

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) 07/06/19-1957
) P-550291)
)
LEGAL DESCRIPTION:)
)
) DRILLING UNIT SERVED BY WELL NUMBERED)
) P-550291 TO BE DRILLED IN THE LOCATION)
) DEPICTED ON EXHIBIT A HERETO,)
) Pine Mountain Oil & Gas, Tract T-337)
) Prater QUADRANGLE,)
) Sandlick 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

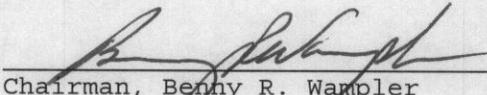
1. Hearing Date and Place: This matter came on for hearing before the Virginia Gas and Oil Board (hereafter "Board") at 9:00 a.m. on June 19, 2007, Southwest Virginia Higher Education Center on the campus of Virginia Highlands Community College, Abingdon, Virginia.
2. Appearances: James E. Kaiser appeared 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.

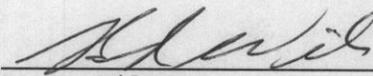
4. Amendments: **Topo map.**
5. Dismissals: **NONE.**
6. Relief Requested: Applicant requests (1) an exception to the statewide spacing limitations set forth in Va. Code § 45.1-361.17 for Well No. P-550291.
7. Relief Granted: The requested relief in this cause be and hereby is granted. The Board hereby grants Applicant consent to permit and drill proposed Well No. P-550291, 2254 feet from proposed Well No. V-536099, and 2456 feet from proposed Well No. V-1999 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. P-550291 as well as from reciprocal wells, i.e., Well V-536099, and V-1999.
 - 8.4 The proposed Well P-550291 is located on a surface, coal, oil and gas tract consisting of 417.25 acres known as Pine Mountain Oil & Gas Tract T-337, and the surface, coal, gas and oil owner has consented to the proposed location for Well P-550291 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-536099, and V-1999, 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 P-550291 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 500 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. P-550291 to a depth of 5046 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, Ravencliff, Maxon, Little Lime, Big Lime, Top Weir, Base Weir, Sunbury, and Berea, from surface to a total depth of 5046 feet (Subject Formations");
- 8.8 Applicant proposes to drill Well P-550291 a distance of 246 feet closer to Gas Well V-536099, and 44 feet closer to Gas Well V-1999 than the 2500 feet mandated by statewide spacing;
- 8.9 Applicant proposes to complete and operate Well P-550291 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 20th day of March, 2008, by a majority of the Virginia Gas and Oil Board.

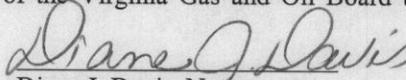

Chairman, Benny R. Wampler

DONE AND PERFORMED this 20th day of March, 2008, 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 20th day of March, 2008, 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, and 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 they executed the same and were authorized to do so.


Diane J. Davis, Notary
174394

My commission expires: September 30, 2009

Well Coordinates: (Geographic N27)
37.158215° 82.229792°

Latitude 37° 10' 00"

Longitude 82° 12' 30"

1250'R

Lease No. 241490L / T-337
Almareen Owens
417.25 Acres
ACIN LLC - coal
Alpha Land & Reserves LLC - coal lessee
WBRD LLC - coal
Dickenson-Russell Coal Company LLC - coal lessee
Pine Mountain Oil & Gas, Inc. - oil, gas & CBM
Gas 112.69 Ac. 100.00%

Hadley D. Owens - surface

CBM
VC-537026

S 37°28' W
88.82'

P-550291

IP

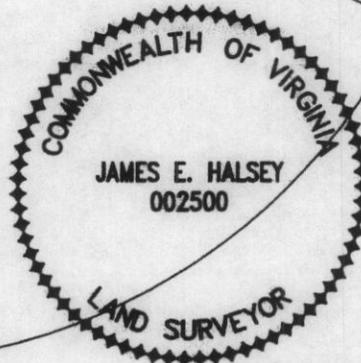
IP

S 02°43' W
102.63'

S 64°18' E
2,254'

V-536099

S 28°57' W
2,456'



CBM
VC-537027

Surface R
V-1999

Heartwood Forestland Fund IV, L.P. - surface

Well elevation determined by GPS survey
from BM MCD 229

Area of Unit = 112.69 Ac.

Well Coordinates: (VA St. Plane S. Zone,
Calculated from CCC coordinates)
N 321,791 E 913,349

Well Coordinates: (Clinchfield Coal Co.)
N 21,213.88 E 44,813.43

WELL LOCATION PLAT

COMPANY Equitable Production Company WELL NAME AND NUMBER P-550291
TRACT NO. Tr. No. 241490L/T-337 ELEVATION 1,875.33' QUADRANGLE Prater
COUNTY Dickenson DISTRICT Sandlick SCALE 1" = 400' DATE 5-11-2007

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.

James E. Halsey
Licensed Professional Engineer or Licensed Land Surveyor

EXHIBIT "B"
P-550291
LOCATION EXCEPTION

Pine Mountain Oil & Gas Inc.
Attn: Jerry Grantham
P.O. Box 2136
Abingdon, VA 24212

Dickenson-Russell Coal Company
Attn: Paul Campbell
P.O. Box 1578
Coeburn, VA 24230

ALPHA Land & Reserves, LLC
Larry Cline
406 West Main Street
Abingdon, VA 24210

WBRD LLC
John Mooney
PO Box 2827
Huntington, WV 25727

ACIN LLC
John Mooney
PO Box 2827
Huntington, WV 25727