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The “Mountain State Plugging Fund” is a groundbreaking partnership that provides financial assurance for oil and gas well retirement at no cost to taxpayers

CHARLESTON, West Virginia and BIRMINGHAM, Alabama, Oct. 16, 2025 (GLOBE NEWSWIRE) -- Governor Patrick Morrisey, in partnership with Diversified Energy (NYSE & LSE: DEC), today announced a groundbreaking agreement to establish the nation’s first financial assurance fund dedicated to retiring oil and gas wells. This public-private collaboration solidifies the Company’s commitment to fiscal responsibility and financial means for future well retirement and provides the public with assurances that West Virginia companies will be good stewards of the environment. Known as the **Mountain State Plugging Fund**, this innovative initiative further ensures that Diversified’s oil and natural gas wells in West Virginia will be safely retired at no cost to taxpayers, setting a new responsible stewardship standard for aging energy infrastructure across the United States.

This landmark fund represents a \$70 million commitment over 20 years from Diversified Energy to the State of West Virginia and ensures long-term environmental stewardship and economic sustainability. The fund is part of West Virginia’s proactive approach to energy policy, while also providing a continued focus on environmental safety for its residents, positioning the Mountain State as a national leader in innovative energy solutions.

In conjunction with this agreement, Diversified will bolster its investment in its wholly owned subsidiary, Next LVL Energy, to grow its already leading well retirement capacity within the Appalachian Basin, creating jobs and meaningful economic impact in the region.

“I’m proud to announce this transformative partnership with Diversified Energy, a company started right here in West Virginia,” said **Governor Morrisey**. “The Mountain State Plugging Fund is a bold step forward — delivering high-paying jobs as well as environmental and economic benefits for our communities while showcasing West Virginia’s leadership in energy innovation. This initiative sends a clear message: West Virginia can both be a leader in energy dominance and in environmental solutions.”

“Diversified is proud to deepen our commitment to and investment in West Virginia through this historic partnership,” said **Diversified Energy CEO Rusty Hutson, Jr.** “Governor Morrisey’s leadership has been instrumental in creating energy solutions that protect our environment while strengthening our economy. This fund sets a new standard of financial assurance for the industry and reflects our shared vision for responsible energy development in West Virginia.”

West Virginia becomes the first state government to partner with an energy company to meaningfully and proactively eliminate future funding concerns for non-producing wells.

Key details of the agreement include:

- \$70 million investment from Diversified across the initial 20-year period, which is expected to grow over time to \$650 million of financial protection to West Virginia.
- **The Mountain State Plugging Fund's** \$70 million principal contributed by Diversified will be guaranteed by OneNexus, an insurance provider of financial assurance for asset retirement obligations. The fund is held by OneNexus for Diversified's well retirement obligations in West Virginia, with the state designated as a third-party beneficiary, ensuring all Diversified wells in the state are safely plugged and retired.
- Diversified agrees to retire at least 1,500 wells in the first 20 years as the Mountain State Plugging Fund is established, increasing to a goal of 250 wells annually.
- Other oil and gas operators may establish similar funds to address the plugging of other non-producing or existing orphan wells.

The fund aligns West Virginia's commitment to sustainable economic development and energy superiority with Diversified's role as a leading operator and steward of mature producing assets. The new agreement also builds on current consent agreements with Diversified Energy.

Next LVL Energy, a subsidiary of Diversified Energy that is headquartered in Bridgeport, W.Va., will lead asset retirement operations for the Diversified wells under the fund. With a fleet of more than 20 rigs — with plans to materially expand over the next 12 months — Next LVL Energy is uniquely positioned to deliver high-quality, cost-effective plugging services. By the end of 2025, Next LVL will have plugged 1,335 wells in the Appalachian Basin, more than any other operator in the region, including an anticipated 360 wells in 2025 alone, while also performing leak detection, soil remediation, and habitat restoration.

OneNexus provides enhanced financial assurance for the energy sector that enables operators to prefund their plugging and abandonment (P&A) expenses. Through its innovative coverage, OneNexus funds are permanent, secure, and guaranteed. OneNexus has partnered with Munich Re, a AA-rated global insurance company, to ensure that funds will be available when needed.

As the world's largest privately held insurance broker, Lockton partners with OneNexus to connect energy operators with well-retirement and decommissioning solutions.

Together, West Virginia and Diversified Energy are setting a model for how energy-producing states can safeguard the environment while ensuring long-term economic growth.

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About Diversified

Diversified is a leading publicly traded energy company focused on natural gas and liquids production, transport, marketing, and well retirement. Through our unique differentiated strategy, we acquire existing, long-life assets and invest in them to improve environmental and operational performance until retiring those assets in a safe and environmentally secure manner. Recognized by ratings agencies and organizations for our sustainability leadership, this solutions-oriented, stewardship approach makes Diversified the Right Company at the Right Time to responsibly produce energy, deliver reliable free cash flow, and generate shareholder value.

Source: Diversified Energy PLC