

VIRGINIA:

BEFORE THE VIRGINIA DEPARTMENT OF ENERGY

APPLICANT: KEYROCK ENERGY, LLC

RELIEF SOUGHT:

CREATION OF SEALED GOB DRILLING UNIT AND POOLING OF INTERESTS IN A 851.813 ACRE DRILLING UNIT DESCRIBED IN THE "PROPOSED UNIT" HERETO LOCATED IN THE NORA COALBED GAS FIELD AND SERVED BY WELL NO. KEYROCK DM 26 CHIPMILL #1 (HEREIN "SUBJECT DRILLING UNIT") PURSUANT TO §§ 45.2.1620 AND 45.2-1622 OF THE CODE OF VIRGINIA, FOR THE PRODUCTION OF COALBED METHANE GAS FROM THE MINED OUT LOWER BANNER COAL SEAM (HEREINAFTER "SUBJECT FORMATION") IN THE CONTURA DEEP MINE 26 IN DICKENSON COUNTY, VIRGINIA (HEREIN "COALBED METHANE GAS" OR "GAS")

VIRGINIA GAS AND OIL BOARD

DOCKET NO. VGOB 24-1217-4300

DRILLING UNIT SERVED BY WELL NUMBERED KEYROCK DM 26 CHIPMILL #1 TO BE DRILLED IN THE LOCATION DEPICTED ON EXHIBIT A HERETO, POUND QUADRANGLE, KENADY DISTRICT DICKENSON COUNTY, VIRGINIA

REPORT OF THE BOARD

FINDINGS AND ORDER

1. HEARING DATE AND PLACE: This matter came for hearing before the Virginia Gas and Oil Board (hereafter "Board") at 10:00 a.m. on December 17, 2024, at 3405 Mountain Empire Road, Big Stone Gap, Virginia.
2. APPEARANCES: Freddie E. Mullins appeared for the Applicant.
3. JURISDICTION AND NOTICE: Pursuant to §§ 45.2-1600 et seq. of the Code of Virginia, 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 having an interest in the Subject Drilling Unit (851.813 acre drilling unit being more particularly described on "Proposed Unit" attached hereto and made a part hereof) underlying and comprised of Subject Lands ("Subject Lands" being more particularly described on "Proposed Unit", attached hereto and made a part hereof); and (2) represented to the Board that 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 § 45.2-1618 of the Code of Virginia to notice of this application. Further, the Board has caused notice of this hearing to be published as required by § 45.2-1618 of the Code of Virginia. 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 § 45.2- 1622, including the applicable portions of § 45.2-1620, 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 persons named in Exhibit B 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 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") for the purpose of combusting coalbed methane gas to generate carbon credits for sale on the open market; (2) the Board create a sealed gob unit for the coalbed methane gas produced from the Subject Drilling Unit; and, (3) that the Board designate Keyrock Energy, LLC as the Unit Operator.
7. RELIEF GRANTED: The requested relief in this cause shall be and hereby is granted and: (1) pursuant to §45.2-1620 of the Code of Virginia, Keyrock Energy, LLC (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 Proposed Unit, subject to the permit provisions contained in § 45.2.1629, et seq. of the Code of Virginia, to §§ 4 VAC 25-150 et seq., Gas and Oil Regulations; to §§ 4 VAC 25-160 et seq., and to the Virginia Gas and Oil Board Regulations all as amended from time to time, as a sealed gob unit for the purpose of combusting coalbed methane gas to generate carbon credits for sale on the open market; 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 persons listed on Exhibit B, 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 Drilling Unit underlying and comprised of the Subject Lands. Please note all pooling in this unit is voluntary.
8. UNIT OPERATOR (OR OPERATOR): Keyrock Energy, LLC 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 §§ 45.2-1629 et seq. of the Code of Virginia; §§ 4 VAC 25-150 et seq., Gas and Oil Regulations; §§ 4 VAC 25-160 et seq., and Virginia Gas and Oil Board Regulations; 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:

Keyrock Energy, LLC
 207 East Main Street, Suite 2-D
 P. O. Box 2223
 Johnson City, TN 37605
 Phone: (423) 726-2070
 Email: compliance@keyrockenergy.com

9. 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 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 reference herein.
10. ESCROW PROVISIONS: No request has been made to establish escrow.
11. SPECIAL FINDINGS: The Board specifically and specially finds:
- 11.1. Applicant is Keyrock Energy, LLC. Applicant is duly authorized and qualified to transact business in the Commonwealth of Virginia;
- 11.2. Applicant Keyrock Energy, LLC is an operator in the Commonwealth of Virginia, and has satisfied the Board's requirements for operations in Virginia;

- 11.3. Applicant Keyrock Energy, LLC has agreed to explore, develop, and maintain those properties and assets now owned or hereafter acquired by Keyrock Energy, LLC, and has consented to serve as Coalbed Methane Gas Unit Operator for the Subject Drilling Unit and to faithfully discharge the duties imposed upon it as Unit Operator by statute and regulations;
- 11.4. Applicant Keyrock Energy, LLC, claims ownership of gas leases, Coalbed Methane Gas leases, and/or coal leases representing 100% percent of the oil and gas interest/claims in and to Coalbed Methane Gas in the Subject Drilling Unit as shown on Exhibit D; and, Applicant claims the right to explore for, develop and produce Coalbed Methane Gas from Subject Formations in Subject Drilling Unit in Dickenson County, Virginia, which Subject Lands are more particularly described in Proposed Unit.
- 11.5. The estimated total production from the Subject Drilling Unit is 750 mmcf. The estimated amount of reserves from the Subject Drilling Unit is 750 mmcf.
- 11.6. The relief requested and granted is just and reasonable and is supported by substantial evidence. 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.
12. 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 pooled by this Order and whose address is known.
13. CONCLUSION: Therefore, the requested relief and all terms and provisions set forth above be and hereby are granted, and **IT IS SO ORDERED**.
15. APPEALS: Appeals of this Order are governed by the provisions of § 45.2-1609 of the Virginia Code which provides that any order or decision of the Board may be appealed to the appropriate circuit court.
16. 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 20 day of December, 2024 by a majority of the Virginia Gas and Oil Board.

Chairman, Donald L. Ratliff

DONE AND PERFORMED this 20 day of December, 2024 by Order of the Virginia Gas and Oil Board.

James P. Skorupa
Principal Executive to the staff,
Virginia Gas and Oil Board

COMMONWEALTH OF VIRGINIA
COUNTY OF RUSSELL

Acknowledged on this 20th day of December, 2024, personally before me a notary public in and for the Commonwealth of Virginia, appeared Donald L. Ratliff, being duly sworn did depose and say that he is the Interim Chairman of the Virginia Gas and Oil Board and appeared James P. Skorupa, 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, 2025



LATITUDE 37° 07' 30"

7,711'

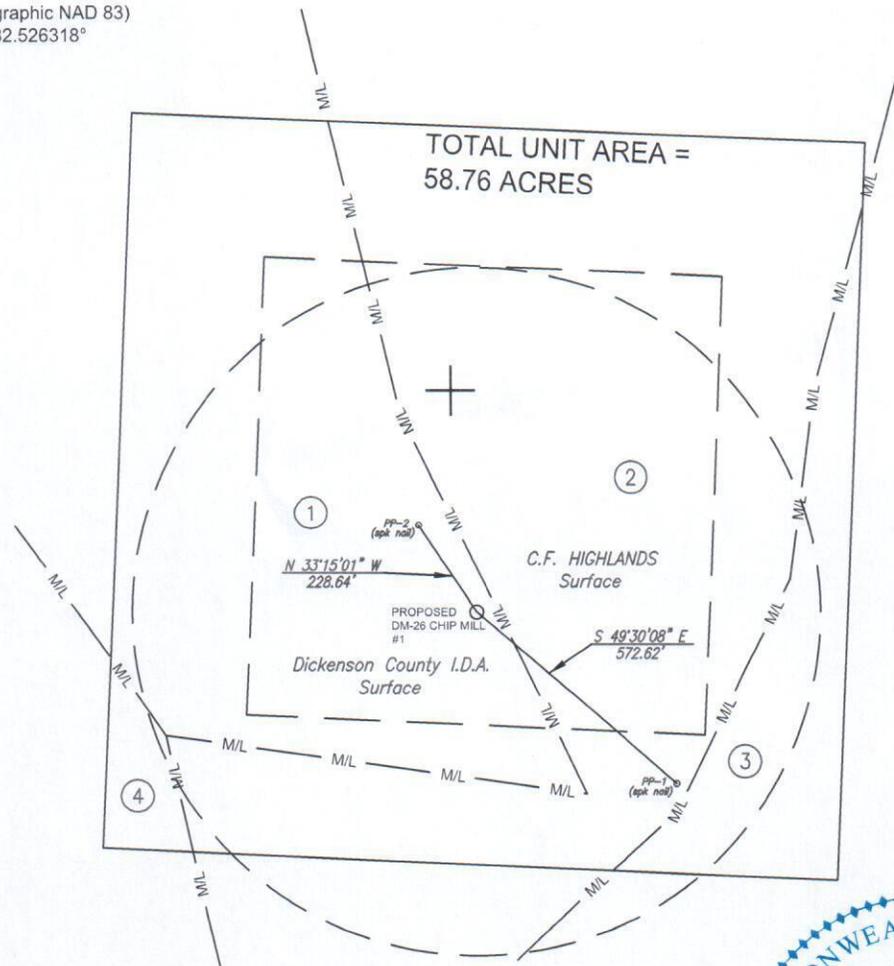
Well Coordinates: (VA St. Plane S. Zone,
NAD 27 Calculated from NAD 83)
N 307,593.78' E 826,214.91'

Well Coordinates: (Geographic NAD 83)
LAT: 37.109528° LON: 82.526318°

NOTE: THE BASIS OF THE BEARINGS SHOWN HEREON IS THE VIRGINIA STATE PLANE SOUTH ZONE, GRID MERIDIAN NAD 83

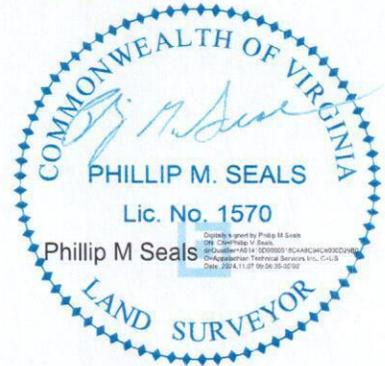
5,675'

LONGITUDE 82° 30' 00"



NOTE:

ELEVATIONS WERE DETERMINED BY GPS & TRIGONOMETRIC METHODS BASED ON CORS STATION VABG.
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 KEYROCK ENERGY, LLC
THE WELL WILL BE DRILLED WITHIN 10 (TEN) FEET OF THE PERMITTED COORDINATES.
THE POSITIONS OF EXISTING OFFSET WELLS WERE TAKEN FROM PLATS IN THE DGO FILES.



WELL LOCATION PLAT (Nora Grid AY-12)

COMPANY Keyrock Energy LLC WELL NAME OR NUMBER DM 26 CHIP MILL #1
 TRACT NO. T-116 QUADRANGLE _____ POUND _____
 DISTRICT Kenady
 WELL COORDINATES (VIRGINIA STATE PLANE 83) N 3,588,469.90 E 10,309,197.98
 ELEVATION 1,746.29 METHOD USED TO DETERMINE ELEVATION: GPS & TRIG.
 COUNTY Dickenson SCALE: 1" = 400' DATE 11-07-2024
 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

(AFFIX SEAL)

EXHIBIT PL-1

Property Ownership Information for DM 26 Chip Mill #1
11-07-2024

①

D-M-467
HENRY MULLINS
ACIN LLC - coal
PARAMONT CONTURA, LLC - coal lessee
DICKENSON-RUSSELL CONTURA, LLC- coal lessee
ENERVEST XIV-A NORA LLC
ENERVEST ENERGY INSTITUTIONAL FUND XIV-1A, L.P. &
ENERVEST XIV-WIC NORA LLC
oil, gas & cbm

Keyrock Energy - cbm lessee

GAS 21.48 AC. 36.56%

②

D-M-466
HENRY MULLINS
ACIN LLC - coal
PARAMONT CONTURA, LLC - coal lessee
DICKENSON-RUSSELL CONTURA, LLC- coal lessee
ENERVEST XIV-A NORA LLC
ENERVEST ENERGY INSTITUTIONAL FUND XIV-1A, L.P. &
ENERVEST XIV-WIC NORA LLC
oil, gas & cbm

Keyrock Energy - cbm lessee

GAS 30.51 AC. 51.92%

③

D-M-470
SPENCER MULLINS
235.50 ACRES
ACIN LLC - coal
PARAMONT CONTURA, LLC - coal lessee
DICKENSON-RUSSELL CONTURA, LLC- coal lessee
ENERVEST XIV-A NORA LLC
ENERVEST ENERGY INSTITUTIONAL FUND XIV-1A, L.P. &
ENERVEST XIV-WIC NORA LLC
oil, gas & cbm

Keyrock Energy - cbm lessee

GAS 5.62 AC. 9.56%

④

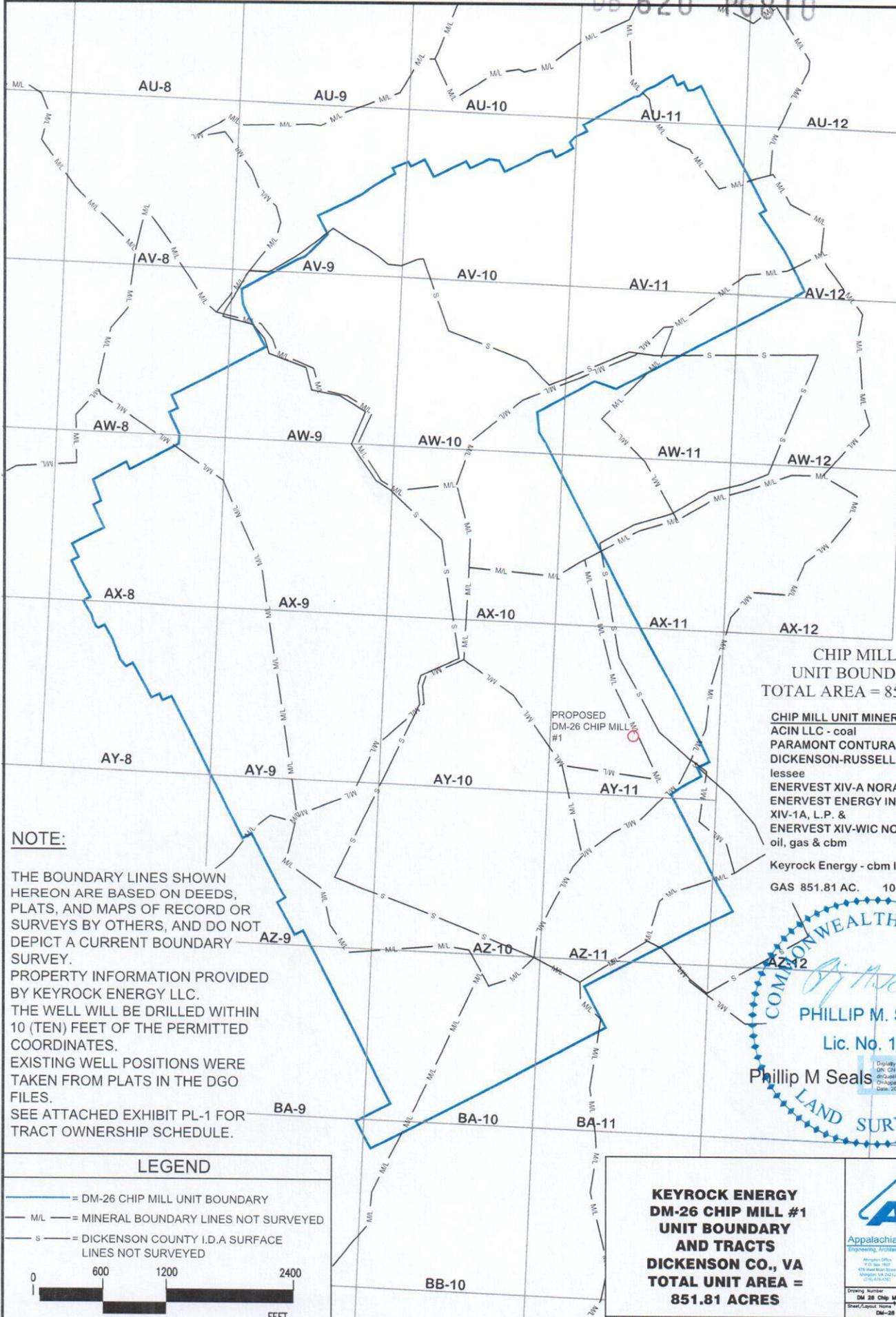
D-M-468
ISOM MULLINS
133.00 ACRES
ACIN LLC - coal
PARAMONT CONTURA, LLC - coal lessee
DICKENSON-RUSSELL CONTURA, LLC- coal lessee
ENERVEST XIV-A NORA LLC
ENERVEST ENERGY INSTITUTIONAL FUND XIV-1A, L.P. &
ENERVEST XIV-WIC NORA LLC
oil, gas & cbm

Keyrock Energy - cbm lessee

GAS 1.15 AC. 1.96%

PROPOSED UNIT DB 620 PG 810

VIRGINIA STATE PLANE
NAD 83, SOUTH ZONE
GRID MERIDIAN

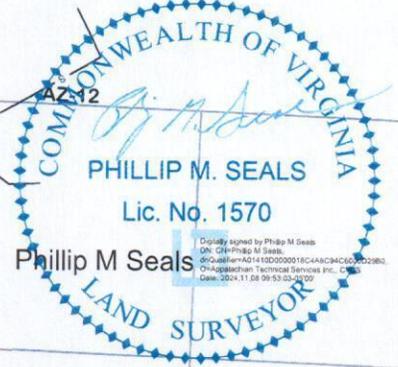


CHIP MILL-1
UNIT BOUNDARY
TOTAL AREA = 851.81 AC.

CHIP MILL UNIT MINERAL OWNERSHIP:
 ACIN LLC - coal
 PARAMONT CONTURA, LLC - coal lessee
 DICKENSON-RUSSELL CONTURA, LLC - coal lessee
 ENERVEST XIV-A NORA LLC
 ENERVEST ENERGY INSTITUTIONAL FUND XIV-1A, L.P. &
 ENERVEST XIV-WIC NORA LLC
 oil, gas & cbm
 Keyrock Energy - cbm lessee
 GAS 851.81 AC. 100%

NOTE:

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 KEYROCK ENERGY LLC.
 THE WELL WILL BE DRILLED WITHIN 10 (TEN) FEET OF THE PERMITTED COORDINATES.
 EXISTING WELL POSITIONS WERE TAKEN FROM PLATS IN THE DGO FILES.
 SEE ATTACHED EXHIBIT PL-1 FOR TRACT OWNERSHIP SCHEDULE.



LEGEND

- = DM-26 CHIP MILL UNIT BOUNDARY
- M/L — = MINERAL BOUNDARY LINES NOT SURVEYED
- s — = DICKENSON COUNTY I.D.A SURFACE LINES NOT SURVEYED

**KEYROCK ENERGY
DM-26 CHIP MILL #1
UNIT BOUNDARY
AND TRACTS
DICKENSON CO., VA
TOTAL UNIT AREA =
851.81 ACRES**

Designed By: PMS
 Drawn By: PMS
 Checked By: PMS
 Date: 11/08/2024

ATS
 Appalachian Technical Services, Inc.
 Engineering, Architecture, Surveying, Ecology & Environmental Science

Drawing Number: DM 26 Chip Mill Unit Boundary Plat
 Sheet/Layout Name: PMS-01
 DM-26 CHIP MILL-1

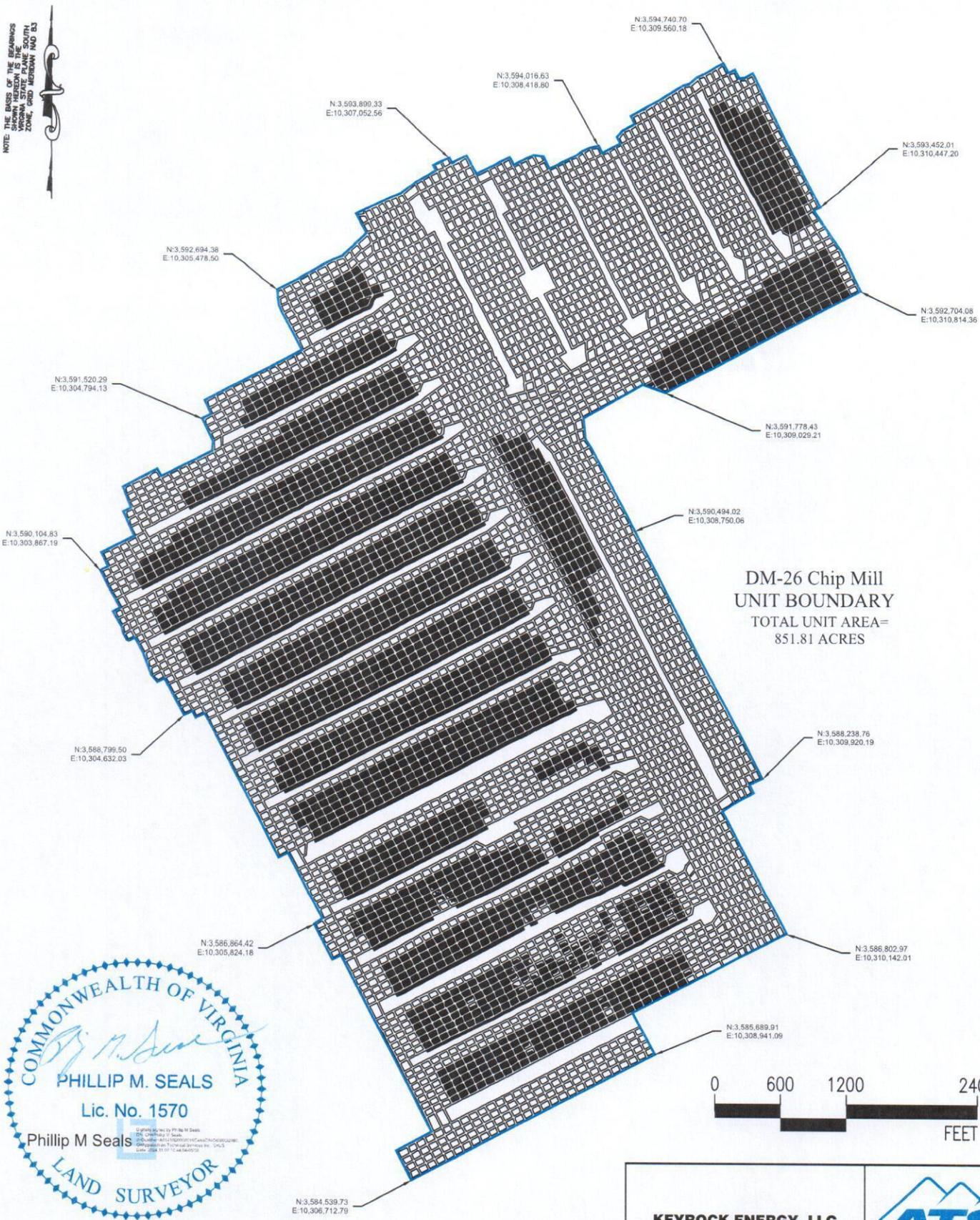
Sheet: 01 of 01

Project Number: 1892.01
 Scale: 1" = 1200'

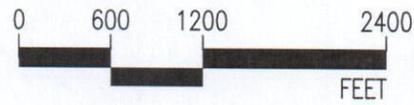
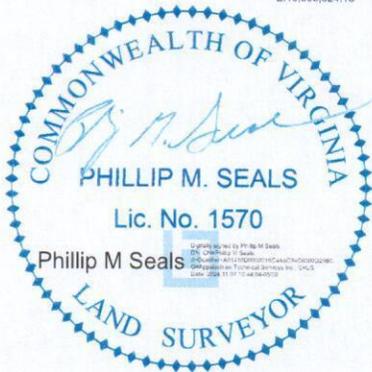
Exhibit B
Unit DM 26 Chipmill #1
VGOB Docket # 24-1217-4300
List of Owners in a Sealed Gob
(851.813 Acre Unit)

	<u>Acres in Unit</u>	<u>Interest in Unit</u>
(1) ACIN LLC – Coal Capitol Corporate Services, Inc. 10 South Jefferson St. Ste 1400 Roanoke, VA 24011		
(2) Paramount Contura, LLC - Coal Lessee Corporation Service Company 100 Shockoe Slip FL 2 Richmond, VA, 23219-4100		
(3) Dickenson-Russell Contura, LLC - Coal Lessee Corporation Service Company 100 Shockoe Slip FL 2 Richmond, VA, 23219-4100		
(4) ENERVEST XIV-A NORA LLC ENERVEST ENERGY INSTITUTIONAL FUND XIV-1A, L.P. ENERVEST XIV-WIC NORA LLC - CBM 1001 Fannin St Ste. 800 Houston TX 77002 - Oil, Gas & CBM -		
(5) Keyrock Energy - CBM Lessee Corporate Creations Network Inc. 425 W Washington St. Ste 4 Suffolk, VA, 23434 - 5320	851.813 acres	100 %

NOTE: THE BASIS OF THE BEARINGS AND DISTANCES IS THE VIRGINIA STATE PLANE ZONE, GRID MERIDIAN AND 83



DM-26 Chip Mill
UNIT BOUNDARY
TOTAL UNIT AREA=
851.81 ACRES



NOTES:
The mine works shown hereon are based on maps provided by others and do not depict a current survey by Appalachian Technical Services, Inc.

<p>KEYROCK ENERGY, LLC DM 26 CHIP MILL UNIT BOUNDARY WITH MINE WORKS EXHIBIT L</p>		<p>Appalachian Technical Services, Inc. Engineering, Architecture, Surveying, Estimating & Environmental Services</p>		
				<p>Project Number: 1882.01</p>
<p>Designed By: PMS</p>	<p>Drawn By: JMC</p>	<p>Checked By: PMS</p>	<p>Date: 9/23/24</p>	<p>Sheet Number: 01 of 01</p>

LEGEND

- A = EXISTING SLOPE DRAIN VENT PIPE SURFACE LOCATION
- B = EXISTING M-26-1 SURFACE LOCATION
- C = APPROVED HONEY CAMP #1 WELL
- D = PLUGGED G-118 GAS WELL
- E = EXISTING P-750024 GAS WELL
- F = PROPOSED CHIP MILL #1 WELL
- G = PROPOSED WOLFFEN #1 WELL
- = SLOPE DRAIN VENT PIPE UNIT BOUNDARY
- = M-26-1 UNIT BOUNDARY
- = HC-1-23 UNIT BOUNDARY
- = CHIP MILL #1 UNIT BOUNDARY
- = WOLFFEN #1 UNIT BOUNDARY

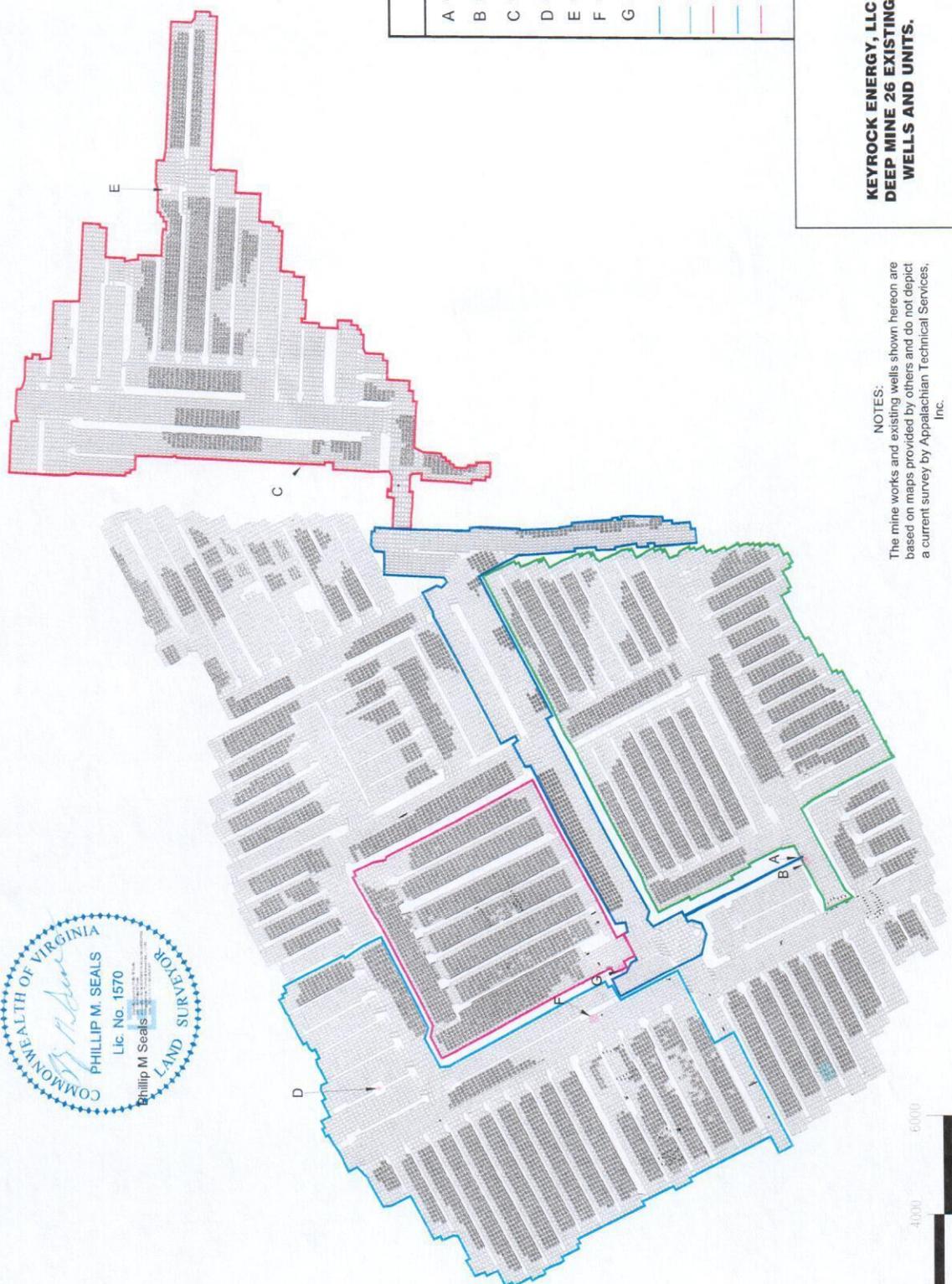


ATS
Appalachian Technical Services, Inc.
Engineering Geotechnical Surveying Mining & Environmental Services

1100 West 10th Street, Suite 1000, Charleston, WV 25302
Phone: 304.762.1234 Fax: 304.762.1235
www.atsinc.com

Scale: 1" = 1000'
Date: 11/17/24
Sheet: 01 of 01

**KEYROCK ENERGY, LLC
DEEP MINE 26 EXISTING
WELLS AND UNITS.**



NOTES:
The mine works and existing wells shown hereon are based on maps provided by others and do not depict a current survey by Appalachian Technical Services, Inc.



Exhibit D
 Unit DM 26 Chipmill #1
 VGOB Docket # 24-1217-4300
 List of Leased Owners in a Sealed Gob
 (851.813 Acre Unit)

	Acres in Unit	Interest in Unit
(1) ACIN LLC – Coal Capitol Corporate Services, Inc. 10 South Jefferson St. Ste 1400 Roanoke, VA 24011		
(2) Paramount Contura, LLC - Coal Lessee Corporation Service Company 100 Shockoe Slip FL 2 Richmond, VA, 23219-4100		
(3) Dickenson-Russell Contura, LLC - Coal Lessee Corporation Service Company 100 Shockoe Slip FL 2 Richmond, VA, 23219-4100		
(4) ENERVEST XIV-A NORA LLC ENERVEST ENERGY INSTITUTIONAL FUND XIV-1A, L.P. ENERVEST XIV-WIC NORA LLC - CBM 1001 Fannin St Ste. 800 Houston TX 77002 - Oil, Gas & CBM -		
(5) Keyrock Energy - CBM Lessee Corporate Creations Network Inc. 425 W Washington St. Ste 4 Suffolk, VA, 23434 - 5320	851.813 acres	100 %

