



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

June 17, 2013

WELL WORK PERMIT

Vertical Well

This permit, API Well Number: 47-4303443, 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: C.C. GRIFFITH NO. 208
Farm Name: MCCLURE, ANDY J. & REBECCA
API Well Number: 47-4303443
Permit Type: Vertical Well
Date Issued: 06/17/2013

Promoting a healthy environment.

06/21/2013

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 20 mil thickness synthetic liner.
5. No land application of pit fluids.

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

- 1) Well Operator: HG Energy, LLC
- 2) Operator's Well Number: C. C. Griffith No. 208 3) Elevation 926'
- 4) Well Type: (a) Oil X or Gas _____
 (b) If Gas: Production _____ Underground Storage _____
- 5) Proposed Target Formation(s): Berea
- 6) Proposed Total Depth: 2503' ft.
- 7) Approximate fresh water strata depths: 290'
- 8) Approximate salt water depths: 983'
- 9) Approximate coal seam depths: 335'
- 10) Does land contain coal seams tributary to active mine? Yes _____ No X
- 11) Proposed Well Work: Drill and stimulate production well in Berea

12) CASING AND TUBING PROGRAM

| TYPE | SPECIFICATIONS | | | FOOTAGE INTERVALS | | CEMENT |
|--------------|----------------|-------|----------------|-------------------|--------------|---------------------|
| | Size | Grade | Weight Per Ft. | For Drilling | Left in Well | Fill-up (Cu. Ft.) |
| Conductor | | | | | | |
| Fresh Water | 7" | LS | 17# | 440' | 440' | Cement to surface |
| Coal | | | | | | <i>RDT 05/02/13</i> |
| Intermediate | | | | | | |
| Production | 4 1/2" | J-55 | 10.5# | 2503' | 2503' | 150 Sacks |
| Tubing | | | | | | |
| Liners | | | | | | |

Packers: Kind _____
 Sizes _____
 Depths set _____

For Office of Oil and Gas Use Only

Fee(s) Paid
 Well Work Permit
 Reclamation Fund
 WPCP
 Plat
 WW-9
 WW-2B
 Bond _____
 Agent
(Type)

1) Date: April 22, 2013
2) Operator's Well Number
C. C. Griffith No. 208
3) API Well No: 47 - 043 -
State County Permit

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

NOTICE AND APPLICATION FOR A WELL WORK PERMIT

4) Surface Owner(s) to be served:
(a) Name Andy & Rebecca McClure ✓
Address 109 Coon Whistle Hollow
Yawkey, WV 25573
(b) Name
Address
(c) Name
Address
6) Inspector Ralph Triplett
Address 5539 McClellan Highway
Branchland, WV 25506
Telephone (304) - 389-0350

5) (a) Coal Operator:
Name NA
Address
(b) Coal Owner(s) with Declaration
Name NA
Address
(c) Coal Lessee with Declaration
Name NA
Address

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 of West Virginia (see page 2)

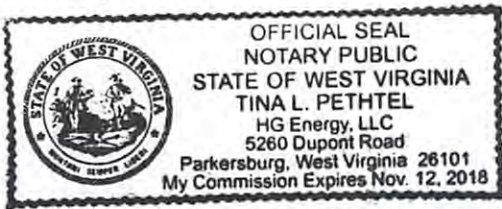
I certify that as required under Chapter 22 of the West Virginia Code I have served copies of this notice and application, a location plat, and accompanying documents pages 1 through 4 on the above-named parties, by:

Personal Service (Affidavit attached)
 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 of any permit issued under this application.

I certify under penalty of law that I have personally examined and am familiar with the information submitted 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.



Well Operator HG Energy, LLC
By: Diane C White
Its: Accountant
Address 5260 Dupont Road
Parkersburg, WV 26101
Telephone (304) 420-1119

Subscribed and sworn before me this 7 day of MAY 2013
Notary Public
My commission expires Nov. 12, 2018

4303443

7012 2920 0001 3227 9155

U.S. Postal Service™
CERTIFIED MAIL™ RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

For delivery information visit our website at www.usps.com®

OFFICIAL USE

| | |
|---|----------------|
| Postage | \$ 1.52 |
| Certified Fee | 3.10 |
| Return Receipt Fee (Endorsement Required) | 2.55 |
| Restricted Delivery Fee (Endorsement Required) | |
| Total Postage & Fees | \$ 7.17 |



CCG-208

Sent To Andy & Rebecca McClure

Street, Apt. No.;
or PO Box No. 109 Coon Whistle Hollow

City, State, ZIP+4 Yawkey WV 25573

PS Form 3800, August 2006 See Reverse for Instructions



Received
Office of Oil & Gas

MAY - 8 2013

06/21/2013

4303443

Form WW-2A(1)
(10/10)

Operator's Well No. C. C. Griffith No. 208

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 |
|-----------------------|------------------------|---------|-----------|
| Columbus Griffith | South Penn Oil Company | 1/8 | 39/333 |

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 acknowledges 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

MAY - 8 2013

Well Operator: HG Energy, LLC

By: Diane C. White *Diane C. White*

Its: Accountant

06/21/2013

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 Name 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

Special Note:

Water sampling was completed through out the Griffithsville area for the UIC permit review late in 2012. Per Jamie Peterson, WVDEP, the timing of that large UIC sampling was sufficient for this Griffithsville project.

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 Energy, LLC OP Code 494497948
Watershed Porter Fork Quadrangle Griffithsville 7.5' 385
Elevation 926' County Lincoln 43 District Duval 02

Description of anticipated Pit Waste: Fluids encountered in drilling shallow well.

Do you anticipate more than 5,000 bbls of water to complete the proposed well work? Yes No X

Will a synthetic liner be used in pit? Yes If so, what mil.? 10 Mil 20 mil

Proposed Disposal Method For Treated Pit Wastes:
 Land Application
 Underground Injection (UIC Permit Number)
 Reuse (at API Number)
 Off Site Disposal (Supply Form WW-9 for disposal location)
 Other (Explain)

Drilling medium anticipated for this well? Air, fresh water, oil based, etc. Air, Fresh Water
- If oilbased, what type? Synthetic, petroleum, etc.

Additives to be used? Water, soap, KCl

Drill cuttings disposal method? Leave in pit, landfill, removed offsite, etc. Leave in Pit
- If left in pit and plan to solidify, what medium will be used? Cement, lime, sawdust Native soil, cement, lime
- Landfill or offsite name/permit number?

I certify that I understand and agree to the terms and conditions of the GENERAL WATER POLLUTION PERMIT issued on August 1, 2005, by the Office of Oil and Gas of the West Virginia Department of Environmental Protection. I understand that the provisions of the permit are enforceable by law. Violations of any term or condition of the general permit and/or other applicable law or regulation can lead to enforcement action.

I certify under penalty of law that I have personally examined and am familiar with the information submitted on this application form and all attachments thereto 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 or imprisonment.

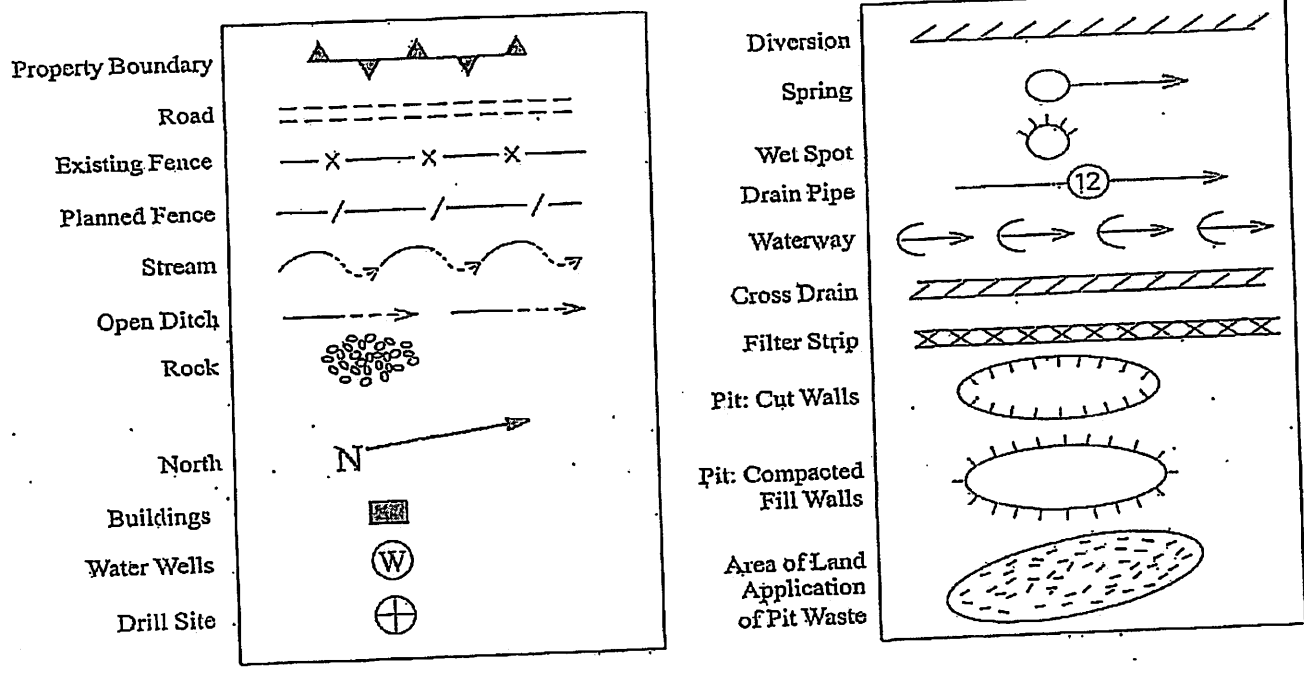
Company Official Signature Diane C White
Company Official (Typed Name) Diane C. White
Company Official Title Accountant

Subscribed and sworn before me this 22 day of April 2013 Received
Ima [Signature] Office of Oil & Gas
Notary Public

My commission expires Nov. 12. 2018 MAY - 8 2013
Form WW-9



Legend



Proposed Revegetation Treatment: Acres Disturbed Area I Approx. 1.0 Ac. Prevegetation pH _____
Area II Approx. 0.1 Ac.

Lime 2 Tons/Acre or Correct to pH 6.5
 Fertilizer (10-20-20 or Equivalent) 500 Lbs./Acre (500 lbs. Minimum)
 Muleh Straw 2 Tons/Acre

SEED MIXTURES

| <u>Area I (Location)</u> | | <u>Area II (Road)</u> | |
|--------------------------|-----------|-----------------------|-----------|
| Seed Type | Lbs./Ac. | Seed Type | Lbs./Ac. |
| Tall Fescue | <u>40</u> | Tall Fescue | <u>40</u> |
| Ladino Clover | <u>5</u> | Ladino Clover | <u>5</u> |
| | | | |
| | | | |

Attach:
 Drawing(s) of road, location, pit and proposed area for land application
 Photocopied section of involved 7.5' topographic sheet.

Plan approved by: Ronald D. Triplett

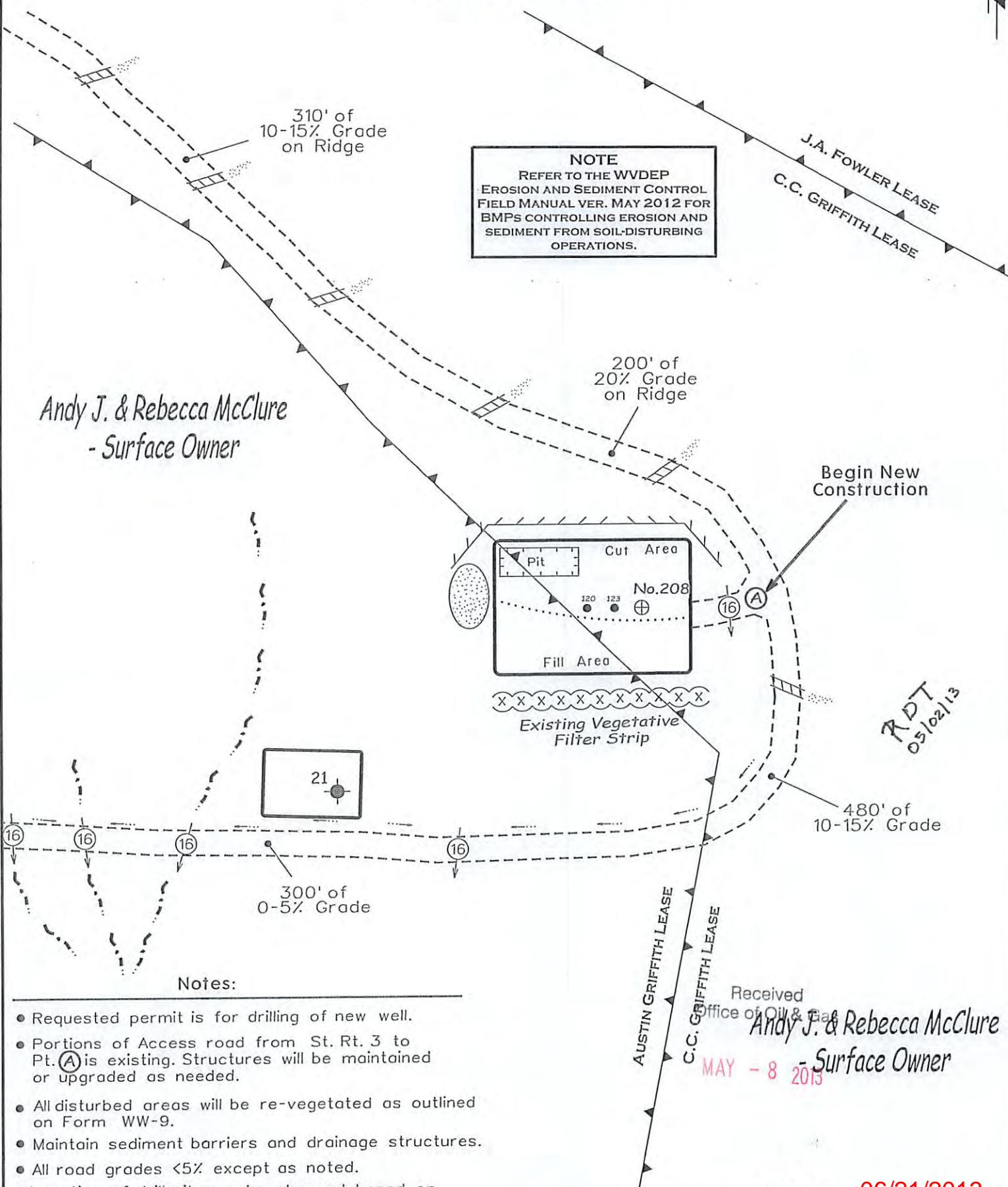
Received by: District Inspector

Date: May 2, 2013

Office of Oil & Gas Field Reviewed? Yes No

MAY - 8 2013

Reclamation Plan For: C.C. Griffith No.208

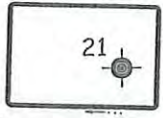


NOTE
REFER TO THE WVDEP
EROSION AND SEDIMENT CONTROL
FIELD MANUAL VER. MAY 2012 FOR
BMPs CONTROLLING EROSION AND
SEDIMENT FROM SOIL-DISTURBING
OPERATIONS.

Andy J. & Rebecca McClure
- Surface Owner

Begin New Construction

ADT
05/02/13



Notes:

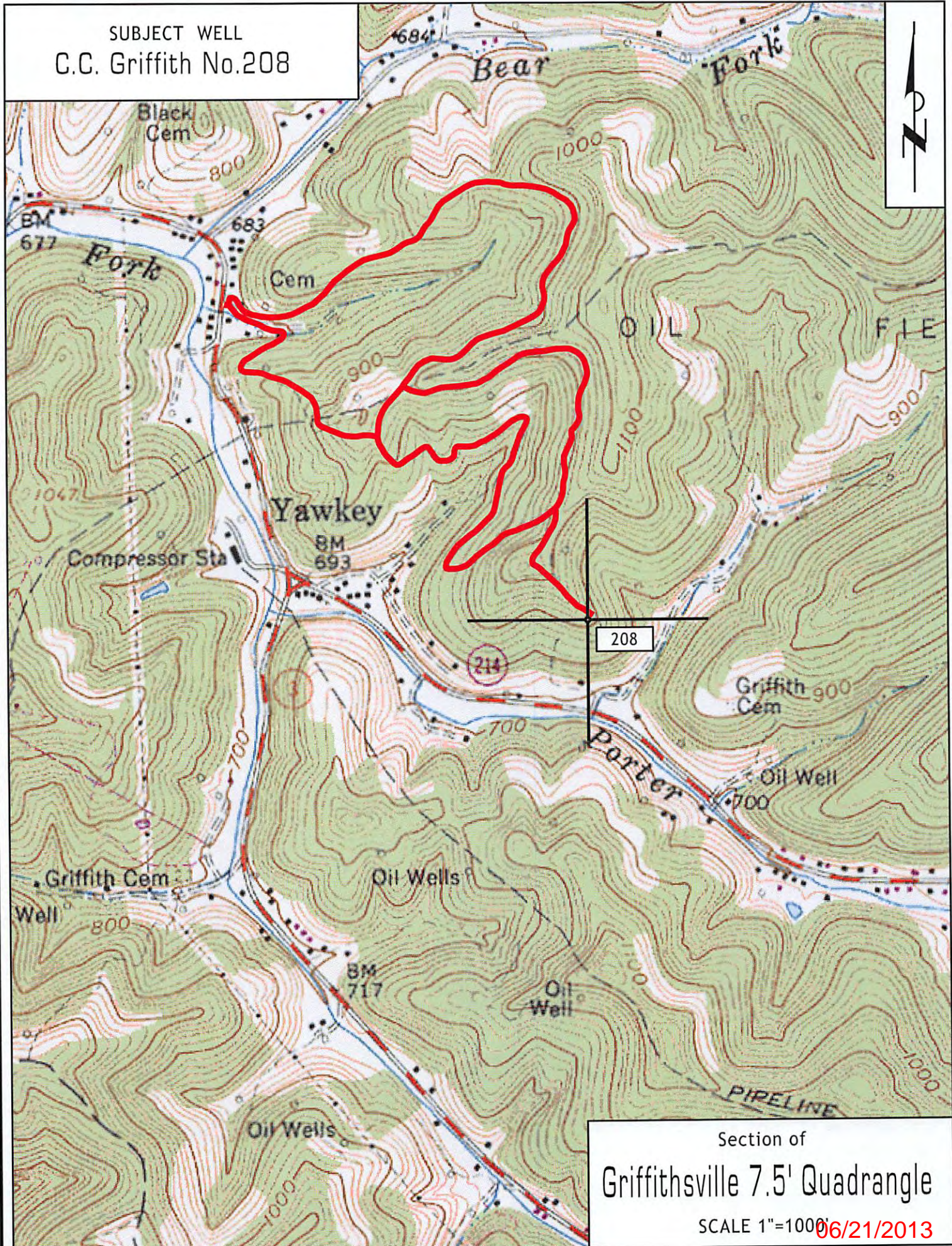
- Requested permit is for drilling of new well.
- Portions of Access road from St. Rt. 3 to Pt. (A) is existing. Structures will be maintained or upgraded as needed.
- All disturbed areas will be re-vegetated as outlined on Form WW-9.
- Maintain sediment barriers and drainage structures.
- All road grades <5% except as noted.
- Location of drill pit may be changed based on as-built considerations.

AUSTIN GRIFFITH LEASE
C.C. GRIFFITH LEASE

Received
Office of Oil & Gas
Andy J. & Rebecca McClure
Surface Owner
MAY - 8 2013

Note: Drawing not to Scale
06/21/2013

SUBJECT WELL
C.C. Griffith No.208



Section of
Griffithville 7.5' Quadrangle

SCALE 1"=1000' 06/21/2013

Longitude = 81° 57' 24.1"

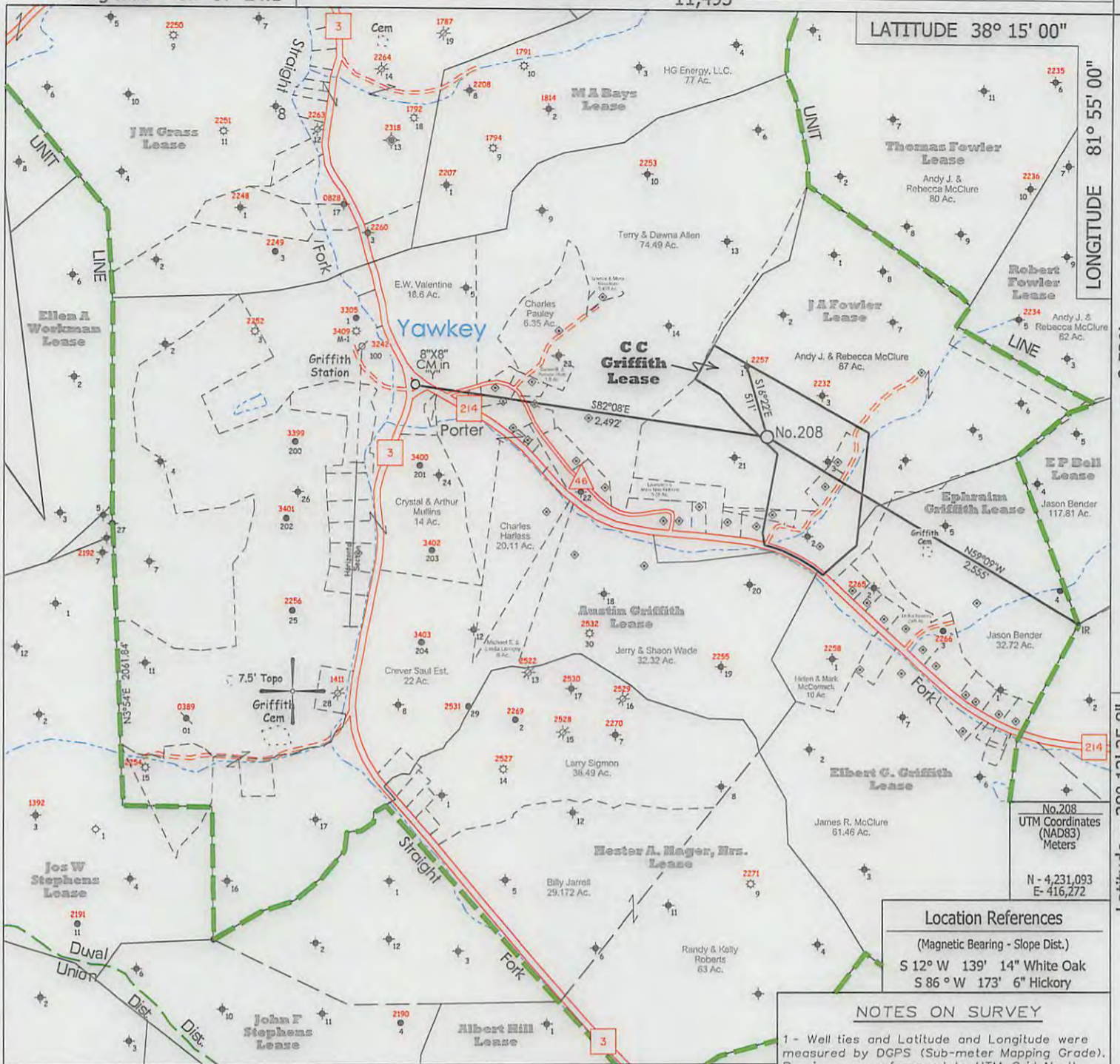
11,495'

LATITUDE 38° 15' 00"

LONGITUDE 81° 55' 00"

9,530'

Latitude = 38° 13' 25.8"



No.208
UTM Coordinates
(NAD83)
Meters
N - 4,231,093
E - 416,272

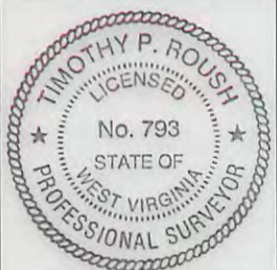
Location References
(Magnetic Bearing - Slope Dist.)
S 12° W 139' 14" White Oak
S 86° W 173' 6" Hickory

NOTES ON SURVEY
1 - Well ties and Latitude and Longitude were measured by DGPS (Sub-meter Mapping Grade). Bearings are referenced to UTM Grid North (Zone 17 North - NAD 1927).
2 - Surface owner information obtained from the Lincoln County Assessor's tax records.

◆ - DENOTES A POSSIBLE WATER SUPPLY SOURCE LOCATED FROM CIRCA 2003 AERIAL PHOTOGRAPHY - NOT BY SURVEY. OTHER SOURCES MAY BE PRESENT.
+ - DENOTES LOCATION OF WELL ON UNITED STATES TOPOGRAPHIC MAPS.

FILE NO. 1046-55
MAP NO. N. S. E. W
SCALE 1" = 1000'
MINIMUM DEGREE OF ACCURACY Sub-Meter
PROVEN SOURCE OF ELEVATION DGPS Survey
(Sub-Meter Mapping Grade)

I THE UNDERSIGNED, HEREBY CERTIFY THAT THIS PLAT IS CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF AND SHOWS ALL THE INFORMATION REQUIRED BY LAW AND THE REGULATIONS ISSUED AND PRESCRIBED BY THE DEPARTMENT OF MINES.
(SIGNED) *[Signature]*
TIMOTHY P. ROUSH PS 793



WEST VIRGINIA
Division of Environmental Protection
Office of Oil and Gas
601 57th Street
Charleston, West Virginia 25301



DATE February 27, 2013
FARM C.C. Griffith No.208
API WELL NO. 47-043-03443

WELL TYPE: OIL GAS LIQUID INJECTION WASTE DISPOSAL
(IF "GAS") PRODUCTION STORAGE DEEP SHALLOW
LOCATION: ELEVATION 926' WATERSHED Porter Fork
DISTRICT Duval COUNTY Lincoln
QUADRANGLE Griffithsville 7.5'
SURFACE OWNER Andy J. & Rebecca McClure ACREAGE 87 Ac.
OIL & GAS ROYALTY OWNER HG Energy, LLC., et al LEASE ACREAGE 20 Ac. **06/21/2013**
LEASE NO. 71090-50
PROPOSED WORK: DRILL CONVERT DRILL DEEPER REDRILL FRACTURE OR STIMULATE PLUG OFF OLD FORMATION PERFORATE NEW FORMATION OTHER PHYSICAL CHANGE IN WELL (SPECIFY) _____
PLUG AND ABANDON CLEAN OUT AND REPLUG
TARGET FORMATION Berea ESTIMATED DEPTH 2,503' MD
WELL OPERATOR HG Energy LLC. DESIGNATED AGENT Mike Kirsch
ADDRESS 5260 DuPont Road Parkersburg, WV 26101 ADDRESS 5260 DuPont Road Parkersburg, WV 26101

FORM IV-6



HG Energy, LLC
5260 Dupont Road
Parkersburg, WV 26101
(304) 420-1100 - Office
(304) 863-3172 - Fax

4303443

OK# 2153

\$650⁰⁰

April 22, 2013

Mr. Jeff McLaughlin
WVDEP
Division of Oil & Gas
601 57th Street
Charleston, West Virginia 25304

RE: C. C. Griffith No. 208
Duval District, Lincoln County
West Virginia

Dear Mr. McLaughlin:

Enclosed are the Forms WW-2A, WW-2A (1), WW-2B, WW-9, WW-2(B1), mylar of plat, reclamation plan, topo map and copy of the certified mailing receipt for a permit to drill the above-captioned shallow, producing well. Our check in the amount of \$650 is attached.

If you have any questions regarding this application, please call me at 304-420-1119.

Very truly yours,

Diane C White

Diane C. White

Enclosures

cc: Andy & Rebecca McClure - Certified
Ralph Triplett - Inspector

Received
Office of Oil & Gas

MAY - 8 2013

06/21/2013



HG Energy, LLC
5260 Dupont Road
Parkersburg, WV 26101
(304) 420-1100 - Office
(304) 863-3172 - Fax

4303443

Roger Heldman
General Manager, WV Operations

6/11/13

Jeff McLaughlin
WV DEP Office of Oil & Gas
601 57th Street, SE
Charleston, WV 25304-2345

Received
Office of Oil & Gas

JUN 11 2013

RE: Griffithsville Unit No. 1 pit fluid disposal

Dear Jeff,

As a follow up of our meeting of June 6th please consider this letter as reaffirmation of H G Energy's intent to dispose of fluids encountered while drilling the planned Berea wells in our Griffithsville Unit No. 1 offsite. A portion of the fluids will be reused in the drilling of subsequent wells and the remainder hauled to a UIC approved disposal well. H G Energy trusts that this method of fluid disposal will alleviate any concerns the WV DEP may have concerning the disposal of these fluids. The drill cutting would be disposed of on site.

If you should have any other questions or concerns please feel free to call.

Very truly yours,

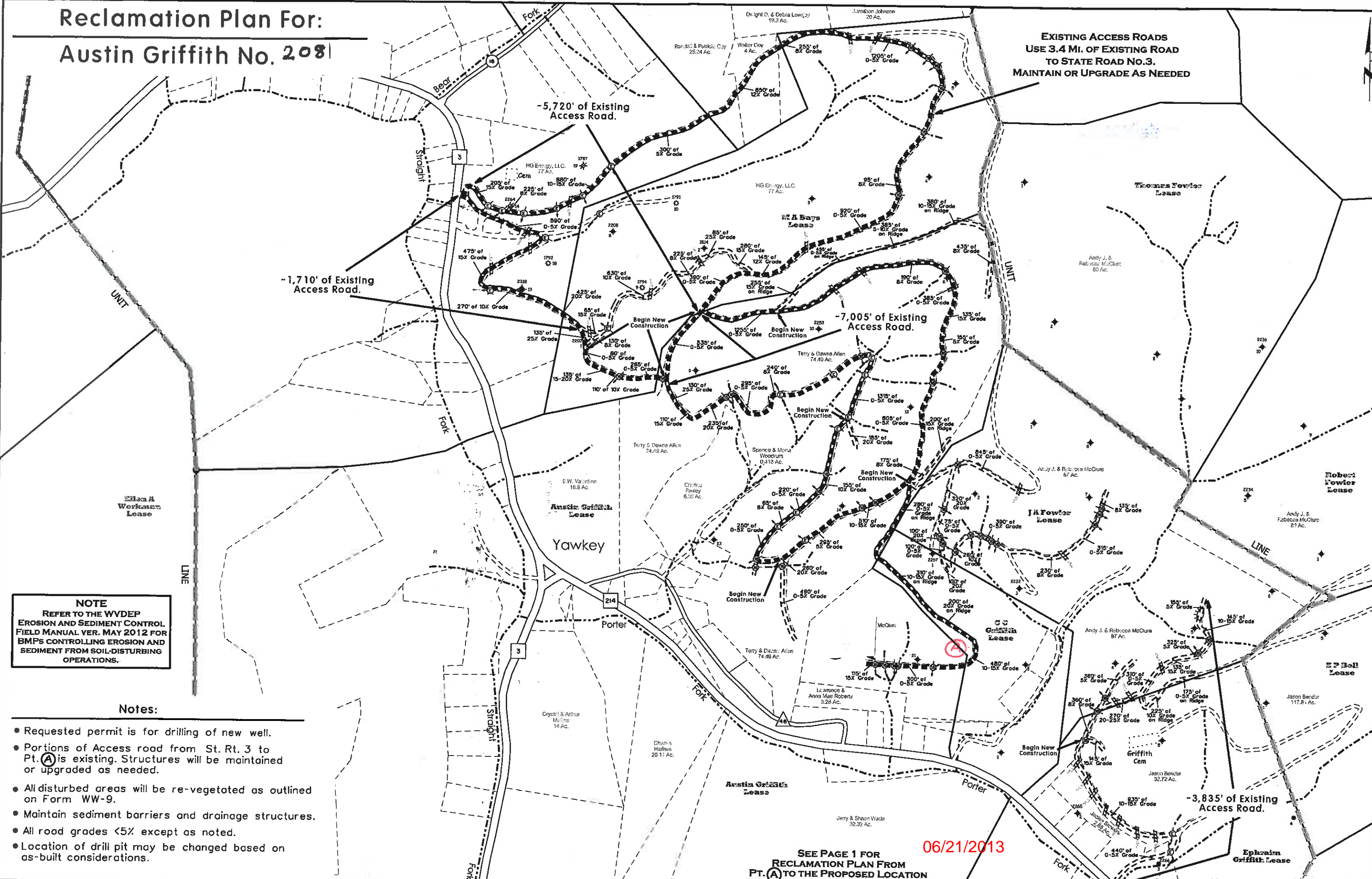
Roger Heldman

Cc: Andy & Rebecca McClure
109 Coon Whistle Hollow
Yawkey, WV 25573

06/21/2013

Reclamation Plan For: Austin Griffith No. 208

EXISTING ACCESS ROADS
USE 3.4 MI. OF EXISTING ROAD
TO STATE ROAD NO.3.
MAINTAIN OR UPGRADE AS NEEDED



Notes:

- Requested permit is for drilling of new well.
- Portions of Access road from St. Rt. 3 to Pt. A is existing. Structures will be maintained or upgraded as needed.
- 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.
- Location of drill pit may be changed based on as-built considerations.

SEE PAGE 1 FOR
RECLAMATION PLAN FROM
PT. A TO THE PROPOSED LOCATION
06/21/2013