

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: EQT 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**) 09/06/16-2542
VH-539991)
))
LEGAL DESCRIPTION:)
))
DRILLING UNIT SERVED BY WELL NUMBERED)
VH-539991 TO BE DRILLED IN THE LOCATION)
DEPICTED ON EXHIBIT A HERETO,)
Steinman Development Company)
295 Acre Tract)
Flat Gap QUADRANGLE,)
Gladeville MAGISTERIAL DISTRICT,)
Wise 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 July 21, 2009, Conference Center at the Russell County Office Facility, Lebanon, Virginia.
2. Appearances: James E. Kaiser appeared for the Applicant; and Sharon B. Pigeon, Assistant Attorney General, 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. 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. VH-539991.
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. VH-539991, 273.46 feet from proposed Well No. V-502794, at the location depicted on the Plat attached hereto.
6. Special Findings: The Board specifically and specially finds:
 - 6.1 Applicant is EQT Production Company a West Virginia Corporation. Applicant is duly authorized and qualified to transact business in the Commonwealth of Virginia;
 - 6.2 Applicant EQT 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. VH-539991 as well as from reciprocal well, i.e., Well No. V-502794.
 - 6.4 The proposed Well VH-539991 is located on a surface, coal, oil and gas tract consisting of 73.14 acres known as Steinman Development Company, 295 Acre Tract, and the surface, coal, gas and oil owner has consented to the proposed location for Well VH-539991 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-502794 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 VH-539991 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 900 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. VH-539991 to a depth of 8851 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, Ravencliff, Avis, Maxon, Little Lime, Big Lime, Weir, Sunbury Shale, Berea, Cleveland, and Three-Lick Bed, from surface to a total depth of 8851 feet (Subject Formations");
- 6.8 Applicant proposes to drill Well VH-539991 a distance of 2226.54 feet closer to Gas Well V-502794, than the 2500 feet mandated by statewide spacing;
- 6.9 Applicant proposes to complete and operate Well VH-539991 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: 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 31 day of August, 2009, by a majority of the Virginia Gas and Oil Board.

Bradley C. Lambert
Chairman, Bradley C. Lambert

DONE AND PERFORMED this 3rd day of August, 2009, by Order of this Board.

David Asbury Jr.
David Asbury Jr.
Principal Executive To The Staff
Virginia Gas and Oil Board

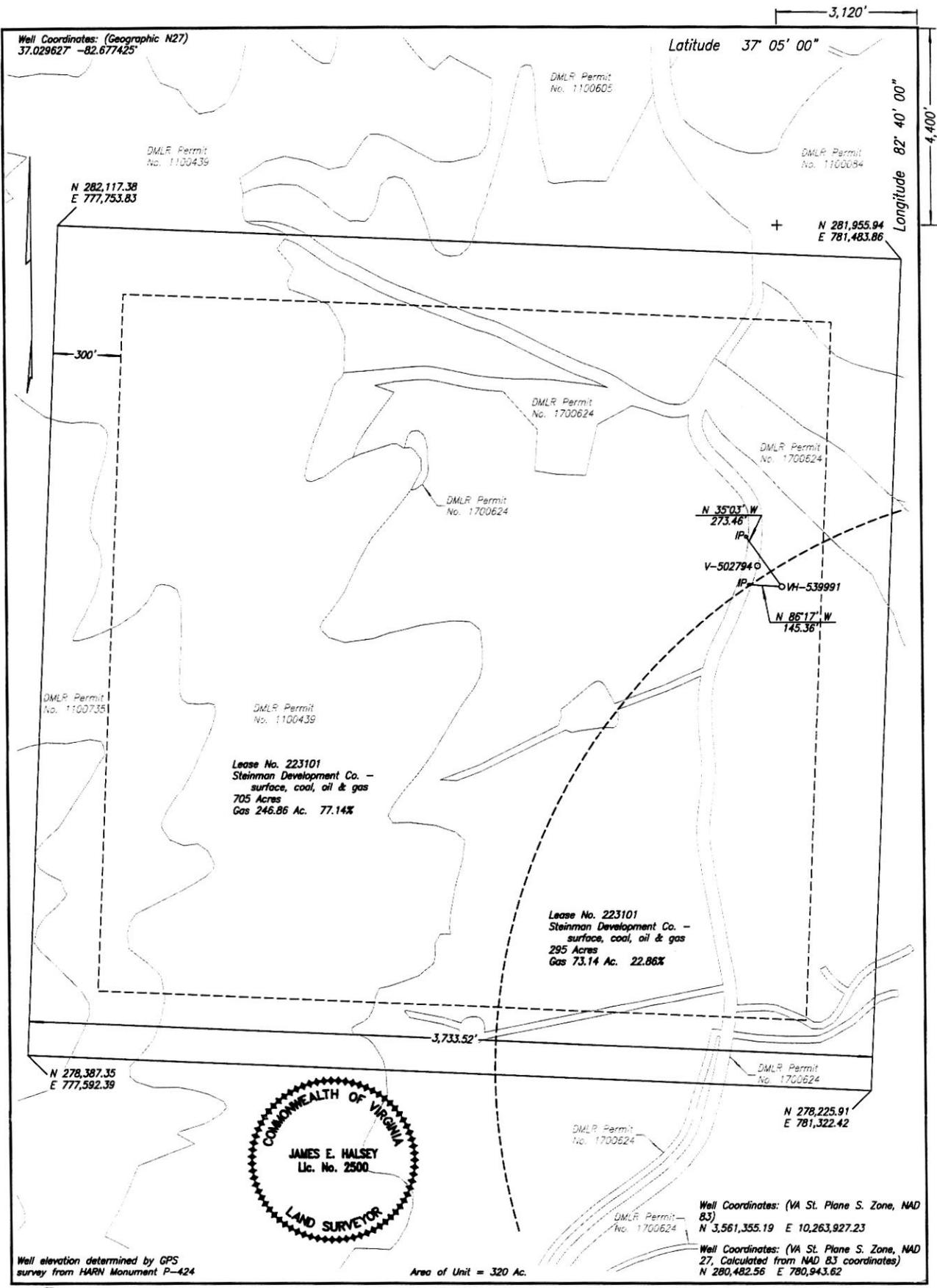
STATE OF VIRGINIA)
COUNTY OF RUSSELL)

Acknowledged on this 31st day of August, 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





WELL LOCATION PLAT

COMPANY Equitable Production Company WELL NAME AND NUMBER VH-539991
 TRACT NO. Is. No. 223096L/Tk. ELEVATION 2,373.67' QUADRANGLE Flat Gap
 COUNTY Wise DISTRICT Gladeville SCALE 1" = 400' DATE 8-11-2008
 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

EXHIBIT "B"
VH-539991
LOCATION EXCEPTION

Steinman Development Co.
Attn: Mr. James Sykes
P.O. Box 249
Norton, VA 24273