

070000695

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

APPLICANT: **GEOMET OPERATING COMPANY, INC.**) VIRGINIA GAS
) AND OIL BOARD
RELIEF SOUGHT: POOLING OF INTERESTS IN)
DRILLING **UNIT E-32** LOCATED IN) DOCKET NO.
THE OAKWOOD COALBED METHANE GAS) **VG0B 06-1114-1809**
FIELD I PURSUANT TO VA. CODE)
§§ 45.1-361.21 AND 45.1-361.22, FOR THE)
PRODUCTION OF OCCLUDED NATURAL)
GAS PRODUCED FROM COALBEDS AND)
ROCK STRATA ASSOCIATED THEREWITH)
(herein Collectively referred to as)
"Coalbed Methane Gas" or "Gas"))

LEGAL DESCRIPTION:

DRILLING **UNIT NUMBER E-32**)
(herein "Subject Drilling Unit"))
IN THE **OAKWOOD COALBED METHANE GAS FIELD I**)
GARDEN MAGISTERIAL DISTRICT,)
PATTERSON QUADRANGLE)
BUCHANAN COUNTY, VIRGINIA)
(the "Subject Lands" are more)
particularly described on **Exhibit**)
A, attached hereto and made a)
part hereof))

REPORT OF THE BOARD

FINDINGS AND ORDER

1. Hearing Date and Place: This matter came on for hearing before the Virginia Gas and Oil Board (hereafter "Board") at 9:00 a.m. on **November 14, 2006**, at the Southwest Virginia Higher Education Center on the campus of Virginia Highlands Community College, Abingdon, Virginia.

2. Appearances: **Timothy E. Scott, Esq. and Tom Mullins, Esq.**, appeared for the Applicant; **Mark A. Swartz, Esq.** appeared for CNX Gas Company, LLC; **A. George Mason, Jr., Esq.** appeared for LBR Holdings, LLC; and **Deanis Simmons**, Assistant Attorney General, was present to advise the Board.

3. Jurisdiction and Notice: Pursuant to Va. Code §§ 45.1-361.1 et seq., the Board finds that it has jurisdiction over the subject matter. Based upon the evidence presented by Applicant, the Board also finds that the Applicant has (1) exercised due diligence in conducting a search of the reasonably available sources to determine the identity and whereabouts of gas and oil owners, coal owners, mineral owners and/or potential owners, i.e., persons identified by

Applicant as having ("Owner") or claiming ("Claimant") the rights to Coalbed Methane Gas in all coal seams below the Tiller Seam and seams above 100 feet above the base of the Pennsylvanian, including but not limited to, the Upper Seaboard, Greasy Creek, Middle Seaboard, Lower Seaboard, Upper Horsepen, Middle Horsepen, War Creek, Lower Horsepen, Pocahontas No. 9, Pocahontas No. 8, Pocahontas No. 7, Pocahontas No. 6, Pocahontas No. 5, Pocahontas No. 4, Pocahontas No. 3, Pocahontas No. 2, Pocahontas No. 1 and various unnamed coal seams, coalbeds and rock strata associated therewith (hereafter "Subject Formation") in Subject Drilling Unit underlying and comprised of Subject Lands; (2) represented it has given notice to those parties (hereafter sometimes "person(s)" whether referring to individuals, corporations, partnerships, associations, companies, businesses, trusts, joint ventures or other legal entities) entitled by Va. Code §§ 45.1-361.19 and 45.1-361.22, to notice of the Application filed herein; and (3) that the persons set forth in their Application and Notice of Hearing have been identified by Applicant through its due diligence as Owners or Claimants of Coalbed Methane Gas interests underlying Subject Drilling Unit and that persons identified in **Exhibit B-3** attached hereto are persons identified by Applicant who may be Owners or Claimants of Coalbed Methane Gas interests in Subject Formation who have not heretofore agreed to lease or sell to the Applicant and/or voluntarily pool their Gas interests. Conflicting Gas Owners/Claimants in Subject Drilling Unit are listed on **Exhibit E**. Further, the Board has caused notice of this hearing to be published as required by Va. Code § 45.1-361.19.B. Whereupon, the Board hereby finds that the notices given herein satisfy all statutory requirements, Board rule requirements and the minimum standards of due process.

4. Amendments: None

5. Dismissals: None

6. Relief Requested: Applicant requests (1) that pursuant to Va. Code § 45.1-361.22, including the applicable portions of Va. Code § 45.1-361.21, the Board pool all the rights, interests and estates in and to the Gas in Subject Drilling Unit, including the pooling of the interests of the Applicant and of the known and unknown unleased persons named in **Exhibit B-3** hereto and that of their known and unknown heirs, executors, administrators, devisees, trustees, successors and assigns, both immediate and remote, for the drilling and operation, including production, of Coalbed Methane Gas, produced from or allocated to the Subject Drilling Unit established for the Subject Formation underlying and comprised of the Subject Lands, (hereafter sometimes collectively identified and referred to as "Well Development and/or Operation in the Subject Drilling Unit"), and (2) that the Board designate **GeoMet Operating Company, Inc.** as Unit Operator.

7. Relief Granted: The Applicant's requested relief in this cause be and hereby is granted: (1) Pursuant to Va. Code § 45.1-361.21.C.3, **GeoMet Operating Company, Inc.** (hereafter "Unit Operator") is designated as the Unit Operator authorized to drill and operate the Coalbed Methane Gas well in the Subject Drilling Unit at the location depicted on the plat attached hereto as **Exhibit A**, subject to the permit provisions contained in Va. Code §§ 45.1-361.27 et seq.; to the Oakwood Coalbed Methane Gas Field I Order OGCB 3-90, dated May 18, 1990, as amended; to §§ 4 VAC 25-150 et seq., Gas and Oil Regulations; and to §§ 4 VAC 25-160 et seq., Virginia Gas and Oil Board Regulations, all as amended from time to time, and (2) all the interests and estates in and to the Gas in Subject Drilling Unit, including that of the Applicant and of the known and unknown unleased persons listed on **Exhibit B-3**, attached hereto and made a part hereof, and their known and unknown heirs, executors, administrators, devisees, trustees, assigns and successors, both immediate and remote, be and hereby are pooled in the Subject Formation in the Subject Drilling Unit underlying and comprised of the Subject Lands.

Pursuant to the Oakwood I Field Rules promulgated under the authority of Va. Code § 45.1-361.20, the Board has adopted the following method for the calculation of production and revenue and allocation of allowable costs for the production of Coalbed Methane Gas.

For Frac Well Gas. - Gas shall be produced from and allocated to only the 80.00-acre drilling unit in which the well is located according to the undivided interests of each Owner/Claimant within the unit, which undivided interest shall be the ratio (expressed as a percentage) that the amount of mineral acreage within each separate tract that is within the Subject Drilling Unit, when platted on the surface, bears to the total mineral acreage, when platted on the surface, contained within the entire 80.00-acre drilling unit in the manner set forth in the Oakwood I Field Rules.

8. Election and Election Period: In the event any unleased Owner or Claimant named in **Exhibit B-3** hereto does not reach a voluntary agreement to share in the operation of the well located in the Subject Drilling Unit, at a rate of payment mutually agreed to by said Gas Owner or Claimant and the Unit Operator, then such person named may elect one of the options set forth in Paragraph 9 below and must give written notice of his election of the option selected under Paragraph 9 to the designated Unit Operator at the address shown below within thirty (30) days from the date of receipt of a copy of this Order. A timely election shall be deemed to have been made if, on or before the last day of said 30-day period, such electing person has delivered his written election to the designated Unit Operator at the address shown below or has duly postmarked and placed its written election in first class United States mail, postage prepaid, addressed to the Unit Operator at the address shown below.

9. Election Options:

9.1 Option 1 - To Participate In The Well Development and Operation of the Drilling Unit: Any unleased Gas Owner or Claimant named in **Exhibit B-3** who does not reach a voluntary agreement with the Unit Operator may elect to participate in the Well Development and Operation in the Subject Drilling Unit (hereafter "Participating Operator") by agreeing to pay the estimate of such Participating Operator's proportionate part of the actual and reasonable costs of the Well Development contemplated by this Order for Gas produced pursuant to the Oakwood I Field Rules, including a reasonable supervision fee, as more particularly set forth in Virginia Gas and Oil Board Regulation 4 VAC 25-160-100 (herein "Completed-for-Production Costs"). Further, a Participating Operator agrees to pay the estimate of such Participating Operator's proportionate part of the Completed-for-Production Cost as set forth below to the Unit Operator within forty-five (45) days from the later of the date of mailing or the date of recording of this Order. The Completed-for-Production Cost for the Subject Drilling Unit is as follows:

Completed-for-Production Cost: \$383,275.00

Any gas owner and/or claimants named in **Exhibit B-3**, who elect this option (Option 1) understand and agree that their initial payment under this option is for their proportionate share of the Applicant's estimate of actual costs and expenses. It is also understood by all persons electing this option that they are agreeing to pay their proportionate share of the actual costs and expenses as determined by the Operator named in this Board Order.

A Participating Operator's proportionate cost hereunder shall be the result obtained by multiplying the Participating Operators' "Interest in Unit" times the Completed-for-Production Cost set forth above. Provided, however, that in the event a Participating Operator elects to participate and fails or refuses to pay the estimate of his proportionate part of the Completed-for-Production Cost as set forth above, all within the time set forth herein and in the manner prescribed in Paragraph 8 of this Order, then such Participating Operator shall be deemed to have elected not to participate and to have elected compensation in lieu of participation pursuant to Paragraph 9.2 herein.

- 9.2 Option 2 - To Receive A Cash Bonus Consideration: In lieu of participating in the Well Development and Operation in Subject Drilling Unit under Paragraph 9.1 above, any unleased Gas Owner or Claimant named in **Exhibit B-3** hereto who does not reach a voluntary agreement with the Unit Operator may elect to accept a cash bonus consideration of **\$20.00** per net mineral acre owned by such person, commencing upon entry of this Order and continuing annually until commencement of production from Subject Drilling Unit, and thereafter a royalty of 1/8th of 8/8ths [twelve and one-half percent (12.5%)] of the net proceeds received by the Unit Operator for the sale of the Coalbed Methane Gas produced from any Well Development and Operation covered by this Order multiplied by that person's Interest in Unit or proportional share of said production [for purposes of this Order, net proceeds shall be actual proceeds received less post-production costs incurred downstream of the wellhead, including, but not limited to, gathering, compression, treating, transportation and marketing costs, whether performed by Unit Operator or a third person] as fair, reasonable and equitable compensation to be paid to said Gas Owner or Claimant. The initial cash bonus shall become due and owing when so elected and shall be tendered, paid or escrowed within one hundred twenty (120) days of recording of this Order. Thereafter, annual cash bonuses, if any, shall become due and owing on each anniversary of the date of recording of this order in the event production from Subject Drilling Unit has not theretofore commenced, and once due, shall be tendered, paid or escrowed within sixty (60) days of said anniversary date. Once the initial cash bonus and the annual cash bonuses, if any, are so paid or escrowed, subject to a final legal determination of ownership, said payment(s) shall be satisfaction in full for the right, interests, and claims of such electing person in and to the Gas produced from Subject Formation in the Subject Lands, except, however, for the 1/8th royalties due hereunder.

Subject to a final legal determination of ownership, the election made under this Paragraph 9.2, when so made, shall be satisfaction in full for the right, interests, and claims of such electing person in any Well Development and Operation covered hereby and such electing person shall be deemed to and hereby does lease and assign, its right, interests, and claims in and to the Gas produced from Subject Formation in the Subject Drilling Unit to the Applicant.

- 9.3. Option 3 - To Share In The Well Development And Operation As A Non-Participating Person On A Carried Basis And To Receive Consideration In Lieu Of Cash: In lieu of participating in the Well Development and Operation in Subject Drilling Unit under Paragraph 9.1 above and in lieu of receiving a Cash Bonus Consideration under Paragraph 9.2 above, any unleased Gas Owner or Claimant named in **Exhibit B-3** hereto who does not reach a voluntary agreement with the Unit Operator may elect to share in the Well Development and Operation of Subject Drilling Unit on a carried basis (as a "Carried Well Operator") so that the proportionate part of the Completed-for-Production Cost hereby allocable to such Carried Well Operator's interest is charged against such Carried Well Operator's share of production from Subject Drilling Unit. Such Carried Well Operator's rights, interests, and claims in and to the Gas in Subject Drilling Unit shall be deemed and hereby are assigned to the Applicant until the proceeds from the sale of such Carried Well Operator's share of production from Subject Drilling Unit (exclusive of any royalty, excess or overriding royalty, or other non-operating or non cost-bearing burden reserved in any lease, assignment thereof or agreement relating thereto covering such interest) equals three hundred percent (300%) for a leased interest or two hundred percent (200%) for an unleased interest (whichever is applicable) of such Carried Well Operator's share of the Completed-for-Production Costs allocable to the interest

of such Carried Well Operator. Any Gas Owner and/or Claimant named in **Exhibit B-3** who elects this option (Option 3) understands and agrees that Completed-for-Production Costs are the Operator's actual costs for well development and operation. When the Applicant recoups and recovers from such Carried Well Operator's assigned interest the amounts provided for above, then, the assigned interest of such Carried Well Operator shall automatically revert back to such Carried Well Operator, and from and after such reversion, such Carried Well Operator shall be treated as if it had participated initially under Paragraph 9.1 above; and thereafter, such participating person shall be charged with and shall pay his proportionate part of all further costs of such Well Development and Operation.

Subject to a final legal determination of ownership, the election made under this Paragraph 9.3, when so made, shall be satisfaction in full for the rights, interests, and claims of such electing person in any Well Development and Operation covered hereby and such electing person shall be deemed to have and hereby does assign its rights, interests, and claims in and to the Gas produced from Subject Formation in the Subject Drilling Unit to the Applicant for the period of time during which its interest is carried as above provided prior to its reversion back to such electing person.

10. Failure to Properly Elect: In the event an unleased person named in **Exhibit B-3** hereto does not reach a voluntary agreement with the Unit Operator and fails to elect within the time, in the manner and in accordance with the terms of this Order, one of the alternatives set forth in Paragraph 9 above for which his interest qualifies, then such person shall be deemed to have elected not to participate in the proposed Well Development and Operation in Subject Drilling Unit and shall be deemed, subject to a final legal determination of ownership, to have elected to accept as satisfaction in full for such person's right, interests, and claims in and to the Gas the consideration provided in Paragraph 9.2 above for which its interest qualifies and shall be deemed to have leased and/or assigned his right, interests, and claims in and to the Gas produced from Subject Formation in the Subject Drilling Unit to the Applicant. Persons who fail to properly elect shall be deemed, subject to a final legal determination of ownership, to have accepted the compensation and terms set forth herein at Paragraph 9.2 in satisfaction in full for the right, interests, and claims of such person in and to the Gas produced from the Subject Formation underlying Subject Lands.

11. Default By Participating Person: In the event an unleased person named in **Exhibit B-3** elects to participate under Paragraph 9.1, but fails or refuses to pay, to secure the payment or to make an arrangement with the Unit Operator for the payment of such person's proportionate part of the Completed-for-Production Cost as set forth herein, all within the time and in the manner as prescribed in this Order, then such person shall be deemed to have withdrawn his election to participate and shall be deemed to have elected to accept as satisfaction in full for such person's right, interest, and claims in and to the Gas the consideration provided in Paragraph 9.2 above for which his interest qualifies depending on the excess burdens attached to such interest. Whereupon, any cash bonus consideration due as a result of such deemed election shall be tendered, paid or escrowed by Unit Operator within one hundred twenty (120) days after the last day on which such defaulting person under this Order should have paid his proportionate part of such cost or should have made satisfactory arrangements for the payment thereof. When such cash bonus consideration is paid or escrowed, it shall be satisfaction in full for the right, interests, and claims of such person in and to the Gas underlying Subject Drilling Unit in the Subject Lands covered hereby, except, however, for any royalties which would become due pursuant to Paragraph 9.2 hereof.

12. Assignment of Interest: In the event an unleased person named in **Exhibit B-3** is unable to reach a voluntary agreement to share in the Well Development and Operation

contemplated by this Order at a rate of payment agreed to mutually by said Owner or Claimant and the Unit Operator, or fails to make an election under Paragraph 9.1 above, then subject to a final legal determination of ownership, such person shall be deemed to have and shall have assigned unto Applicant such person's right, interests, and claims in and to said well, and other share in production to which such person may be entitled by reason of any election or deemed election hereunder in accordance with the provisions of this Order governing said election.

13. Unit Operator (or Operator): **GeoMet Operating Company, Inc.** shall be and hereby is designated as Unit Operator authorized to drill and operate the Coalbed Methane Well in Subject Formation in Subject Drilling Unit, all subject to the permit provisions contained in Va. Code §§ 45.1-361.27 et seq.; §§ 4 VAC 25-150 et seq., Gas and Oil Regulations; §§ 4 VAC 25-160 et seq., Virginia Gas and Oil Board Regulations; the Oakwood Coalbed Gas Field I Order OGCB 3-90, all as amended from time to time, and all elections required by this Order shall be communicated to Unit Operator in writing at the address shown below:

**GeoMet Operating Company, Inc.
5336 Stadium Trace Parkway, Suite 206
Birmingham, Alabama 35244
Phone: (205) 425-3855
Fax: (205) 425-4711
Attn: Joseph L. Stephenson**

14. Commencement of Operations: Unit Operator shall commence or cause to commence operations for the drilling of the well(s) within the Subject Drilling Unit and/or the well(s) outside the Subject Drilling Unit but from which production is allocated to the Subject Drilling Unit within Seven Hundred and Thirty (730) days from the date of the Order and shall prosecute same with due diligence. If Unit Operator shall not have so commenced and/or prosecuted, then this Order shall terminate, except for any cash sums then payable hereunder; otherwise, unless sooner terminated by Order of the Board, this Order shall expire at 12:00 P.M. on the date on which all wells covered by the Order and/or all wells from which production is allocated to the Subject Drilling Unit are permanently abandoned and plugged. However, in the event an appeal is taken from this Order, then the time between the filing of the petition for appeal and the final Order of the Circuit Court shall be excluded in calculating the two-year period referred to herein.

15. Operator's Lien: Unit Operator, in addition to the other rights afforded hereunder, shall have a lien and a right of set off on the Gas estates, rights, and interests owned by any person subject hereto who elects to participate under Paragraph 9.1 in the Subject Drilling Unit to the extent that costs incurred in the drilling or operation on the Subject Drilling Unit are chargeable against such person's interest. Such liens and right of set off shall be separable as to each separate person and shall remain liens until the Unit Operator drilling or operating any well covered hereby has been paid the full amounts due under the terms of this Order.

16. Escrow Provisions: The Applicant represented to the Board that there **are no** unknown or unlocatable claimants in the Subject Drilling Unit whose payments are subject to the provisions of Paragraph 16.1 hereof in the Subject Drilling Unit; and, the Unit Operator has represented to the Board that there **are** conflicting claimants in **Tracts 2 and 3** of the Subject Drilling Unit whose payments are subject to the provisions of Paragraph 16.2 hereof. Therefore, by this Order, the Escrow Agent named herein or any successor named by the Board, **is** required to establish an interest-bearing escrow account for **Tract 2 and 3** of the Subject Drilling Unit (herein "Escrow Account"), and to receive and account to the Board pursuant to its agreement for the escrowed funds hereafter described in Paragraphs 16.1 and 16.2:

Wachovia Bank, N.A.
VA7515
P.O. Box 14061
Roanoke, Virginia 24038
Attention: Judy Barger
540-563-7764

- 16.1. Escrow Provisions For Unknown or Unlocatable Persons: If any payment of bonus, royalty payment or other payment due and owing under this Order cannot be made because the person entitled thereto cannot be located or is unknown, then such cash bonus, royalty payment, or other payment shall not be commingled with any funds of the Unit Operator and, pursuant to Va. Code § 45.1-361.21.D, said sums shall be deposited by the Unit Operator into the Escrow Account, commencing within one hundred twenty (120) days of recording of this Order, and continuing thereafter on a monthly basis with each deposit to be made, by use of a report format approved by the Inspector, by a date which is no later than sixty (60) days after the last day of the month being reported and/or for which funds are being deposited. Such funds shall be held for the exclusive use of, and sole benefit of the person entitled thereto until such funds can be paid to such person(s) or until the Escrow Agent relinquishes such funds as required by law or pursuant to Order of the Board in accordance with Va. Code § 45.1-361.21.D.
- 16.2. Escrow Provisions For Conflicting Claimants: If any payment of bonus, royalty payment, proceeds in excess of ongoing operational expenses, or other payment due and owing under this Order cannot be made because the person entitled thereto cannot be made certain due to conflicting claims of ownership and/or a defect or cloud on the title, then such cash bonus, royalty payment, proceeds in excess of ongoing operational expenses, or other payment, together with Participating Operator's Proportionate Costs paid to Unit Operator pursuant to Paragraph 9.1 hereof, if any, (1) shall not be commingled with any funds of the Unit Operator; and (2) shall, pursuant to Va. Code §§ 45.1-361.22.A.2, 45.1-361.22.A.3 and 45.1-361.22.A.4, be deposited by the Operator into the Escrow Account within one hundred twenty (120) days of recording of this Order, and continuing thereafter on a monthly basis with each deposit to be made by a date which is no later than sixty (60) days after the last day of the month being reported and/or for which funds are subject to deposit. Such funds shall be held for the exclusive use of, and sole benefit of, the person entitled thereto until such funds can be paid to such person(s) or until the Escrow Agent relinquishes such funds as required by law or pursuant to Order of the Board.
17. Special Findings: The Board specifically and specially finds:
- 17.1. **GeoMet Operating Company, Inc.** is an Alabama Corporation and is duly authorized and qualified to transact business in the Commonwealth of Virginia;
- 17.2. **GeoMet Operating Company, Inc.** is an operator in the Commonwealth of Virginia, and has satisfied the Board's requirements for operations in Virginia;
- 17.3. **GeoMet Operating Company, Inc.** claims ownership of gas leases, Coalbed Methane Gas leases, and/or coal leases representing **24.60** percent of the oil and gas interest/claims in and to Coalbed Methane Gas and **26.79** percent of the coal interest/claims in and to Coalbed Methane Gas in Subject Drilling Unit; and, Applicant claims the right to explore for, develop and produce Coalbed Methane Gas from Subject Formations in Subject Drilling Unit in Buchanan County,

Virginia, which Subject Lands are more particularly described in **Exhibit A**;

- 17.4 Applicant has proposed the drilling of the Subject Drilling Unit to a depth of **1,720** feet at the location depicted on **Exhibit A** to develop the pool of Gas in Subject Formations, and to complete and operate the Subject Drilling Unit for the purpose of producing Coalbed Methane Gas.
- 17.5. The estimated total gas production from Subject Drilling Unit is **1157 MMCF**.
- 17.6. Set forth in **Exhibit B-3**, is the name and last known address of each Owner or Claimant identified by the Applicant as having or claiming an interest in the Coalbed Methane Gas in Subject Formation in Subject Drilling Unit underlying and comprised of Subject Lands, who has not, in writing, leased to the Applicant or the Unit Operator or agreed to voluntarily pool his interests in Subject Drilling Unit for its development. The interests of the Respondents listed in **Exhibit B-3** comprise **75.40** percent of the oil and gas interests/claims in and to Coalbed Methane Gas and **73.21** percent of the coal interests/claims in and to Coalbed Methane Gas in Subject Drilling Unit;
- 17.7 Applicant's evidence established that the fair, reasonable and equitable compensation to be paid to any person in lieu of the right to participate in the Wells are those options provided in Paragraph 9 above;
- 17.8 The relief requested and granted is just and reasonable, is supported by substantial evidence and will afford each unleased person listed and named in **Exhibit B-3** hereto the opportunity to recover or receive, without unnecessary expense, such person's just and fair share of the production from Subject Drilling Unit. The granting of the Application and relief requested therein will ensure to the extent possible the greatest ultimate recovery of Coalbed Methane Gas, prevent or assist in preventing the various types of waste prohibited by statute and protect or assist in protecting the correlative rights of all persons in the subject common sources of supply in the Subject Lands. Therefore, the Board is entering an Order granting the relief herein set forth.

18. Mailing Of Order And Filing Of Affidavit: Applicant or its Attorney shall file an affidavit with the Secretary of the Board within sixty (60) days after the date of recording of this Order stating that a true and correct copy of said Order was mailed within seven (7) days from the date of its receipt by Unit Operator to each Respondent named in **Exhibit B-3** pooled by this Order and whose address is known.

19. Availability of Unit Records: The Director shall provide all persons not subject to a lease with reasonable access to all records for Subject Drilling Unit which are submitted by the Unit Operator to said Director and/or his Inspector(s).

20. Conclusion: Therefore, the requested relief and all terms and provisions set forth above be and hereby are granted and IT IS SO ORDERED.

21. Appeals: Appeals of this Order are governed by the provisions of Va. Code Ann. § 45.1-361.9 which provides that any order or decision of the Board may be appealed to the appropriate circuit court.

22. Effective Date: This Order shall be effective as of the date of the Board's approval of this Application, which is set forth at Paragraph 1 above.

DONE AND EXECUTED this 23rd day of February, 2007, by a majority of the Virginia Gas and Oil Board.

Benny R. Wampler
Chairman, Benny R. Wampler

DONE AND PERFORMED this 26th day of February, 2007, by Order of this Board.

B. R. Wilson
B. R. Wilson
Principal Executive To The Staff
Virginia Gas and Oil Board

STATE OF VIRGINIA)
COUNTY OF WISE)

Acknowledged on this 23rd day of February, 2007, personally before me a notary public in and for the Commonwealth of Virginia, appeared Benny 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.

Susan G. Smith
Notary Public

My commission expires: 12-31-2010

STATE OF VIRGINIA)
COUNTY OF WASHINGTON)

Acknowledged on this 26th day of February, 2007, 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 of the Virginia Gas and Oil Board, that he executed the same and was authorized to do so.

Diane J. Davis
Notary Public

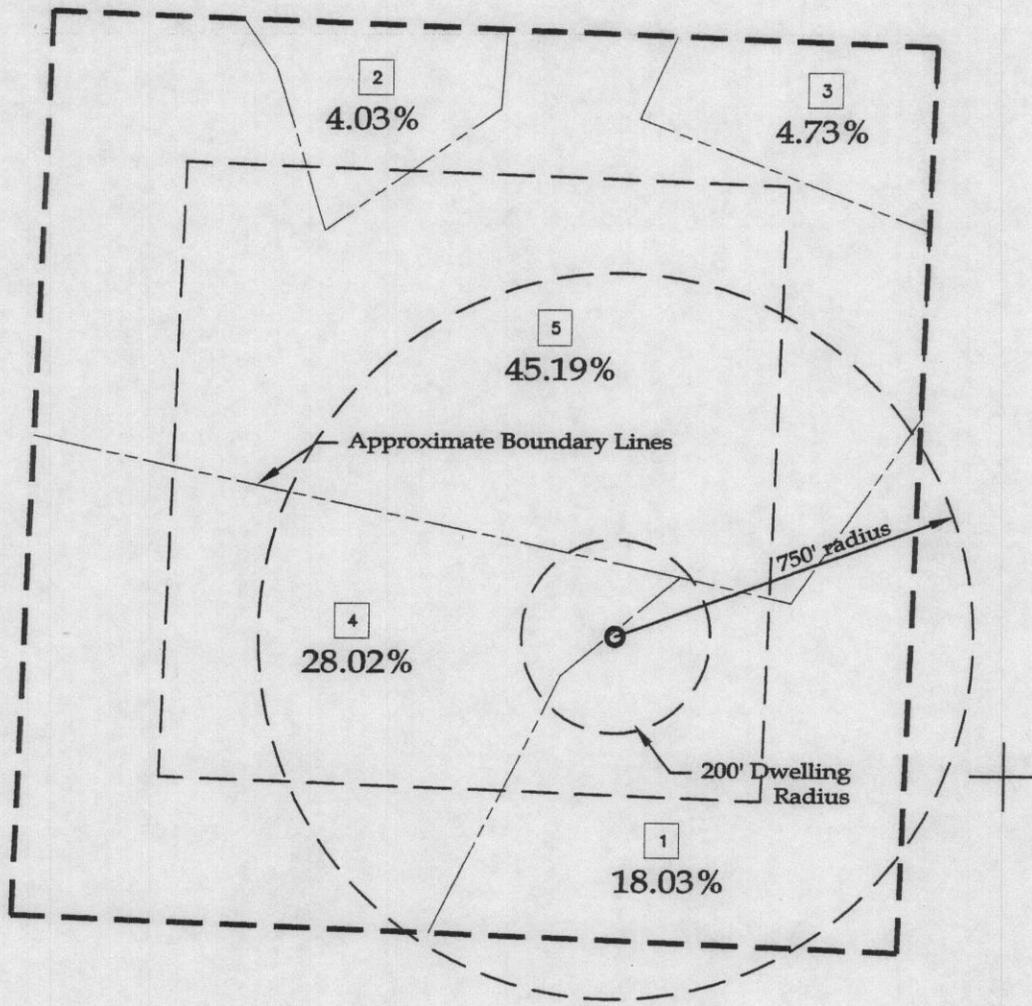
My commission expires: 9/30/09

PROPERTY LINES SHOWN WERE TAKEN FROM DEED DESCRIPTIONS AND OTHER AVAILABLE INFORMATION. PROPERTY BOUNDARIES ARE APPROXIMATE AND ARE NOT SURVEYED.

LATITUDE 37° 17' 30"

DENOTES TRACT NO. SEE PERMIT APPLICATION OR POOLING APPLICATION FOR DETAILS

LONGITUDE 81° 55' 00"
9,360'

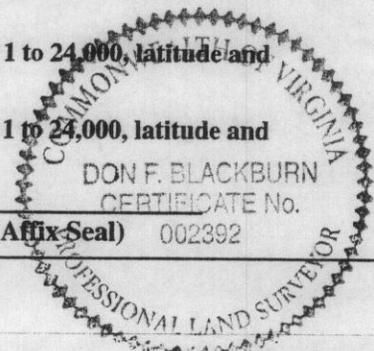


WELL LOCATION PLAT

COMPANY: GEOMET OPERATING COMPANY WELL NAME OR NUMBER: ROGERS 589-CBM UNIT E-32
 TRACT NUMBER: LBR HOLDINGS, LLC (TRACT NO. 70) SCALE: 1" = 400' DATE: 9/29/06
 COUNTY: BUCHANAN DISTRICT: GARDEN QUADRANGLE: PATTERSON
 ELEVATION: _____ METHOD USED TO DETERMINE ELEVATION: G.P.S. CONTROL LOOP
 FROM JEWELL SMOKELESS COAL CO. & TEE ENGINEERING CO. CONTROL POINTS

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

- + 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.
- 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.



Form DGO-GO-7
Rev. 1/98

Don F. Blackburn
 Licensed Professional Engineer or Licensed land surveyor (Affix Seal) 002392

Well Name : Rogers 589 E-32

Pooling Plat Attachment A

Plat Tract Number	Owners	Percentage Ownership
1.) <u>70</u>	<u>LBR Holdings, LLC</u>	<u>18.03%</u>
2.) <u>21</u>	<u>LBR Holdings, LLC</u>	<u>4.03%</u>
3.) <u>7</u>	<u>LBR Holdings, LLC</u>	<u>4.73%</u>
4.) <u>32</u>	<u>C.L. Ritter Lumber Company</u>	<u>28.02%</u>
5.) <u>31</u>	<u>C.L. Ritter Lumber Company</u>	<u>45.19%</u>

Location Description: 3.90 Miles northwest of State Route 635jct. W/ State Route 638
and 0.65 miles northeast of State Route 654 W/State Route 638.

EXHIBIT B-3
PARTIES WHO HAVE NOT REACHED AGREEMENT WITH OPERATOR
ROGERS 589-CBM UNIT E-32
VGOB DOCKET NO. 06-1114-1809

<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>		
<u>Tract 2</u> LBR Holdings, LLC et al. Tr. No. 21	Jason Poulos 10870 SW 95 th Street Miami, FL 33176	Unleased	0.167916%	0.134333
	Gregory Poulos 1894 Glenwood Street NE Palm Bay, FL 32907-2423	Unleased	0.167917%	0.134333
	Pamela Poulos 1444 Mendavia Avenue Coral Gables, FL 33146	Unleased	0.167917%	0.134334
	T. G. Rogers, III 15105-D John J. Delaney # 305 Charlotte, NC 28277	Unleased	0.125937%	0.100750
	Shaun Rogers 5445 Rosewood Road Vero Beach, FL 32960	Unleased	0.125937%	0.100750
	Kevin Rogers 139 Wickham Road Garden City, NY 11530	Unleased	0.125938%	0.100750
	Derek Browning Rogers 2300 Carmel Road Charlotte, NC 28226	Unleased	0.125938%	0.100750
		Subtotal:	1.007500%	0.806000

EXHIBIT B-3
PARTIES WHO HAVE NOT REACHED AGREEMENT WITH OPERATOR
ROGERS 589-CBM UNIT E-32
VGOB DOCKET NO. 06-1114-1809

<u>TRACT</u>	<u>LESSOR</u>	<u>LEASE STATUS</u>	<u>INTEREST WITHIN UNIT</u>	<u>GROSS ACREAGE IN UNIT</u>
<u>Tract 3</u> LBR Holdings, LLC et al. Tr. No. 7	Jason Poulos 10870 SW 95 th Street Miami, FL 33176	Unleased	0.197083%	0.157666
	Gregory Poulos 1894 Glenwood Street NE Palm Bay, FL 32907-2423	Unleased	0.197083%	0.157667
	Pamela Poulos 1444 Mendavia Avenue Coral Gables, FL 33146	Unleased	0.197084%	0.157667
	T. G. Rogers, III 15105-D John J. Delaney # 305 Charlotte, NC 28277	Unleased	0.147812%	0.118250
	Shaun Rogers 5445 Rosewood Road Vero Beach, FL 32960	Unleased	0.147812%	0.118250
	Kevin Rogers 139 Wickham Road Garden City, NY 11530	Unleased	0.147813%	0.118250
	Derek Browning Rogers 2300 Carmel Road Charlotte, NC 28226	Unleased	0.147813%	0.118250
		Subtotal:	<u>1.182500%</u>	<u>0.946000</u>
<u>Tract 4</u> C. L. Ritter Lumber Co., Inc. Tr. No. 32	CNX Gas Company LLC 2481 John Nash Blvd. Bluefield, WV 24701	Coalbed Methane Gas Lessee	28.020000%	22.416000
		Subtotal:	<u>28.020000%</u>	<u>22.416000</u>

EXHIBIT B-3
PARTIES WHO HAVE NOT REACHED AGREEMENT WITH OPERATOR
ROGERS 589-CBM UNIT E-32
VGOB DOCKET NO. 06-1114-1809

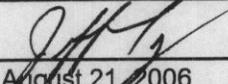
<u>TRACT</u>	<u>LESSOR</u>	<u>LEASE STATUS</u>	<u>INTEREST WITHIN UNIT</u>	<u>GROSS ACREAGE IN UNIT</u>
<u>Tract 5</u> C. L. Ritter Lumber Co., Inc. Tr. No. 31	CNX Gas Company LLC 2481 John Nash Blvd. Bluefield, WV 24701	Coalbed Methane Gas Lessee	45.190000%	36.152000
		Subtotal:	<u>45.190000%</u>	<u>36.152000</u>
	Percentage of Unit Unleased - Gas Estate		75.400000%	
	Acreage in Unit Unleased - Gas Estate			60.320000

EXHIBIT B-3
PARTIES WHO HAVE NOT REACHED AGREEMENT WITH OPERATOR
ROGERS 589-CBM UNIT E-32
VGOB DOCKET NO. 06-1114-1809

<u>TRACT</u>	<u>LESSOR</u>	<u>LEASE STATUS</u>	<u>INTEREST WITHIN UNIT</u>	<u>GROSS ACREAGE IN UNIT</u>
<u>Coal Estate Only</u>				
<u>Tract 4</u> C. L. Ritter Lumber Co., Inc. Tr. No. 32	CNX Gas Company LLC 2481 John Nash Blvd. Bluefield, WV 24701	Coalbed Methane Gas Lessee	28.020000%	22.416000
		Subtotal:	<u>28.020000%</u>	<u>22.416000</u>
<u>Tract 5</u> C. L. Ritter Lumber Co., Inc. Tr. No. 31	CNX Gas Company LLC 2481 John Nash Blvd. Bluefield, WV 24701	Coalbed Methane Gas Lessee	45.190000%	36.152000
		Subtotal:	<u>45.190000%</u>	<u>36.152000</u>
	Percentage of Unit Unleased - Coal Estate		73.210000%	
	Acreage in Unit Unleased - Coal Estate			58.568000

GeoMet Operating Company, Inc.

Estimated Well Cost

Well Name: Rogers 589 CBM Unit E-32
Field / Project: Lon Rogers
County, State: Buchanan County, VA
Prepared By: 
Date: August 21, 2006

Acct. Code	Description	Drill	Complete	Total
	INTANGIBLE DRILLING COST:			
135-90	Land , Legal, & ROW Acquisition	\$ 22,000	\$ -	\$ 22,000
135-43	Permitting	\$ 3,500	\$ -	\$ 3,500
135/40	Roads,Bridges, and Canals	\$ 41,000	\$ -	\$ 41,000
135-42	Surveying	\$ 4,000	\$ -	\$ 4,000
135-41	Location	\$ 19,000	\$ -	\$ 19,000
135-44	Reclamation	\$ 2,750	\$ -	\$ 2,750
135-18	Drilling	\$ 41,000	\$ -	\$ 41,000
135-116	Completion Rig	\$ -	\$ 11,500	\$ 11,500
135-160	Completion Rentals	\$ -	\$ 15,000	\$ 15,000
135-70	Cementing	\$ 15,000	\$ -	\$ 15,000
135-73	Wireline logging (Open Hole)	\$ 2,300	\$ -	\$ 2,300
135-175	Wireline logging (Cased Hole)	\$ -	\$ 1,375	\$ 1,375
135-176	Perforating	\$ -	\$ 15,000	\$ 15,000
135-177	Stimulation	\$ -	\$ 105,000	\$ 105,000
135-36	Transportation - Trucking,Hot Shots, Etc.	\$ -	\$ -	\$ -
135-34	Dozer	\$ -	\$ -	\$ -
135-35	Water Hauling	\$ -	\$ 3,600	\$ 3,600
135-88	Supervision and Consulting	\$ 2,000	\$ 4,000	\$ 6,000
135-26	Welders,Roustabouts, & Contract Labor	\$ -	\$ 3,750	\$ 3,750
135-80	Drilling Overhead	\$ 4,350	\$ -	\$ 4,350
	Total Intangible Cost	\$ 156,900	\$ 159,225	\$ 316,125
	TANGIBLE COST:			
138-20	Conductor,Surface,Intermediate Casing	\$ 8,800	\$ -	\$ 8,800
138-35	Production Casing	\$ 17,000	\$ -	\$ 17,000
138-50	Tubing & Accessories	\$ -	\$ 7,400	\$ 7,400
138-55	Downhole Equipment (pump, rods, etc.)	\$ -	\$ 6,000	\$ 6,000
138-60	Wellhead Equipment	\$ -	\$ 1,200	\$ 1,200
138-350	Surface Production Equipment	\$ -	\$ 16,750	\$ 16,750
138-340	Surface Production Equipment - Installed	\$ -	\$ 4,750	\$ 4,750
138-360	SCADA System - Installed	\$ -	\$ 5,250	\$ 5,250
138-315	Electrical Equipment -Installed	\$ -	\$ -	\$ -
	Total Tangible Cost	\$ 25,800	\$ 41,350	\$ 67,150
	Total Cost	\$ 182,700	\$ 200,575	\$ 383,275
	Dry Hole Cost			\$ 157,050

Total Depth: 1,720 FEET (ESTIMATE)

EXHIBIT E
LIST OF CONFLICTING AND UNKNOWN OR UNLOCATABLE OWNERS/CLAIMANTS THAT
REQUIRE ESCROW
ROGERS 589-CBM UNIT E-32
VGOB DOCKET NO. 06-1114-1809

	PERCENTAGE OWNERSHIP OF TRACT IN DISPUTE	PERCENTAGE OWNERSHIP OF UNIT IN DISPUTE
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Tract 2
LBR
Holdings,
LLC et al.
Tr. No. 21
(4.03% of unit)

25% OF THE COALBED METHANE INTEREST,
THE OWNERSHIP OF WHICH IS IN DISPUTE BETWEEN
THE FOLLOWING COAL OWNER AND OIL AND GAS OWNERS:

COAL FEE OWNERSHIP

(1)	LBR Holdings, LLC Fon Rogers, II, Manager P. O. Box 22427 Lexington, KY 40522-2427	25.000000%	1.007500%
	Total - Coal	25.000000%	1.007500%

OIL & GAS FEE OWNERSHIP

(1)	Jason Poulos 10870 SW 95 th Street Miami, FL 33176	4.166667%	0.167916%
(2)	Gregory Poulos 1894 Glenwood Street NE Palm Bay, FL 32907-2423	4.166667%	0.167917%
(3)	Pamela Poulos 1444 Mendavia Avenue Coral Gables, FL 33146	4.166666%	0.167917%
(4)	T. G. Rogers, III 15105-D John J. Delaney # 305 Charlotte, NC 28277	3.125000%	0.125937%
(5)	Shaun Rogers 5445 Rosewood Road Vero Beach, FL 32960	3.125000%	0.125937%

EXHIBIT E
LIST OF CONFLICTING AND UNKNOWN OR UNLOCATABLE OWNERS/CLAIMANTS THAT
REQUIRE ESCROW
ROGERS 589-CBM UNIT E-32
VGOB DOCKET NO. 06-1114-1809

		PERCENTAGE OWNERSHIP OF TRACT IN DISPUTE	PERCENTAGE OWNERSHIP OF UNIT IN DISPUTE
(6)	Kevin Rogers 139 Wickham Road Garden City, NY 11530	3.125000%	0.125938%
(7)	Derek Browning Rogers 2300 Carmel Road Charlotte, NC 28226	3.125000%	0.125938%
	Total - Gas	25.000000%	1.007500%
	Subtotal: Tract 2	25.000000%	1.007500%

Tract 3
LBR
Holdings,
LLC et al.
Tr. No. 7
(4.73% of unit)

25% OF THE COALBED METHANE INTEREST,
THE OWNERSHIP OF WHICH IS IN DISPUTE BETWEEN
THE FOLLOWING COAL OWNER AND OIL AND GAS OWNERS:

COAL FEE OWNERSHIP

(1)	LBR Holdings, LLC Fon Rogers, II, Manager P. O. Box 22427 Lexington, KY 40522-2427	25.000000%	1.182500%
	Total - Coal	25.000000%	1.182500%

OIL & GAS FEE OWNERSHIP

(1)	Jason Poulos 10870 SW 95 th Street Miami, FL 33176	4.166667%	0.197083%
(2)	Gregory Poulos 1894 Glenwood Street NE Palm Bay, FL 32907-2423	4.166667%	0.197083%

