

1705541

DATE: 07/06/2017 @10:22 AM

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 06/08/15-1709

ELECTIONS, UNIT: DPI-1774

(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 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 June 19, 2007, and recorded Instrument #0706527 at the Office of the Clerk of Circuit Court, Lee County, Virginia on June 26, 2007, (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 Daugherty Petroleum, 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 July 11, 2007, 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 August 25, 2007, 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, N.A., VA7515, P.O. Box 14061, Roanoke, VA 24038, (540) 563-7764, Attn: Judy Barger, 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, N.A., VA7515, P.O. Box 14061, Roanoke, VA 24038, (540) 563-7764, Attn: Judy Barger, 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.

1705543

DONE AND EXECUTED this 16th day of May, 2017, by a majority of the Virginia Gas and Oil Board.

Bradley C. Lambert
Bradley Lambert, Chairman

DONE AND EXECUTED this 16th day of May, 2017, by a majority of the Virginia Gas and Oil Board.

Rick Cooper
Rick Cooper
Principal Executive to the Staff
Virginia Gas and Oil Board

STATE OF VIRGINIA
COUNTY OF RUSSELL:

Acknowledged this 16th day of May, 2017, personally before me a notary public in and for the Commonwealth of Virginia, appeared Bradley Lambert, being duly sworn did depose and say that he is Chairman of the Virginia Gas and Oil Board and 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 same and were authorized to do so.

Sally Settle Ketron
Sally Settle Ketron

My Commission Expires January 31, 2019



VIRGINIA:

BEFORE THE VIRGINIA GAS AND OIL BOARD

IN RE: Application of Daugherty Petroleum Inc., for Forced Pooling of Interests in Unit Number DPI-1774 VGOB Docket No. 06/08/15-1709 in the Rocky Station Magisterial District of Lee 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 June 19, 2007, 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 June 26, 2007.
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.

NONE

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

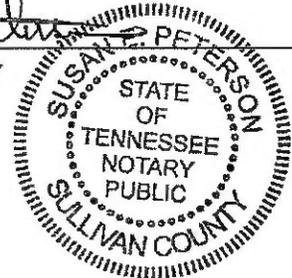
That pursuant to the provision of 4VAC 25-160.70C annexed hereto and incorporated herein is a proposed supplemental order to be entered to complete the record regarding elections; that said annexed supplemental order sets forth that the services of the Escrow Agent are not required in this matter pursuant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

Dated at Kingsport, Tennessee, this 25th day of August 2007.

[Signature]
Affiant

Taken, subscribed and sworn to before me by James E. Kaiser, the Agent of Daugherty Petroleum, Inc. a corporation, on behalf of the corporation, this 25th day of August 2007.

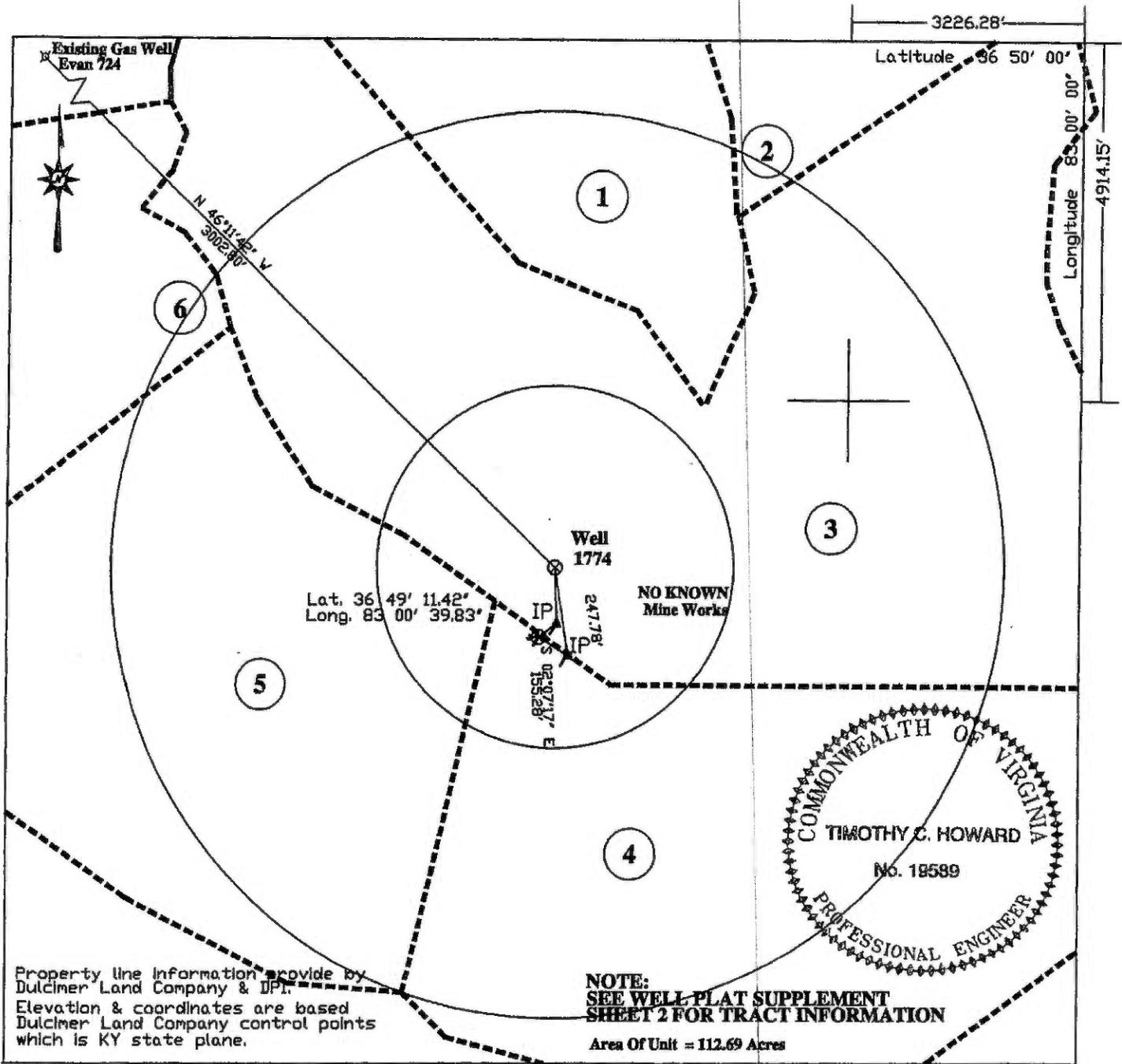
[Signature]
Susan Peterson, Notary



My commission expires: November 12, 2008.

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0706537



WELL LOCATION PLAT

COMPANY: DAUGHERTY PETROLEUM, INC. WELL NAME OR NUMBER 1774
 TRACT NUMBER LOVIA LEE WRIGHT QUADRANGLE Pennington Gap
 DISTRICT Rocky Station
 WELL COORDINATES (VIRGINIA STATE PLANE): N 208671.28 E 680003.17
 ELVATION 1949.33 METHOD USED TO DETERMINE ELEVATION:
GPS survey from well 1755 control point.
 COUNTY Lee SCALE- 1" = 400' DATE: July 6, 2006

THIS PLAT IS A NEW PLAT X ; AN UPDATED PLAT _____ ; OR A FINAL LOCATION PLAT _____

Denotes the location of a well on United States topographic Maps, scale 1 to 24,000 latitude and longitude lines being represented by border lines as shown. (optional)

Timothy C. Howard

Licensed Professional Engineer or Licensed Land Surveyor(Affix Seal)

①

HERSHEL WOODARD
42.5 ACRES - FEE
GAS - 9.30 ACRES - 8.25%

②

NOT LEASED
JJC FLANNARY HEIRS
25.00 ACRES - FEE
GAS - 0.35 ACRES - 0.31%

③

LOVIA LEE WRIGHT
81.98 ACRES - FEE
GAS - 48.93 ACRES - 43.42%

④

JEFF MCKNIGHT
52.00 ACRES - FEE
GAS - 26.64 ACRES - 23.64%

⑤

JACK TURNER
41.1 ACRES - MIN.
GAS - 26.90 ACRES - 23.87%
SCOTT HICKS
41.1 ACRES - SUR.

⑥

DULCIMER LAND COMPANY
TRACT 30-263
84.00 ACRES MIN.
GAS - 0.57 ACRES - 0.51%
WARREN WOODARD - SUR.

DAUGHERTY PETROLEUM, INC.
WELL NO. 1774
WELL PLAT SUPPLEMENT
SHEET 2

SCALE: 1" = 400'

DATE: 7/13/06

1705549

EXHIBIT "B"
DPI-1774
(Revised 8/8/06)

<u>Tract</u>	<u>Lessor</u>	<u>Lease Status</u>	<u>Unit Interest</u>	<u>Gross Unit Acreage</u>
1	Hershel Woodard And Jackie RR 1, Box 325 Jonesville, VA 24263	Leased	8.25%	48.93
2	JJC Flanary Heirs ES Flanary Heirs c/o Katheryn Flanary P. O. Box 1146 Gate City, VA 24251	Unleased	0.31%	0.35
3	Lovia lee Wright RR 1, Box 429 Pennington Gap, VA 24277	Leased	43.42%	48.93
4	Jeff and Carolyn McKnight RR 1, Box 314 Keokee, VA 24265	Leased	23.64%	26.64
5	Jack and Geraldine Turner 267 Airport Lane Tazewell, TN 37879	Leased	23.87%	26.90
6	Dulcimer Land Company 410 S. Wilmington Street Raleigh, North Carolina 27601	Leased	0.51%	0.57

Total percentage leased:
Total percentage unleased:

99.69%
0.31

Total acreage leased:
Total acreage unleased:

112.34
0.35

TM# 13-A)-102

1705550

EXHIBIT "B-3"
DPI-1774

<u>Tract</u>	<u>Lessor</u>	<u>Lease Status</u>	<u>Unit Interest</u>	<u>Gross Unit Acreage</u>
TM# 13-(A)-102 2	JJC Flanary Heirs ES Flanary Heirs c/o Katheryn Flanary P. O. Box 1146 Gate City, VA 24251	Unleased	0.31%	0.35
Total percentage unleased:			0.31	
Total acreage unleased:				0.35

INSTRUMENT 1705541
RECORDED IN THE CLERK'S OFFICE OF
LEE ON
July 6, 2017 AT 10:23 AM
RENE LAMEY, CLERK
RECORDED BY: MLF

Mary Lamey