

#### west virginia department of environmental protection

Office of Oil and Gas 601 57th Street SE Charleston, WV 25304 (304) 926-0450 (304) 926-0452 fax Earl Ray Tomblin, Governor Randy C. Huffman, Cabinet Secretary www.dep.wv.gov

July 10, 2013

#### WELL WORK PERMIT

#### **Vertical Well**

This permit, API Well Number: 47-1706309, issued to DIVERSIFIED RESOURCES, INC., is evidence of permission granted to perform the specified well work at the location described on the attached pages and located on the attached plat, subject to the provisions of Chapter 22 of the West Virginia Code of 1931, as amended, and all rules and regulations promulgated thereunder, and to all conditions and provisions outlined in the pages attached hereto. Notification shall be given by the operator to the Oil and Gas Inspector at least 24 hours prior to the construction of roads, locations, and/or pits for any permitted work. In addition, the well operator shall notify the same inspector 24 hours before any actual well work is commenced and prior to running and cementing casing. Spills or emergency discharges must be promptly reported by the operator to 1-800-642-3074 and to the Oil and Gas inspector.

Please be advised that form WR-35, Well Operators Report of Well Work is to be submitted to this office within 90 days completion of permitted well work, as should form WR-34 Discharge Monitoring Report within 30 days of discharge of pits, if applicable. Failure to abide by all statutory and regulatory provisions governing all duties and operations hereunder may result in suspension or revocation of this permit and, in addition, may result in civil and/or criminal penalties being imposed upon the operators.

In addition to the applicable requirements of this permit, and the statutes and rules governing oil and gas activity in WV, this permit may contain specific conditions which must be followed. Permit conditions are attached to this cover letter.

Per 35CSR-4-5.2.g this permit will expire in two (2) years from the issue date unless permitted well work is commenced. If there are any questions, please feel free to contact me at (304) 926-0499 ext. 1654.

James Martin

Chief

Operator's Well No: D-184

Farm Name: FLUHARTY, MICHAEL D., ET. AI

API Well Number: 47-1706309

**Permit Type: Vertical Well** Date Issued: 07/10/2013

#### **PERMIT CONDITIONS**

West Virginia Code § 22-6-11 allows the Office of Oil and Gas to place specific conditions upon this permit. Permit conditions have the same effect as law. <u>Failure to adhere to the specified permit conditions may result in enforcement action.</u>

#### **CONDITIONS**

- 1. If the operator encounters an unanticipated void, or an anticipated void at an unanticipated depth, the operator shall notify the inspector within 24 hours. Modifications to the casing program may be necessary to comply with W. Va. Code § 22-6-20, which requires drilling to a minimum depth of thirty feet below the bottom of the void, and installing a minimum of twenty (20) feet of casing. Under no circumstance should the operator drill more than fifty (50) feet below the bottom of the void or install less than twenty (20) feet of casing below the bottom of the void.
- 2. Pursuant to 35 CSR § 4-19.1.a, at the request of the surface owner all water wells or springs within 1000 feet of the proposed well that are actually utilized for human consumption, domestic animals or other general use shall be sampled and analyzed.
- 3. Pursuant to 35 CSR § 4-19.1.c, if the operator is unable to sample and analyze any water well or spring within one thousand (1,000) feet of the permitted well location, the Office of Oil and Gas requires the operator to sample, at a minimum, one water well or spring located between one thousand (1,000) feet and two thousand (2,000) feet of the permitted well location.
- 4. All pits must be lined with a minimum 20 mil thickness synthetic liner.

1706309

WW - 2B (Rev. 8/10)

# STATE OF WEST VIRGINIA DEPARTMENT OF ENVIRONMENTAL PROTECTION, OFFICE OF OIL AND GAS WELL WORK PERMIT APPLICATION 06 5 1

1) Well Operate	or: Dive	rsified Re	sources Inc	305996	Doddridge	New Milton	New Milton
,				Operator ID		District	Quadrangle
2) Operator's V	Vell Num	ber: <u>D-18</u> 4	4		3) Elevation:		
4) Well Type: (a	a) Oil×	or Ga	as ×				
			uction × / Und	eraround Sta	rage		
	,		p/ SI	70			
<ol><li>Approximate</li></ol>	fresh wa	mation(s) n: <sup>3700'</sup> ater strata	Balltown   Feet   Fa depths: 110'   Feet   Fa depths: 1250'   Feet   F	ormation at I	Proposed Tar Proposed Tota		680' own
9) Approximate	coal sea	am depth	s: 105'				
10) Approximat	e void de	epths.(co	al, Karst, other):	n/a			DC,
					0		
11) Does land contain coal seams tributary to active mine? no							
			nd fracturing metho	ods in detail (a	ttach additiona	I sheets if nee	eded)
Drill and stimulate	new produ	ction					
13)		C.A	SING AND TUB	ING PROGR	AM		
	PECIFIC			FOOTAGE	INTERVALS	CEMEN	<u>VT</u>
	<u>Size</u>	Grade	Weight per ft	For Drilling	Left in Well	Fill -up (Cu.	Ft.)
Conductor							
Fresh Water	95/8	ERW	26#	145'	145'	CTS	;
Coal							
Intermediate	7	ERW	20#	1280'	1280'	CTS	
Production	41/2	ERW	9.5#	3680'	3680'	225sk	S.
Tubing							
Liners			and a	acoin	!		
Packers: Kind	•			POCIVE	d		
Size			J	JN 2 6 2012			
Dept	ths Set			2013			

<b>WW-2A</b> (Rev. 6-07)			1). Date:				<u>-</u> ;
(1.01. 0 07)			2.) Opera	tor's Well	Number State	D-184 County	Permit
			3.) API W	/ell No.:	47-	17	- 06309
DEP	ARTMENT OF EN	NVIRONMENT	OF WEST VIRG FAL PROTECTION TION FOR A WI	ON, OFF			GAS Check#
(a) Name	vner(s) to be served	i:	5) (a) Coal Oper Name	ator			
Address	-		Address	-			
(b) Name Address			(b) Coal Ow Name _ Address	ner(s) with	n Declara	tion	
(c) Name Address			Name Address				
6) Inspector	Sam Ward		(c) Coal Les	see with [	Declaratio	n	
Address	PO Box 2327 Buckhannon, WV 26201		Name Address				
Telephone	304-389-7583		Address				100
OR × Included is t	TO THE the lease or leases or the information require that as required und	other continuing	2, Article 6, Section	ts by which	I hold the Code of W	right to extra	(see page 2)
	cation plat, and accon Personal Servi	npanying docum ce (Affidavit atta	ents pages 1 throug	jh on tl			
_	Publication (No	otice of Publication	on attached)				
issued under this I certify this application to obtaining the info	ead and understand C is application. under penalty of law form and all attachmormation, I believe that are that there are sig	that I have persents, and that batter the information	conally examined ar ased on my inquiry n is true, accurate ar	nd am fami of those in	iliar with th ndividuals i e.	ne informatio immediately	n submitted on responsible for
imprisonment.		253) 2017	A AC	11	orr, moraum	ig the possis	mity or fine and
		Well Operator By: Its: Address	President  100 Corporate Ridge, Suit	te 100			
			Birmingham, AL 35242				
Subscribed and	sworn before me this	Telephone day of	205-408-0909 	Î	, 20	013	
$\bigcirc$	Pari D Cardin		1 3/1 0000	)	ary Public	10	

The Office of Oil and Gas processes your personal information, such as name, address and phone number, as a part of our regulatory duties. Your personal information may be disclosed to other State agencies or third parties in the normal course of business or as needed to comply with statutory or regulatory requirements, including Freedom of Information Act requests. Our office will appropriately secure your personal information. If you have any questions about our use of your personal information, please contact DEP's Chief Privacy Officer at <a href="mailto:depprivacyofficer@wv.gov">depprivacyofficer@wv.gov</a>

My Commission Expires
Oil and Gas Privacy Notice

nr# 1421

WW-2A / 3A Surface Waiver

SURFACE OWNER WAIVER

County

DRUPLE

Operator Operator well number Resources Inc.

#### INSTRUCTIONS TO SURFACE OWNERS NAMED ON PAGE WW2-A / 3A

The well operator named on page WW-2A / 3A is applying for a permit from the State to do oil or gas well work. (Note: If the surface tract is owned by more than three persons, then these materials were served on you because your name appeared on the Sheriff's tax ticket on the land or because you actually occupy the surface tract. In either case, you may be the only owner who will actually receive these materials.) See Chapter 22 of the West Virginia Code. Well work permits are valid for 24 months. If you do not own any interest in the surface tract, please forward these materials to the true owner immediately if you know who it is. Also, please notify the well operator and the Office of Oil and Gas.

NOTE: YOU ARE NOT REQUIRED TO FILE ANY COMMENT. WHERE TO FILE COMMENTS AND OBTAIN ADDITIONAL INFORMATION:

Chief. Office of Oil and Gas Department of Environmental Protection 601 57th St. SE Charleston, WV 25304

(304) 926-0450 Time Limits and methods for filing comments. The law requires these materials to be served on or before the date the operator files his Application. You have FIFTEEN (15) DAYS after the filing date to file your comments. Comments must be filed in person or received in the mail by the Chief's office by the time stated above. You may call the Chief's office to be sure of the date. Check with your postmaster to ensure adequate delivery time or to arrange special expedited handling. If you have been contacted by the well operator and you have signed a "voluntary statement of no objection" to the planned work described in these materials, then the permit may be issued at any time.

Comments must be in writing. Your comments must include your name, address and telephone number, the well operator's name and well number and the approximate location of the proposed well site including district and county from the application. You may add other documents, such as sketches, maps or photographs to support your comments.

The Chief has the power to deny or condition a well work permit based on comments on the following grounds:

- 1) The proposed well work will constitute a hazard to the safety of persons.
- 2) The soil erosion and seciment control plan is not adequate or effective;
- Damage would occur to publicly owned lands or resources;
  The proposed well work fails to protect fresh water sources or supplies;
- 5) The applicant has committed a substantial violation of a previous permit or a substantial violation of one or more of the rules promulgated under Chapter 22, and has failed to abate or seek review of the violation...".

If you want a copy of the permit as it is issued or a copy of the order denying the permit, you should request a copy from the Chief.

List of Water Testing Laboratories. The Office maintains a list of water testing laboratories which you can hire to test your water to establish water quality prior to and after drilling. Contact the Chief to obtain a copy.

VOLUNTARY STATEMENT OF NO OBJECTION

I hereby state that I have read the instructions to surface owners and that I have received copies of a Notice and Application for a Well Work Permit on Form WW2-A / 3A, and attachments consisting of pages 1 through \_\_\_\_ including a work order on Form WW-2B / 3A, a survey plat, and a soil and erosion plan, all for proposed well work on my surface land as described therein.

I further state that I have no objection to the planned work described in these materials, and I have no objection to a permit being issued on those materials.

FOR EXECUTION BY A NATURAL PERSON	FOR EXECUTION BY A CORPORATION, ETC.			
Signature Date	6/13/13	Company Name By		
Michael Hillard		its		Date
printer (commit				Rocciveo
Print Name /			Signature	Date

JUN 2 6 2013

WW.	-2A	1
(Rev.	1/1	1)

0	perator	's	Well	Number	D-184

#### INFORMATION SUPPLIED UNDER WEST VIRGINIA CODE Chapter 22, Article 6, Section 8(d) IN LIEU OF FILING LEASE(S) AND OTHER CONTINUING CONTRACT(S)

Under the oath required to make the verification on page 1 of this Notice and Application, I depose and say that I am the person who signed the Notice and Application for the Applicant, and that -

- (1) the tract of land is the same tract described in this Application, partly or wholly depicted in the accompanying plat, and described in the Construction and Reclamation Plan;
- (2) the parties and recordation data (if recorded) for lease(s) or other continuing contract(s) by which the Applicant claims the right to extract, produce or market the oil or gas are as follows:

Grantor, Lessor, etc.	Grantee, Lessee, etc.	Royalty	Book/Page
Grover Johnson	George Buff	12.5%	70/466
Helen Buff	Ila Powell	12.5%	Unrecorded
Ila Powell	P&M Oil	12.5%	162/695-A
P&M Oil	R&K Oil and Gas Inc.	12.5	190/371
R&K Oil and Gas Inc.	Diversified Resources, Inc.	12.5%	Unrecorded Farmout

#### Acknowledgement of Possible Permitting/Approval In Addition to the Office of Oil and Gas

The permit applicant for the proposed well work addressed in this application he reby a cknowledges the possibility of the need for permits and/or approvals from local, state, or federal entities in addition to the DEP, Office of Oil and Gas, including but not limited to the following:

- WV Division of Water and Waste Management
- WV Division of Natural Resources
- WV Division of Highways
- U.S. Army Corps of Engineers
- U.S. Fish and Wildlife Service
- County Floodplain Coordinator

The applicant further acknowledges that any Office of Oil and Gas permit in no way overrides, replaces, or nullifies the need for other permits/approvals that may be necessary and further affirms that all needed permits/approvals should be ac quired from the appr opriate aut hority before the affected activity is initiated.

Well Operator:

By: Its:

Diversified Resource President

#### **FARMOUT AGREEMENT**

THIS AGREEMENT made this 15<sup>th</sup> Day of May, 2013 by and between R&K Oil and Gas Inc., hereinafter referred to as "R&K", a West Virginia Corporation, and Diversified Resources, Inc, a West Virginia Corporation, hereinafter referred to as "Operator".

#### WITNESSETH:

WHEREAS, R&K owns certain oil and gas leasehold estates covering and embracing certain lands in Doddridge County, and shown in exhibit A

WHEREAS, Operator desires to acquire the right to drill a well(s) on a certain tract of land covered and embraced by a lease owned by R&K and thereby acquire title to oil and gas produced from a well, subject to the terms and conditions contained herein.

NOW, THEREFORE, in consideration of the premises and of the mutual covenants and agreements herein set forth to be kept and performed, it is hereby agreed by and between the parties hereto as follows:

#### 1. RIGHTS GRANTED:

R&K hereby grants to Operator, without warranty of title, the limited right to drill a well to a depth sufficient to test the Alexander formation and all formations above the Alexander, together with the right to produce and market the oil and gas therefrom, and such concurrent surface rights of ingress and egress and servitude that are contained in the lease, covering and embracing said land necessary to the drilling, operations, and maintenance of said well, subject to the terms of said lease and my other existing agreements of encumbrances on the land thereunder, and further subject to the covenants, terms and conditions herein contained.

#### 2. LOCATION FEE:

Upon execution of this Farmout Agreement, Operator shall pay to R&K a location fee of five hundred dollars (\$500.00).

#### 3. ROYALTIES AND OVERRIDING ROYALTIES:

Operator shall pay a royalty and/or overriding royalty for all gas or oil produced, saved and marketed from the lease subject to the original lease Agreement.

#### 4. OTHER CONDITIONS:

In its operations hereunder, Operator shall be acting independently of R&K Oil and Gas Inc. and not as its partner, agent, employee, or joint venturer.

Received

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#### 5. ENTIRE AGREEMENT:

The terms of this Agreement constitute the entire contract of the parties and there are no agreements, undertakings, obligations, promises, assurances, or conditions, whether precedent or otherwise, except those specifically set forth.

IN TESTIMONY WHEREOF, the parties hereto have executed this agreement in multiple originals as of the day and year first above written.

SEAL:

R&K Gi and Cas Inc

By:

Robert R. Hutson Jr., President

SEAL:

Diversified Resources, Inc.

By:

State of County of Jefferson, To-Wit

The foregoing instrument was acknowledged before me this That day of Louis, 2013, by Robert R. Hutson Jr., President, R&K Oil and Gas Inc.

**Notary Public** 

My commission expires: 3 31 15

State of Waahla

County of JOHUSON To-Wit:

The foregoing instrument was acknowledged before me this \_\_\_\_\_\_day of \_\_\_\_\_\_\_, 2013, by Robert Post, President, Marshall Gas and Oil Corporation.

Notary Public

My commission expires: 3/3/1/

Document Prepared by:

Robert R. Hutson Jr. President, R&K Oil and Gas Inc.

Received

#### "EXHIBIT A"

#### **Leases/Wells:**

- 1) Robinson D-178
- 2) Robinson D-180
- 3) Robinson D-181
- 4) Robinson D-179
- 5) Johnson D-182
- 6) Johnson D-183
- 7) Johnson D-184√

Received

JUN 2 6 2013

Office of Oil and Gas
WV Dept. of Environmental Protection

#### LAND SURVEYING SERVICES

Stephen D. Losh, PS J. Michael Evans, PS 21 Cedar Lane Bridgeport, WV 26330 Phone & Fax (304) 842-2018 or 842-5762 sdlosh@frontier.com

June 20, 2012

Diversified Resources, Inc. P. O. Box 381087 Birmingham, AL 35238-1087

#### WATER WELL REPORT

Project: D-184

District: New Milton County: Doddridge

State: WV

The following people may have water supplies within 1,000 feet of the above location:

None

Received

JUN 2 6 2013

Office of Oil and Gas
WV Dept. of Environmental Protection

W	V-	-2	Βſ
(5-	1	2)	)

Well No	D-184	

#### West Virginia Department of Environmental Protection Office of Oil and Gas

#### NOTICE TO SURFACE OWNERS

The well operator named below is preparing to file for a permit from the state to drill a new Before a well work permit can be filed with the Chief of the Office of Oil and Gas, the well operator is required to have given notice of the right to request water well or spring analytical testing. This notice shall be given to the owners or occupants of land which have a water well or spring being utilized for human consumption, domestic animals, or other general use and which is located within 1000 feet of the proposed well site.

With this form, the operator is giving you notice of your right to request analytical testing. The operator is required to sample and analyze the water wells or springs of all owners or occupants who request it. Therefore, if you wish to have your water well or spring tested, contact the operator named below

All sampling shall be completed prior to drilling. Within thirty (30) days of the receipt of such sample analyses the operator shall submit the results to the Chief of the Office of Oil and Gas and to the owners or occupants who may have requested them.

Be advised, you have the right to sample and analyze any water supply at your own expense.

Listed below is the laboratory chosen by operator to perform analysis, and contactor chosen to collect sample.

Certified Laboratory Name Sampling Contractor		Sturm Environmental		
		Diversified Employee		
Well Operator	Diversified Res	ources, Inc.		
Address	100 Corporate	ate Ridge, Suite 100		
	Birmingham, Al	. 35242		
Telephone	205-408-0909			

FOR OPERATOR'S USE ONLY: Below, or on an attached page, list those persons which were given this notice. Place an asterisk beside the one(s) that contacted you and requested sampling and analyses. If there were no requests made, indicate by underling which one you have selected to sample and analyze. If there are no water wells or springs within 1000 feet of the proposed site, the Chief may require the operator to test wells up to 2000 feet from the proposed site.



FORM WW-9 Rev. 10/94

#### STATE OF WEST VIRGINIA

## DIVISION OF ENVIRONMENTAL PROTECTION, OFFICE OF OIL AND GAS CONSTRUCTION AND RECLAMATION PLAN AND SITE REGISTRATION APPLICATION FORM GENERAL PERMIT FOR OIL AND GAS PIT WASTE DISCHARGE

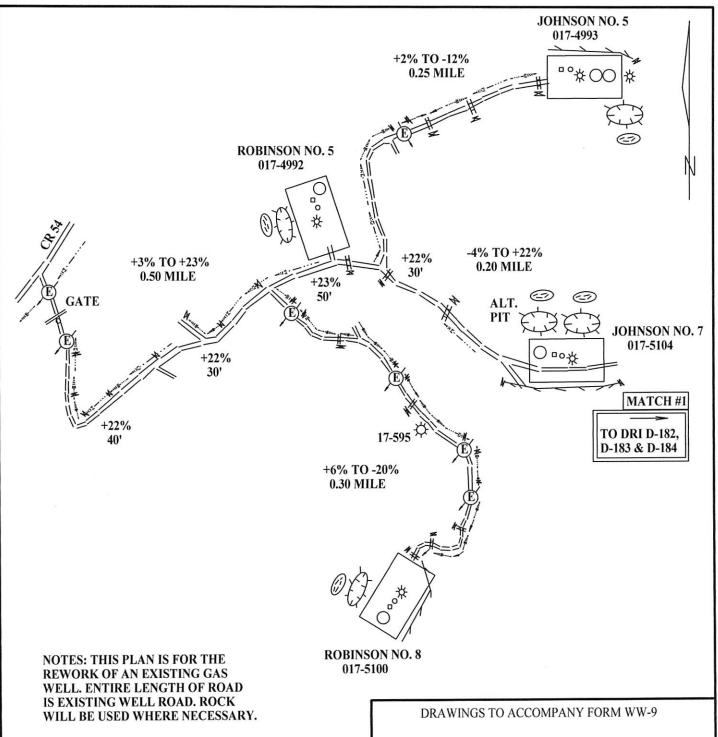
Page	of
API NUMBER 47-	017
Operator's Well No.	D-184

Operator N	ameDI	VERSIFIED RESOUR	CES, INC.		OP Code	
Watershed	WOI	LFPEN RUN		_ Quadrangle	NEW MI	LTON
Elevation	1169.54'	County	DODDRIDGE	District	NEW MILTO	ON
Descriptio	n of anticipated Pit Waste	e:FLU	JIDS ASSOCIATED	WITH THE DRIL	LING OF NEW OIL & O	GAS WELLS
Will a syn	thetic line be used in the	pit?	YES 20 mi	1		7-
Proposed	Disposal Method For Tre	eated Pit Wastes:				DCN-2013
	X	Land Application				6
-		Underground Injection (	UIC Permit Number	-		,
_	t- "	Reuse (at API Number				)
_		. Off Site Disposal (Supp	ly for WW-9 for disposa	l location)		
_		_ Other (Explain)		_	A STATE OF THE STA	
	Work For Which Pit Wil	Drilling Workover	-	Swab		
Company (	issued on June 14, understand that the permit and/or other I certify this application for	1994, by the Office of Oil a provisions of the permit ar applicable law or regulation under penalty of law that I	and Gas of the West Virg e enforceable by law. Vi on can lead to enforceme have personally examine eto and that, based on my ne information is true, ac-	cinia Division of Envirolations of any term of any term of any term of action.  The dand am familiar with a single of those indicurate, and complete. The service of the or implements of the or imple	th the information submitted ividuals immediately responsion among that there are	on
	and sworn before me the	28th 10. Cardwr 1001 4, 2015	day of Far	oruany	, 20 13 Notory Public	
iviy comin	ission expires	The state of the s	JIIN 2.6 aast			

JUN 2 6 2013

#### LEGEND

Property Boundary				Diversion	Office //////Depy/sve	e of Oll and Gas
Road	====			Spring	$\longrightarrow$	
Existing Fence	-*-	-*** <b>-</b>		Wet Spot	$\heartsuit$	
Planned Fence				Drain Pipe wi	ith size in inches	<u> </u>
Stream	\7		•	Waterway	<b>€&gt;€&gt;€</b>	<b>→{</b> →
Open Ditch		····>		Cross Drain	200000	
Rock	88			Artificial Fil	ter Strip	XXX
North	North			Pit: cut walls		<b>&gt;</b>
Water wells	w			Pit: compact	ed fill walls	
Drill Site	$\bigoplus$			Area for Lan	nd Application of Pit W	Vaste ( )
Proposed Revegetation	on Treatment:	Acres Disturbed	1.75	Prevegetation pH	6,5	
. ropozos ra vogomini	Lime		1	Tons/acre or correct to pH	7.0	<del></del>
		10-20-20 or equivalent)	500	lbs/acre (500	) lbs minimum)	
i	Mulch	HAY OR STRAW		2 Tons/acre		
			Seed Mixture	es		
	Area i				Area II	
Seed Type		lbs/acre		Seed Type		lbs/acre
ORCHARDO		25		ORCHARDGRAS	SS	25
BIRDSFOOT		15		BIRDSFOOT TREE		15
LADINO CI		10		LADINO CLOVI	ER	10
Attach:					•	
Drawing(s) of road, location, pit and proposed area for land application.						
Photocopied section of involved 7.5' topographic sheet.						
	•	<u> </u>	17	1		
Plan Approved by:	<del></del>	Dougla	a ] [zwe	+	^ -	74;7
Title:		= Oil o I)	as wastl	for	Date:	- 2613



BE ALERT FOR BURIED AND EXPOSED PIPELINES.

ALL GRADES OVER 20% ARE SHOWN.

## Received

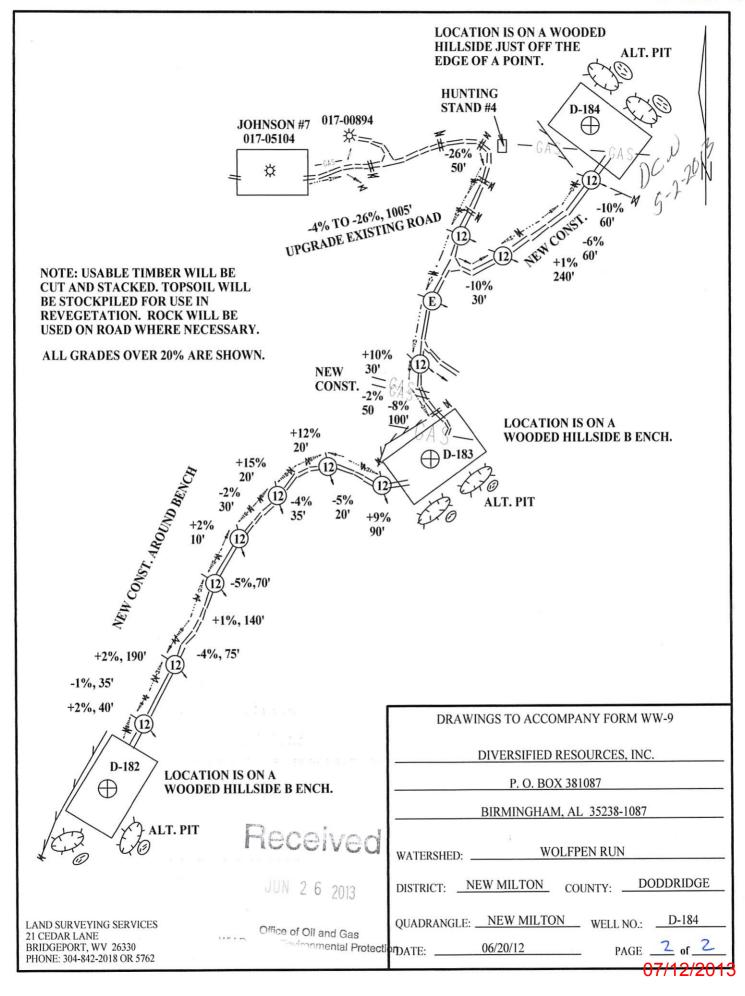
JUN 2 6 2013

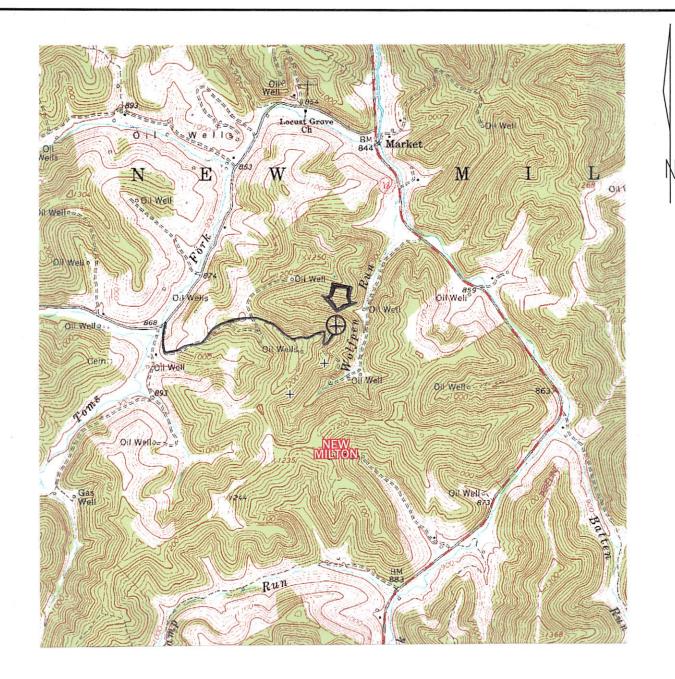
LAND SURVEYING SERVICES 21 CEDAR LANE BRIDGEPORT, WV 26330 PHONE: 304-842-2018 OR 5762

Office of Oil and Gas
WV Dept. of Environmental Protection

DRAWINGS TO ACCOMPANY FORM WW-9			
MARSHALL OIL & GAS CORP.			
P. O. BOX 381087			
BIRMINGHAM, AL 35238-1087			
WATERSHED: WOLFPEN RUN			
DISTRICT: NEW MILTON COUNTY: DODDRIDGE			
QUADRANGLE: NEW MILTON WELL NO.: JOHNSON NO. 7			
DATE: 11/07/11 PAGE 1 of 2			

07/19/9019





DC N 2013

## Received

JUN 2 6 2013

LAND SURVEYING SERVICES 21 CEDAR LANE BRIDGEPORT, WV 26330 PHONE: 304-842-2018 OR 5762

Office of Oil and Gas
WV Dept. of Environmental Protection

DRAWINGS T	TO ACCOMPANY	FORM WW-9
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DIVERSIFIED RESOURCES, INC.

P. O. BOX 381087

BIRMINGHAM, AL 35238-1087

WATERSHED: WOLFPEN RUN

DISTRICT: NEW MILTON COUNTY: DODDRIDGE

QUADRANGLE: NEW MILTON WELL NO.: D-184

DATE: \_\_\_\_\_ of\_\_\_\_ PAGE \_\_\_\_ of \_\_\_\_

07/12/2013

