

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 PRESCRIBED)	99-1019-0763
BY VIRGINIA CODE ANN. § 45.1-)	
361.17(A)(2))	
)	
LEGAL DESCRIPTION:)	
)	
WELL NUMBER CNR 21615)	
BIG SANDY FUEL 4141.88 ACRE TRACT)	
HAYSI QUADRANGLE)	
SANDLICK MAGISTERIAL DISTRICT)	
DICKENSON 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, 1999, Southwest Virginia Education 4-H Center, Hillman Highway, 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 21615 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 Maxon, Big Lime, Berea and Devonian Shale from surface to a total depth of 5,860 feet, excluding coalbeds and rock strata associated therewith ("Subject Formations"). Applicant requests the Board to consent to drill Well Number 21615 at the location depicted on Exhibit A hereto a distance of 2,418.63 feet from CNR Well Number 23663.

5. Amendments: None

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

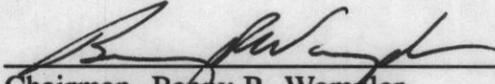
1. CNR Well Number 21615, at the location requested by Applicant, is necessary to effectively and efficiently drain a portion of the common sources of supply (reservoir) underlying the 112.689-acre Conventional Gas drilling unit described at Exhibit A (herein "Subject Drilling Unit").
2. All of the oil and gas rights underlying Subject Drilling Unit have been voluntarily leased to the Applicant.
3. The proposed CNR Well Number 21615 is located on the Big Sandy Fuel 4141.88 Acre Tract at a location which has been approved by gas and oil owners and coal owners. Testimony revealed that the proposed location for Well 21615 is the only location within Subject Drilling Unit, which the coal owner would approve.
4. An expert qualified as a Reservoir Engineer 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 21615 at the location depicted on Exhibit A, a distance of 2,418.63 feet from existing CNR Well 23663.

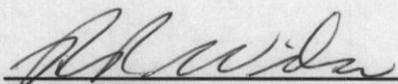
8. Findings: That the well location exception is needed in order to prevent waste, protect correlative rights and to generally effect the purposes of the Virginia Gas and Oil Act.

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

DONE AND EXECUTED this 10th day of December, 1999, by a majority of the Virginia Gas and Oil Board.

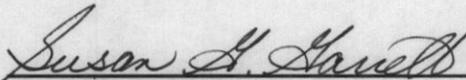

Chairman, Benny R. Wampler

DONE AND PERFORMED this 17th day of December, 1999, by Order of the Board.


B. R. Wilson
Acting Principal Executive to the Staff
Virginia Gas and Oil Board

STATE OF VIRGINIA)
COUNTY OF WISE)

Acknowledged on this 16th day of December, 1999, 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.

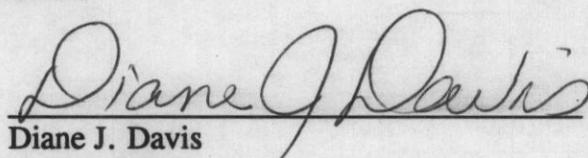


Susan G. Garrett
Notary Public

My Commission expires July 31, 2002

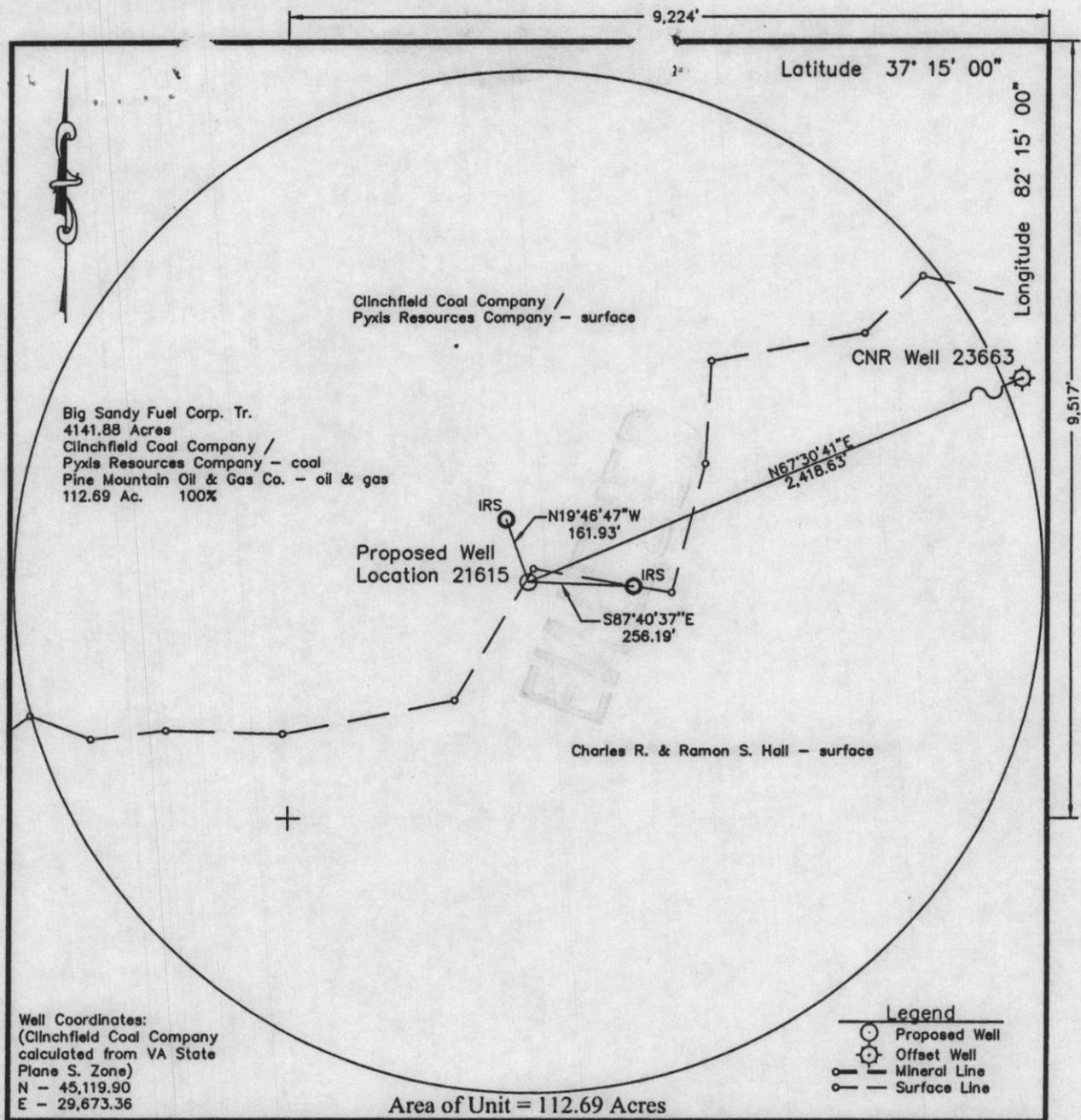
STATE OF VIRGINIA)
COUNTY OF WASHINGTON)

Acknowledged on this 12th day of December, 1999, personally before me a notary public in and for the Commonwealth of Virginia, appeared B. R. Wilson, being duly sworn did depose and say that he is Acting Principal 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



WELL LOCATION PLAT

COMPANY: Columbia Natural Resources, Inc. WELL NAME OR NUMBER: 21615
 TRACT NUMBER: Big Sandy Fuel Corp. QUADRANGLE: Haysi
 DISTRICT: Sandlick
 WELL COORDINATES (VIRGINIA STATE PLANE): N - 346,278.91 E - 899,190.67
 ELEVATION: 2,066.38 METHOD USED TO DETERMINE ELEVATION:
G.P.S. Observation from Cindy Monument

COUNTY: Dickenson SCALE: 1" = 400' DATE: 09-14-1999
 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 (optional).

Licensed Land Surveyor (Affix Seal)

