BEFORE THE VIRGINIA OIL AND GAS CONSERVATION BOARD

APPLICANT:		LE RESOURCES ) TION, INC. )		
RELIEF SOUG	HT: POO	LING	CAUSE NO.	
LEGAL DESCR	IPTION:	HAYSI QUADRANGLE ) DICKENSON COUNTY (SEE EXHIBIT A FOR A MORE SPECIFIC DESCRIPTION.)		1

APPLICATION

1. Parties.

1.1 Applicant herein is Equitable Resources Exploration, Inc., whose address for the purposes hereof is Two Executive Park Place, 1989 East Stone Drive, Kingsport, Tennessee 37660, Telephone: (615) 378-5101. The attorneys for Applicant are Richard A. Counts, Post Office Box 298, Kingsport, Tennessee 37662-0298, Telephone: (615) 378-4999, and A. George Mason, Jr., Equitable Resources Exploration, Inc., Two Executive Park Place, 1989 East Stone Drive, Kingsport, Tennessee 37660, Telephone: (615) 378-5101.

1.2 Applicant is the owner of the right to develop and produce oil and gas from the Ravencliff, Maxon, Big Lime, Weir, Berea and other formations (for brevity, "Formations") underlying the Nora Field underlying the lands described on Exhibit "A" attached hereto and made a part hereof and to appropriate the oil and gas produced therefrom.

1.3 The names and last-known address of each well operator named as a party herein are set forth in Exhibit "B" attached hereto and made a part hereof. Each of the individuals named in Exhibit "B" is being made a party if living; if any such individual is deceased, then the unknown heirs, executors, administrators, devisees, trustees and assigns, both immediate and remote, of any such deceased individual are made parties herein.

P-478

Each of the entities listed in Exhibit "B" that is a corporation is being made a party if such entity continues to have legal existence, and if any such corporation is dissolved, then the unknown successors, trustees and assigns, both immediate and remote, of such dissolved corporation are made parties herein. Each of the entities listed in Exhibit "B" that is an unincorporated association is being made a party if such entity continues to have legal existence, and if any such unincorporated association is dissolved or otherwise not in existence, then the unknown successors, trustees and assigns, both immediate and remote, of such unincorporated association are made parties herein.

### 2. Allegation of Facts.

2.1 Applicant has proposed a plan of development and operation of the Formations underlying the Nora Field in the drilling unit involved herein (described on Exhibit "A" attached hereto and made a part hereof) and has proposed to commence such plan of development and operation of such unit by a well under such plan in the lands involved herein so as to produce oil and gas from such Field.

2.2 Applicant has exercised due diligence to locate each of the parties named herein and has made a bona fide effort to reach an agreement with such parties as to pooling their interests for the development and operation of the drilling unit involved herein. The parties named herein are well operators who have not agreed with Applicant to pool their interests for the development and operation of the drilling unit covered hereby. Therefore, the interests of such well operators

in the Formations underlying the Nora Field in the drilling unit involved herein should be pooled for the development and operation thereof.

3. <u>Legal Authority</u>. The relief sought by this Application is authorized by Va. Code Ann. § 45.1-302 or, in the alternative, § 45.1-322 (1988).

Relief Sought: Applicant requests the Oil and Gas 4 . Conservation Board to enter an order pooling the interests of the well operators in the Formations underlying the Nora Field in the drilling unit described in paragraph 2.1, above, and (I) authorizing the drilling and operation of a well for the production of oil and gas from the pooled acreage; (II) designating Applicant as the well operator authorized to drill and operate such well; (III) prescribing the time and manner in which all other well operators may elect to participate in the operation of such well or to exercise their rights of election under the applicable statutes; (IV) providing that all reasonable costs and expenses of drilling, completing, equipping, operating, plugging and abandoning such well shall be borne, and all production therefrom shared, by all participating operators in the proportion which the acreage in the pooled tracts owned or under lease to each participating operator bears to the total acreage in such unit; (V) providing to non-leasing landowners, if any, in such unit reasonable access to the unit records of the production and transportation of oil and gas collected or gathered by the Inspector; and (VI) making provision for the payment of all reasonable costs of the operation, including a reasonable supervision fee, by all operators who elect to be participating operators.

DATED this 27 day of December, 1988.

EQUITABLE RESOURCES EXPLORATION, INC.

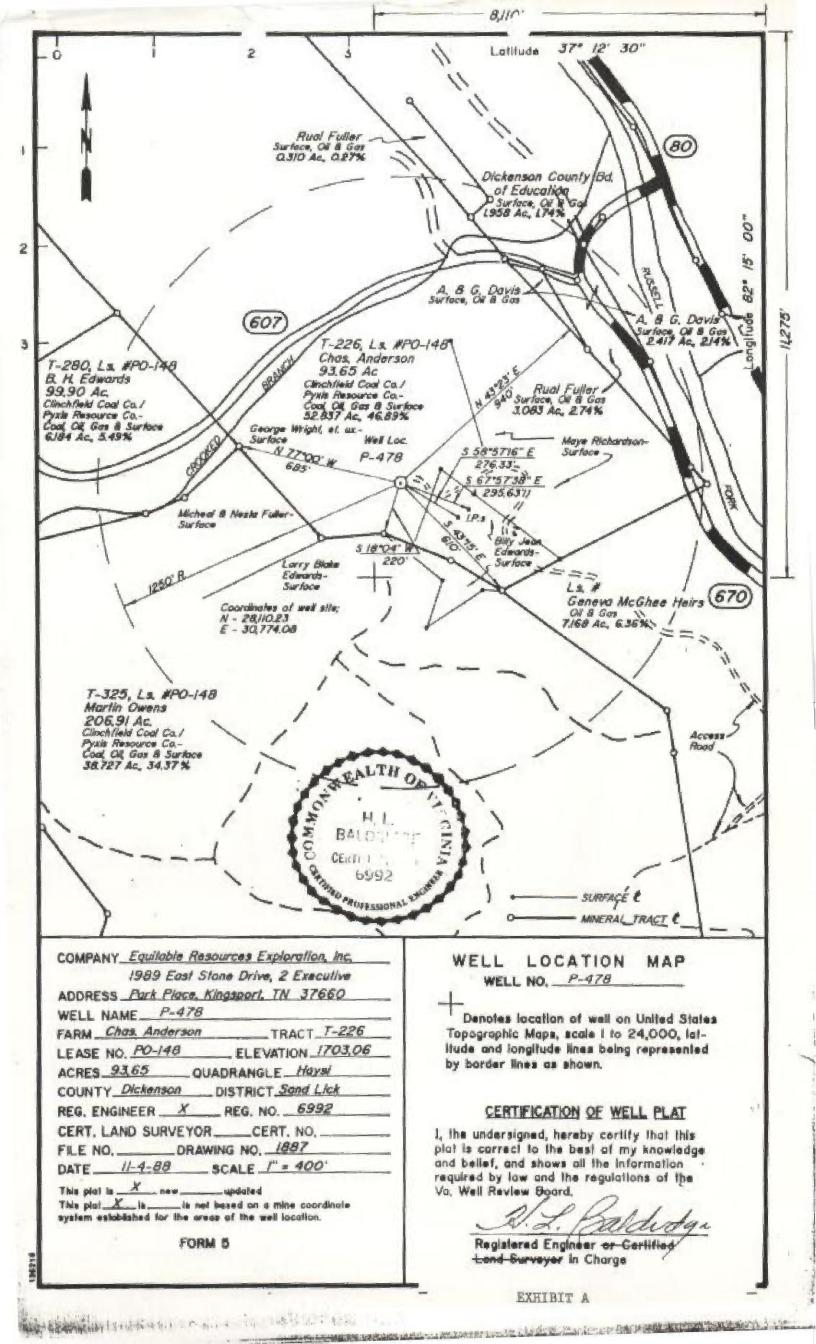
By: lou Richard A. Counts

COUNTS & McCLANAHAN Post Office Box 298 Kingsport, Tennessee 37662-0298 Telephone: (615) 378-4999

A. George Mason, Jr. Ulat " By:

EQUITABLE RESOURCES EXPLORATION, INC. Two Executive Park Place 1989 East Stone Drive Kingsport, Tennessee 37660 Telephone: (615) 378-5101

[regulat:pool-478.erx / taj 122788]



#### Tract 1:

Junior McGhee and Arbrites McGhee 622 North Street Richlands, VA 24641

Este Chapman and Leon Chapman Route 1 Swords Creek, VA 24649

John McGhee and Leatha McGhee 6545 East Ross Road New Carlisle, OH 45344

Dolly I. Wyatt 336 Black Eagle Road Mullens, WV 25882

William E. Guess and Barbara Guess 5732 Hamlet Cleveland, OH 44127

Betty Jean Arrell and Ray Arrell 1378 Nowella Street San Jose, CA 95122

Hazel Keen and Artemus Keen 1104 38th Street Baltimore, MD 21211

John D. Elkins and Mary Ann Elkins 1115 West 52nd Street Marion, IN 46953

Goldie M. Tool and William F. Tool 912 Oak Drive Gas City, IN 46933

Ivy L. Nance and William E. Nance P. O. Box 931 Zephyr Hill, FL 33599

Tony J. Stancato 138 Wrexham Avenue, S.W. Massilon, OH 44646

### Tract 2:

Artha Davis Box 101 Birchleaf, VA 24220

Gaynell Davis Star Route Box 101 Birchleaf, VA 24220

John James Davis 1480 Woodward Heights Apartment B-12 Hazel Park, MI 48030 Gaynell Davis Star Route Box 101 Birchleaf, VA 24220

George Ratliff, Jr. Route 2, Box 123 Haysi, VA 24256

Georgia Ann Arrington Route 2, Box 65 Broadway, VA 22815

Mary Maglene Macconi 9 Jefferson Avenue Pennsville, NJ 08070

Linda Lou Jones Route 2, Artwood Drive Athens, TN 37303

Lois June Barton 10760 Sarentago Street Oak Park, MI 48237

[regulat:p478.exb / taj 122788]

I

BEFORE THE VIRGINIA OIL AND GAS CONSERVATION BOARD

P-478

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RELIEF SOUGHT: POOLING				AUSE NO.
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DATED this 27 day of December, 1988.

EQUITABLE RESOURCES EXTLORATION, INC.

By: lou Richard Counts A.

COUNTS & MCCLANAHAN Post Office Box 298 Kingsport, Texnessee 37662-0298 Telephone: (615) 378-4999

By: Jr. lage 14 George Mason, A.

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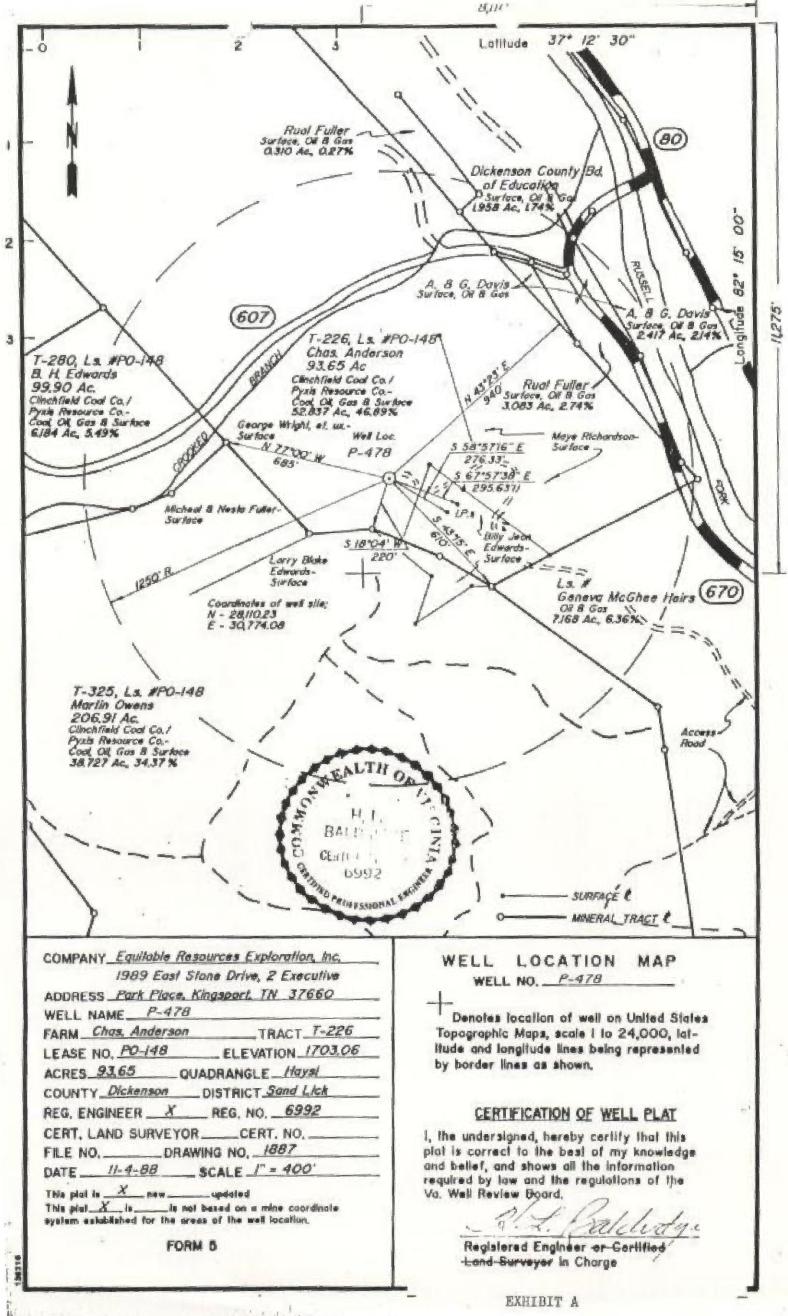


EXHIBIT B P-478

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Este Chapman and Leon Chapman Route 1

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[regulat:p478.exb / taj 122788]

Britton "MeGEE (Part of Geneva Mechan heres) (Check Driking pumit to zakhura) COUNTS & McCLANAHAN

ATTORNEYS AT LAW EXECUTIVE PARK PLACE 1999 E. STONE DRIVE, SUITE 304 KINGSPORT, TN 37660

RCHARD A. COUNTS ADMETED IN YA ELIZABETH A. MCCLANAHAN ADMITTED IN IX, TH. VA AND IXG ROBERT D. BROOKS ADMITTED IN IX AND IXG M. JUL MORGAN ADMITTED IN IN AND VA HELEN E. PHILLIPS ADMITTED IN IN, VA TIMOTHY E. SCOTT ADMITTED IN UX

1#kephona Areo, Code 615 376-4999

Telecopier Area Code 615 375 4097

December 27, 1988

Mr. Joseph Johnson, Chairman Virginia Oil and Gas Conservation Board c/o Mr. Byron T. Fulmer State Oil and Gas Inspector Department of Mines, Minerals and Energy Division of Gas and Oil P. O. Box 1416 Abingdon, VA 24210

Re: Application for Pooling Equitable Resources Exploration, Inc. Well No. P-478 Dickenson County, Virginia Our File No: 1546-MR-022

Dear Mr. Johnson:

Enclosed with this letter is an application for a pooling order with attached exhibits which we are hereby filing with the Oil and Gas Conservation Board on behalf of Equitable Resources Exploration, Inc. ("EREX"). The application seeks a pooling order for EREX Well No. P-478 in Dickenson County, Virginia.

I have also enclosed a photocopy of the application for a pooling order. I would appreciate your date-stamping this copy upon the date of its receipt by your office and returning the same to me.

Also enclosed with this letter is the application of EREX for a well work permit for Well No. P-478.

Mr. Byron Thomas Fulmer April 12, 1989 Page 3

The following is now a leased well operator:

 Britten E. McGhee, 20201 Tiremand Street, Detroit, MI 48228

Should you have any questions regarding this matter, please contact A. Lee Talbott, Land Administrator, at (615) 378-5101.

Sincerely, Rand 3. Marking

Rand E. Sterling Staff Attorney

RES/cm

Enclosures

cc: A. George Mason, Jr. A. L. Talbott

P 478 LETTER FULMER

	NO.	2820	:37	132		_	
		117	8141	EF)			
OIL	A	ND	G/	AS	LE.	AS	-
				ease			

FROM

Britten E. Moghee, a single man 2901 Old Hoff Drive, Muskegon, Michigan 49443

7.

1750	1.000	
	F 7.	

Equitable Resources Exploration, a division of Equitable Resources Energy Company, Two Executive Park Place, 1989 East Stone Drive, Kingsport, Tennessee 37660

DATE	May 5, 1988		
TERM	Five (5) Years		
NO. ACRES	39.52		
MAP LOCATION_	Sandlick		
STATE	Virginia		
COUNTY	Dickenson		
RECEIVED FOR RE	CORD		19
			19
IN BOOK		, PAGE	

STATE OF		
COUNTY OF		
h	· · · · · · · · · · · · · · · · · · ·	
	esaid, certify that	
	personally known to m	e to be the same person
whose name	subscribed to the foregoing instru	ument, appeared before me this day in person
in the State and County aforesaid, and and deed for uses and purposes therei	acknowledged and delivered the said instrument to be n set forth.	, act
Given under my hand this	day of	, A.D., 19
My commission expires		Notary Public
STATE OF		
In and for said county, in the state afor	esaid, certify that	
	personally known to m	e to be the same person
whose name	subscribed to the foregoing instru	ument, appeared before me this day in person
and deed for uses and purposes therei	acknowledged and delivered the said instrument to be n set forth.	
Given under my hand this	day of	A.D., 19
My commission expires		Notary Public

C	DILA	ND GA		SE	2426372 (63864 F
aroomont	90.000	后+ ba	1000	Mary	

This Agreement, made the \_\_\_\_\_ 5th

\_day of \_\_\_\_\_May

1988

between \_\_\_\_\_\_ Eritten E. McGhee, a single Man

2901 01d Hoff Dr., Muskegon, MI. 49443

Equitable Resources Exploration, a Division of Equitable Resources Company, Two Executive Pk. Pl., 1989 E. Stone Dr., Kingsport, Tn. 37660 hereinafter called Lessee

WITNESSETH: That the Lessor, in consideration of One Dollar (\$1.00), in hand paid by the Lessee, receipt of which is hereby acknowledged, and of the covenants and agreements hereinafter contained, hereby grants, demises, leases and lets unto the Lessee, its successors and assigns, all that certain fract of land hereinafter described, for the sole and only purpose, and with the exclusive right of operating for, producing and marketing oil and gas and all associated hydrocarbons and all products produced therewith or which may be derived therefrom; storing gas of any kind, regardless of the source thereof, in the oil and gas strata including the injecting of gas therein and removing the same therefrom; protecting stored gas; conducting geológical and geophysical aurveys and explorations; pooling or unitizing the leased premises or part thereof with other lands to form operating units for any or all of the purposes of this agreement; together with the right-of-way and servitudes for pipe lines, telephone and telegraph lines, structures, houses and buildings, and all other rights and privileges necessary, or deemed necessary, incident to or convenient for the economic operation of this land, and any other lands, the oil or gas rights in which, or the control thereof, Lessee now has or owns, or which may be hereafter acquired by Lesses, successor, or assigns, by any manner of conveyance or contract, for oil or gas and associated hydrocarbons with the right to use, tor such purposes, free of charge, oil, gas and water, produced from or on the premises, and with the right, but without obligation, either during or after the term hereof, to remove all and water, produced from or on the premises, and with the right, but without obligation, either during or after the term hereof, to remove all and water, produced from or on the premises, and with the right, but without obligation, either during or after the term hereof, to remove all and water, produced from or on the premises, and with the right, but without obligation,

Said land is situate in bounded and described as foll		ct Dickenson	County, State of <u>V1</u>	irginia
On the North by the lands of _	George Wrigh	t.		
On the East by the lands of	Donald K. Ow	ens and Holly Edwa	irds	
On the South by the lands of _	Vera Holbroo	lk		
On the West by the lands of	C.L. Frankie	Anderson and Tedd	ly B. Anderson	
On the waters of	Russell Fork	River		, containing
Thirty nine and 5	2/100		( 39,52	
including premises conveyed t	Leasor by Elbe	rt McGhee etals, a	and in reservations i	in a deed and
by intestate suce	ssion of Genev	a McGhee.		
			664	by deed

recorded in Deed Book 68 Page 234 Dickenson County/ Circuit Court Clerk's Office.

TO HAVE AND TO HOLD said lands and privileges for the said purposes for and during the period of \_\_\_\_\_\_\_

( 5 ) years from <u>May 5th</u> <u>19 88</u>, and for as long thereafter as the leased premises or other lands with which the leased premises or part thereof is pooled or unitized are operated in the search for or production of oil or gas, or as long as the same is used for underground storage of gas and the removal thereof, either through the operation of a well or wells on the above described tract of land or on tracts in the same storage field, or as long as said land is used for the protection of stored gas, alone or in conjunction with other lands, and in the event oil or gas is found in paying quantities and later becomes exhausted, this lease shall continue in force for one (1) year after all wells on the leased premises, or on the part or parts thereof pooled with other land or leases in the vicinity thereof, have been plugged in compliance with State and/or Federal Regulations, all with an extended term by payment of rentials as hereinafter set forth. It is expressly understood and agreed that the Leasee shall be the sole judge as to whether gas is being stored in said land, held in storage therein, or whether said land is being used for the protection of stored gas, and Leasee's determination thereof shall be final and conclusive.

Lessee agrees to commence a well on said premises on or before the <u>5th</u> day of <u>May</u> 19.89 or thereafter to pay the Lessor a delay rental at the rate of <u>two dollars and 00/100</u> (\$ 2.00 ) per acre per annum

or thereafter to pay the Lessor a delay rental at the rate of <u>two dollars and 00/100</u> (<u>\$ 2.00</u>) per acre per annum payable annually in advance, beginning <u>May 5th</u>, <u>1989</u>, until, but not after, a well yielding royalty to the Lessor is drilled and oil and/or gas is marketed therefrom or a storage well is completed under the terms hereol, or this lease surrendered. Any rental paid for time beyond the date oil, gas or associated hydrocarbons is first marketed or the date a storage well is completed shall be

credited upon the first royalty for oil and/or gas or the first payment for such storage well. When said land is used for the storage of gas (but there is no well on said land), or for the protection of gas storage on lands in the general vicinity, the Lessee covenants and agrees to pay to the Lessor, quarterly in advance, an annual storage rent of Two Dollars (\$2.00) per acre per annum until a well is completed or this lease is summedered.

Any rent paid for time beyond the date of completion of a well shall be credited upon the first royalty due upon the same.

The Lessee is hereby given the right to convert any gas well heretofore or hereafter drilled upon the leased premises to a gas storage well and at the time of conversion to storage, if gas is still being produced therefrom, Lessee shall pay Lessor for the estimated recoverable gas remaining in the well. In arriving at the volume of said recoverable gas, the Lessee shall use such methods of calculating gas reserves as are generally accepted by the natural gas industry, and the Lessor shall be paid therefor at the rate prescribed hereinafter.

Lessee is hereby given the right at its option, at any time from the date hereof while this agreement shall be in effect and from time to time within such period, to pool all or any part or parts of the leased premises or rights therein with any other land in the vicinity thereof, or with any lessehold, operating or other rights or interests in such other land to create units of such size and surface acreege as Lessee may desire, but containing not more than 640 acres plus 10% acreage tolerance. If at any time larger units are required under any then applicable law, rule, regulation or order of any governmental authority for the drilling, completion, or operation of a well, any such unit may be established or enlarged to conform to the size specified. Each unit may be created by governmental authority or by a written declaration-notice executed by Lessee and delivered to Lessor containing a description of the unit so created, specifying the mineral stratum or horizon so pooled, if so likelid. Any well which is commenced, or is drilled or is producing on any part of any lands theretofore or thereafter so pooled shall, except for the payment of royatties, be considered a well commenced, drilled, and producing on the lands hereby leased. There shall be allocated to the payment of royatties, be considered a well commenced, drilled, and producing on the lands hereby leased. There shall be allocated to the leased premises included in any pooling such proportion of the actual production from all lands so pooled as such portion of the leased premises, computed on an acreage basis, bears to the entire acreage of the lands so pooled. The production so ellocated shall be considered for the purpose of payment or delivery of royatity to be the entire production from the portion of the leased premises included in such pooling in the same manner as though produced from such portion under the terms of this lease. Each of said options may be exercised by Lessee from time to time, and a unit may be formed either before or after

It is agreed that said Lessee may drill or not drill on the leased premises as it may elect, and the consideration and rentals paid and to be paid constitute adequate compensation for such privilege.

As a royalty, Lessee agrees to deliver to the credit of Lessor, heirs or assigns, free of cost, into the tanks or pipe lines to which it may connect its well or wells, the equal one-eighth (1/8) part of all oil produced and saved from the leased premises; and the Lessee agrees to pay a royalty for all gas except stored gas and gas produced from the storage horizon or horizons produced, saved and marketed from the leased premises; and the Lessee agrees to pay a royalty for all gas except stored gas and gas produced from the storage horizon or horizons produced, saved and marketed from the leased premises at the rate of one-eighth (1/8) of the proceeds received by the Lessee at the well. Royalty payments shall constitute the entire consideration to Lessor for such gas including the gasoline and other content thereof. Lessor shall pay a proportionate part of all excise, depletion, privilege and production taxes now or hereafter levied, assessed or charged on oil or gas produced from said premises. It is agreed, however, that gas produced from any well or wells may be taken by Lessee for fuel in its operation on said premises, free of charge, but if other use be made of the gas from any oil well or gasoline extracted therefrom, then Lessee shall pay at the rate of Twenty-five Dollars (\$25.00) annually for the gas from each oil well while so utilized.

Lessee shall pay Three Hundred Dollars (\$300.00) per year in quarterly installments payable in advance for each well utilized or classified by the Lessee as a gas storage well, except that in the event said storage well payment is less than the Lessor would receive as rental, then the Lessee shall pay to the Lessor in addition, the difference between the storage well payment and the said rental payment. Lessee shall have the right to install and maintain on said premises all necessary equipment and appliances to do any and all other things as may be reasonably necessary for the purpose of utilizing said premises for the production and storage of gas, as well as the injection of gas therein and the removal of same therefrom.

When all wells, except gas storage wells, on said land are shut in by Lessee for a continuous period of thirty (30) days or longer, the Lessee shall pay to the Lessor a royalty, equal to and in lieu of the delay rental amount, annually, prorated on a monthly basis, payable monthly, guarterly, annually, or at the end of such shut in period; provided that a carrying rental is not being paid at that time.

All monies payable to Lessor hereunder may be paid by checks payable as follows: Britten E. McGhee

			-				
delivered in person or mailed to payee at	2901	010 Ho	ff Rd.	Muskegon,MI.	49443		

and the delivery of said checks or their deposit in the mail, properly stamped and addressed as above provided, shail constitute full payment of the amounts shown thereon.

If the Lessor does not have title to all the oil and gas under the above premises, Lessor agrees on demand made to refund rental and royalty paid, and release Lessee from the payment of future rental and royalty, in the proportion that the outstanding interest or title bears to the whole tract. If the acreage or area herein recited is in excess of the true quantity of land in aid premises, Lessor agrees upon demand made to refund rental paid and to release Lessee from the payment of future rental in the proportion that the excess of recited acreage over the true acreage in the lessed premises bears to the recited acreage. If the recited acreage or area be found to be less than the true quantity of land in said premises, Lessee, on demand made, shall pay up the arrears or deficiency in rental payments on the basis of the excess of the true over the said recited acreage and thereafter pay the rental under this lease on the basis of the true acreage.

In the event of the death of any person entitled or authorized, or who may hereafter be authorized or entitled hereunder to receive rental or royalty, the Lessor for himself, his heirs, personal representatives and assigns, covenants that notice in writing, executed by all of such heirs, representatives or assigns, shall be delivered to the Lessee, its successors or assigns, stating (1) the date of such death and the name or names of the person or persons succeeding to the right to receive such money, (2) the proportions in which said money is to be divided between said persons, and (3) the post office address of each of such persons; and until the receipt of such notice strictly conforming to the provisions hereof, the Lessee may withhold the payment of such rental or royalty without incurring any liability or prejudicing its rights under this lease; and in case a dispute arises at any time as to the amount of payments or the proper payee thereof. Lessee may withhold the same, without liability or interest on the money withheld, until the right thereto is determined either by written agreement between the disputing parties or by final order of a court of competent and final jurisdiction, in a suit to be lifed and prosecuted to judgment by and between the disputing parties, or, in an action of interpleader, instituted by Lessee or its assigns and until such agreement or certified copy thereof, or certified copy of such judgment be filed with Lessee, its successors or assigns.

In the event this lease or any part thereof or any rights thereunder shall be transferred by Lessor, heirs, personal representatives or assigns, Leasor, for himself, his heirs, personal representatives or assigns, covenants with Lessee, its successors and assigns, to furnish a certified copy of the recorded instrument by which said transfer shall be effected, together with a memorandum of the post office address of such transferee; and until such covenant shall be strictly compiled with all rental or royaity then or thereafter falling due may be withheld without rendering liable or projudicing the rights hereunder of Lessee, its successors or assigns.

If the leased premises are hereafter owned in severally or in separate tracts the premises, nevertheless, shall be developed and operated as an entirety, and royalties shall be paid to each separate owner in the proportion that the acreage owned by him bears to the entire leased acreage.

And it is hereby agreed that in the event this lease shall be assigned by Lessee as to a part or parts of the above described lands, and the privilege of assigning in whole or in part is expressly granted, and the assignee or assignees of such part or parts shall make default in the payment of the proportionate part of the rental due from him or them, such default shall not operate to defeat or affect this lease in so far as it covers a part or parts of said lands upon which the said Lessee or any assigns thereof shall make due payment of said rental; and in case this lease is assigned, in whole or in parts, all of Lessee's liabilities and obligations hereunder shall thereupon cease and terminate entirely, or as to the parts assigned, as the case may be, except as to such rental and royalty as is due and payable at the time of such assignment.

While gas is being produced from the said land under this lease, Lessor may have, by making his own connections at the well, two hundred thousand (200,000) cubic feet of free gas per year for the Lessor's use for domestic purposes in one dwelling house on said land so long as and while the Lessee shall operate the same, if they so long produce more gas than the Lessee may use in operation thereon. Any gas used by the Lessor in excess of the said two hundred thousand (200,000) cubic feet per year shall be paid for by the Lessor at the then applicable rate of the Lessee. Lessee shall designate the point of connection and furnish, install, maintain, and operate meter of standard make. Lesser will furnish, install, maintain, and operate three regulators of standard make and furhish all pipe and fittings necessary for the connection, all of which shall be of standard make and installed and maintained in a workmanlike manner and approved by Lessee as not westerial of gas, but without any obligation on its part to inspect or approve the maintained or construction of Lessor's installations. If, in the opinion of Lesser, Lessor's service line until such equipment is properly installed or repaired, without any liability to Lessor resulting from such stoppage. All gas shall be taken and used at Lessor's risk and expense. Lessee shall not be in any way liable for Lessor's failure or inability to obtain such gas on account of the use of pumping stations, breakage of lines, depletion or exhaustion of the well, or other causes of any nature. Lessor agrees to accept at any time, at the option of the Lessee, a cash payment of Two Hundred and No/100 (\$200.00) Dollars per annum, payable annually in advance, in full consideration and in lieu of the limited use of the gas as reserved above by the Lessor.

In the event detault shall be made by the Lessor in the prompt payment of any refund for rental or royalty which may become due and payable to the Lessee as hereinbefore provided, or in the prompt payment for gas used in excess of the free gas hereinbefore provided, then the Lessee shall have the right and privilege to deduct said amount or amounts from the rental or royalty thereafter accruing hereunder.

It is further agreed that no wells shall be drilled within two hundred (200) feet of the principal buildings upon said land except by mutual consent; that all pipe lines laid, except those used to conduct gas and water to drilling wells, shall be buried; and that the Lessee shall pay for all injury done to growing crops and fences in its operations hereunder.

It is further agreed that the Lesses, its successors or assigns, shall have the right to surrender this lease at any time upon the payment of One Dollar (\$1.00) and all amounts accrued hereunder to the date of said surrender, and upon such surrender the Lessee shall be relieved from further payment of rental or royalty and the performance of any other of the covenants contained herein. If this lease is placed upon record, the Lessee shall, when requested by Lessor upon Lessee's abandonment or surrender thereof, give to the Lessor a proper release duly acknowledged, and the Lessor agrees that the recordation of a deed of surrender, in general terms to the Lessor, his heirs, personal representatives, or assigns, in the proper county and deposit in the post office of a check payable as above provided for said last mentioned sum and all amounts then accrued hereunder, shall be and shall be accepted as full and legal surrender of the Lessee's rights under this lease.

It is expressly agreed between the parties that this instrument embraces the entire understanding and contract between the parties; and any agreements or representations, verbal or written, made by any person on behalf of either the Lessor or the Lesse not contained in this lease are unauthorized and do not bind the parties.

Notwithstanding anything to the contrary contained herein, this is a paid-up lease and rentals are due during the term contained herein, the rental paragraph is completed for 10 the payment of shut-in gas royalty, should the shut-in gas royalty become payable. IN TESTIMONY WHEREOF, the parties hereto have signed their respective names as of the day and date first herein written. WITNESSES: LESSORS: Britten E. Mcghee SS# Initter Ŧ This instrument prepared by: DV! A. GARL .KR3 AND Michigan O. BOX 156 P.) STATE OF NORTON, VA 24273 COUNTY OF Muskenn notary public Dip 9 Britten E. McGhee, a single man in and for said county, in the state aforesaid, certify that 18 personally known to me to be the same person \_ \_ subscribed to the foregoing instrument, appeared before me this day in person whose name \_ is in the State and County aforesaid, and acknowledged and delivered the said instrument to be \_\_\_\_\_ his and deed for uses and purposes therein set forth. 5th most 89 Given under my hand this \_ A.D. 19 day of My commission expires DARCY & DIOT Notary Public Notary Public, Kent Co. Acting Muskegon Co. Mi. Commission Expires Feb. 26, 1991 STATE OF COUNTY OF 1. in and for said county, in the state aforesaid, certify that \_ personally known to me to be the same parson \_ whose name \_\_ subscribed to the foregoing instrument, appeared before me this day in person in the State and County aforesaid, and acknowledged and delivered the said instrument to be \_ and deed for uses and purposes therein set forth. aci Given under my hand this day of , A.D., 19, My commission expires Notary Public STATE OF COUNTY OF in and for said county, in the state aforesaid, certify that personally known to me to be the same person ..... whose name, subscribed to the foregoing instrument, appeared before me this day in person in the State and County aforesald, and acknowledged and delivered the said instrument to be \_ act and deed for uses and purposes therein set forth. Given under my hand this \_ day of . A.D., 19. My commission expires **Notary Public** 

D GENE DUSHNER DIRECTOR



## COMMONWEALTH of VIRGINIA

Department of Mines, Minerals and Energy Division of Gas and Oil P. O. Box 1416 Abingdon, Virginia 24210 (703) 628-8115

> Byron T. Fulmer State Oil and Gas Inspector

January 19, 1989

Mr. Richard A. Counts -Counts and McClenshan Executive Park Place 1999 E. Stone Drive, Suite 304 Kingsport, TN 37660

RE: Application for Pooling Order Equitable Resources Exploration, Inc., Well Number P-478 Dickenson County, Virginia Your File Number 1546-MR-022

Dear Mr. Counts:

This office is in receipt of the above referenced request dated December 27, 1988 for a hearing with the Oil and Gas Conservation Board. Be advised that on January 10, 1989, the permit application pertaining to this pooling request was received by this Division.

A hearing has been scheduled for Tuesday, February 7, 1989, at 3 p.m. in the Public Library, Chase Street, Clintwood, Virginia to consider this application.

All parties listed in the permit application have been sent notice by certified mail of the hearing.

Should you have any questions, do not hesitate to call.

Sincerely, 1.

Byron T. Fulmer State Oil & Gas Inspector

cc: See attached list

Application for Pooling EREX, Well P-478 Page -2-

cc: Larry Cline, Pyxis Resources Company Faul Guill, Clinchfield Coal Company Allen Kiser, Pine Mountain Oil and Gas Don Hall, Philadelphia Oil Equitable Resources, Incorporated Gaorge Wright, et ux Maye Richardson Billy Jean Edwards Michael & Nesta Fuller Larry Edwards Lois Barton William Guess Helen Altizer Ruby Gauden Alsace Wisniewski Gladys Toney Vivian Helton Ervin Spruill John McGhee Edith Burgess Donald Hankins Junior McGhee Bradley McGhee Gladys Cruey Troy McGhee Earl McGhee Roy McGhee Bonnie Hankins Barbara VanDyke Earl Hankins Jack McGhee, II Curtis McGhee Betty Arell Louise Hill Rual Fuller Geraldine LaFon Gaynell Davis Nathan Guess, Jr. Juanita Labroski George Ratliff, Jr. A. Marcella Eanes Mary M. Macconi , -Diane Gilbert Dismis 3ed IN EREN Britton McGhee Dorothy McGhee Este Chapman Winfred McGhee John Davis Garland McGhee Hazel Keen

Application for Pooling EREX, Well P-478 Page -3-

> Georgia Arrington Nina Palmer Linda Jones Erma Cronk Dismissed Dolly Wyatt Artha Davis John Elkins Goldie Tool Ivy Nance Tony Stancato Dickenson County School Board John McGhee Billy J. Hankins Bobby W. Hankins

> > E

## COUNTS & McCLANAHAN

ATTORNEYS AT LAW EXECUTIVE PARK PLACE 1999 E. STONE DRIVE, SUITE 304 KINGSPORT, TN 37660

RICHARD A. COUNTS ADMITTED IN YA ELIZABETH A. MCCLANAHAM ADMITTED IN RY, IN YA AND B.C. ROBERT O. BROCKS ADMITTED IN GK M. JILL MORGAN ADMITTED IN GK HELEN E. PHILLIPS ADMITTED IN YA TIMOTHY E. SCOTT ADMITTED IN KY

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Télephone Avec Code étő 378-2999

Telecopier Area Code 615 378-4097

December 27, 1988

Mr. Joseph Johnson, Chairman Virginia Oil and Gas Conservation Board c/o Mr. Byron T. Fulmer State Oil and Gas Inspector Department of Mines, Minerals and Energy Division of Gas and Oil P. O. Box 1416 Abingdon, VA 24210

Re: Application for Pooling Equitable Resources Exploration, Inc. Well No. P-478 Dickenson County, Virginia Our File No: 1546-MR-022

Dear Mr. Johnson:

Enclosed with this letter is an application for a pooling order with attached exhibits which we are hereby filing with the Oil and Gas Conservation Board on behalf of Equitable Resources Exploration, Inc. ("EREX"). The application seeks a pooling order for EREX Well No. P-478 in Dickenson County, Virginia.

I have also enclosed a plotocopy of the application for a pooling order. I would appreciate your date-stamping this copy upon the date of its receipt by your office and returning the same to me.

Also enclosed with this etter is the application of EREX for a well work permit for Well No. P-478.

Mr. Joseph Johnson December 27, 1988 Page 2

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Thank you for your assistance in this matter.

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very truly yours? Richard A. Counts

RAC:mfs

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Enclosures

cc: A. George Mason, Jr. Byron T. Fulmer

[letters:johns.5mf]

BEFORE THE VIRGINIA OIL AND GAS CONSERVATION BOARD

#### APPLICANT: EQUITABLE RESOURCES EXPLORATION, INC.

RELIEF SOUGHT: POOLING

LEGAL DESCRIPTION:

INAYSI QUADRANGLE ) DICKENSON COUNTY (SEE EXHIBIT A FOR A MORE ... SPECIFIC DESCRIPTION.)

## APPLICATION

#### 1. Parties.

1.1 Applicant herein is Equitable Resources Exploration, Inc., whose address for the purposes hereof is Two Executive Park Place, 1989 East Stone Drive, Kingsport, Tennessee 37660, Telephone: (615) 378-5101. The attorneys for Applicant are Richard A. Counts, Post Office Box 298, Kingsport, Tennessee 37662-0298, Telephone: (615) 378-4999, and A. George Mason, Jr., Equitable Resources Exploration, Inc., Two Executive Park Place, 1989 East Stone Drive, Kingsport, Tennessee 37660, Telephone: (615) 378-5101.

1.2 Applicant is the owner of the right to develop and produce oil and gas from the Ravencliff, Maxon, Big Lime, Weir, Berea and other formations (for brevity, "Formations") underlying the Nora Field underlying the lands described on Exhibit "A" attached hereto and made a part hereof and to appropriate the oil and gas produced therefrom.

1.3 The names and last-known address of each well operator named as a party herein are set forth in Exhibit "B" attached hereto and made a part hereof. Each of the individuals named in Exhibit "B" is being made a party if living; if any such individual is deceased, then the unknown heirs, executors, administrators, devisees, trustees and assigns, both immediate and remote, of any such deceased individual are made parties herein.

CAUSE NO.

Each of the entities listed in Exhibit "B" that is a corporation is being made a party if such entity continues to have legal existence, and if any such corporation is dissolved, then the unknown successors, trustees and assigns, both immediate and remote, of such dissolved corporation are made parties herein. Each of the entities listed in Exhibit "B" that is an unincorporated association is being made a party if such entity continues to have legal existence, and if any such unincorporated association is dissolved or otherwise not in existence, then the unknown successors, trustees and assigns, both immediate and remote, of such unincorporated association are made parties herein.

#### 2. Allegation of Facts.

2.1 Applicant has proposed a plan of development and operation of the Formations underlying the Nora Field in the drilling unit involved herein (described on Exhibit "A" attached herete and made a part hereof) and has proposed to commence such plan of development and operation of such unit by a well under such plan in the lands involved herein so as to produce oil and gas from such Field.

2.2 Applicant has exercised due diligence to locate each of the parties named herein and has made a bona fide effort to reach an agreement with such parties as to pooling their interests for the development and operation of the drilling unit involved herein. The parties named herein are well operators who have not agreed with Applicant to pool their interests for the development and operation of the drilling unit covered hereby. Therefore, the interests of such well operators

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in the Formations underlying the Nora Field in the drilling unit involved herein should be pooled for the development and operation thereof.

3. Legal Authority. The relief sought by this Application is authorized by Va. Code Ann. § 45.1-302 or, in the alternative, § 45.1-322 (1988).

4. Relief Sought: Applicant requests the Oil and Gas Conservation Board to enter an order pooling the interests of the well operators in the Formations underlying the Nora Field in the drilling unit described in paragraph 2.1, above, and (I) authorizing the drilling and operation of a well for the production of oil and gas from the pooled acreage; (II) designating Applicant as the well operator authorized to drill and operate such well; (III) prescribing the time and manner in which all other well operators may elect to participate in the operation of such well or to exercise their rights of election under the applicable statutes; (IV) providing that all reasonable costs and expenses of drilling, completing, equipping, operating, plugging and abandoning such well shall be borne, and all production therefrom shared, by all participating operators in the proportion which the acreage in the pooled tracts owned or under lease to each participating operator bears to the total acreage in such unit; (V) providing to non-leasing landowners, if any, in such unit reasonable access to the unit records of the production and transportation of oil and gas collected or gathered by the Inspector; and (VI) making provision for the payment of all reasonable costs of the operation, including a reasonable supervision fee, by all operators who elect to be participating operators.

DATED this 27 day of December, 1988.

EQUITABLE RESOURCES EXPLORATION. INC. By: Richard X. lou ť Counts

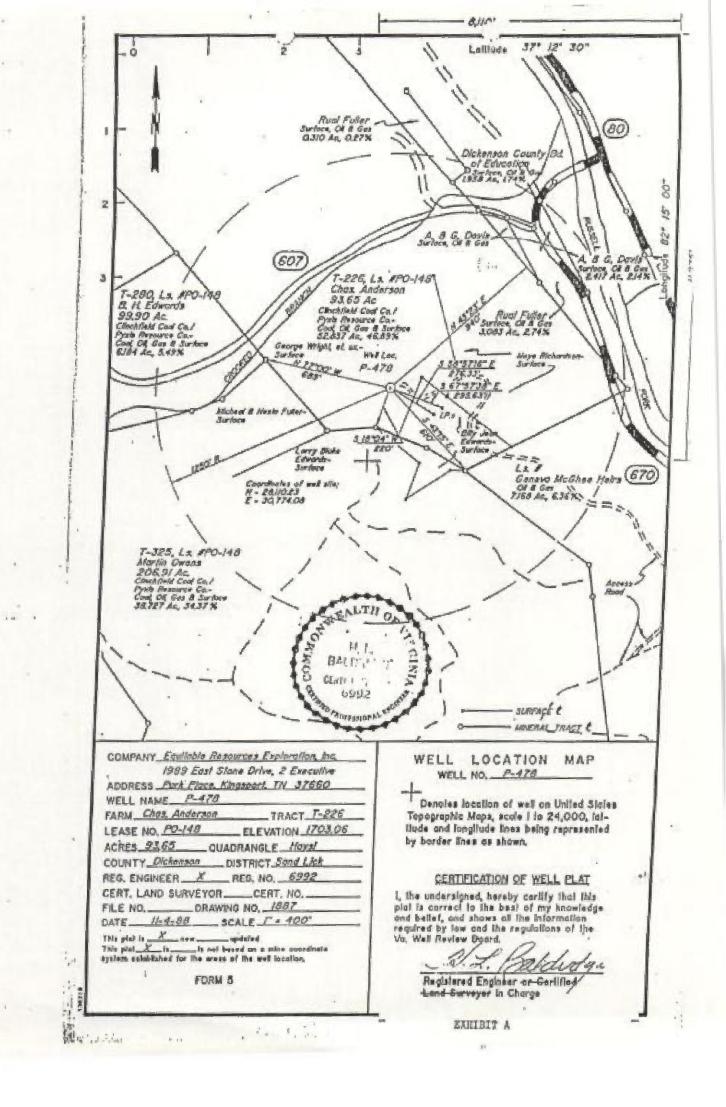
COUNTS & MCCLANAHAN Post Office Box 299 Kingsport, Ternessee 37662-0298 Telephone: (618) 378-4999 By: A. George Mason, Jr.

EQUITABLE RESOURCES EXPLORATION, INC. Two Executive Park Place 1989 East Stone Drive Kingsport, Tennessee 37660 Telephone: (615) 378-5101

[regulat:pool-478.erx / taj 122788]

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Tract 1:

Junior McChee and Arbrites McChee 622 Worth Street Richlands, VA 24641

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Este Chapman and Leon Chapman Route 1 Swords Creek, VA 24649

John McGhee and Leatha McGhee 6545 East Rose Road New Carlisle, OH 45344

Dolly I. Wyatt J36 Black Eagle Road Mullens, WV 25882

William E. Guess and Barbara Guess 5732 Hamlet Cleveland, OH 44127

Betty Jean Arrell and Ray Arrell 1378 Nowella Street San Jose, CA 95122

Nazel Keen and Artenus Keen 1104 38th Street Baltimore, MD 21211

John D. Elkins and Mary Ann Elkins 1115 West 52nd Street ' Narion, IN 46953

Goldie M. Tool and William F. Tool 912 Oak Drive Gas City, IN 46933

Ivy L. Nance and William E. Nance P. O. Box 931 Zephyr Hill, FL 33599

Tony J. Stancato 138 Wrexham Avenue, S.N. Massilon, ON 44646

Tract 21

Artha Davis Box 101 Birchleaf, VA 24220

Gaynell Davis Star Route Box 101 Birchleaf, VA 24220

John James Davis 1480 Woodward Neights Apartment B-12 Nazel Park, MI 48030

Gaynell Davis Star Route Box 101 Birchleaf, VA 24220

George Ratliff, Jr. Route 2, Box 123 Haysi, VA 24256

Georgia Ann Arrington Route 2, Box 65 Broadway, VA 22815

Mary Maglene Nacconi 9 Jefferson Avenue Pennsville, NJ 08070

Linda Lou Jones Route 2, Artwood Drive Athens, TN 37303

Lois June Barton 10760 Sarentago Street Oak Park, MI 48237

[regulat:p478.exb / taj 122788]

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06CB-89-0207-0014 9914

VIRGINIA;

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BEFORE THE OIL AND GAS CONSERVATION BOARD

In Re:

Application of Equitable Resources Exploration, Inc. for Forced Pooling of Interest in a Drilling Unit Affected by Well Number P-478 in the Nora Field of Dickenson County, Virginia

This cause came on this 7th day of February, 1989, upon the application of Equitable Resources Exploration, Inc. requesting that this Board pool the interests of well operators in the 112.5-acre (plus a tolerance of 15%) drilling units established for the Nora Field in the Dickenson, Buchanan and Wise Counties, Virginia, Well Work Permit Number P-478. Notice of the filing of the application herein and of the time, date and place of the hearing thereon was duly and properly given to each well operator of record having an interest in the oil and gas underlying the tracts within the drilling unit covered hereby as required by Section 45.1-304, Code of Virginia, 1950, as amended. The Board examined the Notice as given and further conducted inquiry into the sufficiency of Equitable Resources Exploration, Inc.'s search to determine the names and whereabouts of well operators who may be affected by the pooling of oil and gas interests in the drilling unit involved herein. The Board finds that Equitable Resources Exploration, Inc. has exercised due diligence and has conducted a meaningful search of reasonably available sources at hand. The Board hereby approves the notice given, by publication and otherwise, as meeting the statutory requirements, rules of the Board and minimum standards of state and federal due process, and finds that notice has been given in all respects as required by law and the rules of this Board.

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Based upon the evidence presented, the Board finds that Equitable Resources Exploration, Inc. has acquired oil and gas leasehold interests in the drilling unit as described in the map, which is attached hereto as Exhibit "A" and made a part hereof, and has the right to conduct operations on its oil and gas leasehold interests. Based on the evidence presented, the Board finds that the following named persons are owners of oil and gas interests which are not subject to any oil and gas lease and who have not voluntarily agreed to pool their interests in the drilling unit involved herein for its development and operation:

1) Junior McGhee and Arbritis McGhee, 622 North Street, Richlands, VA 24641; 2) Este Chapman and Leon Chapman, Route 1, Swords Creek, VA 24649; 3) John McGhee and Leatha McGhee, 6545 East Ross Road, New Carlisle, OH 45344; 4) William E. Guess and Barbara Guess, 5732 Hamlet, Cleveland, OH 44127; 5) Betty Jean Arrell and Ray Arrell, 1378 Nowell Street, San Jose. CA 95122; 6) Hazel Keen and Artemus Keen, 1104 .38th Street, Baltimore, MD 21211; 7) John D. Elkins and Mary An Elkins, 1115 West 52nd Street, Marion, IN 46953; 8) Goldie M. Tool and William F. Tool, 912 Oak Drive, Gas City, IN 46933; 9) Ivy L. Nance and William E. Nance, P. C. Box 931, Zephr Hill, FL 33599; 10) Tony J. Stancato, 138 Wrexham Avenue, S.W., Massilon, OH 44646; 11) Artha Davis, Box 101, Birchleaf, VA 24220; 12) Gaynell Davis, Star Route Box 101, Birchleaf, VA24220 13) John James Davis, 1480 Woodward Heights, Apartment B-12, Hazel Park, MI 48030; 14) George Ratliff, Jr., Route 2, Box 123, Haysi, VA 24256; 15) Georgia Ann Arrington, Route 2, Box 65, Broadway, VA 22815; 16) Mary Maglene Maccon1, Nine Jefferson Avenue, Pennsville, NJ 08007; 17) Linda Lou Jones, Route 2, Artwood Drive, Arhens, TN 37303; 18) Louis June Barton, 10760 Sarentago Street, Oak Park, MI 48237; 19) Britton E. McGhee, 20201 Tireman Street,

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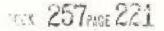
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Detroit, MI 48228, and that the following named persons are owners of oil and gas leasehold interests in the drilling unit involved herein who have not voluntarily agreed to pool their interest in this unit for its development and operation;

Based upon the evidence presented, the Board finds that, in order to avoid the drilling of unnecessary wells, prevent the various types of waste of oil and gas and protect the correlative rights of all well operators with respect to the pools in the drilling unit involved herein, the well operators involved who have not heretofore reached an agreement with respect to developing and operation of the drilling unit covered hereby shall be required to pool their oil and gas interests and develop the pools in this drilling unit, upon the terms and conditions set out in this order, all of which terms and conditions are found, after consideration of the evidence presented in this cause, to be supported by substantial evidence and to be just, reasonable and equitable and such as will afford each operator in this unit the opportunity to recover or receive each such well operator's just and equitable share of production from this unit.

Based upon the evidence presented at the public hearing in this matter, the Virginia Oil and Gas Conservation Board orders as follows:

(1) The oil and gas interests of well operators, as named above, in this 112.5-acre (with a tolerance of 15%) drilling unit established in the lands involved herein for the Nora Field are hereby pooled for the development and operation of this unit. Equitable Resources Exploration. Inc. is hereby authorized to drill, complete and operate a well in this



11

drilling unit so as to produce oil and gas from the pooled acreage, consistent with the terms and provisions of its applicable well work permit.

(2) Each well operator involved herein, other than Equitable Resources Exploration, Inc., shall, within 30 calendar days after the date of mailing this order, deliver to Mr. A. G. Mason, Equitable Resources Exploration, Inc., Executive Park Place, 1989 East Stone Drive, Kingsport, Tennessee 37660, a written election either to participate in the operation of the well covered hereby or to exercise such well operator's right of election under this order as described below. A timely election shall be deemed to have been made if a well operator on or before the last day of such 30 calendar day period has sent such written election by telegram or telegraph to Mr. A. G. Mason, Equitable Resources Exploration, Inc. at the address set forth above or has had such written election duly postmarked and has placed such written election in the United States mail, first class, postage prepaid, duly addressed to Mr. A. G. Mason, Equitable Resources Exploration, Inc. at the address set forth above. The alternatives afforded to the well operators of oil and gas interests herein pooled are set forth in either A or B, below, whichever is spplicable.

(A) Each well operator herein pooled owning an oil and gas interest as to the Nora Field derived from an oil and gas lease covering any tract within the drilling unit involved herein is accorded the following options as to such interest:

(i) <u>Participation</u>: To participate in the working interest in and the development of the Nora Field in the drilling unit involved herein by agreeing to pay such well operator's proportionate part of the actual cost of drilling, completing, equipping, operating, plugging and abandoning of the well covered hereby and by paying as set forth herein, to Equitable Resources

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Exploration, Inc., such owner's proportionate part of the \$220,800.00 estimated cost of drilling, completing, equipping, operating, plugging and abandoning of the proposed well covered hereby. In lieu of such payment, furnishing to Equitable Resources Exploration, Inc. security satisfactory to Equitable Resources Exploration, Inc. for the payment thereof within 60 calendar days of the date of this order. A participating well operator's proportionate part of the anticipated cost and completion of the production from, such well shall be in the proportion that the number of net mineral acres in the unit covered by the oil and gas rights owned by such party bears to the entire number of mineral acres in this unit; or

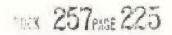
(ii) Carried interest: In lieu of participating in the working interest in and the development of the pools in this drilling unit, as set forth in subparagraph (i) above, to elect to share in the operation of the well covered on a carried basis (as a carried well operator) so that the proportionate part of the actual cost of drilling, completing, equipping, operating, plugging and abandoning of such well allocable to such carried well operator's interest is charged against such carried well operator's share of production from such well. All of such carried well operator's oil and gas rights in the pools in the drilling unit involved herein are relinquished under this order to Equitable Resources Exploration, Inc. until the proceeds from the sale of the share of production from such well accruing to such carried well operator's unleased oil and gas interest in the drilling unit involved herein, exclusive of any royalty, excess or overriding royalty, or other non-operating or non-cost bearing burden reserved in any lease, assignment thereof or agreement relating thereto covering such oil and gas interest, equals three hundred percent (300%) of the share of the cost of drilling and completing the well allocable to the oil and gas interest of

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such carried well operator; plus one hundred percent (100%) of the carried operator's share of the cost of surface equipment beyond the wellhead connection of such well allocable to the oil and gas interest of such carried well operator; plus one hundred percent (1002) of the share of the cost of operating such well allocable to the oil and gas interest of such carried well operator. Such carried well operator's proportionate part of the costs of, and the production from, the well covered hereby is to be in the proportionate part of the costs of, and of the production from, the well covered hereby is to be in the proportion that the number of net mineral acres in the unit covered by the oil and gas interest owned by such carried well operator bears to the entire number of mineral acres in such unit. During the period of time Equitable Resources Exploration, Inc. is entitled to receive such carried well operator's share of production or the proceeds therefrom, Equitable Resources Exploration, Inc. shall pay all applicable production, severance, excise, gathering and any other taxes based upon or measured by the value or amount of production and shall separately calculate and pay to such carried well operator for payment to the appropriate owner any royalty, excess or overriding royalty and any other non-operating or non-cost bearing burden reserved in any lease, assignment thereof or agreement relating thereto which is deducted from the share of production of such carried well operator. Such royalty, excess or overriding royalty and other non-operating or non-cost bearing burden is not to be subject to any charge for operating costs. Payment by Equitable Resources Exploration, Inc. to such carried well operator of any such royalty, excess or overriding royalty or other non-operating or non-cost bearing burden shall be made within ninety (90) days after the end of the calendar month within which the production subject to such burdens is sold. Within sixty (60) days after the completion of the

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well covered hereby, Equitable Resources Exploration, Inc. shall furnish such carried well operator an inventory of the equipment in and connected to such well and an itemized statement of the cost of drilling, completing and equipping such well for production; and each month thereafter, during the time Equitable Resources Exploration, Inc. is being reimbursed as provided above, Equitable Resources Exploration, Inc. shall furnish to such carried well operator an itemized statement of all costs and liabilities incurred in the operation of such well, together with a statement of the quantity of oil and gas produced therefrom and the amount of proceeds realized from the cale of the production allocable to such carried well operator's oil and gas interest in the unit during the preceding month. Equitable Resources Exploration, Inc. shall also furnish to the State Oil and Gas Inspector for the Commonwealth of Virginia, copies of the same statements furnished to each carried well operator under the provisions hereof. Any amount realized from the sale or other disposition of equipment newly acquired in connection with any operation on the well covered hereby which would have been owned by such carried well operator had such owner participated therein as a participating well operator shall be credited against the total unrecovered well costs in determining when the interest of such carried well operator shall revert to such owner as described above. When Equitable Resources Exploration, Inc. recovers from such carried well operator's relinquished interest provided for above, the relinquished interest of such carried well operator shall automatically revert to such owner, and from and after such reversion, such carried well operator shall be treated as a participating well operator and shall own the same interest in such well, the material and equipment in or pertaining thereto and the production therefrom, as such owner would have been entitled to had such owner participated initially as a participating



well operator in the drilling, completing and equipping of such well; and thereafter, such owner shall be charged with and shall pay the owner's proportionate part of the further costs of the operation of such well.

(B) Each well operator herein pooled owning an oil and gas interest in the Nora Field in any tract in the drilling unit involved herein which interest is not subject to an oil and gas lease is hereby accorded the following options as to such interest:

(i) <u>Participation</u>: To participate in the working interest in and the development of the Nora Field in the drilling unit involved herein by agreeing to pay such well operator's proportionate part of the actual cost of drilling, completing, equipping, operating, plugging, and abandoning of the well covered hereby and by paying as set forth herein, to Equitable Resources Exploration, Inc., such owner's proportionate part of the \$220,800.00 estimated cost of drilling, completing, equipping, operating, plugging and abandoning of the proposed well covered hereby, or in lieu of such payment, furnishing to Equitable Resources Exploration, Inc. security satisfactory to Equitable Resources Exploration, Inc. for the payment thereof within 30 calendar days of the date of this Order, such participating well operator's proportionate part of the cost of, and of the production from, such well to be in the proportion that the number of net mineral acres in this unit covered by the oil and gas rights owned by such party bears to the entire number of mineral acres in this unit; or

(ii) <u>Cash Consideration</u>: In lieu of participating in the working interests in and the development of the pools in the drilling unit involved herein, to elect to receive a sum of TWO DOLLARS (\$2.00) per net mineral acre owned by such owner, plus a total royalty in the amount of one-eighth of eight eights (1/8 of 8/8ths) of the oil, casinghead gas, gas and gas

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condensate produced from the well covered by this Order, the same to be delivered into the lease tanks or into the pipelines to which such well is connected, free and clear of all costs, expense and risks incurred in or in connection with drilling, equipping, operating, completing, plugging and abandoning of such well. Any well operator electing this option shall deliver under this order a net revenue interest of 87.50% of 8/8ths of the oil casinghead gas, gas and gas condensate produced from the well covered by this Order, with such net revenue interest being determined by deducting from such owner's share of production the royalty provided for immediately above; and provided further, that such royalty of 1/8 of 8/8ths and such net revenue interest of 87.50% of 8/8ths shall be proportionately reduced and payable only in the proportion that the number of net mineral acres in the drilling unit covered by the oil and gas rights owned by such well operator bears to the entire number of mineral acres in this unit; or

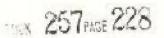
(iii) <u>Carried Interest</u>: In lieu of participating in the working interest in and the development of the pools in the drilling unit involved herein as set forth in subparagraph (i) above, or electing the option set forth in subparagraph (ii) above, to elect to share in the operation of the well covered hereby on a carried basis (as a carried well operator) so that the proportionate part of the actual cost of drilling, completing, equipping, operating, plugging and abandoning of such well allocable to such carried well operator's interest is charged against such carried well operator's share of production from such well and that all of such carried well operator's oil and gas rights in the pools in the drilling unit involved herein are relinquished under this order to Equitable Resources Exploration, Inc. until the proceeds from the sale of the share of production from the well accruing to such carried well operator's unleased oil and gas interest

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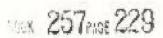
in the drilling unit involved herein, equals two hundred percent (2002) of the share of the cost of drilling and completing the well covered hereby allocable to the unleased oil and gas interest of such carried well operator, plus one hundred percent (100%) of the share of the cost of surface equipment beyond the wellhead connection of such well allocable to the unleased oil and gas interest of such carried well operator; plus one hundred percent (1007) of the carried operator's share of the costs of operating such well allocable to such carried well operator. Such carried operator's proportionate part of the costs of, and the production from, the well covered hereby is to be in the proportion that the number of net mineral acres in the unit covered by the unlessed oil and gas interest owned by such carried well operators bears to the entire number of net mineral acres in this unit. During the period of time Penn Virginia Resource Corporation is entitled to receive such carried well operator's share of production or the proceeds therefrom, Equitable Resources Exploration, Inc. shall pay all applicable production, severance, excise, gathering and any other taxes based upon or measured by the value or amount of production.

Within sixty (60) days after completion of the well cover hereby, Equitable Resources Exploration, Inc. shall furnish such carried well operator an inventory of the equipment in and connected to such well and an itemized statement of the cost of drilling, completing and equipping such well for production; and each month thereafter, during the time Equitable Resources Exploration, Inc. is being reimbursed as provided above, Equitable Resources Exploration, Inc. shall furnish to such carried well operator, an itemized statement of all costs and liabilities incurred in the operation of such well, together with a statement of the quantity of oil and gas produced therefrom and the amount of proceeds realized from the sale of the production



allocable to such carried well operators unleased oil and gas interests in such unit during the preceding month. Equitable Resources Exploration, Inc. shall also furnish to the State Oil and Gas Inspector for the Commonwealth of Virginia, copies of the same statements furnished to each carried well operator under the provisions hereof. Any amount realized from the sale or other disposition of the equipment newly acquired in connection with any operation on the well covered hereby which would have been owned by the carried well operator, has such owner participated therein as a participating well operator, shall be credited against the total unrecovered well costs in determining when the interest of such carried well operator shall revert to such owner as described above. When Equitable Resources Exploration, Inc. recovers from such carried well operator's relinquished interest the amount provided for above, the relinquished interest of such carried well operator shall automatically revert to such owner, and from and after such reversion, such carried well operator shall be treated as a participating well operator and shall own the same interest in such well, the material and equipment in or pertaining thereto and the production therefrom, as such owner would have been entitled to had such owner participated initially as a participating well operator in the drilling, completing and equipping of such well, and thereafter, such owner shell be charged with and shall pay such owner's proportionate part of the further costs of the operation of such well.

(3) In the event a well operator, either an owner of an oil and gas lease or an owner of an unleased tract, who is subject to the provisions of this order shall fail to timely and properly elect. in writing, one of the applicable options as set forth above, such well operator shall be deemed to have elected not to participate in the working interest in the well covered hereby as to the pools involved herein and shall be deemed a carried well



operator. In the event a well operator, either an owner of an oil and gas lease or an owner of an unleased tract, who is subject to the provisions of this order shall elect to act as a participating well operator under (2)A.(i) or B.(i) above, whichever is applicable, but thereafter fail or refuse to pay or secure the payment of such well operator's proportionate part of the cost of the well covered hereby as set forth in such provisions, such election to act as a participating operator under this order shall be null and void and such well operator shall become a carried well operator consistent with the terms and provisions of this Order.

(4) Any well operator involved herein who has not appeared in response to the notice of hearing published pursuant to the provisions of Section 45.1-304, Code of Virginia, 1950, as amended, and whose identity or whereabouts remains unknown at the conclusion of the hearing conducted in this matter shall be deemed to have elected not to become a participating well operator, but shall be deemed to have elected to be a carried well operator. Such carried well operator's share of proceeds under the provisions of this order, after the payment therefrom of all well costs properly allocable thereto consistent with the provisions of this order, shall be paid to the Virginia Oil and Gas Conservation Board and Treasurer of Virginia and held in a separate escrow account for such carried well operator's benefit. Such carried well operator's share of proceeds shall be deemed unclaimed property and shall be disposed of as provided in The Uniform Disposition of Unclaimed Property Act, Section 55-210.1 et seq., Code of Virginia, 1950, as amended. The State Oil and Gas Inspector shall receive any such funds and administer these designated accounts.

(5) Any cash bonus which becomes payable by Equitable Resources Exploration, Inc. under the provisions of (2)B.(ii), above, shall be paid or

1958 257 PAGE 230

tendered within thirty (30) days after the date of this order; <u>provided</u>, <u>however</u>, if the owner entitled to such funds releases the same, or if such owner's interest in the unit involved in this cause has a defect or cloud in the title thereto, or if such owner cannot be paid such funds for any reason whatsoever other than the reasons set forth in paragraph (4) above, Equitable Resources Exploration, Inc. may deposit (credit) such funds due such party into an internal escrow account established in the accounting records of Equitable Resources Exploration, Inc. and such funds shall be credited to such account for the benefit of such owner. Such funds so deposited (credited) in such escrow account shall be held for the benefit of the owner entitled thereto until such funds can be paid to such owner, or such owner accepts such funds, or until such title defect or cloud is cured or removed to the satisfaction of Equitable Resources Exploration, Inc..

(6) Equitable Resources Exploration. Inc., in addition to any other rights afforded such party under the laws of Virginia, shall have a lien on the mineral leasehold estate or rights owned by the other well operatora involved herein in the unit covered hereby and upon their shares of the production from the well covered hereby to the extent that costs incurred in the development and operation of the drilling unit involved herein are a charge against such interests. Such liens shall be separable as to each separate well operator and shall remain a lien until all costs incurred in connection with the well have been paid. Upon the failure or refusal of any participating well operator to pay such well operator's proportionate part of any cost incurred hereunder in connection with the well covered hereby, Equitable Resources Exploration, Inc. shall be entitled to receive the share of production from the well accruing to such defaulting participating well operator's interest in the unit involved herein, or the proceeds from such



share, until such proportionate part of such cost has been paid. No part of the production or proceeds accruing to any participating well operator shall be applied toward payment of costs chargeable to any other interest in such unit. If any participating well operator fails or refuses to pay such well operator's proportionate share of the cost incurred hereunder in connection with the well covered hereby within sixty (60) days after rendition of a statement therefor by Equitable Resources Exploration, Inc., the non-defaulting participating well operators, including Equitable Resources Exploration, Inc., shall, upon request by Equitable Resources Exploration, Inc., pay the unpaid amount in the proportion that the interest of each such non-defaulting participating well operator bears to the total interests of all such non-defaulting well operators. In such event, each non-defaulting participating well operator so paying such well operator's share of the unpaid amount shall, to obtain reimbursement thereof, be subrogated to the lien rights described above.

(7) If the well involved herein has not been commenced as of the date of this order, Equitable Resources Exploration, Inc. shall commence or cause to be commenced operations on such well within one hundred eighty (180) days from the date of this order and in any event, shall continue or cause to be continued operations under this order with due diligence; otherwise, the provisions thereof shall be inoperative and this order shall terminate, except for any cash sums becoming payable hereunder, unless the time of commencement of such operation is extended by an order of the Board.

(8) Equitable Resources Exploration, Inc. shall cause a certified copy of this Order to be mailed to the last known address of each well operator as listed in this Order.

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The relief granted by this Order is to avoid the drilling of unnecessary wells, prevent the various types of waste of oil and gas and protect the correlative rights of all owners with respect to the pools in the drilling unit involved herein.

All members present and in agreement done and executed this 14th day of March, 1989.

Ben R. Waysle

Done and performed this Loth day of Marth . 1989 by order

of the Board.

ringipal Executive to the Staff. Oil and Gas Conservation Board

VIRGINIA: In the Clerk's Office of the Circeis gount of Dickenson County.
received in said office, and upon the certificateof acknowledgement
after payment of 5 DAME tay imposed by San Sa Sa Sa Sa
in deed book by tax imposed by Sec. 58-54 (b).
Teste: Selly Bailey, Cierk
By Aula hange Dee Clerk
Tax 3 Dane Transfer Fae & Dane

BOOK 261 Page 2324 C.F 15 Par 37" 12" 30" Lolllude Ô 11111 Ruci Fulier Surface, CH & Gas Q.310 Ac. Q.87% (80) 8 Dickenson County of Education Seriors Of San 1930 Ac. 1745 (BH 11 -00 2 10 PUSSELL 824 A. B. G. Davis Surface, CH & Gas 8 Ġ, ġ 607 đ, Davis Plane Cal & Gas RAIT AC, 214% T-226, Ls. #PO-146 Chas, Anderson 93,65 Ac Chachimi Cost Co./ Pyth Resource Ca-Cost Cd Bas & Sirkhoo 52,837 Ac, 46,89% 3 T-280, L& #PO-B. H. Edwards 99,90 Ac. One Mesource Co. Code De Gas & Sarter 6184 Ac. \$ 49% 22 Alle 43.00 Rual Fuller Sarloce, Co & Get 3.083 Ac., 2.74% Helphi at un-George Jor land and the second 1000 - 0.22.002- 02 6.85- 02 Hore Rich P-478 18 JJ Michael & Nazda Paller Sartace d 5 10 204 Larry Blake Edwards-Sortace 220 1292:13 Es / Genevo McGhee Hoirs ١ (670) ucontinates at well site; N - 20,110,23 E - 30,774,08 Genevo mutili OR & Gene () PIGO AL, & JENI = = = 1 1 14 T-325, Ls. #PO-148 Martin Owans 206,91 Ac. Clarkfield Cod Cod Price Resource Co-Cod, Ol, Con & Surbor 38 727 Ac. 3437 % \$ ENLTH OF 1.1 1 BALL Glaft i 61992 surraçé l - APREMAL TRACT ( COMPANY Equilable Resources Exploration Inc. WELL LOCATION MAP 1989 East Stone Drive, 2 Executive WELL NO, \_\_\_\_\_78 ADDRESS Park Place, Kingaport, TN 37660 WELL NAME P-478 Denotes location of well on United States FARM Chas Anderson TRACT 7-226 Topographic Maps, scale | to 24,000, talllude and longitude lines being represented LEASE NO. PO-148 ELEVATION 1703.06 by border lines as shown. ACRES 93.65 OUADRANGLE Have COUNTY Dickenson DISTRICT Sand Lick REG. ENGINEER X REG. NO. 6992 CERTIFICATION OF WELL PLAT 1, the undersigned, hereby carlify that this plat is correct to the best of my knowledge and belief, and shows all the information required by law and the regulations of the Va. Well Review Board. CERT. LAND SURVEYOR \_\_\_\_CERT. NO ... FILE NO. \_\_\_\_ DRAWING NO. 1887 DATE 11-4-00 SCALE F = 400" This plot is  $\frac{X}{X}$  new updated This plot  $\frac{X}{X}$  is not based on a mine coordinate system established for the areas of the well location. 2 0 Baldudge Registered Engineer or Corlified FORM & Land-Surveyor In Charge 三日の町の EXHIBIT A E.

The relief granted by this Order is to avoid the drilling of unnecessary wells, prevent the various types of waste of oil and gas and protect the correlative rights of all owners with respect to the pools in the drilling unit involved herein.

All members present and in agreement done and executed this  $\frac{16^{14}}{16^{14}}$  day of <u>March</u>, 1989.

Ben R. Wayle

Done and performed this Loth day of March\_, 1989 by order

of the Board.

rincipal Executive to the Staff, Oil and Gas Conservation Board

