

VIRGINIA:

BEFORE THE VIRGINIA GAS AND OIL BOARD

|               |  |   |                                 |
|---------------|--|---|---------------------------------|
| APPLICANT:    | <u>Range Resources-Pine Mountain, Inc.</u> | ) | VIRGINIA GAS                    |
|               |  | ) | AND OIL BOARD                   |
| RELIEF SOUGHT | <b>EXCEPTION TO STATEWIDE SPACING</b>      | ) |                                 |
|               | LIMITATIONS PRESCRIBED BY                  | ) | DOCKET NO.                      |
|               | VA. CODE § 45.1-361.17 (a) (2)             | ) | <u><b>VGOB-11-0517-2951</b></u> |
|               | FOR <u><b>WELL NO. 821789</b></u>          | ) |                                 |

LEGAL DESCRIPTION:

DRILLING UNIT SERVED BY WELL )  
 NUMBERED **821789** )  
 TO BE DRILLED IN THE LOCATION )  
 DEPICTED ON **EXHIBIT A** HERETO, )  
**Green Charles and D.M. Charles Tract** )  
**892.00 Acres, more or less** )  
**HARMAN QUADRANGLE** )  
**ROCKLICK DISTRICT** )  
**BUCHANAN 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 **May 17, 2011** at the Russell County Conference Center, Highland Drive, Lebanon, Virginia.
2. Appearances: **Timothy E. Scott of McKinnis & Scott**, 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; and (2) 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. Amendments: None.
5. Dismissals: None.
6. Relief Requested: Applicant requests an exception to the statewide spacing limitations set forth in Va. Code § 45.1-361.17 for **Well No. 821789**.
5. Relief Granted: The requested relief in this cause shall be and hereby is granted. The Board hereby grants Applicant consent to permit and drill proposed **Well No. 821789** which is **2,239.51 feet from existing Range Resources-Pine Mountain, Inc. Well No. 820340; and 2,377.08 feet from existing Range Resources-Pine Mountain, Inc. Well No. 809591** at the location depicted on the Plat attached hereto as **Exhibit A**.
6. Special Findings: The Board specifically and specially finds:
  - 6.1 Applicant is **Range Resources-Pine Mountain, Inc.** Applicant is duly authorized and qualified to transact business in the Commonwealth of Virginia;
  - 6.2 Applicant **Range Resources-Pine Mountain, Inc.** 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 Subject Drilling Unit and the right to explore for, develop and produce Gas from Well No. **821789** as well as the right to participate and develop the reciprocal wells, being **Well Nos. 820340 and 809591**;
  - 6.4 The proposed Well No. **821789** is located on the **Green Charles and D.M. Charles tract containing 892.00 acres** and the surface, coal, gas and oil owners have consented to the proposed location for Well No. **821789** that is depicted on the Plat attached hereto as **Exhibit A**;
  - 6.5 The Applicant testified it has the right to operate and participate in the development of the reciprocal **Range Resources-Pine Mountain, Inc. Well Nos. 820340 and 809591** 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 No. **821789** 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 **350** million cubic feet of Conventional Gas underlying the Subject Drilling Unit, and to generally effect the purposes of the Virginia and Oil Act;
  - 6.7 Applicant proposes the drilling of Well No. **821789** to a depth of **5,885** feet on the Subject Drilling Unit at the location depicted on Exhibit A to produce all the Mississippian and Devonian Age formations including, but not limited to, **Ravencliff, Maxon, Big Lime, Weir, Berea and Devonian Shale**, from surface to total depth drilled, **5,885** feet ("Subject Formations");
  - 6.8 Applicant proposes to drill Well No. **821789** a distance of **260.49** feet closer to existing **Range Resources-Pine Mountain, Inc. Well No. 820340**; and a

distance of 122.92 feet closer to existing Range Resources-Pine Mountain, Inc. No. 809591 than the 2500 feet mandated by statewide spacing;

- 6.9 Applicant proposes to complete and operate Well No. 821789 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 Board's approval of this Application, which is set forth at Paragraph 1 above.

DONE AND EXECUTED this 26 day of August, 2011, by a majority of the Virginia Gas and Oil Board.

Bradley C. Lambert  
Chairman, Bradley C. Lambert

DONE AND PERFORMED this 26<sup>th</sup> day of August, 2011, by Order of the Board.

Rick Cooper  
Rick Cooper  
(Acting) Principal Executive to the Staff, Virginia Gas and Oil Board

STATE OF VIRGINIA  
COUNTY OF RUSSELL

Acknowledged on this 26<sup>th</sup> day of August, 2011, 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 appeared Rick Cooper, being duly sworn did depose and say that he is Acting Principal Executive to the Staff of the Virginia Gas and Oil Board that they executed the same and were authorized to do so.

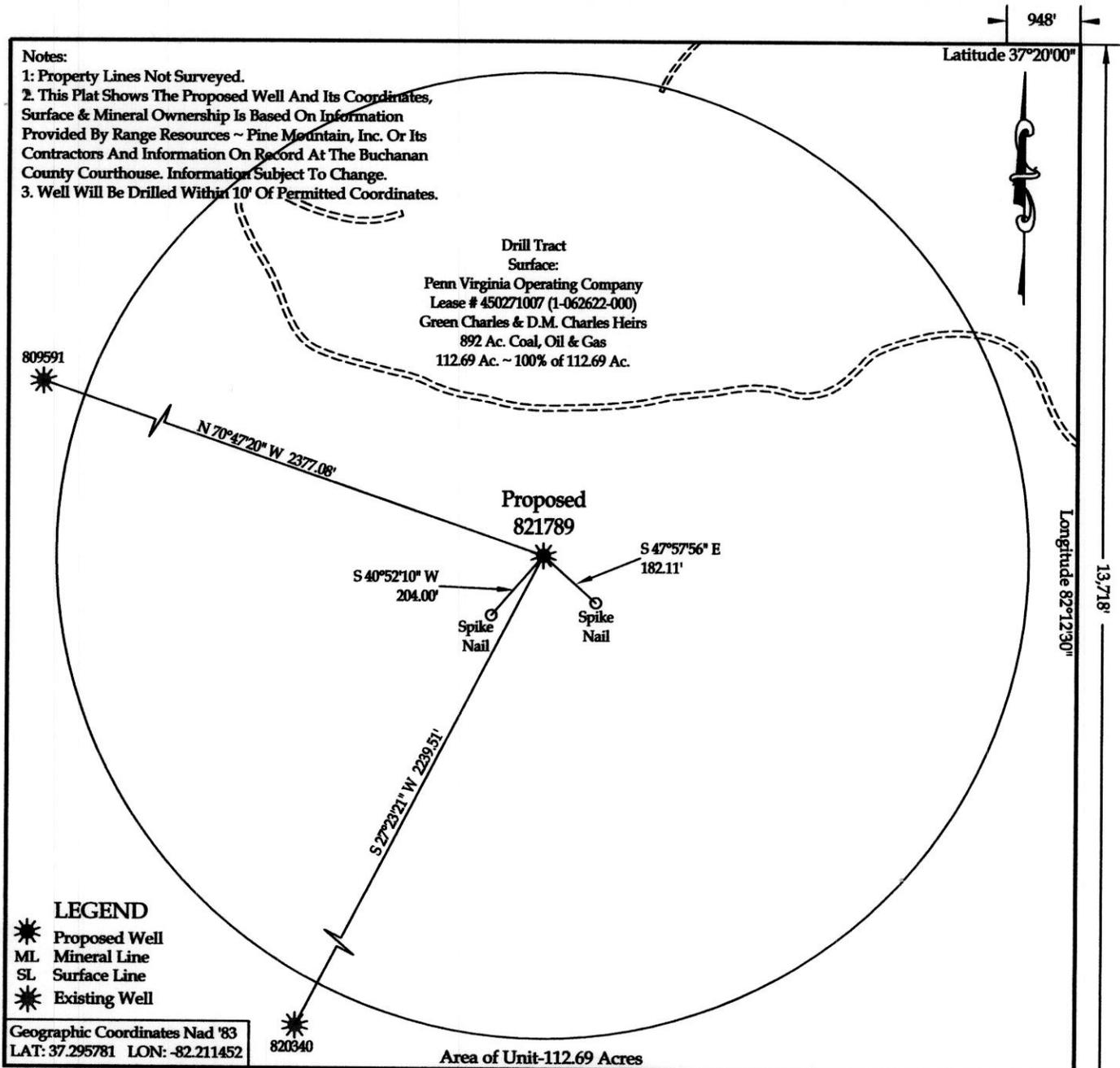
Diane Davis  
Diane Davis, Notary Public  
174394

My commission expires: September 30, 2013



**Notes:**

- 1: Property Lines Not Surveyed.
2. This Plat Shows The Proposed Well And Its Coordinates, Surface & Mineral Ownership Is Based On Information Provided By Range Resources ~ Pine Mountain, Inc. Or Its Contractors And Information On Record At The Buchanan County Courthouse. Information Subject To Change.
3. Well Will Be Drilled Within 10' Of Permitted Coordinates.



**WELL LOCATION PLAT**

Geographic Coordinates Nad '83  
LAT: 37.295781 LON: -82.211452

7.5' Quad  
Location

Company Range Resources ~ Pine Mountain, Inc. Well Name or Number 821789

Tract No. Green Charles & D.M. Charles (892 Acre Tract) Quadrangle Harman

District Rocklick

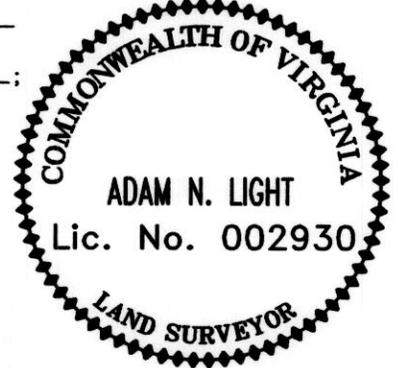
Well Coordinates (Virginia State Plane) N: 3,652,469.06 E: 10,403,601.31

Elevation: 2079.92 Method Used to Determine Elevation: Trig. Levels from GPS derived elevation.

County Buchanan Scale: 1" = 400' Date 14 Apr 11

This Plat is a new plat  ; 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.

*Adam N. Light*  
 Licensed Professional Engineer or Licensed Land Surveyor  
 14-APR-11



Form DGO-GO-7  
Rev. 1-98

**Exhibit A**

948'

Latitude 37°20'00"

13,718'

Longitude 82°12'30"

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  - 2: This Plat Shows The Proposed Well And Its Coordinates, Surface & Mineral Ownership Is Based On Information Provided By Range Resources ~ Pine Mountain, Inc. Or Its Contractors And Information On Record At The Buchanan County Courthouse. Information Subject To Change.
  - 3: Well Will Be Drilled Within 10' Of Permitted Coordinates.

Drill Tract  
Surface:  
Penn Virginia Operating Company  
Lease # 450271007 (1-062622-000)  
Green Charles & D.M. Charles Heirs  
892 Ac. Coal, Oil & Gas  
112.69 Ac. ~ 100% of 112.69 Ac.

809591

N 70°47'20" W 2377.08'

Proposed 821789

S 47°57'56" E 182.11'

S 40°52'10" W 204.00'

S 27°23'21" W 2239.51'

Area of Unit-112.69 Acres

- LEGEND**
- ☼ Proposed Well
  - ML Mineral Line
  - SL Surface Line
  - ☼ Existing Well

Geographic Coordinates Nad '83  
LAT: 37.295781 LON: -82.211452

820340

### WELL LOCATION PLAT

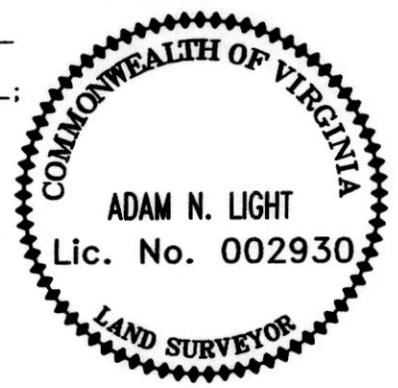
7.5' Quad Location

Company Range Resources ~ Pine Mountain, Inc. Well Name or Number 821789  
 Tract No. Green Charles & D.M. Charles (892 Acre Tract) Quadrangle Harman  
 District Rocklick  
 Well Coordinates (Virginia State Plane) N: 3,652,469.06 E: 10,403,601.31  
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*Adam N. Light*  
 Licensed Professional Engineer or Licensed Land Surveyor  
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Form DGO-GO-7  
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## Exhibit A