

BEFORE THE VIRGINIA GAS AND OIL BOARD

PETITIONER: CNX Gas Company LLC

DIVISION OF GAS AND OIL

DOCKET NO: VGOB 92-0721-0243-04

RELIEF SOUGHT: (1) DISBURSEMENT FROM ESCROW REGARDING TRACT(S) 3A, 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: February 21, 2017

DRILLING UNIT: V20

BUCHANAN 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 Tracts 3A & 4, as depicted upon the annexed table. (Inactive Account - Royalties currently being paid under VP8SGU1, Docket #VGOB 95-1024-0526).

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)

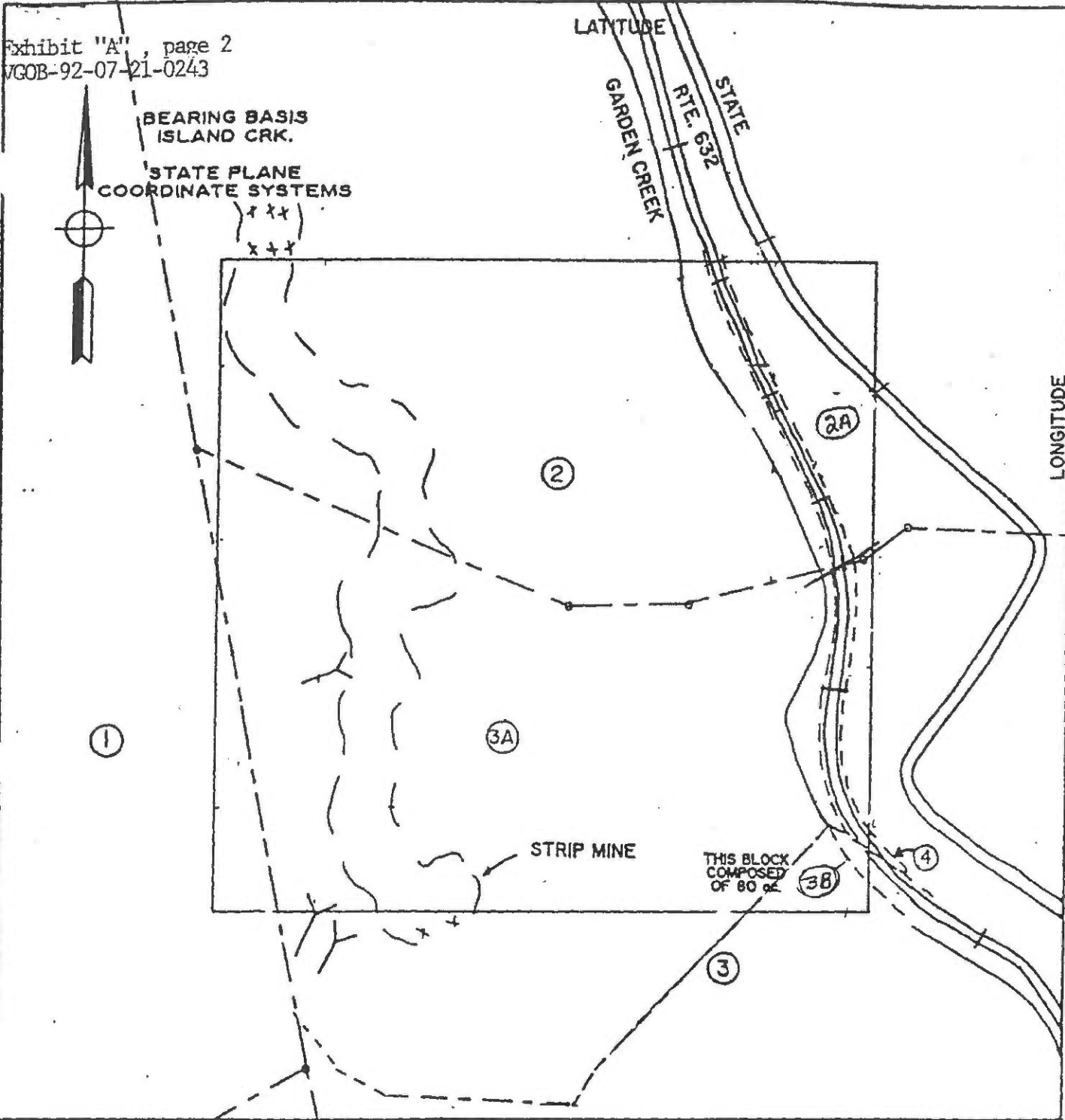
Coalbed Methane

5. Factual basis for relief requested

W.S. Ellis Heirs, Devisees, Successors or Assigns, c/o James Huffman, Agent is entitled to 100% of the CBM royalties awarded under Case No. 12-294, Opinion dated March 10, 2015. 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.

6. Attestation

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



WELL LOCATION PLAT

COMPANY OXY USA INC. WELL NAME and No. UNIT V-20/B
 TRACT No. NA ELEVATION NA QUADRANGLE VANSANT-KEEN MTN.
 COUNTY BUCHANAN DISTRICT GARRETT-HURRICANE SCALE: 1"=400' DATE 6/4/92

THIS PLAT IS A NEW PLAT RE-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.

HORACE C. VAN METER
 7219
 H.C. Van Meter
 LICENSED PROFESSIONAL SURVEYOR

LICENSED PROFESSIONAL SURVEYOR OR LICENSED LAND SURVEYOR

(Affix Seal)

Well Plat Legend
Property and Lease Information
Well Unit -- V-20

1. Coal Landon R. Wyatt, Jr., Wayles R. Harrison, Jr.,
 Trustees. Big Axe Tract 32
 Oil & Gas Dianna L. Graham
 Oil & Gas Lessee No Lease of record.
 Coal Lessee Island Creek Coal Company
 Permac, Inc.
 Coalbed Methane Lessee Buchanan Production Company

1 = 2.71% - 2.17 Acres

2. Coal, Oil & Gas Yukon Pocahontas Coal Company, et al.
 BVP 116
 Oil & Gas Lessee Cabot Oil & Gas Corporation
 Coal Lessee Island Creek Coal Company
 Permac, Inc.
 Coalbed Methane Lessee Buchanan Production Company

2 = 44.11% - 35.29 Acres

3. Coal Hugh Macrae Land Trust, Tract 11
 Oil & Gas Permac, Inc.
 Oil & Gas Lessee No Lease of Record
 Coal Lessee Consolidation Coal Company
 Island Creek Coal Company
 Permac, Inc.
 Coalbed Methane Lessee Pocahontas Gas Partnership

3 = 1.34% - 1.07 Acres

- 3A. Coal Hugh Macrae Land Trust, Tract 11
 Oil & Gas W. S. Ellis, Heirs
 Oil & Gas Lessee No Lease of Record
 Coal Lessee Consolidation Coal Company
 Island Creek Coal Company
 Permac, Inc.
 Coalbed Methane Lessee Pocahontas Gas Partnership

3A = 47.07% - 37.65 Acres

- 3B. Coal, Oil & Gas Norfolk & Western Railroad
 Oil & Gas Lessee No Lease of Record
 Coal Lessee Island Creek Coal Company
 Coalbed Methane Lessee No Lease of Record

3B. 0.23% - 0.18 Acres

- 3C. Coal Hugh Macrae Land Trust, Tract 11
 Oil & Gas Gaston Cook, Heirs
 Oil & Gas Lessee No Lease of Record
 Coal Lessee Consolidation Coal Company
 Island Creek Coal Company
 Permac, Inc.
 Coalbed Methane Lessee Pocahontas Gas Partnership

3C. 1.41% - 1.14 Acres

4. Coal Norfolk & Western Railroad
 Oil & Gas W. S. Ellis, Heirs
 Oil & Gas Lessee No Lease of Record
 Coal Lessee Island Creek Coal Company
 Coalbed Methane Lessee No Lease of Record

4 = 3.13% - 2.50 Acres

Exhibit E
Unit V-20
Docket #VGOB 92-0721-0243-04
List of Respondents that require escrow

| Net Acres in Unit | Interest in Unit | Division of 3 - Panel 1.116% | Division of 4 - Panel 6.250% | Division of 5 - Panel 5.076% |
|----------------------|---------------------|------------------------------------|------------------------------------|------------------------------------|
|----------------------|---------------------|------------------------------------|------------------------------------|------------------------------------|

Escrowing No Longer Required

Exhibit EE
Unit V-20
Docket #VGOB 92-0721-0243-04
List of Respondents with Royalty Split Agreements/Court Orders/HB2058

| | Net Acres in Unit | Interest in Unit | Division of 3 - Panel 1.116% | Division of 4 - Panel 6.250% | Division of 5 - Panel 5.076% | Percent of Escrow | |
|--|---|----------------------------------|------------------------------------|------------------------------------|------------------------------------|----------------------|-----|
| <u>Tract #1 - 2.17 acres</u> | | | | | | | |
| <u>COAL OWNERSHIP</u> | | | | | | | |
| (1) | H-W Financial, LLC P.O. Box 11000 Danville, VA 24543 | 2.17 acres | 2.7125% | 0.030% | 0.170% | 0.138% | n/a |
| <u>OIL & GAS OWNERSHIP</u> | | | | | | | |
| (1) | Dianna Graham P. O. Box 255 Aylett, VA 23009 | 2.17 acres | 2.7125% | 0.030% | 0.170% | 0.138% | n/a |
| <u>Tract #3 - 1.07 acres</u> | | | | | | | |
| <u>COAL OWNERSHIP</u> | | | | | | | |
| (1) | Hugh MacRae Land Trust c/o Alan Siegel Esq. Gump, Strauss, Akin LLP 1 Bryant Park New York, NY 10036-6715 | 1.07 acres | 1.3375% | 0.015% | 0.084% | 0.068% | n/a |
| <i>By Assignment and Bill of Sale, HMLT devised all of its right, title and interest (other than "Excluded Assets") to Torch Energy Advisors Inc. effective September 4, 1991 and recorded in Buchanan County under DB474 / PG384.</i> | | | | | | | |
| Torch Oil & Gas Company c/o Sue Ann Craddock 670 Dona Ana Road SW | | | | | | | |
| <i>Effective 2/1/11, Torch Oil & Gas Company assigned a 2% ORRI to SAC Investments, L.P.</i> | | | | | | | |
| <i>Effective 3/31/14, Torch Oil & Gas Company, et al. assigned and conveyed 10% of its right, title and interest to Rockport Oil & Gas, L.L.C. In addition, Torch Oil & Gas Company, et al. assigned and conveyed the remaining 90% of its right, title and interest to Chisos, Ltd.</i> | | | | | | | |
| | Rockport Oil & Gas L.L. PO Box 847 Houston, TX 77001 | 0.11 acres 1/10 of 1.07 acres | 0.1338% | 0.001% | 0.0084% | 0.0068% | n/a |
| | Chisos, LTD 670 Dona Ana Road SW Deming, New Mexico 88030 | 0.96 acres 9/10 of 1.07 acres | 1.2038% | 0.013% | 0.0752% | 0.0611% | n/a |
| <u>OIL & GAS OWNERSHIP</u> | | | | | | | |
| (1) | CNX Gas Company LLC PO Box 643830 Pittsburgh, PA 15264-3830 <i>Previously Consolidation Coal Company</i> | 1.07 acres | 1.3375% | 0.015% | 0.084% | 0.068% | n/a |
| <u>Tract #3A - 37.65 acres</u> | | | | | | | |
| <u>COAL OWNERSHIP</u> | | | | | | | |
| (1) | Hugh MacRae Land Trust c/o Alan Siegel Esq. Gump, Strauss, Akin LLP 1 Bryant Park New York, NY 10036-6715 | 37.65 acres | 47.0625% | 0.525% | 2.941% | 2.389% | |
| <i>By Assignment and Bill of Sale, HMLT devised all of its right, title and interest (other than "Excluded Assets") to Torch Energy Advisors Inc. effective September 4, 1991 and recorded in Buchanan County under DB474 / PG384.</i> | | | | | | | |

Exhibit EE
Unit V-20
Docket #VGOB 92-0721-0243-04
List of Respondents with Royalty Split Agreements/Court Orders/HB2058

| | Net Acres in Unit | Interest in Unit | Division of 3 - Panel 1.116% | Division of 4 - Panel 6.250% | Division of 5 - Panel 5.076% | Percent of Escrow |
|--|----------------------|---------------------|------------------------------------|------------------------------------|------------------------------------|----------------------|
|--|----------------------|---------------------|------------------------------------|------------------------------------|------------------------------------|----------------------|

Torch Oil & Gas Company
c/o Sue Ann Craddock
670 Dona Ana Road SW

Effective 2/1/11, Torch Oil & Gas Company assigned a 2% ORRI to SAC Investments, L.P.

Effective 3/31/14, Torch Oil & Gas Company, et al. assigned and conveyed 10% of its right, title and interest to Rockport Oil & Gas, L.L.C. In addition, Torch Oil & Gas Company, et al. assigned and conveyed the remaining 90% of its right, title and interest to Chisos, Ltd.

| | | | | | | |
|---|------------------------------------|----------|--------|---------|---------|-----|
| Rockport Oil & Gas L.L. PO Box 847 Houston, TX 77001 | 3.77 acres 1/10 of 37.65 acres | 4.7063% | 0.053% | 0.2941% | 0.2389% | n/a |
| Chisos, LTD 670 Dona Ana Road SW Deming, New Mexico 88030 | 33.89 acres 9/10 of 37.65 acres | 42.3563% | 0.473% | 2.6473% | 2.1500% | n/a |

OIL & GAS OWNERSHIP

| | | | | | | |
|--|-------------|----------|--------|--------|--------|-------------------------|
| (1) W.S. Ellis Heirs, Devisees, Successors or Assigns c/o James W. Huffman, Agent 296 Timberleaf Beavercreek, OH 45430 | 37.65 acres | 47.0625% | 0.525% | 2.941% | 2.389% | 93.7733% Court Order |
|--|-------------|----------|--------|--------|--------|-------------------------|

*Prevailing plaintiff under Case No. 12-294
Awarded 100% of the CBM royalty.*

Tract #3C - 1.14 acres

COAL OWNERSHIP

| | | | | | | |
|---|------------|---------|--------|--------|--------|-----|
| (1) Hugh MacRae Land Trust c/o Alan Siegel Esq. Gump, Strauss, Akin LLP 1 Bryant Park New York, NY 10036-6715 | 1.14 acres | 1.4250% | 0.016% | 0.089% | 0.072% | n/a |
|---|------------|---------|--------|--------|--------|-----|

By Assignment and Bill of Sale, HMLT devised all of its right, title and interest (other than "Excluded Assets") to Torch Energy Advisors Inc. effective September 4, 1991 and recorded in Buchanan County under DB474 / PG384.

Torch Oil & Gas Company
c/o Sue Ann Craddock
670 Dona Ana Road SW

Effective 2/1/11, Torch Oil & Gas Company assigned a 2% ORRI to SAC Investments, L.P.

Effective 3/31/14, Torch Oil & Gas Company, et al. assigned and conveyed 10% of its right, title and interest to Rockport Oil & Gas, L.L.C. In addition, Torch Oil & Gas Company, et al. assigned and conveyed the remaining 90% of its right, title and interest to Chisos, Ltd.

| | | | | | | |
|---|----------------------------------|---------|--------|---------|---------|-----|
| Rockport Oil & Gas L.L. PO Box 847 Houston, TX 77001 | 0.11 acres 1/10 of 1.14 acres | 0.1425% | 0.002% | 0.0089% | 0.0072% | n/a |
| Chisos, LTD 670 Dona Ana Road SW Deming, New Mexico 88030 | 1.03 acres 9/10 of 1.14 acres | 1.2825% | 0.014% | 0.0802% | 0.0651% | n/a |

OIL & GAS OWNERSHIP

| | | | | | | |
|---|------------|---------|--------|--------|--------|--|
| (1) Gaston Cook Heirs, Devisees, Successors or Assigns | 1.14 acres | 1.4250% | 0.016% | 0.089% | 0.072% | |
|---|------------|---------|--------|--------|--------|--|

Exhibit EE
Unit V-20
Docket #VGOB 92-0721-0243-04
List of Respondents with Royalty Split Agreements/Court Orders/HB2058

| | Net Acres in Unit | Interest in Unit | Division of 3 - Panel 1.116% | Division of 4 - Panel 6.250% | Division of 5 - Panel 5.076% | Percent of Escrow |
|---|-----------------------------------|---------------------|------------------------------------|------------------------------------|------------------------------------|----------------------|
| (a) Mary Ann Bartram 5321 Leavers Ct Rosedale, MD 21237-4953 | 0.114 acres 1/10 of 1.14 acres | 0.1425% | 0.002% | 0.009% | 0.007% | <i>n/a</i> |
| (b) Thelma Jean Kline 3707 Overview Drive Fredericksburg, VA 22408 | 0.114 acres 1/10 of 1.14 acres | 0.1425% | 0.002% | 0.009% | 0.007% | <i>n/a</i> |
| (c) Harold V. Cooke P.O. Box 305 Oakwood, VA 24631 | 0.114 acres 1/10 of 1.14 acres | 0.1425% | 0.002% | 0.009% | 0.007% | <i>n/a</i> |
| (d) Leslie K. Cook 6086 Douneray Loop Crystal River, FL 34429 | 0.114 acres 1/10 of 1.14 acres | 0.1425% | 0.002% | 0.009% | 0.007% | <i>n/a</i> |
| (e) Mamie K. Cook 140505 Watson Lane #1 Woodbridge, VA 22193 | 0.114 acres 1/10 of 1.14 acres | 0.1425% | 0.002% | 0.009% | 0.007% | <i>n/a</i> |
| (f) Robert B. Cook Heirs, Devisees, Successors, or Assigns | | | | | | |
| (f.1) Barbara Cook 132 Autumn Chase Road Lebanon, VA 24266-4545 | 0.114 acres 1/10 of 1.14 acres | 0.1425% | 0.002% | 0.009% | 0.007% | <i>n/a</i> |
| (g) Nancy C. Duty P.O. Box 816 Grundy, VA 24614 | 0.114 acres 1/10 of 1.14 acres | 0.1425% | 0.002% | 0.009% | 0.007% | <i>n/a</i> |
| (h) Betty Lawonne Gibson 2117 Old York Road York, SC 29745 | 0.114 acres 1/10 of 1.14 acres | 0.1425% | 0.002% | 0.009% | 0.007% | <i>n/a</i> |
| (i) Kathy Diane Murray 141 Pine Drive Mt. Airy, NC 27030 | 0.114 acres 1/10 of 1.14 acres | 0.1425% | 0.002% | 0.009% | 0.007% | <i>n/a</i> |
| (j) Francis C. Hinchee Stearns 14411 North Fairview Lane Woodbridge, VA 22191 | 0.114 acres 1/10 of 1.14 acres | 0.1425% | 0.002% | 0.009% | 0.007% | <i>n/a</i> |

Tract #4 - 2.50 acres

COAL OWNERSHIP

| | | | | | | |
|----------------------------------|------------|---------|--------|--------|--------|------------|
| (1) Norfolk Southern Corporation | 2.50 acres | 3.1250% | 0.035% | 0.195% | 0.159% | <i>n/a</i> |
|----------------------------------|------------|---------|--------|--------|--------|------------|

Royalties paid to:

Pocahontas Land Corporation
Treasurer, Pocahontas Land Corporation
P. O. Box 1517
Bluefield, WV 24701

OIL & GAS OWNERSHIP

| | | | | | | |
|--|------------|---------|--------|--------|--------|---------------------------------|
| (1) W.S. Ellis Heirs, Devisees, Successors or Assigns c/o James W. Huffman, Agent 296 Timberleaf Beavercreek, OH 45430 | 2.50 acres | 3.1250% | 0.035% | 0.195% | 0.159% | 6.2267% HB2058 |
|--|------------|---------|--------|--------|--------|---------------------------------|

VIRGINIA:

IN THE CIRCUIT COURT FOR BUCHANAN COUNTY

JAMES W. HUFFMAN, AGENT FOR THE)
HEIRS OF W.S. ELLIS)

Plaintiff,)

v.)

CNX GAS COMPANY, LLC,)

And)

Case No. 12-294

HUGH MACRAE LAND TRUST,)

And)

TORCH OIL AND GAS COMPANY, INC.,)
(FORMERLY KNOWN AS TORCH)
OPERATING COMPANY))

Defendants.)

CONSENT ORDER

Upon the representations of Defendant Torch Oil & Gas Company ("Torch"), by counsel, that:

a) it has no claim to coalbed methane on certain tracts of land in Buchanan County where gas operators and the Virginia Gas and Oil Board ("VGOB") have listed Torch and the Plaintiffs, Heirs of W.S. Ellis ("the Heirs"), as conflicting claimants to coalbed methane, due to the recent decision of the Supreme Court of Virginia, *Swords Creek Land Partnership v. Belcher*, Case No. 131590 (Sep. 12, 2014);

b) Torch has no knowledge of, and makes no representation as to, Plaintiffs' chain of title or claim of ownership of the gas interest other than as admitted or denied in response to Plaintiff's Complaints; and

c) Torch has no knowledge of, and makes no representation as to, James Huffman's assertion that he is acting as "agent" for the Heirs (see Torch's Responsive Pleading, dated March 29, 2013, requesting proof of agency).

And upon the evidence presented by the Heirs as to their ownership of the gas interests on the properties described in the complaints, and entitlement to any associated royalties; and with the consent of Defendants, Hugh-MacRae Land Trust; and for other good cause shown, it is therefore ADJUDGED and ORDERED:

a) Torch is not in conflict with the Heirs as to ownership of coalbed methane on those properties on which they had previously been listed as conflicting claimants in pooling orders issued by VGOB; and

b) that Heirs are therefore entitled to any royalties relating to the extraction of coalbed methane gas on those properties in which VGOB pooling orders have listed them as conflicting claimants with Torch to coalbed methane ("the Conflict Properties"), in proportion to their ownership interests in the gas estate on those real property tracts; and

c) upon petition to VGOB, any funds held in escrow attributable to the Heirs' ownership interests of coalbed methane in the Conflict Properties, on account of perceived conflict with Torch, shall be released to the Heirs; and

d) any future royalty amounts to which they may be entitled, based on this Order, shall be paid directly to them by any gas operator responsible for making such payments.

All other claims asserted by any party against the other(s) are denied, and this action is dismissed with prejudice to the Plaintiffs, Heirs, and Defendants as to any such other claims and made part of this Order, with each party to pay his/her/its own costs.


The Clerk is directed to forward a certified copy of the foregoing to all counsel of record, and to remove this matter from the active docket of this Court and to place the same among the ended actions before this Court.

Entered this 10th day of MARCH, 2015



JUDGE, CIRCUIT COURT OF
BUCHANAN COUNTY, VIRGINIA

REQUESTED:



Terrence Shea Cook
T. Shea Cook, P.C.
P.O. Box 507
Richlands, Virginia 24641
Counsel for Plaintiff

Seen:



J. Scott Sexton (VSB No. 29284)
Kathleen L. Wright (VSB No. 48945)
GENTRY LOCKE RAKES & MOORE, LLP
10 Franklin Road, SE, Suite 800
P.O. Box 40013
Roanoke, VA 24022-0013
Phone: (540) 983-9300
Fax: (540) 983-9400
sexton@gentrylocke.com
wright@gentrylocke.com
Counsel for Defendant Torch Oil & Gas Company



Hugh MacRae Land Trust, by
William B. Cocke, Jr., Esq.
Trustee, Hugh MacRae Land Trust
P.O. Box 606
Newland, NC 28647

NOT SUITED By order of 12-29-14

David Grant Altizer, Esq.
Altizer, Walk and White, PLLC
209 East Main Street
P.O. Box 30
Tazewell, VA 24651

James R. Creekmore, Esq.
Blair N.C. Wood, Esq.
The Creekmore Law Firm
318 N. Main Street
Blacksburg, VA 24060
Counsel for CNX Gas Company, LLC