

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

December 02, 2014

WELL WORK PERMIT

Horizontal Well

This permit, API Well Number: 47-1502907, issued to CUNNINGHAM ENERGY, LLC, is evidence of permission granted to perform the specified well work at the location described on the attached pages and located on the attached plat, subject to the provisions of Chapter 22 of the West Virginia Code of 1931, as amended, and all rules and regulations promulgated thereunder, and to all conditions and provisions outlined in the pages attached hereto. Notification shall be given by the operator to the Oil and Gas Inspector at least 24 hours prior to the construction of roads, locations, and/or pits for any permitted work. In addition, the well operator shall notify the same inspector 24 hours before any actual well work is commenced and prior to running and cementing casing. Spills or emergency discharges must be promptly reported by the operator to 1-800-642-3074 and to the Oil and Gas inspector.

Please be advised that form WR-35, Well Operators Report of Well Work is to be submitted to this office within 90 days completion of permitted well work, as should form WR-34 Discharge Monitoring Report within 30 days of discharge of pits, if applicable. Failure to abide by all statutory and regulatory provisions governing all duties and operations hereunder may result in suspension or revocation of this permit and, in addition, may result in civil and/or criminal penalties being imposed upon the operators.

In addition to the applicable requirements of this permit, and the statutes and rules governing oil and gas activity in WV, this permit may contain specific conditions which must be followed. Permit conditions are attached to this cover letter.

Per 35CSR-4-5.2.g this permit will expire in two (2) years from the issue date unless permitted well work is commenced. If there are any questions, please feel free to contact me at (304) 926-0499 ext. 1654.

Operator's Well No: KING 21H

Farm Name: TAYLOR, ROBERT

James Martin

API Well Number: 47-1502907

Permit Type: Horizontal Well Date Issued: 12/02/2014

Promoting a healthy environment.

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. <u>Failure to adhere to the specified permit conditions may result in enforcement action.</u>

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.
- 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 with 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.
- 8. Operator shall provide the Office of Oil & Gas notification of the date that drilling commenced on this well. Such notice shall be provided by sending an email to DEPOOGNotify@wv.gov within 30 days of commencement of drilling.
- 9. Be advised that if you drill a horizontal gas well other than a coalbed methane well, which disturbs three acres or more of surface, excluding pipelines, gathering lines and roads, or utilizes more than two hundred ten thousand gallons of water in any thirty day period it would require a permit/bond under Chapter 22-6A.

WW - 2B (Rev. 8/10)

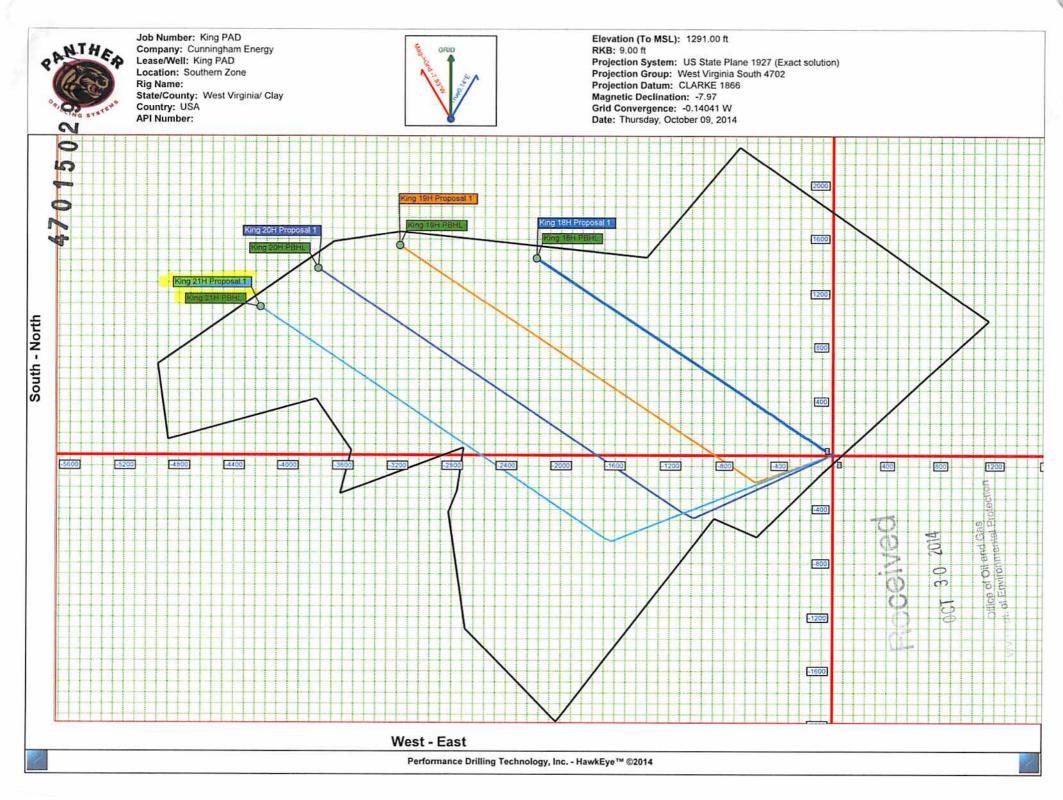
Depths Set

4701502900##9089

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

1) Well Oper	ator: CII	NININICLI	AM ENERGY !!			5	334
i) Well Oper	ator. CO	INNINGH	AM ENERGY, LL	THE REAL PROPERTY.	- E-31	UNION	ELKHURST 7.5
2) Operator's	Well Nur	mber:_KI	NG 21H	Operator	D County 3) Elevation	District	Quadrangle
4) Well Type:	(a) Oil	X or G	Sas X			"	
200			duction X / Un	deraround S	torago		
			ep/ S			_	
o) Proposed	te fresh w	th: 5,2 ater strat	ia depuis. 200	Formation at	Proposed To	arget Depth: 2 otal Depth: BIG	,150' NJUN
9) Approxima	te coal se	am depth	s: NO COAL LIS	STED ON TI	TLE		
10) Approxima	ate void d	epths,(co	oal, Karst, other):	NONE			
			ns tributary to acti		NONE		
STRICE AIND ST	INIOLATE	ANEVV	nd fracturing metho	IZONTAL W	ELL WEDL	ANI TO DILLE	AND AND ADDRESS.
TOO O TO I LIN	TIOVE		TE LA LERAL DO	$\vdash NOT \Delta III$	JW THIS WE	WILL DINGE	MENT TO
ONFACE US	MOTHE	WEATHE	REORD WET SE	HOE SYSTE	M AND PERF	ORATE.	
13	10	29 14	ASING AND LOB	ING PROGE	RAM		
TYPE	SPECIFIC	Large Sq.	TW-	FOOTAGE	INTERVAL	S CEMENT	
	Size	Grade		For Drilling	Left in Well	Fill -up (Cu. F	t.)
Conductor	13"	LS	43.6 LBS	30	30	CTS	17
Fresh Water Coal	9 5/8"	LS	26 LBS	400'	400'	CTS	
Intermediate	7"	J-55	20 LBS	1900'	1900'	CTS	
Production	4 1/2"	N-80	11.6 LBS	5140'	5140'	PACKERS PLUS	/CTS
Tubing					110	, COIVO	
Liners						CT 3 0 2014	
Packers: Kind Size	_					Olince of Oil and Gas- II, of Environmental Pri	noisesian

12/05/2014



(Rev. 6-07)

7). Date: JUNE	19, 2014		**
2.) Operator's Wel	l Number	KING 21H	
3.) API Well No.:	47_	County	Permit

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

4) Surface C		EIGATION FOR A WELL WORK PERMIT
(a) Name	wile (a) to be served.	
Address	ROBERT TAYLOR	5) (a) Coal Operator Name None
,	1967 BOMONT ROAD	
(b) Name	BOMONT, WV 25030	Address
Address		(b) Cool o
, radi 632		(b) Coal Owner(s) with Declaration
(c) Name		Address
Address		Name
, iddi 633		Address
6) Inspector		Address
Address	ED GAINER	(a) 0-11
, idd1622	P.O. BOX 821	(c) Coal Lessee with Declaration
Telephone	SPENCER, WV 25276	value
Telephone	304-389-7582	Address
lantura - 1	TO THE PERSONS	NAMED ABOVE TAKE NOTICE THAT:
OR "Icluded is the	e lease or leases or other continu	NAMED ABOVE TAKE NOTICE THAT: ing contract or contracts by which I hold the right to extract oil and gas 22, Article 6, Section 2019
X Industry		ing contract or contracts by which I hold the
a included is the	information required by Chanto-	22, Article 6, Section 8(d) of the Code of West Virginia (see page 2) ments pages 1 through 1 have served copies of the
certify th	at as required under Charter as	22, Article 6, Section 8(d) of the Code state
application, a locat	ion plat, and accompany	-6 of the West Virginia Cada Live Code of West Virginia (see page 2)
	Personal Service (Afr.	22, Article 6, Section 8(d) of the Code of West Virginia (see page 2) ments pages 1 through on the above named parties by:
X	Certified Mail (Post	22. Article 6. Section 8(d) of the Code of West Virginia (see page 2) -6 of the West Virginia Code I have served copies of this notice and tached)
I have read	Publication (Notice of Publication Chapter 33.6	tion attached) and 35 CSR 4, and I agree to the terms and conditions of any permit
ssued under this a	oplication.	nd 35 CSR 4, and I agree to the town
l certify und	der penalty of law that I have no	rsonally examined and am familiar with the information submitted on in is true, accurate and complete.
obtaining the inform	and all attachments, and that h	sonally examined and am familiar with the interior
l am avore	ation. I believe that the Information	in is the analysis individuals immediate submitted on
nprisonment.	that there are significant penaltie	in is true, accurate and complete. s for submitting false information, including the possibility of fine and CUNNINGHAM ENERGY.
min	0000	or submitting talse information, including the possibility of
A STREET, STRE	OFFICIAL SEAL Well Operator	CUNNINGHAM ENERGY, LLC
STA STA	TE OF WEST VERCEURA	RYAN E.M. CUNNINGHAM
1.\\@iographic	NELLE N. BAYS (LS:	PRESIDENT
S230 Penneytre	Address	3230 PENNSYLVANIA AVENUE
My Commis	Address where Condition, Wasse to Expression (9, 2015) Telephone	
bscribed and swon	before mo this	304-344-9291
	Telephone day of	JUNE () Hole
THE KILL .		10th (Pitcher . 2014 NOV 3 2014
Commission Expir	es FEBRUARY 10, 2015	
and Gas Privacy Notice		Notary Public
	processes your personal information, s	Office of Oil and Gas
		WV Dept. of Environmental Protection

in 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 regulatory requirements, including Freedom of Information. Act requests, Our office will appropriately secure your personal information, please contact DEP's Chief Privacy Officer at

For delivery informa	nly; No Insurance C tion visit our website	at www.usps.com
OFF	LUCLAL	St GOM
Postage	s 1.40	
Certified Fee	3.30	Postmark
Return Receipt Fee (Endorsement Required)	3.70	Here 4 2000
Restricted Delivery Fee (Endorsement Required)		
Total Postage & Fees	\$ 7.40	21-1-
Sent To	Robert Ta	-

Received

OCT 3 0 2014

Office of Oil and Gas WV Dept. of Environmental Protection

592	(Domestic Mail O	MAILTE RE	Coverage Provided)
4PD 0005 4924 2	Pastage Certified Fee Return Receipt Fee (Endorsement Required) Restricted Delivery Fee (Endorsement Required)	s 49 3.30 2.70	Postmark Here
HE ZTOL	Street, Apt. No. 1967	ert Taylor Bomont Roa ont, WV 2503	

Received

OCT 3 0 2014

Office of Oil and Gas

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
CUNNINGHAM ENERGY, LLC	CUNNINGHAM ENERGY, LLC	1/8	210/58

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 he reby a cknowledges 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

Received

OCT 3 0 2014

Office of Oil and Gas
WV Dept. of Environmental Protection.

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 ac quired from the appr opriate aut hority before the affected activity is initiated.

Well Operator:

By:Its:

President

WW-2B1 (5-12)

Well No. KING 2	21H
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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 STURM ENVIRONMENTAL

Sampling Contractor

HUPP SURVEYING

Well Operator

CUNNINGHAM ENERGY, LLC

Address

3230 PENNSYLVANIA AVENUE

CHARLESTON, WV 25302

Telephone

304-344-9291

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.

SEE ATTACHED & TOPO

Received

OCT 3 0 2014

HUPP Surveying & Mapping 4701502907H

GRANTSVILLE, WV 26147

(304) 354-7035 hupp@frontiernet.net FAX: (304) 354-6548

June 2, 2014

RE: Water Samples for King 21H

There appears to be one (1) potable water sources within 1,500' of King 21H, therefore tests should be offered and samples taken as required.

1. Robert Wayne Taylor 1967 Bomont Rd. Bomont, WV 25030 Tax Map 17 Parcels 46 & 47

Received

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API Number 47-15

Page ______ of ____
Operator's Well No. KING 21H

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

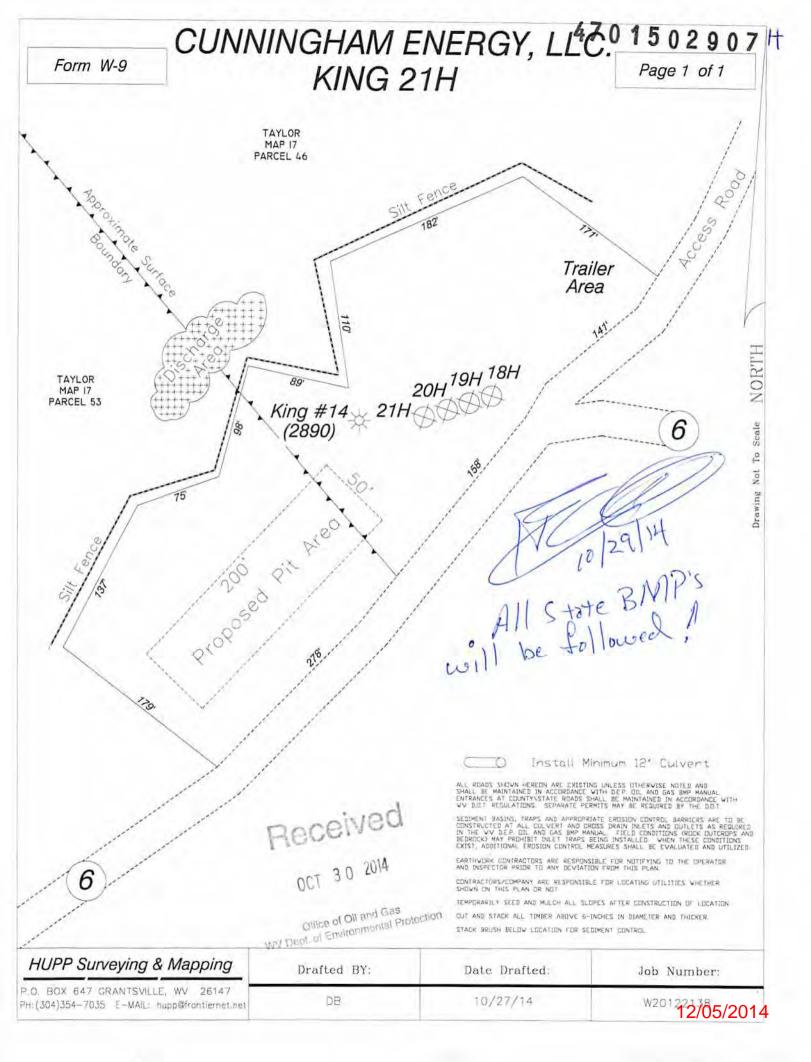
FLUIDS/ CUTTINGS DISPOSAL & RECLAMATION PLAN

Operator Name CUNNINGHAM ENERGY, LLC	
Watershed (HUC 10) TRIBUTARY OF WADE FORK Overdone Service FLKHUDOT - 1	
Elevation 1.291' County CLAY District UNION	
Do you anticipate using more than 5,000 bbls of week.	
Will a pit be used for drill cuttings? Yes X No No	
If so, please describe anticipated pit waster, DBU L CLUTTURE	
Will a synthetic liner be used in the pit? Yes X No If so, what ml.? 30 MIL. Proposed Disposal Method For Treated Pit Waster:	<u>. </u>
Proposed Disposal Method For Treated Pit Wastes: No If so, what ml.? 30 MlL.	
Land Application	
Underground Injection (UIC Permit Number 2D0392210 - IF NEEDED Reuse (at API Number	•
Reuse (at API Number Off Site Disposal (Supply 6 - 1997)	٠
Off Site Disposal (Supply form WW-9 for disposal location) Other (Explain	
Will closed loop system be used? NO	-
Drilling medium anticipated for this walls At a	
Drilling medium anticipated for this well? Air, freshwater, oil based, etc. AIR; FRESHWATER -If oil based, what type? Synthetic medials	 .
JPT. Dyminchic, Delfolenim etc	
Additives to be used in drilling medium? SOAP; KCL and/or CLAY STABILIZER	
Leave in pit. landfill, removed office and LEAVE to a service and le	 (
remains what medium will be used? (comes vi	
THE MAINSTER OF CHARLESTON I ANDER	
I certify that I understand and agree to the terms and conditions of the conditions	·····
on August 1. 2005. by the Office of Oil and Gas of the West Virginia Department of Environmental Protection. I understal law or regulation can lead to enforcement action. I certify that I understand and agree to the terms and conditions of the GENERAL WATER POLLUTION PERM provisions of the permit are enforceable by law. Violations of any term or condition of the general permit and/or other law in the permit and/or other applications.	MIT issued
law or regulation can lead to enforcement action	nd that the
I certify under penalty of law that I have personally examined and am familiar with the information submitted obtaining the information. I believe that the information is true and inquiry of those individuals immediately.	applicable
I certify under penalty of law that I have personally examined and am familiar with the information submitted application form and all attachments thereto and that, based on my inquiry of those individuals immediately report penalties for submitting false information, including the possibility of fine or immediately.	ed on this
	ignificant
Company Official Signature.	2014
(Typed Walle) THY W. CUNNINGHAM	
Company Official Title PRESIDENT Office of Oil a	and Coo
ANY Dept. of Environm	nental Protection
Subscribed and sworn before me this 315 day of JUNE Copiler . 20 14	
Dayle 17. 18.	
My commission expires 02/10/2015 Notary Public	OFFICIAL SEAL
(2) " · · · · · · · · · · · · · · · · · ·	NOTARY PUBLIC TATE OF THE PUBLIC TANKS TENDENCY DE 14
	Bringer E
My Coard	rania Avenue, Charleston, WY 4302 Isalon Expires February 10, 2015

Operator's Well No. KING 21H

Proposed Revegetation Treatmo	ent: Acres Disturbed	2.75	Prevegetation	all.
Lime3	Tons/acre or to correct to	6.5	revegetation	pri
Fertilizer (10-20-20 or Mulch_HAY - 2	equivalent) 1/3 TON	lbs/acre (500 lbs)	minimum)	
		Seed Mixtures		
Seed Type KY 31	lbs/acre 40	ORCHI	Seed Type D GRASS	rea II lbs/acro 15
ALSIKE CLOVER	5	ALSIKE	CLOVER	5
ANNUAL RYE	15			77.7
Drawing(s) of road, location,pit		application.		
Attach: Drawing(s) of road, location,pit a Photocopied section of involved Plan Approved by: Comments: Section Lines		application.	in pla	ce 27
Plan Approved by:	7.5' topographic sheet.		in pla	ce 27

OCT 3 0 2014

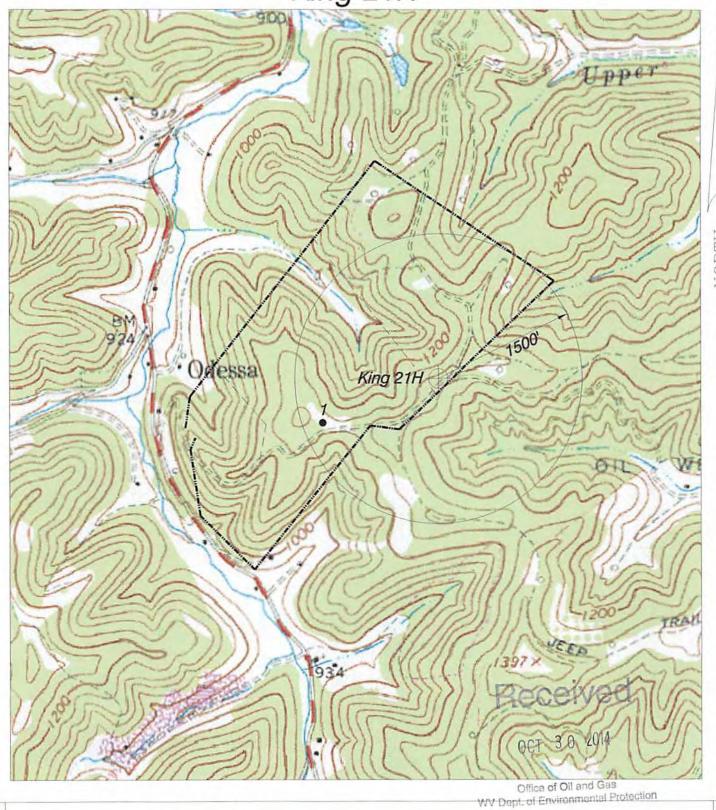


4701502907H

Form W-9

Cunningham Energy, LLC. King 21H

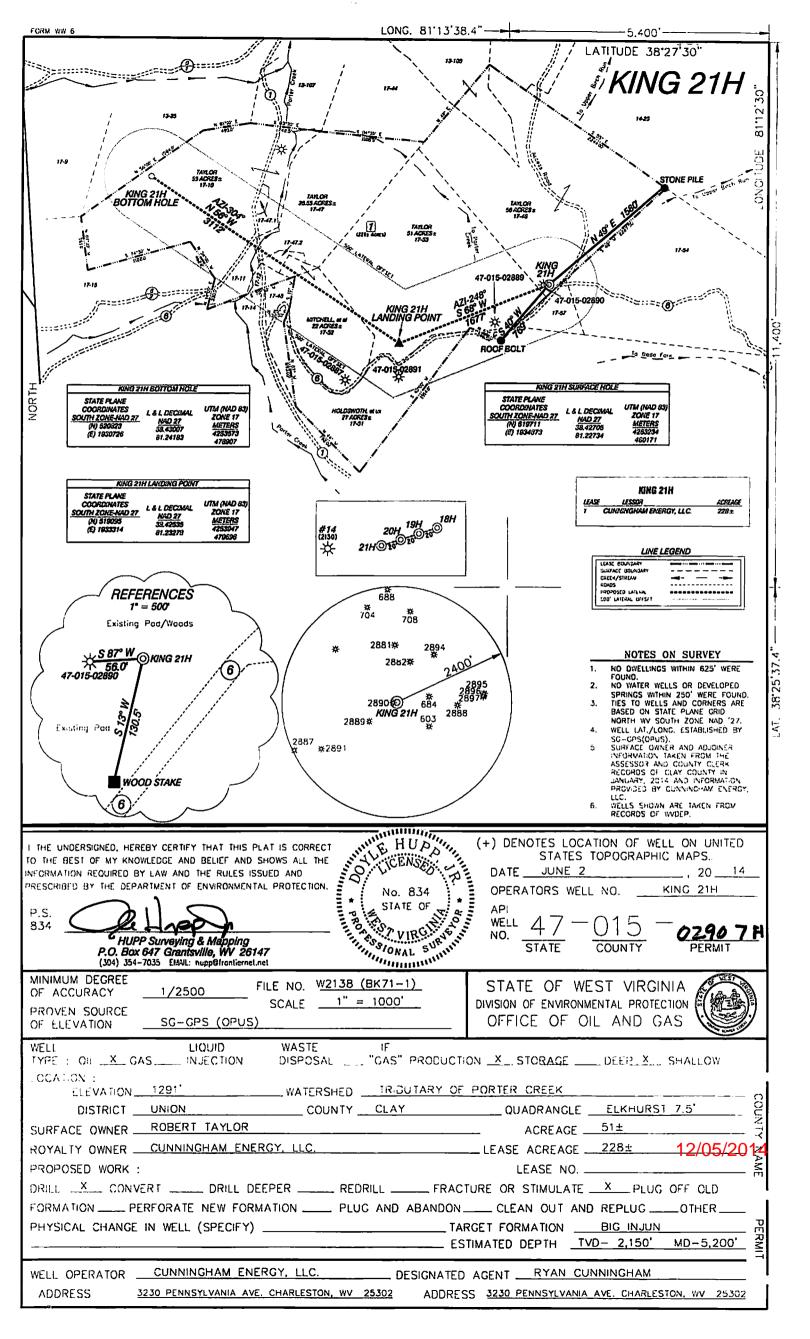
Page 1 of 1



HUPP Surveying & Mapping

P.O. BOX 647 GRANTSVILLE, WV 26147 PH:(304)354-7035 E-MAIL: hupp@frontiernet.net 1" = 1000' Elkhurst Quad Cunningham Energy, LLC. 3230 Pennsylvania Ave. Charleston, WV 25302

12/05/2014





September 26, 2014

Re: King 18H, 19H, 20H, 21H Original Lessor(s): King 156 Acres, more or less Union District, Clay County, West Virginia

Statement on Road Searches in Clay County, WV

The writer has researched the records of the Office of the Clay County Clerk in reference to the following curative requirement:

According to John McHugh, Right of Way attorney for the West Virginia Department of Transportation, numerous Clay county roads were accepted into the state road system in 1931, pursuant to W. Va. Code § 17-2A-8, and were included in the 1933 "Scrolls of the State Road Commission of West Virginia." This is a list of all of the roads that transferred from county to state control.

Whatever interest Clay County had in a particular county road in 1931 was the same interest that the State acquired at that time- no more or no less. Many county roads were acquired by prescriptive easement and consist of a right-of-way only over the surface. However, some were acquired by deed in fee simple. Therefore, because the state road commission acquired whatever interest the county had, to determine if the state of West Virginia owns the minerals under a particular road in fee simple or merely has an easement, it will depend upon the particular circumstance of acquisition.

According to John McHugh, Right of Way attorney for the West Virginia Department of Transportation, absent evidence of acquisition that a particular roadway was acquired in fee simple, the road is presumed to be an easement, and therefore will not require the state of West Virginia to sign an Oil and Gas lease.

A search was conducted for the property covered by the above listed Title Opinion, and no record of acquisition has been found in the Clay County records covering any roads that may cross or border the property.

Because no fee simple deeds haves been found in the Office of the Clay County Clerk covering any roads that may cross or border the property covered by the above listed Title Opinion, it is the writer's understanding from all known evidence that any road that may cross or border the property is an easement only, and will not require an oil and gas lease from the state of West Virginia.

Thank you for your time and attention,

Sincerely,

Ryan E. M. Cunningham

President

Cunningham Energy, LLC

Received

OCT 3 0 2014

Officer of Oil and Gas
(VV) Dopt, of Environmental Protection

12/05/2014