

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 15, 2013

WELL WORK PERMIT

Vertical Well

This permit, API Well Number: 47-3305763, issued to HG ENERGY, LLC, 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: T.J. CHAPLAIN #236

Farm Name: MYERS, ORVILLE JR. ET AL.

API Well Number: 47-3305763
Permit Type: Vertical Well

Date Issued: 07/15/2013

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. Failure to adhere to the specified permit conditions may result in enforcement action.

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 of 20 mil thickness synthetic liner.
- 5. In the event of an accident or explosion causing loss of life or serious personal injury in or about the well or while working on the well, the well operator or its contractor shall give notice, stating the particulars of the accident or explosion to the oil and gas inspector and the Chief within twenty-four (24) hours.
- 6. No land application of pit fluids.

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STATE OF WEST VIRGINIA DIVISION OF ENVIRONMENTAL PROTECTION, OFFICE OF OIL AND GAS WELL WORK PERMIT APPLICATION

	erator: HG					
2) Operator'	s Well Number:	T. J. Cl	aplain No. 230	5	3) Elevati	on <u>1362'</u>
4) Well Typ	e: (a) Oil	X or	Gas			
	(b) If Gas:	Pro	duction	Undergr	ound Storage	
5) Proposed	Target Formatio	on(s):	Fifth Sand			
6) Proposed	Total Depth:	3050' TVD 320	0' TMD ft.			
7) Approxim	nate fresh water	strata depths:	5	250'	~	=======================================
3) Approxim	nate salt water de	epths:		1465'		
) Approxim	nate coal seam d	epths:		600'		
10) Does land	d contain coal se	ams tributary	to active mine	? Yes	No	X
11) Proposed	Well Work:	Drill and	stimulate produc			d directionally S 18° E 600'
12)				JBING PROGRA		
TYPE	SPI	ECIFICATIO	NS	FOOTAGE I	NTERVALS	CEMENT
	Size	Grade	Weight Per Ft.	For Drilling	Left in Well	Fill-up (Cu. Ft.)
Conductor						
resh Water	7"	LS	17#	675'	675'	Cement to surface
Coal						
ntermediate		4				
roduction	4 1/2"	J-55	10.5#	3200'	3200'	150 Sacks CTS
Cubing						
iners						
Packers: Kind Sizes Dept	-					
Fee(s) Paid		For Offi Well Work F	ce of Oil and C		lamation Fund	Office of Oil & Gas
Plat	WW-9	WW	V-2B	Bond	(Type)	Agent

Page 1 of	4
Form WW2-A	
(10/10)	
20.00	Copy

1)	Date:	May 21, 20	13			
2)	Operator's Wel	l Number				
	T. J. Chapl	ain No. 23	6			
3)	API Well No:	47	4	033	-	
		State		County		Permit

STATE OF WEST VIRGINIA - BUREAU OF ENVIRONMENT DIVISION OF ENVIRONMENTAL PROTECTION OFFICE OF OIL AND GAS

Check # 2224

NOTICE AND APPLICATION FOR A WELL WORK PERMIT (a) Coal Operator: Surface Owner(s) to be served: 5) Name NA Orville Myers (a) Name RR 5, Box 1226/5 Address Address Salem, WV 26426 (b) Coal Owner(s) with Declaration Brian V. Huffman (b) Name RR 4, Box 530 Name NA Address Salem, WV 26426 Address (c) Name Name Address Address (c) Coal Lessee with Declaration Sam Ward Inspector Wolf Run Mining P.O. Box 2327 Name Address 2708 Cranberry Square Buckhannon, WV 26201 Address Morgantown, WV 26505 Telephone (304) - 389-7583 TO THE PERSON(S) NAMED ABOVE TAKE NOTICE THAT: Included is the lease or leases or other continuing contract or contracts by which I hold the right to extract oil and gas OR Included is the information required by Chapter 22, Article 6, Section 8(d) of the Code X of West Virginia (see page 2) I certify that as required under Chapter 22 of the West Virginia Code I have served copies of this notice and application, a location plat, and accompanying documents pages 1 through on the above-named parties, by: Personal Service (Affidavit attached) X Certified Mail (Postmarked postal receipt attached) Publication (Notice of Publication attached) I have read and understand Chapter 22-6 and 38 CSR 11-18, and I agree to the terms and conditions ermit issued under this application.

I certify under penalty of law that I have personally examined and am familiar with the information submitted & Gas of any permit issued under this application. on this application form and all attachments, and that based on my inquiry of those individuals immediately responsible for obtaining the information, I believe that the information is true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment. HG Energy, LLC Well Operator Diane CWhite Diane C White Accountant Its: 5260 Dupont Road Address Parkersburg, WV 26101 (304) 420-1119 Telephone 1/124 Subscribed and sworn before me this \Im day of Notary Public My commision expires

OFFICIAL SEAL NOTARY PUBLIC STATE OF WEST VIRGINIA TINA L. PETHTEL HG Energy, LLC 5260 Dupont Road Parkersburg, West Virginia 26101 My Commission Expires Nov. 12, 2018

7/19/2013

Operator's Well No. T. J. Chapla	in No. 236	
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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 --

- 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
Josephine K. Myers	Pennzoil Products Company	1/8	1248/928

Merger and Conveyance dated July 3, 1963, from South Penn Oil Company to Penzoil Company, Kanawha County, Book 153, Page 35,

Assignment, Conveyance and Bill of Sale dated December 28, 1998, from Pennzoil Company to Pennz Energy Exploration and Production, Wetzel County, Book 12, Page 177.

Certificate of Merger filed with the WV Secretary of State, December 31, 1999, whereby Pennz Energy Exploration and Production, successor in interest to; to Penzoil Company, merged with Devon Energy Production Company, LP, Wetzel County, Book 12, Page 278.

Deed, Assignment and Bill of Sale dated June 1, 2000, from Devon Energy Production Company, LP to East Resources, Inc., recorded in Wetzel County, Book 370, Page 580.

Assignment, Conveyance and Bill of Sale, dated January 1, 2011, from East Resources, Inc., to HG Energy, LLC, Wetzel County, Book 118A, Page 253.

Upon information and belief, Operator's lease and/or other real property rights permit it to conduct drilling operations for the subject well in the location shown on the plat, including the use of access roads, pipelines and utilities.

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 hereby ackowledges 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 US Fish and Wildlife Service County Floodplain Coordinator

Received Office of Oil & Gas

AVI 6 | 50/3

Well Operator:	HG Energy, LLC	
By:	Diane C. White	Diane CWhite
Its:	Accountant	

FORM WW2-B1 T. J. Chaplain No. 236

West Virginia Division 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 well. 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.

If no water well or spring is located within 1000 feet, the Chief may require the operator to sample and analyze water from a water well or spring within 2000 feet of the proposed well site.

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

The laboratory used by the operator to analyze the samples will be approved by the Chief. The operator named below has decided to use the following laboratory to analyze the water samples:

Contractor Nam	e Sturm Environmental Services
Well operator's	private laboratory
Well Operator	HG Energy, LLC
Address	5260 Dupont Road
	Parkersburg, WV 26101
Telephone	304-420-1119

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 underlining which one you have selected to sample and analyze. If there are no water wells or springs within 1000 feet of the proposed site please indicates such.

Received Office of Oil & Gas

MVA 3 1 50/9

No known Water Supply Sources are located within 1000' of proposed well.

	-	3	3305763		
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API	Number 47-	033	14.		
Operator's Well No.	T. J. Ch	aplain :	No. 236		7

STATE OF WEST VIRGINIA DEPARTMENT 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

Operator	HG Energ	y, LLC			OP Code 49449	7948
Watershed	Branch of	Lick Run		Quadrangle	Wolf Summit 7	.5' 692
Elevation	1362'	County	Harrison 3	3 District	Ten Mile	09
Description of	f anticipated Pit Waste:	Fluids encountered in dr	rilling shallow well.		*	
Will a synthet	pate more than 5,000 bbl tic liner be used in pit? posal Method For Treate	s of water to complete the Yes I Pit Wastes:	proposed well work? If so, what mil.?	Yes	No X	-nw
	Land Applie Undergrour Reuse (at A Off Site Dis	ation d Injection (UIC Permit 1 PI Number posal (Supply Form WW-9		Pir FLUID	5.	5/23/20
	If oilbased, what type?	(Explain ell? Air, fresh water, oil b Synthetic, petroleum, etc. Water, soap, KCl		Air, Fresh Water)
		in pit, landfill, removed o	ffsite, etc.	Leave in Pit		
	If left in pit and plan to Landfill or offsite name/	solidify, what medium wil permit number?	ll be used? Cement, lime	, sawdust	Native soil, cement, li	me
issued on Aug that the provis applicable la I this applicatio	ust 1, 2005, by the Office sions of the permit are en w or regulation can le certify under penalty of n form and all attachme	I and agree to the terms a of Oil and Gas of the West of Oil and Gas of the West of Oil and Gas of the West of Oil and Forcement action and that I have personally its thereto and that, base that the information is the tion, including the possibility.	st Virginia Department o ons of any term or conditi on. y examined and am famil d on my inquiry of those	f Environmental Pro on of the general per iar with the informa individuals immedia	tection. I understand mit and/or other tion submitted on tely responsible	
Company Of	ficial Signature		Diane Clips	te	2013	
Company Of Company Of	ficial (Typed Name) ficial Title		Diane C. White Accountant			
Subscribed a	nd sworn before me tl	is _ 20	day of	20/3		
My commissi	on expires	DDONE SE	OFFICIAL SE NOTARY PUE STATE OF WEST TINA L. PETH	BLIC VIRGINIA	Notary Public	
Form WW-9	V 10		HG Energy, LL 5260 Dupont Ro Parkersburg, West Virg My Commission Expires N	C	07/1	9/2013

Legend

Property Boun	dary			Diversion		
	coad	==========		Spring	<u></u>	-
Existing Fo	ence	xxx		Wet Spot	Ö	
Planned F		//		Drain Pipe		->
				Waterway	$\longleftrightarrow \longleftrightarrow \hookleftarrow$	←>
	eam	/ _7 _7 _7 _7		Cross Drain	77777777	
Open I	ļ			· Filter Strip	XXXXXXXX	XXX
Ŧ	kock				Kumm	
•	-			Pit: Cut Walls	Culture	
ž.,	Iorth	N		Pit: Compacted	- Juliana	•
Buildi	ngs		ļ	Fill Walls	- Transit	•
Water W	ells	\mathbf{W}^{-}		Area of Land	77.7.7.5)
Drill	Site	\oplus		Application of Pit Waste		
		<u> </u>		OITH Waste		
		D:4.1.1	App	Area I rox. 1.0 Ac.	Prevegetation pH	•
Proposed Revege	tation T	reatment: Acres Disturbed	whh	Area II	110,080	
			App			
		-				
			/Acre	or Correct to pH 500 Lbs./Ac	6.5 re (500 lbs. Minimum)	
		Pertilizer (10-20-20 or Equivalent) Mulch Straw 2	To	ns/Acre	, ,	
	11					
• •		0.000	SEED	MIXTURES		
•		Area I (Location)			Area II (Road)	
Seed Ty	•	Lbs/Ac.		Seed T		Lbs/Ac.
Tall Feso	_	40		Tall Fe		5
Ladino C	Clover	5		Ladino	Clover	
Attach:						
Drawing(s) of ro	ad, loca	tion, pit and proposed area for land	applic	cation		
Photocopied sec	tion of i	nvolved 7.5' topographic sheet.				
<u> </u>				Pre-see	1 + Mulch - Upgrade A	Eds as necessary
Plan approv	red by:	< Plum		FAT DO-WU	DEP Eds manual	
_ 10.1 uppro1		Oil + Gas Inspector			1 & Mulch - Vigrade A DEP Eds manual Date: <u>5/23/2</u> 0	<i>y</i> >
	Title:	•				
Field Revi	erred?	V Yes			No	
-	CWCui					

- REQUESTED PERMIT IS FOR DRILLING OF NEW WELLS.
- e Access road from Co. Rd. 31/1 to Pt. As existing.
 Road will be upgraded to WVDEP standards and structures INSTALLED AS SHOWN.
- ALL DISTURBED AREAS WILL BE RE-VEGETATED AS OUTLINED ON FORM WW-9.
- MAINTAIN SEDIMENT BARRIERS AND DRAINAGE STRUCTURES.
- ALL ROAD GRADES <5% EXCEPT AS NOTED.</p>
- LOCATION OF DRILL PIT MAY BE CHANGED BASED ON AS-BUILT CONSIDERATIONS.
- O DRAWING NOT TO SCALE.

LEGEND



EXISTING WATERFLOOD ROADS EXISTING LEASE OR FARM ROADS TO BE UPGRADED NEW ROADS TO BE CONSTRUCTED





