

BEFORE THE VIRGINIA GAS AND OIL BOARD

Applicant: Range Resources-Pine Mountain, Inc.)
)
Relief Sought: Establish Drilling Unit and)
 Pooling of Well No. 900125)
)
Legal Description: Joseph Hall Tract) Docket Number:
 343.13 acres) VGOB-13-0115-4001
 Sandlick District)
 Elk Horn City Quadrangle)
 Dickenson County, Virginia)
)
 (See Exhibit A for Specific)
 Description))

APPLICATION

SECTION 1. PARTIES

1.1 Applicant herein is Range Resources-Pine Mountain, Inc. whose address is 406 West Main Street, P. O. Box 2136, Abingdon, Virginia 24212, and whose telephone number is (276) 628-9001. The attorney for Applicant is Timothy E. Scott, McKinnis & Scott, Attorneys at Law, having an address of 135 West Main Street, Suite 200, Kingsport, Tennessee, 37660, and whose telephone number is (423) 247-9376.

1.2 Applicant has the right to investigate, explore, prospect, drill for, and produce oil and/or gas underlying the drillsite tract depicted and set forth on Exhibit A attached hereto and made a part hereof. Exhibit A is a plat prepared by a licensed land surveyor or registered professional engineer showing the boundary and acreage of the Drilling Unit within which Applicant's well is proposed to be located (hereinafter referred to as the "Unit").

1.3 The names and last-known addresses of each person identified by Applicant as owning an interest of record in the oil and gas within the Unit are listed on Exhibit B, attached hereto and made a part hereof. Every individual or entity so identified as having an interest in the oil and gas in the Unit is being made a party to this application, whether known or unknown. Each of the individuals named in Exhibit B is being made a party if living; if any such individual is deceased, then the unknown heirs, devisees, executors, administrators, personal representatives, trustees and assignees, of any such deceased individual are made parties herein. Each of the entities listed in Exhibit B that is a corporation is being made a party if such entity continues to have legal existence, and if any such corporation is dissolved, then the unknown successors and assigns of such dissolved corporation are made parties herein. Each of the parties listed in Exhibit B that is an unincorporated association is being made a party if such entity continues to have legal existence, and if any such unincorporated association is dissolved or otherwise not in existence, then the unknown successors, trustees, and assigns of such unincorporated association are made parties herein.

SECTION 2. ALLEGATION OF FACTS

A. Pooling of Interests

2.1 Applicant hereby states that it is a "gas or oil owner" within the meaning of § 45.1-361.21 of the Code of Virginia, being the lessee of the oil and gas owner of the drillsite tract within the Unit. Applicant is the owner of the right to develop and produce oil and gas from all formations, from the surface to total depth drilled, underlying said tract of land, and to appropriate the oil and gas produced therefrom.

2.2 Applicant further states that there exists within the Unit (i) two or more separately owned tracts or (ii) separately owned interests in all or part of such Unit, within the meaning of § 45.1-361.21 A of the Code of Virginia.

2.3 Applicant further states that, as of the date of the filing of this application, it has been unable to procure a voluntary agreement from each oil and gas interest owners within the Unit, and thus is entitled to file this application to pool such interests. Those parties who have not entered into a voluntary agreement with Applicant are listed on Exhibit B-3 attached hereto and made a part hereof.

2.4 Applicant has proposed a plan of development and operation of the oil and gas formations underlying the Unit, such plan to be commenced by the drilling on the Unit of Applicant's proposed well, designated as the 900125 Well, for the production of oil and gas from the Unit.

2.5 A well work permit for the 900125 Well has been or will be submitted to the Department of Mines, Minerals and Energy.

2.6 Applicant has exercised due diligence to locate each of the oil and gas interest owners named herein on Exhibit B-3 and has made or is making a bona fide effort to reach an agreement with all parties as to pooling their oil and gas interest for the development and operation of the well involved herein. Simultaneously with the filing of this application, Applicant has provided notice, by certified mail, return receipt requested, to each of the parties set forth on Exhibit B-3 pursuant to the provisions of § 45.1-361.19 of the Code of Virginia, being all parties known to the Applicant having an interest in the oil and gas underlying the Unit. Any owners whose identities or locations are unknown at the time of the filing of this application are shown on Exhibit B-3. Where the identity or location of any person or entity is unknown, then Applicant is unable to provide said persons or entities with written notice or personal service of this application. Any unknown or unlocatable owners in the Subject Drilling Unit are listed in Exhibit E. The oil and gas interests of such persons or entities, whether known or unknown, should be pooled for the development and operation of the Unit, so as to safeguard, protect, and enforce the correlative rights of oil and gas owners having interests within the Unit, and to prevent waste and avoid the drilling of unnecessary wells, thus allowing the orderly development of the oil and gas resources within the Unit.

B. Costs and Production

2.7 Applicant proposes to drill at the location depicted on the plat attached hereto as Exhibit A to an approximate depth of 5,425 feet to test for oil and gas from all formations from

the base of the Lee, including but not limited to: Ravencliff, Maxon, Big Lime, Weir, Berea, Devonion Shale, and other associated formations know to the Nora Gas Field. Applicant estimates the cost for a well drilled to said depth to be \$554,888.00 if completed for production. Attached hereto and made a part hereof as Exhibit C is Applicant's Authority for Expenditure (AFE) which shows the estimated cost of drilling, completing, and equipping said well.

2.8 The estimated production over the life of the proposed well is 550 mmcf. Such figures regarding estimated production and the amount of any reserves for the proposed well are, however, estimates only that are not based upon actual production and should not be relied upon for any purpose.

SECTION 3. LEGAL AUTHORITY

3.1 The relief sought by this application is authorized by Virginia Code Annotated §45.1-361.20 and § 45.1-361.21 *et seq.* of the Code of Virginia and § 4 VAC 25-160-70 *et seq.* of the Gas and Oil Board Regulations of the Commonwealth of Virginia.

SECTION 4. RELIEF SOUGHT

4.1 Applicant requests the Board to enter an order as follows:

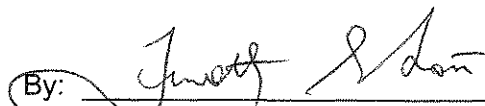
- a. Authorizing the drilling and operation of Applicant's proposed 900125 Well, as depicted on Exhibit A;
- b. Establishing a drilling unit as depicted on Exhibit A pursuant to § 45.1-361.20 of the Code of Virginia. Pooling all the interests of every individual and entity owning an interest in oil and gas within the Unit, whether known or unknown, and their known and unknown heirs, devisees, executors, administrators, personal representatives, trustees, successors, and assigns, for the drilling, development, and production of oil and gas from the Unit;
- c. Designating Range Resources-Pine Mountain, Inc., Applicant herein, as the operator who will be authorized to drill, complete, and operate the well drilled in the Unit, and the right to market and sell oil and gas produced from the Unit and attributable to the interests pooled herein;
- d. Prescribing the conditions under which the parties listed on Exhibit B-3 shall have the right to elect: (i) to sell or lease his gas or oil ownership to said operator on such terms as the parties may agree, or if unable to agree, upon such terms as are set forth by the Board in its order; (ii) to become a working interest owner by participating in the risk and cost of the well; or (iii) to participate in the operation of the well as a nonparticipating operator on a carried basis;
- e. Providing that all reasonable costs and expenses of drilling, completing, equipping, operating, plugging and abandoning the well to be drilled within the Unit shall be borne, and all production therefrom shared, by all participating parties in the proportion which their working interest bears to the total acreage in the Unit;

f. Establishing a reasonable fee for the Applicant as operator for operating costs, including a reasonable supervision fee, which shall include routine maintenance of the well and all accounting necessary to pay all expenses, royalties, and amounts due working interest owners, which fee shall be borne by all parties who elect to participate as a working interest owner or as a carried interest owner; and

g. Granting such other relief as is merited by the evidence and is just and equitable, whether or not such relief has been specifically requested herein.

Dated this 14th day of December, 2012.

Range Resources-Pine Mountain, Inc.


By: 

Timothy E. Scott
McKINNIS & SCOTT
135 West Main Street, Suite 200
Kingsport, Tennessee 37660
(423)247-9376

Attorney for Applicant

VERIFICATION

The foregoing application to the best of my knowledge, information, and belief is true and correct.


Timothy E. Scott
McKINNIS & SCOTT
Attorneys at Law

BEFORE THE VIRGINIA GAS AND OIL BOARD

Applicant: Range Resources-Pine Mountain, Inc.)
)
)
Relief Sought: Establish Unit and Pooling of Well)
No. 900125)
)
Location: See Exhibit A) Docket No.
Well Number: 900125) VGOB-13-0115-4001
)
)
)
Legal)
Description: Joseph Hall Tract)
343.13 acres)
Sandlick District)
Elk Horn City Quadrangle)
Dickenson County, Virginia)

NOTICE OF HEARING

HEARING DATE: January 15, 2013
PLACE: Russell County Conference Center
Highland Drive
Lebanon, Virginia
TIME: 9:00 a.m.

COMMONWEALTH OF VIRGINIA: To all unleased persons owning an interest in the oil and gas in and underlying the unit surrounding Well Number 900125 as described on Exhibit A to the application, which is attached to this Notice, in Dickenson County, Virginia (hereinafter "Subject Lands") and adjacent lands, and in particular to the following persons, their known and unknown heirs, executors, administrators, devisees, trustees, assigns and successors, both immediate and remote:

See attached Exhibit B.

NOTICE IS HEREBY GIVEN that the Applicant is requesting that the Virginia Gas and Oil Board (hereinafter "Board") issue an order establishing a drilling unit and pooling all the rights, interests, and estates of the persons listed in Exhibit B pursuant to Virginia Code Ann. § 45.1-361.1 *et seq.* in regard to the drilling, development and production of oil and gas from the 900125 Unit Well, containing approximately 112.69 acres, located on the above-referenced tracts and approximately 7,850 feet southwest of the intersection of Virginia Routes 80 and 702 and approximately 1,700 feet south of Garden Hole in the Sandlick District, Elk Horn City Quadrangle, Dickenson County, Virginia. Applicant requests that the Board issue an order providing as follows:

- a) The establishment of a unit and pooling all the interests and estates of the persons named herein and their known and unknown heirs, executors, administrators, devisees, trustees, assigns and successors, for the drilling, development and

production of oil and gas from the subject drilling unit for the subject formations underlying and comprised of the Subject Lands;

- b) Establishing a procedure whereby each person named herein shall have the right to elect (1) to assign or lease his oil and gas interest in the subject drilling unit to the designated operator; (2) to enter into a voluntary agreement with the designated operator to share in the operation (including the sharing in all reasonable costs of the drilling of the well and development of the unit) at a rate of payment mutually agreed to by the person making the election hereunder and the designated operator herein; or (3) to share in the operation of the well as a nonparticipating operator on a carried basis after the proceeds allocable to such person's share equal the following:

In the case of a leased tract, 300 percent of the share of the costs are allocable to such person's interest; or

In the case of an unleased tract, 200 percent of the share of such costs allocable to such person's interest;

- c) Providing that any person named herein who does not make a timely written election under the terms of the Order to be entered herein shall be deemed to have leased his oil and gas interest in the subject drilling unit to the operator designated herein at a rate to be established by the Board;
- d) Designating Applicant, Range Resources-Pine Mountain, Inc., as Operator; providing that the operator shall have the right to drill, develop, produce, market, and sell oil and gas produced from the subject drilling unit; granting the operator the right to market and sell oil and gas produced from the subject drilling unit which is attributable to any conflicting claims and interests pooled herein; providing that the operator shall have an operator's lien on the oil and gas and estate and rights owned or claimed by the unleased persons named herein in the subject drilling unit; and granting the operator the right to drill at any legal or specially permitted location on the subject drilling unit;
- e) Making any necessary provision for the escrow of funds pursuant to § 45.1-361.22 of the Code of Virginia;
- f) Providing that the order to be entered herein shall expire two (2) years from the date of its issuance if operations for the development of the subject drilling unit have not commenced by said date; but further providing that if operations have commenced during said two year period, then said order shall remain in effect for so long as operations continue on the subject drilling unit;
- g) Providing that the conduct of operations on any tract in the subject drilling unit shall be deemed to be the conduct of operations on all tracts in the drilling unit; and providing that the production allocated to any tract in the pooled drilling unit shall be in the same proportion as the acreage of that tract bears to the total acreage in the drilling unit; and

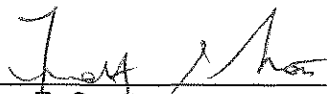
- h) Granting such other relief as is merited by the evidence and is just and equitable whether or not such relief has been specifically requested herein.

NOTICE IS FURTHER GIVEN that this cause has been set for hearing and the taking of evidence before the Board at **9:00 a.m. on January 15, 2013**, at the **Russell County Conference Center**, 135 Highland Drive, Lebanon, Virginia and that notice will be published as required by the law and the rules of the Board.

NOTICE IS FURTHER GIVEN that you may attend this hearing, with or without an attorney, and offer evidence or state any comments you have. For further information, contact the Virginia Gas and Oil Board, State Gas and Oil Inspector, Department of Mines, Minerals and Energy, Division of Gas and Oil, 135 Highland Drive, Lebanon, Virginia, 24266, (276) 415-9700 or the Applicant at the address shown below.

Dated this 14th day of December, 2012.

Range Resources-Pine Mountain, Inc.
406 West Main Street
Abingdon, Virginia 24210



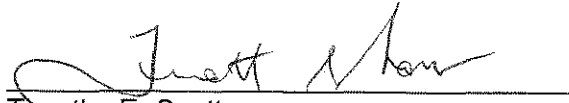
Timothy E. Scott

McKINNIS & SCOTT
Attorney for
Range Resources-Pine Mountain, Inc.
135 West Main Street, Suite 200
Kingsport, Tennessee 37660
(423)247-9376

CERTIFICATE OF SERVICE

I, Timothy E. Scott, counsel for Range Resources-Pine Mountain, Inc. hereby certify that I have on this, the 14th day of December, 2012, caused the foregoing notice and application to be served upon the parties listed herein, at their address, by certified mail, return receipt requested.

Dated this 14th day of December, 2012.



Timothy E. Scott
McKINNIS & SCOTT
Attorneys at Law

[c:\msword2000\pmog\pooling.well no.900125.notice.personal]

Well Coordinates: (Geographic N27)
37.265457 -82.300710

2,615'

Latitude 37° 17' 30"

Longitude 82° 17' 30"

Mineral Line
Surface Line

T. K. Colley
82.46 Acres
ACIN LLC - coal
Alpha Land & Reserves LLC - coal lessee
WBRO LLC - coal
Dickenson-Russell Coal Company LLC - coal lessee
Range Resources-Pine Mountain, Inc. - oil & gas
Gas 26.71 Ac. 23.70%

Joseph Hall
34.33 Acres
ACIN LLC - coal
Alpha Land & Reserves LLC - coal lessee
WBRO LLC - coal
Dickenson-Russell Coal Company LLC - coal lessee
Range Resources-Pine Mountain, Inc. - oil & gas
Gas 45.69 Ac. 40.55%

Breaks Interstate Park - surface

①

S 85°41' W
2,069'

Heartwood Forestland Fund IV, L.P. - surface

809760

N 60°17' E
235.15'

S 40°50' W
169.14'

900125'

500' R

②

Heartwood Forestland Fund IV, L.P. - surface

Glenn K. Phillips
Lic. No. 1355

Meredith Willis
274.60 Acres
ACIN LLC - coal

Alpha Land & Reserves LLC - coal lessee
WBRO LLC - coal
Dickenson-Russell Coal Company LLC - coal lessee
Range Resources-Pine Mountain, Inc. - oil & gas
Gas 40.29 Ac. 35.75%

③

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

Well Coordinates: (VA St. Plane S. Zone, NAD 83)
N 3,642,511.16 E 10,377,254.81

Well Coordinates: (VA St. Plane S. Zone, NAD 27 Calculated from NAD 83)
N 361,632.76 E 894,270.07

Well Coordinates: (Clinchfield Coal Co.)
N 60,266.82 E 24,128.26

Area of Unit = 112.69 Ac.

WELL LOCATION PLAT NORA GRID P-52

COMPANY Range Resources-Pine Mountain, Inc. WELL NAME AND NUMBER 900125.
TRACT NO. Joseph Hall ELEVATION 1,806.45' QUADRANGLE Elk Horn CIV.
COUNTY Dickenson DISTRICT Sandlick SCALE 1" = 400' DATE 12-11-2012

This Plat is a new plat _____; 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.

Glenn K. Phillips

Licensed Professional Engineer or Licensed Land Surveyor

Exhibit "B"
F.P. Well No. 900125

Tract	Lessor	Lease Status	Interest Within Unit	Gross Acreage in Unit
Gas Estate Only				
1	Range Resources - Pine Mountain, Inc. Attn: Jerry Grantham PO Box 2136 Abingdon, VA 24212	Owner	40.55000000	45.69000000
2	Range Resources - Pine Mountain, Inc. Attn: Jerry Grantham PO Box 2136 Abingdon, VA 24212	Owner	21.33000000	24.03900000
	K.S. Colley Heirs Unknown	Unleased	2.37000000	2.67100000
	Tract 2 Totals		23.70000000	26.71000000
3	Range Resources - Pine Mountain, Inc. Attn: Jerry Grantham PO Box 2136 Abingdon, VA 24212	Owner	35.75000000	40.29000000
	TOTAL GAS ESTATE		100.00000000	112.69000000
	Percentage of Unit Leased		97.63000000	
	Percentage of Unit Unleased		2.37000000	
	Acreage in Unit Leased		110.01200000	
	Acreage in Unit Unleased		2.67800000	

**Exhibit "B-3" - Unleased Owners
F.P. 900125**

Tract	Lessor	Lease Status	Interest Within Unit	Gross Acreage in Unit
Gas Estate Only				
2	K.S. Colley Heirs Unknown	Unleased	2.37000000	2.67100000
TOTAL GAS ESTATE			2.37000000	2.67100000

RANGE RESOURCES - PINE MOUNTAIN, INC

Authorization For Expenditure

AFE #	Property #	Version #	1
Well Name: 900125	Field: Nora Extension	Completed By:	A. Mueller
Location: Dickenson County, VA	Operator: Range Res. - Pine Mountain, Inc	Date:	December 11, 2012
Expected Pay Zones: Ravenciff, Big Lime, Weir, & Berea	Estimated Total Depth: 5,425 ft	AAPG Class:	Development
Proposed Work: Drill, Complete and Place into Production	Participant(s):	W.I.	Amount
	Range Resources - Pine Mountain, Inc	100.0000%	\$554,888

Gen	Sub	Description	Casing Point	Completion	Total Cost	
	200	021	Leasehold Costs	\$1,000	\$0	\$1,000
	225	005	Permit / Title Opinion / Survey / Insurance	\$11,050	\$0	\$11,050
	225	010	Building Location	\$24,000	\$0	\$24,000
	225	013	Roads / Stone / Culverts	\$24,000	\$0	\$24,000
	225	014	Surface Damages	\$0	\$0	\$0
	225	016	Drilling - Footage	\$98,188	\$0	\$98,188
	225	017	Drilling - Mobilization	\$0	\$0	\$0
	225	018	Drilling - Dayrate	\$0	\$0	\$0
	225	020	Mud & Chemicals (Drilling)	\$0	\$0	\$0
	225	022	Fuel	\$0	\$0	\$0
I	225	025	Cement Surface casing	\$6,000	\$0	\$6,000
N	225	026	Cement Intermediate casing	\$11,700	\$0	\$11,700
T	225	031	Open Hole Logging & Testing	\$6,510	\$0	\$6,510
A	225	035	Trucking / Dozer (Drilling)	\$3,500	\$0	\$3,500
N	225	040	Rental Tools & Equipment (Drilling)	\$500	\$0	\$500
G	225	042	Drilling - Bits	\$0	\$0	\$0
I	225	045	Technical Supervision (Drilling)	\$6,000	\$0	\$6,000
B	225	050	Fresh Water Hauling (Drilling)	\$0	\$0	\$0
L	225	055	Overhead Rate	\$6,000	\$0	\$6,000
E	225	060	Misc. & Contingencies	\$6,948	\$8,987	\$15,935
S	235	013	Location Rds/Stone/Culverts	\$0	\$4,000	\$4,000
	235	070	Trucking / Dozer (Completion)	\$0	\$5,000	\$5,000
	235	085	Technical Supervision (Completion)	\$0	\$3,000	\$3,000
	235	090	Cased Hole Logging / Perforating	\$0	\$22,000	\$22,000
	235	095	Stimulation / Fracturing	\$0	\$70,000	\$70,000
	235	101	Completion Rig	\$0	\$12,000	\$12,000
	235	105	Reclamation & Damages	\$0	\$8,000	\$8,000
	235	110	Haul Pit Water / Disposal	\$0	\$2,000	\$2,000
	235	125	Cement Production Casing	\$0	\$13,000	\$13,000
	235	130	Rental Tools & Equipment (Completion)	\$0	\$22,500	\$22,500
	235	135	Fresh Water Hauling (Completion)	\$0	\$4,000	\$4,000
	235	220	Roustabout Labor	\$0	\$7,800	\$7,800
		TOTAL INTANGIBLES	\$208,395	\$182,287	\$367,682	

Code	Code	Description	Casing Point	Completion	Total Cost
T	220	040 13 3/8" Conductor 44 Ft	\$1,236	\$0	\$1,236
A	220	060 9-5/8" 26 lb/ft LS Surface Csg 360 Ft	\$5,947	\$0	\$5,947
N	220	060 7" 19 lb/ft LS Intermediate Csg 2378 Ft	\$25,961	\$0	\$25,961
G	230	015 4 1/2" 9.5 lb/ft M-65 Production Csg 5,340 Ft	\$0	\$37,910	\$37,910
I	230	015 4 1/2" 10.5 lb/ft M-65 Production Csg 85 Ft	\$0	\$627	\$627
B	230	020 2-3/8" 4.7 lb/ft J55 8rd Production Tubing 5,325 Ft	\$0	\$21,735	\$21,735
L	230	025 Wellhead Equipment / Fittings	\$0	\$1,000	\$1,000
E	230	030 Tank Battery	\$0	\$6,500	\$6,500
S	230	035 Separator / Heater / Treater	\$0	\$0	\$0
	230	040 Gas Lift Equipment	\$0	\$2,000	\$2,000
	230	045 Rods / Stuffing Box	\$0	\$0	\$0
	230	050 Downhole Pump	\$0	\$0	\$0
	230	055 Pumping Unit / Motor	\$0	\$0	\$0
	230	056 SS EQT-Packer,PF,FC,Nip	\$0	\$0	\$0
	230	060 Valves & Fittings	\$0	\$11,000	\$11,000
	230	065 Flow Line labor/material	\$0	\$13,500	\$13,500
	230	070 Sales line labor/mat/row	\$0	\$39,790	\$39,790
		TOTAL TANGIBLES	\$33,145	\$134,061	\$167,206

GRAND TOTAL WELL COST \$238,540 \$316,348 \$554,888

153	115	Plugging & Abandonment	\$20,000		
Range Resources - Pine Mountain, Inc			Production Costs :	\$554,888	Dry Hole Costs :
					\$258,540

Range Resources - Pine Mountain, Inc Approvals

Operations: Tom Lamb Date: 12/11/12 Geology: Justin Mann Date: 12/11/12
 Engineering: A. Mueller Date: 12/11/12 Land: Phil Stover Date: 12-11-12

Management Approval	Range Resources - Pine Mountain, Inc		
	Approved by: _____	Title _____	Date _____
Management Approval	Range Resources - Appalachia L.L.C.		
	Approved by: _____	Title _____	Date _____

THIS IS AN ESTIMATE OF PROJECTED WELL DRILLING, COMPLETION, EQUIPMENT AND PIPELINE COSTS. THESE ESTIMATES ARE PROJECTIONS ONLY AND ACTUAL BILLED COSTS MAY VARY FROM WELL TO WELL DEPENDING UPON ACTUAL FINAL DEPTH AND OTHER FACTORS INCLUDING, BUT NOT LIMITED TO, SEASONAL MATERIAL COSTS, WEATHER CONDITIONS, AND UNFORESEEN RIGHT-OF-WAY PROBLEMS.

**Exhibit "E" - Escrow Owners
F.P. Well No. 900125**

Tract	Lessor	Lease Status	Interest Within Unit	Gross Acreage in Unit
Gas Estate Only				
2	K.S. Colley Heirs Unknown	Unleased	2.37000000	2.67100000
TOTAL GAS ESTATE			2.37000000	2.67100000