

INSTRUMENT PREPARED BY  
VIRGINIA GAS AND OIL BOARD

ORDER RECORDED UNDER CODE  
OF VIRGINIA SECTION 45.1-361.26

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 ) 06/10/17-1745  
 ) V-537540 )  
 )

LEGAL DESCRIPTION: )  
 ) DRILLING UNIT SERVED BY WELL NUMBERED )  
 ) V-537540 TO BE DRILLED IN THE LOCATION )  
 ) DEPICTED ON EXHIBIT A HERETO, )  
 ) Pine Mountain Oil & Gas Inc. )  
 ) Tract T2-98 )  
 ) Caney Ridge QUADRANGLE, )  
 ) Kenady 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

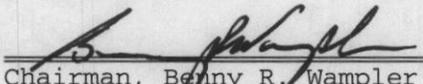
1. Hearing Date and Place: This matter came on for hearing before the Virginia Gas and Oil Board (hereafter "Board") at 9:00 a.m. on October 17, 2006, Southwest Virginia Higher Education Center on the campus of Virginia Highlands Community College, Abingdon, Virginia.
2. Appearances: James E. Kaiser appeared for the Applicant.
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 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. V-537540.
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. V-537540, 1996.66 feet from proposed Well No. V-536712, 2275.41 feet from proposed Well No. V-536804, and 1941.56 feet from proposed Well No. V-536803 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. Applicant 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. V-537540 as well as from reciprocal wells, i.e., Well V-536712, V-536804 & V-536803.
  - 8.4 The proposed Well V-537540 is located on a surface, coal, oil and gas tract consisting of 89.14 acres known as Pine Mountain Oil & Gas Inc., Tract T2-98, and the surface, coal, gas and oil owner has consented to the proposed location for Well V-537540 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 Wells V-536712, V-536804 and V-536803, 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 V-537540 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 400 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. V-537540 to a depth of 4676 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 Sand, Ravenclyff, Maxon, Little Lime, Big Lime, Top Weir, Base Weir, Sunbury, & Berea, from surface to a total depth of 4676 feet (Subject Formations");
- 8.8 Applicant proposes to drill Well V-537540 a distance of 503.34 feet closer to Gas Well V-536712, a distance of 224.59 feet closer to Gas Well V-536804 and a distance of 558.44 feet closer to Gas Well V-536803 than the 2500 feet mandated by statewide spacing;
- 8.9 Applicant proposes to complete and operate Well V-537540 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 17<sup>th</sup> day of April, 2006 by a majority of the Virginia Gas and Oil Board.

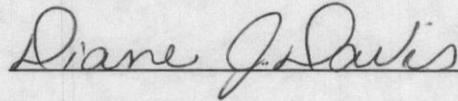
  
Chairman, Benny R. Wampler

DONE AND PERFORMED this 17<sup>th</sup> day of April, 2006 by Order of this Board.

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

STATE OF VIRGINIA       )  
COUNTY OF WASHINGTON   )

Acknowledged on this 17th day of April, 2007, 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, and 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 they individually executed the same and was authorized to do so.

A handwritten signature in cursive script that reads "Diane J. Davis". The signature is written in dark ink and is positioned above the printed name of the notary public.

Notary Public

My commission expires: September 30, 2009

TOTAL UNIT AREA  
= 112.69 ACRES

CCC COORDINATES  
OF WELL V-537540  
N 3609.39  
W 22333.72

LATITUDE 37°07'30

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

Lease No. 241640 / T2-97  
W. O. HAWKINS  
114.96 ACRES  
HEARTWOOD FORESTLAND  
FUND IV, LP - surface  
DICKENSON-RUSSELL COAL  
COMPANY, LLC/ALPHA  
LAND & RESERVES,  
LLC/ACIN, LLC/WBRD, LLC -  
coal  
PINE MOUNTAIN OIL & GAS,  
INC. - gas, oil  
GAS 1.19 AC. - 1.06%

LEASE No. 241640L / T2-98  
N. J. BUCHANAN  
89.14 ACRES  
HEARTWOOD FORESTLAND FUND IV - surface  
DICKENSON-RUSSELL COAL COMPANY, LLC/ALPHA  
LAND & RESERVES, LLC/ACIN, LLC/WBRD, LLC - coal  
PINE MOUNTAIN OIL & GAS, INC. - gas, oil  
GAS 60.63 AC. - 53.80%

Lease No. 241490 /  
T-724  
H. T. KEEL  
566.39 ACRES  
HEARTWOOD FORESTLAND  
FUND IV - surface  
DICKENSON-RUSSELL  
COAL COMPANY,  
LLC/ALPHA  
LAND & RESERVES,  
LLC/ACIN, LLC/WBRD, LLC  
- coal  
PINE MOUNTAIN OIL &  
GAS, INC. - gas, oil  
GAS 6.76 AC. - 6.00%

STATE PLANE  
NAD 27 COORDINATES  
OF WELL V-537540  
306934.82  
845574.81  
LAT 37.109864  
LON -82.460015

N15°06'05"E  
329.03'  
N11°39'26"E  
272.48'

N57°55'24"E  
4382.53'  
N83°57'54"E  
1996.66'

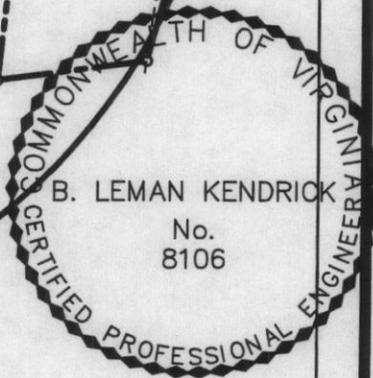
V-537540

S52°27'01"W  
1941.56'

S27°55'42"E  
2275.47'

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

Lease No. 906502  
DOLLIE BELLE S. PATRICK et als  
128.34 ACRES  
DOLLIE BELLE S. PATRICK - surface, gas, oil  
DICKENSON COUNTY - coal  
GAS 44.11 AC. - 39.14%



⊕ PROPOSED  
V-536803

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.  
ELEVATIONS ARE BASED ON NGS CONTROL ST. PAUL 2.

⊕ PROPOSED  
V-536804

WELL LOCATION PLAT

COMPANY Equitable Production Company WELL NAME AND NUMBER V-537540

TRACT No. LEASE NO. 241640 / T2-98 ELEVATION 1967.38 (GPS) QUADRANGLE CANEY RIDGE

COUNTY DICKENSON DISTRICT KENADY SCALE: 1" = 400' DATE SEPTEMBER 6, 2006

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. J. Kendrick 9/6/06*

(AFFIX SEAL)

LICENSED PROFESSIONAL ENGINEER OR LICENSED LAND SURVEYOR

X:\2006 PROJECT DESIGN\8742 V-537540\dwg\8742 PLAT.dwg, 9/6/2006 9:02:37 AM