



**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:** J37

**TRACT(S):** 7

**LOCATION:** BUCHANAN County, Virginia

**DOCKET NUMBER:** VGOB-07-0116-1853-02

**APPLICANTS:** CNX Gas Company LLC on behalf of Buchanan County, VA

**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 09/18/2007, Recorded on 10/02/2007, Deed Book/Instrument No. 70003660.
- 2. Modification Order -01 Executed 02/16/2012, Recorded on 03/20/2012, Deed Book/Instrument No. 12000503.
- 3. Supplemental Order -01, Recorded on 10/03/2012, Deed Book/Instrument No. 120002297.

**NOTICE:**

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- (1) Amend the Pooling Order to provide for the disbursement of funds on deposit in the Escrow Account attributable to Tract(s) 7 identified in the attached petition.
- (2) Delete the requirement that the Unit Operator place future royalties attributable to Tract(s) 7 relative to the interests of the Applicants identified in the attached petition.
- (3) Close 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. Buchanan County Virginia is the gas claimant in Tracts 7 . As such Buchanan County Virginia are entitled to 100% of the CBM royalties 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 given the notice(s) required by § 45.1-361.22:2.A to all conflicting claimants identified in the above referenced pooling Order and any supplemental Orders pertaining thereto.
- c. That none of the conflicting claimants noticed have provided, within 45 days of the notice(s) given as provided in b. above, the Board, its designated agent the Director of the Division of Gas and Oil, the Operator and/or the Applicant evidence of either an agreement regarding the escrowed funds/royalties or a proceeding regarding same.
- 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 Buchanan County Virginia and 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 close 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.

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DONE AND EXECUTED this 6 day of May, 2016 by a majority of the Virginia Gas and Oil Board.



Chairman, Bradley C. Lambert

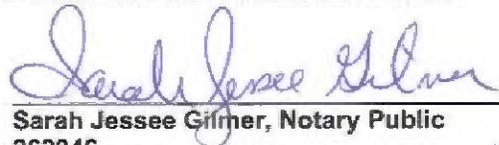
DONE AND PERFORMED this 6 day of May, 2016 by Order of the Virginia Gas and Oil Board.



Rick Cooper  
Principal Executive to the  
staff, Virginia Gas and Oil Board

COMMONWEALTH OF VIRGINIA  
COUNTY OF RUSSELL

Acknowledged on this 6<sup>th</sup> day of May, 2016, 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, 2017



## BEFORE THE VIRGINIA GAS AND OIL BOARD

PETITIONER: CNX Gas Company LLC

DIVISION OF GAS AND OIL

DOCKET NO: VGOB 07-0116-1853-02

**RELIEF SOUGHT: (1) DISBURSEMENT FROM ESCROW REGARDING TRACT(S) 7 (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:** J37

**BUCHANAN COUNTY, VIRGINIA**

**PETITION FOR ORDER OF DISBURSEMENT OF ESCROW FUNDS**

**1. Petitioner and its counsel**

Petitioner is CNX Gas Company LLC, P. O. 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(s) attributable to Tract 7, as depicted upon the annexed Table; and (2) authorization to begin paying royalties directly to Buchanan County Virginia; (3) Dismissal of Coal Owner(s): Yukon Pocahontas Coal Company, Buchanan Coal Company, Sayers-Pocahontas Coal Company, and CONSOL Buchanan Mining Company.

**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

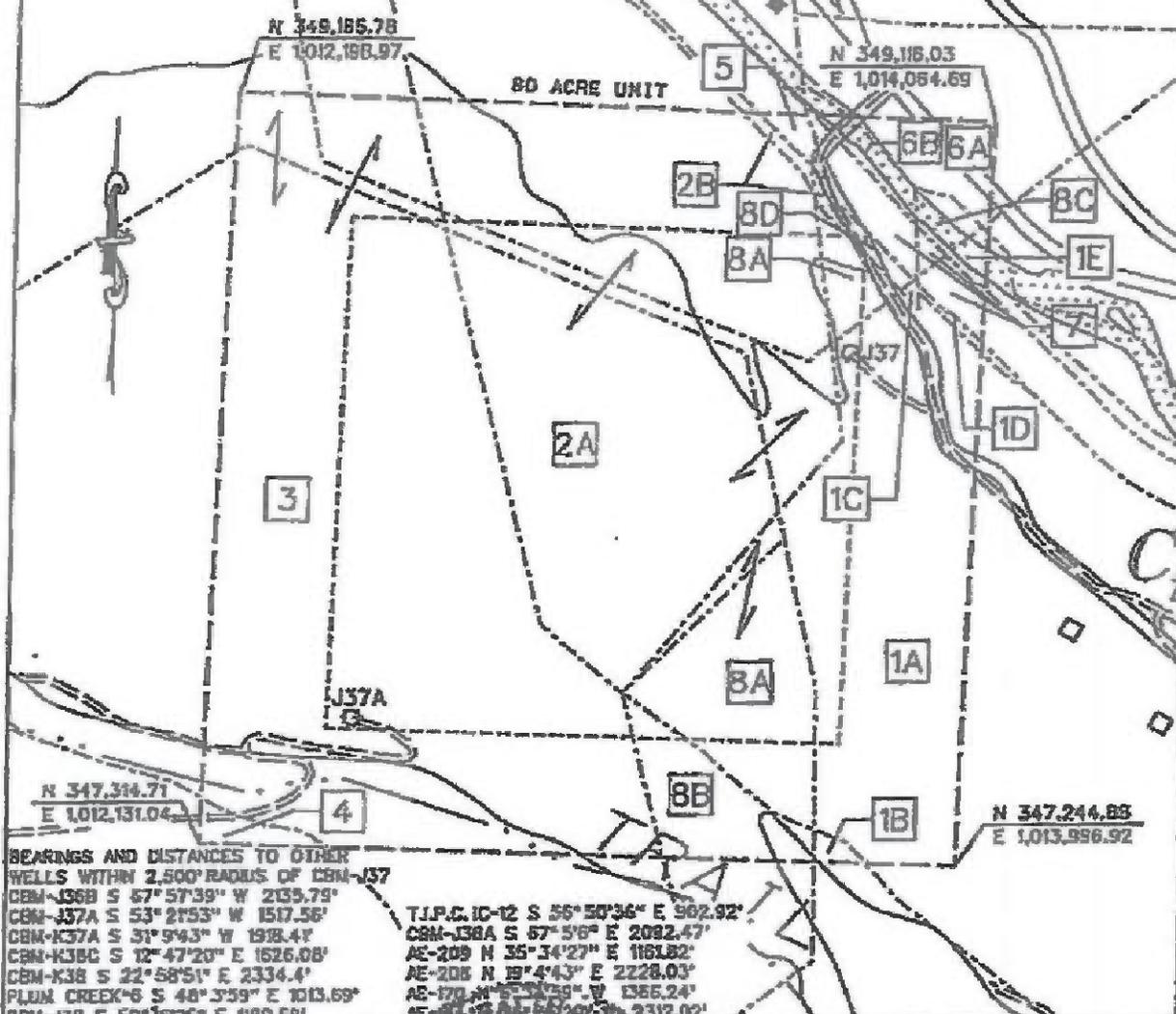
**5. Factual basis for relief requested**

- a. Buchanan County Virginia is the gas claimant in Tracts 7 . As such Buchanan County Virginia are entitled to 100% of the CBM royalties 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 given the notice(s) required by § 45.1-361.22:2.A to all conflicting claimants identified in the above referenced pooling Order and any supplemental Orders pertaining thereto.
- c. That none of the conflicting claimants noticed have provided, within 45 days of the notice(s) given as provided in b. above, the Board, its designated agent the Director of the Division of Gas and Oil, the Operator and/or the Applicant evidence of either an agreement regarding the escrowed funds/royalties or a proceeding regarding same.
- 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 Buchanan County Virginia and 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.

Property lines shown on this plat were provided by CNX Gas Company LLC and were taken from deed descriptions and chains of title of record. This does not represent a current boundary survey. This certification is as to the size, shape and location of the proposed well.



BEARINGS AND DISTANCES TO OTHER WELLS WITHIN 2,500' RADIUS OF CBM-J37  
 CBM-136B S 67°57'39" W 2035.79'  
 CBM-J37A S 53°21'53" W 1517.56'  
 CBM-K37A S 31°9'43" W 1918.41'  
 CBM-K38C S 12°47'20" E 1526.08'  
 CBM-K38 S 22°58'51" E 2334.4'  
 FLUM CREEK-S 48°3'39" E 1013.69'  
 CBM-J38 S 52°16'26" E 1880.69'

T.J.P.C. 10-12 S 56°50'36" E 902.92'  
 CBM-138A S 67°5'0" E 2092.47'  
 AE-209 N 35°34'27" E 1161.82'  
 AE-208 N 19°4'43" E 2228.03'  
 AE-170 N 16°33'59" W 1356.24'  
 AE-171 N 16°33'59" W 2312.02'

- EXISTING WELL
- ⊙ PROPOSED HORIZONTAL WELL
- ⊕ PROPOSED CBM WELL

RICHARD J. MURPHY  
 Lic. No. 041898  
 10-10-11  
 PROFESSIONAL ENGINEER

**EXHIBIT A**  
**OAKWOOD FIELD**  
**UNIT J37**  
**FORCE POOLING**  
**VG08-07-0116-1853-01**

Company CNX Gas Company LLC Well Name and Number UNIT J37  
 Tract No. \_\_\_\_\_ Elevation \_\_\_\_\_ Quadrangle KEEN MOUNTAIN  
 County BUCHANAN District GARDEN Scale: 1" = 400' Date \_\_\_\_\_  
 This plat is a new plat X ; an updated plat \_\_\_\_\_ ; or a final plat \_\_\_\_\_

Form DGG-GG-7 (Affix Seal)  
 Rev. 9/91 Licensed Professional Engineer or Licensed Land Surveyor

**CNX Gas Company LLC**  
**UNIT J-37**  
**Tract Identifications**

1. Consolidation Coal Company, et al, Big Vein Tract 32 (442.57 Acre Tract) -- Coal  
 Island Creek Coal Company/Consol Energy, Inc. -- Coal Below Tiller Seam Leased  
 Jewell Smokeless Coal Corporation -- Coal Above Tiller Seam Leased  
 Highland Resources, Inc./North American Resources Corporation, et al -- Oil and Gas  
 CNX Gas Company LLC -- Oil and Gas Leased (1/3)  
 Plum Creek Timberlands, L.P., et al -- CBM  
 CNX Gas Company -- CBM Leased  
 12.39 Acres                      15.4875%
  
- 1A. Milfred Maxwell Heirs, et al -- Surface Owner
- 1B. Unknown Surface Owner
- 1C. Norfolk Southern Railway Company -- Surface Owner
- 1D. Norfolk Southern Railway Company -- Surface Owner
- 1E. Norfolk Southern Railway Company -- Surface Owner
  
2. Fulton H. Cole Heirs -- Fee  
 Island Creek Coal Company/Consol Energy, Inc. -- Coal Below Tiller Seam Leased  
 Jewell Smokeless Coal Corporation -- Coal Above Tiller Seam Leased  
 Appalachian Energy -- Oil and Gas Leased  
 Appalachian Energy -- CBM Leased (CNX Gas Company LLC Operator)  
 24.09 Acres                      30.1125%
  
- 2A. Fulton H. Cole Heirs -- Surface Owner
- 2B. Norfolk Southern Railway Company -- Surface Owner
  
3. Caroline Cole Keen, et al (164.56 Acre Tract) -- All Minerals (Except Jawbone Seam & 1/9 In P-3 Seam)  
 Island Creek Coal Company/Consol Energy, Inc. -- 1/9 Int. in P-3 Seam  
 Jewell Smokeless Coal Corporation - Jawbone Seam  
 Island Creek Coal Company/Consol Energy, Inc. - Below Drainage Coal Leased  
 Jewell Smokeless Coal Corporation - Above Drainage Coal Leased  
 Appalachian Energy -- Oil and Gas Leased (90.78543%)  
 Appalachian Energy -- CBM Leased (84.29630%) (CNX Gas Company LLC -- Operator)  
 CNX Gas Company LLC -- CBM Leased (2.46914%)  
 Caroline Cole Keen, et al -- Surface  
 32.02 Acres                      40.8250%
  
4. Buck Jewell Resources, LLO (100 Acre Tract) -- Fee except Coal in Jawbone Seam  
 Jewell Smokeless Coal Corporation -- Jawbone Seam  
 Island Creek Coal Company/Consol Energy, Inc. -- Coal Below Tiller Seam Leased  
 Appalachian Energy -- Oil and Gas Leased  
 Appalachian Energy -- CBM Leased (CNX Gas Company LLC -- Operator)  
 0.41 Acres                      0.5125%

(This title block is for general informational purposes only and does not reflect an analysis of the severance deed and its effect upon coalbed methane ownership and should not be relied upon for such purpose.)

**CNX Gas Company LLC**  
**UNIT J-37**  
**Tract Identifications**

5. **Norfolk Southern Railway Company – Fee**  
**Island Creek Coal Company/Consol Energy, Inc. – P-3 Seam Leased**  
**CNX Gas Company LLC – CBM Leased**  
**0.23 Acres 0.2875%**
6. **Caroline Cole Keen, et al (78.10 Acre Tract) – All Minerals (Except Jawbone Seam & 1/9 In P-3 Seam)**  
**Island Creek Coal Company/Consol Energy, Inc. – 1/9 Int. In P-3 Seam**  
**Jewell Smokeless Coal Corporation – Jawbone Seam**  
**Island Creek Coal Company/Consol Energy, Inc. – Below Drainage Coal Leased**  
**Jewell Smokeless Coal Corporation – Above Drainage Coal Leased**  
**Appalachian Energy – Oil and Gas Leased**  
**Appalachian Energy – CBM Leased (79.01235%) (CNX Gas Company LLC – Operator)**  
**CNX Gas Company LLC – CBM Leased (10.98785%)**  
**Caroline Cole Keen, et al – Surface**  
**1.68 Acres 2.1000%**
- 6A. **Caroline Cole Keen, et al – Surface**  
6B. **Norfolk Southern Railway Company – Surface Owner**
7. **Norfolk Southern Railway Company – Fee (Except Coal Below 800 Feet)**  
**Island Creek Coal Company/Consol Energy, Inc. – P-3 Seam Leased**  
**Consolidation Coal Company, et al – Coal Below 800 Feet**  
**Island Creek Coal Company/Consol Energy, Inc. – Coal Below Tiller Seam except P-3 Seam Leased**  
**Jewell Smokeless Coal Corporation – Coal Above Tiller Seam up to 800 Feet Leased**  
**CNX Gas Company LLC – CBM Leased**  
**1.34 Acres 1.6750%**
8. **Consolidation Coal Company, et al, Big Vein Tract 32 (442.67 Acre Tract) – Coal**  
**Island Creek Coal Company/Consol Energy, Inc. – Coal Below Tiller Seam Leased**  
**Jewell Smokeless Coal Corporation – Coal Above Tiller Seam Leased**  
**Highland Resources, Inc./North American Resources Corporation, et al – Oil and Gas**  
**Appalachian Energy – Oil and Gas Leased**  
**Plum Creek Timberlands, L.P., et al – CBM**  
**CNX Gas Company – CBM Leased**  
**7.84 Acres 8.8000%**
- 8A. **Milfred Maxwell Helts, et al – Surface Owner**  
8B. **Unknown Surface Owner**  
8C. **Norfolk Southern Railway Company – Surface Owner**  
8D. **Norfolk Southern Railway Company – Surface Owner**

**(This title block is for general informational purposes only and does not reflect an analysis of the severance deed and its effect upon coalbed methane ownership and should not be relied upon for such purpose.)**

Exhibit E  
Unit J-37  
Docket # VGOB 07-0116-1853-02  
List of Respondents that require escrow

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Acres in Unit

Percent  
of Unit

*Escrowing no longer required*

Exhibit EE  
 Unit J-37  
 Docket # VGOB 07-0118-1853-02  
 List of Respondents with Royalty Splits/Court Orders/HB2058

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	Acres in Unit	Percent of Unit	Percent of Escrow
<b><u>Tract #7. 1.34 Acres</u></b>			
<i>Only a portion of this tract will be escrowed</i>			
<b><u>COAL OWNERSHIP</u></b>			
(2) Yukon Pocahontas Coal Company et al., Tr. 32 <i>(Coal below 800')</i>	1.34 acres	1.6750%	<i>n/a</i>
(a) Yukon Pocahontas Coal Company P.O. Box 187 Tazewell, VA 24651	0.67 acres 1/2 of 1.34 acres	0.8375%	
(b) Buchanan Coal Company P.O. Box 187 Tazewell, VA 24651	0.15 acres 1/9 of 1.34 acres	0.1861%	
(c) Sayers-Pocahontas Coal Company P.O. Box 187 Tazewell, VA 24651	0.07 acres 1/18 of 1.34 acres	0.0931%	
(d) CONSOL Buchanan Mining Company * 3337 Conrany Creek Rd Raven, VA 24639	0.45 acres 1/3 of 1.34 acres	0.5583%	
* Note: Plum Creek Timberlands retained their CBM interest			
<b><u>OIL &amp; GAS OWNERSHIP</u></b>			
(1) Norfolk Southern Railway Company  <i>Conveyed to Buchanan Co. 5/12/2003, DB 569 PG 498 No wells were producing at the time of the conveyance.</i>	1.34 acres	1.6750%	100.00% HB2058
(a) Buchanan County Virginia PO Box 1056 Grundy, VA 24614			

INSTRUMENT #160000898  
 RECORDED IN THE CLERK'S OFFICE OF  
 BUCHANAN COUNTY ON  
 MAY 19, 2016 AT 04:45PM  
 BEVERLY S. TILLER, CLERK  
 RECORDED BY: SLP