

V I R G I N I A:

BEFORE THE VIRGINIA GAS AND OIL BOARD

APPLICANT: Equitable Production Company

)
) VIRGINIA GAS
) AND OIL BOARD

RELIEF SOUGHT:	EXCEPTION TO STATEWIDE SPACING LIMITATIONS PRESCRIBED BY VA. CODE § 45.1-361.17(a)(2) FOR WELL V-550450
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)
) DOCKET NO.
) 03/10/21-1211

LEGAL DESCRIPTION:

DRILLING UNIT SERVED BY WELL NUMBERED
V-550450 TO BE DRILLED IN THE LOCATION
DEPICTED ON EXHIBIT A HERETO,
Pine Mountain Oil & Gas, Inc.
Tract T-118
Caney Ridge QUADRANGLE,
Kenady MAGISTERIAL DISTRICT,
Dickenson COUNTY, VIRGINIA
(the "Subject Lands" are more particularly
described on Exhibit "A" 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 October 21, 2003, Southwest Virginia Higher Education Center on the campus of Virginia Highlands Community College, Abingdon, Virginia.
2. Appearances: James E. Kaiser appeared for the Applicant and Sharon M.B. Pigeon, Assistant Attorney Generals, was present to advise the Board.
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; (2) has 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; and (3) that the persons set forth in Exhibit B hereto have been identified by Applicant as owners of

Gas interests underlying Subject Drilling Unit, including those who have not heretofore leased, sold or voluntarily agreed with the Applicant to pool their Gas interests in Subject Drilling Unit. 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: _____
5. Dismissals: _____
6. Relief Requested: Applicant requests (1) an exception to the statewide spacing limitations set forth in Va. Code § 45.1-361.17 for Well No. P-550423.
7. Relief Granted: The requested relief in this cause be and hereby is granted. The Board hereby grants Applicant consent to permit and drill proposed Well No. V-550450 2456.75 feet from existing Well No. P-391 and 2385.96 feet from Well No. P-127 at the location depicted on the Plat attached hereto;
8. Special Findings: The Board specifically and specially finds:
 - 8.1 Applicant is Equitable Production Company [entity, state of incorporation, etc.]. Applicant is duly authorized and qualified to transact business in the Commonwealth of Virginia;
 - 8.2 Applicant Equitable Production Company 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 100 percent of Subject Drilling Unit and the right to explore for, develop and produce Gas from same, i.e., Well No. V-550450 as well as from reciprocal well, i.e., Well P-391 and Well No. P-127.
 - 8.4 The proposed Well V-550450 is located on a surface, coal, oil and gas tract consisting of 116.77 acres known as Pine Mountain Oil and Gas, Inc. Tract T-118, and the surface, coal, gas and oil owner has consented to the proposed location for Well V-550450 that is depicted on the Plat attached hereto as Exhibit A;
 - 8.5 The Applicant testified it has the right to operate and develop the reciprocal Wells P-391 and P-127 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 V-550450 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 400 million cubic feet of Conventional Gas underlying Subject Drilling Unit, and to generally effect the purposes of the Virginia Gas and Oil Act;

- 8.7 Applicant proposes the drilling of Well No. V-550450 to a depth of 6215 feet on the Subject Drilling Unit at the location depicted in Exhibit A to produce all the Mississippian and Devonian age formations including, but not limited to, Base Lee Sd, Ravencliff, Maxon, Little Lime, Big Lime, Top Weir, Sunbury, Berea, Cleveland, Lower Huron, Olentangy.

from surface to a total depth of 6215 feet (Subject Formations");

- 8.8 Applicant proposes to drill Well V-550450 a distance of 43.25 feet closer to Gas Well P-391 and 114.04 feet closer to Gas Well P-127 than the 2500 feet mandated by statewide spacing;

- 8.9 Applicant proposes to complete and operate Well V-550450 for the purpose of producing Conventional Gas;

- 9 Mailing Of Order And Filing Of Affidavit: Applicant or its Attorney shall file an affidavit with the Secretary of the Board within sixty (60) days after the date of receipt of this Order stating that a true and correct copy of said Order was mailed within seven (7) days from the date of receipt of this Order to each person pooled by this Order whose address is known.

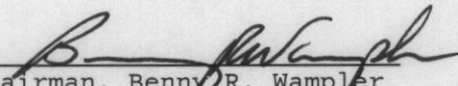
10. Availability of Unit Records: The Director shall provide all persons not subject to a lease with reasonable access to all records for Subject Drilling Unit which are submitted by the Unit Operator to said Director and/or his Inspector(s).

11. Conclusion: Therefore, the requested relief and all terms and provisions set forth above be and hereby are granted and IT IS SO ORDERED.

12. 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.

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

DONE AND EXECUTED this 14th day of December, 2004, by a majority of the Virginia Gas and Oil Board.

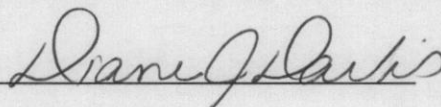

Chairman, Benny R. Wampler

DONE AND PERFORMED this 14th day of December 2004, by Order of this Board.


B. R. Wilson
Principal Executive to the Staff
Virginia Gas and Oil Board

STATE OF VIRGINIA)
COUNTY OF WISE)

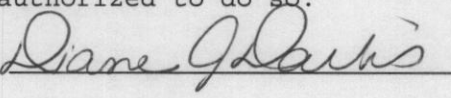
Washington
Acknowledged on this 14th day of December, personally before me a notary public in and for the Commonwealth of Virginia, appeared Benny Wampler, being duly sworn did depose and say that he is Chairman of the Virginia Gas and Oil Board, that he executed the same and was authorized to do so.


Notary Public

My commission expires: 9/30/05

STATE OF VIRGINIA)
COUNTY OF WASHINGTON)

14th day of December 2004
Acknowledged on this 14th day of December 2004, personally before me a notary public in and for the Commonwealth of Virginia, appeared B. R. Wilson, 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.


Notary Public

My commission expires: 9/30/05

VIRGINIA:

BEFORE THE VIRGINIA GAS AND OIL BOARD

IN RE: Application of Equitable Production Company, for Forced Pooling of Interests in Unit Number P-550450 VGOB Docket No. VGOB-03/10/21-1211.

AFFIDAVIT OF WILHOIT & KAISER, Attorneys-at-Law, Agents for the Designated Operator REGARDING BOARD ORDERS, ELECTIONS, ESCROW ACCOUNTS AND SUPPLEMENTAL ORDERS.

James E. Kaiser (herein Affiant), being first duly sworn on oath, deposes and says:

That the Affiant is an attorney in the law firm of WILHOIT & KAISER, the Agent for the Designated Operator, with offices located at 220 Broad Street, Kingsport, Tennessee 37660, and is authorized to give this Affidavit in its behalf.

The Affiant states that all references in the Application, Notices, and Testimony regarding EPC Well No. V-550450, should be referring and regarding EPC Well No. P-550450.

Dated at Kingsport, Tennessee, this 5th day of December, 2004.

[Signature]
Affiant

Taken, subscribed and sworn to before me by James E. Kaiser, the Agent of Equitable Production Company, a corporation, on behalf of the corporation, this 5th day of December, 2004.

My commission expires: 11/12/08



[Signature]
Notary

TOTAL UNIT AREA
= 112.69 ACRES

--- DENOTES MINERAL LINE
----- DENOTES SURFACE LINE
----- DENOTES SURFACE & MINERAL LINES

NOTE !!!
THE PURPOSE OF THIS PLAT IS TO SHOW
THE PROPOSED WELL COORDINATES AND ELEVATION
SURFACE OWNERSHIP AND MINERAL OWNERSHIP ARE
BASED ON PRELIMINARY INFORMATION AND MAY BE
SUBJECT TO CHANGE BEFORE PLAT IS FINALIZED

LATITUDE 37°05'00"

LONGITUDE 82°22'30"

STATE PLANE
NAD 27 COORDINATES
OF WELL P-550450
N 287532.07
E 857650.50
LAT 37.058001°
LON -82.415881°

LEASE No. 241490 / T-118
SAM W. ROSE
116.77 ACRES
CLINCHFIELD COAL COMPANY/PYXIS RESOURCES
COMPANY/DICKENSON-RUSSELL COAL COMPANY, LLC/
ALPHA LAND & RESERVES, LLC/CSTL, LLC/
WBRD, LLC - coal & surface
PINE MOUNTAIN OIL & GAS, INC. - oil & gas
GAS 37.20 AC. 33.02%

CCC COORDINATES
OF WELL P-550450
S 15273.80
W 9461.37

LEASE No. 241490 / T-121
WILSON ROSE
1330.00 ACRES
CLINCHFIELD COAL COMPANY/PYXIS RESOURCES
COMPANY/DICKENSON-RUSSELL COAL COMPANY, LLC/
ALPHA LAND & RESERVES, LLC/CSTL, LLC/
WBRD, LLC - coal & surface
PINE MOUNTAIN OIL & GAS, INC. - oil & gas
GAS 32.91 AC. 29.20%

LEASE No. 241490 / T-191
D. H. VANCE
189.95 ACRES
CLINCHFIELD COAL COMPANY/PYXIS RESOURCES
COMPANY/DICKENSON-RUSSELL COAL COMPANY, LLC/
ALPHA LAND & RESERVES, LLC/CSTL, LLC/
WBRD, LLC - coal & surface
PINE MOUNTAIN OIL & GAS, INC. - oil & gas
GAS 25.18 AC. 22.34%

COORDINATES
OF BENCH MARK
S 77498.41
E 22826.48
ELEV. = 1754.09

NOTE !!!
WELL COORDINATES ARE BASED ON CLINCHFIELD
COAL COMPANY'S COORDINATE SYSTEM
CLINCHFIELD COAL COMPANY COORDINATES ARE
CALCULATED FROM STATE PLANE WELL COORDINATES.
PROPERTY INFORMATION PROVIDED BY EQUITABLE
PRODUCTION COMPANY.
ELEVATIONS ARE BASED ON NGS CONTROL ST. PAUL 2.



WELL LOCATION PLAT

COMPANY Equitable Production Company WELL NAME AND NUMBER P-550450
TRACT No. LEASE NO. 241490L/T-118 ELEVATION 2372.85 (GPS) QUADRANGLE CANEY RIDGE
COUNTY DICKENSON DISTRICT KENADY SCALE: 1" = 400' DATE September 9, 2003
THIS PLAT IS A NEW PLAT x ; AN UPDATED PLAT ; OR A FINAL LOCATION PLAT
PROPOSED TOTAL DEPTH OF WELL =

+ DENOTES THE LOCATION OF A WELL ON UNITED STATES TOPOGRAPHIC MAPS, SCALE 1 TO
LATITUDE AND LONGITUDE LINES BEING REPRESENTED BY BORDER LINES AS SHOWN.

EXHIBIT

LICENSED PROFESSIONAL ENGINEER OR LICENSED LAND SURVEYOR

(AFFIX SEAL)

EXHIBIT "B"
V-550450
LOCATION EXCEPTION

Pine Mountain Oil & Gas, Inc.
Richard Brillhart
448 N.E. Main Street
P.O. Box 5100
Lebanon, VA 24266

Clinchfield Coal Co. & Pyxis Resources Company
Bob McGregor
P.O. Box 5100
Lebanon, VA 24266

ALPHA Land & Reserves, LLC
Larry Cline
406 West Main Street
Abingdon, VA 24210

WBRD LLC & CSTL LLC
John Mooney
P.O. Box 2827
Huntington, WV 25727

Dickenson-Russell Coal Co.
P.O. Box 1578
Coeburn, VA 24230