October 30, 2009

Penn Virginia Corporation Provides Oil and Gas Operational Update

Resumed Drilling in the Granite Wash and Lower Bossier (Haynesville) Shale Plays

Increased Production Guidance for 2009 and Preliminary 2010 Guidance

Six Percent Increase in Production over Prior Year Quarter

Plans to Exit Gulf Coast in Fourth Quarter of 2009

RADNOR, Pa.-- Penn Virginia Corporation (NYSE:PVA) today provided an update of its oil and gas operational activities, including third quarter 2009 results and full-year 2009 and preliminary full-year 2010 guidance.

Highlights

Oil and gas segment operational results during the third quarter of 2009 included the following:

- Quarterly oil and gas production of 134.9 million cubic feet of natural gas equivalent (MMcfe) per day, or 12.4 billion cubic feet of natural gas equivalent (Bcfe), representing production growth of six percent from 127.1 MMcfe per day, or 11.7 Bcfe, in the third quarter of 2008 (nine percent less than 148.9 MMcfe per day, or 13.6 Bcfe, produced in the second quarter of 2009);
- Oil and gas capital expenditures of approximately $16 million, including approximately $8 million for drilling and completion activities;
- Two (0.8 net) Granite Wash wells drilled, one of which was successful and the other of which is waiting on completion; and
- Initiated the process of selling our Gulf Coast properties and expect to complete a transaction during the fourth quarter of 2009. In connection with this divestiture, we incurred a non-cash impairment charge on proved properties held for sale of $87.9 million in the third quarter.

Full-Year 2009 and Preliminary 2010 Guidance Update

Full-year 2009 guidance updates are as follows:

- Production guidance of approximately 136 to 140 MMcfe per day, or 49.5 to 51.0 Bcfe, an increase of 1.0 to 1.5 Bcfe over previous guidance due to better than expected third quarter volumes. This production guidance range represents production growth of six to nine percent over 2008 production of approximately 128 MMcfe per day, or 46.9 Bcfe. Based on the first nine months' production of 39.7 Bcfe, we estimate fourth quarter 2009 production to be in the range of approximately 107 to 123 MMcfe per day, or 9.8 to 11.3 Bcfe. The expected sequential decrease in production is due to natural production declines and the expected sale of the Gulf Coast assets; and

-- Oil and gas capital expenditures guidance of $216.0 to $228.7 million, which is $48.7 to $51.0 million higher than the previous guidance range. The increase in guidance is primarily due to the resumption of PVA-operated drilling in the Lower Bossier (Haynesville) Shale in East Texas and an expanded leasehold acquisition effort in the Marcellus Shale, Granite Wash and Lower Bossier Shale.

As a result of the sale of non-core assets and other financing transactions during 2009, we expect to have over $400 million of available liquidity in the form of cash and equivalents and revolver availability as we enter 2010. Assuming 2010 oil and gas capital expenditures are between $300 and $400 million, or approximately 35 to 80 percent higher than the mid-point of revised 2009 capital expenditures guidance, full-year 2010 production is estimated to be approximately 130 to 140 MMcfe per day, or approximately 47 to 51 Bcfe. This 2010 production guidance range, which reflects the divestiture of our Gulf Coast assets, is approximately five to 14 percent higher than 2009 production guidance, excluding 2009 Gulf Coast production. In December 2009, we will announce our approved 2010 oil and gas capital expenditures budget and production guidance range, along with additional details regarding expected 2010 activities.

Management Comment

A. James Dearlove, President and Chief Executive Officer, said, "We are pleased to have recommenced PVA-operated drilling and look forward to a more active drilling program in 2010 in our core Lower Bossier Shale, Granite Wash and Selma Chalk plays, which should allow us to resume our production growth profile. In addition, we have increased our 2009 capital expenditures outlook by approximately $25 million to fund an expanded Marcellus Shale leasing effort.

"Natural gas prices have begun to show modest signs of improvement in recent weeks and the prospect of a recovery of gas prices in 2010 appears to be increasing. In addition, positive results from Granite Wash and Lower Bossier Shale drilling, along with our improved financial liquidity, have given us the confidence to resume drilling. As a result, we have provided preliminary 2010 capital expenditures guidance of $300 to $400 million and production growth of five to 14 percent."

Third Quarter 2009 Operational Results

Production in the third quarter of 2009 was 134.9 MMcfe per day, or 12.4 Bcfe, an increase of six percent over the 127.1 MMcfe per day, or 11.7 Bcfe, in the third quarter of 2008. Production in the third quarter of 2009 was nine percent lower than 148.9 MMcfe per day, or 13.6 Bcfe, in the second quarter of 2009 due to natural production declines and significantly reduced drilling activity.

The realized natural gas price, prior to the impact of derivatives, during the third quarter of 2009 was $3.45 per thousand cubic feet (Mcf), 66 percent lower than the $10.14 per Mcf natural gas price in the third quarter of 2008 and one percent lower than the $3.49 per Mcf natural gas price in the second quarter of 2009. The realized oil price, prior to the impact of derivatives, during the third quarter of 2009 was $65.64 per barrel, 44 percent lower than the $117.64 per barrel oil price in the third quarter of 2008 and 19 percent higher than the

$55.00 per barrel oil price in the second quarter of 2009. The realized natural gas liquids (NGLs) price during the third quarter of 2009 was $30.29 per barrel, 55 percent lower than the $66.76 per barrel NGLs price in the third quarter of 2008 and two percent lower than the $30.97 per barrel NGLs price in the second quarter of 2009. Adjusting for oil and gas hedges, the effective natural gas price during the third quarter of 2009 was $4.90 per Mcf and the effective oil price was $70.39 per barrel, or increases of $1.45 per Mcf and $4.75 per barrel, respectively.

During the third quarter of 2009, unit cash operating expenses decreased to $1.82 per thousand cubic feet of natural gas equivalent (Mcfe) from $2.29 per Mcfe in the third quarter of 2008 and were relatively flat as compared to the $1.79 per Mcfe in the second quarter of 2009. We plan to release full financial results and additional 2009 guidance details in a separate third quarter 2009 financial results press release on November 4, 2009.

Capital Expenditures

During the third quarter of 2009, oil and gas capital expenditures were approximately $16 million, consisting of:

- $9.0 million for drilling and completion activities, including two (0.8 net) wells drilled during the quarter, one of which was successful and the other of which is waiting on completion;
- $0.9 million for the expansion of gathering systems and other production facilities; and
- $5.9 million for leasehold acquisition, seismic data and other expenditures.

Full-year 2009 capital expenditures guidance has been increased to a range of $216.0 to $228.7 million, excluding drilling rig standby charges discussed below, from a range of $165.0 to $180.0 million provided in previous guidance. Based on the approximate $144 million spent during the first nine months of 2009, we estimate that we will spend approximately $72 to $85 million for capital expenditures during the fourth quarter of 2009, primarily for drilling, completions and leasehold acquisition costs. We expect our drilling activity in the fourth quarter 2009 to focus primarily on the resumed drilling of Lower Bossier Shale wells in East Texas and the Granite Wash in the Mid-Continent region, an expanded leasehold acquisition effort in the Marcellus Shale, the Granite Wash and Lower Bossier Shale, and a vertical test of the Marcellus Shale in Pennsylvania.

Operational Updates by Geographical Region

East Texas - Production in the third quarter of 2009 was 33.0 MMcfe per day, 19 percent lower than the 40.9 MMcfe per day produced in the third quarter of 2008 and 19 percent lower than the 40.9 MMcfe per day produced in the second quarter of 2009. The year-over-year decrease in quarterly production was attributable to discontinued drilling of Cotton Valley wells, offset in part by increased production from the Lower Bossier Shale play. Lower Bossier Shale production averaged 12.5 MMcfe per day during the third quarter of 2009, a 336 percent increase over the 2.9 MMcfe per day produced in the third quarter of 2008. The sequential decrease in quarterly production was due to natural production declines in both the Lower Bossier Shale and Cotton Valley as the result of the deferral of drilling due to weak market conditions.

Due to the previously announced improved results of our last two Lower Bossier Shale wells during the second quarter, we have decided to deploy an operated drilling rig in the play during October and plan to add a second operated rig in early November.

Mid-Continent - During the third quarter of 2009, we participated in two (0.8 net) non-operated Granite Wash horizontal wells, one of which was successful and the other of which is waiting on completion. Production in the third quarter of 2009 was 36.7 MMcfe per day, 110 percent higher than the 17.5 MMcfe per day produced in the third quarter of 2008 and three percent lower than the 38.0 MMcfe per day produced in the second quarter of 2009. The year-over-year increase was primarily attributable to a 793 percent increase in Granite Wash production from 2.8 MMcfe per day in the third quarter of 2008 to 24.6 MMcfe per day in the third quarter of 2009. Granite Wash production was ten percent higher in the third quarter of 2009 as compared to the 22.7 MMcfe per day produced in the second quarter of 2009, while daily production from other Mid-Continent plays of 12.1 MMcfe per day was 21 percent lower than the 15.3 MMcfe per day of second quarter production due to natural production declines.

Due to the strong results from the Granite Wash play and compelling economics, in late October we deployed an operated rig to this play. In addition, as previously announced, we continue to add to our acreage position in the Granite Wash play and have expanded our position in two additional Granite Wash prospects to increase our acreage position from approximately 10,000 net acres at year-end 2008 to approximately 17,000 net acres currently, with a goal of reaching 20,000 net acres by year-end 2009.

Mississippi - Production in the third quarter of 2009 was 20.4 MMcfe per day, two percent higher than the 20.0 MMcfe per day produced in the third quarter of 2008 and 14 percent lower than the 23.6 MMcfe per day produced in the second quarter of 2009. The year-over-year production increase was due to the growing contributions from horizontal Selma Chalk wells, while the sequential decrease in quarterly production was due to natural production declines. We will continue to defer further drilling in this play until January 2010, when we expect to deploy two operated rigs into the play.

Appalachia - Production in the third quarter of 2009 was 31.3 MMcfe per day, two percent higher than the 30.8 MMcfe per day produced in the third quarter of 2008 and three percent less than the 32.2 MMcfe per day produced in the second quarter of 2009. We plan to commence testing of our Marcellus Shale acreage in Pennsylvania in the fourth quarter of 2009, with additional exploratory drilling planned for 2010. In addition, we have increased 2009 capital expenditures guidance by approximately $25 million to fund an enhanced lease acquisition program in the Marcellus Shale.

Gulf Coast - Production in the third quarter of 2009 was 13.6 MMcfe per day, 24 percent lower than the 17.9 MMcfe per day produced in the third quarter of 2008 and five percent lower than the 14.2 MMcfe per day produced in the second quarter of 2009. These decreases were primarily due to natural production declines from significant south Louisiana discoveries at Bayou Sale and Bayou Postillion over the past two years.

As referenced above, we are currently in the process of divesting our Gulf Coast properties and expect to close such a transaction during the fourth quarter of 2009. During the third quarter of 2009, in connection with the contemplated Gulf Coast divestiture, we incurred a non-cash impairment charge on proved properties held for sale of $87.9 million. The impairment charge reduces the carrying value of these assets to a level that is in line with the expected proceeds from their sale.

Third Quarter 2009 Financial and Operational Results Conference Call

A conference call and webcast, during which management will discuss third quarter 2009 financial and operational results, is scheduled for Thursday, November 5, 2009 at 3:00 p.m. ET. Prepared remarks by A. James Dearlove, President and Chief Executive Officer, will be followed by a question and answer period. Investors and analysts may participate via phone by dialing 1-866-630-9986 five to ten minutes before the scheduled start of the conference call and using the passcode 4836740, or via webcast by logging on to our website at www.pennvirginia.com at least 20 minutes prior to the scheduled start of the call to download and install any necessary audio software. A telephonic replay will be available approximately two hours after the call for two weeks by dialing toll free 888-203-1112 (international: 719-457-0820) and using the replay code 4836740. In addition, an on-demand replay of the webcast will also be available for two weeks at PVG's or PVR's websites beginning 24 hours after the webcast.

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 and the Appalachian Basin. PVA also owns approximately 51 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 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 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 industry generally and among natural gas midstream companies; the extent to which the amount and quality of actual production of our oil and natural gas differs from estimated proved reserves; whether the sale of our Gulf Coast assets closes during the fourth quarter and the anticipated price; operating risks, including unanticipated geological problems, incidental to our business; 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; 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; risks and uncertainties relating to general domestic and international economic conditions (including inflation, interest rates and financial and credit markets) and political conditions (including the impact of potential terrorist attacks); and the other risks set forth in our Annual Report on Form 10-K for the fiscal year ended December 31, 2008.

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, 2008. 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 a result of new information, future events or otherwise.

Source: Penn Virginia Corporation