

**BEFORE THE VIRGINIA GAS AND OIL BOARD**

**PETITIONER:** CNX Gas Company LLC

**DIVISION OF GAS AND OIL**

**DOCKET NO:** VGOB 01-0821-0917-01

**RELIEF SOUGHT: (1) DISBURSEMENT FROM ESCROW REGARDING TRACT(S) 4 (2) AND AUTHORIZATION FOR DIRECT PAYMENT OF ROYALTIES (3) AND DISMISSAL OF COAL OWNERS PURSUANT TO CODE OF VIRGINIA SECTION 45.1-361.22:2.**

**HEARING DATE:** October 18, 2016

**DRILLING UNIT:** AY115

**RUSSELL COUNTY, VIRGINIA**

**PETITION FOR ORDER OF DISBURSEMENT OF ESCROW FUNDS**

**1. Petitioner and its counsel**

Petitioner is CNX Gas Company LLC, PO Box 570, Pounding Mill, VA 24637, (276)596-5075. Petitioner's counsel is Mark A. Swartz, Hillard & Swartz, LLP, 122 Capital Street, Suite 201, Charleston, WV 25301.

**2. Relief Sought**

(1) the disbursement of escrowed funds heretofore deposited with the Board's Escrow Agent, attributable to Tract 4, as depicted upon the annexed table; and (2) authorization to begin paying royalties directly to H.C. Bostic Coal Co., Inc.

**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**

- a. H.C. Bostic Coal Co., Inc. is entitled to 100% of the CBM royalties awarded under Case No. 16-324, Opinion dated May 4, 2016, Said decision allows the Applicant and Designated Operator to pay royalties directly to the person(s) identified in Exhibit EE annexed hereto and the annexed Table, further, specifies how said royalties are to be paid.
- b. That a detailed accounting in accordance with the applicable provisions of § 45.1-361.22 is submitted herewith and identified as Exhibit J.
- c. That an Exhibit identified as Table 1 is annexed hereto, and it specifies how the disbursement (s) is to be calculated and paid by the escrow agent.
- d. That Va. Code Ann. § 45.1-361.1 et seq., 4 VAC 25-160-140. further provides that the Operator shall pay such royalties as may hereafter be payable directly to the gas claimant H.C. Bostic Coal Co., Inc. and not escrow same. See Exhibit EE annexed hereto.

**6. Attestation**

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

PROPERTY LINES SHOWN WERE TAKEN FROM MAPS PROVIDED BY CNX LAND RESOURCES, Inc. AND WERE NOT SURVEYED.

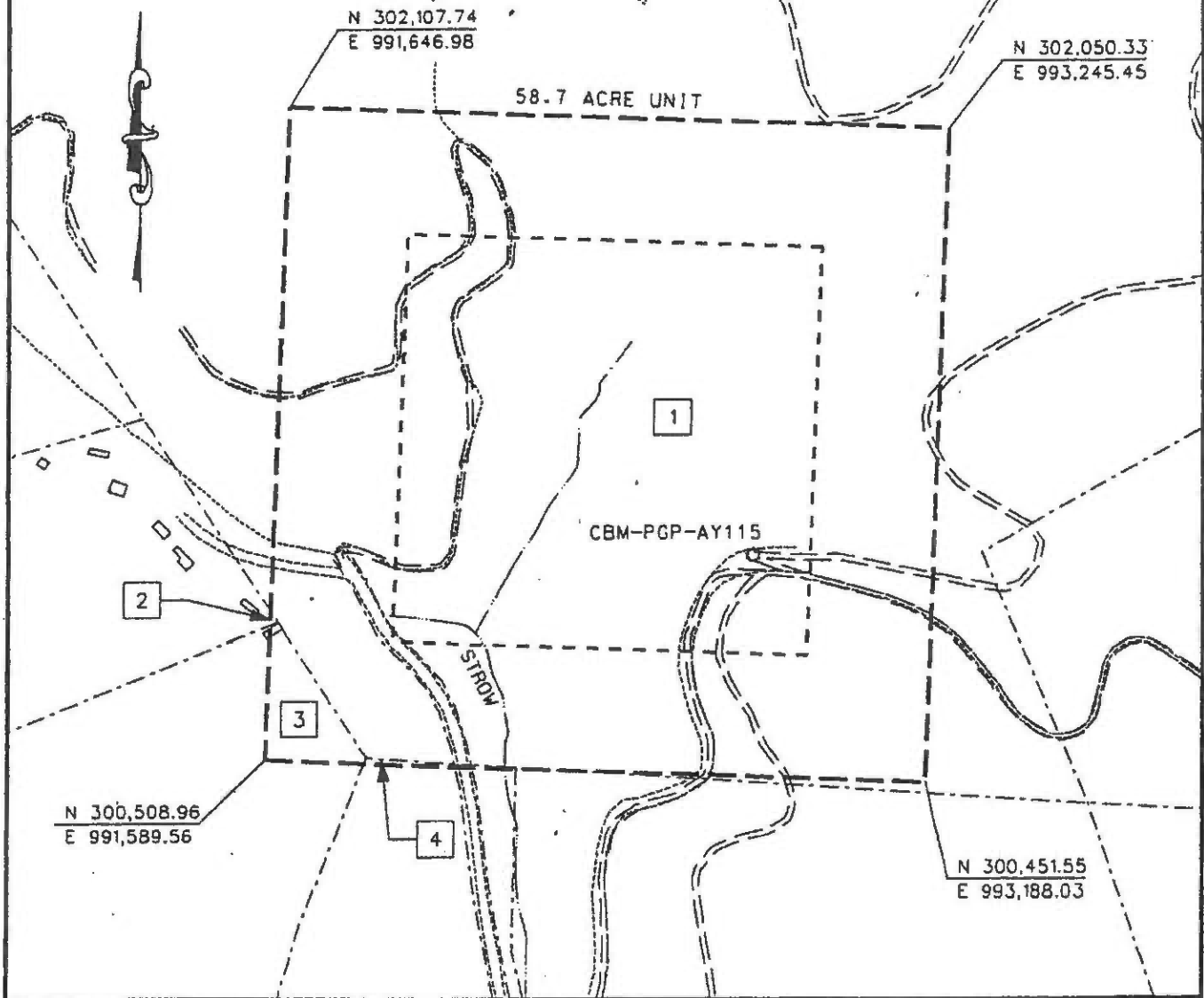


EXHIBIT A  
 MIDDLE RIDGE 1 FIELD  
 UNIT AY-115  
 FORCE POOLING  
 VGOB-01-0821-0917

Company Pocahontas Gas Partnership Well Name and Number UNIT AY115

Tract No. \_\_\_\_\_ Elevation \_\_\_\_\_ Quadrangle Hanaker

County Russell District New Garden Scale: 1" = 400' Date 7/16/01

This plat is a new plat  ; an updated plat \_\_\_\_\_ ; or a final plat \_\_\_\_\_

Form DGO-GO-7  
 Rev. 9/91

*Clayton O. May*  
 Licensed Professional Engineer or Licensed Land Surveyor (Affix Seal)



VGOB Disbursement

Unit AY115

VGOB-01-0821-0917-01

Table 1

Tracts: 4

Fractional	Net Acreage	Royalty	Escrowed	Percent of	Disbursement		
Ownership	Ownership	Split	Acres	Escrowed			
in Tract	inTract	Agreement	Disbursed	Disbursed			
			0.07000				
4	Tract 4 (total acreage)		0.0700				
1	4	H.C. Bostic Coal Company, Inc.\PO Box 220 Swords Creek VA 24649	0.0700	100.00%	0.0700	100.0000%	\$359.28

**Wells contributing to the escrow account: CBM AY115 W/PL, CBM AY115A W/PL**

Exhibit E  
Unit AY-115  
Docket #VGOB 01-0821-0917-01  
List of Owners/Claimants that require escrow  
**(58.74 Acre Unit)**

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Acres in Unit	Interest in Unit
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*Escrowing no longer required*

**Exhibit EE**  
**Unit AY-115**  
**Docket #VGOB 01-0821-0917-01**  
**List of Respondents with Royalty Split Agreements/Court Order/HB2058**  
**(58.74 Acre Unit)**

	Acres in Unit	Interest in Unit	Percent of Escrow
<b><u>Tract #4, 0.07 acres</u></b>			
<b><u>COAL OWNERSHIP</u></b>			
(1) H.C. Bostic Coal Company, Inc. <i>(16.34 Acre Tract)</i> P.O. Box 220 Swords Creek, VA 24649	0.07 acres	0.1192%	
<b><u>OIL &amp; GAS OWNERSHIP</u></b>			
(1) H.C. Bostic Coal Company, Inc. <i>(16.34 Acre Tract)</i> P.O. Box 220 Swords Creek, VA 24649	0.07 acres	0.1192%	<b>100.00%</b> <b>Court Order</b>

*Prevailing plaintiff under Case No. CL16-324  
Determined to be fee owner, 100% of CBM  
Royalty due to owner.*

# AFFIDAVIT OF MAILING

COMMONWEALTH OF VIRGINIA  
COUNTY OF **BUCHANAN**

**Applicant:** CNX Gas Company LLC  
**Relief Sought:** Disbursement Petition for AY115  
VGOB: 01-0821-0917-01

I, Anita D. Duty, after being duly sworn upon oath, state as follows:

1. I am the Pooling Supervisor for CNX Land Resources, Inc. and am responsible for the notification process required by Va. Code Ann. §45.1-361.19 of the Code of Virginia and 4VAC25-160-40.

2. That on September 20, 2016 a true and correct copy of the Notice of Hearing and Exhibits were mailed, via certified mail return receipt requested, based upon information and belief, the names and last-known addresses, where such addresses are known, of the parties owning an interest in this cause are set forth and attached hereto.

3. Notice of this cause has therefore been served by mail pursuant to the applicable statutes and rules of the Board.

  
Anita D. Duty  
Pooling Supervisor  
for CNX Land LLC

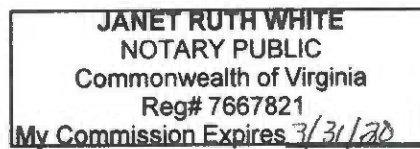
STATE OF VIRGINIA

COUNTY OF TAZEWELL, TO-WIT:

TAKEN, SUBSCRIBED AND SWORN to before me this 30 day of Sept.,  
2016.

  
Notary Public

My commission expires: 3/31/20



CERTIFICATION OF NOTICE  
CNX GAS COMPANY LLC

Unit AV112, AV113, AW112, AW113, AY115

VGOB 01-0116-0853-02/ 01-0116-0854-02/01-0116-0856-02/ 01-0116-0857-01/ 01-0821-0917-01

**Disbursement**

Buch

Last Name	First Name	MAILED	RECEIPT #		RECEIVED
H.C.Bostic Coal Company Inc.		9/20/2016	7016034000008988	0079	9/23/2016
Cook	Shea	9/20/2016	7016034000008988	0086	9/26/2016

**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:  
 H.C. Bostie Coal Co. Inc  
 P.O. Box 220  
 Swords Creek, VA 24646



9590 9402 1705 6053 9611 24

2. Article Number (Transfer from service label)  
 7016 0340 0000 8988 0079

PS Form 3811, July 2015 PSN 7530-02-000-9053

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature  Agent  Addressee  
*[Signature]*  
 B. Received by (Printed Name)  Agent  Addressee  
 H.C. Bostie  
 C. Date of Delivery  
 9/23/16  
 D. Is delivery address different from item 1?  Yes  No  
 If YES, enter delivery address below:

3. Service Type  
 Adult Signature  
 Adult Signature Restricted Delivery  
 Certified Mail®  
 Certified Mail Restricted Delivery  
 Collect on Delivery  
 Collect on Delivery Restricted Delivery  
 Priority Mail Express®  
 Registered Mail™  
 Registered Mail Restricted Delivery  
 Return Receipt for Merchandise  
 Signature Confirmation™  
 Signature Confirmation Restricted Delivery

AV112/113 AW112/113 AY113 DISB Domestic Return Receipt

**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:  
 T. Shea Cook  
 2411 Second St.  
 P.O. Box 507  
 Richlands, VA 24641



9590 9402 1705 6053 9611 17

2. Article Number (Transfer from service label)  
 7016 0340 0000 8988 0086

PS Form 3811, July 2015 PSN 7530-02-000-9053

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature  Agent  Addressee  
 X *[Signature]*  
 B. Received by (Printed Name)  Agent  Addressee  
 T.S. Cook  
 C. Date of Delivery  
 9-26-16  
 D. Is delivery address different from item 1?  Yes  No  
 If YES, enter delivery address below:

3. Service Type  
 Adult Signature  
 Adult Signature Restricted Delivery  
 Certified Mail®  
 Certified Mail Restricted Delivery  
 Collect on Delivery  
 Collect on Delivery Restricted Delivery  
 Priority Mail Express®  
 Registered Mail™  
 Registered Mail Restricted Delivery  
 Return Receipt for Merchandise  
 Signature Confirmation™  
 Signature Confirmation Restricted Delivery

AV112/113 AW112/113 AY113 DISB Domestic Return Receipt





**Exhibit J**  
**Unit AY115 Escrow Account Reconciliation**  
**VGOB 01-0821-0917**

CNX Deposit Information		
Check Date	Check Number	Total
8/13/2012	24712	\$6.90
10/15/2013	E000015285	\$17.13
6/30/2014	E000029046	\$14.58
7/18/2014	E000029654	\$1.81
8/21/2014	E000031405	\$1.72
9/18/2014	E000033272	\$1.66
10/20/2014	E000037124	\$1.35
11/19/2014	E000038656	\$1.39
12/22/2014	E000040452	\$1.39
1/20/2015	E000042270	\$1.30
2/19/2015	E000044286	\$1.55
3/19/2015	E000046086	\$1.03
4/21/2015	E000048006	\$0.90
5/20/2015	E000050799	\$0.92
6/23/2015	E000052786	\$0.89
7/20/2015	E000054745	\$1.03
8/24/2015	E000056733	\$1.23
9/22/2015	E000058663	\$1.29
10/22/2015	E000063008	\$1.20
11/24/2015	E000064598	\$0.96
12/21/2015	E000066510	\$0.88
1/21/2016	E000068286	\$0.55
2/22/2016	E000070200	\$0.76
3/22/2016	E000072185	\$1.02
4/20/2016	E000074158	\$0.80
5/23/2016	E000075842	\$0.46
6/22/2016	E000077668	\$0.40
7/21/2016	E000079401	\$0.56

Escrow Bank Data														
Date	Escrow Royalty Deposits	Income	\$ Mkt Int	CDARS Int	Fees	Distributions	Audit Costs	Corrections	Gain/Loss	Royalty Bonus	Total Int. and Fees	Bank Balance	Running Balance	Difference
5/31/2012			\$0.05	\$0.00	(\$0.02)		(\$0.02)				\$0.01	\$292.83	\$292.55	-\$0.28
6/30/2012			\$0.04	\$0.00	(\$0.02)		(\$0.15)				-\$0.13	\$292.70	\$292.42	-\$0.28
7/31/2012			\$0.05	\$0.00	(\$0.02)		(\$0.02)				\$0.01	\$292.71	\$292.43	-\$0.28
8/31/2012	\$6.90		\$0.05	\$0.00	(\$0.02)		(\$0.11)				-\$0.08	\$299.53	\$299.25	-\$0.28
9/30/2012			\$0.05	\$0.00	(\$0.03)		(\$0.03)				-\$0.01	\$299.52	\$299.24	-\$0.28
10/31/2012			\$0.05	\$0.00	(\$0.02)		(\$0.04)				-\$0.01	\$299.51	\$299.23	-\$0.28
11/30/2012			\$0.05	\$0.00	(\$0.03)		(\$0.03)				-\$0.01	\$299.50	\$299.22	-\$0.28
12/31/2012			\$0.05	\$0.00	(\$0.02)		(\$0.04)				-\$0.01	\$299.49	\$299.21	-\$0.28
1/31/2013			\$0.05	\$0.00	(\$0.03)		(\$0.03)				-\$0.01	\$299.48	\$299.20	-\$0.28
2/28/2013			\$0.05	\$0.00	(\$0.03)		(\$0.04)				-\$0.02	\$299.46	\$299.18	-\$0.28
3/31/2013			\$0.05	\$0.00	(\$0.03)		(\$0.03)				-\$0.01	\$299.45	\$299.17	-\$0.28
4/30/2013			\$0.05	\$0.00	(\$0.03)						\$0.02	\$299.47	\$299.19	-\$0.28
5/31/2013			\$0.05	\$0.00	(\$0.03)						\$0.02	\$299.49	\$299.21	-\$0.28
6/30/2013			\$0.05	\$0.00	(\$0.03)		(\$0.03)				-\$0.01	\$299.48	\$299.20	-\$0.28
7/31/2013			\$0.05	\$0.00	(\$0.03)						\$0.02	\$299.50	\$299.22	-\$0.28
8/31/2013			\$0.05	\$0.00	(\$0.03)						\$0.02	\$299.52	\$299.24	-\$0.28
9/30/2013			\$0.05	\$0.00	(\$0.03)						\$0.02	\$299.54	\$299.26	-\$0.28
10/31/2013	\$17.13		\$0.05	\$0.00	(\$0.03)						\$0.02	\$316.69	\$316.41	-\$0.28
11/30/2013			\$0.05	\$0.00	(\$0.03)						\$0.02	\$316.71	\$316.43	-\$0.28
12/31/2013			\$0.05	\$0.00	(\$0.03)						\$0.02	\$316.73	\$316.45	-\$0.28
1/31/2014			\$0.05	\$0.00	(\$0.03)						\$0.02	\$316.75	\$316.47	-\$0.28
2/28/2014			\$0.05	\$0.00	(\$0.03)						\$0.02	\$316.77	\$316.49	-\$0.28
3/31/2014			\$0.05	\$0.00	(\$0.03)						\$0.02	\$316.79	\$316.51	-\$0.28
4/30/2014			\$0.05	\$0.00	(\$0.03)						\$0.02	\$316.81	\$316.53	-\$0.28
5/31/2014			\$0.05	\$0.00	(\$0.03)						\$0.02	\$316.83	\$316.55	-\$0.28
6/30/2014			\$0.05	\$0.00	(\$0.03)						\$0.02	\$316.85	\$331.15	\$14.30
7/31/2014	\$16.39		\$0.06	\$0.00	(\$0.03)						\$0.03	\$333.27	\$332.99	-\$0.28
8/31/2014	\$1.72		\$0.06		(\$0.03)						\$0.03	\$335.02	\$334.74	-\$0.28
9/30/2014	\$1.66		\$0.06		(\$0.03)						\$0.03	\$336.71	\$336.43	-\$0.28
10/31/2014	\$1.35		\$0.06		(\$0.03)						\$0.03	\$338.09	\$337.81	-\$0.28
11/30/2014	\$1.39		\$0.06		(\$0.03)						\$0.03	\$339.51	\$339.23	-\$0.28
12/31/2014	\$1.39		\$0.11		(\$0.03)						\$0.08	\$340.98	\$340.70	-\$0.28
1/31/2015	\$1.30		\$0.09		(\$0.03)						\$0.06	\$342.34	\$342.06	-\$0.28
2/28/2015	\$1.55		\$0.05		(\$0.03)						\$0.02	\$343.91	\$343.63	-\$0.28
3/31/2015	\$1.03		\$0.06		(\$0.03)						\$0.03	\$344.97	\$344.69	-\$0.28
4/30/2015	\$0.90		\$0.06		(\$0.03)						\$0.03	\$345.90	\$345.62	-\$0.28
5/31/2015	\$0.92		\$0.05		(\$0.03)						\$0.02	\$346.84	\$346.56	-\$0.28
6/30/2015	\$0.89		\$0.06		(\$0.03)						\$0.03	\$347.76	\$347.48	-\$0.28
7/31/2015	\$1.03		\$0.06	\$0.00	(\$0.03)						\$0.03	\$348.82	\$348.54	-\$0.28
8/31/2015	\$1.23		\$0.06		(\$0.03)	\$0.00	\$0.00	\$0.00			\$0.03	\$350.08	\$349.80	-\$0.28
9/30/2015	\$1.29		\$0.05	\$0.00	(\$0.03)	\$0.00	\$0.00	\$0.00			\$0.02	\$351.39	\$351.11	-\$0.28
10/31/2015	\$1.20		\$0.06	\$0.00	(\$0.03)	\$0.00	\$0.00	\$0.00			\$0.03	\$352.62	\$352.34	-\$0.28
11/30/2015	\$0.96		\$0.06	\$0.00	(\$0.03)	\$0.00	\$0.00	\$0.00			\$0.03	\$353.61	\$353.33	-\$0.28
12/31/2015	\$0.88		\$0.06	\$0.00	(\$0.03)	\$0.00	\$0.00	\$0.00			\$0.03	\$354.52	\$354.24	-\$0.28
1/31/2016	\$0.55		\$0.06	\$0.00	(\$0.03)	\$0.00	\$0.00	\$0.00			\$0.03	\$355.10	\$354.82	-\$0.28
2/22/2016	\$0.76		\$0.06	\$0.00	(\$0.03)	\$0.00	\$0.00	\$0.00			\$0.03	\$355.89	\$355.61	-\$0.28
3/22/2016	\$1.02		\$0.06	\$0.00	(\$0.03)	\$0.00	\$0.00	\$0.00			\$0.03	\$356.94	\$356.66	-\$0.28
4/20/2016	\$0.80		\$0.06	\$0.00	(\$0.03)	\$0.00	\$0.00	\$0.00			\$0.03	\$357.77	\$357.49	-\$0.28
5/23/2016	\$0.46		\$0.06	\$0.00	(\$0.03)	\$0.00	\$0.00	\$0.00			\$0.03	\$358.26	\$357.98	-\$0.28
6/22/2016	\$0.40		\$0.06	\$0.00	(\$0.03)	\$0.00	\$0.00	\$0.00			\$0.03	\$358.69	\$358.41	-\$0.28
7/31/2016	\$0.56		\$0.06	\$0.00	(\$0.03)	\$0.00	\$0.00	\$0.00			\$0.03	\$359.28	\$359.00	-\$0.28
<b>Total</b>											\$17.50			

**Total Deposited**                    **\$341.50**

**Interest and Fees**                    **\$17.50**

**Exhibit J**  
**Unit AY115 Escrow Account Reconciliation**  
**VGOB 01-0821-0917**

CNX Deposit Information		
Check Date	Check Number	Total
<b>Total</b>		<b>\$359.00</b>
<b>July 2016 First Bank and Trust Balance</b>		<b>\$359.28</b>
<b>Difference</b>		<b>-\$0.28</b>

Escrow Bank Data													Running Balance	Difference
Date	Escrow Royalty Deposits	Income	\$ Mktet Int	CDARS Int	Fees	Distributions	Audit Costs	Corrections	Gain/Loss	Royalty Bonus	Total Int. and Fees	Bank Balance		

VIRGINIA: IN THE CIRCUIT COURT OF RUSSELL COUNTY

H.C. BOSTIC COAL COMPANY, INC.,

Plaintiffs,

v.

Case No.: CL 16-324

THE UNKNOWN HEIRS,  
ASSIGNS AND SUCCESSORS OF  
JOSEPH L. STROUTH,

Defendants.

#### FINAL ORDER

Came on this 4<sup>th</sup> day of May, 2016, the Plaintiff, by counsel, upon a Motion for Judgment, pursuant to Virginia Code Section 8.01-184, upon the appointment and appearance of Katie Crabtree, Esquire, as Guardian ad Litem for the unknown heirs, assigns, and successors of Joseph L. Strouth; upon the entry of a Certificate of Compliance by the Lebanon News with an Order of Publication previously entered herein, the same was argued

It appearing from the evidence and argument that Plaintiff, H.C. Bostic Coal Company, Inc., is the owner of real property in Russell County by instrument dated October 25, 1974, and of record in the Russell County Circuit Court Clerk's Office in Deed Book 250, Page 645; that Plaintiff owns the property referenced in fee, with the exception of surface conveyed to Tivis and Annis Hubbard by deed of conveyance dated July 25, 1997, and of record in the Russell County Circuit Clerk's Office at Deed Book 463, Page 843; that

a portion

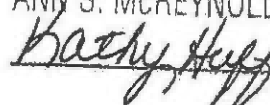
of Plaintiff's boundary described above was pooled as Tract 4 of Unit AY-115 (VGOB Docket No. 01-0821-0917), Tract 4 of Unit AZ-114 (VGOB Docket No. 03-0819-1167), and Tract 4 of Unit AZ-115 (VGOB Docket No. 02-0521-1028); that no reservation of the gas estate is contained within Plaintiff's vesting deed dated October 25, 1974, and of record in the Russell County Circuit Court Clerk's Office in Deed Book 250, Page 660.

Upon consideration thereof, it is ADJUDGED, ORDERED, and DECREED that Plaintiff, H.C. Bostic Coal Company, Inc., being the owner of the subject property in fee, with the exception of the surface having been previously conveyed as setout above, is the owner of the gas estate relative to said tract, including, but not limited to, those portions of said parcel identified as Tract 4 of Unit AY-115 (VGOB Docket No. 01-0821-0917), Tract 4 of Unit AZ-114 (VGOB Docket No. 03-0819-1167), and Tract 4 of Unit AZ-115 (VGOB Docket No. 02-0521-1028).

There appearing nothing further to be done in this matter, the Guardian ad Litem shall be awarded a fee of \$300.00, and the Clerk is directed to strike this matter from the active docket of the Court, forwarding a certified copy of this order to counsel of record.

Given under my hand this 4<sup>th</sup> day of MAY, 2016.

  
JUDGE

A COPY TESTE  
ANN S. McREYNOLDS, CLERK  
 D. CLERK

Name of Conflicting Claimant:

Unit: (Tract): AV-112 (Tract 2); AV-113 (Tract 3); AW-112 (Tract 1); AW-113 (Tract 1)  
AY-115 (Tract 4); AZ-114 (Tract 4); AZ-115 (TRACT 4)

**AFFIDAVIT PURSUANT TO VA. CODE § 45.1-361.22**

1. My name is Wayne Bostic, President of NC Bostic Coal Company, Inc
2. I am over the age of eighteen and able to make the statements in this affidavit.
3. I am attaching a W-9 to this affidavit with my correct social security number and current address.
4. As of the date set forth below, I am a lawful owner of the coalbed methane interests in the above referenced unit and tracts, and described or referenced in the attached Order or Agreement and affirm the Order or Agreement and the contents therein.
5. I swear and/or affirm that the information set forth above and in the attached W-9 is true and accurate.
6. Terrence Shea Cook is my authorized attorney in fact to receive for distribution on my behalf all funds held in escrow by the VGOB.

Dated this 3rd day of this month June  
and year 2016

Wayne Bostic Pres

Name:  
Address:

PO Box 220  
Swords CREEK VA  
24649

COMMONWEALTH OF VIRGINIA )

CITY/COUNTY OF Tazewell ) to-wit:  
)

On this 3rd day of June 2016 appeared before me Wayne Bostic, who being first duly sworn, stated that the foregoing is true and correct to the best of his knowledge, information and belief.

Carolyn Horton

Notary Public

My Commission Expires: 6-30-16

