

VIRGINIA:

BEFORE THE VIRGINIA GAS AND OIL BOARD

APPLICANT: EQUITABLE PRODUCTION COMPANY ) DIVISION OF  
) GAS AND OIL  
)  
)  
RELIEF SOUGHT: EXCEPTION TO STATEWIDE ) DOCKET NO.  
SPACING LIMITATIONS ) 00-0516-0806  
PRESCRIBED BY VIRGINIA )  
CODE § 45.1-361.17(A)(2) )  
)  
LEGAL DESCRIPTION: )  
)  
WELL NUMBER VAD-4327 )  
WHARTON LAND & MINERAL CO. 81.45 ACRE FEE TRACT )  
FLAT GAP QUADRANGLE )  
GLADEVILLE MAGISTERIAL DISTRICT )  
WISE COUNTY, VIRGINIA )

REPORT OF THE BOARD

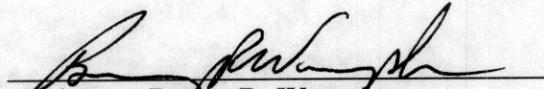
FINDINGS AND ORDER

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 March 21, 2000, at the Southwest Virginia Higher Education Center on the campus of Virginia Highlands Community College, Room 240, 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 listed in Exhibit B.
4. Relief Requested: Applicant requests an exception to the statewide spacing requirements set forth in Va. Code § 45.1-361.17 for Well Number VAD-4327 for Applicant's development and operation of Conventional Gas (herein "Gas" or "Conventional Gas") from all the Mississippian and Devonian Age formations including, but not limited to the Base Lee Sands, Ravencliff, Maxon, Big Lime, Borden, (Weir),

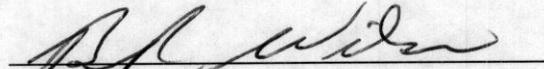
Sunbury Shale, (Coffee), Berea and Devonian Shale, Cleveland, Upper Huron and Lower Huron, from surface to total depth drilled of 5,110 feet, excluding coalbeds and rock strata associated therewith ("Subject Formations"). Applicant requests the Board's consent to drill Well Number VAD-4327 2,016.20 feet from existing EPC Well Number VAD-3625 and 2,034.30 feet from existing EPC Well Number V-3576 at the location depicted on Exhibit A hereto.

5. Amendment: None
6. Reasons Relief Should be Granted: Evidence presented on behalf of the Applicant shows, and the Board finds that:
  - (1) The proposed VAD-4327 is located on the Wharton Land & Mineral Co. 81.45 Acre Fee Tract, and the owner has consented to the well location depicted on the Plat attached hereto ("Plat").
  - (2) The Applicant represents it has the right to operate and develop the reciprocal wells VAD-3625 and V-3576, has all adjacent Gas interests under lease, and that the granting of the application will not impact the correlative rights of any person.
  - (3) An expert witness testified that the location exception was necessary due to constraints imposed by the surface owner and topographical consideration, and that the granting of the location exception was in the best interest of preventing the waste of 400 mmcf of Conventional Gas reserves, protecting correlative rights and maximizing recovery of Conventional Gas underlying the drilling unit depicted on the Plat.
7. Relief Granted: The requested relief in this cause be and hereby is granted allowing the Applicant to permit and drill Well Number VAD-4327 2,016.20 feet from existing EPC Well No. VAD-3625 and 2,034.30 feet from existing EPC Well No. V-3576 at the location depicted on the Plat.
8. Findings: That the well location exception is needed in order to prevent the waste of 400 mmcf of Conventional Gas reserves, to 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 19<sup>th</sup> day of June, 2000, by a majority of the Virginia Gas and Oil Board.

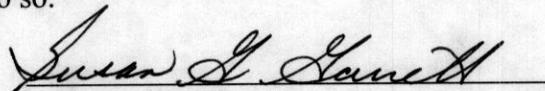
  
Chairman, Benny R. Wampler

DONE AND PERFORMED this 20<sup>th</sup> day of June, 2000, by order of this Board.

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

STATE OF VIRGINIA        )  
COUNTY OF WISE         )

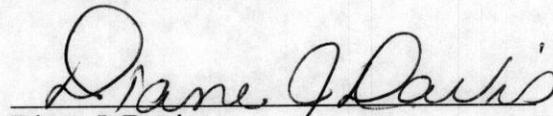
Acknowledged on this 19<sup>th</sup> day of June, 2000, personally before me a notary public in and for the Commonwealth of Virginia, appeared Benny Wampler, being duly sworn, did depose and say that he is Chairman of the Virginia Gas and Oil Board, that he executed the same and was authorized to do so.

  
Susan G. Garrett  
Notary Public

My commission expires: July 31, 2002

STATE OF VIRGINIA        )  
COUNTY OF WASHINGTON    )

Acknowledged on this 20<sup>th</sup> day of June, 2000, 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 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

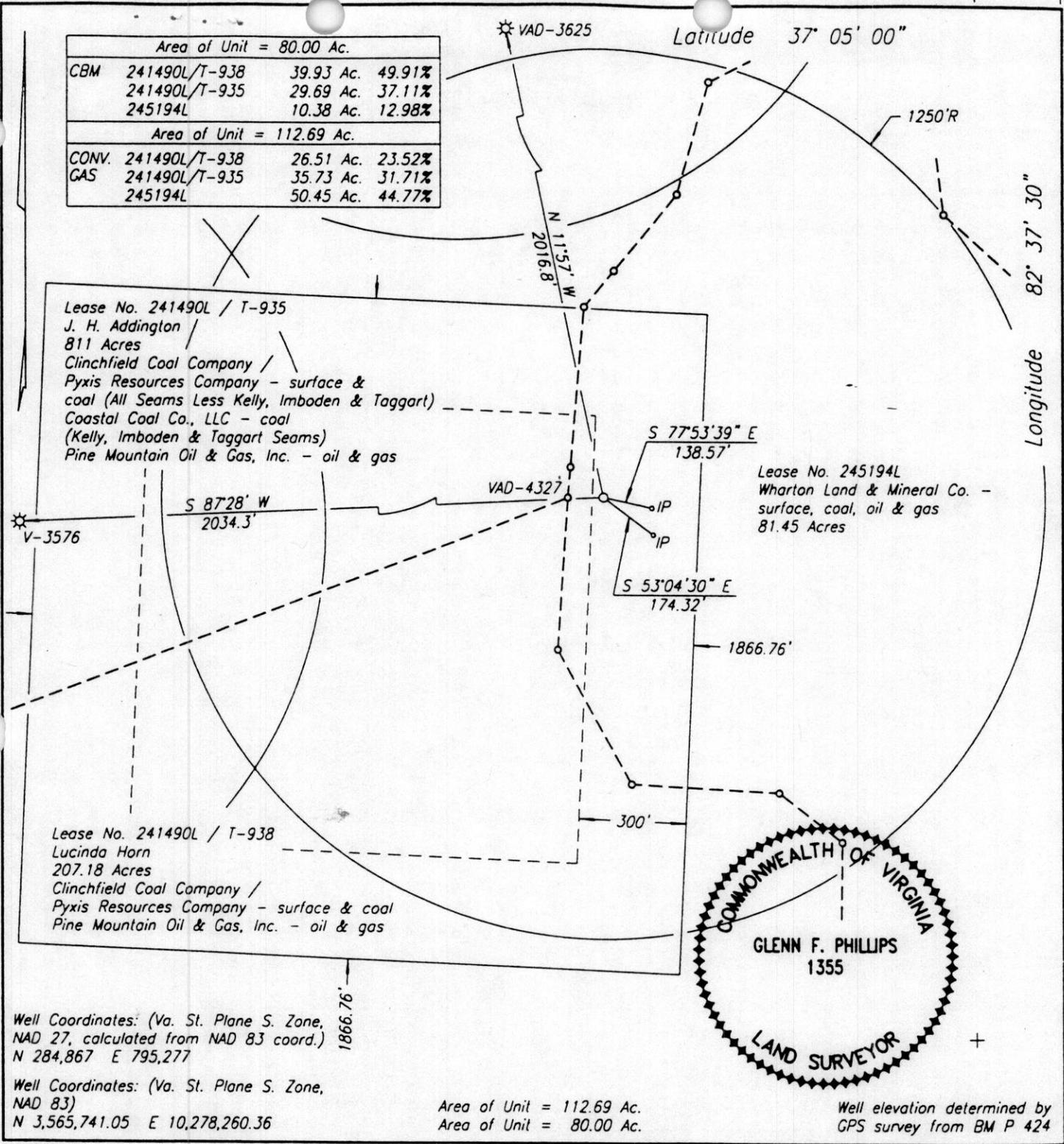
1,220'

Area of Unit = 80.00 Ac.			
CBM	241490L/T-938	39.93 Ac.	49.91%
	241490L/T-935	29.69 Ac.	37.11%
	245194L	10.38 Ac.	12.98%
Area of Unit = 112.69 Ac.			
CONV.	241490L/T-938	26.51 Ac.	23.52%
GAS	241490L/T-935	35.73 Ac.	31.71%
	245194L	50.45 Ac.	44.77%

Latitude 37° 05' 00"

Longitude 82° 37' 30"

14,500'



WELL LOCATION PLAT

COMPANY Equitable Production Company WELL NAME AND NUMBER VAD-4327  
 TRACT NO. Lease No. 245194L ELEVATION 2641.31' QUADRANGLE Flat Gap  
 COUNTY Wise DISTRICT Gladeville SCALE 1" = 400' DATE 4-10-2000

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.

*Glenn F. Phillips*  
 Licensed Professional Engineer or Licensed Land Surveyor

VAD-4327

**EXHIBIT B**

Wharton Land & Mineral Co.  
P.O. Box 450  
Wise, VA 24293  
Attn: Margaret W. Wharton  
General Partner

Pine Mountain Oil & Gas, Inc.  
448 N.E. Main Street  
P.O. Box 5100  
Lebanon, VA 24266  
Attn: Richard Brillhart

Pyxis Resources  
P.O. Box 7  
Dante, VA 24237  
Attn: Larry Cline