

BEFORE THE VIRGINIA GAS AND OIL BOARD

APPLICANT: VIRGINIA GAS COMPANY) DIVISION OF
) GAS AND OIL
) DOCKET NO.
RELIEF SOUGHT: EXCEPTION TO) VGOB-92-0915-0254
STATEWIDE SPACING)
LIMITATIONS PRESCRIBED)
VIRGINIA CODE ANN.)
§ 45.1-361.17(A)(2))
)
LEGAL DESCRIPTION:)
)
WELL NUMBER EH-115)
HARMAN QUADRANGLE)
ROCK LICK MAGISTERIAL DISTRICT)
BUCHANAN COUNTY, VIRGINIA)

REPORT OF THE BOARD

FINDINGS AND ORDER

1. Hearing Date and Place: This cause came on for hearing before the Virginia Gas and Oil Board (hereinafter "Board") at 9:00 a.m. on September 15, 1992, at the Southwest Virginia 4-H Center, Abingdon, Virginia.

2. Appearances: Stanford T. Mullins, Attorney with the firm of Street, Street, Street, Scott and Bowman, appeared for the Applicant, and Sandra B. Riggs, Assistant Attorney General, was present to advise the Board.

3. Notice and Jurisdiction: The Board finds that it has jurisdiction over the subject matter. The Board also finds that the applicant has exercised due diligence to locate and provide notice to all persons/companies entitled to notice of this proceeding.

4. Relief Requested: Applicant requests an exception to statewide spacing requirements set forth in Section 45.1-361.17 of the Code of Virginia for Well Number EH-115 for the development and operation of conventional gas to the Berea formation, underlying a proposed drilling unit described in Exhibit A, including the Berea, Weir, Maxon, Big Lime, Ravencliff, and Devonian Shale formations ("Subject Formations"). The Applicant requests the Board's consent to drill Well Number EH-115 closer than 2640 feet to Well Number BU-106.

5. Amendment: None.

6. Reasons Relief Should be Granted: Evidence presented on behalf of the Applicant shows, and the Board finds, that based on the deposition of the common sources of supply anticipated between surface and total depth projected to be drilled, the proposed location exception represents the optimum location to recover commercially productive hydrocarbons underlying the drilling and spacing unit.

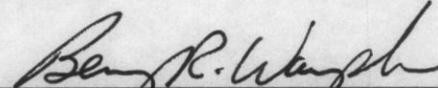
A qualified mine engineer testified that the location exception was necessary due to topographical constraints, environmental constraints, and effective land management practices; and that the granting of the location exception was in the best interest of preventing waste, protecting correlative rights and maximizing recovery of hydrocarbons underlying the drilling and spacing unit.

7. Relief Granted: The requested relief in this cause be and hereby is granted allowing the applicant to permit and drill Well Number EH-115 within 2426.79 feet of Well Number BU-106 as depicted on Exhibit A hereto.

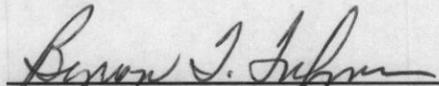
8. Findings: That the well location exception, in accordance with the foregoing, is necessary to prevent waste, protect correlative rights and to generally effect the purposes of the Virginia Gas and Oil Act.

9. Effective Date: This Order shall be effective on the date of its execution.

DONE AND EXECUTED this 14th day of December, 1992, by a majority of the Virginia Gas and Oil Board.

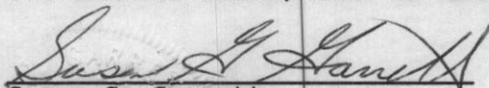

Chairman, Benny R. Wampler

DONE AND PERFORMED this 14th day of December, 1992, by Order of this Board.


Byron Thomas Fulmer
Principal Executive to the Staff
Virginia Gas and Oil Board

STATE OF VIRGINIA)
COUNTY OF WASHINGTON)

Acknowledged on this 14th day of December, 1992, personally before me a notary public in and for the Commonwealth 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.


Susan G. Garrett
Notary Public
My commission expires 7/31/94

STATE OF VIRGINIA)
COUNTY OF WASHINGTON)

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Susan G. Garrett
Notary Public
My commission expires 7/31/94

LATITUDE 37° 20' 00"

TOTAL UNIT AREA = 125.66 ACRES

NOTE: PROPERTY COMPOSITED FROM INFORMATION PROVIDED BY VIRGINIA GAS COMPANY.

WELL BU-106

N 35°59'13" W
2426.79'

BELCHER FORK

BULL CREEK COAL CO. FEE
79.64 AC. - 63.38%

COORDINATES OF WELL
N 31353.7010
E 10337.4660

JIM

S 05°25'21" E 158.42'
S 00°33'07" W 105.64'

EH - 115

ACCESS ROAD

500'

1320'

EDNA CLEVINGER FEE
22.35 AC. - 17.79%

HARMAN MINING CO. surface
GREEN & D. M. CHARLES coal, oil & gas
6.90 AC. - 5.49%

EDNA CLEVINGER - surface

HARMAN MINING CO. - surface

GREEN & D.M. CHARLES oil & gas
16.77 AC. - 13.34%

STATE PLANE COORDINATES OF WELL
N 378999.9574
E 920157.2292

B.M. USED - WSM 1960
N 13560.6914
E 11928.4650

NOTE: WELL COORDINATES ARE BASED ON HARMAN MINING CO. MINE COORDINATE SYSTEM

WELL LOCATION PLAT

COMPANY Virginia Gas Company WELL NAME AND NUMBER EH - 115

TRACT No. _____ ELEVATION 1822.40 (Trig) QUADRANGLE 1340

COUNTY BUCHANAN DISTRICT ROCK LICK SCALE: 1" = 400' DATE JULY 30, 1992

THIS PLAT IS A NEW PLAT x; AN UPDATED PLAT ; OR A FINAL LOCATION PLAT

PROPOSED TOTAL DEPTH OF WELL = _____

+ 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.

B. James Kendrick 7/31/92

LICENSED PROFESSIONAL ENGINEER OR LICENSED LAND SURVEYOR

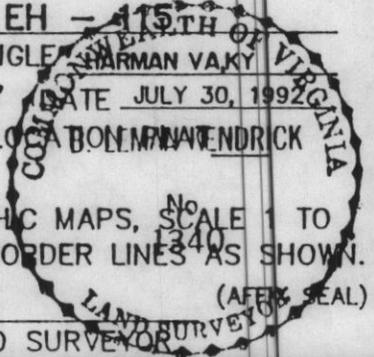


EXHIBIT "A"

LONGITUDE 82° 12' 30"

6450'

1700'