

1574

Order recorded under:
CODE OF VIRGINIA
§ 45.1-361.26

Instrument prepared by:
VIRGINIA GAS AND OIL BOARD

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

UNITWELL NAME: AZ134

TRACT(S): 2A, 2F

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-08-1021-2349-03

APPLICANTS: CNX Gas Company LLC on behalf of Billy and Dinah Shelton, Billy J. Smith, Ellery K. 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.

BK 2017 PG 08061

NOTICE:

- (1) Amend the Pooling Order to provide for the disbursement of funds on deposit in the Escrow Account attributable to Tract(s) 2A, 2F identified in the attached petition.
- (2) Delete the requirement that the Unit Operator place future royalties attributable to Tract(s) 2A, 2F 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. Ellery K Smith, Billy J. Smith, and Billy and Dinah Shelton are the gas claimants in Tract(s) 2A, 2F. As such Ellery K Smith, Billy J. Smith, and Billy and Dinah Shelton are entitled to 100% of the CBM royalties attributable to their gas claims that are 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 previously given the notice(s) required by § 45.1-361.22:2.A to all conflicting coal claimants identified in the above referenced pooling Order and any supplemental Orders pertaining thereto.
- c. That when the Board granted Petitioner's Miscellaneous Petition in VGOB 08-1021-2349-02, it dismissed the coal claimant(s) Coal Creek Coal Company as a Respondent to these proceedings. Accordingly, Coal Creek Coal Company was not provided further notice under § 45.1-361.19 and 22 of the hearing set on this Petition.
- 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 Ellery K Smith, Billy J. Smith, and Billy and Dinah Shelton and shall 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 and 2.
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.

DONE AND EXECUTED this 15 day of May, 2017 by a majority of the Virginia Gas and Oil Board. BK 2017 PG 08065

Bradley C. Lambert

Chairman, Bradley C. Lambert

COMMONWEALTH OF VIRGINIA
COUNTY OF RUSSELL

Acknowledged on this 15th day of May, 2017, 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, that he executed the same and was authorized to do so.

Sarah Jessee Gilmer
Sarah Jessee Gilmer, Notary Public
262946



My Commission expires: July 31, 2021

DONE AND PERFORMED this 16 day of May, 2017 by Order of the Virginia Gas and Oil Board.

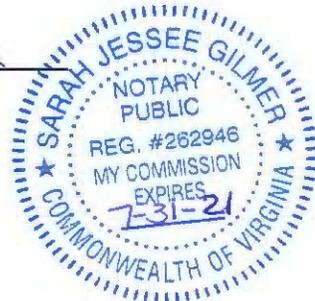
Rick Cooper

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

COMMONWEALTH OF VIRGINIA
COUNTY OF RUSSELL

Acknowledged on this 16th day of May, 2017, personally before me a notary public in and for the Commonwealth of Virginia, appeared Rick Cooper, being duly sworn did depose and say that he is the Principal Executive to the staff of the Virginia Gas and Oil Board, that he executed the same and was authorized to do so.

Sarah Jessee Gilmer
Sarah Jessee Gilmer, Notary Public
262946



My Commission expires: July 31, 2021

BEFORE THE VIRGINIA GAS AND OIL BOARD

PETITIONER: CNX Gas Company LLC

DIVISION OF GAS AND OIL

DOCKET NO: VGOB 08-1021-2349-03

RELIEF SOUGHT: (1) DISBURSEMENT FROM ESCROW REGARDING TRACT(S) 2A, 2F (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 of Tract(s) 2A, 2F as depicted upon the annexed Table; and (2) authorization to begin paying royalties directly to Ellery K Smith, Billy J. Smith, and Billy and Dinah Shelton

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. Ellery K Smith, Billy J. Smith, and Billy and Dinah Shelton are the gas claimants in Tract(s) 2A, 2F. As such Ellery K Smith, Billy J. Smith, and Billy and Dinah Shelton are entitled to 100% of the CBM royalties attributable to their gas claims that are 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 previously given the notice(s) required by § 45.1-361.22:2.A to all conflicting coal claimants identified in the above referenced pooling Order and any supplemental Orders pertaining thereto.
- c. That when the Board granted Petitioner's Miscellaneous Petition in VGOB 08-1021-2349-02, it dismissed the coal claimant(s) Coal Creek Coal Company as a Respondent to these proceedings. Accordingly, Coal Creek Coal Company was not provided further notice under § 45.1-361.19 and 22 of the hearing set on this Petition.
- 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 Ellery K Smith, Billy J. Smith, and Billy and Dinah Shelton and shall 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

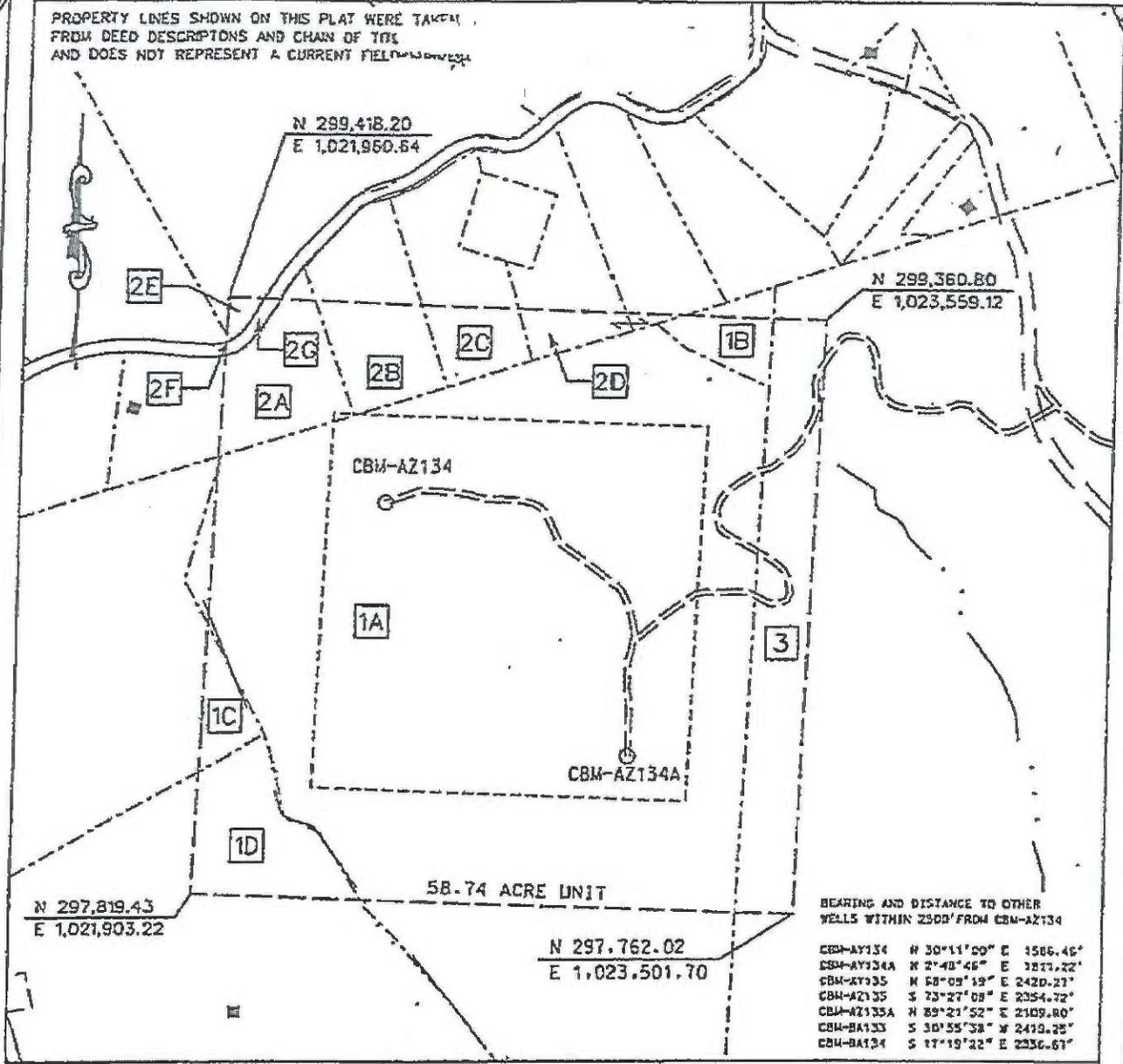
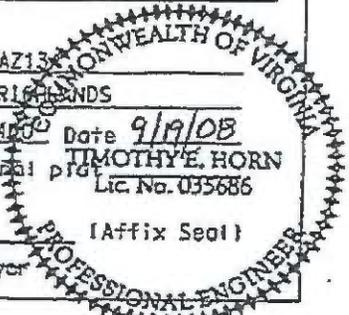


EXHIBIT A
MIDDLE RIDGE FIELD
UNIT AZ134
FORCE POOLING
VGOB-08-1021-2349

Company CNX Gas Company LLC Well Name and Number UNIT AZ134
 Tract No. _____ Elevation _____ Quadrangle RIPPLESUNDS
 County TAZEWELL District MAIDEN SPRINGS Scale: 1" = 400' Date 9/19/08
 This plat is a new plat _____ ; an updated plat X ; or a final plat _____
 TIMOTHY E. HORN
 Lic. No. 035686

Form DGO-GD-7 _____
 Rev. 9/91 _____
 Licensed Professional Engineer or Licensed Land Surveyor
 I Affix Seal



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)
Elley 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



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)
5.45 acres 9.2952%

Exhibit E
 Unit AZ-134
 Docket #VGOB 08-1021-2349-03
 List of Respondents that require escrow
 (58.74 Acre Unit)

	Acres in Unit	Interest in Unit
<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% <i>Dismissed under -02 petition</i>
<u>OIL & GAS OWNERSHIP</u>		
<i>Outstanding W9/Affidavit</i>		
(1) N.R.L.L. East, LLC 1 Mauchly Irvine, CA 92618	0.16 acres	0.2724%
Total Acreage in Unit	0.160	
Total Percentage in Unit		0.2724%

Exhibit EE
Unit AZ-134
Docket #VGOB 08-1021-2349-03
List of Respondents with Royalty Split Agreements /Court Orders/ HB2058
(58.74 Acre Unit)

	Acres in Unit	Interest In Unit	Percent of Escrow
<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%	n/a
<u>OIL & GAS OWNERSHIP</u>			
(1) Ellery K. Smith**	By deed dated 7/27/2012 conveyed property to Billy Joe Smith DB 1118 PG 315		
(a) Billy Joe Smith PO Box 203 Raven, VA 24639	2.23 acres	3.7964%	92.9167% HB2058
**prior owner will receive one time payment from 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%	n/a
<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%	n/a
<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 #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%	n/a

BK 2017-PB 08073

Exhibit EE
Unit AZ-134
Docket #VGOB 08-1021-2349-03
List of Respondents with Royalty Split Agreements /Court Orders/ HB2058
(58.74 Acre Unit)

	Acres in Unit	Interest in Unit	Percent of Escrow
<u>OIL & GAS OWNERSHIP</u>			
(1) Billy E. & Dinah A. Shelton 115 Bobcat Lane Raven, VA 24639	0.01 acres	0.0170%	0.4167% HB2058
<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	5.850	
	Total Percentage in Unit	9.9591%	

INSTRUMENT 170001574
RECORDED IN THE CLERK'S OFFICE OF
TAZEWELL COUNTY DN
May 31, 2017 AT 01:25 PM
TAMMY B. ALLISON, CLERK
RECORDED BY: ERD

