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INSTRUMENT PREPARED BY
VIRGINIA GAS AND OIL BOARD

ORDER RECORDED UNDER CODE
OF VIRGINIA SECTION 45.1-361.26

VIRGINIA:

BEFORE THE VIRGINIA GAS AND OIL BOARD

SUPPLEMENTAL ORDER REGARDING

DOCKET NO. VGOB-05/06/21-1471

ELECTIONS, UNIT: AE-148

(hereinafter "Subject Drilling Unit")

TAX MAP IDENTIFICATION NUMBERS:

TAX MAP IDENTIFICATION NUMBERS FOR ALL PARCELS
AFFECTED BY THIS ORDER ARE SHOWN ON EXHIBIT (S) _
B WHICH IS/ARE ATTACHED TO AND A PART OF
THIS ORDER.

REPORT OF BOARD

FINDINGS AND ORDER

1. This Supplemental Order is entered by the Board sua sponte in the form authorized by the Board at its hearing held at 9:00 a.m. on October 20, 1992, Board of Supervisors Room, Courthouse, Grundy, Virginia, and pursuant to authority granted to the Board's Chairman at the hearing of the Virginia Gas and Oil Board on June 16, 1992, at 9:00 a.m. at the Rhododendron Restaurant at the Breaks Interstate Park, Breaks, Virginia; and this Supplemental Order is being recorded for the purpose of (1) complying with the requirement of the Virginia Gas and Oil Board Regulations, 4 VAC 25-160.70C by supplementing the Order previously issued by the Board for subject Docket on August 16, 2005, and recorded instrument # 050002472 at the Office of the Clerk of Circuit Court, Buchanan County, Virginia on August 18, 2005, (herein "Board Order") to complete the record regarding elections. The Board Order pooled all interest in Subject Drilling Unit including those of the Respondents more particularly set forth and identified by the Designated Operator in the affidavits attached hereto and made a part hereof. The Board finds it has jurisdiction over the subject matter pursuant to the provisions of the Virginia Gas and Oil Act, § 45.1-361.1 et seq., Virginia Code, 1950 as amended.
2. Findings: The Board finds that:
 - (a) The Board Order directed Appalachian Energy Inc., (herein the Designated Operator"), to mail copies of the Board Order to all respondents whose interest, if any, were pooled by said Board Order;
 - (b) The designated operator filed its affidavit of mailing dated October 6, 2005, disclosing that it had mailed a correct copy of the Board's Order to all Respondents whose interest, if any, were pooled by said Board Order;
 - (c) The Board Order required each Respondent whose interest, if any, were pooled by the terms of said Board Order to make his or her election within thirty (30)


days after the date of mailing or recording, as applicable, of said Order; the Designated Operator has filed its affidavit dated April 3, 2006, in accordance with § 7.C of the Virginia Gas and Oil Board Regulations and 4 VAC 25-160.70C (herein "Affidavit of Election"), wherein it has, for each Respondent whose interest, if any, were pooled by said Board Order, stated: (i) whether each Respondent has made or failed to make a timely election; (ii) the nature of the election made, if any; (iii) whether, by reason of a failure to elect or to timely elect one or more Respondents are deemed, under the terms of the Board's Order, to have leased all their rights, title, interest, estates and claims in Subject Drilling Unit to the Designated Operator;

- (d) The Board Order further required the Designated Operator, after expiration of the election period, to file with the Board a statement of the interests subject to escrow under the terms and provisions of the Board Order, in light of the elections made or deemed to have been made (herein "Statement of Interests"); that the Designated Operator furnished said Statement of Interests as part of its Affidavit of Election. A copy of which is attached hereto as Exhibit B;
 - (e) Current Board standards requiring the escrow of funds and the Board's agreement with its Escrow Agent, Wachovia Bank, Corporate Trust, PA 1328, 123 South Broad Street, Philadelphia, PA 19109-1199, (888) 396-0853, Attn: Rachel Rafferty, or any successor named by the Board, require the entry of a Supplemental Order establishing of record the elections made or deemed to have been made and specifying the sums or percentage thereof subject to escrow. Current Board escrow standards were made applicable to Subject Drilling Unit by a Board Order dated December 23, 1992.
3. Order: By this Order, the Board orders the Designated Operator to tender, consistent with and in accordance with the findings set forth at paragraph 2 above and the annexed Affidavits, any funds subject to escrow and instructs the Escrow Agent, Wachovia Bank, Corporate Trust, PA 1328, 123 South Broad Street, Philadelphia, PA 19109-1199, (888) 396-0853, Attn: Rachel Rafferty, or any successor named by the Board to establish interest-bearing escrow account(s), IRS Tax Identification Number 54-1629506, in accordance with the information set forth in said affidavits to receive such funds and account to the Board therefore.
 4. Mailing of Order and Filing of Affidavit: The Designated Operator under the captioned Order or its Attorney shall file an affidavit with the Secretary of the Board within ten (10) days after the date of receipt of this Order stating that a true and correct copy of this Order was mailed to each person whose interest or claim is subject to escrow and whose address is known.
 5. Conclusion: Therefore, the findings and all terms and provisions set forth above be and hereby are granted and IT IS SO ORDERED.
 6. Effective Date: This Order shall be effective on the date of its execution.

DONE AND EXECUTED this 18th day of April, 2006 by a majority of the Virginia Gas and Oil Board.

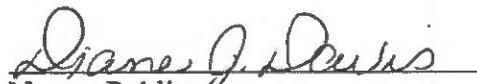

Chairman, Benny R. Wampler

DONE AND PERFORMED THIS 18th day of April, 2006 by Order of this Board.


B. R. Wilson
Principal Executive to the Staff
Virginia Gas and Oil Board

STATE OF VIRGINIA)
COUNTY OF Washington


Acknowledged on this 18th day of April, 2006, personally before me a notary public in and for the Commonwealth of Virginia, appeared Benny R. 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.


Notary Public

My commission expires: 9/30/09.

STATE OF VIRGINIA)
COUNTY OF Washington

Acknowledged on this 18th day of April, 2006, 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 Virginia Gas and Oil Board, that he executed the same and was authorized to do so.


Diane J. Davis
Notary Public

My commission expires: 9/30/09.

VIRGINIA:

BEFORE THE VIRGINIA GAS AND OIL BOARD

IN RE: Application of Appalachian Energy Inc., for Forced Pooling of Interests in Unit Number AE-148 VGOB Docket No. VGOB-05/06/21-1471 in the North Grundy Magisterial District of Buchanan County, Virginia.

AFFIDAVIT OF WILHOIT & KAISER, Attorneys-at-Law, Agents for the Designated Operator REGARDING ELECTIONS, ESCROW ACCOUNTS AND SUPPLEMENTAL ORDER

James E. Kaiser (herein Affiant), being first duly sworn on oath, deposes and says:

1. That the Affiant is an attorney in the law firm of WILHOIT & KAISER, the Agent for the Designated Operator, with offices located at 220 Broad Street, Kingsport, Tennessee 37660, and is authorized to give this Affidavit in its behalf;
2. That the Order entered on August 16, 2005, by the Virginia Gas and Oil Board regarding the captioned Conventional Unit required the Applicant to mail a true and correct copy of said Order to each person pooled by said Order;
3. That within seven (7) days of the receipt of an executed copy of the Order referred to at Paragraph 2. above, the Affiant was directed to cause a true and correct copy of said Order to be mailed via the United States Postal Service to each Respondent named in the captioned Application, whose address was known, and to all persons, if any, who are added as Respondents at the hearing held in the captioned matter;
4. That the Order of the Virginia Gas and Oil Board in the captioned matter required all persons pooled thereby to tender their written elections to the Unit Operator within thirty (30) days of the date said Order was recorded in the county above named; that said Order was recorded on August 18, 2005.
5. That the Designated Operator, by and through their agent, Wilhoit & Kaiser, Attorneys-at-Law, have established procedures to review all mail received and all written documents received by means other than by mail to ascertain whether parties whose interest have been pooled have made a written election, in a timely fashion, as required by the captioned Order; that said procedures were followed to identify the elections, if any, made with regard to Subject Unit; that the following persons delivered, by mail or otherwise, written elections to the Unit Operator, within the thirty day election periods:

NONE

6. That the interest and/or claims of the following persons (who made timely elections, or who are deemed under the terms of the Board's Order to have leased, or who, subsequent to the pooling hearing held in the captioned matter, have leased or

otherwise entered into an agreement with the Designated Operator) are subject to escrow under the Board's Order pooling the captioned Unit, as unknown or/unlocatable.

NONE

7. That after the pooling hearing held in the captioned matter, the following persons have leased or entered into a voluntary agreement with the Designated Operator with regard to their interest and/or claims.

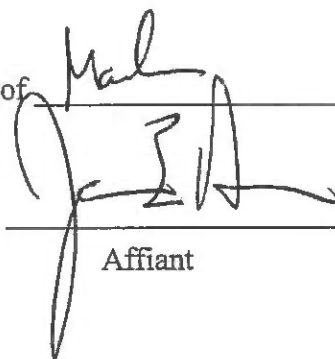
<u>Tract</u>	<u>Lessor</u>
2	Rhonda Gail Bingel 246 Vine Place Stafford, VA 22554
	Brenda Puckett Tate 2137 Harpoon Drive Stafford, VA 22554
	Frances Loredith Yates HCR 76, Box 406 Big Rock, VA 24603
	Robin Renee Fletcher HCR 76, Box 406 Big Rock, VA 24603
	Harry Eugene Yates HCR 72, Box 408 Big Rock, VA 24603

8. That the following persons have not made a timely election and have failed to enter into an agreement with the Designated Operator and their respective interests shall be deemed to have leased pursuant to and in accordance with paragraph 10 of the Order.

<u>Tract</u>	<u>Lessor</u>	<u>Cash Consideration</u>
2	Lawrence Jackson Grand Court Bristol View Drive Bristol, VA	1.5750 X \$5.00 = \$7.88

That pursuant to the provision of 4VAC 25-160.70C annexed hereto and incorporated herein is a proposed supplemental order to be entered to complete the record regarding elections; that said annexed supplemental order sets forth that the services of the Escrow Agent are not required in this matter pursuant to the terms of §§ 45.1-361.21.D.


Dated at Kingsport, Tennessee, this 30th day of March 2006.



Affiant

Taken, subscribed and sworn to before me by James E. Kaiser, the Agent of Appalachian Energy Inc., a corporation, on behalf of the corporation, this 30th day of March 2006.

My commission expires: 11-12-08



Notary



EXHIBIT "B"
AE-148

<u>Tract</u>	<u>Lessor</u>	<u>Lease Status</u>	<u>Interest Within Unit</u>	<u>Gross Acreage In Unit</u>
	<u>Coal, Gas & Oil Estate</u>			
1	Barbara K. Oakley 440 Arlington Ave. Bristol, VA 24201	Leased	25.7964%	17.9698
	Selma S. Kelly and Barbara Kelly Oakley, Trustees of the Trust created By the Will of Robert W. Kelly Jr. 440 Arlington Ave. Bristol, VA 24201	Leased	12.8983%	8.9846
	Ann Wood Kelly Box 272 Reedville, VA 22539	Leased	4.2994%	2.9947
	Elizabeth K. Whitman 10 Kenwood Road Tenafly, NJ 07670	Leased	1.4332%	0.9984
	James M. Kelly 12 Madrono Ct. Corte Madera, CA 94925	Leased	1.4332%	0.9984
	Edith K. Bales 1940 Terwood Road Huntington Valley, PA 19006	Leased	1.4332%	0.9984
	Caroline K. Maynard 220 Fairway Drive Nacogdoches, TX 75964	Leased	1.0741%	0.7482
	Lowry Stuart Kelly 722 Sinyard Circle Hiram, GA 30141	Leased	1.0741%	0.7482
	Minnie Kelly Hunt 1106 Northshore Drive Sunset Beach, NC 28468	Leased	1.0741%	0.7482

EXHIBIT "B"
AE-148

<u>Tract</u>	<u>Lessor</u>	<u>Lease Status</u>	<u>Interest Within Unit</u>	<u>Gross Acreage In Unit</u>
	<u>Coal, Gas & Oil Estate</u>			
	William C. Kelly 6121 Lane Place Downers Grove, IL 60516	Leased	1.0741%	0.7482
	Charles J. Lowry 49 Kingsbridge Bristol, TN 37620	Leased	25.7964%	17.9698
2	Laurena Yates Route 5, Box 136 Grundy, VA 24614	Leased	2.0897%	1.4556
	Edith Faye Compton Route 5, Box 137 Grundy, VA 24614	Leased	0.0342%	0.0238
	Linda Nancy Yates Route 5, Box 138 Grundy, VA 24614	Leased	0.0342%	0.0238
	Cornelius Rife HC 61 Box 28 Grundy, VA 24614	Leased	0.0342%	0.0238
	Alta Yates Cox Route 5, Box 135E Grundy, VA 24614	Leased	0.0342%	0.0238
	Buford Yates Route 5, Box 137A Grundy, VA 24614	Leased	0.0342%	0.0238
	Dolly M. Yates c/o William G. Yates, POA 1781 Shipley Ferry Road Kingsport, TN 37663	Leased	0.5652%	0.3937

EXHIBIT "B"
AE-148

<u>Tract</u>	<u>Lessor</u>	<u>Lease Status</u>	<u>Interest Within Unit</u>	<u>Gross Acreage In Unit</u>
	Linkous Yates P.O. Box 68 Grundy, Va 24614	Leased	0.5652%	0.3937
	Ola Gay Fletcher P.O. Box 598 Grundy, VA 24614	Leased	0.5652%	0.3937
	Carol Rivera 8518 Barrens Road Roanoke, VA 24019	Leased	0.5652%	0.3936
	Larry Lee Puckett 246 Vine Place Stafford, VA 22554	Leased	0.3836%	0.2672
	Brenda Puckett Tate 2137 Harpoon Drive Stafford, VA 22554	Leased	0.0428%	0.0298
	Rhonda Gail Bingel 246 Vine Place Stafford, VA 22554	Leased	0.0428%	0.0298
	Edith Breeding Yates c/o Rebecca Stiltner P.O. Box 397 Big Rock, VA 24603	Leased	0.3836%	0.2672
	Frances Loredith Yates HCR 76, Box 406 Big Rock, VA 24603	Leased	0.4282%	0.2982
	Robin Renee Fletcher HCR 76, Box 406 Big Rock, VA 24603	Leased	0.0411%	0.0286
	Glenn Thomas Yates 142 Mill Lane Yorktown, VA 23692	Leased	0.4693%	0.3269

EXHIBIT "B"
AE-148

<u>Tract</u>	<u>Lessor</u>	<u>Lease Status</u>	<u>Interest Within Unit</u>	<u>Gross Acreage In Unit</u>
	Harry Eugene Yates HCR 72, Box 408 Big Rock, VA 24603	Leased	0.4693%	0.3269
	Carl Eugene Looney P.O. Box 1050 Grundy, VA 24614	Leased	0.5652%	0.3937
	Clyde Looney 4256 Willowdale Road Springfield, OH 45502	Leased	0.5652%	0.3937
	Shirley Matney P.O. Box 153 Vansant, VA 24656	Leased	0.5652%	0.3937
	Leon Troy Looney P.O. Box 93 Vansant, VA 24656	Leased	0.5652%	0.3937
	Roy James Yates 302 Stanaford Road Beckley, WV 25801	Leased	2.2610%	1.5750
	Tommy Arthur Yates 14320 Heather Drive Bristol, VA	Leased	2.2610%	1.5750
	Joyce Ann Bach P.O. Box 477 West Liberty, KY 41472	Leased	0.7536%	0.5250
	Marta McKenzie 721 San Marino Drive Lady Lake, FL 32159	Leased	0.7536%	0.5250

EXHIBIT "B"
AE-148

<u>Tract</u>	<u>Lessor</u>	<u>Lease Status</u>	<u>Interest Within Unit</u>	<u>Gross Acreage In Unit</u>
	Marling Potter 341 Glenn Ave. West Liberty, KY 41472	Leased	0.7536%	0.5250
	Lawrence Jackson Grand Court Bristol View Drive Bristol, VA	Unleased	2.2610%	1.5750
	James Stewart Yates 515 Dogwood Drive Liberty, NC 27298	Leased	2.2610%	1.5750
	Ernest Warren Yates 167 Rustling Oak Ridge Yorktown, VA 23692	Leased	2.2610%	1.5750
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	Total Estate		100%	69.66
	Percentage of Unit Leased		97.8397%	
	Percentage of Unit Unleased		2.2610%	
	Acreage in Unit Leased			68.1552
	Acreage in Unit Unleased			1.5750

VIRGINIA: In the Clerk's Office of the Circuit Court of Buchanan County. The foregoing instrument was this day presented in the office aforesaid and is, together with the certificate of acknowledgment annexed, admitted to record this 25th day of April, 2006 at 11:42 A.M.
Deed Book No. _____ and Page No. _____
Returned to: DM TESTE: James M. Bevins, Jr., Clerk
TESTE: Shirley S. Vetter, Deputy Clerk

