

BEFORE THE VIRGINIA GAS AND OIL BOARD

PETITIONER: EQT Production Company

DIVISION OF GAS AND OIL

DOCKET NO: VGOB 01-1120-0987-01

RELIEF SOUGHT: (1) DISBURSEMENT FROM ESCROW REGARDING TRACT(S) 4 (2) AND AUTHORIZATION FOR DIRECT PAYMENT OF ROYALTIES

HEARING DATE: August 18, 2015

DRILLING UNIT: VC-508826

BUCHANAN COUNTY, VIRGINIA

PETITION FOR ORDER OF DISBURSEMENT OF ESCROW FUNDS

1. Petitioner and its counsel

Petitioner is EQT Production Company, 625 Liberty Avenue, EQT Plaza, Suite 1700, Pittsburgh, PA 15222, 412-395-3921. Petitioner's counsel is James Kaiser, Wilhoit and Kaiser Law Firm, 220 Broad Street, Suite 210, Kingsport, TN 37660 .

2. Relief Sought

Petition for disbursement of funds and authorization for direct payment on behalf of the known owners on Tract 4 on Well VC-508826, VGOB 01/11/20-0987.

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

Plaintiffs were conflicting claimants with regards to Tract 4 as created by VGOB 01/11/20-0987. To resolve this conflict, Buchanan County Circuit Court Order, Case No. 550-13, dated July 10, 2014, is attached hereto.

6. Attestation

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

Latitude 37° 17' 30"

900'

1,800'

Lease No. 245280L / Tr. 68
Lon B. Rogers Bradshaw Trust -
surface, coal, oil & gas
T. E. Peery
1305.36 Ac.
Gas 11.67 Ac. 14.59%

Lease No. 245280L / Tr. 9
Lon B. Rogers Bradshaw Trust -
oil & gas (75% int.), coal
Talmage G. Rogers III, et al -
oil & gas (25% int.)
Joshua Day
159.3 Ac.
Gas 41.33 Ac. 51.66%

Lease No. 245280L / Tr. 68
Lon B. Rogers Bradshaw Trust -
surface, coal, oil & gas
T. E. Peery
1305.36 Ac.
Gas 7.56 Ac. 9.45%

Lease No. 245280L / Tr. 69
Lon B. Rogers Bradshaw Trust -
coal, oil & gas
T. E. Peery
178 Ac.
Gas 19.44 Ac. 24.30%

N 78°07'19" W
113.68'

S 48°56' E
143.48'

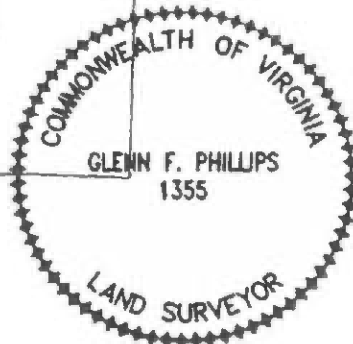
S 42°13'38" E
104.00'

IP
VC-508826

IP

Lon Rogers #8

James Bevins - surface



Well Coordinates: (VA St Plane S. Zone,
NAD 27, calculated from NAD 83 coord.)
N 364,707 E 1,017,443

Well Coordinates: (VA St Plane S. Zone,
NAD 83)
N 3,645,587.02 E 10,500,431.09

Well elevation determined by GPS
survey from HARN Sta. GAP AZMK

Area of Unit = 8000 Ac.

WELL LOCATION PLAT

COMPANY Equitable Production Company WELL NAME AND NUMBER VC-508826
TRACT NO. 69 ELEVATION 2509.07' QUADRANGLE Patterson
COUNTY Buchanan DISTRICT Garden SCALE 1" = 400' DATE 10-17-2001

This Plat is a new plat x; 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.

Glenn F. Phillips

Licensed Professional Engineer or Licensed Land Surveyor

EXHIBIT "B"
VC-508826
VGOB 01/11/20-0987

Revised 6/23/2015

<u>TRACT</u>	<u>LESSOR</u>	<u>LEASE STATUS</u>	<u>INTEREST WITHIN UNIT</u>	<u>GROSS ACREAGE IN UNIT</u>	<u>NET REVENUE INTEREST</u>
<u>Gas Estate Only</u>					
1	Lon B Rogers Bradshaw Trust No 1 Fon Rogers II Trustee PO Box 22427 Lexington, KY 40522-2427	Leased 245280L01 5859-00 Tr 69	24.300000%	19.4400	0.03037500 RI
	EQT Production Company				0.21262500
Tract 1 Totals			24.300000%	19.4400	0.24300000
2	Lon B Rogers Bradshaw Trust No 1 Fon Rogers II Trustee PO Box 22427 Lexington, KY 40522-2427	Leased 245280L01 5859-00 Tr 68	9.450000%	7.5600	0.01181250
	EQT Production Company				0.08268750
Tract 2 Totals			9.450000%	7.5600	0.09450000
3	Lon B Rogers Bradshaw Trust No 1 Fon Rogers II Trustee PO Box 22427 Lexington, KY 40522-2427	Leased 245280L01 5859-00 Tr 68	14.590000%	11.6700	0.01823750
	EQT Production Company				0.12766250
Tract 3 Totals			14.590000%	11.6700	0.14590000
4	Lon B Rogers Bradshaw Trust No 1 Fon Rogers II Trustee PO Box 22427 Lexington, KY 40522-2427	Leased 245280L01 5859-00 Tr 9	38.745000%	30.9975	0.04843125
	Gregory Poulos & Karen Poulos 1894 Glenwood St NE Palm Bay, FL 32907-2423	Unleased	2.152500%	1.7221	0.002690625
	Jason Poulos 10870 SW 95th Street Miami, FL 33176-2615	Unleased	2.152500%	1.7220	0.002690625
	Pamela Poulos 5000 SW 83rd Street Miami, FL 33143-8510	Unleased	2.152500%	1.7220	0.002690625
	Talmage G Rogers, III and Tracey Rogers 3014 Shalford Lane Matthews, NC 28104-6879	Unleased	1.614375%	1.2916	0.002017969

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<u>TRACT</u>	<u>LESSOR</u>	<u>LEASE STATUS</u>	<u>INTEREST WITHIN UNIT</u>	<u>GROSS ACREAGE IN UNIT</u>	<u>NET REVENUE INTEREST</u>
	Shaun D Rogers and Nadine Davey Rogers 121 NE 100th Street Miami Shores, FL 33128	Unleased	1.614375%	1.2916	0.002017969
	Kevin H Rogers and Katherine Rogers 139 Wickham Road Garden City, NY 11530	Unleased	1.614375%	1.2916	0.002017969
	Derek B Rogers and Anne Rogers 2300 Carmel Rd Charlotte, NC 28226-6323	Unleased	1.614375%	1.2916	0.002017969
	EQT Production Company				0.45202500
Tract 4Totals			51.660000%	41.3300	0.51660000
	Total Gas Estate		100.000000%	80.0000	1.00000000
	Percentage of Unit Leased		87.085000%		
	Percentage of Unit Unleased		12.915000%		
	Acreage in Unit Leased			69.6675	
	Acreage in Unit Unleased			10.3325	

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Revised 6/23/2015

<u>TRACT</u>	<u>LESSOR</u>	<u>LEASE STATUS</u>	<u>INTEREST WITHIN UNIT</u>	<u>GROSS ACREAGE IN UNIT</u>	<u>NET REVENUE INTEREST</u>
<u>Coal Estate Only</u>					
1	Lon B Rogers Bradshaw Trust No 1 Fon Rogers II Trustee PO Box 22427 Lexington, KY 40522-2427	Leased 245280L01 5859-00 Tr 9	51.660000%	41.3300	0.06457500
	EQT Production Company				0.45202500
Tract 1 Totals			51.660000%	41.3300	0.51660000
2	Lon B Rogers Bradshaw Trust No 1 Fon Rogers II Trustee PO Box 22427 Lexington, KY 40522-2427	Leased 245280L01 5859-00 Tr 68	14.590000%	11.6700	0.01823750
	EQT Production Company				0.12766250
Tract 2 Totals			14.590000%	11.6700	0.14590000
3	Lon B Rogers Bradshaw Trust No 1 Fon Rogers II Trustee PO Box 22427 Lexington, KY 40522-2427	Leased 245280L01 5859-00 Tr 69	24.300000%	19.4400	0.03037500
	EQT Production Company				0.21262500
Tract 3 Totals			24.300000%	19.4400	0.24300000
4	Lon B Rogers Bradshaw Trust No 1 Fon Rogers II Trustee PO Box 22427 Lexington, KY 40522-2427	Leased 245280L01 5859-00 Tr 9	9.450000%	7.5600	0.0118125
	EQT Production Company				0.08268750
Tract 4 Totals			9.450000%	7.5600	0.09450000
	Total Coal Estate		100.000000%	80.0000	1.00000000
	Percentage of Unit Leased		100.000000%		
	Percentage of Unit Unleased		0.000000%		
	Acreage in Unit Leased			80.0000	
	Acreage in Unit Unleased			0.0000	

EXHIBIT "E"
VC-508826
VGOB 01/11/20-0987
Revised 6/23/2015

N/A

EXHIBIT "EE"
VC-508826
VGOB 01/11/20-0987
Revised 6/23/2015

<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>				
4	Gregory Poulos & Karen Poulos 1894 Glenwood St NE Palm Bay, FL 32907-2423	Unleased	2.152500%	1.7221
	Jason Poulos 10870 SW 95th Street Miami, FL 33176-2615	Unleased	2.152500%	1.7220
	Pamela Poulos 5000 SW 83rd Street Miami, FL 33143-8510	Unleased	2.152500%	1.7220
	Talmage G Rogers, III and Tracey Rogers 3014 Shalford Lane Matthews, NC 28104-6879	Unleased	1.614375%	1.2916
	Shaun D Rogers and Nadine Davey Rogers 121 NE 100th Street Miami Shores, FL 33128	Unleased	1.614375%	1.2916
	Kevin H Rogers and Katherine Rogers 139 Wickham Road Garden City, NY 11530	Unleased	1.614375%	1.2916
	Derek B Rogers and Anne Rogers 2300 Carmel Rd Charlotte, NC 28226-6323	Unleased	1.614375%	1.2916
Tract 4 Totals			12.915000%	10.3325
Total Disbursed			12.915000%	10.3325

Exhibit J
VC-508826
VGOB 01/11/20-0987
Revised 6/23/2015

Pmt Date	Pmt Amount
12/19/2002	71.17
03/18/2003	79.31
05/16/2003	55.72
07/16/2003	77.20
09/17/2003	68.19
11/17/2003	57.38
01/16/2004	62.61
04/16/2004	52.80
06/21/2004	52.49
08/18/2004	52.02
10/04/2004	54.56
12/02/2004	59.71
02/07/2005	55.04
07/06/2005	72.68
10/06/2005	60.77
12/07/2005	63.61
03/08/2006	56.84
06/06/2006	57.63
11/09/2006	55.78
12/19/2006	0.94
03/08/2007	54.77
06/08/2007	54.13
09/10/2007	55.30
12/12/2007	36.44
03/10/2008	51.16
06/09/2008	53.69
08/07/2008	58.06
10/10/2008	51.17
12/10/2008	36.03
03/10/2009	50.01
09/10/2009	52.74
12/09/2009	22.72
01/13/2010	9.71
02/10/2010	9.25
03/09/2010	13.43
04/14/2010	9.56
05/10/2010	8.55
06/08/2010	6.95
07/13/2010	8.62
08/10/2010	8.48
09/10/2010	10.79
10/11/2010	12.42
11/11/2010	9.36
12/09/2010	11.34

01/13/2011	9.35
02/11/2011	17.15
03/11/2011	16.82
04/12/2011	13.93
05/11/2011	13.39
06/11/2011	15.38
07/13/2011	13.41
08/10/2011	16.12
09/12/2011	17.41
10/12/2011	17.73
11/10/2011	7.83
12/09/2011	14.62
01/17/2012	15.27
02/10/2012	15.16
03/12/2012	11.96
04/13/2012	9.21
05/11/2012	8.64
06/12/2012	6.97
07/11/2012	6.55
08/10/2012	8.18
09/12/2012	8.92
10/10/2012	6.84
11/09/2012	5.93
12/12/2012	10.49
01/10/2013	15.69
02/11/2013	16.69
03/13/2013	13.35
04/10/2013	15.17
05/10/2013	18.69
06/10/2013	20.35
07/08/2013	21.07
08/12/2013	19.66
09/13/2013	18.94
10/10/2013	16.66
11/13/2013	15.61
12/11/2013	14.11
01/10/2014	15.11
02/11/2014	20.83
03/12/2014	21.76
04/10/2014	24.54
05/14/2014	30.00
06/13/2014	15.40
07/09/2014	8.94
08/14/2014	11.83
09/15/2014	10.82
10/09/2014	7.37
11/12/2014	5.67
12/09/2014	7.29
01/09/2015	6.10
02/09/2015	6.69
03/13/2015	4.17

04/10/2015	3.66
05/13/2015	5.01
Total Payments	2,559.57

May 2015 Escrow Agent Totals

<u>Unit Name</u>	<u>Docket #</u>	<u>Unit Operator</u>	<u>Beginning Market Value</u>	<u>Deposits</u>	<u>Money Mkt Interest</u>	<u>Fees for 4/30</u>	<u>Ending Market Value</u>
VC508826	0987	EQT	2,702.86	5.01	\$0.45	(\$0.22)	2,708.10

VIRGINIA: IN THE CIRCUIT COURT OF BUCHANAN COUNTY

GREGORY G. POULOS, JASON G. POULOS,
PAMELA F. POULOS, SHAUN D. ROGERS,
KEVIN H. ROGERS, DEREK B. ROGERS and
T.G. ROGERS, III,

Plaintiffs,

v.

LBR HOLDINGS, LLC,

Defendant.

Case No. 550-13

ORDER

This matter, having come before the Court for hearing on June 2, 2014, on the parties' respective motions for summary judgment, and the Court, having reviewed the written submissions of the parties and having heard oral argument of counsel, and for good cause shown, hereby ORDERS:

1. Plaintiffs' Complaint and Defendant's Counterclaim both request that this Court, pursuant to Virginia Code § 8.01-184, declare their respective rights under the May 27, 1938, deed ("Deed") attached to Plaintiffs' Complaint as Exhibit "A."

2. The Deed includes a conveyance by T. G. Rogers and Martha F. Rogers, his wife (the "Talmage Rogers Group"), and Lloyd Rogers and Anne F. Rogers, his wife (the "Lloyd Rogers Group"), of their interests in certain parcels of property in Buchanan County, Virginia, (the "Property") and McDowell County, West Virginia, to Lon B. Rogers. The Deed specifically recites: "But there is excepted from the above-described property an undivided one-half interest in the oil and gas under said property and the same is reserved to T. G. Rogers and Lloyd Rogers,

parties of the first part, their heirs and assigns, together with the usual and necessary rights of ingress and egress and drilling rights to explore, get and remove said oil and gas.”

3. It is undisputed that Plaintiffs are the successors to the interests of the Talmage Rogers Group under the Deed, and that Defendant, LBR Holdings, LLC (“LBR”), is the successor to the interests of Lon B. Rogers and the Lloyd Rogers Group under the Deed.

4. Plaintiffs seek a declaration that the Deed’s reservation of gas under the Property includes, *inter alia*, coalbed methane gas, and that they are, therefore, the owners of 25% of the coalbed methane gas under the Property and entitled to the associated royalties. LBR, on the other hand, seeks a declaration that the Deed’s reservation of gas under the Property does not include coalbed methane gas, that the Deed, therefore, conveyed coalbed methane gas to Lon B. Rogers, and that LBR, as Lon B. Rogers’ successor-in-interest, is the owner of all the coalbed methane gas under the Property and entitled to the associated royalties.

5. Having examined the reservation language and the “four corners” of the Deed, the Court finds that the Deed is unambiguous and that the Deed’s reservation of “the oil and gas under said property” includes a reservation of coalbed methane gas under the Property. Plaintiffs are, therefore, entitled to prevail as a matter of law.

6. Coalbed methane gas is obviously “gas,” *see Harrison-Wyatt, LLC v. Ratliff*, 593 S.E.2d at 234, 238 (Va. 2004) (coalbed methane “is a gas”); and there is nothing in the Deed that removes coalbed methane or any other type of gas from the scope of the reservation. The language at issue is unlimited, plain, and unambiguous.

7. LBR argues that “the oil and gas” does not mean “all” but only “some” gas. The Court agrees with Plaintiffs, however, that the reservation of “the” gas is not a limited reservation of only some types of gas, but an unambiguous and unlimited reservation of all gas. Such an

interpretation of “the” is in accordance with the ordinary, plain and common sense meaning of the word.

8. LBR also argues that the parties to the Deed would not have intended to include coalbed methane gas in the reservation because, according to LBR, the commercial value of coalbed methane was not known in 1938. LBR presented no evidence in support of this argument and Plaintiffs presented undisputed evidence to the contrary. Regardless, this Court is bound to uphold the unambiguous reservation language, which refers to gas without qualification or limitation, and which, as written, encompasses all types of gas, whether commercially exploitable at the time of the Deed’s execution or not.

9. The Court concludes that the arguments and authorities presented by Plaintiffs in their motion and reply brief are well-founded and correct. A ruling in LBR’s favor would require the Court to rewrite the Deed, which it will not do. Nor will the Court torture words and phrases or engage in speculation to create an ambiguity where the ordinary meaning of the words leaves no room for ambiguity.

10. There are no issues of material fact in dispute regarding Plaintiffs’ ownership of 25% of the coalbed methane gas under the Property. The Court grants Plaintiffs’ motion for summary judgment in full and denies LBR’s motion for summary judgment in full.

11. This Order constitutes a judicial determination of coalbed methane gas ownership as between Plaintiffs and LBR pursuant to Virginia Code § 45.1-361.22(5)(i) and resolves in Plaintiffs’ favor all conflicting claims of coalbed methane gas ownership between Plaintiffs and LBR relating to the Property.

12. Plaintiffs are entitled to receive all coalbed methane gas royalties attributable to their 25% gas estate interest in the Property that are being held in the Virginia Gas and Oil Board’s

escrow account or otherwise being withheld from Plaintiffs due to the conflicting claims of coalbed methane ownership between Plaintiffs and LBR. Plaintiffs are also entitled to receive all future coalbed methane gas royalties or other proceeds that are attributable to their 25% gas estate interest in the Property. All such royalties and proceeds shall be divided among the individual Plaintiffs in accordance with their respective percentages of ownership.

SO ORDERED, this the 10th day of July, 2014.


Circuit Court Judge

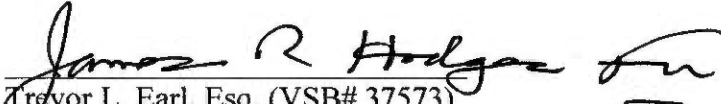

SEEN AND REQUESTED:


Jennifer L. Shaver, Esq. (VSB# 79047)
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jen@jenshaver.com

Counsel for Plaintiffs

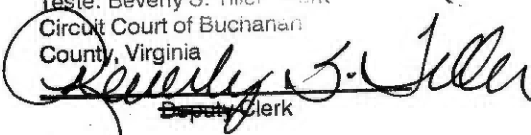
SEEN AND OBJECTED TO FOR ALL THE REASONS DETAILED IN LBR HOLDINGS, LLC'S MEMORANDUM IN SUPPORT OF ITS MOTION FOR SUMMARY JUDGMENT AND RESPONSE TO PLAINTIFFS' MOTION FOR SUMMARY JUDGMENT AND AT THE HEARING; AND ON THE ADDITIONAL GROUNDS THAT TO THE EXTENT THE COURT MAY HAVE CONSIDERED SUBMISSIONS OF EXHIBITS OTHER THAN THE DEED AT

ISSUE, THE COURT SHOULD HAVE DENIED BOTH PARTIES' MOTIONS FOR SUMMARY JUDGMENT SO THAT BOTH PARTIES WOULD HAVE HAD AN OPPORTUNITY TO DEVELOP AND PROPERLY INTRODUCE SUCH EVIDENCE:


Trevor L. Earl, Esq. (VSB# 37573)
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Counsel for LBR Holdings, LLC

A Copy
Teste: Beverly S. Tiller, Clerk
Circuit Court of Buchanan
County, Virginia


Deputy Clerk