

VIRGINIA:

BEFORE THE VIRGINIA GAS AND OIL BOARD

APPLICANT: EQUITABLE RESOURCES ENERGY) DIVISION OF
COMPANY, a West Virginia) GAS AND OIL
Corporation)
RELIEF SOUGHT: EXCEPTION TO) DOCKET NO.
STATEWIDE SPACING) VGOB 96-0716-0548
LIMITATIONS PRESCRIBED)
BY VIRGINIA CODE ANN.)
§ 45.1-361.17(A)(2))
LEGAL DESCRIPTION:)
WELL NUMBER VAD-3554)
SERVING THE DRILLING UNIT DEPICTED)
IN EXHIBIT A ATTACHED HERETO)
(herein "Subject Drilling Unit"))
VICC TRACT WI-175)
COEBURN QUADRANGLE)
LIPPS MAGISTERIAL DISTRICT)
WISE 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 August 20, 1996, Ratliff Hall, Southwest Virginia Education 4-H Center, Abingdon, Virginia.
2. Appearances: Tony Wilhoit appeared for the Applicant; 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 entitled to notice of this proceeding.
4. Relief Requested: Applicant requests an exception to: (1) statewide spacing requirements set forth in Section 45.1-361.17.A.2 of the Code of Virginia, which provides that "Wells drilled in search of gas shall not be located closer than 2,500 feet to any other well completed in the same pool." The Applicant anticipates producing conventional natural gas from all Mississippian and Devonian Age formations including, but not limited to, the Base Lee Sands, Ravencliff, Maxon, Big Lime, Borden, Coffee Shale, Berea and Devonian Shale, from surface to total depth drilled, 5,720 (herein "Subject Formation"). The Applicant requests the Board's consent to drill Well Number VAD-3554 at the location depicted on Exhibit A hereto which lies 2,432.00 feet from Applicant's Well Number P-102.
5. Amendment: None.

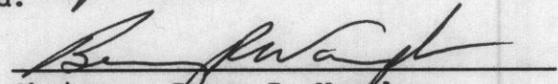
6. Reasons Relief Should be Granted: Evidence presented on behalf of the Applicant shows, and the Board finds that: (1) Well VAD-3554 was permitted as a coalbed methane well at a location allowed by Va. Code § 45.1-361.17.B; 92) the Applicant proposes to amend the permit to provide for the production of both coalbed methane gas and conventional natural gas from subject Drilling Unit by Well VAD-3554; (3) while the location of Well VAD-3554 meets the requirements of Va. Code § 45.1-361.17.B for the production of coalbed methane gas, it does not meet the 2,500 foot requirements of Va. Code § 45.1-361.17.A.2 for the production of conventional natural gas from Subject Formation in that it is 2,432 feet from Well P-102 located in the same pool; and (4) the granting of the location exception requested by Applicant is in the best interest of preventing waste, avoiding the drilling of an unnecessary well.

7. Relief Granted: The requested relief in this cause be and hereby is granted allowing the applicant to modify its permit for Well Number VAD-3554 for the production of both coalbed methane gas and conventional natural gas from Subject Formation at a point which is 2,432.00 feet from Applicant's Well P-102 at the location depicted on Exhibit A hereto.

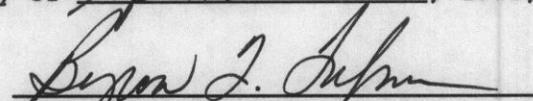
8. Findings: That the well location exception, in accordance with the foregoing, is necessary to prevent waste, avoid the drilling of unnecessary wells and to generally effect the purposes of the Virginia Gas and Oil Act.

9. Effective Date: This Order shall be effective on August 20, 1996.

DONE AND EXECUTED this 13th day of September, 1996, by a majority of the Virginia Gas and Oil Board.

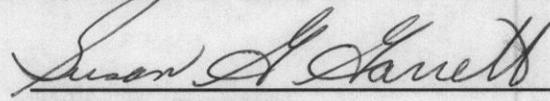

Chairman, Benny R. Wampler

DONE AND PERFORMED this 13th day of September, 1996, by Order of this Board.


Byron Thomas Fulmer
Principal Executive To The Staff
Virginia Gas and Oil Board

STATE OF VIRGINIA)
COUNTY OF WISE)

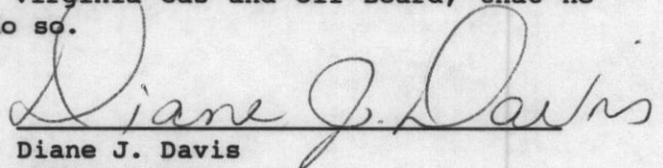
Acknowledged on this 13th day of September, 1996, personally before me a notary public in and for the Commonwealth of Virginia, appeared Benny Wampler, being duly sworn did depose and say that he is Chairman of the Virginia Gas and Oil Board, that he executed the same and was authorized to do so.


Susan G. Garrett
Notary Public

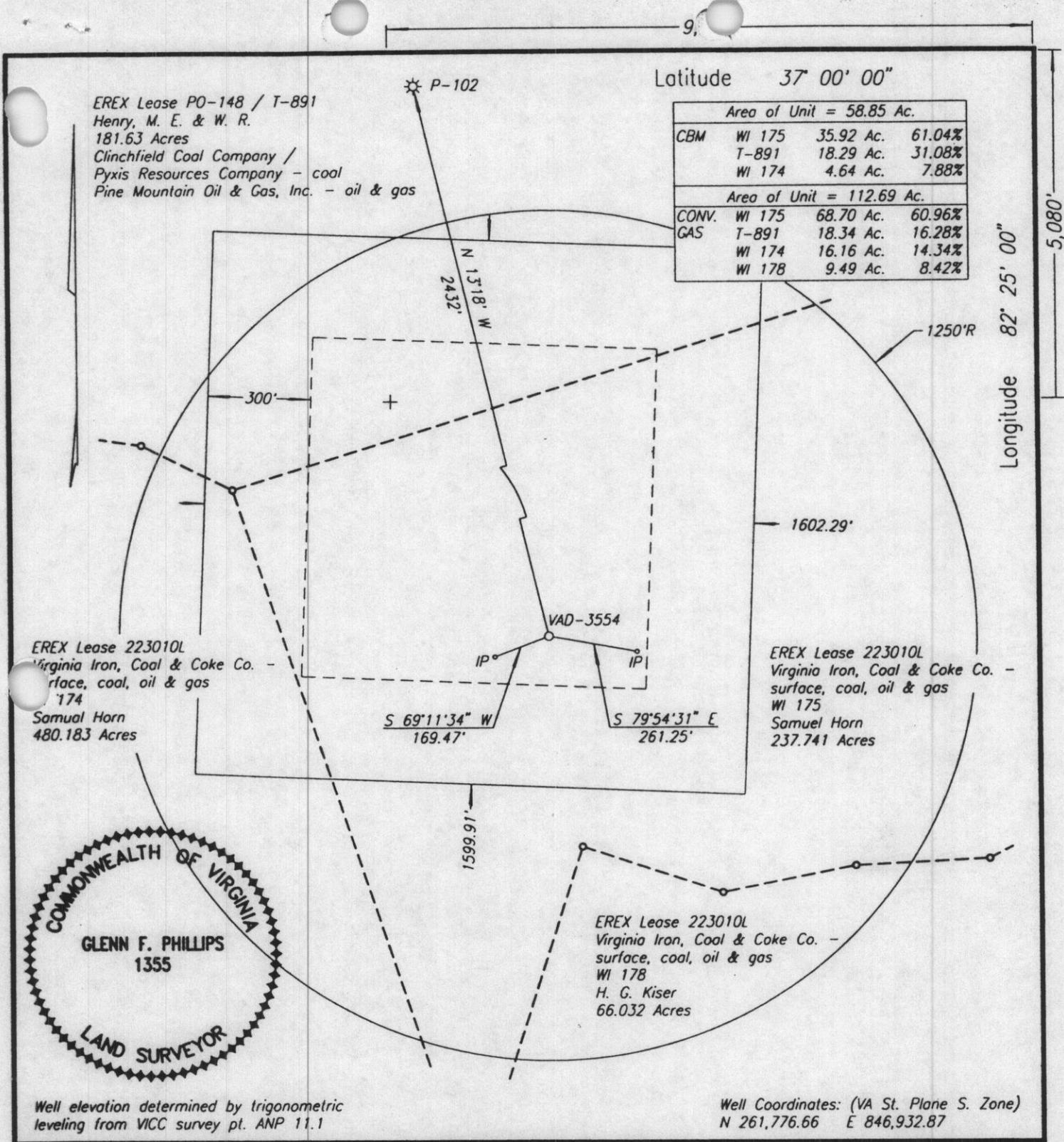
My commission expires 7/31/98

STATE OF VIRGINIA)
COUNTY OF WASHINGTON)

Acknowledged on this 13th day of September, 1996,
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



WELL LOCATION PLAT

COMPANY Equitable Resources Exploration WELL NAME AND NUMBER VAD-3554
 TRACT NO. WI 175 ELEVATION 2,719.94 QUADRANGLE Coeburn
 COUNTY Wise DISTRICT Lipps SCALE 1" = 400' DATE 6-10-1996

This Plat is a new plat ; an updated plat ; or a final location plat

+ 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.

Glenn F. Phillips

Licensed Professional Engineer or Licensed Land Surveyor