

BEFORE THE VIRGINIA GAS AND OIL BOARD

LEGAL
DESCRIPTION: WISE, RUSSELL, SCOTT AND
LEE COUNTIES, VIRGINIA
(SEE DESCRIPTION IN SUB-
PARAGRAPH 4.b. hereof
AND MAP ATTACHED HERETO AS
EXHIBIT A)

EREX responded to the Board's directives with respect to the Provisional Units at the March 15, 1994 and the April 19, 1994 Board hearings under VGOB Docket No. 94-0215-0435 by putting on sufficient testimony for the Board to establish these Field Rules pursuant to Va. Code Ann. §45.1-361.20

(Michie Supp. 1993). The hearings of the Board were held at the Dickenson Conference Room, Southwest Virginia 4-H Educational Center, Abingdon, Virginia.

2. Appearances: Elizabeth McClanahan of Penn Stuart, Eskridge & Jones appeared for BREG; Mark A. Swartz of Kay, Casto, Chaney, Love and Wise appeared for CNR; Michael Lepchitz appeared for Westmoreland Coal Company; and Sandra B. Riggs, Assistant Attorney General, was present to advise the Board.

3. Jurisdiction and Notice: Pursuant to Va. Code Ann. §§ 45.1-361.1, et. seq. (Michie Supp. 1993), VR 480-05-22.1 (1991), and VR 480-05-22.2 (1991), the Board finds that it has jurisdiction over the subject matter. Notice of the Board's motion and the hearings to consider all proposals for the adoption of field rules, stating the time, date and place of the hearing was duly and properly given as required by the Code of Virginia and the Rules of this Board, and the notices given herein satisfy all statutory requirements, Board rule requirements and the minimum standards of due process.

4. Findings:

a. The strata within the coal-bearing area of the Roaring Fork Coalbed Methane Gas Field consists of sandstone, shales and coals of the Pennsylvanian Pottsville Group and the lower-most Allegheny Group. The formations in ascending stratigraphic order are: Pocahontas; Lee; Norton; and Wise. Within the Pottsville Group, the Harlan Formation is present. There is a range of 2,000 to 3,000 feet of Pennsylvanian stratigraphic section in the Roaring Fork area. Structurally, this area lies northwest of and includes parts of the asymmetrical, northeasterly plunging Powell Valley Anticline, and this area is southeast of the Pine Mountain Thrust Fault. Strata dips are to the northwest at 1 to 2 degrees. The Powell Valley Anticline plunges approximately 5 degrees to the northeast.

b. After reviewing gas content and desorption data taken from within the Field from 6 dry holes, 231 coal logs, 624 shallow coal cores, 4 sidewall core desorptions, 4 whole core desorptions, and 8 coalbed methane wells with vent test data, as well as other evidence presented to the Board in this matter, the Board finds that the maximum area within the Pool of the Roaring Fork Field that can be efficiently and economically drained by one (1) coalbed methane well (not drilled into the gob) is an eighty (80) acre unit.

5. Relief Granted: In the interest of preventing the waste of Coalbed Methane Gas, avoiding the drilling of unnecessary wells, protecting correlative rights, and allowing concurrent development of conflicting leasehold estates, the Board hereby establishes the Roaring Fork Coalbed Methane Gas Field for the exploration, development and production of Coalbed Methane Gas from the pool described in Subparagraph 5.a. hereof ("Subject Formations") underlying the land described in Subparagraph 5.b. hereof ("Subject Lands"). Further, the Board hereby establishes 80-acre square drilling units within the Roaring Fork Field as more particularly described in Subparagraph 5.c. hereof and depicted in Exhibit A.

a. The pool covered by these Field Rules is defined as Coalbed Methane Gas produced from the Pennsylvanian Age coals from the top of the Rocky Fork, including the Upper Clintwood, Bottom Clintwood, Blair, Lyons, and the Dorchester, and from the top of the Norton, including all splits to the top of the green and red shales, including but not limited to, Middle Norton, Yellow Creek, Edwards, Gladeville, Hagy, Splashdam, Upper Banner, Lower Banner, Kennedy, Raven, Jawbone, Tiller, Upper Horsepen, Middle Horsepen, War Creek, Beckley, Lower Horsepen, Pocahontas No. 8, Pocahontas No. 4, Pocahontas No. 3, Pocahontas No. 1, and any other unnamed coal seams, coalbeds or pools, and rock strata associated therewith (hereinafter the "Subject Formation"), underlying an area of approximately 176,400 acres lying in Wise, Russell, Scott and Lee Counties,

Virginia, as described in Subparagraph 5.b. hereof and depicted in the attached Exhibit A ("Subject Lands").

b. The boundaries of the Roaring Fork Coalbed Methane Gas Field are determined by the continuity and quality of the underlying coals, including the gas content and coal thicknesses therein, as compared to other coalbed methane gas fields both within and outside Virginia, including but not limited to the adjoining Nora Coal Bed Gas Field, and are described as follows:

BEGINNING at a point, Virginia (South Rectangular) State Plane Coordinates System, N 238,193.24, E 806,605.68 (Virginia State Plane Coordinates, South Zone, NAD 27), the southwest corner of The Nora Coal Bed Gas Field; thence easterly with the south line of said field being approximately 97,450 feet parallel of latitude 36°55'00", to a point N 234,151.32, E 903,972.10; thence south, leaving said field approximately 15,170 feet to a point N 218,993.44, E 903,369.66; thence westerly with parallel at latitude 36°52'30", approximately 192,353 feet to N 227,301.65, E 711,196.32, a point in the Kentucky, Virginia state line; thence northeasterly with the meanders of said state line approximately 210,275 feet to a point N 336,376.57, E 810,855.16; thence south with the west line of the Nora Coal Bed Gas Field approximately 98,275 feet to the point of BEGINNING, containing 176,400 acres, more or less.

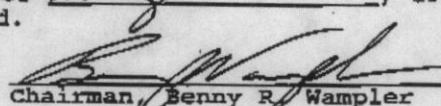
c. The drilling units established for the Field shall be of an area of eighty (80) acres, more or less, in the shape of a square, except those units that are located adjacent to the external boundaries of the Field, which units shall be of such shape and size as necessary to complete the spacing of the Field. The drilling units established hereby shall be aligned and arranged so that they shall constitute a grid as depicted in Exhibit A hereto. Except as provided by law, Rules of the Board and any exception granted by the Board after notice and hearing, no more than one well shall be hereafter produced from Subject Formations in any drilling unit formed by this Order.

d. A Coalbed Methane Gas well drilled within the Roaring Fork Field shall not be located at any point which is: (1) less than 300 feet from the boundary of the Field; or (2) less than 300 feet from any unit boundary within the Field. It appears to this Board from the evidence adduced that it may be necessary for Operators to request, from time to time, increased density wells and/or location exceptions. The Virginia Gas and Oil Inspector may grant location exceptions upon satisfactory proof of need on a case-by-case basis. The Board, on a case-by-case basis, may authorize the drilling of increased density wells under va. Code Ann. § 45.1-361.20 (Michie Supp. 1993).

e. Except as herein provided, the terms of this Order shall apply to all Coalbed Methane Gas wells drilled into and producing from Subject Formations underlying Subject Lands. This Order shall not apply to coalbed methane gas wells drilled into the gob area of any mine or any conventional gas well.

6. Effective Date: This Order shall be effective as of April 19, 1994.

DONE AND EXECUTED this 31st day of May, 1994, by a majority of the Virginia Gas and Oil Board.


Chairman, Benny R. Wampler

DONE AND PERFORMED this 31ST day of May, 1994, by Order of the Board.

Byron Thomas Fulmer
Byron Thomas Fulmer
Principal Executive to the Staff
Virginia Gas and Oil Board

Commonwealth of Virginia)
County of Wise)

Acknowledged on this 31ST day of May, 1994, personally before me a notary public in and for the Commonwealth of Virginia, appeared Benny R. Wampler, being duly sworn did depose and say that he is Chairman of the Virginia Gas and Oil Board, that he executed the same and was authorized to do so.

Susan G. Garrett
Susan G. Garrett
Notary Public

My Commission Expires: 07/31/94

STATE OF VIRGINIA)
COUNTY OF WASHINGTON)

Acknowledged on this 31ST day of May, 1994, personally before me a notary public in and for the Commonwealth of Virginia, appeared Byron Thomas Fulmer, being duly sworn did depose and say that he is the Principal Executive to the Staff of the Virginia Gas and Oil Board, that he executed the same and was authorized to do so.

Diane J. Davis
Diane J. Davis
Notary Public

My Commission Expires: 09/30/97

PennStuart

Geo. E. Penn (1895-1931)
Wm A. Stuart (1922 1976)

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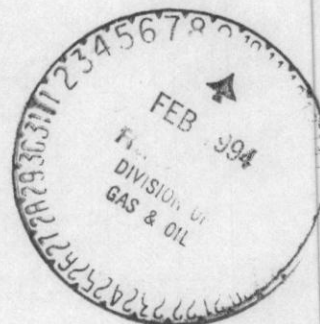
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Offices in Abingdon
and Bristol, Virginia

February 10, 1994



HAND DELIVERY

Byron T. Fulmer, Secretary
Virginia Gas & Oil Board
P.O. Box 1416
Abingdon, Virginia 24210

Re: Equitable Resources Exploration Roaring
Fork Coalbed Methane Field Application
Docket No.: VGOB-94/02/15-0435
Wise, Russell, Scott and Lee Counties, Virginia
PSE&J Client No.: 863-137

Dear Tom:

I have enclosed Equitable Resources Exploration's Roaring Fork Coalbed Methane Field amended application and exhibits for field rules for the March Board docket. Thanks very much.

Sincerely,

Elizabeth A. McClanahan
ELIZABETH A. MCCLANAHAN
Lisa J. Seth

EAM/lws

Enclosures