

INSTRUMENT PREPARED BY
VIRGINIA GAS AND OIL BOARD

ORDER RECORDED UNDER CODE
OF VIRGINIA SECTION 45.1-361.26

VIRGINIA:

BEFORE THE VIRGINIA GAS AND OIL BOARD

SUPPLEMENTAL ORDER REGARDING DOCKET NO. VGOB 09/01/20-2436

ELECTIONS, UNIT: AE-201 (E-38)

(hereinafter "Subject Drilling Unit")

REPORT OF BOARD

FINDINGS AND ORDER

1. This Supplemental Order is entered by the Board *sua sponte* in the form authorized by the Board at its hearing held at 9:00 a.m. on October 20, 1992, Board of Supervisors Room, Courthouse, Grundy, Virginia, and pursuant to authority granted to the Board's Chairman at the hearing of the Virginia Gas and Oil Board on June 16, 1992, at 9:00 a.m. at the Rhododendron Restaurant at the Breaks Interstate Park, Breaks, Virginia; and this Supplemental Order is being recorded for the purpose of (1) complying with the requirement of the Virginia Gas and Oil Board Regulations, 4 VAC 25-160.70C by supplementing the Order previously issued by the Board for subject Docket on January 20, 2009, and recorded with Instrument # 160002405 at the Office of the Clerk of Circuit Court, Buchanan County, Virginia on December 20, 2016, (herein "Board Order") to complete the record regarding elections. The Board Order pooled all interest in Subject Drilling Unit including those of the Respondents more particularly set forth and identified by the Designated Operator in the affidavits attached hereto and made a part hereof. The Board finds it has jurisdiction over the subject matter pursuant to the provisions of the Virginia Gas and Oil Act, § 45.1-361.1 *et seq.*, Virginia Code, 1950 as amended.
2. Findings: The Board finds that:
 - (a) The Board Order directed Appalachian Energy Inc., (herein the Designated Operator"), to mail copies of the Board Order to all respondents whose interest, if any, were pooled by said Board Order;
 - (b) The designated operator filed its affidavit of mailing dated January 22, 2009, disclosing that it had mailed a correct copy of the Board's Order to all Respondents whose interest, if any, were pooled by said Board Order;

- (c) The Board Order required each Respondent whose interest, if any, were pooled by the terms of said Board Order to make his or her election within thirty (30) days after the date of mailing or recording, as applicable, of said Order; the Designated Operator has filed its affidavit dated December 23, 2016, in accordance with § 7.C of the Virginia Gas and Oil Board Regulations and 4 VAC 25-160.70C (herein "Affidavit of Election"), wherein it has, for each Respondent whose interest, if any, were pooled by said Board Order, stated: (i) whether each Respondent has made or failed to make a timely election; (ii) the nature of the election made, if any; (iii) whether, by reason of a failure to elect or to timely elect one or more Respondents are deemed, under the terms of the Board's Order, to have leased all their rights, title, interest, estates and claims in Subject Drilling Unit to the Designated Operator;
- (d) The Board Order further required the Designated Operator, after expiration of the election period, to file with the Board a statement of the interests subject to escrow under the terms and provisions of the Board Order, in light of the elections made or deemed to have been made (herein "Statement of Interests"); that the Designated Operator furnished said Statement of Interests as part of its Affidavit of Election. A copy of which is attached hereto as Exhibit B;
- (e) Current Board standards requiring the escrow of funds and the Board's agreement with its Escrow Agent, First Bank & Trust Company, 38 E. Valley Drive, Bristol, VA 24201 (276) 466-9222, Attn: Jody Maney, or any successor named by the Board, require the entry of a Supplemental Order establishing of record the elections made or deemed to have been made and specifying the sums or percentage thereof subject to escrow. Current Board escrow standards were made applicable to Subject Drilling Unit by a Board Order dated December 23, 1992.
3. Order: By this Order, the Board orders the Designated Operator to tender, consistent with and in accordance with the findings set forth at paragraph 2 above and the annexed Affidavits, any funds subject to escrow and instructs the Escrow Agent, First Bank & Trust Company, 38 E. Valley Drive, Bristol, VA 24201 (276) 466-9222, Attn: Jody Maney, or any successor named by the Board to establish interest-bearing escrow account(s), IRS Tax Identification Number 54-1629506, in accordance with the information set forth in said affidavits to receive such funds and account to the Board therefore.
4. Mailing of Order and Filing of Affidavit: The Designated Operator under the captioned Order or its Attorney shall file an affidavit with the Secretary of the Board within ten (10) days after the date of receipt of this Order stating that a true and correct copy of this Order was mailed to each person whose interest or claim is subject to escrow and whose address is known.
5. Conclusion: Therefore, the findings and all terms and provisions set forth above be and hereby are granted and IT IS SO ORDERED.
6. Effective Date: This Order shall be effective on the date of its execution.

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DONE AND EXECUTED this 17th day of January, 2017, by a majority of the Virginia Gas and Oil Board.

Bradley C. Lambert
Bradley Lambert, Chairman

DONE AND EXECUTED this 17th day of January, 2017, by a majority of the Virginia Gas and Oil Board.

Rick Cooper
Rick Cooper
Principal Executive to the Staff
Virginia Gas and Oil Board

STATE OF VIRGINIA
COUNTY OF RUSSELL:

Acknowledged this 17th day of January, 2017, personally before me a notary public in and for the Commonwealth of Virginia, appeared Bradley Lambert, being duly sworn did depose and say that he is Chairman of the Virginia Gas and Oil Board and Rick Cooper being duly sworn did depose and say that he is Principal Executive to the Staff of the Virginia Gas and Oil Board, that they executed same and were authorized to do so.

Sally Settle Ketron
Sally Settle Ketron

My Commission Expires January 31, 2019



VIRGINIA:***BEFORE THE VIRGINIA GAS AND OIL BOARD***

IN RE: Application of Appalachian Energy, Inc., for Forced Pooling of Interests in Unit Number AE-205 (G-38) VGOB Docket No. VGOB-09/01/20-2438 in the Garden Magisterial District of Buchanan County, Virginia.

AFFIDAVIT OF WILHOIT & KAISER, Attorneys-at-Law, Agents for the Designated Operator REGARDING ELECTIONS, ESCROW ACCOUNTS AND SUPPLEMENTAL ORDER

James E. Kaiser (herein Affiant), being first duly sworn on oath, deposes and says:

1. That the Affiant is an attorney in the law firm of WILHOIT & KAISER, the Agent for the Designated Operator, with offices located at 220 Broad Street, Kingsport, Tennessee 37660, and is authorized to give this Affidavit in its behalf;
2. That the Order entered on January 20, 2009, by the Virginia Gas and Oil Board regarding the captioned Conventional Unit required the Applicant to mail a true and correct copy of said Order to each person pooled by said Order;
3. That within seven (7) days of the receipt of an executed copy of the Order referred to at Paragraph 2. above, the Affiant was directed to cause a true and correct copy of said Order to be mailed via the United States Postal Service to each Respondent named in the captioned Application, whose address was known, and to all persons, if any, who are added as Respondents at the hearing held in the captioned matter;
4. That the Order of the Virginia Gas and Oil Board in the captioned matter required all persons pooled thereby to tender their written elections to the Unit Operator within thirty (30) days of the date said Order was recorded in the county above named; that said Order was recorded on December 20, 2016.
5. That the Designated Operator, by and through their agent, Wilhoit & Kaiser, Attorneys-at-Law, have established procedures to review all mail received and all written documents received by means other than by mail to ascertain whether parties whose interest have been pooled have made a written election, in a timely fashion, as required by the captioned Order; that said procedures were followed to identify the elections, if any, made with regard to Subject Unit; that the following persons delivered, by mail or otherwise, written elections to the Unit Operator, within the thirty day election periods:

NONE

6. That the interest and/or claims of the following persons (who made timely elections, or who are deemed under the terms of the Board's Order to have leased, or who, subsequent to the pooling hearing held in the captioned matter, have leased or otherwise entered into an agreement with the Designated Operator) are subject to escrow as either unknown claimants or conflicting claimants under the Board's Order pooling the captioned Unit, Board Regulations and the Code of Virginia; that opposite the name of each person named as a Respondent listed below is set forth:

NONE

7. That after the pooling hearing held in the captioned matter, the following persons have leased or entered into a voluntary agreement with the Designated Operator with regard to their interest and/or claims.

NONE

8. That the following persons have not made a timely election and have failed to enter into an agreement with the Designated Operator and their respective interests shall be deemed to have leased pursuant to and in accordance with paragraph 10 of the Order.

See Exhibit B-3

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That pursuant to the provision of 4VAC 25-160.70C annexed hereto and incorporated herein is a proposed supplemental order to be entered to complete the record regarding elections; that said annexed supplemental order sets forth that the services of the Escrow Agent are not required in this matter pursuant to the terms of §§ 45.1-361.21.D.

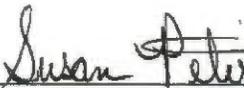
Dated at Kingsport, Tennessee, this 23rd day of December, 2016.



Affiant

State of Tennessee)
County of Sullivan)

Taken, subscribed and sworn to before me by James E. Kaiser, the Agent of Appalachian Energy Inc., a corporation, on behalf of the corporation, this 23rd day of December, 2016.



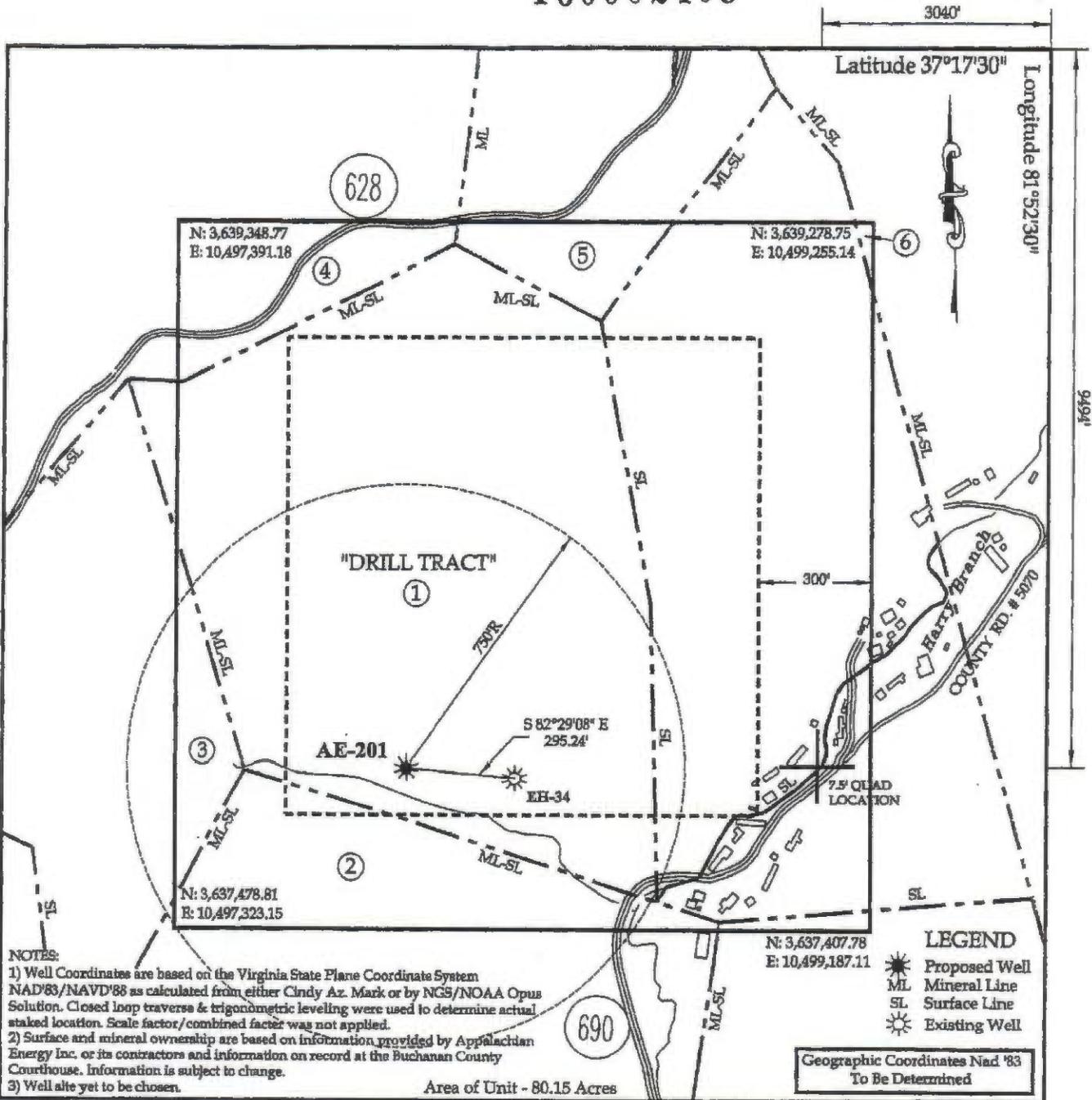
Susan Peterson, Notary



My commission expires: August 19, 2020 .

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NOTES:

- 1) Well Coordinates are based on the Virginia State Plane Coordinate System NAD'83/NAVD'88 as calculated from either Cindy Az. Mark or by NGS/NOAA Opus Solution. Closed loop traverse & trigonometric leveling were used to determine actual staked location. Scale factor/combined factor was not applied.
- 2) Surface and mineral ownership are based on information provided by Appalachian Energy Inc. or its contractors and information on record at the Buchanan County Courthouse. Information is subject to change.
- 3) Well site yet to be chosen.

LEGEND

- ★ Proposed Well
- ML Mineral Line
- SL Surface Line
- ☀ Existing Well

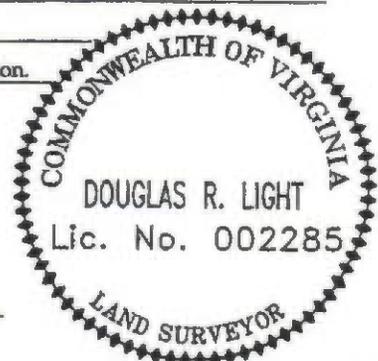
Geographic Coordinates Nad '83 To Be Determined

Area of Unit - 80.15 Acres
WELL LOCATION PLAT

Company APPALACHIAN ENERGY INC. Well Name or Number AE-201 (CBM E-38)
 Tract No. TAZEWELL COAL & IRON CO. Quadrangle PATTERSON
 District GARDEN
 Well Coordinates (Virginia State Plane) To Be Determined
 Elevation: _____ Method Used to Determine Elevation: Trig. Levels from GPS derived elevation.
 County Buchanan Scale: 1" = 400' Date 12-08-08

This Plat is a new plat X; an updated plat _____; or a final location plat _____;

+ Denotes the location of a well on United States topographic maps, scale 1 to 24,000, latitude and longitude lines being represented by border lines as shown.



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Exhibit B-3
AE-201 (E-38)

<u>TRACT</u>	<u>LESSOR</u>	<u>LEASE STATUS</u>	<u>INTEREST WITHIN UNIT</u>	<u>GROSS ACREAGE IN UNIT</u>
<u>Gas Estate Only</u>				
1	Tazewell Coal & Iron PO Box 676 Tazewell, VA 24651	Unleased	80.17%	64.260
2	LBR Holdings, LLC PO Box 22427 Lexington, KY 40522-2427	*Leased (Equitable)	9.51%	7.620
3	N. J. Cole c/o Virginia Rosser 1704 Spring Garden Rd Chatham, VA 24531	Unleased	2.57%	2.060
4	LBR Holdings PO Box 22427 Lexington, KY 40522-2427	*Leased (Equitable)	5.15%	4.130
5	LBR Holdings PO Box 22427 Lexington, KY 40522-2427	*Leased (Equitable)	2.47%	1.980
Total Percentage Unleased			99.87%	
Total Acreage Unleased				80.05

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Exhibit B-3
AE-201 (E-38)

<u>TRACT</u>	<u>LESSOR</u>	<u>LEASE STATUS</u>	<u>INTEREST WITHIN UNIT</u>	<u>GROSS ACREAGE IN UNIT</u>
<u>Coal Estate Only</u>				
2	LBR Holdings PO Box 22427 Lexington, KY 40522-2427	*Leased (Geomet)	9.51%	7.620
3	N. J. Cole c/o Virginia Rosser 1704 Spring Garden Rd Chatham, VA 24531	Unleased	2.57%	2.060
4	LBR Holdings PO Box 22427 Lexington, KY 40522-2427	*Leased (Geomet)	5.15%	4.130
5	LBR Holdings PO Box 22427 Lexington, KY 40522-2427	*Leased (Geomet)	2.47%	1.980

* Geomet Operating Company
Attn: Mr. Joey Stephenson
5336 Stadium Trace Parkway
Suite 206
Birmingham, AL 35244

Total Percentage Unleased AEI

19.70%

Total Acreage Unleased AEI

15.79

INSTRUMENT #160002405
RECORDED IN THE CLERK'S OFFICE OF
BUCHANAN COUNTY ON
DECEMBER 20, 2016 AT 02:58PM

BEVERLY S. TILLER, CLERK
RECORDED BY: VAH

711

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INSTRUMENT #170000177
RECORDED IN THE CLERK'S OFFICE OF
BUCHANAN COUNTY ON
JANUARY 31, 2017 AT 04:25PM

BEVERLY S. TILLER, CLERK
RECORDED BY: VAH