

#### 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

April 17, 2015

#### WELL WORK PERMIT

#### Vertical Well

This permit, API Well Number: 47-8704774, 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: E. SMITH 213

Farm Name: NIDAY ORLANDO B.

API Well Number: 47-8704774

Permit Type: Vertical Well Date Issued: 04/17/2015

### **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. 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 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.

04/17/2015

04/17/2015

WW - 2B (Rev. 8/10)

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

1) Well Operator	: HG E	nergy, LL	.C	494497948	Roane	Smithfield	Looneyville 7.5
				Operator ID	County	District	Quadrangle
2) Operator's We	ell Numb	er: Elkar	nnah Smith 213		3) Elevation:	1162'	
4) Well Type: (a)	Oil_X	_ or Ga	S				
(b)	If Gas:	Produc	ction / Und	lerground Sto	rage		
		Deep	/ S	hallow_X	_		
5) Proposed Targ 6) Proposed Tota 7) Approximate f 8) Approximate s	al Depth resh wa	:2800' TM ter strata	depths: 450'	Formation at F	Proposed Tar Proposed Tota	get Depth: Tal Depth: Bi	yo 2260°, TMD 2800° g Injun
a) Approximate o	coal sea	m depths	: NA			-	-
10) Approximate	void de	pths,(coa	al, Karst, other):	NA			
11) Does land co	ontain co	al seams	s tributary to act	ive mine? N	IA		
12) Describe prop	osed we	ll work an	d fracturing meth	ods in detail (a	attach additiona will be small h	al sheets if ne hydraulic frac	eeded) cture.
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1/1	1//	112					
13)	21		SING AND TU	RING PROGE	NAM		
1 111 7	PECIFIC	ATIONS		FOOTAGE	INTERVALS	S CEME	ENT
	Size	Grade	Weight per ft	For Drilling	Left in Well	Fill -up (C	u. Ft.)
Conductor							
Fresh Water	7"	LS ST&C	17#	575'	575'	СТ	S
Coal							
Intermediate							
Production	4 1/2"	J-55	10.5#	2760'	2760'	200	
Tubing						RECEI	land Gas
Liners					(	10 0000	
Packers: Kind						FER '	0 00.
Sizes	-						partment of ental Protecti
Бері	113 061					Environme	0.4/4.7/0.0

WW-2A		1). Date:	<u>Februa</u>	<u>ry 4, 2</u>	2015	
(Rev. 6-14)		2.) Operator	's Well N	umber	Elkanna	h Smith 213
		<b>,</b> • p • · · · · ·		State	County	Permit
		3.) API Well	No ·	47- <sub> </sub>	Roane	
		3.) Al 1 Woll	110		1100.10	
	STATE O	F WEST VIRGINI	Α			
DEPA	RTMENT OF ENVIRONMENT	AL PROTECTION	I, OFFIC	E OF	OIL AND G	AS
	NOTICE AND APPLICAT	ON FOR A WELI	<u>L WORK</u>	( PER	<u>MIT</u>	
4) Surface Ow		5) (a) Coal Operato				
(a) Name	Orland B. Niday	. Name				
Address	184 Parkersburg Road	Address		<del>-</del>		
0.551	Spencer, WV 25276	. (b) Coal Owner	r(s) with I	Declara	ation	
(b) Name		•				
Address		Address				
		_				
(c) Name		Name				
Address		Address				
,		_				
6) Inspector	Ed Gainer	(c) Coal Lesse	e with De	eclaration	on	
Address	P. O. Box 821	Name				
	Spencer, WV 25276	_ Address				
Telephone	304-389-7582		NOTICE	THAT		
	TO THE PERSONS NAM ne lease or leases or other continuing of	CONTRACT OF CONTRACTS	hy which I	hold th	ie right to extra	ct oil and gas
<del></del>						
OR Included is the	he information required by Chapter 22,	Article 6, Section 8(d	d) of the C	ode of	West Virginia (	see page 2)
	that an enquired under Chapter 22-6	of the West Virginia	Code I ha	ave sen	vea copies oi	IIIIS HOUGE and
application, a loc	ation plat, and accompanying docume	nts pages 1 through .	on the	e above	named parties	s by.
_	Personal Service (Affidavit attack  Certified Mail (Postmarked posta	ned) al receipt attached)				
<del></del>	Dublication (Notice of Publication	n attached)				
I have re	ead and understand Chapter 22-6 and	35 CSR 4, and I ag	gree to the	e terms	and condition	s of any permit
والمالات المالية المالية	lipotion					
l certify	s application. under penalty of law that I have persorm and all attachments, and that ba	sed on my inquiry of	f those inc	dividuals	s immediately	responsible for
1 4 1 1 41 - 1 - 2		ie inie accilizate and	ıcanılınele	1.		
l am aw	are that there are significant penalties	for submitting false i	informatio	n, includ	ding the possit	oility of fine and
imprisonment.		HG Energy, LLC				
	yyeli Operator Rv:	Diane White	Diane	whi	u	
	Its:	Agent				<del>FD</del>
	Address:	5260 Dupont Ro	ad		RECEIV	and Gas
	**-lb	Parkersburg, W	V 26101	<del></del>	ffice of Oil	ario di
	Telephone: Email:	304-420-1119 dwhite@hgenero	avlic.con	n	EFR 20	2015
Subscribed and	sworn before me this 4th day of			, 20	)15 TED # 0	
					WV Depar	tment of
	- gring	West of the second	Nota	ary Publ		Protection.
My Commission	<del></del>	<i>y</i>		A FA	Altoumser	FICIAL SEAL TARY PUBLIC
Oil and Gas Privac		_		13.3	STATE	F WEST VIRGINIA
The Office of Oil ar	d Gas processes your personal information, rmation may be disclosed to other State age	such as name, address	and phone	V.	part of ONA	Jesteritersubly Kuta alokatan
with etatutory or re	egulatory reguirements, including Freedom C	t intormation act reques	sis. Cuipių	Market 1	Spending Section	[* <del>***********************************</del>
information. If you depprivacyofficer@	have any questions about our use of your pe	irsonai information, plea	ise collect	~~~~	My Commiss	85 Sepires Oct. 4, 2016
	<del></del>					0 1/ 1/1/2010

U.S. Postal Service TEM CERTIFIED MAIL, RECEIPT 9603 (Domestic Mail Only; No Insurance Coverage Provided) 3242 Postage Certified Fee 2000 Postmark Return Receipt Fee (Endorsement Required) 2.70 Restricted Delivery Fee (Endorsement Required) 1090 Total Postage & Fees ES 213 Sent To 7013 Orland B. Niday Street, Apt. No.; 184 Parkersburg Road or PO Box No. City, State, ZIP+4 Spencer WV 25276 PS Form 3800, August 2006 See Reverse for Instructions

Peoples ( BOANK Building Success. FOR Permit - Elkannah Smith No. 213	PAY TO THE OF MV D.E.P. Six Hundred Fifty Dollars and 00/100	HG ENERGY, LLC 03-11 304-422-6565 5260 DUPONT RD PARKERSBURG, WV 26101
Peoples (a)  BANK peoplesbancorp.com pring Together. Building Success.  Permit - Elkannah Smith No. 213  BY THE SUCCESS.  BY BOO.374.6123 Peoplesbancorp.com Permit - Elkannah Smith No. 213	\$ 650.00	2926 3-11 56:250/412 02 DATE

Office of Oil and Gas

FEB 2 0 2015

WV Department of Environmental Protection

04/17/2015

WW-	-2A1	
(Rev.	1/11	)

Operator's Well Number Elkannah Smith 213

# 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-

## 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 activity is initiated.

Form	WW-2A(1)
(10/10	<b>)</b> )

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

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- 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;
- 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
Elkannah Smith ET UX	South Penn Oil Company	1/8	8/435

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 drillingoperations 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 and Gas FEB 2 0 2015

Well Operator:	HG Energy, LLC		MV E	mental Protection
Ву:	Diane C. White	Diane	<b>LEWISON</b>	HOLLO.
Its:	Agent			04/17/2015

WW-2B1 (5-12)

Well No. Elkannah Smith 213

#### 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

Sampling Contractor

Sturm Environmental

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. Surface Owners with Wlater Sources Identified for Sampling / Analysis:

\* Richard Fisher

\* Brenda Chadnell 4513 Clay Road

4580 Clay Road

5 pencer WV 25276

5 pencer WV 25276

6 pencer WV 25276 Office of Oil and Gas

\* Casie Roberts 4454 Clay Road Spencer WV 25274

FEB 2 0 2015

WV Department of Environmental Protection 04/17/2015

WW-9	
(5/13)	

	Page of
API Number 47 -	
Operator's Well N	O. Elkannah Smith 213

WV Department of Environmental Protection

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

#### FLUIDS/ CUTTINGS DISPOSAL & RECLAMATION PLAN

Watershed (HUC 10) Laurel		OP Code 494497948	
	Fork	Quadrangle Looneyville 7.5'	
Elevation 1162'	County Roane	District Smithfield	
Do you anticipate using more will a pit be used for drill cutt  If so, please describe  Will a synthetic liner  Proposed Disposal M  Lan  Unc	ings? Yes X No anticipated pit waste: Fluids encou	o If so, what ml.? 20 mil mber_ 25-561	
	Site Disposal (Supply form WW-9 ter (Explain_	for disposal location)	
Will closed loop system be use	ed? No		
	or this well? Air, freshwater, oil base	d, etc. Air, Fresh Water	
	ne? Synthetic, petroleum, etc. NA		
Additives to be used in drilling			
	? Leave in pit, landfill, removed offs	ite, etc. Leave in pit	
	and the state of t	d? (cement, lime, sawdust) Native soil, cement, I	ime
on August 1, 2005, by the Offi provisions of the permit are en law or regulation can lead to en I certify under penal application form and all atta obtaining the information, I I	ice of Oil and Gas of the West Virgin nforceable by law. Violations of an inforcement action.  Ity of law that I have personally example the properties of t	litions of the GENERAL WATER POLLUTION in Department of Environmental Protection. I use y term or condition of the general permit and/or amined and am familiar with the information so my inquiry of those individuals immediately accurate, and complete. I am aware that the of fine or imprisonment.	nderstand that r other application submitted on y responsible
Company Official Signature_	Diane White		
Company Official (Typed Na			
	ent		

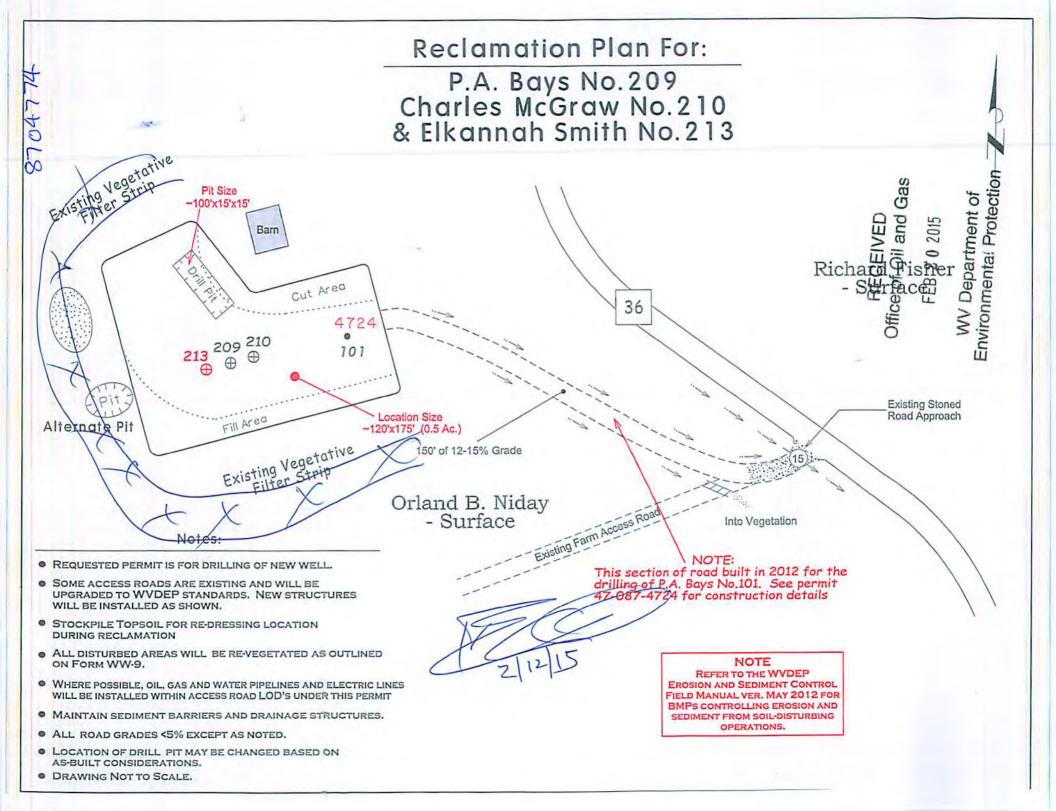
)	Consults Assess Districtly d	1.2	Н
Proposed Revegetation Treat	tment: Acres Disturbed	6.5	)H
	Tons/acre or to correc		
	or equivalent)	lbs/acre (500 lbs minimum)	
Mulch_ Straw	2	Tons/acre	
		Seed Mixtures	
	rea I		rea II
Seed Type	lbs/acre	Seed Type Tall Fescue	1bs/acre 40
Tall Fescue	40	_	
Ladino Clover	5	Ladino Clover	5
Sediment Control s  Attach: Drawing(s) of road, location, Photocopied section of involved	pit and proposed area for la		
Attach: Drawing(s) of road, location,	pit and proposed area for la		
Attach: Drawing(s) of road, location, Photocopied section of invol	pit and proposed area for la		
Attach: Drawing(s) of road, location, Photocopied section of invol	pit and proposed area for la		
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Office of Oil and Gas

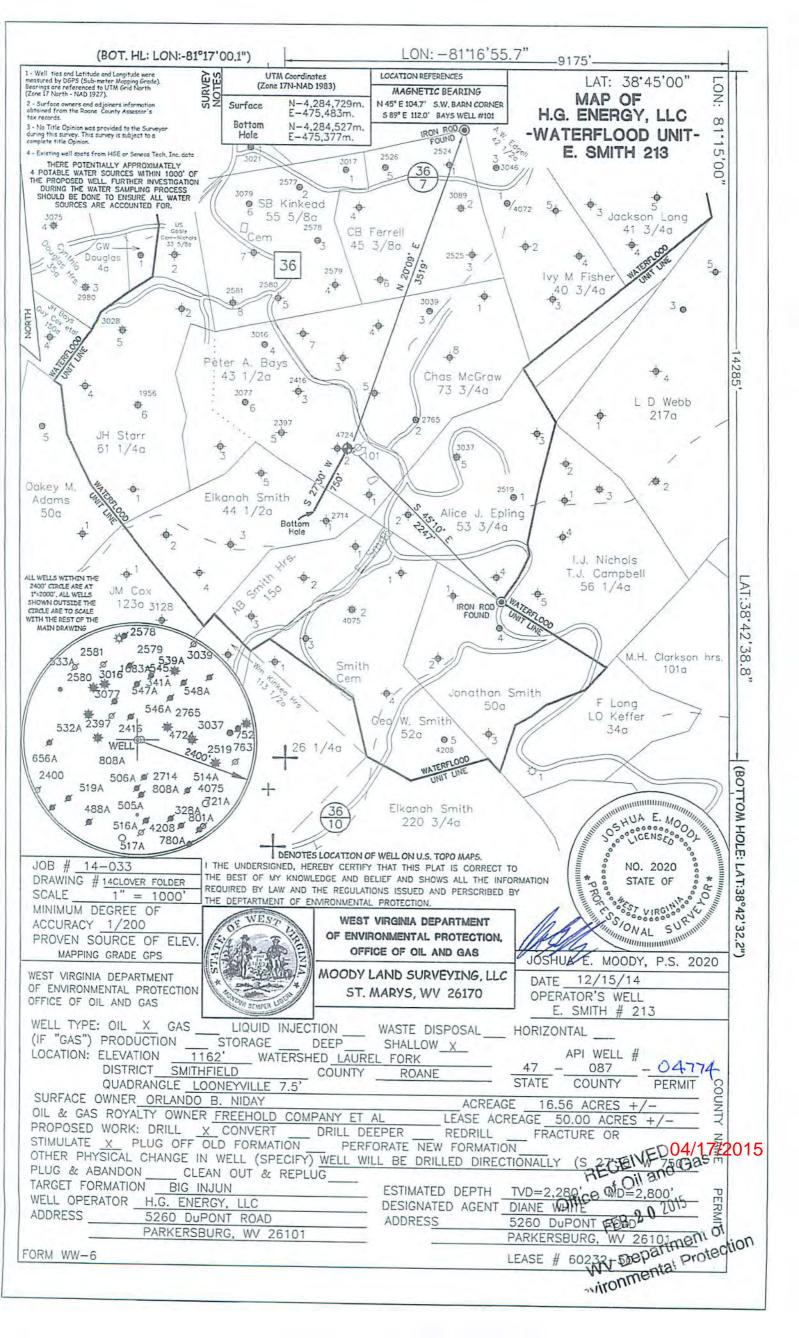
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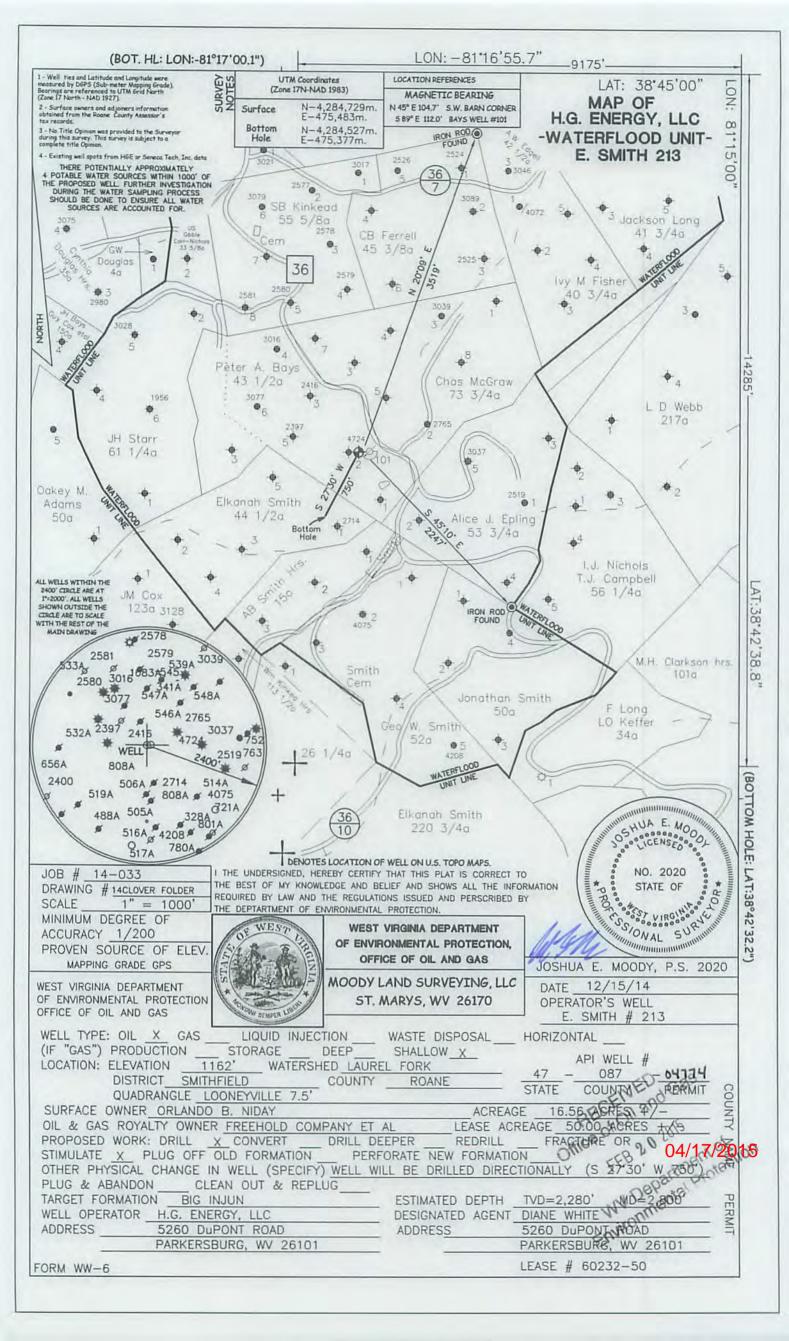
WV Department of Environmenta: Protection

04/17/2015





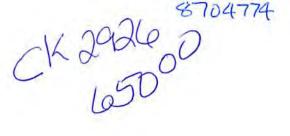






### HG Energy, LLC

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



February 4, 2015

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

RE:

Elkannah Smith No. 213

Smithfield District, Roane 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:

Orland B. Niday - Certified

Ed Gainer - Inspector

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FEB 2 0 2015

WV Department of Environmental Protection