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Penn Virginia Corporation Announces 2008 Oil and Gas Capital Budget of $475 Million

2008 Expected Production Growth Rate of Between 20 and 26 Percent Provides Guidance for Full-Year 2007 and 2008

RADNOR, Pa.--

Penn Virginia Corporation (NYSE:PVA) today announced that its Board of Directors has approved an oil and gas capital expenditures budget for 2008 of $475 million, an increase of approximately 34 percent over estimated 2007 oil and gas capital expenditures of $355 million, excluding approximately $138 million of estimated property acquisition expenditures during 2007. PVA also provided full-year 2007 guidance and its initial full-year 2008 guidance.

Approximately $414 million, or 87 percent of the capital budget, relates to development drilling and related activities in PVA's core areas, including the Cotton Valley play in east Texas, the Hartshorne horizontal coalbed methane (HCBM) and horizontal Granite Wash plays in the Mid-Continent region, the Selma Chalk play in Mississippi and multi-lateral HCBM wells in Appalachia.

Approximately $61 million, or 13 percent of the capital budget, relates to exploratory activities, including higher-risk, higher-reward prospects in the south Louisiana and south Texas areas of the Gulf Coast, Fayetteville and Woodford Shale plays in the Mid-Continent region and the Devonian Shale play in Appalachia.

PVA expects to fund the increased capital program with internally generated cash flows, supplemented with borrowings under its revolving credit facility, the availability under which was recently increased to over $350 million following the closing of concurrent public offerings of debt and common stock on December 5, 2007.

PVA also announced that it anticipates 2008 production will range between 49.2 and 51.7 billion cubic feet of natural gas equivalent ("Bcfe") or average production of between approximately 134.4 and 141.3 million cubic feet of natural gas equivalent ("MMcfe") per day, an increase of between approximately 20 and 26 percent over the midpoint of 2007 production guidance of 41.0 Bcfe, or 112.3 MMcfe per day.

Management comment

A. James Dearlove, President and Chief Executive Officer, said, "We are pleased to announce the expanded capital budget for our 2008 oil and gas activities. The budget

reflects the success of our growing portfolio of development-oriented resource and unconventional plays in four core areas and our commitment to continue to increase production and reserves at double-digit rates. Given our recent debt and equity financings, we believe that we are financially well-positioned to implement our oil and gas growth strategy in 2008 and beyond."

Development activities

Approximately $414 million, or 87 percent of the 2008 capital budget, relates to development drilling and related activities. The breakdown of development-related expenditures includes approximately 91 percent for drilling and completions, seven percent for pipelines, facilities and other infrastructure, and two percent for land acquisition, geological and geophysical, and other costs. Approximately 300 (200 net) development wells are scheduled to be drilled. PVA will continue to evaluate the application of downspacing in the Cotton Valley play and horizontal drilling in the Mississippi Selma Chalk and Mid-Continent Granite Wash plays. If one or more of these efforts are successful, drilling plans in 2008 and beyond could increase further.

Highlights of PVA's budgeted development expenditures include:

-- Cotton Valley play in east Texas - approximately $237 million, including new facilities, to drill 141 (102.2 net) Cotton Valley wells, predominantly in the joint venture area with GMX Resources Inc. (Nasdaq: GMXR), and one Lower Bossier horizontal well in PVA's 100-percent owned area.

-- Mid-Continent region - approximately $80 million, including new facilities and leasehold acquisition, to drill 74 (42.7 net) wells, including 49 (34.0 net) Hartshorne HCBM wells, 16 (5.8 net) horizontal Granite Wash wells and nine (2.9 net) conventional wells.

-- Selma Chalk play in Mississippi - approximately $52 million, including new facilities and leasehold acquisition, to drill 32 (29.8 net) wells, including 18 (16.4 net) horizontal and 14 (13.4 net) vertical wells.

-- Appalachia - approximately $45 million, including new facilities and leasehold acquisition, to drill 47 (23.7 net) wells, including 27 (13.7 net) multi-lateral HCBM wells in its area of mutual interest with CDX Gas, LLC in southern West Virginia and 20 (10.0 net) vertical coalbed methane wells in Virginia.

Exploratory activities

Approximately $61 million, or 13 percent of the 2008 capital budget, relates to exploratory activities. The breakdown of exploration-related expenditures includes approximately 83 percent for drilling and completions, 10 percent for land acquisition, and seven percent for geological and geophysical and other costs. An estimated 34 (17 net) exploratory wells are scheduled to be drilled, with activities concentrated in the Gulf Coast, the Mid-Continent area, Appalachia and east Texas.

Highlights of PVA's budgeted exploratory expenditures include:

-- Gulf Coast region - approximately $28 million, including

leasehold acquisition and new seismic, to drill 11 (6.0 net) wells, including seven (2.3 net) wells in south Louisiana and four (3.7 net) wells in south Texas.

-- Mid-Continent region - approximately $22 million, including leasehold acquisition, to drill 18 (8.3 net) wells, including 14 (6.4 net) Fayetteville Shale wells and four (1.9 net) Woodford Shale wells.

-- Appalachia - approximately $6 million, including leasehold acquisition, to drill four (3.0 net) wells, including three (2.0 net) horizontal Devonian Shale wells.

-- Cotton Valley play in east Texas - approximately $5 million, including leasehold acquisition, to drill one deeper test well in PVA's 100-percent owned area.

Guidance for 2007 and 2008

See the Guidance Table included in this release for oil and gas segment and corporate guidance estimates for full-year 2007 and 2008. These estimates, including capital expenditure plans, are meant to provide guidance only and are subject to revision as the operating environment changes. For guidance related to the coal and natural resource management and natural gas midstream segments of Penn Virginia Resource Partners, L.P. (NYSE: PVR), please see the separate news release issued by PVR.

Derivative update

The 2008 oil and gas capital budget assumes base NYMEX commodity prices of $7.50 per MMBtu for natural gas and $80.00 per barrel for crude oil, adjusted for quality and basis differentials. To support the operating cash flows that underpin its capital budget, PVA is engaged in a program to hedge its natural gas production at pre-determined prices or price ranges.

The following table shows PVA's current hedge positions for natural gas production (currently, there are no crude oil hedges):

	Average Volume Per Day	Weighted Average Price per MMBtu or Bbl		
		Additional Put Option	Floor	Ceiling
	(MMBtu)			
Natural Gas Costless Collars				
First quarter 2008	10,000		$9.00	$17.95
Second quarter 2008	10,000		$7.50	$ 9.10
Third quarter 2008	10,000		$7.50	$ 9.10
Fourth quarter 2008 (October 2008 only)	3,370		$7.50	$ 9.10
Natural Gas Three-Way Collars*				
First quarter 2008	22,500	$5.44	$8.00	$12.64
Second quarter 2008	22,500	$5.00	$7.11	$ 9.09
Third quarter 2008	22,500	$5.00	$7.11	$ 9.09
Fourth quarter 2008	22,500	$5.44	$7.70	$11.40
First quarter 2009	20,000	$5.75	$8.00	$12.80
Second quarter 2009	10,000	$5.50	$7.50	$ 9.10

Third quarter 2009	10,000	$5.50	$7.50	$ 9.10

* A three-way collar contract consists of a collar contract plus a put option contract sold by PVA with a price below the floor price of the collar. This additional put requires PVA to make a payment to the counterparty if the settlement price for any settlement period is below the put option price. Combining the collar contract with the additional put option results in PVA's entitlement to a net payment equal to the difference between the floor price of the collar contract and the additional put option price if the settlement price is equal to or less than the additional put option price. If the settlement price is greater than the additional put option price, the result is the same as it would have been with a collar contract only. This strategy enables PVA to increase the floor and the ceiling price of the collar beyond the range of a traditional collar contract while defraying the associated cost with the sale of the additional put option.

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 domestic onshore regions, including the Appalachian Basin, the Cotton Valley play in east Texas, the Selma Chalk play in Mississippi, the Mid-Continent region and the Gulf Coast of Louisiana and Texas. PVA also owns approximately 82 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.

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, 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, crude oil, and natural gas liquids, or NGLs; the ability to develop and replace oil and gas reserves; the relationship between natural gas, oil and NGL prices; the projected demand for and supply of natural gas, crude oil, and NGLs; the availability and costs of required drilling rigs, production equipment and materials; the ability to obtain adequate pipeline transportation capacity for PVA's oil and gas production; competition among producers in the oil and natural gas industry generally; the extent to which the amount and quality of actual production of PVA's oil and natural gas differs from estimated levels; operating risks, including unanticipated geological problems, incidental to our business; delays in anticipated start-up dates of our oil and natural gas production and PVR's new east Texas processing plant; environmental risks affecting the drilling and producing of oil and gas wells or the gathering and processing of natural gas; the timing of receipt of necessary governmental permits; hedging results; accidents; changes in governmental regulation or enforcement practices, especially with respect to environmental, health and safety matters; risks and uncertainties relating to general domestic and international economic (including inflation, interest rates and financial market) and political conditions (including the impact of potential terrorist attacks); and PVG's ability to generate sufficient cash from its interests in PVR to maintain and pay the quarterly distribution to its general partner and its unitholders.

Additional information concerning these and other factors can be found in our press releases

and public periodic filings with the SEC, including our Annual Report on Form 10-K for the year ended December 31, 2006. 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
(Dollars in millions except where noted)

Penn Virginia Corporation is providing the following guidance regarding financial and operational expectations for 2007 and 2008.

	Actual			
	First Quarter 2007	Second Quarter 2007	Third Quarter 2007	YTD 2007
Oil & Gas Segment:				
Production:				
Natural gas (Bcf)	8.1	9.4	10.4	27.9
Crude oil and natural gas liquids (MBbls)	107	113	116	336
Equivalent production (Bcfe)	8.7	10.1	11.1	29.9
Equivalent daily production (MMcfed)	97.0	110.7	120.7	109.5
Expenses:				
Cash operating expenses	$ 16.5	18.2	20.8	55.5
Exploration	$ 6.1	4.6	12.9	23.6
Impairment of oil and gas properties	$ -	-	2.4	2.4
Depreciation, depletion and amortization ($ per Mcfe)	$ 2.04	1.85	2.00	1.96
Capital Expenditures - see Note a:				
Development drilling	$ 69.4	77.9	83.1	230.4
Exploratory drilling	$ 19.2	8.5	7.0	34.7
Pipeline, gathering, facilities	$ 4.9	5.3	4.4	14.6
Seismic	$ 0.9	0.7	0.6	2.2
Lease acquisition, field projects and other	$ 0.8	12.1	17.8	30.7
Proved property acquisitions	$ 1.4	7.1	54.3	62.8
Total segment capital expenditures	$ 96.6	111.6	167.2	375.4
Corporate and Other:				
General and administrative expense - PVA - see Note b	$ 5.2	5.2	6.4	16.8
General and administrative expense - PVG	$ 0.8	0.5	0.2	1.6
Cash distributions received				

from PVG / PVR - see Note c	$	2.4	8.4	9.1 19.9
Other capital expenditures	$	1.5	2.3	1.1 4.9

	Guidance Full Year 2007			Guidance Full Year 2008		
Oil & Gas Segment:						
Production:						
Natural gas (Bcf)	38.0	-	39.0	43.2	-	45.1
Crude oil and natural gas liquids (MBbls)	410.0	-	420.0	1,000.0	-	1,100.0
Equivalent production (Bcfe)	40.5	-	41.5	49.2	-	51.7
Equivalent daily production (MMcfed)	111.0	-	113.7	134.4	-	141.3
Expenses:						
Cash operating expenses	76.5	-	78.5	100.0	-	110.0
Exploration	30.0	-	31.0	30.0	-	40.0
Impairment of oil and gas properties	2.4	-	3.0			
Depreciation, depletion and amortization ($ per Mcfe)	1.95	-	2.05	2.20	-	2.25
Capital Expenditures - see Note a:						
Development drilling	291.0	-	298.0	377.3		
Exploratory drilling	37.0	-	40.0	50.6		
Pipeline, gathering, facilities	18.0	-	20.0	27.8		
Seismic	3.0	-	4.0	4.3		
Lease acquisition, field projects and other	67.0	-	68.0	14.8		
Proved property acquisitions	70.0	-	70.0			
Total segment capital expenditures	486.0	-	500.0	474.8		
Corporate and Other:						
General and administrative expense - PVA - see Note b	22.0	-	23.0	18.0	-	19.0
General and administrative expense - PVG	2.5	-	3.0	3.0	-	3.5
Cash distributions received from PVG / PVR - see Note c	29.6			see Note c		
Other capital expenditures	6.0	-	8.0	0.5	-	1.0

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

a - 2008 oil and gas capital expenditures guidance reflects budget as

announced on 12/13/07.
b - Reflects reclassification of certain incentive compensation charges from corporate and other to the oil and gas segment in 2008.
c - 2008 amounts received are dependent primarily upon distributions paid by Penn Virginia GP Holdings, L.P. (NYSE: PVG).

Source: Penn Virginia Corporation