

VIRGINIA:

BEFORE THE VIRGINIA GAS AND OIL BOARD

APPLICANT:   EQUITABLE RESOURCES ENERGY        )  
                  COMPANY, a West Virginia        ) DIVISION OF  
                  Corporation                        ) GAS AND OIL  
  )  
RELIEF SOUGHT:   EXCEPTION TO                        ) DOCKET NO.  
                          STATEWIDE SPACING        ) 98-0217-0624  
                          LIMITATIONS PRESCRIBED    )  
                          BY VIRGINIA CODE ANN.        )  
                          § 45.1-361.17(A)(2)        )  
  )  
LEGAL DESCRIPTION:                                )  
  )  
                  WELL NUMBER VAD-3765                )  
                  CLINCHFIELD COAL COMPANY TRACT     )  
                  NO. T-570                            )  
                  DUTY QUADRANGLE                    )  
                  HURRICANE MAGISTERIAL DISTRICT     )  
                  BUCHANAN 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 February 24, 1998, Dickenson Conference Room, Southwest Virginia Education 4-H Center, Abingdon, Virginia.
2. Appearances: James E. Kaiser of Wilhoit & Kaiser, appeared for the Applicant; 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 VAD-3765 for Applicant's development and operation of Conventional Gas from the Mississippian and Devonian Age formations including the Base Lee Sands, Ravencliff, Maxon, Big Lime, Borden, (Weir), Coffee Shale, Berea, Devonian Shale and White Slate formations, from surface to total depth drilled of 6,487 feet, excluding coalbeds and rock strata associated therewith ("Subject Formations"). Applicant requests the Board's consent to drill Well Number VAD-3765 2,097.14 feet from existing EREX Well Number VAD-2552 at the location depicted on Exhibit A hereto.
5. Amendments: None.

6. Reasons Relief Should Be Granted: Evidence presented on behalf of the Applicant shows, and the Board finds that:

(1) Applicant proposes to operate the well for the dual purpose of producing coalbed methane gas and conventional gas. The location depicted on Exhibit A for Well VAD-3765 represents a legal location for a coalbed methane gas well as established by the Nora Coal Bed Gas Field Rules entered by the Board on March 26, 1989; however, without the granting of this exception by the Board, said location would not comply with the statewide spacing limitations established by Va. Code § 45.1-361.17.

(2) The proposed Well VAD-3765 is located on a coal, oil and gas tract consisting of 1,075 acres, known as the Clinchfield Coal Company Tract T-570. Pine Mountain Gas and Oil owns the gas underlying Subject Drilling Unit as well as the surrounding drilling units, all of which were voluntarily leased to Applicant who operates all reciprocal wells. Thus, the granting of the application will not impact the correlative rights of any person.

(3) An expert witness testified that the granting of the location exception is necessary to effectively and efficiently drain a portion of the common sources of supply (reservoir) underlying Subject Drilling Unit and is in the best interest of preventing waste, protecting correlative rights and maximizing recovery of Conventional 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 VAD-3765 2,097.14 feet from existing EREX Well VAD-2552 at the location depicted on Exhibit A hereto.

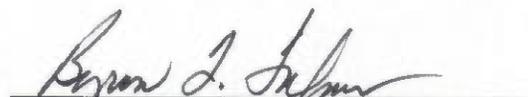
8. Findings: That the well location exception is needed in order to prevent waste, correlative rights and to generally effect the purposes of the Virginia Gas and Oil Act.

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

DONE AND EXECUTED this 23<sup>rd</sup> day of March, 1998, by a majority of the Virginia Gas and Oil Board.

  
Chairman, Benny R. Wampler

DONE AND PERFORMED this 21<sup>st</sup> day of March, 1998, 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 23<sup>rd</sup> day of March, 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 )

Acknowledged on this 23<sup>rd</sup> day of March, 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

Ls. # 241490L, T-349

James Rasnake

388.52 Ac.

CLINCHFIELD COAL COMPANY/  
PYXIS RESOURCES COMPANY

- Surface and Coal  
PINE MOUNTAIN OIL AND GAS  
- OIL AND GAS

VAD-2552

**E: VAD-3765 SITE LIES WITHIN  
VA-DMLR PERMIT # 1101218**

Latitude 37°05'00"

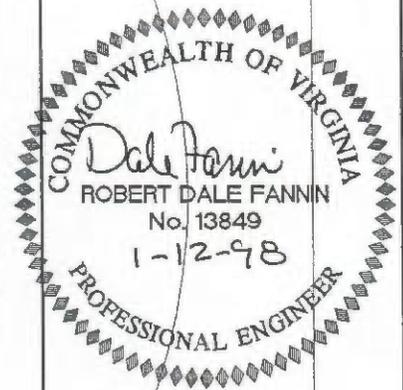
3625'

PROPERTY LINES:  
SOLID LINE = SURVEYED  
BROKEN LINES = NON-SURVEYED

Area of Unit = 58.77 Ac.			
CBM	T-431	9.84 Ac.	16.74%
	T-570	48.93 Ac.	83.26%
Area of Unit = 112.69 Ac.			
Conv.	T-431	40.30 Ac.	35.76%
Gas	T-570	71.92 Ac.	63.82%
	T-350	0.21 Ac.	0.19%
	T-349	0.26 Ac.	0.23%

Longitude 82°07'30"

Ls. # 241490L, T-431  
W.J. TILLER  
139 Ac.  
CLINCHFIELD COAL COMPANY/  
PYXIS RESOURCES COMPANY  
- Surface and Coal  
PINE MOUNTAIN OIL AND GAS  
- OIL AND GAS  
Gas 9.84 Ac., 16.74%



Ls. # 241490L, T-570  
W. J. Buskell  
1075 Ac.  
CLINCHFIELD COAL COMPANY/  
PYXIS RESOURCES COMPANY  
- Surface and Coal  
PINE MOUNTAIN OIL AND GAS  
- OIL AND GAS  
Gas 48.93 Ac., 83.26%

THE PURPOSE OF THIS PLAT IS TO SHOW THE PROPOSED WELL,  
ITS COORDINATES, AND ELEVATION. PROPERTY LINE INFORMATION,  
SURFACE AND MINERAL OWNERSHIP ARE BASED ON PRELIMINARY  
INFORMATION PROVIDED BY EQUITABLE RESOURCES AND IS SUBJECT TO CHANGE  
BEFORE FINAL APPROVAL.

WELL COORDINATES ARE BASED ON CLINCHFIELD  
COAL COMPANY'S COORDINATE SYSTEM.  
STATE PLANE COORDINATES ARE CALCULATED  
FROM CLINCHFIELD COAL COMPANY COORDINATES.  
WELL ELEVATION IS BASED ON TRIG LEVELING  
FROM CLINCHFIELD'S 'RIDGE' MONUMENT.

WELL COORDINATES:  
NAD 27 Va. South  
N 284,142.03 E 938,835.23  
Cinchfield Coal Co.  
N -15,414.17 E 71,753.51

### WELL LOCATION PLAT

COMPANY Equitable Resources Energy Co. WELL NAME AND NO. VAD-3765

TRACT NO. T-570 ELEVATION: 2205.10 (Trig) QUADRANGLE: Duty, VA

COUNTY: Buchanan DISTRICT: HURRICANE SCALE: 1"=400' DATE: 1/12/98

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 the longitude lines being represented by border lines as shown.

*Dale Fannin*

Licensed Professional Engineer or Licensed Land Surveyor