

Instrument prepared by:

VIRGINIA GAS AND OIL BOARD

Order recorded under:

**CODE OF VIRGINIA
§ 45.1-361.26**

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: AZ134

TRACT(S): 2B, 2C

LOCATION: TAZEWELL County, Virginia

TAX ID NUMBERS:

Tax Map Identification Numbers for all parcels affected by this order are shown on: Tract
Identification Sheet

DOCKET NUMBER:

VGOB-08-1021-2349-02

APPLICANTS:

CNX Gas Company LLC on behalf of Deborah S. Arms, Gary M. Smith

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 10/08/2009, Recorded on 11/04/2009, Deed Book/Instrument No.
1064, Page 1035.
2. Supplemental Order, Recorded on 08/25/2011, Deed Book/Instrument No. 1099, Page 979.
3. Disbursement Order -01 Executed 09/17/2015, Recorded on 09/29/2015, Deed Book/Instrument
No. 2015, Page 1477.

NOTICE:

- (1) Amend the Pooling Order to provide for the disbursement of funds on deposit in the Escrow Account attributable to Tract(s) 2B, 2C identified in the attached petition.
- (2) Delete the requirement that the Unit Operator place future royalties attributable to Tract(s) 2B, 2C 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. Deborah Armes & Gary Mason Smith is the gas claimant in Tracts 2B & 2C. As such Deborah Armes & Gary Mason Smith 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 Deborah Armes & Gary Mason Smith and not escrow same. See Exhibit EE annexed hereto.

Unit AZ134

Table 1

[illegible]

Adjustment Comments:

Page Number 3.

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.

08/20/16 PM 10:192

DONE AND EXECUTED this 22 day of June, 2016 by a majority of the Virginia Gas and Oil Board.



Chairman, Bradley C. Lambert

DONE AND PERFORMED this 22 day of June, 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 22nd day of June, 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 08-1021-2349-02

RELIEF SOUGHT: (1) DISBURSEMENT FROM ESCROW REGARDING TRACT(S) 2B, 2C (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: AZ134

TAZEWELL 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(s) attributable to Tract(s) 2B & 2C as depicted upon the annexed Table; and (2) authorization to begin paying royalties directly to the parties per House Bill 2058; Deborah Arnes & Gary Mason Smith; (3) Dismissal of Coal owner(s): Coal Creek Coal 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. Deborah Armes & Gary Mason Smith is the gas claimant in Tracts 2B & 2C. As such Deborah Armes & Gary Mason Smith 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 Deborah Armes & Gary Mason Smith 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 TAKEN FROM DEED DESCRIPTIONS AND CHAIN OF TITLE AND DOES NOT REPRESENT A CURRENT FIELD SURVEY

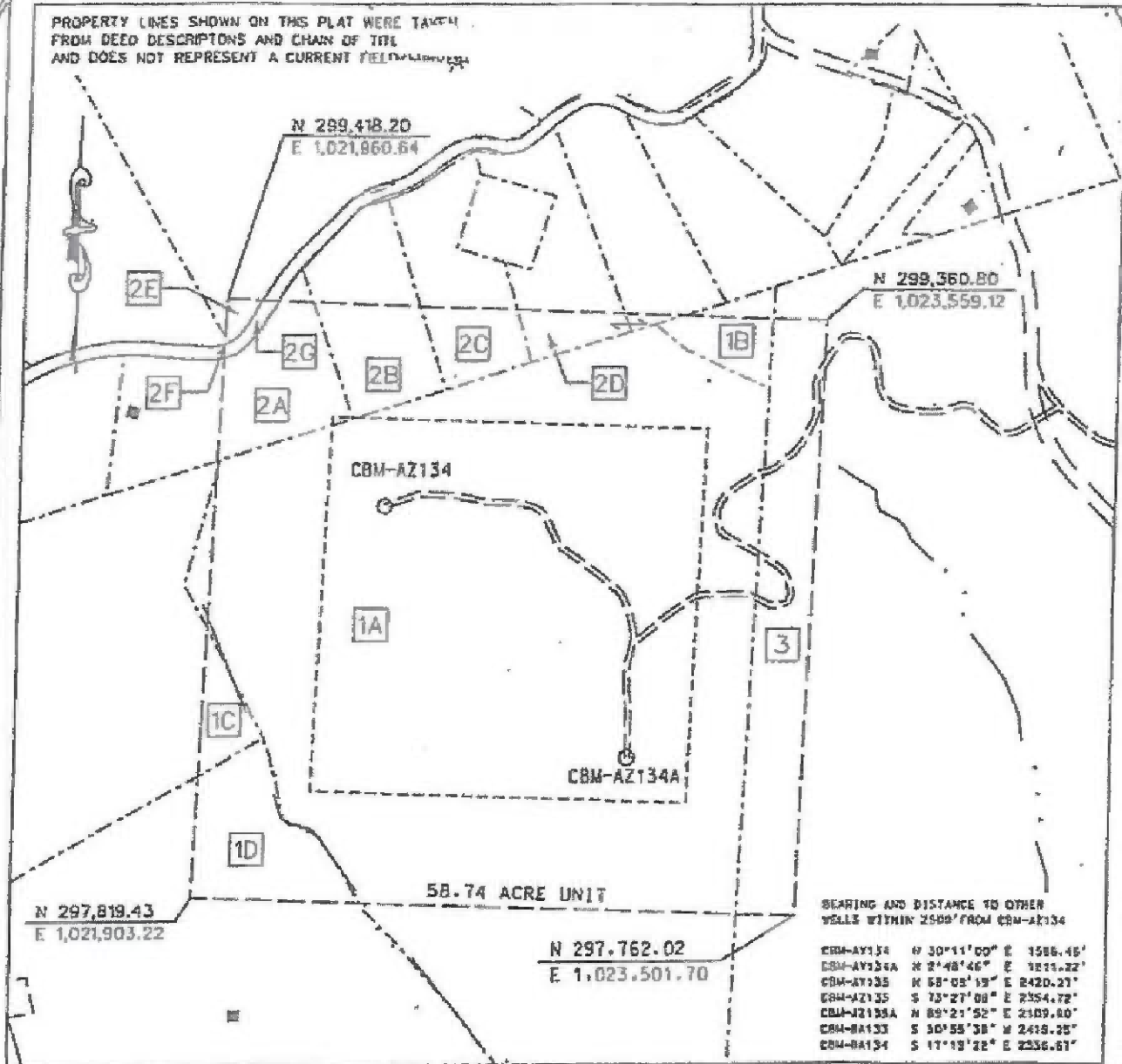
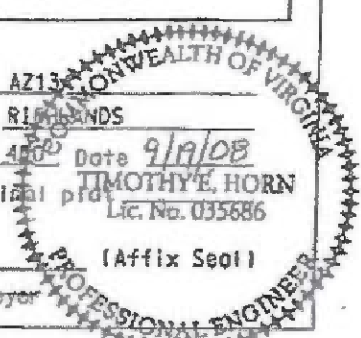


EXHIBIT A
MIDDLE RIDGE FIELD
UNIT AZ134
FORCE POOLING
VGOB-08-1021-2349

Company CNX Gas Company LLC Well Name and Number UNIT AZ134
 Tract No. _____ Elevation _____ Quadrangle RIDGE HANDS
 County TAZEWELL District MAIDEN SPRINGS Scale: 1" = 400' Date 9/9/08
 This plot is a new plot _____ ; an updated plot X ; or a final plat _____
 Form DGO-GD-7 _____
 Rev. 9/91 _____
 Licensed Professional Engineer or Licensed Land Surveyor



CNX Gas Company LLC

Unit AZ 134

Tract Identifications

1. Coal Creek Coal Company, Tr. 6 (George W. Lockhart 278 Acre Tract) – All Minerals
Reserve Coal Properties Company – All Coal Leased
Knox Creek Coal Company – Coal in Tiller Seam Subleased
CNX Gas Company LLC – Oil, Gas and CBM Leased
47.27 Acres 80.4733%
- 1A. Coal Creek Coal Company – Surface Owner (Tax Map: 104A Parcel 37)
1B. Lee Keen, et ux – Surface Owner (Tax Map: 104A Parcel 38)
1C. Milford E. Pruitt, et al – Surface Owner (Tax Map: 104A Parcel 6A)
1D. Allen L. Pruitt, et al – Surface Owner (Tax Map: 104A Parcel 11)
- 2A. Coal Creek Coal Company, Tr. 3 (Robert D. Smith 620 Acre Tract) – Coal
Reserve Coal Properties Company – All Coal Leased
Knox Creek Coal Company – Coal in Tiller Seam Subleased
CNX Gas Company LLC – CBM Leased (Coal Owner's Claim)
Ellery K. Smith – Surface and All Minerals except Coal
(Tax Map: 104A Parcel F)
2.23 Acres 3.7964%
- 2B. Coal Creek Coal Company, Tr. 3 (Robert D. Smith 620 Acre Tract) – Coal
Reserve Coal Properties Company – All Coal Leased
Knox Creek Coal Company – Coal in the Tiller Seam Subleased
CNX Gas Company LLC – CBM Leased (Coal Owner's Claim)
Deborah S. Arms – Surface and all Minerals except Coal
(Tax Map: 104A Parcel E)
1.70 Acres 2.8941%
- 2C. Coal Creek Coal Company, Tr. 3 (Robert D. Smith 620 Acre Tract) – Coal
Reserve Coal Properties Company – All Coal Leased
Knox Creek Coal Company – Coal in the Tiller Seam Subleased
CNX Gas Company LLC – CBM Leased (Coal Owner's Claim)
Gary M. Smith – Surface and All Minerals except Coal
(Tax Map: 104A Parcel D)
1.04 Acres 1.7705%
- 2D. Coal Creek Coal Company, Tr. 3 (Robert D. Smith 620 Acre Tract) – Coal
Reserve Coal Properties Company – All Coal Leased
Knox Creek Coal Company – Coal in the Tiller Seam Subleased
CNX Gas Company LLC – CBM Leased (Coal Owner's Claim)
Larry Lovell Smith – Surface and All Minerals except Coal
(Tax Map: 104A Parcel C and 104A Parcel B)
0.71 Acres 1.2087%
- 2E. Coal Creek Coal Company, Tr. 3 (Robert D. Smith 620 Acre Tract) – Coal
Reserve Coal Properties Company – All Coal Leased
Knox Creek Coal Company – Coal in the Tiller Seam Subleased
CNX Gas Company LLC – CBM Leased (Coal Owner's Claim)
N.R.L.L. East, LLC – Oil and Gas
Suresh Parashar – Surface Owner
(Tax Map: 85A Parcel 50)
0.16 Acres 0.2724%
- 2F. Coal Creek Coal Company, Tr. 3 (Robert D. Smith 620 Acre Tract) – Coal
Reserve Coal Properties Company – All Coal Leased

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CNX Gas Company LLC
Unit AZ 134
Tract Identifications

- Knox Creek Coal Company - Coal in the Tiller Seam Subleased
 CNX Gas Company LLC - CBM Leased (Coal Owner's Claim)
 Billy E. Shelton, et ux - Surface and all Minerals except Coal
 (Tax Map: 85A Parcel 51)
 0.01 Acres 0.0170%
- 2G. Coal Creek Coal Company, Tr. 3 (Robert D. Smith 620 Acre Tract) - Coal
 Reserve Coal Properties Company - All Coal Leased
 Knox Creek Coal Company - Coal in the Tiller Seam Subleased
 CNX Gas Company LLC - CBM Leased (Coal Owner's Claim)
 Commonwealth of Virginia - Surface and all Minerals except Coal
 (Tax Map: 85A Parcel 51)
 0.16 Acres 0.2724%
3. Coal Creek Coal Company, Tr. 5 (May-Painter 206 Acre Tract) - Fee
 Reserve Coal Properties Company - All Coal Seams Leased
 Knox Creek Coal Corporation - Coal in Tiller Seam Subleased
 CNX Gas Company LLC - Oil, Gas and CBM Leased
 (Tax Map: 104A Parcel 43)
 5.46 acres 9.2952%

Exhibit E
Unit AZ-134
Docket #VGOB 08-1021-2349-02
List of Respondents that require escrow
(58.74 Acre Unit)

08/2016 PM 10:199

	Acres in Unit	Interest in Unit
<u>Tract #2A, 2.23 acres</u>		
<u>COAL OWNERSHIP</u>		
(1) Coal Creek Coal Company, Tr.3 (Robert D. Smith 620 Acre Tract) P.O. Box 323 Tazewell, VA 24651	2.23 acres	3.7964%
<u>OIL & GAS OWNERSHIP</u>		
<i>The respondents listed below did not respond timely to the W9 request and will continue to be escrowed.</i>		
(1) Eliary K. Smith P.O. Box 1045 Raven, VA 24638	2.23 acres	3.7964%
<u>Tract #2E, 0.16 acres</u>		
<u>COAL OWNERSHIP</u>		
(1) Coal Creek Coal Company, Tr.3 (Robert D. Smith 620 Acre Tract) P.O. Box 323 Tazewell, VA 24651	0.16 acres	0.2724%
<u>OIL & GAS OWNERSHIP</u>		
<i>The respondents listed below did not respond timely to the W9 request and will continue to be escrowed.</i>		
(1) N.R.L.L. East, LLC 1 Mauchly Irvine, CA 92618	0.16 acres	0.2724%
<u>Tract #2F, 0.01 acres</u>		
<u>COAL OWNERSHIP</u>		
(1) Coal Creek Coal Company, Tr.3 (Robert D. Smith 620 Acre Tract) P.O. Box 323 Tazewell, VA 24651	0.01 acres	0.0170%
<u>OIL & GAS OWNERSHIP</u>		
<i>W9 not received from Billy</i>		
(1) Billy E. & Dinah A. Shelton 115 Bobcat Lane Raven, VA 24639	0.01 acres	0.0170%
Total Acreage in Unit	2.400	
Total Percentage in Unit		4.0858%

Exhibit EE
Unit AZ-134
Docket #VGCB 08-1021-2349-02
List of Conflicting Owners/Claimants with Royalty Split Agreements / HB2058
(58.74 Acre Unit)

DN 2016 PM 10200

	Acres in Unit	Interest in Unit	Percent of Escrow
<u>Tract #2B, 1.70 acres</u>			
<u>COAL OWNERSHIP</u>			
(1) Coal Creek Coal Company, Tr.3 (Robert D. Smith 620 Acre Tract) P.O. Box 323 Tazewell, VA 24651	1.70 acres	2.8941%	n/a
<u>OIL & GAS OWNERSHIP</u>			
(1) Deborah S. Arms PO Box 144 Richlands, VA 24641	1.70 acres	2.8941%	33.0739% HB2058
<u>Tract #2C, 1.04 acres</u>			
<u>COAL OWNERSHIP</u>			
(1) Coal Creek Coal Company, Tr.3 (Robert D. Smith 620 Acre Tract) P.O. Box 323 Tazewell, VA 24651	1.04 acres	1.7705%	n/a
<u>OIL & GAS OWNERSHIP</u>			
(1) Gary M. Smith 2086 Red Root Ridge Rd Raven, VA 24639	1.04 acres	1.7705%	20.2335% HB2058
<u>Tract #2D, 0.71 acres</u>			
<u>COAL OWNERSHIP</u>			
(1) Coal Creek Coal Company, Tr.3 (Robert D. Smith 620 Acre Tract) P.O. Box 323 Tazewell, VA 24651	0.71 acres	1.2087%	n/a
<u>OIL & GAS OWNERSHIP</u>			
(1) Larry L. Smith 21258 Capri Avenue Abingdon, VA 24211	0.71 acres	1.2087%	n/a
<u>Tract #2G, 0.16 acres</u>			
<u>COAL OWNERSHIP</u>			
(1) Coal Creek Coal Company, Tr.3 (Robert D. Smith 620 Acre Tract) P.O. Box 323 Tazewell, VA 24651	0.16 acres	0.2724%	n/a
<u>OIL & GAS OWNERSHIP</u>			
(1) Commonwealth of Virginia Department of Transportation 870 Bonham Rd. Bristol, VA 24201-2002	0.16 acres	0.2724%	n/a
Total Acreage in Unit		3.610	
Total Percentage in Unit		6.1457%	

INSTRUMENT #160001876
RECORDED IN THE CLERK'S OFFICE OF
TAEWELL COUNTY ON
JULY 6, 2016 AT 03:00PM
M. Allison
TAMMY B. ALLISON, CLERK
RECORDED BY: MLT