

BOOK 590 PAGE 0159

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 NO. AX-117 LOCATED) DOCKET NO.
IN THE MIDDLE RIDGE I COALBED) 03-0715-1159
METHANE GAS FIELD 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 AX-117)
(herein "Subject Drilling Unit") IN THE)
MIDDLE RIDGE I COALBED METHANE GAS FIELD)
NEW GARDEN MAGISTERIAL DISTRICT)
HONAKER QUADRANGLE)
RUSSELL COUNTY, VIRGINIA)
(the "Subject Lands" are more)
particularly described on Exhibit)
"A", attached hereto and made a)
part hereof))

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 (hereafter "Board") at 9:00 a.m. on **July 15, 2003** 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 Jawbone 1, including Tiller, Upper Horsepen, Middle Horsepen, War Creek, Beckley, Lower Horsepen, Pocahontas No. 8, Pocahontas No. 6, Pocahontas No. 5, Pocahontas No. 4, Pocahontas No. 3, Pocahontas No. 1 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 their Application and Notice of Hearing are persons identified by Applicant through its due diligence who may be Owners or Claimants of Coalbed Methane Gas interests underlying 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: **Revised Publication Notice**

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 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 Middle Ridge I Coalbed Methane Gas Field Order VGOB 00-1017-0835, effective October 17, 2000; 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 Middle Ridge 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 **58.74**-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 **58.74**-acre drilling unit in the manner set forth in the Middle Ridge 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 Middle Ridge I 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: \$250,098.41

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 Middle Ridge I Coalbed Gas Field Order VGOB 00-1017-0835, 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) 988-1016
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** unknown or unlocatable claimants in **Tract(s) 2A** of the Subject Drilling Unit whose payments are subject to the provisions of Paragraph 16.1 and the Unit Operator has represented to the Board that there **are** conflicting claimants in **Tract(s) 2A, 2B and 2D** 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) 2A, 2B and 2D** 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:

First Union National Bank
 Corporate Trust PA 1328
 123 South Broad Street
 Philadelphia, PA 19109-1199
 Telephone: (215) 985-3485 or (888) 396-0853
 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 § 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 **99.9147** 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 **Russell** 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 **0.0853** 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.

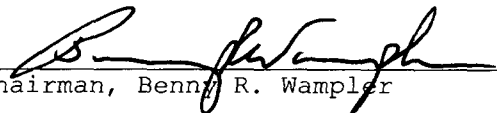
19. Availability of Unit Records: The Director shall provide all persons not subject to a lease with reasonable access to all records for Subject Drilling Unit which are submitted by the Unit Operator to said Director and/or his Inspector(s).

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 15th day of August, 2003, by a majority of the Virginia Gas and Oil Board.


Chairman, Benny R. Wampler

DONE AND PERFORMED this 12th day of August, 2003, 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 1st day of August, 2003
_____ 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 H. Lavett

Notary Public

My commission expires: 7/31/06

STATE OF VIRGINIA)
COUNTY OF WASHINGTON)

Acknowledged on this 12th day of August, 2003 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 45.1-301.2

CERTIFICATE OF PUBLICATION

State of West Virginia, }
County of Mercer, } To-wit:—

I, Erica M. Osborne of the
Bluefield Daily Telegraph, a daily morning newspaper published in the City
of Bluefield, Mercer County, West Virginia, do certify that the notice attached
hereto under the caption;

was published in the said Bluefield Daily Telegraph
one (1) Times

on the following days, namely: June 26

in the year 1~~x~~ 2003.

Publication Fee 189.00

Subscribed and sworn to before me this 26 day of

June 20 03

My Commission expires Dec 16 20 08

Teresa Thornton

Notary Public



OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
TERESA THORNTON
BLUEFIELD DAILY TELEGRAPH
928 BLUEFIELD AVENUE
BLUEFIELD, WV 24701
My Commission Expires December 16, 2008

APPLICANT: CNX Gas Company LLC
DIVISION OF GAS AND OIL
RELIEF SOUGHT: POOLING
DOCKET NO. VGOB 03-0715-1159
UNIT NUMBER: AX-117

NOTICE OF HEARING
HEARING DATE: July 15, 2003
PLACE: Southwest Virginia Higher Education Center
Campus of the Virginia Highlands Community College Abingdon, Virginia
TIME: 9:00 AM

COMMONWEALTH OF VIRGINIA
TO: M.P. Whited, Heirs, devisees, Successors of Assigns including John Glen Franklin, Beulah Brown, and Charley Whited; James A. Hale et al.

1. **Applicant and its counsel:** Applicant is CNX Gas Company LLC, P.O. Box 947, Bluefield, Virginia 24605, 278/988-1000. Applicant's counsel is Mark A. Swartz, Esquire, of the firm Swartz & Stumbo, LLC, P.O. Box 517, Abingdon, VA 24212.

2. **Relief sought:** Pooling

3. **Proposed provisions of order:** (a) Pooling all the interests and estates of the persons named above in coalbed methane in the unit in question; (b) Establishing a procedure whereby each respondent shall have the right to make elections; (c) Providing that any respondent who does not make a timely election shall be deemed to have leased or assigned his coalbed methane gas interests to the applicant at a rate to be established by the Board; (d) Designating CNX Gas Company LLC as Unit Operator; (e) Making any necessary provisions for the escrow of funds; (f) Granting such other relief as is merited by the evidence and is just and equitable, whether or not such relief has been specifically requested herein.

4. **Legal Authority:** Va. Code Ann §45.1-361.1 et seq. 4 VAC 25-180-10 et seq. and relevant Virginia Gas and Oil Board Orders heretofore promulgated pursuant to law including VGOB 00-1017-0035.

5. **Type of well(s):** Coalbed methane

6. **Plat:** Attached hereto as Exhibit A, Exhibit A and the Tract Identification Schedule to Exhibit A. The Plat shows the size and shape of the unit and the boundaries of the tracts within the unit. The Tract Identification Schedule to Exhibit A shows the percentage of acreage in each tract. The plat is certified by a licensed professional engineer and is attested by the undersigned on behalf of the applicant to be in conformity with existing orders issued by the Board.

7. **Your interest or claim sought to be pooled by this Application pertains to coalbed methane gas.**

8. **Formation(s) to be produced and estimates:** All coal seams and associated strata below the jawbone. A seam of coal all as more particularly described in the annexed proposed order. The estimated total production from subject unit is 125 to 550 MMCF. The estimated amount of reserves from the subject drilling unit is 125 to 550 MMCF. These figures concerning estimated production and the amount of reserves are, however, estimates only that are not based upon actual production and should not be relied upon for any purpose. It should not be assumed that final production before plugging and abandonment will equal estimated reserves.

9. **Estimate of allowable costs:** \$250,098.41

10. **Attestation:** The foregoing application to the best of my knowledge, information, and belief is true and correct.

NOTICE IS FURTHER GIVEN that the cause has been set for hearing and the taking of evidence before the Board at 9:00 AM, on July 15, 2003, at the Southwest Virginia Higher Education Center, Campus of the Virginia Highlands Community College, Abingdon, Virginia, and that notice will be published as required by law and the rules of the Board.

NOTICE IS FURTHER GIVEN that you may attend this hearing, with or without an attorney, and offer evidence or state any comments you have. For further information or a copy of the application and exhibits, either contact the Virginia Gas and Oil Board, State Oil and Gas, Department of Natural Resources and Energy, Division of Gas and Oil, P.O. Box 1415, Abingdon, Virginia 24210, 278-676-5423 or the Applicant at the address shown below.

Dated: 6-4-03

CNX Gas Company LLC, Applicant
By: Leslie K. Arrington
Manager-Environmental/Permitting
for CNX Gas Company LLC
P.O. Box 947
Bluefield, Virginia 24605
278/988-1000

EXHIBIT A1
UNIT AX-117
VGOB-03-0715-1159

PROPERTY LINES SHOWN WERE TAKEN FROM MAPS PROVIDED
BY CNX LAND RESOURCES, Inc. AND WERE NOT SURVEYED.

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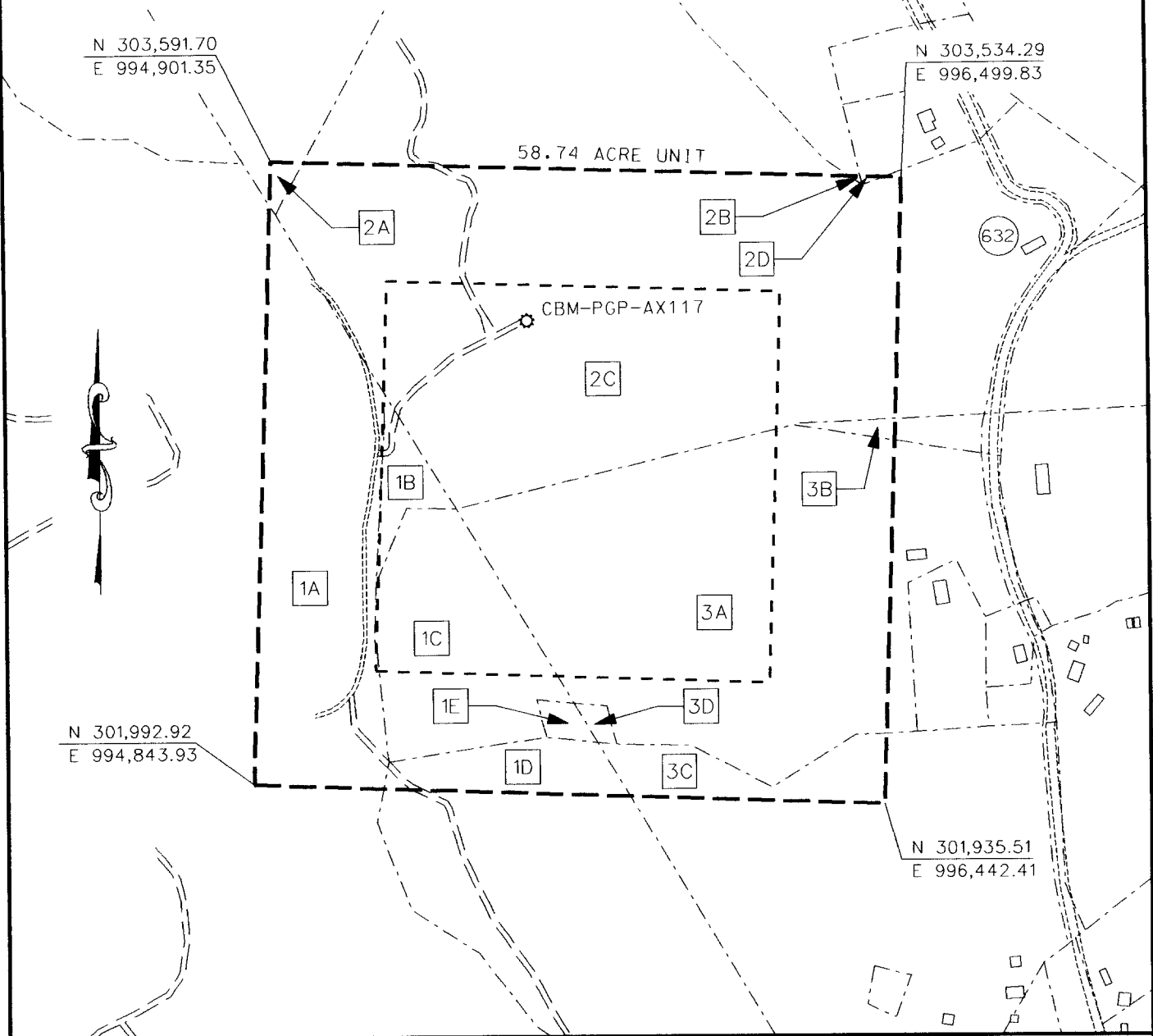


EXHIBIT A
MIDDLE RIDGE 1 FIELD
UNIT AX-117
FORCE POOLING
VGOB-03-0715-1159

Company CNX Gas Company LLC Well Name and Number UNIT AX117
Tract No. _____ Elevation _____ Quadrangle Hongker
County Russell District New Garden Scale: 1" = 400' Date 5/25/03
This plat is a new plat X ; an updated plat _____ ; or a final plat _____

Form DGO-GO-7
Rev. 9/91

Claudio D. May (Affix Seal)
Licensed Professional Engineer or Licensed Land Surveyor

CNX GAS COMPANY LLC**Unit AX-117**

**Tract Identifications
(58.74 Acre Unit)**

1. **Buckhorn Coal Company - Tr. 7 - All Minerals
Consolidation Coal Company - Below Drainage Coal Leased
CNX Gas Company LLC - Above Drainage Coal Leased Except Kennedy Seam
H. C. Bostic Coal Company - Kennedy Seam Leased
CNX Gas Company LLC - CBM Leased
Reserve Coal Properties Company - Oil and Gas Leased
16.27 acres 27.6983 %**

- 1A. **Buckhorn Coal Company - Tr. 7 - Surface**
- 1B. **Jearldine Whited - Surface**
- 1C. **Beulah Brown - Surface**
- 1D. **Rafty Dye - Surface**
- 1E. **Cemetery - Unknown Surface Owner**

- 2A. **Swords Creek Land Partnership - Tr. 17 - Coal
Reserve Coal Properties Company - Below Tiller Coal Leased
CNX Gas Company LLC - Tiller and Above Coal Leased
CNX Gas Company LLC - CBM Leased
M. P. Whited Heirs, Devisees, Successors or Assigns – Surface and All Minerals except Coal
CNX Gas Company LLC - Oil, Gas and CBM Leased
0.15 acres 0.2554 %**

- 2B. **Swords Creek Land Partnership - Tr. 17 - Coal
Reserve Coal Properties Company - Below Tiller Coal Leased
CNX Gas Company LLC - Tiller and Above Coal Leased
CNX Gas Company LLC - CBM Leased
James A. Hale, et ux. – Surface and All Minerals except Coal
0.01 acres 0.0170 %**

- 2C. **Swords Creek Land Partnership - Tr. 17 - Coal
Reserve Coal Properties Company - Below Tiller Coal Leased
CNX Gas Company LLC - Tiller and Above Coal Leased
CNX Gas Company LLC - CBM Leased
Jearldine Whited – Surface and All Minerals except Coal
CNX Gas Company LLC - Oil, Gas and CBM Leased
23.96 acres 40.7899 %**

- 2D. **Swords Creek Land Partnership - Tr. 17 - Coal
Reserve Coal Properties Company - Below Tiller Coal Leased
CNX Gas Company LLC - Tiller and Above Coal Leased
CNX Gas Company LLC - CBM Leased
Tivis P. Brown, et ux. or James A. Hale, et ux. – Surface and All Minerals except Coal
0.02 acres 0.0341 %**

CNX GAS COMPANY LLC

**Unit AX-117
Tract Identifications
(58.74 Acre Unit)**

- 3. Swords Creek Land Partnership - Tr. 18 - All Minerals
Reserve Coal Properties Company - Below Tiller Coal Leased
CNX Gas Company LLC - Tiller and Above Coal Leased
CNX Gas Company LLC - CBM Leased
18.33 acres 31.2053 %**
- 3A. Beulah Brown - Surface**
- 3B. Jearldine Whited - Surface**
- 3C. Rafty Dye - Surface**
- 3D. Cemetery - Unknown Surface Owner**

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Exhibit A, Page 2

Ownership information pertaining to AX-117 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>
99.9147%		99.9147%

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>
0.0853%		0.0853%

3. Percentage of coal owned/leased: 100.00%

4. Total interest to be pooled:

- a. Coal interest: 0.00%
- b. Oil & Gas interest: 0.0853%

6/2/03

Exhibit B-3
Unit AX-117
Docket #VGOB 03-0715-1159
List of Unleased Owners/Claimants
(58.74 Acre Unit)

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	Acres in Unit	Interest in Unit
II. OIL & GAS FEE OWNERSHIP		
<u>Tract #2A, 0.15 acres</u>		
(1) M.P. Whited Heirs, Devisees, Successors or Assigns	0.15 acres	0.2554%
(e) Eveline Whited & John Franklin Heirs, Devisees, Successors or Assigns		
(e.1) John Glen Franklin 250 Click Town road Church Hill, TN 37642	0.003 1/52 of 0.15 acres	0.0049%
(h) Lucy Whited & W.H. Brown Heirs, Devisees, Successors or Assigns		
(h.2) Beulah Brown Rt.1 Box 247 Swords Creek, VA 24649	0.006 1/26 of 0.15 acres	0.0098%
(i) Charley Whited Address Unknown	0.012 1/13 of 0.15 acres	0.0196%
<u>Tract #2B, 0.01 acres</u>		
(1) James A. Hale, et ux. RR1 Box 259 Swords Creek, VA 24649	0.01 acres	0.0170%
<u>Tract #2D, 0.02 acres</u>		
(1) James A. Hale, et ux. RR1 Box 259 Swords Creek, VA 24649	0.02 acres	0.0340%

Exhibit E
Unit AX-117

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List of Conflicting Owners/Claimants that require escrow
(58.74 Acre Unit)

	Acres in Unit	Interest in Unit
<u>Tract #2A, 0.15 acres</u>		
<u>COAL FEE OWNERSHIP</u>		
(1) Swords Creek Land Partnership, Tr.17 P.O. Box 29 Tazewell, VA 24651	0.15 acres	0.2554%
<u>OIL & GAS FEE OWNERSHIP</u>		
(1) M.P. Whited Heirs, Devisees, Successors or Assigns	0.15 acres	0.255%
(b) Pauline & Manuel McPheron Heirs, Devisees, Successors or Assigns		
(b.1) Roger McPheron P.O. Box 1222 Wise, VA 24293	0.003 1/52 of 0.15 acres	0.005%
(c) Audrey Franklin 106 Johnson Street Weber City, VA 24290	0.003 1/52 of 0.15 acres	0.005%
(d) Wiley & Betty Whited, Both Deceased (NO HEIRS)		
(e) Eveline Whited & John Franklin Heirs, Devisees, Successors or Assigns		
(e.1) John Glen Franklin 250 Click Town road Church Hill, TN 37642	0.003 1/52 of 0.15 acres	0.005%
(f) Roby & Naomi Whited Heirs, Devisees, Successors or Assigns		
(f.1) Linkous Whited Rt.2 Box 100 Honaker, VA	0.012 1/13 of 0.15 acres	0.020%
(f.2) McKinley Whited P.O. Box 1079 Raven, VA 24639	0.012 1/13 of 0.15 acres	0.020%
(f.3) Virginia Phipps HCR 63 Box 53 Jewell Ridge, VA 24622	0.012 1/13 of 0.15 acres	0.020%
(f.4) Hubert Whited 3120 St. Rt.98 Bucyrus, OH 44820	0.012 1/13 of 0.15 acres	0.020%
(g) Thelma Whited 160 Charleston St. Box 8 Weber City, VA 24290	0.003 1/52 of 0.15 acres	0.005%

Exhibit E
Unit AX-117

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Docket #VGOB 03-0715-1159

List of Conflicting Owners/Claimants that require escrow
(58.74 Acre Unit)

	Acres in Unit	Interest in Unit
(h) Lucy Whited & W.H. Brown Heirs, Devisees, Successors or Assigns		
(h.1) Kyle Brown Rt.1 Box 231 Swords Creek, VA 24649	0.006 1/26 of 0.15 acres	0.010%
(h.2) Beulah Brown Rt.1 Box 247 Swords Creek, VA 24649	0.006 1/26 of 0.15 acres	0.010%
(h.3) Ada Reedy c/o Ralph Reedy, Power of Attorney P.O. Box 159 Davin, WV 25617	0.006 1/26 of 0.15 acres	0.010%
(h.4) Idinia Perkins 1003 N. Trumble Road Mansfield, OH 44906	0.006 1/26 of 0.15 acres	0.010%
(i) Charley Whited Address Unknown	0.012 1/13 of 0.15 acres	0.020%
(j) H.C. Bostic Coal Company P.O. Box 220 Swords Creek, VA 24649	0.011 1/14 of 0.15 acres	0.018%

Tract #2B, 0.01 acres

COAL FEE OWNERSHIP

(1) Swords Creek Land Partnership, Tr.17 P.O. Box 29 Tazewell, VA 24651	0.01 acres	0.0170%
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OIL & GAS FEE OWNERSHIP

(1) James A. Hale, et ux. RR1 Box 259 Swords Creek, VA 24649	0.01 acres	0.0170%
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Tract #2D, 0.02 acres

COAL FEE OWNERSHIP

(1) Swords Creek Land Partnership, Tr.17 P.O. Box 29 Tazewell, VA 24651	0.02 acres	0.0340%
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OIL & GAS FEE OWNERSHIP

(1) Tivis P. Brown, et ux. Rt.1 Box 257 Swords Creek, VA 24649	0.02 acres	0.034%
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Exhibit E
Unit AX-117
Docket #VGOB 03-0715-1159
List of Conflicting Owners/Claimants that require escrow
(58.74 Acre Unit)

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	Acres in Unit	Interest in Unit
- OR -		
(1) James A. Hale, et ux. RR1 Box 259 Swords Creek, VA 24649	0.02 acres	0.0340%

VIRGINIA: IN THE OFFICE OF THE CLERK OF THE CIRCUIT COURT OF RUSSELL COUNTY, 8-15, 2003. This deed was this day presented in said office, and upon the certificate of acknowledgment thereto annexed, admitted to record at 8:57 o'clock AM, after payment of \$ tax imposed by Sec. 58.1-802.

Original returned this date to: Diane Davis

TESTE: DOLLIE M. COMPTON, CLERK
BY: Dollie M. Compton CLERK

0003634