

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: AY108

TRACT(S): 1B, 1F, 1G, 1H, 1I, 1M, 2A, 2B, 2C

LOCATION: RUSSELL County, Virginia

DOCKET NUMBER: VGOB-01-0821-0914-02

APPLICANTS:

CNX Gas Company LLC on behalf of Gent Enterprises, LLP, James C. & Patsy R. Coleman,
James P. Blankenship, Lucy Mae Blankenship, Sylvia J. Dye

HEARING DATE AND LOCATION:

Russell County Government Center, Lebanon, Virginia
October 20, 2015

APPEARANCES: Mark A. Swartz on behalf of CNX Gas Company LLC

PRIOR PROCEEDINGS:

1. Original Pooling Order Executed 12/18/2001, Recorded on 01/10/2002, Deed Book/Instrument No. 544, Page 639.
2. Supplemental Order Executed 06/24/2002, Recorded on 07/08/2002, Deed Book/Instrument No. 558, Page 330.
3. Modification Order -01 Executed 01/12/2012, Recorded on 02/13/2012, Deed Book/Instrument No. 744, Page 570.
4. Supplemental Order -01, Recorded on 10/14/2014, Deed Book/Instrument No. 781, Page 0563.

NOTICE:

The Unit Operator gave notice to the Applicants that the Board would consider its disbursement petition at the October 20, 2015 hearing and considered whether to:

- (1) Amend the Pooling Order to provide for the disbursement of funds on deposit in the Escrow Account attributable to Tract(s) 1B, 1F, 1G, 1H, 1I, 1M, 2A, 2B, 2C identified in the attached petition.
- (2) Delete the requirement that the Unit Operator place future royalties attributable to Tract(s) 1B, 1F, 1G, 1H, 1I, 1M, 2A, 2B, 2C 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. Buckhorn Coal Company and Gent Enterprises LLP and James P. Blankenship have entered into royalty split agreement(s). Said royalty split agreement(s) allow the Applicant and Designated Operator to pay royalties directly to the persons identified in Exhibit EE.
- b. Lucy Mae Blankenship, Sylvia Dye, James C. & Patsy R. Coleman are the gas claimants in Tract 1F, 1G, 1H, 1I, 2A, 2B, & 2C. As such, is entitled to 100% of the CBM royalties now in escrow and as may be hereafter payable. See Va. Code Ann. § 45.1-361.22:2.A.
- c. 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.
- d. 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.
- e. That a detailed accounting in accordance with the applicable provisions of § 45.1-361.22 is submitted herewith and identified as Exhibit J.
- f. 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.
- g. That Va. Code Ann. § 45.1-361.22:2.A. further provides that the Operator shall pay such royalties as may hereafter be payable directly to the gas claimant CNX Gas Company LLC and not escrow same. See Exhibit EE annexed hereto.

RELIEF GRANTED:

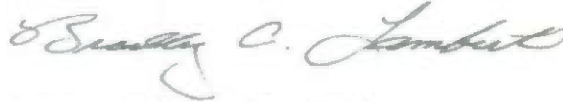
CONCLUSION:

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.

DONE AND EXECUTED this 21 day of October, 2015 by a majority of the Virginia Gas and Oil Board.



Chairman, Bradley C. Lambert

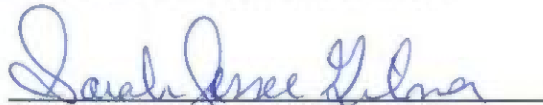
DONE AND PERFORMED this 21 day of October, 2015 by Order of the Virginia Gas and Oil Board.



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

COMMONWEALTH OF VIRGINIA
COUNTY OF RUSSELL

Acknowledged on this 21st day of October, 2015, 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 01-0821-0914-02

RELIEF SOUGHT: (1) DISBURSEMENT FROM ESCROW REGARDING TRACT(S) 1B, 1F, 1G, 1H, 1I, 1M, 2A, 2B, 2C (2) AND AUTHORIZATION FOR DIRECT PAYMENT OF ROYALTIES

HEARING DATE: October 20, 2015

DRILLING UNIT: AY108

RUSSELL COUNTY, VIRGINIA

PETITION FOR ORDER OF DISBURSEMENT OF ESCROW FUNDS

1. Petitioner and its counsel

Petitioner is CNX Gas Company LLC, 627 Claypool Hill Mall Road, Cedar Bluff, VA 24609, (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, attributable to of Tracts 1B, 1F, 1G, 1H, 1I, 1M, 2A, 2B, 2C as depicted upon the annexed table; and (2) authorization to begin paying royalties directly to Gent Enterprises, LLP, Lucy Mae Blankenship, Sylvia J. Dye, James C & Patsy R. Coleman, and James P. Blankenship. Unit AY108.

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)

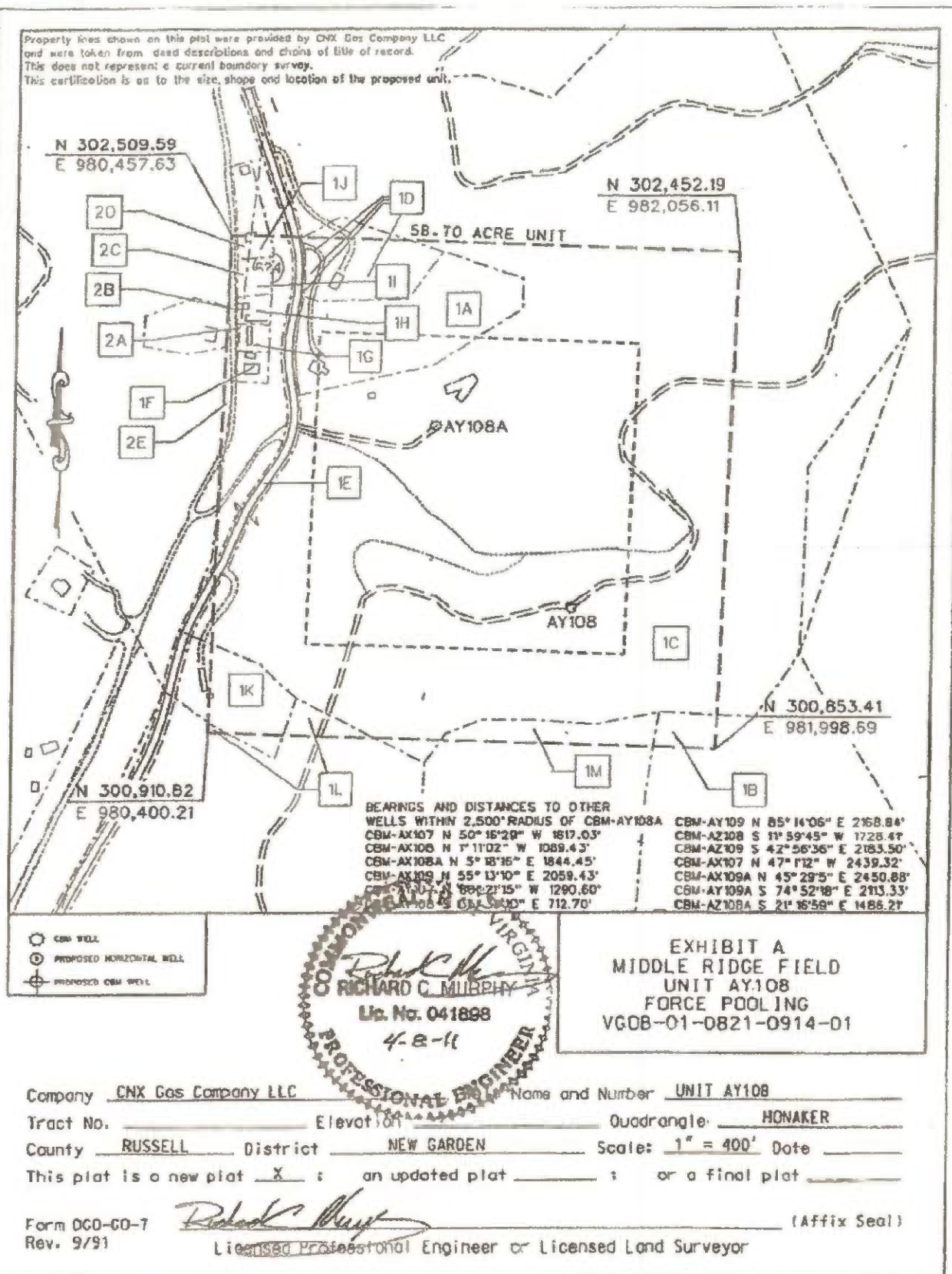
Coalbed Methane

5. Factual basis for relief requested

- a. Buckhorn Coal Company and Gent Enterprises LLP and James P. Blankenship have entered into royalty split agreement(s). Said royalty split agreement(s) allow the Applicant and Designated Operator to pay royalties directly to the persons identified in Exhibit EE.
- b. Lucy Mae Blankenship, Sylvia Dye, James C. & Patsy R. Coleman are the gas claimants in Tract 1F, 1G, 1H, 1I, 2A, 2B, & 2C. As such, is entitled to 100% of the CBM royalties now in escrow and as may be hereafter payable. See Va. Code Ann. § 45.1-361.22:2.A.
- c. 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.
- d. 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.
- e. That a detailed accounting in accordance with the applicable provisions of § 45.1-361.22 is submitted herewith and identified as Exhibit J.
- f. 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.
- g. That Va. Code Ann. § 45.1-361.22:2.A. further provides that the Operator shall pay such royalties as may hereafter be payable directly to the gas claimant CNX Gas Company LLC 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.



CNX GAS COMPANY LLC**Unit AY108****Tract Identifications
(58.7 Acre Unit)**

- 1A. Buckhorn Coal Company (Jacob Fuller 439.04 Acre Tract) – All Minerals
Knox Creek Coal Company – Above Drainage Coal Leased
CNX Gas Company LLC – Oil, Gas and CBM Leased
Betty Blankenship - Surface
4.12 Acres 7.0187%

- 1B. Buckhorn Coal Company (Jacob Fuller 439.04 Acre Tract) – Coal
Knox Creek Coal Company – Above Drainage Coal Leased
CNX Gas Company LLC – CBM Leased
Gent Enterprises, LLP – Oil and Gas
CNX Gas Company LLC - Oil, Gas & CBM Leased
James P. Blankenship – Surface
0.50 Acres 0.8518%

- 1C. Buckhorn Coal Company (Jacob Fuller 439.04 Acre Tract) - Fee
Knox Creek Coal Company – Above Drainage Coal Leased
CNX Gas Company LLC – Oil, Gas and CBM Leased
47.25 Acres 80.4940%

- 1D. Buckhorn Coal Company (Jacob Fuller 439.04 Acre Tract) – All Minerals
Knox Creek Coal Company – Above Drainage Coal Leased
CNX Gas Company LLC – Oil, Gas and CBM Leased
Ethel F. Compton - Surface
1.75 Acres 2.9813%

- 1E. Buckhorn Coal Company (Jacob Fuller 439.04 Acre Tract) – All Minerals
Knox Creek Coal Company – Above Drainage Coal Leased
CNX Gas Company LLC – Oil, Gas and CBM Leased
Commonwealth of Virginia - Surface
0.62 Acres 1.0562%

- 1F. Buckhorn Coal Company (Jacob Fuller 439.04 Acre Tract) - Coal
Knox Creek Coal Company – Above Drainage Coal Leased
CNX Gas Company LLC – CBM Leased
Bobby Blankenship, et ux – Surface, Oil and Gas
0.23 Acres 0.3918%

- 1G. Buckhorn Coal Company (Jacob Fuller 439.04 Acre Tract) - Coal
Knox Creek Coal Company – Above Drainage Coal Leased
CNX Gas Company LLC – CBM Leased
Bobby Blankenship, et ux. – Surface, Oil and Gas
0.19 Acres 0.3237%

"This title block is for general informational purposes only and does not reflect an analysis of the severance deed and its effect upon coal bed methane ownership and should not be relied upon for such purpose."

CNX GAS COMPANY LLC**Unit AY108****Tract Identifications****(58.7 Acre Unit)**

- 1H. Buckhorn Coal Company (Jacob Fuller 439.04 Acre Tract) - Coal
Knox Creek Coal Company - Above Drainage Coal Leased
CNX Gas Company LLC - CBM Leased
Sylvia J. Dye - Surface, Oil and Gas
0.20 Acres 0.3407%
- 1I. Buckhorn Coal Company (Jacob Fuller 439.04 Acre Tract) - Coal
Knox Creek Coal Company - Above Drainage Coal Leased
CNX Gas Company LLC - CBM Leased
James C. Coleman, et ux - Surface, Oil and Gas
0.23 Acres 0.3918%
- 1J. Buckhorn Coal Company (Jacob Fuller 439.04 Acre Tract) - Coal
Knox Creek Coal Company - Above Drainage Coal Leased
CNX Gas Company LLC - CBM Leased
Verdie Martin - Surface, Oil and Gas
CNX Gas Company LLC - Oil, Gas and CBM Leased
0.12 Acres 0.2044%
- 1K. Buckhorn Coal Company (Jacob Fuller 439.04 Acre Tract) - Fee
Knox Creek Coal Company - Above Drainage Coal Leased
CNX Gas Company LLC - Oil, Gas and CBM Leased
1.34 Acres 2.2828%
- 1L. Buckhorn Coal Company (Jacob Fuller 439.04 Acre Tract) - Fee
Knox Creek Coal Company - Above Drainage Coal Leased
CNX Gas Company LLC - Oil, Gas and CBM Leased
0.44 Acres 0.7496%
- 1M. Buckhorn Coal Company (Jacob Fuller 439.04 Acre Tract) - Coal
Knox Creek Coal Company - Above Drainage Coal Leased
CNX Gas Company LLC - CBM Leased
James P. Blankenship - Surface, Oil and Gas
CNX Gas Company LLC - Oil, Gas & CBM Leased
1.11 Acres 1.8910%
- 2A. Buckhorn Coal Company (J. C. Hurt 182 Acre Tract) - Coal
Knox Creek Coal Company - Above Drainage Coal Leased
CNX Gas Company LLC - CBM Leased
Bobby Blankenship, et ux. - Surface, Oil and Gas
0.01 Acres 0.0170%
- 2B. Buckhorn Coal Company (J. C. Hurt 182 Acre Tract) - Coal
Knox Creek Coal Company - Above Drainage Coal Leased
CNX Gas Company LLC - CBM Leased
Sylvia J. Dye - Surface, Oil and Gas
0.03 Acres 0.0511%

"This title block is for general informational purposes only and does not reflect an analysis of the severance deed and its effect upon coal bed methane ownership and should not be relied upon for such purpose."

CNX GAS COMPANY LLC**Unit AY108****Tract Identifications****(58.7 Acre Unit)**

- 2C. Buckhorn Coal Company (J. C. Hurt 182 Acre Tract) - Coal
 Knox Creek Coal Company - Above Drainage Coal Leased
 CNX Gas Company LLC - CBM Leased
 James C. Coleman, et ux - Surface, Oil and Gas
 0.07 Acres 0.1193%
- 2D. Buckhorn Coal Company (J. C. Hurt 182 Acre Tract) - Coal
 Knox Creek Coal Company - Above Drainage Coal Leased
 CNX Gas Company LLC - CBM Leased
 Verdine Martin - Surface, Oil and Gas
 CNX Gas Company LLC - Oil, Gas and CBM Leased
 0.07 Acres 0.1193%
- 2E. Buckhorn Coal Company (J. C. Hurt 182 Acre Tract) - Fee
 Knox Creek Coal Company - Above Drainage Coal Leased
 CNX Gas Company LLC - Oil, Gas and CBM Leased
 0.42 Acres 0.7155%

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Exhibit E
Unit AY-108
Docket VGOB# 01-0821-0914-02
List of Respondents requiring escrow
(58.70 Acre Unit)

Interest in
Unit

Acres in Unit

Escrowing not required

	Acres in Unit	Interest in Unit	Percent of Escrow
<u>Tract #1B, 0.50 acres</u>			
<i>A lawsuit filed by James Rasnake, et al. caused a title conflict between the Oil and Gas owners on this tract. Buckhorn Coal Company executed agreements with all parties and have already been paid their 50% interest in this tract. Now that the Rasnake case for this particular tract has been overturned, the oil and gas owner can be paid their 50% share that was being escrowed.</i>			
<u>COAL OWNERSHIP</u>			
(1) Buckhorn Coal Company (Jacob Fuller 439.04 Acre Tract) P. O. Box 187 Tazewell, VA 24651	0.50 acres	0.8518%	n/a
<u>OIL & GAS OWNERSHIP</u>			
(1) Gent Enterprises, LLP (21.75 Acre Tract) P.O. Box 330 Honeker, VA 24260	0.50 acres	0.8518%	14.1643% -50% (Royalty Split)
<u>Tract #1F, 0.23 acres</u>			
<u>COAL OWNERSHIP</u>			
(1) Buckhorn Coal Company (Jacob Fuller 439.04 Acre Tract) P. O. Box 187 Tazewell, VA 24651	0.23 acres	0.3918%	n/a
<u>OIL & GAS OWNERSHIP</u>			
(1) Bobby & Lucy Mae Blankenship, T/E			
(a) Bobby Blankenship Heirs, Devisees, Successors or Assigns			
(b) Lucy Mae Blankenship 199 Romia Road Rowe, Va 24646	0.23 acres	0.3918%	13.0312% HB2058
<u>Tract #1G, 0.19 acres</u>			
<u>COAL OWNERSHIP</u>			
(1) Buckhorn Coal Company (Jacob Fuller 439.04 Acre Tract) P. O. Box 187 Tazewell, VA 24651	0.19 acres	0.3237%	n/a
<u>OIL & GAS OWNERSHIP</u>			
(1) Bobby & Lucy Mae Blankenship, T/E			
(a) Bobby Blankenship Heirs, Devisees, Successors or Assigns			
(b) Lucy Mae Blankenship 199 Romia Road Rowe, Va 24646	0.19 acres	0.3237%	10.7649% HB2058
<u>Tract #1H, 0.20 acres</u>			
<u>COAL OWNERSHIP</u>			
(1) Buckhorn Coal Company (Jacob Fuller 439.04 Acre Tract) P. O. Box 187 Tazewell, VA 24651	0.20 acres	0.3407%	n/a

Exhibit EE
Unit AY-108
Docket #VGOB 01-0821-0914-02

BOOK 0794 PAGE 0924

List of Respondents with Royalty Split Agreements/Court Orders/HB2058
(58.70 Acre Unit)

	Acres in Unit	Interest in Unit	Percent of Escrow
<u>OIL & GAS OWNERSHIP</u>			
(1) Sylvia J. Dye 171 Romia Rd Rowe, Va 24646	0.20 acres	0.3407%	11.3314% HB2058
<u>Tract #1I, 0.23 acres</u>			
<u>COAL OWNERSHIP</u>			
(1) Buckhorn Coal Company (Jacob Fuller 439.04 Acre Tract) P. O. Box 187 Tazewell, VA 24651	0.23 acres	0.3918%	n/a
<u>OIL & GAS OWNERSHIP</u>			
(1) James C. & Patsy R. Coleman, T/E 135 Lori Circle Chuckey, TN 37641	0.23 acres	0.3918%	13.0312% HB2058
<u>Tract #1J, 0.12 acres</u>			
<u>COAL OWNERSHIP</u>			
(1) Buckhorn Coal Company (Jacob Fuller 439.04 Acre Tract) P. O. Box 187 Tazewell, VA 24651	0.12 acres	0.2044%	n/a
<u>OIL & GAS OWNERSHIP</u>			
(1) Verdle Martin 66 Kents Ridge Road Honaker, VA 24260	0.12 acres	0.2044%	n/a
<u>Tract #1M, 1.11 acres</u>			
<i>A lawsuit filed by James Rasnake, et al. caused a title conflict between the Oil and Gas owners on this tract. Buckhorn Coal Company executed agreements with all parties and have already been paid their 50% interest in this tract. Now that the Rasnake case for this particular tract has been overturned, the oil and gas owner can be paid their 50% share that was being escrowed.</i>			
<u>COAL OWNERSHIP</u>			
(1) Buckhorn Coal Company (Jacob Fuller 439.04 Acre Tract) P. O. Box 187 Tazewell, VA 24651	1.11 acres	1.8910%	n/a
<u>OIL & GAS OWNERSHIP</u>			
(1) James P. Blankenship (15 Acre Tract) PO Box 114 Oakwood, VA 24631	1.11 acres	1.8910%	31.4448% -50% (Royalty Split)
<u>Tract #2A, 0.01 acres</u>			
<u>COAL OWNERSHIP</u>			
(1) Buckhorn Coal Company (J.C. Hurt 182 Acre Tract) P. O. Box 187 Tazewell, VA 24651	0.01 acres	0.0170%	n/a

List of Respondents with Royalty Split Agreements/Court Orders/HB2058
(58.70 Acre Unit)

	Acres in Unit	Interest in Unit	Percent of Escrow
<u>OIL & GAS OWNERSHIP</u>			
(1) Bobby & Lucy Mae Blankenship, T/E	0.01 acres	0.0170%	
(a) Bobby Blankenship Heirs, Devisees, Successors or Assigns			
(b) Lucy Mae Blankenship 199 Romia Road Rowe, Va 24646	0.01 acres	0.0170%	0.5666% HB2058

Tract #2B, 0.03 acres

COAL OWNERSHIP

(1) Buckhorn Coal Company (J.C. Hurt 182 Acre Tract) P. O. Box 187 Tazewell, VA 24651	0.03 acres	0.0511%	n/a
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OIL & GAS OWNERSHIP

(1) Sylvia J. Dye 171 Romia Rd Rowe, Va 24646	0.03 acres	0.0511%	1.6997% HB2058
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Tract #2C, 0.07 acres

COAL OWNERSHIP

(1) Buckhorn Coal Company (J.C. Hurt 182 Acre Tract) P. O. Box 187 Tazewell, VA 24651	0.07 acres	0.1193%	n/a
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OIL & GAS OWNERSHIP

(1) James C. & Patsy R. Coleman, T/E 135 Lori Circle Chuckey, TN 37641	0.07 acres	0.1193%	3.9660% HB2058
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Tract #2D, 0.07 acres

COAL OWNERSHIP

(1) Buckhorn Coal Company P. O. Box 187 Tazewell, VA 24651 (J.C. Hurt 182 Acre Tract)	0.07 acres	0.1193%	n/a
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OIL & GAS OWNERSHIP

(1) Verdine Martin 66 Kents Ridge Road Honaker, VA 24260	0.07 acres	0.1193%	n/a
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1502106

VIRGINIA: IN THE OFFICE OF THE CLERK OF THE CIRCUIT OF RUSSELL COUNTY, 10-24, 2015. This deed was this day presented in said office, and upon the certificate of acknowledgment thereto annexed, admitted to record at 1:31 o'clock A M, after payment of \$ _____ tax imposed by Sec. 58.1-802.

Original returned this date to: Sara Jessee BY: Ann S. McReynolds D. CLERK