

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>VGOB-13-0115-4000</u>
	FOR <u>WELL NO. 900127</u>	)	
		)	
		)	
LEGAL DESCRIPTION:		)	
	DRILLING UNIT SERVED BY WELL	)	
	NUMBERED <u>900127</u>	)	
	TO BE DRILLED IN THE LOCATION	)	
	DEPICTED ON <b>EXHIBIT A</b> HERETO,	)	
	<u>Big Sandy Fuel Corporation Tract</u>	)	
	2,613.58-acres, more or less	)	
	<u>PRATER QUADRANGLE</u>	)	
	<u>PRATER DISTRICT</u>	)	
	<u>BUCHANAN COUNTY, VIRGINIA</u>	)	
	(the "Subject Lands" are more particularly described	)	
	on <b>Exhibit "A"</b> , attached hereto and made a part	)	
	hereof)	)	

REPORT OF THE BOARD

FINDINGS AND ORDER

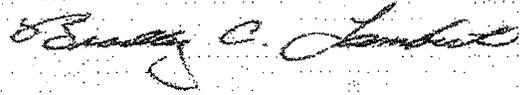
1. Hearing Date and Place: This matter came on for hearing before the Virginia Gas and Oil Board (hereafter "Board") at 9:00 a.m. on **January 15, 2013 continued to February 19, 2013** at the Russell County Conference Center, 139 Highland Drive, Lebanon, Virginia.
2. Appearances: Timothy E. Scott of 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: Revised Application.
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. 900127**.
7. 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. 900127 which is 1,617 feet from Range Resources-Pine Mountain, Inc. Well No. 820467; and, 1,657 feet from Range Resources-Pine Mountain, Inc. proposed Well No. 900047; and 2,390 feet from Range Resources-Pine Mountain, Inc. Well No. 820343; and, 1,861 feet from Range Resources-Pine Mountain, Inc. Well No. 900084; and 1,871 feet from Range Resources-Pine Mountain, Inc. Well No. 900085, and, 1,890 feet from Range Resources-Pine Mountain, Inc. proposed Well No. 900098; and, 1,892 feet from Range Resources-Pine Mountain, Inc. proposed Well No. 900099 at the location depicted on the Plat attached hereto as **Exhibit A**.
8. Special Findings: The Board specifically and specially finds:
  - 8.1 Applicant is **Range Resources-Pine Mountain, Inc.** Applicant is duly authorized and qualified to transact business in the Commonwealth of Virginia;
  - 8.2 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;
  - 8.3 Applicant claims ownership of Conventional Gas Leases of Subject Drilling Unit and the right to explore for, develop and produce Gas from Well No. **900127** as well as the right to participate and develop the reciprocal well, being **Range Resources-Pine Mountain, Inc. Well Nos. 820467, proposed 900047, 829343, 900084, 900085, proposed 900098 and proposed 900099.**
  - 8.4 The proposed Well No. **900127** is located on the **Big Sandy Fuel Corporation 2,613.58-acre Tract** and the surface, coal, gas and oil owners have consented to the proposed location for Well No. **900127** that is depicted on the Plat attached hereto as **Exhibit A**;
  - 8.5 The Applicant testified it has the right to operate and participate in the development of the reciprocal **Range Resources-Pine Mountain, Inc. Well Nos. 820467, proposed 900047, 829343, 900084, 900085, proposed 900098 and proposed 900099** 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 No. **900127** 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 **550** million cubic feet of Conventional Gas underlying the Subject Drilling Unit, and to generally effect the purposes of the Virginia and Oil Act;

- 8.7 Applicant proposes the drilling of Well No. 900127 to a depth of 4,887 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, 4,887 feet ("Subject Formations");
- 8.8 Applicant proposes to drill Well No. 900127 a distance of 883.00 feet closer to Range Resources-Pine Mountain, Inc. Well No. 820467; 843.00 feet closer to Range Resources-Pine Mountain, Inc. proposed Well No. 900047; and, 110.00 feet closer to Range Resources-Pine Mountain, Inc. Well No. 820343; 608 feet closer to Range Resources-Pine Mountain, Inc. proposed Well No. 900099; 610 feet closer to Range Resources-Pine Mountain, Inc. proposed Well No. 900098; 629.00 feet closer to Range-Resources-Pine Mountain, Inc. Well No. 900085; and, 639.00 feet closer to Range-Resources-Pine Mountain, Inc. Well No. 900084 than the 2500 feet mandated by statewide spacing;
- 8.9 Applicant proposes to complete and operate Well No. 900127 for the purpose of producing Conventional Gas;
9. Conclusion: Therefore, the requested relief and all terms and provisions set forth above be and hereby are granted and **IT IS SO ORDERED.**
10. 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.
11. 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 27 day of February, 2013 by a majority of the Virginia Gas and Oil Board.



Chairman, Bradley C. Lambert

DONE AND PERFORMED this 27 day of February, 2013 by Order of the Virginia Gas and Oil Board.



Rick Cooper  
Principal Executive to the  
staff, Virginia Gas and Oil Board

COMMONWEALTH OF VIRGINIA  
COUNTY OF RUSSELL

Acknowledged on this 27<sup>th</sup> day of Feb 2013, 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 the Chairman of the Virginia Gas and Oil Board and appeared Rick Cooper, 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, Notary Public  
174394

My Commission expires: September 30, 2013





900127 PLAT  
TRACT OWNERSHIP INFORMATION SCHEDULE  
12/12/2012

1. Big Sandy Fuel Corporation  
2,613.58 Acres  
ACIN LLC - coal  
Alpha Land & Reserves LLC - coal lessee  
WBRD LLC - coal  
Dickenson-Russell Coal Company LLC - coal lessee  
Lease No. 450270641 (1-174747-000)  
P/O 50 Acres  
Daniel R. O'Quinn, et ux - oil & gas  
Gas 47.59 Ac. 42.23%
2. Big Sandy Fuel Corporation  
12,627.34 Acres  
ACIN LLC - coal  
Alpha Land & Reserves LLC - coal lessee  
WBRD LLC - coal  
Dickenson-Russell Coal Company LLC - coal lessee  
Range Resources-Pine Mountain, Inc. - oil & gas  
Gas 13.36 Ac. 11.86%
3. Big Sandy Fuel Corporation  
2,613.58 Acres  
ACIN LLC - coal  
Alpha Land & Reserves LLC - coal lessee  
WBRD LLC - coal  
Dickenson-Russell Coal Company LLC - coal lessee  
Lease No. 450270639 (1-174745-000)  
4.6 Acres  
Carlos O'Quinn - oil & gas  
Gas 4.22 Ac. 3.74%
4. Big Sandy Fuel Corporation  
2,613.58 Acres  
ACIN LLC - coal  
Alpha Land & Reserves LLC - coal lessee  
WBRD LLC - coal  
Dickenson-Russell Coal Company LLC - coal lessee  
Lease No. 450270637 (1-174743-000)  
P/O 10 Acres  
Mary Ruby Yates, et al - oil & gas  
Gas 20.23 Ac. 17.95%
5. Big Sandy Fuel Corporation  
2,613.58 Acres  
ACIN LLC - coal  
Alpha Land & Reserves LLC - coal lessee  
WBRD LLC - coal  
Dickenson-Russell Coal Company LLC - coal lessee  
Lease No. 450270637 (1-174743-000)  
35 Acres  
Mary Ruby Yates, et al - oil & gas  
Gas 0.37 Ac. 0.33%
6. Big Sandy Fuel Corporation  
2,613.58 Acres  
ACIN LLC - coal  
Alpha Land & Reserves LLC - coal lessee  
WBRD LLC - coal  
Dickenson-Russell Coal Company LLC - coal lessee  
Lease No. (1063786) 450270534  
P/O 4 Acres  
Eddie & Angela Conaway - oil & gas  
Gas 1.47 Ac. 1.31%

7. Big Sandy Fuel Corporation  
2,613.58 Acres  
ACIN LLC - coal  
Alpha Land & Reserves LLC - coal lessee  
WBRD LLC - coal  
Dickenson-Russell Coal Company LLC - coal lessee  
Lease No. (1063806) 450270543  
7.11 Acres  
Gary & Bernice Yates - oil & gas  
Gas 5.03 Ac. 4.46%
  
8. Big Sandy Fuel Corporation  
2,613.58 Acres  
ACIN LLC - coal  
Alpha Land & Reserves LLC - coal lessee  
WBRD LLC - coal  
Dickenson-Russell Coal Company LLC - coal lessee  
Lease No. (1170466) 450271100  
10 Acres  
Starlin Deel - oil & gas  
Gas 2.56 Ac. 2.27%
  
9. Big Sandy Fuel Corporation  
2,613.58 Acres  
ACIN LLC - coal  
Alpha Land & Reserves LLC - coal lessee  
WBRD LLC - coal  
Dickenson-Russell Coal Company LLC - coal lessee  
Lease No. (1170467) 450271101  
3 Acres  
Jeffery Lynn Deel - surface, oil & gas  
Gas 4.69 Ac. 4.16%
  
10. Big Sandy Fuel Corporation  
2,613.58 Acres  
ACIN LLC - coal  
Alpha Land & Reserves LLC - coal lessee  
WBRD LLC - coal  
Dickenson-Russell Coal Company LLC - coal lessee  
Lease No. (1170467) 450271101  
2 Acres  
Starlin Brandon Deel - surface, oil & gas  
Gas 0.66 Ac. 0.59%
  
11. Big Sandy Fuel Corporation  
2,613.58 Acres  
ACIN LLC - coal (except Clintwood seam)  
Alpha Land & Reserves LLC - coal lessee  
WBRD LLC - coal (except Clintwood seam)  
Dickenson-Russell Coal Company LLC - coal lessee  
Penn Virginia Operating Company, LLC - coal (Clintwood seam only)  
Wellmore Coal Company - coal lessee  
Lease No. 450270637 (1-174743-000)  
P/O 10 Acres  
Mary Ruby Yates, et al - oil & gas  
Gas 2.41 Ac. 2.14%
  
12. Big Sandy Fuel Corporation  
2,613.58 Acres  
ACIN LLC - coal (except Clintwood seam)  
Alpha Land & Reserves LLC - coal lessee  
WBRD LLC - coal (except Clintwood seam)  
Dickenson-Russell Coal Company LLC - coal lessee  
Penn Virginia Operating Company, LLC - coal (Clintwood seam only)  
Wellmore Coal Company - coal lessee  
Lease No. 450270641 (1-174747-000)  
P/O 50 Acres  
Daniel R. O'Quinn, et ux - oil & gas  
Gas 7.20 Ac. 6.39% (Total)

- 13 . Big Sandy Fuel Corporation  
2,613.58 Acres  
ACIN LLC - coal (except Clintwood seam)  
Alpha Land & Reserves LLC - coal lessee  
WBRD LLC - coal (except Clintwood seam)  
Dickenson-Russell Coal Company LLC - coal lessee  
Penn Virginia Operating Company, LLC - coal (Clintwood seam only)  
Wellmore Coal Company - coal lessee  
Lease No. (1063786) 450270534  
P/O 4 Acres  
Eddie & Angela Conaway - oil & gas  
Gas 2.90 Ac. 2.57%

**Exhibit "B"**  
**Well Location Exception**  
**Well No. 900127**  
**4,887'**

**DEPTH -**

Dickenson-Russell Coal Company  
Maxxim Shared Services, LLC  
Attn: Steve Smith  
5703 Crutchfield Drive  
Norton, VA 24273

ALPHA Land & Reserves, LLC  
Attn: Steve Smith  
5703 Crutchfield Drive  
Norton, VA 24273

WBRD LLC  
John Mooney  
5260 Irwin Road  
Huntington, WV 25705-3247

ACIN LLC  
John Mooney  
5260 Irwin Road  
Huntington, WV 25705-3247

Penn Virginia Operating Company, LLC  
Mr. John Keith  
Seven Sheridan Square, Suite 400  
Kingsport, TN 37660

Wellmore Coal Company, LLC  
Attn: Robert Brendlinger  
P.O. Box 458  
Big Rock, VA 24603

Daniel R Oquinn  
3837 Greenbrier Rd  
Haysi, VA 24256

Carlos W Oquinn  
1352 Bunker Mountain Rd  
Haysi, VA 24256-5459

Mary Ruby Yates  
1385 Bunker Mountain Rd  
Haysi, VA 24256-5459

Sidney Deel  
28157 Rich Valley Rd  
Abingdon, VA 24210

Manis Deel  
1482 Bunker Mountain Rd

Haysi, VA 24256-5459

James A Deel  
2691 CID Rd  
Lexington, NC 27292

Janice Deel  
3876 Wilcalme Ln  
Haysi, VA 24256

Betty Jean Mitchell  
1404 Bunker Mountain Rd  
Haysi, VA 24256-5459

Polly Lester  
1418 Boyds Ridge Rd  
Vansant, VA 24656

Della Mae Fuller  
1611 Steamboat Rd  
Vansant, VA 24656

Eddie Conaway  
PO Box 1087  
Vansant, VA 24656

Gary Yates  
1167 Garry Yates Rd  
Haysi, VA 24256

Starlin Deel  
3790 Greenbriar Rd  
Haysi, VA 24256

Jeffery Lynn Deel  
PO Box 172  
Haysi, VA 24256

Starlin Brandon Deel  
3790 Greenbriar Rd  
Haysi, VA 24256

Alcie Jane Oquinn  
1423 Oquinn Hollow  
Vansant, VA 24656