

1705551

DATE: 07/06/2017 @10:24 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 06/08/15-1710

ELECTIONS, UNIT: DPI-1775

(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 #0706553 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.

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

Bradley C. Lambert  
Bradley Lambert, Chairman

DONE AND EXECUTED this 16<sup>th</sup> 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 16<sup>th</sup> 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-1775 VGOB Docket No. 06/08/15-1710 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

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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 25<sup>th</sup> day of August 2007.

[Signature]  
Affiant

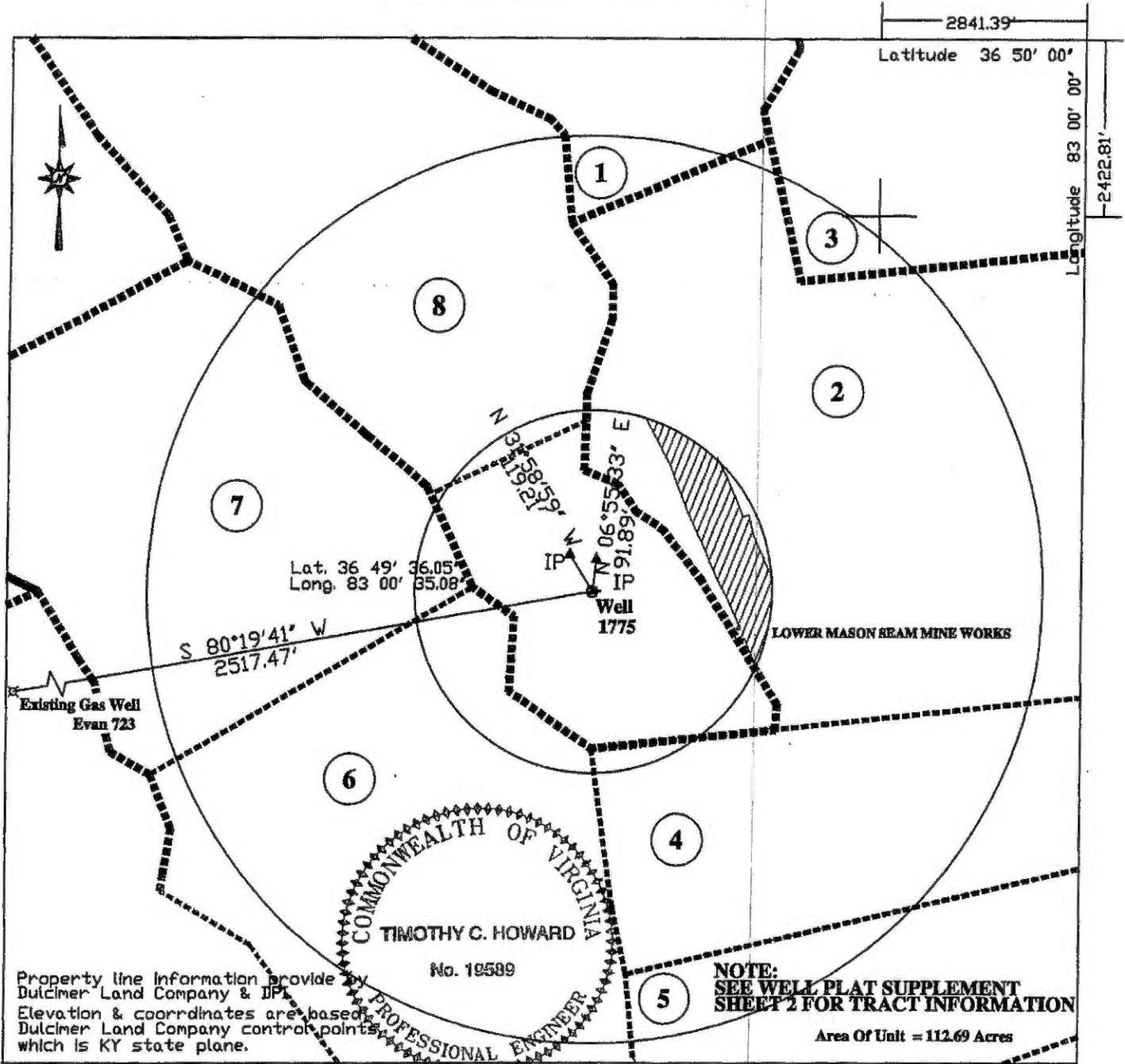
Taken, subscribed and sworn to before me by James E. Kaiser, the Agent of Daugherty Petroleum, Inc. a corporation, on behalf of the corporation, this 25<sup>th</sup> day of August 2007.

[Signature]  
Susan Peterson, Notary

My commission expires: November 12, 2008.



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WELL LOCATION PLAT

COMPANY: DAUGHERTY PETROLEUM, INC. WELL NAME OR NUMBER 1775  
 TRACT NUMBER DULCIMER LAND COMPANY - TRACT 30-261 QUADRANGLE Pennington Gap  
 DISTRICT Rocky Station  
 WELL COORDINATES ( VIRGINIA STATE PLANE): N 211141.32 E 680508.68  
 ELEVATION 1876.79 METHOD USED TO DETERMINE ELEVATION:  
GPS survey from control point on well 1755.  
 COUNTY Lee SCALE- 1" = 400' DATE: July 7, 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)

REVISION

①

DULCIMER LAND COMPANY  
TRACT 30-260  
89.69 ACRES - MIN.  
GAS - 1.38 ACRES - 1.22%

⑥

HERSHEL WOODARD  
42.50 ACRES - FEE  
GAS - 22.53 ACRES - 19.20%

②

NOT LEASED  
ALLENDER & BROWNING, LLC  
37.50 ACRES - FEE  
GAS - 30.92 ACRES - 27.44%

⑦

GEORGE ROBBINS  
57.50 ACRES - FEE  
GAS - 14.91 ACRES - 13.23%

③

DULCIMER LAND COMPANY  
TRACT 30-259  
119.25 ACRES - MIN.  
GAS - 1.23 ACRES - 1.09%

⑧

DULCIMER LAND COMPANY  
TRACT 30-261  
64.00 ACRES - MIN.  
GAS - 25.14 ACRES - 22.31%

④

NOT LEASED  
JJC FLANARY HEIRS  
25.00 ACRES - FEE  
GAS - 13.77 ACRES - 12.22%

⑤

LOVIE LEE WRIGHT  
22.25 ACRES FEE  
GAS - 2.81 ACRES - 2.49%

DAUGHERTY PETROLEUM, INC.  
WELL NO. 1775  
WELL PLAT SUPPLEMENT  
SHEET 2

SCALE: 1" = 400'

DATE: 7/13/06

1705559

EXHIBIT "B"  
DPI-1775  
Revised 7/25/06

<u>Tract</u>	<u>Lessor</u>	<u>Lease Status</u>	<u>Unit Interest</u>	<u>Gross Unit Acreage</u>
1	Dulcimer Land Company 410 S. Wilmington Street Raleigh, North Carolina 27601	Leased	1.22%	1.38
2	Allender and Browning, LLC 2 Browning Drive Harlan, Kentucky 40831	Unleased	27.44%	30.92
3	Dulcimer Land Company 410 S. Wilmington Street Raleigh, North Carolina 27601	Leased	1.09%	1.23
4	JJC Flanary Heirs ES Flanary Heirs c/o Katheryn Flanary P. O. Box 1146 Gate City, VA 24251	Unleased	12.22%	13.77
5	Lovia lee Wright RR 1, Box 429 Pennington Gap, VA 24277	Leased	2.49%	2.81
6	Hershel Woodard RR 1, Box 325 Jonesville, VA. 24263	Leased	19.20%	22.53
7	Dulcimer Land Company 410 S. Wilmington Street Raleigh, North Carolina 27601	Leased	13.23%	14.91
8	Dulcimer Land Company 410 S. Wilmington Street Raleigh, North Carolina 27601	Leased	22.31%	25.14

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Total percentage leased: 60.34%  
Total percentage unleased: 39.66%

Total acreage leased: 68.00  
Total acreage unleased: 44.69

Tax Map #s

13-(A)-104

13-(A)-104A

13-(A)-102

1705560

EXHIBIT "B-3"  
DPI-1775

	<u>Tract</u>	<u>Lessor</u>	<u>Lease Status</u>	<u>Unit Interest</u>	<u>Gross Unit Acreage</u>
TMH 13-(A)-104 13-(A)-104A	2	Allender and Browning, LLC 2 Browning Drive Harlan, Kentucky 40831	Unleased	27.44%	30.92
13-(A)-102	4	JJC Flanary Heirs ES Flanary Heirs c/o Katheryn Flanary P. O. Box 1146 Gate City, VA 24251	Unleased	12.22%	13.77

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Total percentage unleased:

39.66%

Total acreage unleased:

44.69

INSTRUMENT 1705551  
RECORDED IN THE CLERK'S OFFICE OF  
LEE ON  
July 6, 2017 AT 10:25 AM  
RENE LAMEY, CLERK  
RECORDED BY: MLF

*Mary [Signature]*