

1609229

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 16/04/19-4091

ELECTIONS, UNIT: 1740

(hereinafter "Subject Drilling Unit")

TAX MAP IDENTIFICATION NUMBERS:

TAX MAP IDENTIFICATION NUMBERS FOR ALL
PARCELS AFFECTED BY THIS ORDER ARE SHOWN ON
EXHIBIT (S) B & E WHICH IS/ARE ATTACHED
TO AND A PART OF THIS ORDER.

REPORT OF BOARD

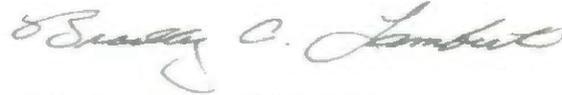
FINDINGS AND ORDER

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 Amended Order previously issued by the Board for subject Docket on **May 16, 2016**, and recorded Instrument #1604317 at the Office of the Clerk of Circuit Court, Lee County, Virginia on **June 15, 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 Magnum Hunter Production, 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 **October 21, 2016**, 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 **October 21, 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 28 day of October, 2016 by a majority of the Virginia Gas and Oil Board.



Chairman, Bradley C. Lambert

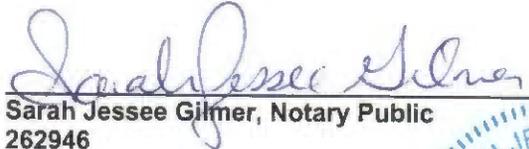
DONE AND PERFORMED this 28 day of October, 2016 by Order of the Virginia Gas and Oil Board.



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

COMMONWEALTH OF VIRGINIA
COUNTY OF RUSSELL

Acknowledged on this 28th day of October, 2016, 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 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



VIRGINIA:

BEFORE THE VIRGINIA GAS AND OIL BOARD

IN RE: Application of Magnum Hunter Production, Inc., for Forced Pooling of Interests in Unit Number 1740 VGOB Docket No. VGOB-16/04/19-4091 in the Rocky Station Magisterial District of Lee County, Virginia.

AFFIDAVIT OF D. MICHAEL WALLEN, Senior Vice President of Operations and Agent for the Designated Operator REGARDING ELECTIONS, ESCROW ACCOUNTS AND SUPPLEMENTAL ORDER

D. Michael Wallen (herein Affiant), being first duly sworn on oath, deposes and says:

1. That the Affiant is the Senior Vice President of Operations and the Agent for the Designated Operator, with offices located at 120 Prosperous Place, Suite 201, Lexington, Kentucky 40509, and is authorized to give this Affidavit in its behalf;
2. That the Order entered on **May 19, 2016** 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 **June 15, 2016**.
5. That the Designated Operator, by and through their agent, D. Michael Wallen, has 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

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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 under the Board's Order pooling the captioned Unit, as unknown or/unlocatable.

See Exhibit E

1609234

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 required in this matter pursuant to the terms of §§ 45.1-361.21.D.

Dated at Lexington, Kentucky, this 27th day of October, 2016.

D. Michael Wallen

D. Michael Wallen
Affiant

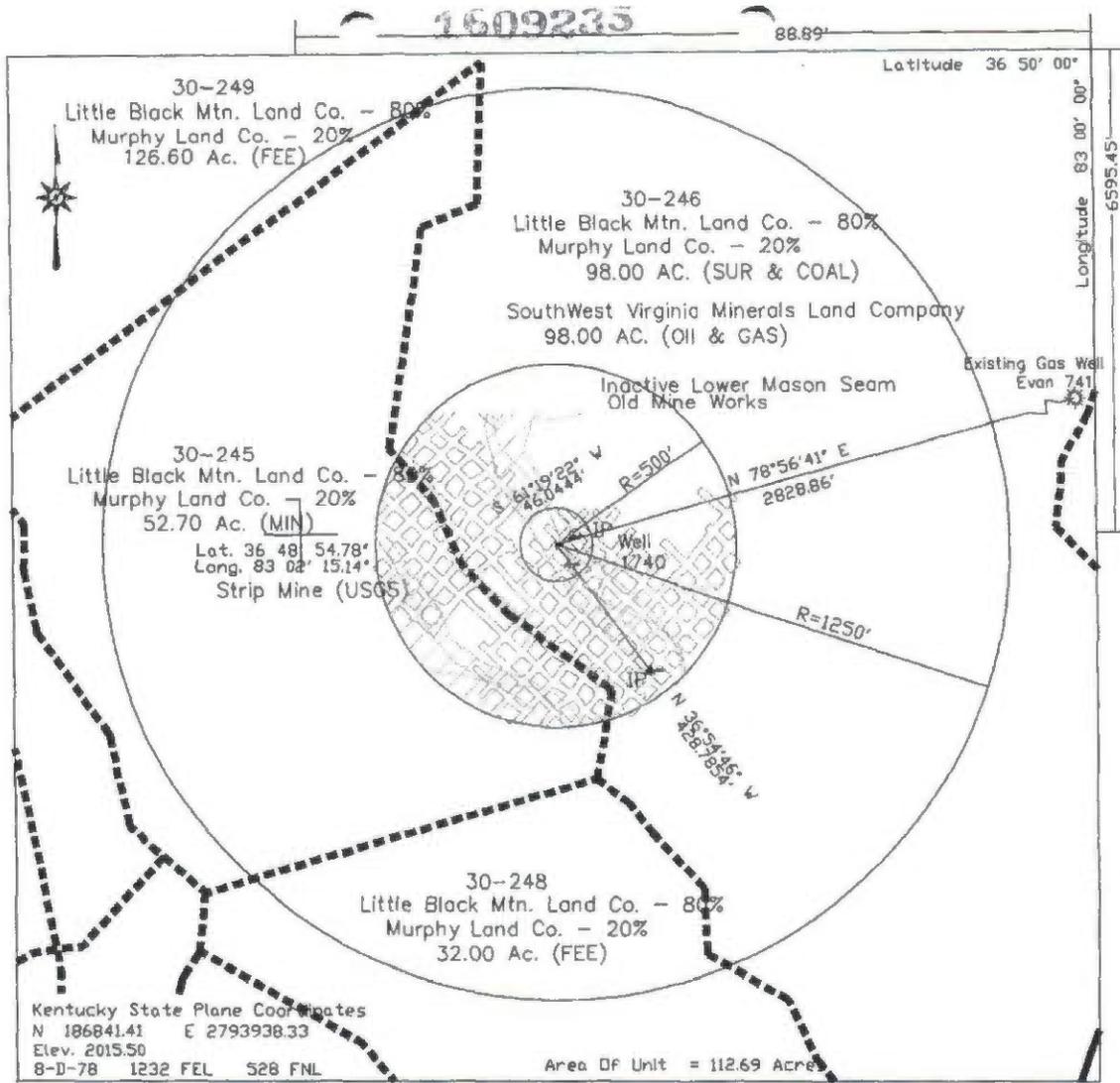
Commonwealth of Kentucky)
County of Fayette)

Taken, subscribed and sworn to before me by D. Michael Wallen, Senior Vice President of Operations and Agent of Magnum Hunter Production, Inc., a Kentucky corporation, on behalf of the corporation, this 27th day of October, 2016.

Jerrica Whitaker
Notary

My commission expires: *June 29, 2020*





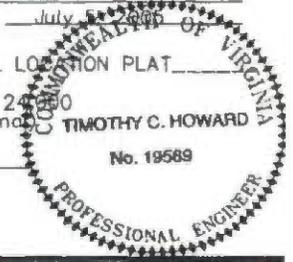
WELL LOCATION PLAT

COMPANY: Daugherty Petroleum Inc. WELL NAME OR NUMBER 1740
 TRACT NUMBER 30-246 Little Black Mtn. Land Co. & Murphy Land Co. QUADRANGLE Pennington Gap
 DISTRICT Rocky Station
 WELL COORDINATES (VIRGINIA STATE PLANE): N 207361.93 E 672181.93
 ELVATION 2015.50 METHOD USED TO DETERMINE ELEVATION:
Trigonometric leveling from Powell Mountain Coal Company Survey Station Mon 27
 COUNTY Lee SCALE - 1" = 400' DATE: July 5, 2010

THIS PLAT IS A NEW PLAT _____; AN UPDATED PLAT X _____; 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. (optional)

Timothy C. Howard
 Licensed Professional Engineer or Licensed Land Surveyor (Affix Seal)



1609236

MAGNUM HUNTER PRODUCTION, INC.
WELL NO. 1740
Permit No. 6869
DOCKET NO. VGOB 16-0419-4091
TRACT IDENTIFICATION SHEET

Being a 112.69 acre unit lying in the Rocky Station District of Lee County, Virginia, and being a portion of the following leases:

| <u>Tract</u> | <u>Lessor</u> | <u>Lease Status</u> | <u>Interest Within Unit</u> | <u>Gross Acreage In Unit</u> | <u>Tax ID</u> |
|--------------|--|---------------------|-----------------------------|------------------------------|--------------------------------------|
| 1 | Southwest Virginia Mineral Land Co. | Unleased | 54.87% | 61.8277 | 13M-(A)-7 |
| 2, 3, 4 | Exco Resources 12377 Merit Drive Suite 1700 Dallas, Texas 75251 | *Leased | 45.13% | 50.8614 | 13M-(A)-8 13-(A)-20 12-(A)-222 |
| | Percentage of Unit Leased | | 45.130000% | | |
| | Percentage of Unit Unleased | | 54.870000% | | |
| | Acreage in Unit Leased | | | 50.8614 | |
| | Acreage in Unit Unleased | | | 61.8277 | |

*Tracts 2, 3 and 4 were acquired by that certain Oil and Gas Lease between Dulcimer Land Company, as Lessor, and Daugherty Petroleum, Inc., as Lessee dated October 12, 2004, covering 26,777.54 acres located in Harlan County, Kentucky and Lee County, Virginia. A memorandum of said lease being recorded in the Lee County Clerk's Office as Instrument #0412706, and being subject to a certain Farmout Agreement dated June 15, 2000, between Amvest East, Inc. as Farmor, and Stone Mountain Energy, LC, as Farmee, and also being subject to an Assignment and Assumption Agreement dated October 12, 2004, between Stone Mountain Energy, LC and Daugherty Petroleum, Inc., and being recorded as Instrument #0609497 in the Lee County Clerk's Office. On February 18, 2010, Daugherty Petroleum, Inc. changed its name to NGAS Production Co. On June 28, 2011, NGAS Production Co. changed its name to Magnum Hunter Production, Inc.

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MAGNUM HUNTER PRODUCTION, INC.
WELL NO. 1740
Permit No. 6869
DOCKET NO. VGOB 16-0419-4091
EXHIBIT B

Being a 112.69 acre unit lying in the Rocky Station District of Lee County, Virginia, and being a portion of the following leases:

| <u>Tract</u> | <u>Lessor</u> | <u>Lease Status</u> | <u>Interest Within Unit</u> | <u>Gross Acreage In Unit</u> | <u>Tax ID</u> |
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| | Percentage of Unit Unleased | | 54.870000% | | |
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MAGNUM HUNTER PRODUCTION, INC.

WELL NO. 1740

Permit No. 6869

DOCKET NO. VGOB 16-0419-4091

EXHIBIT E

LIST OF CONFLICTING OWNERS/CLAIMANTS THAT REQUIRE ESCROWING

| <u>Tract</u> | <u>Lessor</u> | <u>Lease Status</u> | <u>Interest Within Unit</u> | <u>Gross Acreage In Unit</u> |
|--------------|--|-------------------------|-------------------------------------|--------------------------------------|
| 1 | Southwest Virginia Mineral Land Co. | Unleased | 54.87% | 61.8277 |

INSTRUMENT #1609238
RECORDED IN THE CLERK'S OFFICE OF
LEE ON
DECEMBER 14, 2016 AT 10:20AM

RENE LAMEY, CLERK
RECORDED BY: MLF

May Andrew, CL