

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

FILE NO. USA/HDH
 DRAWING NO. HDH-5
 SCALE 1" = 2000'
 MINIMUM DEGREE OF ACCURACY 1:2500
 PROVEN SOURCE OF ELEVATION USGS

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 MINES.

(SIGNED) Alvanie Bannix
 R.P.E. 24.30 L.L.S. _____

PLACE SEAL HERE

STATE OF WEST VIRGINIA
 OIL AND GAS DIVISION



DATE November 18, 1992
 OPERATOR'S WELL NO. HDH-5
 API WELL NO. _____
47 - 047 - 1187
 STATE COUNTY PERMIT

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

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

LOCATION: ELEVATION 1881.8 WATER SHED Trail Fork of Tug Fork
 DISTRICT Browns Creek 3 COUNTY McDowell
 QUADRANGLE Welch 7.5' Series 215 NE

SURFACE OWNER Pocahontas Land Corp. ACREAGE _____
 OIL & GAS ROYALTY OWNER Pocahontas Land Corp. LEASE ACREAGE _____
 LEASE NO. _____

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 Poca No. 3 Seam ESTIMATED DEPTH 717'
 WELL OPERATOR U.S. Steel Mining Co. INDESIGNATED AGENT L. J. Simpkins
 ADDRESS Box 338 Pineville, WV 24874 ADDRESS Box 338 Pineville, WV 24874

590

State of West Virginia
Division of Environmental Protection
Section of Oil and Gas

Well Operator's Report of Well Work

Farm name: POCAHONTAS LAND CORP. Operator Well No.: HDH-5
Location: Elevation: 1,881.8 Quadrangle: Welch
District: BROWNS CREEK County: McDOWELL
Latitude: 6,100 Feet South of 37 Deg. 30 Min. 00 Sec.
Longitude: 1,200 Feet West of 81 Deg. 32 Min. 30 Sec.
Company: U.S. STEEL MINING CO.
P.O. Box 338
Pineville, WV
24874-0338

Agent: J. A. Zupanick

Inspector: Offie Helmick
Permit Issued: 12/23/92
Well work commenced: (see note below)
Well work completed:
Verbal plugging
permission granted on:
Rotary Cable Rig
Total depth (ft) 717
Fresh water depths (ft)
Salt water depths (ft)
Is coal being mined in the area (Y/N)? Y
Coal depths (ft): 551-554, 684-685, 713-717

Casing & Tubing	Used in Drilling	Left in Well	Cement Fill up
8-5/8"		717'	250 ft ³

OPEN FLOW DATA

Producing formation Pocahontas No. 3 Seam Pay zone depth (ft) 717
Gas: Initial open flow n/a Mcf/d Oil: Initial open flow Bbl/d
Final open flow Mcf/d Final open flow Bbl/d
Time of open flow between initial and final tests: hours
Static rock pressure psig (surface pressure) after hours
Second Producing formation Pay zone depth (ft)
Gas: Initial open flow Mcf/d Oil: Initial open flow Bbl/d
Final open flow Mcf/d Final open flow Bbl/d
Time of open flow between initial and final tests: hours
Static rock pressure psig (surface pressure) after hours

Note: ON BACK OF THIS FORM, PUT THE FOLLOWING: 1) DETAILS OF PERFORATED INTERVALS, FRACTURING OR STIMULATING, PHYSICAL CHANGE, ETC. 2) THE WELL LOG WHICH IS A SYSTEMATIC DETAILED GEOLOGICAL RECORD OF ALL FORMATIONS, INCLUDING COAL ENCOUNTERED BY THE WELLBORE.

Note: This well is permitted as a CBM vent well. The casing is incorporated within the concrete wall of an 18 ft. diameter coal mine ventilation shaft. The shaft was constructed under DEP Permit No. U-204-83 (NPDES WV0090000) prior to the issuance of this permit.

For: J. A. Zupanick
U.S. Steel Mining Co., Inc.
By: Joseph A. Zupanick
Date: February 13, 1995

Operator: HDH-5
API: 47-47-1187
Location: Trail Fork

Details of Perforated Intervals, Fracturing or Stimulation, Physical Change, Etc.

CBM vent hole located at Trail Fork air shaft. No stimulation performed.

Well Log & Geologic Record

Formation	Top	Bottom
Sand	0	55
Sand & Shale	55	97
Sand	97	407
Sand & Shale	407	551
Coal	551	554
Sand	554	588
Sand & Shale	588	684
Coal	684	685
Sand & Shale	685	713
Coal	713	717

PECE
 Division of
 Environmental Protection
 NOV 25 92
 Permitting
 Office of Oil & Gas

047-1187 Issued 12/23/92
 Page 3 of 6
 Expires 12/23/94

STATE OF WEST VIRGINIA
 DEPARTMENT OF ENERGY, DIVISION OF OIL AND GAS
 WELL WORK PERMIT APPLICATION

- 1) Well Operator: U. S. Steel Mining Co., Inc. ⁸⁹⁰ 50510 (3) 664
- 2) Operator's Well Number: HDH-5 3) Elevation: 1881.8
- 4) Well type: (a) Oil or Gas
- (b) If Gas: Production Underground Storage
 Deep Shallow
- 5) Proposed Target Formation(s): Pocahontas No. 3 Seam ²⁹⁸
- 6) Proposed Total Depth: 717' feet
- 7) Approximate fresh water strata depths: None
- 8) Approximate salt water depths: None
- 9) Approximate coal seam depths: Poca. No. 3 Seam - 717' (Est. Bottom El. 1165)
- 10) Does land contain coal seams tributary to active mine? Yes No
- 11) Proposed Well Work: Existing Borehole Access (to an underground mine area) which will be used to transport gas collected from seam to surface for commercialization.
- 12)

CASING AND TUBING PROGRAM

TYPE	SPECIFICATIONS		FOOTAGE INTERVALS		CEMENT	
	Size	Grade	Weight per ft.	For drilling		Left in well
Conductor						
Fresh Water						
Coal						
Intermediate						
Production	8" Steel	Casing			717'	250 ft. ³
Tubing						
Liners	<i>Regulation Variance of 38-CSR19-11.2.92</i>					

PACKERS : Kind _____
 Sizes _____
 Depths set _____

For Division of Oil and Gas Use Only

Fee(s) paid: Well Work Permit Reclamation Fund WPCP
 Plat WW-9 WW-2B Bond Surety Agent
 (Type)

495
 39

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NOV 25 92

- 1) Date: November 18, 1992
- 2) Operator's well number
HDH-5
- 3) API Well No: 47 - 047 - 1187
State - County - Permit

STATE OF WEST VIRGINIA
DEPARTMENT OF ENERGY, DIVISION OF OIL AND GAS

NOTICE AND APPLICATION FOR A WELL WORK PERMIT

4) Surface Owner(s) to be served:
 (a) Name Pocahontas Land Corp.
 Address 800 Princeton Avenue
Bluefield, WV 24701
 (b) Name _____
 Address _____
 (c) Name _____
 Address _____

5) (a) Coal Operator:
 Name U. S. Steel Mining Co., Inc.
 Address Box 338
Pineville, WV 24874
 (b) Coal Owner(s) with Declaration
 Name Pocahontas Land Corp.
 Address 800 Princeton Avenue
Bluefield, WV 24701
 Name _____
 Address _____

6) Inspector Rodney Dillon
 Address P.O. Box 1526
Sophia, WV 25921
 Telephone (304)- 683-3989

(c) Coal Lessee with Declaration
 Name USX Corporation
 Address P.O. Box 5686
Princeton, WV 24740

TO THE PERSON(S) 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
 X Included is the information required by Chapter 22B, Article 1, Section 8(d) of the Code of West Virginia (see page 2)

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

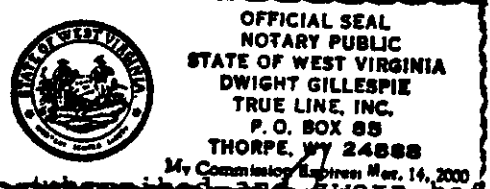
- X Personal Service (Affidavit attached)
- Certified Mail (Postmarked postal receipt attached)
- Publication (Notice of Publication attached)

I have read and understand Chapter 22B and 38 CSR 11-18, 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 U. S. Steel Mining Co., Inc.
 By: [Signature]
 Its: John L. Schroder, III - General Manager
 Address Box 338
Pineville, WV 24874
 Telephone (304) 732-5249

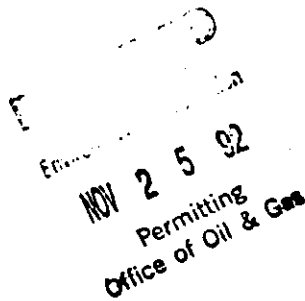


Subscribed and sworn before me this 24 day of November, 1992

[Signature] Notary Public
My commission expires March 14, 2000

U.S. Steel Mining Co., Inc.
P.O. Box 338
Pineville, WV 24874

Central Division



Dated: November 23, 1992

Theodore M. Streit
Chief-Office Oil & Gas
10 McJunkin Rd
Nitro, West Virginia 25143

ATTN: Jamie Stevens

**RE: Oil & Gas Permit Application
U. S. Steel Mining Co., Inc. (USM)
Coal Seam Gas Ventilation Borehole
Borehole No. HDH-5**

Dear Mr. Streit:

Included herewith is an application for permitting a currently operating coal seam gas vertical vent borehole. We are requesting the assistance of your department in completing an expeditious review of the application in order that any comments or concerns regarding the permitting can be addressed, and permit approval received, prior to December 31, 1992. As you are aware, West Virginia does not currently have regulations applicable to coal seam gas production. We, therefore, need special assistance and consideration for approval of this application.

The vertical borehole is a necessary part of our coal mine operations and is used to transport coal seam gas produced in our underground mine work area to the surface for venting. The coal seam gas must be removed prior to mining in order to maintain safe working conditions in the mine area and mitigate exorbitant mine ventilation costs.

The vertical borehole is currently operating and is permitted under the West Virginia Division of Environmental Protection, inclusive of site access roads.

USM is in the process of finalizing an agreement with a West Virginia gas production company for commercializing production of the currently vented and wasted coal seam gas. In order to make the commercial project economically feasible it is

necessary that the coal seam gas production from any vertical boreholes qualify for federal tax credits under Section 29 of the Federal Revenue Code. Qualification procedures must be completed by December 31, 1992 to take advantage of the federal credits. Once qualified, the tax credits are allowed on all production from a borehole through year 2002.

The vertical borehole was drilled and cased from the surface to the underground work area of the mine. The borehole casing extends into the mine work area and is connected to an underground pipe network which collects coal seam gas produced from the coal prior to mining. The vertical borehole contains only casing and no "production pipe" as would be installed in a natural gas well. The borehole is only used to transport the coal seam gas to the surface area for venting. The gas in the vertically cased borehole should never exceed about 2 psi pressure or 10" Hg vacuum. We, therefore, do not anticipate any problems with a single casing for this special application.

Additionally, since the borehole is existing and provides continuous degasification of our mine operations, we cannot shut the system down to make modifications to the borehole (ie, add a production pipe). A shutdown would impact on our longwall mining operations and be very costly. We do plan to add a production pipe to vertical boreholes which are installed for future coal seam gas venting. However, there may be areas where a single casing is the most practical for our mining and degas procedures and, at that time, we would seek special approval from the Oil & Gas Board.

Commercial coal seam gas production would be beneficial to USM and West Virginia. We have spent over two years trying to complete a commercial project for this area. We need your departments assistance in completing the permitting process prior to December 31, 1992. Please contact me at 412-223-5554 at the earliest opportunity if there are any questions regarding the application or our coal seam degasification methods or procedures.

Sincerely,



Larry King

Attachments

c.c. Michael Lewis
w/o Att.