

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: BF117

TRACT(S): 2

LOCATION: RUSSELL County, Virginia

DOCKET NUMBER: VGOB-04-1019-1347-01

APPLICANTS:

CNX Gas Company LLC on behalf of Buckhorn Coal Company, Swords Creek Land Partnership

HEARING DATE AND LOCATION:

Russell County Government Center, Lebanon, Virginia
April 19, 2016 and May 10, 2016

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

PRIOR PROCEEDINGS:

1. Original Pooling Order Executed 04/19/2005, Recorded on 04/20/2005, Deed Book/Instrument No. 629, Page 568.
2. Supplemental Order, Recorded on 04/02/2008, Deed Book/Instrument No. 688, Page 432.

NOTICE:

The Unit Operator gave notice to the Applicants that the Board would consider its disbursement petition at the April 19, 2016 hearing and was continued to May 10, 2016 where the Board 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) 2 identified in the attached petition.

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(2) Delete the requirement that the Unit Operator place future royalties attributable to Tract(s) 2 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. Swords Creek Land Partnership & Buckhorn Coal Company 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. 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 Swords Creek Land Partnership & Buckhorn Coal Company 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.

DONE AND EXECUTED this 11 day of May, 2016 by a majority of the Virginia Gas and Oil Board.



Chairman, Bradley C. Lambert

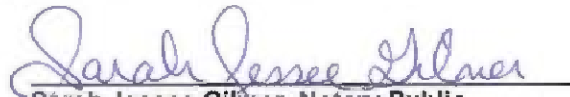
DONE AND PERFORMED this 11 day of May, 2016 by Order of the Virginia Gas and Oil Board.



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

COMMONWEALTH OF VIRGINIA
COUNTY OF RUSSELL

Acknowledged on this 11th day of May, 2016 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 04-1019-1347-01

RELIEF SOUGHT: (1) DISBURSEMENT FROM ESCROW REGARDING TRACT(S) 2 (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: April 19, 2016

DRILLING UNIT: BF117

RUSSELL COUNTY, VIRGINIA

PETITION FOR ORDER OF DISBURSEMENT OF ESCROW FUNDS

1. Petitioner and its counsel

Petitioner is CNX Gas Company LLC, P. O. 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 Tract 2, as depicted upon the annexed table; and (2) authorization to begin paying royalties directly to Swords Creek Land Partnership & Buckhorn Coal Company.

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. Swords Creek Land Partnership & Buckhorn Coal Company 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. 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 Swords Creek Land Partnership & Buckhorn Coal Company 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.

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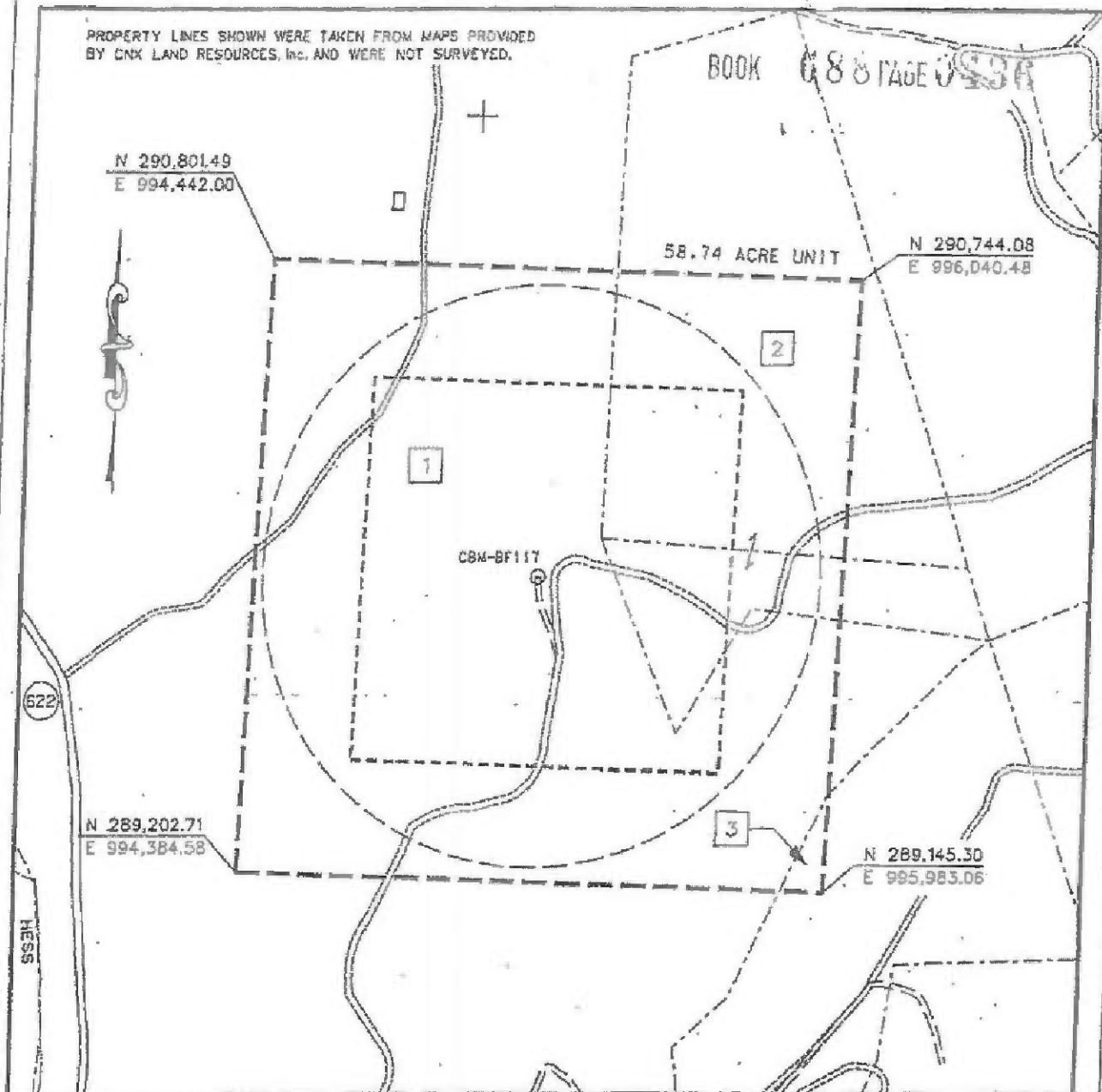
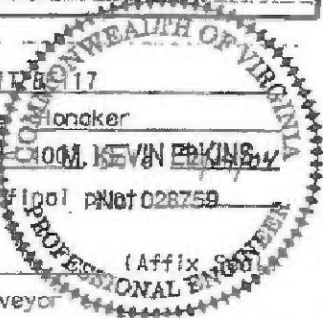


EXHIBIT A
MIDDLE RIDGE 1 FIELD
UNIT BF-117
FORCE POOLING
VGDB-04-1019-1347

Company CNX Gas Company LLC Well Name and Number UNIT BF-117
Tract No. _____ Elevation _____ Quadrangle _____
County Russell District New Garden Scale: 1" = 100'
This plat is a new plat X ; an updated plat _____ ; or a final plat _____

Form DGO-GD-7
Rev. 9/91

M. Kevin Perkins
Licensed Professional Engineer or Licensed Land Surveyor



CNX Gas Company LLC**UNIT BF 117**

Tract Identifications

(58.74 Acre Unit)

1. Swords Creek Land Partnership Tr. 1 (880.51 Acre Tract) - Fee
Reserve Coal Properties Company - Coal Below Drainage Leased
Knox Creek Coal Corporation - Coal Above Drainage Leased
CNX Gas Company LLC - Oil, Gas and CBM Leased
44.12 acres 75.1107%
2. Swords Creek Land Partnership Tr. 8 (22.40 Acre Tract) - Coal
Reserve Coal Properties Company - Coal Below Tiller Seam Leased
Knox Creek Coal Corporation - Tiller and Above Coal Leased
Buckhorn Coal Company - All Minerals except Coal
CNX Gas Company LLC - Oil, Gas and CBM Leased
Delmer S. Vencil, et al (Directors as Trustees in Liquidation of Kelsa Corporation) - Surface
14.28 acres 24.3105%
3. Swords Creek Land Partnership (14 Acre Tract) - All Minerals (1/2 undivided interest)
E. G. Hunter, et al OR Garnett Herman Buckles - All Minerals (1/2 undivided interest)
CNX Gas Company LLC - (1/2) CBM Leased (Swords Creek Land Partnership interest)
Swords Creek Land Partnership - Surface
0.34 acres 0.5788%

Exhibit E
Unit BF-117
Docket #VGOB 04-1019-1347-01
List of Conflicting Owners/Claimants that require escrow
(58.74 Acre Unit)

	Acres In Unit	Interest In Unit
<u>Tract #3, 0.34 acres</u>		
<i>Escrow due to title conflict</i>		
<u>COAL OWNERSHIP</u>		
(1) Swords Creek Land Partnership, et al.	0.34 acres	0.5788%
(b) E.G. Hunter, et al. Estate of E.G. Hunter and The First National Bank of Sullivan Co. TN c/o AmSouth Trust Department P.O. Box 1981 Kingsport, TN 37662	0.1700 acres 1/2 of 0.34 acres	0.2894%
- OR -		
(b) Garnett Herman Buckles Rt.1 Box 512 Lebanon, VA 24266	0.1700 acres 1/2 of 0.34 acres	0.2894%
<u>OIL & GAS OWNERSHIP</u>		
(1) Swords Creek Land Partnership, et al.	0.34 acres	0.5788%
(b) E.G. Hunter, et al. Estate of E.G. Hunter and The First National Bank of Sullivan Co. TN c/o AmSouth Trust Department P.O. Box 1981 Kingsport, TN 37662	0.1700 acres 1/2 of 0.34 acres	0.2894%
- OR -		
(b) Garnett Herman Buckles Rt.1 Box 512 Lebanon, VA 24266	0.1700 acres 1/2 of 0.34 acres	0.2894%

Exhibit EE
Unit BF-117
Docket #VGOB 04-1019-1347-01
List of Respondents with Royalty Split Agreements/Court Orders/HB2058
(58.74 Acre Unit)

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	Acres in Unit	Interest in Unit	Percent of Escrow
Tract #2, 14.28 acres			
COAL OWNERSHIP			
(1) Swords Creek Land Partnership, Tr.8 P.O. Box 187 Tazewell, VA 24651	14.28 acres	24.3105%	49.4118% Royalty Split
OIL & GAS OWNERSHIP			
(1) Buckhorn Coal Company, Tr.17 P. O. Box 187 Tazewell, VA 24651	14.28 acres	24.3105%	49.4118% Royalty Split
Tract #3, 0.34 acres			
COAL OWNERSHIP			
(1) Swords Creek Land Partnership, et al.	0.34 acres	0.5788%	
(a) Swords Creek Land Partnership P.O. Box 187 Tazewell, VA 24651	0.1700 acres 1/2 of 0.34 acres	0.2894%	n/a
OIL & GAS OWNERSHIP			
(1) Swords Creek Land Partnership, et al.	0.34 acres	0.5788%	
(a) Swords Creek Land Partnership P.O. Box 187 Tazewell, VA 24651	0.1700 acres 1/2 of 0.34 acres	0.2894%	n/a

Note: There was never money put into escrow account for Swords Creek on Tr. 3

1600936

VIRGINIA: IN THE OFFICE OF THE CLERK OF THE CIRCUIT OF RUSSELL COUNTY, 5-23 2016. This deed was this day presented in said office, and upon the certificate of acknowledgment thereto annexed, admitted to record at 1:59 o'clock P M, after payment of \$ _____ tax imposed by Sec. 58.1-802.

Original returned this date to: Sarah Gilman

TESTE: ANN S. McREYNOLDS, CLERK

BY: Shirley Ketchum D. CLERK