



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 02, 2014

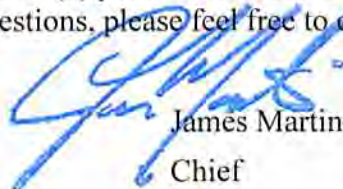
WELL WORK PERMIT
Vertical Well

This permit, API Well Number: 47-8510126, issued to TERM ENERGY CORP., 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: MCCULLOUGH NO. 2
Farm Name: MCCULLOUGH, PATRICIA L.
API Well Number: 47-8510126
Permit Type: Vertical Well
Date Issued: 06/02/2014

Promoting a healthy environment.

06/06/2014

PERMIT CONDITIONS

West Virginia Code § 22-6-11 allows the Office of Oil and Gas to place specific conditions upon this permit. Permit conditions have the same effect as law. Failure to adhere to the specified permit conditions may result in enforcement action.

CONDITIONS

1. If the operator encounters an unanticipated void, or an anticipated void at an unanticipated depth, the operator shall notify the inspector within 24 hours. Modifications to the casing program may be necessary to comply with W. Va. Code § 22-6-20, which requires drilling to a minimum depth of thirty feet below the bottom of the void, and installing a minimum of twenty (20) feet of casing. Under no circumstance should the operator drill more than fifty (50) feet below the bottom of the void or install less than twenty (20) feet of casing below the bottom of the void.
2. Pursuant to 35 CSR § 4-19.1.a, at the request of the surface owner all water wells or springs within 1000 feet of the proposed well that are actually utilized for human consumption, domestic animals or other general use shall be sampled and analyzed.
- ★ 3. Pursuant to 35 CSR § 4-19.1.c, if the operator is unable to sample and analyze any water well or spring within one thousand (1,000) feet of the permitted well location, the Office of Oil and Gas requires the operator to sample, at a minimum, one water well or spring located between one thousand (1,000) feet and two thousand (2,000) feet of the permitted well location.
4. All pits must be lined with a minimum of 20 mil thickness synthetic liner.
5. In the event of an accident or explosion causing loss of life or serious personal injury in or about the well or while working on the well, the well operator or its contractor shall give notice, stating the particulars of the accident or explosion, to the oil and gas inspector and the Chief within twenty-four (24) hours.
6. During the surface casing and cementing process, in the event cement does not return to the surface, or any other casing string that is permitted to circulate cement to the surface and does not return to the surface, the oil and gas inspector shall be notified within twenty-four (24) hours.
7. Well work activities shall not constitute a hazard to the safety of persons.

8510126

CK 2796
6500

WW - 2B
(Rev. 8/10)

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

85 2 393

1) Well Operator: TERM Energy Corporation

306756	Ritchie	Grant	Harrisville
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Operator ID County District Quadrangle

2) Operator's Well Number: McCullough # 2 3) Elevation: 897'

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

5) Proposed Target Formation(s): Gordon Proposed Target Depth: 2800'
6) Proposed Total Depth: 2800' Feet Formation at Proposed Total Depth: Gordon
7) Approximate fresh water strata depths: 120'
8) Approximate salt water depths: 1170'

9) Approximate coal seam depths: None

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

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

12) Describe proposed well work and fracturing methods in detail (attach additional sheets if needed)
Drill new well and stimulate with Nitrogen and/or Gel water fracturing methods. (Pit not exceed 5000 barrels water.)

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	9 5/8"	R - 2	26#	30'	30'	GROUT TO SURFACE
Fresh Water	7"	R - 3	17#	350'	350'	TO SURFACE
Coal						
Intermediate						
Production	4 1/2"	R - 3	10.5#	2800'	2800'	1800' (248cu.ft)
Tubing						
Liners						

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Office of Oil and Gas
MAY 19 2014
WV Department of
Environmental Protection

Packers: Kind: NA
Sizes: NA
Depths Set NA

Dad
5-16-14 06/06/2014

WW-2A
(Rev. 6-07)

1.) Date: _____
2.) Operator's Well Number McCullough # 2
State County Permit
3.) API Well No.: 47- 085 -

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:
(a) Name Patricia L. McCullough *W*
Address 47 Farrow Hill Road
Davisville, WV 26142-8889
(b) Name _____
Address _____
(c) Name _____
Address _____
6) Inspector David Cowan
Address 1597 Devil Hole Road
Harrisville, WV 26362
Telephone 304-389-3509

5) (a) Coal Operator
Name _____
Address _____
(b) Coal Owner(s) with Declaration
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:

- x Personal Service (Affidavit attached)
- 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 TERM Energy Corporation
By: Leroy Baker *[Signature]*
Its: Designated Agent
Address 713 East Main Street
Harrisville, WV 26362
Telephone 304-643-4500

Subscribed and sworn before me this 16th day of May

[Signature] Notary Public
My Commission Expires March 8, 2019
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

8510126

WW-2A Surface Waiver

SURFACE OWNER WAIVER

County Ritchie

Operator TERM Energy Corporation

Operator well number McCullough # 2

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 a 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

FOR EXECUTION BY A CORPORATION, ETC.

Patricia L. McCullough
Signature

Date 5/14/14

Company Name _____
By _____
Its _____

Patricia L. McCullough
Print Name

RECEIVED
Office of Oil and Gas

MAY 19 2014

Signature

Date
WV Department of Environmental Protection

06/06/2014

**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
Carl L. Friedley et al	Ritchie Petroleum Corporation, Inc.	1/8	134/387
Ritchie Petroleum Corporation, Inc.	TERM Energy Corporation	1/8	253/1074

**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:
By: Its:

TERM Energy Corporation

 Leroy Baker

 Designated Agent

DEPT. OF ENVIRONMENTAL PROTECTION
 OFFICE OF OIL AND GAS
 MAY 19 2014
 WV Department of Environmental Protection

WW-2B1
(5-12)

Well No. McCullough # 2

West Virginia Department of Environmental Protection
Office of Oil and Gas

NOTICE TO SURFACE OWNERS

The well operator named below is preparing to file for a permit from the state to drill a new well. Before a well work permit can be filed with the Chief of the Office of Oil and Gas, the well operator is required to have given notice of the right to request water well or spring analytical testing. This notice shall be given to the owners or occupants of land which have a water well or spring being utilized for human consumption, domestic animals, or other general use and which is located within 1000 feet of the proposed well site.

With this form, the operator is giving you notice of your right to request analytical testing. The operator is required to sample and analyze the water wells or springs of all owners or occupants who request it. Therefore, if you wish to have your water well or spring tested, contact the operator named below.

All sampling shall be completed prior to drilling. Within thirty (30) days of the receipt of such sample analyses the operator shall submit the results to the Chief of the Office of Oil and Gas and to the owners or occupants who may have requested them.

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

Listed below is the laboratory chosen by operator to perform analysis, and contactor chosen to collect sample.

Certified Laboratory Name Microbac Laboratories
Sampling Contractor 158 Starlight Drive, Marietta, Ohio 45750

Well Operator TERM Energy Corporation
Address 713 East Main Street
Harrisville, WV 26362
Telephone 304-643-4500

FOR OPERATOR'S USE ONLY: Below, or on an attached page, list those persons which were given this notice. Place an asterisk beside the one(s) that contacted you and requested sampling and analyses. If there were no requests made, indicate by underling which one you have selected to sample and analyze. If there are no water wells or springs within 1000 feet of the proposed site, the Chief may require the operator to test wells up to 2000 feet from the proposed site.

NAME
IF THERE ARE NO WELLS OR SPRINGS WITHIN 1000' THEN YOU MUST TEST AT LEAST ONE WELL OR SPRING IF THERE ARE ANY WITHIN 2000' FROM PROPOSED WELL BEFORE SPUDDING.

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MAY 10 2014
WV Department of Environmental Protection

8510126

WW-9
(5/13)

Page _____ of _____
API Number 47-085 - _____
Operator's Well No. McCullough # 2

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

FLUIDS/ CUTTINGS DISPOSAL & RECLAMATION PLAN

Operator Name TERM Energy Corporation OP Code 306756

Watershed (HUC 10) Addis Run Quadrangle Harrisville

Elevation 897' County Ritchie District Grant

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

Will a pit be used for drill cuttings? Yes X No _____

If so, please describe anticipated pit waste: Drilling water - Flowback fluid

Will a synthetic liner be used in the pit? Yes X No _____ If so, what ml.? 20

Proposed Disposal Method For Treated Pit Wastes:

- Land Application
- Underground Injection (UIC Permit Number 2D0855151)
- _____ Reuse (at API Number _____)
- _____ Off Site Disposal (Supply form WW-9 for disposal location)
- _____ Other (Explain _____)

Will closed loop system be used? No

Drilling medium anticipated for this well? Air, freshwater, oil based, etc. air

-If oil based, what type? Synthetic, petroleum, etc. NA

Additives to be used in drilling medium? TD 200 Drilling Soap (if needed)

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) None

-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 [Signature]

Company Official (Typed Name) Leroy Baker

Company Official Title Designated Agent

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Office of Oil and Gas

Subscribed and sworn before me this 16th day of May, 20 14 MAY 19 2014

Jean Freeland

My commission expires March 8, 2019

Notary Public Department of Environmental Protection
OFFICIAL SEAL
NOTARY PUBLIC
WEST VIRGINIA
JEAN FREELAND
My Commission Expires 06/06/2014

Proposed Revegetation Treatment: Acres Disturbed 1.5 Prevegetation pH 6.0

Lime 3 Tons/acre or to correct to pH 6.5

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

Mulch straw/hay 2 Tons/acre

Seed Mixtures

Seed Type	Area I lbs/acre	Seed Type	Area II lbs/acre
Ky - 31	40	Orchard Grass	40
Clover	5	Clover	5
Rye	15	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: Daniel Wilson

Comments: prepare & mulch all cut area no less than 2
ton per acre maintain all C&S during operation

Title: oil & gas imperv Date: 5-16-14

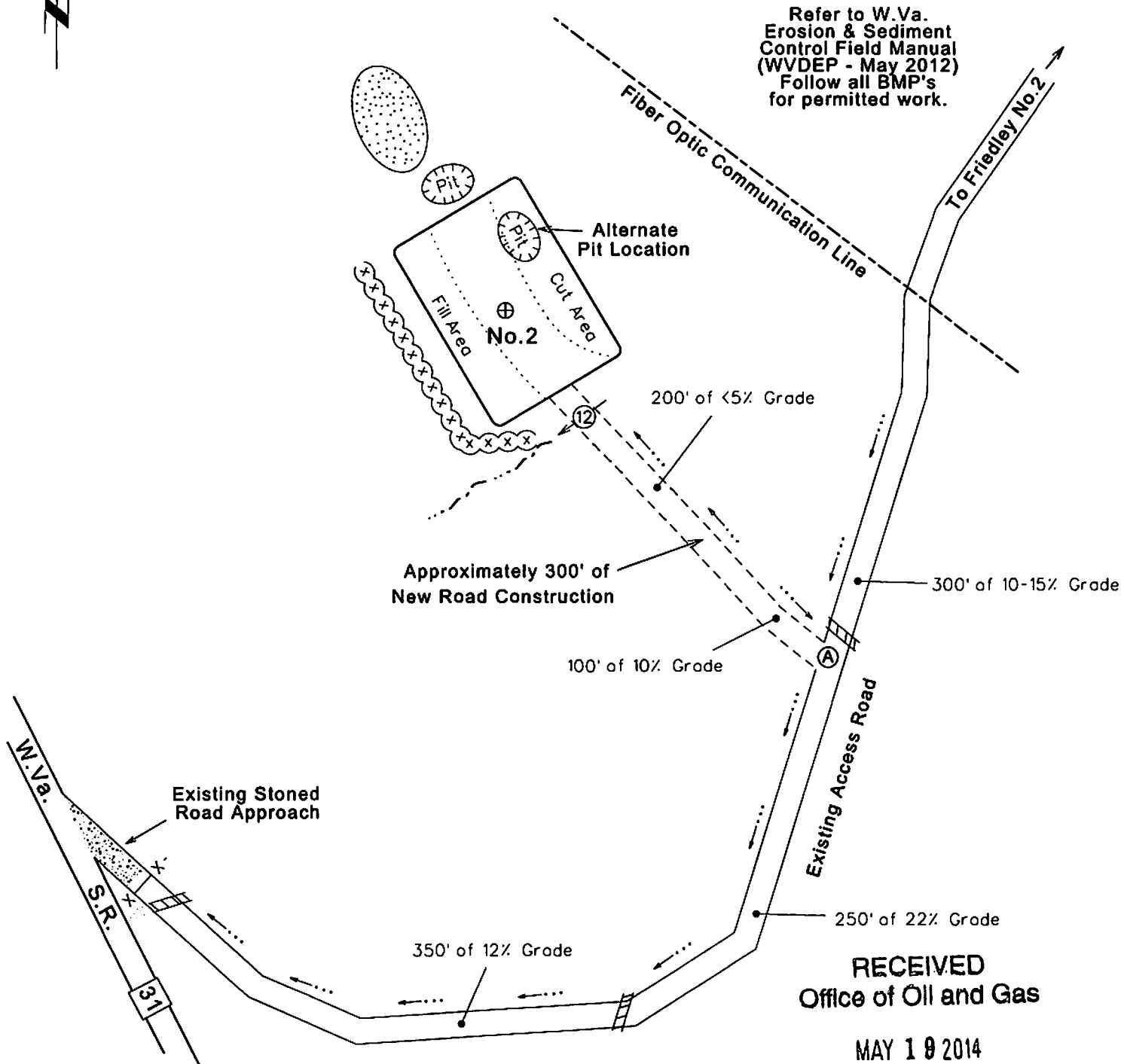
Field Reviewed? Yes No

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WV Department of
Environmental Protection
06/06/2014

Reclamation Plan For: McCullough No.2



Refer to W.Va.
Erosion & Sediment
Control Field Manual
(WVDEP - May 2012)
Follow all BMP's
for permitted work.

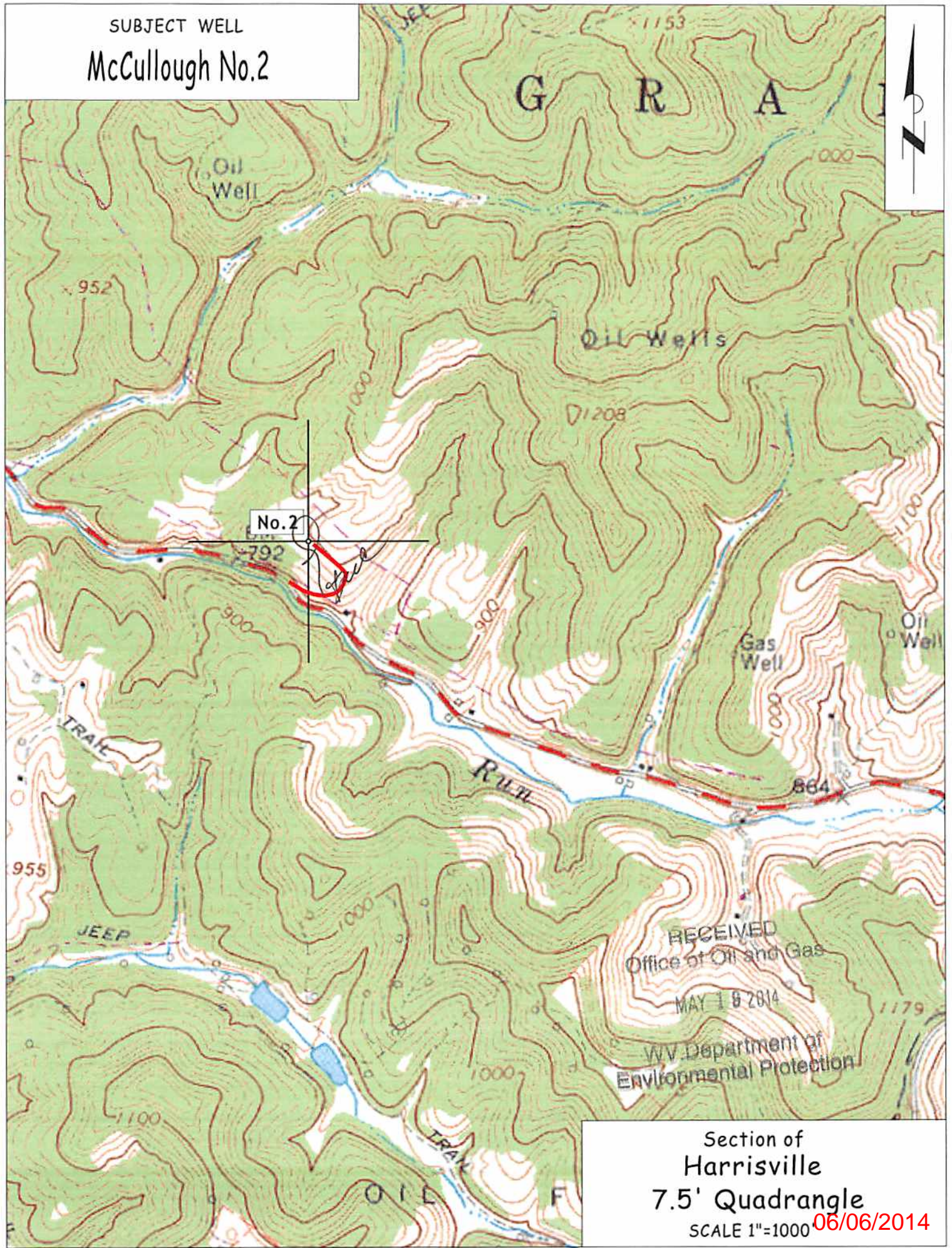


Notes:

- Requested permit is for drilling of new well.
- Access from WV S.R. 31 to Point (A) will follow existing lease road. All drainage structures will be maintained.
- All disturbed areas will be re-vegetated as outlined on Form WW-9.
- Maintain sediment barriers and drainage structures.
- All road grades <5% except as noted.
- Location of drill pit may be changed based on as-built considerations.
- All road banks will be pre-seeded and mulched.

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MAY 19 2014
WV Department of
Environmental Protection

SUBJECT WELL
McCullough No.2



Section of
Harrisville
7.5' Quadrangle
SCALE 1"=1000' 06/06/2014

NOTES

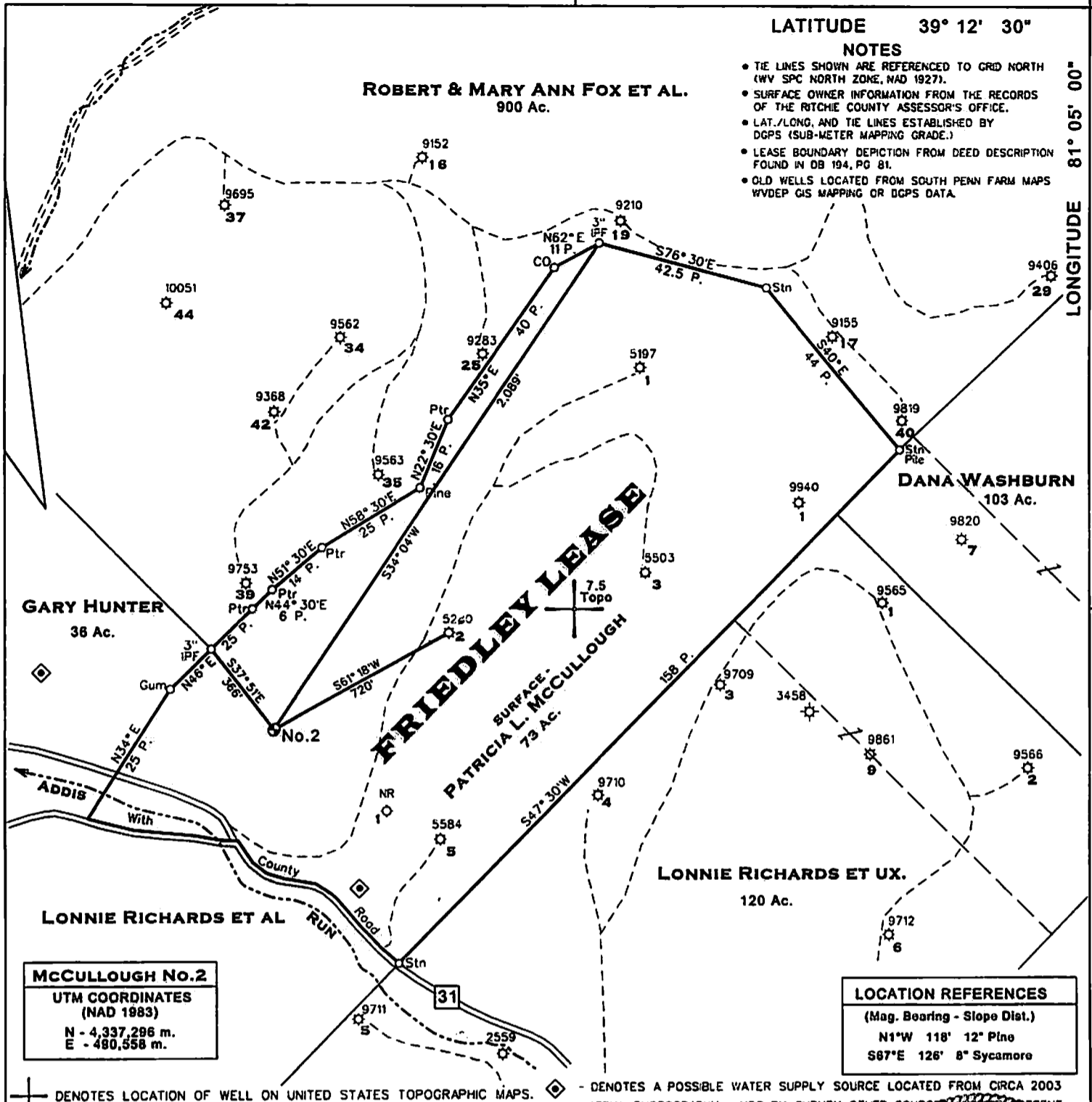
- THE LINES SHOWN ARE REFERENCED TO GRID NORTH (WV SPC NORTH ZONE, NAD 1927).
- SURFACE OWNER INFORMATION FROM THE RECORDS OF THE RITCHIE COUNTY ASSESSOR'S OFFICE.
- LAT./LONG. AND TIE LINES ESTABLISHED BY DGPS (SUB-METER MAPPING GRADE.)
- LEASE BOUNDARY DEPICTION FROM DEED DESCRIPTION FOUND IN DB 194, PG 81.
- OLD WELLS LOCATED FROM SOUTH PENN FARM MAPS WVDEP GIS MAPPING OR DGPS DATA.

ROBERT & MARY ANN FOX ET AL.
900 Ac.

LONGITUDE 81° 05' 00"

8,580'

Surface Latitude - 39°11' 05.18"



McCULLOUGH No.2
 UTM COORDINATES
 (NAD 1983)
 N - 4,337,286 m.
 E - 480,558 m.

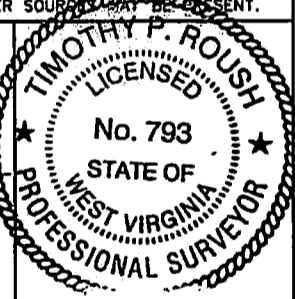
LOCATION REFERENCES
 (Mag. Bearing - Slope Dist.)
 N1°W 118' 12" Pine
 S67°E 126' 8" Sycamore

⊕ DENOTES LOCATION OF WELL ON UNITED STATES TOPOGRAPHIC MAPS. ⊙ DENOTES A POSSIBLE WATER SUPPLY SOURCE LOCATED FROM CIRCA 2003 AERIAL PHOTOGRAPHY - NOT BY SURVEY. OTHER SOURCES MAY BE PRESENT.

FILE NO. 116-15
 DRAWING NO. 2-Rev.
 SCALE 1" = 500'
 MINIMUM DEGREE OF ACCURACY Sub-Meter
 PROVEN SOURCE OF ELEVATION DGPS Survey

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) *[Signature]*
 TIMOTHY P. ROUSH PS 793



WEST VIRGINIA
 Division of Environmental Protection
 Office of Oil and Gas
 601 57th Street
 Charleston, West Virginia 25304



DATE May 5, 2014
 FARM McCullough No.2
 API WELL NO. 47-085-10/26

WELL TYPE: OIL GAS LIQUID INJECTION ___ WASTE DISPOSAL ___
 (IF "GAS") PRODUCTION STORAGE ___ DEEP ___ SHALLOW HORIZONTAL ___
 LOCATION: ELEVATION 897' WATERSHED Addis Run
 DISTRICT Grant COUNTY Ritchie
 QUADRANGLE Harrisville 7.5'
 SURFACE OWNER Patricia L. McCullough ACREAGE 73 Ac.
 OIL & GAS ROYALTY OWNER Carl Friedley Hrs. LEASE ACREAGE 73 Ac. **06/06/2014**
 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 Gordon ESTIMATED DEPTH 2,800'
 WELL OPERATOR Term Energy Corporation DESIGNATED AGENT Leroy Baker
 ADDRESS 713 East Main Street ADDRESS 713 East Main Street
Harrisville, WV 26362 Harrisville, WV 26362