

Penn Virginia Corporation

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FOR IMMEDIATE RELEASE

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PENN VIRGINIA REPORTS THIRD QUARTER EARNINGS

Penn Virginia Resource Partners, L.P. IPO Completed

Over-allotment Option Exercised by Underwriters

RADNOR, Pa., November 7, 2001 -- Penn Virginia Corporation (NYSE: PVA) today reported third quarter 2001 net income of \$4.2 million or \$0.47 per share (diluted), down 41 percent from \$7.2 million or \$0.85 per share (diluted) reported in the third quarter of 2000. Third quarter 2001 revenues of \$24.0 million were eight percent ahead of year earlier revenues of \$22.2 million. Cash flow from operations for the quarter (before changes in working capital) was \$14.2 million or \$1.58 per share (diluted), up 22 percent from \$11.6 million or \$1.37 per share from the third quarter of 2000. The decrease in net income in the third quarter of 2001 was primarily due to reduced natural gas prices, which were 20 percent lower than the same period of the prior year, and increased expenses associated with the previously announced third quarter acquisition of Synergy Oil and Gas, Inc.

Production Growth Continues; Quarter and Year to Date Operations and Financial Overview

Oil and gas production during the third quarter of 2001 was 3.9 billion cubic feet equivalent (Bcfe), compared to 3.1 Bcfe in the third quarter of 2000. The 26 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 from properties disposed of in the fourth quarter of 2000. Production for the third quarter of 2001 was less than previously provided guidance due primarily to flooding-related production shortfalls in Appalachia and a later than anticipated effective date for properties acquired from Synergy. The average natural gas price received by Penn Virginia during the third quarter of 2001 was \$3.34 per thousand cubic feet (Mcf) compared with \$4.19 per Mcf in the third quarter of 2000, a 20 percent decrease. The average oil and condensate price received was \$23.11 per barrel for the third quarter of 2001 versus \$27.57 in the same quarter of 2000, off 16 percent.

During the third quarter of 2001, Penn Virginia participated in the drilling of 49 gross (38.2 net) wells, of which 43 gross, (33.7 net) were successful. Drilling activity included 22 gross wells drilled in the Company's Gwinville field, 22 in Appalachia and 5 in South Texas. The South Texas wells included first drilling activity on properties acquired from Synergy.

Third quarter revenues for the coal land management segment were \$10.0 million in 2001 compared with \$7.7 million in 2000, an increase of 30 percent. Third quarter operating income for this segment was \$6.9 million in 2001 compared with \$5.1 million in 2000, an increase of 51 percent. Lessee production of coal on Penn Virginia properties increased 32 percent during the

period, from 3.1 million tons in 2000 to 4.1 million tons in 2001. 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.

In the first nine months of 2001, Penn Virginia reported net income of \$58.0 million or \$6.53 per share (diluted). Excluding the gain on the sale of Norfolk Southern common stock, the Company earned \$22.4 million or \$2.53 per share (diluted), 20 percent more than the \$18.7 million or \$2.25 per share (diluted) reported in the first nine months of 2000. Revenues of \$75.9 million for the first nine months of 2001 were 31 percent above year earlier revenues of \$58.1 million. Cash flow from operations (before changes in working capital and taxes relating to the gain on sale of securities) rose 51 percent to \$45.6 million or \$5.13 per share (diluted). These increases were largely due to higher natural gas production and prices and increased revenues from coal royalties.

Market Embraces Penn Virginia Resource Partners, L.P. IPO

Effective September 14, 2001, the Company transferred its coal reserves and related assets to a subsidiary of Penn Virginia Resource Partners, L.P. (NYSE: PVR). An initial public offering of 6.5 million common units at \$21.00 per unit was completed and the units began trading on the New York Stock Exchange on October 25, 2001. Including the exercise of an over-allotment option granted to the underwriters of the IPO, 7.475 million common units were sold to the public. After the sale of units, the Company owns approximately 52 percent of PVR. Most of the \$145 million of net proceeds from the IPO was used to repay outstanding borrowings against the Company's revolving credit facility. In conjunction with the completion of PVR's initial public offering, 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 current borrowing base of \$140 million, and initially is 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

Penn Virginia President and Chief Executive Officer, A. James Dearlove, stated, "In the third quarter of 2001, Penn Virginia made significant progress. The acquisition of Synergy Oil and Gas, Inc. has led to increased production and cash flows from our oil and gas business. Synergy provides the Company with critical mass in highly prospective South Texas, and immediately following the acquisition we began developing the exploration potential of this important new area. Also, after the end of the quarter, we completed another major transforming event with the IPO of 48 percent of our coal royalty business. In addition to unlocking substantial value for our shareholders, we expect the 52% 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. The coal royalty business is well suited to the master limited partnership structure and we expect it to grow at substantially faster rates than in the past.

The IPO generated cash, which we used to become debt-free in the fourth quarter of 2001, enhancing our ability to pursue new high return growth opportunities. We continue to gain momentum as we complete 2001, our financial position is strong and flexible, and we are well positioned to benefit from the strong secular fundamentals in the domestic natural gas and electricity markets."

Guidance for 2001

Penn Virginia is providing the following guidance regarding the financial and operational expectations for the Company for the year 2001.

Penn Virginia Corporation Guidance Estimates

	Fourth Qtr <u>2001</u>	Full Year <u>2001</u>
Natural gas production (Bcf):	3.9 - 4.4	13.1 – 13.6
Oil production (MBbls):	90 – 110	170 - 190
Coal royalties (in millions):	\$8.0 - 9.0	\$32.4 – 33.4
Expenses (in millions):		
Operating expenses	\$3.0 – 3.5	\$9.3 - 9.8
Exploration expenses	\$5.0 – 6.0	\$11.4 - 12.4
Taxes other than income	\$1.0 - 1.5	\$4.9 – 5.4
General and administrative	\$4.5 – 5.0	\$14.6 - 15.1
Depreciation and depletion	\$6.5 - 7.5	\$18.7 – 19.7
Income tax rate	35%	35%
Minority Interest in PVR*	\$1.8 – 2.3	\$1.8 – 2.3
Capital expenditures (in millions):		
Development drilling	\$7.0 - 8.0	\$30.0- 31.0
Exploratory drilling	\$13.5 – 15.5	\$19.1 – 21.1
Seismic	\$1.5 - 2.0	\$4.4 - 4.9
Lease acquisitions and field projects	\$1.0 – 1.5	\$3.3 – 3.8
Coal land management projects	\$0.1 – 0.3	\$0.5 - 0.7
Acquisitions	-	\$146.7

* - reduction for minority interest in Penn Virginia Resource Partners, L.P. (PVR) effective October 30, 2001.

The Company's natural gas hedges for the fourth quarter of 2001 include costless collars, based on Henry Hub, with a weighted average floor price of \$3.57 per MMBtu and a ceiling price of \$6.40 per MMBtu on 8,913 MMBtu/d. In addition, the Company has fourth quarter 2001 oil hedges in place in the form of costless collars, based on West Texas Intermediate, for 632 Bbls/d at a weighted average floor of \$23.23 per Bbl and a ceiling of \$29.16 per Bbl. For January 2002 through December 2002, the Company has costless collars on natural gas, based on Henry Hub, with a weighted average floor of \$3.52 per MMBtu and a ceiling of \$4.91 per MMBtu on 6,350 MMBtu/d. For the same period, costless collars for oil and condensate, based on West Texas Intermediate, total 764 Bbls/d at a weighted average floor of \$21.31 per Bbl and a ceiling of \$25.72 per Bbl.

These estimates are meant to provide guidance only and are subject to change as the operating environment of the Company changes.

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		Nine Months	
	<u>Ended September 30,</u>		<u>Ended September 30,</u>	
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>
Production				
Natural gas (MMcf)	3,482	3,107	9,177	8,439
Oil and condensate (MBbls)	73	7	80	24
Coal royalty tons (000)	4,130	3,059	11,682	9,275
Timber (Mbf)	1,905	1,939	5,879	6,931
Prices				
Natural gas (\$/Mcf)	\$ 3.34	\$ 4.19	\$ 4.70	\$ 3.61
Oil and condensate (\$/Bbl)	\$ 23.11	\$ 27.57	\$ 23.08	\$ 25.63
Coal royalties (\$/ton)	\$ 2.22	\$ 1.94	\$ 2.09	\$ 1.94
Timber (\$/Mbf)	\$ 154	\$ 342	\$ 156	\$ 276

CONSOLIDATED STATEMENT OF EARNINGS – unaudited

(in thousands, except per share data)

	Three Months		Nine Months	
	<u>Ended September 30,</u>		<u>Ended September 30,</u>	
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>
Revenues				
Natural gas	\$ 11,627	\$ 13,032	\$ 43,174	\$ 30,495
Oil and condensate	1,687	194	1,846	615
Coal royalties	9,154	5,936	24,415	17,978
Timber	358	711	1,116	2,051
Dividends	-	661	198	1,984
Gain on the sale of property and equipment	313	801	1,147	899
Other	<u>892</u>	<u>825</u>	<u>3,997</u>	<u>4,087</u>
	<u>24,031</u>	<u>22,160</u>	<u>75,893</u>	<u>58,109</u>
Expenses				
Operating expenses	2,735	1,926	6,306	5,507
Exploration and development	3,747	1,258	6,402	2,653
Taxes other than income	1,245	931	3,860	2,800
General and administrative	4,150	2,599	10,113	7,641
Depreciation, depletion and amortization	<u>5,401</u>	<u>3,191</u>	<u>12,162</u>	<u>8,659</u>
	<u>17,278</u>	<u>9,905</u>	<u>38,843</u>	<u>27,260</u>
Operating Income	6,753	12,255	37,050	30,849
Other Income (Expense)				
Interest expense	(633)	(2,379)	(1,729)	(5,643)
Gain on the sale of securities	-	-	54,688	-
Interest income and other, net	<u>371</u>	<u>389</u>	<u>1,215</u>	<u>1,097</u>
	6,491	10,265	91,224	26,303
Income tax expense	<u>2,244</u>	<u>3,063</u>	<u>33,249</u>	<u>7,576</u>
Net income	\$ <u>4,247</u>	\$ <u>7,202</u>	\$ <u>57,975</u>	\$ <u>18,727</u>
Net income per share, basic	\$ <u>0.48</u>	\$ <u>0.88</u>	\$ <u>6.64</u>	\$ <u>2.28</u>
Net income per share, diluted	\$ <u>0.47</u>	\$ <u>0.85</u>	\$ <u>6.53</u>	\$ <u>2.25</u>
Weighted average shares outstanding, basic	8,869	8,213	8,736	8,203
Weighted average shares outstanding, diluted	9,007	8,473	8,880	8,312

CONSOLIDATED BALANCE SHEET

(in thousands)

	September 30, December 31,	
	<u>2001</u>	<u>2000</u>
	(unaudited)	
Assets		
Current assets	\$ 18,108	\$ 15,294
Investments	-	44,080
Net property, plant & equipment	411,421	205,116
Other assets, including long-term notes	<u>3,757</u>	<u>4,276</u>
Total assets	\$ <u>433,286</u>	\$ <u>268,766</u>
Liabilities and Shareholders' Equity		
Current liabilities	\$ 20,295	\$ 17,935
Long-term debt	135,000	47,500
Other liabilities and deferred taxes	69,067	32,169
Shareholders' equity	<u>208,924</u>	<u>171,162</u>
Total liabilities and shareholders' equity	\$ <u>433,286</u>	\$ <u>268,766</u>

CONSOLIDATED STATEMENTS OF CASH FLOWS – unaudited

(in thousands)

	Three Months		Nine Months	
	Ended September 30,		Ended September 30,	
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>
Operating Activities				
Net income	\$ 4,247	\$ 7,202	\$ 57,975	\$ 18,727
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation, depletion and amortization	5,401	3,191	12,162	8,659
Gain on sale of property and equipment	(313)	(801)	(1,147)	(899)
Gain on sale of securities	-	-	(54,688)	-
Deferred income taxes	1,929	1,168	4,952	2,434
Dry hole and unproved leasehold expense	2,846	732	4,300	1,141
Tax benefit from exercise of stock options	-	-	2,716	-
Other	<u>78</u>	<u>77</u>	<u>162</u>	<u>82</u>
	14,188	11,569	26,432	30,144
Changes in operating assets and liabilities	<u>(12,458)</u>	<u>(98)</u>	<u>1,498</u>	<u>(892)</u>
Net cash provided by operating activities	<u>1,730</u>	<u>11,471</u>	<u>27,930</u>	<u>29,252</u>
Investing activities:				
Proceeds from sale of property and equipment	37	795	1,283	902
Proceeds from sale of securities	-	-	57,525	-
Proceeds from notes receivable	245	183	736	691
Capital expenditures	<u>(125,267)</u>	<u>(7,576)</u>	<u>(180,238)</u>	<u>(53,926)</u>
Net cash used in investing activities	<u>(124,985)</u>	<u>(6,598)</u>	<u>(120,694)</u>	<u>(52,333)</u>
Financing Activities:				
Dividends paid	(1,996)	(1,843)	(5,928)	(5,521)
Debt borrowings (payments), net	124,546	(5,205)	88,824	29,825
Purchase of treasury stock	-	-	-	(5,056)
Issuance of stock	<u>108</u>	<u>2,539</u>	<u>9,133</u>	<u>3,540</u>
Net cash provided by (used in) financing activities	<u>122,658</u>	<u>(4,509)</u>	<u>92,029</u>	<u>22,788</u>
Net increase (decrease) in cash and cash equivalents	(597)	364	(735)	(293)
Cash and cash equivalents-beginning balance	<u>597</u>	<u>-</u>	<u>735</u>	<u>657</u>
Cash and cash equivalents-ending balance	\$ <u><u>-</u></u>	\$ <u><u>364</u></u>	\$ <u><u>-</u></u>	\$ <u><u>364</u></u>