

200903985

000088 DEC-28

INSTRUMENT PREPARED BY
VIRGINIA GAS AND OIL BOARD

ORDER RECORDED UNDER CODE
OF VIRGINIA SECTION 45.1-361.26

V I R G I N I A:

BEFORE THE VIRGINIA GAS AND OIL BOARD

APPLICANT: **EQT Production Company**) VIRGINIA GAS
) AND OIL BOARD
RELIEF SOUGHT: POOLING OF INTERESTS IN A **58.84**)
ACRE SQUARE DRILLING UNIT) DOCKET NO.
DESCRIBED IN **EXHIBIT A** HERETO) **VGOB-09/10/20-2615**
LOCATED IN THE **NORA** COAL BED GAS)
FIELD AND SERVED BY WELL NO.)
VC-537068 (herein "Subject Drilling)
Unit") 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 "Coalbed Methane)
Gas" or "Gas"))
LEGAL DESCRIPTION:)
SUBJECT DRILLING UNIT SERVED BY WELL NUMBERED)
VC-537068 (herein "Well") TO BE DRILLED IN)
THE LOCATION DEPICTED ON **EXHIBIT A** HERETO,)
Range Resources-Pine Mountain Inc.)
Tract T-875)
Pound QUADRANGLE)
Gladeville MAGISTERIAL DISTRICT)
WISE COUNTY, VIRGINIA)
(the "Subject Lands" are more)
particularly described on **Exhibit A**,)
attached hereto and made a part hereof))
TAX MAP IDENTIFICATIN NUMBERS:)
TAX MAP IDENTIFICATIN NUMBERS FOR ALL PARCELS)
AFFECTED BY THIS ORDER ARE SHOWN ON EXHIBIT(S))
B-3; WHICH IS/ARE ATTACHED TO AND A PART)
OF THIS ORDER.)

REPORT OF THE BOARD

FINDINGS AND ORDER

1. Hearing Date and Place: This matter came on for hearing before the Virginia Gas and Oil Board (hereafter "Board") at 9:00 a.m. on **October 20, 2009** Conference Center at the Russell County Facility, Lebanon, Virginia.

2. Appearances: **James E. Kaiser of Wilhoit and Kaiser**, appeared for the Applicant; and **Sharon 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 meaningful search of reasonably available sources to determine the identity and whereabouts of each gas and oil owner, coal owner, or mineral owner and/or potential owner, i.e., person identified by Applicant as having ("Owner") or claiming ("Claimant") the rights to Coalbed Methane Gas in all Pennsylvania-aged coals from the top of the Raven, including but not limited to: Jawbone, Greasy Creek, Upper Horsepen, War Creek, Beckley, Lower Horsepen, X-Seam, Poco 7, Poco 5, Poco 3, Poco 2, and any other unnamed coal seams, coalbeds and rock strata associated therewith (hereafter "Subject Formations") in the Subject Drilling Unit underlying and comprised of Subject Lands; (2) represented it has given notice to those parties so identified (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 **Exhibit B-3** hereto have been identified by Applicant as persons who may be Owners or Claimants of Coalbed Methane Gas interests in Subject Formations in the Subject Drilling Unit 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 state 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 § 45.1-361.21, the Board pool the rights, interests and estates in and to the Gas in the Subject Drilling Unit, including those 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 the Subject Drilling Unit established for the Subject Formations 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 **EQT Production Company** as the Unit Operator.

7. Relief Granted: The requested relief in this cause shall be and hereby is granted and: (1) pursuant to Va. Code § 45.1-361.21.C.3, **EQT Production Company** (hereafter "Unit Operator" or "Operator") is designated as the Unit Operator authorized to drill and operate the Well in 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 §§ 4 VAC 25-150 et seq., Gas and Oil Regulations; to § 4 VAC 25-160 et seq., Virginia Gas and Oil Board Regulations and to the Nora Coal Bed Gas Field Rules established by the Oil and Gas Conservation Board's Order entered

March 26, 1989; 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, the Unit Operator 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 Formations in the Subject Formation in the Subject Drilling Unit underlying and comprised of the Subject Lands.

Pursuant to the Nora Coal 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 **58.84** 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 **58.84**-acre drilling unit in the manner set forth in the Nora 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 Development and Operation of the Drilling Unit: Any Gas Owner or Claimant named in **Exhibit B-3** who has not reached a voluntary agreement with the Applicant or 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, including a reasonable supervision fee, of the Well development and operation in the Subject Drilling Unit, 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 Estimated, Completed-for-Production Costs 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 estimated Completed-for-Production Costs for the Subject Drilling Unit are as follows:

Completed-for-Production Costs: \$384,098.00

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 has not reached 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 Gas produced from any Well development and operation covered by this Order multiplied by that person's Interest Within Unit as set forth in **Exhibit B-3** [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, 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 have and hereby does 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 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 of 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** who has not reached a voluntary agreement with the Unit Operator may elect to share in the well development and operation in Subject Drilling Unit on a carried basis (as a "Carried Well Operator") so that the proportionate part of the Completed-for-Production Costs 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 Unit Operator 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 Costs allocable to the interest of such Carried Well Operator. Any Gas Owner and/or Claimant named in **Exhibit B-3** who elects this option (Option 3) understands and agrees that Completed-for-Production Costs are the Operator's actual costs for well development and operation. When the Unit Operator 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 right, 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 his right, 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 has not reached a voluntary agreement with the Applicant or 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 any 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 said Gas produced from Subject Formation in Subject Drilling Unit to the Unit Operator. Persons who fail to properly elect shall be deemed 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 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 estimated Completed-for-Production costs 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, interests, 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 1/8th 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 in Subject Drilling Unit at a rate of payment agreed to mutually by said Gas Owner or Claimant and the Unit Operator, and said person elects or fails to elect to do other than participate under

Paragraph 9.1 above in the Well development and operation in Subject Drilling Unit, then such person shall be deemed to have and shall have assigned unto Unit Operator such person's right, interests, and claims in and to said Well, in Subject Formations in Subject Drilling Unit, and other share in and to Gas 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 elections.

13. Unit Operator (or Operator): **EQT Production Company** shall be and hereby is designated as Unit Operator authorized to drill and operate the Well(s) in Subject Formations 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; Oil and Gas Conservation Board ("OGCB") Order establishing the Nora Coal Bed Gas Field Rules entered March 26, 1989; 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:

EQT Production Company
Land Administration
P.O. Box 23536
Pittsburgh, PA 15222
Attn: Nicole Atkison
Phone: 412-395-2099

14. Commencement of Operations: Unit Operator shall commence or cause to commence operations for the drilling of the Well within Subject Drilling Unit within seven hundred thirty (730) days from the date of this Order, and shall prosecute the same with due diligence. If the Unit Operator has not 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 the well covered by this Order is permanently abandoned and plugged. However, in the even at 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 referenced 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 a charge 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 the Well(s) 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 Subject Drilling Unit whose payments are subject to the provisions of Paragraph 16.1 hereof in **Tract(s) 0** of the Subject Drilling Unit; and, the Unit Operator has represented to the Board that there **are**

conflicting claimants in **Tract(s) 2** 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) 2** of 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
Attn: 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. Applicant is **EQT Production Company**. Applicant is duly authorized and qualified to transact business in the Commonwealth of Virginia;
- 17.2. Applicant **EQT Production Company** has made a delegation of authority to **EQT Production Company** to explore, develop and maintain the properties and assets of Applicant, now owned or hereafter acquired, and **EQT Production Company** has accepted this delegation of authority and agreed to explore, develop and maintain those properties and assets, and has 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. Applicant **EQT Production Company** is an operator in the Commonwealth of Virginia, and has satisfied the Board's requirements for operations in Virginia;
- 17.4. Applicant **EQT Production Company** claims ownership of gas leases, Coalbed Methane Gas leases, and/or coal leases representing **92.15%** percent of the oil and gas interest/claims in and to Coalbed Methane Gas and **100%** 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 **Wise County**, Virginia, which Subject Lands are more particularly described in **Exhibit A**;
- 17.5. The estimated total production from Subject Drilling Unit is **185 MMCG**. The estimated amount of reserves from the Subject Drilling Unit is **185 MMCG**;
- 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 **7.85%** percent of the oil and gas interests/claims in and to Coalbed Methane Gas and **0.00%** 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.

Wise

000098 DEC-28

DONE AND EXECUTED this 24 day of Nov., 2009, by a majority of the Virginia Gas and Oil Board.

Bradley C. Lambert
Chairman, Bradley C. Lambert

DONE AND PERFORMED this 24th day of November, 2009, by Order of this Board.

David Asbury Jr.
David Asbury Jr.
Principal Executive To The Staff
Virginia Gas and Oil Board

STATE OF VIRGINIA
COUNTY OF Russell

Acknowledged on this 24th day of November, 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 David 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 was authorized to do so.

Diane J. Davis
Diane Davis, Notary
174394

My commission expires: 9/30/13



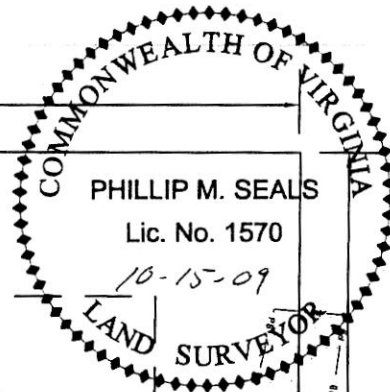
Revised 10/20/09

000099 DEC-20 1848
LATITUDE 37°02'30"

LONGITUDE 82°30'00"

13406

**TOTAL UNIT AREA
= 58.84 ACRES**



DMLR Permit #
1401857
Paramont Coal Company of VA, LLC-
Coal Operator

PP-3 (nail4)
(Spike Nail)

Proposed
VC-537068

S 83° 32' 18" E
+/- 2235' VC-537073

DMLR Permit #
1201874
Paramont Coal Company of VA, LLC-
Coal Operator

UNIT BOUNDARY

PROPOSED VIRGINIA STATE
PLANE 83 COORDINATES OF
WELL VC-537068
N 3,550,178.98
E 10,313,442.25

PROPOSED CCC
COORDINATES OF
WELL VC-537068
S 34,625.97
W 35,841.70

NOTE:

ELEVATIONS WERE DETERMINED BY GPS & TRIGONOMETRIC
METHODS BASED ON CORS STATION L801.

THE BOUNDARY LINES SHOWN HEREON ARE BASED ON DEEDS, PLATS, AND MAPS
OF RECORD OR SURVEYS BY OTHERS, AND DO NOT DEPICT A CURRENT BOUNDARY SURVEY.
PROPERTY INFORMATION PROVIDED BY EQUITABLE PRODUCTION COMPANY.

THE WELL WILL BE DRILLED WITHIN 10 (TEN) FEET OF THE PERMITTED COORDINATES.

PROPOSED LAT. & LONG.
(NAD 27 DECIMAL DEGREES)
OF WELL VC-537068
37.004847
82.506330

WELL LOCATION PLAT (NORA GRID 15 BW)

COMPANY EQUITABLE PRODUCTION CO. WELL NAME OR NUMBER VC-537068
TRACT NO. T-875 QUADRANGLE Pound
DISTRICT Gladeville
WELL COORDINATES (VIRGINIA STATE PLANE 27) N 269,304.36 E 830,459.13
ELEVATION 2,405.76 METHOD USED TO DETERMINE ELEVATION: GPS & TRIG.
COUNTY Wise SCALE: 1" = 400' DATE 10-15-09
THIS PLAT IS A NEW PLAT ☒ ; 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.

Phillip M. Seals

LICENSED LAND SURVEYOR

EXHIBIT PL-1

Property Ownership Information for EPCO Well # VC-537068

①

LEASE NO. 906889L/T-875
JOHN W. HORN (E.G. WILLARD)
248.77 ACRES
HEARTWOOD FORESTLAND FUND IV, L.P. -Surface
DICKENSON-RUSSELL COAL CO., LLC /
ALPHA LAND & RESERVES, LLC / ACIN, LLC /
WBRD, LLC - coal
RANGE RESOURCES-PINE MOUNTAIN, INC. - oil, gas & cbm
GAS 54.22 AC. 92.15%

②

LEASE NO. 904576L / WI-58
ACIN LLC- coal (cbm)
UNLEASED
SUSAN E. SANDERS -
10.30 ACRES
oil & gas (cbm)
GAS 4.62 AC. 7.85%

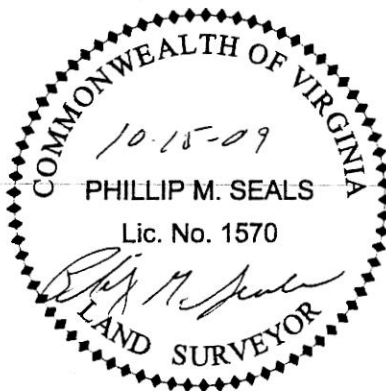


EXHIBIT "B-3"
VC-537068

000101 DEC-28

<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>				
2	Susan Eula Sanders c/o Kenneth Lester Sanders 118 Aldean Drive Sanford, FL 32771 Tax ID # 012233	Unleased	7.85%	4.62
TOTAL			7.85%	4.62

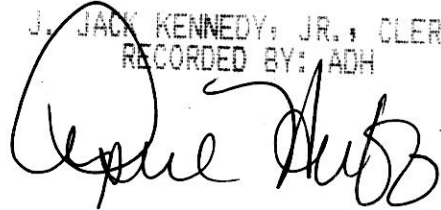
EXHIBIT "E"
VC-537068

000102 DEC-28

<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>				
2	Susan Eula Sanders c/o Kenneth Lester Sanders 118 Aldean Drive Sanford, FL 32771 Tax ID # 012233	Unleased	7.85%	4.62
Total Gas Estate			7.85%	4.62
<u>Coal Estate Only</u>				
2	ACIN, LLC Attn: John Mooney 5260 Irwin Road Huntington, WV 25727-3247 Tax ID# 019985	Leased 904576 WI-58	7.85%	4.62
Total Coal Estate			7.85%	4.62

INSTRUMENT #200903985
RECORDED IN THE CLERK'S OFFICE OF
WISE COUNTY ON
DECEMBER 2, 2009 AT 04:26PM

J. JACK KENNEDY, JR., CLERK
RECORDED BY: ADH



Review Sheet Board Order

Well Name/Unit Name VC-537068 Field Name NORA

Acreage: 58.84

DOCKET # 09/10/20-2615 COUNTY Wise

ORIGINAL HEARING DATE 10-20-09

CONTINUED HEARING DATE _____

REVIEW DATE 11-13-09 (2)

Coaled
Methane

INFORMATION PER ORDER:

ESCROWING REQUIRED (16) Y YES/NO (2)

ESCROWING FOR (16) N UNKNOWN - TRACT # _____

Y CONFLICTING - TRACT # 2

_____ TITLE ISSUE - TRACT # _____

COAL (17.4):

100% LEASED 0 UNLEASED TOTAL 100

GAS (17.4):

92.15 LEASED 7.85 UNLEASED TOTAL 100

AFE (9.1) \$ 384,098.00

REVISED EXHIBITS _____

PER TRANSCRIPT:

ESCROWING REQUIRED Y YES/NO (2)

ESCROWING FOR N UNKNOWN - TRACT # _____

Y CONFLICTING - TRACT # 2

_____ TITLE ISSUE - TRACT # _____

COAL:

100 LEASED 0 UNLEASED TOTAL 100

GAS:

92.15 LEASED 7.85 UNLEASED TOTAL 100

AFE \$ 384,098

REVISED EXHIBITS A,

Exhibits To Attach: _____

Instrument Control Number

000086 DEC-23

**Commonwealth of Virginia
Land Record Instruments
Cover Sheet - Form A**

INSTRUMENT #200903985
RECORDED IN THE CLERK'S OFFICE OF
WISE COUNTY ON
DECEMBER 2, 2009 AT 04:26PM

J. JACK KENNEDY, JR. CLERK
RECORDED BY JADH

[ILS VLR Cover Sheet Agent 1.0.93]

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[]

Date of Instrument: [12/1/2009]

Instrument Type: [OTHER]

Number of Parcels [2]

Number of Pages [15]

City ☐ County ☒ [Wise County]

(Box for Deed Stamp Only)

First and Second Grantors

Last Name	First Name	Middle Name or Initial	Suffix
[Virginia Gas & Oil Board]	[]	[]	[]
[]	[]	[]	[]

First and Second Grantees

Last Name	First Name	Middle Name or Initial	Suffix
[Sanders]	[Susan Eula]	[]	[]
[ACIN, LLC]	[]	[]	[]

Grantee Address (Name) [EQT Production Company]
 (Address 1) [P. O. Box 23536]
 (Address 2) []
 (City, State, Zip) [Pittsburgh] [PA] [15222]
 Consideration [0.00] Existing Debt [0.00] Assumption Balance [0.00]

Prior Instr. Recorded at: City ☐ County ☒ [Wise County] Percent. in this Juris. [100]
 Book [] Page [] Instr. No []
 Parcel Identification No (PIN) [012233]
 Tax Map Num. (if different than PIN) [Pooling Order]
 Short Property Description []
 Current Property Address (Address 1) []
 (Address 2) []
 (City, State, Zip) [] [] []

Instrument Prepared By [Virginia Gas & Oil Board]
 Recording Paid for By [DMME]
 Return Recording To (Name) [Betty Stacy]
 (Address 1) [DMME]
 (Address 2) [P. O. Box 159]
 (City, State, Zip) [Lebanon] [VA] [24266]
 Customer Case ID [0910202615] [] []



Instrument Control Number

000087 DEC-23

**Commonwealth of Virginia
Land Record Instruments
Continuation Cover Sheet
Form C**

[ILS VLR Cover Sheet Agent 1.0.93]

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Date of Instrument: [12/1/2009]

Instrument Type: [OTHER]

Number of Parcels [2]

Number of Pages [15]

City ☐ County ☒ [Wise County] (Box for Deed Stamp Only)**Grantors/Grantees/Parcel Continuation Form C**

Last Name	First Name	Middle Name or Initial	Suffix
[Horn]	[John]	[W]	[]
[]	[]	[]	[]
[]	[]	[]	[]
[]	[]	[]	[]
[]	[]	[]	[]
[]	[]	[]	[]
[]	[]	[]	[]

Prior Instr. Recorded at: City ☐ County ☒ [Wise County] Percent. in this Juris. [100]

Book [] Page [] Instr. No []

Parcel Identification No (PIN) [019985]

Tax Map Num. (if different than PIN) [Pooling Order]

Short Property Description []

Current Property Address (Address 1) []

(Address 2) []

(City, State, Zip) [] [] []

Prior Instr. Recorded at: City ☐ County ☐ [] Percent. in this Juris. []

Book [] Page [] Instr. No []

Parcel Identification No (PIN) []

Tax Map Num. (if different than PIN) []

Short Property Description []

Current Property Address (Address 1) []

(Address 2) []

(City, State, Zip) [] [] []

