

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**) 09/03/17-2494
V-535842)
))
LEGAL DESCRIPTION:)
))
DRILLING UNIT SERVED BY WELL NUMBERED)
V-535842 TO BE DRILLED IN THE LOCATION)
DEPICTED ON EXHIBIT A HERETO,)
Laura Stephens, etal)
Tract 114)
Wise QUADRANGLE,)
Floyd MAGISTERIAL DISTRICT,)
Scott COUNTY, VIRGINIA)
(the "Subject Lands" are more particularly)
described on Exhibit "A" attached hereto)
and made a part hereof))
))
TAX MAP IDENTIFICATION NUMBERS:)
))
TAX MAP IDENTIFICATION NUMBERS FOR ALL PARCELS)
AFFECTED BY THIS ORDER ARE SHOWN ON EXHIBIT (S))
B-3 WHICH IS/ARE ATTACHED TO AND A PART)
OF THIS ORDER.)

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 April 21, 2009, 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. 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. 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-535842.
5. 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-535842, 1890 feet from proposed Well No. V-502726, at the location depicted on the Plat attached hereto.
6. Special Findings: The Board specifically and specially finds:
 - 6.1 Applicant is Equitable Production Company a West Virginia Corporation. Applicant is duly authorized and qualified to transact business in the Commonwealth of Virginia;
 - 6.2 Applicant Equitable Production Company is an operator in the Commonwealth of Virginia and has satisfied the Board's requirements for operations in Virginia;
 - 6.3 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-535842 as well as from reciprocal well, i.e., Well No. V-502726.
 - 6.4 The proposed Well V-535842 is located on a surface, coal, oil and gas tract consisting of 680 acres known as Laura Stephens, etal, Tract 114, and the surface, coal, gas and oil owner has consented to the proposed location for Well V-535842 that is depicted on the Plat attached hereto as Exhibit A;
 - 6.5 The Applicant testified it has the right to operate and develop the reciprocal Wells V-502726 and that the granting of the application filed herein will not impact the correlative rights of any person;

- 6.6 An exception to the well spacing requirements of Va. Code § 45.1-361.17 for Well V-535842 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;
- 6.7 Applicant proposes the drilling of Well No. V-535842 to a depth of 5195 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, Weir, Sunbury, Berea, Cleveland, Upper Huron, Middle Huron, Lower Huron, and Olentangy, from surface to a total depth of 5195 feet (Subject Formations");
- 6.8 Applicant proposes to drill Well V-535842 a distance of 610 feet closer to Gas Well V-502926, than the 2500 feet mandated by statewide spacing;
- 6.9 Applicant proposes to complete and operate Well V-535842 for the purpose of producing Conventional Gas;

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

8. 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.

9. Effective Date: This Order shall be effective as of the date of the Boards approval of this application which is set forth in Paragraph 1 above.

DONE AND EXECUTED this 20 day of July, 2009 by a majority of the Virginia Gas and Oil Board.

Bradley C. Lambert
Chairman, Bradley C. Lambert

DONE AND PERFORMED this 20 day of July, 2009 by Order of this Board.

David Asbury Jr.
David Asbury Jr.
Principal Executive to the Staff
Virginia Gas and Oil Board

STATE OF VIRGINIA)
COUNTY OF WASHINGTON)

Acknowledged on this 20th day of July, 2009, personally before me a notary public in and for the Commonwealth of Virginia, appeared Bradley C. Lambert, being duly sworn did depose and say that he is Chairman of the Virginia Gas and Oil Board, and David Asbury Jr., 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 was authorized to do so.

Diane J. Davis
Diane Davis, Notary
174394

My commission expires: September 30, 2009



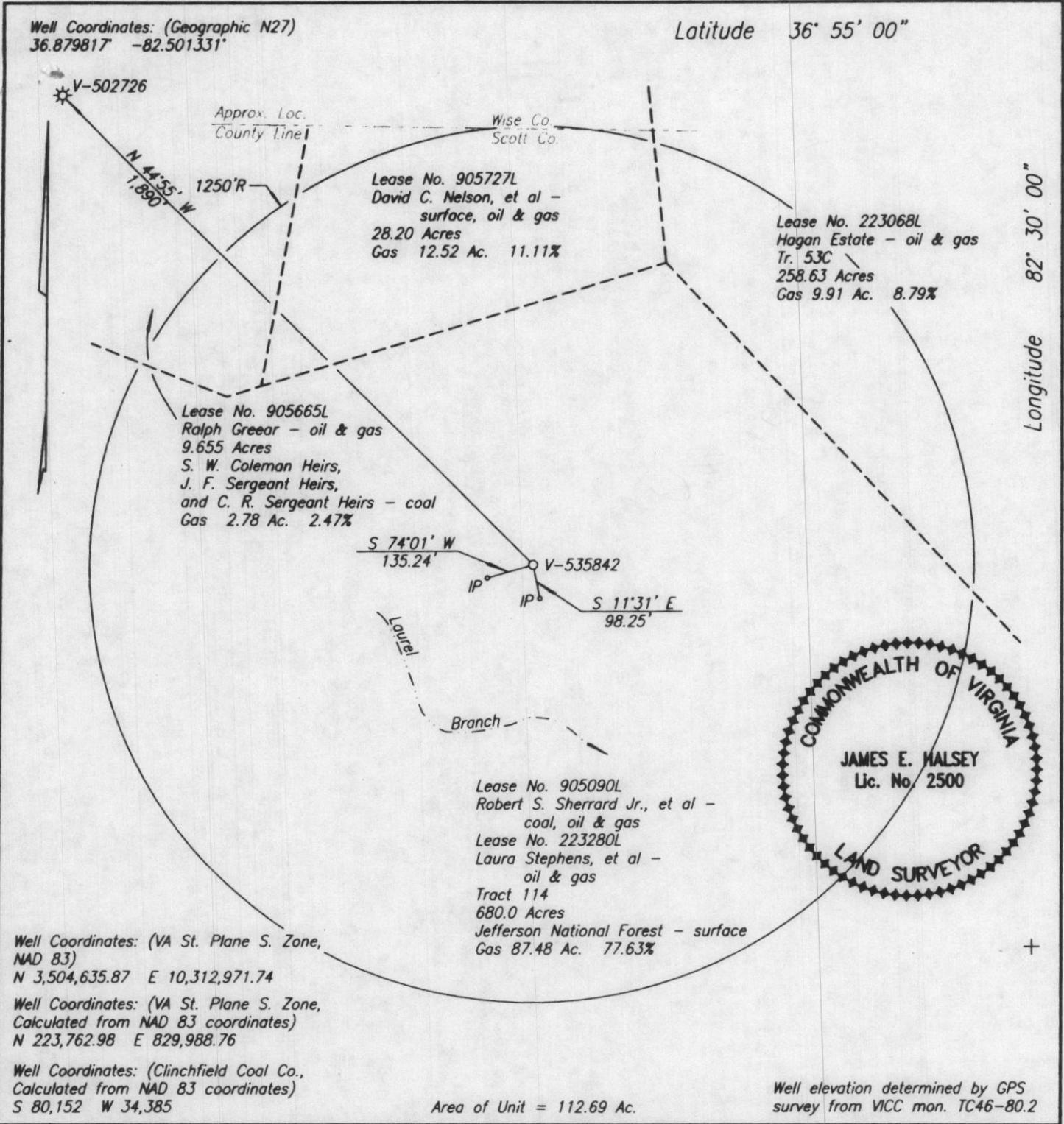
400'

Well Coordinates: (Geographic N27)
36.879817' -82.501331'

Latitude 36° 55' 00"

Longitude 82° 30' 00"

13,430'



WELL LOCATION PLAT

COMPANY Equitable Production Company WELL NAME AND NUMBER V-535842
 TRACT NO. Lease No. 223280L ELEVATION 2,976.39' QUADRANGLE Wise
 COUNTY Scott DISTRICT Floyd SCALE 1" = 400' DATE 8-22-2008

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