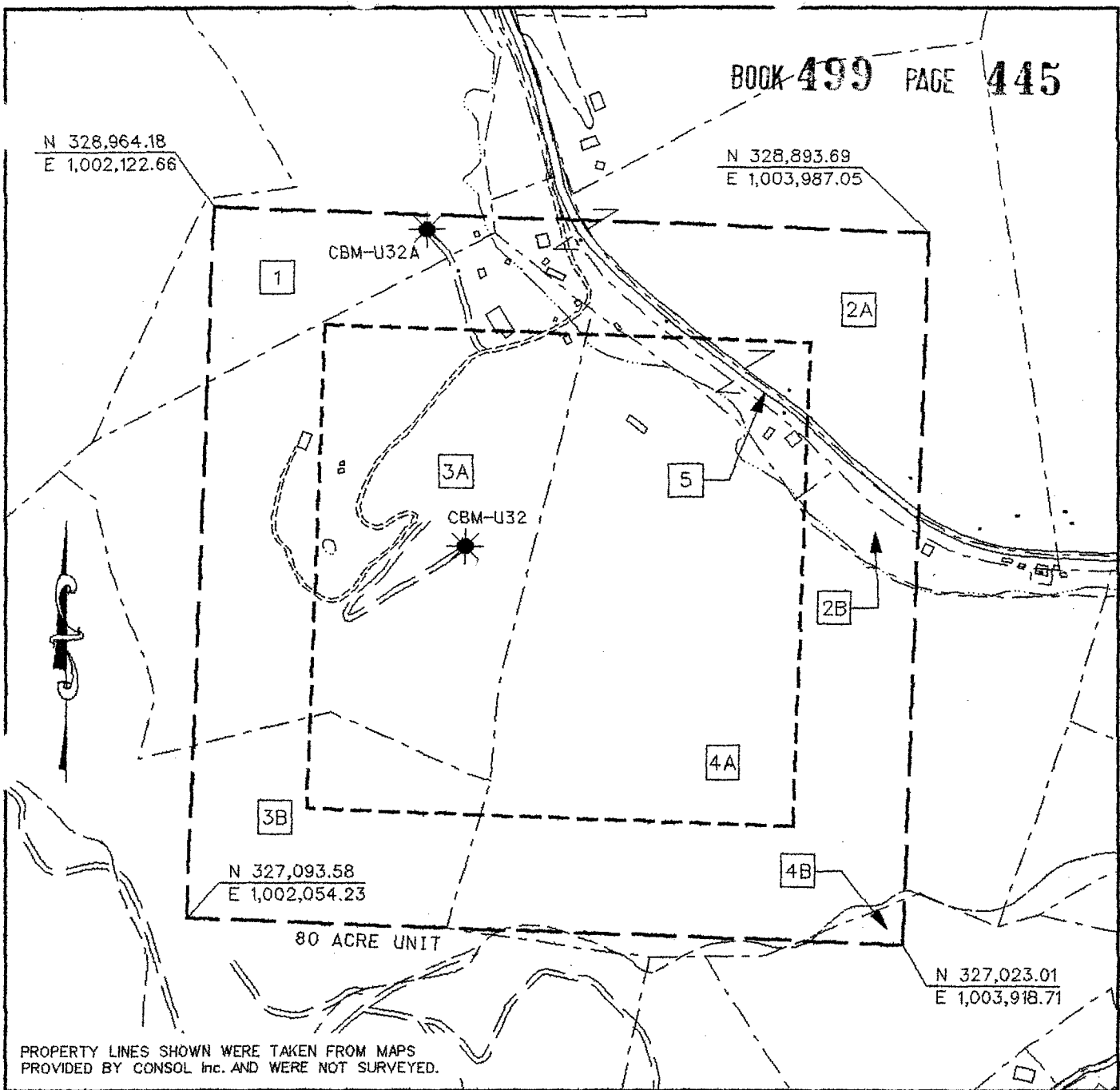
Acknowledged on this 9th day of December, 1999, personally before me a notary public in and for the Commonwealth of Virginia, appeared B. R. Wilson, being duly sworn did depose and say that he is Acting Principal Executive to the Staff of the Virginia Gas and Oil Board, that he executed the same and was authorized to do so.


Diane J. Davis
Notary Public

My commission expires September 30, 2001

N 328,964.18
E 1,002,122.66

N 328,893.69
E 1,003,987.05



LEGEND

- TRACT LAND HOOK
- TRACT LAND ID'S

EXHIBIT A
OAKWOOD FIELD UNIT U-32
FORCE POOLING
VGDB-99-0922-0747

Company Consol Inc. Well Name and Number UNIT U32
 Tract No. _____ Elevation _____
 County Buchanan District Garden Scale: 1" = 400' Date 8/10/99
 This plat is a new plat X ; an updated plat _____ ; or a final plat _____

Form DGO-GO-7
Rev. 9/91

Claude D. Meyer
Licensed Professional Engineer or Licensed Land Surveyor

(Affix Seal)

CONSOL INC.
UNIT U-32
Tract Identification

BOOK 499 PAGE 446

1. Yukon Pocahontas Coal Co. et al - Tr. 108 - Fee
Coal Lessees
Island Creek Coal Company
Jewell Smokeless Coal Corporation
Permac, Inc.
Buchanan Production Company - CBM Lessee
4.21 acres 5.2625%
2. Alpha Stickley, et al - Coal, Oil & Gas
Coal Lessees
Island Creek Coal Company
Jewell Smokeless Coal Corporation
Permac, Inc.
Buchanan Production Company - CBM Lessee
11.55 acres 14.4375%
- 2A. Clyde Harman - Surface
2B. Cloyd Boyd - Surface
3. Richard Deskins Heirs, et al - Coal, Oil & Gas
Coal Lessees
Island Creek Coal Company - Coal Below Tiller
Jewell Smokeless Coal Corp.
Permac, Inc.
Buchanan Production Company - CBM, Oil & Gas Lessee
Buchanan Production Company - CBM Lessee
31.61 acres 39.5125%
- 3A. Major Jack Harman - Surface
3B. Cloyd Deskins - Surface
4. Yukon Pocahontas Coal Co. et al - Tr. 6 - Coal, Oil & Gas
Coal Lessees
Island Creek Coal Company
Jewell Smokeless Coal Corporation
Permac, Inc.
Buchanan Production Company - CBM Lessee
31.53 acres 39.4125%
- 4A. Clyde Harman - Surface
4B. Vern Mullins - Surface
5. Alpha Stickley, et al 25% - Coal, Oil & Gas
Virginia Department of Transportation 75% - Coal, Oil & Gas
Coal Lessees
Island Creek Coal Company
Jewell Smokeless Coal Corporation
Permac, Inc.
Buchanan Production Company - CBM Lessee
1.10 acres 1.3750%

Exhibit B-3
UNIT U-32
Docket # VGOB-99-0922-0747
List of Unleased Owners/Claimants

BOOK 499 PAGE 447

	Acres in Unit	Percent of Unit
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I. COAL FEE OWNERSHIP

Tract #5, 1.10 acres

(1) Virginia Department of Transportation 870 Bonham Road Bristol, VA 24201	0.83 acres 3/4 of 1.10 acres	1.03125%
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II. OIL & GAS FEE OWNERSHIP

Tract #5, 1.10 acres

(1) Virginia Department of Transportation 870 Bonham Road Bristol, VA 24201	0.83 acres 3/4 of 1.10 acres	1.03125%
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Exhibit E
UNIT U-32
Docket # VGOB-99-0922-0747
List of Conflicting Owners/Claimants that require escrow

BOOK 499 PAGE 448

	Acres in Unit	Percent of Unit
Tract #3, 31.61 acres		
<u>COAL FEE OWNERSHIP</u>		
(1) Richard Deskins Heirs, et al.	31.61 acres	39.51250%
(a) Lida G. Vandyke 193 South Lane Hightstown, NJ 08502	0.6451 acres 1/49 of 31.61 acres	0.80638%
(b) Edith McGlothlin 2619 Derubertis North Madison, OH 44057	0.6451 acres 1/49 of 31.61 acres	0.80638%
(c) Daris Deskins 3746 Grove Ave., Apt. 204 Willoughby, OH 44094	0.6451 acres 1/49 of 31.61 acres	0.80638%
(d) Island Creek Coal Company Virginia Division Drawer L Oakwood, VA 24631	2.5804 acres 4/49 of 31.61 acres	3.22551%
<u>OIL & GAS FEE OWNERSHIP</u>		
(1) Richard Deskins Heirs	31.61 acres	39.51250%
(a) Delles G. Deskins 5046 Columbus Court Auburn, GA 30203	0.5645 acres 1/56 of 31.61 acres	0.70558%
(b) Billy J. Deskins Rt. 2, Box 542 Honaker, VA 24260	0.5645 acres 1/56 of 31.61 acres	0.70558%
(c) Charles P. Deskins Rt. 2 Honaker, VA 24260	0.5645 acres 1/56 of 31.61 acres	0.70558%
(d) Winfred L. Deskins Rt. 2, Box 78 Honaker, VA 24260	0.5645 acres 1/56 of 31.61 acres	0.70558%
(e) Arnold R. Langley 115 Church Street Bloomdale, OH 44817	0.5645 acres 1/56 of 31.61 acres	0.70558%
(f) Billanora C. Deskins P. O. Box 347 Rosedale, VA 24280	0.5645 acres 1/56 of 31.61 acres	0.70558%
(g) Frieda V. Deskins Rt. 3, Box 74 Hillsville, VA 24343	0.5645 acres 1/56 of 31.61 acres	0.70558%

Exhibit E
UNIT U-32
Docket # VGOB-99-0922-0747
List of Conflicting Owners/Claimants that require escrow

BOOK 499 PAGE 449

	Acres in Unit	Percent of Unit
(h) Norma Gay Deskins Rt. 2, Box 64 Honaker, VA 24260	0.0806 acres 1/392 of 31.61 acres	0.10080%
(i) Jerry F. Deskins P. O. Box 34 North Robinson, OH 44856	0.0806 acres 1/392 of 31.61 acres	0.10080%
(j) John P. Deskins Rt. 2, Box 603-A Honaker, VA 24260	0.0806 acres 1/392 of 31.61 acres	0.10080%
(k) Donald W. Deskins P. O. Box 1184 Honaker, VA 24260	0.0806 acres 1/392 of 31.61 acres	0.10080%
(l) Leonard R. Deskins, Jr. Rt. 2, Box 603 Honaker, VA 24260	0.0806 acres 1/392 of 31.61 acres	0.10080%
(m) Norma R. Hale Rt. 2, Box 64 Honaker, VA 24260	0.0806 acres 1/392 of 31.61 acres	0.10080%
(n) Barbara L. Deskins P. O. Box 33 Brahamsville, VA 23011	0.0161 acres 1/1960 of 31.61 acres	0.02016%
(o) David L. Deskins P. O. Box 108 Barhamsville, VA 23011	0.0161 acres 1/1960 of 31.61 acres	0.02016%
(p) Gregory N. Deskins P. O. Box 189 Barhamsville, VA 23011	0.0161 acres 1/1960 of 31.61 acres	0.02016%
(q) Matthew Deskins % Barbara Deskins P. O. Box 33 Barhamsville, VA 23011	0.0161 acres 1/1960 of 31.61 acres	0.02016%
(r) Carole L. Liggan 6826 Cherry Grove Lane Mechanicsville, VA 23111	0.0161 acres 1/1960 of 31.61 acres	0.02016%

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 13th day of December, 1999 at 1:09 P. M.
Deed Book No. 499 and Page No. 433 TESTE: James M. Bevins, Jr., Clerk
Returned this date to; Wpt m m e TESTE: Patricia J. Mele Deputy Clerk

ENTERED

INSTRUMENT #200603110
RECORDED IN THE CLERK'S OFFICE OF
BUCHANAN COUNTY ON
DECEMBER 13, 1999 AT 01:29PM
JAMES M. BEVINS JR., CLERK

BY: _____

[Signature]

COMMONWEALTH OF VIRGINIA

OFFICIAL RECEIPT
BUCHANAN COUNTY CIRCUIT COURT
DEED RECEIPT

DATE: 12/13/99 TIME: 13:09:03 ACCOUNT: 027CLR990003118 RECEIPT: 99000007805
CASHIER: LD REG: DU01 TYPE: POOLING PAYMENT: FULL PAYMENT
INSTRUMENT : 990003118 BOOK: PAGE: RECORDED: 12/13/99 AT 13:09
GRANTOR: VIRGINIA GAS & OIL BOARD EX: N LOC: CD
GRANTEE: BUCHANAN PRODUCTION CO EX: N PCT: 100%
AND ADDRESS :
RECEIVED OF : BUCHANAN PRODUCTION CO
CHECK : \$27.00

DESCRIPTION 1: POOLING
2:

CONSIDERATION:	.00	ASSUME/VAL:	.00	MAP:	
CODE DESCRIPTION		PAID CODE DESCRIPTION		PAID	
301 DEEDS		26.00 145 VSLF		1.00	

TENDERED :	27.00
AMOUNT PAID:	27.00
CHANGE AMT :	.00

CLERK OF COURT: JAMES W. BEVINS JR.