

VIRGINIA:

BEFORE THE VIRGINIA GAS AND OIL BOARD

APPLICANT:	VIRGINIA GAS COMPANY	)	DIVISION OF
		)	GAS AND OIL
		)	DOCKET NO.
RELIEF SOUGHT:	EXCEPTION TO	)	VGOB-94-0816-0462
	STATEWIDE SPACING	)	
	LIMITATIONS PRESCRIBED	)	
	BY VIRGINIA CODE ANN.	)	
	§ 45.1-361.17(A)(2)	)	
LEGAL DESCRIPTION:		)	
		)	
	WELL NUMBER EH-128	)	
	HAYSI QUADRANGLE	)	
	SAND LICK MAGISTERIAL DISTRICT	)	
	DICKENSON COUNTY, VIRGINIA	)	

REPORT OF THE BOARD

FINDINGS AND ORDER

1. Hearing Date and Place: This cause came on for hearing before the Virginia Gas and Oil Board (hereinafter "Board") at 9:00 a.m. on August 18, 1994, at the Southwest Virginia 4-H Center, Abingdon, Virginia.
2. Appearances: Stanford T. Mullins, Street, Street, Street, Scott and Bowman, appeared for the Applicant; James A. Kaiser of Hunter, Smith & Davis, appeared for Equitable Resources Exploration; and Sandra B. Riggs, Assistant Attorney General, was present to advise the Board.
3. Notice and Jurisdiction: The Board finds that it has jurisdiction over the subject matter. The Board also finds that the applicant has exercised due diligence to locate and provide notice to all persons/companies entitled to notice of this proceeding.
4. Relief Requested: Applicant requests an exception to statewide spacing requirements set forth in Section 45.1-361.17 of the Code of Virginia for Well Number EH-128 for the development and operation of conventional gas from the Maxon, Big Lime, Weir, Berea and Devonian Shale formations ("Subject Formations"). The Applicant requests the Board's consent to drill Well Number EH-128 2,376 feet from Well Number EH-23 and 2,275 feet from Well EH-20.
5. Amendment: None.
6. Reasons Relief Should be Granted: Evidence presented on behalf of the Applicant shows, and the Board finds, that based on the deposition of the common sources of supply anticipated between surface and total depth projected to be drilled, the proposed location exception represents the optimum location to recover commercially productive hydrocarbons underlying the drilling and spacing unit.

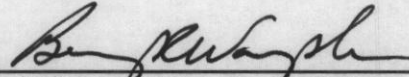
A qualified mine engineer testified that the location exception was necessary due to surface owner consents and preference that Well EH-128 be located in close proximity to twinned Well EH-23, costs, safety, topographical constraints, environmental constraints, and effective land management practices; and that the granting of the location exception was in the best interest of preventing waste, protecting correlative rights and maximizing recovery of hydrocarbons underlying the drilling and spacing unit.

7. Relief Granted: The requested relief in this cause be and hereby is granted allowing the applicant to permit and drill Well Number EH-128 2,376 feet from Well EH-23 and 2,275 feet from Well EH-20 as depicted on Exhibit A hereto.

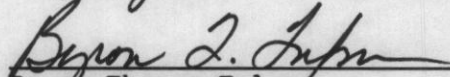
8. Findings: That the well location exception, in accordance with the foregoing, is necessary to prevent waste, protect correlative rights and to generally effect the purposes of the Virginia Gas and Oil Act.

9. Effective Date: This Order shall be effective on the date of its execution.

DONE AND EXECUTED this 25th day of August, 1994, by a majority of the Virginia Gas and Oil Board.

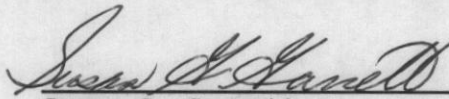

Chairman, Benny R. Wampler

DONE AND PERFORMED this 25th day of August, 1994, by Order of this Board.


Byron Thomas Fulmer
Principal Executive To The Staff
Virginia Gas and Oil Board

STATE OF VIRGINIA)
COUNTY OF WISE)

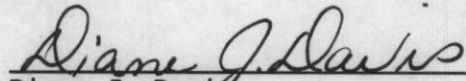
Acknowledged on this 25th day of August, 1994, personally before me a notary public in and for the Commonwealth of Virginia, appeared Benny Wampler, being duly sworn did depose and say that he is Chairman of the Virginia Gas and Oil Board, that he executed the same and was authorized to do so.


Susan G. Garrett
Notary Public

My commission expires 7/31/98

STATE OF VIRGINIA)
COUNTY OF WISE)

Acknowledged on this 25th day of August, 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 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
Notary Public

My commission expires 9/30/97

LATITUDE 37° 12' 30"

EH-23 UNIT AREA = 125.66 ACRES

Clinchfield Coal Company /
Pegasus Resource - coal
Pine Mountain Oil & Gas - oil & gas
0.04 acres - 0.03%

Conc. Mon. Fnd.

T.K. Colley Heirs - coal
Sandra Owens Boyd - oil, gas, surface
0.46 acres - 0.37%

T.K. Colley Heirs - coal
Colley, Wallen, Owens - oil, gas, & surface
97.64 acres - 77.70%

Duty Br.

Coordinates of Well
N 32063.33
E 29886.59

N55°33'10"E
161.90ft
EH-128

S45°10'27"W
331.57ft

S38°18'57"W
70.32ft

HOUSE

access road

S80°34'18"W
2275.48ft

STATE PLANE WELL COORDINATES
N 333224.75
E 898880.60

BM USED :
WSM 1960
N 29191.17
E 31652.32
EL 1282.53

Victor Mullins - oil, gas, & surface
T.K. Colley Heirs - coal
16.72 acres - 13.30%

A.J. Edwards
306.78 ac.
Clinchfield Coal Company
Pegasus Resource - coal
Pine Mountain Oil & Gas - oil & gas
10.80 acres - 8.60%

EXHIBIT "A"

VGOB-94/08/16-0462

NOTE!!!
STATE PLANE COORDINATES BASED ON
MATHEMATICAL CONVERSION FROM
CCC COORDINATES

WELL LOCATION PLAT

COMPANY Virginia Gas Company WELL NAME AND NUMBER EH-128

TRACT No. Colley et als ELEVATION 1305.49 (Trig) QUADRANGLE HAYS

COUNTY DICKENSON DISTRICT SANDLICK SCALE: 1" = 400'

THIS PLAT IS A NEW PLAT X; AN UPDATED PLAT ; OR A FINAL LOCATION PLAT

PROPOSED TOTAL DEPTH OF WELL = 4400 feet

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.

LICENSED PROFESSIONAL ENGINEER OR LICENSED LAND SURVEYOR

