

Chair Laughlin and members of the Committee,

My name is Daniel Frick, I am a Director in the Environmental, Health, Safety and Regulatory Department for Diversified Energy. I am also here on behalf of our fully owned subsidiary Next LVL Energy. And am filling in for our Senior Vice President, Paul Espenan, who is unfortunately stuck in Louisiana due to severe weather, and was unable to make it in person today, but will be available to answer any questions by phone, when we get to the question and answer portion of the hearing.

Diversified is a leading U.S. energy company focused on both conventional and unconventional natural gas and liquids production, marketing, transport and well retirement. Our company is a key natural gas producer in the Appalachian Basin, and we continue to grow through acquisition in key energy producing regions across the U.S. We also operate a full-scale well retirement business, Next LVL Energy, supporting our own retirement goals as well as the needs of other Appalachia operators and partnering with states' on their orphan well closure programs.

Our solutions-driven business strategy and life-cycle stewardship sustainability model are centered around the "Acquire, Optimize, Transport, Retire" cycle in which we acquire existing, long-life producing wells and efficiently manage them to improve environmental and operational performance until retiring in a safe and environmentally secure manner. Importantly, we have taken a Modern Field Management philosophy which leverages technology investments, including investments in emissions technology, and allows us to have real-time data and analytics to understand profitability, productivity and cost structure with a view of how to best optimize our asset base for the long term. Diversified is an integral part of the energy transition solution, serving as a proven consolidator and committed life-cycle owner of existing U.S. assets and infrastructure.

Our production and midstream assets span nine U.S. states in the Appalachian Basin and Central Region, and we serve a wide variety of markets and customers including energy marketers, other producers, gathering and processing facilities, local municipalities and utilities, commercial and industrial end users, and direct retail customers.

In Pennsylvania alone, we have a direct and indirect jobs impact of roughly 550 employees, creating ~\$5M in State and Local Tax Revenues and paying ~\$18M in royalty payments last year. Pennsylvania's an important state to our business, as we made ~\$57M in operating and capital investments last year.

For Diversified, sustainability, innovation, and performance are core to our business strategy from upstream production through well retirement. In my role leading environmental, health and safety for the company, I've had the privilege of speaking on

behalf of Diversified Energy at various conferences and meetings, sharing our best practices in deploying technologies, techniques, and procedures to reduce emissions and improve environmental performance. We are making a difference by bringing clean, affordable, reliable, low carbon intensity natural gas to our customers and teaching our best practices to other operators throughout the world.

Responsible Well Retirement

CAPABILITIES

Responsibly retiring end-of-life assets is an integral part of our environmental strategy and just one more way that Diversified is providing solutions for the states in our footprint and the energy industry at large. Under the direction of wholly owned Next LVL Energy, our asset retirement teams offer full-service operations to complete any portion of the well retirement process, from plugging to fully restoring a site to its natural condition. Broadly expanded in 2022 and headquartered in West Virginia, Next LVL Energy is centrally located to serve our operations across Appalachia and supported by multiple field offices throughout the region.

Though we did not drill any of the wells that we are retiring, we are now one of the most active well retirement companies in Appalachia, answering the call across the industry to actively retire end of life or orphaned wells. Our retirement operations also allow us to responsibly manage our own annual retirement needs as well as serve other industry participants and states to responsibly retire and plug wells on their behalf. This undertaking demonstrates Diversified's commitment to creating value through sustainable activities and to identifying more opportunities where we can continue to do so. We are proud to be part of the solution to the broader challenge of aging energy infrastructure and to do our part in supporting our country's energy, climate, and economic security.

RETIREMENT PRACTICES

2023 marked the first full year of Diversified's ownership of our expanded Next LVL Energy operation, with our focus that year on unification of plugging company acquisitions into a single integrated culture. We have scaled up our capabilities – including operating 20 total pole and derrick rigs, or two more than last year, and employing nearly 120 professionals – realizing our strategic vision for our responsible asset retirement capabilities that's able to expand further.

To drive efficiency through improved logistics, we established a program that develops workflows whereby the movement of our teams and equipment is strategically

streamlined. Minimizing the movement of vehicles and equipment in turn directly reduces the plausibility of safety incidents while simultaneously reducing our vehicle emissions and optimizing rig utilization. Our retirement work is performed in accordance with applicable state regulations and the associated permits within the respective states and includes monitoring for leaks both immediately before and after plugging the well.

2023 ACCOMPLISHMENTS

- The Company retired 201 Diversified wells in Appalachia in 2023, exceeding its stated objective for the year.
- The Company also retired 21 Diversified owned wells in our Central Region states, bringing total retired company wells to 222 in 2023.
- During the year, the Next LVL Energy team directly retired or managed the retirement of 182 third-party wells, including 148 state and federal orphan wells and 34 wells for other operators.

Importantly, the third-party retirements Next LVL Energy completed in 2023 largely offset the cost of the Company's internal well retirement program. For the year, Diversified was responsible for the retirement of 404 total wells.

In 2023 we performed significant work in retirement of orphan wells in Ohio and West Virginia, retiring a total of 41 orphaned wells for ODNR/Federal (4 Federal and 37 ODNR state) and 100 wells for WVDEP Federal orphan Program last year. These programs have been conducted efficiently and successfully. We have done very little orphan well work in Pennsylvania predominantly because the Commonwealth's structure for performing this work is overly complex, restrictive in cost, and places a disproportionate share of risk on the retirement contractor. The main driver of risk is the inflexibility of the Commonwealth to evaluate the attainable bottom in the plugging process in a consistent and equitable manner. By way of example PADEP recently sent a notice about information sessions for the Orphan Well Grant program where the Commonwealth specified maximum well plugging costs without consideration of the condition of a wellbore or the field inspector's determination of attainable bottom. Continuing, there is no consideration for the time and cost necessary to reach the attainable bottom as well, which is the issue that makes it a challenge to bid on work in Pennsylvania. This structure prohibits well-informed and qualified well retirement companies from bidding.

We continue to evaluate how we can participate in retirement of orphan wells oil and gas wells in Pennsylvania, as we are actively doing in neighboring states. If the current

approach in Pennsylvania continues, we are not likely to participate due to unacceptable risk.

I want to thank Chairman Laughlin, Members of the Committee, and their staff, for the opportunity to share the Diversified and NextLVL story with you all today and I would be happy to answer any questions.