

BEFORE THE VIRGINIA GAS AND OIL BOARD

APPLICANT: Pocahontas Gas LLC

DIVISION OF GAS AND OIL

DOCKET NO.: VGOB 26-0915-4331

RELIEF SOUGHT: MODIFICATION/MISCELLANEOUS

UNIT NUMBER: E-37

IN THE OAKWOOD COALBED METHANE GAS FIELD II

BUCHANAN COUNTY, VIRGINIA

**APPLICATION TO MODIFY POOLING ORDER ENTERED IN RE
DRILLING UNIT E37
AND FOR MISCELLANEOUS RELIEF**

1. **Applicant and its counsel:** Applicant is Pocahontas Gas LLC, 1825 Front Street, Ste 104, Richlands, Virginia 24641. Applicant's counsel is Mark A. Swartz, Hilliard & Swartz, LLP, 124 Capitol St., Ste. 201, Charleston, West Virginia 25301

2. **Factual Basis:**

The Board pooled Drilling Unit E-37 by its Decision of April 19, 2026, and Pooling Order entered on June 8, 2026 in VGOB 25-1021-4323. The Board appointed Diversified Production as designated operator of this unit. The Board provides that persons who choose to participate as operators are required to make an election within 30 days of receipt of the Order. The Order further provides that persons electing to participate pay their share of the actual and reasonable costs of the well development contemplated by the Order, and that if they fail to do so within the prescribed 45-day payment period their election is of no consequence and it defaults to deemed to have been leased or non-participation.

Pocahontas is the designated operator of Units E38, F36, F37, and F38; it is the operator of voluntary units E39, E40, F39, and F40. All wells producing gas from Panel 19 East are/will be Pocahontas Gas Gob wells. Under the express terms of the Board's E37 Order, persons who want to participate are required to pay Diversified the result obtained by multiplying their DOI in panel 19 East times Diversified's "Completed-for- Production-Cost". Diversified's "actual and reasonable well costs" for wells producing gas from Panel 19 are \$0.00—not \$3,578,385.00.

3. **Issues:**

The pooled parties in E37 who receive an allocation of production from the Pocahontas' wells will receive royalty under applicable Board Orders for force pooled parties and under the Oakwood II Field Rules for persons in voluntary units. Pooled parties in E37 cannot obtain a working interest in production from F row unit wells drilled and operated by Pocahontas Gas LLC under an E row Order designating Diversified as operator.

The E37 Order does not provide how royalty from F row gas well production is to be paid to E row royalty owners. Should it be paid directly by the F row operator, or should the F row operator pay the royalty to the E37 designated operator who then would distribute the royalties to owners?

In the event the Pocahontas' and Diversified's royalty interest owner acreages and DOI's in the Panel 19 East are not in agreement, how is that divergence to be resolved?

Panel 20 presents further issues. If we assume for the sake of argument that Diversified's Exhibit M numbers

for panel 20 are correct, Pocahontas will invest \$6,780,096 in wells in Panel 20. Should it also be required to subsidize Diversified's capital investment in its wells in other Panel 20 units to participate and obtain a working interest in all production from Panel 20 wells?

4. Relief requested:

- a. That the Board extend the 30-day election period for all Respondent's pending resolution of the foregoing issues;
- b. That the E37 Order be modified to inform pooled parties that participation, i.e., obtaining a working interest in Panel 19 production, cannot be obtained by paying Diversified;
- c. That the Board modify its Order to delete the Completed-for-Production- Costs attributed to and allegedly due Diversified as a condition precedent to obtaining a working interest in Panel 19 production;
- d. That the Board determine the Diversified/Pocahontas working interest/capital allocation in re their respective working interests in Panel 20;
- e. That the Board reconsider its decision to appoint multiple designated operators in the same long wall panel;
- f. That the Board specially address the payment of production royalties to owners in units where the payor is not the designated unit operator;
- g. That the Board address resolution of inconsistencies in acreages and DOI's when production is allocated and royalties are paid; and
- h. Such other relief as may be appropriate under the circumstances.

- 5. Attestation:** The foregoing application, to the best of my knowledge, information and belief, is true and correct.

Dated this 30th day of July 2026.

POCAHONTAS GAS LLC

By: Kelli Berry
Kelli Berry
Sr. Analyst—Pooling/Land Records/DOI
1825 Front Street, Suite 104
Richlands, VA 24641

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NOTICE OF HEARING

HEARING DATE: September 15, 2026
PLACE: Russell Co Government Center
Auditorium B115
139 Highland Drive
Lebanon, VA 24266
and via Teleconference
TIME: 10:00 AM

COMMONWEALTH OF VIRGINIA:

To: *N.J. Cole Heirs, including; Karen Hill Gough, Jeffrey Hill, Virginia May Rosser, Franklin Delano Cole, Donna Gail Cole, Pamela Joy Cole, Robert J. Mullins, Paul Cole, Jack Cole Heirs; Brenda Cole, Tony Cole, and Tammy Cole Viers, Tazewell Coal & Gas Company, LLC, Buchanan Energy Company, LLC and Diversified Production LLC.*

1. **Applicant and its counsel:** Applicant is **Pocahontas Gas LLC**, 1825 Front Street, Suite 104, Richlands, VA 24641. Applicant's counsel is Mark A. Swartz, Hilliard & Swartz, LLP, 124 Capitol Street, Suite 201, Charleston, WV 25301.
2. **Relief sought:** See attached Application.
3. **Proposed provisions of order:** See attached Application.
4. **Legal Authority:** Va. Code Ann. §45.2-1600 et seq. 4 VAC 25-160-10 et seq. and relevant Virginia Gas and Oil Board Orders heretofore promulgated pursuant to law including OGCB 3-90; VGOB-91-1119-162; VGOB 92/02/16-0336; and VGOB 93/03/16-0349.
5. **Type of well(s):** Coalbed methane gob well allocated production.
6. **Your interest or claim sought to be affected by this Application pertains to coalbed methane gas.**
7. **Attestation:** The foregoing application to the best of my knowledge, information, and belief is true and correct.

NOTICE IS FURTHER GIVEN that this cause has been set for hearing and the taking of evidence before the Board at 10:00 AM, on **September 15, 2026**, at the Russell County Government Center, Auditorium B115, 139 Highland Drive, Lebanon, Virginia 24266, and that notice will be published as required by law and the Rules of the Board.

NOTICE IS FURTHER GIVEN that you may attend this hearing, with or without an attorney, and offer evidence or state any comments you have. For further information or a copy of the Application and Exhibits, either contact the Virginia Gas and Oil Board, State Oil and Gas

Inspector, Virginia Department of Energy, the Division of Gas and Oil, 3405 Mountain Empire Road, Big Stone Gap, VA 24219, 276/415-9700 or the Applicant at the address shown below.

DATED: July 30, 2026

POCAHONTAS GAS LLC

By: Kelli Berry

Kelli Berry

Sr Analyst– Pooling/Land Records/DOI

1825 Front Street, Suite 104

Richlands, VA 24641