

V I R G I N I A:

BEFORE THE VIRGINIA GAS AND OIL BOARD

APPLICANT: Equitable Production Company)
) VIRGINIA GAS
) AND OIL BOARD
RELIEF SOUGHT: **EXCEPTION TO STATEWIDE SPACING**)
) LIMITATIONS PRESCRIBED BY VA. CODE) DOCKET NO.
) § 45.1-361.17(a) (2) FOR **WELL**) 03/09/16-1178
) PD-550426)
)
LEGAL DESCRIPTION:)
)
) DRILLING UNIT SERVED BY WELL NUMBERED)
) PD-550426 TO BE DRILLED IN THE LOCATION)
) DEPICTED ON **EXHIBIT A** HERETO,)
) **Pine Mountain Oil & Gas Corporation**)
) **Oil & Gas Tract, T-3, 45.380 AC**)
) **Caney Ridge** QUADRANGLE,)
) **Ervinton** MAGISTERIAL DISTRICT,)
) **Dickenson** COUNTY, VIRGINIA)
) (the "Subject Lands" are more particularly)
) described on **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 16, 2003, Southwest Virginia Higher Education Center on the campus of Virginia Highlands Community College, Abingdon, Virginia.
2. Appearances: James E. Kaiser appeared for the Applicant and Sharon M.B. Pigeon, Assistant Attorney Generals, was present to advise the Board.
3. Jurisdiction and Notice: Pursuant to Va. Code § 45.1-361.1 et seq., the Board finds that it has jurisdiction over the subject matter. Based upon the evidence presented by Applicant, the Board also finds that the Applicant has (1) exercised due diligence in conducting a meaningful search of reasonably available sources to determine the identity and whereabouts of each gas and oil owner, coal owner, or mineral owner having an interest in Subject Drilling Unit underlying and comprised of Subject Lands; (2) has represented to the Board that it has given notice to those parties (hereafter sometimes "person(s)" whether referring to individuals, corporations, partnerships, associations, companies, businesses, trusts, joint ventures or other legal entities) entitled by Va. Code § 45.1-361.19 to notice of this application; and (3) that the persons set forth in Exhibit B hereto have been identified by Applicant as owners of Gas interests underlying Subject Drilling

ENTERED

Unit, including those who have not heretofore leased, sold or voluntarily agreed with the Applicant to pool their Gas interests in Subject Drilling Unit. Further, the Board has caused notice of this hearing to be published as required by Va. Code § 45.1-361.19.B. Whereupon, the Board hereby finds that the notices given herein satisfy all statutory requirements, Board rule requirements and the minimum standards of state due process.

4. Amendments: **None**

5. Dismissals: **None**

6. Relief Requested: Applicant requests (1) an exception to the statewide spacing limitations set forth in Va. Code § 45.1-361.17 for Well No. **PD-550426**.

7. Relief Granted: The requested relief in this cause be and hereby is granted. The Board hereby grants Applicant consent to permit and drill proposed Well No. **PD-550426 2130.42** feet from existing Well No. **P-435** at the location depicted on the Plat attached hereto;

8. Special Findings: The Board specifically and specially finds:

- 8.1 Applicant is Equitable Production Company, a West Virginia corporation, is duly authorized and qualified to transact business in the Commonwealth of Virginia;
- 8.2 Applicant Equitable Production Company is an operator in the Commonwealth of Virginia and has satisfied the Board's requirements for operations in Virginia;
- 8.3 Applicant claims ownership of Conventional Gas leases of 100 percent of Subject Drilling Unit and the right to explore for, develop and produce Gas from same, i.e., Well No. **PD-550426** as well as from reciprocal wells, i.e., Well **P-435**.
- 8.4 The proposed Well **PD-550426** is located on a surface, coal, oil and gas tract consisting of 45.80 acres known as Pine Mountain Oil & Gas Corporation Oil & Gas Tract, T-3, and the surface, coal, gas and oil owner has consented to the proposed location for Well **PD-550426** that is depicted on the Plat attached hereto as Exhibit A;
- 8.5 The Applicant testified it has the right to operate and develop the reciprocal Well **P-435** and that the granting of the application filed herein will not impact the correlative rights of any person;
- 8.6 An exception to the well spacing requirements of Va. Code § 45.1-361.17 for Well **PD-550426** is necessary to efficiently drain a portion of the common sources of supply (reservoir) underlying Subject Drilling Unit, and the Board's granting of the requested location exception is in the best interest of preventing the waste of 300 million cubic feet of Conventional Gas underlying Subject Drilling Unit, and to

generally effect the purposes of the Virginia Gas and Oil Act;

- 8.7 Applicant proposes the drilling of Well No. PD-550426 to a depth of 6150 feet on the Subject Drilling Unit at the location depicted in Exhibit A to produce all the Mississippian and Devonian age formations including, but not limited to, Base Lee Sands, Ravencliff, Maxon, Little Lime, Big Lime, Top Weir, Base Weir, Sunbury, Berea, Cleveland, Lower Huron, and Java.

from surface to a total depth of 6150 feet (Subject Formations");

- 8.8 Applicant proposes to drill Well PD-550426 a distance of 369.58 feet closer to Gas Well P-435, closer than the 2500 feet mandated by statewide spacing;
- 8.9 Applicant proposes to complete and operate Well PD-550426 for the purpose of producing Conventional Gas;

9. Mailing Of Order And Filing Of Affidavit: Applicant or its Attorney shall file an affidavit with the Secretary of the Board within sixty (60) days after the date of receipt of this Order stating that a true and correct copy of said Order was mailed within seven (7) days from the date of receipt of this Order to each person pooled by this Order whose address is known.

10. Availability of Unit Records: The Director shall provide all persons not subject to a lease with reasonable access to all records for Subject Drilling Unit which are submitted by the Unit Operator to said Director and/or his Inspector(s).

11. Conclusion: Therefore, the requested relief and all terms and provisions set forth above be and hereby are granted and IT IS SO ORDERED.

12. Appeals: Appeals of this Order are governed by the provisions of Va. Code Ann. § 45.1-361.9 which provides that any order or decision of the Board may be appealed to the appropriate circuit court. Such appeals must be taken in the manner prescribed in the Administrative Process Act, Va. Code Ann. § 9-6.14:1 et seq. and Rule 2A of the Rules of the Virginia Supreme Court.

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

DONE AND EXECUTED this 14th day of June, 2004, by a majority of the Virginia Gas and Oil Board.

Benny R. Wampler
Chairman, Benny R. Wampler

DONE AND PERFORMED this 17th day of June, by Order of this Board.

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

STATE OF VIRGINIA)
COUNTY OF WISE)

Acknowledged on this 14th day of June, 2004, 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 L. Lantieri

Notary Public

My commission expires:

STATE OF VIRGINIA)
COUNTY OF WASHINGTON)

Acknowledged on this 17th day of June 2007, 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: 9/30/05

EXHIBIT

A

TOTAL UNIT AREA
CBM = 58.77 ACRES
CONV. = 112.69 ACRES

NOTE !!
SEE WELL LOCATION PLAT
SHEET 2 FOR ADDITIONAL INFORMATION.

LATITUDE 37°05'00"

1748'

LONGITUDE 82°25'00"

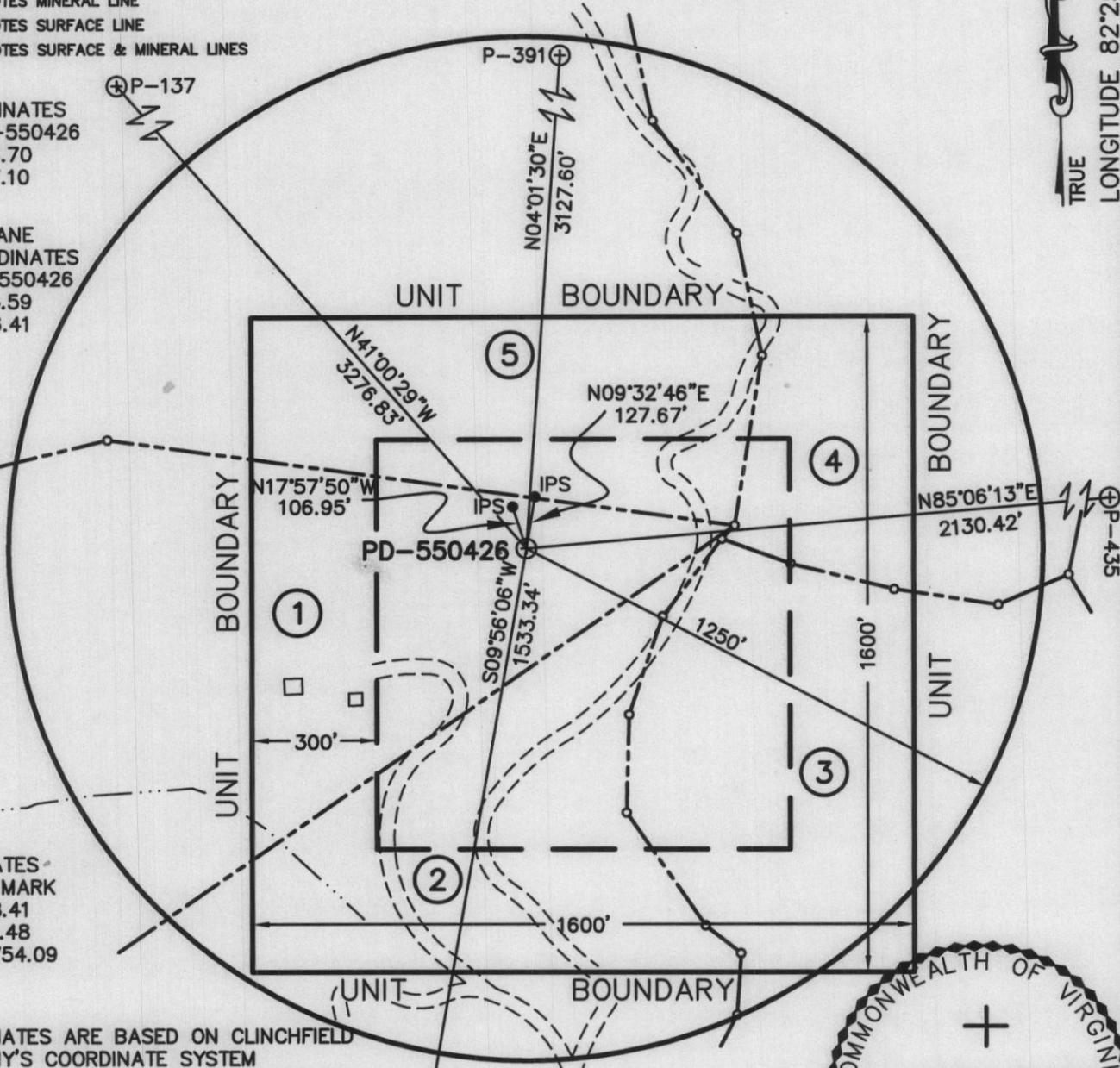
--- DENOTES MINERAL LINE
- - - DENOTES SURFACE LINE
- · - · DENOTES SURFACE & MINERAL LINES

CCC COORDINATES
OF WELL PD-550426
S 20066.70
W 11437.10

STATE PLANE
NAD 27 COORDINATES
OF WELL PD-550426
N 282825.59
E 855476.41

COORDINATES
OF BENCH MARK
S 77498.41
E 22826.48
ELEV. = 1754.09

NOTE !!!
WELL COORDINATES ARE BASED ON CLINCHFIELD
COAL COMPANY'S COORDINATE SYSTEM
CLINCHFIELD COAL COMPANY COORDINATES ARE
CALCULATED FROM STATE PLANE WELL COORDINATES.
PROPERTY INFORMATION PROVIDED BY EQUITABLE
PRODUCTION COMPANY. P-392C
ELEVATIONS ARE BASED ON NGS CONTROL ST. PAUL 2.



WELL LOCATION PLAT

COMPANY Equitable Production Company WELL NAME AND NUMBER PD-550426
TRACT No. LEASE NO. 241490L/T-3 ELEVATION 2377.22 (GPS) QUADRANGLE CANEY RIDGE
COUNTY DICKENSON DISTRICT ERVINTON SCALE: 1" = 400' DATE MARCH 19, 2003
THIS PLAT IS A NEW PLAT x; AN UPDATED PLAT ; OR A FINAL LOCATION PLAT
PROPOSED TOTAL DEPTH OF WELL =

+ 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.

B. Lemman Kendrick 3/19/03 (AFFIX SEAL)
LICENSED PROFESSIONAL ENGINEER OR LICENSED LAND SURVEYOR

CBM UNIT		
PARCEL	ACRES	PERCENT
1	13.09	22.27%
2	14.09	23.97%
3	13.87	23.61%
4	5.77	9.82%
5	11.95	20.33%

CONVENTIONAL UNIT		
PARCEL	ACRES	PERCENT
1	25.41	22.55%
2	19.08	16.93%
3	16.93	15.02%
4	16.66	14.79%
5	34.61	30.71%

①

LEASE No. 241490 / T-3
 JOHN ADKINS
 45.80 ACRES
 JOHN MARRS, et. ux. - surface
 CLINCHFIELD COAL COMPANY/PYXIS RESOURCES
 COMPANY/DICKENSON-RUSSELL COAL COMPANY, LLC/
 ALPHA LAND & RESERVES, LLC - coal
 PINE MOUNTAIN OIL & GAS, INC. - oil & gas

②

LEASE No. 241490 / T-4
 JOHN ADKINS
 72.00 ACRES
 CLINCHFIELD COAL COMPANY/PYXIS RESOURCES
 COMPANY/DICKENSON-RUSSELL COAL COMPANY, LLC/
 ALPHA LAND & RESERVES, LLC - coal
 PINE MOUNTAIN OIL & GAS, INC. - oil & gas

③

LEASE No. 241490 / T-123
 S.G. ROSE
 70.98 ACRES
 CLINCHFIELD COAL COMPANY/PYXIS RESOURCES
 COMPANY/DICKENSON-RUSSELL COAL COMPANY, LLC/
 ALPHA LAND & RESERVES, LLC - coal
 PINE MOUNTAIN OIL & GAS, INC. - oil & gas

④

LEASE No. 241490 / T-121
 WILSON ROSE
 1330.00 ACRES
 CLINCHFIELD COAL COMPANY/PYXIS RESOURCES
 COMPANY/DICKENSON-RUSSELL COAL COMPANY, LLC/
 ALPHA LAND & RESERVES, LLC - coal & surface
 PINE MOUNTAIN OIL & GAS, INC. - oil & gas

⑤

LEASE No. 241490 / T-122
 ROBIN ROSE HEIRS
 69.42 ACRES
 CLINCHFIELD COAL COMPANY/PYXIS RESOURCES
 COMPANY/DICKENSON-RUSSELL COAL COMPANY, LLC/
 ALPHA LAND & RESERVES, LLC - coal & surface
 PINE MOUNTAIN OIL & GAS, INC. - oil & gas



**Thompson
+ Litton**
 Engineers
 Architects
 Planners

EQUITABLE PRODUCTION COMPANY
WELL No. PD-550426
WELL PLAT SUPPLEMENT
SHEET 2

DRAWING NAME:
 7285-11PLAT.DWG
 SCALE:
 1" = 400'
 PROJECT No.:
 7285-11
 DATE: MARCH 19, 2003