

Penn Virginia Corporation

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FOR IMMEDIATE RELEASE

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PENN VIRGINIA CORPORATION ANNOUNCES FIRST QUARTER 2002 RESULTS AND PROVIDES 2002 GUIDANCE UPDATE

RADNOR, Pa., May 13, 2002 – Penn Virginia Corporation (NYSE: PVA) today reported first quarter 2002 net income of \$3.4 million or \$0.37 per share (diluted), compared to \$10.7 million or \$1.22 per share (diluted) reported in the first quarter of 2001. First quarter 2002 revenues of \$24.4 million were ten percent lower than first quarter 2001 revenues of \$27.1 million. Cash flow from operations for the quarter (before changes in working capital) was \$14.3 million or \$1.59 per share (diluted), down 20 percent from \$17.9 million or \$2.04 per share in the first quarter of 2001. The decrease in net income in the first quarter of 2002 was primarily due to reduced oil and natural gas prices, increased expenses resulting from higher production and increased depreciation, depletion and amortization rates, and minority interest resulting from the initial public offering of Penn Virginia Resource Partners, L.P.

Oil & Gas Operations Review

Oil and gas production during the first quarter of 2002 was 4.8 billion cubic feet equivalent (Bcfe), compared to 2.8 Bcfe for the first quarter of 2001, an increase of 71 percent. The increase was primarily due to production related to the Synergy Oil & Gas properties acquired in the third quarter of 2001 and increased production from the Gwinville, Mississippi field. Production for the first quarter of 2002 was also up seven percent from 4.5 Bcfe produced in the fourth quarter of 2001, due to increased production from the Synergy properties. However, as a result of significantly lower oil and natural gas prices and increased expenses, operating income for the Company's oil & gas segment decreased to \$2.7 million in the first quarter of 2002, down from \$11.0 million for the same quarter of 2001.

The Company's average natural gas price received during the first quarter of 2002 was \$2.66 per thousand cubic feet (Mcf) compared to \$6.17 per Mcf in the first quarter of 2001, a 57 percent decrease. The average oil and condensate price received was \$21.67 per barrel for the first quarter of 2002 compared to \$27.33 in the same quarter of 2001, down 21 percent.

First quarter 2002 total operating expenses for the Company's oil & gas segment on an Mcf equivalent (Mcf) basis were virtually unchanged from the first quarter of 2001. The components of oil & gas operating expenses for the first quarter of 2002 were as follows, with comparisons to the first quarter of 2001:

	First Quarter (\$/Mcf)			
	2002	2001	Change	
Lease operating	\$0.37	\$0.29	\$0.08	Higher cost on oil production from Texas properties
Exploration	0.01	0.24	(0.23)	Limited exploration activity in first quarter 2002
Taxes other than income	0.26	0.38	(0.12)	Lower oil and natural gas prices
General & administrative	0.41	0.34	0.07	Personnel-related costs – Texas operations
Depreciation, depletion and amortization	1.17	0.95	0.22	Higher cost basis of Texas assets added in 2001
Total	<u>\$2.22</u>	<u>\$2.20</u>	<u>\$0.02</u>	

During the first quarter of 2002, Penn Virginia participated in the drilling of 33 gross (27.5 net) wells, of which 25 gross wells that were successful and are producing, and eight gross wells that were in progress at March 31, 2002. All wells drilled during the quarter were development wells, and included 14 gross wells drilled in the Company's Gwinville field, 18 in Appalachia and one in South Texas.

Coal Royalty Operations Review (Penn Virginia Resource Partners, L.P. – NYSE: PVR)

Operating income was \$7.3 million in the first quarter of 2002, an increase of nine percent from \$6.7 million in the same quarter of 2001. Coal royalty revenues were \$8.5 million in the first quarter of 2002 compared to \$7.3 million in the first quarter of 2001. Royalty revenues were positively impacted by a 17 percent increase in the average royalty rate from \$1.91 per ton in the first quarter of 2001 to \$2.23 per ton in first quarter 2002. As a consequence of PVR becoming a publicly-traded partnership in October of 2001, general and administrative expenses increased in the first quarter of 2002 compared to the first quarter of 2001. Depreciation, depletion and amortization expenses also increased for the quarter compared with the same quarter last year, primarily due to a 2001 property acquisition. Lessee production of coal on PVR properties during the first quarter of 2002 was 3.8 million tons, virtually unchanged from the corresponding period in 2001. The Company owns approximately 50 percent of the limited partner interests and the two percent general partner interest in PVR.

Capital Resources

As of March 31, 2002, the Company had borrowed \$8 million against its credit facility led by JPMorgan Chase, and it continues to have a borrowing base of \$140.0 million. As of the end of the first quarter, PVR continues to have an unsecured and undrawn \$50.0 million credit facility, which is led by PNC Bank, and a \$43.4 million term loan, which is currently outstanding and secured by United States treasury securities owned by PVR.

Management Comments

A. James Dearlove, Penn Virginia President and Chief Executive Officer, said, "In the first quarter, we completed a significant portion of our 2002 development drilling program in Appalachia and Mississippi. Last year's Synergy acquisition, along with our drilling success, is expected to result in a full year 2002 production increase of more than 50 percent over 2001. Due to the strengthening of oil and natural gas prices, we expect to take advantage of our inventory of drilling opportunities associated with the Synergy assets, and we have increased our 2002 capital spending guidance accordingly, primarily for additional development drilling in South and West Texas. Early in the second quarter of 2002, we also sold or traded several marginal fields in South Texas, which should improve our operating costs going forward. The coal royalty business continues to be challenging in the short term, primarily due to delays by some lessees in getting mines into production during this time of weak coal demand and the bankruptcy of one of PVR's important lessees. Regarding acquisitions, we have multiple currencies in the form of PVA stock, PVR units and significant available borrowing capacity in both PVA and PVR, and we continue to selectively assess acquisition opportunities in oil and natural gas, as well as coal."

Guidance Update for 2002

Penn Virginia is providing the following guidance regarding the financial and operational expectations for the second quarter and full year 2002. Please note that expanded guidance is being provided for the oil & gas and coal royalty segments.

Penn Virginia Corporation Guidance Estimates (Dollars in millions)		
	Second Quarter <u>2002</u>	Full Year <u>2002</u>
Oil & Gas Segment:		
Natural gas production (Bcf) - See Note a	4.5 – 5.0	18.5 – 19.5
Oil production (MBbls) - See Note b	85 – 90	425 - 475
Expenses :		
Operating and taxes other than income	\$ 3.4 - 3.8	\$14.8 - 15.4
Exploration	\$ 3.4 - 3.6	\$12.5 - 13.5
General and administrative	\$ 1.9 - 2.1	\$ 8.0 - 8.3
Depreciation, depletion and amortization	\$ 6.1 - 6.8	\$27.3 - 28.4
Coal Land Management Segment (PVR):		
Coal royalty tons (millions)	3.0 - 3.3	15.0 - 16.0
Coal royalties - See Note c	\$ 6.5 - 7.0	\$ 32.5 - 34.5
Coal services revenue	\$ 0.5 - 0.6	\$ 1.7 - 2.0
Timber and other revenue	\$ 0.4 - 0.6	\$ 3.2 - 3.8
Interest income, net	\$ 0.2	\$ 0.6 - 0.7
Expenses :		
Operating and taxes other than income	\$ 0.6 - 1.0	\$ 2.9 - 3.5
General and administrative	\$ 1.3 - 1.5	\$ 5.9 - 6.1
Depreciation and depletion	\$ 0.7 - 0.8	\$ 3.6 - 3.8
Corporate and other:		
General and administrative expense	\$ 1.0 - 1.1	\$ 3.4 - 3.5
Minority interest in PVR - See Note d	\$ 2.2 - 2.7	\$11.5 - 12.5
Income tax rate	36%	36%
Capital expenditures		
Development drilling	\$14.0 - 14.5	\$33.5 - 35.5
Exploratory drilling	\$ 0.8 - 1.2	\$10.0 - 11.5
Seismic	\$ 2.9 - 3.1	\$ 6.0 - 6.5
Lease acquisitions and field projects	\$ 3.5 - 3.7	\$ 6.5 - 7.0
Coal land management projects	\$ 0.1	\$ 0.7 - 1.2

Note a - As of March 31, 2002, the Company has in place open natural gas hedge positions for the second and third quarters of 2002 covering approximately 24,600 Mmbtu per day. These positions provide average floor and ceiling prices of \$2.96 and \$3.35 per Mmbtu, respectively, and cover approximately 52% of anticipated base natural gas production for the six-month period before production from new wells planned for 2002. For the fourth quarter of 2002, positions are in place covering approximately 15,000 Mmbtu per day, or approximately 30% of base production, providing average floor and ceiling prices of \$3.05 and \$4.37 per Mmbtu, respectively. The Company also has in place open natural gas hedge positions for the first quarter of 2003 covering 10,000 Mmbtu per day at average floor and ceiling prices of \$2.75 and \$4.75 per Mmbtu, respectively, and for the period April through October of 2003 covering 5,000 Mmbtu per day at an average floor and ceiling price of \$2.75 and \$4.25 per Mmbtu, respectively.

Note b - As of March 31, 2002, the Company has hedge positions in place for the last three quarters 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 \$21.30 and \$25.70 per barrel, respectively.

Note c - Guidance for 2002 has been reduced from a range of \$33.5 to \$36.5 million indicated by an April 2, 2002 news release to a range of \$32.5 to 34.5 million, due to expected continued weakness in market demand for coal from PVR properties through the third quarter of 2002.

Note d - Reduction for 48% minority interest in Penn Virginia Resource Partners, L.P. (PVR).

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 Tuesday, May 14, 2002 at 3:00 p.m. EDT. 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 888-813-7835 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.

Forward-looking statements: Penn Virginia Corporation is including the following cautionary statement to make applicable and take advantage of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 for any forward-looking statements made by, or on behalf of, the Company. With the exception of historical matters, any matters discussed are forward-looking statements (as defined in Section 21E of the Securities Exchange Act of 1934) that involve risks and uncertainties that could cause actual results to differ materially from projected results. These risks, uncertainties and contingencies include, but are not limited to, the following: development activities, capital expenditures, acquisitions and dispositions, drilling and exploration programs, expected commencement dates of oil and natural gas production, projected quantities of future oil and natural gas production by the Company, expected commencement dates and 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 natural gas, which will affect sales levels, prices and royalties realized by the Company and PVR. Additional information concerning these and other factors can be found in the Company's press releases and public periodic filings with the Securities and Exchange Commission, including the Company's Annual Report on Form 10-K for the year ended December 31, 2001 filed on March 22, 2002. Except as required by applicable securities laws, the Company does not intend to update its forward-looking statements.

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 March 31,	
	2002	2001
Production		
Natural gas (MMcf)	4,265	2,763
Oil and condensate (MBbls)	92	3
Total oil and natural gas Production (MMcfe)	4,817	2,781
Coal royalty tons (in thousands)	3,802	3,835
Prices		
Natural gas (\$/Mcf)	\$ 2.66	\$ 6.17
Oil and condensate (\$/Bbl)	\$ 21.67	\$ 27.33
Coal royalties (\$/ton)	\$ 2.23	\$ 1.91

CONSOLIDATED STATEMENTS OF EARNINGS - unaudited

(in thousands, except per share data)

	Three months ended March 31,	
	2002	2001
Revenues		
Natural gas	\$ 11,337	\$ 17,041
Oil and condensate	1,994	82
Coal royalties	8,491	7,333
Timber	582	361
Dividends	-	198
Gain on sale of properties	-	27
Other	1,979	2,079
	24,383	27,121
Expenses		
Lease operating expenses	2,814	1,779
Exploration and development	138	707
Taxes other than income	1,512	1,377
General and administrative	4,539	3,036
Depreciation, depletion and amortization	6,602	3,287
	15,605	10,186
Operating Income	8,778	16,935
Other Income (Expense)		
Interest expense	(470)	(807)
Interest income	553	387
Income before minority interest and income taxes	8,861	16,515
Minority interest in Penn Virginia Resource Partners, L.P.	3,565	-
Income tax expense	1,926	5,805
Net income	\$ 3,370	\$ 10,710
Net income per share, basic	\$ 0.38	\$ 1.25
Net income per share, diluted	\$ 0.37	\$ 1.22
Weighted average shares outstanding, basic	8,909	8,549
Weighted average shares outstanding, diluted	9,007	8,755

CONSOLIDATED BALANCE SHEETS

(in thousands)

	March 31, 2002 <u>(unaudited)</u>	December 31, 2001 <u></u>
Assets		
Current assets	\$ 29,805	\$ 30,402
Net property, plant and equipment	383,454	381,188
Restricted U.S. Treasury Notes	43,387	43,387
Other assets, including long-term notes receivable	<u>5,375</u>	<u>5,194</u>
Total assets	<u>\$ 462,021</u>	<u>\$ 460,171</u>
Liabilities and Shareholders' Equity		
Current liabilities	\$ 19,153	\$ 19,053
Long-term debt	8,000	3,500
Long-term loan	43,387	43,387
Other liabilities and deferred taxes	63,321	64,738
Minority interest in Penn Virginia Resource Partners, L.P.	145,559	144,039
Shareholders' equity	<u>182,601</u>	<u>185,454</u>
Total liabilities and shareholders' equity	<u>\$ 462,021</u>	<u>\$ 460,171</u>

CONSOLIDATED STATEMENTS OF CASH FLOWS - unaudited

(in thousands)

	Three months ended March 31, 2002 <u></u>	2001 <u></u>
Operating Activities		
Net income	\$ 3,370	\$ 10,710
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, depletion and amortization	6,602	3,287
Minority interest	3,565	-
Gain (loss) on sale of property and equipment	-	(27)
Deferred income taxes	357	2,183
Dry hole and unproved leasehold expense	41	110
Tax benefit from exercise of stock options	70	1,568
Other	<u>328</u>	<u>48</u>
	14,333	17,879
Changes in operating assets and liabilities	<u>(3,423)</u>	<u>(1,958)</u>
Net cash provided by operating activities	<u>10,910</u>	<u>15,921</u>
Investing activities		
Proceeds from sale of property and equipment	226	65
Proceeds from notes receivable	64	245
Capital expenditures	<u>(8,972)</u>	<u>(7,224)</u>
Net cash used in investing activities	<u>(8,682)</u>	<u>(6,914)</u>
Financing Activities		
Dividends paid	(2,005)	(1,935)
Distributions paid to minority interest holders	(2,045)	-
Proceeds from (repayments of) borrowings	6,254	(13,425)
Purchase of units of Penn Virginia Resource Partners, L.P.	(1,047)	-
Purchase of treasury stock	(36)	-
Issuance of stock	<u>515</u>	<u>5,637</u>
Net cash provided by (used in) financing activities	<u>1,636</u>	<u>(9,723)</u>
Net increase (decrease) in cash and cash equivalents	3,864	(716)
Cash and cash equivalents-beginning balance	<u>9,621</u>	<u>735</u>
Cash and cash equivalents-ending balance	<u>\$ 13,485</u>	<u>\$ 19</u>

SEGMENT INFORMATION - unaudited
(\$ in thousands)

	<u>Oil and Gas</u>	<u>Coal Royalty and Land Management</u>	<u>All Other</u>	<u>Consolidated</u>
Quarter ended March 31, 2002				
Revenues:				
Natural gas	\$ 11,337	\$ -	\$ -	\$ 11,337
Oil and condensate	1,994	-	-	1,994
Coal royalties	-	8,491	-	8,491
Coal services	-	411	-	411
Timber	-	582	-	582
Other	<u>47</u>	<u>1,271</u>	<u>250</u>	<u>1,568</u>
Total revenues	<u>13,378</u>	<u>10,755</u>	<u>250</u>	<u>24,383</u>
Expenses:				
Lease operating	1,789	885	140	2,814
Exploration	44	-	94	138
Taxes other than income	1,252	161	99	1,512
General and administrative	1,954	1,547	1,038	4,539
Depreciation, depletion and amortization	<u>5,655</u>	<u>895</u>	<u>52</u>	<u>6,602</u>
Total expenses	<u>10,694</u>	<u>3,488</u>	<u>1,423</u>	<u>15,605</u>
Operating income (loss)	\$ <u>2,684</u>	\$ <u>7,267</u>	\$ <u>(1,173)</u>	\$ <u>8,778</u>
Capital expenditures	\$ 8,130	\$ 514	\$ 328	\$ 8,972
Quarter ended March 31, 2001				
Revenues:				
Natural gas	\$ 17,041	\$ -	\$ -	\$ 17,041
Oil and condensate	82	-	-	82
Coal royalties	-	7,333	-	7,333
Coal services	-	500	-	500
Timber	-	361	-	361
Gain on sale of properties	-	27	-	26
Other	<u>53</u>	<u>1,327</u>	<u>397</u>	<u>1,777</u>
Total revenues	<u>17,176</u>	<u>9,548</u>	<u>397</u>	<u>27,121</u>
Expenses:				
Lease operating	818	833	128	1,779
Exploration	672	-	35	707
Taxes other than income	1,058	188	131	1,377
General and administrative	959	1,165	912	3,036
Depreciation, depletion and amortization	<u>2,646</u>	<u>622</u>	<u>19</u>	<u>3,287</u>
Total expenses	<u>6,153</u>	<u>2,808</u>	<u>1,225</u>	<u>10,186</u>
Operating income (loss)	\$ <u>11,023</u>	\$ <u>6,740</u>	\$ <u>(828)</u>	\$ <u>16,935</u>
Capital expenditures	\$ 7,089	\$ 108	\$ 27	\$ 7,224