

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: AZ99

TRACT(S): A portion of 1B

LOCATION: BUCHANAN County, Virginia

DOCKET NUMBER: VGOB-04-0120-1250-03

APPLICANTS: CNX Gas Company LLC on behalf of Allen Sanders, Christa Hess, Edward Tiller, Harley Sanders, Loeita Austin Lambert, Ronnie Tiller

HEARING DATE AND LOCATION: Russell County Government Center, Lebanon, Virginia
March 21, 2017

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

PRIOR PROCEEDINGS:

1. Original Pooling Order Executed 09/21/2004, Recorded on 09/23/2004, Deed Book/Instrument No. 603, Page 176.
2. Supplemental Order, Recorded on 03/14/2005, Deed Book/Instrument No. 614, Page 66.
3. Disbursement Order -01 Executed 05/24/2010, Recorded on 06/10/2010, Deed Book/Instrument No. 100001527.
4. Disbursement Order -02 Executed 12/19/2011, Recorded on 01/11/2012, Deed Book/Instrument No. 120000050.

NOTICE:

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The Unit Operator gave notice to the Applicants that the Board would consider its disbursement petition at the March 21, 2017 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) A portion of 1B identified in the attached petition.
- (2) Delete the requirement that the Unit Operator place future royalties attributable to Tract(s) A portion of 1B relative to the interests of the Applicants identified in the attached petition.
- (3) Continue 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. Loeita Lambert, Edward Tiller, Christa Hess, Ronnie Tiller, Harley Sanders, and Allen Sanders are the gas claimants in Tracts portion of 1B. As such Loeita Lambert, Edward Tiller, Christa Hess, Ronnie Tiller, Harley Sanders, and Allen Sanders are entitled to 100% of the CBM royalties now in escrow and as may be hereafter payable. See Va. Code Ann. § 45.1-361.22:2.A.
- b. That CNX Gas Company LLC has given the notice(s) required by § 45.1-361.22:2.A to all conflicting claimants identified in the above referenced pooling Order and any supplemental Orders pertaining thereto.
- c. That none of the conflicting claimants noticed have provided, within 45 days of the notice(s) given as provided in b. above, the Board, its designated agent the Director of the Division of Gas and Oil, the Operator and/or the Applicant evidence of either an agreement regarding the escrowed funds/royalties or a proceeding regarding same.
- d. That a detailed accounting in accordance with the applicable provisions of § 45.1-361.22 is submitted herewith and identified as Exhibit J.
- e. That an Exhibit identified as Table 1 is annexed hereto, and it specifies how the disbursement(s) is to be calculated and paid by the escrow agent.
- f. That Va. Code Ann. § 45.1-361.22:2.A. further provides that the Operator shall pay such royalties as may hereafter be payable directly to the gas claimant Loeita Lambert, Edward Tiller, Christa Hess, Ronnie Tiller, Harley Sanders, and Allen Sanders and not escrow same. See Exhibit EE annexed hereto.

1. The Escrow Agent is ordered, to within ten (10) days of receipt of this executed order, disburse funds for the unit and applicants detailed in Table 1.
2. The Escrow Agent is ordered to continue the Escrow Account for the Subject Drilling unit based on the attached Revised Exhibit E which replaces all prior Exhibit E's recorded for the Subject Drilling Unit.

CONCLUSION:

Therefore, the requested relief and all terms and provisions set forth above be and hereby are granted and IT IS SO ORDERED.

APPEALS:

Appeals of this Order are governed by the provisions of the Code of Virginia § 45.1-361.9 which provides that any order or decision of the Board may be appealed to the appropriate circuit court and that whenever a coal owner, coal operator, gas owner, gas operator, or operator of a gas storage field certificated by the State Corporation Commission is a party in such action, the court shall hear such appeal de novo.

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DONE AND EXECUTED this 22 day of March, 2017 by a majority of the Virginia Gas and Oil Board.



Chairman, Bradley C. Lambert

DONE AND PERFORMED this 22 day of March, 2017 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 22nd day of March, 2017, 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 04-0120-1250-03

RELIEF SOUGHT: (1) DISBURSEMENT FROM ESCROW REGARDING TRACT(S) A portion of 1B (2) AND AUTHORIZATION FOR DIRECT PAYMENT OF ROYALTIES (3) AND DISMISSAL OF COAL OWNERS PURSUANT TO CODE OF VIRGINIA SECTION 45.1-361.22:2.

HEARING DATE: February 21, 2017

DRILLING UNIT: AZ99

BUCHANAN COUNTY, VIRGINIA

PETITION FOR ORDER OF DISBURSEMENT OF ESCROW FUNDS

1. Petitioner and its counsel

Petitioner is CNX Gas Company LLC, PO Box 570, Pounding Mill, VA 24637, (276)596-5075. Petitioner's counsel is Mark A. Swartz, Hillard & Swartz, LLP, 122 Capital Street, Suite 201, Charleston, WV 25301.

2. Relief Sought

(1) the disbursement of escrowed funds heretofore deposited with the Board's Escrow Agent, attributable to a portion of Tract 1B, as depicted upon the annexed table; and (2) authorization to begin paying royalties directly to Loeita Lambert, Edward Tiller, Christa Hess, Ronnie Tiller, Harley Sanders, and Allen Sanders; (3) Dismissal of Coal Owner: H-W Financial, LLC (formerly Harrison-Wyatt, L.L.C.).

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. Loeita Lambert, Edward Tiller, Christa Hess, Ronnie Tiller, Harley Sanders, and Allen Sanders are the gas claimants in Tracts portion of 1B. As such Loeita Lambert, Edward Tiller, Christa Hess, Ronnie Tiller, Harley Sanders, and Allen Sanders are entitled to 100% of the CBM royalties now in escrow and as may be hereafter payable. See Va. Code Ann. § 45.1-361.22:2.A.
- b. That CNX Gas Company LLC has given the notice(s) required by § 45.1-361.22:2.A to all conflicting claimants identified in the above referenced pooling Order and any supplemental Orders pertaining thereto.
- c. That none of the conflicting claimants noticed have provided, within 45 days of the notice(s) given as provided in b. above, the Board, its designated agent the Director of the Division of Gas and Oil, the Operator and/or the Applicant evidence of either an agreement regarding the escrowed funds/royalties or a proceeding regarding same.
- d. That a detailed accounting in accordance with the applicable provisions of § 45.1-361.22 is submitted herewith and identified as Exhibit J.
- e. That an Exhibit identified as Table 1 is annexed hereto, and it specifies how the disbursement (s) is to be calculated and paid by the escrow agent.
- f. That Va. Code Ann. § 45.1-361.22:2.A. further provides that the Operator shall pay such royalties as may hereafter be payable directly to the gas claimant Loeita Lambert, Edward Tiller, Christa Hess, Ronnie Tiller, Harley Sanders, and Allen Sanders 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.

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

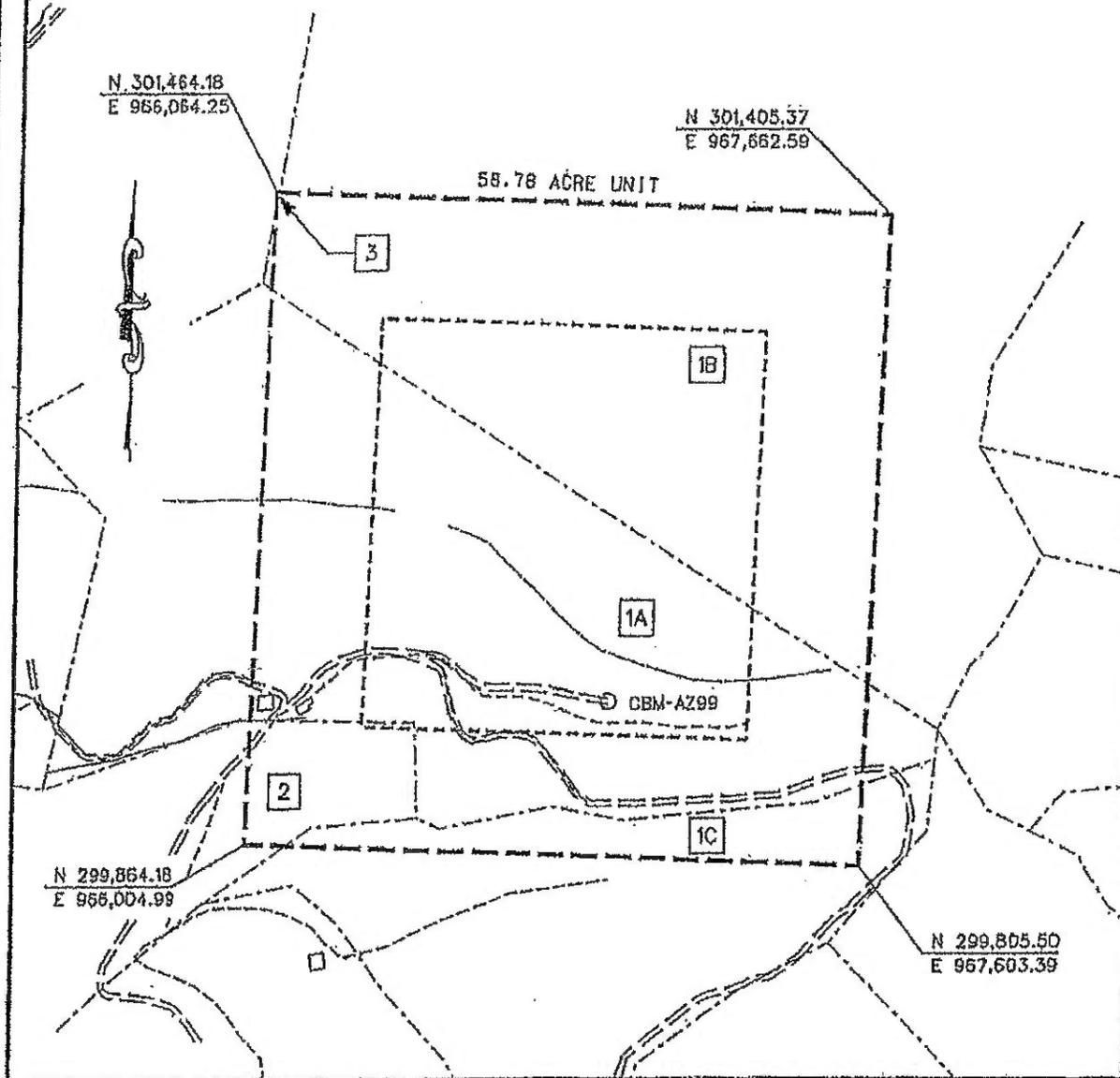


EXHIBIT A
NORA FIELD
UNIT AZ-99
FORCE POOLING
VGOB-04-0120-1250 ✓

Company CNX Gas Company LLC Well Name and Number UNIT AZ99
 Tract No. _____ Elevation _____ Quadrangle Big A
 County Buchanan District Hurricane Scale: 1" = 400'
 This plot is a new plot X an updated plot _____ or a final plat _____

Form DGD-60-7
Rev. 9/91

Licensed Professional Engineer or Licensed Land Surveyor

Keith A. Franklin

7 DEC 03
 KEITH A. FRANKLIN
 (Affix Seal)
 No. 023780
 PROFESSIONAL ENGINEER
 STATE OF VIRGINIA

**CNX Gas Company LLC
UNIT AZ-99**

Tract Identifications
(58.78 Acre Unit)

- 1A. Harrison-Wyatt, L.L.C. (Big Axe Tr. 4) - Coal
Jewell Smokeless Coal Corp. - Coal Above Jawbone Seam Leased
CNX Gas Company LLC - CBM Leased
Gregory D. Austin, et ux - Surface and All Minerals except Coal
CNX Gas Company LLC - Oil, Gas and CBM Leased
27.08 acres 46.0701%
- 1B. Harrison-Wyatt, L.L.C. (Big Axe Tr. 4) - Coal
Jewell Smokeless Coal Corp. - Coal Above Jawbone Seam Leased
CNX Gas Company LLC - CBM Leased
Fielden Sanders Heirs, et al. - Surface and All Minerals except Coal
CNX Gas Company LLC - Oil, Gas and CBM Leased (85%)
25.53 acres 43.4331%
- 1C. Harrison-Wyatt, L.L.C. (Big Axe Tr. 4) - Coal
Jewell Smokeless Coal Corp. - Coal Above Jawbone Seam Leased
CNX Gas Company LLC - CBM Leased
Dallis James, et ux - Surface and All Minerals except Coal
CNX Gas Company LLC - Oil, Gas and CBM Leased
3.40 acres 5.7843%
2. Harrison-Wyatt, L.L.C. (Big Axe Tr. 8) – All Minerals
Jewell Smokeless Coal Corp. – Coal in Tiller and Above Leased
CNX Gas Company LLC – Oil, Gas and CBM Leased
Chester McGlothlin – et ux
2.76 acres 4.6955%
3. Harrison-Wyatt, L.L.C. (Big Axe Tr. 2) – All Minerals
Jewell Smokeless Coal Corp. - Coal Above Jawbone Seam Leased
CNX Gas Company LLC - Oil, Gas and CBM Leased
Unknown Surface Owner
0.01 acres 0.0170%

Exhibit E
Unit AZ-99
VGOB# 04-0120-1250-03
List of Respondents that require escrow
(58.78 Acre Unit)

	Acres in Unit	Percent of Unit
<u>Tract #1B - 25.53 acres</u>		
<u>COAL OWNERSHIP</u>		
(1) H-W Financial, LLC (Big Axe Tr.4) P.O. Box 11000 Danville, VA 24543	25.53 acres	43.4331%
<u>OIL & GAS OWNERSHIP</u>		
(1) Fielden Sanders Heirs, Devisees, Successors or Assigns, et al.	25.53 acres	43.4331%
<u>Outstanding W-9/Affidavits</u>		
(c) Lena Sanders Sulorka 751 Forest Hill Road Gordenville, VA 22942	1.2157 acres 1/21 of 25.53 acres	2.0682%
(d) Daniel Sanders Heirs, Devisees, Successors or Assigns		
(d.1) Orie Wangler Rt. 2 Box 466 McLoud, OK 74851	0.3039 acres 1/84 of 25.53 acres	0.5171%
(d.2) Wainoke Kummell 16826 Topeka Lane Choctaw, OK 74020	0.3039 acres 1/84 of 25.53 acres	0.5171%
(d.3) Latrenda Sanders Rt. 2 Box 466 McLoud, OK 74851	0.3039 acres 1/84 of 25.53 acres	0.5171%
(d.4) Lamona Heck PO Box 1407 Bedford, VA 24523	0.3039 acres 1/84 of 25.53 acres	0.5171%
(e) Julia Sanders O'Quinn 1232 Green-Cook Road Sunbury, OH 43074	1.2157 acres 1/21 of 25.53 acres	2.0682%
(g) Wade Sanders Heirs, Devisees, Successors or Assigns		
(g.4) Terry Sanders 271 Pleasant Ridge Road Franklinville, NC 27248	0.3039 acres 1/84 of 25.53 acres	0.5171%
Total Acres in Escrow	3.9511	
Total Percentage		6.7218%

Exhibit EE
Unit AZ-99
Docket #VGOB 04-0120-1250-03

170000711

List of Respondents with Royalty Split Agreements/Court Order/HB2058
(58.78 Acre Unit)

	Acres In Unit	Percent of Unit	Percent of Escrow
<u>Tract #1A - 27.08 acres</u>			
<u>COAL OWNERSHIP</u>			
(1) H-W Financial, LLC (Big Axe Tr.4) P.O. Box 11000 Danville, VA 24543	27.08 acres	46.0701%	n/a
<u>OIL & GAS OWNERSHIP</u>			
(1) Gregory D. Austin, et ux. 4654 Old Grissom Honaker, VA 24260	27.08 acres	46.0701%	n/a
<u>Tract #1B - 25.53 acres</u>			
<u>COAL OWNERSHIP</u>			
(1) H-W Financial, LLC (Big Axe Tr.4) P.O. Box 11000 Danville, VA 24543	25.53 acres	43.4331%	n/a
<u>OIL & GAS OWNERSHIP</u>			
(1) Fielden Sanders Heirs, Devisees, Successors or Assigns, et al.	25.53 acres	43.4331%	
(1) Ora Sanders Heirs, Devisees, Successors or Assigns			
(a) Oma Sanders Tiller Heirs, Devisees, Successors or Assigns			
(a.1) Loeita Austin 74 Hillcrest Court Lebanon, VA 24266	0.6079 acres 1/42 of 25.53 acres	1.0341%	8.4507% HB2058
(a.2) Edward Tiller 7491 Red Bud Hwy Honaker, VA 24260	0.6079 acres 1/42 of 25.53 acres	1.0341%	8.4507% HB2058
(b) Leafy Sanders Tiller Heirs, Devisees, Successors or Assigns			
(b.1) Christa Hess 3319 Wayfield Drive Johnson City, TN 37601	0.6079 acres 1/42 of 25.53 acres	1.0341%	8.4507% HB2058
(b.2) Ronnie Tiller 791B Gold Leaf Circle Spotsylvania, VA 22551	0.6079 acres 1/42 of 25.53 acres	1.0341%	8.4507% HB2058
(f) Ellis Sanders Heirs, Devisees, Successors or Assigns			
(f.1) Beatrice Jane MacCormac 8732 Phipps Farm Way Manassas, VA 20109	0.6079 acres 1/42 of 25.53 acres	1.0341%	n/a
(f.2) Betty Sue Sanders Fletcher 1281 Old Grissom Creek Rd. Honaker, VA 24260	0.6079 acres 1/42 of 25.53 acres	1.0341%	n/a

Exhibit EE
Unit AZ-99

170000711

Docket #VGOB 04-0120-1250-03

List of Respondents with Royalty Split Agreements/Court Order/HB2058
(58.78 Acre Unit)

	Acres In Unit	Percent of Unit	Percent of Escrow
(g) Wade Sanders Heirs, Devisees, Successors or Assigns			
(g.1) Nadine Sanders Hurley 1219 Swords Creek Road Honaker, VA 24260	0.3039 acres 1/84 of 25.53 acres	0.5171%	n/a
(g.2) Adrine Sanders Horn c/o Mary Ilene Stanley PO Box 324 Richlands, VA 24641	0.3039 acres 1/84 of 25.53 acres	0.5171%	n/a
(g.3) Roger Sanders P.O. Box 82 Pilgrims Knob, VA 24634	0.3039 acres 1/84 of 25.53 acres	0.5171%	n/a
(2) Fielden Sanders Heirs, Devisees, Successors or Assigns			
(a) Chester Sanders 408W Dartmouth Avenue Melbourne, FL 32901	4.2550 acres 1/6 of 25.53 acres	7.2389%	n/a
(b) Dave Sanders 590 Bailey Switch Rd. Bluefield, VA 24605	4.2550 acres 1/6 of 25.53 acres	7.2389%	n/a
(c) Norman Sanders 2013 Otterdale Road Midlothian, VA 23112	4.2550 acres 1/6 of 25.53 acres	7.2389%	n/a
(d) Estil Sanders Heirs, Devisees, Successors or Assigns (1/6)			
(d.1) Goldie Sanders Heirs, Devisees, Successors or Assigns (1/18)			
<i>*Note: 1/18 interest divided among heirs listed below - Heir will be paid for Goldie's portion because she had a Royalty Split agreement, but their original 1/63 interest will remain escrowed. Unless an individual agreement has been signed</i>			
(d.1.1) James Sanders 96 1st Street Cleveland, VA 24225	0.2026 acres 1/126 of 25.53 acres	0.3447%	n/a
(d.1.2) Judy Sanders Israel 5136 Drill Road Honaker, VA 24260	0.2026 acres 1/126 of 25.53 acres	0.3447%	n/a
(d.1.3) Harley Sanders 172 Vantage Drive Tazewell, VA 24651	0.2026 acres 1/126 of 25.53 acres	0.3447%	n/a
(d.1.4) Jerry Sanders 110 Roydon Street Pounding Mill, VA 24637-4122	0.2026 acres 1/126 of 25.53 acres	0.3447%	n/a
(d.1.5) Larry Sanders P.O. Box 996 Honaker, VA 24260	0.2026 acres 1/126 of 25.53 acres	0.3447%	n/a
(d.1.6) Allen Sanders P.O. Box 2254 Lebanon, VA 24266	0.2026 acres 1/126 of 25.53 acres	0.3447%	n/a

Exhibit EE
Unit AZ-99

170000711

Docket #VGOB 04-0120-1250-03

List of Respondents with Royalty Split Agreements/Court Order/HB2058
(58.78 Acre Unit)

	Acres in Unit	Percent of Unit	Percent of Escrow
(d.1.7) Evelyn Sanders Nash 19 Heritage Drive Honaker, VA 24260	0.2026 acres 1/126 of 25.53 acres	0.3447%	n/a
(d.2) James Sanders 96 1st Street Cleveland, VA 24225	0.4052 acres 1/63 of 25.53 acres	0.6894%	n/a
(d.3) Judy Sanders Israel 5136 Drill Road Honaker, VA 24260	0.4052 acres 1/63 of 25.53 acres	0.6894%	n/a
(d.4) Harley Sanders 172 Vantage Drive Tazewell, VA 24651	0.4052 acres 1/63 of 25.53 acres	0.6894%	5.6338% HB2058
(d.5) Jerry Sanders 110 Roydon Street Pounding Mill, VA 24637-4122	0.4052 acres 1/63 of 25.53 acres	0.6894%	n/a
(d.6) Larry Sanders P.O. Box 996 Honaker, VA 24260	0.4052 acres 1/63 of 25.53 acres	0.6894%	n/a
(d.7) Allen Sanders P.O. Box 2254 Lebanon, VA 24266	0.4052 acres 1/63 of 25.53 acres	0.6894%	5.6338% HB2058
(d.8) Evelyn Sanders Nash 19 Heritage Drive Honaker, VA 24260	0.4052 acres 1/63 of 25.53 acres	0.6894%	n/a

Tract #1C - 3.40 acres

COAL OWNERSHIP

(1) H-W Financial, LLC (Big Axe Tr.4) P.O. Box 11000 Danville, VA 24543	3.40 acres	5.7843%	n/a
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OIL & GAS OWNERSHIP

(1) Dallis James, et ux. 4565 Old Grissom Creek Rd. Honaker, VA 24260	3.40 acres	5.7843%	n/a
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Total Conflicts Resolved 52.0589
Total Percentage 88.5657%

INSTRUMENT #170000711
RECORDED IN THE CLERK'S OFFICE OF
BUCHANAN COUNTY ON
APRIL 12, 2017 AT 09:42AM

BEVERLY S. TILLER, CLERK
RECORDED BY: GGB