



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 03, 2013

WELL WORK PERMIT

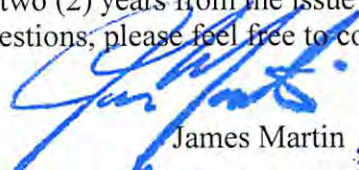
Vertical Well

This permit, API Well Number: 47-2105763, issued to HORIZON ENERGY CORPORATION, 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: STEELE NO. 3
Farm Name: RADABAUGH, SHARON E. , ET A
API Well Number: 47-2105763
Permit Type: Vertical Well
Date Issued: 06/03/2013

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 HORIZON ENERGY CORPORATION GILMER 03 365

3069494	021	GLENVILLE	GILMER
Operator ID	County	District	Quadrangle

2) Operator's Well Number: STEELE NO. 3 3) Elevation: 1055'

4) Well Type: (a) Oil or Gas XX
(b) If Gas: Production XX / Underground Storage
Deep / Shallow XX

5) Proposed Target Formation(s): BIG INJUN, 5TH Proposed Target Depth: 2925'

6) Proposed Total Depth: 3200 Feet Formation at Proposed Total Depth: 5TH SAND

7) Approximate fresh water strata depths: 300'

8) Approximate salt water depths: 1100'

9) Approximate coal seam depths: 310'

10) Approximate void depths,(coal, Karst, other): NONE

11) Does land contain coal seams tributary to active mine? NO

12) Describe proposed well work in detail
DRILL & STIMULATE NEW WELL

13) CASING AND TUBING PROGRAM

TYPE	SPECIFICATIONS			FOOTAGE INTERVALS		CEMENT
	Size	Grade	Weight per ft	For Drilling	Left in Well	Fill -up (Cu. Ft.)
Conductor	13 3/8	LS	36#	20'	NO	
Fresh Water	7	NS	17.5#	800'	800'	TO SURFACE
Coal						
Intermediate						
Production	4 1/2	ERW	10.5#		3075'	80 SKS
Tubing						
Liners						

Received

Packers: Kind
 Sizes
 Depths Set

J. McCount
5-8-13

MAY 13 2013

WW-2A
(Rev. 6-07)

1). Date: _____
2.) Operator's Well Number STEELE NO. 3
State County Permit
3.) API Well No.: 47- 021 -

check # 114933
\$ 650.00

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

4) Surface Owner(s) to be served:	5) (a) Coal Operator
(a) Name <u>SHARON RADABAUGH</u> <i>A</i>	Name _____
Address <u>P.O. BOX 143</u>	Address _____
<u>SAND FORK, WV 26430</u>	_____
(b) Name <u>JEFFERY STEELE</u> <i>A</i>	(b) Coal Owner(s) with Declaration
Address <u>1779 SLIDING RIN ROAD</u>	Name _____
<u>BURNSVILLE, WV 26335</u>	Address _____
(c) Name <u>PATRICIA LOWTHER</u> ✓	Name _____
Address <u>28 SUN VALLEY LANE</u>	Address _____
<u>GLENVILLE, WV 26351</u>	_____
6) Inspector <u>JOE MCCOURT</u>	(c) Coal Lessee with Declaration
Address <u>P.O. BOX 2657</u>	Name _____
<u>BUCKHANNON, WV 26201</u>	Address _____
Telephone <u>(304) 380-2467</u>	_____

TO THE PERSONS 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
XX Included is the information required by Chapter 22, Article 6, Section 8(d) of the Code of West Virginia (see page 2)

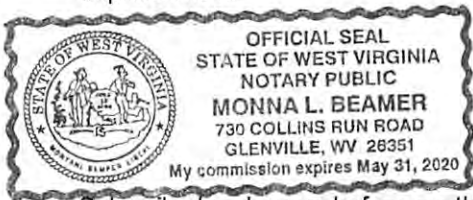
I certify that as required under Chapter 22-6 of the West Virginia Code I have served copies of this notice and application, a location plat, and accompanying documents pages 1 through ___ on the above named parties by:

- XX Personal Service (Affidavit attached)
- XX Certified Mail (Postmarked postal receipt attached)
- _____ Publication (Notice of Publication attached)

I have read and understand Chapter 22-6 and 35 CSR 4, 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 HORIZON ENERGY CORPORATION
 By: ROBERT R. JONES II
 Its: PRESIDENT
 Address P.O. BOX 111
SAND FORK, WV 26430
 Telephone (304) 462-5758

Subscribed and sworn before me this 7th day of May, 2013

Monna L. Beamer Notary Public
My Commission Expires May 31, 2020

Oil and 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 at depprivacyofficer@wv.gov.

Received
MAY 13 2013
WV Dept. of Environmental Protection
06/07/2013

WW-2A1
(Rev. 1/11)

Operator's Well Number STEELE NO. 3

**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
J.M. GARRETT	U.S.E.C.	1/8	232/395
U.S.E.C.	CONTINENTAL PETROLEUM	1/8	394/487
CONTINENTAL PETROLEUM	AAA ENERGY	1/8	420/545
AAA ENERGY	CONTINENTAL PETROLEUM	1/8	384/374
CONTINENTAL PETROLEUM	HORIZON ENERGY	1/8	DRILLING AGREEMENT NOT RECORDED

**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
- 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 acquired from the appropriate authority before the affected activity is initiated.

Well Operator: HORIZON ENERGY CORPORATION
By: ROBERT R. JONES II MAY 13 2013
Its: PRESIDENT

Office of Oil and Gas
WV Dept. of Environmental Protection
06/07/2013



AGREEMENT

Continental Petroleum, LLC hereby authorizes and assigns drilling and operating rights to Horizon Energy Corporation to enter upon the Steele 72 acres lease located in Glenville District, Gilmer County, West Virginia and drill the following wells:

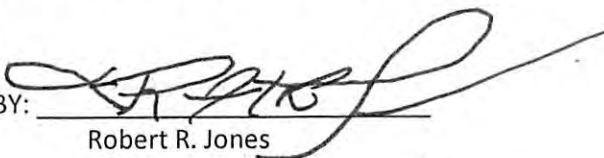
Steele No. 1

Steele No. 2

Steele No. 3

This agreement will terminate with the exploration date of the state drilling permits acquired in 2013.

CONTINENTAL PETROLEUM, LLC

BY: 
Robert R. Jones

ITS: Member-Manager

Horizon
MAY 13 2013
Office of Oil and Gas
WV Dept. of Environmental Protection

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 Name Horizon Energy Corp. OP Code 306949

Watershed Sliding Run Quadrangle Gilmer 7.5'

Elevation 1055' County Gilmer District Glenville

Description of anticipated Pit Waste: Water Encountered During Drilling

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

Will a synthetic liner be used in the pit? Yes. If so, what mil.? 4 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, freshwater, oil based, etc. Air

-If oil based, what type? Synthetic, petroleum, etc. N/A

Additives to be used? N/A

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 N/A

-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 _____

Company Official (Typed Name) Robert R. Jones, II

Company Official Title Designated Agent

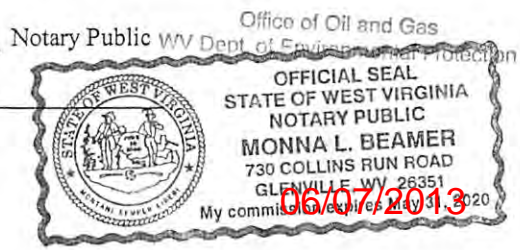
Received

Subscribed and sworn before me this 7th day of May, 20 13

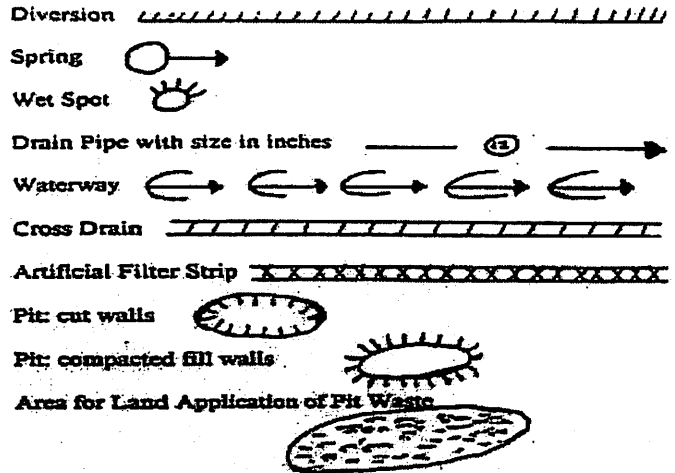
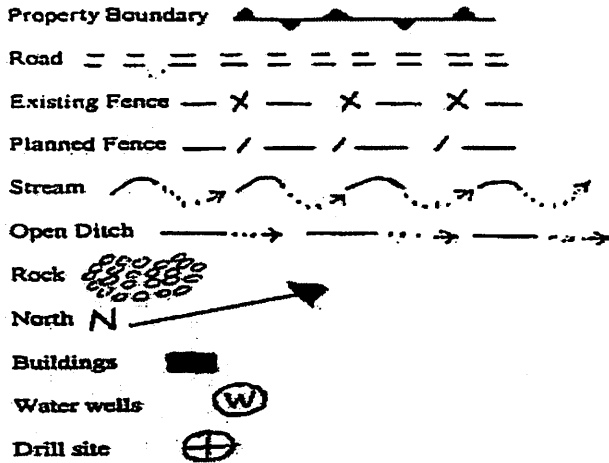
MAY 13 2013

Monna L. Beamer

My commission expires May 31, 2013



LEGEND



Proposed Revegetation Treatment: Acres Disturbed 1± Prevegetation pH 5.5

Lime 2 Tons/acre or to correct to pH 6.5

Fertilizer (10-20-20 or equivalent) 500 lbs/acre (500 lbs minimum)

Mulch 2 Tons/acre

Seed Mixtures

Area I		Area II	
Seed Type	lbs/acre	Seed Type	lbs/acre
"Wildelife Mix"			
Various Clovers	30%	Same	
White Millet	20%		
Yellow Blossum	10%		
Birdsfoot Trefoil	10%		
Rye	15%		
Orchard Grass	15%		

Attach:
Drawing(s) of road, location, pit and proposed area for land application.

Photocopied section of involved 7.5' topographic sheet.

Plan Approved by: J M Count

Comments: E&S controls at all times and before rig arrives.

Received

Title: Inspector

Date: 5-8-13

MAY 13 2013

Field Reviewed? Yes No

Horizon Energy Corp.

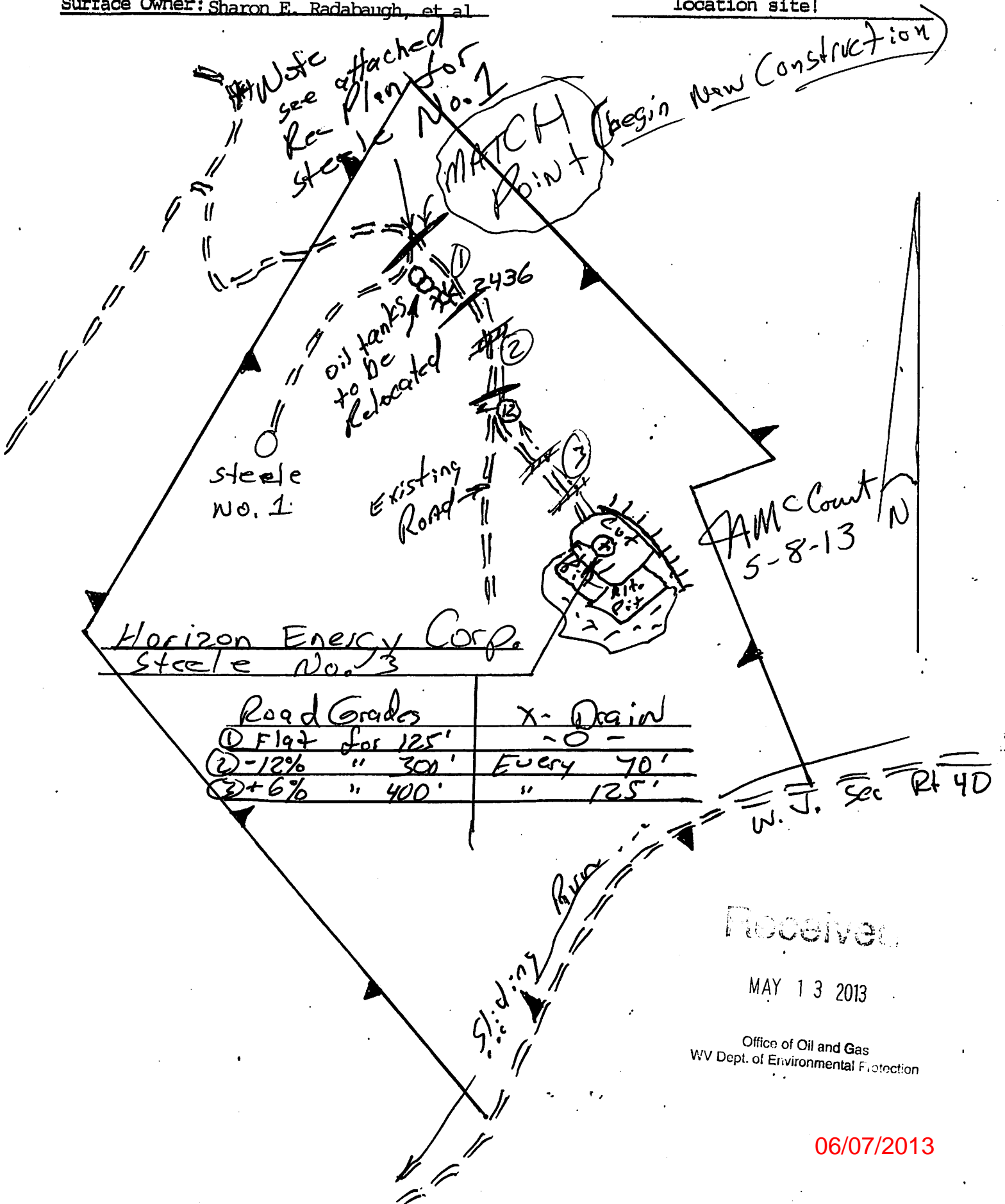
Note: Topsoil to be stockpiled

Steele Lease 72 Ac. No. 3

for use later in reclaiming

Surface Owner: Sharon E. Radabaugh, et al

location site!



Received

MAY 13 2013

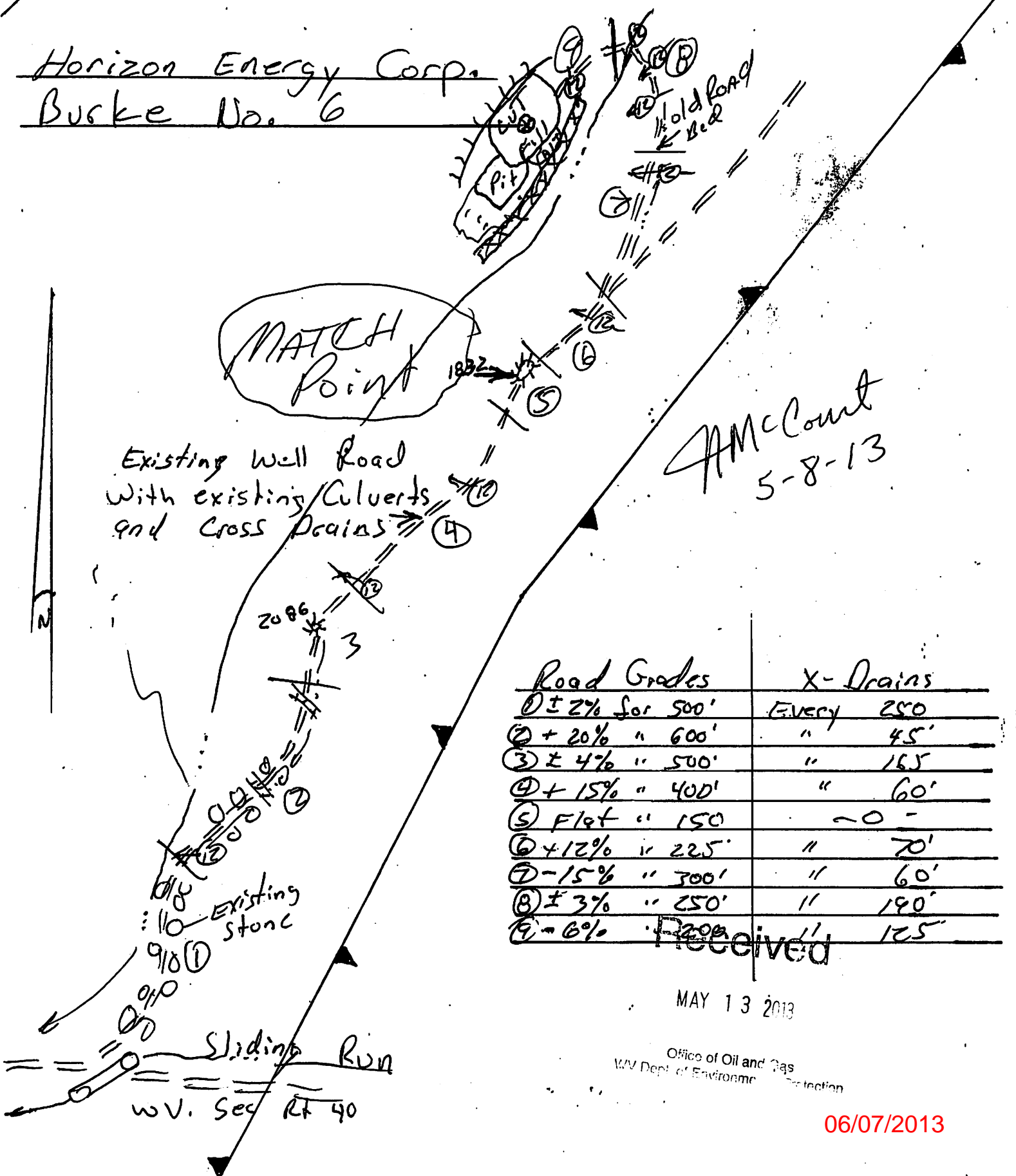
Office of Oil and Gas
WV Dept. of Environmental Protection

06/07/2013

Horizon Energy Corp.
 Burke Lease 160.2 Ac. No. 6
 Surface Owner: Linda Cottril

Note: Topsoil to be stockpiled
 for use later in reclaiming
 location site!

Horizon Energy Corp.
 Burke No. 6



AMCcount
 5-8-13

Road Grades	X-Drains
① ± 2% for 500'	Every 250
② + 20% " 600'	" 45'
③ ± 4% " 500'	" 165
④ + 15% " 400'	" 60'
⑤ Flat " 150'	~ 0 -
⑥ + 12% " 225'	" 70'
⑦ - 15% " 300'	" 60'
⑧ ± 3% " 250'	" 180'
⑨ - 6% " 250'	" 125'

MAY 13 2013

Office of Oil and Gas
 WV Dept. of Environmental Protection

06/07/2013

This will be attached to the permit and becomes a part of the permitted activity.

1. Percent (%) of slope and distance of the road must be shown on the plan on all sections of the road from the location to the county road with the county road designation shown as. E.g.

2. Temporary seeding and mulching will be applied to all slopes and cuts on road and location upon construction.

3. All trees 6" and above will be cut and stacked away from any fill before dirt work begins or as construction progresses.

4. Cut and windrow all brush, stumps, and tree tops below fill areas on road and location for sediment control.

5. Ditchlines or diversion ditches will be established where ever water is to be coming from the cut areas on road and location.

6. Culverts will be used upon construction to get rid of all ditchline water and any other running water coming into the roadway. (Spacing to be as per Sediment and Erosion Control Manuel). Headwalls will be established and maintained at the culvert entrance. Sediment control will be established at the outlets by using hay bales or brush or any other method approved by the Inspector.

7. Natural and/or man made filter strips will be maintained based on the distance and slope from construction to the stream as per Sediment and Erosion Control Manuel.

8. Upon Reclamation use cross ditches or water bars for road surface water control only (not for ditchline water). All outlets will have sediment control by using staked hay bales or brush. Spacing will be as follows based on the slope of the sections of road:

% of slope	Spacing Cross Ditches.	% of slope	Spacing Broad Based Dips
1	400 ft.	2	300 ft.
2	250 ft.	3	235 ft.
5	135 ft.	4	200 ft.
10	80 ft.	5	180 ft.
15	60 ft.	6	165 ft.
20	45 ft.	7	155 ft.
		8	150 ft.
		9	145 ft.
		10	140 ft.

9. The minimum amount of materials to be used for reclamation will be as shown on the plan. The Ph of the soil is to be determined prior to construction and shown on the plan.

10 A liner will be used for the Pit.

Received

MAY 13 2013

Office of Oil and Gas
WV Dept. of Environmental Protection

06/07/2013

2105763

G L E N V I L L E



Horizon Energy Corp.
Steel No. 3

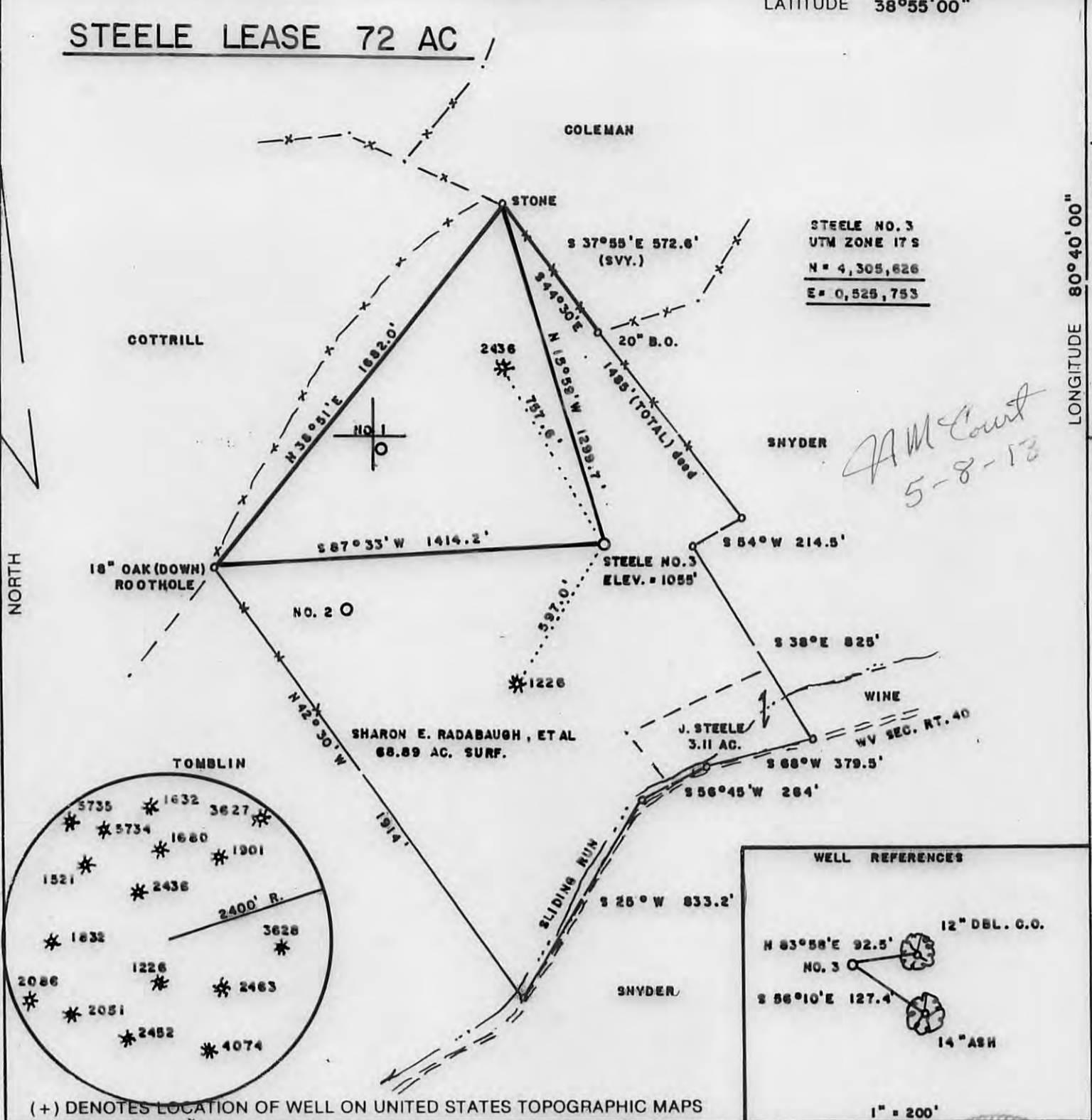
5-8-13

06/07/2013

STEELE LEASE 72 AC

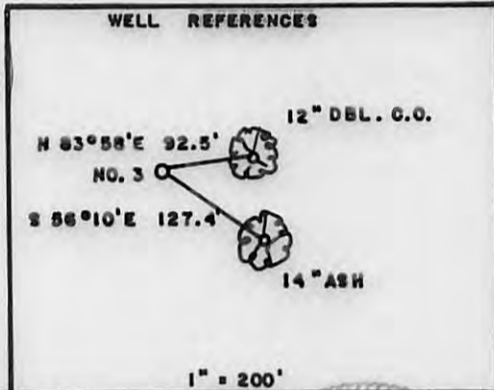
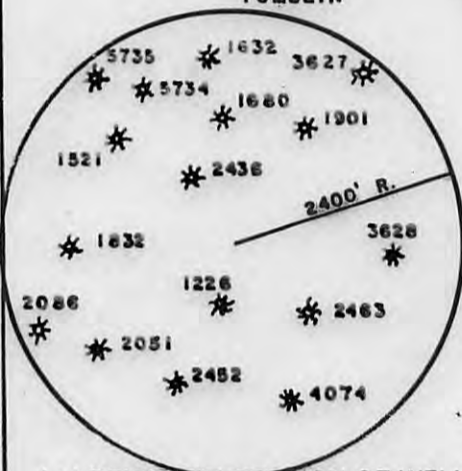
NORTH

LONGITUDE 80°40'00"



STEELE NO. 3
 UTM ZONE 17 S
 N = 4,305,626
 E = 0,525,753

*AM Court
 5-8-13*



(+) DENOTES LOCATION OF WELL ON UNITED STATES TOPOGRAPHIC MAPS

FILE NO. _____
 DRAWING NO. _____
 SCALE 1" = 500'
 MINIMUM DEGREE OF ACCURACY 1/200
 PROVEN SOURCE OF ELEVATION BM SOUTH OF LEASE
 ELEV. = 843'

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 ENERGY.
 (SIGNED) Mark C. Echard
 R.P.E. _____ L.L.S. 490



STATE OF WEST VIRGINIA
 Division of Environmental Protection
 OFFICE OF OIL AND GAS

DATE MAY 3, 2013
 OPERATOR'S WELL NO: STEELE NO. 3
 API WELL NO. 47-021-05763
 STATE COUNTY PERMIT

WELL TYPE: OIL GAS LIQUID INJECTION _____ WASTE DISPOSAL _____
 (IF "GAS,") PRODUCTION STORAGE _____ DEEP _____ SHALLOW

LOCATION: ELEVATION 1055' WATER SHED SLIDING RUN
 DISTRICT GLENVILLE COUNTY GILMER
 QUADRANGLE GILMER 7.5'

SURFACE OWNER SHARON E. RADABAUGH, ET AL ACREAGE 68.89
 OIL & GAS ROYALTY OWNERS S&R GAS VENTURES, LTD. ET AL LEASE ACREAGE 72 06/07/2013

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 5th SAND ESTIMATED DEPTH 3200'
 WELL OPERATOR HORIZON ENERGY CORP. DESIGNATED AGENT ROBERT R. JONES II
 ADDRESS SAND FORK ROAD BOX III ADDRESS SAND FORK ROAD BOX III
SAND FORK, WV 26430 SAND FORK, WV 26430

FORM WW-6

COUNTY NAME PERMIT