

Instrument prepared by:

VIRGINIA GAS AND OIL BOARD

Order recorded under:

CODE OF VIRGINIA
§ 45.1-361.26

VIRGINIA:

BEFORE THE GAS AND OIL BOARD

APPLICANTS:

CNX Gas Company LLC on behalf of Buckhorn Coal Company and certain (Columbus) Earl Whited Heirs, including Michael Whited, Ferrell Whited, Herald Whited, Marty Whited, Cathy Darlene Ward, and Melissa Skeens.

DOCKET NO.

01-0320-0877-02

RELIEF SOUGHT:

Issuance: A Supplemental Order for Disbursement of Escrowed Funds
 Action: Amending Prior Orders Affecting Drilling Unit AY-112, Tract 2D
 (Referenced herein as "the Subject Drilling Unit")
 Location: Russell County, Virginia

Action Details:

- (1) To provide a calculation of funds, Unit Operator has deposited into the Escrow Account for Drilling Unit AY-112 by Tract Subaccounts;
- (2) To provide each applicant, in simple terms, a complete month over month Royalty Accounting of unit production, costs, taxes and proceeds, depicting variables used in the calculation of royalty payments to the unit escrow account.
- (3) To disburse unit funds to the Applicants, in accordance with their Unit Ownership Interests relative to those funds deposited by the Unit Operator into Subject Drilling Unit's Escrow Subaccount for **VGOB Tract(s) identified in Table 1.**

REPORT OF THE BOARD**FINDINGS AND ORDER**

1. **Hearing Date and Place:** This matter came on for final hearing before the Virginia Gas and Oil Board (herein "Board") at 9:00 a.m. on July 21, 2009 at the Russell County Conference Center, 139 Highland Drive, Lebanon Virginia.
2. **Appearances:** Mark A. Swartz, Esq. appeared for the Unit Operator; 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.*, and in particular Va. Code §§ 45.1-361.21 and 45.1-361.22, the Board finds that it has jurisdiction over the establishment and maintenance of an escrow account, with tract subaccounts, for each of the coalbed methane gas drilling units established by the Board through its field rules that are subject to a Board pooling order. Further, the Unit Operator is required to deposit, as applicable, those funds specified in Va. Code § 45.1-361.21.D., 45.1-361.22.A.2, 45.1-361.22.A.3 and 45.1-361.22.A.4 into the applicable escrow tract subaccounts. The Board finds that: (1) while it **does not** have jurisdiction to resolve conflicting claims to the ownership of the Coalbed Methane Gas produced by the Unit Operator from wells located on Subject Drilling Unit, and (2) while it **does not** have jurisdiction to interpret agreements by and between the Gas owners/claimants and/or the Unit Operators or to abridge or contravene the provisions of such agreements, (3) pursuant to Va. Code § 45.1-361.22.A.5, **the Board does have jurisdiction and authority to disburse funds from the Escrow Account** provided the Board has been provided with a final decision of a court of competent jurisdiction adjudicating the ownership of coalbed methane gas as between the conflicting claimants or an agreement among all claimants owning conflicting estates in the tracts in question or any undivided interest therein.

51235015

REG 537
DISP 4414

BR 204
CF-VIRGINIA

Account VIRGINIA GAS AND OIL BOARD WACHOVIA BANK, N.A. AGENT
Name: UNDER AGREEMENT DATED SEPTEMBER 19, 2006

Account 5025890684
Number:

Date
08/14/09

000159 BUCKHORN COAL CO.
P.O. BOX 187
TAZEWELL, VA 24651

Remittance Amount	
Income	Principal
\$*****0.00	\$*****34,897.94

For: PAYMENT

FUND 0877

WACHOVIA

PLEASE FOLD AND DETACH AT PERFORATION BEFORE PRESENTING FOR PAYMENT

WACHOVIA

66-21
530

51235015

WACHOVIA BANK, N.A.
CHARLOTTE, NC 28288-1151
1-888-216-2308

Date
08/14/09

Account No.
5025890684 VGOB

Amount
\$*****34,897.94

Pay: Thirty-Four Thousand Eight Hundred Ninety Seven DOLLARS AND Ninety-Four CENTS

To The Order Of: BUCKHORN COAL CO.

Leon Mc Lennan
Authorized Signature

⑈ 5 1 2 3 5 0 1 5 ⑈ ⑆ 0 5 3 0 0 0 2 1 9 ⑆ 5 0 4 6 0 0 1 0 4 2 7 3 8 ⑈

51235016

REG 537
DISP 4414

Account VIRGINIA GAS AND OIL BOARD WACHOVIA BANK, N.A. AGENT
Name: UNDER AGREEMENT DATED SEPTEMBER 19, 2006

BR 204
CF-VIRGINIA

Account 5025890684
Number:

Date
08/14/09

000160 ESTATE OF EARL WHITED
C/O RALPH SNEED ADMINISTRATOR
P.O. BOX 399
LEBANON, VA 24266

Remittance Amount	
Income	Principal
\$*****0.00	\$*****34,897.94

For: PAYMENT
FUND 0877

WACHOVIA

PLEASE FOLD AND DETACH AT PERFORATION BEFORE PRESENTING FOR PAYMENT

WACHOVIA

66-21
530

51235016

WACHOVIA BANK, N.A.
CHARLOTTE, NC 28288-1151
1-888-216-2308

Date
08/14/09

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Pay: Thirty-Four Thousand Eight Hundred Ninety Seven DOLLARS AND Ninety-Four CENTS

To The Order Of: ESTATE OF EARL WHITED

Leon M. Lennor
Authorized Signature

⑈ 51235016⑈ ⑆ 053000219⑆ 5046001042738⑈