260001378

V I R G I N I A:

BEFORE THE VIRGINIA GAS AND OIL BOARD

PETITIONER:	Diversified Production, LLC, ROYALTY OWNER,	)
	v.	) VIRGINIA GAS AND OIL BOARD
RESPONDENT:	Pocahontas Gas LLC (PERMIT APPLICANT)	)
RELIEF SOUGHT:	APPEAL OF DECISION BY THE DIRECTOR OF THE GAS AND OIL PROGRAM DATED May 11, 2026, FOLLOWING INFORMAL FACT FINDING HEARING 1042	) DOCKET NO.VGOB 26-0616-4328

REPORT OF THE BOARD

FINDINGS AND ORDER

1. Hearing Date and Place: This matter came for final hearing before the Virginia Gas and Oil Board (hereafter "Board") at 10:00 a.m. on September 15, 2026, at the Russell County Government Center, Southwest Virginia Community College Auditorium, Room B115, Lebanon, Virginia.

2. Appearances: Benjamin Street, Esq. and Scott Stephenson, Esq. for Diversified Production; Mark Swartz, Esq. appeared for the Respondent, Pocahontas Gas, LLC; and Shawn J. O'Brien, Assistant Attorney General, and Jessica Cooper, Assistant Attorney General were present to advise the Board.

3. Jurisdiction and Notice: Pursuant to Va. Code §§ 45.2-1600 *et seq.*, the Board finds that it has jurisdiction over the subject matter. The Board also finds that the notices given herein satisfy all statutory requirements, Board rule requirements and the minimum standards of due process. After hearing arguments and considering the Director's decision and evidence presented, upon motion and vote, the Board denied Petitioner's application on appeal, relying on Va. Code §§ 45.2-1600, 45.2-1631, 45.2-1637 and 45.2-1638.

4. Relief Requested: Petitioner, Diversified Production, LLC (royalty owner), appealed the Director's decision in IFFH 1042, requesting:

I. Diversified Production, LLC, objects to Pocahontas Gas LLC's application whereas; The proposed operation(s) would directly impinge upon the royalty owner's gas and oil interest. And, the proposed operation(s) threaten to violate the objecting royalty owner's property or statutory rights aside from his contractual rights.

II. 5. The only statutory objections to permit applications available to royalty owners are set out at § 45.2-1637. (C) Objections to permits; hearing.

1. Directly impinges upon the royalty owner's gas and oil interest;

2. Threatens to violate the objecting royalty owner's property or statutory rights aside from his contractual rights; and

3. Would not adequately prevent the escape of the Commonwealth's gas and oil resources or provide for the accurate measurement of gas and oil production and delivery to the first point to sale.

III. After the Board resolved the Petition, Diversified Production, LLC requested a stay to prevent the Division of Gas and Oil from issuing the permit while G37 remains under appeal before the circuit court.

6. Relief Denied: The Petitioner's requested relief in this cause is hereby denied:

a. The Board found that the Director properly applied Va. Code § 45.2-1637(C)and the Petitioner failed to demonstrate that Pocahontas Gas, LLC proposed well work would impinge its gas interests or violate its statutory or property rights.

b. The Board found no basis to conclude that the Director was barred from acknowledging Petitioner's statutory election as part of the factual background in the permit record.

c. The Board found that consistent with its longstanding practice and statutory framework, permit issuance and pooling-order litigation proceed independently. An appeal of a pooling order does not stay or prohibit permit processing unless specifically ordered by a court.

d. The Board found that Petitioner's motion to stay would prevent the Division of Gas and Oil from performing routine permit-processing duties and was premature because no permit had yet been issued.

7. Conclusion: The decision of the Director of the Gas and Oil Program dated May 11, 2026, in IFFH 1042, and attached hereto are hereby affirmed, and the appeal filed by Diversified Production to the Board is denied. The Director of the Division of Gas and Oil is directed to issue the well permit(s) for Application #64222, Gas Well G37B and IT IS SO ORDERED.

8. Appeals: Appeals of this Order may be filed by an adversely affected party within thirty days after service of the Order, pursuant to the provisions of Va. Code Ann. § 45.2-1609 that provides that any order or decision of the Board may be appealed to the appropriate circuit court where interlocutory relief may also be sought. Any appeal shall be filed in compliance with the provisions of the Administrative Process Act (Va. Code Ann. §§ 2.2-4000 et seq.)and the Rules of the Supreme Court of

Virginia.

9. Effective Date: This Order shall be effective as of the date of the Board's decision on September 15, 2026.

DONE AND EXECUTED this 6 day of October, 2026 by a majority of the Virginia Gas and Oil Board.

Chairman, Gus W. Janson

DONE AND PERFORMED this 6 day of October, 2026 by Order of the Virginia Gas and Oil Board.

James P. Skorupa
Principal Executive to the staff,
Virginia Gas and Oil Board

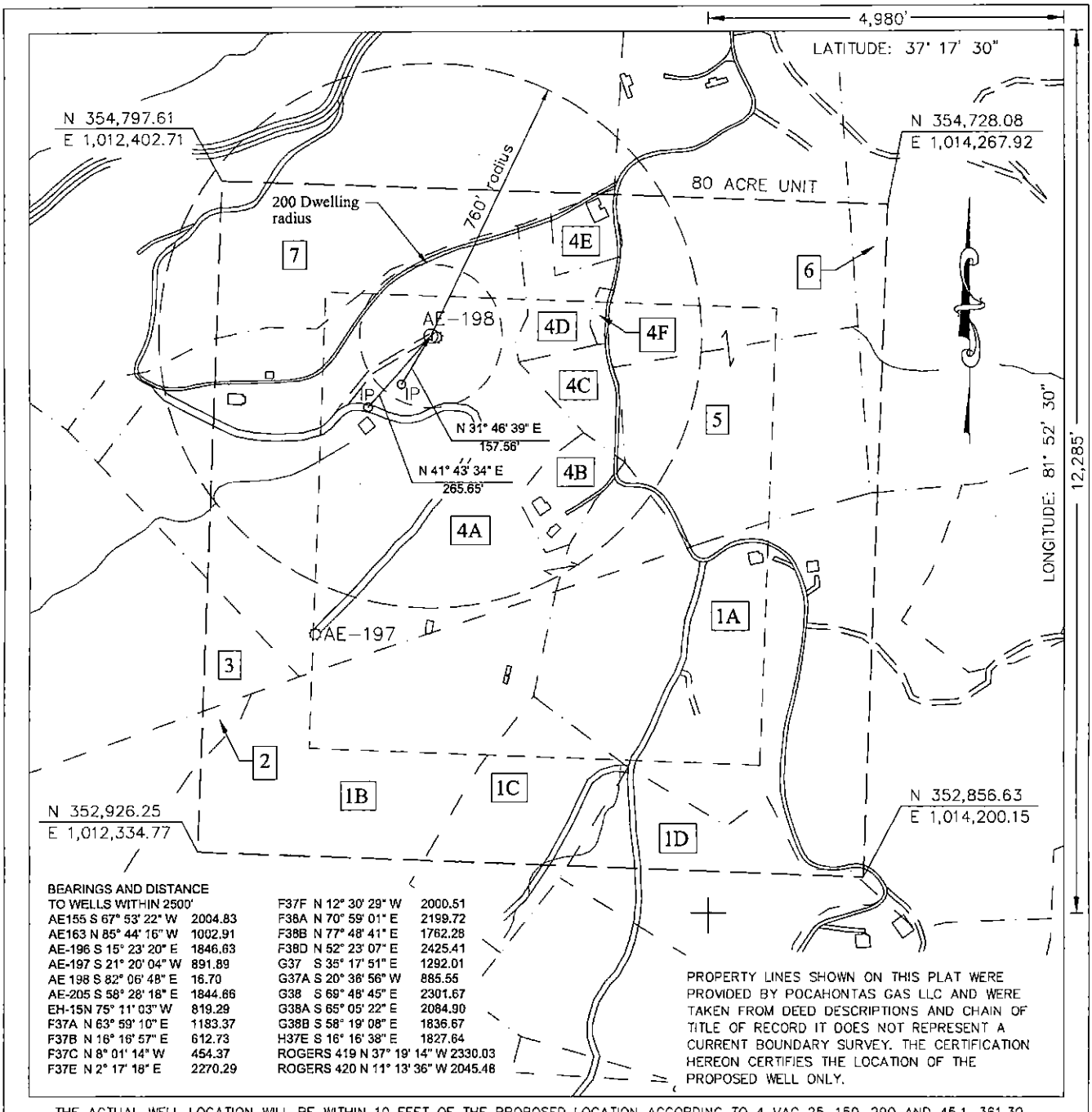
COMMONWEALTH OF VIRGINIA
COUNTY OF RUSSELL

Acknowledged on this 6th day of October, 2026, personally before me a notary public in and for the Commonwealth of Virginia, appeared Gus W. Janson, being duly sworn did depose and say that he is the Chairman of the Virginia Gas and Oil Board and appeared James P. Skorupa, being duly sworn did depose and say that he is Principal Executive to the staff of the Virginia Gas and Oil Board, that they executed the same and was authorized to do so.

Sarah Jessee Gilmer, Notary Public
262946

My Commission expires: July 31, 2029

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BEARINGS AND DISTANCE TO WELLS WITHIN 2500'			
AE155	S 67° 53' 22" W	2004.83	
AE163	N 85° 44' 16" W	1002.91	
AE-196	S 15° 23' 20" E	1846.63	
AE-197	S 21° 20' 04" W	891.89	
AE 198	S 82° 06' 48" E	16.70	
AE-205	S 58° 28' 18" E	1844.66	
EH-15N	75° 11' 03" W	819.29	
F37A	N 63° 59' 10" E	1183.37	
F37B	N 16° 16' 57" E	612.73	
F37C	N 8° 01' 14" W	454.37	
F37E	N 2° 17' 18" E	2270.29	
F37F	N 12° 30' 29" W	2000.51	
F38A	N 70° 59' 01" E	2199.72	
F38B	N 77° 48' 41" E	1762.28	
F38D	N 52° 23' 07" E	2425.41	
G37	S 35° 17' 51" E	1292.01	
G37A	S 20° 36' 56" W	885.55	
G38	S 69° 48' 45" E	2301.67	
G38A	S 65° 05' 22" E	2084.90	
G38B	S 58° 19' 08" E	1836.67	
H37E	S 16° 16' 38" E	1827.64	
ROGERS 419	N 37° 19' 14" W	2330.03	
ROGERS 420	N 11° 13' 36" W	2045.48	

PROPERTY LINES SHOWN ON THIS PLAT WERE PROVIDED BY POCAHONTAS GAS LLC AND WERE TAKEN FROM DEED DESCRIPTIONS AND CHAIN OF TITLE OF RECORD IT DOES NOT REPRESENT A CURRENT BOUNDARY SURVEY. THE CERTIFICATION HEREON CERTIFIES THE LOCATION OF THE PROPOSED WELL ONLY.

THE ACTUAL WELL LOCATION WILL BE WITHIN 10 FEET OF THE PROPOSED LOCATION ACCORDING TO 4 VAC 25-150-290 AND 45.1-361.30.

WELL LOCATION PLAT

Company POCAHONTAS GAS LLC Well Name or Number CBM-G37B

Tract No. ALTA STANFORD, ET AL (26.13 ACRE TRACT) Scale: 1" = 400'

County BUCHANAN District GARDEN Quadrangle PATTERSON Date _____

Elevation 2349.58' Well Elevation Determined By Trig Levels From Pocahontas Gas LLC Benchmarks

Well Coordinates N 354,364.37 E 1,012,986.96 (Virginia State Plane - South Zone - NAD' 27)

Well Coordinates N 3,635,244.50 E 10,495,975.08 (Virginia State Plane - South Zone - NAD' 83)

This plat is a new plat X ; an updated plat _____ or a final plat _____

\+ Denotes the location of a well on United States Topographic Maps, scale 1 to 24,000, latitude and longitude lines being represented by border lines as shown.

COMMONWEALTH OF VIRGINIA
ALLEN MITCHELL
Lic. No. 2289
1/26/26
LAND SURVEYOR

Form DGO-GO-7
Rev. 9/91

Licensed Professional Engineer or Licensed Land Surveyor (Affix Seal)

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Pocahontas Gas LLC
UNIT G37
Tract Identifications

1. Anise Jean Jones, et al (85.00 Acre Tract) – Minerals
   Buchanan Mining Company LLC – Coal Below Tiller Seam Leased
   Mountaineer Metallurgical Holdings LLC – Jawbone and all Seams above drainage Coal Leased
   Appalachian Energy, Inc. – Oil, Gas, and CBM Leased (deemed leased by JV)
   31.51 Acres 39.3875%

1A. Hobert Hagerman, et ux – Surface
1B. Frank Muncey Heirs – Surface
1C. Alberta Payne – Surface
1D. Bobby Looney – Surface

2. Buck Jewell Resources LLC (30.42 Acre Tract) – All Minerals
   Buchanan Mining Company LLC – Coal Underlying the Tiller Seam Leased
   Appalachian Energy, Inc. – Oil, Gas, and CBM Leased (deemed leased via JOA)
   Buck Jewell Resources LLC – Surface
   0.25 Acres 0.3125%

3. Caroline Cole Keen, et al (100-acre tract) – All minerals Except Jawbone and 1/9 in P3 Seam
   Buchanan Mining Company LLC – 1/9 P3 Seam of Coal
   Buchanan Mining Company LLC – Coal Below Tiller Seam Leased
   Mountaineer Metallurgical Holdings LLC – Jawbone Seam of Coal
   Mountaineer Metallurgical Holdings LLC – Above Drainage Coal Leased
   Appalachian Energy, Inc. – Oil and Gas Leased (95.4321%)
   Appalachian Energy, Inc. – CBM Leased (70.9877%) (deemed leased via JOA)
   Pocahontas Gas LLC – CBM Leased (14.5432%)
   Carolina Cole Keen, et al – Surface
   1.11 Acres 1.3875%

4. Alta Stanford, et al (26.13 Acre Tract) – All Minerals
   Buchanan Mining Company LLC – Coal Below Jawbone Seam Leased
   25.58 Acres 31.9750%

4A. Pocahontas Gas LLC – Surface
4B. Deborah S. Riordan – Surface
4C. Deborah S. Riordan - Surface
4D. Deborah S. Riordan – Surface
4E. Stella Crist – Surface
4F. Cemetery

5. William B. Dennis, et al (16.67 Acre Tract) – All Minerals
   Buchanan Mining Company LLC – Coal Below Tiller Seam Leased
   Pocahontas Gas LLC – CBM Leased
   Ronnie Page Compton, et ux – Surface
   13.86 Acres 17.3250%

"This title block is for general informational purposes only and does not reflect an analysis of the severance deed and its effect upon coal bed methane ownership and should not be relied upon for such purpose."

12/2/24 Rev. 3/19/25, 1/22/26

Pocahontas Gas LLC
UNIT G37
Tract Identifications

6. Buchanan Energy Company, LLC (1232.67 Acre Tract) – Minerals
Island Creek Coal Company – Coal Below Jawbone Seam Leased
Buchanan Mining Company LLC – P3 Seam Sub-Leased
Southwest Virginia Mining Company, LLC – Coal in Jawbone and Above Seams Leased
Appalachian Energy – Oil and Gas Leased
Diversified Production – CBM Leased
Buchanan Energy Company, LLC – Surface
0.97 Acres 1.2125%

7. Cecilia Cox Compton Trust (35.00 Acre Tract) – Fee
Buchanan Mining Company LLC – P-3 Seam Leased
Pocahontas Gas LLC – CBM Leased
6.72 Acres 8.4000%

"This title block is for general informational purposes only and does not reflect an analysis of the severance deed and its effect upon coal bed methane ownership and should not be relied upon for such purpose."

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Virginia Department of Energy
Gas and Oil Program

3405 Mountain Empire Road
Big Stone Gap, VA 24219
Telephone: (276) 415-9700
Fax: (276) 523-8121

James P. Skorupa, Director
Gas and Oil Program

By Decision of the Director in

Informal Fact Finding Conference 1042

Eric Conley, Esq. - Diversified Production, LLC

vs.

Pocahontas Gas LLC

Permit Application for Gas and Oil operations:

Coalbed/Pipeline Operations CBM G37B W/PL, Application 64222

Background

Coalbed/Pipeline operations CBM G37B W/PL, Application 64222, Pocahontas Gas LLC was received at the Virginia Department of Energy Gas and Oil Program on 2/6/2026. The evidence regarding the application and objections filed support the fact that the objections were timely and appropriate under Virginia statute.

The objections filed by **Eric Conley, Esq. - Diversified Production, LLC** against the permit application **#64222** were in accordance with objections provided by law under §45.2-1637.

§45.2-1637. Objections to permits; hearing

C. The only objections to permits or permit modifications that may be raised by Royalty Owners are whether the proposed well work:

1. The proposed operation(s) would directly impinge upon the royalty owner's gas and oil interest.
2. The proposed operation(s) threaten to violate the objecting royalty owner's property or statutory rights aside from his contractual rights.

Hearing Date and Place

IFFH 1042 was convened on Monday, April 27, 2026 at 2:00 PM, at Virginia Energy Training Center, 2677 Steelsburg Highway, Suite 2 Cedar Bluff, Virginia. All parties with standing to object to Permit Application #64222 were notified of the time and place by United States Postal Service, certified mail, return receipt requested.

Appearances

James Skorupa - Director, Division of Mineral Mining and Division of Gas and Oil

Ben Street – Counsel for Diversified Production, LLC

Scott Stephenson - Counsel for Diversified Production, LLC

Mark Swartz – Counsel for Pocahontas Gas, LLC

Beverly Webb - Permit Supervisor, Pocahontas Gas, LLC

Diversified Production LLC, filed an objection as a Royalty Owner to Pocahontas Gas, LLC's New Permit Application #64222. On October 21, 2025, the Virginia Gas and Oil Board (VGOB) approved Pocahontas Gas, LLC's Pooling Order, Docket # 25-0617-4309 for Drilling Unit G37 which named Pocahontas Gas, LLC as the operator. The Chairman of the VGOB and the Director of the Gas and Oil Program signed this order on October 23, 2025. Pooling Order # 25-0617-4309 was first recorded on November 6, 2025 and recorded again on February 10, 2026 with the Buchanan County Circuit Court. On December 18, 2025, Diversified Production, LLC notified Pocahontas Gas, LLC by Certified Mail of their election on participation in Drilling Unit G37. Diversified elected Option 3 as a "Non-Participating Operator" where Diversified Production, LLC shares in the operation of the well on a carried basis receiving royalties allocable their proportionate share in the unit. Diversified Production LLC's objection to the Pocahontas Gas, LLC's new permit application #64222 for G37B is denied as Diversified's gas interest as a royalty owner is not impinged, and its property and statutory rights are not violated.

Based on testimony and the permit application, it is, therefore, the decision of the Director to deny objections to permit Application 64222 for operations CBM G37B W/PL. The Permit Application for operations CBM G37B W/PL will be assessed and issued under standard Division of Gas and Oil permit procedures.

Right of Appeal

Any person with standing under §45.2-1632 who is aggrieved by this decision of the Director may appeal the decision to the Virginia Gas and Oil Board by filing a petition with the Board within ten days following the decision (§45.2-1638). No petition or appeal may raise any matter other than matters raised by the Director or which the petitioner put in issue either by application or by objections, proposals, or claims made and specified in writing at the informal fact finding conference.

Signed Monday, May 11, 2026

260001378

James P. Skorupa, Director
Virginia Department of Energy
Gas and Oil Program

INSTRUMENT 260001378
RECORDED IN THE CLERK'S OFFICE OF
BUCHANAN COUNTY CIRCUIT COURT ON
NOVEMBER 5, 2026 AT 02:50 PM
BEVERLY S. TILLER, CLERK
RECORDED BY: LMP