

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: AY98

TRACT(S): A portion of 3

LOCATION: BUCHANAN County, Virginia

DOCKET NUMBER: VGOB-05-1213-1542-06

APPLICANTS: CNX Gas Company LLC on behalf of Lena Sutorka

HEARING DATE AND LOCATION: On June 16, 2015, the Virginia Gas and Oil Board, on its own motion, granted the Director of the Division of Gas and Oil the authority to process coal owner dismissal disbursements that have no pending deficiencies or issues. Code of Virginia Section 45.1-361.22:2. Effective date: July 1, 2015.

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

PRIOR PROCEEDINGS:

1. Original Pooling Order Executed 02/02/2006, Recorded on 02/07/2006, Deed Book/Instrument No. 399.
2. Supplemental Order, Recorded on 01/23/2008, Deed Book/Instrument No. 80000285.
3. Disbursement Order -01 Executed 03/24/2011, Recorded on 03/30/2011, Deed Book/Instrument No. 110000747.
4. Disbursement Order -02 Executed 05/31/2012, Recorded on 06/25/2012, Deed Book/Instrument No. 120001257.

5. Disbursement Order -03 Executed 03/03/2016, Recorded on 03/22/2016, Deed Book/Instrument No. 160000466.
6. Disbursement Order -04 Executed 08/30/2016, Recorded on 10/05/2016, Deed Book/Instrument No. 160001823.
7. Disbursement Order -05 Executed 08/07/2017, Recorded on 08/14/2017, Deed Book/Instrument No. 170001704.

NOTICE:

- (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 3 identified in the attached petition.
- (2) Delete the requirement that the Unit Operator place future royalties attributable to Tract(s) A portion of 3 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. Lena Sutorka is the gas claimant(s) in a portion of Tr. 3. As such Lena Sutorka is entitled to 100% of the CBM royalties attributable to their gas claims that are 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 previously given the notice(s) required by § 45.1-361.22:2.A to all conflicting coal claimants identified in the above referenced pooling Order and any supplemental Orders pertaining thereto.
- c. That when the Board granted Petitioner's Miscellaneous Petition in VGOB 05-1213-1542-03, it dismissed the coal claimant(s) H-W Financial, LLC as a Respondent to these proceedings. Accordingly, H-W Financial, LLC was not provided further notice under § 45.1-361.19 and 22 of the hearing set on this Petition.
- 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 Lena Sutorka and shall 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 28 day of September, 2017 by a majority of the Virginia Gas and Oil Board.



Chairman, Bradley C. Lambert


DONE AND PERFORMED this 28 day of September, 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 28th day of September, 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, 2021



BEFORE THE VIRGINIA GAS AND OIL BOARD

PETITIONER: CNX Gas Company LLC

DIVISION OF GAS AND OIL

DOCKET NO: VGOB 05-1213-1542-06

RELIEF SOUGHT: (1) DISBURSEMENT FROM ESCROW REGARDING TRACT(S) A portion of 3 (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: On June 16, 2015, the Virginia Gas and Oil Board, on its own motion, granted the Director of the Division of Gas and Oil the authority to process coal owner dismissal disbursements that have no pending deficiencies or issues. Code of Virginia Section 45.1-361.22:2. Effective date: July 1, 2015.

DRILLING UNIT: AY98**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 3, as depicted upon the annexed table; and (2) authorization to begin paying royalties directly to Lena Sutorka.

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. Lena Sutorka is the gas claimant(s) in a portion of Tr. 3. As such Lena Sutorka is entitled to 100% of the CBM royalties attributable to their gas claims that are 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 previously given the notice(s) required by § 45.1-361.22:2.A to all conflicting coal claimants identified in the above referenced pooling Order and any supplemental Orders pertaining thereto.
- c. That when the Board granted Petitioner's Miscellaneous Petition in VGOB 05-1213-1542-03, it dismissed the coal claimant(s) H-W Financial, LLC as a Respondent to these proceedings. Accordingly, H-W Financial, LLC was not provided further notice under § 45.1-361.19 and 22 of the hearing set on this Petition.
- 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 Lena Sutorka and shall 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.

170002150

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

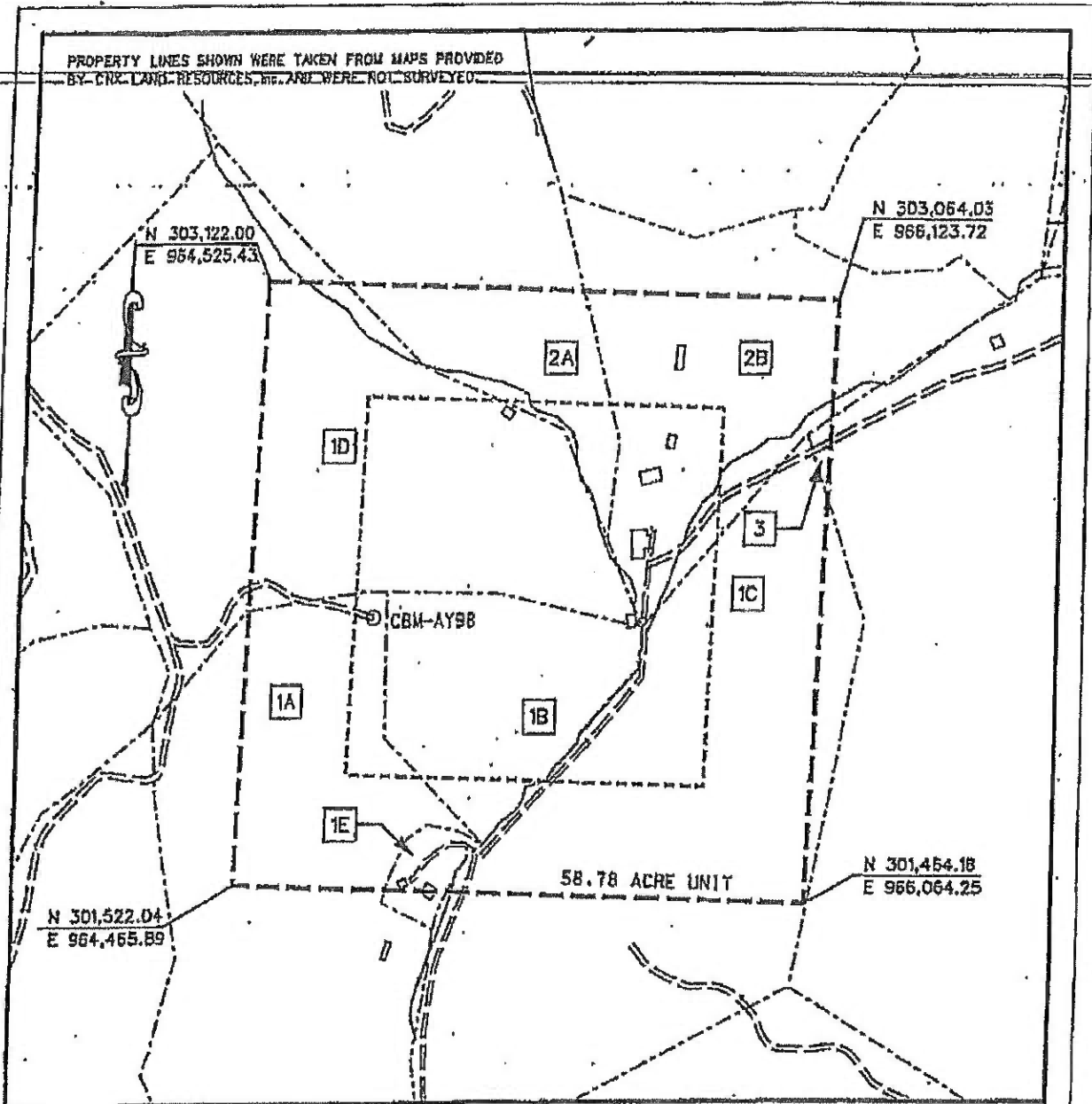
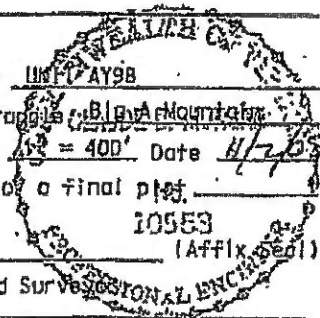


EXHIBIT A
 NORA FIELD
 UNIT AY-98
 FORCE POOLING
 VGDB-05-1213-1542

Company CNX Gas Company LLC Well Name and Number UNIT AY98
 Tract No. _____ Elevation _____ Quadrangle Blount Mountain
 County Buchanan District Hurricane Scale: 1" = 400' Date 11/2/05
 This plot is a new plot X ; an updated plot _____ ; of a final plot _____

Form DGD-GO-7
 Rev. 9/91

Charles D. May
 Licensed Professional Engineer & Licensed Land Surveyor



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CNX Gas Company LLC**UNIT AY-98****Tract Identifications
(58.78 Acres)**

1. Harrison-Wyatt, LLC Big Axe Tr. 2 (176.25 Acre Tract) - Coal (50%)
 Buchanan Realty Limited Partnership - Coal (50%)
 Harrison-Wyatt, LLC (Big Axe Tr. 2) - All Minerals except Coal
 Jewell Smokeless Coal Corporation - Coal Above Jawbone Seam Leased
 CNX Gas Company LLC - Oil, Gas and CBM Leased
 45.05 acres 76.6417%
- 1A. Teresa Harris, et al - Surface
- 1B. Gregory Austin et ux - Surface
- 1C. Emma Jane Harris - Surface
- 1D. Diane Howard Austin, et al - Surface
- 1E. Brian Hess, et al - Surface
2. Harrison-Wyatt, LLC. (Big Axe Tr. 12) - All Minerals
 Jewell Smokeless Coal Corporation - Coal Above Jawbone Seam Leased
 CNX Gas Company LLC - Oil, Gas and CBM Leased
 13.57 acres 23.0861
- 2A. Wesley Carl Hess, et al. - Surface
- 2B. Diane Howard Austin, et al - Surface
3. 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 Helms, et al. - Surface and All Minerals except Coal
 CNX Gas Company LLC - Oil, Gas and CBM Leased (85%)
 0.16 acres 0.2722%

Exhibit E
Unit AY-98
Docket #VGOB 05-1213-1542-06
Listing of Respondents that require Escrow
(58.78 Acre Unit)

170002150

	Acres in Unit	Percent of Unit
<u>Tract #3 - 0.16 acres</u>		
<u>COAL OWNERSHIP</u>		
(1) H-W Financial LLC <i>Big Axe Tr #4 (1575.50 acre tract)</i> P.O. Box 11000 Danville, VA 24543-5017	0.16 acres	0.2722% <i>Dismissed under -03 petition</i>
<u>OIL & GAS OWNERSHIP</u>		
<i>Outstanding W9/Affidavit's</i>		
Fielden Sanders Heirs, Devisees, Successors or Assigns, et al.	0.16 acres	0.2722%
(1) Ora Sanders Heirs, Devisees, Successors or Assigns		
(d) Daniel E. Sanders Heirs, Devisees, Successors or Assigns		
(d.1) Orle Wangler (Gerard) Rt 2 Box 466 McLoud, OK 74851	0.0019 1/84 of 0.16 acres	0.0032%
(d.2) Walnoke Lynn Kummell 16826 Topeka Ln Choctaw, OK 74020	0.0019 1/84 of 0.16 acres	0.0032%
(d.3) Latrenda Sanders Rt 2 Box 466 McLoud, OK 74851	0.0019 1/84 of 0.16 acres	0.0032%
(d.4) Lamona Heck PO Box 1407 Bedford, VA 24523	0.0019 1/84 of 0.16 acres	0.0032%
(g) Walter Sanders Heirs, Devisees, Successors or Assigns		
(g.4) Terry Sanders 271 Pleasant Ridge Road Franklinville, NC 27248	0.0019 1/84 of 0.16 acres	0.0032%
Total Acres Remaining	0.0095	
Total Percentage Remaining		0.0162%

List of Respondents with Royalty Split Agreements/Court Orders/HB2052
(58.78 Acre Unit)

	Acres in Unit	Percent of Unit	Percent of Escrow
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Tract #1 - 45.05 acres

COAL OWNERSHIP

According to the Supplemental Order this tract should have been placed in escrow, but it was never escrowed. Conflicts have been resolved and owners have been on pay since first production.

(f)	H-W Financial, et al. **	45.05 acres	76.6417%	
(a)	H-W Financial LLC Big Axe Tr #2 (176.25 acre tract) P.O. Box 11000 Danville, VA 24543-5017	22.525 acres 1/2 of 45.05 acres	38.3209%	n/a
** NOTE: In order to resolve the CBM conflict, by Quitclaim Deed dated 5/31/06, Harrison-Wyatt, LLC conveys an undivided one-fourth (1/4) interest in the CBM Estate to Buchanan Realty.				
(b)	Buchanan Realty Limited Partnership c/o John C. Irvin 4710 Hunterwood Circle Richmond, TX 77469	22.525 acres 1/2 of 45.05 acres	38.3209%	n/a
** NOTE: In order to resolve the CBM conflict, by Quitclaim Deed dated 5/31/06, Buchanan Realty conveys an undivided three-fourths (3/4) interest in the CBM Estate to Harrison-Wyatt.				

Royalties paid to:

Buchanan Realty Limited Partnership
P. O. Box 1756
Grundy, VA 26414-1756

OIL & GAS OWNERSHIP

(1)	H-W Financial LLC ** Big Axe Tr #2 (176.25 acre tract) P.O. Box 11000 Danville, VA 24543-5017	45.05 acres	76.6417%	n/a
** NOTE: In order to resolve the CBM conflict, by Quitclaim Deed dated 5/31/06, Harrison-Wyatt, LLC conveys an undivided one-fourth (1/4) interest in the CBM Estate to Buchanan Realty.				

25% of CBM Royalties are to be paid to:

Buchanan Realty Limited Partnership
P. O. Box 1756
Grundy, VA 26414-1756

Tract #3 - 0.16 acres

Tract #3 - 0.16 acres

(1)	H-W Financial LLC Big Axe Tr #4 (1575.50 acre tract) P.O. Box 11000 Danville, VA 24543-5017	0.16 acres	0.2722%	n/a
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OIL & GAS OWNERSHIP

	Fielden Sanders Heirs, Devisees, Successors or Assigns, et al.	0.16 acres	0.2722%	
(1)	Ora Sanders Heirs, Devisees, Successors or Assigns			
(a)	Oma Sanders Tiller Heirs, Devisees, Successors or Assigns (1/21)			

Exhibit EE
Unit AY-98

Docket #VGOB 05-1213-1542-06

List of Respondents with Royalty Split Agreements/Court Orders/HB2052
(58.78 Acre Unit)

	Acres in Unit	Percent of Unit	Percent of Escrow
(a.1) Edward V. Tiller 7491 Red Bud Highway Honaker, VA 24260	0.0038 1/42 of 0.16 acres	0.0065%	n/a
(a.2) Loeita Austin Lambert 7509 Red Bud Highway Honaker, VA 24260	0.0038 1/42 of 0.16 acres	0.0065%	n/a
(b) Lethia (Leafy) Sanders Tiller Heirs, Devisees, Successors or Assigns			
(b.1) Christa Dawn Hess 3319 Wayfield Dr. Johnson City, TN 37601	0.0038 1/42 of 0.16 acres	0.0065%	n/a
(b.2) Ronnie Wayne Tiller 7918 Gold Leaf Circle Spotsylvania, VA 22551	0.0038 1/42 of 0.16 acres	0.0065%	n/a
(c) Lena Sanders Sutorka 751 Forest Hill Road Gordonsville, VA 22942	0.0076 1/21 of 0.16 acres	0.0130%	44.5558% HB2058
(e) Julia Sanders O'Quinn 1232 Green-Cook Road Sunbury, OH 43074	0.0076 1/21 of 0.16 acres	0.0130%	n/a
(f) Ellis Sanders Heirs, Devisees, Successors or Assigns			
(f.1) Beatrice Jane MacCormac 8732 Phipps Farm Way Manassas, VA 20109	0.0038 1/42 of 0.16 acres	0.0065%	n/a
(f.2) Betty Sue Fletcher P.O. Box 691 Marion, VA 24354	0.0038 1/42 of 0.16 acres	0.0065%	n/a
(g) Walter Sanders Heirs, Devisees, Successors or Assigns			
(g.1) Nadine Sanders Hurley 631 Belfast School Rd Cedar Bluff, VA 24609	0.0019 1/84 of 0.16 acres	0.0032%	n/a
(g.2) Adrinne Sanders Horn RR4 Box 503A North Tazewell, VA 24630	0.0019 1/84 of 0.16 acres	0.0032%	n/a
(g.3) Roger Sanders P.O. Box 82 Pilgrims Knob, VA 24634	0.0019 1/84 of 0.16 acres	0.0032%	n/a
(2) Fielden Sanders Heirs, Devisees, Successors or Assigns			
(a) Chester Sanders 408W Dartmouth Avenue Melbourne, FL 32901	0.0267 1/6 of 0.16 acres	0.0454%	n/a
(b) Dave Sanders Rt.2 Box 546 Bluefield, VA 24605	0.0267 1/6 of 0.16 acres	0.0454%	n/a

Exhibit EE
Unit AY-98
Docket #VGOB 05-1213-1542-06
List of Respondents with Royalty Split Agreements/Court Orders/HB2052
(58.78 Acre Unit)

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	Acres in Unit	Percent of Unit	Percent of Escrow
(c) Norman Sanders 2013 Otterdale Road Midlothian, VA 23112	0.0267 1/6 of 0.16 acres	0.0454%	n/a
(d) Estil Sanders Heirs, Devisees, Successors or Assigns			
(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	0.0013 1/126 of 0.16 acres	0.0022%	n/a
(d.1.2) Judy Sanders Israel 5136 Drill Road Honaker, VA 24260	0.0013 1/126 of 0.16 acres	0.0022%	n/a
(d.1.3) Harley Sanders 172 Vantage Drive Tazewell, VA 24651	0.0013 1/126 of 0.16 acres	0.0022%	n/a
(d.1.4) Jerry Sanders P.O. Box 1931 Honaker, VA 24260	0.0013 1/126 of 0.16 acres	0.0022%	n/a
(d.1.5) Larry Sanders P.O. Box 996 Honaker, VA 24260	0.0013 1/126 of 0.16 acres	0.0022%	n/a
(d.1.6) Allen Sanders 924 Creekside Drive Lebanon, VA 24266	0.0013 1/126 of 0.16 acres	0.0022%	n/a
(d.1.7) Evelyn Sanders Nash 19 Heritage Drive Honaker, VA 24260	0.0013 1/126 of 0.16 acres	0.0022%	n/a
(d.2) James Sanders 96 1st Street Cleveland, VA 24225	0.0025 1/63 of 0.16 acres	0.0043%	n/a
(d.3) Judy Sanders Israel 5136 Drill Road Honaker, VA 24260	0.0025 1/63 of 0.16 acres	0.0043%	n/a
(d.4) Harley Sanders 172 Vantage Drive Tazewell, VA 24651	0.0025 1/63 of 0.16 acres	0.0043%	n/a
(d.5) Jerry Sanders P.O. Box 1931 Honaker, VA 24260	0.0025 1/63 of 0.16 acres	0.0043%	n/a
(d.6) Larry Sanders P.O. Box 996 Honaker, VA 24260	0.0025 1/63 of 0.16 acres	0.0043%	n/a

Exhibit EE
Unit AY-98
Docket #VGOB 05-1213-1542-06
List of Respondents with Royalty Split Agreements/Court Orders/HB2052
(58.78 Acre Unit)

170002150

	Acres in Unit	Percent of Unit	Percent of Escrow
(d.7) Allen Sanders 924 Creekside Drive Lebanon, VA 24266	0.0025 1/63 of 0.16 acres	0.0043%	<i>n/a</i>
(d.8) Evelyn Sanders Nash 19 Heritage Drive Honaker, VA 24260	0.0025 1/63 of 0.16 acres	0.0043%	<i>n/a</i>
Total Acres Resolved	45.2005		
Total Percentage Resolved		76.8977%	

INSTRUMENT 170002150
 RECORDED IN THE CLERK'S OFFICE OF
 BUCHANAN COUNTY CIRCUIT COURT ON
 October 10, 2017 AT 04:34 PM
 BEVERLY S. TILLER , CLERK
 RECORDED BY: CXE