JOE F. CHILDERS & ASSOCIATES

ATTORNEYS AT LAW
THE LEXINGTON BUILDING

201 West Short Street, Suite 300 Lexington, Kentucky 40507

Joe F. Childers, Esquire Joe@Jchilderslaw.com

Telephone: (859) 253-9824 Facsimile: (859) 258-9288

VIA ELECTRONIC TRANSMISSION AND REGULAR MAIL

May 5, 2020

RECEIVED

MAY 05 2020

Kent Chandler Executive Director Kentucky Public Service Commission 211 Sower Boulevard Frankfort, Kentucky 40601

PUBLIC SERVICE COMMISSION

Re: Johnson County Gas Company, Inc.

Case No. 2019-00312

Dear Mr. Chandler:

Please find enclosed for filing the Response to Staff's Third Data Requests on behalf of Johnson County Gas Company, Inc. in Case No. 2019-00312, **Purchased Gas Adjustment Filing of Johnson County Gas, Inc.** These documents are being filed electronically in accordance with the Order entered in Case No. 2020-00085.

The electronically filed documents are a true representation of the original documents to be filed with the Commission. This filing contains no confidential information.

Thank you for your attention to this matter.

Sincerely,

F Clubs

JOE F. CHILDERS

Enc. JFC/ds

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

| In | the | Matter | ٥f٠ |
|----|-----|--------|-----|
| ш | uic | Matter | vı. |

| PURCHASED GAS ADJUSTMENT FILING OF JOHNSON COUNTY GAS COMPANY, INC. |) | Case No. 2019-00312 |
|---|-------|---------------------|
| ************** | ***** | **** |

RESPONSES TO STAFF'S THIRD DATA REQUESTS

- 1. According to the invoices attached as Exhibit 3 to the responses to Staff's First Data Request, the gas was delivered to Johnson County Gas Company, Inc. ("Johnson County") before the July 1, 2018 beginning of the recovery period. However, both invoices were received and paid during the recovery period ending June 30, 2019.
- 2. Please see the check copies provided marked Exhibit 1.
- 3. (a) The conversion factor EQT gave Johnson County Gas via telephone was 1.3424. Diversified's Btu conversion factor indicated by the 193 MM Btu and 152 MCF is 1.27.
 - (b) The 2,470 Diversified and EQT Mcf purchase volumes on Schedule II does include the April and May 2018 invoices paid in December 2018 and January 2019.
 - (c) The difference arises from the fact that the reported line loss of 11.58% was calculated based on the dates the invoices were received rather than the dates the gas was delivered.
 - (d) The total sales are what Johnson County bills to its customers after the meters are read at the end of each month. Johnson County does not know the reading dates of its suppliers. Johnson County did not realize that Total Sales could or were to be adjusted.
 - (e) The AA calculation for December 2018 and January 2019 does include volumes and cost from EQT billings related to April and May 2018 gas deliveries.

- (f) Yes. The sales volumes for December 2018 were 2044 and January 2019 were 2854.
- (g) (1) Johnson County understood that the GCR approved by the Commission in Case No. 2012-00542 was cancelled, in light of the GCR of \$6.4140 approved in Case No. 2012-00544. Please see Exhibit 2 and Exhibit 3.
 - (2) Johnson County used the rate approved by the Commission in Case No. 2012-00544 because it was included in its current tariff. Please see Exhibit 3.
- 4. The actual MCF sales for Johnson County for the 12 months ended December 31, 2019 was 12,048. The MCF purchases for Johnson County for the 12 months ended December 31, 2019 was 12,533.
- 5. Johnson County sold 123 MCF in July 2019, 128 MCF in August 2019, 151 MCF in September 2019, 439 MCF in October 2019, 1,651 MCF in November 2019, and 2,141 MCF in December 2019.
- 6. Please find the invoices requested marked Exhibit 4.
- 7. The total cost for the volumes purchased for July-December 2019, as reflected on the invoices attached as Exhibit 4, is \$26,054.17.
- 8. Please see Exhibit 5.
- 9. Johnson County Gas, acting through Bud Rife, spoke to Randy Bradley, owner of Bradco, and he feels that \$6.00 per MCF is a reasonable rate because Bradco allows Johnson County Gas to make late payments with no interest or additional charges. Hall, Stephens, and Hall's \$6.00 per MCF rate includes Transportation cost of \$1.00 (0.79 per dth * 1.27 = \$1.00 per MCF) charged by Diversified and \$.81 charged by Columbia Gas (.64 per dth * 1.27=\$.81 per MCF). Therefore, Hall, Stephens and Hall feels the resulting rate of \$4.19 per mcf is reasonable.
- 10. Please see Exhibit 6. This is the last bill Johnson County received from Bradco to date.
- 11. Bradco is currently operating to the best of Johnson County's knowledge.
- 12. N/A

I am the witness responsible for responding to the questions related to the information provided in response to Commission Staff's Third Request for Information to Johnson County Gas Company Inc. and Case No. 2019-00312. I believe that the response is true and accurate to the best of my knowledge.

Signature

Dated this 5th day of May, 2020.

Respectfully submitted,

JOE F. CHILDERS

JOE F. CHILDERS & ASSOCIATES

The Lexington Building 201 West Short Street

Suite 300

Lexington, Kentucky 40507

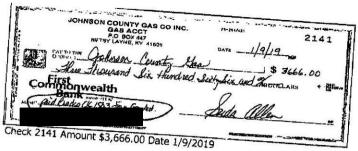
Telephone: (859) 253-9824 Facsimile: (859) 258-9288 Joe@Jchilderslaw.com

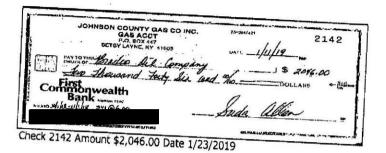
CERTIFICATE OF SERVICE

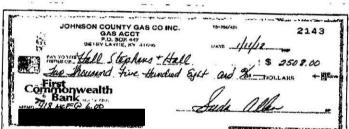
This is to certify that the foregoing copy of Entry of Appearance is a true and accurate copy of the document being filed in paper medium; the electronic filing was transmitted to the Commission on May 5, 2020 in accordance with the Order entered in Case No. 20-00085; there are currently no parties require paper service in this proceeding; and the filing in paper medium will be being delivered to the Commission via U.S. mail.

JOE F. CHILDERS

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Check 2143 Amount \$2,508.00 Date 1/11/2019

| JOHNSON COUNTY GAS CO INC. GAS ACCT | 73-MK/481 | 2144 |
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| BETBY LAYNE, KY 41808 | DATE 2/8/1 | 9 |
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Check 2144 Amount \$2,736.00 Date 2/13/2019

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| | BETSY LAYNE, KY 41000 | DATE 2/22/ | 19 |
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Check 2145 Amount \$2,730.00 Date 3/5/2019

| JOHNSO | N COUNTY GAS CO INC | - 70-894/4R1 | 2146 |
|------------|---|--------------|------------|
| | GAS ACCT F.O. BOX 447 TBY LAYNS, KY 41605 | DATE 3/21, | 19 |
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Check 2146 Amount \$3,000.00 Date 3/21/2019



Check 2133 Amount \$708.00 Date 7/13/2018

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Check 2137 Amount \$720.00 Date 9/11/2018

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Check 2138 Amount \$3,825.00 Date 1/2/2019

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Check 2139 Amount \$2,598.00 Date 12/31/2018

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Check 2140 Amount \$4,125.41 Date 1/30/2019

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Van Lear, Hager Hill East Point, and Meally

P.S.C. No. 2012-00542 Cancelling P.S.C. No. 2012-00541

Johnson County Gas Company

CLASSIFICATION OF SERVICE

Proposed Rates:

Residential

| 8 | | Gas Cost | Total |
|----------------------|-----------|----------|-----------|
| | Base Rate | Recovery | Rate |
| Minimum Bill 0-1 Mcf | \$6.9542 | \$6.4140 | \$13.3682 |
| All additional Mcf | \$5.9542 | \$6.4140 | \$12.3682 |

Commercial

Monthly

All Mcf

\$6.3042

\$6.4140

\$12.7182

Date of issue: January 1, 2013

Date Effective: January 1, 2013

JUN 1 8 2013

SERVICE COMMISSION

ISSUED BY:

President/ Manager

issued by authority of an Order of the Public Service Commission

KENTUCKY PUBLIC SERVICE COMMISSION

JEFF R. DEROUEN EXECUTIVE DIRECTOR

TARIFF BRANCH

1/30/2013

PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

Van Lear, Hager Hill East Point, and Meally

P.S.C. No. 2012-00544 Cancelling P.S.C. No. 2012-00543

| DA TW NUMBER TREET | NO DESCRIPTION OF THE PARTY OF | | | |
|--------------------|--------------------------------|-----|-----|------|
| Johnson | County | Gas | Com | pany |

CLASSIFICATION OF SERVICE

Proposed Rates:

Residential and Commercial

Gas Cost

Total

Base Rate

Recovery

Rate

All Mcf

\$8.60

\$6.4140

\$15.0140

Service Charge \$15.00 per month.

Date of Issue: 6-28-2013

Date Effective: 7-01-2013

ISSUED BY:

Bud Rife

Bud Rife

President/ Manager

Issued by authority of an Order of the Public Service Commission

KENTUCKY
PUBLIC SERVICE COMMISSION

JEFF R. DEROUEN EXECUTIVE DIRECTOR

TARIFF BRANCH

EFFECTIVE

6/18/2013

PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

Exhibit (4)

BRADCO OIL COMPANY

P. O. BOX 221

PRESTONSBURG, KY 41653

Phone (606) 886-2303 Fax (606) 886-0928

Invoice Date

August 23rd 2019

Bill To:

Johnson County Gas Company

P.O. Box 447

| DATES | MCF | Rate/MCF | TOTAL |
|----------------------|-----|----------|------------|
| 7/1/2019 8/1/2019 | 271 | \$6.00 | \$1,626.00 |
| TOTAL | | | \$1,626.00 |

BRADCO OIL COMPANY

P. O. BOX 221

PRESTONSBURG, KY 41653

Phone (606) 886-2303 Fax (606) 886-0928

Invoice Date

September 20th, 2019

Bill To:

Johnson County Gas Company

P.O. Box 447

| DATES | MCF | Rate/MCF | TOTAL |
|-----------------------|-----|----------|------------|
| 8/1/2019 8/31/2019 | 311 | \$6.00 | \$1,866.00 |
| TOTAL | | | \$1,866.00 |

BRADCO OIL COMPANY

P.O. BOX 221

PRESTONSBURG, KY 41653

Phone (606) 886-2303 Fax (606) 886-0928

Invoice Date

October 28th, 2019

Bill To:

Johnson County Gas Company

P.O. Box 447

| DATES | MCF | Rate/MCF | TOTAL |
|-----------------------|-----|----------|------------|
| 9/1/2019 10/1/2019 | 323 | \$6.00 | \$1,938.00 |
| TOTAL | | | \$1,938.00 |

BRADCO OIL COMPANY

P. O. BOX 221

PRESTONSBURG, KY 41653

Phone (606) 886-2303 Fax (606) 886-0928

Invoice Date

November 18th, 2019

Bill To:

Johnson County Gas Company

P.O. Box 447

| DATES | MCF | Rate/MCF | TOTAL |
|------------------------|-----|----------|------------|
| 10/1/2019 11/1/2019 | 295 | \$6.00 | \$1,770.00 |
| TOTAL | | | \$1,770.00 |

BRADCO OIL COMPANY

P.O. BOX 221

PRESTONSBURG, KY 41653

Phone (606) 886-2303 Fax (606) 886-0928

Invoice Date

December 23rd, 2019

Bill To:

Johnson County Gas Company

P.O. Box 447

| DATES | MCF | Rate/MCF | TOTAL |
|------------------------|-----|----------|------------|
| 11/1/2019 12/2/2019 | 354 | \$6.00 | \$2,124.00 |
| TOTAL | | | \$2,124.00 |



Physical Gas Invoice - Summary August 2019

Exhibit 4

Invoice#: 2252 Customer: Johnson County Gas Invoicing Party: Diversified Energy Marketing, LLC Invoice Date: 10/15/19 PO Box 447 Questions: Accounting 4150 Belden Village Questions: Accounting Ave. NW Betsy Lane KY 41605 10/25/19 Phone: Payment Due: 804-213-2500 Suite 410 Phone: Cell: Terms: NetDue Cell: Canton OH 44718 Trans. Comp. K#: JCG-60D Fax: Fax: EMail: bandhgas@mikrotec.com EMail: DgoGasAcct@mid-atlanticenergy.com

DSM

| Jd | Sub Id | Term Start | Term End | Buy/Sell | Deal Type | Meter Name | Meter | Price | Currency | MCF | mmBtu | Amount |
|-----|--------|------------|----------|----------|-----------|--------------------|-------|---------------|----------|-----|-------|--------|
| 203 | 8401 | 8/1/19 | 8/31/19 | Sell | Index | Johnson County Gas | 58 | N/A | USD | | | \$.00 |
| | | | | | | | | Total for Inv | oice: | | | \$.00 |

Diversified Energy Marketing, LLC

Bank: **Huntington National Bank**

ABA:

Account: Wire ABA: Other:

Payment Instructions positive amount due Diversified Energy Marketing, LLC, negative amount due Johnson County Gas



Physical Gas Invoice - Summary December 2019

Exhibit 4

Invoice#: 3396

Customer: Johnson County Gas

Invoicing Party: Diversified Energy Marketing, LLC

PO Box 447

Ouestions: Accounting

4150 Belden Village Questions: Accounting

Invoice Date: 2/18/20 PO Box 447 Questions: Accounting 4150 Belden Village Ave. NW

Payment Duc: 2/25/20
Betsy Lane KY 41605 Phone:
Cell:

Not Due

No

Terms: NctDue Ceii:

Trans. Comp. K#: JCG-60D Fax: Canton OH 44718 Cell:

Fax:

EMail: bandhgas@mikrotec.com

EMail: DgoGasAcct@mid-atlanticenergy.com

<u>DSM</u>

| ld | Sub Id | Term Start | Term End | Buy/Sell | Deal Type | Meter Name | Meter | Price | Currency | MCF | mmBtu | Amount |
|-----|--------|------------|----------|----------|-----------|---------------------------------------|-------|----------------|----------|-------|-------|------------|
| 203 | 8401 | 12/1/19 | 12/31/19 | Sell | Index | Johnson County Gas | 58 | \$3.6782 | USD | 62: | 795 | \$2,924.17 |
| | | | | | - 10 E | · · · · · · · · · · · · · · · · · · · | | Total for Inve | oice: | * *** | | \$2,924.17 |

Diversified Energy Marketing, LLC

Bank: Key Bank

ABA: Account:

Other: Wire ABA

Payment Instructions positive amount due Diversified Energy Marketing, LLC, negative amount due Johnson County Gas

HALL, STEPHENS, AND HALL GAS COMPANY **PO BOX 155**

HAROLD, KY 41635

Invoice Date: August 22, 2019

Bill To: **Johnson County Gas Company** P.O. Box 447

Betsy Layne, KY 41605

SERVICE DATE MCF PURCHASED **RATE PER MCF AMOUNT BILLED**

\$6.00 July 2019 98 \$588.00

TOTAL BILL \$588.00

HALL, STEPHENS, AND HALL GAS COMPANY

PO BOX 155 HAROLD, KY 41635

Invoice Date: September 24, 2019

Bill To: Johnson County Gas Company

P.O. Box 447

Betsy Layne, KY 41605

SERVICE DATE MCF PURCHASED RATE PER MCF AMOUNT BILLED
August 2019 88 \$6.00 - \$528.00

TOTAL BILL \$528.00

PO BOX 155 HAROLD, KY 41635

Invoice Date: October 31, 2019

Bill To: Johnson County Gas Company

P.O. Box 447

Betsy Layne, KY 41605

SERVICE DATEMCF PURCHASEDRATE PER MCFAMOUNT BILLEDSeptember 201910\$6.00\$60.00

TOTAL BILL \$60.00

PO BOX 155 HAROLD, KY 41635

Invoice Date:

November 22, 2019

Bill To:

Johnson County Gas Company

P.O. Box 447

Betsy Layne, KY 41605

SERVICE DATE
October 2019

MCF PURCHASED

166

RATE PER MCF

AMOUNT BILLED

\$6.00 \$996.00

TOTAL BILL

\$996.00

HALL, STEPHENS, AND HALL GAS COMPANY **PO BOX 155 HAROLD, KY 41635**

Invoice Date: December 23, 2019

Bill To:

Johnson County Gas Company

P.O. Box 447

Betsy Layne, KY 41605

SERVICE DATE

MCF PURCHASED

RATE PER MCF

AMOUNT BILLED

November 2019 1330

\$6.00

\$7980.00

TOTAL BILL

\$7980.00

HALL, STEPHENS, AND HALL GAS COMPANY

PO BOX 155 HAROLD, KY 41635

Invoice Date: January 27, 2020

Bill To: Johnson County Gas Company

P.O. Box 447

Betsy Layne, KY 41605

SERVICE DATE MCF PURCHASED RATE PER MCF AMOUNT BILLED

December 2019 609 \$6.00 \$3654.00

TOTAL BILL \$3654.00

HALL, STEPHENS, & HALL GAS PURCHASE AGREEMENT

| This AGREEMENT ("Agreement") made and entered into this the day of, |
|--|
| June 2011, by and between Hall Stephens & Hall, whose address is PO |
| Box 155 Harold, Kentucky, 41635, (hereinafter referred to as "Hall Stephens & Hall' or |
| "Seller"), and Johnson County Gas Company, whose address is P.O. Box 447, Betsy Layne, |
| Kentucky, 41605, (hereinafter referred to as Johnson County Gas Company" or "Buyer"). |

WHEREAS, this agreement shall be for a period of one (1) year and as long thereafter as marketable natural gas is delivered to Buyer. This agreement shall be automatically renewed for each additional one year period unless a 30 day advance written notice of cancellation is given by either party.

This agreement shall be binding upon Seller, its successors and assigns and upon Buyer, and its successors and assigns.

SELLER:

HALL, STEPHENS & HALL

BY: Bud Rife

BUYER:

JOHNSON COUNTY GAS COMPANY

BY; Bud Rife

GAS PURCHASE AGREEMENT

This AGREEMENT ("Agreement") made and entered into this the Maley of Fobrary 2012, by and between Bradco Oil Company, whose address is 271 East Court Street, P. O. Box 221, Prestonsburg, Kentucky, 41653, (hereinafter referred to as "Bradco Oil Company" or "Seller"), and Johnson County Gas Company, whose address is P_O. Box 447, Betsy Layne, Kentucky, 41635, (hereinafter referred to as Johnson County Gas Company" or "Buyer").

WHEREAS, Bradco Oil Company has three (3) existing uas wells in the Hager Hill area.

WHEREAS, gas delivery points for the above production will be as near the intersection of Ky. Rt 321 and Rolling Hills Rd.

WHEREAS, this agreement shall be for a period of one (1) year and as long thereafter as marketable natural gar is delivered to Buyer. This agreement shall be automatically renewed for each additional one year period unless a 30 day advance written notice of cancellation is given by either party.

This agreement shall be binding upon Seller, its successors and assigns and upon Buyer, and its successors and assigns.

SELLER:

Bradco Oil Company

BY: Charles Bradley

Owner

BUYER:

Johnson County Gas Company

BY: Bud Rife

President



DIVERSIFIED GAS & OIL

CORPORATION

October 15, 2018

Johnson County Gas PO Box 447 Betsy Lane, KY 41605

RE:

NOTICE OF ALLOCATION OR TRANSFER

EQT Production Company and EQT Gathering, LLC

Diversified Southern Production LLC and Diversified Southern Midstream LLC

To Whom It May Concern:

Our records indicate that pursuant to division orders, transfer orders, sales contracts, or other agreements listed on Exhibit "A" attached hereto (collectively "Subject Agreements"), you are currently disbursing proceeds of production, sales and/or joint interest billings, or making payments attributable to the Subject Agreements and properties ("Subject Properties") previously owned or payable to EQT Production Company ("EPC"), EQT Gathering, LLC ("EGL"), or their affiliate EQT Energy, LLC ("EE," and, collectively with EPC and EGLC, "EQT Sellers").

The Subject Agreements and Subject Properties of the EQT Sellers, pursuant to those certain Plans of Division effective July 18, 2018, confirmations of which are attached hereto as Exhibit "B", either were allocated, as applicable, to Diversified Southern Production LLC and Diversified Southern Midstream LLC (together, "Diversified") or will be transferred to Diversified soon pursuant to that certain Membership Interest Purchase Agreement, dated June 28, 2018, among EPC, EGL and Diversified Gas & Oil Corporation, as amended. In connection with this transaction, Diversified Energy Marketing LLC will handle certain purchases and sales of gas made pursuant to the Subject Agreements on behalf of Diversified.

Effective with your next scheduled payment and revenue distribution for October production / deliveries, you are hereby authorized and directed by the EQT Sellers and Diversified to remit all future payments, attributable to the EQT Sellers' interest in the Subject Agreements and Subject Properties to the Diversified Energy Marketing LLC office below.

PLEASE DO NOT INTERRUPT OR SUSPEND ANY PAYMENTS.

PLEASE REMIT YOUR NEXT PAYMENTS TO THE DIVERSIFIED ENERGY MARKETING LLC ADDRESS AND BANK ACCOUNT PROVIDED BELOW:

EXHIBIT A

Schedule 3.10(a) - Part 2 to Membership Interest Purchase Agreement

| Contract ID | Individual Trade/Deal ID | Counterparty | EQT Entity | Contract Type | Description |
|-------------|--------------------------|-----------------------|----------------|---------------|--------------------------|
| NAES10878 | 67052 | JOHNSON COUNTY GAS CO | EQT Energy LLC | NAESB | Transaction Confirmation |

1



DIVERSIFIED GAS & OIL

CORPORATION

Address: Diversified Energy Marketing LLC 4150 Belden Village Avenue, N.W. Suite 410 Canton, Ohio 44718 (330) 493-0440

Federal Identification Number:

Bank Account Numbers:

We respectfully request that you proceed with amending your records to reflect the change of ownership indicated herein. As previously stated, payments should be remitted to the Diversified Energy Marketing LLC accounts and address listed above.

In consideration for your acknowledgement of these changes of ownership, the execution of this letter will serve as an agreement in lieu of executing the transfer or division orders, the EQT Sellers and Diversified agree to indemnify, save and hold you harmless from and against any and all claims, demands, judgments, damages, liabilities, losses, costs, charges, recoveries, and other expenses of every nature and character that you sustain by reason of your making future payments of proceeds as requested and authorized pursuant to this letter.

Please acknowledge your receipt of this letter by executing an original hereof in the space provided below and returning the fully executed original to the above indicated address or by email to:

Kellie Foster at kfoster@dgoc.com

and to

Danielle Terpack at dterpack@eqt.com

If you have any questions or need additional information, please do not hesitate to contact Kellie Foster at (330) 493-0440 or by email at kfoster@dgoc.com, with respect to Diversified, or Danielle Terpack at (412) 395-3563 or by email at dterpack@eqt.com, with respect to the EQT Sellers.

Thank you for your cooperation in expediting this transfer.



DIVERSIFIED GAS & OIL

C C R P O R S I I G U

Sincerely, Diversified (Buyers) **EQT Sellers (Sellers) Diversified Southern Production LLC EQT Production Company** Steven Prelipp Names Susiness Development Name: Dora L. Silvis Production & Midstream Title:__ Title: Executive Vice President EQT Gathering, LL **Diversified Southern Midstream LLC** Steven Prelipp NameMP - Business Development Name: Dora L. Silvis Production & Midstream Title:__ Title: Executive Vice President EQT Energy, LLC Acknowledged and accepted by: Steven Prelipp Name: Survey - Sylve Business Development Name: Bud Rife Production & Midstream

Title:

Entity# : 2980374 Date Filed : 07/13/2018 Pennsylvania Department of State

PLAN OF DIVISION

dividing

EQT PRODUCTION COMPANY

(a Pennsylvania Corporation)

into

EQT PRODUCTION COMPANY

(a Pennsylvania Corporation)

and

DIVERSIFIED SOUTHERN PRODUCTION LLC

(a Pennsylvania Limited Liability Company)

Dated as of July 13, 2018

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PLAN OF DIVISION

In compliance with the requirements of the applicable provision of 15 Pa. C.S. §366 (relating to statements of division), the undersigned domestic entity, desiring to effect a division, hereby states that:

This Plan of Division (this "Plan of Division"), dated as of July 13, 2018 (the "Execution Date"), sets forth the terms and conditions pursuant to which EQT Production Company, a Pennsylvania corporation ("EPC"), shall consummate a division pursuant to and in accordance with the Entity Transactions Law of the Commonwealth of Pennsylvania, 15 Pa.C.S. §311 et seq. (the "Pennsylvania Entity Transactions Law"), and provides as follows:

RECITALS

WHEREAS, the board of directors of EPC (the "EPC Board") has determined that it is in the best interests of EPC to separate the SouthCo Production Assets from the EPC Business, creating two independent companies, and in furtherance of the foregoing, the EPC Board has approved this Plan of Division to effect a division pursuant to and in accordance with applicable provisions of the Pennsylvania Entity Transactions Law, including Subchapter F of the Pennsylvania Entity Transactions Law;

WHEREAS, Section 361(a) of the Pennsylvania Entity Transactions Law, among other things, authorizes a Pennsylvania corporation to effect a division by dividing into (i) itself, as the surviving corporation, and (ii) a new Pennsylvania limited liability company created by, and resulting from, the division;

WHEREAS, a Pennsylvania corporation may effect a division under Subchapter F of the Pennsylvania Entity Transactions Law by approving a plan of division, in accordance with Section 362 of the Pennsylvania Entity Transactions Law, which may, among other things, allocate all of the property, whether real, personal or mixed, or tangible or intangible, or any right or interest therein, including rights under contracts and other binding agreements ("property"), and debts, liabilities and obligations ("liabilities") of the dividing corporation between the surviving corporation and a newly created Pennsylvania limited liability company;

WHEREAS, pursuant to Section 367 of the Pennsylvania Entity Transactions Law, when a division becomes effective (i) property of the dividing corporation that is allocated by the plan of division to the surviving corporation remains vested in the surviving corporation, and (ii) property of the dividing corporation that is allocated by the plan of division to the newly created Pennsylvania limited liability company vests in the newly created Pennsylvania limited liability company;

WHEREAS, pursuant to Section 368 of the Pennsylvania Entity Transactions Law, when a division becomes effective (i) liabilities of the dividing corporation that are allocated by the plan of division to the surviving corporation remain the responsibility of the surviving corporation, and (ii) liabilities of the dividing corporation that are allocated by the plan of division to the newly created Pennsylvania limited liability company become the responsibility of the newly created Pennsylvania limited liability company;

WHEREAS, EPC, as the dividing corporation, desires to divide into EPC, as the surviving corporation, and Diversified Southern Production LLC, a newly-created Pennsylvania limited liability company ("SouthCo"), in accordance with Subchapter F of the Pennsylvania Entity Transactions Law and this Plan of Division; and

WHEREAS, EPC desires that all membership interests of SouthCo will be distributed in the division solely to EPC.

NOW, THEREFORE, for purpose of effecting the division of EPC in accordance with Subchapter F of the Pennsylvania Entity Transactions Law and prescribing the terms and conditions thereof, EPC hereby adopts the following Plan of Division:

ARTICLE I The Division

- 1.1 <u>Division</u>. Effective upon the filing of this Plan of Division with the Department of State of the Commonwealth of Pennsylvania (the "Division Effective Time") pursuant to Section 366 of the Pennsylvania Entity Transactions Law, EPC (hereinafter sometimes referred to as the "Dividing Corporation") shall divide (the "Division") into (a) EPC (hereinafter sometimes referred to as the "Surviving Corporation"), which shall survive the Division, and (b) SouthCo (hereinafter sometimes referred to as the "New Company"), which shall be a new Pennsylvania limited liability company created by, and resulting from, the Division, subject to the terms and conditions of this Plan of Division.
- 1.2 <u>Prior Approval</u>. The Division has been approved in accordance with Subchapter F of the Pennsylvania Entity Transactions Law.

ARTICLE II Dividing Corporation

- 2.1 <u>Registered Office</u>. The Dividing Corporation is EPC, with its registered office at c/o CT Corporation System, Allegheny County.
- 2.2 <u>Incorporation</u>. EPC was duly incorporated as a Pennsylvania corporation on December 29, 2000.
- 2.3 No Section 364(a)(1) Actions in Plan of Division. In accordance with Section 364(a)(1) of the Pennsylvania Entity Transactions Law, this Plan of Division shall not alter the jurisdiction of incorporation of the Dividing Corporation, provide for special treatment, or amend in any respect the provisions of the articles of incorporation of the Dividing Corporation.

ARTICLE III Surviving Corporation

3.1 Articles and Bylaws. At the Division Effective Time, the articles of incorporation and bylaws of the Dividing Corporation, each as amended, restated or modified through the Division Effective Time, shall remain in full force and effect and shall not be amended, restated or modified as a result of the Division.

- 3.2 <u>Capitalization</u>. The authorized capital stock of EPC shall not be affected by the Division. At the Division Effective Time, the shares of EPC common stock, no par value, then outstanding shall continue to be registered on the books of the Surviving Corporation as they appear in the books and records of the Dividing Corporation.
- 3.3 <u>Board of Directors</u>. The directors serving on the board of directors of the Dividing Corporation shall be the directors of the Surviving Corporation until such time as their successors have been duly elected or appointed in accordance with the articles and bylaws of the Surviving Corporation.
- 3.4 Officers. The officers of the Dividing Corporation shall be the officers of the Surviving Corporation until such time as their successors have been duly elected or appointed in accordance with the articles and bylaws of the Surviving Corporation.

ARTICLE IV New Company

- 4.1 <u>Registered Office</u>. The New Company is a domestic limited liability company with its registered office at 625 Liberty Avenue, Suite 1700, Pittsburgh, PA 15222-3111, County of Allegheny.
- 4.2 <u>Certificate of Organization</u>. At the Division Effective Time, the certificate of organization of the New Company attached as <u>Annex A</u> to this Plan of Division (the "Certificate") shall be effective.
- 4.3 <u>Capitalization</u>. At the Division Effective Time, a 100% membership interest in SouthCo shall be distributed in the division to the Surviving Corporation. The membership interest issued to the Surviving Corporation pursuant to this Plan of Division shall constitute all of the issued and outstanding membership interests of SouthCo as of the Division Effective Time.
- 4.4 <u>Board of Managers</u>. Upon the Division Effective Time, the managers serving on the board of managers of the New Company shall be as set forth in the operating agreement of the New Company (the "LLC Agreement") and shall serve as managers of the New Company until such time as their successors have been duly elected or appointed in accordance with the Certificate or the LLC Agreement, as applicable.
- 4.5 Officers. Upon the Division Effective Time, the officers of the New Company shall be as set forth in the LLC Agreement, and shall serve as officers of the New Company until such time as their successors have been duly elected or appointed in accordance with the Certificate or the LLC Agreement, as applicable.

ARTICLE V Effect of Division

5.1 Allocation of Property. At the Division Effective Time, pursuant to Section 367 of the Pennsylvania Entity Transactions Law, (a) the property of the Dividing Corporation set forth on Schedule 1 to this Plan of Division shall be allocated to the New Company, and (b) the

property of the Dividing Corporation set forth on <u>Schedule 2</u> to this Plan of Division and any other property of the Dividing Corporation that is not allocated by this Plan of Division to the New Company shall remain vested in the Surviving Corporation.

- 5.2 Allocation of Liabilities. At the Division Effective Time, pursuant to Section 368 of the Pennsylvania Entity Transactions Law, (a) the liabilities of the Dividing Corporation set forth on Schedule 3 to this Plan of Division shall be allocated to, and become the responsibility of, the New Company, and (b) the liabilities of the Dividing Corporation set forth on Schedule 4 to this Plan of Division and any other liabilities of the Dividing Corporation that are not allocated by this Plan of Division to the New Company shall be allocated to, and remain responsibility of, the Surviving Corporation.
- 5.3 <u>Effect of Division</u>. The consummation of the Division shall have all of the effects set forth in Section 367 of the Pennsylvania Entity Transactions Law.
- 5.4 <u>Future Liabilities</u>. At and after the Division Effective Time, the Surviving Corporation and the New Company shall each thenceforth be responsible as separate and distinct entities only for the liabilities that each entity may undertake or incur in its own name.
- 5.5 Evidence of Allocation. Subject to Section 367(a) of the Pennsylvania Entity Transactions Law as to the effect of the Division, in furtherance of the allocation of property and liabilities in accordance with this Plan of Division, (i) each of the Surviving Corporation and the New Company shall execute and deliver such deeds, leases, financing statements, certificates of title and other instruments as and to the extent necessary to evidence the allocation and vesting of all of the Dividing Corporation's right, title and interest in and to such property and liabilities to the New Company or the Surviving Corporation, as applicable, pursuant to Section 367(f), (g) or (h) of the Pennsylvania Entity Transactions Law or as otherwise required by law, and (ii) each of the Surviving Corporation and New Company shall execute and deliver such instruments as and to the extent necessary to evidence the valid and effective allocation of the liabilities of the Dividing Corporation pursuant to this Plan of Division to the New Company or the Surviving Corporation, as applicable, pursuant to Section 367(f), (g) or (h) of the Pennsylvania Entity Transactions Law or as otherwise required by law.

ARTICLE VI General Provisions

- Authority. Each of the officers of EPC are hereby empowered and directed in the name and on behalf of EPC, to take all such actions, to cause to be prepared and filed all such other documents, to make all expenditures and to execute all instruments deemed by them to be necessary or desirable for the purpose of effecting the Division in accordance with this Plan of Division.
- 6.2 Governing Law. This Plan of Division shall be governed by and construed under the laws of the Commonwealth of Pennsylvania.
- 6.3 <u>Separation Agreement</u>. All capitalized terms used but not defined in this Plan of Division or in any Schedule to this Plan of Division shall have the respective meanings ascribed

to such terms in that certain Separation Agreement, dated as of July 13, 2018 (the "Separation Agreement"), by and between the Dividing Corporation and SouthCo.

- 6.4 Amendment or Abandonment. This Plan of Division, including the Annexes and Schedules hereto, may be amended or abandoned at any time on or before the Division Effective Time by action of the EPC Board or any duly authorized committee thereof.
- 6.5 Savings. Section 2.5 of the Separation Agreement is incorporated by reference herein, mutatis mutandis.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the undersigned dividing association has caused this Plan of Division to be signed by a duly authorized officer as of the Execution Date.

EPC:

EQT PRODUCTION COMPANY

Name: Steven H. Prelipp

Title: Senior Vice President

BRADCO OIL COMPANY

P. O. BOX 221

PRESTONSBURG, KY 41653

Phone (606) 886-2303 Fax (606) 886-0928

Invoice Date

March 20th, 2020

Bill To:

Johnson County Gas Company

P.O. Box 447

| DATES | MCF | Rate/MCF | TOTAL |
|-----------------------|-----|----------|------------|
| 1/31/2020 3/2/2020 | 504 | \$6.00 | \$3,024.00 |
| TOTAL | | | \$3,024.00 |