



DIVISION OF NATURAL RESOURCES
324 Fourth Avenue, Room 200
South Charleston, West Virginia 25303-1228
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Stephen S. McDaniel
Director

October 25, 2019

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

Re: Oil & Gas Leasing Rights
147.313 acres Ohio River
(between Mile Markers 108 and 109.12)
Marshall County, 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 \$1,000.00 per acre to develop the Oil & Gas underlying 147.313 acres Ohio River (between Mile Markers 108 and 109.12) in Marshall County, 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. DNR is in receipt of HG's draft Oil & Gas Lease, and will review the proposed changes.

DNR desires to close the Oil & Gas Lease transaction for this property as soon as possible. Once 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 the Earnest Money check of \$20,000.00 that is currently in DNR's possession be used as part of the Bonus Money payment?

And

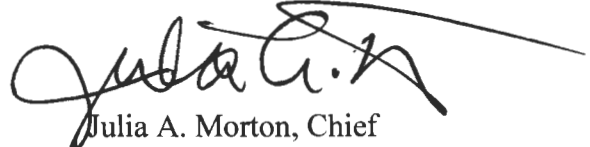
(2) Will you or a representative of the Company be attending the Closing at DNR's offices located at 324 Fourth Avenue, South Charleston, West Virginia?

Or

Will everything be transacted through mail and 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