

V I R G I N I A:

BEFORE THE VIRGINIA GAS AND OIL BOARD

090003096

APPLICANT: CNX Gas Company LLC ) VIRGINIA GAS  
 ) AND OIL BOARD  
 RELIEF SOUGHT: POOLING OF M-3 LOCATED ) DOCKET NO.  
 IN THE OAKWOOD COALBED METHANE GAS ) 09-0120-2419  
 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 M-3 )  
 (herein "Subject Drilling Unit") )  
 IN THE OAKWOOD COALBED METHANE GAS FIELD I )  
 PRATER & GRUNDY MAGISTERIAL DISTRICTS, )  
 VANSANT 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 final hearing before the Virginia Gas and Oil Board (hereafter "Board") at 9:00 a.m. on **January 20, 2009** at the Southwest Virginia Higher Education Center on the campus of Virginia Highlands Community College, Abingdon, Virginia.

2. Appearances: Mark Swartz, Esquire, of the firm Swartz Law Offices, PLLC, appeared for the Applicant; and Sharon M. B. Pigeon, 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, including 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 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 the 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 persons named in **Exhibit B-3** hereto and that of their known and unknown heirs, executors, administrators, devisees, trustees, assigns and successors, 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 **CNX Gas Company LLC** as 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, **CNX Gas Company LLC** 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 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-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-acre** drilling unit in the manner set forth in the Oakwood I Field Rules.

8. Election and Election Period: In the event any 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 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: **\$783,357.99**

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 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 **\$5.00** 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 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 Cost allocable to the interest of such Carried Well Operator. 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 a 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 a 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 a 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): **CNX Gas Company LLC** 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:

**CNX Gas Company LLC  
2481 John Nash Blvd.  
Bluefield, WV 24701  
Attn: Anita D. Duty**

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; and, the Unit Operator has represented to the Board that there **are** conflicting claimants **Tract(s) 5** 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(s) 5 in 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, VA 24038  
Attention: Judy Barger

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. **CNX Gas Company LLC**, a Virginia limited liability company is duly authorized and qualified to transact business in the Commonwealth of Virginia;
- 17.2. **CNX Gas Company LLC** has the authority to explore, develop and maintain the properties and assets, now owned or hereafter acquired, consented to serve as Coalbed Methane Gas Unit Operator for Subject Drilling Unit and to faithfully discharge the duties imposed upon it as Unit Operator by statute and regulations;
- 17.3. **CNX Gas Company LLC** is an operator in the Commonwealth of Virginia, and has satisfied the Board's requirements for operations in Virginia;
- 17.4 **CNX Gas Company LLC** claims ownership of gas leases, Coalbed Methane Gas leases, and/or coal leases representing **15.5062** percent of the oil and gas interest/claims in and to Coalbed Methane Gas and **13.3937** 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**;
- 17.5. The estimated total production from Subject Drilling Unit is **125 MMCF to 550 MMCF**. The estimated amount of reserves from the Subject Drilling Unit is **125 MMCF to 550 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 **84.4938** percent of the oil and gas interests/claims in and to Coalbed Methane Gas and **86.6063** 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 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 31 day of August, 2009, by a majority of the Virginia Gas and Oil Board.

*Bradley C. Lambert*  
Chairman, Bradley C. Lambert

DONE AND PERFORMED THIS 31<sup>st</sup> day of August, 2009, by Order of the Board.

*David E. Asbury, Jr.*  
David E. Asbury, Jr.  
Principal Executive to the Staff  
Virginia Gas and Oil Board

STATE OF VIRGINIA  
COUNTY OF RUSSELL

Acknowledged on this 31<sup>st</sup> day of August, 2009, 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 Chairman of the Virginia Gas and Oil Board, and appeared David E. Asbury, Jr. 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 were authorized to do so.

*Diane J. Davis*  
Diane J. Davis, Notary  
174394

My commission expires: September 30, 2009

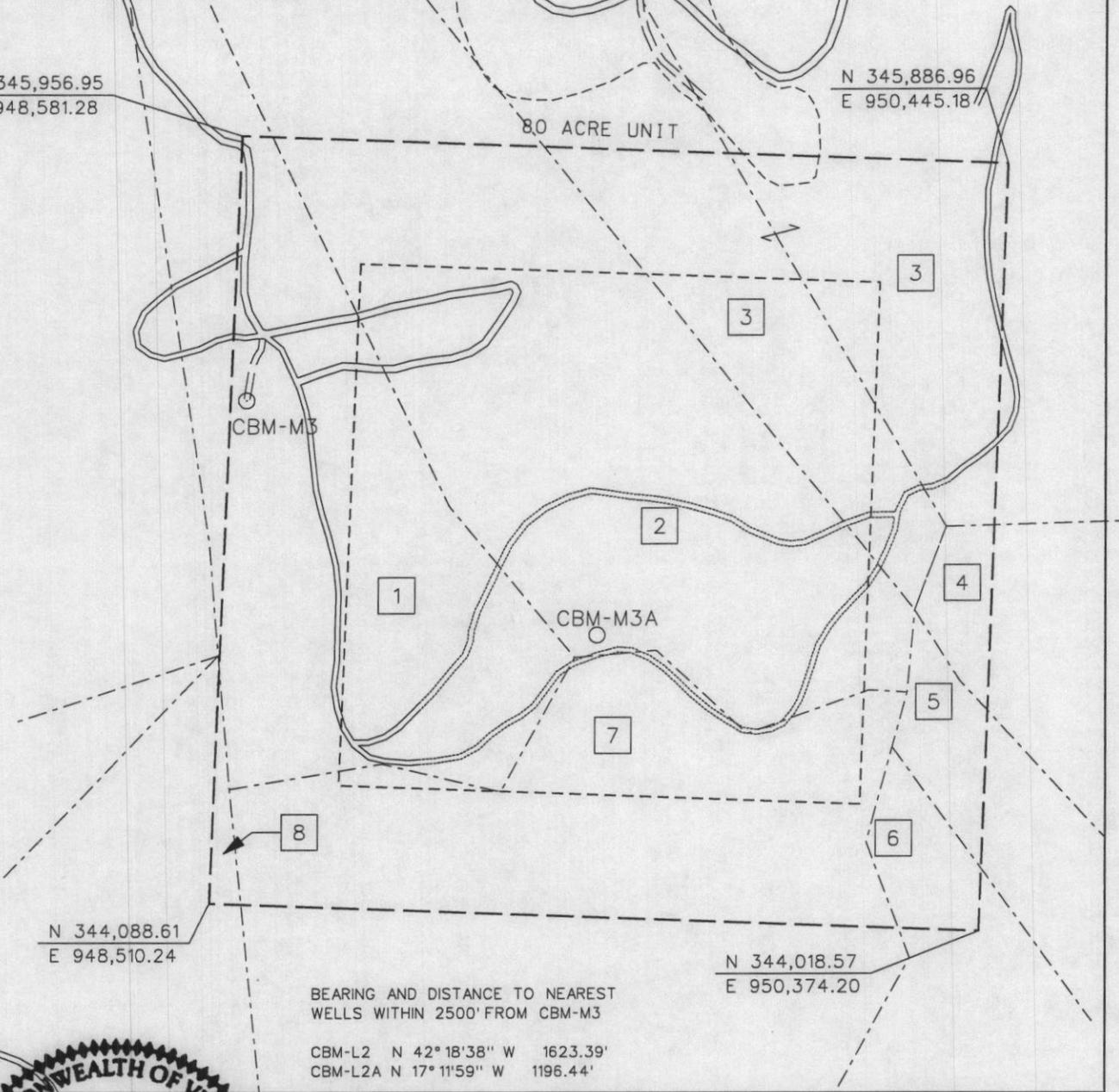


PROPERTY LINES SHOWN ON THIS PLAT WERE TAKEN FROM DEED DESCRIPTIONS AND CHAIN OF TITLE AND DOES NOT REPRESENT A CURRENT FIELD SURVEY.

N 345,956.95  
E 948,581.28

N 345,886.96  
E 950,445.18

80 ACRE UNIT



BEARING AND DISTANCE TO NEAREST WELLS WITHIN 2500' FROM CBM-M3

CBM-L2 N 42° 18' 38" W 1623.39'  
CBM-L2A N 17° 11' 59" W 1196.44'

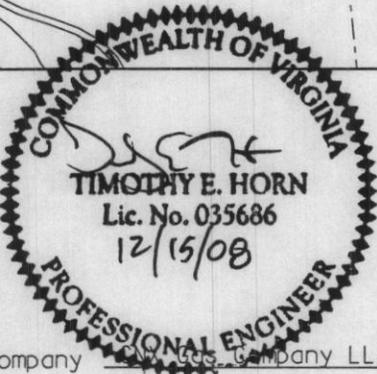


EXHIBIT A  
OAKWOOD FIELD  
UNIT M3  
FORCE POOLING  
VGOB 09-0120-2419

Company Force Pooling Company LLC Well Name and Number UNIT M3  
 Tract No. \_\_\_\_\_ Elevation \_\_\_\_\_ Quadrangle VANSANT  
 County BUCHANAN District PRATER/SOUTH GRUNDY Scale: 1" = 400' Date 12/15/08  
 This plat is a new plat \_\_\_\_\_ ; an updated plat X ; or a final plat \_\_\_\_\_

Form DGO-60-7  
Rev. 9/91

Timothy E. Horn (Affix Seal)  
Licensed Professional Engineer or Licensed Land Surveyor

# CNX Gas Company LLC

## UNIT M3

### Tract Identification

1. Callie Looney Heirs, et al (25.00 Acre Tract) – All Minerals  
Island Creek Coal Company/Consol Energy, Inc. – Coal Below Tiller Seam Leased  
Island Creek Coal Company/Consol Energy, Inc. – Surface  
17.08 Acres                      21.3500%
2. Harold G. Vandyke, Trustee (Mary Vandyke Heirs) (34.00 Acre Tract) – All Minerals except Coal in Tiller Seam  
and Above  
Island Creek Coal Company/Consol Energy, Inc.–All Minerals except Coal Below Tiller Seam, Oil, Gas, and CBM  
Island Creek Coal Company/Consol Energy, Inc. – Coal Below Tiller Seam Leased  
CNX Gas Company LLC – CBM Leased  
Island Creek Coal Company/Consol Energy, Inc. – Surface  
25.13 Acres                      31.4125%
3. R. V. Venable, et al (92.00 Acre Tract) – Fee  
Island Creek Coal Company/Consol Energy, Inc. – Coal in Widow Kennedy and Red Ash Seams Leased  
Island Creek Coal Company/Consol Energy, Inc. – Coal Below Tiller Seam Leased  
CNX Gas Company LLC – CBM Leased  
15.71 Acres                      19.6375%
4. Garney Smith, et al – All Minerals  
Island Creek Coal Company/Consol Energy, Inc. – Coal Below Tiller Seam Leased  
Garney Smith – Surface  
1.19 Acres                      1.4875%
5. Harold G. Vandyke, Trustee (Mary Vandyke Heirs) – Coal Below Tiller Seam  
Island Creek Coal Company/Consol Energy, Inc. – All Coal except Coal Below Tiller Seam  
Island Creek Coal Company/Consol Energy, Inc. – Coal Below Tiller Seam Leased  
CNX Gas Company LLC – Oil, Gas and CBM  
Island Creek Coal Company/Consol Energy, Inc. – Surface  
1.69 Acres                      2.1125%
6. Samuel J. Breeding, Jr., et ux (50.00 Acre Tract) – Fee  
Island Creek Coal Company/Consol Energy, Inc. – Coal Below Tiller Seam Leased  
CNX Gas Company LLC – Oil, Gas and CBM Leased  
1.76 Acres                      2.2000%
7. Callie Looney Heirs, et al - Fee  
Island Creek Coal Company/Consol Energy, Inc. – Coal Below Tiller Seam Leased  
16.61 Acres                      20.7625%
8. Miles and Green Charles Heirs – All Minerals  
Island Creek Coal Company/Consol Energy, Inc. – Coal Below Drainage Leased  
CNX Gas Company LLC – Oil, Gas and CBM Leased (50%)  
Ray Douglas Looney, et ux - Surface  
0.83 Acres                      1.0375%

Exhibit B-3  
Unit M-3  
Docket #VGOB 09-0120-2419  
List of Unleased Owners/Claimants

	Acres in Unit	Percent of Unit
<b>I. COAL FEE OWNERSHIP</b>		
<b><u>Tract #1, 17.08 acres</u></b>		
(1) Callie Looney Heirs, Devisees, Successors or Assigns, et al. (25 Acre Tract)	17.08 acres	21.3500%
(a) Pearly L. Horn Heirs, Devisees Successors or Assigns		
(a.1) Doris Kennon 4495 Sandhill Road Marietta, OH 45750	0.27 acres 1/64 of 17.08 acres	0.3336%
(a.2) Betty Lou Locher 1673 Uplands Dr. Springfield, OH 45501	0.27 acres 1/64 of 17.08 acres	0.3336%
(a.3) William G. Horn 475 Springs Rd. Valleyview, TX 76272	0.27 acres 1/64 of 17.08 acres	0.3336%
(a.4) Morris Horn PO Box 4395 Ironto, OH 45638	0.27 acres 1/64 of 17.08 acres	0.3336%
(b) Everett Looney Heirs, Devisees Successors or Assigns		
(b.1) Maggie Eileen Cutlip 1412 Bonita Ave. Springfield, OH 45503	0.18 acres 1/96 of 17.08 acres	0.2224%
(b.2) Della M. Dunham 1035 Armsgate Rd. Springfield, OH 45503-1484	0.18 acres 1/96 of 17.08 acres	0.2224%
(b.3) Nannie Emmons 3367 Eichelberger Lane Springfield, OH 45505	0.18 acres 1/96 of 17.08 acres	0.2224%
(b.4) Elsie Knotts 150 Wenova Dr. Springfield, OH 45502	0.18 acres 1/96 of 17.08 acres	0.2224%
(b.5) Giles Arthur Looney 6452 Prairie Rd. Springfield, OH 45502	0.18 acres 1/96 of 17.08 acres	0.2224%
(b.6) John Troy Looney 5911 Knollwood Rd. Springfield, OH 45502	0.18 acres 1/96 of 17.08 acres	0.2224%
(c) Dewey Looney Heirs, Devisees Successors or Assigns		

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**Exhibit B-3  
Unit M-3  
Docket #VGOB 09-0120-2419  
List of Unleased Owners/Claimants**

	Acres in Unit	Percent of Unit
(c.1) Carl Looney PO Box 460 Grundy, VA 24614	0.27 acres 1/64 of 17.08 acres	0.3336%
(c.2) Clyde Looney 4256 Willowdale Rd. Springfield, OH 45502	0.27 acres 1/64 of 17.08 acres	0.3336%
(c.3) Jeanette Ann Looney P.O. Box 93 Vansant, VA 24656	0.27 acres 1/64 of 17.08 acres	0.3336%
(c.4) Shirley Ann Looney Matney P.O. Box 153 Vansant, VA 24656	0.27 acres 1/64 of 17.08 acres	0.3336%
(d) Linda O'Brien Heirs, Devisees Successors or Assigns		
(d.1) William C. O'Brien 7488 Campcreek Rd. Lucasville, OH 25648	1.07 acres 1/16 of 17.08 acres	1.3344%
(e) Virginia L. Hankins Heirs, Devisees Successors or Assigns		
(e.1) Linda K. Stokes 63 Webbshaw Dr. Centerville, OH 45458-466	1.07 acres 1/16 of 17.08 acres	1.3344%
(f) Edgar Looney Heirs, Devisees Successors or Assigns		
(f.1) Earnest S. Looney 893 Williams Rd Piketon, OH 45661	0.36 acres 1/48 of 17.08 acres	0.4448%
(f.2) Martia Looney (widow of Paul R. Looney) 3071 Selma Rd. Springfield, OH 45505	0.36 acres 1/48 of 17.08 acres	0.4448%
(f.3) Gary D. Looney 528 Lillie St. Chillicothe, OH 455601	0.36 acres 1/48 of 17.08 acres	0.4448%
(g) Evans A. Looney Heirs, Devisees Successors or Assigns		
(g.1) Mary Catherine Kouse 164 Moores Road Waverly, OH 45690	0.53 acres 1/32 of 17.08 acres	0.6672%
(g.2) Rebecka Jean Holman 4915 Troy Road Springfield, OH 45502	0.53 acres 1/32 of 17.08 acres	0.6672%

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**Unit M-3**  
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	Acres in Unit	Percent of Unit
(h) Minnie L. Montgomery Heirs, Devisees Successors or Assigns 63 Webshaw Dr. Centerville, OH 45458-4616	1.07 acres 1/16 of 17.08 acres	1.3344%
<b><u>Tract #2, 25.13 acres</u></b>		
(1) Mary E. Vandyke Heirs c/o Harold G. Vandyke Trustee 16100 N. East 8th Ave. North Miami Beach, FL 33162	25.13 acres	31.41250%
<b><u>Tract #3, 15.71 acres</u></b>		
(1) R.V. Venable et al	15.71 acres	19.6375%
(a) R.V. Venable Heirs, Devisees Successors or Assigns		
(a.1) Chloe Sinisi 263 Clermont St. Denver, CO 80246	4.71 acres 3/10 of 15.71 acres	5.8913%
(a.2) Melissa V. Poynter 3444 Rabbit Foot Trail Lexington, KY 40503	4.71 acres 3/10 of 15.71 acres	5.8913%
(b) Fred Shortt Heirs, Devisees Successors or Assigns		
(b.1) Mary V. Shortt PO Box 150 Vansant, VA 24656	0.79 acres 1/20 of 15.71 acres	0.9819%
(b.2) David W. Shortt HC67 Box 20-A Vansant, VA 24656	0.79 acres 1/20 of 15.71 acres	0.9819%
(b.3) John P. Shortt PO Box 2398 Grundy, VA 24614	0.79 acres 1/20 of 15.71 acres	0.9819%
(b.4) Mary R. Spencer PO Box 638 Vansant, VA 24656	0.79 acres 1/20 of 15.71 acres	0.9819%
(b) William J. Lowe Heirs, Devisees Successors or Assigns		
(b.1) Nancy Lowe Hopkins 10730 Timothy Dr. Williamsport, MD 21795	0.39 acres 1/40 of 15.71 acres	0.4909%
(b.2) Mary Nunn 1265 N. 13th Street Wytheville, VA 24382	0.39 acres 1/40 of 15.71 acres	0.4909%

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**Exhibit B-3  
Unit M-3  
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	Acres in Unit	Percent of Unit
(b.3) Sarah Lewis 4131 Laurel Fork Road Rocky Gap, VA 24366	0.39 acres 1/40 of 15.71 acres	0.4909%
(b.4) William Lowe Jr. 214 Shady Grove Ln. #5 Leeland, NC 34854	0.39 acres 1/40 of 15.71 acres	0.4909%
(c) Eva Farmer 4719 Barclay Square Roanoke, VA 24018	1.57 acres 1/10 of 15.71 acres	1.9638%
<b><u>Tract #4, 1.19 acres</u></b>		
(1) Garney Smith Revocable Trust, et al.	1.19 acres	1.4875%
(a) Garney Glen Smith Revocable Trust c/o Susie Smith and Esther Hagy Co-Trustees Box 35 Vansant, VA 24656	0.45 acres 3/8 of 1.19 acres	0.5578%
(b) Susie A. Smith, Trustee Susie A. Smith Revocable Living Trust Box 35 Vansant, VA 24656	0.45 acres 3/8 of 1.19 acres	0.5578%
(c) Paul Wayman Smith P.O. Box 321 Vansant, VA 24656	0.15 acres 1/8 of 1.19 acres	0.1859%
(d) Rebia Carol Smith Layne 3749 Water Lick Road Forest, VA 24551	0.05 acres 1/24 of 1.19 acres	0.0620%
(e) Robert Eugene Smith Heirs, Devisees, Successors or Assigns		
(e.1) Polly Smith P.O. Box 412 Concord, VA 24538	0.05 acres 1/24 of 1.19 acres	0.0620%
(f) Brenda Sue Smith Cooper 1343 Joppa Road Ridgeway, VA 24148	0.05 acres 1/24 of 1.19 acres	0.0620%
<b><u>Tract #5, 1.69 acres</u></b>		
(1) Mary E. Vandyke Heirs c/o Harold G. Vandyke Trustee 16100 N. East 8th Ave. North Miami Beach, FL 33162	1.69 acres	2.11250%
<b><u>Tract #7, 16.61 acres</u></b>		
(1) Callie Looney Heirs, Devisees, Successors or Assigns, et al. (25 Acre Tract)	16.61 acres	20.7625%

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**Exhibit B-3**  
**Unit M-3**  
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**List of Unleased Owners/Claimants**

	Acres in Unit	Percent of Unit
(a) Pearly L. Horn Heirs, Devisees Successors or Assigns		
(a.1) Doris Kennon 4495 Sandhill Road Marietta, OH 45750	0.52 acres 1/32 of 16.61 acres	0.6488%
(a.2) Betty Lou Locher 1673 Uplands Dr. Springfield, OH 45501	0.52 acres 1/32 of 16.61 acres	0.6488%
(a.3) William G. Horn 475 Springs Rd. Valleyview, TX 76272	0.52 acres 1/32 of 16.61 acres	0.6488%
(a.4) Morris Horn PO Box 4395 Ironto, OH 45638	0.52 acres 1/32 of 16.61 acres	0.6488%
(b) Everett Looney Heirs, Devisees Successors or Assigns		
(b.1) Maggie Eileen Cutlip 1412 Bonita Ave. Springfield, OH 45503	0.35 acres 1/48 of 16.61 acres	0.4326%
(b.2) Della M. Dunham 1035 Armsgate Rd. Springfield, OH 45503-1484	0.35 acres 1/48 of 16.61 acres	0.4326%
(b.3) Nannie Emmons 3367 Eichelberger Lane Springfield, OH 45505	0.35 acres 1/48 of 16.61 acres	0.4326%
(b.4) Elsie Knotts 150 Wenova Dr. Springfield, OH 45502	0.35 acres 1/48 of 16.61 acres	0.4326%
(b.5) Giles Arthur Looney 6452 Prairie Rd. Springfield, OH 45502	0.35 acres 1/48 of 16.61 acres	0.4326%
(b.6) John Troy Looney 5911 Knollwood Rd. Springfield, OH 45502	0.35 acres 1/48 of 16.61 acres	0.4326%
(c) Dewey Looney Heirs, Devisees Successors or Assigns		
(c.1) Carl Looney PO Box 460 Grundy, VA 24614	0.52 acres 1/32 of 16.61 acres	0.6488%
(c.2) Clyde Looney 4256 Willowdale Rd. Springfield, OH 45502	0.52 acres 1/32 of 16.61 acres	0.6488%

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**Exhibit B-3  
Unit M-3  
Docket #VGOB 09-0120-2419  
List of Unleased Owners/Claimants**

	Acres in Unit	Percent of Unit
(c.3) Jeanette Ann Looney P.O. Box 93 Vansant, VA 24656	0.52 acres 1/32 of 16.61 acres	0.6488%
(c.4) Shirley Ann Looney Matney P.O. Box 153 Vansant, VA 24656	0.52 acres 1/32 of 16.61 acres	0.6488%
(d) Linda O'Brien Heirs, Devisees Successors or Assigns		
(d.1) William C. O'Brien 7488 Campcreek Rd. Lucasville, OH 25648	2.08 acres 1/8 of 16.61 acres	2.5953%
(e) Virginia L. Hankins Heirs, Devisees Successors or Assigns		
(e.1) Linda K. Stokes 63 Webbshaw Dr. Centerville, OH 45458-466	2.08 acres 1/8 of 16.61 acres	2.5953%
(f) Edgar Looney Heirs, Devisees Successors or Assigns		
(f.1) Earnest S. Looney 893 Williams Rd Piketon, OH 45661	0.69 acres 1/24 of 16.61 acres	0.8651%
(f.2) Martia Looney (widow of Paul R. Looney) 3071 Selma Rd. Springfield, OH 45505	0.69 acres 1/24 of 16.61 acres	0.8651%
(f.3) Gary D. Looney 528 Lillie St. Chillicothe, OH 455601	0.69 acres 1/24 of 16.61 acres	0.8651%
(g) Evans A. Looney Heirs, Devisees Successors or Assigns		
(g.1) Mary Catherine Kouse 164 Moores Road Waverly, OH 45690	1.04 acres 1/16 of 16.61 acres	1.2977%
(g.2) Rebecka Jean Holman 4915 Troy Road Springfield, OH 45502	1.04 acres 1/16 of 16.61 acres	1.2977%
(h) Minnie L. Montgomery Heirs, Devisees Successors or Assigns 63 Webbshaw Dr. Centerville, OH 45458-4616	2.08 acres 1/8 of 16.61 acres	2.5953%
<b><u>Tract #8. 0.83 acres</u></b>		
Miles & Green Charles Heirs, Devisees, Successors or Assigns	0.83 acres	1.0375%
(2) Green Charles Heirs		

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	Acres in Unit	Percent of Unit
(a) Nora & Willis Current 10 Wilmington Avenue, Apt. 142E Dayton, OH 45420	0.02 acres 1/36 of 0.83 acres	0.0288%
(b) George & Jean Charles 1653 Lawrence Ave. Ashland, KY 41102	0.02 acres 1/36 of 0.83 acres	0.0288%
(c) Luella Mason Charles 249 Hill-n-Dale Drive Lexington, KY 40512	0.02 acres 1/36 of 0.83 acres	0.0288%
(d) Edith & Charles Huber 3901 Green Haven Ln. Goshen, KY 40026	0.01 acres 1/72 of 0.83 acres	0.0144%
(e) Nancy & Douglas Justice, Jr. P. O. Box 2883 Pikeville, KY 41502	0.02 acres 1/36 of 0.83 acres	0.0288%
(f) William J. Baird, III Box 351 Pikeville, KY 41502	0.01 acres 1/96 of 0.83 acres	0.0108%
(g) John H. Baird Box 351 Pikeville, KY 41502	0.01 acres 1/96 of 0.83 acres	0.0108%
(h) Charles J. Baird Box 351 Pikeville, KY 41502	0.01 acres 1/96 of 0.83 acres	0.0108%
(i) Jane C. Baird Box 351 Pikeville, KY 41502	0.01 acres 1/96 of 0.83 acres	0.0108%
(j) Eloise & Jack May 416 Third St. Pikeville, KY 41502	0.07 acres 1/12 of 0.83 acres	0.0865%
(k) J.K. & Sadie Charles Park Street Pikeville, KY 41502	0.07 acres 1/12 of 0.83 acres	0.0865%
(l) Betty Jane & Ralph Clevinger Rt. 3 Box 320 Pikeville, KY 41502	0.02 acres 1/36 of 0.83 acres	0.0288%
(m) Emma Joe Johnson Ivel, KY 41642	0.02 acres 1/36 of 0.83 acres	0.0288%
(n) Eugene & Cherith Charles 705 Hammond Rd. York, PA 17402-1324	0.02 acres 1/36 of 0.83 acres	0.0288%
(o) Ruth & James A. Friend 203 Hickory St. Nitro, WV 25143	0.03 acres 1/24 of 0.83 acres	0.0432%

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	Acres in Unit	Percent of Unit
(p) Blanche E. Charles 129 Wellington Court, Suite 109 Amherst, VA 24521	0.01 acres 1/72 of 0.83 acres	0.0144%
(q) James & Carol Charles 356 Montrose Rd. Monroe, VA 24574	0.01 acres 1/72 of 0.83 acres	0.0144%
(r) John & Laura K. Charles 703 Suntree Drive Westerville, OH 43081	0.01 acres 1/72 of 0.83 acres	0.0144%
<b>II. <u>OIL &amp; GAS FEE OWNERSHIP</u></b>		
<b><u>Tract #1 - 17.08 acres</u></b>		
(1) Callie Looney Heirs, Devisees, Successors or Assigns, et al. (25 Acre Tract)	17.08 acres	21.3500%
(a) Pearly L. Horn Heirs, Devisees Successors or Assigns		
(a.1) Doris Kennon 4495 Sandhill Road Marietta, OH 45750	0.27 acres 1/64 of 17.08 acres	0.3336%
(a.2) Betty Lou Locher 1673 Uplands Dr. Springfield, OH 45501	0.27 acres 1/64 of 17.08 acres	0.3336%
(a.3) William G. Horn 475 Springs Rd. Valleyview, TX 76272	0.27 acres 1/64 of 17.08 acres	0.3336%
(a.4) Morris Horn PO Box 4395 Ironto, OH 45638	0.27 acres 1/64 of 17.08 acres	0.3336%
(b) Everett Looney Heirs, Devisees Successors or Assigns		
(b.1) Maggie Eileen Cutlip 1412 Bonita Ave. Springfield, OH 45503	0.18 acres 1/96 of 17.08 acres	0.2224%
(b.2) Della M. Dunham 1035 Armsgate Rd. Springfield, OH 45503-1484	0.18 acres 1/96 of 17.08 acres	0.2224%
(b.3) Nannie Emmons 3367 Eichelberger Lane Springfield, OH 45505	0.18 acres 1/96 of 17.08 acres	0.2224%
(b.4) Elsie Knotts 150 Wenova Dr. Springfield, OH 45502	0.18 acres 1/96 of 17.08 acres	0.2224%

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	Acres in Unit	Percent of Unit
(b.5) Giles Arthur Looney 6452 Prairie Rd. Springfield, OH 45502	0.18 acres 1/96 of 17.08 acres	0.2224%
(b.6) John Troy Looney 5911 Knollwood Rd. Springfield, OH 45502	0.18 acres 1/96 of 17.08 acres	0.2224%
(c) Dewey Looney Heirs, Devisees Successors or Assigns		
(c.1) Carl Looney PO Box 460 Grundy, VA 24614	0.27 acres 1/64 of 17.08 acres	0.3336%
(c.2) Clyde Looney 4256 Willowdale Rd. Springfield, OH 45502	0.27 acres 1/64 of 17.08 acres	0.3336%
(c.3) Jeanette Ann Looney P.O. Box 93 Vansant, VA 24656	0.27 acres 1/64 of 17.08 acres	0.3336%
(c.4) Shirley Ann Looney Matney P.O. Box 153 Vansant, VA 24656	0.27 acres 1/64 of 17.08 acres	0.3336%
(d) Linda O'Brien Heirs, Devisees Successors or Assigns		
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(e) Virginia L. Hankins Heirs, Devisees Successors or Assigns		
(e.1) Linda K. Stokes 63 Webbshaw Dr. Centerville, OH 45458-466	1.07 acres 1/16 of 17.08 acres	1.3344%
(f) Edgar Looney Heirs, Devisees Successors or Assigns		
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	Acres in Unit	Percent of Unit
(g.1) Mary Catherine Kouse 164 Moores Road Waverly, OH 45690	0.53 acres 1/32 of 17.08 acres	0.6672%
(g.2) Rebecka Jean Holman 4915 Troy Road Springfield, OH 45502	0.53 acres 1/32 of 17.08 acres	0.6672%
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<b><u>Tract #2, 25.13 acres</u></b>		
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<b><u>Tract #3, 15.71 acres</u></b>		
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(a.1) Chloe Sinisi 263 Clermont St. Denver, CO 80246	4.71 acres 3/10 of 15.71 acres	5.8913%
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(b) Fred Shortt Heirs, Devisees Successors or Assigns		
(b.1) Mary V. Shortt PO Box 150 Vansant, VA 24656	0.79 acres 1/20 of 15.71 acres	0.9819%
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(b.2) Mary Nunn 1265 N. 13th Street Wytheville, VA 24382	0.39 acres 1/40 of 15.71 acres	0.4909%
(b.3) Sarah Lewis 4131 Laurel Fork Road Rocky Gap, VA 24366	0.39 acres 1/40 of 15.71 acres	0.4909%
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(c) Eva Farmer 4719 Barclay Square Roanoke, VA 24018	1.57 acres 1/10 of 15.71 acres	1.9638%
<b><u>Tract #4, 1.19 acres</u></b>		
(1) Garney Smith Revocable Trust, et al.	1.19 acres	1.4875%
(a) Garney Glen Smith Revocable Trust c/o Susie Smith and Esther Hagy Co-Trustees Box 35 Vansant, VA 24656	0.45 acres 3/8 of 1.19 acres	0.5578%
(b) Susie A. Smith, Trustee Susie A. Smith Revocable Living Trust Box 35 Vansant, VA 24656	0.45 acres 3/8 of 1.19 acres	0.5578%
(c) Paul Wayman Smith P.O. Box 321 Vansant, VA 24656	0.15 acres 1/8 of 1.19 acres	0.1859%
(c) Rebia Carol Smith Layne 3749 Water Lick Road Forest, VA 24551	0.05 acres 1/24 of 1.19 acres	0.0620%
(e) Robert Eugene Smith Heirs, Devisees, Successors or Assigns		
(e.1) Polly Smith P.O. Box 412 Concord, VA 24538	0.05 acres 1/24 of 1.19 acres	0.0620%
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<b><u>Tract #7, 16.61 acres</u></b>		
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(d) Linda O'Brien Heirs, Devisees Successors or Assigns		
(d.1) William C. O'Brien 7488 Campcreek Rd. Lucasville, OH 25648	2.08 acres 1/8 of 16.61 acres	2.5953%
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(e.1) Linda K. Stokes 63 Webbshaw Dr. Centerville, OH 45458-466	2.08 acres 1/8 of 16.61 acres	2.5953%
(f) Edgar Looney Heirs, Devisees Successors or Assigns		
(f.1) Earnest S. Looney 893 Williams Rd Piketon, OH 45661	0.69 acres 1/24 of 16.61 acres	0.8651%
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(f.3) Gary D. Looney 528 Lillie St. Chillicothe, OH 455601	0.69 acres 1/24 of 16.61 acres	0.8651%
(g) Evans A. Looney Heirs, Devisees Successors or Assigns		
(g.1) Mary Catherine Kouse 164 Moores Road Waverly, OH 45690	1.04 acres 1/16 of 16.61 acres	1.2977%
(g.2) Rebecka Jean Holman 4915 Troy Road Springfield, OH 45502	1.04 acres 1/16 of 16.61 acres	1.2977%
(h) Minnie L. Montgomery Heirs, Devisees Successors or Assigns 63 Webbshaw Dr. Centerville, OH 45458-4616	2.08 acres 1/8 of 16.61 acres	2.5953%
<b><u>Tract #8, 0.83 acres</u></b>		
Miles & Green Charles Heirs, Devisees, Successors or Assigns	0.83 acres	1.0375%
(2) Green Charles Heirs		

*260*

**Exhibit B-3**  
**Unit M-3**  
**Docket #VGOB 09-0120-2419**  
**List of Unleased Owners/Claimants**

	Acres in Unit	Percent of Unit
(a) Nora & Willis Current 10 Wilmington Avenue, Apt. 142E Dayton, OH 45420	0.02 acres 1/36 of 0.83 acres	0.0288%
(b) George & Jean Charles 1653 Lawrence Ave. Ashland, KY 41102	0.02 acres 1/36 of 0.83 acres	0.0288%
(c) Luella Mason Charles 249 Hill-n-Dale Drive Lexington, KY 40512	0.02 acres 1/36 of 0.83 acres	0.0288%
(d) Edith & Charles Huber 3901 Green Haven Ln. Goshen, KY 40026	0.01 acres 1/72 of 0.83 acres	0.0144%
(e) Nancy & Douglas Justice, Jr. P. O. Box 2883 Pikeville, KY 41502	0.02 acres 1/36 of 0.83 acres	0.0288%
(f) William J. Baird, III Box 351 Pikeville, KY 41502	0.01 acres 1/96 of 0.83 acres	0.0108%
(g) John H. Baird Box 351 Pikeville, KY 41502	0.01 acres 1/96 of 0.83 acres	0.0108%
(h) Charles J. Baird Box 351 Pikeville, KY 41502	0.01 acres 1/96 of 0.83 acres	0.0108%
(i) Jane C. Baird Box 351 Pikeville, KY 41502	0.01 acres 1/96 of 0.83 acres	0.0108%
(j) Eloise & Jack May 416 Third St. Pikeville, KY 41502	0.07 acres 1/12 of 0.83 acres	0.0865%
(k) J.K. & Sadie Charles Park Street Pikeville, KY 41502	0.07 acres 1/12 of 0.83 acres	0.0865%
(l) Betty Jane & Ralph Clevinger Rt. 3 Box 320 Pikeville, KY 41502	0.02 acres 1/36 of 0.83 acres	0.0288%
(m) Emma Joe Johnson Ivel, KY 41642	0.02 acres 1/36 of 0.83 acres	0.0288%
(n) Eugene & Cherith Charles 705 Hammond Rd. York, PA 17402-1324	0.02 acres 1/36 of 0.83 acres	0.0288%
(o) Ruth & James A. Friend 203 Hickory St. Nitro, WV 25143	0.03 acres 1/24 of 0.83 acres	0.0432%

Exhibit E  
Unit M-3  
Docket #VGOB 09-0120-2419  
List of Conflicting Owners/Claimants that require escrow

	Acres in Unit	Percent of Unit
<u>Tract #5, 1.69 acres</u>		
<u>COAL FEE OWNERSHIP</u>		
(1) Mary E. Vandyke Heirs c/o Harold G. Vandyke Trustee 16100 N. East 8th Ave. North Miami Beach, FL 33162	1.69 acres	2.11250%
<u>OIL &amp; GAS FEE OWNERSHIP</u>		
(1) CNX Gas Company LLC 2481 John Nash Blvd. Bluefield, WV 24701	1.69 acres	2.11250%

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INSTRUMENT #090003096  
RECORDED IN THE CLERK'S OFFICE OF  
BUCHANAN COUNTY ON  
OCTOBER 13, 2009 AT 11:32AM  
BEVERLY S. TILLER, CLERK  
RECORDED BY: NKE

28

V I R G I N I A :

BEFORE THE VIRGINIA GAS AND OIL BOARD

APPLICANT: CNX Gas Company LLC ) VIRGINIA GAS  
) AND OIL BOARD  
RELIEF SOUGHT: POOLING OF M-3 LOCATED ) DOCKET NO.  
IN THE OAKWOOD COALBED METHANE GAS ) 09-0120-2419  
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 M-3 )  
(herein "Subject Drilling Unit") )  
IN THE OAKWOOD COALBED METHANE GAS FIELD I )  
PRATER & GRUNDY MAGISTERIAL DISTRICTS, )  
VANSANT 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 final hearing before the Virginia Gas and Oil Board (hereafter "Board") at 9:00 a.m. on **January 20, 2008** at the Southwest Virginia Higher Education Center on the campus of Virginia Highlands Community College, Abingdon, Virginia.

2. Appearances: Mark Swartz, Esquire, of the firm Swartz Law Offices, PLLC, appeared for the Applicant; and Sharon M. B. Pigeon, 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, including 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 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 the 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 persons named in **Exhibit B-3** hereto and that of their known and unknown heirs, executors, administrators, devisees, trustees, assigns and successors, 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 **CNX Gas Company LLC** as 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, **CNX Gas Company LLC** 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 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-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-acre** drilling unit in the manner set forth in the Oakwood I Field Rules.

8. Election and Election Period: In the event any 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 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: **\$783,357.99**

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 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 **\$5.00** 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 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 Cost allocable to the interest of such Carried Well Operator. 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 a 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 a 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 a 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): **CNX Gas Company LLC** 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:

**CNX Gas Company LLC  
2481 John Nash Blvd.  
Bluefield, WV 24701  
Attn: Anita D. Duty**

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; and, the Unit Operator has represented to the Board that there **are** conflicting claimants **Tract(s) 5** 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(s) 5 in 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, VA 24038  
Attention: Judy Barger

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. **CNX Gas Company LLC**, a Virginia limited liability company is duly authorized and qualified to transact business in the Commonwealth of Virginia;
- 17.2. **CNX Gas Company LLC** has the authority to explore, develop and maintain the properties and assets, now owned or hereafter acquired, consented to serve as Coalbed Methane Gas Unit Operator for Subject Drilling Unit and to faithfully discharge the duties imposed upon it as Unit Operator by statute and regulations;
- 17.3. **CNX Gas Company LLC** is an operator in the Commonwealth of Virginia, and has satisfied the Board's requirements for operations in Virginia;
- 17.4. **CNX Gas Company LLC** claims ownership of gas leases, Coalbed Methane Gas leases, and/or coal leases representing **15.5062** percent of the oil and gas interest/claims in and to Coalbed Methane Gas and **13.3937** 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**;
- 17.5. The estimated total production from Subject Drilling Unit is **125 MMCF to 550 MMCF**. The estimated amount of reserves from the Subject Drilling Unit is **125 MMCF to 550 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 **84.4938** percent of the oil and gas interests/claims in and to Coalbed Methane Gas and **86.6063** 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 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 \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, by a majority of the Virginia Gas and Oil Board.

\_\_\_\_\_  
Chairman, Bradley C. Lambert

DONE AND PERFORMED this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, by Order of this Board.

\_\_\_\_\_  
David E. Asbury, Jr.  
Principal Executive To The Staff  
Virginia Gas and Oil Board

STATE OF VIRGINIA  
COUNTY OF WASHINGTON

Acknowledged on this \_\_\_\_\_ day of \_\_\_\_\_, 2009, 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 Chairman of the Virginia Gas and Oil Board, and appeared David E. Asbury, Jr., 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 were authorized to do so.

\_\_\_\_\_  
Diane J. Davis, Notary  
174394

My commission expires: September 30, 2009