

Penn Virginia Corporation

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FOR IMMEDIATE RELEASE

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PENN VIRGINIA CORPORATION ANNOUNCES \$112 MILLION GULF COAST OIL AND GAS ACQUISITION AGREEMENT

RADNOR, PA, June 21, 2001 -- Penn Virginia Corporation (NYSE:PVA) today announced that it has entered into a definitive merger agreement to acquire Houston-based Synergy Oil & Gas, Inc. in a cash transaction for \$112 million subject to certain adjustments. Synergy is a privately owned independent exploration and production company with operations primarily in the Texas onshore Gulf Coast and West Texas areas. The transaction, which is subject to satisfactory completion of due diligence, is expected to close by July 23, 2001 and will be funded from an existing bank facility.

Penn Virginia estimates Synergy will have total net proved reserves as of July 1, 2001 of 59.2 billion cubic feet equivalent (Bcfe), about 55% of which is natural gas and 45% is oil. Current daily net production is 12.0 million cubic feet (Mmcf) of natural gas and 1,200 barrels of oil, or 19.2 Mmcf equivalent. Synergy currently has interests in 25 fields, 20 of which are in the onshore Gulf Coast. Two Texas fields, SW Rugeley in Matagorda County, TX and Tom Lyne in Live Oak County, TX, account for 46% of the estimated net proved reserves and 40% of first quarter 2001 net production. In addition, Synergy has interests in 163 producing wells, approximately 86% of which it operates, and control of 27,300 net developed and 10,000 net undeveloped leasehold acres and 214 square miles of 3-D seismic data.

Transaction Highlights:

- 34% proforma increase to Proved Reserves at December 31, 2000, resulting in a reserve mix of approximately 90% natural gas and 10% oil.
- 61% proforma increase in production for the first quarter of 2001, resulting in a production mix of 86% natural gas and 14% oil.
- Penn Virginia believes, on a risked basis, the properties contain approximately 29 Bcfe of Probable reserves and approximately 18 Bcfe of Possible reserves (55% natural gas, 45% oil). In addition, approximately 500 Bcfe of net unrisked upside potential has been identified including six exploration prospects or leads (90% to 95% natural gas).
- The transaction results in a purchase price of \$1.89 per Proved Mcfe and \$1.04 per Mcfe on a risked Proved, Probable and Possible basis.
- Management anticipates drilling approximately 15 to 20 wells annually over the next several years. This program includes development drilling as well as exploratory drilling on Synergy's current inventory of Gulf Coast prospects.

- The transaction will be accounted for as a purchase and is expected to be accretive to operating cash flow immediately, neutral to earnings for 2001 and accretive to earnings in 2002 and forward.
- The transaction will result in a proforma debt to total capitalization ratio of approximately 38% at closing, giving the Company more than adequate financial capacity to execute its strategy going forward.
- Penn Virginia anticipates hedging a significant portion of current production shortly after closing to provide some level of downside price protection for the balance of 2001 and calendar years 2002 and 2003.

A. James Dearlove, Penn Virginia President and Chief Executive Officer, stated "The Synergy acquisition marks a major step forward for Penn Virginia as a growth-oriented energy company. We have been focusing on the Texas and Louisiana Gulf Coast area since 1998, when we opened an office in Houston and first launched a strategic initiative to expand our oil and gas operations outside of Appalachia. Since then, we have acquired an interest in the Gwinville field in Mississippi, the Two Rivers exploration project in South Texas and have built a strong management and technical team. Synergy's asset base and drilling opportunities provide a balanced-risk opportunity consistent with Penn Virginia's conservative financial and operating philosophy."

H. Baird Whitehead, Executive Vice President and President of the Penn Virginia's oil and gas company, noted "Synergy represents an excellent fit for Penn Virginia and will provide us with a platform to grow the Gulf Coast area. In addition it offers balance through its oil exposure and provides an excellent opportunity to accelerate our production growth. Synergy has significant upside potential from its inventory of high quality exploratory projects. We look forward to having Synergy's professional team join us as we develop this opportunity."

Penn Virginia Corporation is an energy company engaged primarily in the exploration, development and production of oil and gas, leasing of mineral rights and collection of royalties. Penn Virginia is headquartered in Radnor, Pennsylvania.

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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 Penn Virginia, projected quantities of future coal production by the Company's lessees producing coal from reserves leased from Penn Virginia, 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 Penn Virginia. 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.