

VIRGINIA:

BEFORE THE VIRGINIA GAS AND OIL BOARD

APPLICANT:	<u>Range Resources-Pine Mountain, Inc.</u>)	VIRGINIA GAS
)	AND OIL BOARD
RELIEF SOUGHT	EXCEPTION TO STATEWIDE SPACING)	
	LIMITATIONS PRESCRIBED BY)	DOCKET NO.
	VA. CODE § 45.1-361.17 (a) (2))	<u>VGOB-12-0221-3034</u>
	FOR <u>WELL NO. 900007</u>)	

LEGAL DESCRIPTION:

DRILLING UNIT SERVED BY WELL)
 NUMBERED 900007)
 TO BE DRILLED IN THE LOCATION)
 DEPICTED ON **EXHIBIT A** HERETO,)
Big Sandy Fuel Corporation Tract)
 12,627.34-acres, more or less)
HARMAN QUADRANGLE)
ROCK LICK DISTRICT)
BUCHANAN 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

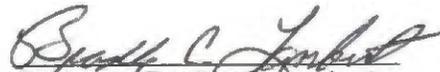
1. Hearing Date and Place: This matter came on for hearing before the Virginia Gas and Oil Board (hereafter "Board") at **9:00 a.m. on February 21, 2012 and continued to March 13, 2012** at the Russell County Conference Center, Highland Drive, Lebanon, Virginia.
2. Appearances: Timothy E. Scott of McKinnis & Scott, appeared for the Applicant.
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; and (2) 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. 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.

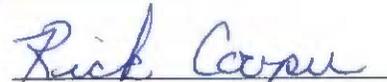
4. **Amendments:** **Revised Application and Revised Exhibit A.**
5. **Dismissals:** None.
6. **Relief Requested:** Applicant requests an exception to the statewide spacing limitations set forth in Va. Code § 45.1-361.17 for **Well No. 900007**.
7. **Relief Granted:** The requested relief in this cause shall be and hereby is granted. The Board hereby grants Applicant consent to permit and drill proposed **Well No. 900007** which is **2,179.43** feet from **Range Resources-Pine Mountain, Inc. Well No. 820227**; and **2,421.35** feet from **Range Resources-Pine Mountain, Inc. Well No. 820470**; and **2,416.33** feet from **Range Resources-Pine Mountain, Inc. Well No. 820292** at the location depicted on the Plat attached hereto as **Revised Exhibit A**.
8. **Special Findings:** The Board specifically and specially finds:
 - 8.1 Applicant is **Range Resources-Pine Mountain, Inc.** Applicant is duly authorized and qualified to transact business in the Commonwealth of Virginia;
 - 8.2 Applicant **Range Resources-Pine Mountain, Inc.** 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 Subject Drilling Unit and the right to explore for, develop and produce Gas from Well No. **900007** as well as the right to participate and develop the reciprocal well, being **Range Resources-Pine Mountain, Inc. Well Nos. 820227, 820470 and 820292**.
 - 8.4 The proposed Well No. **900007** is located on the **Big Sandy Fuel Corporation 12.627.34-acre Tract** and the surface, coal, gas and oil owners have consented to the proposed location for Well No. **900007** that is depicted on the Plat attached hereto as **Revised Exhibit A**;
 - 8.5 The Applicant testified it has the right to operate and participate in the development of the reciprocal **Range Resources-Pine Mountain, Inc. Well Nos. 820227, 820470 and 820292** 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 No. **900007** 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 the Subject Drilling Unit, and to generally effect the purposes of the Virginia and Oil Act;
 - 8.7 Applicant proposes the drilling of Well No. **900007** to a depth of **6,157** feet on the Subject Drilling Unit at the location depicted on Exhibit A to produce all the Mississippian and Devonian Age formations including, but not limited to, **Ravenclyff, Maxon, Big Lime, Weir, Berea and Devonian Shale**, from surface to total depth drilled, **6,157** feet ("Subject Formations");

- 8.8 Applicant proposes to drill Well No. 900007 a distance of 320.57 feet closer to Range Resources-Pine Mountain, Inc. Well No. 820227; 78.65 feet closer to Range Resources-Pine Mountain, Inc. Well No. 820470; and, 83.67 feet closer to Range Resources-Pine Mountain, Inc. Well No. 820292 than the 2500 feet mandated by statewide spacing;
- 8.9 Applicant proposes to complete and operate Well No. 900007 for the purpose of producing Conventional Gas;
9. Conclusion: Therefore, the requested relief and all terms and provisions set forth above be and hereby are granted and **IT IS SO ORDERED.**
10. 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.
11. Effective Date: This Order shall be effective as of the date of the Board's approval of this Application, which is set forth at Paragraph 1 above.

DONE AND EXECUTED this 4 day of April, 2012, by a majority of the Virginia Gas and Oil Board.


 Chairman (Bradley C. Lambert)

DONE AND PERFORMED this 4th day of April, 2012, by Order of this Board.


 Rick Cooper
 Principal Executive to the Staff
 Virginia Gas and Oil Board

STATE OF VIRGINIA)
 COUNTY OF RUSSELL)

Acknowledged on this 4th day of April, 2012, personally before me a notary public in and for the Commonwealth of Virginia, appeared Bradley C. Lambert, being duly sworn did depose and say that he is Chairman of the Virginia Gas and Oil Board, and appeared Rick Cooper, being duly sworn did depose and say that he is Principal Executive to the Staff of the Virginia Gas and Oil Board, that they executed the same and were authorized to do so.


 Diane J. Davis, Notary
 174394

My commission expires: September 30, 2013

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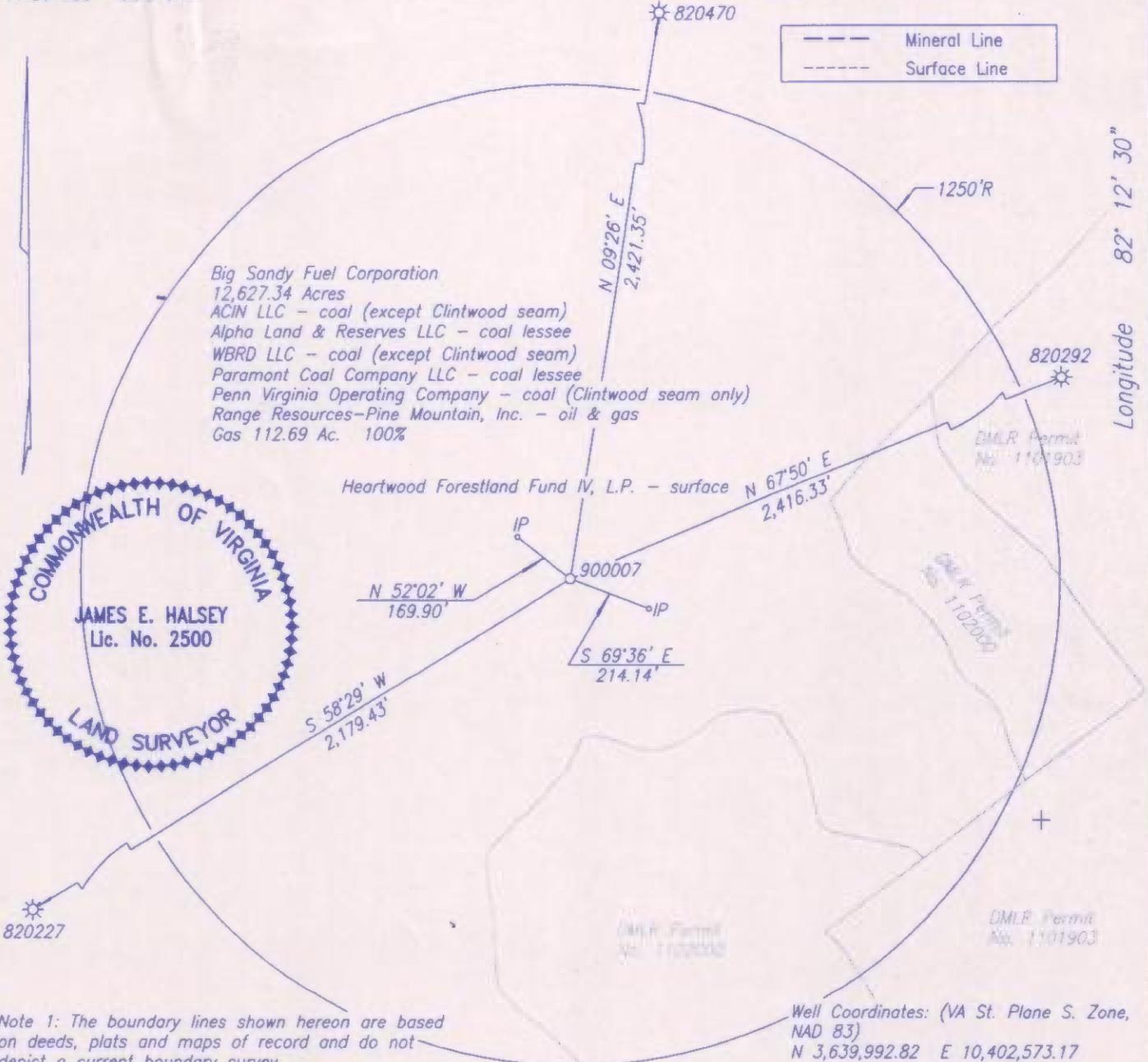


Well Coordinates: (Geographic N27)
37.261322° -82.213437°

Latitude 37° 17' 30"

1,485'

--- Mineral Line
- - - Surface Line



Big Sandy Fuel Corporation
12,627.34 Acres
ACIN LLC - coal (except Clintwood seam)
Alpha Land & Reserves LLC - coal lessee
WBRD LLC - coal (except Clintwood seam)
Paramont Coal Company LLC - coal lessee
Penn Virginia Operating Company - coal (Clintwood seam only)
Range Resources-Pine Mountain, Inc. - oil & gas
Gas 112.69 Ac. 100%

COMMONWEALTH OF VIRGINIA
JAMES E. HALSEY
Lic. No. 2500
LAND SURVEYOR

Heartwood Forestland Fund IV, L.P. - surface

Note 1: The boundary lines shown hereon are based on deeds, plats and maps of record and do not depict a current boundary survey.

Note 2: The well will be drilled within 10' of the permitted coordinates.

Well elevation determined by GPS survey from HARN Monument P-424

Area of Unit = 112.69 Ac.

Well Coordinates: (VA St. Plane S. Zone, NAD 83)
N 3,639,992.82 E 10,402,573.17

Well Coordinates: (VA St. Plane S. Zone, NAD 27 Calculated from NAD 83)
N 359,114.23 E 919,587.80

Well Coordinates: (Clinchfield Coal Co.)
N 58,757.78 E 49,583.94

WELL LOCATION PLAT NORA GRID Q-68

COMPANY Range Resources-Pine Mountain, Inc. WELL NAME AND NUMBER 900007
TRACT NO. Big Sandy Fuel Corp. ELEVATION 2,153.52' QUADRANGLE Harman
COUNTY Buchanan DISTRICT Rock Lick SCALE 1" = 400' DATE 2-10-2012

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.

James E. Halsey
Licensed Professional Engineer or Licensed Land Surveyor

Revised
Exhibit A

Exhibit "B"
Well Location Exception
Well No. 900007

DEPTH - 6,157'

Dickenson-Russell Coal Company
Maxxim Shared Services, LLC
Attn: Steve Smith
5703 Crutchfield Drive
Norton, VA 24273

ALPHA Land & Reserves, LLC
Attn: Steve Smith
5703 Crutchfield Drive
Norton, VA 24273

WBRD LLC
John Mooney
5260 Irwin Road
Huntington, WV 25705-3247

ACIN LLC
John Mooney
5260 Irwin Road
Huntington, WV 25705-3247

Penn Virginia Operating Company, LLC
Mr. John Keith
Seven Sheridan Square, Suite 400
Kingsport, TN 37660