

MALLOW LEASE 123 ACRES± WELL NO. 1

WELL NO. 1
STATE PLANE
COORDINATES

(N) 641,529
(E) 2,445,337

I. & C. MALLOW
123 ACRES±
(MEGAENERGY
LEASEHOLD)

L. BUTCHER
120 ACRES±

PENDLETON
COMMUNITY CARE
INC.
2.06 ACRES±

L. & C. WIMER
226.61 ACRES±
(MEGAENERGY
LEASEHOLD)

NOTES ON SURVEY

1. TIES TO WELLS AND CORNERS ARE BASED ON GRID NORTH FOR THE WV STATE PLANE COORDINATE SYSTEM SOUTH ZONE NAD '27.
2. TIES TO REFERENCES ARE BASED ON MAGNETIC NORTH 06/27/07.
3. LEASE BOUNDARY SHOWN HEREON TAKEN FROM A DEED RECORDED IN DEED BOOK 87 AT PAGE 125.
4. SURFACE OWNER AND ADJOINER INFORMATION TAKEN FROM THE ASSESSOR AND COUNTY CLERK RECORDS OF PENDLETON COUNTY IN JULY, 2006.
5. WELL LAT./LONG. (NAD'27) ESTABLISHED BY DGPS(SUBMETER MAPPING GRADE).

THERE APPEAR TO BE
NO KNOWN PERMITTED
WELLS WITHIN 3000'.

WELL NO. 1

3000'

REFERENCES

12" CHESTNUT
OAK

28" BLACK
LOCUST

WOODS

MEADOW

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

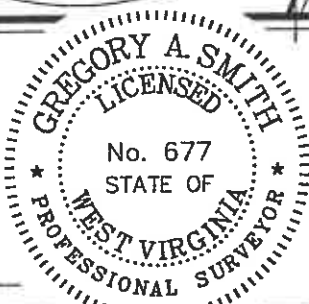
DATE SEPTEMBER 26, 20 07

OPERATORS WELL NO. MALLOW #1

API WELL NO. 47-071-00024
STATE COUNTY PERMIT

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 DIVISION OF ENVIRONMENTAL PROTECTION.

P.S.
677



MINIMUM DEGREE
OF ACCURACY

1/200

FILE NO. 6490P1 (238 - 9)

SCALE 1" = 500'

PROVEN SOURCE
OF ELEVATION

DGPS (SUBMETER MAPPING GRADE)

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



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

LOCATION:

ELEVATION 1,955' WATERSHED NORTH FORK SOUTH BRANCH POTOMAC RIVER

DISTRICT UNION COUNTY PENDLETON QUADRANGLE ONEGO 7.5'

SURFACE OWNER IRENE & CALVIN MALLOW

ACREAGE 123±

ROYALTY OWNER IRENE & CALVIN MALLOW

LEASE ACREAGE 123±

PROPOSED WORK:

LEASE NO

DRILL ☒ CONVERT _____ DRILL DEEPER _____ REDRILL _____ FRACTURE OR STIMULATE ☒ PLUG OFF OLD

FORMATION _____ PERFORATE NEW FORMATION _____ PLUG AND ABANDON _____ CLEAN OUT AND REPLUG _____ OTHER _____

PHYSICAL CHANGE IN WELL (SPECIFY)

TARGET FORMATION ORISKANY SANDSTONE

ESTIMATED DEPTH 8,800'

WELL OPERATOR MEGAENERGY OPERATING, INC.

DESIGNATED AGENT PAUL SMITH

JAN 1 1 2008

ADDRESS 9085 E. MINERAL CIRCLE

ADDRESS P.O. BOX 884

ENGLEWOOD, CO 80112

BRIDGEPORT, WV 26330

COUNTY NAME

PERMIT

PEN

00024

WR-35

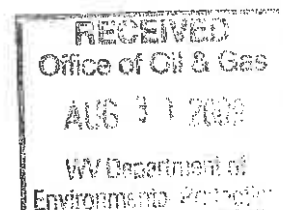
DATE:
API #: 47-071-0024State of West Virginia
Division of Environmental Protection
Section of Oil and Gas

Well Operator's Report of Well Work

Farm name: Irene & Calvin Mallow Operator Well No.: Mallow #1LOCATION: Elevation: 1,955 Quadrangle: Onego 7.5'District: Union County: Pendleton
Latitude: 14,620 Feet South of 38 Deg. 47 Min. 30 Sec.
Longitude 6,190 Feet West of 79 Deg. 25 Min. 00 Sec.Company: MegaEnergy Operating, Inc.

	Casing & Tubing	Used in drilling	Left in well	Cement fill up Cu. Ft.
Address: <u>7374 S. Alton Way, Suite 201</u>	<u>20"</u>	<u>45'</u>	<u>45'</u>	<u>41 Cu. Ft.</u>
<u>Centennial, CO 80112</u>	<u>13-3/8"</u>	<u>197'</u>	<u>197'</u>	<u>324 Cu. Ft.</u>
Agent: <u>Paul Smith</u>	<u>9-5/8"</u>	<u>2,164'</u>	<u>9-5/8"</u>	<u>736 Cu. Ft.</u>
Inspector: <u>Craig Duckworth</u>	<u>7"</u>	<u>8,000'</u>	<u>8,000'</u>	<u>450 Cu. Ft.</u>
Date Permit Issued: <u>January 11, 2008</u>	<u>4-1/2"</u>	<u>1,955'</u>	<u>1,955'</u>	<u>202 Cu. Ft.</u>
Date Well Work Commenced: <u>June 5, 2008</u>				
Date Well Work Completed: <u>August 23, 2008</u>				
Verbal Plugging:				
Date Permission granted on:				
Rotary X Cable Rlg				
Total Depth (feet): <u>9906'</u>				
Fresh Water Depth (ft.): <u>150' and 450'</u>				
Salt Water Depth (ft.): <u>9795'-9906'</u>				
Is coal being mined in area (N/Y)? <u>N</u>				
Coal Depths (ft.): <u>NA</u>				

OPEN FLOW DATA

Producing formation Tuscarora Pay zone depth (ft) 9795'-9906'
Gas: Initial open flow 0 MCF/d Oil: Initial open flow 0 Bbl/d
Final open flow 0 MCF/d Final open flow 0 Bbl/d
Time of open flow between initial and final tests 72 Hours
Static rock Pressure 100 psig (surface pressure) after 96 HoursSecond 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.

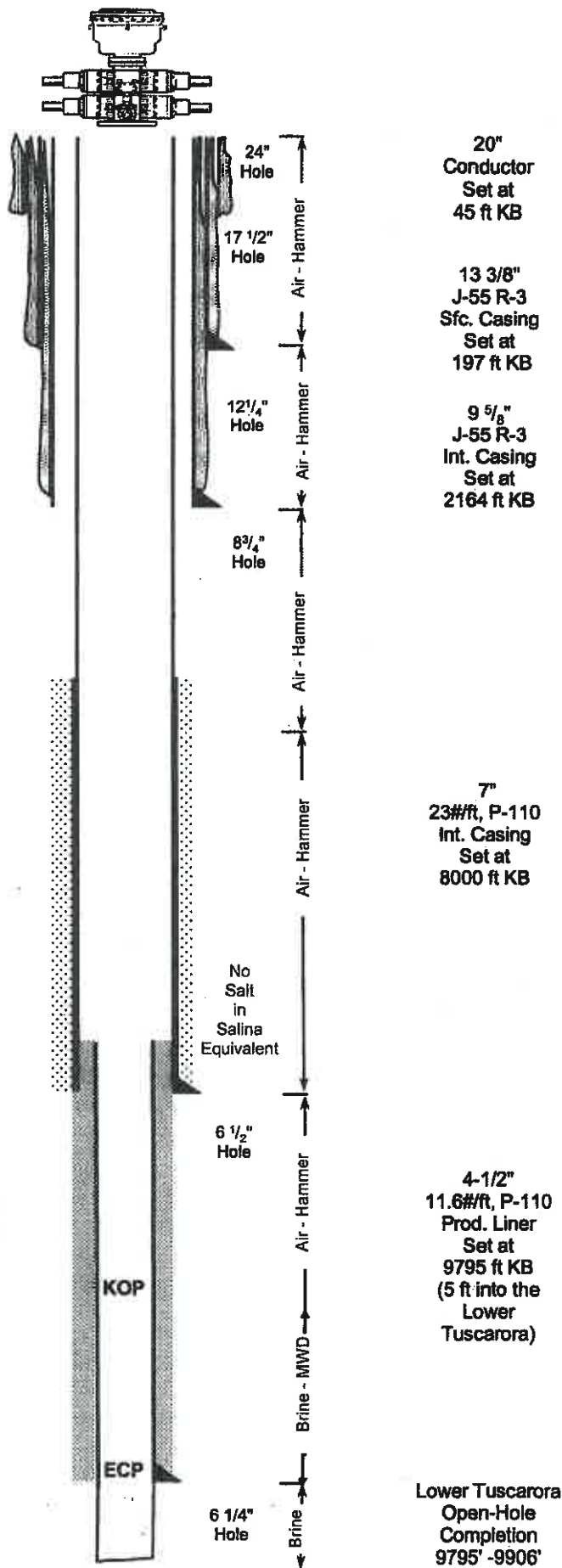
Signed:

By: J. Scott Hornafius
Date: 8-20-09

OCT 23 2009

Survey Ground Elevation: 1,955 ft.
KB Elevation: 1,970 ft

		ft MD	ft TVD
CONDUCTOR CASING POINT	Ft3	45	45
35 SKS CLASS A 3%CaCl to surface (1.18 Ft3/sk)	41.3		
SURFACE CASING POINT		197	197
275 SKS CLASS A 3%CaCl to surface (1.18 Ft3/sk)	324.5		
INTERMEDIATE CASING POINT		2,164	2,164
145 SKS LITE +10% to surface (3.04 Ft3/sk)	441		
250 SKS CLASS A 3% CaCl +40% (1.18 Ft3/sk)	295		
BRALLIER		4,320	4,317
Intermediate Cement Top		5,560	5,555
HARRELL		5,854	5,844
thrust fault		6,100	6,090
TULLY		6,300	6,290
MAHANTANGO		6,358	6,347
UPPER MARCELLUS		6,624	6,612
PURCELL		6,682	6,672
LOWER MARCELLUS		6,970	6,958
ONONDAGA		7,010	6,998
NEEDMORE		7,040	7,028
ORISKANY		7,186	7,174
HELDERBERG		7,394	7,382
MANDATA		7,576	7,564
CORRIGANSVILLE		7,606	7,594
TONOLOWAY		7,856	7,844
Liner Top		7,800	7,800
INTERMEDIATE CASING POINT		8,000	7,988
285 SKS 50/50 18% SALT 12.5% GILS (1.58 Ft3/sk)	450.3		
WILLS CREEK		8,358	8,358
LOCKPORT		8,680	8,680
KICK-OFF POINT		8,900	8,900
WILLIAMSPORT		9,038	9,038
ROSE HILL		9,270	9,270
CLINTON		9,542	9,542
UPPER TUCARORA		9,652	9,652
LOWER TUCARORA		9,790	9,790
Bottom of External Casing Packer		9,795	9,795
135 SKS 50/50 10% SALT 2% GEL 10# GILS (1.5 Ft3/sk)			
TD		9,906	9,906



MALLOW UNIT 307 ACRES± WELL NO. 1 A.P.I. 47-071-0024

WELL NO. 1
 47-071-0024
 STATE PLANE
 COORDINATES

(N) 641,529
 (E) 2,445,337

L. & C. MALLOW
 123 ACRES±
 (MEGAENERGY
 LEASEHOLD)

PROPOSED 307 ACRE
 UNIT BOUNDARY

L. BUTCHER
 120 ACRES±

PENDLETON
 COMMUNITY CARE
 INC.
 2.06 ACRES±

L. & C. WIMER
 226.61 ACRES±
 (MEGAENERGY
 LEASEHOLD)

WELL NO. 1
 47-071-0024

SEE NOTE 7

03°08'00" E

10.00' W

330.00'

NOTES ON SURVEY

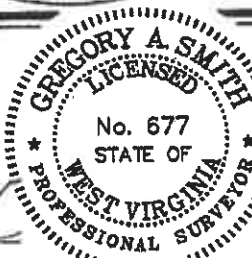
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4. SURFACE OWNER AND ADJOINER INFORMATION TAKEN FROM THE ASSESSOR AND COUNTY CLERK RECORDS OF PENDLETON COUNTY IN JULY, 2006.
5. WELL LAT./LONG. (NAD'27) ESTABLISHED BY DGPS(SUBMETER MAPPING GRADE).
6. EXISTING WELL MALLOW #1 (47-071-0024) IS NOT WITHIN 400' OF ANY KNOWN UNIT BOUNDARY.
7. PLAT UPDATED 06/29/10 TO CHANGE TARGET FORMATION & DEPTH & UPDATED SPOT CIRCLE & ADJOINER INFORMATION.

SLS

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 DIVISION OF ENVIRONMENTAL PROTECTION.

P.S.
 677

Gregory A. Smith



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

DATE JUNE 29, 2010

OPERATORS WELL NO. MALLOW #1

API WELL NO. 47-071-00024
 STATE COUNTY PERMIT

MINIMUM DEGREE OF ACCURACY 1/200 FILE NO. 6490P1R4 (238-9)
 SCALE 1" = 500'

PROVEN SOURCE OF ELEVATION DGPS (SUBMETER MAPPING GRADE)

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



WELL TYPE: OIL GAS ☒ LIQUID INJECTION WASTE DISPOSAL IF "GAS" PRODUCTION ☒ STORAGE DEEP ☒ SHALLOW

LOCATION: ELEVATION 1,955' WATERSHED NORTH FORK SOUTH BRANCH POTOMAC RIVER

DISTRICT UNION COUNTY PENDLETON QUADRANGLE ONEGO 7.5'

SURFACE OWNER IRENE MALLOW, WIDOW ACREAGE 123±

ROYALTY OWNER IRENE MALLOW, WIDOW LEASE ACREAGE 307± UNIT

PROPOSED WORK: LEASE NO.

DRILL CONVERT DRILL DEEPER REDRILL FRACTURE OR STIMULATE ☒ PLUG OFF OLD

FORMATION ☒ PERFORATE NEW FORMATION ☒ PLUG AND ABANDON CLEAN OUT AND REPLUG OTHER ☒

PHYSICAL CHANGE IN WELL (SPECIFY) CHANGE TARGET & TD TARGET FORMATION MARCELLUS SHALE

TO PERFORATE FRAC. & STIMULATE MARCELLUS FORMATION ESTIMATED DEPTH 7,010'

WELL OPERATOR MEGAENERGY OPERATING, INC. DESIGNATED AGENT PAUL SMITH

ADDRESS 7374 S. ALTON WAY, SUITE 201 ADDRESS P.O. BOX 884

CENTENNIAL, CO 80112 BRIDGEPORT, WV 26330

08/13/2010

Unnamed 6-6

State of West Virginia
Department of Environmental Protection
Office of Oil and Gas
Well Operator's Report of Well Work

DATE: 12/28/10
API #: 047-071-00024 *P* ✓

Farm name: Mallow, Irene and Calvin Operator Well No.: Mallow # 1

LOCATION: Elevation: 1,955' Quadrangle: Onego 7.5'

District: Union County: Pendleton
Latitude: 14,620 Feet South of 38 Deg. 47 Min. 30 Sec.
Longitude 6,190 Feet West of 79 Deg. 25 Min. Sec.

Company: Mega Energy Operating, Inc.

Address:	Casing & Tubing	Used in drilling	Left in well	Cement fill up Cu. Ft.
7374 S. Alton Way; Suite 201, Centennial, CO 80112				
Agent: <u>Paul Smith</u>		<i>see original well record</i>		
Inspector: <u>Bill Hatfield</u>				
Date Permit Issued: <u>August 10, 2010</u>				
Date Well Work Commenced: <u>Sept. 23, 2010</u>				
Date Well Work Completed: <u>Sept. 30, 2010</u>				
Verbal Plugging: <u>n/a</u>				
Date Permission granted on:				
Rotary Cable Rig				
Total Vertical Depth (ft):				
Total Measured Depth (ft):				
Fresh Water Depth (ft.):				
Salt Water Depth (ft.):				
Is coal being mined in area (N/Y)? <u>N</u>				
Coal Depths (ft.): <u>n/a</u>				
Void(s) encountered (N/Y) Depth(s) <u>n/a</u>				

OPEN FLOW DATA (If more than two producing formations please include additional data on separate sheet)

Producing formation Marcellus Pay zone depth (ft) 6960-6990
Gas: Initial open flow 160 MCF/d Oil: Initial open flow Bbl/d
Final open flow 240 MCF/d Final open flow Bbl/d
Time of open flow between initial and final tests 48 Hours
Static rock Pressure 1500 psig (surface pressure) after 72 Hours

Second producing formation n/a 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

I certify under penalty of law that I have personally examined and am familiar with the information submitted on this document and all the 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.

J A Af
Signature

12-28-2010
Date

02/25/2011

Were cuttings caught during drilling? Yes No **X**

Were Y/N Electrical, Y/N Mechanical, N or Geophysical logs recorded on this well?
Y/N

Perforated Intervals, Fracturing, or Stimulating:

SEE ATTACHED STIMULATION REPORT PREPARED BY UNIVERSAL WELL SERVICES, INC. DATED 9-28-2010.

Formations Encountered: _____ Top Depth _____ / _____ Bottom Depth _____

Surface: _____

02/25/2011

Universal Well Services, Inc.



Stimulation Report

Client:	Gastar Exploration
Well:	Mallow #1
Treatment Type:	Slick Water / 20# Gel
Date:	9-28-2010

Disclaimer/Notes:

This information is presented as good faith. The results are based on the Meyer's computer model which includes both known and assumed well and reservoir information. Universal Well Services, Inc. assumes no liability for advice or recommendations made concerning results of the stimulation. The information presented is the best estimate of the actual results that may be achieved prior to the treatment with the known information. Input quality can be improved through various tests or procedures which Universal Well Services, Inc. can assist in selecting.

02/25/2011

Wellbore Information

Casing

Measured Depth (ft)	Section Length (ft)	OD (in.)	Weight (lb/ft)	ID (in.)
8,000	8,000	7	26	6.276
9,795	1,795	4	11.6	4

Perforations

Zone	Top of Perfs TVD (ft)	Bottom of Perfs TVD (ft)	Perforations Number	Diameter (in.)
Shale	6,960	6,990	100	0.35

Job Summary

Pressures

Break	3,804	Psi
ISIP	3,975	Psi
5 - Min	3,874	Psi
10 - Min	3,807	Psi
15 - Min	3,764	Psi

Totals

80/100	2,489	skt
40/70	1,791	skt
30/50	1,509	skt
Slick	433	gal
Unicide	168	gal
Flomax	689	gal
Scale Inhib	55	gal

02/25/2011

Actually Pumped via Blender Measurement

Avg Slurry Rate (opm)	Liquid Volume (U.S. BBL)	Slurry Volume (U.S. BBL)	Total Slurry Volume (U.S. BBL)	Fluid Type	Propp Type	Conc. From (lbm/gal)	Propp Stage Mass (lbm)
77	3006	3006	3006	Slack - 1			0
85	856	867	3873	Slack - 1	80/100	0.25	10906
85	573	586	4460	Slack - 1	80/100	0.50	12193
85	721	747	5206	Slack - 1	80/100	0.75	24165
86	777	812	6018	Slack - 1	80/100	1.00	32525
86	997	1058	7074	Slack - 1	80/100	1.25	54444
86	909	971	8045	Slack - 1	80/100	1.50	57376
85	684	746	8791	Slack - 1	80/100	2.00	57330
80	719	720	9511	Slack - 1	-	-	0
0	0	0	9511	Slack - 1	-	-	0
54	167	167	9679	Slack - 1	-	-	0
86	375	397	10675	Slack - 1	40/70	0.50	20384
86	467	488	11163	Slack - 1	40/70	1.00	19032
86	874	933	12096	Slack - 1	40/70	1.50	55367
85	774	844	12940	Slack - 1	40/70	2	66024
85	219	240	13180	Slack - 1	40/70	2.5	19397
84	486	487	13667	Slack - 1	-	-	0
84	781	799	14466	20# Gd	30/50	0.5	16376
83	717	750	15215	20# Gd	30/50	1	29854
84	444	475	15691	20# Gd	30/50	1.5	27960
83	398	434	16125	20# Gd	30/50	2	32037
79	458	506	16631	20# Gd	30/50	2.5	43767
16	121	321	16952	Slack - 1			0

Note: Sand volumes on job ticket are based on weight tickets

Proppant Type: 80/100	2,489	(skt)
Proppant Type: 40/70	1,791	(skt)
Proppant Type: 30/50	1,509	(skt)

Total Slurry Volume	16,952	(BBL)
Total Liquid Volume	16,323	(BBL)
Total Proppant Mass	578,900	(lbm)

02/25/2011

MALLOW UNIT 307 ACRES± WELL NO. 1 A.P.I. 47-071-0024

WELL NO. 1
47-071-0024
STATE PLANE
COORDINATES

(N) 641,529
(E) 2,445,337

I. & C. MALLOW
123 ACRES±
(MEGAENERGY
LEASEHOLD)

PROPOSED 307 ACRE
UNIT BOUNDARY

PENDLETON
COMMUNITY CARE
INC.
2.06 ACRES±

L. & C. WIMER
226.61 ACRES±
(MEGAENERGY
LEASEHOLD)

WELL NO. 1
47-071-0024

SEE NOTE 7
400'
S 00°01' E
388.30'
FENCE POST

NOTES ON SURVEY

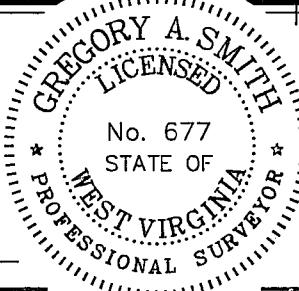
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5. WELL LAT./LONG. (NAD'27) ESTABLISHED BY DGPS(SUBMETER MAPPING GRADE).
6. PLAT WAS UPDATED 06/11/08 TO REFLECT CHANGE IN DRILLING OPERATIONS.
7. EXISTING WELL MALLOW #1 (47-071-0024) IS NOT WITHIN 400' OF ANY KNOWN UNIT BOUNDARY.

SLS

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P.S.
677

Gregory A. Smith



MINIMUM DEGREE
OF ACCURACY

1 / 200

FILE NO. 6490P1R2 (238 - 9)

SCALE 1" = 500'

PROVEN SOURCE
OF ELEVATION

DGPS (SUBMETER MAPPING GRADE)

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

DATE JUNE 23, 20 08

OPERATORS WELL NO. MALLOW #1

API
WELL NO. 47 - 071 - 0024
STATE COUNTY PERMIT

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



WELL TYPE: OIL ☐ GAS ☒ LIQUID INJECTION ☐ WASTE DISPOSAL ☐ IF "GAS" PRODUCTION ☒ STORAGE ☐ DEEP ☒ SHALLOW ☐

LOCATION:

ELEVATION 1,955' WATERSHED NORTH FORK SOUTH BRANCH POTOMAC RIVER

DISTRICT UNION COUNTY PENDLETON QUADRANGLE ONEGO 7.5'

SURFACE OWNER IRENE & CALVIN MALLOW

ACREAGE 123±

ROYALTY OWNER IRENE & CALVIN MALLOW

LEASE ACREAGE 307± UNIT

PROPOSED WORK:

LEASE NO.

DRILL ☒ CONVERT ☐ DRILL DEEPER ☒ REDRILL ☐ FRACTURE OR STIMULATE ☒ PLUG OFF OLD FORMATION ☐ PERFORATE NEW FORMATION ☐ PLUG AND ABANDON ☐ CLEAN OUT AND REPLUG ☐ OTHER ☒

PHYSICAL CHANGE IN WELL (SPECIFY) CHANGE TARGET & TD TARGET FORMATION ORISKANY SANDSTONE/TUSCARORA
TO DEEPEN WELL DURING DRILLING ESTIMATED DEPTH 11,000'

WELL OPERATOR MEGAENERGY OPERATING, INC.

DESIGNATED AGENT PAUL SMITH

ADDRESS 9085 E. MINERAL CIRCLE
ENGLEWOOD, CO 80112

ADDRESS P.O. BOX 884
BRIDGEPORT, WV 26330

COUNTY NAME

PERMIT



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

Joe Manchin III, Governor
Randy C. Huffman, Cabinet Secretary
dep.wv.gov

October 05, 2010

FINAL INSPECTION REPORT

WELL PERMIT RELEASED

MEGAENERGY OPERATING, INC.,

The FINAL INSPECTION REPORT for the permit, API Well Number: 47-7100024, issued to MEGAENERGY OPERATING, INC., and listed below has been received in this office, and reclamation requirements approved. The well designated by the permit number below has been released under reclamation and will remain under your bond.

James Martin
Chief

Operator: MEGAENERGY OPERATING, INC.
Operator's Well No: MALLOW 1
Farm Name: MALLOW, IRENE & CALVIN
API Well Number: 47-7100024
Date Issued: 01/11/2008
Date Released: 10/05/2010

Promoting a healthy environment.

INSPECTORS PERMIT SUMMARY FORM

GPS YES [] NO []

DATE STARTED/LOCATION: _____ OPERATOR: MEGAENERGY OPERATING, INC.
DRILLING COMMENCED: _____ FARM: MALLOW, IRENE & CALVIN
TO DATE: _____ DEPTHS: _____ Well No: MALLOW 1
WATER DEPTHS: _____ COAL DEPTHS _____

QUESTIONS FOR THIS REPORT ARE IN ACCORDANCE OF WV CODE 22-6-30 AND REGULATIONS 35CSR 4-12.1 AND 35CSR 4-16 AND THE GENERAL WATER POLLUTION CONTROL PERMIT.

POINTS ARE TO BE GIVEN UP TO MAXIMUM AS SHOWN BASED ON PERFORMANCE.

1. DID OPERATOR GIVE PROPER NOTICE TO INSPECTOR BEFORE THE FOLLOWING:
A. CONSTRUCTION YES [] NO [] (2_PTS) (4_PTS) _____
B. DRILLING YES [] NO [] (2_PTS)
2. WAS THE TIMBER CUT, STACKED, AND BRUSH USED FOR SEDIMENT BARRIERS (4_PTS) _____
BEFORE DIRT WORK STARTED? YES [] NO [] (2_PTS)
3. ARE ALL LOCATION AND/OR ROAD BANKS BEING SLOPED? YES [] NO [] (4_PTS) (4_PTS) _____
4. CONSTRUCTIONS:
WERE THE FOLLOWING SEDIMENT CONTROL STRUCTURES PROPERLY INSTALLED/MAINTAINED?
A. ROAD DITCHES (1)_ (2)_ (3)_ (4)_ (PTS) B. CROSS DRAINS (1)_ (2)_ (3)_ (4)_ (5)_ (PTS)
C. CULVERTS (1)_ (2)_ (3)_ (4)_ (5)_ (PTS) D. CREEK CROSSINGS (1)_ (2)_ (3)_ (PTS)
E. DIVERSION DITCHES (1)_ (2)_ (3)_ (PTS) F. BARRIERS (1)_ (2)_ (3)_ (PTS)
G. TEMPORARY SEEDING YES [] NO [] (10_PTS)

POINTS AVAILABLE FOR QUESTION 4: (33_PTS) _____

5. HAS TOP SOIL (IF ANY) BEEN STOCKED PILED? YES [] NO [] (2_PTS) (2_PTS) _____
6. IS THE PIT PROPERLY INSTALLED AND MAINTAINED? YES [] NO [] (9_PTS) (9_PTS) _____
7. RECLAMATION:
A. ROADWAY (1)_ (2)_ (3)_ (PTS) B. LOCATION (1)_ (2)_ (3)_ (PTS)
C. PITS (1)_ (2)_ (3)_ (PTS) D. PIPELINES (1)_ (2)_ (3)_ (PTS)
E. TANK DIKES (1)_ (2)_ (3)_ (PTS) F. API INSTALLED YES [] NO [] (3_PTS)
G. ADEQUATE SEEDING MATERIALS (1)_ (2)_ (3)_ (PTS)
H. WAS SEED BED ADEQUATE (1)_ (2)_ (3)_ (PTS)

POINTS AVAILABLE FOR QUESTION 7: (24_PTS) _____

8. WAS RECLAMATION COMPLETED WITHIN:
6 MTHS OF TD 6_PTS ONLY; 4 MTHS OF TD 12_PTS ONLY; 2 MTHS OF TD 19_PTS ONLY;

POINTS AVAILABLE FOR QUESTION 8: (19_PTS) _____

TOTAL MAXIMUM POSSIBLE SCORE OF 99.

TOTAL RECLAMATION SCORE: _____

10/5/10
DATE RELEASED

Bill Hatfield kh
INSPECTOR'S SIGNATURE

RECORD INSPECTIONS TO THIS WELL ON PAGE 2

Bill said to
release this again
since he had already
done it

State of West Virginia
Department of Environmental Protection
Office of Oil and Gas
Discharge Monitoring Report
Oil and Gas General Permit

Company Name: MegaEnergy Operating, Inc.API: 47-71-00024County: PendletonDistrict: UnionFarm Name: Mallow, Irene and CalvinWell No: Mallow #1Discharge Dates/s From:(MMDDYY) 8-21-08 TO:(MMDDYY) 9-29-08Discharge Times : From 6:00 AM TO 6:00 PMDisposal Option Utilized: UIC (2): Permit No.Centralized Facility (5): 5 Permit No. Yard 081, Warren, Dexter City, OHReuse (4): Alternate Permit Number:Offsite Disposal(3): Site Location:Land Application(1): (Include a topographical map of the Area.)Other method(6): (Include an explanation)

Follow Instructions below to determine your treatment category.

Optional Pretreatment test: Cl- mg/l DO Mg/l

1. Do you have permission to use expedited treatment from the Director or his representative? (Y/N) If yes who? , and place a four (4) on line 7. If not go to line 2

2. Was Frac Fluid or flowback put into the pit? (Y/N) If yes go to line 5 if not go to line 3

3. Do you have a chloride value pretreatment (see above)? (Y/N) If yes go to line 4 if not go to line 5

4. Is that chloride level less than 5000 mg/l? (Y/N) If yes then enter a one (1) on line 7

5 Do you have a pretreatment value for DO? (See above) (Y/N) If yes then go to line 6 if not enter a three (3) in line 7.

6 Is that DO greater than 2.5 mg/l?(Y/N) If yes then enter a two (2) on line 7 If not enter a three (3) on line 7.

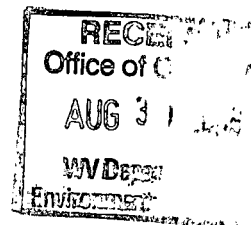
7. is the category of your pit. Use the Appropriate section.

Name of Principal Exec. Officer John Scott HornafiusTitle of Officer PresidentDate Completed: September 29, 2008

I certify under penalty of law that I have personally examined and am familiar with the information submitted on this document and all the 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.

Signature of a Principal Exec. Officer or Authorized agent

Signature



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

Well Operator's Report of Well Work

Farm name: Irene & Calvin Mallow Operator Well No.: Mallow #1

LOCATION: Elevation: 1,955 Quadrangle: Onego 7.5'

District: Union County: Pendleton
Latitude: 14,620 Feet South of 38 Deg. 47 Min. 30 Sec.
Longitude 6,190 Feet West of 79 Deg. 25 Min. 00 Sec.

Company: MegaEnergy Operating, Inc.

	Casing & Tubing	Used in drilling	Left in well	Cement fill up Cu. Ft.
Address: <u>7374 S. Alton Way, Suite 201</u>	<u>20"</u>	<u>45'</u>	<u>45'</u>	<u>41 Cu. Ft.</u>
<u>Centennial, CO 80112</u>	<u>13-3/8"</u>	<u>197'</u>	<u>197'</u>	<u>324 Cu. Ft.</u>
Agent: <u>Paul Smith</u>	<u>9-5/8"</u>	<u>2,164'</u>	<u>9-5/8"</u>	<u>736 Cu. Ft.</u>
Inspector: <u>Craig Duckworth</u>	<u>7"</u>	<u>8,000'</u>	<u>8,000'</u>	<u>450 Cu. Ft.</u>
Date Permit Issued: <u>January 11, 2008</u>	<u>4-1/2"</u>	<u>1,955'</u>	<u>1,955'</u>	<u>202 Cu. Ft.</u>
Date Well Work Commenced: <u>June 5, 2008</u>				
Date Well Work Completed: <u>August 23, 2008</u>				
Verbal Plugging:				
Date Permission granted on:				
Rotary <u>X</u> Cable <u> </u> Rig <u> </u>				
Total Depth (feet): <u>9906'</u>				
Fresh Water Depth (ft.): <u>150' and 450'</u>				
Salt Water Depth (ft.): <u>9795'-9906'</u>				
Is coal being mined in area (N/Y)? <u>N</u>				
Coal Depths (ft.): <u>NA</u>				

OPEN FLOW DATA

Producing formation Tuscarora Pay zone depth (ft) 9795'-9906'

Gas: Initial open flow 0 MCF/d Oil: Initial open flow 0 Bbl/d

Final open flow 0 MCF/d Final open flow 0 Bbl/d

Time of open flow between initial and final tests 72 Hours

Static rock Pressure 100 psig (surface pressure) after 96 Hours

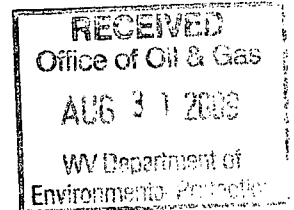
Second producing formation Pay zone depth (ft)

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



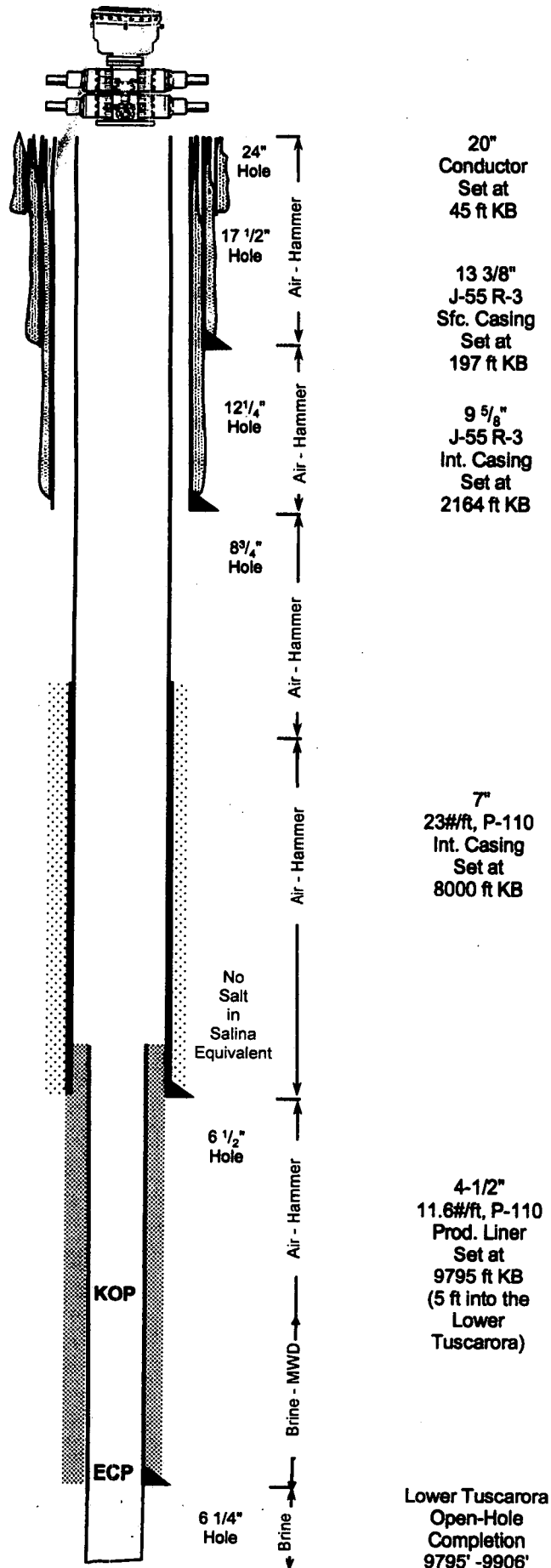
NOTE: ON BACK OF THIS FORM PUT THE FOLLOWING: 1). DETAILS OF PERFORATED INTERVALS, FRACTURING OR STIMULATING, PHYSICAL CHANGE, ETC. 2). THE WELL LOG WHICH IS A SYSTEMATIC DETAILED GEOLOGICAL RECORD OF ALL FORMATIONS, INCLUDING COAL ENCOUNTERED BY THE WELLBORE.

Signed:

By: J. Scott Hornafius
Date: 8-20-09

Survey Ground Elevation: 1,955 ft.
KB Elevation: 1,970 ft

	ft MD	ft TVD
CONDUCTOR CASING POINT		
35 SKS CLASS A 3%CaCl to surface (1.18 Ft3/sk)	41.3	45
SURFACE CASING POINT		
275 SKS CLASS A 3%CaCl to surface (1.18 Ft3/sk)	324.5	197
INTERMEDIATE CASING POINT		
145 SKS LITE +10% to surface (3.04 Ft3/sk)	441	2,164
250 SKS CLASS A 3% CaCl +40% (1.18 Ft3/sk)	295	
BRALLIER	4,320	4,317
Intermediate Cement Top	5,560	5,555
HARRELL	5,854	5,844
thrust fault	6,100	6,090
TULLY	6,300	6,290
MAHANTANGO	6,358	6,347
UPPER MARCELLUS	6,624	6,612
PURCELL	6,682	6,672
LOWER MARCELLUS	6,970	6,958
ONONDAGA	7,010	6,998
NEEDMORE	7,040	7,028
ORISKANY	7,186	7,174
HELDERBERG	7,394	7,382
MANDATA	7,576	7,564
CORRIGANSVILLE	7,606	7,594
TONOLOWAY	7,856	7,844
Liner Top	7,800	7,800
INTERMEDIATE CASING POINT		
285 SKS 50/50 18% SALT 12.5% GILS (1.58 Ft3/sk)	450.3	7,988
WILLS CREEK	8,358	8,358
LOCKPORT	8,680	8,680
KICK-OFF POINT	8,900	8,900
WILLIAMSPORT	9,038	9,038
ROSE HILL	9,270	9,270
CLINTON	9,542	9,542
UPPER TUCARORA	9,652	9,652
LOWER TUCARORA	9,790	9,790
Bottom of External Casing Packer	9,795	9,795
135 SKS 50/50 10% SALT 2% GEL 10# GILS (1.5 Ft3/sk)		
TD	9,906	9,906





west virginia department of environmental protection

Oil and Gas Conservation Commission
601 57th Street, Charleston, WV 25304

Joe Manchin III, Governor
Stephanie R. Timmermeyer, Cabinet Secretary
www.wvdep.org

December 27, 2007

Department of Environmental Protection
Office of Oil and Gas
Charleston, WV 25304

RE: Application for Deep Well - API #47-071-00024

COMPANY: MegaEnergy Operating, Inc.

FARM: Irene and Calvin Mallow#1

COUNTY: Pendleton DISTRICT: Union QUADRANGLE: Onego

The application for the above company is APPROVED FOR ORISKANY.

Applicant has complied with the provisions of Chapter 22C-9, of the Code of West Virginia, nineteen hundred and thirty-one (1931), as amended, Oil and Gas Conservation Commission as follows:

- 1.) Provided a certified copy of duly acknowledged and recorded consent and easement form from all surface owners; N/A
- 2.) Provided a tabulation of all deep wells within one mile of the proposed location, including the API number of the deep well, well name, and the name and address of the operator and; none
- 3.) Provided a plat showing that the proposed location is a distance of 400+ feet from the nearest unit boundary and showing the following wells drilled to or capable of producing from the objective formation within 3,000 feet of the proposed location.

Sincerely,

Cindy Raines
Adm. Secretary



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

Joe Manchin III, Governor
Randy C. Huffman, Cabinet Secretary
www.wvdep.org

PERMIT MODIFICATION APPROVAL

June 24, 2008

MEGAENERGY OPERATING, INC.
5251 DTC PARKWAY, SUITE 425
GREENWOOD V, CO 80111

Re: Permit Modification Approval for API Number 7100024 , Well #: MALLOW 1

Oil and Gas Operator:

The Office of Oil and Gas has reviewed the attached permit modification for the above referenced permit. The attached modification has been approved and well work may begin. Please be reminded that the oil and gas inspector is to be notified twenty-four (24) hours before permitted well work is commenced.

Please call James Martin at 304-926-0499, extension 1654 if you have any questions.

Sincerely,

Gene Smith

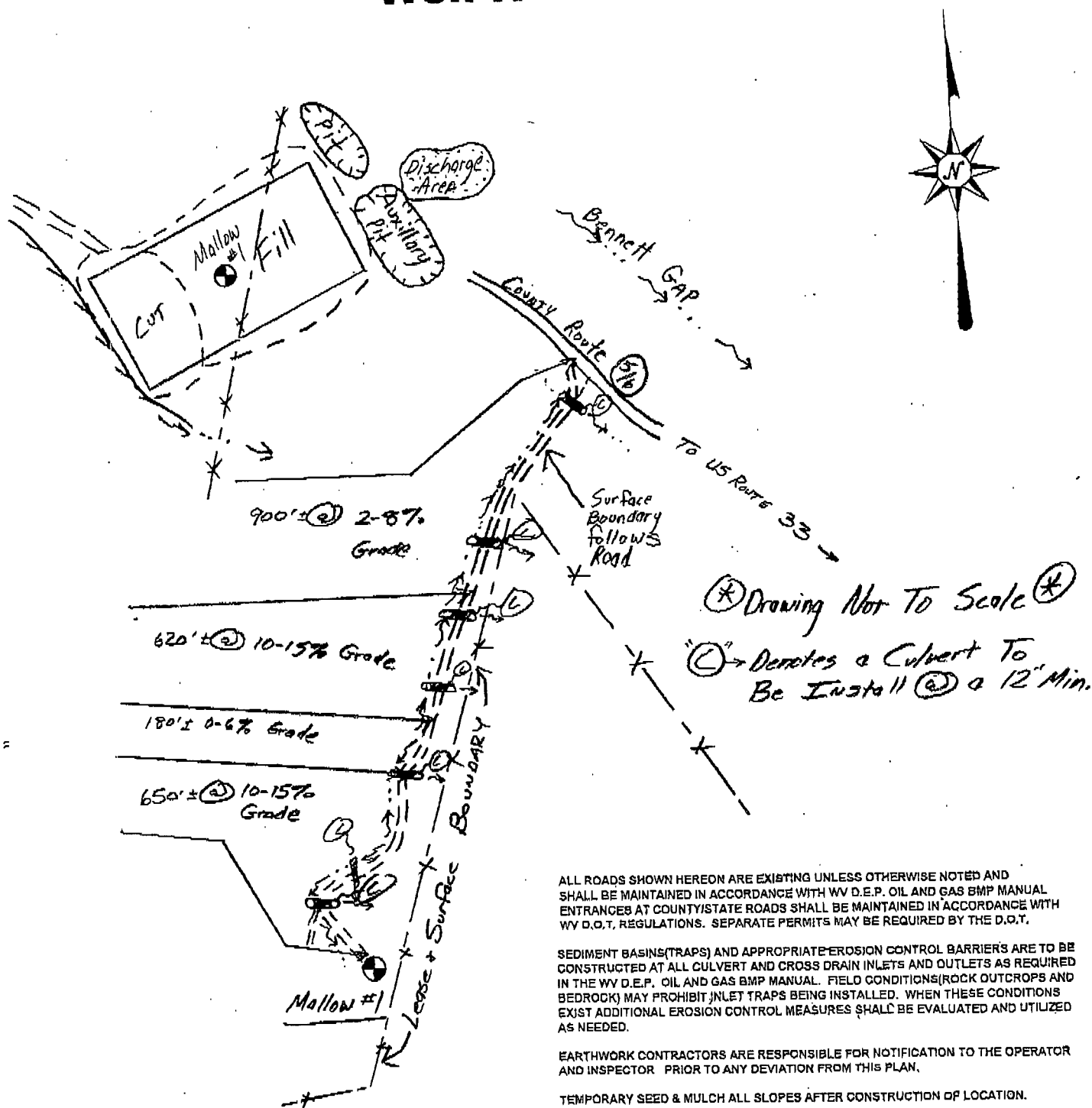
Regulatory/Compliance Manager
Office of Oil and Gas

71-0024

page 5 of 7

Form WW-9

Mallow Lease Well No.1



ALL ROADS SHOWN HEREON ARE EXISTING UNLESS OTHERWISE NOTED AND SHALL BE MAINTAINED IN ACCORDANCE WITH WV D.E.P. OIL AND GAS BMP MANUAL ENTRANCES AT COUNTY/STATE ROADS SHALL BE MAINTAINED IN ACCORDANCE WITH WV D.O.T. REGULATIONS. SEPARATE PERMITS MAY BE REQUIRED BY THE D.O.T.

SEDIMENT BASINS (TRAPS) AND APPROPRIATE EROSION CONTROL BARRIERS ARE TO BE CONSTRUCTED AT ALL CULVERT AND CROSS DRAIN INLETS AND OUTLETS AS REQUIRED IN THE WV D.E.P. OIL AND GAS BMP MANUAL. FIELD CONDITIONS (ROCK OUTCROPS AND BEDROCK) MAY PROHIBIT INLET TRAPS BEING INSTALLED. WHEN THESE CONDITIONS EXIST ADDITIONAL EROSION CONTROL MEASURES SHALL BE EVALUATED AND UTILIZED AS NEEDED.

EARTHWORK CONTRACTORS ARE RESPONSIBLE FOR NOTIFICATION TO THE OPERATOR AND INSPECTOR PRIOR TO ANY DEVIATION FROM THIS PLAN.

TEMPORARY SEED & MULCH ALL SLOPES AFTER CONSTRUCTION OF LOCATION.

CUT & STACK ALL MARKETABLE TIMBER.

STACK BRUSH BELOW LOCATION FOR SEDIMENT CONTROL.

CNO 2-8-08



SMITH LAND SURVEYING, INC.

P.O. BOX 150, GLENVILLE, WV 26351

Phone (304) 462-5656 or 462-5634

(* Revised *)

DRAWN BY J.R.M.

DATE 1-16-08 FILE NO. 6490

FORM WW-9
Rev. 02/03

Page 4 of 7
API Number 47 - _____
Operator's Well No. Mallow No. 1

**STATE OF WEST VIRGINIA
DIVISION 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 MegaEnergy Operating, Inc. OP Code

Watershed North Fork South Branch Potomac River Quadrangle Onego 7.5'

Elevation 1955' County Pendleton District Union

Description of anticipated Pit Waste: Drill Water, Frac Blow Back & Various Formation Cuttings

Will a synthetic liner be used in the pit? Yes

Proposed Disposal Method For Treated Pit Wastes:

 X Land Application
 Underground Injection (UIC Permit Number _____
 Reuse (at API Number _____
 Off Site Disposal (Supply form WW-9 for disposal location)
 Other (Explain _____

Proposed Work For Which Pit Will Be Used:

 X Drilling X Swabbing
 Workover Plugging
 Other (Explain _____)

I certify that I understand and agree to the terms and conditions of the GENERAL WATER POLLUTION PERMIT issued on December 31, 1999, by the Office of Oil and Gas of the West Virginia Division 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) _____

Company Official Title _____

Subscribed and sworn before me this _____ day of _____, 20____

Notary Public

My commission expires _____

LEGEND

Property Boundary

Road

Existing Fence

Planned Fence

Stream

Open Ditch

Rock

North

Buildings

Water wells

Drill site

Diversion

Spring

Wet Spot

Drain Pipe with size-in inches

Waterway

Cross Drain

Artificial Filter Strip

Pit: cut walls

Pit: compacted fill walls

Area for Land Application of Pit Waste

Proposed Revegetation Treatment: Acres Disturbed _____ Prevegetation pH _____

Lime 3 Tons/acre or to correct to pH 6.5Fertilizer (10-20-20 or equivalent) 1/3 TON lbs/acre (500 lbs minimum)Mulch HAY 2 Tons/acre

Seed Mixtures

Area I		Area II	
Seed Type	lbs/acre	Seed Type	lbs/acre
KY-31	40	ORCHARD GRASS	15
ALSIKE CLOVER	5	ALSIKE CLOVER	5
ANNUAL RYE	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:

Craig Duckworth

Title:

Pit & Gas Inspector

Date:

2-8-08

Field Reviewed?

☐ Yes☐ No



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

Joe Manchin III, Governor
Stephanie R. Timmermeyer, Cabinet Secretary
www.wvdep.org

January 11, 2008

WELL WORK PERMIT

New Well

This permit, API Well Number: 47-7100024, issued to MEGAENERGY OPERATING, INC., 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 of completion of drilling, 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.

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: MALLOW 1
Farm Name: MALLOW, IRENE & CALVIN
API Well Number: 47-7100024
Permit Type: New Well
Date Issued: 01/11/2008

Promoting a healthy environment.

71-00074

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

1) Well Operator MegaEnergy Operating, Inc.Operator
IDPendleton
CountyUnion
DistrictOnego 7.5'
Quadrangle2) Operators Well Number: Mallow No. 13) Elevation: 1955'4) Well Type: (a) Oil _____ or Gas X(b) If Gas: Production X / Underground Storage _____
Deep X / Shallow _____5) Proposed Target Formation(s): Oriskany Sandstone6) Proposed Total Depth: 8800 Feet7) Approximate fresh water strata depths: 175'8) Approximate salt water depths: 3900'9) Approximate coal seam depths: None10) Does land contain coal seams tributary to active mine? No11) Describe proposed well work To Drill and Stimulate a New Well

12)

CASING AND TUBING PROGRAM

TYPE	SPECIFICATIONS			FOOTAGE INTERVALS		CEMENT
	<u>Size</u>	<u>Grade</u>	<u>Weight per ft</u>	<u>For Drilling</u>	<u>Left in Well</u>	<u>Fill -up (Cu. Ft.)</u>
Conductor	13 3/8"			80'	80'	CTS-60 Sacks
Fresh Water						
Coal						
Intermediate	9 5/8"			1700'	1700'	CTS-550 Sacks
Production	5 1/2"			8800'	8775'	280 Sacks
Tubing						CL 11-27-07
Liners						

Packers: Kind
Sizes
Depths Set**RECEIVED**
Office of Oil & Gas

NOV 28 2007

WV Department of
Environmental Protection

1) Date: September 28, 2007
2) Operator's Well Number Mallow No. 1
3) API Well No.: 47 - 071 - 00024
State County Permit

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

4) Surface Owner(s) to be served:
(a) Name Irene & Calvin Mallow *W*
Address HC 78 Box 140
Riverton, WV 26814
(b) Name _____
Address _____
(c) Name _____
Address _____
6) Inspector Craig Duckworth
Address Box 107 Davison Route
Gassaway, WV 26624
Telephone 304-545-2942

5) (a) Coal Operator
Name _____
Address _____
(b) Coal Owner(s) with Declaration *W*
Name Irene & Calvin Mallow
Address HC 78 Box 140
Riverton, WV 26814
Name _____
Address _____
(c) Coal Lessee with Declaration
Name _____
Address _____

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

X 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:

____ Personal Service (Affidavit attached)
X 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 MegaEnergy Operating
By: Paul E. Smith
Its: Agent
Address 9085 E. Mineral Circle
Englewood, CO 80112
Telephone 720-875-9810

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Office of Oil & Gas

NOV 28 2007

WV Department of
Environmental Protection

Subscribed and sworn before me this 19th day of November

Notary Public

My Commission Expires June 21, 2016

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:

<u>Grantor, lessor, etc.</u>	<u>Grantee, lessee, etc.</u>	<u>Royalty</u>	<u>Book/Page</u>
Ilene & Calvin Mallow	MegaEnergy Operating, Inc.	1/8 th	19/510 Dated 6/28/06

Well
Operator:
By:
Its:

MegaEnergy Operating, Inc.

Paul E. Smith
Agent

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Office of Oil & Gas

NOV 28 2007

WV Department of
Environmental Protection

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.

If no water well or spring is located within 1000 feet, the Chief may require the operator to sample and analyze water from a water well or spring within 2000 feet of the proposed well site.

Be advised, you have the right to sample and analyze any water supply at your own expense.

The laboratory used by the operator to analyze the samples will be approved by the Chief. The operator named below has decided to use the following laboratory to analyze the water samples:

<u>X</u>	Contractor Name	<u>Smith Land Surveying, Inc. – Environmental Division</u>
	Well operator's private laboratory	
	Well Operator	MegaEnergy Operating
	Address	9085 Mineral Circle Englewood, CO 80112
	Telephone	720-875-9810

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 please indicate such.

RECEIVED
Office of Oil & Gas

NOV 28 2007

Mallow No. 1

WV Department of
Environmental Protection

NOTE: There appears to be 1± potable water sources within 1,000', therefore tests will be offered and samples taken as required.

STATE OF WEST VIRGINIA
DIVISION 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 MegaEnergy Operating, Inc. OP Code _____

Watershed North Fork South Branch Potomac River Quadrangle Onego 7.5'

Elevation 1955' County Pendleton District Union

Description of anticipated Pit Waste: Drill Water, Frac Blow Back & Various Formation Cuttings

Will a synthetic liner be used in the pit? Yes

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 _____)

Proposed Work For Which Pit Will Be Used:

- ☒ Drilling ☒ Swabbing
☐ Workover ☐ Plugging
☐ Other (Explain _____)

I certify that I understand and agree to the terms and conditions of the GENERAL WATER POLLUTION PERMIT issued on December 31, 1999, by the Office of Oil and Gas of the West Virginia Division 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 Paul E. Smith

RECEIVED
Office of Oil & Gas

Company Official (Typed Name) Paul E. Smith

NOV 28 2007

Company Official Title AGENT

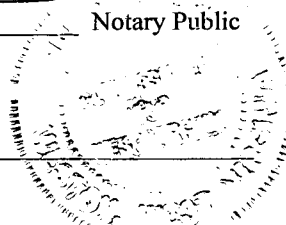
WV Department of
Environmental Protection

Subscribed and sworn before me this 15th day of November, 2007

[Signature]


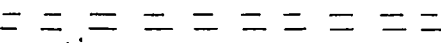
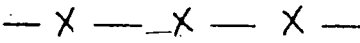
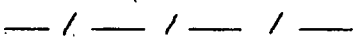
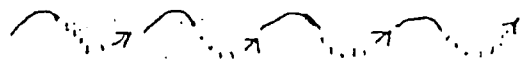
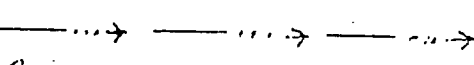
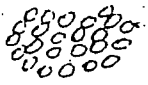
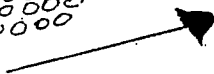



Notary Public

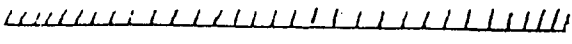
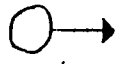

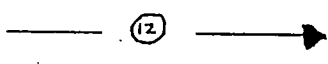
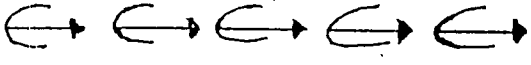
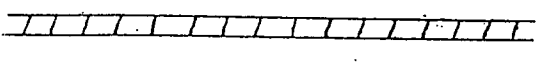
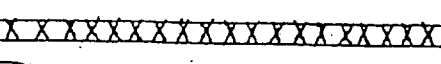


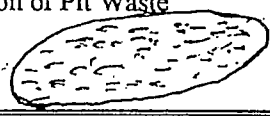
My commission expires June 21, 2016



71-00024

LEGEND

- Property Boundary 
- Road 
- Existing Fence 
- Planned Fence 
- Stream 
- Open Ditch 
- Rock 
- North 
- Buildings 
- Water wells 
- Drill site 

- Diversion 
- Spring 
- Wet Spot 
- Drain Pipe with size in inches 
- Waterway 
- Cross Drain 
- Artificial Filter Strip 
- Pit: cut walls 
- Pit: compacted fill walls 
- Area for Land Application of Pit Waste 

Proposed Revegetation Treatment: Acres Disturbed 2.12 Prevegetation pH _____

Lime 3 Tons/acre or to correct to pH 6.5

Fertilizer (10-20-20 or equivalent) 1/3 TON lbs/acre (500 lbs minimum)

Mulch HAY 2 Tons/acre

Seed Mixtures

Seed Type	Area I lbs/acre
KY-31	40
ALSIKE CLOVER	5
ANNUAL RYE	15

Seed Type	Area II lbs/acre
ORCHARD GRASS	15
ALSIKE CLOVER	5

Attach:

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

Photocopied section of involved 7.5' topographic sheet.

Plan Approved by: Graig Hunsworth

Title: Dil + Gas Inspection

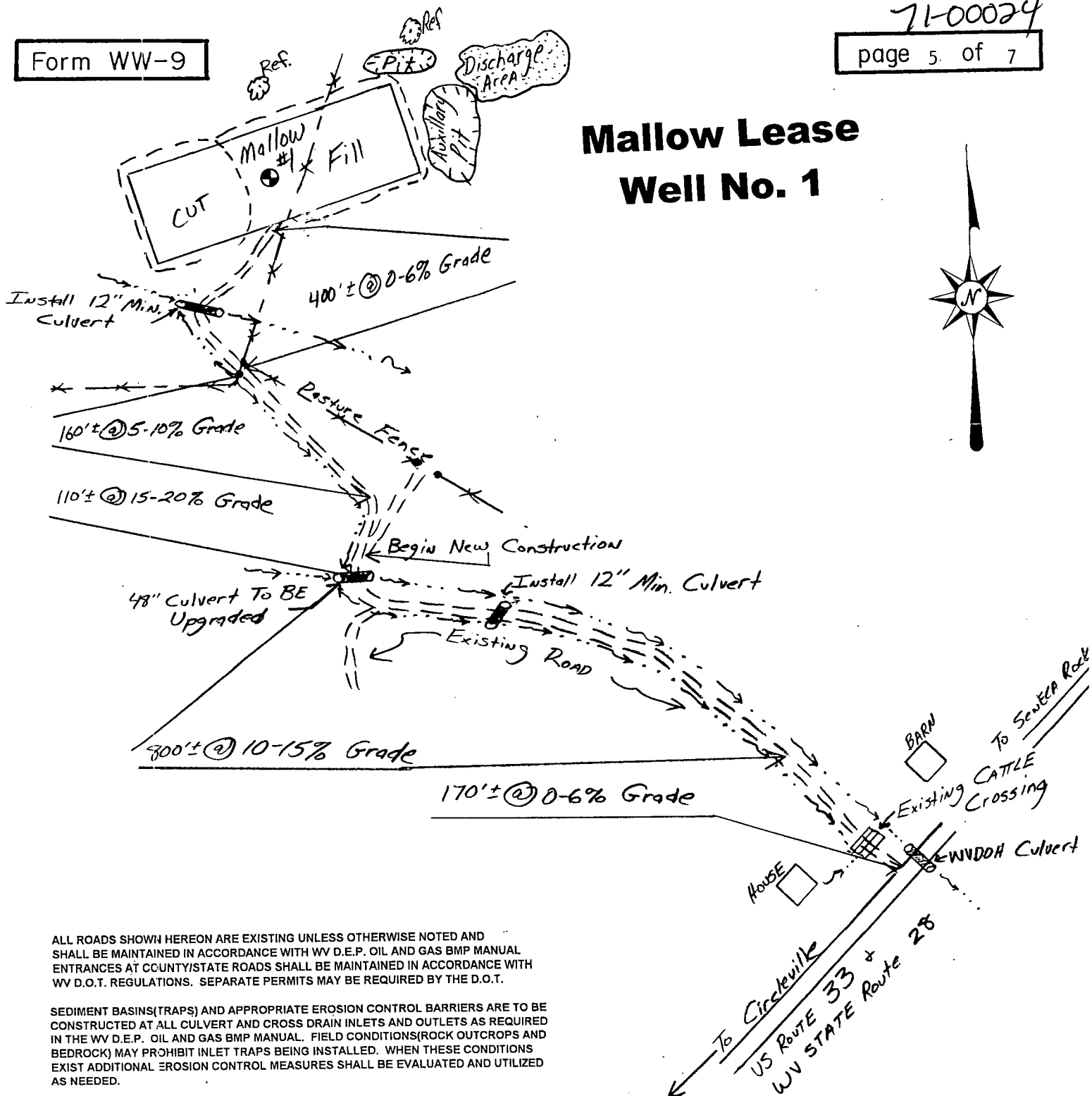
Date: 11-27-07

Field Reviewed?

☒ Yes

☐ No

Mallow Lease Well No. 1



ALL ROADS SHOWN HEREON ARE EXISTING UNLESS OTHERWISE NOTED AND SHALL BE MAINTAINED IN ACCORDANCE WITH WV D.E.P. OIL AND GAS BMP MANUAL ENTRANCES AT COUNTY/STATE ROADS SHALL BE MAINTAINED IN ACCORDANCE WITH WV D.O.T. REGULATIONS. SEPARATE PERMITS MAY BE REQUIRED BY THE D.O.T.

SEDIMENT BASINS(TRAPS) AND APPROPRIATE EROSION CONTROL BARRIERS ARE TO BE CONSTRUCTED AT ALL CULVERT AND CROSS DRAIN INLETS AND OUTLETS AS REQUIRED IN THE WV D.E.P. OIL AND GAS BMP MANUAL. FIELD CONDITIONS(ROCK OUTCROPS AND BEDROCK) MAY PROHIBIT INLET TRAPS BEING INSTALLED. WHEN THESE CONDITIONS EXIST ADDITIONAL EROSION CONTROL MEASURES SHALL BE EVALUATED AND UTILIZED AS NEEDED.

EARTHWORK CONTRACTORS ARE RESPONSIBLE FOR NOTIFICATION TO THE OPERATOR AND INSPECTOR PRIOR TO ANY DEVIATION FROM THIS PLAN.

TEMPORARY SEED & MULCH ALL SLOPES AFTER CONSTRUCTION OF LOCATION.

CUT & STACK ALL MARKETABLE TIMBER.

STACK BRUSH BELOW LOCATION FOR SEDIMENT CONTROL.

RECEIVED

Office of Oil & Gas

ⓧ Drawing Not To Scale ⓧ
NOV 28 2007

WV Department of
Environmental Protection

CW 11-27-07

SLS

SMITH LAND SURVEYING, INC.

P.O. BOX 150, GLENVILLE, WV 26351

Phone (304) 462-5656 or 462-5634

DRAWN BY JRM

DATE 6/7/07

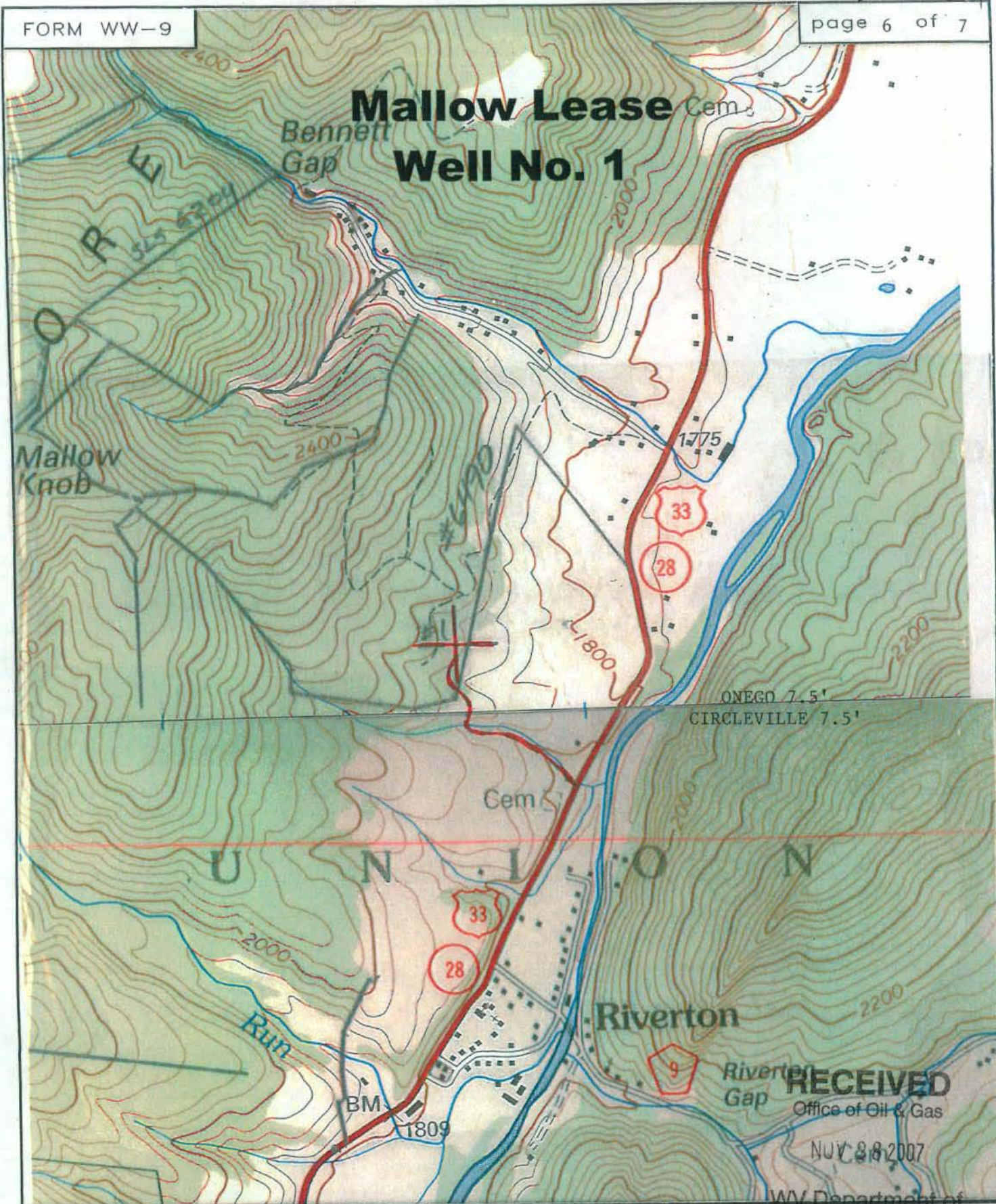
FILE NO. 6490

71-00024

FORM WW-9

page 6 of 7

Mallow Lease Well No. 1



SLS

SMITH LAND SURVEYING
P.O. BOX 150 GLENVILLE, WV. 26351

TOPO SECTION OF ONEGO/CIRCLEVILLE 7.5

FILE NO. 6490 DATE 9/26/07 SCALE 1"=1000'

County Pendleton

Operator

MegaEnergy Operating, Inc.

Operator well number Mallow No. 1

INSTRUCTIONS TO SURFACE OWNERS NAMED ON PAGE WW2-A

The well operator named on page WW2A is applying for a permit from the State to do oil or gas well work. (Note: If the surface tract is owned by more than three persons, then these materials were served on you because your name appeared on the Sheriff's tax ticket on the land or because you actually occupy the surface tract. In either case, you may be the only owner who will actually receive these materials.) See Chapter 22 of the West Virginia Code. Well work permits are valid for 24 months. If you do not own any interest in the surface tract, please forward these materials to the true owner immediately if you know who it is. Also, please notify the well operator and the Office of Oil and Gas.

NOTE: YOU ARE NOT REQUIRED TO FILE ANY COMMENT.

WHERE TO FILE COMMENTS AND OBTAIN ADDITIONAL INFORMATION:

Chief, Office of Oil and Gas
Department of Environmental Protection
601 57th St. SE
Charleston, Wv 25304
(304) 926-0450

Time Limits and methods for filing comments. The law requires these materials to be served on or before the date the operator files his Application. You have FIFTEEN (15) DAYS after the filing date to file your comments. Comments must be filed in person or received in the mail by the Chief's office by the time stated above. You may call the Chief's office to be sure of the date. Check with your postmaster to ensure adequate delivery time or to arrange special expedited handling. If you have been contacted by the well operator and you have signed a "voluntary statement of no objection" to the planned work described in these materials, then the permit may be issued at any time.

Comments must be in writing. Your comments must include your name, address and telephone number, the well operator's name and well number and the approximate location of the proposed well site including district and county from the application. You may add other documents, such as sketches, maps or photographs to support your comments.

The Chief has the power to deny or condition a well work permit based on comments on the following grounds:

- 1) The proposed well work will constitute a hazard to the safety of persons.
- 2) The soil erosion and sediment control plan is not adequate or effective;
- 3) Damage would occur to publicly owned lands or resources;
- 4) The proposed well work fails to protect fresh water sources or supplies;
- 5) The applicant has committed a substantial violation of a previous permit or a substantial violation of one or more of the rules promulgated under Chapter 22, and has failed to abate or seek review of the violation..."

If you want a copy of the permit as it is issued or a copy of the order denying the permit, you should request a copy from the Chief.

List of Water Testing Laboratories. The Office maintains a list of water testing laboratories which you can hire to test your water to establish water quality prior to and after drilling. Contact the Chief to obtain a copy.

VOLUNTARY STATEMENT OF NO OBJECTION

I hereby state that I have read the instructions to surface owners and that I have received copies of a Notice and Application for a Well Work Permit on Form WW2-A, and attachments consisting of pages 1 through ___ including a work order on Form WW2-B, a survey plat, and a soil and erosion plan, all for proposed well work on my surface land as described therein.

I further state that I have no objection to the planned work described in these materials, and I have no objection to a permit being issued on those materials.

FOR EXECUTION BY A NATURAL PERSON

Drene mallow
Signature

Date 11/19/07

FOR EXECUTION BY A CORPORATION, ETC.

Company
Name
By
Its

RECEIVED
Office of Oil & Gas

Signature

Date NOV 28 2007

Date

WV Department of
Environmental Protection

Please Return

COAL OPERATOR, OWNER, OR LESSEE WAIVER

County Pendleton

Operator MegaEnergy Operating, Inc. Operator's Well
Number

Mallow No. 1

INSTRUCTIONS TO COAL OPERATOR, OWNER, OR LESSEE

To the coal operator, owner, or lessee named on page WW2-A. You are hereby notified that any objection you wish to make or are required to make by Code 22-6-15, 16 or 17, must be filed with the Chief of the Office of Oil and Gas within fifteen (15) days after the receipt of this application by the Office.

WAIVER

The undersigned coal operator ____ / owner ____ / lessee ____ / of the coal under this well location has examined this proposed well location. If a mine map exists which covers the area of well location, the well location has been added to the mine map. The undersigned has no objection to the work proposed to be done at this location, provided, the well operator has complied with all applicable requirements of the West Virginia Code and the governing regulations.

FOR EXECUTION BY A NATURAL PERSON

Irene Mallow
Signature

Date 11/14/07

FOR EXECUTION BY A CORPORATION, ETC.

Company

Name

By

Its

Date

Signature

Date

Please Return

RECEIVED
Office of Oil & Gas

NOV 28 2007

WV Department of
Environmental Protection

CERTIFICATE OF CONSENT AND EASEMENT

We, the undersigned, for valuable consideration, the receipt and sufficiency of which is hereby acknowledged, being all the owners of the surface of that certain lot, tract or parcel of land located on Map 64 parcel 10 in Union District, Pendleton County, State of West Virginia, shown on the attached plat or survey, do hereby consent and grant an easement, pursuant to West Virginia Code, Section 22C-9-7 (b)(4) and Operating Rule 4.4 of the Rules and Regulations of the West Virginia Oil and Gas Conservation Commission, to Mega Energy, Inc. its successors or assigns, for the drilling and operation of a deep well from the production of oil or gas at the location shown on the attached plat or survey.

Executed this 19th day of November, 2007.

Irene Mallow
Irene Mallow

State of West Virginia
County of Pendleton To-wit

I Jon J. Tucci, a Notary Public/Commissioner in and for the aforesaid County and State, so hereby certify that IRENE MALLOW, whose name(s) is/are signed to the writing above, bearing date on the 19th day of November, 2007, has(ve) this day acknowledged the same before, in my said County and State.

[Signature]
Notary Public/Commissioner

My Commission expires on June 21, 2016

State of West Virginia
County of _____ To-wit

I _____, a Notary Public/Commissioner in and for the aforesaid County and State, so hereby certify that _____, whose name(s) is/are signed to the writing above, bearing date on the _____ day of _____, 2007, has(ve) this day acknowledged the same before, in my said County and State.

Notary Public/Commissioner

My Commission expires on _____

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Office of Oil & Gas
NOV 28 2007
WV Department of
Environmental Protection

71-00024✓

Operator: MEGAENERGY OPERATING, INC.
API: 7100024
WELL No: MALLOW 1
Reviewed by: _____ Date: 12/14
Due Date: W

CHECKLIST FOR FILING A PERMIT

New Well

- ☒ WW-2B
- ☒ Inspector signature on WW-2B
- ☒ WW-2A (Notarized)
- ☒ Certified Mail Receipts, Waivers, or Affidavits of Personal Service
- ☒ Surface Owner Waiver
- ☒ Coal Owner / Lessee / Operator Waiver
- ☒ Surface owner consent and easement.
- ☒ WW-2A-1 (Signed) Showing Book/Page number and Royalty Percentage
- OK * ☒ WW-2B-1 (Names, addresses, and spot on topographical map listed as water testing) *need name & address*
- ☒ WW-9 (Page 1 & 2) (Notarized)
- ☒ Inspector Signature on WW-9
- ☒ Reclamation Plan
- ☒ Topographic Map of location of well
- ☒ Mylar Plat (Signed Sealed) (Surface owner on plat matches WW-2A)
 - ☒ Well is at least 400 feet from the nearest lease boundary.
 - ☒ Well is at least 3000 feet from the nearest offset deep well.
- ☒ Bond
- ☒ Company is Registered with the SOS
- ☒ Worker's Compensation / Unemployment Insurance account is OK
- OK * ☒ \$900.00 Check (\$800.00 if no pit)

*Emailed
Colleen
Kennedy
12-27-07*

71-00024

From: "Colleen Kennedy" <colleen@megaenergy.net>
To: "Laura Adkins" <LADKINS@wvdep.org>
Date: 12/4/2007 4:04:39 PM
Subject: RE: WV Pending Drilling Permit - Mallow #1[Scanned]

Thanks Laura. Can you tell me if the permit for the Johnston #1 was already issued? I'm afraid I've lost track of that one. So sorry.

Colleen Kennedy

-----Original Message-----

From: Laura Adkins [mailto:LADKINS@wvdep.org]
Sent: Tuesday, December 04, 2007 10:59 AM
To: Colleen Kennedy
Subject: Re: WV Pending Drilling Permit - Mallow #1[Scanned]

Colleen,

Thank you for the email. We will resume permitting the Mallow #1 and the Johnston #1 and let you know if we need any additional information.

Laura Adkins
WVDEP
Office of Oil & Gas
Permitting Section
Phone: (304) 926-0499 Ext. 1062
Fax: (304) 926-0452

*No Johnston permit
has ever been submitted*
JS
12/20/07

>>> "Colleen Kennedy" <colleen@megaenergy.net> 12/4/2007 12:30 PM >>>
Laura,

By a previous email, I requested you suspend any additional actions on certain drilling permit requests submitted to your department by MegaEnergy Operating Inc.

By this writing we are requesting that you resume your efforts toward approval for the Mallow #1 Drilling Permit and continue with your efforts to approve the Johnston #1 Well permit on behalf of MegaEnergy Operating Inc. Should you have any questions, please do not hesitate to contact me at (720) 875-9810.

*Show casing to
Gene. OK
Need Name & Address
for water testing*

Thank you for your consideration of this request.

71-00024

Colleen Kennedy