

BEFORE THE VIRGINIA GAS AND OIL BOARD

PETITIONER: EQT Production Company

DIVISION OF GAS AND OIL

DOCKET NO: VGOB 02-1015-1086-01

RELIEF SOUGHT: (1) DISBURSEMENT FROM ESCROW REGARDING TRACT(S) 1, 3 (2) AND AUTHORIZATION FOR DIRECT PAYMENT OF ROYALTIES

HEARING DATE: August 18, 2015

DRILLING UNIT: VC-509263

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 1 and 3 on Well VC-509263, VGOB 02-1015-1086.

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 Tracts 1 and 3 as created by VGOB 02-1015-1086. To resolve this conflict, Buchanan County Circuit Court Order, Case No. 550-13, dated July 10, 2014, is attached hereto.

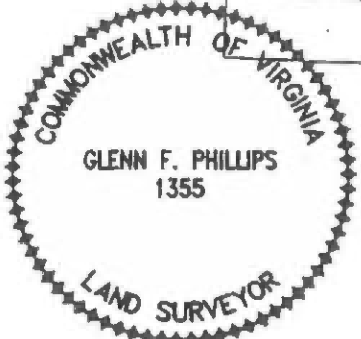
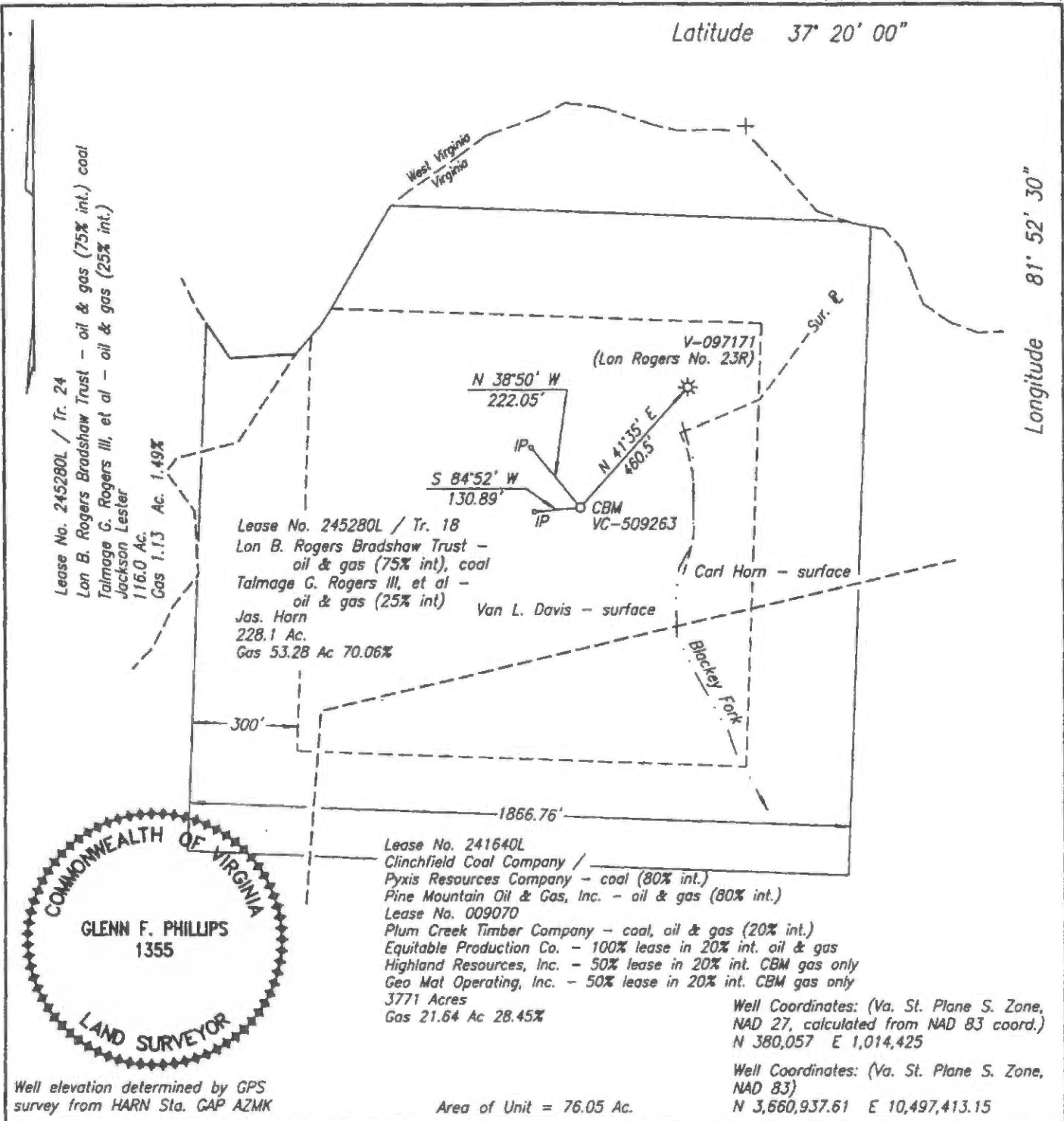
6. Attestation

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

Latitude 37° 20' 00"

1,705'

Longitude 81° 52' 30"



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

WELL LOCATION PLAT

COMPANY Equitable Production Company WELL NAME AND NUMBER VC-509263
 TRACT NO. 18 ELEVATION 2,236.48' QUADRANGLE Paterson
 COUNTY Buchanan DISTRICT North Grundy SCALE 1" = 400' DATE 9-09-2002

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-509263
VGOB 02/10/15-1086
 Revised 6/24/2015

<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>
Gas Estate Only'					
1	Lon B. Rogers Bradshaw Trust No 1 Fon Rogers II Trustee PO Box 22427 Lexington, KY 40522-2427	Leased-EPC 245280L 01 5859-00 Tr. 18	52.545000%	39.96	0.06568125 RI
	Gregory Poulos and Karen Poulos, H/W 1894 Glenwood St NE Palm Bay, FL 32907-2423	Unleased	2.919167%	2.22	0.00364896 RI
	Jason Poulos, single 10870 SW 95th Street Miami, FL 33176	Unleased	2.919167%	2.22	0.00364896 RI
	Pamela Poulos, single 5000 SW 83rd Street Miami, FL 33143-8510	Unleased	2.919168%	2.22	0.00364896 RI
	Talmage G. Rogers, III and Tracey Rogers, H/W 3014 Shalford Lane Matthews, NC 28104-6879	Unleased	2.189375%	1.665	0.00273672 RI
	Shaun D. Rogers and Nadine Davey Rogers, H/W 121 NE 100th Street Miami Shores, FL 33128	Unleased	2.189375%	1.665	0.00273672 RI
	Kevin H. Rogers and Katherine Rogers, H/W 139 Wickham Road Garden City, NY 11530	Unleased	2.189374%	1.665	0.00273672 RI
	Derek B. Rogers and Anne Rogers, H/W 2300 Carmel Rd Charlotte, NC 28226-6323	Unleased	2.189374%	1.665	0.00273672 RI
	Equitable Production Company				0.61302500 WI
	Tract 2 Totals		70.060000%	53.2800	0.70060001
2	Pittston Company c/o Pine Mountain Oil & Gas, Inc. Attn: Richard Brillhart PO Box 5100 Lebanon, VA 24226	Leased-EPC 241640L	22.760000%	17.312	0.02845000 RI
	Plum Creek Timber Company Attn: Kerry Hill 303 Harper Park Drive Suite A Beckley, WV 25801	Unleased	5.690000%	4.328	0.00711250 RI
	Equitable Production Company				0.24893750 WI
	Tract 2 Totals		28.450000%	21.64	0.28450000
3	Lon B. Rogers Bradshaw Trust No 1 Fon Rogers II Trustee PO Box 22427 Lexington, KY 40522-2427	Leased-EPC 245280L 01 5859-00 Tr. 18	1.117500%	0.8475	0.00139688 RI

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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>
	Gregory Poulos and Karen Poulos, H/W 1894 Glenwood St NE Palm Bay, FL 32907-2423	Unleased	0.062083%	0.0471	0.00007760 RI
	Jason Poulos, single 10870 SW 95th Street Miami, FL 33176	Unleased	0.062083%	0.0471	0.00007760 RI
	Pamela Poulos, single 5000 SW 83rd Street Miami, FL 33143-8510	Unleased	0.062084%	0.0471	0.00007761 RI
	Talmage G. Rogers, III and Tracey Rogers, H/W 3014 Shalford Lane Matthews, NC 28104-6879	Unleased	0.046563%	0.0353	0.00005820 RI
	Shaun D. Rogers and Nadine Davey Rogers, H/W 121 NE 100th Street Miami Shores, FL 33128	Unleased	0.046563%	0.0353	0.00005820 RI
	Kevin H. Rogers and Katherine Rogers, H/W 139 Wickham Road Garden City, NY 11530	Unleased	0.046562%	0.0353	0.00005820 RI
	Derek B. Rogers and Anne Rogers, H/W 2300 Carmel Rd Charlotte, NC 28226-6323	Unleased	0.046562%	0.0353	0.00005820 RI
	Equitable Production Company				0.01303750 WI
	Tract 3 Totals		1.490000%	1.13	0.01489999
	TOTAL GAS ESTATE		100.000000%	76.05	1.00000000
	Coal Estate Only				
1	Lon B. Rogers Bradshaw Trust No 2 Fon Rogers II Trustee PO Box 22427 Lexington, KY 40522-2427	Leased-EPC 245280L Tr. 18	70.060000%	53.28	0.08757500 RI
	Equitable Production Company				0.61302500 WI
	Tract 1 Totals		70.060000%	53.28	0.70060000
2	Pittston Company c/o Pine Mountain Oil & Gas, Inc. Attn: Richard Brillhart PO Box 5100 Lebanon, VA 24226	Leased-EPC 241640L	22.760000%	17.312	0.02845000 RI
	Plum Creek Timber Company Attn: Kerry Hill 303 Harper Park Drive Suite, A Beckley, WV 25801	Unleased	5.690000%	4.328	0.00711250 RI
	Equitable Production Company				0.24893750 WI
	Tract 2 Totals		28.450000%	21.64	0.28450000

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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>
3	Lon B. Rogers Bradshaw Trust No 2 Fon Rogers II Trustee PO Box 22427 Lexington, KY 40522-2427	Leased-EPC 245280L Tr. 24	1.490000%	1.13	0.00186250 RI
	Equitable Production Company				0.01303750
Tract 3 Totals			1.490000%	1.13	0.01490000
TOTAL COAL ESTATE			100.000000%	76.05	1.00000000

EXHIBIT "E"
VC-509263
VGOB 02/10/15-1086
Revised 6/24/2015

N/A

EXHIBIT "EE"
VC-509263
VGOB 02/10/15-1086
Revised 6/24/2015

TRACT	LESSOR	LEASE STATUS	INTEREST WITHIN UNIT	GROSS ACREAGE IN UNIT
	Gas Estate Only			
1	Gregory Poulos and Karen Poulos, H/W 1894 Glenwood St NE Palm Bay, FL 32907-2423	Unleased	2.9192%	2.2200
	Jason Poulos, single 10870 SW 95th Street Miami, FL 33176	Unleased	2.9192%	2.2200
	Pamela Poulos, single 5000 SW 83rd Street Miami, FL 33143-8510	Unleased	2.9192%	2.2200
	Talmage G. Rogers, III and Tracey Rogers, H/W 3014 Shalford Lane Matthews, NC 28104-6879	Unleased	2.1894%	1.6650
	Shaun D. Rogers and Nadine Davey Rogers, H/W 121 NE 100th Street Miami Shores, FL 33128	Unleased	2.1894%	1.6650
	Kevin H. Rogers and Katherine Rogers, H/W 139 Wickham Road Garden City, NY 11530	Unleased	2.1894%	1.6650
	Derek B. Rogers and Anne Rogers, H/W 2300 Carmel Rd Charlotte, NC 28226-6323	Unleased	2.1894%	1.6650
Tract 1 Totals			17.5150%	13.3200
3	Gregory Poulos and Karen Poulos, H/W 1894 Glenwood St NE Palm Bay, FL 32907-2423	Unleased	0.0621%	0.0471
	Jason Poulos, single 10870 SW 95th Street	Unleased	0.0621%	0.0471

EXHIBIT "EE"
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Revised 6/24/2015

TRACT	LESSOR	LEASE STATUS	INTEREST WITHIN UNIT	GROSS ACREAGE IN UNIT
	Miami, FL 33176			
	Pamela Poulos, single 5000 SW 83rd Street Miami, FL 33143-8510	Unleased	0.0621%	0.0471
	Talmage G. Rogers, III and Tracey Rogers, H/W 3014 Shalford Lane Matthews, NC 28104-6879	Unleased	0.0466%	0.0353
	Shaun D. Rogers and Nadine Davey Rogers, H/W 121 NE 100th Street Miami Shores, FL 33128	Unleased	0.0466%	0.0353
	Kevin H. Rogers and Katherine Rogers, H/W 139 Wickham Road Garden City, NY 11530	Unleased	0.0466%	0.0353
	Derek B. Rogers and Anne Rogers, H/W 2300 Carmel Rd Charlotte, NC 28226-6323	Unleased	0.0466%	0.0353
Tract 3 Totals			1.4900%	0.2825
Total Disbursed			19.0050%	13.6025

EXHIBIT "J"
VC-509263
VGOB 02/10/15-1086
Revised 6/24/2015

Pmt Date	Pmt Amount
4/6/2007	1,147.71
8/7/2007	27.24
9/10/2007	36.54
10/12/2007	36.23
12/10/2007	47.14
2/8/2008	38.28
3/10/2008	29.14
4/8/2008	38.43
5/7/2008	52.15
6/9/2008	57.49
7/14/2008	66.44
8/7/2008	65.44
9/5/2008	80.83
10/10/2008	55.65
11/7/2008	45.37
12/9/2008	39.31
1/12/2009	34.13
2/11/2009	41.03
3/10/2009	37.5
5/12/2009	46.57
7/10/2009	39.93
9/10/2009	44.62
11/9/2009	39.46
12/9/2009	28.02
1/13/2010	32.34
2/10/2010	33.8
3/9/2010	54.77
4/14/2010	43.18
5/10/2010	47.09
6/8/2010	37.14
7/13/2010	48.15
8/10/2010	41.29
9/10/2010	56.81
10/11/2010	60.26
11/11/2010	42.4
12/9/2010	50.56
1/13/2011	40.86
2/11/2011	59.62
3/11/2011	63.94
4/12/2011	63.08
5/11/2011	61.41
6/11/2011	73.09
7/13/2011	82.54
8/10/2011	77.61
9/12/2011	81.6

10/12/2011	84.74
11/10/2011	71.73
12/9/2011	66.92
1/17/2012	56.61
2/10/2012	69.55
3/12/2012	56.85
4/13/2012	42.66
5/11/2012	39.64
6/12/2012	33.23
7/11/2012	32.14
8/10/2012	40.45
9/12/2012	48.57
10/10/2012	33.18
11/9/2012	28.72
12/12/2012	32.19
1/10/2013	35.99
2/11/2013	44.49
3/13/2013	37.84
4/10/2013	29.53
5/10/2013	36.43
6/10/2013	71.39
7/8/2013	149.51
8/12/2013	69.1
9/13/2013	61.02
10/10/2013	56.42
11/13/2013	53.91
12/11/2013	56.8
1/10/2014	52.25
2/11/2014	79.52
3/12/2014	65.19
4/10/2014	88.87
5/14/2014	75.36
6/13/2014	66.82
7/9/2014	59.9
8/14/2014	58.01
9/15/2014	64.98
10/9/2014	51.89
11/12/2014	50.65
12/9/2014	50.75
1/9/2015	43.77
2/9/2015	55.24
3/13/2015	31.85
4/10/2015	24.71
5/13/2015	21.93
6/11/2015	12.04
Total Payments	5,719.53

May 2015 - Funded Units

<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>
VC509263	1086	EQT	5,755.11	21.93	\$0.96	(\$0.47)	5,777.53

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

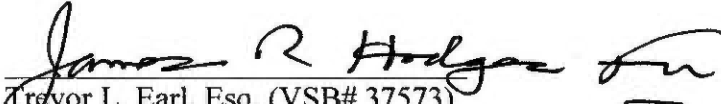

SEEN AND REQUESTED:


Jennifer L. Shaver, Esq. (VSB# 79047)
Ellis Professional Building, Suite A
211 West Main Street
Abingdon, VA 24210
Telephone: (276) 525-1103
Facsimile: (276) 525-1112
jen@jenshaver.com

Counsel for Plaintiffs

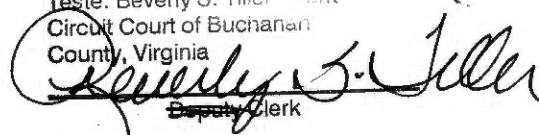
SEEN AND OBJECTED TO FOR ALL THE REASONS DETAILED IN LBR HOLDINGS, LLC'S MEMORANDUM IN SUPPORT OF ITS MOTION FOR SUMMARY JUDGMENT AND RESPONSE TO PLAINTIFFS' MOTION FOR SUMMARY JUDGMENT AND AT THE HEARING; AND ON THE ADDITIONAL GROUNDS THAT TO THE EXTENT THE COURT MAY HAVE CONSIDERED SUBMISSIONS OF EXHIBITS 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)
REED WEITKAMP SCHELL & VICE PLLC 
500 West Jefferson Street, Suite 2400
Louisville, KY 40202
Telephone: (502) 589-1000
Facsimile: (502) 562-2200
tearl@rwsvlaw.com

Counsel for LBR Holdings, LLC

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


Deputy Clerk