

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 05/11/15-1535-01

ELECTIONS, UNIT: VC-536082

(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, B-3 E& EE 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 November 24, 2009 and recorded in Deed Book 472, Page 736 in the Office of the Clerk of Circuit Court, Dickenson County, Virginia on December 2, 2009, (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 EQT Production Company, (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 January 18, 2010, 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 November 17, 2010, 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, First Bank & Trust Company, P.O. Box 3860, Kingsport, TN 37660 (423) 245-6971, Attn: Debbie Davis, 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, First Bank & Trust Company, P.O. Box 3860, Kingsport, TN 37660 (423) 245-6971, Attn: Debbie Davis, 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 \_\_\_\_\_ day of \_\_\_\_\_, 2010 by a majority of the Virginia Gas and Oil Board.

\_\_\_\_\_  
Chairman, Bradley C. Lambert

DONE AND PERFORMED THIS \_\_\_\_\_ day of \_\_\_\_\_, 2010 by Order of this Board.

\_\_\_\_\_  
David Asbury Jr.  
Principal Executive To The Staff  
Virginia Gas and Oil Board

STATE OF VIRGINIA        )  
COUNTY OF RUSSELL     )

Acknowledged on this \_\_\_\_\_ day of \_\_\_\_\_, 2010, 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 Chairman of the Virginia Gas and Oil Board, and David Asbury Jr., 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.

\_\_\_\_\_  
Diane Davis, Notary  
174394

My commission expires: September 30, 2013.

**SUPPLEMENT "B"**  
**VC-536082**

Created 9/12/09

| <u>TRACT</u>           | <u>LESSOR</u>  | <u>LEASE STATUS</u>        | <u>INTEREST WITHIN UNIT</u> | <u>GROSS ACREAGE IN UNIT</u> | <u>NET REVENUE INTEREST</u> |
|------------------------|--|----------------------------|-----------------------------|------------------------------|-----------------------------|
| <u>Gas Estate Only</u> |  |                            |                             |                              |                             |
| 1<br>Tax I.D. # 05106  | Delmar H. Mayes<br>Mary Mayes<br>P.O. Box 286<br>Dante, VA 24237   | Leased<br>905997           | 64.740000%                  | 38.0500                      | 0.08092500 RI               |
| <u>Tract 1 Totals</u>  | EQT Production Company   |                            | 64.740000%                  | 38.0500                      | 0.56647500 WI<br>0.64740000 |
| 2<br>Tax I.D. # 11814  | Standard Banner Coal Corporation<br>C/O Engineering Services<br>Attn Mike Clisso<br>P.O. Box 750<br>Wise, VA 24293 | Leased<br>906889<br>TL-223 | 2.640000%                   | 1.5500                       | 0.00330000 RI               |
| <u>Tract 2 Totals</u>  | EQT Production Company   |                            | 2.640000%                   | 1.5500                       | 0.02310000 WI<br>0.02640000 |
| 3<br>Tax I.D. # 11814  | Standard Banner Coal Corporation<br>C/O Engineering Services<br>Attn Mike Clisso<br>P.O. Box 750<br>Wise, VA 24293 | Leased<br>906889<br>TL-223 | 20.330000%                  | 11.9500                      | 0.02541250 RI               |
| <u>Tract 3 Totals</u>  | EQT Production Company   |                            | 20.330000%                  | 11.9500                      | 0.17788750 WI<br>0.20330000 |
| <b>OR</b>              |  |                            |                             |                              |                             |
| Minerals Only          | B.H. Long Heirs<br><br>Joseph A. Long<br>Tabitha G. Long<br>P.O. Box 261<br>Castlewood, VA 24224                   | Leased<br>244712           | 10.165000%                  | 5.9750                       | 0.01270625 RI               |
| Minerals Only          | Denny Long<br>Sharon M Long<br>P.O. Box 361<br>Lebanon, VA 24266   | Leased<br>244712           | 3.388333%                   | 1.9917                       | 0.00423542 RI               |
| Minerals Only          | Judy L Manuel<br>P.O. Box 314<br>Lebanon, VA 24266   | Leased<br>244712           | 3.388333%                   | 1.9917                       | 0.00423542 RI               |
| Minerals Only          | Timothy R Long<br>Vera V. Long<br>Rt. 2 Box 938<br>Castlewood, VA  | Leased<br>244712           | 3.388333%                   | 1.9917                       | 0.00423542 RI               |
| <u>OR</u>              | EQT Production Company   |                            | 20.330000%                  | 11.9500                      | 0.17788750 WI<br>0.20330000 |
| 4<br>Tax I.D. 06259    | Lawrence Turner Heirs<br>Unknown & Unlocatable   | Unleased                   | 0.510000%                   | 0.3000                       | 0.00063750 RI               |
| <u>Tract 4 Totals</u>  | EQT Production Company   |                            | 0.510000%                   | 0.3000                       | 0.00446250 WI<br>0.00510000 |
| 5<br>Tax I.D. # 04920  | Lambert Land LLC<br>P.O. Box 490<br>Nora, VA 24272   | Leased<br>244728           | 1.870000%                   | 1.1000                       | 0.00233750 RI               |
| <u>Tract 5 Totals</u>  | EQT Production Company   |                            | 1.870000%                   | 1.1000                       | 0.01636250 WI<br>0.01870000 |

|                       |   |                        |           |        |                             |
|-----------------------|---|------------------------|-----------|--------|-----------------------------|
| 6<br>Tax I.D. # 04777 | Wayne Riner<br>Genevieve Riner<br>4907 Long Road<br>Nora, VA 24272            | Leased<br>906891       | 7.420000% | 4.3600 | 0.00927500 RI               |
| <b>Tract 6 Totals</b> |   | EQT Production Company | 7.420000% | 4.3600 | 0.06492500 WI<br>0.07420000 |
| 7<br>Tax I.D. # 04769 | David H. Adkins<br>Cathy Adkins<br>4966 Long Ridge Road<br>Nora, VA 24272     | Leased<br>906762       | 0.430000% | 0.2500 | 0.00053750 RI               |
| <b>Tract 7 Totals</b> |   | EQT Production Company | 0.430000% | 0.2500 | 0.00376250 WI<br>0.00430000 |
| 8<br>Tax I.D. # 04810 | John L. Jenkins<br>Lois Gay Jenkins<br>4526 Long Ridge Road<br>Nora, VA 24272 | Unleased               | 1.090000% | 0.6400 | 0.00136250 RI               |
| <b>Tract 8 Totals</b> |   | EQT Production Company | 1.090000% | 0.6400 | 0.00953750 WI<br>0.01090000 |
| 9<br>Tax I.D. # 19150 | John L. Jenkins<br>Lois Gay Jenkins<br>4526 Long Ridge Road<br>Nora, VA 24272 | Unleased               | 0.970000% | 0.5700 | 0.00121250 RI               |
| <b>Tract 9 Totals</b> |   | EQT Production Company | 0.970000% | 0.5700 | 0.00848750 WI<br>0.00970000 |

**TOTAL GAS ESTATE** 100.000000% 58.7700

Percentage of Unit Leased 97.430000%  
Percentage of Unit Unleased 2.570000%

Acreeage in Unit Leased 57.2600  
Acreeage in Unit Unleased 1.5100

**Coal Estate Only**

|                       |  |                        |            |         |                             |
|-----------------------|--|------------------------|------------|---------|-----------------------------|
| 1<br>Tax I.D. # 11814 | Standard Banner Coal Corporation<br>C/O Engineering Services<br>Attn Mike Clisso<br>P.O. Box 750<br>Wise, VA 24293 | Leased<br>906889       | 64.740000% | 38.0500 | 0.08092500 RI               |
| <b>Tract 1 Totals</b> |  | EQT Production Company | 64.740000% | 38.0500 | 0.56647500 WI<br>0.64740000 |
| 2<br>Tax I.D. # 11814 | Standard Banner Coal Corporation<br>C/O Engineering Services<br>Attn Mike Clisso<br>P.O. Box 750<br>Wise, VA 24293 | Leased<br>906889       | 2.640000%  | 1.5500  | 0.00330000 RI               |
| <b>Tract 2 Totals</b> |  | EQT Production Company | 2.640000%  | 1.5500  | 0.02310000 WI<br>0.02640000 |
| 3<br>Tax I.D. # 11814 | Standard Banner Coal Corporation<br>C/O Engineering Services<br>Attn Mike Clisso<br>P.O. Box 750<br>Wise, VA 24293 | Leased<br>906889       | 20.330000% | 11.9500 | 0.02541250 RI               |
| <b>Tract 3 Totals</b> |  | EQT Production Company | 20.330000% | 11.9500 | 0.17788750 WI<br>0.20330000 |
| 4<br>Tax I.D. # 11814 | Standard Banner Coal Corporation<br>C/O Engineering Services<br>Attn Mike Clisso<br>P.O. Box 750<br>Wise, VA 24293 | Leased<br>906889       | 0.510000%  | 0.3000  | 0.00063750 RI               |
| <b>Tract 4 Totals</b> |  | EQT Production Company | 0.510000%  | 0.3000  | 0.00446250 WI<br>0.00510000 |

|                             |  |                  |                  |               |                                    |
|-----------------------------|--|------------------|------------------|---------------|------------------------------------|
| 5                           | Standard Banner Coal Corporation<br>C/O Engineering Services<br>Attn Mike Clisso<br>P.O. Box 750<br>Wise, VA 24293 | Leased<br>906889 | 1.870000%        | 1.1000        | 0.00233750 RI                      |
| <u>Tract 5 Totals</u>       | EQT Production Company   |                  | <u>1.870000%</u> | <u>1.1000</u> | <u>0.01636250 WI</u><br>0.01870000 |
| 6                           | Standard Banner Coal Corporation<br>C/O Engineering Services<br>Attn Mike Clisso<br>P.O. Box 750<br>Wise, VA 24293 | Leased<br>906889 | 7.420000%        | 4.3600        | 0.00927500 RI                      |
| <u>Tract 6 Totals</u>       | EQT Production Company   |                  | <u>7.420000%</u> | <u>4.3600</u> | <u>0.06492500 WI</u><br>0.07420000 |
| 7                           | Standard Banner Coal Corporation<br>C/O Engineering Services<br>Attn Mike Clisso<br>P.O. Box 750<br>Wise, VA 24293 | Leased<br>906889 | 0.430000%        | 0.2500        | 0.00053750 RI                      |
| <u>Tract 7 Totals</u>       | EQT Production Company   |                  | <u>0.430000%</u> | <u>0.2500</u> | <u>0.00376250 WI</u><br>0.00430000 |
| 8                           | Standard Banner Coal Corporation<br>C/O Engineering Services<br>Attn Mike Clisso<br>P.O. Box 750<br>Wise, VA 24293 | Leased<br>906889 | 1.090000%        | 0.6400        | 0.00136250 RI                      |
| <u>Tract 8 Totals</u>       | EQT Production Company   |                  | <u>1.090000%</u> | <u>0.6400</u> | <u>0.00953750 WI</u><br>0.01090000 |
| 9                           | Standard Banner Coal Corporation<br>C/O Engineering Services<br>Attn Mike Clisso<br>P.O. Box 750<br>Wise, VA 24293 | Leased<br>906889 | 0.970000%        | 0.5700        | 0.00121250 RI                      |
| <u>Tract 9 Totals</u>       | EQT Production Company   |                  | <u>0.970000%</u> | <u>0.5700</u> | <u>0.00848750 WI</u><br>0.00970000 |
| Total Coal Estate           |  |                  | 100.000000%      | 58.7700       |                                    |
| Percentage of Unit Leased   |  |                  | 100.000000%      |               |                                    |
| Percentage of Unit Unleased |  |                  | 0.000000%        |               |                                    |
| Acreage in Unit Leased      |  |                  |                  | 58.7700       |                                    |
| Acreage in Unit Unleased    |  |                  |                  | 0.0000        |                                    |

**EXHIBIT "B-3"**

**VC-536082**

Revised 9/11/09

| <u>TRACT</u> | <u>LESSOR</u>   | <u>LEASE<br/>STATUS</u> | <u>INTEREST<br/>WITHIN<br/>UNIT</u> | <u>GROSS<br/>ACREAGE<br/>IN UNIT</u> |
|--------------|---|-------------------------|-------------------------------------|--------------------------------------|
|              |   | <u>Gas Estate Only</u>  |                                     |                                      |
| 4            | Lawrence Turner Heirs<br>Unknown & Unlocatable<br>Tax I.D. 06259                                  | Unleased                | 0.510000%                           | 0.3000                               |
| 8            | John L. Jenkins<br>Lois Gay Jenkins<br>4626 Long Ridge Road<br>Nora, VA 24272<br>Tax I.D. # 04810 | Unleased                | 1.090000%                           | 0.6400                               |
| 9            | John L. Jenkins<br>Lois Gay Jenkins<br>4626 Long Ridge Road<br>Nora, VA 24272<br>Tax I.D. # 19150 | Unleased                | 0.970000%                           | 0.5700                               |
|              | <b>Total</b>  |                         | <b>2.570000%</b>                    | <b>1.5100</b>                        |

**EXHIBIT "E"**  
**VC-536082**  
 REVISED 11/18/2010

| <u>TRACT</u> | <u>LESSOR</u>  | <u>LEASE STATUS</u>        | <u>INTEREST WITHIN UNIT</u> | <u>GROSS ACREAGE IN UNIT</u> |
|--------------|--|----------------------------|-----------------------------|------------------------------|
|              | <u>Gas Estate Only</u>   |                            |                             |                              |
| 3            | Standard Banner Coal Corporation<br>C/O Engineering Services<br>Attn Mike Clisso<br>P.O. Box 750<br>Wise, VA 24293 | Leased<br>906889<br>TL-223 | 20.330000%                  | 11.9500                      |
|              | <u>OR</u><br><u>B.H. Long Heirs</u>  |                            |                             |                              |
|              | Joseph A. Long<br>Tabitha G. Long<br>P.O. Box 261<br>Castlewood, VA 24224<br>Minerals Only                         | Leased<br>244712           | 10.165000%                  | 5.9750                       |
|              | Denny Long<br>Sharon M. Long<br>P.O. Box 361<br>Lebanon, VA 24266<br>Minerals Only                                 | Leased<br>244712           | 3.388333%                   | 1.9917                       |
|              | Judy L Manuel<br>P.O. Box 314<br>Lebanon, VA 24266<br>Minerals Only  | Leased<br>244712           | 3.388333%                   | 1.9917                       |
|              | Timothy R Long<br>Vera V. Long<br>Rt. 2 Box 938<br>Castlewood, VA<br>Minerals Only<br>Lebanon, VA 24266            | Leased<br>244712           | 3.388333%                   | 1.9917                       |
| 4            | Lawrence Turner Heirs<br>Unknown & Unlocatable<br>Tax I.D. 06259   | Unleased                   | 0.510000%                   | 0.3000                       |
| 5            | Lambert Land LLC<br>P.O. Box 490<br>Nora, VA 24272<br>Tax I.D. # 04920   | Leased<br>244728           | 1.870000%                   | 1.1000                       |

**EXHIBIT "E"**  
**VC-536082**  
 REVISED 11/18/2010

| <u>TRACT</u>             | <u>LESSOR</u>  | <u>LEASE STATUS</u> | <u>INTEREST WITHIN UNIT</u> | <u>GROSS ACREAGE IN UNIT</u> |
|--------------------------|--|---------------------|-----------------------------|------------------------------|
| 8                        | John L. Jenkins<br>Lois Gay Jenkins<br>4626 Long Ridge Road<br>Nora, VA 24272<br>Tax I.D. # 04810                                      | Unleased            | 1.090000%                   | 0.6400                       |
| 9                        | John L. Jenkins<br>Lois Gay Jenkins<br>4626 Long Ridge Road<br>Nora, VA 24272<br>Tax I.D. # 19150                                      | Unleased            | 0.970000%                   | 0.5700                       |
| <b>Total Gas Estate</b>  |  |                     | <b>24.770000%</b>           | <b>14.5600</b>               |
| <u>Coal Estate Only</u>  |  |                     |                             |                              |
| 3                        | Standard Banner Coal Corporation<br>C/O Engineering Services<br>Attn Mike Clisso<br>P.O. Box 750<br>Wise, VA 24293<br>Tax I.D. # 11814 | Leased<br>906889    | 20.330000%                  | 11.9500                      |
| 4                        | Standard Banner Coal Corporation<br>C/O Engineering Services<br>Attn Mike Clisso<br>P.O. Box 750<br>Wise, VA 24293<br>Tax I.D. # 11814 | Leased<br>906889    | 0.510000%                   | 0.3000                       |
| 5                        | Standard Banner Coal Corporation<br>C/O Engineering Services<br>Attn Mike Clisso<br>P.O. Box 750<br>Wise, VA 24293<br>Tax I.D. # 11814 | Leased<br>906889    | 1.870000%                   | 1.1000                       |
| 8                        | Standard Banner Coal Corporation<br>C/O Engineering Services<br>Attn Mike Clisso<br>P.O. Box 750<br>Wise, VA 24293<br>Tax I.D. # 11814 | Leased<br>906889    | 1.090000%                   | 0.6400                       |
| 9                        | Standard Banner Coal Corporation<br>C/O Engineering Services<br>Attn Mike Clisso<br>P.O. Box 750<br>Wise, VA 24293<br>Tax I.D. # 11814 | Leased<br>906889    | 0.970000%                   | 0.5700                       |
| <b>Total Coal Estate</b> |  |                     | <b>24.770000%</b>           | <b>14.5600</b>               |

**EXHIBIT "EE"**

**VC-536082**

REVISED 09/11/09

| <u>TRACT</u>                     | <u>LESSOR</u>  | <u>LEASE STATUS</u> | <u>INTEREST WITHIN UNIT</u> | <u>GROSS ACREAGE IN UNIT</u> |
|----------------------------------|--|---------------------|-----------------------------|------------------------------|
| <u>Gas Estate Only</u>           |  |                     |                             |                              |
| 1                                | Delmar H. Mayes<br>Mary Mayes<br>P.O. Box 286<br>Dante, VA 24237<br>Tax I.D. # 05106   | Leased<br>905997    | 32.370000%                  | 19.0250                      |
| 6                                | Wayne Riner<br>Genevie Riner<br>4907 Long Road<br>Nora, VA 24272<br>Tax I.D. # 04777   | Leased<br>906891    | 3.710000%                   | 2.1800                       |
| 7                                | David H. Adkins<br>Cathy Adkins<br>4966 Long Ridge Road<br>Nora, VA 24272<br>Tax I.D. # 04769  | Leased<br>906762    | 0.215000%                   | 0.1250                       |
| TOTAL                            |  |                     | 36.295000%                  | 21.3300                      |
| <u>Coal Estate Only</u>          |  |                     |                             |                              |
| 1                                | Standard Banner Coal Corporation<br>C/O Engineering Services<br>Attn Mike Clisso<br>P.O. Box 750<br>Wise, VA 24293<br>Tax I.D. # 11814 | Leased<br>906889    | 32.370000%                  | 19.0250                      |
| 6                                | Standard Banner Coal Corporation<br>C/O Engineering Services<br>Attn Mike Clisso<br>P.O. Box 750<br>Wise, VA 24293<br>Tax I.D. # 11814 | Leased<br>906889    | 3.710000%                   | 2.1800                       |
| 7                                | Standard Banner Coal Corporation<br>C/O Engineering Services<br>Attn Mike Clisso<br>P.O. Box 750<br>Wise, VA 24293<br>Tax I.D. # 11814 | Leased<br>906889    | 0.215000%                   | 0.1250                       |
| TOTAL                            |  |                     | 36.295000%                  | 21.3300                      |
| TOTAL AFTER 50/50 ROYALTY SPLITS |  |                     | 72.590000%                  | 42.6600                      |

**VIRGINIA:**

***BEFORE THE VIRGINIA GAS AND OIL BOARD***

IN RE: Application of EQT Production Company, for Forced Pooling of Interests in Unit Number VC-536082 VGOB Docket No. VGOB-05/11/15-1535-01 in the Kenady Magisterial District of Dickenson 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 November 24, 2009, by the Virginia Gas and Oil Board regarding the captioned coalbed methane 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 December 2, 2009.
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 as either unknown claimants or conflicting claimants under the Board's Order pooling the captioned Unit, Board Regulations and the Code of Virginia; that opposite the name of each person named as a Respondent listed below is set forth:

See Exhibit E

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.

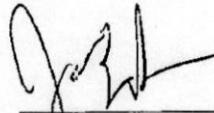
See Exhibit EE

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.

See Exhibit B-3

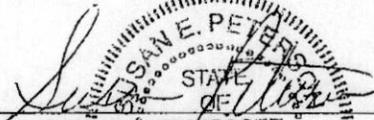
That pursuant to the provision of 4VAC 25-160.70C annexed hereto and incorporated herein is a proposed supplemental order to be entered to complete the record regarding elections; that said annexed supplemental order sets forth that the services of the Escrow Agent are required in this matter pursuant to the terms of §§ 45.1-361.21.D.

Dated at Kingsport, Tennessee, this 17th day of November, 2010.

  
\_\_\_\_\_  
Affiant

State of Tennessee    )  
County of Sullivan    )

Taken, subscribed and sworn to before me by James E. Kaiser, the Agent of EQT Production Company, a corporation, on behalf of the corporation, this 17th day of November, 2010.

  
\_\_\_\_\_  
Susan Peterson, Notary  


My commission expires: October 24, 2012.

BUTCH LAMBERT: The next item is a petition from EQT Production Company for repooling of coalbed methane unit

VC-536082, docket number VGOB-05-1115-1535-01. All parties wishing to testify, please come forward.

JIM KAISER: Mr. Chairman, Jim Kaiser and Rita Barrett.

MARY QUILLEN: Mr. Chairman, may I ask Ms. Barrett a question?

BUTCH LAMBERT: Let's hold questions until we---.

MARY QUILLEN: Okay.

BUTCH LAMBERT: And then we'll jump right into that when we get the exhibits passed out. Before we proceed, I had a question from the Board. Ms. Quillen.

MARY QUILLEN: Yes. Ms. Barrett, on this...is this referring to the same request from the Chairman.

RITA BARRETT: Yes, ma'am. We requested mine maps and the coal company has not provided those to us yet. However, this well was coal approved years ago. This well has been drilled. It is currently shut-in.

MARY QUILLEN: Thank you.

BUTCH LAMBERT: Did you check the office of DMME for mine maps?

RITA BARRETT: Mr. Brady checked everything that was available to him as far as I know and he didn't see any mine...mining...mine works in here.

BUTCH LAMBERT: Okay, thank you. You may proceed, Mr. Kaiser.

RITA BARRETT

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Ms. Barrett, this is a repooling. We originally pooled the unleased interest in this unit back in

November of 2005, is that correct?

A. That's correct.

Q. Can you explain why we're back here today?

A. This well was drilled in '06 and we were looking at this unit for an increased density well. When we started researching the property in this unit, we discovered

the survey and our plat title research that this particular surveyor has missed several tracks in that unit. We immediately shut the well in and applied for repooling.

Q. Can you explain what he missed?

A. He missed...if you will compare his plat to

the current plat, he missed Tracts 9, 8, 7 and it looks like

Tract 6.

Q. Okay. Being that this mistake has occurred, the well, I assume, was in production at least for

some period of time from '06 until current?

A. It was. As soon as we discovered this, I notified Mr. Asbury and I notified our well tenders to shut this well in.

Q. And how did we intend to ratify any royalty issues?

A. Any royalties that have been incorrectly paid on this will not be recouped from the land owner. This royalties on the additional parties that we're pooling will be paid retroactive from turn online.

BUTCH LAMBERT: At this point, I'm going to ask if Ms. Quillen would take over as Chairmanship. I've found a conflict.

RITA BARRETT: Okay.

BUTCH LAMBERT: Ms. Quillen.

MARY QUILLEN: Yes, sir.

Q. Okay. So, what we're going to do is we're not going to go back and try to recoup any royalties from the folks who were initially wrongly identified as owners within the unit---?

A. Right. It was our mistake.

Q. ---because it was our mistake and as far as the folks that we have now discovered through a correct and accurate survey will be paid this proportionate share of any

royalty from the date that the well was turned online and not just from the date of this force pooling, correct?

A. Right. I said we were going to pay it retroactive from turn online date, yes.

Q. Okay.

SHARON PIGEON: Jim, could we get a designation on this so we know this is the old---?

JIM KAISER: Do you want to call it AA maybe?

SHARON PIGEON: Let's do. That is the prior survey.

RITA BARRETT: Yes, ma'am.

SHARON PIGEON: The one missing---.

RITA BARRETT: Correct.

SHARON PIGEON: ---needed tracts. Thank you.

JIM KAISER: Mr. Chairman, do you want to...Ms.

Chairman, do you want to take questions now before we go

Q. Are all unleased parties set out at Exhibit B-3 to the application?

A. They are.

Q. So, what remains unleased is 2.57% of the gas estate?

A. That's correct.

Q. Okay. We do have an unknown owner in Tract 4 of the gas estate, the Lawrence Turner Heirs?

A. That's correct.

Q. Again, did you make reasonable and diligent efforts to attempt to identify these heirs?

A. Yes. We've tried on several occasions to identify the Turner Heirs.

Q. Are you requesting the Board to force pool all unleased interest as listed at Exhibit B-3?

A. Yes.

Q. Are you familiar with the fair market value of drilling rights in the unit here and in the surrounding area?

A. I am.

Q. Could you advise the Board as to what those are?

A. Yes. It's five dollar per acre paid up bonus, five year term and one-eighth royalty.

Q. In your opinion, do the terms you've just testified to represent the fair market value of and fair and

reasonable compensation to be paid for drilling rights within this unit?

A. Yes.

JIM KAISER: Mr. Chairman, at this time, we'd ask that we be allowed to incorporate the statutory election... statutory election option testimony taken first today in docket number 2587.

MARY QUILLEN: That will be incorporated.

Q. Ms. Barrett, does the Board need to establish an escrow account for this unit?

A. Yes.

Q. What tracts will the proceeds need to be escrowed from?

A. Tract 3 conflicting claim, Tract 4 unknown, Tract 5, 8 and 9 claim.

Q. Okay. And who should be named operator under any force pooling order?

A. EQT Production Company.

Q. And what's the total depth of the well?

A. 2,853 feet.

into the regular testimony?

MARY QUILLEN: Yes. Are there any questions for Ms. Barrett?

DAVID ASBURY: I have a question in regard to notice and the election potential. Additional tracts were found in the unit and it changed all ownership percentage. How was that handled?

RITA BARRETT: We noticed...we attempted to lease the additional parties. They have been noticed. They will receive election of participation just like a normal pooling.

DAVID ASBURY: And the people who were originally noticed and---?

RITA BARRETT: They will have an option also.

DAVID ASBURY: Their percentage changed in percentage of their ownership---

JIM KAISER: I think the question is, did we notice everybody whose interest was affected?

RITA BARRETT: Yes, we did, because the one tract that...you'll notice the drill site tract has changed considerably as far as the percentage of contribution on the

new tract...on the new unit.

DAVID ASBURY: And the owners have been notified of the error?

RITA BARRETT: Yes, sir.

DAVID ASBURY: Okay. Thank you.

MARY QUILLEN: Any other questions?

(No audible response.)

MARY QUILLEN: Okay. You may proceed.

Q. Ms. Barrett, you're familiar with the application that we filed on September the 18th seeking to pool any unleased interest within this unit?

A. Yes.

Q. Does Equitable own drilling rights in the unit involved here?

A. We do.

Q. Prior to the filing of the application, were efforts made to contact each of the respondents and an attempt made to work out a voluntary lease agreement with each?

A. Yes.

Q. What is the interest under lease to Equitable within the gas estate in the unit at this time?

A. 97.43%.

Q. And the coal estate?

A. A 100%.

Q. And the estimated reserves over the life of the well?

A. 230 million cubic feet.

Q. And has an AFE been prepared and submitted to the Board?

A. Yes.

Q. In your opinion, does it represent a reasonable estimate of the well costs?

A. Yes.

Q. Would you state the dry hole costs and completed well costs for this well?

A. Yes. Dry hole costs \$137,843 and completed well costs \$329,329.

Q. Do these costs anticipate a multiple completion?

A. Yes, they do.

Q. Does your AFE include a reasonable charge for supervision?

A. Yes.

Q. And in your opinion, would the granting of this application be in the best interest of conservation, the prevention of waste and the protection of correlative rights?

A. Yes.

JIM KAISER: Nothing further of this witness at this time, Ms. Chairman.

MARY QUILLEN: Any questions from the Board?  
(No audible response.)

MARY QUILLEN: You may continue.

JIM KAISER: We'd ask that the application be approved as submitted.

MARY QUILLEN: Is there a motion to approve?

KATIE DYE: Motion to approve.

BRUCE PRATHER: Second.

MARY QUILLEN: There's a motion and a second. All in favor, signify by saying yes.

(All members signify by saying yes, but Mary Quillen and Butch Lambert.)

MARY QUILLEN: Opposed.  
(No audible response.)

MARY QUILLEN: Any abstentions?  
(No audible response.)

MARY QUILLEN: Motion carries.

JIM KAISER: Thank you.

MARY QUILLEN: You have approval.