



State of West Virginia
Earl Ray Tomblin
Governor

Department of Commerce
State Capitol
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April 22, 2015

Mr. Randy Broda
Jay-Bee Production Company
3570 Shields Hill Road
Cairo, WV 26337

RE: (1) Winning Bid Notification:

The Jug Wildlife Management Area
Tyler County, West Virginia
Ellsworth District, Tax Map 27, parcel 5 (p/o)
71.55875 net mineral acres ✓
Bid: \$16,349.00/acre

The Jug Wildlife Management Area
Tyler County, West Virginia
Ellsworth District, Tax Map 27, parcel 5 (p/o)
60.18 net mineral acres ✓
Bid: \$16,349.00/acre

The Jug Wildlife Management Area
Tyler County, West Virginia
Ellsworth District, Tax Map 27, parcel 28 ✓
44.6875 net mineral acres
Bid: \$16,349.00/acre

The Jug Wildlife Management Area
Tyler County, West Virginia
Ellsworth District, Tax Map 27, parcel 30 ✓
62.5 net mineral acres
Bid: \$16,349.00/acre

The Jug Wildlife Management Area
Tyler County, West Virginia
Ellsworth District, Tax Map 29, parcel 8 (p/o) ✓
5.03375 net mineral acres
Bid: \$16,349.00/acre

The Jug Wildlife Management Area
Tyler County, West Virginia
Ellsworth District, Tax Map 29, parcel 9 ✓
14.75 net mineral acres
Bid: \$14,529.00/acre

The Jug Wildlife Management Area
Tyler County, West Virginia
Ellsworth District, Tax Map 29, parcel 10 ✓
11.625 net mineral acres
Bid: \$6,500.00/acre

The Jug Wildlife Management Area
Tyler County, West Virginia
Ellsworth District, Tax Map 30, parcel 1 ✓
4.0625 net mineral acres
Bid: \$13,579.00/acre

(2) Closing date

Dear Mr. Broda:

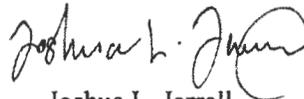
The West Virginia Division of Natural Resources ("WVDNR") has identified your company's bid to develop the oil and gas underlying the above-described mineral tracts in the Jug Wildlife Management Area in Tyler County, West Virginia, as the highest responsible bid for those properties. Be advised that WVDNR makes no warranty of title as to its interest in these properties, if any, and that the award of this bid is subject to negotiation of a lease agreement acceptable to the agency.

The WVDNR desires to close lease transactions on these properties on or before April 30, 2015, at its offices located at 324 Fourth Avenue, South Charleston, West Virginia, 25303, at a time to be determined. Attached hereto is a copy of WVDNR's template lease agreement for your review. Please contact me at your earliest convenience with any questions regarding WVDNR's terms or the template lease agreement and to finalize a time and date to close leases on these properties.

At this time, the WVDNR has decided to award this bid based on the bonus consideration and other relevant factors, but not the proposed additional surface acreage located adjacent to the Jug Wildlife Management Area. However, the agency is interested in further discussion about potentially acquiring that property in the future.

I look forward to working with Jay-Bee Production Company on this matter.

Very truly yours,



Joshua L. Jarrell
Deputy Secretary/General Counsel

cc: Joe Scarberry, WVDNR Office of Land and Streams
Larry George, Special Assistant West Virginia Attorney General

JLJ/db
ENCLOSURE