

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

November 13, 2015

WELL WORK PERMIT

Vertical Well

This permit, API Well Number: 47-4303536, 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.

Chief

James Martin

Operator's Well No: HAGER HEIRS 255

Farm Name: MCCLURE, JAMES R.

API Well Number: 47-4303536

Permit Type: Vertical Well Date Issued: 11/13/2015

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, drilling ceased, completion of any other permitted well work and completion of the well. Such notice shall be provided by sending an email to DEPOOGNotify@wv.gov within 30 days of commencement of drilling.



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

CK 3/6900

September 21, 2015

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

RE:

Hager Heirs No. 255

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 White

Diane C. White

Enclosures

cc:

James R. McClure - Certified Earl & Peggy Ryan - Certified Jerry & Sharon Wade - Certified Ralph Triplett - DEP Inspector

RECEIVED Office of Oil and Gas OCT 26 2015 WV Department of Environmental Protection 1) Well Operator: HG Energy, LLC

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

1) Well Operato	r: HG E	Energy,	LLC	494497948	Lincoln	Duval	Griffithsville 7.5'
				Operator ID	County	District	Quadrangle
2) Operator's W	ell Numb	er:_Hag	ger Heirs 255		3) Elevation:	910'	
4) Well Type: (a) Oil <u>X</u>	or Ga	ıs				
(b) If Gas:	Produ	ction/ Und	derground Sto	rage		
		Deep	/ S	Shallow	<u><</u>		
5) Proposed Tai 6) Proposed Tot 7) Approximate 8) Approximate	tal Depth fresh wa	: <u>3127'</u> ter strata		Formation at F	Proposed Targer Proposed Total	get Depth: <u>-</u> -	3127' 2891' rea Shale
9) Approximate	coal sea	m depths	s: <u>340'</u>	······			
10) Approximate	e void de	pths,(coa	al, Karst, other):	NA			
11) Does land c	ontain co	al seam	s tributary to act	ive mine? N	A		
			nd fracturing methous	·			•
· · · · · · · · · · · · · · · · · · ·				***************************************			
13)		CA	SING AND TUE	BING PROGR	<u>AM</u>		
TYPE S	PECIFIC	<u>ATIONS</u>		FOOTAGE	INTERVALS	CEMEN	<u>1T</u>
	<u>Size</u>	<u>Grade</u>	Weight per ft	For Drilling	<u>Left in Well</u>	Fill -up (Cu.	<u>Ft.)</u>
Conductor							
Fresh Water	7"	LS	17#	440'	440'	Cement to	Surfac
Coal						RPT 10/13	/15
Intermediate						-CEIVED	C05
Production	4 1/2"	J-55	10.5#	3077'	3077'	RECEIVED of ONLY	iks
Tubing						- 9. IN L-	1
Liners						VV Departm	ent of
Packers: Kind						VV Departm ironmental (
Size					EII		
Dent	hs Set						1/13/2015

WW-2	2A
(Rev.	6-14)

depprivacyofficer@wv.gov

1). Date: <u>September 21, 2015</u>

2.) Operator's Well Number

3.) API Well No.:

Hager Heirs 255

State 47County

Permit

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

1) Surface C	humar(a) to be conved	E) (a) Cool One		
4) Surface C (a) Name	Owner(s) to be served:	5) (a) Coal Ope Name		
Address		Address	NA	
Address	4705 Midway Road	Address		
71 \ \ \ 1	Yawkey, WV 25573			
(b) Name			wner(s) with Declarat	ion
Address	4797 Midway Road /	Name	NA	
	Yawkey, WV 25573	Address		
(c) Name	Jerry & Sharon Wade	Name	Y	
Address	36 Wade Road	Address		
Addiess	Yawkey, WV 25573	Address		
6) Inapactor		— (a) Cool I (agas with Declaration	~
6) Inspector	Ralph Triplett		essee with Declaration	1
Address	5539 McClellan Highway	Name	NA	
	Branchland, WV 25521	Address	A	
Telephone				1
e na ra saran	TO THE PERSONS N			
	the lease or leases or other continuir	ng contract or contra	acts by which I hold the	right to extract oil and gas
OR	# : f E	00 A-11-1- 0 011-	- 0/-1\ - 5 11 - 0 - 1 5 1 1	
	the information required by Chapter			
	y that as required under Chapter 22- ocation plat, and accompanying docur			
application, a i	Personal Service (Affidavit at		agri on the above it	amed parties by.
59	X Certified Mail (Postmarked po		d)	
75	Publication (Notice of Publica	등 경기 가장 하는 가지 않는데 이번 중에 가게 되었다면 하는데 되었다.	u)	
I have	read and understand Chapter 22-6 a		I agree to the terms a	nd conditions of any permit
issued under th		and oo oon in and	r agree to the terms a	na senatione of any permit
	y under penalty of law that I have pe	rsonally examined	and am familiar with th	e information submitted on
	form and all attachments, and that			
	nformation, I believe that the information			
	ware that there are significant penalti	es for submitting fa	se information, includin	g the possibility of fine and
imprisonment.				
productions.		or HG Energy, L		
A TIST	NOTARY PUBLIC	y: Diane White	Diane White	
1500		s: Agent	Dood	
E 5. 5. W.	5260 Dupont Road	s: 5260 Dupont Parkersburg,	M/V 26101	
	A Darkershurg West Virginia 26101		1	
Maria	My Commission Expires Oct. 4, 2016lephone		pergylle com	RECEIVED Gas
Subscribed an	d sworn before me this 21st day		iergylic.com	ALCOIL SUO CO
Capacine d'all	d dwoll belove the this 21st day	Ochtember	, Ott	RECEIVED Gas
1	Deann Dulan	4	Notary Public	OCT 2 6 2015
My Commission	on Expires Ort 4.274	16		
Oil and Gas Priva	cy Notice			WV Department of WV Department of Protection
				My Deportal Protection
The Office of Oil a Your personal inf	cy Notice and Gas processes your personal information ormation may be disclosed to other State ag	on, such as name, addr gencies or third parties	ess and phone number, as in the normal course of but	a part of purregulatory duties.

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



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, l	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

The applicant further acknowledges that any Office of Oil and Gas permit in no way overrides, rentables, or Gas The applicant further acknowledges that any Office of Oil and Gas permit in the way overlass, and further affirms that all peeded permits/approvals should be ac quired from the appropriate aut hority before the affacted activity is initiated.

Well Operator:

By: Its:

Diane white HG Energy, LLC

Diane White, Agent

MA Debartment of Environmental Protection

11/13/2015

Operator's Well No.	Hager Heirs 255
Operators well ino.	nagei nells 200

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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
Chester Hager, et al	South Penn Oil Company	1/8	42/77

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 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 PECEIVED
Office of Oil and Gas

OCT 2 6 2015

to WV Department of Protection
Environmental Protection

Well Operator: HG Energy, LLC

By: Diane C. White Diane White Wy Department or Diane White Wilson mental protection

Its: Accountant Favilron mental 2015

WW-2B1	١
(5-12)	

Well No. Hager Heirs 255

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 Sturm Environmental Services

Sampling Contractor

Sturm Environmental Services

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 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 and Gas

OCT 2 6 2015

WV Department of Environmental Protection 11/13/2015

Well No.

Hager Heirs 255

West Virginia Department of Environmental Protection Office of Oil and Gas

NOTICE TO SURFACE OWNERS

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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:

- * Clifford L. Alford 4874 Midway Road Yawkey, WV 25573
- * Edward & Sandra Price
- 4850 Midway Road
 Yawkey, WV 25573
- * Jeremy & Sarah McClung
- 1754 Midway RoadYawkey, WV 25573
- * Jason & Ashley Bender
- Midway RoadYawkey, WV 25573
- * Davis Brothers, LLC
- PO Box 11 Sumerco, WV 25567

- * James R. McClure 4705 Midway Road Yawkey, WV 25573
- Jackie & Sandra Stowers
- 4818 Midway Road Yawkey, WV 25573
- * Matthew & Jessica Pauley
- 5710 MacCorkle Avenue, SE Charleston, WV 25304
- * George & Ruby Adkins
- Midway Road Yawkey, WV 25573
- * Earl & Peggy Ryan
- 4797 Midway Road
 Yawkey, WV 25573

RECEIVED
Office of Oil and Gas

OCT 2 6 2015

WV Department of Environmental Protection 11/13/2015

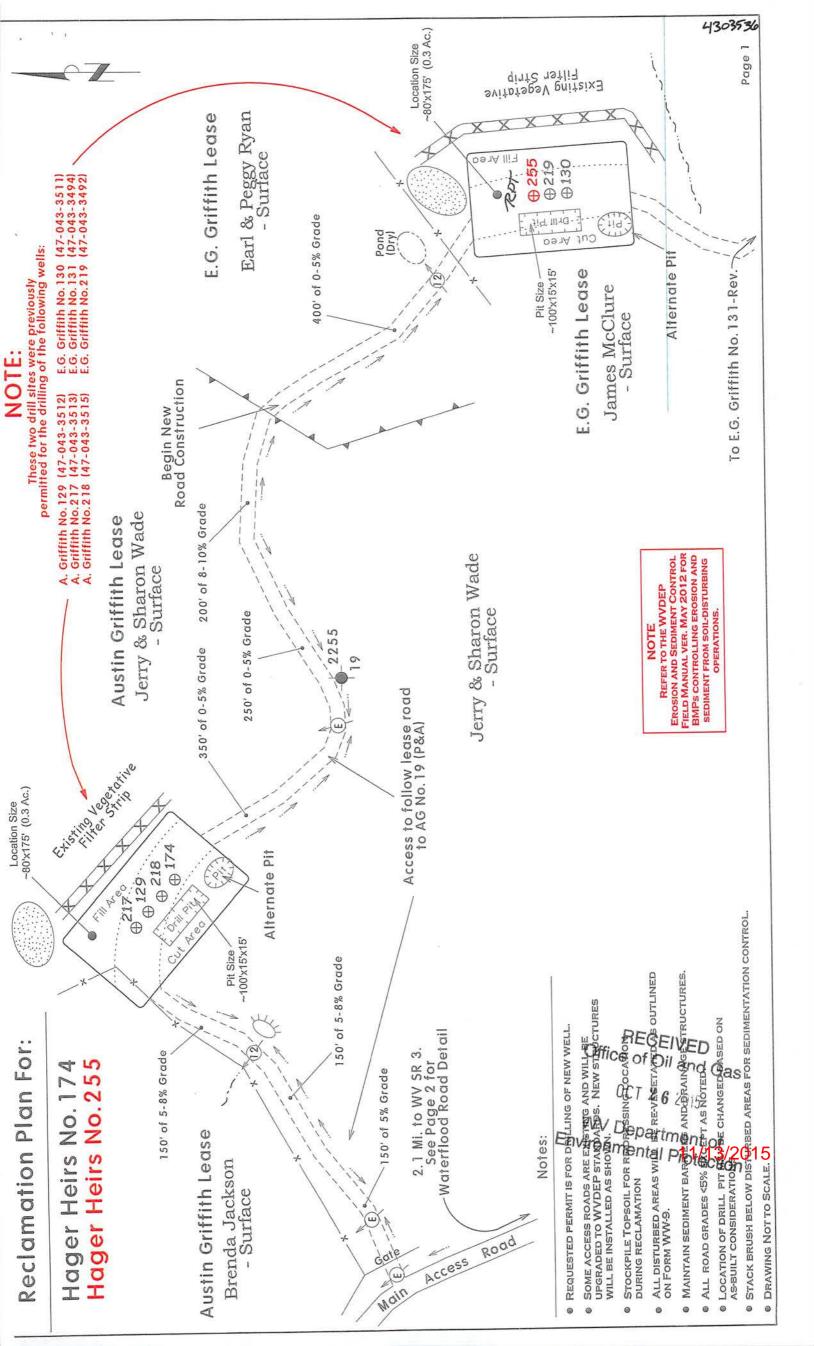
API	Number	47	_

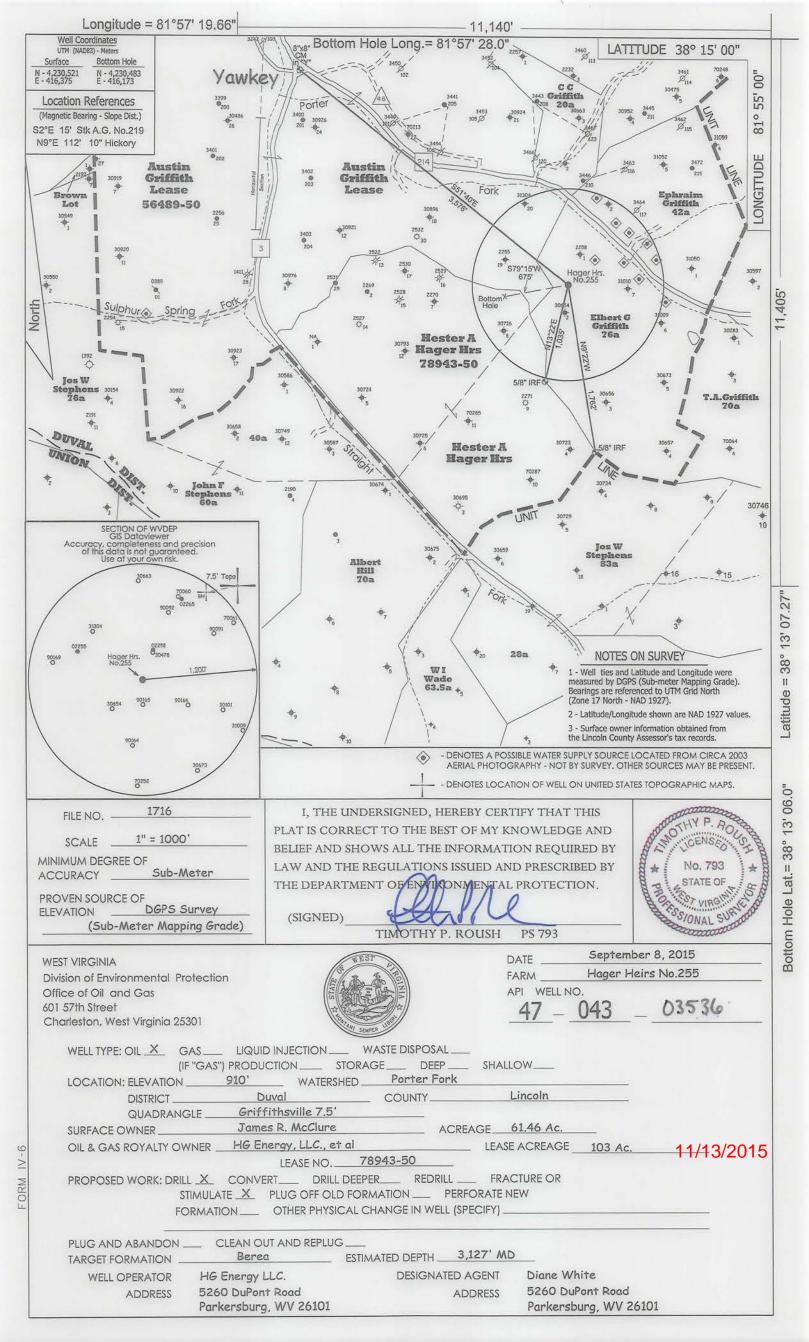
Operator's Well No. Hager Heirs 255

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

FLUIDS/ CUTTINGS DISPOSAL & RECLAMATION	N PLAN
Operator Name_HG Energy, LLC OP Co	ode 494497948
Watershed (HUC 10) Porter Fork Quadrangle Griffiths	ville 7.5'
Do you anticipate using more than 5,000 bbls of water to complete the proposed well work Will a pit be used? Yes No No	? Yes No 🔽
If so, please describe anticipated pit waste: Fluids encountere while drilling s	subject well
	ml.? 30 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	
Will closed loop system be used? If so, describe: No	
Drilling medium anticipated for this well (vertical and horizontal)? Air, freshwater, oil bas	sed, etc. Air, Fresh Water
-If oil based, what type? Synthetic, petroleum, etc. NA	-
Additives to be used in drilling medium? Water, soap, KCI	
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, sawd	
-Landfill or offsite name/permit number?	· — — — — — — — — — — — — — — — — — — —
Permittee shall provide written notice to the Office of Oil and Gas of any load of drill cutti West Virginia solid waste facility. The notice shall be provided within 24 hours of rejection where it was properly disposed.	
I certify that I understand and agree to the terms and conditions of the GENERA on August 1, 2005, by the Office of Oil and Gas of the West Virginia Department of Envir provisions of the permit are enforceable by law. Violations of any term or condition of law or regulation can lead to enforcement action. I certify under penalty of law that I have personally examined and am familia application form and all attachments thereto and that, based on my inquiry of those obtaining the information, I believe that the information is true, accurate, and complet penalties for submitting false information, including the possibility of fine or imprisonment	onmental Protection. I understand that the the general permit and/or other applicable ar with the information submitted on this individuals immediately responsible for the. I am aware that there are significant
Company Official Signature Diane White	
Company Official (Typed Name) Diane White	RECEIVED
Company Official Title Agent	Office of Oil and Gas
Subscribed and sworm before me this 21st day of September My commission expires Oct 42016	OFFICIAL SEAL 2 6 200 TARY PUBLIC STATE OF WEST VIRGINIA S. DIANNE DULANEY Artm seen Dupont Road Notan Notan

Proposed Developed T		1 6 00000	
Proposed Revegetation Trea		xiovogoution p	ьн
	Tons/acre or to c	correct to pH 0.5	
Fertilizer type 10			
Fertilizer amount		500 lbs/acre	
Mulch_Straw	2	Tons/acre	
		Seed Mixtures	
T€	emporary	Perm	anent
Seed Type	lbs/acre	Seed Type	lbs/acre
Tall Fescue	40	Tall Fescue	40
Ladino Clover	5	Ladino Clover	5
rawing(s) of road, location, rovided)		for land application (unless engineered plans in	ncluding this info have been
Orawing(s) of road, location, rovided) Thotocopied section of involutional section section of involutional section section of involutional section se	ved 7.5' topographic sh		ncluding this info have been
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Operator: HG ENERGY, LLC

WELL No: HAGER HEIRS 255

Reviewed by:

Date: 11/03/2015

15 Day End of Comment: 11/10/15

CHECKLIST FOR FILING A PERMIT

,	1	Vertical Well	Ck#3169
-	V WW	-2B	
1	Inspe	ector signature on WW-2B	
6	/ww	-2A (Notarized)	
/	Certi	fied Mail Receipts, Waivers, or Affidavits of Personal Service	
	Surfa	ace Owner Waiver	
	Coal	Owner / Lessee /Operator Waiver	
4	/ WW	-2A-1 (Signed) Showing Book/Page Number and Royalty Percentage	
1	/ ww	-2B-1 (Names, addresses, and spot on topographical map listed as water testing)	
b	WW	-9 (Page 1 & 2) (Notarized)	
No	More	e than 5,000 bbls	
4	Inspe	ector Signature on WW-9	
1	Recl	amation plan	
,	Торо	graphic Map of location of well	
1	Myla	ar Plat (Signed and Sealed) (Surface owner on plat matches WW-2A)	
1	Bono	i	
-	Com	pany is Registered with the SOS	
1	Worl	ker's Compensation / Unemployment Insurance account is OK	
	\$650	.00 check (\$550.00 if no pit)	
1	Mine	e Data	
	Add	endum	
	Flow	Distance to Nearest Intake	
	Hori	zontal Rule Series 8 Effective August 30, 2011-Well Sites Greater Than 3 Acres	
		Erosion and Sediment Control Plan	
		Site Construction Plan	
		Well Site Safety Plan	
	Wate	er Management Plan (Plan to withdraw 210,000 gallons or more during any one	month period)
	With	in a Municipality	
		Class I Legal Advertisement in Newspaper for first permit on well pad	
	Prof	essional Engineer/Company has COA	