

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

May 20, 2014

WELL WORK PERMIT Horizontal 6A Well

This permit, API Well Number: 47-10302987, 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: 406 N-3H

Farm Name: DULANEY, DALE K.

API Well Number: 47-10302987

Permit Type: Horizontal 6A Well

Date Issued: 05/20/2014

API Number: 103-02987

PERMIT CONDITIONS

West Virginia Code § 22-6A-8(d) 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. This proposed activity may require permit coverage from the United States Army Corps of Engineers (USACE). Through this permit, you are hereby being advised to consult with USACE regarding this proposed activity.
- 2. 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 § 22-6A-5a (12), 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.
- 3. When compacting fills, each lift before compaction shall not be more than 12 inches in height, and the moisture content of the fill material shall be within limits as determined by the Standard Proctor Density test of the actual soils used in specific engineered fill, ASTM D698, Standard Test Method for Laboratory Compaction Characteristics of Soil Using Standard Effort, to achieve 95 % compaction of the optimum density. Each lift shall be tested for compaction, with a minimum of two tests per lift per acre of fill. All test results shall be maintained on site and available for review.
- 4. Operator shall install signage per § 22-6A-8g (6) (B) at all source water locations included in their approved water management plan within 24 hours of water management plan activation.
- 5. Oil and gas water supply wells will be registered with the Office of Oil and Gas and all such wells will be constructed and plugged in accordance with the standards of the Bureau for Public Health set forth in its Legislative rule entitled Water Well Regulations, 64 C.S.R. 19. Operator is to contact the Bureau of Public Health regarding permit requirements. In lieu of plugging, the operator may transfer the well to the surface owner upon agreement of the parties. All drinking water wells within fifteen hundred feet of the water supply well shall be flow tested by the operator upon request of the drinking well owner prior to operating the water supply well.
- 6. Pursuant to the requirements pertaining to the sampling of domestic water supply wells/springs the operator shall, no later than thirty (30) days after receipt of analytical data provide a written copy to the Chief and any of the users who may have requested such analyses.
- 7. If any explosion or other accident causing loss of life or serious personal injury occurs in or about a well or well work on a well, the well operator or its contractor shall give notice, stating the particulars of the explosion or accident, to the oil and gas inspector and the Chief, within 24 hours of said accident.
- 8. During the casing and cementing process, in the event cement does not return to the surface, the oil and gas inspector shall be notified within 24 hours.
- 9. 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.

WW-6B (9/13)

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

						7	2) 1
1) Well Opera	tor: HG E	nergy, LLC		494497948	Wetzel	Grant	Big Run 7.5'
				Operator ID	County	District	Quadrangle
2) Operator's	Well Number	r: MA Miller 4	06 N-3H	Well Pa	d Name: MA	Miller 406	
3) Farm Name	/Surface Ow	ner: MA Mille	er	Public Roa	nd Access:	SLS 58	
4) Elevation, c	urrent groun	d: 1385'	Ele	vation, proposed	post-construct	tion: 1369'	
5) Well Type	(a) Gas		Oil	Und	erground Stora	ige	
	Other						
	(b)If Gas	Shallow	ш	Deep			
		Horizontal _					PMH 3-12-14
6) Existing Pac	d: Yes or No	No					3-12-14
3) Proposed To	otal Vertical	Depth:	TVD 7,08	0 feet			
8) Proposed To							
) Formation a			Marcellus	7.3.Dec		_	
10) Proposed	Fotal Measur	ed Depth:	TMD 16,	248 feet			
11) Proposed I	Horizontal Le	eg Length:	8,	554 feet			
12) Approxima	ate Fresh Wa	ter Strata Dept	hs:	115 feet			
13) Method to	Determine F	resh Water De	pths: _E	Based on drilling hi	story in nearby v	vells	
14) Approxima	ate Saltwater	Depths:	2,175 feet				
15) Approxima	ate Coal Sear	n Depths:	1,265 feet				
16) Approxima	ate Depth to	Possible Void (coal min	e, karst, other):	NA		
		ation contain c		Yes	No.	o 🗸	
(a) If Yes, pr	ovide Mine I	nfo: Name:					
4. T. F. C. 30		Depth:					
		Seam:					RECEIVED
		Owner:					Office of Oil and

MAR 2 I 2014

Page 1 of 3 mental Protection 05/23/2014

WW-6B (9/13)

18)

CASING AND TUBING PROGRAM

ТҮРЕ	Size	New or Used	<u>Grade</u>	Weight per ft. (lb/ft)	FOOTAGE: For Drilling	INTERVALS: Left in Well	CEMENT: Fill-up (Cu. Ft.)
Conductor	20"	New	H-40	94#	60'	60'	NA (Drilled in)
Fresh Water	13 3/8"	New	J-55	54.5#	1319'	1319'	1400, CTS
Coal							
Intermediate	9 5/8"	New	J-55	40#	3500'	3500'	1550, CTS
Production	5 1/2"	New	P-110	20#	16248'	16248'	4225
Tubing	2 3/8"	New	L-80 or N-80	4.7#	NA	8000'	NA
Liners							

DA4 7-12-14

ТҮРЕ	<u>Size</u>	Wellbore Diameter	Wall Thickness	Burst Pressure	Cement Type	Cement Yield (cu. ft./k)
Conductor	20"	20"	0.375"	1530#	NA	NA (Drilled In)
Fresh Water	13 3/8"	17 1/2"	0.38"	2740#	Class A	1.21
Coal						
Intermediate	9 5/8"	12 1/4"	0.395"	3950#	Gas Block - Class A	Tail - 1.18 Lead - 1.29
Production	5 1/2"	8 1/2"	0.361"	12640#	50/50 - ASC	Tail - 1.5 Lead - 1.31
Tubing	2 3/8"	4.778"	0.19"	11200#	NA	NA
Liners						

PACKERS

Kind:		
Sizes:		
Depths Set:		

WW-6B (9/13)

19) Describe proposed well work, including the drilling and plugging ba	ck of any pilot hole:
Drill, case, cement and complete a horizontal Marcellus well.	
20) Describe fracturing/stimulating methods in detail, including anticipation	ated max pressure and max rate:
Plan to hydraulically fracture/stimulate the well with "slickwater" frac technique.	•
though the cased hole.	
	10.00
21) Total Area to be disturbed, including roads, stockpile area, pits, etc.,	(acres):
22) Area to be disturbed for well pad only, less access road (acres):	1.39 acres
• • • •	
23) Describe centralizer placement for each casing string:	
Conductor: NA Surface: Centralizer every 3 joints or 120'	
Intermediate: Centralizer every 3 joints or 120'	
Production Centralizer Program: Run 1 spiral centralizer every 120'	
·	
24) Describe all cement additives associated with each cement type:	
Conductor: NA - Drilled in (Casing while drilling, no annulus)	
Surface: Premium NE-1 (Class A Cement) (see attachment for complete descrintermediate: Lead: Class A Cement / Tail: Class A Cement (see attachment for	
Production: Lead: Class A (50/50) / Tail: Class A (ASC) (see attachment for	
25) Proposed borehole conditioning procedures:	
The wellbore will be properly circulated at TD of each section until as much of the	ne residual drill cuttings have been
removed from the wellbore as possible, residual drilling gas has been circulated are both constant and stable. Mud properties will be adjusted if peeded. Hole	l out and until the mucharld wellbore Gas
are both constant and stable. Mud properties will be adjusted if needed. Hole to well, hole section to hole section.	CHICE ON MOUNT
	MAR 21 2014
	0 to 1d
	On H 3-13-14 WV Department of mental Protection
*Note: Attach additional sheets as needed.	7-12-14 WV Department of Environmental Protection

Cement Additives for WW-6B

Conductor: N/A – Drilled in / Sanded in (Casing While Drilling, no annulus)

Surface Casing:

Premium NE - 1 (Class A Cement) + 3% bwoc calcium

Chloride + 0.75 gals/100 sack FP-12L (ANTI-FOAM) + 0.25

Lbs/sack Cello Flake (Lost Circulation Material)

Comentraniance
Attacked

Intermediate Casing:

Lead:

Type 1 Cement + 0.75 gals/100 sack FP (ANTI-FOAM)

12L + 0.25 lbs/sack Cello Flake (Lost Circulation)

Tail: Gas-Blok Blend

Premium NE-1 (Class A Cement) + 0.55% bwoc BA-10A (Bonding Agent) + 1% bwoc

EC-1 (Bonding Agent) + 0.5% bwoc Sodium Metasilicate (Viscosifier) + 0.25 lbs/sack

Cello Flake (Lost Circulation) + 0.75 gals/100 sack FP-12L (Anti-Foam)

Production:

Dm1+ 7-1271

Lead #1

(50:50) Poz (Fly Ash): Premium NE - 1 (Class A Cement) + 0.25% bwoc R-3 (Retarder) + 1% bwoc EC-1 (Bonding Agent) + 0.75 gals/100 0.25% bwoc R-3 (Retarder) + 1% bwoc EC-1 (Bonding Agent) + 0.75 gals/100 sack FP-12L (Anti-Foam) + 0.125 lbs/sack Cello Flake (Lost Circulation) + 0.5% bwoc MPA-170 (Multi Purpose Additive), ie Fluid Loss, Free Water and Stabilization RECEIVED

676 sacks (50:50) Poz (Fly Ash): Premium NE-1 (Class A Cement) + 0.125 lbs/sack Cello Flake (Post Circulation) + 0.3% bwoc CD-32 (Dispersant) + 0.4% bwoc BA-59 (Randing Agent) + 0.5% bwoc CD-32 (Dispersant) + 0.4% bwoc BA-59 (Randing Agent) + 0.5% bwoc CD-32 (Dispersant) + 0.4% bwoc BA-59 (Randing Agent) + 0.5% bwoc CD-32 (Dispersant) + 0.4% bwoc BA-59 (Randing Agent) + 0.5% bwoc CD-32 (Dispersant) + 0.4% bwoc BA-59 (Randing Agent) + 0.5% bwoc CD-32 (Dispersant) + 0.4% bwoc BA-59 (Randing Agent) + 0.5% bwoc CD-32 (Dispersant) + 0.4% bwoc BA-59 (Randing Agent) + 0.5% bwoc CD-32 (Dispersant) + 0.4% bwoc BA-59 (Randing Agent) + 0.5% bwoc CD-32 (Dispersant) + 0.4% bwoc BA-59 (Randing Agent) + 0.5% bwoc CD-32 (Dispersant) + 0.4% bwoc BA-59 (Randing Agent) + 0.5% bwoc CD-32 (Dispersant) + 0.4% bwoc BA-59 (Randing Agent) + 0.5% bwoc CD-32 (Dispersant) + 0.4% bwoc CD-32 (Dispersant) + 0.4% bwoc BA-59 (Randing Agent) + 0.5% bwoc CD-32 (Dispersant) + 0.5% b bwoc CD-32 (Dispersant) + 0.4% bwoc BA-59 (Bonding Agent) + 0.5% bwoc MPA-170 (Multi Purposé Additive), sack + WV Department of 7.5 lbs/sack BA-90 (Bonding Agent) +0.3% bwoc R-3 (Retarder) + 0.75 gals/100 sack FP-12L (Anti-Foam)

Premium NE-1 (Class A Cement) + 0.5% bwoc R-3 (Retarder) + 0.75 gals/100 sack FP-12F (Airti-foam) + 0.125 lbs/sack Cello Flake (Lost Circulation) + 0.25% bwoc CD-32 (Dispersant) + 0.6% bwoc Sodium Matarilland (Circulation) + 0.25% bwoc RA-104 (Panding A) bwoc BA-10A (Bonding Agent) + 10 lbs/sack ASCA-1 (Solubility Aid). 05/23/2014



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 dep.wv.gov

October 31, 2013

Schlumberger Attn: Daniel L. Sikorski 4600 J Barry Court Suite 200 Canonsburg, PA 15317

RE: Cement Variance Request

Dear Sir:

This agency has approved a variance request for the cement blend listed below to be used on surface and coal protection casing only. The variance cannot be used without an oil and gas operator requesting its use on a permit application and approved by this agency:

- 2% Accelerator (S001)
- 0.2% Antifoam (D046)
- 0.125 lb/sk Polyester Flake (D0130)

If you have any questions regarding this matter feel free to contact me at 304-926-0499, ext. 1653.

Sincerely,

James Peterson

Environmental Resources Analyst

RECEIVED
Office of Oil and Gas

MAY 19 2014

Wiv Department of Environmental Protection

Promoting a healthy environment.



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 dep,wv.gov

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

IN THE MATTER OF A VARIANCE FROM)	ORDER NO. 2013-78
REGULATION 35 CSR § 4-11.4/11.5/14.1)	
AND 35 CSR § 8-9.2.h. 4/5/6/8 OF THE	,	
THE OPERATIONAL	j	
REGULATIONS OF CEMENTING OIL	j	
AND GAS WELLS	í	
	,	

REPORT OF THE OFFICE

Schlumberger requests approval of a different cement blend for use in cementing surface and coal protection casing of oil and gas wells.

FINDINGS OF FACT

- 1.) Schlumberger proposes the following cement blend:
 - 2% Accelerator (S001)
 - 0.2% Antifoam (D046)
 - 0.125 lb/sk Polyester Flake (D130)
- 2.) Schlumberger laboratory testing results indicate that the blend listed in Fact No.1 will achieve a 500 psi compressive strength within 5 hours, 22 minutes and a 1200 psi compressive strength within 10 hours, 29 minutes.

RECEIVED Office of Oil and Gas

MAY 1 9 2014

My Department of Environmental Protection

CONCLUSIONS OF LAW

Pursuant to Articles 6 and 6A. Chapter 22 of the Code of West Virginia, the Office of Oil and Gas has jurisdiction over the subject matter embraced in said notice, and the persons interested therein, and jurisdiction to promulgate the hereinafter prescribed Order.

Pursuant to 35 CSR § 4-11.5 and 35 CSR § 8-9.2.h.8 the Chief of the Office of Oil and Gas may approve different cement blends upon the well operator providing satisfactory proof that different cement types are adequate.

ORDER

It is ordered that Schlumberger may use the cement blend listed in Findings of Fact No.1 for the comenting of surface and coal protection casing of oil and gas wells in the State as may be requested by oil and gas operators. The waiting time on the cement blend shall be 8 hours. The cement blend shall be mixed in strict accordance with the specifications for each blend and weight measurements made on-site to assure the cement slurries meet the minimum weight specifications. A sample shall be collected and, if after 8 hours the cement is not set up, additional time will be required. Schlumberger shall keep a record of cement blend jobs in which the cement blend approved under this order is to be used and made available to the Office of Oil and Gas upon request.

Dated this, the 31rth day of October, 2013.

IN THE NAME OF THE STATE OF WEST VIRGINIA

OFFICE OF OIL AND GAS
DEPARTMENT OF ENVIRONMENTAL PROTECTION
OF THE STATE OF WEST VIRONIA

OF THE STATE OF WEST VIRGINIA

James Martin Chief
Office of Oil and Gas

RECEIVED
Office of Oil and Gas

MAY 1 9 2014

Environmental Protection

East Division Technology Center

Laboratory Cement Test Report- 15.6 PPG SURFACE Weston District Laboratory

Fluid No : WES1 Date : Oct-06		! : NOBLE Name : WEST VIRG	INIA Field	Rig : N/A : N/A	Mciaughān
Job Type BHST Starting Temp. Starting Pressure	SURFACE 63 degF 80 degF 179 psi	Depth BHCT Time to Ter Time to Pre		TVD BHP Heating Ra Schedule	700.0 ft 494 psl te -0.22 degF/min 9.2-1
omposition					SAL I
Slurry Density Solid Vol. Fraction	16.60 lb/gal 41.4 %	Yield Porosity	1.20 ft3/sk 58.6 %		5.252 gal/sk Conventional
Code	Concentration	Sack Reference	Component	Blond Density	Lot Number
D901 - API A Fresh water	5.252 gal/sk	94 Ib of BLEND	Blend Basa Fluid	197.27 lb/ft3	08-13-13/6-20
S001 D046 D130	2.000 %BWOC 0.200 %BWOC 0.125 lb/sk		Accelerator Antifoam Lost circ		364AJ1632 TU3G0700A0 BULK

Rheology Geometry: R1B1F1.0 S/N 10-1287-003

Temperature		78 degF			
(ran)	Up (deg)	Down (deg)	Average (dop)		
300	63.0	63,0	63.0		
200	56.0	57.0	56.5		
100	46.0	49.0	47.5		
60	61.0	46.0	43.5		
30	33.0	43.0	38.0		
6	20.6	27.7	24.2		
3	16.6	20.5	1B.5		
10 sec Gel	23	deg - 24.55 lb0100	082		
10 min Gel	53 deg - 56,57 lbf/100ft2				
Rheo, computed	Viscosity: 25.792 cP Yield Point: 38.21 69100ft2				

UCA Compressive Strength

Timo	cs
05:22 hr:mn	500 psi
10:29 fr:mn	1200 psl

Free Fluid

1.0 mU250mL in 2 hrs At 78 depF and 0 deg incl Sedimentation: None	
At 78 degF and 0 deg incl	
Sedimentation: None	

Comments

General Comment:

Note: This is a pilot test. Field may differ after testing. Please read field report carefully and compare to pilot reput and contact the laboratory with any questions or concerns.

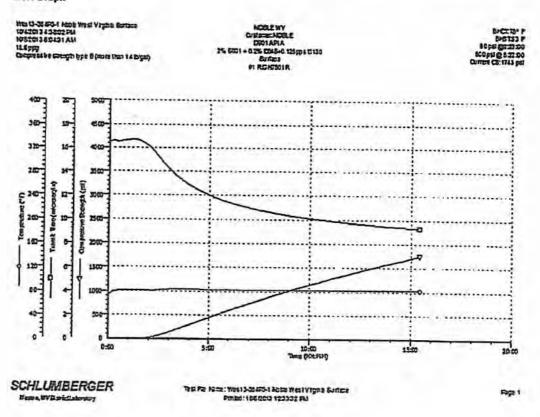
MAY 1 9 2014

to insurroged vivid Environmental Protection

Page 1

Schlimberger

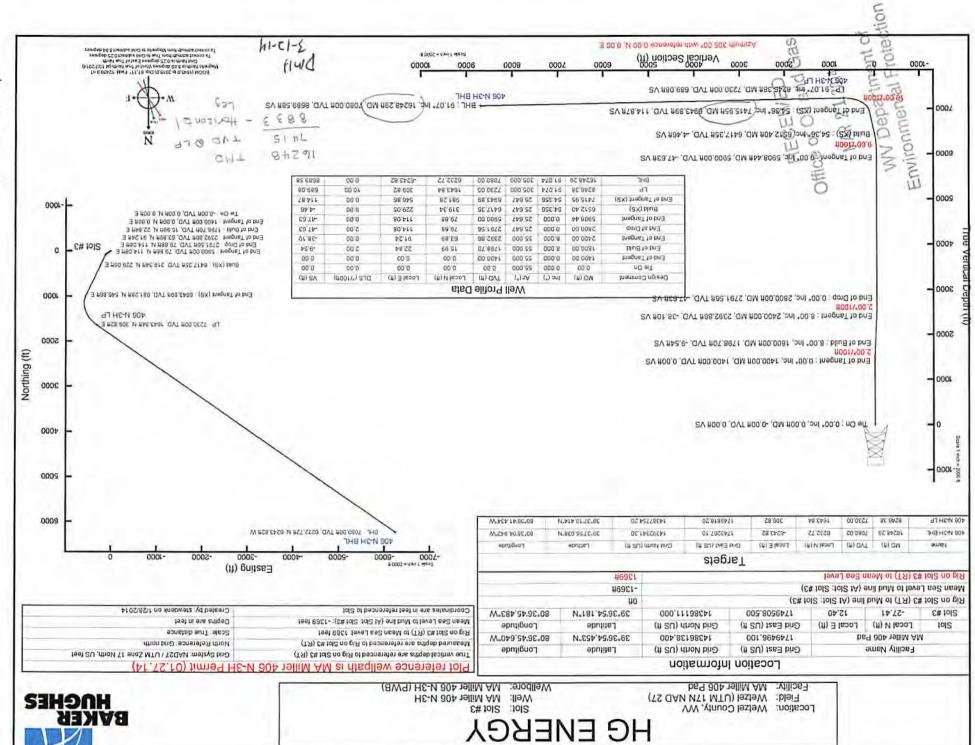
UCA Graph

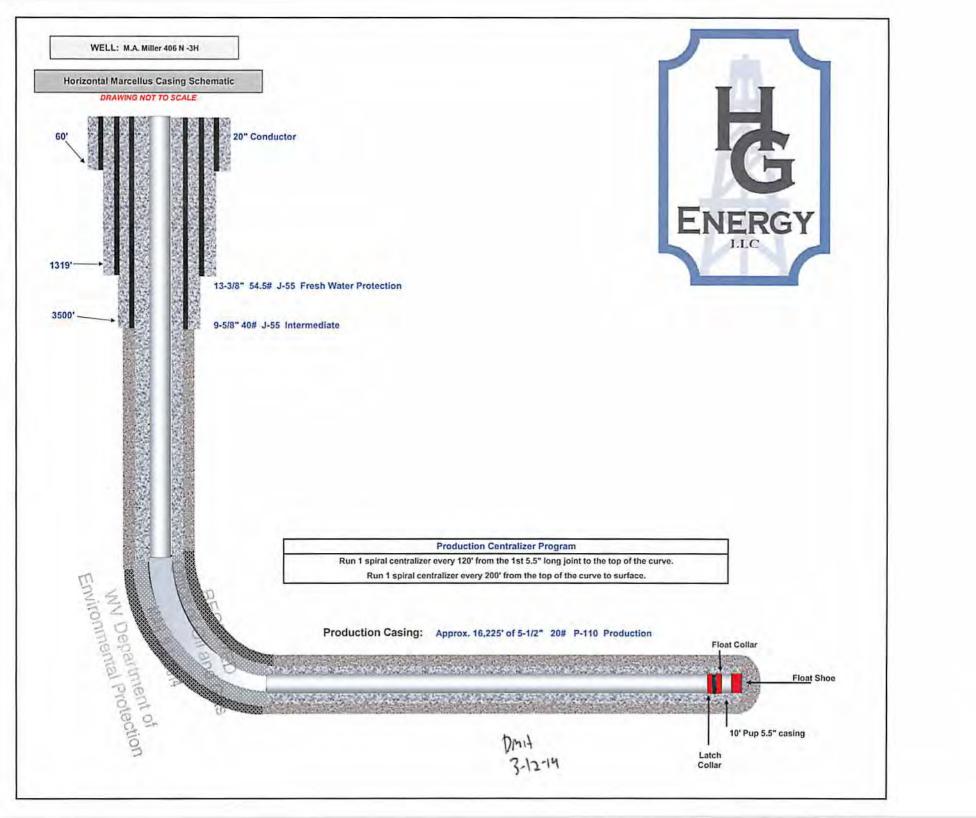


RECEIVED Office of Oil and Gas

MAY 1 9 2014

W/v Department of Environmental Protection





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 494497948
Watershed (HUC 10) North Fork of Fishing Creek	Quadrangle Big Run 7.5'
Elevation 1369' County Wetzel	District Grant
Do you anticipate using more than 5,000 bbls of water to comp Will a pit be used? Yes No No NA	plete the proposed well work? Yes No No
Will a synthetic liner be used in the pit? Yes	No If so, what ml.?
Proposed Disposal Method For Treated Pit Wastes: Land Application Underground Injection (UIC Perm Reuse (at API Number Off Site Disposal (Supply form WY Other (Explain NA	
Will closed loop system be used? If so, describe: Yes, Drilling medium anticipated for this well (vertical and horizon -If oil based, what type? Synthetic, petroleum, etc	3.12
Additives to be used in drilling medium? Water, soap, KCI,	
Drill cuttings disposal method? Leave in pit, landfill, removed	
-If left in pit and plan to solidify what medium will be -Landfill or offsite name/permit number?All cuttings	to be shipped to the Wetzel County landfill (Permit # 1110222-WV52)
on August 1, 2005, by the Office of Oil and Gas of the West V provisions of the permit are enforceable by law. Violations law or regulation can lead to enforcement action. I certify under penalty of law that I have personal application form and all attachments thereto and that, bas	
Company Official (Typed Name) Diane White	
Company Official Title Accountant	
Subscribed and sworn before me this 12 day of	MARCH , 2014 OFFICIAL SEAL NOTARY PUBLIC NOTARY PUBLIC STATE OF WEST VIRGINIA STATE OF WEST VIRGINIA
My commission expires NOV. 12, 20	

Operator's Well No. MA Miller 406 N-3H Form WW-9 HG Energy, LLC Proposed Revegetation Treatment: Acres Disturbed Approximately 11 Prevegetation pH ______ 6.5 Tons/acre or to correct to pH 10/20/20 Fertilizer type ___ 500 Fertilizer amount lbs/acre 2 Tons/acre Mulch **Seed Mixtures** Permanent **Temporary** Seed Type lbs/acre Seed Type lbs/acre Tall Fescue 40 Tall Fescue 40 Ladino Clover Ladino Clover 5 Drawing(s) of road, location, pit and proposed area for land application (unless engineered plans including this info have been provided) Photocopied section of involved 7.5' topographic sheet. Plan Approved by: Comments: Office of Oil and Gas MAR 8.1 7014 WV Department of Environmental Protection

Field Reviewed?

