

# Penn Virginia Corporation

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## FOR IMMEDIATE RELEASE

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### **PENN VIRGINIA CORPORATION PROVIDES OPERATIONS UPDATE REAFFIRMS THIRD QUARTER AND UPDATES FULL YEAR 2004 PRODUCTION GUIDANCE**

**RADNOR, Pa, (PR Newswire) September 27, 2004** – Penn Virginia Corporation (NYSE: PVA) today provided an update of its oil and gas operational activities for the third quarter of 2004, as well as an update of its third quarter and full year 2004 production guidance.

Third quarter 2004 production is expected to fall within the previously-provided range of 5.4 to 5.9 billion cubic feet equivalent (Bcfe). However, due to delays in drilling, some of which were weather related, and the drilling of two unsuccessful exploratory wells in south Texas, the Company's full year 2004 production is now expected to be between 24.5 and 25.2 Bcfe, which is approximately five percent lower than previously-provided guidance of 25.5 to 26.7 Bcfe.

A complete review of third quarter 2004 operations will be available in late October. However, a preliminary summary of third quarter activities includes:

- Two south Texas exploratory wells, in the Company's Fannett and Esperanza prospect areas, were dry holes. Both areas contain multiple prospects and additional exploratory drilling is planned in both of them during the remainder of 2004 and 2005. The commencement of drilling operations on another Fannett exploratory prospect has taken longer than expected due to a lease issue and is now planned for the fourth quarter of 2004;
- A successful exploratory well was drilled at the Company's Antonio Lopez prospect in south Texas with 20 feet of pay in an Upper Frio interval. The well, in which the Company has a 20 percent working interest, is currently awaiting completion operations and is expected to commence production in the fourth quarter of 2004.
- The Company participated with a 20 percent working interest in an unsuccessful exploratory well in the Stella project in Plaquemines Parish, Louisiana. Prior to that well, the Company had drilled five successful exploratory wells out of five attempts in the Stella project.
- In its Bayou Sale project area in St. Mary Parish, Louisiana, the Company is currently completing a successful exploratory well with a 25 percent working interest. Two sands with a total net pay of approximately 100 feet have been logged, and production is expected to commence in the first quarter of 2005. The Company has identified multiple prospects in this project area which are expected to be drilled over the next several years.
- Net production in the North Carthage Field has increased to approximately five million cubic feet equivalent (MMcfe) of gas per day from approximately two MMcfe per day at the end of 2004's second quarter, due to an acceleration of the Company's joint venture development program with GMX Resources Inc. (NASDAQ: GMXR). During the third quarter, six gross (4.2 net) wells were drilled, with three wells producing and three awaiting completion operations. Recent results from this

primarily Cotton Valley field have exceeded original expectations, due in part to reductions in drilling and completion costs. The Company now expects to drill a total of 15 to 17 gross wells in 2004.

- Eight successful wells were drilled in the Company's Baxterville, Mississippi field, with production increasing to 5.3 Mmcfe from 4.9 Mmcfe in the second quarter of 2004.
- Eight horizontal coalbed methane (CBM) wells were drilled, three of which are now producing on a constrained basis due to pipeline curtailments which are expected to end in the fourth quarter of 2004. Drilling operations on three additional horizontal CBM wells are in progress. Construction of the Company's 15 mile, 12 inch pipeline supporting its horizontal CBM production is also in progress, with completion expected in early November.

A. James Dearlove, Penn Virginia President and CEO, said "We are disappointed to reduce our production guidance from previous expectations. However, we remain encouraged by the success of our development plays in east Texas, Mississippi and Appalachia, as well as our expanding horizontal CBM program. The primary reason 2004 production will not meet the production guidance targets we identified at the beginning of the year is the pipeline curtailment in Appalachia, with an impact of approximately 1.1 Bcfe to Penn Virginia. The curtailment is expected to end during the fourth quarter of this year, and we have continued to drill horizontal CBM wells in anticipation of commencing full production from them on or about November 1. This event, coupled with our active development drilling program, is expected to result in a daily production rate exceeding 70 MMcfe at year-end 2004. We also continue to interpret our expanded 3-D seismic library in order to expand our inventory of internally-generated exploration prospects along the Texas and Louisiana Gulf Coast, many of which we expect to drill in 2005."

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*Penn Virginia Corporation (NYSE: 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 properties and related assets. PVA is headquartered in Radnor, PA. For more information about PVA, visit the Company's website at [www.pennvirginia.com](http://www.pennvirginia.com).*

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 and, therefore, 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, 2003 filed on March 11, 2004 and its Quarterly Report on Form 10-Q for the period ended June 30, 2004 filed on August 5, 2004. Except as required by applicable securities laws, the Company does not intend to update its forward-looking statements.