

V I R G I N I A:

BEFORE THE VIRGINIA GAS AND OIL BOARD

IN RE:

Application of Edwards & Harding Petroleum Company
for Compulsory Creation of a Compulsory Pooled Unit
Well Number No. EH-87, VGOB No. 0326-91, in the
Lipps District of Wise County, Virginia

This cause came on this 26th day of March, 1991, upon the application of Edwards & Harding Petroleum Company, Inc. requesting that this Board pool the interests of well operators in a 120-acre (plus a tolerance of 15%) proposed drilling unit in the Lipps Magisterial District of Wise County, Virginia. 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 proposed drilling unit covered hereby as required by Section 45.1-361.19 of the Code of Virginia, 1950 as amended. The Board has examined the notice as given and further conducted inquiry into the sufficiency of Edwards & Harding Petroleum Company, Inc.'s search to determine the names and whereabouts of well operators who may be affected by the pooling of oil and gas in the proposed drilling unit involved herein.

The Board finds that Edwards & Harding Petroleum Company has exercised due diligence and has conducted a meaningful search of reasonably available sources at hand, including but not limited to records in the Circuit Court Clerk's Office, tax records, phone books, wills, deeds and other public sources, and conversations with family members. The Board hereby approves the notice as

given, by publication and otherwise, as meeting the statutory requirements of the 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.

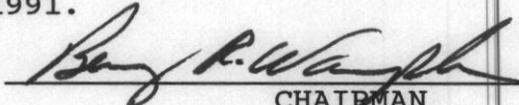
Based upon the evidence presented, the Board finds that Edwards & Harding Petroleum Company has acquired an oil and gas interest in the proposed drilling unit as described on the map which is attached hereto as Exhibit "A" and made a part hereof. The proposed drill site is located closer than 2,640 feet of a proposed ANR Resources well. ANR Resources proposes to drill a well approximately 1,320 feet from its mineral boundary. ANR Resources' well is to be located entirely on ANR mineral properties, and would not include any acreage controlled by Edwards & Harding.

It is the Board's opinion that Edwards & Harding's proposed drill location represents an attempt to pool ANR acreage without regard to the ANR proposed well #10929 (V8#4). Such attempt fails to take into consideration the intent of Section 45.1-361.17 that requires minimum spacing between wells of 2,640 feet. In addition, this proposed drill site and unit represent a potentially unnecessary and redundant well. Conservation of the Commonwealth's gas resources and protection of correlative rights require this Board to critically examine this proposed unit and question its necessity. Does this proposed unit represent a legitimate drilling venture or an unnecessary attempt to place more wells in a limited space?

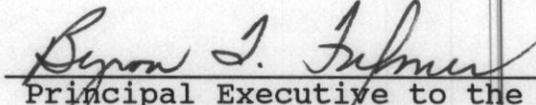
The Board is of the opinion that if ANR Resources is compelled to respect the statewide spacing rules, the same restrictions apply to Edwards & Harding Petroleum Company. Edwards & Harding should respect the statewide spacing and locate drill sites and form units with minimum spacing as the cornerstone of its development strategies.

Accordingly, the Board concludes that Edwards & Harding Petroleum Company's request for compulsory pooling should be and hereby is dismissed. Edwards & Harding is encouraged to re-examine its well location in the context of the minimum spacing requirements and make every effort to comply with the provisions of Section 45.1-361.17.

All members present and in agreement done and executed this 30th day of April, 1991.

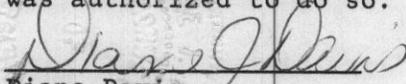

CHAIRMAN

Done and performed this 30th day of April, 1991, by Order of this Board.


Principal Executive to the Staff
Virginia Gas and Oil Board

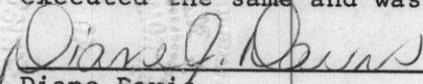
State of Virginia
County of Washington

Acknowledged on this 30th day of April, 1991,
personally before me a notary public in and for the State of Virginia
appeared Benny Wampler, being duly sworn did depose and say that he is
Chairman of the Virginia Gas and Oil Board, that he executed the same and
was authorized to do so.


Diane Davis
Notary Public
My commission expires 9/23/92

State of Virginia
County of Washington

Acknowledged on this 30th day of April, 1991,
personally before me a notary public in and for the State of Virginia
appeared Byron Thomas Fulmer, being duly sworn did depose and say that he is
Principal Executive to the Staff of the Virginia Gas and Oil Board, that he
executed the same and was authorized to do so.


Diane Davis
Notary Public
My commission expires 9/23/92