

Penn Virginia Corporation

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FOR IMMEDIATE RELEASE

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PENN VIRGINIA CORPORATION REPORTS 2001 AND FOURTH QUARTER RESULTS

New Company Benchmarks Set In Production, Proved Reserves and Cash Flow

RADNOR, Pa., February 14, 2002 -- Penn Virginia Corporation (NYSE: PVA) today reported net income for 2001 of \$34.3 million or \$3.86 per share (diluted) compared to \$39.3 million or \$4.69 per share (diluted) reported for 2000. Total 2001 revenues of \$96.6 million were nine percent less than year earlier revenues of \$106.0 million due to a gain on the sale of certain non-strategic properties in 2000. Net income for 2001 included a gain on sale of securities in the second quarter of 2001 of \$54.7 million (\$35.5 million after tax or \$3.99 per share, diluted) and a non-cash charge for impairments of oil and gas properties in the fourth quarter of 2001 of \$33.6 million (\$21.8 million after tax or \$2.45 per share, diluted). Cash flow from operations for 2001 (before changes in working capital) rose to a record \$48.1 million or \$5.40 per share (diluted), up 27 percent from \$37.8 million or \$4.52 per share from 2000.

A net loss of \$23.6 million or \$2.63 per share (diluted) was reported for the fourth quarter of 2001 compared to net income of \$20.5 million or \$2.38 per share (diluted) for the same quarter of 2000. The fourth quarter 2001 net loss included the non-cash charge for impairments of oil and gas properties described above. This decrease in net income compared to the fourth quarter of 2000 was primarily due to the non-cash impairment charge in the fourth quarter of 2001, a gain on the sale of properties recorded in the fourth quarter of 2000, lower oil and gas prices and increased expenses associated with the third quarter 2001 acquisition of Texas Gulf Coast-based Synergy Oil & Gas, Inc.

The majority of the fourth quarter 2001 impairment charge related to Penn Virginia's acquisition of Synergy, which was completed when crude oil and natural gas future prices were higher than forecasted prices at year-end 2001. The impairment charge resulted primarily from the decreased commodity price forecast. Total proved reserves of the Synergy assets at year-end 2001 are higher than at the time of the acquisition. The impairment charge will result in lower depreciation, depletion and amortization charges in future periods.

Oil and Gas Operations Review

Oil and gas production for 2001 was a company record 14.1 billion cubic feet equivalent (Bcfe), compared to 11.8 Bcfe for 2000. The 19 percent increase was primarily due to production related to the Synergy acquisition and to increased production from the Gwinville field, offset in part by production lost from properties disposed of in the fourth quarter of 2000. Approximately 93 percent of the Company's 2001 production was natural gas. The average natural gas price received by Penn Virginia during 2001 was \$4.06 per thousand cubic feet (Mcf) compared with \$3.95 per Mcf in 2000, a three percent increase. The average oil and condensate price received was \$22.94 per barrel for 2001, down 15 percent from \$26.84 per barrel in 2000.

During the fourth quarter of 2001, oil and gas production was 4.5 Bcfe, up 41 percent from 3.2 Bcfe in the same quarter of 2000 due to the same factors as the full year 2001 increase. As a result of the Synergy acquisition, oil production increased to approximately 11 percent of total oil and gas production in the fourth quarter of 2001, compared to one percent for the fourth quarter of 2000. The average natural gas price received during the fourth quarter of 2001 was \$2.55 per Mcf compared with \$4.84 per Mcf in the

fourth quarter of 2000, a 47 percent decrease. The fourth quarter 2001 average oil and condensate price received was \$22.80 per barrel versus \$31.00 per barrel in the same quarter of 2000, off 26 percent.

During 2001 the Company drilled a record 154 gross wells including 130 gross, (101.1 net) development wells and 24 gross (18.0 net) exploratory wells, with an exploration success rate of 79 percent. Proved reserves increased 45 percent to a company record 253 Bcfe at year end 2001, up from 175 Bcfe at the end of 2000. The Company replaced 660 percent of production for 2001 with 238 percent coming from discoveries, extensions and other revisions and 422 percent from acquisitions, at a one-year reserve replacement cost of \$2.23 per Mcfe (\$1.56 per mcfe excluding unproved property costs related to the Synergy acquisition).

Coal Royalty Business Review (Penn Virginia Resource Partners, L.P.)

Total revenues for the coal land management segment were a record \$37.5 million in 2001 compared to \$30.2 million in 2000, an increase of 24 percent. Operating income for this segment increased 27 percent to \$25.2 million in 2001 compared with \$19.8 million in 2000. Lessee production of coal on Penn Virginia properties increased 22 percent during the year, from 12.5 million tons in 2000 to 15.3 million tons in 2001 and the average gross royalty per ton increased nine percent, to \$2.11 per ton in 2001 from \$1.94 per ton in 2000. The increases in production, revenue and operating income were primarily due to production from fee and mineral rights acquired during 2001, including the Fork Creek property acquired in the second quarter of 2001, and to increased production from existing properties.

For the fourth quarter of 2001, lessee production of coal totaled 3.6 million tons, compared to 3.3 million tons in the fourth quarter of 2000, an increase of nine percent. The average gross royalty for the fourth quarter of 2001 was \$2.19 per ton, up 13 percent from \$1.94 per ton in the fourth quarter of 2000. Fourth quarter 2001 operating income for the segment was up 27 percent to \$5.2 million, compared to \$4.1 million in the same quarter of 2000.

On October 30, 2001, the Company completed an initial public offering (IPO) of 7.475 million common units of Penn Virginia Resource Partners, L.P. (NYSE: PVR), a publicly traded master limited partnership (MLP). Penn Virginia Corporation had previously transferred its coal reserves and related assets to PVR and owns approximately 52 percent of the MLP. Penn Virginia Corporation's fourth quarter 2001 net income was reduced by \$1.8 million to reflect the minority interest in PVR's operating income from the date of the IPO through December 31, 2001.

Capital Resources

Most of the \$145 million of net proceeds from the IPO of PVR was used to repay outstanding borrowings against the Company's revolving credit facility. In conjunction with the completion of PVR's IPO, in October 2001 the Company entered into a new three-year \$150 million revolving credit facility led by Chase Manhattan Bank. The credit facility has a borrowing base of \$140 million and is currently undrawn. Also in conjunction with the IPO, PVR entered into a new three-year credit facility with PNC Bank. The credit facility is comprised of an unsecured and undrawn \$50 million revolving credit portion, and a \$43.4 million term loan to pre-fund capital expenditures, which is currently outstanding and secured by United States treasuries purchased by the partnership.

Management Comments

A. James Dearlove, Penn Virginia President and Chief Executive Officer, said, "2001 was a monumental year in the history of Penn Virginia Corporation for several reasons. In the second quarter we sold our stock position in Norfolk Southern Corporation, realizing net proceeds of \$57.4 million. We also purchased a coal royalty property for \$33 million in the second quarter, increasing our coal royalty reserves by 53 million tons. In the third quarter, our acquisition of Synergy Oil and Gas provided us with a growth platform in highly prospective South Texas. And in the fourth quarter, we completed another major transforming event with the IPO of 48 percent of our coal royalty business. We expect the 52 percent interest we retained in Penn Virginia Resource Partners, L.P. to provide a significant and growing earnings and cash flow stream from the coal royalty business, which is well suited to the master limited partnership structure.

“We have used the cash generated from the IPO of PVR to become virtually debt-free. We are pursuing an expanded exploration and development program as a result of the Synergy acquisition. We intend to use our strong and flexible financial position to pursue new, high-return growth opportunities in both our oil and gas and coal royalty businesses.”

Guidance for 2002

Penn Virginia is providing the following guidance regarding the financial and operational expectations for the Company for the year 2002.

Penn Virginia Corporation Guidance Estimates		
	First Quarter <u>2002</u>	Full Year <u>2002</u>
Natural gas production (Bcf) See Note a:	4.0 – 4.4	17.5 – 19.0
Oil production (MBbls) See Note b:	110 – 120	480 -- 530
Coal royalties (in millions):	\$ 7.5 – 8.3	\$ 35.0 – 37.0
Expenses (in millions):		
Operating expenses	\$ 2.7 – 3.0	\$ 10.8 – 12.0
Exploration expenses	\$ 5.0 – 6.0	\$ 14.0 – 15.0
Taxes other than income	\$ 1.0 -- 1.5	\$ 6.5 – 7.0
General and administrative	\$ 4.5 – 5.0	\$ 18.5 – 19.0
Depreciation and depletion	\$ 7.0 -- 7.5	\$ 31.0 – 33.5
Income tax rate	35%	35%
Minority Interest in PVR*	\$ 2.8 -- 3.5	\$ 12.5 – 14.0
Capital expenditures (in millions):		
Development drilling	\$ 7.7 -- 8.5	\$ 23.9 – 26.4
Exploratory drilling	\$ 2.2 – 2.4	\$ 14.3 – 15.8
Seismic	\$ 2.9 – 3.2	\$ 5.1 – 5.6
Lease acquisitions and field projects	\$ 1.5 – 1.6	\$ 5.3 – 5.9
Coal land management projects	\$ 0.6 – 0.7	\$ 0.6 – 0.7

* - reduction for minority interest in Penn Virginia Resource Partners, L.P. (PVR).

Note a - The Company has in place natural gas hedge positions for the first three quarters of 2002 covering approximately 25,300 Mmbtu per day. These positions provide average floor and ceiling prices of \$2.94 and \$3.37 per Mmbtu, respectively, and cover approximately 52% of anticipated base natural gas production for the nine-month period before production from new wells planned for 2002. For the fourth quarter of 2002, positions are in place covering approximately 9,600 Mmbtu per day, or approximately 20% of base production, providing average floor and ceiling prices of \$3.21 and \$3.96 per Mmbtu, respectively.

Note b - The Company has hedge positions in place for all of 2002 covering approximately 750 barrels per day, or approximately 60% of crude oil production before production from new wells planned for 2002, with average floor and ceiling prices of \$21.31 and \$25.72 per barrel, respectively.

These estimates, including capital expenditure plans, are meant to provide guidance only and are subject to change as commodity prices and the operating environment of the Company changes.

Conference Call

A conference call and webcast, at which management will discuss results and the outlook for 2002, is scheduled for Thursday, February 14, 2002 at 3:00 p.m. EST. Prepared remarks by A. James Dearlove, President and Chief Executive Officer, will be followed by a question and answer period. You can participate in the conference call by phone by dialing 800-530-8983 or via the Internet by going to the Company's website www.pennvirginia.com. An on-demand replay of the conference call will be available at the

Company's website for 14 days beginning after the call.

This release includes forward-looking statements within the meaning of the federal securities laws with respect to development activities, capital expenditures, acquisitions and dispositions, drilling and exploration programs, expected commencement dates of coal mining or oil and gas production, projected quantities of future oil and gas production by PVA, projected quantities of future coal production by lessees producing coal from reserves leased from PVR, costs and expenditures, as well as projected demand or supply for coal and oil and gas, which will affect sales levels, prices and royalties realized by PVA and PVR. Certain factors discussed herein and in the Company's filings with the Securities and Exchange Commission could cause actual results to differ from those in these forward-looking statements, and reference is made to such filings.

PVA is an energy company engaged in the exploration, acquisition, development and production of crude oil and natural gas. Through its ownership in Penn Virginia Resource Partners, L.P. (NYSE:PVR), PVA is also in the business of managing coal and timber properties. PVA is headquartered in Radnor, PA.

OPERATIONS SUMMARY

	Three Months Ended		Year Ended	
	December 31,		December 31,	
	2001	2000	2001	2000
Production				
Natural gas (MMcf)	3,953	3,206	13,130	11,645
Oil and condensate (MBbls)	84	7	164	31
Total Oil and Gas Production (MMcfe)	4,457	3,248	14,114	11,831
Coal royalty tons (000)	3,624	3,261	15,306	12,536
Prices				
Natural gas (\$/Mcf)	\$ 2.55	\$ 4.84	\$ 4.06	\$ 3.95
Oil and condensate (\$/Bbl)	\$ 22.80	\$ 31.00	\$ 22.94	\$ 26.84
Coal royalties (\$/ton)	\$ 2.19	\$ 1.94	\$ 2.11	\$ 1.94

CONSOLIDATED STATEMENTS OF EARNINGS – unaudited

(in thousands, except per share data)

	Three Months Ended		Year Ended	
	December 31,		December 31,	
	2001	2000	2001	2000
Revenues				
Natural gas	\$ 10,089	\$ 15,524	\$ 53,263	\$ 46,019
Oil and condensate	1,916	217	3,762	832
Coal royalties	7,950	6,330	32,365	24,308
Timber	616	337	1,732	2,388
Dividends	-	662	198	2,646
Gain (loss) on sale of property and equipment	(655)	23,896	492	24,795
Other	762	923	4,759	5,010
	<u>20,678</u>	<u>47,889</u>	<u>96,571</u>	<u>105,998</u>
Expenses				
Lease operating	2,978	2,122	9,284	7,629
Exploration	5,430	3,007	11,832	5,660
Taxes other than income	1,573	848	5,433	3,648
General and administrative	5,567	3,757	15,680	11,398
Impairment of oil and gas properties	33,583	-	33,583	-
Depreciation, depletion and amortization	7,417	3,368	19,579	12,027
	<u>56,548</u>	<u>13,102</u>	<u>95,391</u>	<u>40,362</u>
Operating Income	(35,870)	34,787	1,180	65,636
Other Income (Expense)				
Interest expense	(341)	(1,916)	(2,070)	(7,559)
Gain on sales of securities	-	-	54,688	-
Interest income and other	401	56	1,616	1,153
Income before minority interest and taxes	(35,810)	32,927	55,414	59,230
Minority interest	1,763	-	1,763	-
Income tax expense (benefit)	(13,935)	12,389	19,314	19,965
Net income (loss)	<u>\$ (23,638)</u>	<u>\$ 20,538</u>	<u>\$ 34,337</u>	<u>\$ 39,265</u>
Net income per share, basic	\$ (2.66)	\$ 2.46	\$ 3.92	\$ 4.76
Net income per share, diluted	\$ (2.63)	\$ 2.38	\$ 3.86	\$ 4.69
Weighted average shares outstanding, basic	8,890	8,353	8,770	8,241
Weighted average shares outstanding, diluted	8,989	8,622	8,896	8,371

CONSOLIDATED BALANCE SHEETS

(in thousands)	December 31, 2001 <u>(unaudited)</u>	December 31, 2000
Assets		
Current assets	\$ 30,402	\$ 15,294
Investments	-	44,080
Net property, plant & equipment	381,188	205,116
Restricted U.S. Treasuries	43,387	-
Other assets, including long-term notes	5,194	4,276
Total assets	\$ 460,171	\$ 268,766
Liabilities and Shareholders' Equity		
Current liabilities	\$ 19,053	\$ 17,935
Long-term debt of affiliate secured by U.S. Treasuries	43,387	-
Long-term debt	3,500	47,500
Other liabilities and deferred taxes	64,738	32,169
Minority interest in Penn Virginia Resource Partners, L.P.(PVR)	144,039	-
Shareholders' equity	185,454	171,162
Total liabilities and shareholders' equity	\$ 460,171	\$ 268,766

CONSOLIDATED STATEMENTS OF CASH FLOWS – unaudited

(in thousands)	Three Months Ended December 31,		Year Ended December 31,	
	2001	2000	2001	2000
Operating Activities				
Net income	\$ (23,638)	\$ 20,538	\$ 34,337	\$ 39,265
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation, depletion and amortization	7,417	3,368	19,579	12,027
Minority Interest	1,763	-	1,763	-
Gain on sale of property and equipment	655	(23,896)	(492)	(24,795)
Gain on sale of securities	-	-	(54,688)	-
Deferred income taxes	(4,019)	4,572	933	7,006
Dry hole and unproved leasehold expense	4,653	2,013	8,953	3,154
Tax benefit from exercise of stock options	217	-	2,933	1,049
Impairment of properties	33,583	-	33,583	-
Other	996	1,111	1,158	140
	21,627	7,706	48,059	37,846
Changes in operating assets and liabilities	(5,366)	4,786	(3,868)	3,894
Net cash provided by operating activities	16,261	12,492	44,191	41,740
Investing activities:				
Proceeds from sale of property and equipment	133	54,306	1,416	55,208
Proceeds from sale of securities	-	-	57,525	-
Proceeds from notes receivable	316	231	1,052	926
US Treasuries securing PVR long-term debt	(43,387)	-	(43,387)	-
Capital expenditures	(15,800)	(5,517)	(196,038)	(59,443)
Net cash used in investing activities	(58,738)	49,020	(179,432)	(3,309)
Financing Activities:				
Dividends paid	(2,002)	(1,886)	(7,930)	(7,407)
Debt borrowings (payments), net	(132,329)	(60,094)	(43,505)	(30,269)
Proceeds from PVR long-term debt	43,387	-	43,387	-
Net proceeds from sale of units in PVR	142,373	-	142,373	-
Issuance of stock	669	839	9,802	(677)
Net cash provided by (used in) financing activities	52,098	(61,141)	144,127	(38,353)
Net increase (decrease) in cash and cash equivalents	9,621	371	8,886	78
Cash and cash equivalents-beginning balance	-	364	735	657
Cash and cash equivalents-ending balance	\$ 9,621	\$ 735	\$ 9,621	\$ 735