



DIVISION OF NATURAL RESOURCES
324 4th Avenue, Room 342
South Charleston, West Virginia 25303-1228
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Stephen S. McDaniel
Director

January 30, 2020

Mr. Barry DeWitt
HG Energy II Appalachia, LLC
5260 Dupont Road
Parkersburg, WV 26101

Re: Oil & Gas Leasing Rights
145.312 acres (11.205 Miles) Middle West Fork Creek (West Fork River)
Freeman Creek, Hackers Creek, Union and Grant Districts
Harrison and Lewis Counties, West Virginia

Dear Mr. DeWitt,

This letter is to inform you that the West Virginia Division of Natural Resources (DNR) has chosen HG Energy II Appalachia, LLC's bid of \$500.00 per acre to develop the Oil & Gas underlying 145.312 acres (11.205 Miles) underlying Middle West Fork Creek (West Fork River) in Freeman Creek, Hackers Creek, Union and Grant Districts, Harrison and Lewis Counties, West Virginia, as the highest responsible bid for the property.

This bid award is subject to the execution of an Oil & Gas Lease Agreement acceptable to DNR. DNR will draft the Oil & Gas Lease Agreement. You may view a sample Oil & Gas Lease Agreement form on the WV Mineral Development website.

For drafting purposes, DNR needs the following information from HG Energy II Appalachia, LLC: Well name(s) and number(s) that include this property.

DNR desires to close the Oil & Gas Lease transaction for this property as soon as possible. Once DNR receives the above information, and the Oil & Gas Lease Agreement is drafted and agreed upon, then a Closing date will be set.

For the Closing, DNR would like to know the following:

(1) Will your Earnest Money check of \$5,000.00 be used as part of the Bonus Money payment?

Or

Will DNR be returning the Earnest Money check to HG Energy II Appalachia, LLC?

And

(2) Will you or a representative of the Company be attending the Closing at DNR's offices located at 324 Fourth Avenue, South Charleston, West Virginia?

Or

Will everything be transacted through mail and/or email?

DNR looks forward to working with you and HG Energy II Appalachia, LLC on this matter. If you have any questions or concerns, please contact this office.

Sincerely yours,

Julia A. Morton, Chief
Office of Land & Streams