

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 29, 2015

WELL WORK PERMIT

Vertical Well

This permit, API Well Number: 47-4303487, 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: EDNA MAY 227

Farm Name: COY, RANDALL & PATRICIA

API Well Number: 47-4303487

Permit Type: Vertical Well

Date Issued: 06/29/2015

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 with 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. During the surface casing and cementing process, in the event cement does not return to the surface, or any other casing string that is permitted to circulate cement to the surface and does not return to the surface, the oil and gas inspector shall be notified within twenty-four (24) hours
- 7. Well work activities shall not constitute a hazard to the safety of persons.
- 8. Operator shall provide the Office of Oil & Gas notification of the date that drilling commenced on this well. Such notice shall be provided by sending an email to DEPOOGNotify@wv.gov within 30 days of commencement of drilling.

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

1) vveii Operato	or: HG E	energy, ι	.LC	494497948	Lincoln	Duval	Griffithsville 7.5'
				Operator ID	County	District	Quadrangle
2) Operator's V	Vell Num	_{ber:} Edna	a J May 227		3) Elevation:	960'	
4) Well Type: (a	a) Oil <u>X</u>	or Ga	as				
(t) If Gas:	Produ	uction/ Un	derground Sto	rage		
			p/ 8				
5) Proposed Ta 6) Proposed To 7) Approximate 8) Approximate	ital Depth fresh wa	n: <u>3058' Th</u> iter strata		Formation at F	Proposed Tar Proposed Tota	rget Depth: 30 al Depth: Bere)58' TMD a
9) Approximate	coal sea	ım depth	s: <u>390'</u>				
10) Approximat	e void de	epths,(co	al, Karst, other):	NA			
11) Does land o	contain c	oal seam	s tributary to ac	tive mine? N	Α	_	
			nd fracturing meth	·			•
<u> </u>							
13)			ASING AND TUI				
TYPE S	PECIFIC	ATIONS	<u> </u>	FOOTAGE	INTERVALS	S CEMEN	<u>11</u>
	<u>Size</u>	<u>Grade</u>	Weight per ft	For Drilling	Left in Well	Fill -up (Cu.	<u>Ft.)</u>
Conductor							RD 115
Fresh Water	7"	LS	17#	490'	490'	CTS	PD 15
Coal							
Intermediate							
Production	4 1/2"	J-55	10.5	3028'	3028'	150 sł	(S
Tubing	_					Receive	hd
Liners					0	fice of Oil	& Gas
Packers: Kind	•		·			APR 29 20	
Size	s:						
Dept	hs Set						07/03/2015

WW-2A (Rev. 6-14)

1). Date:	April 9, 2015	

2.) Operator's Well Number Edna J May 227

State

County

Lincoln

Permit

3.) API Well No .:

47-

STATE OF WEST VIRGINIA DEPARTMENT OF ENVIRONMENTAL PROTECTION, OFFICE OF OIL AND GAS NOTICE AND APPLICATION FOR A WELL WORK PERMIT

4) 3	Surface Ow	mer(s) to be served:	/	5) (a) Coal O	perator	
	(a) Name	Randall & Patricia (Cov	Name	NA	
	Address	1 First American W	av	Address		
		Westlake, TX 7626		_		
	(b) Name	HG Energy, LLC		(h) Coal	Owner(s) with De	eclaration
	Address	5260 Dupont Road	V	Name	NA NA	olaration
,	luuress	Parkersburg, WV 2	2101	Address	INA	
		raincisbuild, vvv Z	0101	_ Address		
	(a) Manna	Dudalit O Dalais Las	15*10V 0	/	_	
	(c) Name	Dwight & Debra Lov	velov /	Name	-	
/	Address	5 Bethel Drive		Address		
120 21		Yawkey, WV 25573			. / 	
	spector			(c) Coal	Lessee with Decl	aration
Α	ddress			Name	NA	1711
				Address		
T	elephone					
		TO THE PER	SONS NA	MED ABOVE	TAKE NOTICE T	THAT:
	ncluded is th					old the right to extract oil and gas
OR				- N. 1894-90 E. 1874	V. STATE OF	
	ncluded is th	ne information required by	Chapter 22	Article 6, Sect	ion 8(d) of the Cod	e of West Virginia (see page 2)
						served copies of this notice and
appli	cation, a loc	ation plat, and accompan	ying docume	ents pages 1 thr	ough on the a	bove named parties by:
		Personal Service (A	Affidavit attac	ched)	_	
		Certified Mail (Post	marked post	al receipt attach	ned)	
		Publication (Notice				
	I have re	ad and understand Chap	ter 22-6 and	35 CSR 4, an	d I agree to the te	erms and conditions of any permit
issue	ed under this	application.				
	I certify t	under penalty of law that	I have pers	onally examine	d and am familiar	with the information submitted on
this a	application for	orm and all attachments,	and that ba	ised on my inqu	uiry of those individ	duals immediately responsible for
obtai	ning the info	rmation, I believe that the	information	is true, accurat	e and complete.	
		OFFICIAL SEAL	ant penalties	for submitting 1	false information, in	ncluding the possibility of fine and
	soment.	NOTARY BURGO	-!!	LIC Engrave	110	
311	married on Vincella	ATE OF WEST VIRGINIA		HG Energy.		Received
		S. DIANNE DULANEY		Diane White		
11	Park	5260 Dupont Road ersburg, West Virginia 26101		Agent	I David	Office of Oil & Gas
100	My Co	mmission Expires Oct. 4, 2016	Address:	5260 Dupor		
DANING	AND DESCRIPTION ASSESSMENT OF THE PERSON ASSES			Parkersburg	1, VVV 26101	APR 2 9 2015
				304-420-11		
Out					energyllc.com	0015
Subs	cribed and s	worn before me this 9	n_day of	April		2015
	<	1 terine	Bul	my-	Motore	Public
MyC	ommission I	Evnires Ond	Dail		Notary F	-ublic
		/	0016	U		
Oil and	d Gas Privacy	Notice				

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 a 07/03/2015 depprivacyofficer@wv.gov

WW	-2A1	١
(Rev.	1/1	1)

Operator's Well Number Edna J Ma	ay :	227
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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 –

- (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

See Attached Sheet

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

Received
Office of Oil & Gas

APR 29 2015

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 appropriate authority before the affected activity is initiated.

Well Operator: By:Its: HG Energy, LLC 5260 Dupont Road Diane White

Parkersburg, WV 26101

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

Operator's Well No.	Edna J May 227	
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- (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	
Edna J May	Pennzoil Company	1/8	35/154	_

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 I, 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 drillingerations 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
APR 29 2015

Well Operator:	HG Energy, LLC	
Ву:	Diane C. White	Diane White
Its:	Agent	

WW-2B1 (5-12) Well No. Edna J. May 227

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 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.

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 Lab
Sturm Environmental Lab

Well Operator HG Energy, LLC
Address 5260 Dupont Roa

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 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.

* See Attached Sheet *

Received
Office of Oil & Gas

APR 29 2015

WW-2B1 Well No. Edna J May 227

Page 2 - Continued

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 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.

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 indicate such.

Surface Owners Identified With Water Sources to be Sampled and Tested:

- Jonathan Johnson
 5 Bethel Drive
 Yawkey, WV 25573
- Dwight Lovejoy
 5 Bethel Drive
 Yawkey, WV 25573
- Randall Coy
 1 First American Way
 Westlake, TX 76262
- Michael Saul
 PO Box 272
 Griffithsville, WV 25521
- Lester Smith
 82 Bear Fork Road
 Yawkey, WV 25573
- Herbert Morgan
 72 Bear Fork Road
 Yawkey, WV 25573
- Monnie Woodrum
 64 Bear Fork Road
 Yawkey, WV 25573

- John Chandler
 62 Bear Fork Road
 Yawkey, WV 25573
- Gregory Brisendine
 50 Bear Fork Road
 Yawkey, WV 25573
- David Lawson
 1 First American Way
 Westlake, TX 76262
- Linda Owsley
 P. O. Box 246
 Griffithsville, WV 25521
- Venita Gail Hager
 38 Bear Fork Road
 Yawkey, WV 25573

Received
Office of Oil & Gas
APR 2 9 2015

WW-9 (5/13)

	Pa	ige	of
API Number 47 -		-	
Operator's	Well No.	Edna J May 227	1

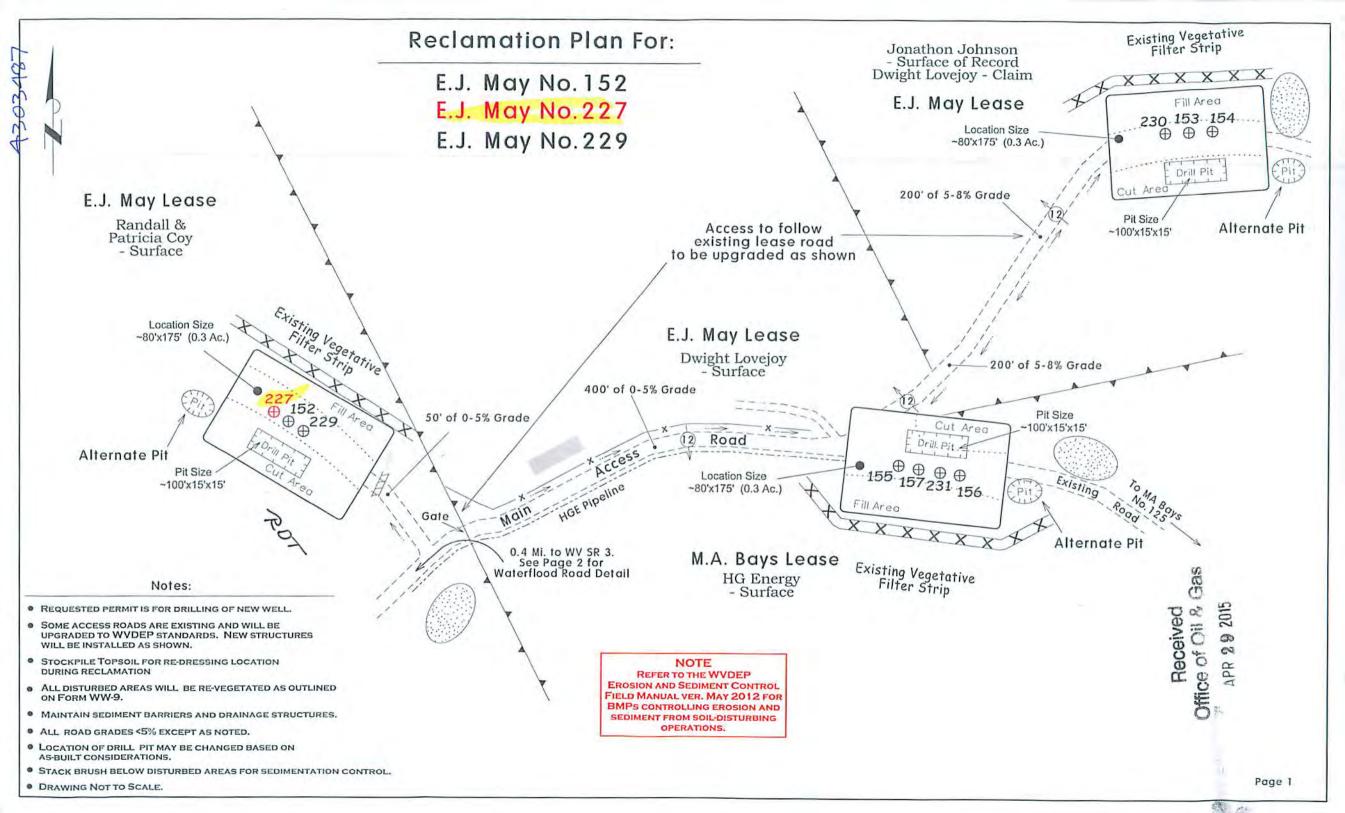
STATE OF WEST VIRGINIA DEPARTMENT OF ENVIRONMENTAL PROTECTION OFFICE OF OIL AND GAS

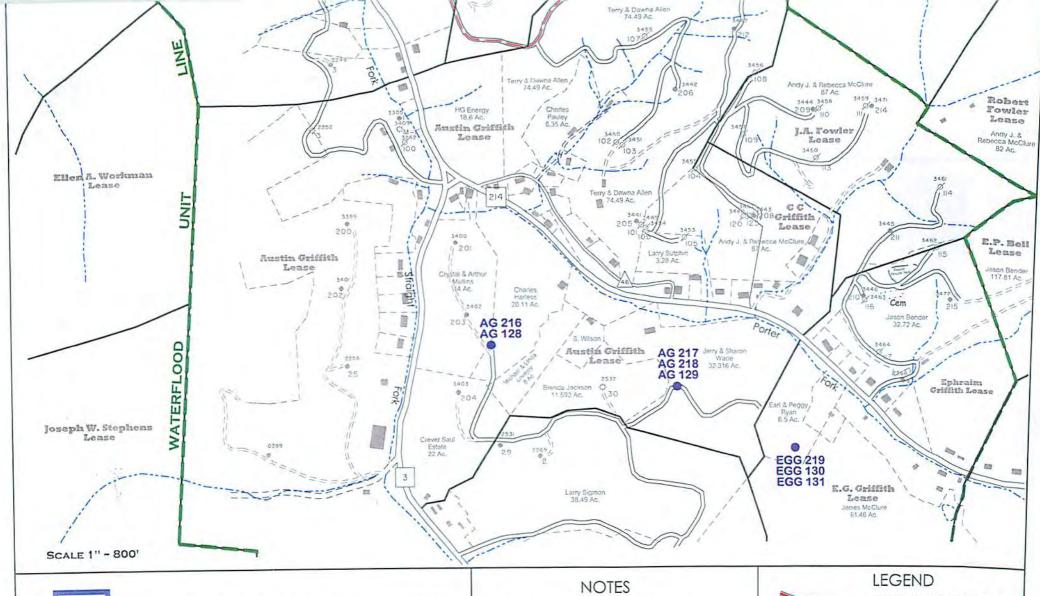
FLUIDS/ CUTTINGS DISPOSAL & RECLAMATION PLAN

Operator Name HG Energy, LLC		OP Code 494497	7948
Watershed (HUC 10) Bear Fork		Quadrangle Griffithsville 7.5'	
Elevation 960'	County Lincoln	District_Duval	
Do you anticipate using more than 5,0	000 bbls of water to complete the	ne proposed well work? Yes	No X
Will a pit be used for drill cuttings?	Yes X No		
If so, please describe anticipa	ated pit waste: Fluids encoun	tered while drilling subject well	
Will a synthetic liner be used	I in the pit? Yes X No	If so, what ml.? 20 mil	
Proposed Disposal Method F	For Treated Pit Wastes:		
Reuse (at	nd Injection (UIC Permit Nun API Number_ sposal (Supply form WW-9 fo	nberr disposal location))
Will closed loop system be used? No			
Drilling medium anticipated for this v	vell? Air, freshwater, oil based	, etc. Air, Fresh Water	
-If oil based, what type? Syr	nthetie, petroleum, etc. NA		
Additives to be used in drilling mediu	m?_Water, Soap, KCI		
Drill cuttings disposal method? Leave	e in pit, landfill, removed offsit	e, etc. Leave in pit	
-If left in pit and plan to solid	fify what medium will be used:	(cement, lime, sawdust) Native s	soil, cement, lime
-Landfill or offsite name/per	mit number?		
on August 1, 2005, by the Office of O provisions of the permit are enforcea law or regulation can lead to enforcen	bil and Gas of the West Virginia ble by law. Violations of any ment action. In that I have personally exarts thereto and that, based on that the information is true, a	term or condition of the general mined and am familiar with the my inquiry of those individuals accurate, and complete. I am as	rotection. I understand that the permit and/or other applicable information submitted on this immediately convoided for ware that there are significant
	iane White		APR 29 2015
Company Official (Typed Name) Dia	ane White		
Company Official Title Agent			
Subscribed and sworn before me this Of My commission expires	Dulony 1 2016		OFFICIAL SEAL NOTARY PUBLIC STATE OF WEST VIRGINIA S. DIANNE DULANEY 5260 Dupont Road Parkersburg. West Virginia 26101 My Commission Expres (PRCA) 200

My commission expires Oct. 4 2016

Form WW-9		Operato	rs Well No. Edna J May 227
Donner d Donner d' et et		0 acres	
Proposed Revegetation Tre- Lime	atment: Acres Disturbed 3 Tons/acre or to correc	Prevegetatio	on pH
	500		
Fertilizer (10-20-2 Mulch_Straw	o or equivalent)	lbs/acre (500 lbs minimum)	
Mulch		Tons/acre	
		Seed Mixtures	
	rea I		Area II
Seed Type Tall Fescue	lbs/acre 40	Seed Type Tall Fescue	lbs/acre 40
		<u> </u>	
Ladino Clover	5	Ladino Clover	5
Plan Approved by: Ray	el D. Tripedt	}	
Title: Sistrict L	nspatesk) V)Yes	_ Date: <u>April 23,</u>	Received
			Office of Oil & Ga
			APR 29 2015







GRIIFTHSVILLE WATERFLOOD

Lincoln County, W.Va.

RECLAMATION PLAN
SHOWING ROAD SYSTEMS
TO BE USED FOR 2015
DRILLING PROGRAM
(NORTH)

- 1. REFER TO THE WVDEP EROSION AND SEDIMENTATION CONTROL MANUAL (VER. MAY 20, 2013) FOR BMP'S CONTROLLING EROSION AND SEDIMENTATION FROM ALL SOIL-DISTURBING OPERATIONS.
- 2. SEE PAGE ONE OF RECLAMATION PLAN FOR DETAILS OF NEW ROAD CONSTRUCTION AND ROAD UPGRADES FROM POINT A TO DRILL SITE LOCATION.
- 3. EXISTING WATERFLOOD ACCESS ROADS WILL BE MAINTAINED IN PRESENT CONDITION. THESE ROADS WERE CONSTRUCTED UNDER CONDITIONS SET FORTH IN VARIOUS DRILLING PERMITS ISSUED BY WVDEP-OOG PRIOR TO 2015 (AS SHOWN). SEE PERMITS ON

EXISTING WATERFLOOD ROADS TO BE USED.

OTHER EXISTING MAIN WATERFLOOD ROADS (POSSIBLE ACCESS).

EXISTING LEASE OR FARM ROADS TO BE UPGRADED.

NEW ROADS TO BE

CONSTRUCTED.

LOCATION FOR PROPOSED WELLS

POTENTIAL WATER
SUPPLY SOURCE TO BE

