

VIRGINIA:

BEFORE THE VIRGINIA GAS AND OIL BOARD

APPLICANT:	<u>Range Resources-Pine Mountain, Inc.</u>)	VIRGINIA GAS
)	AND OIL BOARD
RELIEF SOUGHT	EXCEPTION TO STATEWIDE SPACING)	
	LIMITATIONS PRESCRIBED BY)	DOCKET NO.
	VA. CODE § 45.1-361.17 (a) (2))	<u>VGOB-11-0614-2958</u>
	FOR <u>WELL NO. 900019</u>)	

LEGAL DESCRIPTION:

DRILLING UNIT SERVED BY WELL
 NUMBERED **900019**
 TO BE DRILLED IN THE LOCATION
 DEPICTED ON **EXHIBIT A** HERETO,
Big Sandy Fuel Corporation Tract
 12,627.34 Acres, more or less
PRATER QUADRANGLE
ROCK LICK 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 June 14, 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. 900019**.
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. 900019** which is **2,415.05 feet from Range Resources-Pine Mountain, Inc. Well No. 826114; 2,247 feet from proposed Range Resources-Pine Mountain, Inc. Well 900014; and 2,130.64 feet from Range Resources-Pine Mountain, Inc. Well No. 826113** 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. **900019** as well as the right to participate and develop the reciprocal wells, being **Range Resources-Pine Mountain, Inc. proposed Well No. 900014, Well No. 826114 and 826113;**
 - 6.4 The proposed Well No. **900019** is located on the **Big Sandy Fuel Corporation Tract containing 12,627.34 acres** and the surface, coal, gas and oil owners have consented to the proposed location for Well No. **900019** 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. proposed Well No. 900014, Well No. 826114 and 826113** 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. **900019** 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 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. **900019** to a depth of **5,862** 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, **Ravenc Cliff, Maxon, Big Lime, Weir, Berea and Devonian Shale**, from surface to total depth drilled, **5,862** feet ("Subject Formations");
 - 6.8 Applicant proposes to drill Well No. **900019** a distance of **252.85** feet closer to proposed Range Resources-Pine Mountain, Inc. Well No. 900014; a distance of **369.36** feet closer to Well No. 826113; and a distance of **84.95** feet closer to Well No. 826114 than the 2500 feet mandated by statewide spacing;
 - 6.9 Applicant proposes to complete and operate **Well No. 900019** 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**.

- 6.8 Applicant proposes to drill Well No. 900019 a distance of 252.85 feet closer to proposed Range Resources-Pine Mountain, Inc. Well No. 900014; a distance of 369.36 feet closer to Well No. 826113; and a distance of 84.95 feet closer to Well No. 826114 than the 2500 feet mandated by statewide spacing;
- 6.9 Applicant proposes to complete and operate Well No. 900019 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 3 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 3rd day of August, 2011, by Order of this Board.

Rick Cooper
 David E. Asbury *Rick Cooper*
 Principal Executive to the Staff
 Virginia Gas and Oil Board

STATE OF VIRGINIA)
 COUNTY OF WASHINGTON)

Russell
 Acknowledged on this 3rd 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 ~~David E. Asbury~~ *Asbury*, 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
 Diane J. Davis, Notary
 174394

My commission expires: September 30, 2013

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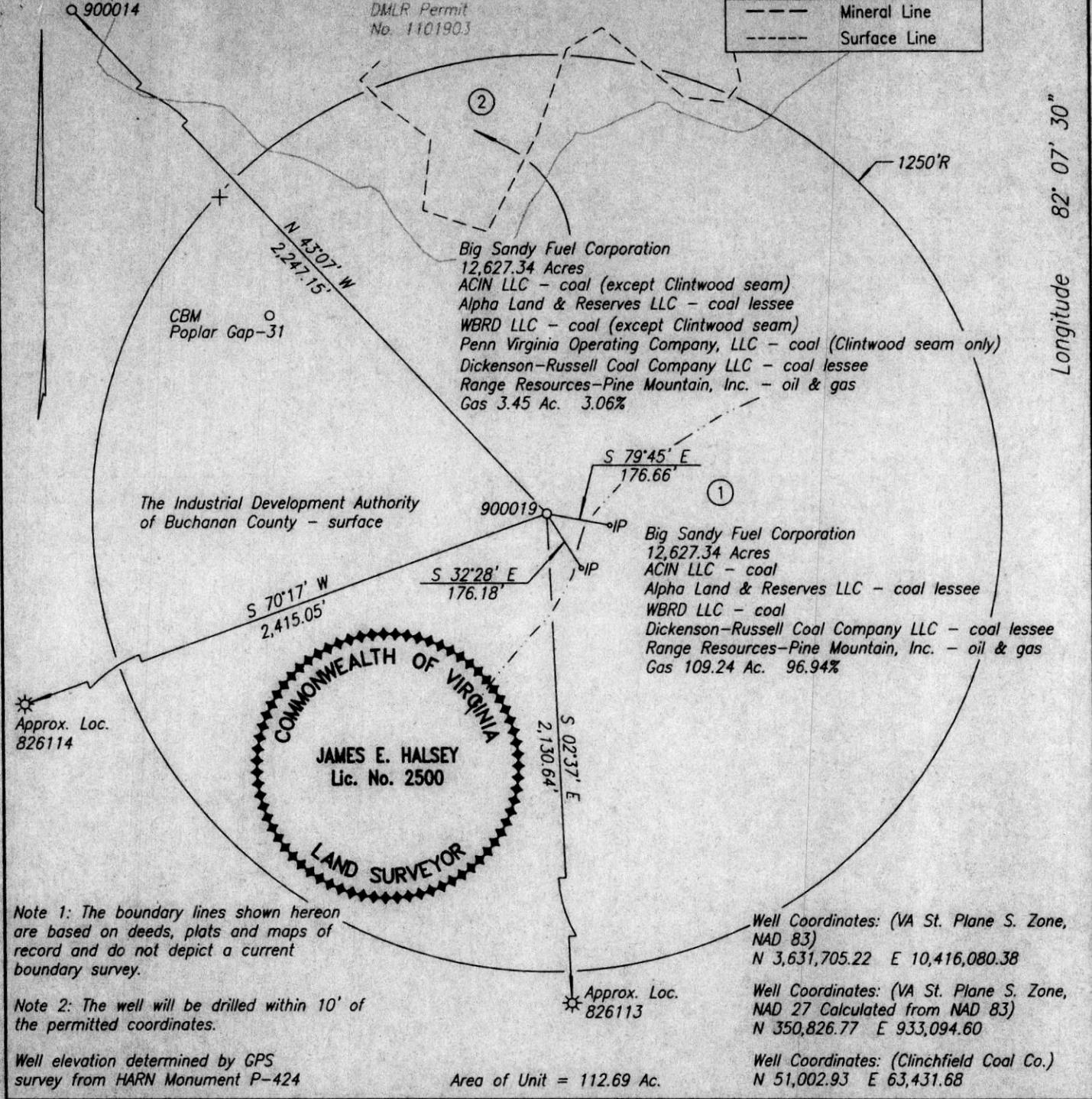
Well Coordinates: (Geographic N27)
37.240026° -82.165954°

Latitude 37° 15' 00"

Longitude 82° 07' 30"

DMLR Permit
No. 1101903

--- Mineral Line
- - - Surface Line



Note 1: The boundary lines shown hereon are based on deeds, plats and maps of record and do not depict a current boundary survey.

Note 2: The well will be drilled within 10' of the permitted coordinates.

Well elevation determined by GPS survey from HARN Monument P-424

Area of Unit = 112.69 Ac.

Well Coordinates: (VA St. Plane S. Zone, NAD 83)
N 3,631,705.22 E 10,416,080.38
Well Coordinates: (VA St. Plane S. Zone, NAD 27 Calculated from NAD 83)
N 350,826.77 E 933,094.60
Well Coordinates: (Clinchfield Coal Co.)
N 51,002.93 E 63,431.68

WELL LOCATION PLAT

COMPANY Range Resources-Pine Mountain, Inc. WELL NAME AND NUMBER 900019
TRACT NO. Big Sandy Fuel Corp. ELEVATION 1,762.12' QUADRANGLE Prater
COUNTY Buchanan DISTRICT Rock Lick SCALE 1" = 400' DATE 5-12-2011

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 A