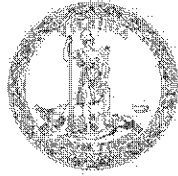


This petition is to review the Arbitration Regulations.

See Section Titled "Supporting Documentation"

Not Required



DIVISIONS
 ENERGY
 GAS AND OIL
 GEOLOGY AND MINERAL RESOURCES
 MINED LAND RECLAMATION
 MINERAL MINING
 MINES
 ADMINISTRATION

COMMONWEALTH OF VIRGINIA

Department of Mines, Minerals and Energy

Washington Building / 8th Floor
 1100 Bank Street
 Richmond, Virginia 23219-3638
 (804) 692-3200 FAX (804) 692-3237
www.dmme.virginia.gov

AGREEMENT TO ARBITRATE FORM

Name:

 Last, First, MI

Mailing Address:

 Street

 City, State, Zip

Phone:

_____ E-mail Address: _____

Are you represented by an attorney? Yes No If yes, complete next section:

Attorney Name:

 Last, First, MI

Mailing Address:

 Street

 City, State, Zip

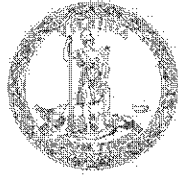
Phone:

_____ E-mail Address: _____

VGOB Docket Number: _____ OR Unit Name: _____

I understand that by signing this form, I am indicating my willingness to participate in binding arbitration to resolve a dispute over ownership of coalbed methane gas. I further understand that arbitration may not take place if all parties to the dispute do not agree to participate or if insufficient funds exist to cover the cost of the arbitration.

Claimant



DIVISIONS
ENERGY
GAS AND OIL
GEOLOGY AND MINERAL RESOURCES
MINED LAND RECLAMATION
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APPROVED ARBITRATORS TO RESOLVE COALBED METHANE GAS OWNERSHIP DISPUTES

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Chapter 165 – Regulations Governing the Use of Arbitration to Resolve Coalbed Methane Gas Ownership Disputes

Section 10 Definitions

The following words and terms when used in this regulation shall have the following meanings unless the context clearly indicates otherwise.

"Accrued interest" means funds accrued during the preceding 36 months on total proceeds held in the general escrow account. Accrued interest does not include escrow account fees or administrative costs of the Board related to the general escrow account.

"Act" means the Virginia Gas and Oil Act of 1990, Chapter 22.1 (§ 45.1-361.1 et seq.) of Title 45.1 of the Code of Virginia.

"Arbitrator" means a qualified individual appointed by a court to render a determination in an ownership dispute concerning coalbed methane gas.

"Board" means the Virginia Gas and Oil Board.

"Claimant" means person or entity in a dispute over ownership of coalbed methane gas who has agreed to arbitration to resolve the dispute.

"Code" means Code of Virginia.

"Court" means a circuit court in the Commonwealth of Virginia wherein the majority of the subject tract of land is located.

"Department" means the Department of Mines, Minerals and Energy.

"Escrow account" means the account established by the Board pursuant to §§ 45.1-361.21 and 362.22(2) of the Code.

"Ex parte communication" means any form of communication between an arbitrator and a claimant without the presence of the opposing claimant.

"Operator" means the gas or oil owner designated by the board to operate in or on a pooled unit.

Section 20 Authority and applicability.

This chapter implements the Virginia Gas and Oil Act, Chapter 22.1 (§ 45.1-361.1 et seq.) of Title 45.1 of the Code. The Board is authorized to promulgate this chapter pursuant to §§ 45.1-361.15 and 45.1-361.22:1 of the Code.

Section 30 Costs of Arbitration

Arbitrations shall be funded from accrued interest. The Department shall determine on a case by case basis if sufficient funds exist to conduct an arbitration. Sufficiency of funds shall be determined by the amount of accrued interest available at the time arbitration is requested, less estimated costs of pending arbitrations. If sufficient funds are not available, the Department shall maintain a waiting list of parties willing to arbitrate.

Section 40 Qualification of Arbitrators

The Department shall review all applications from potential arbitrators pursuant to § 45.1-361.22:1C of the Code. Applications shall be submitted on a form prescribed by the Department. In order to qualify, applicants must demonstrate substantial expertise in mineral title examination. Substantial expertise shall be determined on an individual basis. The Department shall notify applicants deemed to be qualified.

The Department shall maintain a list of qualified arbitrators and update it annually. The list shall be supplied to the court when the Board issues an order for arbitration. Pursuant to § 45.1-361.22:1C of the Code, the court has the discretion to appoint an individual not on the list of qualified arbitrators

In order to maintain a current, accurate list, qualified arbitrators shall at least annually update their disclosures to the Department.

Section 50 Agreement to Arbitrate

Claimants shall submit their request of arbitration to the Board on a form prescribed by the Department. Claimants shall also provide an affidavit pursuant to § 45.1-361.22:1A of the Code.

Section 60 Conflicts of Interest

In addition to the limitations set forth in § 45.1-361.22:1A, an arbitrator may not hear an arbitration if the arbitrator is related to one of the claimants, has a personal interest in the subject of the arbitration, or other circumstances exist that might affect the arbitrator's ability to render a fair determination. If evidence of a conflict exists under this section, a claimant may petition the court to appoint a different arbitrator.

Section 70 Location

The arbitrator shall determine an appropriate time and place for the arbitration. The arbitration shall take place in the jurisdiction where the majority of the subject tract is located, unless all claimants agree to an alternate location. Notice to claimants shall be given pursuant to the requirements of § 45.1-361.22:1D of the Code.

Section 80 Postponement of Arbitration

Any request for postponement may be granted by the arbitrator if all claimants consent, or if good cause for a postponement is shown to the satisfaction of the arbitrator.

Requests for postponement for cause should be made to the arbitrator at least 15 days before the hearing, unless the circumstances requiring the postponement do not allow 15 days' notice. Whenever a postponement is granted, the arbitrator will promptly reschedule the hearing and notify the Board and the claimants.

Section 90 Discovery

Pursuant to §§ 8.01-581.06 and 45.1-361.22:1D of the Code, the arbitrator may issue subpoenas, administer oaths, and take depositions. Additionally, any documents a claimant intends to introduce at the arbitration must be shared with the opposing claimant and the arbitrator not less than 5 days prior to the arbitration. If this provision is found not to be met, the arbitrator may elect to continue the arbitration.

Section 100 Extension of Arbitration

If, pursuant to § 45.1-361.22:1E of the Code, the claimants agree that the arbitrator may take longer than six months from the date the Board ordered the arbitration to render a determination, the arbitrator shall notify the Board of this extension.

Section 110 Determination of Arbitrator

Pursuant to § 45.1-361.22:1E of the Code, the determination of the arbitrator shall be in writing and sent to the Board and each party to whom notice is required to be given. The determination shall include, at a minimum, a finding of facts and an explanation for the basis of the determination. A copy of the determination shall be placed on the Department's website. The arbitrator shall record the determination with the Clerk's Office of the court.

Section 120 Ex Parte Communications

There shall be no direct communication between the claimants and the arbitrator concerning the merits of the dispute other than at the arbitration hearing. If an ex parte communication occurs between a party and the arbitrator outside of the arbitration hearing, the arbitrator shall notify the other parties of the date, time, place, and content of the communication.

Section 130 Fees

Arbitrators shall be paid at the rate of no more than \$250 per hour. Expenses of the arbitrator incurred during the course of the arbitration shall be reimbursed in accordance with the State Travel Regulations prescribed by the Department of Accounts. Arbitrators shall submit a complete W-9 form to the Department before payment is made.

Pursuant to § 45.1-361.22:1F of the Code, payment of fees and expenses of the arbitration may be delayed if there are intervening disbursements from the general escrow account under § 45.1-361.22(5)(i) or (iii) of the Code that reduce the interest balance below the amount of fees and expenses requested.

Section 140 Disbursement of Proceeds

Within 30 days of receipt of an affidavit from the claimants affirming the determination, the operator shall petition the Board for disbursement pursuant to § 45.1-361.22(5) of the Code.

FORMS

Arbitrator Qualification Form, DGO-ARB (rev 5/10)

Agreement to Arbitrate Form, DGO-ARB2 (rev 7/10)