

VIRGINIA:

BEFORE THE VIRGINIA GAS AND OIL BOARD

APPLICANT: COLUMBIA NATURAL RESOURCES, INC.) DIVISION OF
a West Virginia Corporation) GAS AND OIL
)
RELIEF SOUGHT: EXCEPTION TO STATEWIDE) DOCKET NO.
SPACING LIMITATIONS) 98-1020-0696
PRESCRIBED BY VIRGINIA)
CODE ANN. § 45.1-361.17(A)(2))
)
LEGAL DESCRIPTION:)
)
WELL NUMBER CNR-21672)
W. H. LOONEY COAL, OIL & GAS TRACT)
HARMON QUADRANGLE)
ROCKLICK 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 November 17, 1998, Dickenson Conference Room, Southwest Virginia Education 4-H Center, Abingdon, Virginia.
2. Appearances: James E. Kaiser of Wilhoit & Kaiser, 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 entitled to notice of this proceeding.
4. Relief Requested: Applicant requests an exception to the statewide spacing requirements set forth in Va. Code § 45.1-361.17 for CNR Well Number 21672 for Applicant's development and operation of conventional gas (herein "Gas") from all formations above the top of the Coniferous including, but not limited to, the Berea, Devonian Shale, Maxon, Ravencliff, and Big Lime formations to a total depth of 5,550 feet, excluding coalbeds and rock strata associated therewith ("Subject Formations"). Applicant requests the Board's consent to drill Well Number 21672 at the location depicted on Exhibit A hereto a distance of 2,235.19 feet from CNR Well Number 9680.
5. Amendment: None.

6. Reasons Relief Should be Granted: Evidence presented on behalf of the Applicant shows, and the Board finds that:

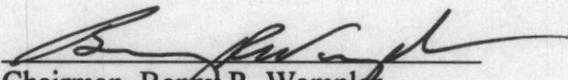
1. That CNR Well Number 21672, at the location requested by Applicant, is necessary to effectively and efficiently drain a portion of the common sources of supply (reservoir) underlying the 112.689-acre Conventional Gas drilling unit described at Exhibit A (herein "Subject Drilling Unit").
2. The proposed CNR Well Number 21672 is located on the W. H. Looney Coal, Oil and Gas Tract at a location which has been approved by gas and oil owners and coal owners.
3. An expert witness testified that the granting of the location exception was in the best interest of preventing waste, protecting correlative rights and maximizing recovery of Gas underlying Subject Drilling Unit.

7. Relief Granted: The requested relief in this cause be and hereby is granted allowing the Applicant to permit and drill CNR Well Number 21672 2,235.19 feet from existing CNR Well 9680, at the location depicted on Exhibit A hereto.

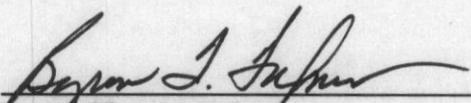
8. Findings: That the well location exception is needed in order to prevent waste, protect correlative rights and to generally effect the purposes of the Virginia Gas and Oil Act.

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

DONE AND EXECUTED this 8th day of December, 1998, by a majority of the Virginia Gas and Oil Board.

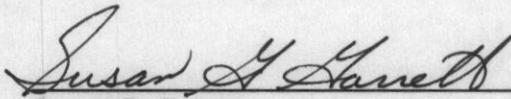

Chairman, Benny R. Wampler

DONE AND PERFORMED this 9th day of December, 1998, by Order of the Board.


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

STATE OF VIRGINIA)
COUNTY OF WISE)

Acknowledged on this 8th day of December, 1998, personally before me a notary public in and for the Commonwealth of Virginia, appeared Benny R. 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.

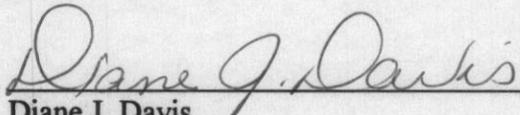


Susan G. Garrett
Notary Public

My Commission expires July 31, 2001

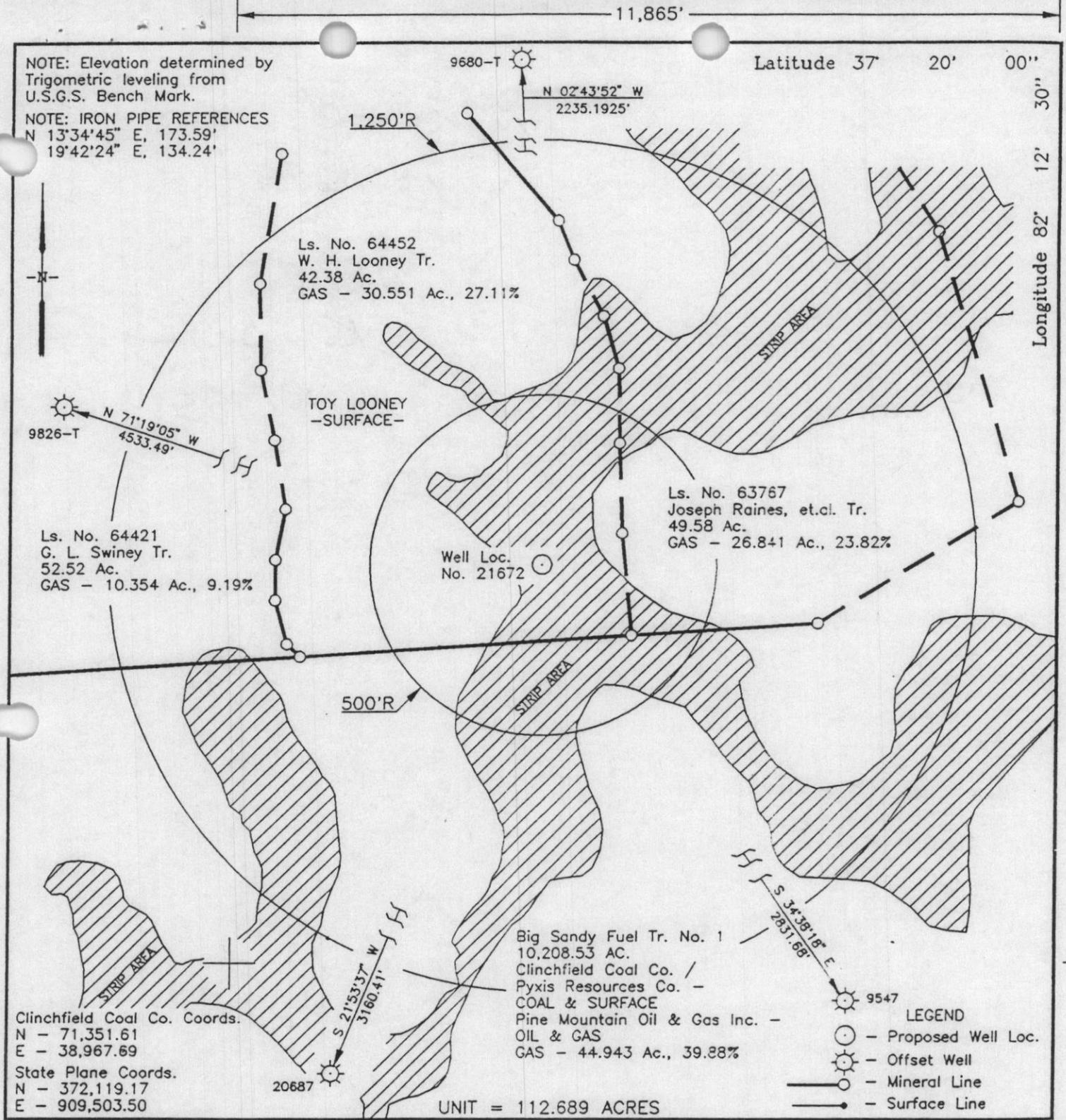
STATE OF VIRGINIA)
COUNTY OF WASHINGTON)

Acknowledge on this 9th day of December, 1998, 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 September 30, 2001



CADD FILE: 21672P-A.DWG

WELL LOCATION PLAT

JOB No. 3329

Company Columbia Natural Resources, Inc. Well Name and Number 21672

Tract No. W. H. LOONEY TR. Elevation 1993.72 Quadrangle Harman

County Buchanan District Rock Lick Scale: 1" = 400' Date 09-16-98

This plat is a new plat X; 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.



W. H. Baldridge
 Licensed Professional Engineer or Licensed Land Surveyor



(Affix Seal)