



BEFORE THE VIRGINIA GAS AND OIL BOARD

RELIEF SOUGHT: An Order for Disbursement of Escrowed Funds (and Authorization for Direct Payment of Royalties)

JURISDICTION: Code of Virginia § 45.1-351. (et seq) AND § 45.1-361.22 (et seq) AND § 45.1-361.22:2

UNIT/WELL NAME: K3
TRACT(S): 6
LOCATION: BUCHANAN County, Virginia

DOCKET NUMBER: VGOB-09-0721-2550-02

APPLICANTS: CNX Gas Company LLC on behalf of Pocahontas Land Corp

HEARING DATE AND LOCATION: On June 16, 2015, the Virginia Gas and Oil Board, on its own motion, granted the Director of the Division of Gas and Oil the authority to process coal owner dismissal disbursements that have no pending deficiencies or issues. Code of Virginia Section 45.1-361.22:2. Effective date: July 1, 2015.

APPEARANCES: Mark A. Swartz on behalf of CNX Gas Company LLC

PRIOR PROCEEDINGS:

- 1. Original Pooling Order Executed 11/04/2009, Recorded on 12/04/2009, Deed Book/Instrument No. 090003759.
- 2. Supplemental Order, Recorded on 05/19/2010, Deed Book/Instrument No. 100001302.
- 3. Disbursement Order -01 Executed 03/23/2016, Recorded on 04/19/2016, Deed Book/Instrument No. 160000702.

NOTICE:

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- (1) Amend the Pooling Order to provide for the disbursement of funds on deposit in the Escrow Account attributable to Tract(s) 6 identified in the attached petition.
- (2) Delete the requirement that the Unit Operator place future royalties attributable to Tract(s) 6 relative to the interests of the Applicants identified in the attached petition.
- (3) Continue the escrow account under this docket number.

FINDINGS: Code of Virginia § 45.1-361.22 AND § 45.1-361.22:2

Applicant has certified and represented to the Board that:

- a. Norfolk Southern Railway Company (Pocahontas Land Corp) is the gas claimant in Tracts 6 As such Norfolk Southern Railway Company (Pocahontas Land Corp) are entitled to 100% of the CBM royalties now in escrow and as may be hereafter payable. See Va. Code Ann. § 45.1-361.22:2.A.
- b. That CNX Gas Company LLC has given the notice(s) required by § 45.1-361.22:2.A to all conflicting claimants identified in the above referenced pooling Order and any supplemental Orders pertaining thereto.
- c. That none of the conflicting claimants noticed have provided, within 45 days of the notice(s) given as provided in b. above, the Board, its designated agent the Director of the Division of Gas and Oil, the Operator and/or the Applicant evidence of either an agreement regarding the escrowed funds/royalties or a proceeding regarding same.
- d. That a detailed accounting in accordance with the applicable provisions of § 45.1-361.22 is submitted herewith and identified as Exhibit J.
- e. That an Exhibit identified as Table 1 is annexed hereto, and it specifies how the disbursement(s) is to be calculated and paid by the escrow agent.
- f. That Va. Code Ann. § 45.1-361.22:2.A. further provides that the Operator shall pay such royalties as may hereafter be payable directly to the gas claimant Norfolk Southern Railway Company (Pocahontas Land Corp) and not escrow same. See Exhibit EE annexed hereto

1. The Escrow Agent is ordered, to within ten (10) days of receipt of this executed order, disburse funds for the unit and applicants detailed in Table 1.
2. The Escrow Agent is ordered to continue the Escrow Account for the Subject Drilling unit based on the attached Revised Exhibit E which replaces all prior Exhibit E's recorded for the Subject Drilling Unit.

CONCLUSION:

Therefore, the requested relief and all terms and provisions set forth above be and hereby are granted and IT IS SO ORDERED.

APPEALS:

Appeals of this Order are governed by the provisions of the Code of Virginia § 45.1-361.9 which provides that any order or decision of the Board may be appealed to the appropriate circuit court and that whenever a coal owner, coal operator, gas owner, gas operator, or operator of a gas storage field certificated by the State Corporation Commission is a party in such action, the court shall hear such appeal de novo.

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DONE AND EXECUTED this 22 day of March, 2017 by a majority of the Virginia Gas and Oil Board.



Chairman, Bradley C. Lambert

DONE AND PERFORMED this 22 day of March, 2017 by Order of the Virginia Gas and Oil Board.



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

COMMONWEALTH OF VIRGINIA
COUNTY OF RUSSELL

Acknowledged on this 22nd day of March, 2017, personally before me a notary public in and for the Commonwealth of Virginia, appeared Bradley C. Lambert, being duly sworn did depose and say that he is the Chairman of the Virginia Gas and Oil Board and appeared Rick Cooper, being duly sworn did depose and say that he is Principal Executive to the staff of the Virginia Gas and Oil Board, that they executed the same and was authorized to do so.



Sarah Jessee Gilmer, Notary Public
262946

My Commission expires: July 31, 2017



BEFORE THE VIRGINIA GAS AND OIL BOARD

PETITIONER: CNX Gas Company LLC

DIVISION OF GAS AND OIL

DOCKET NO: VGOB 09-0721-2550-02

RELIEF SOUGHT: (1) DISBURSEMENT FROM ESCROW REGARDING TRACT(S) 6 (2) AND AUTHORIZATION FOR DIRECT PAYMENT OF ROYALTIES (3) AND DISMISSAL OF COAL OWNERS PURSUANT TO CODE OF VIRGINIA SECTION 45.1-361.22:2.

HEARING DATE: On June 16, 2015, the Virginia Gas and Oil Board, on its own motion, granted the Director of the Division of Gas and Oil the authority to process coal owner dismissal disbursements that have no pending deficiencies or issues. Code of Virginia Section 45.1-361.22:2. Effective date: July 1, 2015.

DRILLING UNIT: K3

BUCHANAN COUNTY, VIRGINIA

PETITION FOR ORDER OF DISBURSEMENT OF ESCROW FUNDS

1. Petitioner and its counsel

Petitioner is CNX Gas Company LLC, PO Box 570, Pounding Mill, VA 24637, (276)596-5075. Petitioner's counsel is Mark A. Swartz, Hillard & Swartz, LLP, 122 Capital Street, Suite 201, Charleston, WV 25301.

2. Relief Sought

(1) the disbursement of escrowed funds heretofore deposited with the Board's Escrow Agent(s) attributable to Tract(s) 6 as depicted upon the annexed Table; and (2) authorization to begin paying royalties directly to Norfolk Southern Railway Company (Pocahontas Land Corp); (3) Dismissal of coal owner(s): George Belcher Estate, Runals Trust, Buchanan Realty

3. Legal Authority

Va. Code Ann. § 45.1-361.1 et seq., 4 VAC 25-160-140., and relevant Virginia Gas and Oil Board Orders ("Board") heretofore promulgated pursuant to law.

4. Type of Well(s)

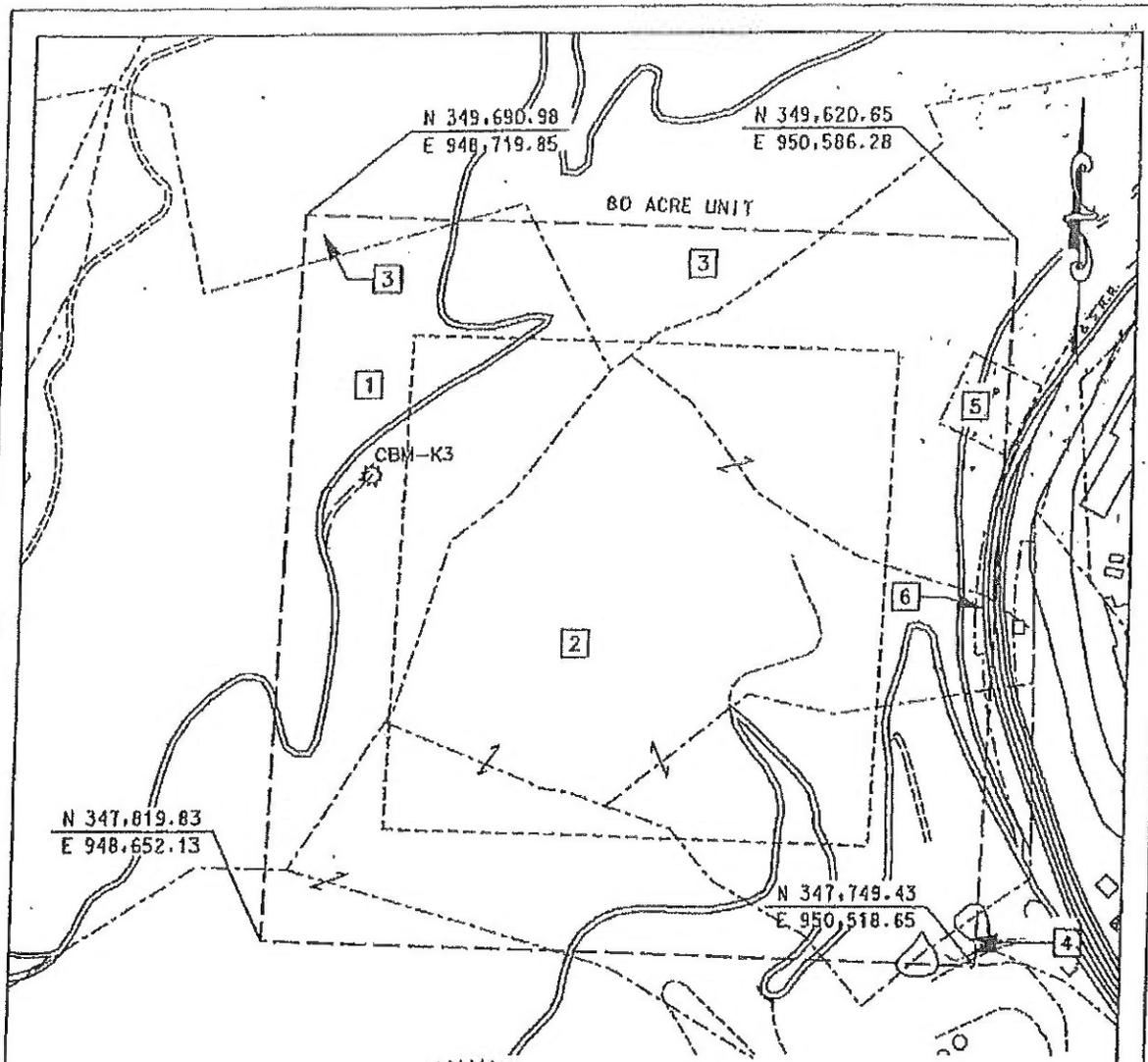
Coalbed Methane

5. Factual basis for relief requested

- a. Norfolk Southern Railway Company (Pocahontas Land Corp) is the gas claimant in Tracts 6 As such Norfolk Southern Railway Company (Pocahontas Land Corp) are entitled to 100% of the CBM royalties now in escrow and as may be hereafter payable. See Va. Code Ann. § 45.1-361.22:2.A.
- b. That CNX Gas Company LLC has given the notice(s) required by § 45.1-361.22:2.A to all conflicting claimants identified in the above referenced pooling Order and any supplemental Orders pertaining thereto.
- c. That none of the conflicting claimants noticed have provided, within 45 days of the notice(s) given as provided in b. above, the Board, its designated agent the Director of the Division of Gas and Oil, the Operator and/or the Applicant evidence of either an agreement regarding the escrowed funds/royalties or a proceeding regarding same.
- d. That a detailed accounting in accordance with the applicable provisions of § 45.1-361.22 is submitted herewith and identified as Exhibit J.
- e. That an Exhibit identified as Table 1 is annexed hereto, and it specifies how the disbursement (s) is to be calculated and paid by the escrow agent.
- f. That Va. Code Ann. § 45.1-361.22:2.A. further provides that the Operator shall pay such royalties as may hereafter be payable directly to the gas claimant Norfolk Southern Railway Company (Pocahontas Land Corp) and not escrow same. See Exhibit EE annexed hereto

6. Attestation

The foregoing Petition to the best of my knowledge, information, and belief is true and correct.



BEARING & DISTANCE TO NEAREST EXISTING WELLS WITHIN 2500' RADIUS FROM CBM-K3
NO EXISTING WELLS WITHIN 2500' RADIUS

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

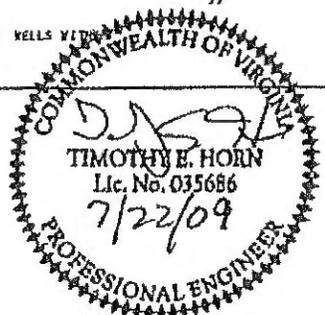


EXHIBIT A
OAKWOOD FIELD
UNIT K3
FORCE POOLING
VGDB-09-0721-2550

Company CNX Gas Company LLC Well Name and Number UNIT K3
 Tract No. _____ Elevation _____ Quadrangle VANSANT
 County BUCHANAN District SOUTH GRUNDY Scale: 1" = 400' Date 7/22/09
 This plot is a new plot _____ ; an updated plot X ; or a final plot _____

Form DGO-60-7 _____ (Affix Seal)
 Rev. 9/91 Licensed Professional Engineer or Licensed Land Surveyor

...Force Pooling\K3 Pool.dgn 7/22/2008 1:09:41 PM

CNX Gas Company LLC
UNIT K3
Tract Identification

1. Amy Lee Powers, et al (57.98 Acre Tract) – All Minerals
 Jewell Smokeless Coal Corporation – Tiller and above Coal Leased
 Island Creek Coal Company/Consol Energy, Inc. – Coal below Tiller Seam Leased
 CNX Gas Company LLC – Oil, Gas and CBM Leased
 Island Creek Coal Company – Surface
 17.68 Acres 22.1000%

2. George Belcher Heirs, et al (153.00 Acre Tract) – All Minerals
 Jewell Smokeless Coal Corporation – Coal above Tiller Seam Leased
 Island Creek Coal Company/Consol Energy, Inc. – Coal below Tiller Seam Leased
 Equitable Production Company – Oil and Gas Leased (1/4)
 CNX Gas Company LLC - CBM Leased
 Norfolk & Western Railway Company – Surface
 57.08 Acres 71.3500%

3. Charles S. Perkins Heirs (110.75 Acre Tract) – All Minerals except Oil and Gas
 Island Creek Coal Company/Consol Energy, Inc. – Below Drainage Coal Leased
 CNX Gas Company LLC – CBM Leased
 Coreen Charles Heirs – All Minerals except Coal
 Chesapeake Appalachia LLC – Oil, Gas and CBM Leased
 Charles S. Perkins Heirs – Surface
 3.99 Acres 4.9875%

4. Norfolk & Western Railway Company (20.30 Acre Tract) – Fee
 Island Creek Coal Company/Consol Energy, Inc. – Pocahontas No.3 Seam Leased
 0.09 Acres 0.1125%

5. Norfolk & Western Railway Company (1.00 Acre Tract) – All Minerals except Oil and Gas
 George Belcher Heirs, et al - All Minerals except Coal
 Equitable Production Company – Oil and Gas Leased (1/4)
 CNX Gas Company LLC - CBM Leased
 Norfolk & Western Railway Company – Surface
 0.71 Acres 0.8875%

6. Norfolk & Western Railway Company – Fee (Except Coal Below 800')
 George Belcher Heirs, et al – Coal Below 800 Feet
 Island Creek Coal Company/Consol Energy, Inc. – Coal Below 800' Leased
 Equitable Production Company – Oil and Gas Leased (1/4)
 CNX Gas Company LLC - CBM Below 800' Leased
 0.45 Acres 0.5625%

Exhibit E
Unit K-3
Docket #VGOB 09-0721-2550-02
List of Conflicting Owners/Claimants that require escrow

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| | Acres in Unit | Percent of Unit |
|---|-----------------------------------|-----------------|
| <u>Tract #3, 3.99 acres</u> | | |
| <u>COAL OWNERSHIP</u> | | |
| (1) Charles S. Perkins Heirs <i>(110.75 Acre Tract)</i> | 3.99 acres | 4.9875% |
| (a) Ralph & Carolyn Perkins P.O. Box 325 Clintwood, VA 24228 | 0.998 acres 1/4 of 3.99 acres | 1.24688% |
| (b) Neal C. Perkins 10485 Highway 293 North Princeton, KY 42445 | 0.998 acres 1/4 of 3.99 acres | 1.24688% |
| (c) Nell P. Bethany 618 Roger Sayers Circle Tuscaloosa, AL 35401-3212 | 0.998 acres 1/4 of 3.99 acres | 1.24688% |
| (d) Edward & Dorothy Tieche 1503 South Street Road 227 Union City, IN 47390 | 0.998 acres 1/4 of 3.99 acres | 1.24688% |
| <u>OIL & GAS OWNERSHIP</u> | | |
| <i>The respondent listed below did not respond timely to the W9 request and will continue to be escrowed.</i> | | |
| (1) Miles & Green Charles Heirs, Devisees, Successors or Assigns <i>(aka Coreen Charles Heirs)</i> c/o David L. Baird, POA PO Box 351 Pikeville, KY 41502 | 3.9900 acres | 4.9875% |
| <u>Tract #5, 0.71 acres</u> | | |
| <u>COAL OWNERSHIP</u> | | |
| (1) Norfolk Southern Railway Company <i>(1 Acre Tract)</i> | 0.71 acres | 0.8875% |
| <i>If no conflict, royalties paid to:</i> Pocahontas Land Corporation Treasurer, Pocahontas Land Corporation P. O. Box 1517 Bluefield, WV 24701 | | |
| <u>OIL & GAS OWNERSHIP</u> | | |
| (1) George Belcher Heirs, et al <i>(aka - Erma R. Runals, et al.)</i> | 0.71 acres | 0.8875% |
| <i>The respondents listed below did not respond timely to the W9 request and will continue to be escrowed.</i> | | |
| (b) Runals Trust c/o Andrew W. Runals, Trustee 11453 Davis Road Middleville, MI 49333 | 0.3550 acres 1/2 of 0.71 acres | 0.44375% |
| <u>TOTAL CONFLICTS</u> | | |
| Acres | 4.3450 | |
| Percent | 5.43125% | |

List of Respondents with Royalty Split Agreements/Court Orders/HB2058

| | Acres in Unit | Percent of Unit | Percent of Escrow |
|---|---------------------------------|-----------------|-------------------|
| <u>Tract #5, 0.71 acres</u> | | | |
| <u>COAL OWNERSHIP</u> | | | |
| (1) Norfolk Southern Railway Company (1 Acre Tract) | 0.71 acres | 0.8875% | n/a |
| <i>If no conflict, royalties paid to:</i> Pocahontas Land Corporation Treasurer, Pocahontas Land Corporation P. O. Box 1517 Bluefield, WV 24701 | | | |
| <u>OIL & GAS OWNERSHIP</u> | | | |
| (1) George Belcher Helrs, et al (aka - Erma R. Runals, et al.) | 0.71 acres | 0.8875% | |
| (a) George Belcher Estate c/o John H. Belcher 524 Maxfield Road Big Stone Gap, VA 24219 | 0.18 acres 1/4 of 0.71 acres | 0.22188% | n/a |
| (c) Buchanan Realty Limited Partnership c/o John C. Irvin 4710 Hunterwood Circle Richmond, TX 77469 | 0.18 acres 1/4 of 0.71 acres | 0.22188% | n/a |
| <u>Tract #6, 0.45 acres</u> | | | |
| <u>COAL OWNERSHIP</u> | | | |
| (1) George Belcher Helrs, et al - Coal below 800' (aka - Erma R. Runals, et al.) | 0.45 acres | 0.5625% | |
| (a) George Belcher Estate c/o John H. Belcher 521 Maxfield Road Big Stone Gap, VA 24219 | 0.11 acres 1/4 of 0.45 acres | 0.14063% | n/a |
| (b) Runals Trust c/o Andrew W. Runals, Trustee 11453 Davis Road Middleville, MI 49333 | 0.23 acres 1/2 of 0.45 acres | 0.28125% | n/a |
| (c) Buchanan Realty Limited Partnership c/o John C. Irvin 4710 Hunterwood Circle Richmond, TX 77469 | 0.11 acres 1/4 of 0.45 acres | 0.14063% | n/a |
| <u>OIL & GAS OWNERSHIP</u> | | | |
| (1) Norfolk Southern Railway Company | 0.4500 acres | 0.5625% | 9.3848% HB2058 |
| <i>If no conflict, royalties paid to:</i> Pocahontas Land Corporation Treasurer, Pocahontas Land Corporation P. O. Box 1517 Bluefield, WV 24701 | | | |
| <u>TOTAL CONFLICTS RESOLVED</u> | | | |
| | Acres | 0.8050 | |
| | Percent | 1.0063% | |

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INSTRUMENT #170000713
RECORDED IN THE CLERK'S OFFICE OF
BUCHANAN COUNTY ON
APRIL 12, 2017 AT 09:45AM

BEVERLY S. TILLER, CLERK
RECORDED BY: GGB