

VIRGINIA:

BEFORE THE VIRGINIA GAS AND OIL BOARD

APPLICANT: COLUMBIA NATURAL RESOURCES, INC.	)	DIVISION OF
a West Virginia Corporation	)	GAS AND OIL
	)	
RELIEF SOUGHT: EXCEPTION TO STATEWIDE	)	DOCKET NO.
SPACING LIMITATIONS	)	98-0120-0618
PRESCRIBED BY VIRGINIA	)	
CODE ANN. § 45.1-361.17(A)(2)	)	
	)	
LEGAL DESCRIPTION:	)	
	)	
WELL NUMBER CNR-21674	)	
BIG SANDY FUEL TRACT NO. 1	)	
ELKHORN CITY QUADRANGLE	)	
SANDLICK MAGISTERIAL DISTRICT	)	
DICKENSON COUNTY, VIRGINIA	)	

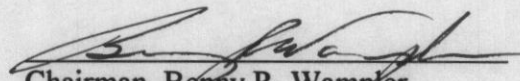
REPORT OF THE BOARD

FINDINGS AND ORDER

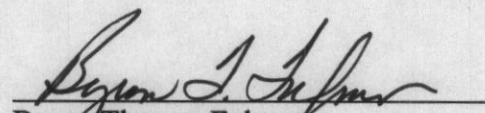
1. Hearing Date and Place: This cause came on for hearing before the Virginia Gas and Oil Board (hereinafter "Board") at 9:00 a.m. on January 20, 1998, at which time it was continued to and heard on February 24, 1998.
2. Appearances: James E. Kaiser of Wilhoit & Kaiser, appeared for the Applicant; and 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 entitled to notice of this proceeding.
4. Relief Requested: Applicant requests an exception to the statewide spacing requirements set forth in Va. Code § 45.1-361.17 for Well Number CNR-21674 for Applicant's development and operation of conventional gas (herein "Gas") from the all formations above the top of the coniferous including, but not limited to, the Berea, Devonian Shale, Maxon, Ravencliff, and Big Lime formations, excluding coalbeds and rock strata associated therewith ("Subject Formations"). Applicant requests the Board's consent to drill Well Number CNR-21674 2,005.66 feet South 06 degrees 46 minutes 45 seconds East of existing Well Number 9585 at the location depicted on Exhibit A hereto.

5. Amendment: None.
6. Reasons Relief Should be Granted: Evidence presented on behalf of the Applicant shows, and the Board finds that:
1. That Well CNR-21674, at the location requested by Applicant, is necessary to effectively and efficiently drain a portion of the common sources of supply (reservoir) underlying the 112.689-acre drilling unit described at Exhibit A (herein "Subject Drilling Unit").
 2. The proposed Well CNR-21674 is located on a 13,000.00-acre surface coal, oil and gas tract known as the Big Sandy Fuel Tract No. 1, which is leased to the Applicant, and the granting of the application will not impact the correlative rights of any person.
 3. An expert witness testified that the location exception was necessary due to constraints imposed by the Pittston Company, the coal operator, to accommodate on-going mining operations under Subject Drilling Unit, and that the granting of the location exception was in the best interest of preventing waste, protecting correlative rights and maximizing recovery of Gas underlying Subject Drilling Unit.
7. Relief Granted: The requested relief in this cause be and hereby is granted allowing the Applicant to permit and drill Well Number CNR-21674 2,005.66 feet from existing CNR Well 9585, at the location depicted on Exhibit A hereto.
8. Findings: That the well location exception is needed in order 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 26th day of May, 1998, by a majority of the Virginia Gas and Oil Board.


Chairman, Benny R. Wampler

DONE AND PERFORMED this 26th day of May, 1998, by Order of the Board.


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

STATE OF VIRGINIA)
COUNTY OF WISE)

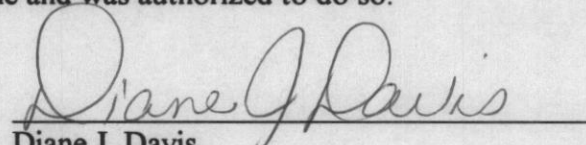
Acknowledged on this 26th day of May, 1998, personally before me a notary public in and for the Commonwealth of Virginia, appeared Benny R. Wampler, being duly sworn did depose and say that he is Chairman of the Virginia Gas and Oil Board, that he executed the same and was authorized to do so.


Susan G. Garrett
Notary Public

My Commission expires 07/31/98

STATE OF VIRGINIA)
COUNTY OF WASHINGTON)

Acknowledge on this 26th day of May, 1998, 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 September 30, 2001

NOTE: Elevation determined by
Trigometric leveling from
U.S.G.S. Bench Mark.

Latitude 37° 17' 30"

Longitude 82° 15' 00"

1,250'R

7,645'

NOTE: I.P. REFERENCES ARE
N 29° 50' 07" W: 153.10'
S 78° 35' 46" E: 88.30'

I.P.
Well loc.
21674
I.P.

Big Sandy Fuel Tr. No. 1
2,418.81 Ac.
Clinchfield Coal Co. /
Pyxis Resources Co. -
COAL & SURFACE
Pine Mountain Oil & Gas Co. -
OIL & GAS
GAS - 96.391 Ac., 85.54%

Samuel Mullins Tr.
216.26 Ac.
Clinchfield Coal Co. /
Pyxis Resources Co. - COAL
Pine Mountain Oil & Gas Co. -
OIL & GAS
GAS - 16.298 Ac., 14.46%

Clinchfield Coal Co. Coords.
N - 62,158.85
E - 32,187.56

State Plane Coords.
N - 363,203.34
E - 902,379.40

S 06° 46' 45" E
2,005.66'
9585

UNIT = 112.689 ACRES

LEGEND

- - Proposed Well Loc.
- ⊙ - Offset Well
- - Mineral Line
- - Surface Line

WELL LOCATION PLAT

DWG. # 3320

Company Columbia Natural Resources, Inc. Well Name and Number 21674

Tract No. Big Sandy Fuel Tr. No. 1 Elevation 1712.50 Quadrangle Elkhorn City

County Dickenson District Sandlick Scale: 1"=400' Date 08-26-97

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.

CERTIFICATE NO.
6992

Handwritten Signature

Licensed Professional Engineer or Licensed Land Surveyor

(Affix Seal)