

VIRGINIA:

BEFORE THE VIRGINIA GAS AND OIL BOARD

APPLICANT: ASHLAND EXPLORATION, INC.,)
a Delaware Corporation)
RELIEF SOUGHT: POOLING OF INTERESTS IN) VIRGINIA GAS AND
DRILLING UNIT LOCATED IN) OIL BOARD
THE PILGRIMS KNOB GAS)
FIELD AND DESCRIBED IN) DOCKET NO.
EXHIBIT "A" HERETO TO BE)
SERVED BY WELL 35-PKJ-18) VGOB 93-0921-0406
(herein "Subject Drilling)
Unit) PURSUANT TO VA. CODE)
\$45.1-361.21 (herein "Code"))
FOR THE PRODUCTION OF)
CONVENTIONAL GAS FROM SUBJECT)
FORMATION (herein "Gas"))

LEGAL DESCRIPTION:

SUBJECT DRILLING UNIT SERVED BY)
WELL NUMBERED 35-PKJ-18 TO BE)
DRILLED IN THE LOCATION DEPICTED)
ON EXHIBIT A HERETO, WILLIE RAY)
HEIRS, et al TRACT 71217,)
PATTERSON QUADRANGLE, SOUTH)
GRUNDY MAGISTERIAL DISTRICT,)
BUCHANAN COUNTY, VIRGINIA (the)
"Subject Lands" are more)
particularly described in)
Exhibit A attached hereto and)
made a part hereof)

REPORT OF THE BOARD

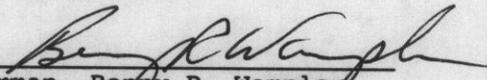
FINDINGS AND ORDER

1. Hearing Date and Place: This matter came on for hearing before the Virginia Gas and Oil Board (hereafter "Board") at 9:00 a.m. on September 21, 1993, Ratliff Hall, Southwest Virginia Education 4-H Center, Abingdon, Virginia, and was continued by the Board, without objection, until the Board's hearing scheduled for October 19, 1993 in order to allow the Applicant additional time to finalize on-going lease negotiations with the parties whose interests were being pooled by the Application before the Board.
2. Appearances: J. Grant McGuire of the firm Campbell, Woods, Bagley, Emerson, McNeer and Herndon appeared for the Applicant; Sandra B. Riggs, Assistant Attorney General, was present to advise the Board.
3. Jurisdiction: Pursuant to Va. Code § 45.1-361.1 et seq., the Board finds that it has jurisdiction over the subject matter.
4. Relief Requested: Ashland Exploration, Inc.'s application in this matter sought to have the Board: (1) pool the rights, interests and claims of the gas and/or oil owners in Subject Drilling Unit for the drilling and operation, including production thereof, of Subject Drilling Unit established for the Berea Sandstone Formations (herein "Subject Formation") underlying and comprised of the Subject Lands and (2) name the Applicant as the Operator of Subject Drilling Unit. At the hearing of this matter on September 21, 1993, the Applicant advised the Board that it had reached tentative lease agreements with

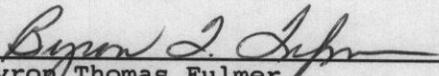
all gas and/or oil owners in interest and ask that (1) the matter be continued to allow time for the pending lease negotiations to be finalized, and (2) if the pending lease negotiations were finalized so as to qualify Subject Drilling Unit as a voluntary drilling unit, that the Applicant be permitted to withdraw its application for the compulsory pooling of Subject Drilling Unit.

5. Relief Granted: The Applicant having advised the Board by letter subsequent to the September 21, 1993 hearing of this matter that lease agreements have been reached by the Applicant with all parties of interest in the above-styled cause, the Board finds that the application for the compulsory pooling of Subject Drilling Unit is moot, and therefore, hereby dismisses same.

DONE AND EXECUTED this 28th day of March, 1994 by the Chairman in behalf of the Virginia Gas and Oil Board.

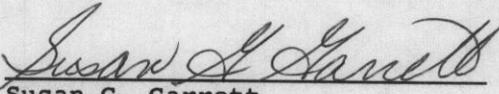

Chairman, Benny R. Wampler

DONE AND PERFORMED this 28th day of March, 1994 by Order of the Board.


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

COMMONWEALTH OF VIRGINIA)
COUNTY OF WISE)

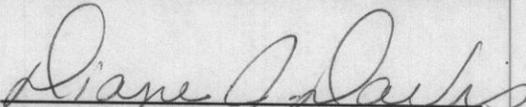
Acknowledged on this 28th day of March, 1994, personally before me a notary public in and for the Commonwealth of Virginia, appeared Benny Wampler, being duly sworn did depose and say that he is Chairman of the Virginia Gas and Oil Board, that he executed the same and was authorized to do so.


Susan G. Garrett
Notary Public

My commission expires 7/31/94

COMMONWEALTH OF VIRGINIA)
COUNTY OF WASHINGTON)

Acknowledged on this 28th day of March, 1994, personally before me a notary public in and for the Commonwealth 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 J. Davis
Notary Public

My commission expires 9/30/97