SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the period ended September 30, 2003

or

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from __________ to __________

Commission File Number 1-16735

PENN VIRGINIA RESOURCE PARTNERS, L.P.
(Exact Name of Registrant as Specified in Its Charter)

Delaware	23-3087517
(State or Other Jurisdiction of Incorporation or Organization	(I.R.S. Employer Identification No.)

THREE RADNOR CORPORATE CENTER, SUITE 230
100 MATSONFORD ROAD
RADNOR, PA 19087
(Address of Principal Executive Offices) (Zip Code)

(610) 687-8900
(Registrant's Telephone Number, Including Area Code)

(Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report.)

Indicate by check mark whether the Registrant: (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No ____

Indicate by a check mark whether the Registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act)

Yes X No ____

As of November 1, 2003, 10,425,488 common units and 7,649,880 subordinated units were outstanding.

PENN VIRGINIA RESOURCE PARTNERS, L.P.
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Financial Information

Item 1. Financial Statements

PENN VIRGINIA RESOURCE PARTNERS, L.P.
CONSOLIDATED STATEMENTS OF INCOME - Unaudited
(in thousands, except per unit data)

	Three Months Ended September 30, 2003	Three Months Ended September 30, 2002	Nine Months Ended September 30, 2003	Nine Months Ended September 30, 2002
Revenues:				
Coal Royalties	$ 11,960	$ 8,253	$ 35,658	$ 23,437
Coal Services	484	476	1,523	1,353
Timber	80	360	829	1,441
Minimum rentals	220	1,079	1,035	1,979
Other	68	236	289	740
Total revenues	12,812	10,404	39,334	28,950
Operating expenses:				
Operating	753	555	2,488	1,886
Taxes other than income	389	241	978	663
General and administrative	1,661	1,574	5,199	4,658
Depreciation, depletion and amortization	3,659	995	12,027	2,558
Total operating expenses	6,462	3,365	20,692	9,765
Operating income	6,350	7,039	18,642	19,185
Other income (expense):				
Interest expense	(1,380)	(465)	(3,536)	(1,249)
Interest income	299	504	943	1,568
Income before cumulative effect of change in accounting principle	5,269	7,078	16,049	19,504
Cumulative effect of change in accounting principle	-	-	(107)	-
Net Income	$ 5,269	$ 7,078	$ 15,942	$ 19,504
General partner's interest in net income	$ 105	$ 142	$ 319	$ 390
Limited partner's interest in net income	$ 5,164	$ 6,936	$ 15,623	$ 19,114
Basic and diluted net income per limited partner unit, common and subordinated:				
Income before cumulative effect of change in accounting principle	$ 0.29	$ 0.45	$ 0.88	$ 1.25
Cumulative effect of change in accounting principle	-	-	(0.01)	-
Net income per limited partner unit	$ 0.29	$ 0.45	$ 0.87	$ 1.25
Weighted average number of units outstanding:				
Common	10,373	7,650	10,264	7,650
Subordinated	7,650	7,650	7,650	7,650

The accompanying notes are an integral part of these consolidated financial statements.

PENN VIRGINIA RESOURCE PARTNERS, L.P.
CONSOLIDATED BALANCE SHEETS
(in thousands)

	September 30, 2003	December 31, 2002
ASSETS	(unaudited)	
Current assets		
Cash and cash equivalents	$ 8,053	$ 9,620
Accounts receivable	6,243	4,414
Other	707	538
Total current assets	15,003	14,572
Property and Equipment	267,915	263,321
Less: Accumulated depreciation and depletion	27,277	15,253
Total property and equipment	240,638	248,068
Debt issuance costs	1,466	443
Prepaid minimums	2,308	2,218
Other	782	1,274
Total assets	$ 260,197	$ 266,575
LIABILITIES AND PARTNERS' CAPITAL		
Current liabilities		
Notes payable	$ 1,500	$ -
Accounts payable	17	175
Accounts payable - affiliate	709	1,732
Accrued liabilities	1,113	1,454
Deferred income	2,611	2,829
Total current liabilities	5,950	6,190
Deferred income	4,729	2,488
Other liabilities	2,222	4,478
Long-term debt	90,696	90,887
Commitments and contingencies		
Partners' capital	156,600	162,532
Total liabilities and partners' capital	$ 260,197	$ 266,575

The accompanying notes are an integral part of these consolidated financial statements.

PENN VIRGINIA RESOURCE PARTNERS, L.P.
CONSOLIDATED STATEMENTS OF CASH FLOWS - Unaudited
(in thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2003	2002	2003	2002
Cash flow from operating activities:				
Net Income	$ 5,269	$ 7,078	$ 15,942	$ 19,504
Adjustments to reconcile net income to net Cash provided by operating activities:				
Depreciation, depletion, and amortization	3,659	995	12,027	2,558
Gain on sale of property and equipment	-	(9)	(5)	(9)
Noncash interest expense	121	78	395	234
Cumulative effect of change in accounting principle	-	-	107	-
Changes in operating assets and liabilities	(329)	(923)	(377)	416
Net cash provided by operating activities	8,720	7,219	28,089	22,703
Cash flows from investing activities:				
Payments received on long-term note receivable	136	110	381	329
Proceeds from sale of property and equipment	-	15	50	15
Proceeds from sale of U.S. Treasury notes	-	12,000	-	12,000
Capital expenditures	(1,991)	(12,106)	(3,437)	(12,887)
Net cash used in investing activities	(1,855)	19	(3,006)	(543)
Cash flows from financing activities				
Payments for debt issuance costs	-	-	(1,419)	-
Repayments of borrowings	-	-	(88,387)	-
Proceeds from borrowings	-	-	90,000	-
Proceeds from issuance of units	23	-	301	-
Distributions paid	(9,561)	(7,804)	(27,145)	(20,918)
Net cash provided by (used in) financing activities	(9,538)	(7,804)	(26,650)	(20,918)
Net increase (decrease) in cash and cash equivalents	(2,673)	(566)	(1,567)	1,242
Cash and cash equivalents - beginning of period	10,726	10,143	9,620	8,335
Cash and cash equivalents - end of period	$ 8,053	$ 9,577	$ 8,053	$ 9,577
Supplemental disclosures of cash flow information:				
Cash paid for interest	$ 2,568	$ 394	$ 3,195	$ 1,057
Noncash investing and financing activities:				
Issuance of partners' capital for acquisition	$ -	$ -	$ 4,969	$ -

The accompanying notes are an integral part of these consolidated financial statements.

PENN VIRGINIA RESOURCE PARTNERS, L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Unaudited

September 30, 2003

1. ORGANIZATION

Penn Virginia Resource Partners, L.P. (the "Partnership"), through its wholly owned subsidiary, Penn Virginia Operating Co., LLC, enters into leases with various third-party operators which give those operators the right to mine coal reserves on the Partnership's land in exchange for royalty payments. We do not operate any mines. Instead, we enter into long-term leases with third party coal mine operators for the right to mine coal reserves on our properties in exchange for royalty payments. Approximately two-thirds of our 2003 coal royalty revenues and all of our 2002 coal royalty revenues received from our lessees were based on the higher of a percentage of the gross sales price or a fixed price per ton of coal they sell, with pre-established minimum monthly or annual rental payments. The remainder of our 2003 coal royalty revenues were derived from fixed royalty rate leases, which escalate annually, with pre-established minimum monthly payments. We also generate coal services revenues by providing fee-based coal preparation and transportation facilities to enhance the coal production of certain of our lessees. We also generate timber revenues by selling timber growing on our properties.

2. BASIS OF PRESENTATION

The accompanying unaudited consolidated and combined financial statements include the accounts of Penn Virginia Resource Partners, L.P. and all wholly-owned subsidiaries. The financial statements have been prepared in accordance with accounting principles generally accepted in the United States for interim financial reporting and Securities and Exchange Commission ("SEC") regulations. These statements involve the use of estimates and judgments where appropriate. In the opinion of management, all adjustments, consisting of normal recurring accruals, considered necessary for a fair presentation have been included. These financial statements should be read in conjunction with the Partnership's consolidated financial statements and footnotes included in the Partnership's December 31, 2002 Annual Report on Form 10-K/A. Operating results for the three and nine months ended September 30, 2003 are not necessarily indicative of the results that may be expected for the year ended December 31, 2003. Certain reclassifications have been made to conform to the current year presentation.

3. ACQUISITIONS

In December 2002, we announced the formation of an alliance with Peabody Energy Corporation ("Peabody"), the largest private sector coal company in the world. Central to the transaction was the purchase and subsequent leaseback of approximately 120 million tons of predominately low sulfur, low BTU coal reserves located in New Mexico (80 million tons) and predominately high sulfur, high BTU coal reserves located in northern West Virginia (40 million tons) (the "Peabody Acquisition"). The Peabody Acquisition, which included 8,800 mineral acres, was funded with $72.5 million in cash, 1,522,325 common units and 1,240,833 class B common units. All of the class B common units were converted, in accordance with their terms, upon the approval of our common unitholders on July 29, 2003. Of the units issued, 52,700 common units are currently being held in escrow pending Peabody acquiring and transferring to us certain of the West Virginia reserves we purchased. As a result of the escrowed common units, approximately one million tons of coal reserves were excluded from reserve totals, and 52,700 common units were excluded from units issued, in the Partnership's financial statements for the period ended September 30, 2003.

4. ASSET RETIREMENT OBLIGATION

Effective January 1, 2003, we adopted Statement of Financial Accounting Standards ("SFAS") No. 143, *Accounting for Asset Retirement Obligations*, which addresses financial accounting and reporting for obligations associated with the retirement of tangible long-lived assets and the associated asset retirement costs. The Standard applies to legal obligations associated with the retirement of long-lived assets that result from the acquisition, construction, development or normal use of assets.

The fair value of a liability for an asset retirement obligation is recognized in the period in which it is incurred if a reasonable estimate of fair value can be made. The fair value of the liability is also added to the carrying amount of the associated asset and this additional carrying amount is depreciated over the life of the asset. The liability is accreted at the end of each period through charges to accretion expense, which are recorded as additional depreciation, depletion and amortization. If the obligation is settled for other than the carrying amount of the liability, we will recognize a gain or loss on settlement.

We identified all required asset retirement obligations and determined the fair value of these obligations on the date of adoption. The determination of fair value was based upon regional market and facility type information. In conjunction with the initial application of SFAS No. 143, we recorded a cumulative effect of change in accounting principle of $0.1 million as a decrease to income. In addition, we recorded an asset retirement obligation of approximately $0.4 million. Below is a reconciliation of the beginning and ending aggregate carrying amount of our asset retirement obligations as of September 30, 2003.

(in thousands)	Nine Months Ended September 30, 2003
Balance - January 1, 2003	$ -
Initial adoption entry	435
Liabilities incurred in the current period	-
Liabilities settled in the current period	-
Accretion expense	25
Balance - September 30, 2003	$ 460

On a pro forma basis as required by SFAS No. 143, if we had applied the provisions of the Statement as of January 1, 2000, the amount of the asset retirement obligation would have been $0.4 million as of December 31, 2002 and $0.2 million as of September 30, 2002, December 31, 2001, December 31, 2000 and January 1, 2000. If SFAS No. 143 were applied retroactively, the impact on the consolidated statements of income for the three and nine months ended September 30, 2002 would not be material.

5. LONG-TERM DEBT

As of September 30, 2003, we had outstanding borrowings of $92.2 million, consisting of $2.5 million borrowed against our $50.0 million revolving credit facility and $89.7 million attributable to our senior unsecured notes ($90.0 million offset by $0.3 million fair value of interest rate swap).

Revolving Credit Facility. On October 31, the Partnership entered into an amendment to its revolving credit facility (the "Revolver") to increase the facility from $50 million to $100 million and to extend the maturity date to October 2006. The Revolver is with a syndicate of financial institutions led by PNC Bank, National Association as its agent. The Revolver is available for general partnership purposes, including working capital, capital expenditures and acquisitions, and includes a $5.0 million sublimit that is available for working capital needs and distributions and a $5.0 million sublimit for the issuance of letters of credit.

Indebtedness under the Revolver will bear interest, at our option, at either (i) the higher of the federal funds rate plus 0.50% or the prime rate as announced by PNC Bank, National Association or (ii) the Eurodollar rate plus an applicable margin which ranges from 1.25% to 2.25% based on our ratio of consolidated indebtedness to consolidated EBITDA (as defined in the Revolver) for the four most recently completed fiscal quarters. We will incur a commitment fee on the unused portion of the Revolver at a rate per annum ranging from 0.40% to 0.50% based upon the ratio of our consolidated indebtedness to consolidated EBITDA for the four most recently completed fiscal quarters. When the Revolver matures in October 2006, it will terminate and all outstanding amounts thereunder will be due and payable. We may prepay the Revolver at any time without penalty. We are required to reduce all working capital borrowings under the working capital sublimit under the Revolver to zero for a period of at least 15 consecutive days once each calendar year.

The Revolver prohibits us from making distributions to unitholders and distributions in excess of available cash if any potential default or event of default, as defined in the Revolver, occurs or would result from the distribution. In addition, the Revolver contains various covenants that limit, among other things, our ability to incur indebtedness, grant liens, make certain loans, acquisitions and investments, make any material change to the nature of our business, acquire another company or enter into a merger or sale of assets, including the sale or transfer of interests in our subsidiaries.

The Revolver also contains financial covenants requiring us to maintain ratios of:

- not more than 2.50:1.00 of total debt to consolidated EBITDA; and
- not less than 4.00:1.00 of consolidated EBITDA to interest.

In March 2003, a $43.4 million unsecured term loan (the "Term Loan"), which was part of our credit facility, was repaid and retired, and is not available for future borrowings. Part of the proceeds from our issuance of senior unsecured notes, as described below, was used to repay the Term Loan. We are currently in compliance with all of the covenants in the Revolver.

Senior Unsecured Notes. In March 2003, we closed a private placement of $90 million of senior unsecured notes (the "Notes"). The Notes bear interest at a fixed rate of 5.77% and mature over a ten year period ending in March 2013, with semi-annual interest payments through March 2004 followed by semi-annual principal and interest payments beginning in September 2004. Proceeds of the Notes after the payment of expenses related to the offering were used to repay and retire the $43.4 million Term Loan and to repay the majority of debt outstanding on our Revolver.

The Notes prohibit us from making distributions to unitholders and distributions in excess of available cash if any potential default or event of default, as defined in the Notes, occurs or would result from the distribution. In addition, the Notes contain various covenants similar to those contained in the Revolver, with the exception of the financial covenants, which for the Notes require us to maintain ratios of:

- not more than 3.00:1.00 of total debt to consolidated EBITDA; and
- not less than 3.50:1.00 of consolidated EBITDA to interest.

We are in compliance with all of the covenants of the Notes.

Concurrent with the closing of the Notes, the Partnership also entered into an interest rate derivative transaction to convert $30.0 million of the debt from a fixed interest rate to a floating interest rate as described further in "Note 6. Interest Rate Swap" below.

6. INTEREST RATE SWAP

In March 2003, we entered into an interest rate swap agreement with a notional amount of $30 million, to hedge a portion of the fair value of the Notes. This swap is designated as a fair value hedge and has been reflected as a decrease in long-term debt of $0.3 million as of September 30, 2003. Under the terms of the interest rate swap agreement, the counterparty pays us a fixed annual rate of 5.77% on a total notional amount of $30 million, and we pay the counterparty a variable rate equal to the floating interest rate which will be determined semi-annually and will be based on the six month London Interbank Offering Rate plus 2.36%.

7. COMMITMENTS AND CONTINGENCIES

Legal

The Partnership is involved, from time to time, in various legal proceedings arising in the ordinary course of business. While the ultimate results of these proceedings cannot be predicted with certainty, Partnership management believes these claims will not have a material effect on the Partnership's financial position, liquidity or operations.

Environmental Compliance

The operations of our lessees are subject to environmental laws and regulations adopted by various governmental authorities in the jurisdictions in which these operations are conducted. The terms of the Partnership's coal property leases impose liability for all environmental and reclamation liabilities arising under those laws and regulations on the relevant lessees. The lessees are bonded and have indemnified the Partnership against any and all future environmental liabilities. The Partnership regularly visits the properties subject to its leases to generally observe the lessee's compliance with environmental laws and regulations, as well as to review mining activities. Management believes that the Partnership's lessees will be able to comply with existing regulations and does not expect any material impact on its financial condition or results of operations as a result of environmental regulations.

The Partnership has some reclamation bonding requirements with respect to its unleased and inactive properties. In conjunction with the November 2002 purchase of equipment (see "Note 3. Acquisitions"), the Partnership assumed reclamation and mitigation liabilities of approximately $3.0 million. The Partnership leased this property and related infrastructure in May 2003 and has assigned all related reclamation liabilities to its new lessee.

8. NET INCOME PER UNIT

Basic and diluted net income per unit is determined by dividing net income, after deducting the general partner's 2% interest, by the weighted average number of outstanding common units and subordinated units. At September 30, 2003, there were no potentially dilutive units outstanding.

9. RELATED PARTY TRANSACTION

Penn Virginia charges the Partnership for certain corporate administrative expenses, which are allocable to its subsidiaries. When allocating general corporate expenses, consideration is given to property and equipment, payroll and general corporate overhead. Any direct costs are charged directly to the Partnership. Total corporate administrative expenses charged to the Partnership totaled $0.2 and $0.3 million for the three months ended September 30, 2003 and 2002, respectively, and $0.8 million and $1.0 million for the nine months ended September 30, 2003 and 2002, respectively. These costs are reflected in general and administrative expenses in the accompanying consolidated statements of income. Management believes the allocation methodologies used are reasonable.

10. DISTRIBUTIONS

The Partnership makes quarterly cash distributions of all of its available cash, generally defined as consolidated cash receipts less consolidated cash disbursements and cash reserves established by the General Partner in its sole discretion. According to the Partnership Agreement, the general partner receives incremental incentive cash distributions if cash distributions exceed certain target thresholds as follows:

		General
Quarterly cash distribution per unit:	Unitholders	Partner
First target - up to $0.55 per unit	98%	2%
Second target - above $0.55 per unit up to $0.65 per unit	85%	15%
Third target - above $0.65 per unit to $0.75 per unit	75%	25%
Thereafter - above $0.75 per unit	50%	50%

To date, the Partnership has not paid any incentive cash distributions to the General Partner. The following table reflects the allocation of total cash distributions paid during the nine months ended September 30, 2003 (in thousands):

Limited partner units	$ 26,586
General partner ownership interest	559
Total cash distributions	$ 27,145
Total cash distributions paid per unit	$ 1.54

In August 2003, the Partnership distributed $0.52 per unit for the three months ended June 30, 2003, or 4% above its minimum quarterly distribution of $0.50 per unit.

11. SEGMENT INFORMATION

Segment information has been prepared in accordance with Statement of Financial Accounting Standards ("SFAS") No. 131 *"Disclosure about Segments of an Enterprise and Related Information."* The Partnership's reportable segments are as follows:

Coal Royalty

The coal royalty segment includes management of the Partnership's coal located in the Appalachian region of the United States and New Mexico.

Coal Services

The Partnership's coal services segment consists of fees charged to its lessees for the use of the Partnership's unit train loadout facility, coal preparation plants, dock loading facility and short-line railroad.

Timber

The Partnership's timber segment consists of the selling of standing timber on the Partnership's properties.

The following is a summary of certain financial information relating to the Partnership's segments:

	Coal Royalty	Coal Services	Timber	Consolidated
		(in thousands)		
For the Three Months Ended September 30, 2003:				
Revenues	$ 12,248	$ 484	$ 80	$ 12,812
Operating costs and expenses	2,098	549	156	2,803
Depreciation, depletion and amortization	3,287	371	1	3,659
Operating income (loss)	6,863	(436)	(77)	6,350
Interest income				299
Interest expense				(1,380)
Net income				$ 5,269
Total assets	$ 248,748	$ 11,282	$ 167	$ 260,197
Capital expenditures	$ 106	$ 1,885	$ -	$ 1,991
For the Three Months Ended September 30, 2002:				
Revenues	$ 9,423	$ 618	$ 363	$ 10,404
Operating costs and expenses	2,036	193	141	2,370
Depreciation, depletion and amortization	862	132	1	995
Operating income	6,525	293	221	7,039
Interest income				504
Interest expense				(465)
Net income				$ 7,078
Total assets	$ 158,567	$ 5,969	$ 173	$ 164,709
Capital expenditures	$ 12,047	$ 59	$ -	$ 12,106

	Coal Royalty	Coal Services	Timber	Consolidated
	(in thousands)			
For the Nine Months Ended September 30, 2003:				
Revenues	$ 36,982	$ 1,523	$ 829	$ 39,334
Operating costs and expenses	6,311	1,884	470	8,665
Depreciation, depletion and amortization	11,150	872	5	12,027
Operating income (loss)	19,521	(1,233)	354	18,642
Interest income				943
Interest expense				(3,536)
Cumulative effect of change in accounting principle				(107)
Net income				$ 15,942
Total assets	$ 248,748	$ 11,282	$ 167	$ 260,197
Capital expenditures	$ 1,442	$ 1,995	$ -	$ 3,437
For the Nine Months Ended September 30, 2002:				
Revenues	$ 25,745	$ 1,761	$ 1,444	$ 28,950
Operating costs and expenses	6,105	635	467	7,207
Depreciation, depletion and amortization	2,185	366	7	2,558
Operating income	17,455	760	970	19,185
Interest income				1,568
Interest expense				(1,249)
Net income				$ 19,504
Total assets	$ 158,567	$ 5,969	$ 173	$ 164,709
Capital expenditures	$ 12,176	$ 711	$ -	$ 12,887

12. NEW ACCOUNTING STANDARDS

In November 2002, the FASB issued Interpretation No. 45 (FIN 45), *Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of the Indebtedness of Others*, which clarifies the requirements of SFAS No. 5, *Accounting for Contingencies*, relating to a guarantor's accounting for and disclosures of certain guarantees issued. FIN 45 requires enhanced disclosures for certain guarantees. It also will require certain guarantees that are issued or modified after December 31, 2002, including certain third-party guarantees, to be initially recorded on the balance sheet at fair value. For guarantees issued on or before December 31, 2002, liabilities are recorded when and if payments become probable and estimable.

The accounting staff of the SEC is currently engaged in discussions regarding the application of certain provisions of SFAS No. 141, "Business Combinations," and SFAS No. 142, "Goodwill and Other Intangible Assets," to companies in the mining industry, including those which, like the Partnership, do not actually conduct any mining operations. The Emerging Issues Task Force is considering whether the provisions of SFAS No. 141 and SFAS No. 142 require registrants to classify costs associated with coal mineral rights as intangible assets on the balance sheet, apart from other capitalized property costs, and provide specific footnote disclosures.

Historically, we have included our owned and leased mineral interests as a component of property and equipment on our balance sheet. It is likely that the accounting standard setters will determine that costs associated with leased coal mineral interests are required to be classified as intangible assets. Our coal acquisition costs for leased mineral interests are not significant. However, the accounting standard setters are also considering what constitutes an "owned" mineral interest, and depending on the outcome of that interpretation, a substantial portion of our fee mineral acquisition costs since the September 30, 2001 effective date of SFAS No. 141 and 142 could also be required to be classified as an intangible asset on our balance sheet. The Partnership's results of operations would not be affected as a result of any such reclassification, since all of our intangible assets would continue to be depleted on a unit of production basis. Further, we do not believe any such reclassification would have any impact on our compliance with covenants under our debt agreements.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Overview

The following review of the financial condition and results of operations of Penn Virginia Resource Partners, L.P. (the "Partnership") should be read in conjunction with the Consolidated Financial Statements and Notes thereto.

Penn Virginia Resource Partners, L.P. is a Delaware limited partnership formed by Penn Virginia Corporation ("Penn Virginia") in 2001 to acquire the coal properties and related assets held by a subsidiary of Penn Virginia. Effective with the closing of the Partnership's initial public offering, the ownership of these coal properties and related assets was transferred to the Partnership in exchange for common and subordinated units of the Partnership.

The Partnership leases coal properties to coal mine operators in exchange for royalty payments. We do not operate any mines. Instead, we enter into long-term leases with experienced, third party coal mine operators for the right to mine coal reserves on our properties in exchange for royalty payments. Approximately 70% of our 2003 coal royalty revenues and all of our 2002 coal royalty revenues received from our coal lessees were based on the higher of a percentage of the gross sales price or a fixed price per ton of coal they sell, with pre-established minimum monthly or annual rental payments. The remainder of our 2003 coal royalty revenues were derived from fixed royalty rate leases, which escalate annually, with pre-established minimum monthly payments. We also generate coal services revenues by providing fee-based coal preparation and transportation facilities to enhance the coal production of certain of our lessees. We also generate timber revenues by selling timber growing on our properties.

Our revenues and the profitability of our business are largely dependent on the production of coal from our reserves by our lessees. The coal royalty revenues we receive are affected by changes in coal prices and our lessees' supply contracts and, to a lesser extent, by fluctuations in the spot market prices for coal. The prevailing price for coal depends on a number of factors, including demand, the price and availability of alternative fuels, overall economic conditions and governmental regulations.

In addition to our coal royalty revenues, we generate coal services revenues from fees we charge to our lessees for the use of our coal preparation and transportation facilities. Historically, the majority of these fees have been generated by our unit train loadout facility, which accommodates 108 car unit trains that can be loaded in approximately four hours. Some of our lessees utilize the unit train loadout facility to reduce the delivery costs incurred by their customers. The coal service facility we purchased in November 2002 on our West Coal River property in West Virginia (formerly referred to as "Fork Creek") began operations late in the third quarter of 2003. In addition, we are currently constructing a coal transloading facility for another existing lessee in West Virginia. We expect the new facility to be operational by December 2003 at an estimated cost of $3.2 million.

We earn revenues from the sale of standing timber on our properties. The timber revenues we receive are dependent on market conditions, harvest levels and the species and quality of timber harvested. Our harvest levels in any given year will depend upon a number of factors, including anticipated mining activity, timber maturation and market conditions. Any timber, which would otherwise be removed due to lessee mining operations, is harvested in advance to prevent loss of the resource.

We also derive revenues from minimum rental payments. Minimum rental payments are initially deferred and are recognized as minimum rental revenues if our lessees fail to meet specified production levels for certain predetermined periods. The recoupment period on almost all of our leases generally ranges from 1-3 years.

Operating expenses that we incur in our coal business consist primarily of lease payments on property which we lease from third parties and sublease to our lessees. Our lease payment obligations vary based on the production from these properties. We also incur costs related to lease administration and property maintenance as well as technical and support personnel. Operating expenses also include core drilling activities, timber expenses and mine maintenance costs related to idled mines not currently being leased.

We reimburse our general partner and its affiliates for direct and indirect general and administrative expenses they incur on our behalf. These expenses primarily relate to salaries, benefits and administrative services, including legal, accounting, treasury, information technology and other corporate services.

Critical Accounting Policies

Property and Equipment. Property and equipment is carried at cost and includes expenditures for additions and improvements, such as roads and land improvements, which substantially increase the productive lives of existing assets. Maintenance and repair costs are expensed as incurred. Depreciation and amortization of property and equipment is generally computed using the straight-line or declining balance methods over the estimated useful lives of such property and equipment, varying from 3 years to 20 years. From time to time, the Partnership carries out core-hole drilling activities on its coal properties in order to ascertain the quality and quantity of the coal. These core-hole drilling activities are expensed as incurred. When an asset is retired or sold, its cost and related accumulated depreciation and amortization are removed from the accounts. The difference between the undepreciated cost and proceeds from disposition is recorded as gain or loss.

Timber and timberlands are stated at cost less depletion and amortization for timber previously harvested. The cost of the timber harvested is determined based on the volume of timber harvested in relation to the amount of estimated net merchantable volume, utilizing a single composite pool.

Depletion. Coal properties are depleted on an area-by-area basis at a rate based on the cost of the mineral properties and the number of tons of estimated proven and probable coal reserves contained therein. In 2001, we estimated proven and probable coal reserves with the assistance of third-party mining consultants in conjunction with our initial public offering and involved the use of estimation techniques and recoverability assumptions. Subsequent to 2001, proven and probable reserves have been updated internally by our geologist. Our estimates of coal reserves are updated periodically and may result in adjustments to coal reserves and depletion rates that are recognized prospectively.

The Partnership estimates its timber inventory using statistical information and data obtained from physical measurements, site maps, photo-types and other information gathering techniques. These estimates are updated annually and may result in adjustments of timber volumes and depletion rates, which are recognized prospectively.

Coal Royalties. Coal royalty revenues are recognized on the basis of tons of coal sold by the Partnership's lessees and the corresponding revenue from those sales. Approximately 70% of our 2003 coal royalty revenues and all of our 2002 coal royalty revenues received from our coal lessees were based on a minimum dollar royalty per ton and/or a percentage of the gross sales price, with minimum monthly or annual rental payments. The remainder of our 2003 coal royalty revenues were derived from fixed royalty rate leases, which escalate annually, with pre-established minimum monthly payments. Coal royalty revenues are accrued on a monthly basis, based on our best estimates of coal mined on our properties.

Coal Services. Coal services revenues are recognized when lessees use the Partnership's facilities for the processing and transportation of coal. Coal services revenues consist of fees collected for the use of the Partnership's loadout facility, coal preparation plants and dock loading facility. Coal services revenues are accrued on a monthly basis, based on our best estimates of our lessees' use of our facilities.

Timber. Timber revenues are recognized when timber is sold in a competitive bid process involving sales of standing timber on individual parcels and, from time to time, on a contract basis where independent contractors harvest and sell the timber. Timber revenues are recognized when the timber parcel has been sold or when the timber is harvested by the independent contractors. Title and risk of loss pass to the independent contractors upon the execution of the contract. In addition, if the contractors do not harvest the timber within the specified time period, the title of the timber reverts back to the Partnership with no refund of previous amounts received by us.

Minimum Rentals. Most of the Partnership's lessees must make minimum monthly or annual payments that are generally recoupable over certain time periods. These minimum payments are recorded as deferred income. If the lessee recoups a minimum payment through production, the deferred income attributable to the minimum payment is recognized as coal royalty revenues. If a lessee fails to meet its minimum production for the recoupment period, the deferred income attributable to the minimum payment is recognized as minimum rental revenues.

Acquisitions

In December 2002, we announced the formation of an alliance with Peabody Energy Corporation ("Peabody"), the largest private sector coal company in the world. Central to the transaction was the purchase and subsequent leaseback of approximately 120 million tons of predominately low sulfur, low BTU coal reserves located in New Mexico (80 million tons) and predominately high sulfur, high BTU coal reserves located in northern West Virginia (40 million tons) (the "Peabody Acquisition"). The Peabody Acquisition, which included 8,800 mineral acres, was funded with $72.5 million in cash, 1,522,325 common units and 1,240,833 class B common units. All of the class B common units were converted, in accordance with their terms, upon the approval of our common unitholders on July 29, 2003. Of the units issued, 52,700 common units are currently being held in escrow pending Peabody acquiring and transferring to us certain of the West Virginia reserves we purchased. As a result of the escrowed common units, approximately one million tons of coal reserves were excluded from reserve totals, and 52,700 common units were excluded from units issued, in the Partnership's financial statements for the period ended September 30, 2003.

In addition to the Peabody Acquisition, in August 2002, we purchased approximately 16 million tons of reserves located on the Upshur properties in northern Appalachia for $12.3 million (the "Upshur Acquisition"). The Upshur Acquisition was our first exposure outside of central Appalachia. The properties, which include approximately 18,000 mineral acres, contain predominately high sulfur, high BTU coal reserves.

In May 2001, we acquired the Fork Creek property in West Virginia, which we now refer to as our West Coal River property, by purchasing approximately 53 million tons of coal reserves for $33 million. In early 2002, the operator at West Coal River filed for bankruptcy protection under Chapter 11 of the U.S. Bankruptcy Code. West Coal River's operations were idled on March 4, 2002. The operator continued to pay minimum royalties until we recovered our lease on August 31, 2002. In November 2002, we purchased various infrastructure at West Coal River, including a 900-ton per hour coal preparation plant and a unit-train loading facility, and a railroad-granted rebate on coal loaded through the facility for $5.1 million plus the assumption of approximately $2.4 million in reclamation liabilities and approximately $0.6 million of stream mitigation obligations. We leased this property in May 2003 and have assigned all reclamation and mitigation liabilities to the new lessee, which agreed to be responsible for those liabilities. The new lessee began operations in the third quarter of 2003.

During the three and nine months ended September 30, 2003, the Peabody and Upshur Acquisitions were the primary reasons for increased coal royalty revenue and increased depreciation, depletion and amortization expense, compared with the same periods of 2002.

Results of Operations

Three Months Ended September 30, 2003 Compared With Three Months Ended September 30, 2002.

The following table sets forth our revenues, operating expenses and operating statistics for the three months ended September 30, 2003 compared with the same period in 2002.

	Three Months Ended September 30, 2003	Three Months Ended September 30, 2002	Percentage Change
Financial Highlights:	(in thousands, except prices)		
Revenues:			
Coal royalties	$ 11,960	$ 8,253	45%
Coal services	484	476	2%
Timber	80	360	(78%)
Minimum rentals	220	1,079	(80%)
Other	68	236	(71%)
Total revenues	12,812	10,404	23%
Operating costs and expenses:			
Operating	753	555	36%
Taxes other than income	389	241	61%
General and administrative	1,661	1,574	6%
Depreciation, depletion and amortization	3,659	995	268%
Total operating costs and expenses	6,462	3,365	92%
Operating income	6,350	7,039	(10%)
Interest income	299	504	(41%)
Interest expense	(1,380)	(465)	197%
Net Income	$ 5,269	$ 7,078	(26%)
Operating Statistics:			
Coal:			
Royalty coal tons produced by lessees (tons in thousands)	6,229	3,716	68%
Average royalty per ton	$ 1.92	$ 2.22	(14%)
Timber:			
Timber sales (Mbf)	457	1,690	(73%)
Average timber sales price per Mbf	$ 158	$ 204	(23%)

Revenues. Our revenues in the second quarter of 2003 were $12.8 million compared with $10.4 million for the same period in 2002, representing a 23% increase.

Coal royalty revenues for the three months ended September 30, 2003 were $12.0 million compared to $8.3 million for the same period in 2002, an increase of $3.7 million, or 45%, while production by our lessees increased 2.5 million tons, or 68%. The Peabody and Upshur Acquisitions in the last half of 2002 accounted for $3.0 million, or 2.3 million tons, of the increase and the remainder was primarily attributable to stronger market conditions. Our average royalty per ton decreased to $1.92 from $2.22 over the same periods, representing a decrease of $0.30, or 14%. The decrease is primarily attributable to the lower fixed royalty rates per ton received under leases entered into in connection with the Peabody Acquisition.

Coal services revenues remained constant at $0.5 million for the three months ended September 30, 2003 and 2002. The coal service facility at our recently leased Coal River property in West Virginia began operations late in the third quarter of 2003.

Timber revenues decreased to $0.1 million for the three months ended September 30, 2003, compared with $0.4 million in the third quarter of 2002, a decrease of $0.3 million, or 78%. Volume sold declined 1,233 thousand board feet (Mbf), or 73%, to 457 Mbf in the third quarter of 2003, compared with 1,690 Mbf for the same period in 2002. The decrease in volume sold was due to the timing of parcel sales.

Minimum rental revenues decreased to $0.2 million for the three months ended September 30, 2003 from $1.1 million in the comparable period of 2002, a decrease of $0.9 million, or 80%. The decrease was primarily due to a lessee rejecting our lease in bankruptcy on August 31, 2002; consequently, all deferred revenue from this respective lessee ($0.8 million) was recognized as income. The remainder of the decrease was primarily due to the timing of expiring recoupments from our lessees.

Other income decreased to $0.1 million for the three months ended September 30, 2003, compared with $0.2 million for the same period in 2002. The $0.1 million decrease is primarily due to the expiration of a railroad rebate received for the use of a specific portion of railroad by one of our lessees, which was paid in full in the fourth quarter of 2002. Other income primarily consists of land rental and wheelage income, which are fees received by us for transportation across our surface property.

Operating Costs and Expenses. Our aggregate operating costs and expenses for the third quarter of 2003 were $6.5 million, compared with $3.4 million for the same period in 2002, an increase of $3.1 million, or 92%. The increase in operating costs and expenses related primarily to an increase in depreciation, depletion and amortization.

Operating expenses increased by 36%, to $0.8 million in the third quarter of 2003, compared with $0.6 million in the same period of 2002. The $0.2 million increase is due to increased production on our subleased properties and additional maintenance on our unleased property. We leased our West Coal River property in May 2003, and the on-going maintenance costs were assumed by the new lessee as of that date.

Taxes other than income for the three months ended September 30, 2003 increased to $0.4 million, representing a $0.1 million, or 61%, increase over the comparable period in 2002. The increase was primarily attributable to additional West Virginia property taxes relating to the West Coal River property. We leased our West Coal River property in May 2003 and the on-going property taxes were assumed by the new lessee as of that date.

General and administrative expenses increased $0.1 million, or 6%, to $1.7 million in the third quarter of 2003, from $1.6 million in the same period of 2002. The increase was primarily attributable to increased payroll, an increase in insurance premiums and additional recurring expenses associated with the Peabody Acquisition.

Depreciation, depletion and amortization for the three months ended September 30, 2003 was $3.7 million compared with $1.0 million for the same period of 2002, an increase of 268%. This increase is a result of higher depletion rates caused by higher cost bases relative to reserves added as well as increased production, both of which related primarily to the Peabody and Upshur Acquisitions completed in the last half of 2002.

Interest Income. Interest income was $0.3 million for the three months ended September 30, 2003, compared with $0.5 million for the same period in 2002, a decrease of 41%. The decrease was primarily due to the liquidation of $43.4 million of U.S. Treasury notes in the last half of 2002.

Interest Expense. Interest expense was $1.4 million for the three months ended September 30, 2003, compared with $0.5 million for the same period in 2002, an increase of $0.9 million, or 197%. The increase was due to long-term borrowings in connection with the Peabody and Upshur acquisitions in the last half of 2002.

Nine Months Ended September 30, 2003 Compared With Nine Months Ended September 30, 2002.

The following table sets forth our revenues, operating expenses and operating statistics for the nine months ended September 30, 2003 compared with the same period in 2002.

	Nine Months Ended September 30, 2003	Nine Months Ended September 30, 2002	Percentage Change
Financial Highlights:	(in thousands, except prices)		
Revenues:			
Coal royalties	$ 35,658	$ 23,437	52%
Coal services	1,523	1,353	13%
Timber	829	1,441	(42%)
Minimum rentals	1,035	1,979	(48%)
Other	289	740	(61%)
Total revenues	39,334	28,950	36%
Operating costs and expenses:			
Operating	2,488	1,886	32%
Taxes other than income	978	663	48%
General and administrative	5,199	4,658	12%
Depreciation, depletion and amortization	12,027	2,558	370%
Total operating costs and expenses	20,692	9,765	112%
Operating income	18,642	19,185	(3%)
Interest income	943	1,568	(40%)
Interest expense	(3,536)	(1,249)	183%
Income before cumulative effect of change in accounting principle	16,049	19,504	(18%)
Cumulative effect of change in accounting principle	(107)	-	-
Net Income	$ 15,942	$ 19,504	(18%)
Operating Statistics:			
Coal:			
Royalty coal tons produced by lessees (tons in thousands)	19,252	10,614	81%
Average royalty per ton	$ 1.85	$ 2.21	(16%)
Timber:			
Timber sales (Mbf)	4,338	7,492	(42%)
Average timber sales price per Mbf	$ 180	$ 182	(1%)

Revenues. Our revenues for the nine months ended September 30, 2003 were $39.3 million compared with $29.0 million for the same period in 2002, representing an increase of $10.3 million, or 36%.

Coal royalty revenues for the nine months ended September 30, 2003 were $35.7 million compared to $23.4 million for the same period in 2002, an increase of $12.3 million, or 52%, while production by our lessees increased 8.6 million tons, or 81%. The Peabody and Upshur Acquisitions in the last half of 2002 accounted for $11.5 million, or 8.4 million tons, of the increase and the remainder was primarily attributable to stronger market conditions. Our average royalty per ton decreased to $1.85 from $2.21 over the same periods, representing a decrease of $0.36, or 16%. The decrease is primarily attributable to the lower fixed royalty rates per ton received under leases entered into in connection with the Peabody Acquisition.

Coal services revenues increased $0.1 million, or 13%, to $1.5 million for the nine months ended September 30, 2003, compared with $1.4 million in the same period of 2002. The slight increase was attributable to small preparation plants which we leased to two of our lessees. The coal service facility at our recently leased Coal River property in West Virginia began operations late in the third quarter of 2003.

Timber revenues decreased to $0.8 million for the nine months ended September 30, 2003, compared with $1.4 million in the comparable period of 2002, a decrease of $0.6 million, or 42%. Volume sold declined 3,154 Mbf, or 42%, to 4,338 Mbf in the first nine months of 2003, compared with 7,492 Mbf for the same period in 2002. The decrease in volume sold was due to the timing of parcel sales.

Minimum rental revenues decreased $1.0 million, or 47%, to $1.0 million for the nine months ended September 30, 2003 from $2.0 million in the comparable period of 2002. The decrease was primarily due to a lessee rejecting our lease in bankruptcy on August 31, 2002; consequently, all deferred revenue from this respective lessee ($0.8 million) was recognized as income. The remainder of the decrease was primarily due to the timing of expiring recoupments from our lessees.

Other income decreased to $0.3 million for the nine months ended September 30, 2003, compared with $0.7 million for the same period in 2002. The $0.4 million, or 61%, decrease is due to the expiration of a railroad rebate received for the use of a specific portion of railroad by one of our lessees, which was paid in full in the fourth quarter of 2002.

Operating Costs and Expenses. Our aggregate operating costs and expenses for the nine months ended September 30, 2003 were $20.7 million, compared with $9.8 million for the same period in 2002, an increase of $10.9 million, or 112%. The increase in operating costs and expenses related primarily to an increase in depreciation, depletion and amortization.

Operating expenses increased by 32%, to $2.5 million, for the nine months ended September 30, 2003, compared with $1.9 million in the same period of 2002. The increase is due to costs to maintain an idle mine on our West Coal River property (see "Liquidity and Capital Resources"). We leased our West Coal River property in May 2003, and the on-going maintenance costs were assumed by the new lessee as of that date.

Taxes other than income increased by 48%, to $1.0 million for the nine months ended September 30, 2003, compared with $0.7 million in the same period of 2002. The variance was attributable to increased property taxes as a result of assuming the property tax obligation on our West Coal River property upon re-acquiring the lease from the bankrupt lessee and an increase in West Virginia franchise taxes relating to the Peabody and Upshur Acquisitions. We leased our West Coal River property in May 2003 and the on-going property taxes were assumed by the new lessee as of that date.

General and administrative expenses increased $0.5 million, or 12%, to $5.2 million for the nine months ended September 30, 2003, from $4.7 million in the same period of 2002. The increase was primarily attributable to increased payroll, an increase in insurance premiums and additional recurring expenses associated with the Peabody Acquisition.

Depreciation, depletion and amortization for the nine months ended September 30, 2003 was $12.0 million compared with $2.6 million for the same period of 2002, an increase of 370%. This increase is a result of higher depletion rates caused by higher cost bases relative to reserves added as well as increased production, both of which related primarily to the Peabody and Upshur Acquisitions completed in the last half of 2002.

Interest Income. Interest income was $0.9 million for the nine months ended September 30, 2003, compared with $1.6 million for the same period in 2002, a decrease of 40%. The decrease was primarily due to the liquidation of $43.4 million of U.S. Treasury notes in the last half of 2002.

Interest Expense. Interest expense was $3.5 million for the nine months ended September 30, 2003, compared with $1.2 million for the same period in 2002, an increase of $2.3 million, or 183%. The increase was due to long-term borrowings in connection with the Peabody and Upshur Acquisitions in the last half of 2002.

Cumulative effect of change in accounting principle. On January 1, 2003, we adopted SFAS No. 143, "*Accounting for Asset Retirement Obligations.*" As a result of the adoption, we recognized a cumulative effect of accounting change. See "Note 4. Asset Retirement Obligations" in the notes to the consolidated financial statements.

Liquidity and Capital Resources

Prior to the closing of our initial public offering in October 2001, the Partnership satisfied its working capital requirements and funded its capital expenditures with cash generated from operations and affiliated borrowings. Since that time, cash generated from operations and our borrowing capacity, supplemented with the issuance of new common units for the Peabody Acquisition in December 2002, have been sufficient to meet our scheduled distributions, working capital requirements and capital expenditures. Our ability to continue to satisfy our debt service obligations, fund planned capital expenditures, make acquisitions and pay distributions to our unitholders will depend upon our future operating performance, which will be affected by prevailing economic conditions in the coal industry and financial, business and other factors. Some of these factors are beyond our control, including the ability of our lessees to continue to make payments to us as required by our leases with them.

Our strategy is to make acquisitions which increase cash available for distribution to our unitholders. Our ability to make these acquisitions in the future will depend in part on the availability of debt financing and on our ability to periodically use equity financing through the issuance of new units. Our ability to incur additional debt is restricted due to limitations in our debt instruments. This limitation may have the effect of necessitating the issuance of new units, as opposed to using debt, to make acquisitions in the future.

Cash Flows. Net cash provided by operating activities was $28.1 million for the nine months ended September 30, 2003 compared with $22.7 million for the 2002 comparable period. The increase was primarily due to an increase in coal royalty income, offset in part by increases in interest expense and operating costs.

Net cash used in investing activities was $3.0 million for the nine months ended September 30, 2003 compared with $0.5 million for the same period in 2002. Capital expenditures in the first nine months of 2003 represent $3.4 million of cash used for the purchase of property and equipment, primarily related to the development a new coal loadout facility on our Coal River property in West Virginia for approximately $2.0 million (completion costs are estimated at $3.2 million). The loadout facility, which is expected to begin operations in December 2003, is designed for the high-speed loading of 150-car unit trains. An additional $1.1 million of acquisition costs related to the Peabody Acquisition.

Net cash used in financing activities was $26.7 million for the nine months ended September 30, 2003 compared with $20.9 million in 2002. Cash used in financing activities in the first nine months of 2003 included $27.1 million in distributions to unitholders representing distributions of $1.54 per unit.

Long-Term Debt. As of September 30, 2003, we had outstanding borrowings of $92.2 million, consisting of $2.5 million borrowed against our $50.0 million revolving credit facility and $89.7 million attributable to our senior unsecured notes ($90.0 million offset by $0.3 million fair value of interest rate swap).

Revolving Credit Facility. On October 31, the Partnership entered into an amendment to its million revolving credit facility (the "Revolver") to increase the facility from $50 million to $100 million and to extend the maturity date to October 2006. The Revolver is with a syndicate of financial institutions led by PNC Bank, National Association, as their agent. Based primarily on the total debt to consolidated EBITDA covenant and subsequent to our issuance of senior unsecured notes, as described below, available borrowing capacity under the Revolver as of September 30, 2003 was approximately $11 million. The Revolver is available for general partnership purposes, including working capital, capital expenditures and acquisitions, and includes a $5.0 million sublimit that is available for working capital needs and distributions and a $5.0 million sublimit for the issuance of letters of credit.

Indebtedness under the Revolver bears interest, at our option, at either (i) the higher of the federal funds rate plus 0.50% or the prime rate as announced by PNC Bank, National Association or (ii) the Eurodollar rate plus an applicable margin which ranges from 1.25% to 2.25% based on our ratio of consolidated indebtedness to consolidated EBITDA (as defined in the Revolver) for the four most recently completed fiscal quarters. We will incur a commitment fee on the unused portion of the Revolver at a rate per annum ranging from 0.40% to 0.50% based upon the ratio of our consolidated indebtedness to consolidated EBITDA for the four most recently completed fiscal quarters. When the Revolver matures in October 2006, it will terminate and all outstanding amounts thereunder will be due and payable. We may prepay the Revolver at any time without penalty. We are required to reduce all working capital borrowings under the working capital sublimit under the Revolver to zero for a period of at least 15 consecutive days once each calendar year.

The Revolver prohibits us from making distributions to unitholders and distributions in excess of available cash if any potential default or event of default, as defined in the Revolver, occurs or would result from the distribution. In addition, the Revolver contains various covenants that limit, among other things, our ability to incur indebtedness, grant liens, make certain loans, acquisitions and investments, make any material change to the nature of our business, acquire another company or enter into a merger or sale of assets, including the sale or transfer of interests in our subsidiaries.

The Revolver also contains financial covenants requiring us to maintain ratios of:

- not more than 2.50:1.00 of total debt to consolidated EBITDA; and
- not less than 4.00:1.00 of consolidated EBITDA to interest.

In March 2003, we paid and retired a $43.4 million unsecured term loan (the "Term Loan"), which was part of our credit facility and is no longer available for future borrowings. Part of the proceeds from our issuance of senior unsecured notes, as described below, was used to repay the Term Loan. We are currently in compliance with all of the covenants in the Revolver.

Senior Unsecured Notes. In March 2003, we closed a private placement of $90 million of senior unsecured notes payable (the "Notes"). The Notes bear interest at a fixed rate of 5.77% and mature over a ten year period ending in March 2013, with semi-annual interest payments through March 2004 followed by semi-annual principal and interest payments beginning in September 2004. Proceeds of the Notes after the payment of expenses related to the offering were used to repay and retire the $43.4 million Term Loan and to repay the majority of debt outstanding on our Revolver.

The Notes prohibit us from making distributions to unitholders and distributions in excess of available cash if any potential default or event of default, as defined in the Notes, occurs or would result from the distribution. In addition, the Notes contain various covenants that are similar to those contained in the Revolver, with the exception of the financial covenants, which for the Notes require us to maintain ratios of:

- not more than 3.00:1.00 of total debt to consolidated EBITDA; and
- not less than 3.50:1.00 of consolidated EBITDA to interest.

We are in compliance with all of the covenants of the Notes.

Hedging Activities. In March 2003, we entered into an interest rate swap agreement with a notional amount of $30 million, to hedge a portion of the fair value of the 5.77% Notes maturing over a ten year period. This swap is designated as a fair value hedge and has been reflected as a decrease in long-term debt of $0.3 million as of September 30, 2003. Under the terms of the interest rate swap agreement, the counterparty pays us a fixed annual rate of 5.77% on a total notional amount of $30 million, and we pay the counterparty a variable rate equal to the floating interest rate which will be determined semi-annually and will be based on the six month London Interbank Offering Rate plus 2.36%.

Excluding acquisitions, we believe our sources of funding are sufficient to meet short- and long-term liquidity needs not funded by cash flows from operations, including the payment of minimum quarterly distributions to unitholders.

Legal and Environmental

Surface Mining Valley Fills. Over the course of the last several years, opponents of surface mining have filed three lawsuits challenging the legality of permits authorizing the construction of valley fills for the disposal of coal mining overburden under federal and state laws applicable to surface mining activities. Although two of these challenges were successful in the United States District Court for the Southern District of West Virginia (the "District Court"), the United States Court of Appeals for the Fourth Circuit overturned both of those decisions in Bragg v. Robertson in 2001 and in Kentuckians For The Commonwealth v. Rivenburgh in 2003.

On October 23, 2003, a third lawsuit involving the disposal of coal mining overburden was filed under the name of Ohio Valley Environmental Coalition v. Bulen. In this case, which was also filed in the District Court, several public interest group plaintiffs have alleged that the Army Corps of Engineers violated the Clean Water Act ("CWA") and other federal regulations when it issued Nationwide Permit 21, a general permit for the disposal of coal mining overburden into United States waters. This most recent suit also challenges certain individual discharge authorizations in West Virginia, including several involving the mining activities of the Partnership's lessees. If the plaintiffs prevail in this latest lawsuit, lessees who have received authorization for discharges pursuant to Nationwide Permit 21 could be prevented from undertaking future discharges until they receive individual CWA permits, and future operations could require individual permits. Obtaining these individual permits is likely to substantially increase both the time and the costs of obtaining CWA permits for our lessees and other coal mining operators throughout the industry where any such unfavorable ruling may be applied. These increases could adversely affect our coal royalty revenues. Although the Partnership expects that any ruling for the plaintiffs would be appealed to the Fourth Circuit, the coal mining industry, including the operations of our lessees, could be significantly adversely impacted by the initial effects of an adverse decision while any appeal is pending.

Mine Health and Safety Laws. The operations of our lessees are subject to stringent health and safety standards that have been imposed by federal legislation since the adoption of the Mine Health and Safety Act of 1969. The Mine Health and Safety Act of 1969 resulted in increased operating costs and reduced productivity. The Mine Safety and Health Act of 1977, which significantly expanded the enforcement of health and safety standards of the Mine Health and Safety Act of 1969, imposes comprehensive health and safety standards on all mining operations. In addition, as part of the Mine Health and Safety Acts of 1969 and 1977, the Black Lung Acts require payments of benefits by all businesses conducting current mining operations to coal miners with black lung and to some beneficiaries of a miner who dies from this disease.

Environmental. The operations of our lessees are subject to environmental laws and regulations adopted by various governmental authorities in the jurisdictions in which these operations are conducted. The terms of the Partnership's coal property leases impose liability for all environmental and reclamation liabilities arising under those laws and regulations on the relevant lessees. The lessees are bonded and have indemnified the Partnership against any and all future environmental liabilities. The Partnership regularly visits the properties subject to our leases to generally observe our lessee's compliance with environmental laws and regulations, as well as to review mining activities. Management believes that the Partnership's lessees will be able to comply with existing regulations and does not expect any material impact on its financial condition or results of operations as a result of environmental regulations.

With respect to our unleased and inactive properties, we have some reclamation bonding requirements. In conjunction with the November 2002 purchase of equipment, we assumed reclamation and mitigation liabilities of approximately $3.0 million. We leased this property n May 2003 and have assigned all reclamation and mitigation liabilities to our new lessee.

Recent Accounting Pronouncements

In November 2002, the FASB issued Interpretation No. 45 (FIN 45), *Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of the Indebtedness of Others*, which clarifies the requirements of SFAS No. 5, *Accounting for Contingencies*, relating to a guarantor's accounting for and disclosures of certain guarantees issued. FIN 45 requires enhanced disclosures for certain guarantees. It also will require certain guarantees that are issued or modified after December 31, 2002, including certain third-party guarantees, to be initially recorded on the balance sheet at fair value. For guarantees issued on or before December 31, 2002, liabilities are recorded when and if payments become probable and estimable.

The accounting staff of the SEC is currently engaged in discussions regarding the application of certain provisions of SFAS No. 141, "Business Combinations," and SFAS No. 142, "Goodwill and Other Intangible Assets," to companies in the mining industry, including those which, like the Partnership, do not actually conduct any mining operations. The Emerging Issues Task Force is considering whether the provisions of SFAS No. 141 and SFAS No. 142 require registrants to classify costs associated with coal mineral rights as intangible assets on the balance sheet, apart from other capitalized property costs, and provide specific footnote disclosures.

Historically, we have included our owned and leased mineral interests as a component of property and equipment on our balance sheet. It is likely that accounting standard setters will determine that costs associated with leased coal mineral interests are required to be classified as intangible assets. Our coal acquisition costs for leased mineral interests are not significant. However, the accounting standard setters are also considering what constitutes an "owned" mineral interest, and depending on the outcome of that interpretation, a substantial portion of our fee mineral acquisition costs since the September 30, 2001 effective date of SFAS No. 141 and 142 could also be required to be classified as an intangible asset on our balance sheet. The Partnership's results of operations would not be affected as a result of any such reclassification, since all of our intangible assets would continue to be depleted on a unit of production basis. Further, we do not believe any such reclassification would have any impact on our compliance with covenants under our debt agreements.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Market risk is the risk of loss arising from adverse changes in market rates and prices. The principal market risks to which we are exposed are interest rate risk and coal price risks.

In March 2003, we refinanced $90.0 million of current amounts borrowed on our credit facility borrowings with more permanent debt which has a fixed interest rate throughout its term. We executed an interest rate derivative transaction for $30.0 million of the amount refinanced to hedge the fair value of our unsecured senior notes. The interest rate swap is accounted for as a fair value hedge in compliance with SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended by SFAS No. 137 and SFAS No. 138. The debt we incur in the future under our credit facility will bear variable interest at either the applicable base rate or a rate based on LIBOR.

We are also indirectly exposed to the credit risk our lessees if our lessees do not manage their operations well or if there is a significant decline in coal prices, our lessees may not be able to pay their debts as they become due or our coal royalty revenues could decrease due to decreased production volumes. In the fourth quarter of 2002, one of our lessees filed for bankruptcy under Chapter 11 of the Code for the second time in nine months. To date, the lessee has made all payments required under its leases. In October 2003, another entity purchased the respective leases from the lessee in bankruptcy and we are currently in the process of assigning those leases to the new lessee.

Forward-Looking Statements

Statements included in this report which are not historical facts (including any statements concerning plans and objectives of management for future operations or economic performance, or assumptions related thereto) are forward-looking. In addition, we and our representatives may from time to time make other oral or written statements which are also forward-looking statements.

Such forward-looking statements include, among other things, statements regarding development activities, capital expenditures, acquisitions and dispositions, expected commencement dates of coal mining by our lessees, projected quantities of future coal production by our lessees producing coal from reserves leased from us, costs and expenditures, and projected demand or supply for coal, all of which may affect sales levels, prices and royalties realized by us.

These forward-looking statements are made based upon management's current plans, expectations, estimates, assumptions and beliefs concerning future events impacting Penn Virginia Resource Partners, L.P. and, therefore, involve a number of risks and uncertainties. We caution that forward-looking statements are not guarantees and that actual results could differ materially from those expressed or implied in the forward-looking statements.

Important factors that could cause the actual results of operations or financial condition of Penn Virginia Resource Partners, L.P. to differ materially from those expressed or implied in the forward-looking statements include, but are not limited to:

- the cost of finding new coal reserves;
- the ability to acquire new coal reserves on satisfactory terms;
- the price for which such reserves can be sold;
- the volatility of commodity prices for coal; the risks associated with having or not having price risk management programs;
- our ability to lease new and existing coal reserves;
- the ability of lessees to produce sufficient quantities of coal on an economic basis from our reserves;
- the ability of lessees to obtain favorable contracts for coal produced from our reserves;
- competition among producers in the coal industry generally and in Appalachia in particular;
- the extent to which the amount and quality of actual production differs from estimated mineable and merchantable coal reserves;
- unanticipated geological problems;
- availability of required materials and equipment;
- the occurrence of unusual weather or operating conditions including force majeure events;
- the failure of equipment or processes to operate in accordance with specifications or expectations;
- delays in anticipated start-up dates of coal mining and related coal infrastructure projects by our lessees;
- environmental risks affecting the mining of coal reserves;
- the timing of receipt of necessary governmental permits;
- labor relations and costs; accidents;
- changes in governmental regulation or enforcement practices, especially with respect to environmental, health and safety matters, including with respect to emissions levels applicable to coal-burning power generators;
- uncertainties in the coal industry relating to the outcome of litigation of permitting for the disposal of coal overburden;
- risks and uncertainties relating to general domestic and international economic (including inflation and interest rates) and

political conditions;

- the experience and financial condition of our lessees, including their ability to satisfy their royalty, environmental, reclamation and other obligations to the Partnership and others;
- changes in financial market conditions; and

other risk factors detailed in the Partnership's SEC filings. Many of such factors are beyond our ability to control or predict.

Readers are cautioned not to put undue reliance on forward-looking statements.

While we periodically reassesses material trends and uncertainties affecting our results of operations and financial condition in connection with the preparation of Management's Discussion and Analysis of Results of Operations and Financial Condition and certain other sections contained in our quarterly, annual or other reports filed with the SEC, we do not undertake any obligation to review or update any particular forward-looking statement, whether as a result of new information, future events or otherwise.

Item 4. Controls and Procedures

(a) Evaluation of Disclosure Controls and Procedures:

The Partnership, under the supervision, and with the participation, of its management, including its principal executive officer and principal financial officer, performed an evaluation of the design and operation of the Partnership's disclosure controls and procedures (as defined Exchange Act Rules 13a-15(e) and 15(d)-15(e)) as of the end of the period covered by this report. Based on that evaluation, the General Partner's principal executive officer and principal financial officer concluded that such disclosure controls and procedures are effective to ensure that material information relating to the Partnership, including its consolidated subsidiaries, is accumulated and communicated to the Partnership's management and made known to the principal executive officer and principal financial officer, particularly during the period for which this periodic report was being prepared.

(b) Changes in Internal Controls

No changes were made in the Partnership's internal control over financial reporting that occurred during our last fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II Other Information

Items 1, 2, 3 and 5 are not applicable and have been omitted.

Item 4. Submission of Matters to a Vote of Unitholders

A special meeting of the common unitholders of Penn Virginia Resource Partners, L.P. was held on July 29, 2003. The purpose of the meeting was for unitholders to vote upon a proposal (the "Proposal") to approve

- a change in the terms of the Partnership's class B common units issued in connection with the Peabody Acquisition to provide that each class B common unit will automatically convert into one common unit upon such approval, and

- the Partnership's issuance of an aggregate of 2,763,158 common units in the Peabody Acquisition, including 1,240,833 common units issuable upon conversion of the class B common units.

Unitholders cast 4,895,032 votes for and 19,597 votes against the Proposal. There were also 35,831 abstentions.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

10.1 Third Amendment to Credit Agreement dated as of October 31, 2003 among Penn Virginia Operating Co., LLC, the financial institutions party thereto(the "Lenders") and PNC Bank, National Association, as Agent for the Lenders.

10.2 First Amendment to Coal Mining Lease and Sublease dated July 25, 2003, effective as of December 19, 2002, between Fieldcrest Resources, LLC and Peabody Natural Resources Company.

12 Statement of Computation of Ratio of Earnings to Fixed Charges

31.1 Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

31.2 Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

32.1 Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

32.2 Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

(b) Reports on Form 8-K:

On July 29, 2003, the Partnership filed a Current Report on Form 8-K announcing that the common unitholders of PVR approved the conversion of 1,240,833 Class B common units outstanding into the same number of common units and the issuance of an aggregate of 2,763,158 common units in connection with the Peabody Acquisition, including the common units issuable upon the conversion.

On August 6, 2003, the Partnership filed a Current Report on Form 8-K announcing its financial results for the three months ended June 30, 2003.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

PENN VIRGINIA RESOURCE PARTNERS, L.P.

Date:	November 7, 2003	By:	/s/ Frank A. Pici Frank A. Pici, Vice President and Chief Financial Officer
Date:	November 7, 2003	By:	/s/ Forrest W. McNair Forrest W. McNair, Vice President and Controller

Exhibit 12

Penn Virginia Resource Partners, L. P.
Statement of Computation of Ratio of Earnings to Fixed Charges Calculation

	Year Ended December 31, 1998	1999	2000	January 1, 2001 through October 30, 2001	October 30, 2001 through December 31, 2001	Year Ended December 31, 2002	Nine Months Ended September 30, 2003
Earnings:							
Pre-tax income	$ 13,171	$ 13,385	$ 16,842	$ 19,113	$ 3,677	$ 24,686	$ 15,942
Fixed charges	415	4,010	7,670	7,027	274	1,786	3,582
Total earnings	$ 13,586	$ 17,395	$ 24,512	$ 26,140	$ 3,951	$ 26,472	$ 19,524
Fixed Charges:							
Interest Expense	$ -	$ -	$ -	$ -	$ 269	$ 1,758	$ 3,536
Interest expense affiliate	379	3,980	$ 7,670	$ 7,003	-	-	-
Rental Interest factor	36	30	29	24	5	28	46
Total Fixed Charges	$ 415	$ 4,010	$ 7,699	$ 7,027	$ 274	$ 1,786	$ 3,582
Ratio of Earnings to Fixed Charges	32.8x	4.3x	3.2x	3.7x	14.4x	14.8x	5.5x

Exhibit 31.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, A. James Dearlove, Chief Executive Officer of Penn Virginia Resource GP, LLC, general partner of Penn Virginia Resource Partners, L.P. (the "Registrant"), certify that:

1. I have reviewed this quarterly report on Form 10-Q of the Registrant;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and we have:

    (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    (c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    (d) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and

5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of Registrant's board of directors:

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: November 7, 2003

/s/ A. James Dearlove
A. James Dearlove
Chief Executive Officer

Exhibit 31.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Frank A. Pici, Vice President and Chief Financial Officer of Penn Virginia Resource GP, LLC, general partner of Penn Virginia Resource Partners, L.P. (the "Registrant"), certify that:

1. I have reviewed this report on Form 10-Q of the Registrant;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and we have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and

5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of Registrant's board of directors:

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: November 7, 2003

/s/ Frank A. Pici
Frank A. Pici
Vice President and Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Penn Virginia Resource Partners, L.P. (the "Partnership") on Form 10-Q for the period ended September 30, 2003 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, A. James Dearlove, Chief Executive Officer of the general partner of the Partnership, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Partnership.

November 7, 2003

/s/ A. James Dearlove
A. James Dearlove
Chief Executive Officer

This written statement is being furnished to the Securities and Exchange Commission as an exhibit to the Report. A signed original of this written statement required by Section 906 has been provided to Penn Virginia Resource Partners, L.P. and will be retained by Penn Virginia Resource Partners, L.P. and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Penn Virginia Resource Partners, L.P. (the "Partnership") on Form 10-Q for the period ended September 30, 2003 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Frank A. Pici, Vice-President and Chief Financial Officer of the general partner of the Partnership, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Partnership.

November 7, 2003

/s/ Frank A. Pici
Frank A. Pici
Vice President and Chief Financial Officer

This written statement is being furnished to the Securities and Exchange Commission as an exhibit to the Report. A signed original of this written statement required by Section 906 has been provided to Penn Virginia Resource Partners, L.P. and will be retained by Penn Virginia Resource Partners, L.P. and furnished to the Securities and Exchange Commission or its staff upon request.

FIRST AMENDMENT TO COAL MINING LEASE AND SUBLEASE

THIS FIRST AMENDMENT TO COAL MINING LEASE AND SUBLEASE ("First Amendment") is made and entered this 25th day of July, 2003, to be effective as of December 19, 2002, by and between Fieldcrest Resources LLC, a Delaware limited liability company, having its principal offices at 2550 East Stone Drive, Suite 200, Kingsport, TN 37660 (the "Lessor"), and Peabody Natural Resources Company, a Delaware general partnership, having its principal offices at 701 Market Street, Suite 718, St. Louis, Missouri 63101 ("PNRC").

WITNESSETH:

WHEREAS, Lessor and Gallo Finance Company, a Delaware corporation ("Lessee"), entered into a Coal Mining Lease and Sublease ("Lease") dated December 19, 2002; and

WHEREAS, Lessee and PNRC entered into an Assignment of Leasehold Interest dated December 19, 2002 in which Lessee assigned its right, title and interest in the Lease to PNRC; and

WHEREAS, in the due course of PNRC's mining of the Coal Reserves, PNRC has and will continue, from time to time, to mine coal reserves which are not located with the Coal Reserves, but which are located at the boundaries of the Coal Reserves in the Cleary Member of the Genesee Formation within the permit boundary of the Lee Ranch Mine ("Out-of-Bounds Reserves"); and

WHEREAS, Lessor and PNRC desire that the provisions of the Lease operate in a manner that is reflective of the intention of the parties at the time the Lease was originally entered; and

WHEREAS, Lessor and PNRC wish to amend the Lease as set forth below;

NOW THEREFORE, in consideration of the premises and of the mutual covenants hereinafter contained, the parties hereto agree as follows:

I. AMENDMENT OF RECITAL

The second WHEREAS clause of the Lease shall be deleted and replaced with the following clause:

"WHEREAS, PNRC has assigned to Lessor portions of certain leased coal reserves in the Cleary Member of the Genesee Formation in certain tracts of land in McKinley County, New Mexico pursuant to those two certain New Mexico State Land Office Coal Mining Leases, dated September 22, 1989 and November 14, 1989, respectively, between the State of New Mexico and PNRC (as assignee of Cerrillos Land Company) (together, the "State Leases"), which portions are more fully described in Exhibit B hereto (the "Leased Coal Reserves" and, together with the Fee Coal Reserves, the "Coal Reserves"); and"

II. AMENDMENT OF ARTICLE 3

Article 3 of the Lease shall be deleted and replaced with the following:

"ARTICLE 3

ROYALTIES

Section 3.1 Minimum and Contingent Advance Royalties.

(a) Minimum Rental Payments. Lessee will pay to Lessor a recoupable monthly minimum rental payment (the "Minimum Rental Payment") in the amount of \$166,666.67 commencing on the 25th day of the month immediately following the month during which this Lease was executed and delivered and continuing each month thereafter (it being acknowledged that the first Minimum Rental Payment shall be that amount equal to (x) \$166,666.67 times (y) a fraction the numerator of which is the number of days remaining in the month during which this Lease is executed and the denominator of which is 31) until the earlier to occur of (1) the twelve-year anniversary of the date hereof, (2) the date on which Lessee has paid to Lessor Production Royalty Payments (as defined in Section 3.2 hereof) or Contingent Advance Royalty Payments (as defined in Section 3.1(b) hereof) with respect to 80 million tons of Coal Reserves, or (3) the date on which the remaining Coal Reserves are insufficient to allow for recoupment of the Minimum Rental Payments and Contingent Advance Royalty Payments which have been paid but not recouped (the "Minimum Period"); *provided, however,* that in the event that the remaining Coal Reserves (whether or not mineable and/or merchantable) are in an amount insufficient to allow for recoupment of the full Minimum Rental Payment and Contingent Advance Royalty Payment, then the Minimum Rental Payment and Contingent Advance Royalty Payment for the applicable month shall be prorated in proportion to the ratio of tons of Coal Reserves remaining (whether or not mineable and/or merchantable) to the tons necessary for recoupment of the full Minimum Rental Payment and Contingent Advance Royalty Payment. All Minimum Rental Payments shall be paid on the 25th day of each calendar month during the Minimum Period and shall be recouped against Production Royalty Payments as set forth in Section 3.2. Subject to Section 3.2, Lessee's obligation to pay Minimum Rental Payments during the Minimum Period shall be absolute and shall not be subject to Force Majeure or any other contingency or event.

(b) Contingent Advance Royalty Payments. Subject to Section 3.3, in the event that Lessee mines and sells Out-of-Bounds Reserves during the term of this Lease, Lessee shall pay to Lessor a Contingent Advance Royalty. The Contingent Advance Royalty for a month is (i) the number of tons of coal that were produced from the Out-of-Bounds Reserves and that the Lessee sells in that month ("Out-of-Bounds Tons") multiplied by (ii) the Production Royalty Rate for that month (as defined below). All Contingent Advance Royalty Payments shall be paid on the 25th day of each calendar month on Out-of-Bounds Tons during the preceding calendar month and shall be recouped against Production Royalty Payments as set forth in Section 3.3.

(c) Defined Terms.

(1) As of the date of this Lease, the Cumulative Out-of-Bounds Tons Balance is zero. As of the end of each month thereafter, the Cumulative Out-of-Bounds Tons Balance is equal to the prior month Cumulative Out-of-Bounds Tons Balance increased by the Out-of-Bounds Tons for such month.

(2) Minimum Tons for any month shall be the Minimum Rental Payment for that month (i.e. $166,666.67) divided by the Production Royalty Rate for that month.

(3) Production Tons for any month shall be the number of tons of coal mined by Lessee from the Coal Reserves and sold by Lessee in that month, reduced where applicable in accordance with Sections 3.2 and 3.3 below.

Section 3.2 Production Royalty Payments. (a) Payment for Coal Mined. For all coal mined from the Coal Reserves by Lessee hereunder and sold by Lessee, Lessee shall pay to Lessor a royalty (a "Production Royalty Payment") in a fixed amount per ton of coal sold by Lessee, subject to Section 3.3 below, equal to the product of the Production Tons and Production Royalty Rate as follows:

Time Coal Sold	**Production Royalty Rate**
Commencement of Lease – December 31, 2003	$1.50
January 1, 2004 – December 31, 2004	$1.60
January 1, 2005 – December 31, 2005	$1.74
January 1, 2006 – December 31, 2006	$1.88
January 1, 2007 – December 31, 2007	$2.00
January 1, 2008 – December 31, 2008	$2.06
January 1, 2009 – December 31, 2009	$2.12
January 1, 2010 – December 31, 2010	$2.19
January 1, 2011 – December 31, 2011	$2.26

January 1, 2012 – December 31, 2012	$2.33
January 1, 2013 – December 31, 2013	$2.41
January 1, 2014 and thereafter	$2.48

In the event that the Production Tons in any month equal or exceed the Minimum Tons, no Minimum Rental Payment shall be due. In the event that the Production Tons in any month exceed the Minimum Tons and there exists a balance in the Cumulative Recoupable Tons (as defined below), the Production Tons for such month shall be reduced by all or a portion of the Cumulative Recoupable Tons. The resultant Production Tons for such month shall not be reduced to an amount less than the Minimum Tons for such month. The reduction shall be referred to as the "Reduction Amount." The "Cumulative Recoupable Tons" for any month shall be the aggregate total of the Recoupable Tons (as defined below) for all months preceding the current month less any Reduction Amount used to reduce the Production Tons for any months preceding the current month.

In the event that the Production Tons in any month are less than the Minimum Tons for such month, the Minimum Rental Payment shall be the excess of the Minimum Tons over the sum of the Production Tons and the Out-of-Bounds Tons for such month, multiplied by the Production Royalty Rate for that month. In the event that the sum of the Production Tons and the Out-of-Bounds Tons in any month is less than the Minimum Tons for such month, the excess of the Minimum Tons over the sum of the Production Tons and the Out-of-Bounds Tons for such month ("Recoupable Tons") shall be recoupable as provided above.

As of January 1 during each year of this Lease, the Cumulative Recoupable Tons Balance as of the end of the previous calendar year shall be adjusted by multiplying it by the quotient of the Production Royalty Rate for the previous calendar year divided by the Production Royalty Rate for the current calendar year.

Section 3.3 Recoupment. When the number of estimated recoverable tons contained in the Coal Reserves ("Remaining Tons") is equal to or less than the sum of the Cumulative Recoupable Tons Balance and the Cumulative Out-of-Bounds Tons Balance, the following provisions will apply in that month and in all months thereafter:

(a) No Contingent Advance Royalty Payments shall be due; and

(b) For purposes of calculating the Production Royalty Payment, the Production Tons for that month shall be reduced, but not to less than zero:

(1) first, by the Cumulative Recoupable Tons Balance, until it is reduced to zero, and

(2) thereafter, by the Cumulative Out-of-Bounds Tons Balance, until it is reduced to zero.

Section 3.4 Lessee to Keep Records. Lessee shall keep accurate records of truck scale weights and/or railroad car weights, whichever is or are applicable, which shall be taken as the basis for payment of Production Royalty Payments and Contingent Advance Royalty Payments. Lessee shall keep a true and correct record of all coal mined, removed and sold from the Coal Reserves and the Out-of-Bounds Reserves. Lessee shall keep a true and correct record of the produced but unsold inventory of coal mined from the Coal Reserves and the Out-of-Bounds Reserves at the end of each calendar year and shall deliver a copy of such record to Lessor by February 1st of each year during the term hereof. In addition, by February 1st of each year during the term hereof, Lessee shall provide Lessor with an estimate of the Remaining Tons at the end of each calendar year. In accordance with the provisions contained in Section 7.1, Lessee shall permit Lessor or its agents, at all reasonable times, to inspect the records, and perform other practical and reasonable investigations to check the accuracy of the weighing records of Lessee. Lessor, through its agents, may enter upon the Coal Reserves and the Out-of-Bounds Reserves at any time for the purpose of verifying the quantity of coal removed therefrom.

Section 3.5 Payment of Production Royalties and Contingent Advance Royalties. All Production Royalty Payments and Contingent Advance Royalty Payments shall be paid by Lessee to Lessor on or before the 25th day of each calendar month on all coal sold by Lessee from the Coal Reserves and the Out-of-Bounds Coal Reserves during the preceding calendar month (or any part thereof) during the term hereof. All Production Royalty Payments and Contingent Advance Royalty Payments shall be paid in immediately available funds by wire transfer to such account as Lessor may designate from time to time in writing. Any late payment of Production Royalty Payments or Contingent Advance Royalty Payments shall bear interest at the rate of 8% compounded annually. Contemporaneously with each payment of Production Royalty Payments and Contingent Advance Royalty Payments made hereunder, Lessee shall deliver to Lessor a statement from Lessee showing the following:

(a) the number of tons of coal sold from the Coal Reserves by Lessee during the preceding calendar month for which such Production Royalty Payment relates, and the computation of royalties payable on such coal so sold during such calendar month;

(b) the number of tons of coal sold from the Out-of-Bounds Reserves by Lessee during the preceding calendar month for which such Contingent Advance Royalty Payment relates, and the computation of royalties payable on such coal so sold during such calendar month;

(c) the Cumulative Recoupable Tons Balance at the end of the preceding calendar month; and

(d) the Cumulative Out-of-Bounds Tons Balance at the end of the preceding calendar month.

Section 3.6 Illustrative Chart. Attached as Exhibit C hereto is a chart prepared for the purpose of illustrating the provisions of this Article 3. The parties agree that in the event of a discrepancy between the provisions of Article 3 and Exhibit C, the provisions of Article 3 shall be controlling."

III. AMENDMENT OF ARTICLE 4

1. Section 4.1(a) of the Lease shall be deleted and replaced with the following:

"(a) Lessee shall fail to pay any Minimum Rental Payment, Production Royalty Payment or Contingent Advance Royalty Payment after the same is due hereunder and such failure shall continue for two business days after Lessor has given notice to Lessee; or"

2. Subparagraph (i) of Section 4.2(b) of the Lease shall be deleted and replaced with the following:

"(i) Mandatory Sale for Breach. Lessor shall first notify (the "Breach Sale Notice") Lessee in writing that Lessor desires to sell, assign and transfer the then-remaining Coal Reserves to Lessee on account of such event of default, which notice shall include the purchase price (the "Breach Sale Price") payable for such remaining Coal Reserves which shall be computed as follows: the Breach Sale Price shall be the amount equal to (x) (i) 80 million tons (less any tons of Coal Reserves attributable to State Leases which are not transferred to Lessor) minus (ii) that number of tons of coal reserves with respect to which (A) Lessor has received Production Royalty Payments, (B) Lessor has received Contingent Advance Royalty Payments and (C) Production Royalty Payments or Contingent Advance Royalty Payments are outstanding prior to the Date of Termination, multiplied by (y) the Production Royalty Rate in effect on the Date of Termination. The Breach Sale Price shall be payable by not later than three business days after the date of the Breach Sale (the "Due Date") and, upon receipt of the Breach Sale Price, Lessor shall convey to Lessee or one of its affiliates by special warranty deed all of its interest in the Fee Coal Reserves and by assignment all of its interest in the Leased Reserves, the 2002 Assignment and the other coal rights leased hereunder."

IV. AMENDMENT OF ARTICLE 5

Section 5.1 of the Lease shall be deleted and replaced with the following:

"Section 5.1 Indemnification of Lessor. Lessee does hereby indemnify and hold Lessor, its parent, subsidiaries and other affiliates and its and their respective officers, directors, partners, employees, agents, successors and assigns (collectively, the "Indemnitees") harmless of, from and against, any and all claims, damages, demands, expenses, fines and liabilities (of any character or nature whatsoever, regardless of by whom imposed), and losses of every conceivable kind, character and nature whatsoever (including, but not limited to, claims for losses or damages to any property or injury to or death of any person) asserted by or on behalf of any person or entity arising out of, resulting from or in any way connected with Lessee's presence on the real property in which the Coal Reserves or the Out-Of-Bounds Reserves are situated or mining of the coal from the Coal Reserves or the Out-of-Bounds Reserves. Lessee also covenants and agrees, at its expense, to pay, and to indemnify and save the Indemnitees harmless of, from and against, all costs, reasonable attorneys' fees and expenses incurred by any Indemnitee in connection with any claim for which any Indemnitee is indemnified hereunder. The indemnification obligations under this Article 5 shall survive the termination of this Lease."

V. AMENDMENT OF ARTICLE 7

Article 7 of the Lease shall be amended by adding thereto Section 7.3 which shall state the following:

"Section 7.3 Out-of-Bounds Reserves. In the event that Lessee is mining Out-of-Bounds Reserves, Lessor shall have the same right to inspection, and Lessee shall have the same duties to furnish mine plans, with respect to those Out-of-Bounds Reserves as are provided in Sections 7.1 and 7.2 hereof with respect to Coal Reserves."

VI. AMENDMENT OF EXHIBIT A

Exhibit A of the Lease shall be deleted and replaced with the document entitled "Exhibit A – First Amendment" attached hereto.

VII. AMENDMENT OF EXHIBIT B

Exhibit B of the Lease shall be deleted and replaced with the document entitled "Exhibit B – First Amendment" attached hereto.

VIII. MISCELLANEOUS

All other provisions of the Lease shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have caused this First Amendment to be executed by one of its duly authorized officers as of the date first above written.

FIELDCREST RESOURCES LLC

By: Penn Virginia Resource Partners, L.P., its sole member

By: /s/ KEITH D. HORTON
Name: Keith D. Horton
Title: President and COO

PEABODY NATURAL RESOURCES COMPANY,
By Gold Fields Mining Corporation, its General Partner

By: /s/ ROBERT L. REILLY
Name: Robert L. Reilly
Title: Vice President

THIRD AMENDMENT TO CREDIT AGREEMENT

This Third Amendment to Credit Agreement (the "Third Amendment") is dated as of October 31, 2003 and is made by and among **PENN VIRGINIA OPERATING CO., LLC**, a Delaware limited liability company (the "Borrower"), the **FINANCIAL INSTITUTIONS PARTY HERETO** (individually a "Lender" and collectively, the "Lenders") and **PNC BANK, NATIONAL ASSOCIATION**, as agent for the Lenders (the "Agent").

RECITALS:

WHEREAS, the Borrower, the Lenders and the Agent are parties to that certain Credit Agreement, dated as of October 30, 2001, as amended or modified by that certain Letter Amendment to the Credit Agreement dated October 23, 2002 and that certain Letter Amendment to the Credit Agreement dated March 7, 2003 (as further amended or modified by that certain Letter Agreement dated November 1, 2002 and that certain Letter Agreement dated December 18, 2002) (as amended, the "Credit Agreement") (unless otherwise defined herein, capitalized terms used herein shall have the meanings given to them in the Credit Agreement);

WHEREAS, the parties hereto desire to further amend the Credit Agreement as hereinafter provided.

NOW, THEREFORE, in consideration of the foregoing and intending to be legally bound, and incorporating the above-defined terms herein, the parties hereto agree as follows:

1. Table of Exhibits. The following schedule is hereby added in its proper alpha-numerical order to the Table of Exhibits to the Credit Agreement: Schedule 1 - Commitment Schedule.

2. Definitions. Section 1.1 of the Credit Agreement shall be amended as follows:

(a) Additional Definitions. In addition to the capitalized terms defined in the recitals to this Third Amendment (which are incorporated into the Credit Agreement by reference), the following new definitions are hereby added alphabetically to Section 1.1 of the Credit Agreement:

> "Affiliate as to any Person shall mean any other Person (i) that directly or indirectly controls, is controlled by, or is under common control with such Person, (ii) that beneficially owns or holds 10% or more of any class of the voting or other equity interests of such Person, or (iii) 10% or more of any class of voting interests or other equity interests of which is beneficially owned or held, directly or indirectly, by such Person. Control, as used in this definition, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ownership of voting securities, by contract or otherwise,

including the power to elect a majority of the directors or trustees of a corporation or trust, as the case may be."

"Anti-Terrorism Laws shall mean any Governmental Rules relating to terrorism or money laundering, including Executive Order No. 13224, the USA Patriot Act, the Governmental Rules comprising or implementing the Bank Secrecy Act, and the Governmental Rules administered by the United States Treasury Department's Office of Foreign Asset Control (as any of the foregoing Governmental Rules may from time to time be amended, renewed, extended, or replaced)."

"Blocked Person shall have the meaning assigned to such term in Subsection 3.28b."

"Debt Incurrence Test" shall mean the ratio described in Section 10.1(iii)(i) of the March 2003 Note Purchase Agreement.

"Effective Time shall mean October 31, 2003.

"Executive Order No. 13224 shall mean the Executive Order No. 13224 on Terrorist Financing, effective September 24, 2001, as the same has been, or shall hereafter be, renewed, extended, amended or replaced."

"Federal Funds Open Rate for any day shall mean the rate per annum determined by the Agent in accordance with its usual procedures (which determination shall be conclusive absent manifest error) to be the "open rate" for federal funds transactions as of the opening of business for federal funds transactions among members of the Federal Reserve System arranged by federal funds brokers on such day, as quoted by Garvin Guybutler, any successor entity thereto, or any other broker selected by the Agent, as set forth on the applicable Telerate display page; provided, however, that if such day is not a Business Day, the Federal Funds Open Rate for such day shall be the "open rate" on the immediately preceding Business Day, or if no such rate shall be quoted by a federal funds broker at such time, such other rate as determined by the Agent in accordance with its usual procedures."

"Leverage Ratio shall mean the ratio of the Parent's Consolidated Total Indebtedness as at the end of each Fiscal Quarter to the Parent's Consolidated EBITDA for the four most recently completed Fiscal Quarters treated as a single accounting period."

"Second Note Purchase Agreement means, individually and collectively, one or more Note Purchase Agreements pursuant to which Borrower will issue up to an aggregate of $30,000,000 of notes subsequent to the Effective Time, provided, however, (i) that such notes shall be unsecured and issued on terms and conditions no more restrictive to the Borrower than the terms and conditions set forth in each existing

March 2003 Note Purchase Agreement (as amended) or this Agreement, (ii) that the Debt Incurrence Test and the comparable test of the Second Note Purchase Agreement shall be at least 3.0 to 1.0, and (iii) that all documentation, terms, conditions, representations and warranties, conditions precedent, amortization schedule, and covenants (both affirmative and negative), in connection with the Second Note Purchase Agreement shall be satisfactory to the Agent in its sole discretion."

"USA Patriot Act shall mean the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Public Law 107-56, as the same has been, or shall hereafter be, renewed, extended, amended or replaced."

(b) The following terms (and associated definitions) in Section 1.1 of the Credit Agreement are hereby amended and restated in their entirety as follows:

"Base Rate means, for any day, the higher of (i) the sum of (A) the Federal Funds Open Rate for such day plus (B) fifty (50) basis points (.50%) per annum and (ii) the Prime Rate, as of such day."

"Euro-Rate means, with respect to portions of the Loan to which the Euro-Rate Option applies for any Interest Period, the interest rate per annum determined by the Agent by dividing (the resulting quotient rounded upwards, if necessary to the nearest 1/100th of 1% per annum) (i) the rate of interest determined by the Agent in accordance with its usual procedures (which determination shall be conclusive, absent manifest error) to be the average of the London interbank offered rates for U.S. Dollars quoted by the British Bankers' Association as set forth on Moneyline Telerate (or appropriate successor or, if the British Bankers' Association or its successor ceases to provide such quotes, a comparable replacement determined by the Agent) display page 3750 (or such other display page on the Moneyline Telerate service as may replace display page 3750), two (2) Business Days prior to the first day of such Interest Period for an amount comparable to such Loan and having a Borrowing Date and a maturity comparable to such Interest Period by (ii) a number equal to 1.00 minus the Euro-Rate Reserve Percentage. The Euro-Rate may also be expressed by the following formula:

$$\text{Euro-Rate} = \frac{\text{Average of London interbank offered rates as shown on Moneyline Telerate Service display page 3750}}{1.00 - \text{Euro-Rate Reserve Percentage}}$$

The Euro-Rate shall be adjusted with respect to any Loan to which the Euro-Rate Option applies that is outstanding on the effective date of any change in the Euro-Rate Reserve Percentage as of such effective date. The Agent shall give prompt notice to the Borrower of the Euro-Rate as determined or adjusted in accordance herewith, which determination shall be conclusive absent manifest error."

"Revolving Credit Commitment" means, as to each Lender, the obligation of such Lender to make Revolving Credit Loans available to the Borrower pursuant to Section 2.1A in an aggregate principal amount not to exceed the amount captioned "Revolving Credit Commitment" set forth on Schedule 1 and thereafter on the most recent Schedule 1 of any relevant Assignment and Assumption Agreement (as the same may be reduced or increased at any time or from time to time pursuant to Section 2.10) and, as to all Lenders, the obligation of the Lenders to make Revolving Credit Loans available to the Borrower in an aggregate amount equal to the Revolving Credit Commitments of all of the Lenders."

"Termination Date" means October 30, 2006."

(c) The defined term "Note Purchase Agreement" in Section 1.1 of the Credit Agreement is hereby replaced throughout the Credit Agreement with the following new defined term "March 2003 Note Purchase Agreement." Such new term "March 2003 Note Purchase Agreement" is hereby added in its proper alphabetical order to Section 1.1 of the Credit Agreement as follows:

"March 2003 Note Purchase Agreement" means, individually and collectively, one or more Note Purchase Agreements pursuant to which Borrower will issue up to an aggregate of $90,000,000 of Senior Notes on or before April 30, 2003, in substantial conformity with the terms of the Indicative Term Sheet prepared by Lehman Brothers and delivered to the Agent and the Lenders and attached as "Exhibit A" to that certain letter amendment to this Agreement, dated as of March 7, 2003, and incorporated herein by this reference or otherwise in acceptable form to the Required Lenders."

3. General Revolving Loans; Distribution Loans. Subsection 2.1Aa of the Credit Agreement is hereby amended and restated as follows:

"2.1Aa General Revolving Loans, Distribution Loans. Subject to the terms and conditions hereof and relying upon the representations and warranties herein set forth, each Lender severally agrees to make Revolving Credit Loans to the Borrower at any time and from time to time on or after the date hereof to, but not including, the Termination Date, provided that the aggregate principal amount of each Lender's Revolving Credit Loans outstanding hereunder to the Borrower shall not exceed at any one time an amount equal to such Lender's Revolving Credit Commitment Percentage of the aggregate Revolving Credit Commitments minus such Lender's Ratable Share of the Letters of Credit Outstanding. Within such limits of time and amount and subject to the other provisions of this Agreement, the Borrower may borrow, repay and reborrow pursuant to this Subsection 2.1Aa. The aggregate amount of the Revolving Credit Commitments at the Effective Time is $100,000,000. General Revolving Loans shall be available to the Borrower solely for the purposes set forth in Section 4.1(i). Revolving Credit Loans in an amount not to exceed $5,000,000 in the aggregate at any one time outstanding shall be available for the purposes set forth in Section 4.1(ii) (each such Loan, a "Distribution Loan"), subject to the requirements of Section 4.12 hereof."

4. Anti-Terrorism Laws - Representations and Warranties. The following new Section shall be inserted into the Credit Agreement immediately following Section 3.27:

"3.28 Anti-Terrorism Laws.

3.28a General.

None of the Loan Parties nor or any Affiliate of any Loan Party, is in violation of any Anti-Terrorism Law or engages in or conspires to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in any Anti-Terrorism Law.

3.28b Executive Order No. 13224.

None of the Loan Parties, nor or any Affiliate of any Loan Party, or, (to the knowledge of any Loan Party or any Affiliate thereof) their respective agents acting or benefiting in any capacity in connection with the Loans, Letters of Credit or other transactions hereunder, is any of the following (each a "Blocked Person"):

(i) a Person that is listed in the annex to, or is otherwise subject to the provisions of, the Executive Order No. 13224;

(ii) a Person owned or controlled by, or acting for or on behalf of, any Person that is listed in the annex to, or is otherwise subject to the provisions of, the Executive Order No. 13224;

(iii) a Person or entity with which any Lender is prohibited from dealing or otherwise engaging in any transaction by any Anti-Terrorism Law;

(iv) a Person or entity that commits, threatens or conspires to commit or supports "terrorism" as defined in the Executive Order No. 13224;

(v) a Person or entity that is named as a "specially designated national" on the most current list published by the United States Treasury Department Office of Foreign Asset Control at its official website or any replacement website or other replacement official publication of such list, or

(vi) a person or entity who is affiliated or associated with a person or entity listed above.

No Loan Party or to the knowledge of any Loan Party, any of its agents acting in any capacity in connection with the Loans, Letters of Credit or other transactions hereunder (i) conducts any business or engages in making or receiving any contribution of funds, goods or services to or for the benefit of any Blocked Person, or (ii) deals in, or otherwise engages in any transaction relating to, any property or interests in property blocked pursuant to the Executive Order No. 13224."

5. Anti-Terrorism Laws - Affirmative Covenants. The following new Section shall be inserted into the Credit Agreement immediately following Section 4.13:

> "4.14 Anti-Terrorism Laws. The Loan Parties and their respective Affiliates and agents shall not (i) conduct any business or engage in any transaction or dealing with any Blocked Person, including the making or receiving any contribution of funds, goods or services to or for the benefit of any Blocked Person, (ii) deal in, or otherwise engage in any transaction relating to, any property or interests in property blocked pursuant to the Executive Order No. 13224; or (iii) engage in or conspire to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in the Executive Order No. 13224, the USA Patriot Act or any other Anti-Terrorism Law. The Borrower shall deliver to Lenders any certification or other evidence requested from time to time by any Lender in its sole discretion, confirming Borrower's compliance with this Section 4.14."

6. Tax Shelter Regulations. The following new Section shall be inserted into the Credit Agreement immediately following Section 4.14:

> "4.15 Tax Shelter Regulations.
>
> None of the Loan Parties intends to treat the Loans and/or Letters of Credit and related transactions as being a "reportable transaction" (within the meaning of Treasury Regulation Section 1.6011-4). In the event any of the Loan Parties determines to take any action inconsistent with such intention, the Borrower will promptly (1) notify the Agent thereof, and (2) deliver to the Agent a duly completed copy of IRS Form 8886 or any successor form. If the Borrower so notifies the Agent, the Borrower acknowledges that one or more of the Lenders may treat its Loans and/or Letters of Credit as part of a transaction that is subject to Treasury Regulation Section 301.6112-1, and such Lender or Lenders, as applicable, will maintain the lists and other records required by such Treasury Regulation."

7. Tax Shelter Provisions. The following new Section shall be inserted into the Credit Agreement immediately following Section 4.15:

> "4.16 Tax Shelter Provisions.
>
> Promptly after any of the Loan Parties determines that it intends to treat any of the Loans, Letters of Credit or related transactions as being a "reportable transaction" as provided in Section 4.15
>
> (1) a written notice of such intention to the Agent; and
>
> (2) a duly completed copy of IRS Form 8886 or any successor form."

8. Indebtedness. Paragraph (vi) of Section 5.5 is hereby amended and restated as follows:

> "(vi) (a) Indebtedness of the Borrower (1) under each March 2003 Note Purchase Agreement, and (2) under each Second Note Purchase Agreement (not to exceed $30,000,000 in the aggregate), and (b) Indebtedness of the Parent and its Subsidiaries under guarantees relating to each March 2003 Note Purchase Agreement and each Second Note Purchase Agreement; and"

9. Negative Pledges. Section 5.12 of the Credit Agreement is hereby amended and restated as follows:

> "5.12 Negative Pledges. The Borrower shall not directly or indirectly enter into or assume, or permit any Subsidiary to enter into or assume, any agreement (other than this Agreement and the other Loan Documents), or any provision of any certificate of incorporation, by-laws, partnership agreement, operating agreement or other organizational formation or governing document prohibiting the creation or assumption of any lien or Encumbrance upon any of the Borrower's or it Subsidiaries' properties, whether now owned or hereafter created or acquired, or otherwise prohibiting or restricting any transaction contemplated hereby; provided that the foregoing shall not apply to (i) restrictions and conditions imposed by any Governmental Rule or by any Loan Document, (ii) restrictions or conditions imposed by any agreement relating to secured Indebtedness or other obligations permitted by this Agreement but only to the extent such restriction or condition is limited to the specific assets subject to a Permitted Encumbrance, (iii) customary provisions in leases or other agreements restricting the assignment thereof, (iv) any restriction imposed by the March 2003 Note Purchase Agreement, or (v) any restriction imposed by the Second Note Purchase Agreement."

10. Changes to March 2003 Note Purchase Agreement and Second Note Purchase Agreement; Limitations on Prepayments. The following new Section shall be inserted into the Credit Agreement immediately following Section 5.14:

> "5.15 Changes to March 2003 Note Purchase Agreement and Second Note Purchase Agreement; Limitations on Prepayments. The Borrower and each of the Loan Parties shall not, and shall not permit any of its Subsidiaries to, amend, modify, supplement or restate any March 2003 Note Purchase Agreement or any Second Note Purchase Agreement without providing at least fifteen (15) calendar days' prior written notice to the Agent and, in the event such change could be adverse to the Lenders, as reasonably determined by the Agent in its sole discretion, without obtaining the prior written consent of the Required Lenders. The Borrower and each of the Loan Parties shall not, and shall not permit any of its Subsidiaries to, make any optional payments, prepayments, purchases, repurchases, redemptions, retirements or defeasements under or in respect of the notes issued pursuant to the March 2003 Note Purchase Agreement

or the notes issued pursuant to the Second Note Purchase Agreement, without obtaining the prior written consent of the Lenders."

11. No Reliance on Agent's Customer Identification Program. The following new Section shall be inserted into the Credit Agreement immediately following Section 8.16

"8.17 No Reliance on Agent's Customer Identification Program. Each Lender acknowledges and agrees that neither such Lender, nor any of its Affiliates, participants or assignees, may rely on the Agent to carry out such Lender's, Affiliate's, participant's or assignee's customer identification program, or other obligations required or imposed under or pursuant to the USA Patriot Act or the regulations thereunder, including the regulations contained in 31 CFR 103.121 (as hereafter amended or replaced, the "CIP Regulations"), or any other Anti-Terrorism Law, including any programs involving any of the following items relating to or in connection with any of the Loan Parties, their Affiliates or their agents, the Loan Documents or the transactions hereunder or contemplated hereby: (1) any identity verification procedures, (2) any recordkeeping, (3) comparisons with government lists, (4) customer notices or (5) other procedures required under the CIP Regulations or such other Governmental Regulations."

12. Certifications From Lenders and Participants. Subsection 9.4 of the Credit Agreement is hereby amended and restated and is re-titled as follows:.

"9.4 Certifications From Lenders and Participants.

9.4a Tax Withholding.

Each Lender or assignee or Participant of a Lender that is not incorporated under the laws of the United States of America or a state thereof (and, upon the written request of the Agent, each other Lender or assignee or Participant or a Lender) agrees that it will deliver to each of the Borrower and the Agent two (2) duly completed appropriate valid Withholding Certificates (as defined under Section 1.1441-1(c)(16) of the Income Tax Regulations (the "Regulations")) certifying its status (*i.e.,* United States or foreign person) and, if appropriate, making a claim of reduced, or exemption from, United States withholding tax on the basis of an income tax treaty or an exemption provided by the Internal Revenue Code (the "Code"). Such delivery may be made by electronic transmission as described in Section 1.1441-1(e)(4)(iv) of the Regulations if the Agent establishes an electronic delivery system. The term "Withholding Certificate" means a Form W-9; a Form W-8BEN; a Form W-8ECI; a Form W-81MY and the related statements and certifications as required under Section 1.1441-1(e)(3) of the Regulations; a statement described in Section 1.871-14(c)(2)(v) of the Regulations; or any other certificates under the Code or Regulations that certify or establish the status of a payee or beneficial owner as a United States or foreign person. Each Lender, assignee or Participant required to deliver to the Borrower and the Agent a valid Withholding Certificate pursuant to the preceding sentence shall deliver such valid Withholding Certificate as follows: (A) each Lender which is a party hereto on the Closing Date shall deliver such valid Withholding Certificate at least five (5) Business Days prior to the first date on which any interest or Fees are payable by the Borrower hereunder for the account of such Lender; (B) each assignee or Participant shall deliver such valid Withholding Certificate at least five (5) Business Days before the effective date of such assignment or Participation (unless the Agent in its sole discretion shall permit such assignee or Participant to deliver such Withholding Certificate less than five (5) Business Days before such date in which case it shall be due on the date specified by the Agent). Each Lender, assignee or Participant which so delivers a valid Withholding Certificate further undertakes to deliver to each of the Borrower and the Agent two (2) additional copies of such Withholding Certificate (or a successor form) on or before the date that such Withholding Certificate expires or becomes obsolete or after the occurrence of any event requiring a change in the most recent Withholding Certificate so delivered by it, and such amendments thereto or tensions or renewals thereof as may be reasonably requested by the Borrower or the Agent. Notwithstanding the submission of a Withholding Certificate claiming a reduced rate of, or exemption from, United States withholding taxes, the Agent shall be entitled to withhold United States federal income taxes at the full 30% withholding rate if in its reasonable judgment it is required to do so under the due diligence requirements imposed upon a withholding agent under Section 1.1441-7(b) of the Regulations. Further, the Agent is indemnified under Section 1.1461-1(e) of the Regulations against any claims and demands of any Lender or assignee or Participant of a Lender for the amount of any tax it deducts and withholds in accordance with regulations under Section 1441 of the Internal Revenue Code.

9.4b <u>USA Patriot Act</u>.

Each Lender or assignee or participant of a Lender that is not incorporated under the laws of the United States of America or a state thereof (and is not excepted from the certification requirement contained in Section 313 of the USA Patriot Act and the applicable regulations because it is both (i) an affiliate of a depository institution or foreign bank that maintains a physical presence in the United states or foreign county, and (ii) subject to supervision by a banking authority regulating such affiliated depository institution or foreign bank) shall deliver to the Agent the certification, or, if applicable, recertification, certifying that such Lender is not a "shell" and certifying to other matters as required by Section 313 of the USA Patriot Act and the applicable regulations: (1) within 10 days after the Effective Time, and (2) as such other times as are required under the USA Patriot Act."

13. <u>Confidentiality</u>. Section 9.19 is hereby amended by inserting the following text at the end of the existing paragraph:

"Notwithstanding anything herein to the contrary, the information subject to this Section 9.19 shall not include, and the Agent and each Lender may disclose without limitation of any kind, any information with respect to the "tax treatment" and "tax structure" (in each case, within the meaning of Treasury Regulation Section 1.6011-4) of the transactions contemplated hereby and all materials of any kind (including opinions or other tax analyses) that are provided to the Agent or such Lender relating to such tax treatment and tax structure; provided that with respect to any document or similar item that in either case contains information concerning the tax treatment or tax structure of the transaction as well as other information, this sentence shall only apply to such portions of the document or similar items that relate to the tax treatment or tax structure of the Loans, Letters of Credit and transactions contemplated hereby."

14. Revolving Credit Commitments; Schedule 1. The "Revolving Credit Commitment" levels and the "Revolving Credit Commitment Percentage" levels for each Lender, set forth on the signature pages to the Credit Agreement, shall be amended and restated and hereinafter are replaced by the "Revolving Credit Commitment" levels and the "Revolving Credit Commitment Percentage" levels for each Lender set forth on Schedule 1 to this Third Amendment.

15. Conditions to Effectiveness. This Third Amendment shall become effective upon satisfaction of each of the following conditions being satisfied to the satisfaction of the Agent and the Lenders (the "Effective Time", it being agreed that the Effective Time shall occur no later than October 31, 2003 or such later date agreed to in writing by the Agent):

(a) Execution and Delivery of Third Amendment. The Borrower, the Guarantors, all Lenders, and the Agent shall have executed those Loan Documents to which it is a party, and all other documentation necessary for effectiveness of this Amendment shall have been executed and delivered all to the satisfaction of the Borrower, the Lenders, and the Agent.

(b) New Lender Joinder. BNP Paribas, Fleet National Bank and The Huntington National Bank (the "New Lenders") shall have executed and delivered the New Lender Joinder and Assumption Agreement attached as Exhibit A hereto and this Third Amendment.

(c) Notes. The Borrower shall have executed and delivered to each of the Lenders (including the New Lenders) a Revolving Credit Note, substantially in the form of Exhibit B to this Third Amendment, reflecting the amount of each Lenders' (including the New Lenders') Revolving Credit Commitments.

(d) Confirmation Agreement. The Borrower shall cause to be delivered to the Agent a Confirmation Agreement, attached as Exhibit C hereto, executed by each Guarantor.

(e) Opinion of Counsel. The Borrower shall cause to be delivered to the Agent an opinion of the general counsel of the Borrower with respect to this Third Amendment and the Revolving Credit Notes being issued in connection herewith, in such form as shall be acceptable to the Agent.

(f) Leases; Material Contracts.

(i) Title files, record searches and liens affecting Material Contracts entered into subsequent to the Closing Date of the Credit Agreement shall have been reviewed to the satisfaction of the Agent; and

(ii) All Material Contracts entered into subsequent to the Closing Date of the Credit Agreement shall have been reviewed to the satisfaction of the Agent.

(g) Material Adverse Change. Each of the Loan Parties represents and warrants to the Agent and the Lenders that, by its execution and delivery hereof to the Agent, after giving effect to this Third Amendment, no Material Adverse Change shall have occurred with respect to the Borrower or any of the Loan Parties since the Closing Date of the Credit Agreement.

(h) Litigation. Each of the Loan Parties represents and warrants to the Agent and the Lenders that, by its execution and delivery hereof to the Agent, after giving effect to this Third Amendment, there are no actions, suits, investigations, litigation or governmental proceedings pending or, to the Loans Parties' knowledge, threatened against any of the Loan Parties or any of their respective properties that could reasonably be expected to result in a Material Adverse Change, or that purport to affect the legality, validity, or enforceability of the Credit Agreement, the Notes or any other Loan Document.

(i) Due Diligence. The Agent shall have completed, to its satisfaction, review of each of the following items entered into subsequent to the Closing Date of the Credit Agreement:

(i) all acquisition or purchase agreements;

(ii) an analysis of environmental liabilities with respect to properties owned or to be acquired subsequent to the Effective Time;

(iii) pro forma historical financials for the Borrower; and

(iv) pro forma projections for at least that period of time from the Effective Time to the Termination Date.

(j) Representations and Warranties; No Event of Default. The representations and warranties set forth in the Credit Agreement and this Third Amendment shall be true and correct on and as of the Effective Time with the same effect as though such representations and warranties had been made on and as of such date (except representations and warranties which relate solely to an earlier date or time, which representations and warranties shall be true and correct on and as of the specific dates or times referred to therein), and no Potential Default or Event of Default shall exist and be continuing under the Credit Agreement or under any other Material Contract, as of the Effective Time.

(k) Authorizing Resolutions. The Borrower shall have delivered to the Agent true, correct and complete copies of the resolutions of the Loan Parties authorizing each of the Loan Parties to execute and deliver this Third Amendment.

16. Amendments Effective Upon the Amendment of the March 2003 Note Purchase Agreement. The following provisions shall become effective at such time that the Debt Incurrence Test has been amended (until such time, the Leverage Ratio shall remain unchanged at its current level of 2.50 to 1.0 and the associated pricing levels shall also remain unchanged):

(a) Definitions.

(i) Additional Definitions. Section 1.1 of the Credit Agreement shall be amended by inserting the following new definitions alphabetically to Section 1.1 of the Credit Agreement:

"Adjusted Base Rate has the meaning set forth in item (i) of Subsection 2.2b."

"Base Rate Margin" means, the percentage expressed in basis points per annum determined from time to time based upon the Leverage Ratio set forth under the relevant column heading below:

	Level I	**Level II**	**Level III**	**Level IV**	**Level V**
	If the Leverage Ratio is less than or equal to 1.25 to 1.0	If the Leverage Ratio is greater than 1.25 to 1.0 but less than or equal to 1.75 to 1.0	If the Leverage Ratio is greater than 1.75 to 1.0 but less than or equal to 2.25 to 1.0	If the Leverage Ratio is greater than 2.25 to 1.0 but less than or equal to 2.75 to 1.0	If the Leverage Ratio is greater than 2.75 to 1.0
Base Rate Margin	0 Basis Points	0 Basis Points	0 Basis Points	25 Basis Points	50 Basis Points
Nothing contained in this chart shall be viewed as altering the Borrower's obligation to comply with the Leverage Ratio set forth in Section 5.3a herein. Accordingly, in the event that the Borrower's Leverage Ratio exceeds the limits set forth in Section 5.3a, then an Event of Default shall exist and the rate of interest shall be determined by reference to Section 2.2f.					

Adjustments to the Base Rate Margin resulting from changes in the Leverage Ratio shall be made without notice to the Borrower. Such adjustments will be effective on the date on which the Parent's financial statements and Compliance Certificate are due to be delivered to the Lenders pursuant to Section 4.2; provided, however, that if the

Borrower has failed to deliver, or caused to be delivered, such financial statements and Compliance Certificate on or before the date such delivery is due, then the Leverage Ratio shall be deemed, solely for the purposes of this definition, to be greater than 2.75 to 1.0 until such time as they are actually delivered."

(ii) The chart found within the definition of the term "Applicable Euro-Rate Margin" found in Section 1.1 of the Credit Agreement, shall hereby be amended by inserting the following chart in its place as follows:

	Level I	**Level II**	**Level III**	**Level IV**	**Level V**
	If the Leverage Ratio is less than or equal to 1.25 to 1.0	If the Leverage Ratio is greater than 1.25 to 1.0 but less than or equal to 1.75 to 1.0	If the Leverage Ratio is greater than 1.75 to 1.0 but less than or equal to 2.25 to 1.0	If the Leverage Ratio is greater than 2.25 to 1.0 but less than or equal to 2.75 to 1.0	If the Leverage Ratio is greater than 2.75 to 1.0
Applicable Euro-Rate Margin	125 Basis Points	150 Basis Points	175 Basis Points	200 Basis Points	225 Basis Points
Nothing contained in this chart shall be viewed as altering the Borrower's obligation to comply with the Leverage Ratio set forth in Section 5.3a herein. Accordingly, in the event that the Borrower's Leverage Ratio exceeds the limits set forth in Section 5.3a, then an Event of Default shall exist and the rate of interest shall be determined by reference to Section 2.2f.					

(iii) The chart found within the definition of the term "Commitment Fee Rate" found in Section 1.1 of the Credit Agreement, shall hereby be amended by inserting the following chart in its place as follows:

	Level I	**Level II**	**Level III**	**Level IV**	**Level V**
	If the Leverage Ratio is less than or equal to 1.25 to 1.0	If the Leverage Ratio is greater than 1.25 to 1.0 but less than or equal to 1.75 to 1.0	If the Leverage Ratio is greater than 1.75 to 1.0 but less than or equal to 2.25 to 1.0	If the Leverage Ratio is greater than 2.25 to 1.0 but less than or equal to 2.75 to 1.0	If the Leverage Ratio is greater than 2.75 to 1.0
Commitment Fee Rate	40 Basis Points	45 Basis Points	50 Basis Points	50 Basis Points	50 Basis Points
Nothing contained in this chart shall be viewed as altering the Borrower's obligation to comply with the Leverage Ratio set forth in Section 5.3a herein.					

(b) Base Rate Option. Paragraph (i) of Subsection 2.2b of the Credit Agreement shall be amended and restated as follows:

"(i) Base Rate Option: A rate of interest per annum (computed on the basis of a year of 365 or 366 days, as the case may be, and the actual number of days elapsed) equal to the sum of (A) the Base Rate plus (B) the Base Rate Margin from time to time in effect ("the Adjusted Base Rate"). The Adjusted Base Rate for each Base Rate Portion then outstanding shall be adjusted automatically, from time to time, effective upon each change in the Base Rate Margin resulting from any increase or decrease in the Leverage Ratio."

(c) Leverage Ratio. Subsection 5.3a of the Credit Agreement shall be amended and restated as follows:

"5.3a Maximum Leverage Ratio. As of the end of each Fiscal Quarter, the Leverage Ratio shall not exceed the lesser of (i) 3.50 to 1.0; or (ii) 0.50 less than the then effective Debt Incurrence Test or comparable test of the Second Note Purchase Agreement, whichever is more restrictive."

17. Representations and Warranties. Each of the Loan Parties represents and warrants to the Agent and the Lenders that, by its execution and delivery hereof to the Agent, after giving effect to this Third Amendment, no Potential Default or Event of Default has occurred and is continuing, and the representations and warranties made by the Borrower and the other Loan Parties in or pursuant to the Credit Agreement or any of the Loan Documents, are true and correct in all material respects on and as of the date hereof as if made on such date (except to the extent that any such representations and warranties expressly relate to an earlier date, in which case such representations and warranties were true and correct in all material respects on and as of such earlier date).

18. Re-allocation. From and after the Effective Time, all outstanding Revolving Credit Loans and Letters of Credit, and all payments related thereto, will be shared ratably among the Lenders

(including the New Lenders) according to their Revolving Credit Commitments as modified by this Third Amendment.

19. Full Force and Effect. All provisions of the Credit Agreement remain in full force and effect on and after the Effective Time and the date hereof except as expressly amended hereby. The parties do not amend any provisions of the Credit Agreement except as expressly amended hereby.

20. Counterparts. This Third Amendment may be signed in counterparts.

21. Payment of Fees and Expenses. The Borrower shall have paid or caused to be paid all fees and expenses required to be paid, on or before the Effective Time, by the Borrower pursuant to the Fee Letter between the Borrower and the Agent, dated September 17, 2003.

22. Incorporation into Credit Agreement. This Third Amendment and Schedule 1 hereto shall be incorporated into the Credit Agreement by this reference.

23. Governing Law. This Third Amendment and the rights and obligations of the parties hereunder shall be governed by, and construed in accordance with, the laws of the Commonwealth of Pennsylvania.

[SIGNATURE PAGES FOLLOW]

[SIGNATURE PAGE TO PENN VIRGINIA OPERATING CO., LLC THIRD AMENDMENT TO CREDIT AGREEMENT]

IN WITNESS WHEREOF, the parties hereto, by their officers thereunto duly authorized, have executed this Agreement as of the day and year first above written.

PENN VIRGINIA OPERATING CO., LLC,
a Delaware limited liability company

By: /s/ A. JAMES DEARLOVE
Name: A. James Dearlove
Title: Chief Executive Officer

[SIGNATURE PAGE TO PENN VIRGINIA OPERATING CO., LLC THIRD AMENDMENT TO CREDIT AGREEMENT]

BNP PARIBAS

By:/s/ EVANS SWANN
Name: Evans Swann
Title: Director

By:/s/ GREG SMOTHERS
Name: Greg Smothers
Title: Vice President

Address for notice purposes:

BNP Paribas
1200 Smith Street - Suite 3100
Houston, Texas 77002
Attention: Evans Swann
Telephone:(713) 982-1100
Telecopier: (713) 659-6915

With a copy to:

BNP Paribas
919 Third Avenue
New York, NY 10022
Attention: Cory Lantin
Telephone:(212) 471-6631
Telecopier: (212) 841-2683

[SIGNATURE PAGE TO PENN VIRGINIA OPERATING CO., LLC THIRD AMENDMENT TO CREDIT AGREEMENT]

BRANCH BANKING AND TRUST COMPANY

By: /s/ STEPHEN J. WOOD
Name: Stephen J. Wood
Title: Vice President

Address for notice purposes:

200 West Second Street
Winston Salem, North Carolina 27101
Attention: Steve Wood
Telephone: (336) 733-2735
Telecopier: (336) 733-2740

With a copy to:

Brenda Kirby
200 West Second Street
Winston-Salem, North Carolina 27101
Telephone: (336) 733-2726
Telecopier: (336) 733-2740

[SIGNATURE PAGE TO PENN VIRGINIA OPERATING CO., LLC THIRD AMENDMENT TO CREDIT AGREEMENT]

FLEET NATIONAL BANK

By: /s/ MARK M. GREEN
Name: Mark M. Green
Title: Managing Director

Address for notice purposes:

Fleet National Bank
Maria Dechellis
100 Federal Street
Boston, MA 02110
Telephone: (617) 434-7198
Telecopier: (617) 434-0201

With a copy to: N/A

[SIGNATURE PAGE TO PENN VIRGINIA OPERATING CO., LLC THIRD AMENDMENT TO CREDIT AGREEMENT]

PNC BANK, NATIONAL ASSOCIATION

By: /s/ CHRISTOPHE N. MORAVEC
Name: Christopher N. Moravec
Title: Senior Vice President

Addresses for notice purposes:

PNC Bank, National Association
Agency Services
PNC Firstside Center
500 First Avenue, 4th Floor
Pittsburgh, PA 15219
Attention: Lisa Pierce
Telephone: (412) 762-6442
Telecopier: (412) 762-8672

With a copy to:

PNC Bank, National Association
Energy Metals and Mining Group
One PNC Plaza - 2nd Floor
249 Fifth Avenue
Pittsburgh, Pennsylvania 15222-2707
Attention: Christopher N. Moravec
Telephone: (412) 762-2540
Telecopier: (412) 705-3232

[SIGNATURE PAGE TO PENN VIRGINIA OPERATING CO., LLC THIRD AMENDMENT TO CREDIT AGREEMENT]

SUNTRUST BANK

By: /s/ SCOTT C. FOLSOM
Name: Scott C. Folsom
Title: Senior Vice President

Address for notice purposes:

SunTrust Bank, East Tennessee
207 Mockingbird Lane
Johnson City, Tennessee 37604
Attention: Scott C. Folsom
Telephone: (423) 461-1076
Telecopier: (423) 434-0338

With a copy to: N/A

[SIGNATURE PAGE TO PENN VIRGINIA OPERATING CO., LLC THIRD AMENDMENT TO CREDIT AGREEMENT]

THE HUNTINGTON NATIONAL BANK

By: /s/ MARK E. HARRIS
Name: Mark E. Harris
Title: Vice President

Address for notice purposes:

The Huntington National Bank
P.O. Box 633
Charleston, WV 25302
Attention: Blair DeVan
Telephone: (304) 348-7138
Telecopier: (304) 348-5055

With a copy to: N/A

[SIGNATURE PAGE TO PENN VIRGINIA OPERATING CO., LLC THIRD AMENDMENT TO CREDIT AGREEMENT]

WACHOVIA BANK, NATIONAL ASSOCIATION

By: /s/ LAURENCE M. LEVY
Name: Laurence M. Levy
Title: Senior Vice President

Address for notice purposes:

Wachovia Bank, National Association
201 South Jefferson Street
Roanoke, Virginia 24011-1701
Attention: Laurence Levy (VA7446)
Telephone: (540) 563-7609
Telecopier: (540) 561-5262

Mail:

Wachovia Bank, National Association
P.O. Box 13327
Roanoke, Virginia 24040