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# Penn Virginia Corporation Announces 2009 Oil and Gas Capital Budget

## 2009 Expected Production Growth Rate of Between 10 and 15 Percent

## Provides Guidance for Full-Year 2008 and 2009

RADNOR, Pa.-- Penn Virginia Corporation (NYSE:PVA) today announced that its Board of Directors has approved an oil and gas capital expenditures budget for 2009 of $250 million. The capital budget includes $225 million of development and exploratory drilling and completion expenditures, which is approximately one-half of the midpoint of expected 2008 drilling and completion expenditures. PVA anticipates 2009 production will range between 52.0 and 54.0 billion cubic feet of natural gas equivalent ("Bcfe"), an increase of approximately 10 to 15 percent over the midpoint of 2008 production guidance. PVA also provided updated full-year 2008 guidance and its initial full-year 2009 guidance.

Approximately $236 million, or 94 percent of the capital budget, relates to development drilling and related activities in PVA's core areas, including East Texas, the Mid-Continent region, Mississippi and Appalachia. Play types included in each of these respective areas include the Lower Bossier (Haynesville) Shale, the Granite Wash, the Selma Chalk and multi-lateral horizontal coalbed methane (HCBM). Approximately $14 million, or six percent of the capital budget, relates to exploratory activities, including higher-risk, higher-reward prospects in south Louisiana, as well as the Marcellus Shale in Pennsylvania.

The 2009 capital budget was reduced from expected 2008 levels due to concerns about a lack of liquidity in the capital markets and an uncertain commodity price outlook. PVA's capital spending program is expected to be funded by internally generated cash flows, including distributions received from Penn Virginia GP Holdings, L.P. (NYSE:PVG), which totaled approximately $44 million in 2008. Borrowings under PVA's revolving credit facility are expected be approximately $330 million at the end of 2008, with availability of approximately $150 million.

The capital budget assumes base NYMEX (New York Mercantile Exchange) commodity prices of $6.50 per million British thermal units (MMBtu) for natural gas and $60.00 per barrel for crude oil, adjusted for quality and basis differentials. The 2009 capital budget is subject to revision as the operating environment and financial and capital market conditions change. PVA has hedged approximately 34 percent and 30 percent of the expected midpoints of natural gas and crude oil production, respectively, in 2009.

Management Comment

A. James Dearlove, President and Chief Executive Officer, said, "Our oil and gas capital

budget for 2009 anticipates double-digit production growth while also prudently positioning PVA to weather uncertain market conditions and commodity prices. The diversity and attractive rates of return inherent in our portfolio, which has become increasingly oriented towards high impact resource and unconventional gas plays, allow us to continue to grow production in a difficult environment. We will continue to monitor commodity prices and market conditions carefully and may elect to alter our spending plans should the environment change. Given our attractive hedging position in 2009 and our minimal leasehold and drilling rig commitments, we believe that we have sufficient financial flexibility to react to changes in market conditions."

Development Activities

Approximately $236 million, or 94 percent of the 2009 capital budget, relates to development drilling and related activities. 65 (45.8 net) development wells are scheduled to be drilled.

Highlights of PVA's budgeted development expenditures include:

- East Texas - approximately $87 million to drill 18 (12.0 net) horizontal Lower Bossier (Haynesville) Shale wells;
- Mid-Continent - approximately $58 million to drill 16 (7.2 net) wells, including 12 (6.4 net) horizontal Granite Wash wells and four (0.8 net) horizontal, non-operated Woodford Shale wells;
- Mississippi - approximately $60 million to drill 22 (21.4 net) horizontal Selma Chalk wells;
- Appalachia - approximately $15 million to drill nine (5.3 net) multi-lateral HCBM wells; and
- Other - approximately $13 million for new facilities in East Texas, Appalachia and Mississippi, approximately $3 million for leasehold acquisition and for geological, geophysical and other costs.

Exploratory Activities

Approximately $14 million, or six percent of the 2009 capital budget, relates to exploratory activities. Three (1.8 net) exploratory wells are scheduled to be drilled.

Highlights of PVA's budgeted exploratory expenditures include:

- Gulf Coast - approximately $2 million to drill one (0.3 net) well in south Louisiana;
- Appalachia - approximately $4 million to drill two (1.5 net) horizontal Marcellus Shale wells in Pennsylvania; and
- Other - approximately $1 million for leasehold acquisition in East Texas and approximately $7 million for geological, geophysical and other costs.

Guidance for 2008 and 2009

See the Guidance Table included in this release for oil and gas segment and corporate guidance estimates for full-year 2008 and 2009. These estimates, including capital expenditure plans, are meant to provide guidance only and are subject to revision as the operating environment and financial and capital market conditions change. Guidance related to the coal and natural resource management and natural gas midstream segments of Penn Virginia Resource Partners, L.P. (NYSE:PVR) are discussed in more detail in today's

separate PVR news release (please visit PVR's website, www.pvresource.com under "For Investors," for a copy of the release).

Derivative Update

To support the operating cash flows that underpin its 2009 capital budget, PVA is engaged in a program to hedge its natural gas and oil production at pre-determined prices or price ranges. Based on derivatives currently in place for 2009 as detailed below, PVA has hedged approximately 42 million cubic feet of natural gas production per day, or approximately 34 percent of the midpoint of expected 2009 natural gas production volumes, at weighted average floors and ceilings of $8.94 and $11.72 per MMBtu. In the first half of 2009, approximately 50 million cubic feet per day is hedged at weighted average floors and ceilings of $8.86 and $11.54 per MMBtu. In addition, as detailed below, PVA has hedged 500 barrels of crude oil production per day, or approximately 30 percent of the midpoint of expected 2009 crude oil production volumes, at floors and ceilings of $110.00 and $179.00 per barrel.

| | | Weighted Average | | |
|---|---|---|---|---|
| | Average | Price per MMBtu or Bbl | | |
| | Volume | Additional | | |
| | Per Day | Put Option | Floor | Ceiling |
| | (MMBtu) | | | |
| Natural Gas Three-Way Collars* | | | | |
| First quarter 2009 | 65,000 | $ 6.00 | $ 8.67 | $ 11.68 |
| Second quarter 2009 | 40,000 | $ 6.38 | $ 8.75 | $ 10.79 |
| Third quarter 2009 | 40,000 | $ 6.38 | $ 8.75 | $ 10.79 |
| Fourth quarter 2009 | 30,000 | $ 6.83 | $ 9.50 | $ 13.60 |
| First quarter 2010 | 30,000 | $ 6.83 | $ 9.50 | $ 13.60 |
| | (Bbls) | | | |
| Crude Oil Three-Way Collars* | | | | |
| First quarter 2009 | 500 | $ 80.00 | $ 110.00 | $ 179.00 |
| Second quarter 2009 | 500 | $ 80.00 | $ 110.00 | $ 179.00 |
| Third quarter 2009 | 500 | $ 80.00 | $ 110.00 | $ 179.00 |
| Fourth quarter 2009 | 500 | $ 80.00 | $ 110.00 | $ 179.00 |

* A three-way collar is a combination of options: a sold call, a purchased put and a sold put. The sold call (ceiling) establishes the maximum price that PVA

will receive for the contracted commodity volumes. The purchased put (floor) establishes the minimum price that PVA will receive for the contracted volumes unless the market price for the commodity falls below the sold (lower or additional) put strike price, at which point the minimum price equals the reference price (i.e., NYMEX) plus the excess of the purchased put strike price over the sold put strike price.

Note: Management estimates that, excluding the derivative positions described above, for every $1.00 per MMBtu increase or decrease in the natural gas price, oil and gas segment gross margin and operating income for full-year 2009 would increase or decrease by approximately $43.7 million. In addition, management estimates that for every $5.00 per barrel increase or decrease in the oil price, oil and gas segment gross margin and operating income for full-year 2009 would increase or decrease by approximately $4.8 million. This assumes that crude oil prices, natural gas prices and production volumes remain constant at forecasted levels. These estimated changes in gross margin and operating income exclude potential cash receipts or payments in settling these derivative positions. Using the budget assumptions of $6.50 per MMBtu natural gas and $60.00 per barrel crude oil as benchmark prices, PVA estimates it would receive $34.2 million from its counterparties.

Headquartered in Radnor, PA and a member of the S&P SmallCap 600 Index, Penn Virginia Corporation (NYSE:PVA) is an independent natural gas and oil company focused on the exploration, acquisition, development and production of reserves in onshore regions of the U.S., including the East Texas, Mississippi, the Mid-Continent region, the Appalachian Basin and the Gulf Coast of Louisiana and Texas. PVA also owns approximately 77 percent of Penn Virginia GP Holdings, L.P. (NYSE:PVG), the owner of the general partner and the largest unit holder of Penn Virginia Resource Partners, L.P. (NYSE:PVR), a manager of coal and natural resource properties and related assets and the operator of a midstream natural gas gathering and processing business.

For more information, please visit PVA's website at www.pennvirginia.com.

Certain statements contained herein that are not descriptions of historical facts are "forward-looking" statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Because such statements include risks, uncertainties and contingencies, actual results may differ materially from those expressed or implied by such forward-looking statements. These risks, uncertainties and contingencies include, but are not limited to, the following: the volatility of commodity prices for natural gas, NGLs and crude oil; our ability to develop and replace oil and gas reserves and the price for which such reserves can be acquired; the relationship between natural gas, NGL and crude oil prices; the projected demand for and supply of natural gas, NGLs and crude oil; the availability and costs of required drilling rigs, production equipment and materials; our ability to obtain adequate pipeline transportation capacity for our oil and gas production; competition among producers in the oil and natural gas coal industry generally; the extent to which the amount and quality of actual production of our oil and natural gas differs from estimated proved oil and gas reserves; the occurrence of unusual weather or operating conditions including force majeure events; delays in anticipated start-up dates of our oil and natural gas production; environmental risks affecting the drilling and producing of oil and gas wells, gathering and processing of natural gas; the timing of receipt of necessary governmental permits by us; hedging results; accidents;

changes in governmental regulation or enforcement practices, especially with respect to environmental, health and safety matters; uncertainties relating to the outcome of current and future litigation; risks and uncertainties relating to general domestic and international economic (including inflation, interest rates and financial and credit markets) and political conditions (including the impact of potential terrorist attacks).

Additional information concerning these and other factors can be found in our press releases and public periodic filings with the Securities and Exchange Commission, including our Annual Report on Form 10-K for the year ended December 31, 2007. Many of the factors that will determine our future results are beyond the ability of management to control or predict. Readers should not place undue reliance on forward-looking statements, which reflect management's views only as of the date hereof. We undertake no obligation to revise or update any forward-looking statements, or to make any other forward-looking statements, whether as the result of new information, future events or otherwise.

PENN VIRGINIA CORPORATION

GUIDANCE TABLE - unaudited

(dollars in millions, except where noted)

PVA is providing the following guidance regarding financial and operational expectations for 2008 and 2009.

| | Full-Year 2008 Guidance | | | Full-Year 2009 Guidance | | |
|---|---|---|---|---|---|---|
| Oil & Gas Segment: | | | | | | |
| Production: | | | | | | |
| Natural gas (Bcf) (a) | 41.0 | - | 41.7 | 43.8 | - | 45.2 |
| Crude oil (MBbls) | 500.0 | - | 525.0 | 575.0 | - | 625.0 |
| NGLs (MBbls) | 425.0 | - | 450.0 | 800.0 | - | 850.0 |
| Equivalent production (Bcfe) | 46.5 | - | 47.5 | 52.0 | - | 54.0 |
| Equivalent daily production (MMcfe per day) | 127.0 | - | 129.8 | 142.5 | - | 147.9 |
| Expenses: | | | | | | |
| Cash operating expenses ($ per Mcfe) | $ 2.25 | - | 2.30 | 2.00 | - | 2.10 |
| Exploration | $ 26.5 | - | 27.5 | 20.0 | - | 25.0 |
| Depreciation, depletion and amortization ($ per Mcfe) | $ 2.80 | - | 2.85 | 2.60 | - | 2.70 |
| Capital expenditures (a): | | | | | | |
| Development drilling | $ 420.0 | - | 425.0 | 220.0 | | |
| Exploratory drilling | $ 43.0 | - | 45.0 | 6.0 | | |

| | | | | | | |
|---|---|---|---|---|---|---|
| Pipeline, gathering, facilities | $ 49.5 | - | 50.5 | 13.0 | | |
| Seismic | $ 8.5 | - | 9.5 | 7.5 | | |
| Lease acquisition, field projects and other | $ 89.0 | - | 90.0 | 3.5 | | |
| Total segment capital expenditures | $ 610.0 | - | 620.0 | 250.0 | | |
| Corporate and Other: | | | | | | |
| General and administrative expense - PVA | $ 22.0 | - | 23.0 | 19.0 | - | 21.0 |
| General and administrative expense - PVG | $ 2.3 | - | 2.5 | 2.0 | - | 2.5 |
| Cash distributions received from PVG / PVR (b) | $ 43.7 | | | see Note b | | |
| Other capital expenditures | $ 1.0 | - | 1.5 | 1.0 | - | 2.0 |

These estimates are meant to provide guidance only and are subject to change as PVA's operating environment changes.

a - 2009 oil and gas capital expenditures guidance reflects budget as announced on 12/12/08.

b - 2009 amounts received are dependent primarily upon distributions paid by Penn Virginia GP Holdings, L.P. (NYSE:PVG).

Source: Penn Virginia Corporation