

SECURITIES AND EXCHANGE COMMISSION

FORM S-3

Registration statement for specified transactions by certain issuers

Filing Date: **1995-06-13**
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FILER

BELDEN & BLAKE CORP/

CIK: **734778** | IRS No.: **341419840** | State of Incorporation: **OH** | Fiscal Year End: **1231**
Type: **S-3** | Act: **33** | File No.: **033-60195** | Film No.: **95546805**
SIC: **1311** Crude petroleum & natural gas

Mailing Address
5200 STONEHAM ROAD
NORTH CANTON OH 44720

Business Address
5200 STONEHAM ROAD
P O BOX 2500
NORTH CANTON OH 44720
2164991660

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM S-3
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

BELDEN & BLAKE CORPORATION
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

<TABLE>

<S> Ohio (STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION) 5200 Stoneham Road North Canton, Ohio 44720 (216) 499-1660 (ADDRESS, INCLUDING ZIP CODE, AND TELEPHONE NUMBER, INCLUDING AREA CODE, OF REGISTRANT'S PRINCIPAL EXECUTIVE OFFICES)	<C>	34-1686642 (I.R.S. EMPLOYER IDENTIFICATION NUMBER) JOSEPH M. VITALE, ESQ. 5200 Stoneham Road North Canton, Ohio 44720 (216) 499-1660 (NAME, ADDRESS, INCLUDING ZIP CODE, AND TELEPHONE NUMBER, INCLUDING AREA CODE, OF AGENT FOR SERVICE)
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</TABLE>

Copies to:

<TABLE>

<S> ANTHONY E. EFREMOFF, ESQ. Black, McCuskey, Souers & Arbaugh 1000 United Bank Plaza 220 Market Avenue South Canton, Ohio 44702 (216) 456-8341	<C>	WILLIAM B. MASTERS, ESQ. Jones, Walker, Waechter, Poitevent, Carrere & Denegre, L.L.P. 201 St. Charles Avenue New Orleans, Louisiana 70170 (504) 582-8000
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</TABLE>

APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE OF SECURITIES TO PUBLIC:
AS SOON AS PRACTICABLE AFTER THE EFFECTIVE DATE OF THIS REGISTRATION STATEMENT.

If the only securities being registered on this form are being offered
pursuant to dividend or interest reinvestment plans, please check the following
box. / /

If any of the securities being registered on this form are to be offered on
a delayed or continuous basis pursuant to Rule 415 under the Securities Act of
1933, other than securities offered only in connection with dividend or interest
reinvestment plans, check the following box. / /

CALCULATION OF REGISTRATION FEE

<TABLE>

	<S>	<C>	<C>	<C>	<C>

TITLE OF EACH CLASS OF SECURITIES TO BE REGISTERED	AMOUNT TO BE REGISTERED (A)	PROPOSED MAXIMUM OFFERING PRICE PER UNIT (B)	PROPOSED MAXIMUM AGGREGATE OFFERING PRICE (B)	AMOUNT OF REGISTRATION FEE	

Common Stock no par value.....	4,025,000 shares	\$16.00	\$64,400,000	\$22,380.39	

<FN>

- (a) Includes 525,000 shares subject to the Underwriters' over-allotment option granted by the Company.
- (b) Based on the average of the high and low sale prices of the shares on the Nasdaq National Market on June 7, 1995, and estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(c).

</TABLE>

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION

STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(A) OF THE SECURITIES ACT OF 1933 OR UNTIL THIS REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE SECURITIES AND EXCHANGE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(A), MAY DETERMINE.

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CROSS REFERENCE SHEET
PURSUANT TO ITEM 501(B) OF REGULATION S-K

<TABLE>		
<CAPTION>		
ITEM NO.	FORM S-3 CAPTION	PROSPECTUS CAPTION
<C>	<S>	<C>
1.	Forepart of Registration Statement and Outside Front Cover Page of Prospectus.....	Outside Front Cover Page
2.	Inside Front and Outside Back Cover Pages of Prospectus.....	Inside Front Cover Page; Table of Contents
3.	Summary Information, Risk Factors and Ratio of Earnings to Fixed Charges.....	Prospectus Summary; Risk Factors; Business and Properties
4.	Use of Proceeds.....	Prospectus Summary; Use of Proceeds
5.	Determination of Offering Price.....	Not Applicable
6.	Dilution.....	Not Applicable
7.	Selling Security Holders.....	Not Applicable
8.	Plan of Distribution.....	Prospectus Summary; Underwriting
9.	Description of Securities to be Registered...	Description of Capital Stock
10.	Interests of Named Experts and Counsel.....	Not Applicable
11.	Material Changes.....	Prospectus Summary; Business and Properties
12.	Incorporation of Certain Information by Reference.....	Incorporation of Documents by Reference
13.	Disclosure of Commission Position on Indemnification for Securities Act Liabilities.....	Not applicable

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INFORMATION CONTAINED HEREIN IS SUBJECT TO COMPLETION OR AMENDMENT. A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION. THESE SECURITIES MAY NOT BE SOLD NOR MAY OFFERS TO BUY BE ACCEPTED PRIOR TO THE TIME THE REGISTRATION STATEMENT BECOMES EFFECTIVE. THIS PROSPECTUS SHALL NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY NOR SHALL THERE BE ANY SALE OF THESE SECURITIES IN ANY STATE IN WHICH SUCH OFFER, SOLICITATION OR SALE WOULD BE UNLAWFUL PRIOR TO REGISTRATION OR QUALIFICATION UNDER THE SECURITIES LAWS OF ANY SUCH STATE.

SUBJECT TO COMPLETION, DATED JUNE 13, 1995

3,500,000 SHARES

[BELDEN & BLAKE CORPORATION LOGO]

COMMON STOCK

All of the shares of Common Stock offered hereby are being sold by Belden & Blake Corporation (the "Company"). The Common Stock is traded on the Nasdaq National Market under the symbol "BELD." On June 7, 1995, the last reported sale price of the Common Stock on the Nasdaq National Market was \$16 per share. See "Market Information."

SEE "RISK FACTORS" AT PAGE 8 FOR CERTAIN RISK FACTORS AND INFORMATION THAT SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

<TABLE>
<CAPTION>

<S>	PRICE TO PUBLIC <C>	UNDERWRITING DISCOUNT (1) <C>	PROCEEDS TO COMPANY (2) <C>
Per Share.....	\$	\$	\$
Total (3).....	\$	\$	\$

- <FN>
- (1) The Company has agreed to indemnify the Underwriters against certain liabilities, including liabilities under the Securities Act of 1933. See "Underwriting."
- (2) Before deducting expenses payable by the Company estimated to be \$.
- (3) The Company has granted the Underwriters an option for 30 days to purchase up to an additional 525,000 shares of Common Stock on the same terms and conditions as set forth above to cover over-allotments. If such option is exercised in full, the total price to public, underwriting discount and proceeds to company will be \$, \$ and \$, respectively. See "Underwriting."

</TABLE>

The shares of Common Stock are offered severally by the Underwriters as specified herein, subject to receipt and acceptance by the Underwriters and subject to their right to reject any order in whole or in part. It is expected that delivery of the shares of Common Stock will be made at the offices of Johnson Rice & Company, L.L.C., New Orleans, Louisiana on or about 1995.

JOHNSON RICE & COMPANY

MCDONALD & COMPANY
SECURITIES, INC.

SOUTHCOAST CAPITAL
CORPORATION

The date of this Prospectus is , 1995.

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[Map of U.S. Petroleum Basins]
and

[Map showing location of oil and gas fields in the Appalachian and Michigan Basins]

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE COMMON STOCK AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

Copies of any documents incorporated herein by reference (not including exhibits to such documents unless such exhibits are specifically incorporated by reference into such documents) are available without charge to any person to whom a copy of this Prospectus has been delivered upon written or oral request to Joseph M. Vitale, Secretary, Belden & Blake Corporation, 5200 Stoneham Road, North Canton, Ohio 44720, telephone (216) 499-1660.

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PROSPECTUS SUMMARY

The following summary is qualified in its entirety by the more detailed information and financial statements appearing elsewhere in this Prospectus. Unless otherwise indicated, the information in this Prospectus assumes that the

Underwriters' over-allotment option will not be exercised. Unless the context otherwise requires, the term "Company" as used herein refers to Belden & Blake Corporation, its subsidiaries and predecessor entities. See "Glossary of Oil and Gas Terms" for definitions of certain terms used in this Prospectus.

THE COMPANY

GENERAL

The Company is actively engaged in the acquisition, exploration, development, production, gathering and marketing of oil and gas in the Appalachian and Michigan Basins. Founded in 1942, the Company operates principally in the Appalachian Basin where it is now one of the largest oil and gas companies in terms of reserves, acreage held and wells operated. In early 1995, the Company entered the Michigan Basin through the strategic acquisition of Ward Lake Drilling, Inc. The Company recently entered into an agreement to purchase certain oil and gas properties and assets from Quaker State Corporation for \$56 million, subject to adjustment.

On a pro forma basis (giving effect to the completed and pending acquisitions described below), as of December 31, 1994, the Company operated more than 7,600 oil and gas wells in Ohio, West Virginia, Pennsylvania, New York and Michigan and had proved developed reserves totaling 178 Bcf of gas and 6 MMBbl of oil. These reserves had a present value before income taxes of approximately \$183 million and a reserve life of 9 years at December 31, 1994. The Company's pro forma 1994 production was 19.9 Bcf of gas and .9 MMBbl of oil. Its pro forma average wellhead price for natural gas was \$2.44 per Mcf for the Appalachian Basin properties and \$2.02 per Mcf for the Michigan Basin properties. Its pro forma average wellhead price for oil was \$15.98 per Bbl.

On a pro forma basis, at December 31, 1994, the Company held leases or options to acquire leases covering approximately 1,147,000 gross (1,049,000 net) acres in the two basins. The Company also owned and operated approximately 2,550 miles of gas gathering systems with access to commercial and industrial gas markets in Ohio, West Virginia, Pennsylvania, New York and Michigan. After giving effect to the completed and pending acquisitions, the Company will market approximately 80 MMcf of gas per day, approximately 70% of which will be derived from its own production.

The Company has grown principally through the acquisition of producing properties and related gas gathering facilities and exploration and development of its own acreage. From 1992 through May 31, 1995, the Company acquired or entered into agreements to acquire producing properties for \$107 million with 168 Bcfe of proved developed reserves at an average cost of \$0.64 per Mcfe and spent \$12.2 million to acquire and develop additional gas gathering facilities. During the period from 1992 through 1994, the Company drilled 185 gross (131.3 net) wells at an aggregate cost of approximately \$18 million for the net wells. This drilling added 18.1 Bcfe to the Company's proved reserves at an average cost of \$0.99 per Mcfe. During 1995, the Company intends to drill approximately 200 wells at an estimated cost of \$23 million.

The Company's principal executive offices are located at 5200 Stoneham Road, North Canton, Ohio 44720, and its telephone number is (216) 499-1660.

THE APPALACHIAN AND MICHIGAN BASINS

The Appalachian and Michigan Basins are similar in many respects. Both basins have shallow (700-5,500 feet) blanket formations which yield relatively low volume wells. Drilling success rates for companies drilling in these formations have historically exceeded 90% with production generally lasting longer than 20 years. In both basins economies of scale and cost containment are essential to operating profitability. The shallow blanket formations in both basins have been developed largely by small independent oil companies, resulting in

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a highly fragmented operating environment. Both basins also have deeper formations with greater reserve potential which the Company believes present significant exploration and development opportunities for those operators with the capital, technical expertise and acreage position needed to justify the use of advanced exploration and production technologies.

BUSINESS STRATEGY

The Company's primary operating objective is to utilize its sizeable acreage position, technical capability and financial resources to become a dominant oil and gas producer and natural gas marketer in the Appalachian and Michigan Basins. To accomplish this objective, the Company's specific business strategy is to:

- make strategic acquisitions of producing oil and gas properties;

- expand production and reserves through a balanced portfolio of developmental and exploratory drilling;
- improve profitability on production from existing and acquired properties; and
- expand its gas gathering and marketing activities.

ACQUISITION OF QUAKER STATE PROPERTIES

On _____, 1995, the Company entered into an agreement to acquire from Quaker State Corporation most of its oil and gas properties and related assets in the Appalachian Basin (the "Quaker State Properties") for \$56 million, subject to adjustment. The Quaker State Properties include approximately 1,460 gross (1,100 net) wells with proved reserves of 2.2 MMBbl of oil and 46.8 Bcf of gas at December 31, 1994, gas gathering systems, undeveloped oil and gas leases and fee mineral interests covering approximately 250,000 acres, an extensive geologic and geophysical database and other assets. Approximately \$41.5 million of the purchase price has been allocated to the 52.5 Bcfe of proved developed reserves, \$8.6 million to the gas gathering systems and the balance to other assets. The Company has sufficient borrowing capacity under its existing credit facility to finance the acquisition. See "Business and Properties."

OTHER RECENT ACQUISITIONS

Ward Lake Drilling, Inc. Effective in January 1995, the Company made its initial entry into the Michigan Basin by acquiring Ward Lake Drilling, Inc. ("Ward Lake"), a privately-held exploration and production company headquartered in Gaylord, Michigan for \$15.1 million. Ward Lake operates and holds production payment and working interests averaging 13.6% in approximately 500 Antrim Shale gas wells in Michigan's lower peninsula and approximately 5,500 undeveloped leasehold acres in the proximity of the wells. The wells had estimated proved developed gas reserves of 98 Bcf (14 Bcf net to Ward Lake's interest) at December 31, 1994. Approximately one-half of the purchase price was allocated to proved developed reserves and the balance to other oil and gas and corporate assets.

Other Acquisitions. Through May 31, 1995, the Company had acquired or agreed to acquire, for approximately \$19.4 million, working interests in 1,139 gross (919 net) oil and gas wells in Ohio, Pennsylvania and New York and drilling rights on more than 250,000 acres in Ohio adjacent to properties operated by the Company. Estimated proved developed reserves associated with the wells totaled 21 Bcf of natural gas and .5 MMBbl of oil net to the Company's interest at December 31, 1994.

THE OFFERING

<TABLE>	
<S>	<C>
Common Stock offered by the Company.....	3,500,000 shares
Common Stock to be outstanding after the Offering.....	10,606,246 shares
Use of Proceeds.....	To acquire the Quaker State Properties and to reduce outstanding balances under the Company's credit facility which will continue to be available for future acquisitions and general corporate purposes. See "Use of Proceeds."
Nasdaq National Market Symbol.....	BELD
</TABLE>	

SUMMARY AND PRO FORMA RESERVE AND ACREAGE DATA

The following tables set forth summary information with respect to estimates of the Company's proved oil and gas reserves and approximate acreage held at December 31, 1994. The information in the table with respect to proved developed reserves is based on reserve reports of John G. Redic, Inc., independent petroleum engineers. The estimates of proved undeveloped reserves were prepared by the Company's petroleum engineers. See "Business and Properties."

<TABLE>	
<CAPTION>	
	DECEMBER 31, 1994
RESERVE DATA:	-----
	ACTUAL PRO FORMA (1)

<S>	<C>
Proved developed reserves:	<C>

Gas (MMcf).....	101,355	177,722
Oil (MBbl).....	3,715	6,065
Combined (MMcfe).....	123,643	214,113
Proved undeveloped reserves:		
Gas (MMcf).....	21,636	30,742
Oil (MBbl).....	399	757
Combined (MMcfe).....	24,029	35,282
Total proved reserves:		
Combined (MMcfe).....	147,672	249,395

Estimated future net revenues:	(IN THOUSANDS)	

Total.....	\$229,844	\$350,229
Present value before income taxes (discounted at 10% per annum).....	116,471	192,496

</TABLE>

<TABLE>
<CAPTION>

ACREAGE DATA:	ACTUAL			PRO FORMA (1)		
	DEVELOPED ACREAGE	UNDEVELOPED ACREAGE	TOTAL	DEVELOPED ACREAGE	UNDEVELOPED ACREAGE	TOTAL
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Gross.....	318,000	226,000	544,000	436,000	711,000	1,147,000
Net.....	313,000	221,000	534,000	392,000	657,000	1,049,000

<FN>

(1) Gives effect to the acquisition of the Quaker State Properties, Ward Lake and other properties which the Company has acquired or agreed to acquire through May 31, 1995 as if such transactions had been completed at December 31, 1994.

</TABLE>

SUMMARY AND PRO FORMA FINANCIAL INFORMATION AND OPERATING DATA

The following table presents selected historical and pro forma financial and operating data for the Company. The pro forma data give effect to (i) the acquisition of the Quaker State Properties, Ward Lake and other properties which the Company has acquired or agreed to acquire through May 31, 1995 and (ii) this offering and the application of the net proceeds therefrom as if such transactions had occurred at January 1, 1994 in the case of the statement of operations data and at December 31, 1994 in the case of the balance sheet data. See "Use of Proceeds." The pro forma financial and operating data are not necessarily indicative of the Company's results of operations or financial position in the future or of what the Company's results of operations or financial position would have been had the transactions been consummated during the periods, or as of the dates, for which such pro forma financial information is presented. The pro forma financial statements are based upon, and should be read in conjunction with, the Pro Forma Combined Financial Statements and the Consolidated Financial Statements, including the Notes thereto, appearing elsewhere in this Prospectus.

<TABLE>
<CAPTION>

	YEAR ENDED DECEMBER 31,				THREE MONTHS ENDED MARCH 31,		
	HISTORICAL		PRO FORMA		HISTORICAL		PRO FORMA
	1992	1993	1994	1994	1994	1995	1995

	(IN THOUSANDS EXCEPT PER SHARE DATA)						
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
STATEMENT OF OPERATIONS DATA:							
Revenues							
Oil and gas sales.....	\$15,046	\$26,631	\$32,574	\$61,450	\$ 7,655	\$ 9,207	\$15,647
Gas marketing and gathering.....	26,494	34,709	33,085	37,177	9,955	8,916	9,871
Oilfield sales and service.....	9,496	11,111	16,886	16,886	3,011	4,121	4,121
Interest and other.....	1,514	647	559	1,303	86	181	181
	-----	-----	-----	-----	-----	-----	-----
	52,550	73,098	83,104	116,816	20,707	22,425	29,820
Expenses							
Production expense.....	5,362	7,190	9,292	17,556	2,162	2,634	4,269
Cost of gas and gathering expense.....	24,922	30,736	29,134	29,134	8,863	7,902	7,902
Oilfield sales and service.....	7,529	10,598	16,297	16,297	3,002	4,210	4,210

Exploration expense.....	2,381	2,538	2,807	3,523	662	895	1,067
General and administrative expense.....	3,718	3,940	3,966	4,015	955	949	1,030
Interest expense.....	2,200	3,199	3,587	6,175	924	1,163	1,644
Depreciation, depletion and amortization.....	4,853	9,703	12,021	22,611	2,835	3,499	6,103
	-----	-----	-----	-----	-----	-----	-----
	50,965	67,904	77,104	99,311	19,403	21,252	26,225
Income before income taxes.....	1,585	5,194	6,000	17,505	1,304	1,173	3,595
Provision for income taxes							
Current.....	618	422	587	3,561	184	211	669
Deferred.....	(172)	1,552	1,570	2,460	313	223	536
	-----	-----	-----	-----	-----	-----	-----
	446	1,974	2,157	6,021	497	434	1,205
Net income.....	\$ 1,139	\$ 3,220	\$ 3,843	\$11,484	\$ 807	\$ 739	\$ 2,390
	=====	=====	=====	=====	=====	=====	=====
Preferred dividends.....	\$ --	\$ 180	\$ 180	\$ 180	\$ 45	\$ 45	\$ 45
Net income per common share.....	\$ 0.48	\$ 0.54	\$ 0.52	\$ 1.07	\$ 0.11	\$ 0.10	\$.22
Weighted average common shares outstanding.....	2,373	5,675	7,080	10,580	7,066	7,102	10,602

</TABLE>

<TABLE>
<CAPTION>

	MARCH 31, 1995	
	HISTORICAL	PRO FORMA
	-----	-----
	<C>	<C>
BALANCE SHEET DATA:		
Working capital.....	\$ 15,891	\$ 12,716
Property and equipment, net.....	137,501	206,810
Total assets.....	172,322	240,456
Long-term liabilities, less current portion.....	67,215	81,269
Shareholders' equity.....	82,089	134,169

</TABLE>

(Table continued on following page)

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<TABLE>
<CAPTION>

	YEAR ENDED DECEMBER 31,				THREE MONTHS ENDED MARCH 31,		
	HISTORICAL		PRO FORMA		HISTORICAL		PRO FORMA
	-----	-----	-----	-----	-----	-----	-----
	1992	1993	1994	1994	1994	1995	1995
	-----	-----	-----	-----	-----	-----	-----
	<C>	<C>	<C>	<C>	<C>	<C>	<C>
OPERATING DATA:							
Production:							
Oil (MBbl).....	351	453	496	859	107	118	218
Gas (MMcf).....	3,728	7,373	9,563	19,858	2,257	2,927	5,349
Average wellhead price:							
Oil (per Bbl).....	\$19.27	\$17.15	\$15.98	\$ 15.98	\$14.38	\$16.70	\$ 16.51
Gas (per Mcf).....	2.22	2.55	2.58	2.40	2.71	2.47	2.25
Combined (per Mcfe).....	2.58	2.64	2.60	2.46	2.64	2.53	2.35
Production expense (per Mcfe).....	0.92	0.71	0.74	0.70	0.75	0.72	0.64
Operating margin (per Mcfe) (1).....	1.66	1.93	1.86	1.76	1.89	1.81	1.71

</TABLE>

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(1) Average wellhead price per Mcfe less production expense per Mcfe.

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RISK FACTORS

In addition to the other information contained in this Prospectus, the following risk factors should be considered in evaluating an investment in the shares of Common Stock offered hereby.

VOLATILITY OF OIL AND GAS PRICES AND MARKETS

The Company's revenues, profitability and future rate of growth are substantially dependent upon prevailing prices for oil and natural gas, which

can be extremely volatile. Prices are affected by market supply and demand factors as well as actions of state and local regulatory agencies, the United States and foreign governments and international cartels. These external factors and the volatile nature of the energy markets make it difficult to predict future oil and gas prices. Prices of oil and natural gas are subject to wide fluctuations, and there can be no assurance that future decreases in such prices will not occur. It is possible that under some market conditions the production and sale of oil and gas from some of the Company's properties may not be economical. All of these factors are beyond the control of the Company. Any significant or extended decline in prices for oil or gas could have a material adverse effect on the Company's financial condition and results of operations. See "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Liquidity and Capital Resources" and "Business and Properties."

NECESSITY TO REPLACE RESERVES

The Company's success, as is generally the case in the industry, will be largely dependent on its ability to replace and expand its reserve base through the acquisition of producing properties and the exploration for and development of oil and gas reserves, both of which involve substantial risks. Without successful acquisition or drilling ventures, the Company will be unable to replace the reserves being depleted by production, and its assets and revenues will decline. To increase reserves and production, the Company must continue its exploration and development drilling programs, acquire additional properties or undertake other reserve replacement activities. There can be no assurance that the Company will be able to acquire such properties or develop reserves at costs that will yield an acceptable return. Successful acquisition of producing properties generally requires accurate assessments of recoverable reserves, future oil and gas prices and operating costs, potential environmental and other liabilities and other factors. Such assessments are necessarily inexact and their accuracy inherently uncertain. In addition, there can be no assurance that producing properties will continue to be available for purchase at prices which will yield an acceptable rate of return. Exploration and development of oil and gas reserves involves the risk that no commercially viable production will be obtained or that the production will be insufficient to recover drilling and completion costs.

UNCERTAINTY OF ESTIMATES OF RESERVES AND FUTURE NET REVENUES

Estimates of the Company's proved developed oil and gas reserves and future net revenues therefrom appearing elsewhere herein are based on reserve reports prepared by independent petroleum engineers, and the estimates of proved undeveloped reserves were prepared by the Company's petroleum engineers. The estimation of reserves requires substantial judgment on the part of the petroleum engineers, resulting in imprecise determinations, particularly with respect to new discoveries. Reserve data set forth in this Prospectus represent only estimates. In addition, the present value of the estimated future net revenues from proved reserves of the Company is based upon certain assumptions regarding future production levels, prices and costs that may not prove correct over time. The accuracy of any reserve estimate also depends on the quality of available data as well as engineering and geological interpretation and judgment. Results of drilling, testing and production subsequent to the date of the estimate may result in revisions of such estimates. There can be no assurance, however, that such prices will be realized or that the estimated production volumes will be produced during the periods indicated. Any significant variance from the assumptions used in the reserve report could materially affect the quantity and value of the Company's reserves as compared to the estimates set forth in this Prospectus. See "Business and Properties -- Oil and Gas Reserves."

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ACQUISITION RISKS

The Company intends to continue acquiring oil and gas properties. It generally is not feasible to review in detail every individual property involved in an acquisition. Ordinarily, review efforts are focused on the higher-valued properties, but even a detailed review of all properties and records may not reveal existing or potential problems or permit the Company to become sufficiently familiar with the properties to assess fully their deficiencies and capabilities. Inspections may not always be performed on every well, and environmental problems, such as ground water contamination, are not necessarily observable even when an inspection is undertaken.

The Company frequently engages in bidding and negotiations for acquisitions, some of which are substantial. If successful in this process, the Company may be required to alter or increase its capitalization substantially through the issuance of additional debt or equity securities or otherwise. These changes in capitalization may significantly increase the leverage and decrease the financial flexibility of the Company.

GAS MARKETING RISKS

The volatility of gas prices has resulted and could result in the renegotiation of existing contracts to reduce the price paid for delivered gas and other difficulties in the marketing of gas production. Gas production from numerous wells across the nation has been shut-in or significantly curtailed from time to time. Although the natural gas wells in which the Company holds interests have not been subject to significant production curtailments, the Company has experienced some price reductions under both new and existing contracts. Any further deterioration in market conditions for natural gas could have a material adverse effect on the Company's financial condition and results of operations.

DRILLING HAZARDS

In addition to the risk that wells drilled will not be productive, hazards such as unusual or unexpected geologic formations, pressures, down-hole fires, mechanical failures, blow-outs, cratering and pollution are inherent in oil and gas exploration. As the Company's exploration focus turns to the deeper formations, the risks and costs of non-productive wells and mechanical problems are greater than those experienced from drilling in shallower formations. As is common in the oil and gas industry, the Company will not fully insure against many risks associated with its business either because such insurance is not available or because the cost thereof is considered prohibitive. Although the Company has not incurred any material liabilities or losses resulting from such drilling hazards not covered by insurance or in excess of insurance coverage, there can be no assurance that it will not experience such liabilities or losses in the future.

COMPETITION

The Company encounters substantial competition in acquiring properties and drilling prospects, marketing oil and gas and operating its well services business. Many competitors have financial and other resources which exceed those of the Company. The ability of the Company to replace and expand its reserve base in the future will depend on its ability to select and acquire suitable producing properties and prospects for future drilling despite competition. See "Business and Properties."

GOVERNMENTAL REGULATION

Oil and gas operations are subject to various federal, state and local governmental requirements which may be changed from time to time in response to economic or political conditions. Matters subject to regulation include discharge permits for drilling operations, drilling and abandonment bonds, reports concerning operations, spacing of wells, unitization and pooling of properties and taxation. From time to time, regulatory agencies have imposed price controls and limitations on production by restricting the rate of flow of oil and gas wells below actual production capacity in order to conserve the supplies of oil and gas. In addition, the production, handling, storage, transportation and disposal of oil and gas, by-products thereof and other substances and materials produced or used in connection with oil and gas operations are subject to regulation under federal, state and local laws and regulations primarily relating to the protection of human health and the environment. These laws and regulations have continually imposed increasingly strict requirements for water

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and air pollution control and solid waste management. To date, expenditures related to compliance with these laws have not been significant. The Company believes, however, that the trend of more expensive and stricter environmental legislation and regulations will continue and such legislation may result in additional cost to the Company in the future. See "Business and Properties."

USE OF PROCEEDS

The net proceeds to the Company from the sale of the 3,500,000 shares of Common Stock offered hereby are estimated to be approximately \$52.1 million (\$60.0 million assuming full exercise of the Underwriters' over-allotment option), based on an estimated offering price of \$16.00 per share and after deducting estimated underwriting discounts and commissions and expenses. The Company will use such proceeds to acquire the Quaker State Properties and the remaining amount, if any, will be used to reduce the balance outstanding under the Company's revolving credit facility (\$23 million as of May 31, 1995) which will then be available to fund the Company's continuing acquisition program and for general corporate purposes. Although the Company is continually evaluating potential property acquisitions, it does not currently have contracts, understandings or arrangements with respect to any material acquisitions other than as disclosed herein. The Company's credit facility matures on March 31, 1999, and at May 31, 1995, the weighted average interest rate on the outstanding balances was 8.56%.

After application of the net proceeds from this offering, the Company anticipates that its debt agreements would allow it to borrow approximately an additional \$43 million. Under the agreements, the Company may incur additional indebtedness under the credit facility in an amount up to a maximum of \$200 million by borrowing an amount equal to 50% of the present value of any net reserve additions as a result of producing property acquisitions or drilling. See "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Liquidity and Capital Resources."

MARKET INFORMATION

The Common Stock has been traded on the Nasdaq National Market under the symbol "BELD" since March 31, 1992. The following table sets forth the high and low sales prices per share for the Common Stock for the periods indicated as reported by the Nasdaq National Market.

<TABLE>
<CAPTION>

1993	HIGH	LOW
----	----	----
<S>	<C>	<C>
First Quarter.....	\$11.75	\$ 9.75
Second Quarter.....	15.00	11.00
Third Quarter.....	14.75	10.00
Fourth Quarter.....	14.75	9.75

</TABLE>

<TABLE>
<CAPTION>

1994	HIGH	LOW
----	----	----
<S>	<C>	<C>
First Quarter.....	\$13.25	\$ 9.75
Second Quarter.....	13.00	12.00
Third Quarter.....	14.75	11.50
Fourth Quarter.....	15.00	13.25

</TABLE>

<TABLE>
<CAPTION>

1995	HIGH	LOW
----	----	----
<S>	<C>	<C>
First Quarter.....	\$14.25	\$11.50
Second Quarter (through May 31, 1995).....	17.00	13.75

</TABLE>

The last reported sale price of the Common Stock on the Nasdaq National Market on June 7, 1995 was \$16.00. As of March 31, 1995, there were 7,106,246 shares of Common Stock outstanding and approximately 2,050 record holders of the Common Stock.

The Company does not intend to pay any dividends on its Common Stock for the foreseeable future. Any determination as to the payment of dividends on the Common Stock in the future will be made by the Board of Directors and will depend on a number of factors, including future earnings, capital requirements, financial condition and future prospects of the Company as well as restrictions in the Company's current or future financing agreements and such other factors as the Board of Directors may deem relevant. The Company's debt agreements restrict the payment of dividends to \$7.8 million (at March 31, 1995) plus the net cash proceeds from the sale of capital stock or warrants, rights or options to purchase stock and 50% of future net income.

CAPITALIZATION

The following table sets forth the unaudited capitalization of the Company as of March 31, 1995 and as adjusted to give effect to this offering as set forth under "Use of Proceeds." This information should be read in conjunction with the Consolidated Financial Statements of the Company and the Notes thereto, the Pro Forma Combined Financial Statements and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

<TABLE>
<CAPTION>

MARCH 31, 1995

	ACTUAL	AS ADJUSTED
	(IN THOUSANDS)	
<S>	<C>	<C>
Long-term debt, net of current portion		
Senior notes.....	\$ 35,000	\$ 35,000
Commercial bank revolving line of credit.....	23,000	26,920 (1)
Convertible subordinated debentures.....	7,350	7,350
Other.....	652	652
Capitalized lease obligations.....	553	553
	-----	-----
Total long-term debt.....	66,555	70,475
Shareholders' equity		
Non-voting preferred stock, no par value; 5,000,000 shares authorized; none issued and outstanding...	--	--
Voting convertible preferred stock, no par value; 3,000,000 shares authorized; 24,000 shares issued and outstanding designated as \$7.50 Series A, \$100 stated value per share.....	2,400	2,400
Common stock, no par value; 12,000,000 shares authorized; 7,106,246 shares issued and outstanding and 10,606,246 shares issued and outstanding as adjusted(2).....	711	1,061
Paid-in capital.....	70,629	122,359
Retained earnings.....	8,574	8,574
Unearned portion of restricted stock.....	(225)	(225)
	-----	-----
Total shareholders' equity.....	82,089	134,169
	-----	-----
Total capitalization.....	\$148,644	\$204,644
	=====	=====

</TABLE>

(1) At May 31, 1995, \$23 million was outstanding under the Company's revolving line of credit. The Company will continue to have the ability to borrow an additional \$43 million under its revolving credit facility. To the extent that the purchase price of the Quaker State Properties is reduced, the Company will apply the difference to reduce the balance outstanding under the revolving line of credit. See "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Liquidity and Capital Resources" and "Business and Properties."

(2) At March 31, 1995, there were 535,870 shares of Common Stock reserved for issuance pursuant to outstanding warrants, convertible subordinated debentures and voting convertible preferred stock.

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL
CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the Company's Consolidated Financial Statements and Notes thereto and the Selected Financial Information included elsewhere in this report.

GENERAL

The Company is actively engaged in the acquisition, exploration, development, production, gathering and marketing of oil and gas in the Appalachian and Michigan Basins.

The Company utilizes the "successful efforts" method of accounting for its oil and gas properties. Under this method, property acquisition and development costs and productive exploration costs are capitalized while non-productive exploration costs, which include geological and geophysical costs, dry holes, expired leases and delay rentals, are expensed as incurred. Capitalized costs related to proved properties are depleted using the unit-of-production method. No gains or losses are recognized upon the disposition of oil and gas properties except in extraordinary transactions. Sales proceeds are credited to the carrying value of the properties. Maintenance and repairs are expensed, and expenditures which enhance the value of properties are capitalized.

The Company's gas gathering and marketing operations consist of purchasing gas at the wellhead and from interstate pipelines and selling gas to industrial customers and local gas distribution companies. The cost of gas purchased from the Company is the wellhead price stipulated by the operating or gas purchase agreements relating to the wells and is included in "Cost of gas and gathering expense."

The Company provides oilfield sales and service to its own operations and to third parties. Oilfield sales and service provided to the Company's own operations are provided at cost and all intercompany revenues and expenses are eliminated in consolidation.

RESULTS OF OPERATIONS

THREE MONTHS ENDED MARCH 31, 1995 COMPARED TO THREE MONTHS ENDED MARCH 31, 1994

OIL AND GAS SALES. Oil and gas sales increased \$1.6 million (20%) in the first quarter of 1995 compared to the same period of 1994 due primarily to an increase in oil and gas volumes sold and a higher average price paid for the Company's oil. These increases more than offset a lower average price paid for the Company's natural gas.

Oil volumes increased 10,870 Bbl (10%) from 106,801 Bbl in the first quarter of 1994 to 117,671 Bbl in the first quarter of 1995 resulting in an increase in oil sales of approximately \$160,000. Gas volumes increased 670,849 Mcf (30%) from 2,256,577 Mcf in the first quarter of 1994 to 2,927,426 Mcf in the first quarter of 1995 resulting in an increase in gas sales of approximately \$1.8 million. These volume increases were primarily due to the Company's 1995 acquisitions and production brought on stream by the Company's 1994 drilling program.

The average price paid for the Company's oil increased from \$14.38 per barrel in the first quarter of 1994 to \$16.70 per barrel in the first quarter of 1995 which increased oil sales by approximately \$270,000. The average price paid for the Company's natural gas decreased \$.24 per Mcf to \$2.47 per Mcf in the first quarter of 1995 compared to the first quarter of 1994 which decreased gas sales in the first quarter of 1995 by approximately \$700,000.

GAS MARKETING AND GATHERING REVENUES. Gas marketing and gathering revenue decreased \$1.0 million (10%) in 1995 compared with 1994 due to a decrease in volumes and selling price of gas purchased from third parties and resold.

OILFIELD SALES AND SERVICE REVENUE. Oilfield sales and service revenue increased \$1.1 million (37%) from \$3.0 million in the first quarter of 1994 to \$4.1 million in the first quarter of 1995. This increase was primarily due to an increase of \$825,767 in sales by Engine Power Systems, Inc. ("EPS") and due to the sales generated by three oilfield service companies acquired by the Company in September and October 1994.

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INTEREST AND OTHER REVENUE. Interest and other revenue increased \$95,878 (111%) from \$86,107 in the first quarter of 1994 to \$181,985 in the first quarter of 1995 primarily due to the recognition of income in 1995 from an incentive production payment associated with certain properties operated by Ward Lake.

PRODUCTION EXPENSE. Production expense increased \$471,280 (22%) from \$2.2 million in the first quarter of 1994 to \$2.6 million in the first quarter of 1995. This increase was largely due to the increased production discussed above. The average production cost decreased from \$.75 per Mcfe in the first quarter of 1994 to \$.72 per Mcfe in the first quarter of 1995. This decrease was primarily due to the lower operating costs of the 1995 acquisitions completed through March 31, 1995.

COST OF GAS AND GATHERING EXPENSE. Cost of gas and gathering expense in the first quarter of 1995 decreased \$1.0 million (11%) compared with the first quarter of 1994 due to a decrease in volumes of gas purchased from third parties and resold.

OILFIELD SALES AND SERVICE EXPENSE. Oilfield sales and service expense increased \$1.2 million (40%) from \$3.0 million in the first quarter of 1994 to \$4.2 million in the first quarter of 1995 primarily as a result of the increased cost of goods sold associated with increased sales by EPS and the sales made by the three oilfield service companies acquired by the Company in September and October 1994.

EXPLORATION EXPENSE. Exploration expenses increased \$233,225 (35%) from \$661,705 in the first quarter of 1994 to \$894,930 in the first quarter of 1995 primarily due to higher levels of geological, geophysical and leasing activity and \$88,500 in dry hole costs in the first quarter of 1995.

GENERAL AND ADMINISTRATIVE EXPENSE. General and administrative expense decreased from \$954,858 in the first quarter of 1994 to \$949,239 in the first quarter of 1995, notwithstanding the continued growth of the Company.

INTEREST EXPENSE. Interest expense increased \$239,280 (26%) from \$923,710 in the first quarter of 1994 to \$1.2 million in the first quarter of 1995. This

increase was primarily due to \$20 million in bank borrowings in the first quarter of 1995 to finance the acquisitions of Ward Lake and other properties.

DEPRECIATION, DEPLETION AND AMORTIZATION. Depreciation, depletion and amortization increased by \$664,651 (23%) from \$2.8 million in the first quarter of 1994 to \$3.5 million in the first quarter of 1995. This increase was primarily due to additional depletion expense associated with the increased production volumes described above.

INCOME BEFORE INCOME TAXES. Income before income taxes decreased \$130,538 (10%) from \$1.3 million in the first quarter of 1994 to \$1.2 million in the first quarter of 1995. The oil and gas operations segment increased operating income \$234,945 (10%) from \$2.3 million in 1994 to \$2.5 million in 1995. The increase was attributable to the items discussed above. The oilfield sales and service segment operating loss increased \$222,081 from an operating loss of \$122,732 in 1994 to an operating loss of \$344,813 in 1995. The losses were the result of the seasonal nature of the businesses and the continued development of EPS. Approximately \$158,000 of the operating loss increase was attributable to EPS. The operating loss of oilfield sales and services, exclusive of EPS, increased \$64,382 (48%) from \$133,994 in 1994 to \$198,376 in 1995.

NET INCOME. Net income for the first quarter of 1995 decreased \$68,025 (8%) from \$807,241 in the first quarter of 1994 to \$739,216 in the first quarter of 1995. This decrease in net income was primarily the result of the items discussed above. Provision for income taxes decreased from \$496,656 in the first quarter of 1994 to \$434,143 in the first quarter of 1995 due to the decrease in income before income taxes and a decrease in the effective tax rate. Net income on a per share basis decreased from \$.11 per share in the first quarter of 1994 to \$.10 per share in the first quarter of 1995. This decrease was primarily the result of the factors discussed above.

1994 COMPARED TO 1993

OIL AND GAS SALES. Oil and gas sales increased \$5.9 million (22%) in 1994 compared to 1993 due primarily to an increase in oil and gas volumes sold and a higher average price paid for the Company's natural gas which more than offset a lower average price paid for the Company's oil.

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Oil volumes increased 43,000 Bbl (10%) from 453,000 Bbl to 496,000 Bbl in 1994 resulting in an increase in oil sales of approximately \$740,000. The increase in oil volumes sold in 1994 was primarily due to the success of the 1994 drilling program and, to a lesser extent, 1994 acquisitions. Gas volumes increased 2.2 Bcf (30%) from 7.4 Bcf in 1993 to 9.6 Bcf in 1994 resulting in an increase in gas sales of approximately \$5.6 million. The gas volume increase was primarily due to the Company's 1994 acquisitions.

The average price paid for the Company's oil decreased from \$17.15 per barrel in 1993 to \$15.98 per barrel in 1994 which reduced oil sales by approximately \$580,000. The average price paid for the Company's natural gas increased \$.03 per Mcf to \$2.58 per Mcf in 1994 compared to 1993 resulting in increased gas sales of approximately \$190,000.

GAS MARKETING AND GATHERING REVENUE. Gas marketing and gathering revenue decreased \$1.6 million (5%) from \$34.7 million in 1993 to \$33.1 million in 1994 due to a decrease in volumes and selling price of gas purchased from third parties and resold.

OILFIELD SALES AND SERVICE REVENUE. Oilfield sales and service revenue increased \$5.8 million (52%) from \$11.1 million in 1993 to \$16.9 million in 1994 due primarily to sales by the Company's wholly-owned subsidiaries, Magnolia Compression Services, Inc. and Engine Power Systems, Inc., and the acquisition of the assets of three oilfield service companies in 1994. Magnolia Compression Services, Inc. was merged into Engine Power Systems, Inc. in December 1994.

INTEREST AND OTHER REVENUE. Interest and other revenue decreased \$88,169 (14%) from \$647,011 in 1993 to \$558,842 in 1994 primarily because a gain was recorded in 1993 on the sale of certain oil and gas properties and related equipment in Pennsylvania and New York.

PRODUCTION EXPENSE. Production expense increased 29% from \$7.2 million in 1993 to \$9.3 million in 1994. The increase was primarily due to the increased production discussed above. The average production cost per Mcfe increased from \$.71 in 1993 to \$.74 in 1994. This increase was primarily due to the recognition of initial workover expense on recently acquired wells designed to maximize future production volume.

COST OF GAS AND GATHERING EXPENSE. Cost of gas and gathering expense decreased \$1.6 million (5%) from \$30.7 million in 1993 to \$29.1 million in 1994 due to a decrease in volumes of gas purchased from third parties and resold.

OILFIELD SALES AND SERVICE EXPENSE. Oilfield sales and service expense increased \$5.7 million (54%) from \$10.6 million in 1993 to \$16.3 million in 1994 primarily as a result of the increased cost of goods sold associated with sales made by the two subsidiaries and the 1994 acquisitions described above.

EXPLORATION EXPENSE. Exploration expense increased \$269,484 (11%) from \$2.5 million in 1993 to \$2.8 million in 1994 primarily due to a lower level of leasing activity resulting in less cost being capitalized in 1994.

GENERAL AND ADMINISTRATIVE EXPENSE. General and administrative expense increased less than 1% in 1994 compared with 1993, notwithstanding the continued growth of the Company.

INTEREST EXPENSE. Interest expense increased \$388,223 (12%) from \$3.2 million in 1993 to \$3.6 million in 1994 primarily due to higher average debt balances in 1994 incurred to finance acquisitions.

DEPRECIATION, DEPLETION AND AMORTIZATION. Depreciation, depletion and amortization increased \$2.3 million (24%) from \$9.7 million in 1993 to \$12.0 million in 1994. This increase was primarily due to additional depletion expense associated with the increased production volumes described above.

INCOME BEFORE INCOME TAXES. Income before income taxes increased \$806,400 (16%) from \$5.2 million in 1993 to \$6.0 million in 1994. The oil and gas operations segment increased operating income \$1.5 million (20%) from \$7.6 million in 1993 to \$9.1 million in 1994. The increase was attributable to the items discussed above. The oilfield sales and service segment operating income decreased \$214,345 from operating income of \$125,658 in 1993 to an operating loss of \$88,687 in 1994. The decrease in the oilfield sales and service segment was attributable to operating losses from Magnolia Compression Services, Inc., which was formed in 1993, and Engine Power Systems, Inc., which was acquired in 1994. The operating losses of these subsidiaries totaled \$41,748 in 1993 and \$438,680 in 1994. The losses were the result of additional expenses incurred in the

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initial development of these businesses. The operating income of oilfield sales and services, exclusive of these activities, increased \$182,587 (109%) from \$167,406 in 1993 to \$349,993 in 1994.

NET INCOME. Net income increased \$622,895 (19%) from \$3.2 million in 1993 to \$3.8 million in 1994. The increase in net income was primarily a result of the Company's 1994 acquisitions as discussed in the items above. Provision for income taxes increased from \$2.0 million in 1993 to \$2.2 million in 1994 due to the increase in income before income taxes partially offset by a decrease in the effective tax rate. Net income per common share decreased from \$.54 per share in 1993 to \$.52 per share in 1994. The decrease was primarily a result of the factors discussed above combined with the increase in the average number of common shares outstanding from 5,674,638 in 1993 to 7,080,227 in 1994. The average number of shares outstanding increased primarily as a result of the Company's sale of 3.45 million common shares in May 1993.

1993 COMPARED TO 1992

On March 31, 1992, the Company succeeded to a group of companies and assets (and related liabilities) owned by Henry S. Belden IV. Also on that date, pursuant to a Plan and Agreement of Consolidation, the Company acquired the assets and assumed the liabilities of two affiliated entities in exchange for shares of its common stock (the "Consolidation"). The Consolidation was accounted for as a purchase, and the results of operations of the two affiliated entities have been included from that date.

Prior to the Consolidation, the Company was engaged principally in managing the assets and business activities of the two affiliated entities and certain non-affiliated parties and in gas gathering and marketing. Accordingly, a significant portion of the Company's income was derived from transactions with the affiliated entities, including well operating fees, sales of oilfield supplies and service and fees for accounting and related services. Prior to the Consolidation, revenues from oilfield sales and service provided to the affiliated entities were accounted for as third-party revenues.

OIL AND GAS SALES. Oil and gas sales increased \$11.6 million (77%) in 1993 compared to 1992 due primarily to an increase in oil and gas volumes sold and a higher average price paid for the Company's natural gas which more than offset a lower average price paid for the Company's oil.

Oil volumes increased 102,000 Bbl (29%) from 351,000 Bbl to 453,000 Bbl and gas volumes increased 3.7 Bcf (100%) from 3.7 Bcf in 1992 to 7.4 Bcf in 1993. Increased oil and gas volumes were responsible for approximately \$10.0 million of the Company's increased oil and gas sales. These volume increases were due primarily to the Consolidation which added approximately 2,000 net producing

wells in March 1992 and the acquisition of the Company's West Virginia properties which added 501 net producing wells in December 1992.

The average price paid for the Company's oil decreased from \$19.27 per barrel in 1992 to \$17.15 per barrel in 1993, which reduced oil sales by \$1.0 million. The average price paid for the Company's natural gas increased \$.35 per Mcf to \$2.55 per Mcf in 1993 compared to 1992 resulting in increased gas sales in 1993 of approximately \$2.6 million.

GAS MARKETING AND GATHERING REVENUE. Gas marketing and gathering revenue increased \$8.2 million (31%) from \$26.5 million in 1992 to \$34.7 million in 1993. This increase was primarily attributable to the acquisition of additional interests in the Company's Ohio gas gathering system as a result of the Consolidation in March 1992, the acquisition of the Company's West Virginia gas gathering systems in December 1992 and an increase in the volume of gas marketed in 1993.

OILFIELD SALES AND SERVICE REVENUE. Oilfield sales and service revenue increased \$1.6 million (17%) from \$9.5 million in 1992 to \$11.1 million in 1993 due primarily to an increase in sales by the Company's wholly-owned subsidiary, Target Oilfield Pipe & Supply Company.

INTEREST AND OTHER REVENUE. Interest and other revenue decreased \$867,673 (57%) from \$1.5 million in 1992 to \$647,011 in 1993 primarily as a result of the elimination of administrative charges to two affiliated entities as a result of the Consolidation.

PRODUCTION EXPENSE. Production expense increased from \$5.4 million in 1992 to \$7.2 million in 1993. This increase was largely due to increased production resulting from the Consolidation and other acquisitions.

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Production expense per Mcfe decreased from \$.92 per Mcfe in 1992 to \$.71 per Mcfe in 1993. This decrease was due to bearing 100% of the field production costs in the first quarter of 1992, but receiving only its net revenue share of production volumes. The high level of production expense borne by the Company in 1992 was offset by well operating fees charged to two affiliated entities and non-affiliated parties.

COST OF GAS AND GATHERING EXPENSE. Cost of gas and gathering expense increased from \$24.9 million in 1992 to \$30.7 million in 1993. This increase was due to the acquisition of additional interests in the Company's Ohio gas gathering systems as a result of the Consolidation, the acquisition of the Company's gas gathering systems in West Virginia and an increase in the volume of gas purchased for resale in 1993.

OILFIELD SALES AND SERVICE EXPENSE. Oilfield sales and service expense increased \$3.1 million (41%) from \$7.5 million in 1992 to \$10.6 million in 1993 primarily as a result of the increased cost of goods sold associated with the increase in oilfield supply and equipment sales.

EXPLORATION EXPENSE. Exploration expense increased \$156,628 (7%) from 1992 to 1993 due to \$157,000 in dry hole expense in 1993.

GENERAL AND ADMINISTRATIVE EXPENSE. General and administration expense increased from \$3.7 million in 1992 to \$3.9 million in 1993. The increase was due primarily to loan fees and taxes incurred in 1993 and the elimination of certain fee income that was used to offset general and administrative expenses prior to the Consolidation.

INTEREST EXPENSE. Interest expense increased from \$2.2 million in 1992 to \$3.2 million in 1993. This increase was primarily due to the assumption of the debt of two affiliated entities as a result of the Consolidation and the assumption of debt in acquiring the Company's West Virginia properties. These increases were partially offset by the repayment of a substantial portion of these debts in May and June of 1993.

DEPRECIATION, DEPLETION AND AMORTIZATION. Depreciation, depletion and amortization increased by \$4.9 million (100%) in 1993 compared to 1992. This increase was primarily due to additional depletion expense associated with the higher production volumes resulting from the Consolidation and the Company's acquisitions in 1992.

INCOME BEFORE INCOME TAXES. Income before income taxes increased \$3.6 million (228%) from \$1.6 million in 1992 to \$5.2 million in 1993. The oil and gas operations segment increased operating income \$7.0 million from \$622,840 in 1992 to \$7.6 million in 1993. The increase was attributable to the items discussed above. The operating income of the oilfield sales and service segment decreased \$1.5 million from operating income of \$1.6 million in 1992 to \$125,658 in 1993. In addition to the items discussed above, the decrease in the operating income of the oilfield sales and service segment was attributable to an

operating loss of \$41,748 in 1993 from Magnolia Compression Services, Inc. which was formed in 1993. The operating income of oilfield sales and services, exclusive of these activities, decreased \$1.5 million from \$1.6 million in 1992 to \$167,406 in 1993.

NET INCOME. Net income for 1993 was \$3.2 million compared to net income of \$1.1 million in 1992. This increase in net income was primarily a result of the Consolidation and the addition of the Company's West Virginia properties as discussed in the items above. Provision for income taxes increased from \$446,121 in 1992 to \$2.0 million in 1993 due to the increase in income before taxes as well as an increase in the effective tax rate.

LIQUIDITY AND CAPITAL RESOURCES

The Company's working capital is closely related to and dependent on the current prices paid for its oil and gas.

The Company's current ratio at March 31, 1995 was 1.99 to 1.00. During the first quarter of 1995, working capital increased \$2.3 million from \$13.6 million to \$15.9 million. The increase was primarily due to a \$3.7 million increase in cash due to the acquisition of Ward Lake's cash balances. The Company's operating activities provided cash flow of \$3.5 million during the first quarter of 1995.

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On May 25, 1995, the Company's bank group amended its revolving bank facility to accommodate the Quaker State Properties acquisition. The facility was increased to \$200 million and the borrowing base was split into two tranches, a senior tranche designated Borrowing Base I and a subordinated tranche designated Borrowing Base II. The Company's borrowing base is calculated by the bank group and is based on the cash flows generated by its proved developed reserves, gas gathering systems and other corporate assets. Generally, the Company can expect to have the borrowing base increased by at least 50% of the present value before income taxes (discounted at 10% per annum) of any proved developed reserves added through acquisition or drilling.

Borrowing Base I was initially set at \$81 million and the maturity date was extended to March 31, 1999. Outstanding balances on this tranche bear interest at the Company's choice of either: (1) the one, two or three-month LIBOR + 2% (8.06% for the three-month LIBOR interest rate option at May 31, 1995) or (2) the bank's prime rate (9% at May 31, 1995). These interest rates increase by 0.5% any time there are outstanding balances on Borrowing Base II.

Borrowing Base II was set at \$22 million and will expire on October 15, 1997. If the Company uses the bank facility to finance the Quaker State Properties acquisition, the Company is required to borrow \$22 million on Borrowing Base II and the balance on Borrowing Base I. Outstanding balances on this tranche bear interest at the Company's choice of either of the interest rate options mentioned above, except that the interest rates are increased by 1% (i.e., LIBOR + 3% and prime + 1%). Borrowing Base II will not be included as part of the Company's future borrowing capacity if it is not utilized to finance the acquisition of the Quaker State Properties.

The amended agreement will continue to restrict the sale of assets to no more than 15% of shareholders' equity in any one year and will require the Company to maintain certain levels of net worth, working capital and debt service coverage.

During 1993, the Company placed \$35 million of 7% fixed-rate senior notes with five insurance companies in a private placement. These notes, which are interest-only for four years, mature on September 30, 2005. Equal annual principal payments of \$3,888,888 will be required on each September 30 commencing in 1997.

The note agreement limits the Company's senior debt to 50% of the Company's discounted present value (at 10%) of its oil and gas reserves plus the net book value of its gas gathering systems. Other terms and covenants are substantially the same as those contained in the \$200 million revolving credit facility.

The Company currently expects to spend approximately \$23 million during 1995 on its drilling activities and approximately \$4.4 million for other capital expenditures. The Company's acquisition program is expected to be financed with any available cash flow over \$27.4 million and with its available bank credit line. The Company believes that its existing sources of working capital are sufficient to satisfy all currently anticipated working capital requirements.

The level of the Company's cash flow in the future will depend on a number of factors including the demand and price levels for oil and gas, its ability to acquire additional producing properties and the scope and success of its drilling activities. The Company intends to finance such activities principally through its available cash flow, through additional borrowings and, to the

extent necessary, the issuance of additional common or preferred stock.

INFLATION AND CHANGES IN PRICES

During 1992, the price received for the Company's crude oil fluctuated from a low of \$16.00 per barrel to a high of \$20.75 per barrel with an average price of \$19.27 per barrel. During 1993, the price paid for the Company's crude oil fell from a high of \$19.00 per barrel at the beginning of the year to a low of \$13.50 per barrel at year-end with an average price of \$17.15 per barrel. During 1994, the price paid for the Company's crude oil increased from \$13.50 per barrel to a high of \$18.00 per barrel, then decreased to \$15.50 per barrel at year-end with an average price of \$15.98 per barrel. The average price of the Company's natural gas increased from \$2.20 per Mcf in 1992 to \$2.55 per Mcf in 1993 to \$2.58 per Mcf in 1994. In the first quarter of 1995, the

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average price of the Company's natural gas was \$2.47 per Mcf and the average price of the Company's oil was \$16.70 per barrel.

The price of oil and gas has a significant impact on the Company's results of operations. Oil and gas prices fluctuate based on market conditions and, accordingly, cannot be predicted. As a result of increased competition among drilling contractors and suppliers and reduced levels of drilling, costs to drill, complete and service wells have remained relatively constant in recent years.

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BUSINESS AND PROPERTIES

OVERVIEW

The Company is actively engaged in the acquisition, exploration, development, production, gathering and marketing of oil and gas in the Appalachian and Michigan Basins. Founded in 1942, the Company operates principally in the Appalachian Basin where it is now one of the largest oil and gas companies in terms of reserves, acreage held and wells operated.

On a pro forma basis (giving effect to the acquisition of the Quaker State Properties, Ward Lake and other acquisitions completed through, or pending at, May 31, 1995), as of December 31, 1994, the Company operated more than 7,600 oil and gas wells in Ohio, West Virginia, Pennsylvania, New York and Michigan and had proved developed reserves totaling 178 Bcf of gas and 6 MMBbl of oil. These reserves had a present value before income taxes of approximately \$183 million and a reserve life of 9 years at December 31, 1994. The Company's pro forma 1994 production was 19.9 Bcf of gas and .9 MMBbl of oil. Its pro forma average wellhead price for natural gas was \$2.44 per Mcf for the Appalachian Basin properties and \$2.02 per Mcf for the Michigan Basin properties. Its pro forma average wellhead price for oil was \$15.98 per Bbl.

On a pro forma basis, at December 31, 1994, the Company held leases or options to acquire leases covering approximately 1,147,000 gross (1,049,000 net) acres in the two basins. The Company also owned and operated approximately 2,550 miles of gas gathering systems with access to commercial and industrial gas markets in Ohio, West Virginia, Pennsylvania, New York and Michigan. After giving effect to the completed and pending acquisitions, the Company will market approximately 80 MMcf of gas per day, approximately 70% of which will be derived from its own production.

The Company has grown principally through the acquisition of producing properties and related gas gathering facilities and exploration and development of its own acreage. From 1992 through May 31, 1995, the Company acquired or entered into agreements to acquire producing properties for \$107 million with 168 Bcfe of proved developed reserves at an average cost of \$0.64 per Mcfe and spent \$12.2 million to acquire and develop additional gas gathering facilities. During the period from 1992 through 1994, the Company drilled 185 gross (131.3 net) wells at an aggregate cost of approximately \$18 million for the net wells. This drilling added 18.1 Bcfe to the Company's proved reserves at an average cost of \$0.99 per Mcfe. During 1995, the Company intends to drill approximately 200 wells at an estimated cost of \$23 million.

THE APPALACHIAN AND MICHIGAN BASINS

The Appalachian Basin is the oldest and geographically one of the largest oil and gas producing regions in the United States. Although the Appalachian Basin has sedimentary formations indicating the potential for oil and gas reservoirs to depths of 30,000 feet or more, oil and gas is currently produced primarily from shallow blanket formations at depths of 1,000 to 5,500 feet. Drilling success rates of the Company and others drilling in these formations historically have exceeded 90% with production generally lasting longer than 20

years.

The combination of long-lived production and high drilling success rates at these shallower depths has resulted in a highly fragmented, extensively drilled, low technology operating environment in the Appalachian Basin. As of December 31, 1994, there were over 10,000 independent operators of record and approximately 180,000 producing oil and gas wells in Ohio, West Virginia, Pennsylvania and New York. There has been only limited testing or development of the formations below the existing shallow production in the Appalachian Basin. Fewer than 1,500 wells have been drilled to a depth greater than 7,500 feet, and fewer than 100 wells have been drilled to a depth greater than 12,500 feet in the entire Appalachian Basin. As a result, the Company believes that there are significant exploration and development opportunities in these less developed formations for those operators with the capital, technical expertise and ability to assemble the large acreage positions needed to justify the use of advanced exploration and production technologies.

The Michigan Basin is similar in many respects to the Appalachian Basin. The Company's production is derived from the shallow (700 to 1,700 feet) blanket Antrim Shale formation which has not been extensively developed. Success rates for companies drilling to this formation have exceeded 90%, with production often lasting as long as 20 years. The Michigan Basin also contains deeper formations with greater reserve potential

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(primarily the Niagaran Carbonate) that have been more extensively explored than the Antrim Shale. The Michigan Basin has over 280 operators of record, most of which are private companies, and more than 9,600 producing wells. Because the production rate from Antrim Shale wells is relatively low, cost containment is a crucial aspect of operations. In contrast to the shallow blanket formations in the Appalachian Basin, the operating environment in the Antrim Shale is more capital intensive because of the low natural pressures and the high water content of the formation. In addition, there are more major oil and gas companies active in the Michigan Basin than in the Appalachian Basin.

The proximity of the Appalachian and Michigan Basins to large commercial and industrial natural gas markets has generally resulted in wellhead gas prices that since 1985 have ranged from \$.43 to \$1.21 per Mcf in the Appalachian Basin and \$.22 to \$1.66 per Mcf in the Michigan Basin above national wellhead prices. In 1994, prices in the Appalachian and Michigan Basins averaged \$.44 and \$.22 per Mcf, respectively, above national wellhead prices. The Company's average wellhead gas price in 1994 was \$.84 per Mcf above the average national wellhead price.

BUSINESS STRATEGY

The Company's primary operating objective is to become a dominant oil and gas producer and natural gas marketer in the Appalachian and Michigan Basins. To accomplish this objective, the Company's specific business strategy is to:

- make strategic acquisitions of producing oil and gas properties;
- expand production and reserves through a balanced portfolio of developmental and exploratory drilling;
- improve profitability on production from existing and acquired properties; and
- expand its gas gathering and marketing activities.

This strategy is intended to enable the Company to utilize its sizeable acreage position, technological capability and financial resources to take advantage of (i) the increased availability of producing properties for sale in the Appalachian and Michigan Basins as capital constrained operators seek liquidity or operating capital and (ii) the significant exploration and development opportunities in the deeper and potentially more productive formations in the Appalachian and Michigan Basins.

ACQUISITION OF PRODUCING PROPERTIES

Strategy. The Company's acquisition strategy focuses on producing properties that (i) the Company already owns an interest in and operates or that are strategically located in relation to its existing operations, (ii) can be increased in value through operating cost reductions, advanced production technology, mechanical improvements, recompleting or reworking wells and the use of enhanced and secondary recovery techniques, (iii) provide development drilling opportunities or enhance the Company's acreage position, (iv) have the potential for increased revenues from gas production through the Company's gas marketing capabilities or (v) are of sufficient size to allow the Company to operate efficiently in new areas. Using these criteria, the Company employs a disciplined approach to acquisition analysis that requires input and approval

from all key areas of the Company. These areas include field operations, exploration and production, finance, gas marketing, land management and environmental compliance. Although the Company reviews in excess of 50 acquisition opportunities per year, this disciplined approach can result in uneven annual spending on acquisitions. The following table sets forth information pertaining to acquisitions completed during the period 1992 through May 31, 1995 and acquisitions pending at that date (including the Quaker State Properties acquisition).

<TABLE>
<CAPTION>

PERIOD	NUMBER OF TRANSACTIONS	PURCHASE PRICE (1)	PROVED DEVELOPED RESERVES			COST PER MCFE
			OIL (MBBL)	GAS (MMCF)	COMBINED (MMCFE)	
		(IN THOUSANDS)				
<S>	<C>	<C>	<C>	<C>	<C>	<C>
1992.....	5	\$ 23,733	466	41,477	44,241	\$0.54
1993.....	8	3,883	119	4,121	4,835	0.80
1994.....	11	20,274	223	26,877	28,215	0.72
1995 (2).....	5	58,687	2,351	76,367	90,470	0.65

</TABLE>

(1) Represents portion of purchase price allocated to proved developed reserves.

(2) On a pro forma basis through May 31, 1995.

Quaker State Properties Acquisition. The Company entered into an agreement with Quaker State Corporation dated , 1995 to purchase the Quaker State Properties for \$56 million, subject to adjustment. The assets to be acquired include:

- proved developed reserves of approximately 41.2 Bcf of natural gas and 1.9 million Bbl of oil at December 31, 1994;
- proved undeveloped reserves of approximately 5.6 Bcf of natural gas and .3 million Bbl of oil at December 31, 1994;
- interests in approximately 1,460 gross (1,100 net) wells, 95% of which are operated by Quaker State Corporation;
- 250 miles of gas gathering systems in Pennsylvania, New York, Ohio and West Virginia that are tied directly to interstate natural gas transmission systems;
- operating rights under joint operating agreements and the contract administration or operating fees chargeable to third parties thereunder; and
- undeveloped leases and fee mineral interests covering approximately 250,000 net acres and Quaker State Corporation's extensive geologic and geophysical database.

Approximately \$41.5 million of the purchase price has been allocated to the 52.5 Bcfe of proved developed reserves, \$8.6 million to the gas gathering systems and the balance to other assets.

The agreement provides that the closing will occur on or about July 31, 1995 or as soon as practicable thereafter, but in no event later than September 15, 1995 with the purchase price to be adjusted for the amount of net production revenues after January 1, 1995. Accordingly, for the period from January 1, 1995 to the closing date, the net revenues (gross production income, reduced by production taxes, lease operating and allocated general and administrative expenses, capital expenditures and other similar expenses) will be credited against the purchase price for purposes of the agreement and financial reporting. The purchase price will be further adjusted for, among other things, any wells which are excluded as a result of title or other defects.

Completion of the acquisition of the Quaker State Properties is subject to a number of conditions, including verification of title to the properties, satisfaction or waiver of preferential rights to purchase the properties held by third parties, obtaining necessary consents to assignment of the properties to the Company and customary "due diligence" reviews relating to the properties. Although the Company believes that the acquisition of the Quaker State Properties will be completed, there can be no assurance that the conditions precedent to consummating the acquisition will be satisfied or waived. The acquisition is not contingent on the consummation of this offering since the

Company has sufficient borrowing capacity under its credit facility to finance the purchase.

Ward Lake Acquisition. Effective in January 1995, the Company made its initial entry into the Michigan Basin by acquiring Ward Lake, a privately-held exploration and production company headquartered in Gaylord, Michigan, for \$15.1 million. Ward Lake operates and holds production payment and working interests averaging 13.6% in approximately 500 Antrim Shale gas wells in Michigan's lower peninsula and

approximately 5,500 undeveloped leasehold acres in the proximity of the wells. The wells had estimated proved developed gas reserves of 98 Bcf (14 Bcf net to Ward Lake's interest) at December 31, 1994. Approximately one-half of the purchase price represented payment for the proved developed reserves, with the balance associated with other oil and gas and corporate assets. The Company is currently attempting to acquire additional working interests in the wells.

The Company's rationale for entering the Michigan Basin was based on its geologic and operational similarities to the Appalachian Basin and its geographic proximity to the Company's operations in the Appalachian Basin. Geologically, the Michigan Basin resembles the Appalachian Basin with shallow blanket formations and deeper formations with greater reserve potential. Operationally, economies of scale and cost containment are essential to operating profitability. The Michigan Basin's operating environment is also highly fragmented with substantial acquisition opportunities. The Company's management has had prior experience operating in the Michigan Basin in that the Company's President and Chief Operating Officer was in charge of Shell Oil Company's production operations in Michigan from August 1, 1977 to July 31, 1981. The Company's primary objective in acquiring Ward Lake was to allow the Company to pursue opportunities in the Michigan Basin with an established operating company that provided the necessary critical mass to operate efficiently.

Other Recent Acquisitions. In May 1995 the Company acquired or agreed to acquire, for approximately \$19.4 million, working interests in 1,139 gross (919 net) oil and gas wells in Ohio, Pennsylvania and New York and drilling rights on more than 250,000 acres in Ohio adjacent to producing properties operated by the Company. Estimated proved developed reserves associated with the wells acquired totaled 21 Bcf of natural gas and .5 MMBbl of oil net to the Company's interest at December 31, 1994.

The principal effects on the Company of the addition of the Quaker State Properties (assuming consummation of the purchase), Ward Lake and the other properties which the Company has acquired or agreed to acquire through May 31, 1995 are shown in the following table:

<TABLE>

<CAPTION>

AS OF OR FOR THE YEAR ENDED DECEMBER 31, 1994

	COMPANY	QUAKER STATE PROPERTIES	WARD LAKE AND OTHER ACQUISITIONS	PRO FORMA COMBINED	PERCENTAGE INCREASE
<S>	<C>	<C>	<C>	<C>	<C>
Proved reserves (MMcfe).....	147,672	60,237	41,486	249,395	69%
1994 production (MMcfe).....	12,539	8,399	4,077	25,015	100%
Reserve life (years).....	11.8	7.2	10.2	10.0	(15)%
Gathering systems (miles).....	1,900	250	400	2,550	34%
Leasehold acreage (net).....	534,000	255,000	260,000	1,049,000	96%

</TABLE>

OIL AND GAS OPERATIONS AND PRODUCTION

Operations. The Company serves as the operator of substantially all of the wells in which it holds working interests. The Company seeks to maximize the value of its properties through operating efficiencies associated with economies of scale and through operating cost reductions, advanced production technology, mechanical improvements and the use of enhanced and secondary recovery techniques.

Through its production field offices in Ohio, West Virginia, Pennsylvania, New York and Michigan, the Company continuously reviews its properties, especially recently acquired properties, to determine what actions can be taken to reduce operating costs and/or improve production. The Company has reduced field level costs through improved operating practices such as computerized production scheduling and the use of hand-held computers to gather field data. On acquired properties, further efficiencies may be realized through improvements in production scheduling and reductions in oilfield labor. Actions that may be taken to improve production include modifying surface facilities and

redesigning down-hole equipment. In 1989 and 1990, the Company participated in the development of an advanced plunger lift system (the "JetStar"), a tool that is designed to improve production on certain low-volume gas wells. As of December 31, 1994, a total of 217 JetStar systems have been installed on Company operated wells at a cost of approximately \$5,600 per well, resulting in an average net increase in production to the Company of 8 Mcf per well per day during the first year following installation.

Production. The following table sets forth certain historical and pro forma information regarding oil and gas production from the Company's properties. The pro forma information gives effect to the acquisition of the Quaker State Properties, Ward Lake and other properties which the Company has acquired or agreed to acquire through May 31, 1995 as if such transactions had occurred at January 1, 1994.

<TABLE>

<CAPTION>

	YEARS ENDED DECEMBER 31,				THREE MONTHS ENDED MARCH 31,		
	HISTORICAL			PRO FORMA	HISTORICAL		PRO FORMA
	1992	1993	1994	1994	1994	1995	1995
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Production:							
Oil (MBbl).....	351	453	496	859	107	118	218
Gas (MMcf).....	3,728	7,373	9,563	19,858	2,257	2,927	5,349
Average wellhead price:							
Oil (per Bbl).....	\$19.27	\$17.15	\$15.98	\$ 15.98	\$14.38	\$16.70	\$ 16.51
Gas (per Mcf).....	2.22	2.55	2.58	2.40	2.71	2.47	2.25
Combined (per Mcfe)....	2.58	2.64	2.60	2.46	2.64	2.53	2.35
Production expense (per							
Mcfe).....	0.92	0.71	0.74	0.70	0.75	0.72	0.64
Operating margin (per							
Mcfe) (1).....	1.66	1.93	1.86	1.76	1.89	1.81	1.71

</TABLE>

(1) Average wellhead price per Mcfe less production expense per Mcfe.

Wells and Acreage. The following tables summarize the Company's productive wells and acreage on a pro forma basis at December 31, 1994 giving effect to the acquisition of the Quaker State Properties, Ward Lake and the other properties which the Company has acquired or agreed to acquire through May 31, 1995:

<TABLE>

<CAPTION>

	AS OF DECEMBER 31, 1994					
	PRO FORMA					
	OIL WELLS		GAS WELLS		TOTAL	
	GROSS	NET	GROSS	NET	GROSS	NET
<S>	<C>	<C>	<C>	<C>	<C>	<C>
WELLS:						
Appalachian Basin.....	1,697	1,427	5,497	4,502	7,194	5,929
Michigan Basin.....	--	--	504	81	504	81
Total.....	1,697	1,427	6,001	4,583	7,698	6,010

</TABLE>

<TABLE>

<CAPTION>

	AS OF DECEMBER 31, 1994					
	PRO FORMA					
	DEVELOPED ACREAGE		UNDEVELOPED ACREAGE		TOTAL ACREAGE	
	GROSS	NET	GROSS	NET	GROSS	NET
<S>	<C>	<C>	<C>	<C>	<C>	<C>
ACREAGE:						
Appalachian Basin.....	411,000	388,000	705,000	651,000	1,116,000	1,039,000
Michigan Basin.....	25,000	4,000	6,000	6,000	31,000	10,000
Total.....	436,000	392,000	711,000	657,000	1,147,000	1,049,000

</TABLE>

EXPLORATION AND DEVELOPMENT

The Company's exploration and development activities include development drilling in shallow blanket formations and development and exploratory drilling in the deeper formations of the Appalachian and Michigan Basins. The Company's strategy is to develop a balanced portfolio of drilling prospects that includes lower risk wells with a high probability of success and higher risk wells with greater economic potential.

The Company has an extensive inventory of acreage on which to conduct its exploration and development activities. Upon completion of the acquisitions pending at May 31, 1995 (including the Quaker State Properties), the Company expects to have approximately 1,147,000 gross (1,049,000 net) acres in its inventory.

In 1995, the Company plans to spend approximately \$17.7 million to drill approximately 155 wells to shallow blanket formations in its five state operating area, including approximately 60 wells to be drilled in the Michigan Basin. The Company also plans to spend approximately \$5.6 million to drill 52 wells to the less developed formations, including 40 wells to the Knox formation in 1995. Through May 31, 1995, the Company had drilled 14 wells to the shallow blanket formations, with 14 completed or in the process of being completed as producing wells. Through the same date, the Company had drilled 12 wells to the deeper formations, with five completed or in the process of being completed as producing wells.

The Company believes that its diversified portfolio approach to its drilling activities results in more consistent and predictable economic results than might be experienced with a less diversified or higher risk drilling program profile.

Shallow Blanket Formations. In general, the shallow blanket formations found in the Appalachian and Michigan Basins are widespread in extent, and hydrocarbon accumulations are not dependent upon local stratigraphic or structural trapping. Drilling success rates exceed 90%. The principal risk of such wells is uneconomic recoverable reserves.

The shallow blanket formations in the Appalachian Basin are relatively tight reservoirs that produce 20% to 30% of their recoverable reserves in the first year and 40% to 50% of their total recoverable reserves in the first three years, with steady declines in subsequent years. Average well lives range from 15 years to 25 years or more.

The Antrim Shale formation, the principal shallow blanket formation in the Michigan Basin, is characterized by high formation water production in the early years of a well's productive life, with water production decreasing over time. Antrim Shale wells typically produce at rates of 100 Mcf to 125 Mcf per day for several years, with modest declines thereafter. Gas production often increases in the early years as the producing formation becomes de-watered. Average well lives are 20 years or more.

Certain typical characteristics of the shallow blanket formations to be drilled by the Company in 1995 are described below:

<TABLE>
<CAPTION>

LOCATION	AVERAGE WELL DEPTHS (IN FEET)	AVERAGE DRILLING AND COMPLETION COSTS PER WELL (IN THOUSANDS)	AVERAGE RESERVES PER WELL (IN MMCFE)
Ohio.....	3,000 - 5,500	\$ 110 - 135	100
West Virginia.....	1,500 - 6,000	140 - 160	130
Pennsylvania.....	1,100 - 1,500	30 - 40	25
New York.....	3,000 - 3,500	100 - 110	100
Michigan.....	700 - 1,700	180 - 200	400

</TABLE>

Less Developed Formations. The Appalachian Basin has productive and potentially productive sedimentary formations to depths of 30,000 feet or more, but the combination of long-lived production and high drilling success rates in the shallow formations has impaired the development of the deeper formations in the basin. The Company believes it possesses the technological expertise and the acreage position needed to explore the deeper formations in a cost effective manner.

The less developed formations in the Appalachian Basin include the Knox sequence of sandstones and dolomites which includes the Rose Run, Beekmantown and Trempeleau productive zones, at depths ranging from 3,000 feet to 8,000 feet. The geographical boundaries of the Knox sequence, which lies approximately 2,000 feet below the blanket Clinton Sandstone, are generally well defined in Ohio with less definition in New York. Nevertheless, the Knox group has been only lightly explored, with fewer than 1,500 wells drilled to this sequence of formations during the past 10 years.

The Company began testing the Knox sequence in 1989 by selecting certain wells that were targeted to be completed to the Clinton formation and drilling them an additional 2,000 feet to 2,500 feet to test the Knox formations. In 1991, the Company began using seismic analysis and other geophysical tools to select drilling locations specifically targeting the Knox formations. Since 1991, the Company has added to its technical staff

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to enhance its ability to develop drilling prospects in the Knox and other less developed formations in the Appalachian Basin and the deeper formations in the Michigan Basin. The following table shows the Company's drilling results in the Knox sequence.

<TABLE>
<CAPTION>

PERIOD	WELLS DRILLED		WELLS COMPLETED (1)		AVERAGE RESERVES PER WELL (MMCFE) (2)
	GROSS	NET	GROSS	NET	
<S>	<C>	<C>	<C>	<C>	<C>
1989-1990.....	18	14.5	5	4.0	465
1991.....	11	10.3	5	4.7	170
1992.....	15	12.5	8	6.4	285
1993.....	30	20.2	16	8.8	360
1994.....	25	14.2	17	9.8	389
1995(3).....	9	4.2	5	1.7	N/A

<FN>

(1) Completed as producing wells in the Knox formations. Of the 52 gross wells that were not commercially productive in the Knox formations, 18 were completed as producing wells in the shallower Clinton Sandstone formation.

(2) Average reserves per well reflect production through December 31, 1994 plus estimated proved developed reserves at that date.

(3) Through May 31, 1995.

</TABLE>

The Company's historical experience is that the average Knox well produces 20% to 25% of its recoverable reserves in the first year of production and approximately 50% of its recoverable reserves in the first three years with a steady decline thereafter. Knox sequence wells have an expected productive life ranging from 15 to 25 years.

As shown in the following table, the Company's production from Knox formation wells has increased steadily as additional wells have been drilled.

<TABLE>
<CAPTION>

	KNOX FORMATION WELLS AND PRODUCTION		
	1992	1993	1994
<S>	<C>	<C>	<C>
Number of Wells in Production:			
Gross.....	16	23	41
Net.....	13.7	20.6	29.7
Annual Production (net):			
Oil (MBbl).....	4.7	13.9	67.1
Gas (MMcf).....	340	731	1,041
Combined (MMcfe).....	368	814	1,444

</TABLE>

The Company is well positioned to exploit the undeveloped potential of the Knox formations. On a pro forma basis giving effect to the acquisitions completed through, and pending at, May 31, 1995, it holds leases on approximately 648,000 net acres overlying potential Knox drilling locations. The

In addition, the Company has also tested the Niagaran Carbonate, Onondaga Limestone and Oriskany Sandstone formations. Certain typical characteristics of the deeper formations to be drilled by the Company in 1995 are described below:

<TABLE>

<CAPTION>

FORMATION	LOCATION	RANGE OF OR AVERAGE WELL DEPTH	AVERAGE DRILLING COSTS		AVERAGE RESERVES PER WELL
			DRY HOLE	COMPLETED WELL	
		(IN FEET)	(IN THOUSANDS)		(IN MMCFE)
<S>	<C>	<C>	<C>	<C>	<C>
Knox Formations.....	OH, NY	3,000-8,000	\$110	\$200	350
Niagaran Carbonate.....	MI	4,500	350	580	1,000
Onondaga Limestone.....	PA	5,500	200	400	500
Oriskany Sandstone.....	PA	9,000	360	770	1,000

</TABLE>

Drilling Results. The following table sets forth drilling results (excluding Michigan) with respect to wells drilled during the past three years.

<TABLE>

<CAPTION>

	SHALLOW BLANKET FORMATIONS (1)			LESS DEVELOPED FORMATIONS (2)		
	1992	1993	1994	1992	1993	1994
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Productive						
Gross.....	4	42	58	8	16 (3)	22 (4)
Net.....	4	31.4	45.6	6.4	8.8	12.7
Dry						
Gross.....	0	2	2	7	14	10
Net.....	0	0.7	0.4	5.1	11.4	4.8
Reserves discovered -- net (MMcfe) (5).....	97	3,019	4,813	1,821	3,173	5,196
Approximate cost (in thousands).....	\$112	\$3,734	\$4,754	\$2,200	\$2,630	\$4,546

<FN>

- (1) Consists of wells drilled to the Berea and Clinton Sandstone formations in Ohio, the Berea Sandstone, Devonian Brown Shale, Ravencliff Sandstone and Big Lime Limestone formations in West Virginia, and the Glade and Clarendon Sandstone formations in Pennsylvania.
- (2) Consists of wells drilled to the Trenton Limestone and Knox formations in Ohio and the Oriskany Sandstone and Onondaga Limestone formations in Pennsylvania.
- (3) Two additional wells which were dry in the Knox formations were subsequently completed in the shallower Clinton formation.
- (4) One additional well which was dry in the Knox formations was subsequently completed in the shallower Clinton formation.
- (5) Reflects production through December 31, 1994 plus estimated proved developed reserves at that date.

</TABLE>

Since 1987, drilling programs managed by Ward Lake focused exclusively on the Antrim Shale formation and resulted in the following: 506 wells drilled; 2 dry holes; \$64.5 million in drilling expenditures; and 161 Bcf of reserves discovered.

GAS GATHERING AND MARKETING

Gas Gathering. On a pro forma basis giving effect to the acquisition of the Quaker State Properties, Ward Lake and other properties which the Company has acquired or agreed to acquire through May 31, 1995, the Company operates approximately 2,550 miles of natural gas gathering lines in Ohio, West Virginia, Pennsylvania, New York and Michigan which are tied directly to various interstate natural gas transmission systems. The interconnections with these interstate pipelines afford the Company potential marketing access to most East Coast gas markets.

Gas Marketing. The major industrial centers of Akron, Canton, Cleveland and Pittsburgh are all located in close proximity to the Company's operations and provide a large potential market for direct natural gas

sales. At present, the Company markets directly to approximately 150 customers in a five-state area. The Company focuses its gas marketing efforts on small to mid-sized industrial customers that require more service and have the potential to generate higher margins than large industrial users.

The Company sells the gas it produces to its commercial and industrial customers, local distribution companies and on the spot market. In addition to its own production, the Company buys gas from other producers and third parties and resells it. As the operator of wells in which it has an interest and wells owned by third parties, at May 31, 1995, the Company controlled approximately 112 MMcf of gas per day of which approximately 30% consisted of its own production. At that date, the Company was collecting marketing fees on 56 MMcf per day. Gas sold to end users is usually sold pursuant to contracts which extend for periods of one to three years at fixed prices. Gas sold to local distribution companies is generally sold under one-year or longer contracts either at fixed prices or prices indexed to the local distribution companies' cost of gas. The following table shows the type of buyer for the Company's own gas production and gas purchased from others in 1994.

<TABLE>
<CAPTION>

PURCHASER	COMPANY PRODUCED GAS		GAS PURCHASED FROM THIRD PARTIES	
	MMCF	PERCENT OF TOTAL	MMCF	PERCENT OF TOTAL
<S>	<C>	<C>	<C>	<C>
End users.....	3,900	40.6%	6,600	95.7%
Local distribution companies				
Fixed price.....	2,900	30.2%	--	--
Indexed.....	1,400	14.6%	--	--
Spot markets.....	1,400	14.6%	300	4.3%
	-----	-----	-----	-----
Total.....	9,600	100.0%	6,900	100.0%
	=====	=====	=====	=====

</TABLE>

OILFIELD SERVICE AND SUPPLIES

The Company has provided its own oilfield services for more than 30 years in order to assure quality control and operational and administrative support to its exploration and production operations. In 1992, a separate service division was organized which provides the Company and third party customers with necessary oilfield services such as well workovers, well completions, JetStar conversions, brine hauling and disposal and oil trucking. During the last half of 1994, the Company acquired for \$3.1 million substantially all the assets of two Ohio-based oilfield servicing companies and a brine hauling and disposal company operating primarily in Ohio. These acquisitions make the Company's service division the largest oilfield service company in Ohio.

Target Oilfield Pipe & Supply Company, a subsidiary of the Company, operates retail sales outlets in the Appalachian Basin from which it sells a broad range of equipment, including pipe, tanks, fittings, valves, pumping units and JetStar plunger lift systems. The Company originally entered the oilfield supply business to ensure the quality and availability of supplies for its own operations. In 1994, third party sales accounted for approximately 70% of total sales. In the first quarter of 1994, the Company acquired the assets and liabilities of Engine Power Systems, Inc., a distributor of Waukesha natural gas-fueled engines and gas-powered electric generation equipment, in exchange for 31,656 restricted shares of the Company's common stock.

The Company plans to expand its oilfield service and supplies business through continued growth in its market area.

OIL AND GAS RESERVES

The following table sets forth information with respect to the Company's proved developed and proved undeveloped oil and gas reserves as of December 31, 1992, 1993 and 1994 and pro forma information with respect to such reserves at December 31, 1994 giving effect to the acquisition of the Quaker State Properties, Ward Lake and other properties which the Company has acquired or agreed to acquire through May 31, 1995. Such reserves were determined in accordance with the rules and regulations of the Securities and Exchange Commission (the "Commission"). The information with respect to proved developed reserves is based on

reserve reports of John G. Redic, Inc., independent petroleum engineers. See "Experts". The estimates of proved undeveloped reserves were prepared by the Company's petroleum engineers.

<TABLE>
<CAPTION>

	AS OF DECEMBER 31,			
	ACTUAL			PRO FORMA
	1992	1993	1994	1994
<S>	<C>	<C>	<C>	<C>
Proved developed reserves:				
Gas (MMcf).....	79,158	74,578	101,355	177,722
Oil (MBbl).....	4,163	3,145	3,715	6,065
Combined (MMcfe).....	104,136	93,445	123,643	214,113
Proved undeveloped reserves:(1)				
Gas (MMcf).....	N/A	19,687	21,636	30,742
Oil (MBbl).....	N/A	388	399	757
Combined (MMcfe).....	N/A	22,017	24,029	35,282
Total proved reserves:				
Combined (MMcfe) (1).....	104,136	115,462	147,672	249,395

</TABLE>

(1) Prior to 1993, the Company did not estimate its proved undeveloped reserves because the effect on total proved reserves was considered insignificant.

The following table sets forth the estimated future net revenues from the above proved reserves and pro forma proved reserves of the Company and the present value of such future net revenues as of December 31, 1994 determined in accordance with the rules and regulations of the Commission.

<TABLE>
<CAPTION>

	ACTUAL	PRO FORMA
	<C>	<C>
<S>		
Estimated future net revenues:		
Total.....	\$229,844,389	\$350,229,318
Present value before income taxes (discounted at 10% per annum).....	116,470,945	192,496,113

</TABLE>

Estimated future net revenues represent estimated future gross revenues from the production and sale of proved reserves, net of estimated production costs (including production taxes, ad valorem taxes and operating costs) and development costs. Estimated future net revenues were calculated on the basis of prices and costs estimated to be in effect at December 31, 1994 without escalation, except where changes in prices were fixed and readily determinable under existing contracts. The estimates of proved reserves and estimated future net revenues set forth above and elsewhere in this Prospectus attributable to the Quaker State Properties differ from those contained in the Statements of Revenues and Direct Operating Expenses for the Quaker State Properties included elsewhere herein. The estimates set forth above reflect the Company's anticipated lease operating expenses on a state-by-state basis based on its historical experience, while the estimates contained in the Statements of Revenues and Direct Operating Expenses reflect the historical level of lease operating expenses incurred by Quaker State Corporation.

The present values shown above should not be construed as the current market value of the Company's proved reserves. The 10% discount factor used to calculate present value, which is specified by the Commission, is not necessarily the most appropriate discount rate, and present value, no matter what discount rate is used, is materially affected by assumptions as to timing of future production, lease operating expenses and capital expenditures, which may prove to be inaccurate. In addition, the calculation of future net revenues does not take into account the effect of various cash outlays, including, among other things, general and administrative costs and interest expense. See "Risk Factors -- Uncertainty of Reserve Estimates."

EMPLOYEES

As of May 31, 1995, the Company had 447 full-time employees, including 312 field employees, 13 petroleum engineers, five geologists and one geophysicist.

COMPETITION AND CUSTOMERS

The oil and gas industry is highly competitive. Competition is particularly intense with respect to the acquisition of producing properties and the sale of oil and gas production. There is competition among oil and gas producers as well as with other industries in supplying energy and fuel to users.

The competitors of the Company in oil and gas exploration, development, production and marketing include major integrated oil and gas companies as well as numerous independent oil and gas companies, individual proprietors, natural gas pipelines and their affiliates and natural gas marketers and brokers. Many of these competitors possess and employ financial and personnel resources substantially in excess of those available to the Company. Such competitors may be able to pay more for desirable prospects or producing properties and may be able to evaluate, bid for and purchase a greater number of properties or prospects than the financial or personnel resources of the Company will permit. The ability of the Company to add to its reserves in the future will be dependent on its ability to exploit its current developed and undeveloped lease holdings and its ability to select and acquire suitable producing properties and prospects for future exploration and development.

The only customer which accounted for 10% or more of the Company's consolidated revenues for the year ended December 31, 1992 was Witco Corporation, sales to which totaled \$5,313,193. The only customer which accounted for 10% or more of the Company's consolidated revenues during the years ended December 31, 1993 and 1994 was Ravenswood Aluminum Corporation ("RAC"), sales to which totaled \$8,616,069 and \$9,600,612, respectively. The Company's contract with RAC, its principal gas purchaser in West Virginia, requires it to deliver 10 billion Btus (approximately 9.5 MMcf) of gas per day through 1998. At present, the Company is supplying this contract requirement by delivering approximately 5.9 billion Btus of its own gas production, 3.3 billion Btus of production from royalty and joint working interest owners in wells in which the Company holds an interest and 0.8 billion Btus of gas purchased from third parties.

The contract price at which gas is delivered to this customer for 1995 is \$3.61 per MMBtu. The RAC contract also provides for a discount from the contract price if gas is available under the same terms and conditions from an arms-length third party at a price of less than 70% of the contract price. The discount is equal to one-half of the difference between the lower available price and the contract price and applies to volumes of gas for plant requirements in excess of 6,000 MMBtus per day. During 1994, RAC unilaterally took discounts totaling \$334,000 and through March 31, 1995 has taken additional discounts totaling \$315,000. The Company has contested RAC's interpretation of the contract and may initiate legal action to recover part or all of the discounts taken.

To protect itself against an interruption or reduction in the income stream under the RAC contract, the Company required the seller of the properties subject to the RAC contract to partially secure the delivered gas price the Company would receive under the contract with a declining letter of credit issued by Citibank, N.A. and Chase Manhattan Bank, N.A. in the original amount of \$10.7 million, approximately \$6.9 million of which is available for drawing in 1995. The Company is entitled to draw against the letter of credit annually if it receives less than a specified minimum average delivered price on gas delivered to RAC under the contract. Under the terms of the letter of credit, the Company was reimbursed approximately \$165,000 directly by the seller for the 1994 discounts and expects to be reimbursed for a significant portion of any discounts taken in 1995.

REGULATION

Regulation of Production. In all states in which the Company is engaged in oil and gas exploration and production, its activities are subject to regulation. Such regulations may extend to requiring drilling permits, spacing of wells, the prevention of waste and pollution, the conservation of natural gas and oil, and other matters. Such regulations may impose restrictions on the production of natural gas and oil by reducing the rate of flow from individual wells below their actual capacity to produce with the result that the amount of timing of the Company's revenues could be adversely affected. Moreover, future changes in local, state or federal laws and regulations could adversely affect the operations of the Company.

Legislation affecting the oil and gas industry is under constant review for amendment or expansion, frequently increasing the regulatory burden. Numerous departments and agencies, both federal and state, are also authorized by statute to issue, and have issued, rules and regulations that are often costly to comply with and carry substantial penalties for non-compliance. In addition, production

operations are affected by changing tax and other laws relating to the petroleum industry, by constantly changing administrative regulations and possible interruption or termination by governmental authorities. Although the Company believes that it is in material compliance with all such laws and regulations, there is no assurance that new regulations or new interpretations of existing laws and regulations will not increase substantially the cost of compliance or otherwise adversely affect the Company's exploration for and production, gathering and marketing of oil and gas.

Environmental Regulation. The Company's operations are subject to numerous laws and regulations governing the discharge of materials into the environment or otherwise relating to environmental protection. These laws and regulations may require the acquisition of a permit before drilling commences, restrict the types, quantities and concentration of various substances that can be released into the environment in connection with drilling and production activities, limit or prohibit drilling activities on certain lands lying within wilderness, wetlands and other protected areas, and impose substantial liabilities for pollution resulting from the Company's operations. Moreover, the recent trend toward stricter standards in environmental legislation and regulation is likely to continue. For instance, legislation has been proposed in Congress from time to time that would reclassify certain oil and gas exploration and production wastes as "hazardous wastes" which would make the reclassified wastes subject to much more stringent handling, disposal and clean-up requirements. If such legislation were to be enacted, it could have a significant impact on the operating costs of the Company, as well as the oil and gas industry in general. State initiatives to further regulate the disposal of oil and gas wastes are also pending in certain states, and these various initiatives could have a similar impact on the Company. Management believes that the Company is in substantial compliance with current applicable environmental laws and regulations and that continued compliance with existing requirements will not have a material adverse impact on the Company. See "Risk Factors -- Governmental Regulation."

The Comprehensive Environmental Response, Compensation, and Liability Act ("CERCLA"), also known as the "Superfund" law, imposes liability, without regard to fault or the legality of the original conduct, on certain classes of persons that are considered to have contributed to the release of a "hazardous substance" into the environment. These persons include the owner or operator of the disposal site or sites where the release occurred and companies that disposed or arranged for the disposal of the hazardous substances found at the site. Persons who are or were responsible for releases of hazardous substances under CERCLA may be subject to joint and several liability for the costs of cleaning up the hazardous substances that have been released into the environment and for damages to natural resources, and it is not uncommon for neighboring landowners and other third parties to file claims for personal injury and property damage allegedly caused by the hazardous substances released into the environment.

Regulation of Sales and Transportation. The Federal Energy Regulatory Commission (the "FERC") regulates the transportation and sale for resale of natural gas in interstate commerce pursuant to the Natural Gas Act of 1938 (the "NGA") and the Natural Gas Policy Act of 1978 (the "NGPA"). In the past, the federal government has regulated the prices at which oil and gas could be sold. Currently, sales by producers of natural gas and all sales of crude oil and condensate in natural gas liquids can be made at uncontrolled market prices, but Congress could reenact price controls at any time.

Commencing in the mid-1980s, the FERC issued a series of orders designed to create a more competitive environment in the natural gas marketplace by promulgating open-access transportation on natural gas pipelines. The central themes of these orders and other implementing regulations since 1985 have formed the basis of the FERC's attempts, in Order No. 636, to continue this evolving legislative and regulatory process. Order No. 636, issued in April 1992, as amended by Order No. 636-A (issued in August 1992) and Order No. 636-B (issued in November 1992), is a continuation of the FERC's efforts to improve the competitive structure of the pipeline industry and maximize the consumer benefits of a competitive wellhead gas market. The FERC has required pipelines to "unbundle" or separate their traditional merchant sales services from their transportation and storage services and to provide comparable transportation and storage services with respect to all gas supplies whether purchased from the pipeline or from other merchants such as marketers or

producers. The pipelines must now separately state the applicable rates for each unbundled service (i.e., for the gas commodity, transportation and storage). It is unclear what impact increased competition within the natural gas industry under Order No. 636 will have on the Company's activities. Although Order No. 636, assuming that it is upheld in its entirety, could provide the Company with additional market access and more fairly apply transportation service rates, Order No. 636 could also subject the Company to more restrictive pipeline imbalance tolerances and greater penalties for violation of those tolerances.

The FERC has issued final orders on virtually all Order No. 636 pipeline restructuring proceedings. Appeals of Order No. 636, as well as orders in the individual pipeline restructuring proceedings, are currently pending, and the Company cannot predict the ultimate outcome of court review. This review may result in reversal, in whole or in part, of Order No. 636.

In December 1992, the FERC issued Order No. 547 governing the issuance of blanket marketer sales certificates to all natural gas sellers other than interstate pipelines. Order No. 547 applies to non-first sales that remain subject to the FERC's NGA jurisdiction. The FERC intends Order No. 547, in tandem with Order No. 636, to foster a competitive market for natural gas by giving natural gas purchasers access to multiple supply sources at market-driven prices. Order No. 547 may increase competition in markets in which the Company's natural gas is sold.

Commencing in May 1994, the FERC has issued a series of orders in individual cases that delineate its gathering policy as a result of the comments received. Among other matters, the FERC slightly narrowed its statutory tests for establishing gathering status and reaffirmed that it does not have jurisdiction over natural gas gathering facilities and services and that such facilities and services are properly regulated by state authorities. As a result, natural gas gathering may receive greater regulatory scrutiny by state agencies. In addition, the FERC has approved several transfers by interstate pipelines of gathering facilities to unregulated gathering companies, including affiliates. This could allow such companies to compete more effectively with independent gatherers. The FERC's orders delineating its new gathering policy are subject to possible court appeals.

The FERC has recently announced its intention to reexamine certain of its transportation related policies, including the appropriate manner for setting rates for new interstate pipeline construction and the manner in which interstate pipelines release transportation capacity under Order No. 636. While any resulting FERC action would affect the Company only indirectly, these inquiries are intended to further enhance competition in natural gas markets.

The Company's natural gas gathering operations may be or may become subject to safety and operational regulations relating to the design, installation, testing, construction, operation, replacement and management of facilities. Pipeline safety issues have recently become the subject of increasing focus in various political and administrative arenas at both the state and federal levels. For example, federal legislation addressing pipeline safety issues was considered in the most recent Congressional session, which, if enacted, would have included a federal "one call" notification system and certain new construction specifications applicable to certain new construction. The Company cannot predict what effect, if any, the adoption of additional pipeline safety legislation might have on its operations, but yet does not believe that any adverse effect would be material.

Additional proposals and proceedings that might affect the oil and gas industry are pending before the Congress, the FERC and the courts. The Company cannot predict when or whether any such proposals may become effective. In the past, the natural gas industry has been very heavily regulated. There is no assurance that the current regulatory approach pursued by the FERC will continue indefinitely into the future. Notwithstanding the foregoing, it is not anticipated that compliance with existing federal, state and local laws, rules and regulations will have a material adverse effect upon the capital expenditures, earnings or competitive position of the Company.

SEASONAL NATURE OF BUSINESS

Historically the demand for natural gas decreases during the summer months and increases during the winter months. Mild winters in recent years have lessened this fluctuation. In addition, pipelines and customers have begun to effectively utilize natural gas storage capacity by purchasing some of their winter requirements in the summer at reduced prices, further reducing seasonal gas price fluctuations.

LITIGATION

On February 17, 1994, the Estate of Judith C. Bookman filed a complaint in the Court of Common Pleas of Portage County, Ohio against Harold D. Miller, Inc. and the Company seeking the recovery of \$5,110,000 in compensatory damages and \$2,000,000 in punitive damages for the death of Judith C. Bookman in an automobile accident involving a tractor-trailer owned and operated by co-defendant Harold D. Miller, Inc. The co-defendant is an independent contractor who was transporting oilfield supplies to one of the Company's well sites at the time of the accident. The Company intends to vigorously defend itself, and to seek third party indemnification, against these claims. Any liability of the Company with respect to this action would be covered by insurance except for any punitive damages awarded. The Company has filed a

motion for summary judgment, and management of the Company believes that the Company will not incur any material liability to the plaintiff in this lawsuit.

At the present time the Company is involved in several lawsuits arising in the ordinary course of business. The Company believes that the result of such proceedings, individually or in the aggregate, will not have a material adverse effect on the Company's financial position or results of the operations.

UNDERWRITING

Subject to the terms and conditions of the Underwriting Agreement, the Company has agreed to sell to each of the Underwriters named below, and each of such Underwriters, for whom Johnson Rice & Company, L.L.C., McDonald & Company Securities, Inc. and Southcoast Capital Corporation are acting as Representatives, has severally agreed to purchase from the Company the respective number of shares of Common Stock set forth opposite its respective name below:

<TABLE> <CAPTION> UNDERWRITER ----- <S>	NUMBER OF SHARES ----- <C>
Johnson Rice & Company, L.L.C.....	
McDonald & Company Securities, Inc.	
Southcoast Capital Corporation.....	
 Total.....	 ----- 3,500,000 =====

</TABLE>

Under the terms and conditions of the Underwriting Agreement, the Underwriters are committed to take and pay for all the shares offered (other than the over-allotment option described below) hereby if any are purchased.

The Underwriters propose to offer the shares of Common Stock in part directly to the public at the initial public offering price set forth on the cover page of this Prospectus and in part to certain securities dealers at such price less a concession of \$ per share. The Underwriters may allow, and such dealers may re-allow, a concession not in excess of \$ per share to other brokers and dealers. After the shares of Common Stock are released for sale to the public, the offering price and other selling terms may, from time to time, be varied by the Representatives.

The Company has granted the Underwriters an option, exercisable for 30 days from the date of this Prospectus, to purchase up to an aggregate of 525,000 additional shares of Common Stock to cover over-allotments, if any. If the Underwriters exercise their over-allotment option, each Underwriter has severally agreed to purchase approximately the same percentage thereof which the number of shares of Common Stock purchased by it shown in the table above bears to the 3,500,000 shares of Common Stock offered hereby. The Underwriters may exercise such option only to cover over-allotments made in connection with the sale of the 3,500,000 shares of Common Stock offered hereby.

The Company and Henry S. Belden IV have agreed that they will not, without the prior written consent of the Representatives, sell, transfer, assign or otherwise dispose of any shares of Common Stock or any rights to purchase or acquire Common Stock without the prior consent of the Representatives (which may be granted or withheld in their discretion) prior to the expiration of 180 days from the date of this Prospectus.

The Company has agreed to indemnify the several Underwriters against certain liabilities, including liabilities under the Securities Act of 1933 or to contribute to payments that the Underwriters may be required to make in respect thereof.

DESCRIPTION OF CAPITAL STOCK

The Company's authorized capital stock consists of 12,000,000 shares of Common Stock, without par value, 5,000,000 shares of Class I Serial Preferred Stock, without par value ("Class I Preferred") and 3,000,000 shares of Class II Serial Preferred Stock, without par value ("Class II Preferred"). As of May 31,

1995, 7,106,246 shares of Common Stock and 24,000 shares of Class II Preferred were outstanding and no shares of Class I Preferred were outstanding.

COMMON STOCK

Holders of Common Stock are entitled to one vote for each share held on all matters submitted to a vote of shareholders (except for certain matters involving only the rights of holders of the Class I Preferred or the Class II Preferred). The Code of Regulations of the Company provides for a classified Board of Directors with staggered three year terms. Shareholders have no right to cumulate their votes in the election of directors and have no preemptive or other rights to subscribe for additional shares. All outstanding shares of Common Stock are, and those offered hereby, will be, validly issued, fully paid and nonassessable. Holders of Common Stock are entitled to receive pro rata such dividends as the Board of Directors may declare from funds legally available therefor, subject to the preferential rights of the Class I Preferred and the Class II Preferred. If and for so long as any shares of Class I Preferred or Class II Preferred are issued and outstanding, no dividend may be declared or paid on the Common Stock until all accrued and unpaid dividends on the Class I Preferred and/or the Class II Preferred have been provided for or paid. Upon the liquidation or distribution of the Company, the assets legally available for distribution to shareholders are distributable ratably among the holders of Common Stock, subject to the preferential distribution rights of any outstanding shares of the Class I Preferred or the Class II Preferred.

The transfer agent and registrar for the Company's Common Stock is Registrar & Transfer Company, Cranford, New Jersey.

PREFERRED STOCK

The Class I Preferred and the Class II Preferred may be issued in one or more series by the Board of Directors without further shareholder authorization. All shares of Class I Preferred are non-voting shares (except as to certain matters or in certain events) and all shares of Class II Preferred are voting shares entitled to one vote for each share on all matters submitted to shareholders. Otherwise, the shares of Class I Preferred and Class II Preferred shall have such designations, dividend rates, redemption rights, liquidation rights, conversion rights and restrictions as determined by the Board of Directors with respect to the issuance of each particular series.

In the event of a default in the payment of six quarterly dividends on any series of Class I Preferred or Class II Preferred, the holders of shares of such class, voting separately as a class, will be entitled to elect two members of the Board of Directors of the Company until all dividends in default on the shares of such class have been paid. In addition, the consent of the holders of at least a majority of the Class I Preferred or the Class II Preferred will be required to adopt any amendment to the Articles of Incorporation or the Code of Regulations of the Company which would adversely affect the powers, rights or preferences of such class or authorize any class of shares ranking prior to the shares of such class. Under certain circumstances, the holders of Class I Preferred and the holders of Class II Preferred will have separate class voting rights in connection with the approval of any merger, sale, consolidation or reorganization of the Company.

Of the 3,000,000 shares of authorized Class II Preferred, 24,000 shares designated \$7.50 Series A have been issued and were outstanding as of May 31, 1995. The shares of the \$7.50 Series A have a stated value of \$100 per share and are entitled to cumulative dividends at the annual rate of \$7.50 per share. In the event of any voluntary or involuntary liquidation or dissolution of the Company, the holders of the outstanding shares of such series are entitled to be paid the stated value of such shares as of the date of such liquidation or dissolution plus any accrued and unpaid dividends thereon to such date, subject to the prior preferential rights of any shares of stock senior to the \$7.50 Series A. The shares of the \$7.50 Series A are subject to redemption at \$100 per share at any time by the Company and are, at the option of the holders, convertible into Common Stock at any time after five years from December 31, 1992 at a conversion price of \$15.00 per share of Common Stock.

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PROVISIONS RELATING TO BUSINESS COMBINATIONS AND CONTROL SHARE ACQUISITIONS

Under the Company's Articles of Incorporation, the sale of all or substantially all the assets of the Company, the merger or consolidation of the Company with or into another corporation (other than a 90% owned subsidiary) or other business combination involving the issuance of more than one-sixth of the Company's outstanding voting stock requires the affirmative vote of the holders of two-thirds of the Company's outstanding voting stock, unless the sale, merger or business combination is with a person or entity owning more than 10% of the Company's outstanding voting stock. Such transactions with any person or entity owning more than 10% of the Company's outstanding voting stock require the affirmative vote of the holders of not less than 75% of the Company's outstanding voting stock (excluding those shares owned by such person or entity) unless (i) the Board of Directors of the Company has approved the transaction by

vote of at least two-thirds of the Continuing Directors (generally the incumbent directors and their successors that are recommended for election or elected by the incumbent directors), or (ii) certain specified "fair price" provisions are satisfied. Under the fair price criteria, the consideration received by the holders of the Company's Common Stock in such transaction must be at least equal to the highest per share price paid by such 10% holder in acquiring any of its holdings of such Common Stock and must be in cash or the same form of consideration used by such 10% holder to acquire the largest percentage of such Common Stock owned by such holder. These provisions are intended to assure that all shareholders receive a fair price in the event of certain business transactions initiated by a holder of 10% or more of the Company's voting stock.

The Articles of Incorporation of the Company provide that the Board of Directors, in evaluating a business combination or a proposal by another person(s) or entity to make a tender or exchange offer, may consider in addition to the adequacy of the amount to be paid in connection with any such transaction, certain specified factors and any other factors the Board deems relevant. Among the specified factors the Board may consider are the social and economic effects of the transaction on the Company and its subsidiaries, employees, customers, creditors and other elements of the communities in which the Company and its subsidiaries operate or are located; the business and financial condition and earnings prospects of the acquiring party or parties; and the competence, experience and integrity of the acquiring party or parties and its or their management.

In addition, the Articles of Incorporation require the approval by a majority of disinterested shareholders, given at a special meeting of shareholders, prior to the consummation of any acquisition of shares which could result in the acquirer obtaining control of more than one-fifth of the Company's voting stock or result in increasing the ownership of a holder of at least one-fifth of such stock to one-third or more, or result in increasing the ownership of the holder of at least one-third of such stock to one-half or more. These provisions are similar to those contained in the Ohio Control Share Acquisition Act.

Certain other provisions of the Articles of Incorporation and Code of Regulations, which are described below, may have the effect, alone or in combination with each other or with the existence of authorized but unissued shares of capital stock, of rendering more difficult or discouraging an acquisition of the Company deemed undesirable by the Board of Directors.

LEGAL MATTERS

The validity of the Common Stock offered hereby is being passed upon for the Company by Black, McCuskey, Souers & Arbaugh, Canton, Ohio, and for the Underwriters by Jones, Walker, Waechter, Poitevent, Carrere & Denegre, L.L.P., New Orleans, Louisiana.

EXPERTS

The information appearing in this Prospectus regarding estimates of proved developed reserves as of December 31, 1994 attributable to the oil and gas properties of the Company and the estimated future net revenues to be derived therefrom are derived from reserve reports and reserve report audits prepared or performed by John G. Redic, Inc., independent petroleum engineers, and have been included herein in reliance upon such firm as experts with respect to such matters.

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The consolidated financial statements of the Company at December 31, 1994 and 1993 and for each of the three years in the period ended December 31, 1994 appearing in this Prospectus and the Registration Statement have been audited by Ernst & Young LLP, independent auditors, as set forth in their report thereon appearing elsewhere herein and in the Registration Statement, and are included in reliance upon such report given upon the authority of such firm as experts in accounting and auditing.

The statements of revenues and direct operating expenses of the Quaker State Properties for the years ended December 31, 1994 and 1993 appearing in this Prospectus and the Registration Statement have been audited by Ernst & Young LLP, independent auditors, as set forth in their report thereon appearing elsewhere herein and in the Registration Statement, and are included in reliance upon such report given upon the authority of such firm as experts in accounting and auditing.

The financial statements of Ward Lake Drilling, Inc. as of and for the year ended December 31, 1994 included in Form 8-K dated February 10, 1995, as amended, and incorporated by reference herein and in the Registration Statement have been audited by Ernst & Young LLP, independent auditors, as set forth in their report thereon included therein and incorporated by reference herein and in the Registration Statement in reliance upon such report given on the

authority of such firm as experts in accounting and auditing.

AVAILABLE INFORMATION

The Company has filed with the Commission a Registration Statement on Form S-3 (herein, together with all amendments and exhibits, referred to as the "Registration Statement") under the Securities Act of 1933, as amended. This Prospectus does not contain all of the information set forth in the Registration Statement, certain parts of which have been omitted in accordance with the rules and regulations of the Commission. For further information, reference is hereby made to the Registration Statement and to the exhibits and schedules filed therewith. All of these documents may be inspected without charge at the Commission's principal office in Washington, D.C., and copies thereof may be obtained from the Commission at the prescribed rates or may be examined without charge at the public reference facilities of the Commission.

The Company is subject to the informational requirements of the Securities Exchange Act of 1934 and in accordance therewith files reports, proxy statements and other information with the Commission. Such reports, proxy statements and other information can be inspected and copied at the public reference facilities maintained by the Commission at 450 Fifth Street, N.W., Room 1024, Washington, D.C. 20549, and at the regional offices of the Commission at Citicorp Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661 and 7 World Trade Center, New York, New York 10048. Copies of such materials can be obtained at prescribed rates from the Public Reference Section of the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549.

INCORPORATION OF DOCUMENTS BY REFERENCE

The following documents previously filed with the Commission pursuant to the Securities Exchange Act of 1934 are hereby incorporated by reference in this Prospectus: (1) the Annual Report on Form 10-K of the Company for the year ended December 31, 1994, (2) the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 1995 and (3) the Company's Current Report on Form 8-K dated February 10, 1995, as amended.

All documents filed by the Company pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 subsequent to the date hereof and prior to the termination of this offering of shall be deemed to be incorporated by reference herein and to be a part hereof from the date of filing thereof. Any statement contained in a document all or a portion of which is incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this Prospectus to the extent that a statement contained herein or in any subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any statement so modified shall not be deemed to constitute a part of this Prospectus except as so modified, and any statement so superseded shall not be deemed to constitute part of this Prospectus.

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GLOSSARY OF OIL AND GAS TERMS

The following are abbreviations and definitions of terms commonly used in the oil and gas industry and in this Prospectus. All information in this Prospectus relating to oil and gas reserves and the estimated future net cash flows attributable to such oil and gas reserves are estimates and have been calculated in accordance with the rules and regulations of the SEC and, except as otherwise indicated, give no effect to federal or state income taxes otherwise attributable to future net revenues from the sale of oil and gas.

"Mcf" means thousand cubic feet.

"MMcf" means million cubic feet.

"Bcf" means billion cubic feet.

"Bbl" means barrel or barrels.

"MBbl" means thousand barrels.

"MMBbl" means million barrels.

"Mcfe" means a thousand cubic feet of natural gas equivalent, which is determined using the ratio of six Mcf of natural gas to one barrel of crude oil, condensate or natural gas liquids so that one barrel of oil is referred to as six Mcf of natural gas equivalent or "Mcfe."

"MMcfe" means million cubic feet of natural gas equivalent.

"Bcfe" means a billion cubic feet of natural gas equivalent, which is determined using the ratio of six Mcf of natural gas to one barrel of crude oil,

condensate or natural gas liquids.

"Btus" means British Thermal Units.

"Dry hole" means a well which is not productive of oil and/or gas in paying quantities.

"Gross" oil and gas wells or "gross" acres are the total number of wells or acres in which the Company has an interest, without regard to the size of that interest.

"Net" oil and gas wells or "net" acres are determined by multiplying gross wells or acres by the Company's working interest in those wells or acres.

"Production expense" means the cost incurred in lifting oil and gas to the surface and storing it in the field, including the cost of labor, fuel and supplies and costs needed to operate developed wells and related equipment, make repairs and pay property taxes and insurance premiums.

"Proved reserves" refer to those estimated quantities of crude oil, natural gas, and natural gas liquids which, upon analysis of geologic and engineering data, appear with reasonable certainty to be recoverable in the future from known oil and gas reservoirs under existing economic and operating conditions. Proved reserves are limited to those quantities of oil and gas which can be expected, with little doubt, to be recoverable commercially at current prices and costs, under existing regulatory practices and with existing conventional equipment and operating methods.

"Proved developed reserves" include only those proved reserves expected to be recovered from existing completion intervals in existing wells.

"Proved undeveloped reserves" include those reserves expected to be recovered from new wells on proved undrilled acreage or from existing wells where a relatively major expenditure is required for recompletion.

"Recompletion" means redrilling the same well bore to reach a new reservoir after production from the original reservoir has been abandoned.

"Reserves" means natural gas and crude oil, condensate and natural gas liquids, on a net revenue interest basis, found to be commercially recoverable.

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"Reserve life" means the quotient, expressed in years, obtained by dividing proved reserves as of a given date by production during the immediately preceding twelve month period from the wells to which such reserves are attributable.

"Undeveloped acreage" means acreage on which wells have not been drilled or completed for commercial production, whether or not such acreage contains proved reserves.

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BELDEN & BLAKE CORPORATION

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BELDEN & BLAKE CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

	MARCH 31, 1995	DECEMBER 31, 1994
	(UNAUDITED)	
<S>	<C>	<C>
ASSETS		
Current assets		
Cash and cash equivalents.....	\$ 7,363,820	\$ 3,649,005
Accounts receivable, net.....	14,956,973	13,068,663
Inventories.....	5,847,373	6,676,884
Deferred income taxes.....	1,756,521	1,741,093
Other current assets.....	2,054,710	956,699
Total current assets.....	31,979,397	26,092,344
Property and equipment		
Oil and gas properties (successful efforts method).....	143,274,016	122,279,367
Gas gathering systems.....	18,244,915	18,120,365
Land, buildings, machinery and equipment.....	20,128,974	19,564,247
	181,647,905	159,963,979
Less accumulated depreciation, depletion and amortization.....	44,146,780	40,788,899
Property and equipment, net.....	137,501,125	119,175,080
Other assets.....	2,841,467	2,905,371
	\$172,321,989	\$148,172,795
	=====	=====

</TABLE>

The balance sheet at December 31, 1994 has been derived from the audited financial statements at that date but does not include all of the information and footnotes generally required by generally accepted accounting principles for complete financial statements.

See accompanying notes.

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BELDEN & BLAKE CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

<TABLE>
<CAPTION>

	MARCH 31, 1995	DECEMBER 31, 1994
	(UNAUDITED)	
<S>	<C>	<C>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable.....	\$ 4,709,696	\$ 3,593,811
Accrued expenses.....	10,960,944	8,440,315
Current portion of long-term liabilities.....	417,403	447,257
	-----	-----
Total current liabilities.....	16,088,043	12,481,383
Long-term liabilities		
Senior notes.....	35,000,000	35,000,000
Convertible subordinated debentures.....	7,350,000	7,350,000
Bank and other long-term debt.....	23,651,813	4,239,682
Capitalized lease obligations.....	553,287	645,314
Other.....	660,279	623,162
	-----	-----
Total long-term liabilities.....	67,215,379	47,858,158
Deferred income taxes.....	6,929,774	6,691,408
Shareholders' equity		
Common stock without par value; \$.10 stated value per share; authorized 12,000,000 shares; issued and outstanding 7,106,246 and 7,084,737 shares.....	710,625	708,474
Preferred stock without par value; \$100 stated value per share; authorized 8,000,000 shares; issued and outstanding 24,000 shares.....	2,400,000	2,400,000
Paid in capital.....	70,629,419	70,378,839
Retained earnings.....	8,573,699	7,879,483
Unearned portion of restricted stock.....	(224,950)	(224,950)
	-----	-----
Total shareholders' equity.....	82,088,793	81,141,846
	-----	-----
	\$172,321,989	\$148,172,795
	=====	=====

</TABLE>

The balance sheet at December 31, 1994 has been derived from the audited financial statements at that date but does not include all of the information and footnotes generally required by generally accepted accounting principles for complete financial statements.

See accompanying notes.

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BELDEN & BLAKE CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

(UNAUDITED)

	THREE MONTHS ENDED MARCH 31	
	1995	1994
<S>	<C>	<C>
Revenues		
Oil and gas sales.....	\$ 9,206,656	\$ 7,654,882
Gas marketing and gathering.....	8,915,885	9,954,646
Oilfield sales and service.....	4,120,760	3,011,073
Interest and other.....	181,985	86,107
	-----	-----
	22,425,286	20,706,708
Expenses		
Production expense.....	2,633,514	2,162,234
Cost of gas and gathering expense.....	7,901,476	8,863,083
Oilfield sales and service.....	4,210,353	3,002,447
Exploration expense.....	894,930	661,705
General and administrative expense.....	949,239	954,858
Interest expense.....	1,162,990	923,710
Depreciation, depletion and amortization.....	3,499,425	2,834,774
	-----	-----
	21,251,927	19,402,811
	-----	-----

Income before income taxes.....	1,173,359	1,303,897
Provision for income taxes.....	434,143	496,656
Net income.....	\$ 739,216	\$ 807,241
Net income per common share.....	\$ 0.10	\$ 0.11
Weighted average common shares outstanding.....	7,101,705	7,066,447

</TABLE>

See accompanying notes.

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BELDEN & BLAKE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

	COMMON SHARES	COMMON STOCK	PREFERRED STOCK	PAID IN CAPITAL	RETAINED EARNINGS	UNEARNED RESTRICTED STOCK	TOTAL
January 1, 1993.....	3,355,241	\$335,524	\$2,400,000	\$25,550,711	\$1,176,536	\$ (440,000)	\$29,022,771
Stock issued.....	60,000	6,000		491,150			497,150
Stock issued.....	168,000	16,800		1,658,702			1,675,502
Stock issued.....	3,450,000	345,000		41,817,720			42,162,720
Net income.....					3,220,026		3,220,026
Preferred stock dividend.....					(180,000)		(180,000)
Employee stock bonus.....	22,325	2,232		237,762			239,994
Restricted stock grant.....				108,999		110,000	218,999
Other.....	(2,485)	(248)		248			--
December 31, 1993.....	7,053,081	705,308	2,400,000	69,865,292	4,216,562	(330,000)	76,857,162
Stock issued.....	31,656	3,166		384,622			387,788
Net income.....					3,842,921		3,842,921
Preferred stock dividend.....					(180,000)		(180,000)
Restricted stock grant.....				128,925		105,050	233,975
December 31, 1994.....	7,084,737	708,474	2,400,000	70,378,839	7,879,483	(224,950)	81,141,846
Net income (unaudited).....					739,216		739,216
Preferred stock dividend (unaudited).....					(45,000)		(45,000)
Employee stock bonus (unaudited).....	21,509	2,151		250,580			252,731
March 31, 1995 (unaudited).....	7,106,246	\$710,625	\$2,400,000	\$70,629,419	\$8,573,699	\$ (224,950)	\$82,088,793

</TABLE>

See accompanying notes.

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BELDEN & BLAKE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	THREE MONTHS ENDED MARCH 31	
	1995	1994
Cash flows from operating activities:		
Net income.....	\$ 739,216	\$ 807,241

Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, depletion and amortization.....	3,499,425	2,834,774
(Gain) loss on disposal of property and equipment.....	(132,604)	49,348
Deferred income taxes.....	222,938	312,936
Deferred compensation and stock grants.....	289,585	--
Change in operating assets and liabilities, net of effects of purchases of businesses:		
Accounts receivable.....	2,807,042	49,142
Inventories.....	932,301	(281,071)
Other current assets.....	(1,026,522)	192,578
Accounts payable and accrued expenses.....	(3,798,023)	322,695
	-----	-----
Net cash provided by operating activities.....	3,533,358	4,287,643
Cash flows from investing activities:		
Acquisition of businesses, net of cash acquired.....	(11,832,404)	(15,330,021)
Proceeds from property and equipment disposals.....	177,284	88,261
Additions to property and equipment.....	(1,964,698)	(4,350,099)
Decrease in other assets.....	15,993	27,135
	-----	-----
Net cash used in investing activities.....	(13,603,825)	(19,564,724)
Cash flows from financing activities:		
Proceeds from revolving line of credit and long-term debt.....	22,000,000	100,000
Repayment of long-term debt.....	(8,081,170)	(308,489)
Repayment of capital lease obligations.....	(88,548)	(64,823)
Preferred stock dividends.....	(45,000)	(45,000)
	-----	-----
Net cash provided by (used in) financing activities.....	13,785,282	(318,312)
	-----	-----
Net increase (decrease) in cash and cash equivalents.....	3,714,815	(15,595,393)
Cash and cash equivalents at beginning of period.....	3,649,005	22,244,231
	-----	-----
Cash and cash equivalents at end of the period.....	\$ 7,363,820	\$ 6,648,838
	=====	=====
Cash paid during the period for:		
Interest.....	\$ 1,322,173	\$ 930,613
Income taxes.....	151,517	4,475
Non-cash investing and financing activities:		
Acquisition of assets in exchange for debt.....	5,460,230	--
Acquisition of assets in exchange for stock.....	--	387,788

</TABLE>

See accompanying notes.

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BELDEN & BLAKE CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

MARCH 31, 1995

(1) BASIS OF PRESENTATION

The accompanying unaudited consolidated financial statements of Belden & Blake Corporation and its subsidiaries (the "Company") have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three-month period ended March 31, 1995 are not necessarily indicative of the results that may be expected for the year ended December 31, 1995. For further information, refer to the consolidated financial statements and footnotes included in Belden & Blake Corporation and Subsidiaries' annual report on Form 10-K for the year ended December 31, 1994.

(2) ACQUISITIONS

In March 1995, the Company entered into an agreement to purchase all the producing properties of The East Ohio Gas Company for \$6.5 million. The assets to be acquired include a 100% working interest in 378 natural gas wells and drilling rights on more than 250,000 acres of adjacent properties. A substantial majority of the wells to be acquired are adjacent to properties currently being operated by the Company. The wells had estimated proved reserves of 8.5 Bcf of natural gas and 80,000 Bbl of oil at December 31, 1994. The purchase is subject to the satisfaction of certain due diligence matters, consent requirements and

other conditions. The pro forma results, if reported, would not be materially different from results of operations as reported.

In January 1995, the Company purchased Ward Lake Drilling, Inc. ("Ward Lake"), a privately-held exploration and production company headquartered in Gaylord, Michigan, for \$15.1 million. The purchase was funded by borrowings under the Company's existing credit facility. Ward Lake operates and holds a production payment interest and working interests averaging 13.6% in approximately 500 Antrim Shale gas wells located in Michigan's lower peninsula. The purchase also included approximately 5,500 undeveloped leasehold acres that Ward Lake owns in Michigan.

At December 31, 1994, the wells had estimated proved developed natural gas reserves totaling 98 Bcf gross (13.7 Bcf net). Approximately one half of the purchase price represented payment for the proved reserves, with the balance associated with other oil and gas and corporate assets. A joint election was made by the Company and the selling shareholders to treat the stock purchase of Ward Lake as an asset purchase for tax purposes.

The table below presents the unaudited actual results of operations for the three months ended March 31, 1995 and the pro forma results of operations for the three months ended March 31, 1994 as if the acquisition of the Ward Lake properties had occurred on January 1, 1994.

<TABLE>
<CAPTION>

	ACTUAL 1995	PRO FORMA 1994
	-----	-----
	(IN THOUSANDS EXCEPT PER SHARE DATA)	
<S>	<C>	<C>
Total revenues.....	\$22,425	\$21,778
Net income.....	739	900
Net income per common share.....	\$.10	\$.12
Weighted average common shares outstanding...	7,102	7,066

</TABLE>

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REPORT OF INDEPENDENT AUDITORS

To the Shareholders and Board of Directors
Belden & Blake Corporation

We have audited the accompanying consolidated balance sheets of Belden & Blake Corporation as of December 31, 1994 and 1993, and the related consolidated statements of operations, shareholders' equity and cash flows for each of the three years in the period ended December 31, 1994. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Belden & Blake Corporation at December 31, 1994 and 1993, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 1994, in conformity with generally accepted accounting principles.

ERNST & YOUNG LLP

Cleveland, Ohio
March 7, 1995

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BELDEN & BLAKE CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 1994 AND 1993

<TABLE>
<CAPTION>

	1994	1993
<S>	<C>	<C>
ASSETS		
Current assets		
Cash and cash equivalents.....	\$ 3,649,005	\$ 22,244,231
Accounts receivable, net.....	13,068,663	10,586,108
Inventories.....	6,676,884	3,875,529
Deferred income taxes.....	1,741,093	1,068,502
Other current assets.....	956,699	1,499,404
Total current assets.....	26,092,344	39,273,774
Property and equipment		
Oil and gas properties (successful efforts method).....	122,279,367	92,057,489
Gas gathering systems.....	18,120,365	17,741,220
Land, buildings, machinery and equipment.....	19,564,247	13,239,728
	159,963,979	123,038,437
Less accumulated depreciation, depletion and amortization.....	40,788,899	29,229,820
Property and equipment, net.....	119,175,080	93,808,617
Other assets.....	2,905,371	2,091,537
	\$148,172,795	\$135,173,928
	=====	=====

</TABLE>

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BELDEN & BLAKE CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 1994 AND 1993

<TABLE>
<CAPTION>

	1994	1993
<S>	<C>	<C>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable.....	\$ 3,593,811	\$ 3,531,300
Accrued expenses.....	8,440,315	6,258,792
Current portion of long-term liabilities.....	447,257	633,819
Total current liabilities.....	12,481,383	10,423,911
Long-term liabilities		
Senior notes.....	35,000,000	35,000,000
Convertible subordinated debentures.....	7,350,000	7,350,000
Bank and other long-term debt.....	4,239,682	192,740
Capitalized lease obligations.....	645,314	973,505
Other.....	623,162	--
Total long-term liabilities.....	47,858,158	43,516,245
Deferred income taxes.....	6,691,408	4,376,610
Shareholders' equity		
Common stock without par value; \$.10 stated value per share; authorized 12,000,000 shares; issued and outstanding 7,084,737 and 7,053,081 shares.....	708,474	705,308
Preferred stock without par value; \$100 stated value per share; authorized 8,000,000 shares; issued and outstanding 24,000 shares.....	2,400,000	2,400,000
Paid in capital.....	70,378,839	69,865,292
Retained earnings.....	7,879,483	4,216,562
Unearned portion of restricted stock.....	(224,950)	(330,000)
Total shareholders' equity.....	81,141,846	76,857,162
	\$148,172,795	\$135,173,928
	=====	=====

</TABLE>

BELDEN & BLAKE CORPORATION AND SUBSIDIARIES
 CONSOLIDATED STATEMENTS OF OPERATIONS (NOTE 1)
 YEARS ENDED DECEMBER 31, 1994, 1993 AND 1992

<TABLE>
<CAPTION>

	1994	1993	1992
<S>	<C>	<C>	<C>
Revenues			
Oil and gas sales.....	\$32,574,114	\$26,630,871	\$15,045,865
Gas marketing and gathering.....	33,085,304	34,709,298	26,493,619
Oilfield sales and service.....	16,885,669	11,111,188	9,495,556
Interest and other.....	558,842	647,011	1,514,684
	-----	-----	-----
	83,103,929	73,098,368	52,549,724
Expenses			
Production expense.....	9,292,349	7,189,822	5,361,578
Cost of gas and gathering expense.....	29,133,553	30,736,165	24,921,427
Oilfield sales and service.....	16,296,539	10,598,571	7,529,089
Exploration expense.....	2,807,278	2,537,794	2,381,166
General and administrative expense.....	3,965,754	3,939,983	3,717,954
Interest expense.....	3,587,207	3,198,984	2,199,767
Depreciation, depletion and amortization.....	12,021,258	9,703,458	4,853,358
	-----	-----	-----
	77,103,938	67,904,777	50,964,339
Income before income taxes.....	5,999,991	5,193,591	1,585,385
Provision for income taxes.....	2,157,070	1,973,565	446,121
	-----	-----	-----
Net income.....	\$ 3,842,921	\$ 3,220,026	\$ 1,139,264
	=====	=====	=====
Net income per common share.....	\$ 0.52	\$ 0.54	\$ 0.48
	=====	=====	=====
Weighted average common shares outstanding.....	7,080,227	5,674,638	2,373,114
	=====	=====	=====

</TABLE>

See accompanying notes.

BELDEN & BLAKE CORPORATION AND SUBSIDIARIES
 CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (NOTE 1)

<TABLE>
<CAPTION>

	COMMON SHARES	OWNER'S EQUITY	PREFERRED STOCK	COMMON STOCK	PAID IN CAPITAL	RETAINED EARNINGS	UNEARNED RESTRICTED STOCK	TOTAL
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
January 1, 1992.....		\$(787,079)						\$ (787,079)
Stock issued per consolidation agreement.....	2,780,241	824,351		\$278,024	\$20,887,661			21,990,036
Net income (loss)....		(37,272)				\$1,176,536		1,139,264
Stock issued.....	555,000			55,500	3,857,250			3,912,750
Preferred stock issued (24,000 shares).....			\$2,400,000					2,400,000
Restricted stock grant.....					657,800		\$ (440,000)	217,800
Employee stock bonus.....	20,000			2,000	148,000			150,000
	-----	-----	-----	-----	-----	-----	-----	-----

December 31, 1992....	3,355,241	--	2,400,000	335,524	25,550,711	1,176,536	(440,000)	29,022,771
Stock issued.....	60,000			6,000	491,150			497,150
Stock issued.....	168,000			16,800	1,658,702			1,675,502
Stock issued.....	3,450,000			345,000	41,817,720			42,162,720
Net income.....						3,220,026		3,220,026
Preferred stock dividend.....						(180,000)		(180,000)
Employee stock bonus.....	22,325			2,232	237,762			239,994
Restricted stock grant.....					108,999		110,000	218,999
Other.....	(2,485)			(248)	248			--
December 31, 1993....	7,053,081	--	2,400,000	705,308	69,865,292	4,216,562	(330,000)	76,857,162
Stock issued.....	31,656			3,166	384,622			387,788
Net income.....						3,842,921		3,842,921
Preferred stock dividend.....						(180,000)		(180,000)
Restricted stock grant.....					128,925		105,050	233,975
December 31, 1994....	7,084,737	\$ --	\$2,400,000	\$708,474	\$70,378,839	\$7,879,483	\$ (224,950)	\$81,141,846

</TABLE>

See accompanying notes.

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BELDEN & BLAKE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (NOTE 1)
YEARS ENDED DECEMBER 31, 1994, 1993 AND 1992

<TABLE>

<CAPTION>

	1994	1993	1992
	-----	-----	-----
<S>	<C>	<C>	<C>
Cash flows from operating activities:			
Net income.....	\$ 3,842,921	\$ 3,220,026	\$ 1,139,264
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation, depletion and amortization.....	12,021,258	9,703,458	4,853,358
Loss (gain) on disposal of property and equipment.....	90,865	(117,841)	(11,693)
Deferred income taxes.....	1,569,547	1,551,935	(172,398)
Deferred compensation and stock grants.....	358,639	458,993	367,800
Change in operating assets and liabilities, net of effects of purchases of businesses:			
Accounts receivable.....	(2,186,365)	(4,942,658)	206,818
Inventories.....	(2,327,553)	(1,392,832)	(195,397)
Other current assets.....	564,239	(1,007,539)	688,499
Accounts payable and accrued expenses.....	1,775,371	1,912,173	(212,926)
Net cash provided by operating activities...	15,708,922	9,385,715	6,663,325
Cash flows from investing activities:			
Acquisition of businesses, net of cash acquired.....	(17,968,534)	(559,919)	(4,993,964)
Proceeds from property and equipment disposals.....	437,845	1,388,357	1,134,551
Additions to property and equipment.....	(19,843,872)	(13,465,314)	(5,066,329)
Decrease (increase) in other assets.....	88,428	(971,057)	(1,151,469)
Net cash used in investing activities.....	(37,286,133)	(13,607,933)	(10,077,211)
Cash flows from financing activities:			
Proceeds from revolving line of credit and long-term debt.....	6,100,000	5,025,000	26,500,000
Proceeds from senior note placement.....	--	35,000,000	--
Repayment of long-term debt.....	(2,640,277)	(59,202,764)	(24,071,133)
Repayment of capital lease obligations.....	(297,738)	(146,371)	(131,662)
Preferred stock dividends.....	(180,000)	(180,000)	--
Proceeds from sale of common stock.....	--	46,222,500	4,162,500
Common stock placement cost.....	--	(3,562,630)	(249,750)
Net cash provided by financing activities...	2,981,985	23,155,735	6,209,955
Net (decrease) increase in cash and cash equivalents....	(18,595,226)	18,933,517	2,796,069
Cash and cash equivalents at beginning of year.....	22,244,231	3,310,714	514,645

Cash and cash equivalents at end of the year.....	\$ 3,649,005	\$ 22,244,231	\$ 3,310,714
---	--------------	---------------	--------------

</TABLE>

See accompanying notes.

BELDEN & BLAKE CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(1) ORGANIZATION AND NATURE OF BUSINESS

On March 31, 1992, Belden & Blake Corporation (the "Company") succeeded to a group of companies and assets (and related liabilities) (the "Belden Interests") owned by Henry S. Belden IV ("HSB IV"). Also on that date, pursuant to a Plan and Agreement of Consolidation, the Company acquired the assets and assumed the liabilities of Belden & Blake Energy Company, a publicly-traded master limited partnership (the "Partnership"), and Belden & Blake International Limited, a Bermuda registered corporation ("BBI"), in exchange for shares of its common stock (the "Consolidation"). The Consolidation was accounted for as a purchase, and the results of operations of the Partnership and BBI have been included from that date.

Since March 31, 1992, the Company's principal business has been the acquisition, exploration, development and production of oil and gas reserves, and the gathering and marketing of natural gas. The Company currently conducts operations in Michigan, New York, Ohio, Pennsylvania and West Virginia.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation and Financial Presentation

The accompanying consolidated financial statements include the financial statements of the Company and its subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation.

Inventories

Inventories of material, pipe and supplies are valued at average cost. Crude oil and natural gas inventories are stated at average cost.

Property and Equipment

The Company utilizes the "successful efforts" method of accounting for its oil and gas properties. Under this method, property acquisition and development costs and certain productive exploration costs are capitalized while non-productive exploration costs, which include geological and geophysical costs, dry holes, expired leases and delay rentals, are expensed as incurred. Capitalized costs related to proved properties are depleted using the unit-of-production method. No gains or losses are recognized upon the disposition of oil and gas properties except in extraordinary transactions. Sales proceeds are credited to the carrying value of the properties. Maintenance and repairs are expensed, and expenditures which enhance the value of properties are capitalized.

Additional depreciation, depletion and amortization is recorded to the extent that the aggregate net carrying value of producing oil and gas properties exceeds the corresponding undiscounted future pretax net cash flows relating to estimated proved oil and gas reserves computed in accordance with the provisions of Statement of Financial Accounting Standards ("SFAS") 69, "Disclosures About Oil and Gas Producing Activities".

Unproved oil and gas properties are stated at cost and consist of undeveloped leases. These costs are assessed periodically to determine whether their value has been impaired, and if impairment is indicated, the costs are charged to expense.

Gathering systems are stated at cost. Depreciation expense is computed using the straight-line method over 15 years.

Property, plant and equipment are stated at cost. Depreciation of non-oil and gas properties, including capital leases, is computed using the straight-line method over the useful lives of the assets. When assets other than oil and gas properties are retired or otherwise disposed of, the cost and related accumulated depreciation

BELDEN & BLAKE CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- CONTINUED

 are removed from the accounts, and any resulting gain or loss is reflected in income for the period. The cost of maintenance and repairs is charged to income as incurred, and significant renewals and betterments are capitalized.

Other Assets

Other assets include deferred financing costs which are amortized over the term of the financing acquired.

Net Income Per Common Share

Net income per common share is computed by subtracting preferred dividends from net income and dividing the difference by the weighted average number of common and common equivalent shares outstanding. Outstanding options and warrants are included in the computation of net income per common share when their effect is dilutive.

Cash Equivalents

For purposes of the statements of cash flows, cash equivalents are defined as all highly liquid debt instruments purchased with an initial maturity of three months or less.

Revenue Recognition

Oilfield sales and service revenues are recognized after the goods or services have been provided. Oil and gas marketing revenues are recognized when title passes. Oil and gas production revenue is recognized as production and delivery take place. Administrative service revenues are recognized as fees are earned.

Income Taxes

The Company uses the liability method of accounting for income taxes in accordance with the provisions of SFAS No. 109, "Accounting for Income Taxes." The provision for income taxes gives effect to certain items that are included in the financial statements in different years than they were included in the tax returns of the Company and its predecessors. The differences are primarily intangible drilling costs and depreciation. Deferred income taxes are provided for the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred taxes also are recognized for operating losses that are available to offset future taxable income and tax credits that are available to offset future federal income taxes.

Reclassifications

Certain reclassifications have been made in the 1993 and 1992 Statements of Operations to conform to the presentation in 1994.

(3) THE CONSOLIDATION

As described in Note 1, the Company acquired the assets and assumed the liabilities of the Partnership and BBI on March 31, 1992 in a transaction accounted for as a purchase. The results of operations of the Partnership and BBI are included in the Company's operations from that date.

The following table presents the actual consolidated results of operations for the years ended December 31, 1994 and 1993 and the unaudited pro forma consolidated results of operations for the year ended December 31, 1992 as if the Consolidation discussed in Note 1 had occurred on January 1, 1992. These pro

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BELDEN & BLAKE CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- CONTINUED

 forma results have been prepared for comparative purposes only and do not purport to be indicative of the results that would have occurred had the

Consolidation occurred as of that date.

STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 1994, 1993 AND 1992
(IN THOUSANDS EXCEPT PER SHARE DATA)

<TABLE>
<CAPTION>

	ACTUAL		PRO FORMA CONSOLIDATED (UNAUDITED)
	1994	1993	1992
<S>	<C>	<C>	<C>
Revenues			
Oil and gas sales.....	\$32,574	\$26,631	\$ 19,294
Gas marketing and gathering.....	33,085	34,709	28,547
Oilfield sales and service.....	16,886	11,111	7,242
Interest and other.....	559	647	759
	-----	-----	-----
	83,104	73,098	55,842
Expenses			
Production expense.....	9,292	7,189	5,261
Cost of gas and gathering expense.....	29,134	30,736	26,606
Oilfield sales and service.....	16,297	10,599	7,175
Exploration expense.....	2,807	2,538	2,371
General and administrative expense.....	3,966	3,940	3,350
Interest expense.....	3,587	3,199	2,596
Depreciation, depletion and amortization.....	12,021	9,703	5,961
	-----	-----	-----
	77,104	67,904	53,320
Income before income taxes.....	6,000	5,194	2,522
Provision for income taxes.....	2,157	1,974	698
	-----	-----	-----
Net income.....	\$ 3,843	\$ 3,220	\$ 1,824
	=====	=====	=====
Net income per common share.....	\$.52	\$.54	\$.65
	=====	=====	=====
Weighted average common shares outstanding.....	7,080	5,675	2,797
	=====	=====	=====

</TABLE>

(4) ACQUISITIONS

In September and October 1994, the Company acquired substantially all of the assets of two well servicing companies and a brine hauling and disposal company operating primarily in Ohio and Pennsylvania for \$3.1 million. The assets acquired in these transactions included eleven salt water disposal wells, along with various oilfield service equipment.

In February 1994, the Company acquired certain assets and assumed certain liabilities of the former Engine Power Systems in exchange for 31,656 restricted shares of the Company's common stock valued at \$12.25 per share. The newly formed Engine Power Systems, Inc. ("EPS") operates as a wholly-owned subsidiary of the Company. EPS is a distributor of, and provides parts and service for, Waukesha natural gas-fueled engines in Ohio, western Pennsylvania, West Virginia and Kentucky. EPS is engaged in engine sales, application engineering and system packaging for power generation, co-generation, gas compression, air compression and various other applications. EPS also sells and rents electric generator sets.

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BELDEN & BLAKE CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- CONTINUED

In addition to the TGX acquisition discussed below, the Company completed a number of small acquisitions of oil and gas properties in 1994 which, in the aggregate, added the equivalent of approximately 7.5 Bcf of natural gas to the Company's proved developed reserve base. The reserves added were acquired for \$4.9 million or an average cost of \$.65 per equivalent Mcf of gas.

The operations of the above businesses are included in the consolidated earnings of the Company from their respective acquisition dates and are not material to the Company's operations.

In January 1994, the Company purchased substantially all of TGX Corporation's Appalachian Basin assets for \$15.5 million. The assets acquired included 1,034 gross (910 net) gas and oil wells on approximately 121,000 acres located in northeastern Ohio and southwestern New York and 15,000 undeveloped acres and related inventory, real estate and oilfield equipment. At December 31, 1993, the properties acquired had estimated proved reserves of 22.0 Bcf of natural gas and 28,700 Bbls of oil. Discounted future net cash flows (at 10% discount) before income taxes were \$17.4 million. After provision for future income taxes, the standardized measure of discounted future net cash flows is estimated to be \$13.6 million, excluding proved undeveloped reserves and expected operational enhancements to existing properties.

The pro forma table below presents the actual results of operations for the year ended 1994 and the unaudited pro forma consolidated results of operations for the year ended 1993 as if the acquisition of the TGX properties had occurred on January 1, 1993.

<TABLE>
<CAPTION>

	ACTUAL 1994	PRO FORMA 1993
	-----	-----
	(IN THOUSANDS EXCEPT PER SHARE DATA)	
<S>	<C>	<C>
Total revenues.....	\$83,104	\$ 77,862
Net income.....	3,843	3,705
Net income per common share.....	\$.52	\$.62

</TABLE>

In June 1994, the Company purchased TGX's option to participate in a 50% working interest in wells drilled on the 15,000 undeveloped acres described above for \$750,000. Also in June 1994, the Company purchased additional working interests in 81 wells in New York from TGX for \$621,000.

On December 31, 1992, the Company acquired approximately 67,000 undeveloped acres from Witco Corporation. The Company also acquired certain waterflood production facilities, oilfield equipment and related real estate interests. The undeveloped acreage and other assets are located in Pennsylvania and Ohio in areas where the Company has existing operations. In exchange for the acreage and other assets, the Company issued 24,000 shares of Class II Serial Preferred Stock -- \$7.50 Series A.

In December 1992, the Company purchased all the outstanding stock of two subsidiaries from Presidio Exploration, Inc. for \$4.6 million, and the assumption, on a non-recourse basis, of \$28 million of existing bank debt of the companies acquired. The acquisition was accounted for as a purchase, and accordingly, the assets and liabilities are included in the consolidated financial statements effective December 31, 1992.

On December 8, 1992, the Company purchased for \$1.5 million additional working interests in 1,037 producing oil and gas wells that it operates.

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BELDEN & BLAKE CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- CONTINUED

(5) DETAILS OF BALANCE SHEETS

<TABLE>
<CAPTION>

	DECEMBER 31	
	1994	1993
	-----	-----
<S>	<C>	<C>
ACCOUNTS RECEIVABLE		
Accounts receivable.....	\$ 7,399,001	\$ 5,927,489
Allowance for doubtful accounts.....	(169,754)	(92,885)
Oil and gas production receivable.....	5,709,880	4,751,504
Current portion of notes receivable.....	129,536	--
	-----	-----
	\$ 13,068,663	\$10,586,108
	=====	=====
INVENTORIES		
Oil.....	\$ 1,187,120	\$ 1,295,281
Natural gas.....	1,375,077	371,937

Material, pipe and supplies.....	4,114,687	2,208,311
	-----	-----
	\$ 6,676,884	\$ 3,875,529
	=====	=====
PROPERTY AND EQUIPMENT, GROSS		
OIL AND GAS PROPERTIES		
Non-producing properties.....	\$ 5,057,900	\$ 3,582,080
Producing properties.....	117,221,467	88,475,409
	-----	-----
	\$122,279,367	\$92,057,489
	=====	=====
LAND, BUILDINGS, MACHINERY AND EQUIPMENT		
Land, buildings and improvements.....	\$ 5,632,887	\$ 3,231,694
Machinery and equipment.....	13,931,360	10,008,034
	-----	-----
	\$ 19,564,247	\$13,239,728
	=====	=====
ACCRUED EXPENSES		
Accrued expenses.....	\$ 2,775,027	\$ 2,442,533
Accrued income taxes.....	298,097	--
Ad valorem and other taxes.....	1,269,681	708,000
Bank overdraft.....	1,291,439	629,639
Compensation and related benefits.....	1,513,835	1,148,180
Undistributed production revenue.....	1,292,236	1,330,440
	-----	-----
	\$ 8,440,315	\$ 6,258,792
	=====	=====

</TABLE>

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BELDEN & BLAKE CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- CONTINUED

(6) LONG-TERM DEBT

Long-term debt consists of the following:

<TABLE>

<CAPTION>

	DECEMBER 31	
	1994	1993
	-----	-----
<S>	<C>	<C>
Senior notes.....	\$35,000,000	\$35,000,000
Convertible subordinated debentures.....	7,350,000	7,350,000
Revolving line of credit.....	4,000,000	--
Other.....	345,678	494,260
	-----	-----
	46,695,678	42,844,260
	-----	-----
Less current portion.....	105,996	301,520
	-----	-----
Long-term debt.....	\$46,589,682	\$42,542,740
	=====	=====

</TABLE>

On May 5, 1992, the Company entered into a three-year revolving credit agreement with a group of banks. On November 15, 1993, the facility was amended to accommodate the issuance of the Company's senior notes. The facility amount was increased from \$30 million to \$100 million and is now unsecured. Outstanding balances under the agreement bear interest at the Company's choice of either: (1) the one, three, or six-month LIBOR plus 2% (9.00% for the six-month LIBOR interest rate option at December 31, 1994) or (2) the bank's prime rate plus 1/4% (8.75% at December 31, 1994). On July 22, 1994, the banks extended the maturity date on the facility to March 31, 1998. Borrowings under the credit agreement are limited to the borrowing base as established semi-annually by the bank group. The borrowing base at December 31, 1994 was \$30 million.

On January 5, 1993, the Company entered into an interest rate swap agreement covering \$22 million of the outstanding balance of an acquisition loan that was paid off in 1993. The interest rate on this portion of the loan was fixed at 7.95% for three years. The notional amount covered by this swap agreement declined to \$18 million in 1994 and was scheduled to decline to \$15 million in 1995. On August 31, 1994, the Company closed out this swap agreement. The Company had no derivative financial instruments at December 31, 1994.

During 1993, the Company placed \$35 million of 7% fixed-rate senior notes with five insurance companies in a private placement. These notes, which are interest-only for four years, mature on September 30, 2005. Equal principal payments of \$3,888,888 will be required on each September 30 commencing in 1997.

The \$7,350,000 of convertible subordinated debentures have a fixed interest rate of 9.25% and mature on June 30, 2000. The debentures are currently convertible by the debenture holders at the rate of one share of the Company's common stock for each \$20.30 of principal.

The debt agreements contain various covenants restricting payment of dividends on common stock to \$5 million plus 50% of cumulative net income, restricting sales of assets to 15% of shareholders' equity in any one year and requiring the maintenance of certain levels of net worth, working capital and other financial ratios.

At December 31, 1994, the aggregate long-term debt maturing in the next five years is as follows: \$106,000 (1995); \$35,000 (1996); \$3,907,000 (1997); \$7,907,000 (1998) and \$3,907,000 (1999) and \$30,833,000 (2000 and thereafter).

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BELDEN & BLAKE CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- CONTINUED

(7) LEASES

The Company leases certain computer equipment, vehicles and office space under noncancelable agreements with lease periods of one to five years. Rent expense amounted to \$741,575, \$1,082,130, and \$1,058,816 for the years ended December 31, 1994, 1993, and 1992, respectively.

The Company also leases certain computer equipment accounted for as capital leases. Property and equipment includes \$1.4 million and \$1.6 million of computer equipment under capital leases at December 31, 1994 and 1993, respectively. Accumulated depreciation for such equipment includes approximately \$690,000 and \$337,000 at December 31, 1994 and 1993, respectively.

Future minimum commitments under leasing arrangements at December 31, 1994 were as follows:

<TABLE>

<CAPTION>

YEARS ENDING DECEMBER 31	OPERATING LEASES	CAPITAL LEASES
<S>	<C>	<C>
1995.....	\$447,000	\$ 397,000
1996.....	218,000	365,000
1997.....	12,000	289,000
1998.....	11,000	32,000
1999 and thereafter.....	12,000	7,000
Total minimum rental payments.....	\$700,000	1,090,000
Less amount representing interest.....		103,425
Present value of net minimum rental payments.....		986,575
Less current portion.....		341,261
Long-term capitalized lease obligations.....		\$ 645,314

</TABLE>

(8) SHAREHOLDERS' EQUITY

On March 27, 1992, the Company succeeded to the Belden Interests and acquired in the Consolidation all of the assets and assumed all of the liabilities of the Partnership and BBI in exchange for 2,780,241 shares of its common stock, of which 882,030 shares were distributed to the holders of units of limited partnership interest in the Partnership (other than HSB IV) in liquidation of the Partnership, 821,950 shares were distributed to the shareholders of BBI in liquidation of BBI, and 1,076,261 shares were distributed to HSB IV.

Outstanding warrants for the purchase of 13,801 shares of the Company's common stock at a price of \$21.74 per share are exercisable by the holder in whole or part any time prior to February 15, 1997.

The 9.25% convertible subordinated debentures due June 30, 2000, are currently convertible at the rate of one share of common stock for each \$20.30 of principal.

On December 31, 1992, the Company issued 24,000 shares of Class II Serial Preferred Stock with a stated value of \$100 per share. In preference to shares of common stock, each share is entitled to cumulative cash dividends of \$7.50 per year, payable quarterly. The Preferred Stock is subject to redemption at \$100 per share at any time by the Company and is convertible into common stock, at the holder's election, at any time after five years from the date of issuance at a conversion price of \$15.00 per common share. Holders of the Preferred Stock are entitled to one vote per preferred share.

The Company has reserved a total of 535,870 shares of common stock for the conversion of the convertible subordinated debentures and the Class II Serial Preferred Stock and the exercise of the outstanding warrants referred to above.

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BELDEN & BLAKE CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- CONTINUED

On December 21, 1992, the Company issued in a private placement 555,000 shares of common stock at the price of \$7.50 per share.

On December 22, 1992, an additional 20,000 shares of the Company's common stock were awarded to the employees as bonuses.

On January 25, 1993, the Company issued 60,000 shares of common stock in a private placement at \$8.50 per share.

On May 5, 1993, the Company issued 168,000 shares of common stock for additional interests in certain oil and gas properties.

In May 1993, the Company sold 3,450,000 shares of common stock in a public offering at \$13.25 per share. Net proceeds to the Company after underwriting discounts and offering costs were approximately \$42.2 million.

In December 1994, the Company awarded 21,509 shares of common stock to employees as profit sharing bonuses. These shares were issued in January 1995. On December 30, 1993, the Company awarded and issued 22,325 shares of common stock to employees as profit sharing bonuses.

In February 1994, the Company issued 31,656 restricted shares of common stock valued at \$12.25 per share in exchange for certain acquired assets and assumed liabilities of the former Engine Power Systems.

In May 1994 and March 1993, non-statutory stock options to purchase 183,000 and 87,000 common shares, respectively, of the Company's stock were granted to certain executive officers and employees under the Company's Stock Option Plan. The exercise price of options may not be less than the fair market value of a share of common stock on the date of grant. Options granted in 1994 and 1993 expire in 2004 and 2003, respectively, unless cessation of employment causes earlier termination. The options become exercisable in 25% increments over a four-year period beginning one year from date of grant. At the date of grant, the exercise price of the options equaled the market price of \$12.375 per share on May 27, 1994 and \$10.00 per share on March 17, 1993.

On May 27, 1994, the shareholders approved the Non-Employee Directors Stock Option Plan. In May 1994 and March 1993 non-statutory stock options to purchase 10,000 and 8,000 common shares of the Company's stock were granted under the Plan. Additional options for 2,000 shares will be granted each year to each non-employee director. The exercise price of options under the Plan is equal to the fair market value on the date of grant. Options expire on the tenth anniversary of the grant date. The options become exercisable on the anniversary of the grant date at a rate of one third of the shares each year. The exercise price of the options granted on May 27, 1994 and March 17, 1993 were \$12.375 per share and \$10.00 per share, respectively. As of December 31, 1994, 102,000 shares were available for grant under the Plan.

The Company's Articles of Incorporation include certain anti-takeover provisions. The provisions grant the Board of Directors the authority to issue and fix the terms of preferred stock as well as the ability to take certain other actions that could have the effect of discouraging unsolicited takeover attempts. In addition, the Company has entered into contracts with its officers that provide for severance payments, in certain circumstances, in the event that their employment is terminated following a change in control. The senior notes

may, at the noteholder's discretion, be accelerated and become due and payable upon a change in control of the Company.

(9) RESTRICTED STOCK GRANT AND BONUS PLAN

During May 1992, HSB IV contributed a total of 119,600 shares of the Company's common stock to fund the Company's Restricted Stock Grant and Bonus Plan, as amended (the "Plan"). The shares contributed by HSB IV were used to make restricted stock grant and bonus awards to employees of the Company.

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BELDEN & BLAKE CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- CONTINUED

 The shares of common stock awarded to an employee under the Plan are fully paid and nonassessable and are represented by a certificate or certificates registered in the employee's name. The employee has all the rights of a shareholder with respect to such shares, including the right to vote the shares and receive all dividends paid with respect to such shares.

Certain shares awarded are subject to forfeiture and to restrictions prohibiting their sale, transfer, pledge or other disposition until the restrictions are released. Such shares will be released from such restrictions at the rate of 25% for each full year of employment completed by the employee after the date of the award and will be fully vested after four full years of continued employment, except that the shares will immediately vest and be released from restrictions in the event of the death, retirement at normal retirement age or permanent disability of the employee. The employee will forfeit all rights to shares not previously released from restrictions in the event of the termination of his or her employment with the Company for any reason other than death, retirement at normal retirement age or permanent disability or in the event of a change in control of the Company. The ownership of all forfeited shares shall revert to HSB IV or his estate.

Unearned compensation was charged for the market value of the restricted shares on the date of grant and is amortized over the restricted period. The unamortized unearned compensation value is shown as a reduction of shareholders' equity in the accompanying consolidated balance sheet.

(10) INCOME TAXES

The provision (benefit) for income taxes in the Consolidated Statements of Operations includes the following:

<TABLE>
 <CAPTION>

	YEARS ENDED DECEMBER 31		
	1994	1993	1992
<S>	<C>	<C>	<C>
CURRENT			
Federal.....	\$ 397,815	\$ 262,219	\$581,000
State.....	189,708	159,411	37,519
	587,523	421,630	618,519
DEFERRED			
Federal.....	1,423,871	1,356,994	(155,174)
State.....	145,676	194,941	(17,224)
	1,569,547	1,551,935	(172,398)
TOTAL.....	\$2,157,070	\$1,973,565	\$446,121

</TABLE>

The effective tax rate differs from the U.S. federal statutory tax rate, as follows:

<TABLE>
 <CAPTION>

	YEARS ENDED DECEMBER 31		
	1994	1993	1992
<S>	<C>	<C>	<C>
Statutory federal income tax rate.....	34.0%	34.0%	34.0%

Increases (reductions) in taxes resulting from:			
State income taxes, net of federal tax benefit.....	3.7	4.5	1.6
Statutory depletion.....	(2.6)	--	(14.5)
Expenses which provided no tax benefit.....	.7	.2	6.4
Other, net.....	.2	(.7)	0.6

	-		
		----	----
Effective income tax rate for the year.....	36.0%	38.0%	28.1%
	=====	=====	=====

</TABLE>

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BELDEN & BLAKE CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- CONTINUED

Significant components of the Company's deferred income tax liabilities and assets are as follows:

<TABLE>

<CAPTION>

	DECEMBER 31	
	1994	1993
	-----	-----
<S>	<C>	<C>
Deferred income tax liabilities:		
Property and equipment, net.....	\$ 9,859,291	\$ 7,350,666
Production accruals and accounts receivable.....	135,109	211,351
Other, net.....	77,829	21,228
	-----	-----
Total deferred income tax liabilities.....	10,072,229	7,583,245
Deferred income tax assets:		
Accrued expenses.....	1,558,738	929,159
Inventories.....	216,992	291,127
Net operating loss carryforwards.....	1,580,049	1,938,381
Tax credit carryforwards.....	1,355,953	865,715
Depletion carryforwards.....	157,035	--
Other, net.....	253,147	250,755
	-----	-----
Total deferred income tax assets.....	5,121,914	4,275,137
	-----	-----
Net deferred income tax liability.....	\$ 4,950,315	\$ 3,308,108
	=====	=====
Long-term liability.....	\$ 6,691,408	\$ 4,376,610
Current asset.....	(1,741,093)	(1,068,502)
	-----	-----
Net deferred income tax liability.....	\$ 4,950,315	\$ 3,308,108
	=====	=====

</TABLE>

At December 31, 1994, the Company had approximately \$4,200,000 of net operating loss carryforwards and \$800,000 of statutory depletion carryforwards available for federal income tax reporting purposes. Substantially all of the net operating loss and statutory depletion carryforwards are limited as to their annual utilization as a result of prior ownership changes. In addition, the Company has approximately \$69,000 of investment tax credit carryforwards, the annual utilization of which is also subject to limitations under the provisions of the Internal Revenue Code. The Company has alternative minimum tax credit carryforwards of approximately \$1,287,000 which have no expiration date. The net operating loss carryforwards, if unused, will expire from 2000 to 2009 and the investment tax credit carryforward, if unused, will expire from 1998 to 2000. There is no expiration date for the utilization of statutory depletion carryforwards.

(11) RETIREMENT PLANS

The Company has a 401(k) salary reduction plan covering substantially all of the employees of the Company. Under the plan, an amount equal to 2% of participants' compensation is contributed by the Company to the plan each year. Eligible employees may also make voluntary plan contributions which the Company matches \$.25 for every \$1.00 contributed up to 6% of an employee's annual compensation. Retirement plan expense for the years ended December 31, 1994, 1993 and 1992 was \$286,446, \$251,305 and \$235,588, respectively.

The Company established non-qualified deferred compensation plans in 1994 which permit certain key employees and directors to elect to defer a portion of

BELDEN & BLAKE CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- CONTINUED

(12) RELATED PARTY TRANSACTIONS

Prior to the Consolidation, HSB IV and an affiliated company that was part of the Belden Interests were general partners in the Partnership, a publicly-traded master limited partnership, and HSB IV was a shareholder of BBI. The Belden Interests provided substantially all developmental services, well maintenance, supplies and other services to the Partnership and BBI and charged these entities various fees. In 1992, the Belden Interests charged affiliates \$302,000 for well operator's fees, \$786,000 for general and administrative fees which included costs associated with final tax reporting and wind-up of the Partnership and BBI, and \$188,000 for other fees and services. Due to the consolidation discussed in Notes 1 and 3, these amounts represent only the first three months of 1992.

In 1993, the Company acquired 6.1 acres of land from HSB IV for \$339,000. Also in 1993, the Company purchased all the assets of Southgate Petroleum Corporation, of which HSB IV was the sole shareholder, for \$348,000. These assets consisted of heavy equipment, undeveloped acreage and operating rights.

(13) COMMITMENTS AND CONTINGENCIES

The Company is involved in various legal actions arising in the normal course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the financial position of the Company.

(14) CONCENTRATIONS OF CREDIT RISK

The Company operates primarily in the oil and gas industry. Sales of oil and gas are ultimately made to refineries, gas utilities and industrial consumers in Ohio, West Virginia, New York and Pennsylvania. The Company is also a distributor of a broad range of oilfield equipment and supplies. Its customers include other independent oil and gas companies, dealers and operators throughout Ohio, West Virginia, New York and Pennsylvania. Credit limits, ongoing credit evaluation and account monitoring procedures are utilized to minimize the risk of loss. Collateral is generally not required. Expected losses are provided for currently and actual losses have been within management's expectations.

(15) MAJOR CUSTOMERS

Oil and gas sales and gas marketing and gathering revenue from one customer that exceeded 10% of total revenue during the years ended December 31, 1994 and 1993 amounted to \$9,600,612 and \$8,616,069, respectively. Oil and gas sales to one customer that exceeded 10% of total revenue during the year ended December 31, 1992 amounted to \$5,313,193.

(16) SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

<TABLE>
<CAPTION>

	YEARS ENDED DECEMBER 31		
	1994	1993	1992
<S>	<C>	<C>	<C>
Cash paid during the year for:			
Interest.....	\$3,145,724	\$3,206,786	\$ 2,218,447
Income taxes.....	90,018	775,713	174,245
Non-cash investing and financing activities:			
Acquisition of assets in exchange for long-term liabilities.....	\$ 527,094	\$1,006,068	\$28,007,065
Acquisition of assets in exchange for stock....	387,788	1,680,000	2,400,000
Assets and liabilities of the Partnership and BBI in exchange for common stock.....	--	--	23,980,706
Sale of assets in exchange for note receivable.....	689,289	--	--

</TABLE>

BELDEN & BLAKE CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- CONTINUED

(17) SUPPLEMENTARY INFORMATION ON OIL AND GAS ACTIVITIES

The following disclosures are presented in accordance with the Financial Accounting Standards Board's (FASB) Statement of Financial Accounting Standards No. 69 (SFAS 69). The following table sets forth costs incurred including pro rata consolidated amounts attributable to the Company.

<TABLE>

<CAPTION>

	YEARS ENDED DECEMBER 31		
	1994	1993	1992
<S>	<C>	<C>	<C>
Costs incurred			
Acquisition			
Proved properties.....	\$20,274,350	\$3,883,204	\$62,606,242
Unproved properties.....	1,744,345	621,789	1,751,818
Developmental.....	9,141,520	6,364,665	2,203,963
Exploratory.....	2,129,696	1,895,216	1,308,900

</TABLE>

PROVED OIL AND GAS RESERVES (UNAUDITED)

The Company's proved developed and undeveloped reserves are all located within the United States. Proved undeveloped reserves have been included beginning in 1993. The Company cautions that there are many uncertainties inherent in estimating proved reserve quantities and in projecting future production rates and the timing of development expenditures. In addition, estimates of new discoveries are more imprecise than those of properties with a production history. Accordingly, these estimates are expected to change as future information becomes available. Material revisions of reserve estimates may occur in the future, development and production of the oil and gas reserves may not occur in the periods assumed, and actual prices realized and actual costs incurred may vary significantly from those used. Proved reserves represent estimated quantities of natural gas, crude oil and condensate that geological and engineering data demonstrate, with reasonable certainty, to be recoverable in future years from known reservoirs under economic and operating conditions existing at the time the estimates were made. Proved developed reserves are proved reserves expected to be recovered through wells and equipment in place and under operating methods being utilized at the time the estimates were made.

The estimates of proved developed reserves have been reviewed by the Company's independent petroleum engineers. The estimates of proved undeveloped reserves were prepared by the Company's petroleum engineers.

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BELDEN & BLAKE CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- CONTINUED

The following table sets forth changes in estimated proved and proved developed reserves for the three years ended December 31, 1994.

<TABLE>

<CAPTION>

	OIL (BBL)	GAS (MCF)
<S>	<C>	<C>
DECEMBER 31, 1991.....	621,253	5,400,038
Extensions and discoveries.....	33,653	1,907,956
Purchase of reserves in place.....	3,883,508	75,110,695
Sales of reserves in place.....	(17,845)	(91,080)
Revisions of previous estimates.....	(6,284)	557,120
Production.....	(351,262)	(3,726,728)
DECEMBER 31, 1992.....	4,163,023	79,158,001
Extensions and discoveries.....	182,957	5,198,126

Purchase of reserves in place.....	119,216	4,121,079
Sales of reserves in place.....	(52,072)	(9,557)
Revisions of previous estimates.....	(815,743)	(6,516,472)
Inclusion of proved undeveloped reserves(1).....	388,342	19,687,024
Production.....	(452,844)	(7,373,252)
	-----	-----
DECEMBER 31, 1993.....	3,532,879	94,264,949
Extensions and discoveries.....	242,365	8,554,382
Purchase of reserves in place.....	222,981	26,876,534
Sale of reserves in place.....	(11,178)	(1,022,027)
Revisions of previous estimates.....	622,462	3,880,633
Production.....	(496,039)	(9,562,862)
	-----	-----
DECEMBER 31, 1994.....	4,113,470	122,991,609
	=====	=====
PROVED DEVELOPED RESERVES		
December 31, 1993.....	3,144,537	74,577,925
	=====	=====
December 31, 1994.....	3,714,671	101,355,451
	=====	=====

<FN>

(1) Prior to 1993, the Company did not estimate its proved undeveloped reserves because the effect on total proved reserves was insignificant. In 1994 and 1993, the Company acquired properties with significant undeveloped reserve potential and plans to develop these undeveloped locations. As a result, the Company elected to include its proved undeveloped reserves in 1993 and subsequent years to more accurately present its total proved reserves.

</TABLE>

STANDARDIZED MEASURE OF DISCOUNTED FUTURE NET CASH FLOWS RELATING TO PROVED OIL AND GAS RESERVES (UNAUDITED)

The following tables, which present a standardized measure of discounted future net cash flows and changes therein relating to proved oil and gas reserves, are presented pursuant to SFAS 69. In computing this data, assumptions other than those required by the FASB could produce different results. Accordingly, the data should not be construed as representative of the fair market value of the Company's proved oil and gas reserves. The following assumptions have been made:

- Future revenues were based on year-end oil and gas prices. Future price changes were included only to the extent provided by existing contractual agreements.
- Production and development costs were computed using year-end costs assuming no change in present economic conditions.

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BELDEN & BLAKE CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- CONTINUED

- Future net cash flows were discounted at an annual rate of 10%.
- Future income taxes were computed using the approximate statutory tax rate and giving effect to available net operating losses, tax credits and statutory depletion.

The standardized measure of discounted future net cash flows relating to proved oil and gas reserves at December 31, 1994, 1993 and 1992 is presented below:

<TABLE>
<CAPTION>

	DECEMBER 31		
	1994	1993	1992
	-----	-----	-----
<S>	<C>	<C>	<C>
Estimated future cash inflows (outflows)			
Revenues from the sale of oil and gas...	\$ 395,610,738	\$ 315,270,912	\$ 292,051,715
Production and development costs.....	(165,766,349)	(132,313,945)	(114,367,184)
	-----	-----	-----
Future net cash flows before income taxes.....	229,844,389	182,956,967	177,684,531
Future income taxes.....	(54,762,015)	(39,955,545)	(29,155,723)

Future net cash flows.....	175,082,374	143,001,422	148,528,808
10% timing discount.....	(85,228,387)	(71,915,400)	(71,989,247)
Standardized measure of discounted future net cash flows.....	\$ 89,853,987	\$ 71,086,022	\$ 76,539,561

</TABLE>

The principal sources of changes in the standardized measure of future net cash flows for the three years ended December 31, 1994 are as follows:

<TABLE>
<CAPTION>

	YEARS ENDED DECEMBER 31		
	1994	1993	1992
<S>	<C>	<C>	<C>
Beginning of year.....	\$ 71,086,022	\$ 76,539,561	\$ 6,609,864
Sale of oil and gas, net of production costs.....	(23,287,185)	(19,451,432)	(9,672,623)
Extensions and discoveries, less related estimated future development and production costs.....	14,317,120	9,667,774	3,228,728
Purchase of reserves in place less estimated future production costs.....	20,715,526	4,806,990	81,670,287
Sale of reserves in place less estimated future production costs.....	(635,406)	(179,749)	(153,002)
Revisions of previous quantity estimates....	4,971,843	(9,772,684)	765,204
Inclusion of proved undeveloped reserves....	--	6,611,352	--
Net changes in prices and production costs.....	93,790	(2,564,031)	4,059,860
Change in income taxes.....	(8,851,583)	(4,443,113)	(13,356,703)
Accretion of 10% timing discount.....	8,943,892	9,087,098	820,310
Changes in production rates (timing) and other.....	2,499,968	784,256	2,567,636
End of year.....	\$ 89,853,987	\$ 71,086,022	\$ 76,539,561

</TABLE>

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BELDEN & BLAKE CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- CONTINUED

(18) INDUSTRY SEGMENT FINANCIAL INFORMATION

The table below presents certain financial information regarding the Company's industry segments. Intersegment sales are billed on an intercompany basis at prices for comparable third party goods and services.

<TABLE>
<CAPTION>

	1994	1993	1992
<S>	<C>	<C>	<C>
REVENUES			
Oil and gas operations.....	\$ 65,659,418	\$ 61,340,169	\$ 41,539,484
Oilfield sales and service.....	21,204,781	14,382,414	11,888,315
Intersegment sales.....	(4,319,112)	(3,271,226)	(2,392,759)
	\$ 82,545,087	\$ 72,451,357	\$ 51,035,040
OPERATING INCOME (LOSS)			
Oil and gas operations.....	\$ 9,117,043	\$ 7,619,906	\$ 622,840
Oilfield sales and service(1).....	(88,687)	125,658	1,647,628
	\$ 9,028,356	\$ 7,745,564	\$ 2,270,468
IDENTIFIABLE ASSETS			
Oil and gas operations.....	\$132,537,620	\$128,352,821	\$ 98,010,238
Oilfield sales and service.....	15,635,175	6,821,107	4,242,841
	\$148,172,795	\$135,173,928	\$102,253,079

DEPRECIATION, DEPLETION AND AMORTIZATION

EXPENSE			
Oil and gas operations.....	\$ 11,343,441	\$ 9,316,499	\$ 4,534,519
Oilfield sales and service.....	677,817	386,959	318,839
	-----	-----	-----
	\$ 12,021,258	\$ 9,703,458	\$ 4,853,358
	=====	=====	=====
CAPITAL EXPENDITURES			
Oil and gas operations.....	\$ 33,955,736	\$ 15,976,914	\$ 80,850,149
Oilfield sales and service.....	4,445,681	1,014,612	238,021
	-----	-----	-----
	\$ 38,401,417	\$ 16,991,526	\$ 81,088,170
	=====	=====	=====

<FN>

(1) The 1994 amount includes operating losses of \$438,680 attributable to the operations of Magnolia Compression Services, Inc. and Engine Power Systems, Inc. which were primarily the result of expenses incurred in the initial development of these businesses. The 1992 amount includes operating income generated by the Belden Interests from sales and services to the Partnership and BBI during the first quarter of 1992.

</TABLE>

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BELDEN & BLAKE CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- CONTINUED

(19) QUARTERLY RESULTS OF OPERATIONS (UNAUDITED)

The results of operations for the four quarters of 1994 and 1993 are shown below.

<TABLE>

<CAPTION>

	FIRST	SECOND	THIRD	FOURTH
	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>
1994				
Sales and other operating revenues.....	\$20,620,601	\$20,417,568	\$21,435,564	\$20,071,354
Gross profit.....	3,096,358	3,849,597	3,309,537	2,738,618
Net income.....	807,241	1,104,926	1,079,937	850,817
Net income per common share.....	.11	.15	.15	.11
1993				
Sales and other operating revenues.....	\$19,237,590	\$16,425,888	\$17,291,240	\$19,496,639
Gross profit.....	3,207,398	3,094,093	2,845,065	2,538,991
Net income.....	656,510	865,447	1,004,185	693,884
Net income per common share.....	.18	.17	.14	.09

</TABLE>

(20) SUBSEQUENT EVENTS

Effective in January 1995, the Company purchased Ward Lake Drilling, Inc. ("Ward Lake"), a privately-held exploration and production company headquartered in Gaylord, Michigan, for \$15.1 million. The purchase was funded by borrowings under the Company's existing credit facility. Ward Lake operates and holds a production payment interest and working interests averaging 13.6% in approximately 500 Antrim Shale gas wells located in Michigan's lower peninsula. The purchase also included approximately 5,500 undeveloped leasehold acres that Ward Lake owns in Michigan.

At December 31, 1994, the wells had estimated proved natural gas reserves totaling 98 Bcf gross (13.7 net). Gross production from the wells is expected to total approximately 37 million cubic feet of gas per day in 1995. Approximately one half of the purchase price represented payment for the proved reserves, with the balance associated with the operating rights and other corporate assets.

In March 1995, the Company entered into an agreement to purchase all the producing properties of The East Ohio Gas Company for \$6.5 million. The assets to be acquired include a 100% working interest in 378 natural gas wells and drilling rights on more than 250,000 acres of adjacent properties. A substantial majority of the wells acquired are adjacent to properties currently being operated by the Company. The wells had estimated proved reserves of 8.5 Bcf of natural gas and 80,000 Bbls of oil at December 31, 1994. Production from the wells is expected to total approximately 1.9 million cubic feet equivalent per

day in 1995. The purchase is subject to the satisfaction of certain due diligence matters, consent requirements and other conditions.

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REPORT OF INDEPENDENT AUDITORS

Board of Directors
Belden & Blake Corporation

We have audited the accompanying Statements of Revenues and Direct Operating Expenses for the years ended December 31, 1994 and 1993 (the "Statements") of certain oil and gas properties subject to a letter of intent to enter into a definitive sales agreement dated May 23, 1995 between Quaker State Corporation and Belden & Blake Corporation, (the "Quaker State Properties"). These Statements are the responsibility of Belden & Blake Corporation's management based on data supplied by Quaker State Corporation. Our responsibility is to express an opinion on these Statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Statements. We believe that our audits provide a reasonable basis for our opinion.

The accompanying Statements of Revenues and Direct Operating Expenses were prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission for inclusion in a Registration Statement on Form S-3 to be filed by Belden & Blake Corporation and are not intended to be a complete presentation of the Quaker State Properties' revenues and expenses.

In our opinion, the Statements referred to above present fairly, in all material respects, the revenues and direct operating expenses described in Note 1 of the Quaker State Properties for the years ended December 31, 1994 and 1993, in conformity with generally accepted accounting principles.

Cleveland, Ohio
May 31, 1995

ERNST & YOUNG LLP

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QUAKER STATE PROPERTIES

STATEMENTS OF REVENUES AND DIRECT OPERATING EXPENSES

<TABLE>
<CAPTION>

	THREE MONTHS ENDED MARCH 31		YEARS ENDED DECEMBER 31	
	1995	1994	1994	1993
	(UNAUDITED)	(UNAUDITED)		
	<C>	<C>	<C>	<C>
<S>				
Revenues:				
Oil and gas sales.....	\$5,381,788	\$5,791,439	\$20,257,404	\$19,657,993
Gas gathering.....	826,285	760,292	2,863,747	2,579,519
Total Revenues.....	6,208,073	6,551,731	23,121,151	22,237,512
Direct operating expenses.....	1,680,707	1,739,599	6,527,950	7,566,458
Revenues in excess of direct operating expenses.....	\$4,527,366	\$4,812,132	\$16,593,201	\$14,671,054

</TABLE>

See accompanying notes.

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QUAKER STATE PROPERTIES

NOTES TO STATEMENTS OF REVENUES AND
DIRECT OPERATING EXPENSES

(INFORMATION SUBSEQUENT TO DECEMBER 31, 1994 AND PERTAINING TO THE
THREE MONTHS ENDED MARCH 31, 1995 AND 1994 IS UNAUDITED)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The accompanying statements present the revenues and direct operating expenses of certain oil and gas property interests and related gas gathering systems which are subject to a letter of intent to enter into a definitive sales agreement dated May 23, 1995 between Quaker State Corporation (Quaker State) as seller and Belden & Blake Corporation (Belden & Blake) as buyer. These properties (the "Quaker State Properties") are located in New York, Pennsylvania, Ohio and West Virginia.

The revenues and direct operating expenses included in these Statements relate solely to the oil and gas properties subject to the sales agreement indicated above. Only the actual costs of maintaining the producing properties and gathering systems are included in direct operating expenses. Charges for general and administrative expenses, depreciation, depletion and amortization and federal and state income taxes are not included in direct operating expenses. The historical revenues in excess of direct operating expenses for the Quaker State Properties presented herein are not believed by Belden & Blake to be representative of future operations.

Historical financial statements prepared in accordance with generally accepted accounting principles ("GAAP") do not exist for the Quaker State Properties. A practicable determination of the historical general and administrative expenses and other indirect expenses which were attributable to the properties acquired would not be indicative of the level of such expenses to be incurred by Belden & Blake. The depletion and depreciation and interest charges of Quaker State associated with the Quaker State Properties would be based on Quaker State's historical costs and borrowings and are not relevant to the ongoing financial reporting of Belden & Blake since the properties will be depleted over future periods based upon Belden & Blake's acquisition costs. The presentation herein of historical financial statements reflecting financial position, results of operations and cash flows required by GAAP was not practicable in these circumstances. Accordingly, the statements of revenues and direct operating expenses are presented in lieu of the financial statements required under Rule 3-05 of Securities and Exchange Commission Regulation S-X.

2. CONCENTRATIONS OF CREDIT AND MAJOR CUSTOMERS

Sales of oil and gas are ultimately made to refineries (principally Quaker State), gas utilities, industrial consumers, and natural gas brokers. Revenues from individual customers that exceeded 10% of total revenue were as follows:

<TABLE>
<CAPTION>

CUSTOMER	THREE MONTHS ENDED MARCH 31		YEARS ENDED DECEMBER 31	
	1995	1994	1994	1993
<S>	<C>	<C>	<C>	<C>
A (Quaker State).....	\$1,346,000	\$ 821,000	\$4,766,000	\$4,065,000
B (utility).....	695,000	770,000	2,821,000	--
C (industrial consumer).....	759,000	849,000	2,966,000	--
D (natural gas broker).....	982,000	1,571,000	4,353,000	2,184,000
E (industrial consumer).....	--	--	--	2,574,000

</TABLE>

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QUAKER STATE PROPERTIES

NOTES TO STATEMENTS OF REVENUES AND
DIRECT OPERATING EXPENSES -- CONTINUED

3. SUPPLEMENTAL INFORMATION (UNAUDITED)

Net indirect well operating costs allocated by Quaker State to the Quaker State Properties amounted to approximately \$230,000 and \$180,000 for the three months ended March 31, 1995 and 1994, and \$760,000 and \$650,000 for the years

ended December 31, 1994 and 1993, respectively.

Exploration and development costs amounted to approximately \$500,000 and \$459,000 for the three months ended March 31, 1995 and 1994, and \$2,600,000 and \$1,952,000 for the years ended December 31, 1994 and 1993, respectively.

The oil and gas reserve information presented below is based on reports prepared as of December 31, 1994 based on prices received and direct operating expenses incurred by Quaker State as of that date. Reserve studies were not prepared as of December 31, 1993 and 1992. Accordingly, reserve quantities and amounts as of December 31, 1993 and 1992 have been computed by adjusting the December 31, 1994 reserves for actual 1994 and 1993 production and new discoveries.

There are many uncertainties inherent in estimating proved reserve quantities and in projecting future production rates and the timing of development expenditures. In addition, estimates of new discoveries are more imprecise than those of properties with a production history. Accordingly, these estimates are expected to change as future information becomes available. Material revisions of reserve estimates may occur in the future, development and production of the oil and gas reserves may not occur in the periods assumed, and actual prices realized and actual costs incurred may vary significantly from those used. Proved reserves represent estimated quantities of natural gas, crude oil and condensate that geological and engineering data demonstrate, with reasonable certainty, to be recoverable in future years from known reservoirs under economic and operating conditions existing at the time the estimates were made. Proved developed reserves are proved reserves expected to be recovered through wells and equipment in place and under operating methods being utilized at the time the estimates were made.

Net quantities of proved developed reserves of oil and gas for the Quaker State Properties are set forth in the table below:

<TABLE>
<CAPTION>

	1994	1993
	-----	-----
<S>	<C>	<C>
OIL RESERVES (IN BBL):		
Oil reserves, beginning of period.....	1,703,592	2,010,015
Extensions, discoveries and other additions.....	148,151	52,000
Production.....	(313,509)	(358,423)
	-----	-----
Proved developed oil reserves, end of period.....	1,538,234	1,703,592
	=====	=====
GAS RESERVES (IN MCF):		
Gas reserves, beginning of period.....	40,751,003	43,450,293
Extensions, discoveries and other additions.....	3,633,000	2,537,000
Production.....	(6,518,378)	(5,236,290)
	-----	-----
Proved developed gas reserves, end of period.....	37,865,625	40,751,003
	=====	=====

</TABLE>

The following tables, which present a standardized measure of discounted future net cash flows and changes therein relating to proved developed oil and gas reserves, are presented pursuant to Statement of Financial Accounting Standards No. 69 (SFAS 69). In computing this data, assumptions other than those required by the Financial Accounting Standards Board could produce different results. Accordingly, the data should not be construed as representative of the fair market value of the Quaker State Properties' proved oil and gas reserves. This information is presented to allow a reasonable comparison of reserve values using

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QUAKER STATE PROPERTIES

NOTES TO STATEMENTS OF REVENUES AND
DIRECT OPERATING EXPENSES -- CONTINUED

3. SUPPLEMENTAL INFORMATION (UNAUDITED) -- CONTINUED

standardized measurement criteria and should be used only for that purpose. Belden & Blake's investment and operating decisions were based on different cost assumptions from those used herein. The following assumptions have been made:

- Future revenues were based on year-end oil and gas prices. Future price changes were included only to the extent provided by existing contractual agreements.

- Production and development costs were computed using year-end costs assuming no change in present economic conditions.
- Future net cash flows were discounted at an annual rate of 10%.
- Future general and administrative expenses and income taxes were not considered in the calculations.

<TABLE>
<CAPTION>

	1994	1993
	-----	-----
<S>	<C>	<C>
Future oil and gas revenues.....	\$101,420,480	\$100,445,011
Future production costs.....	(41,998,626)	(41,684,281)
	-----	-----
Future net cash flows.....	59,421,854	58,760,730
10% timing discount.....	(17,109,549)	(16,919,189)
	-----	-----
Standardized measure of discounted future net cash flows (before income taxes).....	\$ 42,312,305	\$ 41,841,541
	=====	=====

</TABLE>

The following are the principal sources of change in the standardized measure of discounted future net cash flows:

<TABLE>
<CAPTION>

	1994	1993
	-----	-----
<S>	<C>	<C>
Beginning of year.....	\$ 41,841,541	\$ 44,319,670
Sales of oil and gas produced, net of costs.....	(13,729,454)	(12,091,535)
Extensions, discoveries, and improved recovery, less related costs.....	10,016,064	5,181,439
Accretion of 10% timing discount.....	4,184,154	4,431,967
	-----	-----
End of year.....	\$ 42,312,305	\$ 41,841,541
	=====	=====

</TABLE>

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BELDEN & BLAKE CORPORATION AND SUBSIDIARIES
PRO FORMA CONDENSED COMBINED BALANCE SHEET (UNAUDITED)

MARCH 31, 1995
(IN THOUSANDS)

<TABLE>
<CAPTION>

	COMPANY	PRO FORMA ADJUSTMENTS	PRO FORMA COMBINED
	-----	-----	-----
<S>	<C>	<C>	<C>
ASSETS			
Current assets.....	\$ 31,979	\$ (1,175)h	\$ 30,804
Net property and equipment (successful efforts method).....	137,501	69,309 h	206,810
Other assets.....	2,842		2,842
	-----	-----	-----
	\$172,322	\$ 68,134	\$240,456
	=====	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities.....	\$ 16,088	\$ 2,000 h	\$ 18,088
Long-term liabilities.....	67,215	14,054 h	81,269
Deferred income taxes.....	6,930		6,930
Shareholders' equity.....	82,089	52,080 h	134,169
	-----	-----	-----
	\$172,322	\$ 68,134	\$240,456
	=====	=====	=====

</TABLE>

See accompanying notes.

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BELDEN & BLAKE CORPORATION AND SUBSIDIARIES

PRO FORMA COMBINED STATEMENT OF OPERATIONS (UNAUDITED)

FOR THE YEAR ENDED DECEMBER 31, 1994
(IN THOUSANDS EXCEPT PER SHARE DATA)

<S>	COMPANY	QUAKER STATE PROPERTIES	WARD LAKE	OTHER ACQUISITIONS	PRO FORMA ADJUSTMENTS	PRO FORMA COMBINED
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Revenues						
Oil and gas sales.....	\$32,574	\$ 20,257	\$ 3,540	\$ 5,079	\$	\$ 61,450
Gas marketing and gathering.....	33,085	2,864		1,228		37,177
Oilfield sales and service.....	16,886		3,050	659	(3,709) a	16,886
Interest and other.....	559		744			1,303
	-----	-----	-----	-----	-----	-----
	83,104	23,121	7,334	6,966	(3,709)	116,816
Expenses						
Production expense.....	9,292	6,528	3,361	2,400	(4,025) b	17,556
Cost of gas and gathering expense...	29,134					29,134
Oilfield sales and service.....	16,297					16,297
Exploration expense.....	2,807		28		688 c	3,523
General and administrative expense.....	3,966		1,835		(1,786) d	4,015
Interest expense.....	3,587		420		2,168 e	6,175
Depreciation, depletion and amortization.....	12,021		757		9,833 f	22,611
	-----	-----	-----	-----	-----	-----
	77,104	6,528	6,401	2,400	6,878	99,311
Income before income taxes.....	6,000	16,593	933	4,566	(10,587)	17,505
Provision for income taxes						
Current.....	588				2,973 g	3,561
Deferred.....	1,569				891 g	2,460
	-----	-----	-----	-----	-----	-----
	2,157	--	--	--	3,864	6,021
Net income.....	\$ 3,843	\$ 16,593	\$ 933	\$ 4,566	\$ (14,451)	\$ 11,484
	=====	=====	=====	=====	=====	=====
Net income per common share.....	\$ 0.52					\$ 1.07
	=====					=====
Weighted average common shares outstanding.....	7,080					10,580
	=====					=====

</TABLE>

See accompanying notes.

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BELDEN & BLAKE CORPORATION AND SUBSIDIARIES

PRO FORMA COMBINED STATEMENT OF OPERATIONS (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 1995
(IN THOUSANDS EXCEPT PER SHARE DATA)

<S>	COMPANY	QUAKER STATE PROPERTIES	OTHER ACQUISITIONS	PRO FORMA ADJUSTMENTS	PRO FORMA COMBINED
<S>	<C>	<C>	<C>	<C>	<C>
Revenues					
Oil and gas sales.....	\$ 9,207	\$5,382	\$1,058	\$	\$15,647
Gas marketing and gathering.....	8,916	826	129		9,871
Oilfield sales and service.....	4,121		157	(157) a	4,121
Interest and other.....	181				181
	-----	-----	-----	-----	-----
	22,425	6,208	1,344	(157)	29,820
Expenses					
Production expense.....	2,634	1,681	532	(578) b	4,269

Cost of gas and gathering expense.....	7,902				7,902
Oilfield sales and service.....	4,210				4,210
Exploration expense.....	895			172 c	1,067
General and administrative expense.....	949			81 d	1,030
Interest expense.....	1,163			481 e	1,644
Depreciation, depletion and amortization.....	3,499			2,604 f	6,103
	-----	-----	-----	-----	-----
	21,252	1,681	532	2,760	26,225
	-----	-----	-----	-----	-----
Income before income taxes.....	1,173	4,527	812	(2,917)	3,595
Provision for income taxes					
Current.....	211			458 g	669
Deferred.....	223			313 g	536
	-----	-----	-----	-----	-----
	434	--	--	771	1,205
	-----	-----	-----	-----	-----
Net income.....	\$ 739	\$4,527	\$ 812	\$(3,688)	\$ 2,390
	=====	=====	=====	=====	=====
Net income per common share.....	\$ 0.10				\$ 0.22
	=====				=====
Weighted average common shares outstanding.....	7,102				10,602
	=====				=====

</TABLE>

See accompanying notes.

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BELDEN & BLAKE CORPORATION AND SUBSIDIARIES

NOTES TO UNAUDITED PRO FORMA COMBINED FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION

The Company recently entered into an agreement for the acquisition from Quaker State Corporation of certain of its oil and gas properties and related assets in New York, Ohio, Pennsylvania and West Virginia (the "Quaker State Properties") for \$56 million. The Quaker State Properties include approximately 1,460 gross (1,111 net) wells with proved reserves of 2.2 MMBbl of oil and 46.8 Bcf of gas at December 31, 1994; gas gathering systems totaling approximately 250 miles in length; undeveloped oil and gas leases and fee mineral interests covering approximately 250,000 acres; an extensive geologic and geophysical data base and other assets.

In January 1995 the Company purchased Ward Lake Drilling, Inc. ("Ward Lake"), a privately-held exploration and production company headquartered in Gaylord, Michigan, for \$15.1 million. The purchase was funded by borrowings under the Company's existing credit facility. Ward Lake operates and holds either a production payment interest or a working interest averaging 13.6% in approximately 500 Antrim Shale gas wells located in Michigan's lower peninsula. The purchase also included approximately 5,500 undeveloped leasehold acres that Ward Lake owns in Michigan.

Through May 31, 1995 the Company has completed two other acquisitions and entered into an agreement with respect to a third acquisition (the "Other Acquisitions") pursuant to which it acquired or will acquire for approximately \$19.4 million working interests in 1,139 gross (919 net) oil and gas wells in Ohio, Pennsylvania and New York, and the drilling rights on more than 250,000 acres in Ohio adjacent to properties operated by the Company. Estimated proved developed reserves associated with the wells totaled 21 Bcf of natural gas and .5 MMBbl of oil net to the Company's interest at December 31, 1994.

The unaudited pro forma combined statements of operations present the pro forma results of operations of the Company as if the acquisitions of the Quaker State Properties, Ward Lake, and the Other Acquisitions had occurred on January 1, 1994. The unaudited pro forma combined statements of operations also include the sale of Common Stock offered hereby and the repayment of certain debt as if such transactions occurred on January 1, 1994. The pro forma condensed combined balance sheet is presented on a pro forma basis as if the acquisitions and sale of Common Stock offered hereby had occurred on March 31, 1995. The unaudited pro forma combined financial statements would not necessarily be indicative of the actual results had the above discussed transactions been consummated at January 1, 1994 or that may be obtained in the future. These unaudited pro forma combined financial statements should be read in conjunction with the financial statements of the Company and the related notes thereto included in this Registration Statement/Prospectus.

2. PRO FORMA ADJUSTMENTS

The amounts provided in the unaudited pro forma combined financial statements for the Company, the Quaker State Properties and Ward Lake, have been

derived from the audited financial statements of the respective companies at and for the year ended December 31, 1994 and the unaudited financial statements for the three months ended March 31, 1995. The amounts provided in the unaudited pro forma consolidated financial statements for the Other Acquisitions have been derived from the records of the former owners or operators of the properties and are presented on an aggregate basis.

<TABLE>
<CAPTION>

	FOR THE YEAR ENDED DECEMBER 31, 1994	FOR THE THREE MONTHS ENDED MARCH 31, 1995
	-----	-----
a) Adjustment to present certain well operating revenues (pumper and administrative fees) as a reduction of production expenses, so as to conform with the Company's existing presentation policy:		
<S>	<C>	<C>
Ward Lake.....	\$ (3,049,694)	N/A
Other Acquisitions.....	(659,647)	\$ (156,533)
	-----	-----
	\$ (3,709,341)	\$ (156,533)
	=====	=====

</TABLE>

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BELDEN & BLAKE CORPORATION AND SUBSIDIARIES

NOTES TO UNAUDITED PRO FORMA COMBINED FINANCIAL STATEMENTS -- CONTINUED

b) Adjustment to record the decrease in lease operating expenses due to downsizing operations, including closing of one district office and three operating facilities and reducing the number of employees by twenty-four. Included in this adjustment is the reduction of compensation and fringe benefits associated with continuing employees to reflect the Company's existing wage and benefits package. The closed facilities will be merged with existing Company facilities.

<TABLE>
<CAPTION>

	FOR THE YEAR ENDED DECEMBER 31, 1994	FOR THE THREE MONTHS ENDED MARCH 31, 1995
	-----	-----
<S>	<C>	<C>
Quaker State Properties.....	\$ (1,326,991)	\$ (380,455)

</TABLE>

Adjustment to recognize additional production expense associated with pay increases granted at the time of acquisition.

<TABLE>
<S>

Ward Lake.....	<C>	<C>
	38,892	N/A

</TABLE>

Adjustment to record the decrease in lease operating expenses due to downsizing operations, including closing operating facilities and combining them with existing Company facilities, and reduction of compensation and fringe benefits associated with continuing employees to reflect the Company's existing wage and benefits package.

<TABLE>
<S>

Other Acquisitions.....	<C>	<C>
	(189,596)	(41,017)

</TABLE>

Reclassification of certain general and administrative expenses to production expenses, so as to conform to the Company's existing presentation policy.

<TABLE>
<S>

Ward Lake.....	<C>	<C>
	1,162,281	0

</TABLE>

Adjust certain well operating revenues (pumper and administrative fees) as a reduction of production expenses, so as to conform with the Company's existing presentation policy:

<TABLE> <S>	<C>	<C>
Ward Lake.....	(3,049,694)	N/A
Other Acquisitions.....	(659,647)	(156,533)
	-----	-----
	\$ (4,024,755)	\$ (578,005)
	=====	=====

</TABLE>

c) Adjustment to reflect the cost of technical staff (accountants, geologist, geophysicist, etc.) and their related support costs.

<TABLE> <S>	<C>	<C>
Quaker State Properties.....	\$ 688,400	\$ 172,100
	=====	=====

</TABLE>

d) Adjustment to reflect the increase (decrease) in general and administrative expenses:

<TABLE> <S>	<C>	<C>
Quaker State Properties.....	\$ 49,800	\$ 81,200

</TABLE>

Reclassification of certain general and administrative expenses to production expenses, so as to comply with the Company's existing presentation policy.

<TABLE> <S>	<C>	<C>
Ward Lake.....	(1,162,281)	N/A

</TABLE>

Adjustment to reflect reduced general and administrative expenses associated with the closing of one administrative office and the discontinuing of the employment of Ward Lake's executive group and support staff.

<TABLE> <S>	<C>	<C>
Ward Lake.....	(673,088)	N/A
	-----	-----
	\$ (1,785,569)	\$ 81,200
	=====	=====

</TABLE>

e) Adjustment to reflect the increase in interest expense associated with additional debt incurred by the Company in connection with the acquisitions:

<TABLE> <S>	<C>	<C>
Quaker State Properties.....	\$ 253,000	\$ 87,000
Ward Lake.....	687,223	N/A
Other Acquisitions.....	1,228,000	394,000
	-----	-----
	\$ 2,168,223	\$ 481,000
	=====	=====

</TABLE>

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BELDEN & BLAKE CORPORATION AND SUBSIDIARIES

NOTES TO UNAUDITED PRO FORMA COMBINED FINANCIAL STATEMENTS -- CONTINUED

f) Adjustment to record additional depletion, depreciation and amortization associated with the property, equipment and other assets acquired:

<TABLE> <S>	<C>	<C>
Quaker State Properties.....	\$ 7,605,770	\$ 2,253,865
Ward Lake.....	413,760	N/A
Other Acquisitions.....	1,813,404	350,490

\$ 9,832,934	\$ 2,604,355
--------------	--------------

</TABLE>

g) Adjustment to income taxes based on consolidated pro forma income:

<S>	<C>	<C>
Current.....	\$ 2,972,839	\$ 457,822
Deferred.....	891,158	312,852
	\$ 3,863,997	\$ 770,674

</TABLE>

h) To record the acquisitions and the issuance of common stock.

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(map showing location of the Company's recent acquisitions)
 (cross section diagram of the Appalachian Basin)

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NO DEALER, SALESMAN OR ANY OTHER PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS, OTHER THAN THOSE CONTAINED IN THIS PROSPECTUS, IN CONNECTION WITH THE OFFERING CONTAINED HEREIN, AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE COMPANY OR ANY OF THE UNDERWRITERS. THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY ANY SECURITIES IN ANY JURISDICTION TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR SOLICITATION IN SUCH JURISDICTION. NEITHER THE DELIVERY OF THIS PROSPECTUS NOR ANY SALE MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE COMPANY SINCE THE DATE HEREOF OR THAT THE INFORMATION CONTAINED HEREIN IS CORRECT AS OF ANY TIME SUBSEQUENT TO ITS DATE.

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</TABLE>

3,500,000 SHARES
 BELDEN & BLAKE
 [LOGO]

, 1995

JOHNSON RICE & COMPANY

MCDONALD & COMPANY
SECURITIES, INC.SOUTHCOAST CAPITAL
CORPORATION

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PART II
INFORMATION NOT REQUIRED IN THE PROSPECTUS

ITEM 14. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION

The estimated expenses in connection with the offering are as follows:

<TABLE>	<C>
<S> Securities and Exchange Commission filing fee.....	\$22,380.39
NASD filing fee and expenses.....	6,940
Nasdaq additional listing fee.....	17,500
Printing and engraving.....	*
Legal fees and expenses.....	*
Accounting fees and expenses.....	*
Engineering fees and expenses.....	*
Blue Sky fees and expenses, including legal fees.....	*
Miscellaneous.....	*
Total.....	\$ * =====

<FN>

* To be filed by amendment.

</TABLE>

ITEM 15. INDEMNIFICATION OF DIRECTORS AND OFFICERS

The Code of Regulations of the Registrant provides for indemnification of directors, officers and employees of the Registrant to the fullest extent permitted by the General Corporation Law of the State of Ohio.

Section 1701.13 of the General Corporation Law of the State of Ohio permits indemnification of any director, officer or employee with respect to any proceeding against such person provided that: (a) such person acted in good faith, (b) such person reasonably believed that the conduct was in or not opposed to the best interests of the corporation and (c) in the case of a criminal proceeding, such person had no reasonable cause to believe that the conduct was unlawful. Indemnification may be made against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with the proceeding, provided that if the proceeding is one by or in the right of the corporation, indemnification may only be made against reasonable expenses (including attorneys' fees) and may not be made with respect to any proceeding in which the director, officer or employee has been adjudged to be liable to the corporation except to the extent that the court in which the proceeding was brought shall determine, upon application, that such person is, in view of all the circumstances, entitled to indemnity for such expenses as the court shall deem proper. The termination of any proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere or its equivalent, does not, by itself, create a presumption that the director, officer or employee did not meet the requisite standard of conduct required for indemnification to be permitted.

Section 1701.13 of the General Corporation Law of the State of Ohio further provides that indemnification thereunder may not be made by the corporation unless authorized after a determination has been made that such indemnification is proper, with that determination to be made by (a) the Board of Directors by the majority of a quorum consisting of directors not parties to the proceeding, (b) if such quorum is not obtainable, or even obtainable but a quorum of disinterested directors so directs, by independent legal counsel in a written opinion, (c) by the shareholders or (d) by the court in which the proceeding was brought.

Section 1701.13 of the General Corporation Law of the State of Ohio also provides that indemnification thereunder is not exclusive of any other rights to which those seeking indemnification may be entitled under the Articles of Incorporation, Code of Regulations or any agreement, vote of shareholders or disinterested directors or otherwise. The Company has purchased directors and officers liability insurance which provides additional protection for directors, officers and employees of the Company.

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ITEM 16. EXHIBITS

An Exhibit Index appears at page II-4.

ITEM 17. UNDERTAKINGS

The undersigned registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act of 1933, each filing of the registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 that is incorporated in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(2) For purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act of 1933 shall be deemed to be part of their registration statement as of the time it was declared effective.

(3) For the purpose of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than payment by the registrant of expenses paid or incurred by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

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SIGNATURES

PURSUANT TO THE REQUIREMENTS OF THE SECURITIES ACT OF 1933, THE REGISTRANT CERTIFIES THAT IT HAS REASONABLE GROUNDS TO BELIEVE IT MEETS ALL OF THE REQUIREMENTS FOR FILING ON FORM S-3 AND HAS DULY CAUSED THIS REGISTRATION STATEMENT TO BE SIGNED ON ITS BEHALF BY THE UNDERSIGNED, THEREUNTO DULY AUTHORIZED, IN THE CITY OF NORTH CANTON, STATE OF OHIO ON JUNE 9, 1995.

BELDEN & BLAKE CORPORATION

By: /s/ HENRY S. BELDEN IV

Henry S. Belden IV,
Chairman of the Board
and Chief Executive Officer

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Henry S. Belden IV and Joseph M. Vitale, or either one of them, as true and lawful attorney-in-fact and agent, with full power and substitution, for him and in his name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this Registration Statement, and to file the same with all exhibits thereto, and all other documents in connection therewith, with the Securities and

Exchange Commission, granting unto such attorney-in-fact and agent full power and authority to do and to perform each and every act and thing requisite and ratifying and confirming all that such attorney-in-fact and agent or his substitute or substitutes may lawfully do or cause to be done by virtue hereof.

PURSUANT TO THE REQUIREMENTS OF THE SECURITIES ACT OF 1933, THIS REGISTRATION STATEMENT HAS BEEN SIGNED BY THE FOLLOWING PERSONS IN THE CAPACITIES AND ON THE DATES INDICATED.

<TABLE> <CAPTION>		
SIGNATURE	TITLE	DATE
<S>	<C>	<C>
/s/ HENRY S. BELDEN IV	Chairman of the Board, Chief Executive Officer and Director	June 9, 1995
Henry S. Belden IV	(Principal Executive Officer)	Date
/s/ RONALD E. HUFF	Senior Vice President, Chief Financial Officer and Director	June 9, 1995
Ronald E. Huff	(Principal Financial and Accounting Officer)	Date
/s/ MAX L. MARDICK	President, Chief Operating Officer and Director	June 9, 1995
Max L. Mardick		Date
/s/ JOSEPH M. VITALE	Senior Vice President, Legal, General Counsel, Secretary and Director	June 9, 1995
Joseph M. Vitale	Director	Date
/s/ PAUL R. BISHOP	Director	June 9, 1995
Paul R. Bishop		Date
/s/ THEODORE V. BOYD	Director	June 9, 1995
Theodore V. Boyd		Date
	Director	
Gary R. Petersen		Date
	Director	
David P. Quint		Date
	Director	
Raymond D. Saunders		Date
/s/ GEORGE M. SMART	Director	June 9, 1995
George M. Smart		Date

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EXHIBIT INDEX

<TABLE> <CAPTION>		
EXHIBIT NO.	DESCRIPTION	LOCATION IN SEQUENTIALLY NUMBERED COPY
<S>	<C>	<C>
1.1*	Underwriting Agreement	
4.1	Amended and Restated Debenture Agreement between the Company and Petercam Securities -- incorporated by reference to Exhibit 4.1 to the Company's Registration Statement on Form S-4 (Registration No. 33-43209)	
4.2	Warrant Assumption Agreement between Belden & Blake Corporation and Belden & Blake Energy Company -- incorporated by reference to Exhibit 4.4 to the Company's Annual Report on Form 10-K for the year ended December 31, 1992	
4.3	Note Purchase Agreement dated as of November 15, 1993 among the Company, The Canton Oil & Gas Company, Peake Operating Company and Peake Energy, Inc. and the purchasers listed on Annex I thereto -- incorporated by reference to Exhibit 4.5 to the Company's Annual Report on Form 10-K for the year ended December 31, 1993	
5.1*	Opinion of Black, McCuskey, Souers & Arbaugh as to the legality of the securities being registered	
23.1*	Consent of Ernst & Young LLP	
23.2*	Consent of John G. Redic, Inc.	
23.3	Consent of Black, McCuskey, Souers & Arbaugh (included in their opinion filed as Exhibit 5.1)	
24	Power of Attorney (included at page II-3).	

<FN>

* Filed herewith
</TABLE>

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BELDEN & BLAKE CORPORATION

3,500,000 SHARES OF COMMON STOCK
(no par value)

UNDERWRITING AGREEMENT

June _____, 1995

Johnson Rice & Company
McDonald & Company Securities, Inc.
Southcoast Capital Corporation
As representatives of the several Underwriters
named in Schedule I hereto
c/o Johnson Rice & Company
639 Loyola Avenue
Suite 2775
New Orleans, Louisiana 70113

Dear Sirs:

Belden & Blake Corporation, an Ohio corporation (the "Company"), proposes, subject to the terms and conditions stated herein, to issue and sell to the Underwriters named on Schedule I hereto (the "Underwriters") an aggregate of 3,500,000 shares (the "Firm Shares") and, at the election of the Underwriters, up to 525,000 additional shares (the "Optional Shares") of Common Stock, no par value ("the Stock"), of the Company (the "Firm Shares" and the "Optional Shares" being collectively called the "Shares").

1. The Company represents and warrants to, and agrees with, each of the Underwriters that:

(a) The Company has filed with the Securities and Exchange Commission (the "Commission") a registration statement, and may have filed an amendment or amendments thereto, on Form S-3 (No. 33-_____), for the registration of the Shares under the Securities Act of 1933, as amended (the "Act"). If such registration has not become effective, a further amendment to such registration statement, including therein a final prospectus, necessary to permit such registration statement to become effective, will be filed promptly by

the Company with the Commission. If such registration statement has become effective, the Company shall file with the Commission in accordance with Rule 424(b) of the General Rules and Regulations of the Commission under the Act (the "Regulations") a final prospectus containing all Rule 430A Information (as hereinafter defined) previously omitted at the time such registration statement was declared effective by the Commission. The Company will not, without your prior consent, file any other amendment thereto or make any change in the form of final prospectus prior to the time it is first filed pursuant to Rule 424(b) of the Regulations. Such registration statement, including the prospectus, financial statements, schedules, exhibits and all other documents filed as a part thereof, as amended, when it shall become effective, is herein called the "Registration Statement" and shall include information with respect to the Shares and the offering permitted to be omitted from the Registration Statement when it becomes effective pursuant to Rule 430A of the Regulations (the "Rule 430A Information"); and the prospectus, in the form included as part of the Registration Statement, or, if different, in the form first filed with the Commission pursuant to Rule 424(b) of the Regulations, is herein called the "Prospectus." The term "preliminary prospectus" as used herein means each prospectus included in the Registration Statement or any amendments thereto, before it became effective under the Act and any prospectus filed with the Commission pursuant to Rule 424(a) of the Regulations. The term "Effective Date" means the date that the Registration Statement is declared effective by the Commission. Any reference herein to the Registration Statement, any preliminary prospectus or the Prospectus shall be deemed to refer to and include the documents incorporated by reference therein pursuant to Item 12 of Form S-3, which were filed under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), on or before the Effective Date, the date of such preliminary prospectus or the date of the Prospectus, as the case may be, and any reference herein to the terms "amend", "amendment", or "supplement" with respect to the Registration Statement, any preliminary prospectus or the Prospectus shall be deemed to refer to and include (i) the filing of any document under the Exchange Act after the effective date of the Registration Statement, the date of such preliminary prospectus or the date of the Prospectus, as the case may be, which is incorporated therein by reference and (ii) any such document so filed.

(b) On the Effective Date, when any post-effective amendment to the Registration Statement becomes effective, when the Prospectus is first filed with the Commission pursuant to Rule 424(b) of the Regulations, when any supplement to or amendment of the Prospectus is filed with the Commission, when any document filed under the Exchange Act is filed with the Commission, and at all times subsequent thereto and including the Delivery Date (as hereinafter defined) and during such longer period as the Prospectus may be required to be delivered in connection with sales by the Underwriters or a dealer, the Registration Statement and the Prospectus and any amendments thereof and supplements thereto complied or will comply in all material respects with the applicable provisions of the Act and the Regulations and did not or will not, as the case may be, contain an untrue statement of a material fact and will not omit to state any material fact required to be stated therein or necessary in order to make the statements therein not misleading, and no event with respect to the Company or any of its Subsidiaries (as hereinafter defined), will have occurred that should have been set forth in an amendment or supplement to the Registration Statement or Prospectus that has not then been set forth in such an amendment or supplement including, but not limited to, any material loss or

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interference with its business from fire, explosion, flood or other calamity, whether or not covered by insurance, or from any labor dispute or court or governmental action, order or decree, any change in the capital stock or long-term debt of the Company or any of its Subsidiaries (except, in the case of long term debt, repayments or borrowings in the ordinary course of business since such dates under the Company's revolving line of credit) or any material adverse change, or any development involving a prospective material adverse change, in or affecting the general affairs, management, financial position, shareholders' equity or results of operations of the Company and its Subsidiaries. When any preliminary prospectus was first filed with the Commission (whether filed as part of the Registration Statement for the registration of the Shares or any amendment thereto or pursuant to Rule 424(a) of the Regulations) and when any amendment thereof or supplement thereto was first filed with the Commission, such preliminary prospectus and any amendments thereof and supplements thereto complied in all material respects with the applicable provisions of the Act and the Regulations and did not contain an untrue statement of a material fact and did not omit to state any material fact required to be stated therein or necessary in order to make the statements therein not misleading. The documents incorporated by reference in the Registration Statement and the Prospectus, when they were first filed with the Commission, complied in all material respects with the applicable provisions or the Exchange Act and the rules and regulations of the Commission thereunder. The term "Subsidiary" as used herein means the following subsidiaries of the Company: Ward Lake Drilling, Inc., Canton Oil and Gas Company, Target Oilfield Pipe and Supply Company, Belden & Blake (U.K.) Inc., Belden & Blake Securities, Inc., Peake Energy, Inc., Belden & Blake Investments A.G. and Engine Power Systems, Inc. The Company does not have an ownership interest of 50% or more of any entity other than the Subsidiaries.

(c) Neither the Commission nor the "blue sky" or securities authority of any jurisdiction has issued a stop order suspending the effectiveness of the Registration Statement, preventing or suspending the use of any preliminary prospectus, the Prospectus, the Registration Statement, or any amendment or supplement thereto, refusing to permit the effectiveness of the Registration Statement, or suspending the registration or qualification of the Shares, nor, to the knowledge of the Company, has any of such authorities instituted or threatened to institute any proceedings with respect to a stop order.

(d) The Company has been duly incorporated and is validly existing as a corporation in good standing under the laws of the State of Ohio, with power and authority (corporate and other) to own its properties and conduct its business as described in the Prospectus, and is duly qualified as a foreign corporation for the transaction of business and is in good standing under the laws of each other jurisdiction in which it owns or leases properties, or conducts any business, so as to require such qualification, or is subject to no material liability or disability by reason of the failure to be so qualified in

any such jurisdiction; and each Subsidiary of the Company has been duly incorporated and is validly existing as a corporation in good standing under the laws of its jurisdiction of incorporation, with power and authority to own its properties and conduct its business as described in the Prospectus, and has been duly qualified as a foreign corporation for the transaction of business and is in good standing under the laws of each other jurisdiction in which it owns or leases properties, or conducts any

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business, so as to require qualification, or is subject to no material liability or disability by reason of the failure to be so qualified in any such jurisdiction;

(e) The Company has an authorized capitalization as set forth in the Prospectus, and all of the issued shares of capital stock of the Company have been duly and validly authorized and issued, are fully paid and non-assessable and conform to the description thereof contained in the Prospectus; and all of the issued shares of capital stock of each Subsidiary of the Company have been duly and validly authorized and issued, are fully paid and non-assessable and are owned, directly or indirectly by the Company, free and clear of all liens, encumbrances, equities or claims;

(f) The Shares to be issued and sold by the Company to the Underwriters hereunder have been duly and validly authorized and, when issued and delivered against payment therefor as provided herein, will be duly and validly issued and fully paid and non-assessable and will conform to the description of the Stock contained in the Prospectus;

(g) The filing of the Registration Statement and the execution and delivery of this Agreement have been duly and validly authorized, and this Agreement has been duly executed and delivered by the Company and represents the legal, valid and binding agreement of the Company enforceable against the Company in accordance with its terms;

(h) The Company and its Subsidiaries have good and marketable title to their real properties and their producing oil and gas properties, free and clear of all liens, encumbrances and defects, except (i) those described in the Prospectus, (ii) liens securing taxes and other governmental charges, or claims of materialmen, mechanics and similar persons, not yet due and payable, (iii) liens and encumbrances under operating agreements, unitization and pooling agreements, and other similar agreements of a scope and nature customary in the oil and gas industry that do not materially affect the value of such oil and gas properties or materially interfere with the use made or proposed to be made of such properties by the Company and its Subsidiaries and (iv) such other liens, encumbrances and defects that do not, singly or in the aggregate, materially affect the value of such properties or materially interfere with the use made or proposed to be made of such properties by the Company and its Subsidiaries;

(i) The issue and sale of the Shares by the Company, the compliance by the Company with all of the provisions of this Agreement and the consummation of the transactions herein contemplated will not conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which the Company or any of its Subsidiaries is a party or by which the Company or any of its Subsidiaries is bound or to which any of the property or assets of the Company or any of its Subsidiaries is subject, nor will such action result in any violation of the provisions of the Articles of Incorporation or Code of Regulations of the Company or the charter, by-laws or other constitutional documents of any of its Subsidiaries or any statute or any order, rule or regulation of any court or governmental agency or body having jurisdiction over the Company or any of its Subsidiaries or any of their properties; and no consent, approval, authorization, order, registration or qualification of or with any such court

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or governmental agency or body is required for the issue and sale of the Shares or the consummation by the Company of the transactions contemplated by this Agreement, except (i) the registration under the Act of the Shares, (ii) such consents, approvals, authorizations, registrations or qualifications as may be required under state "blue sky" or securities laws in connection with the purchase and distribution of the Shares by the Underwriters, (iii) such approval of the underwriting arrangements as may be required under the by-laws of the National Association of Securities Dealers, Inc. (the "NASD") and (iv) approval by The Nasdaq National Market of the Nasdaq National Market Notification for Listing Additional Shares with respect to the Shares;

(j) Other than as set forth or contemplated in the Prospectus, there are no legal or governmental proceedings pending to which the Company or any of its Subsidiaries is a party or of which any property of the Company or any of its Subsidiaries is the subject that, if determined adversely to the Company or any of its Subsidiaries, would individually or in the aggregate have a material adverse effect on the consolidated financial position, shareholders' equity or results of operations of the Company and its Subsidiaries; and, to the best of the Company's knowledge, no such proceedings are threatened or contemplated by governmental authorities or threatened by others;

(k) Ernst & Young, who have certified certain financial statements of the Company and its Subsidiaries, and certain financial statements of businesses and operations acquired by the Company that are set forth in the Registration Statement and the Prospectus, are independent public accountants as required by the Act and the rules and regulations of the Commission thereunder;

(l) The audited and unaudited consolidated financial statements and schedules of the Company and its Subsidiaries included in the Registration Statement and the Prospectus, or incorporated by reference therein, present

fairly the consolidated financial position of the Company and its Subsidiaries as of their respective dates and the consolidated results of their operations, their cash flows and changes in shareholders' equity for the respective periods covered thereby; such financial statements have been prepared in conformity with generally accepted accounting principles applied on a consistent basis throughout the periods involved, except as set forth in the notes to such financial statements and except to the extent that certain footnote disclosures regarding the unaudited financial statements have been omitted in accordance with the applicable rules of the Commission; the consolidated financial statements of the Company and its Subsidiaries included in the Registration Statement and the Prospectus, or incorporated by reference therein, comply in all material respects to the requirements of the Act and the regulations thereunder; the historical selected consolidated financial data included in the Registration Statement and the Prospectus present fairly the information shown therein and have been derived from the consolidated financial statements in the Registration Statement and the Prospectus, except as set forth therein;

(m) The pro forma financial information included in the Registration Statement and the Prospectus has been prepared in conformity with generally accepted accounting principles applied on a consistent basis throughout the periods covered except as set forth in the notes to such statements and complies in all material respects with the applicable requirements

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of the Act and Regulation S-X. The assumptions used in preparing such pro forma information, whether or not described in notes thereto, provide a reasonable basis for presenting the significant direct effects of the transactions reflected therein, and the related pro forma adjustments give appropriate effect to those assumptions and are properly applied in the pro forma financial information;

(n) The Company and its Subsidiaries own or have the right to use all patents, patent applications, trademarks, service marks, trade names, licenses, sublicenses and rights thereof that are necessary for the conduct of their respective businesses in the manner in which it is being conducted, except for those the absence of which would not in the aggregate have a material adverse effect on the business and operations of the Company and its Subsidiaries taken as a whole, and no default exists (and no event has occurred that with notice or lapse of time or both, would constitute a default) in the due performance and observance of, and no event has occurred that would have a material adverse effect on the Company's or any such Subsidiary's rights under, any term, covenant or condition of any license or sublicense to which the Company or any such Subsidiary is a party;

(o) The Stock is qualified for inclusion in, and is quoted on, the Nasdaq National Market;

(p) Neither the Company, nor any of its Subsidiaries, nor any of their affiliates (as defined in the rules and regulations of the Commission

under the Act), does business with the government of Cuba or with any person or affiliate located in Cuba, and the Company and its Subsidiaries are in compliance with all laws and regulations of the State of Florida relating to issuers of securities that are doing business with Cuba;

(q) None of the Company, its Subsidiaries, or any of their officers, directors or affiliates has taken or will take, directly or indirectly, any action designed to cause or result in, or that has constituted or might reasonably be expected to cause or result in, the stabilization or manipulation of the price of any securities of the Company to facilitate the sale or resale of the Shares; and the Company has not effected any sales of shares of Stock that would be required to be disclosed in response to Item 701 of Regulation S-K, except as disclosed in the Registration Statement; and

(r) The Company and its Subsidiaries have filed all federal, state and foreign income and franchise tax returns required to be filed and have paid all taxes shown thereon to be due, except for taxes that are being contested in good faith or with respect to which an extension has been granted, and there is no tax deficiency that has been or, to the best knowledge of the Company, might be asserted against the Company, any of its Subsidiaries or any of their respective properties or assets that would have a material adverse effect on the condition (financial or other), business, properties, assets or results of operations of the Company and its Subsidiaries taken as a whole.

(s) The conditions for use of Form S-3, as set forth in the General Instructions thereto, have been satisfied. Neither the Company nor any Subsidiary is in breach of any term

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or provision of its respective charter documents; no default exists, and no event has occurred which would, with notice, the lapse of time or both, constitute a default, in the due performance and observance of any term, covenant or condition of any indenture, mortgage, deed of trust, lease, note, bank loan or credit agreement or any other instrument to which the Company or any Subsidiary is a party or by which the Company or any Subsidiary or any of their respective properties or assets may be bound or affected in any respect that would have a material adverse effect on the condition (financial or other) business, properties, assets or results of operations of the Company and its Subsidiaries taken as a whole.

2. Subject to the terms and conditions herein set forth, (a) the Company agrees to issue and sell to each of the Underwriters, and each of the Underwriters agrees, severally and not jointly, to purchase from the Company, at a purchase price per share of \$_____, the number of Firm Shares set forth opposite the name of such Underwriter on Schedule I hereto and (b) in the event and to the extent that the Underwriters shall exercise the election to purchase Optional Shares as provided below, the Company agrees to issue and sell to each of the Underwriters, and each of the Underwriters agrees, severally and not jointly, to purchase from the Company, at the purchase price

per share set forth in Clause (a) of this Section 2, that portion of the number of Optional Shares as to which such election shall have been exercised (to be adjusted by you so as to eliminate fractional shares) determined by multiplying such number of Optional Shares by a fraction, the numerator of which is the maximum number of Optional Shares that such Underwriter is entitled to purchase as set forth opposite the name of such Underwriter on Schedule I hereto and the denominator of which is the maximum number of Optional Shares that all of the Underwriters are entitled to purchase hereunder.

The Company hereby grants to the Underwriters the right to purchase at their election up to 525,000 Optional Shares, at the purchase price per share set forth in the paragraph above, for the sole purpose of covering over-allotments in the sale of the Firm Shares. Any such election to purchase Optional Shares may be exercised only by written notice from you to the Company, given within a period of 30 calendar days after the date of this Agreement, setting forth the aggregate number of Optional Shares to be purchased and the date on which such Optional Shares are to be delivered, as determined by you but in no event earlier than the Time of Delivery (as defined in Section 4 hereof) or, unless you and the Company otherwise agree in writing, earlier than two or later than ten business days after the date of such notice.

3. Upon the authorization by you as representatives of the several Underwriters of the release of the Firm Shares, the several Underwriters propose to offer the Firm Shares for sale upon the terms and conditions set forth in the Prospectus.

4. Certificates in definitive form for the Shares to be purchased by each Underwriter hereunder, and in such denominations and registered in such names as Johnson Rice & Company may request upon at least forty-eight hours' prior notice to the Company, shall be delivered by or on behalf of the Company to you for the account of such Underwriter, against payment by such Underwriter or on its behalf of the purchase price therefor by wire transfer of immediately available funds to an account designated by the Company, net of the cost of such funds to the Underwriters from the Time of Delivery until the next business day. Delivery of the

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certificates and payment of the purchase price therefor shall be made at the offices of Johnson Rice & Company, at _____ central time, on _____, 1995, or at such other time and date as you and the Company may agree upon in writing, such time and date being herein called the "Time of Delivery." Such certificates will be made available for checking and packaging at least twenty-four hours prior to the Time of Delivery at the offices of Johnson Rice & Company or such other place as may be designated by you.

5. The Company agrees with each of the Underwriters:

(a) To prepare the Prospectus in a form approved by you and to file

such Prospectus pursuant to Rule 424(b) under the Act not later than the Commission's close of business on the second business day following the execution and delivery of this Agreement, or, if applicable, such earlier time as may be required by Rule 430A(a)(3) under the Act; to make no further amendment or any supplement to the Registration Statement or Prospectus that shall be disapproved by you promptly after reasonable notice thereof; to advise you, promptly after it receives notice thereof, of the time when the Registration Statement, or any amendment thereto, has been filed or becomes effective or any supplement to the Prospectus or any amended Prospectus has been filed and to furnish you with copies thereof; to advise you, promptly after it receives notice thereof, of the issuance by the Commission of any stop order or any order preventing or suspending the use of any preliminary prospectus or Prospectus, of the suspension of the qualification of the Shares for offering or sale in any jurisdiction, of the initiation or threatening of any proceeding for any such purpose, and of any request by the Commission to amend or supplement the Registration Statement or the Prospectus or for additional information; and, in the event of the issuance of any stop order or of any order preventing or suspending the use of any preliminary prospectus or Prospectus or suspending any such qualification, to use promptly its best efforts to obtain its withdrawal;

(b) Promptly from time to time to take such action as you may reasonably request to qualify the Shares for offering and sale under the securities laws of such jurisdictions as you may request and to comply with such laws so as to permit the continuance of sales and dealings therein in such jurisdictions for as long as may be necessary to complete the distribution of the Shares, provided that in connection therewith the Company shall not be required to qualify as a foreign corporation or to file a general consent to service of process in any jurisdiction;

(c) To furnish the Underwriters with copies of the Prospectus in such quantities as you may from time to time reasonably request, and, if the delivery of a prospectus is required at any time prior to expiration of nine months after the time of issue of the Prospectus in connection with the offering or sale of the Shares and if at such time any event shall have occurred as a result of which the Prospectus as then amended or supplemented would include an untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made when such Prospectus is delivered, not misleading, or, if for any other reason it shall be necessary during such period to amend or supplement the Prospectus in order to comply with the Act, to notify you and upon your request to prepare and furnish without charge to each Underwriter and to any dealer in securities as many copies as you may from time to time

reasonably request of an amended Prospectus or a supplement to the Prospectus that will correct such statement or omission or effect such compliance, and in case any Underwriter is required to deliver a prospectus in connection with

sales of any of the Shares at any time nine months or more after the time of issue of the Prospectus, upon your request but at the expense of such Underwriter, to prepare and deliver to such Underwriter as many copies as you may request of an amended or supplemented Prospectus complying with Section 10(a)(3) of the Act;

(d) To make generally available to its security holders as soon as practicable, but in any event not later than eighteen months after the effective date of the Registration Statement (as defined in Rule 158(c)), an earnings statement of the Company and its Subsidiaries (which need not be audited) complying with Section 11(a) of the Act and the rules and regulations thereunder (including, at the option of the Company, Rule 158);

(e) During the period beginning from the date hereof and continuing to and including the date that is 180 days after the date hereof, not to offer, sell, contract to sell or otherwise dispose of any Stock, any securities of the Company that are substantially similar to the Stock, or any securities convertible into or exchangeable for Stock or such substantially similar securities, without your prior written consent, and to cause Henry S. Belden IV to agree not to offer, sell, contract to sell or otherwise dispose of any Stock, any securities of the Company substantially similar to the Stock, or any securities convertible into or exchangeable for Stock or such substantially similar securities, during such period, without your prior written consent, other than the Company's sale of shares hereunder, the Company's issuance of Stock upon the exercise of presently outstanding stock options and except for the grant of stock options, restricted stock or other stock based awards under existing employee benefit plans.

(f) To apply the net proceeds from the sale of the Shares as set forth in the Prospectus and to file such reports with the Commission with respect to the sale of the Shares and the application of the proceeds therefrom as may be required by Rule 463 under the Act;

(g) The company will not take, directly or indirectly, any action that might reasonably be expected to cause or result in (i) stabilization of the price of the Stock to facilitate the sale or resale of the Stock, or (ii) manipulation of the price of the Stock.

(h) To take all such actions as may be required to cause the Shares to be included in the Nasdaq National Market;

(i) During a period of five years following the effective date of the Registration Statement, to furnish to you copies of all reports or other communications (financial or other) furnished to shareholders, and deliver to you (i) as soon as they are available, copies of any reports and financial statements furnished to or filed with the Commission, Nasdaq or any other national securities exchange on which any class of securities of the Company is listed and (ii) such additional information concerning the business and financial condition of the Company as you may from time to time reasonably request (such financial statements to be on a consolidated basis to the extent the accounts of the Company and its Subsidiaries are consolidated in reports furnished to its shareholders generally or to the Commission).

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6. The Company covenants and agrees with the several Underwriters that the Company will pay or cause to be paid the following: (i) the fees, disbursements and expenses of the Company's counsel, accountants and petroleum engineers in connection with the registration of the Shares under the Act and all other expenses in connection with the preparation, printing and filing of the Registration Statement, any preliminary prospectus and the Prospectus and amendments and supplements thereto and the mailing and delivering of copies thereof to the Underwriters and dealers: (ii) the cost of printing or reproducing any Agreement Among Underwriters, this Agreement, any Selected Dealers Agreement, the Blue Sky Memorandum and any other documents in connection with the offering, purchase, sale and delivery of the Shares; (iii) all expenses in connection with the qualification of the Shares for offering and sale under state securities laws as provided in Section 5(b) hereof, including the fees and disbursements of counsel for the Underwriters in connection with such qualification and in connection with the Blue Sky survey; (iv) the filing fees incident to securing any required review by the NASD of the terms of the sale of the Shares; (v) the cost of preparing stock certificates; (vi) the cost and charges of any transfer agent or registrar; and (vii) all other costs and expenses incurred by the Company incident to the performance of its obligations hereunder that are not otherwise specifically provided for in this Section. It is understood, however, that, except as provided in this Section, Section 8 and Section 11 hereof, the Underwriters will pay all of their own costs and expenses, including the fees and expenses of their counsel, stock transfer taxes on resale by them of any of the Shares, and any advertising expenses connected with any offers they may make.

7. The obligations of the Underwriters hereunder shall be subject, in their discretion, to the condition that all representations and warranties and other statements of the Company herein are, at and as of the Time of Delivery, true and correct, the condition that the Company shall have performed all of its obligations hereunder theretofore to be performed, and the following additional conditions:

(a) The Prospectus shall have been filed with the Commission pursuant to Rule 424(b) within the applicable time period prescribed for such filing by the rules and regulations under the Act and in accordance with Section 5(a) hereof; no stop order suspending the effectiveness of the Registration Statement or any part thereof shall have been issued and no proceeding for that purpose shall have been initiated or threatened by the Commission; and all requests for additional information on the part of the Commission shall have been complied with to your reasonable satisfaction;

(b) Jones, Walker, Waechter, Poitevent, Carrere & Denegre, L.L.P., counsel for the Underwriters, shall have furnished to you such opinion or opinions, dated the Time of Delivery, with respect to the incorporation of the Company, the validity of the Shares, the Registration Statement, the Prospectus, and other related matters as you may reasonably request, and such counsel shall have received such papers and information as they may reasonably request to enable them to pass upon such matters;

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(c) Black, McCuskey, Souers & Arbaugh, counsel for the Company, shall have furnished to you their written opinion, dated the Time of Delivery, in form and substance satisfactory to you, to the effect that:

(i) The Company has been duly incorporated and is validly existing as a corporation in good standing under the laws of the State of Ohio, with all requisite corporate power and authority to own its properties and conduct its business as described in the Registration Statement and Prospectus. The Company has been duly qualified as a foreign corporation for the transaction of business and is in good standing under the laws of each other jurisdiction in which it owns or leases properties, or conducts any business, so as to require such qualification, or is subject to no material liability or disability by reason of the failure to be so qualified in any such jurisdiction (such counsel being entitled to rely with respect to the opinion in this clause upon opinions of local counsel and with respect to matters of fact upon certificates of officers of the Company, provided that such counsel shall state that they believe that both you and they are justified in relying upon such opinions and certificates);

(ii) Each Subsidiary has been duly incorporated and is validly existing as a corporation in good standing under the laws of its jurisdiction of incorporation and has been duly qualified as a foreign corporation for the transaction of business and is in good standing under the laws of each other jurisdiction in which it owns or leases properties, or conducts any business, so as to require such qualification, or is subject to no material liability or disability by reason of the failure to be so qualified in any such jurisdiction; and all of the issued shares of capital stock of each Subsidiary have been duly and validly authorized and issued, are fully paid and non-assessable, and are owned directly or indirectly by the Company, free and clear of all liens, encumbrances, equities or claims except as described in Section 1(e) of this Agreement (such counsel being entitled to rely with respect to the opinion in this clause upon opinions of local or other counsel and with respect to matters of fact upon certificates of officers of the Company or its Subsidiaries, provided that such counsel shall state that they believe that both you and they are justified in relying upon such opinions and certificates);

(iii) The Company has an authorized capitalization as set forth in the Registration Statement and Prospectus, and all of the issued shares of capital stock of the Company (including the Shares being delivered at such Time of Delivery) have been duly and validly authorized and issued and are fully paid and non-assessable; and the Shares conform to the description of the Stock contained in the Prospectus;

(iv) The Stock is listed on the Nasdaq National Market;

(v) To the best of such counsel's knowledge and other than as set forth in the Registration Statement and Prospectus, there are no legal or

governmental proceedings pending to which the Company or any of its Subsidiaries is a party or of which any property of the Company or any of its Subsidiaries is the subject that, if determined adversely to the Company or any of its Subsidiaries, would individually or in the aggregate have a material adverse effect on the consolidated financial position, shareholders' equity or results of operations

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of the Company and its Subsidiaries; and, to the best of such counsel's knowledge, no such proceedings are threatened or contemplated by governmental authorities or threatened by others;

(vi) This Agreement has been duly authorized, executed and delivered by the Company and constitutes the legal, valid and binding agreement of the Company, subject as to the enforcement of remedies to applicable bankruptcy, insolvency, moratorium and other laws affecting the rights of creditors generally and except as to rights of indemnification and contribution hereunder which may be limited by federal securities laws;

(vii) The issue and sale of the Shares by the Company and the compliance by the Company with all of the provisions of this Agreement and the consummation of the transactions herein contemplated will not conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument known to such counsel to which the Company or any of its Subsidiaries is a party or by which the Company or any of its Subsidiaries is bound or to which any of the property or assets of the Company or any of its Subsidiaries is subject, nor will such action result in any violation of the provisions of the Articles of Incorporation or Code of Regulations of the Company or the charter, by-laws or other constitutional documents of any of its Subsidiaries or any statute or any order, rule or regulation known to such counsel of any court or governmental agency or body having jurisdiction over the Company or any of its Subsidiaries or any of their properties;

(viii) No consent, approval, authorization, order, registration or qualification of or with any court or governmental agency or body is required for the issue and sale of the Shares or the consummation by the Company of the transactions contemplated by this Agreement, except (i) the registration under the Act of the Shares, (ii) such consents, approvals, authorizations, registrations or qualifications as may be required under state securities or Blue Sky laws in connection with the purchase and distribution of the Shares by the Underwriters and (iii) such approval of the underwriting arrangements as may be required under the by-laws of the NASD;

(ix) The execution, delivery, and performance of this Agreement and the consummation of the transactions contemplated hereby by the Company will not (A) conflict with or result in a breach of any of the terms and provisions of, or constitute a default (or an event which with notice or lapse of time, or

both, would constitute a default) or require consent under, or result in the creation or imposition of any lien, charge or encumbrance upon any property or assets of the Company or any of its Subsidiaries pursuant to the terms of any agreement or instrument filed as an exhibit to the Registration Statement or any material franchise, license or permit known to such counsel to which the Company or any of its Subsidiaries is a party or by which any of such corporations or their respective properties or assets may be bound, or (B) violate or conflict with any provision of the Articles of Incorporation, Code of Regulations or Bylaws of the Company or any of its Subsidiaries, or, to the best knowledge of such counsel, any judgment, decree, order, statute, rule or regulation of any court or any public, governmental or regulatory agency or body having jurisdiction over the Company or any of its Subsidiaries or any of their respective properties or assets. To the best

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knowledge of such counsel, no consent, approval, authorization, order, registration, filing, qualification, license or permit of or with any court or any public, governmental, or regulatory agency or body having jurisdiction over the Company or any of its Subsidiaries or any of their respective properties or assets is required for the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby, except for (1) such as may be required under state securities or Blue Sky laws in connection with the purchase and distribution of the Shares by the Underwriters (as to which such counsel need express no opinion), and (2) such as have been made or obtained under the Act.

(x) The Registration Statement and the Prospectus and any amendments thereof or supplements thereto (other than the financial statements and schedules and other financial and statistical data included or incorporated by reference therein, as to which no opinion need be rendered) comply as to form in all material respects with the requirements of the Act and the Regulations. The documents filed under the Exchange Act and incorporated by reference in the Registration Statement and the Prospectus and in any amendment thereof or supplement thereto (other than the financial statements and schedules and other financial and statistical data included or incorporated by reference therein, as to which no opinion need be rendered) comply as to form in all material respects with the Exchange Act and the rules and regulations of the Commission thereunder.

(xi) The Registration Statement is effective under the Act, and, to the best knowledge of such counsel, no stop order suspending the effectiveness of the Registration Statement or any post-effective amendment thereof has been issued and no proceedings therefor have been initiated or threatened by the Commission.

In addition, such counsel shall state that such counsel has participated in conferences with officers and other representatives of the Company, representatives of the independent public accountants of the Company and representatives of the Underwriters at which the contents of the

Registration Statement and the Prospectus were discussed and, although such counsel is not passing upon, and does not assume responsibility for and has not verified, the accuracy, completeness or fairness of the statements contained in the Registration Statement or the Prospectus, on the basis of the foregoing (relying as to materiality upon the opinions of officers and other representatives of the Company) nothing has come to the attention of such counsel that leads it to believe that the Registration Statement or any amendment thereto at the time such Registration Statement or amendment became effective contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading, or that the Prospectus or any supplement thereto at the date of such Prospectus or such supplement, and at all times up to and including the Delivery Date, contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading (it being understood that such counsel need express no opinion with respect to the financial statements and schedules and other financial and statistical data included or incorporated by reference in the Registration Statement or the Prospectus or in any amendments thereof or supplements thereto).

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In rendering such opinion, such counsel may state that they express no opinion as to the laws of any jurisdiction other than the federal laws of the United States and the laws of the State of Ohio.

(d) At the time this Agreement is executed and at the Time of Delivery, Ernst & Young shall have furnished to you a letter or letters, dated the respective date of delivery thereof, in form and substance satisfactory to you, to the effect that;

(i) They are independent certified public accountants with respect to the Company and its Subsidiaries within the meaning of the Act and the applicable rules and regulations thereunder;

(ii) In their opinion, the financial statements and schedules examined by them and included in the Registration Statement comply as to form in all material respects with the applicable accounting requirements of the Act and the related published rules and regulations thereunder;

(iii) The selected financial information with respect to the Company included in the Prospectus agrees with the corresponding amounts (after restatements where applicable, which shall be identified in such letter) in the audited consolidated financial statements for such five fiscal years;

(iv) On the basis of limited procedures, not constituting an examination in accordance with generally accepted auditing standards, consisting of a reading of the unaudited financial statements and other information referred to below, a reading of the latest available interim

financial statements of the Company and its Subsidiaries, inspection of the minute books of the Company and its Subsidiaries since December 31, 1991, inquiries of officials of the Company and its Subsidiaries responsible for financial and accounting matters and such other inquiries and procedures as may be specified in such letter, nothing came to their attention that caused them to believe that:

(A) any unaudited consolidated interim financial statements of the Company included in the Prospectus do not comply as to form in all material respects with the applicable accounting requirements of the Act and the related published rules and regulations thereunder, or are not in conformity with generally accepted accounting principles applied on a basis substantially consistent with the basis for the audited consolidated financial statements of the Company included in the Prospectus;

(B) any other unaudited income statement data and balance sheet items included in the Prospectus do not agree with the corresponding items in the unaudited consolidated financial statements from which such data and items were derived, and any such unaudited data and items were not determined on a basis substantially consistent with the basis for the corresponding amounts in the audited consolidated financial statements included in the Prospectus;

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(C) the unaudited financial statements which were not included in the Prospectus but from which were derived any unaudited consolidated interim financial statements referred to in Clause (A) and any unaudited income statement data and balance sheet items included in the Prospectus and referred to in Clause (B) were not determined on a basis substantially consistent with the basis for the audited consolidated financial statements included in the Prospectus;

(D) any unaudited pro forma financial information included in the Prospectus does not comply as to form in all material respects with the applicable accounting requirements of the Act and the published rules and regulations thereunder or the pro forma adjustments have not been properly applied to the historical amounts in the compilation of those statements;

(E) as of a specified date not more than five days prior to the date of such letter, there have been any changes in the consolidated capital stock or any increase in the consolidated long-term debt of the Company and its Subsidiaries, or any decreases in consolidated net current assets or net assets or other items specified by the Representatives, or any increase or decrease in any other item specified by the Representatives, in each case as compared with amounts shown in the latest balance sheet included in the Prospectus, except in each case for changes, increases or decreases which the Prospectus discloses have occurred or may occur or which are described in such letter; and

(F) for the period from the date of the latest financial statements included in the Prospectus to the specified date referred to in Clause (E) there were any decreases in consolidated net revenues or operating profit or the total or per share amounts of consolidated net income or other items specified by the Representatives, or any increase or decrease in any other item specified by the Representatives, in each case as compared with the comparable period of the preceding year and with any other period of corresponding length specified by the Representatives, except in each case for decreases or increases which the Prospectus discloses have occurred or may occur or which are described in such letter; and

(v) In addition to the examination referred to in their report included in the Prospectus and the limited procedures, inspection of minute books, inquiries and other procedures referred to in paragraphs (v) and (vi) above, Ernst & Young shall state that they have carried out certain specified procedures, not constituting an examination in accordance with generally accepted auditing standards, with respect to certain amounts, percentages and financial information specified by the Representatives, which are derived from the general accounting records of the Company and its Subsidiaries, which appear in the Prospectus, or in Part II of, or in exhibits and schedules to, the Registration Statement specified by the Representatives, and have compared certain of such amounts, percentages and financial information with the accounting records of the Company and its Subsidiaries and have found them to be in agreement.

(e) (i) Neither the Company nor any of its Subsidiaries shall have sustained, since the date of the latest audited financial statements included in the Prospectus, any loss or interference with its business from fire, explosion, flood or other calamity, whether or not cov-

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ered by insurance, or from any labor dispute or court or governmental action, order or decree, otherwise than as set forth or contemplated in the Prospectus, and (ii) since the respective dates as of which information is given in the Prospectus there shall not have been any change in the capital stock or long-term debt of the Company or any of its Subsidiaries (except, in the case of long-term debt, repayments or borrowings in the ordinary course of business since such dates under the Company's revolving line of credit) or any change or any development involving a prospective change, in or affecting the general affairs, management, financial position, shareholders' equity or results of operations of the Company and its Subsidiaries, otherwise than as set forth or contemplated in the Prospectus, the effect of which, in any such case described in Clause (i) or (ii), is in your judgment so material and adverse as to make it impracticable or inadvisable to proceed with the public offering or the delivery of the Shares on the terms and in the manner contemplated in the Prospectus;

(f) On or after the date hereof there shall not have occurred any of the following: (i) a suspension or material limitation in trading in

securities generally on the New York Stock Exchange; (ii) a general moratorium on commercial banking activities in New York declared by either federal or New York State authorities; or (iii) the outbreak or escalation of hostilities involving the United States or the declaration by the United States of a national emergency or war if the effect of any such event specified in this Clause (iii) in your judgment makes it impracticable or inadvisable to proceed with the public offering or the delivery of the Shares on the terms and in the manner contemplated in the Prospectus; and

(g) The Company shall have furnished or caused to be furnished to you at the Time of Delivery certificates of officers of the Company satisfactory to you as to the accuracy of the representations and warranties of the Company herein at and as of the Time of Delivery, as to the performance by the Company of all of its obligations hereunder to be performed at or prior to the Time of Delivery, as to the matters set forth in subsections (a) and (e) of this Section and as to such other matters as you may reasonably request.

8. (a) The Company will indemnify and hold harmless each Underwriter against any losses, claims, damages or liabilities, joint or several, to which such Underwriter may become subject, under the Act, the Exchange Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon an untrue statement or alleged untrue statement of a material fact contained in any preliminary prospectus, the Registration Statement or the Prospectus, or any amendment or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and will reimburse each Underwriter for any legal or other expenses reasonably incurred by such Underwriter in connection with investigating or defending any such action or claim as such expenses are incurred; provided, however, that the Company shall not be liable in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in any preliminary prospectus, the Registration Statement or the Prospectus or any such amendment or supplement in reliance upon and in conformity with written information furnished to the Company by any Underwriter through you expressly for use therein.

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(b) Each Underwriter will indemnify and hold harmless the Company against any losses, claims, damages or liabilities to which the Company may become subject, under the Act, the Exchange Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon an untrue statement or alleged untrue statement of a material fact contained in any preliminary prospectus, the Registration Statement or the Prospectus, or any amendment or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, in each case to the extent, but only to the extent,

that such untrue statement or alleged untrue statement or omission or alleged omission was made in any preliminary prospectus, the Registration Statement or the Prospectus or any such amendment or supplement in reliance upon and in conformity with written information furnished to the Company by such Underwriter through you expressly for use therein; and will reimburse the Company for any legal or other expenses reasonably incurred by the Company in connection with investigating or defending any such action or claim as such expenses are incurred. The Company acknowledges that the statements set forth under the heading "Underwriting" constitute the only information contained in the Registration Statement or Prospectus or any related preliminary prospectus or any amendment therefor or supplement thereto furnished in writing to the Company by the Underwriters expressly for use in connection with the preparation thereof.

(c) Promptly after receipt by an indemnified party under subsection (a) or (b) above of notice of the commencement of any action, such indemnified party shall, if a claim in respect thereof is to be made against the indemnifying party under such subsection, notify each party against whom indemnification is to be sought in writing of the commencement thereof (but the failure so to notify an indemnifying party shall not relieve it from any liability which it may have under this Section 8 except to the extent that it has been prejudiced in any material respect by such failure or from any liability which it may have otherwise). In case any such action is brought against any indemnified party, and it notifies an indemnifying party of the commencement thereof, the indemnifying party will be entitled to participate therein, and to the extent it may elect by written notice delivered to the indemnified party promptly after receiving the aforesaid notice from such indemnified party, to assume the defense thereof with counsel satisfactory to such indemnified party. Notwithstanding the foregoing, the indemnified party or parties shall have the right to employ its or their own counsel in any such case, but the fees and expenses of such counsel shall be at the expense of such indemnified party or parties unless (i) the employment of such counsel shall have been authorized in writing by one of the indemnifying parties in connection with the defense of such action, (ii) the indemnifying parties shall not have employed counsel to have charge of the defense of such action within a reasonable time after notice of commencement of the action, or (iii) such indemnified party or parties shall have reasonably concluded that there may be defenses available to it or them that are different from or additional to those available to one or all of the indemnifying parties (in which case the indemnifying parties shall not have the right to direct the defense of such action on behalf of the indemnified party or parties), in any of which events such fees and expenses shall be borne by the indemnifying parties. Anything in this subsection to the contrary notwithstanding, an indemnifying party shall not be liable for any settlement of any claim or action effected without its written consent; provided, however, that such consent was not unreasonably withheld.

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(d) If the indemnification provided for in this Section 8 is

unavailable to or insufficient to hold harmless an indemnified party under Subsection (a) or (b) above in respect of any losses, claims, damages or liabilities (or actions in respect thereof) referred to therein, than each indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages or liabilities (or actions in respect thereof) in such proportion as is appropriate to reflect the relative benefits received by the Company on the one hand and the Underwriters on the other from the offering of the Shares. If, however, the allocation provided by the immediately preceding sentence is not permitted by applicable law or if the indemnified party failed to give the notice required under Subsection (c) above, then each indemnifying party shall contribute to such amount paid or payable by such indemnified party in such proportion as is appropriate to reflect not only such relative benefits but also the relative fault of the Company on the one hand and the Underwriters on the other in connection with the statements or omissions that resulted in such losses, claims, damages or liabilities (or actions in respect thereof), as well as any other relevant equitable considerations. The relative benefits received by the Company on the one hand and the Underwriters on the other shall be deemed to be in the same proportion as the total net proceeds from the offering of the Shares purchased under this Agreement (before deducting expenses) received by the Company bear to the total underwriting discounts and commissions received by the Underwriters with respect to the Shares purchased under this Agreement, in each case as set forth in the table on the cover page of the Prospectus. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company on the one hand or the Underwriters on the other and the parties relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The Company and the Underwriters agree that it would not be just and equitable if contributions pursuant to this subsection (d) were determined by pro rata allocation (even if the Underwriters were treated as one entity for such purpose) or by any other method of allocation that does not take account of the equitable considerations referred to above in this Subsection (d). The amount paid or payable by an indemnified party as a result of the losses, claims, damages or liabilities (or actions in respect thereof) referred to above in this Subsection (d) shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this Subsection (d), no Underwriter shall be required to contribute any amount in excess of the amount by which the total price at which the Shares underwritten by it and distributed to the public were offered to the public exceeds the amount of any damages that such Underwriter has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentations. The Underwriters' obligations in this Subsection (d) to contribute are several in proportion to their respective underwriting obligations and not joint.

(e) The obligations of the Company under this Section 8 shall be in addition to any liability that the Company may otherwise have and shall extend, upon the same terms and conditions, to each person, if any, who controls any Underwriter within the meaning of the Act; and the obligations of the Underwriters under this Section 8 shall be in addition to any liability

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that the respective Underwriters may otherwise have and shall extend, upon the same terms and conditions, to each officer and director of the Company and to each person, if any, who controls the Company within the meaning of the Act.

9. (a) If any Underwriter shall default in its obligation to purchase the Shares that it has agreed to purchase hereunder, you may in your discretion arrange for you or another party or other parties to purchase such Shares on the terms contained herein. If within thirty-six hours after such default by any Underwriter you do not arrange for the purchase of such Shares, then the Company shall be entitled to a further period of thirty-six hours within which to procure another party or other parties satisfactory to you to purchase such Shares on such terms. In the event that, within the respective prescribed periods, you notify the Company that you have so arranged for the purchase of such Shares, or the Company notifies you that it has so arranged for the purchase of such Shares, you or the Company shall have the right to postpone the Time of Delivery for a period of not more than seven days, in order to effect whatever changes may thereby be made necessary in the Registration Statement or the Prospectus, or in any other documents or arrangements, and the Company agrees to file promptly any amendments to the Registration Statement or the Prospectus that in your opinion may thereby be made necessary. The term "Underwriter" as used in this Agreement shall include any person substituted under this Section with like effect as if such person had originally been a party to this Agreement with respect to such Shares.

(b) If, after giving effect to any arrangements for the purchase of the Shares of a defaulting Underwriter or Underwriters by you and the Company as provided in Subsection (a) above, the aggregate number of such Shares that remains unpurchased does not exceed one-eleventh of the aggregate number of all the Shares, then the Company shall have the right to require each non-defaulting Underwriter to purchase the number of Shares that such Underwriter agreed to purchase hereunder and, in addition, to require each non-defaulting Underwriter to purchase its pro rata share (based on the number of Shares that such Underwriter agreed to purchase hereunder) of the Shares of such defaulting Underwriter or Underwriters for which such arrangements have not been made; but nothing herein shall relieve a defaulting Underwriter from liability for its default.

(c) If, after giving effect to any arrangements for the purchase of the Shares of a defaulting Underwriter or Underwriters by you and the Company as provided in Subsection (a) above, the aggregate number of such Shares that remains unpurchased exceeds one-eleventh of the aggregate number of all the Shares, or if the Company shall not exercise the right described in Subsection (b) above to require non-defaulting Underwriters to purchase Shares of a defaulting Underwriter or Underwriters, then this Agreement shall thereupon terminate, without liability on the part of any non-defaulting Underwriter or the Company, except for the expenses to be borne by the Company and the Underwriters as provided in Section 6 hereof and the indemnity and contribution

agreements in Section 8 hereof; but nothing herein shall relieve a defaulting Underwriter from liability for its default.

10. The respective indemnities, agreements, representations, warranties and other statements of the Company and the several Underwriters, as set forth in this Agreement or made

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by or on behalf of them, respectively, pursuant to this Agreement, shall remain in full force and effect, regardless of any investigation (or any statement as to the results thereof) made by or on behalf of any Underwriter or any controlling person of any Underwriter, or the Company, or any officer or director or controlling person of the Company, and shall survive delivery of and payment for the Shares.

Anything herein to the contrary notwithstanding, the indemnity agreement of the Company in Subsection (a) of Section 8 hereof, the representations and warranties in Subsections (b) and (c) of Section 1 hereof and any representation or warranty as to the accuracy of the Registration Statement or the Prospectus contained in any certificate furnished by the Company pursuant to Section 7 hereof, insofar as they may constitute a basis for indemnification for liabilities (other than payment by the Company of expenses incurred or paid in the successful defense of any action, suit or proceeding) arising under the Act, shall not extend to the extent of any interest therein of a controlling person or partner of an Underwriter who is a director, officer or controlling person of the Company when the Registration Statement has become effective, except in each case to the extent that an interest of such character shall have been determined by a court of appropriate jurisdiction as not against public policy as expressed in the Act. Unless in the opinion of counsel for the Company the matter has been settled by controlling precedent, the Company will, if a claim for such indemnification is asserted, submit to a court of appropriate jurisdiction the question whether such interest is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

11. If this Agreement shall be terminated pursuant to Section 9 hereof, the Company shall not then be under any liability to any Underwriter except as provided in Section 6 and Section 8 hereof; but, if for any other reason the Shares are not delivered by or on behalf of the Company as provided herein, the Company will reimburse the Underwriters through you for all out-of-pocket expenses approved in writing by you, including fees and disbursements of counsel, reasonably incurred by the Underwriters in making preparations for the purchase, sale and delivery of the Shares, but the Company shall then be under no further liability to any Underwriter except as provided in Section 6 and Section 8 hereof.

12. In all dealings hereunder, you shall act on behalf of each of the Underwriters, and the parties hereto shall be entitled to act and rely upon any statement, request, notice or agreement on behalf of any Underwriter

made or given by you jointly as representatives, or by Johnson Rice & Company, on behalf of you as the representative.

All statements, requests, notices and agreements hereunder shall be in writing, and if to the Underwriters shall be delivered or sent by mail, telex or facsimile transmission to you as the representatives in care of Johnson Rice & Company, at 639 Loyola Avenue, Suite 2775, New Orleans, Louisiana, 70113, Attention: F. Del Agnew; and if to the Company shall be delivered or sent by mail, telex or facsimile transmission to the address of the Company set forth in the Registration Statement, Attention: Joseph M. Vitale, Secretary; provided, however, that any notice to an Underwriter pursuant to Section 8(c) hereof shall be delivered or sent by mail, telex or facsimile transmission to such Underwriter at its address set forth in its Underwriters' Questionnaire, or telex constituting such Questionnaire, which address will be

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supplied to the Company by you upon request. Any such statements, requests, notices or agreements shall take effect at the time of receipt thereof.

13. This Agreement shall be binding upon, and inure solely to the benefit of, the Underwriters, the Company and, to the extent provided in Sections 8 and 10 hereof, the officers and directors of the Company and each person who controls the Company or any Underwriter, and their respective heirs, executors, administrators, successors and assigns, and no other person shall acquire or have any right under or by virtue of this Agreement. No purchaser of any of the Shares from any Underwriter shall be deemed a successor or assign by reason merely of such purchase.

14. Time shall be of the essence of this Agreement. As used herein, the term "business day" shall mean any day when the Commission's office in Washington, D.C. is open for business.

15. The Agreement shall be governed by and construed in accordance with the laws of the State of New York.

16. This Agreement may be executed by any one or more of the parties hereto in any number of counterparts, each of which shall be deemed to be an original, but all such counterparts shall together constitute one and the same instrument.

If the foregoing is in accordance with your understanding, please sign and return to us six counterparts hereof, and upon the acceptance hereof by you, on behalf of each of the Underwriters, this letter and such acceptance hereof shall constitute a binding agreement between each of the Underwriters and the Company. It is understood that your acceptance of this letter on behalf of each of the Underwriters is pursuant to the authority set forth in a form of Agreement Among Underwriters, the form of which shall be submitted to the Company for examination upon request, but without warranty on your part as to the authority of the signers thereof.

Very truly yours,

Belden & Blake Corporation

By: _____
Name:
Title:

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Accepted as of the date hereof:

Johnson Rice & Company
McDonald & Company Securities, Inc.
Southcoast Capital Corporation

By: Johnson Rice & Company

By: _____
Name:
Title:
On behalf of each of the Underwriters

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<TABLE>

SCHEDULE I

<CAPTION>

Underwriter -----	Total Number of Shares to be Purchased -----
<S>	<C>
Johnson Rice & Company	
McDonald & Co. Securities, Inc.	
Southcoast Capital Corporation	

Total

3,500,000
=====

</TABLE>

BLACK, MCCUSKEY, SOUERS & ARBAUGH
A LEGAL PROFESSIONAL ASSOCIATION
1000 UNITED BANK PLAZA
220 MARKET AVENUE SOUTH
CANTON, OHIO 44702-2116
216-456-8341

TELECOPIER
216-456-5756

June 9, 1995

Belden & Blake Corporation
5200 Stoneham Road
North Canton, Ohio 44720

Gentlemen:

Reference is made to your Registration Statement on Form S-3 to be filed with the Securities and Exchange Commission with respect to the proposed sale of up to 4,025,000 shares (the "Shares") of common stock, without par value (the "Common Stock") of Belden & Blake Corporation (the "Company").

We have examined the proceedings taken to organize the Company, its Articles of Incorporation and Code of Regulations and all amendments to date, the records of proceedings taken by its shareholders and directors to date and the applicable provisions of the laws of the State of Ohio under which the Company was incorporated.

Based upon the foregoing, and upon the examination of such other matters as we have deemed necessary in order to express the opinions hereinafter set forth, we are of the opinion that:

1. The Company is a corporation duly organized and in good standing under the laws of the State of Ohio having an authorized capital stock consisting of 12,000,000 shares of Common Stock of which 7,106,246 shares are issued and outstanding, 5,000,000 shares of Class I Serial Preferred Stock, without par value, of which none is outstanding and 3,000,000 shares of Class II Serial Preferred Stock, without par value, of which 24,000 shares are outstanding.

2. The Shares to be issued pursuant to said Registration Statement have been duly authorized and, when issued and sold upon the terms described in said

June 9, 1995
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Registration Statement, will have been legally and validly issued and will be fully paid and nonassessable.

We consent to the filing of this opinion as an exhibit to said Registration Statement and to the reference to us in the prospectus included therein under the caption "Legal Matters." In giving such consent, we do not admit that we are within the category of persons whose consent is required under Section 7 of the Securities Act of 1933, as amended, or the rules and regulations promulgated thereunder.

Very truly yours,

/s/ Black, McCuskey, Souers & Arbaugh

BLACK, MCCUSKEY, SOUERS & ARBAUGH

Consent of Independent Auditors

We consent to the reference to our firm under the caption "Experts" and to the use of our reports a) dated March 7, 1995, with respect to the consolidated financial statements of Belden & Blake Corporation at December 31, 1994 and 1993 and for each of the three years in the period ended December 31, 1994 and b) dated May 31, 1995, with respect to the statements of revenues and direct operating expenses of certain oil and gas properties subject to a letter of intent to enter into a definitive sales agreement dated May 23, 1995 between Quaker State Corporation and Belden & Blake Corporation for the years ended December 31, 1994 and 1993, in the Registration Statement (Form S-3) and related Prospectus of Belden & Blake Corporation for the registration of 4,025,000 shares of its common stock.

We also consent to the incorporation by reference in the Registration Statement (Form S-3) and related Prospectus of Belden & Blake Corporation for the registration of 4,025,000 shares of its common stock of our report dated February 24, 1995, with respect to the financial statements of Ward Lake Drilling, Inc. at and for the year ended December 31, 1994 included in Belden & Blake Corporation's Current Report on Form 8-K dated February 10, 1995, as amended, filed with the Securities and Exchange Commission.

ERNST & YOUNG LLP

Cleveland, Ohio
June 8, 1995

CONSENT OF INDEPENDENT PETROLEUM ENGINEER

We consent to the use in this Registration Statement of Belden & Blake Corporation on Form S-3 of our reserve report as of December 31, 1994 and to the references made to us in the Prospectus contained in this Registration Statement including the reference to us under the caption "Experts" in the Prospectus.

JOHN G. REDIC, INC.

By: John G. Redic, President

Date: 6/8/95
