

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

July 15, 2013

WELL WORK PERMIT

Vertical Well

This permit, API Well Number: 47-3305762, issued to HG 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.

James Martin

Chief

Operator's Well No: T.J. CHAPLAIN #235

Farm Name: MYERS, ORVILLE JR. ET AL.

API Well Number: 47-3305762
Permit Type: Vertical Well

Date Issued: 07/15/2013

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.
- 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 any accident or explosion causing loss of life or serious personal injury occurs 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. No land application of pit fluids.

Page	3	of	4	

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

	wen Operati	or: HC	Energy, LLC				
2)	Operator's W	Vell Number:	T. J. Cl	naplain No. 23:	5	_ 3) Elevation	n1365'
4)	Well Type:		X or				
5)	Proposed Ta	(b) If Gas:	×	duction	Undergr	ound Storage	
5)				Fifth Sand			
6)	Proposed To	tal Depth:	3050' TVD 314	o' TMD It.			
7.)	Approximate	e fresh water	strata depths:		250'		è
8)	Approximate	e salt water de	epths:		1465'		
9)	Approximate	e coal seam d	epths:		600'		
10)	Does land co	ontain coal se	ams tributary	to active mine	? Yes	No No	X
11)	Proposed We	ell Work:	Drill and	stimulate produc	ction well in Fifth S	and, well to be drilled	directionally N 71° W
10.							
12) TYPE		CDI	<u>CA</u> ECIFICATIO		JBING PROGRA	<u>M</u> NTERVALS	CEMENT
IIFE		SFI	ECIFICATIO		For	Left in	CEMENT
		Size	Grade	Weight Per Ft.	Drilling Drilling	Well	Fill-up (Cu. Ft.)
Condu	ictor						
Fresh	Water	7"	LS	17#	675'	675'	Cement to surface
Coal							
Interm	nediate						
Produc	ction	4 1/2"	J-55	10.5#	3140'	3140'	150 Sacks CTS
Tubing	g						
Liners							
Packer	70.07	ot					

Pag	elof 4	1)			
	m WW2-A	2)	Operator's Well Number		_
(10/	Copy	3)	T. J. Chaplain No. 235 API Well No: 47 -	033 -	_
_		5)		ounty Permit	_
	STATE OF WEST VIR	GINIA - BU	REAU OF ENVIRONME	NT	
	DIVISION OF ENV	TRONMENT	TAL PROTECTION		Check # 2223
		OF OIL AN			Check # 2223
	NOTICE AND APPLICAT	ION FOR A W	ELL: WORK PERMIT		\$ 650
4)	Surface Owner(s) to be served:	5) (a)	Coal Operator:		
	(a) Name Orville Myers	Name	NA		_
	Address RR 4, Box 531 Salem, WV 26426	Address			_
	(b) Name Brian V. Huffman	(b) Co	al Owner(s) with Declaration		-
	Address RR 4, Box 530	Name	NΔ		
	Salem, WV 26426	Address			
	(c) Name				
	Address	Name Address	<u></u>		
6)	Inspector Sam Ward	(c) Co	al Lessee with Declaration		- χ.
U)	Address P.O. Box 2327	Name	Wolf Run Mining	1	/
	Buckhannon, WV 26201	Address			
	Telephone (304) - 389-7583		Morgantown, WV 2650	5	
	TO THE PERSON(S) NAMED AE	OVE TAKE I	NOTICE THAT:		
	I certify that as required under Chapter 22 of t of this notice and application, a location plat, a on the above-named parties, by:			h4	
	Personal Service (Affidavit attached)				
	X Certified Mail (Postmarked postal receip Publication (Notice of Publication attach	ot attached)			
ofo	I have read and understand Chapter 22-6 and 3 my permit issued under this application.	38 CSR 11-18,	and I agree to the terms and co	onditions	
01 2	I certify under penalty of law that I have perso	nally examined	and am familiar with the info	rmation submitted	
	this application form and all attachments, and that be	ased on my inq	uiry of those individuals imme		
for	obtaining the information, I believe that the informa I am aware that there are significant penalties				
fine	and imprisonment.	ioi subimiting	laise information, including the	e possibility of	
		Vell Operator	HG Energy, LLC		
	R	y:	Diane C White Dia	no Cle Shite	6
		s:	Accountant		-ivier
		ddress	5260 Dupont Road		SIL
			Parkersburg, WV 26101	000	-013
	Т	elephone	(304) 420-1119		- 30 500
Sub	scribed and sworn before me this [3] day of	116400	.) ")	11	the en
	20 - DIV 3	July		Notary Public	off and Gal Profite
	The Person			Notary I dolle	TICE of Onmen
My	commission expires na) 12/201	γ	TOTAL STATE	AL SEAL PUBLIC	Office of Off and Gas Office of Off and Gas Oppl. of Environmental Protection
			STATE OF W	EST VIRGINIA	Jeh.
			HG Ene	gy LIC	
			Parkersburg Wes	St Virginia 26101	
			My Commission	pilits is	

Form WW-2A(1) (10/10)

Operator's Well No.	T.J.	Chaplain No	. 235
Operators wention		Chaplan 110	

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
Josephine K. Myers	Pennzoil Products Company	1/8	1248/928

Merger and Conveyance dated July 3, 1963, from South Penn Oil Company to Penzoil Company, Kanawha County, Book 153, Page 35,

Assignment, Conveyance and Bill of Sale dated December 28, 1998, from Pennzoil Company to Pennz Energy Exploration and Production, Wetzel County, Book 12, Page 177.

Certificate of Merger filed with the WV Secretary of State, December 31, 1999, whereby Pennz Energy Exploration and Production, successor in interest to; to Penzoil Company, merged with Devon Energy Production Company, LP, Wetzel County, Book 12, Page 278.

Deed, Assignment and Bill of Sale dated June 1, 2000, from Devon Energy Production Company, LP to East Resources, Inc., recorded in Wetzel County, Book 370, Page 580.

Assignment, Conveyance and Bill of Sale, dated January 1, 2011, from East Resources, Inc., to HG Energy, LLC, Wetzel County, Book 118A, Page 253.

Upon information and belief, Operator's lease and/or other real property rights permit it to conduct drilling operations for the subject well in the location shown on the plat, including the use of access roads, pipelines and utilities.

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 ackowledges 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 US Fish and Wildlife Service County Floodplain Coordinator

Received Office of Oil & Gas

MAY 2 7 2013

Well Operator: HG Energy, LLC

By: Diane C. White Diane White
Its: Accountant

FOR	M.	w	W	2-	Вl
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T. J. Chaplain No. 235

West Virginia Division 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:

X Contractor Nam	e Sturm Environmental Services
Well operator's	private laboratory
Well Operator	HG Energy, LLC
Address	5260 Dupont Road
	Parkersburg, WV 26101
Telephone	304-420-1119

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 underlining 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 indicates such.

Received Office of Oil & Gas

No known Water Supply Sources are located within 1000' of proposed well.

MAY 2 2 2013

Form WW-9 Rev. 10/10

	Page	3	of	3	
API	Number 47-	033			
Operator's Well No.	T. J. Ch	aplain	No. 235		

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

CONSTRUCTION AND RECLAMATION PLAN AND SITE REGISTRATION APPLICATION FORM GENERAL PERMIT FOR OIL AND GAS PIT WASTE DISCHARGE

Operator	HG Energ	y, LLC		OI	Code 49449794	.8
Watershed	Branch of	Lick Run		Quadrangle	Wolf Summit 7.5'	692
Elevation	1365'	County	Harrison 33	District	Ten Mile	09
Description of	of anticipated Pit Waste:	Fluids encountered in drilling shall	ow well.			,
		ls of water to complete the proposed v		Yes	No X	
Will a synthe	etic liner be used in pit?	Yes If so,	what mil.?	Ail. 20 M	4	
Proposed Dis	posal Method For Treate	d Pit Wastes:	PIT FLUID	C	-	SDU
	—X Land Applie	cation	rii I LUIL	2 mm		5 23
	Undergroun	nd Injection (UIC Permit Number	-)
	Reuse (at A	PI Number)
	Off Site Dis	posal (Supply Form WW-9 for dispose (Explain	al location))
Drilling medi	ium anticipated for this w	vell? Air, fresh water, oil based, etc.	Air, Fre	sh Water		= -
	- If oilbased, what type?	Synthetic, petroleum, etc.				
Additives to l	oe used?	Water, soap, KCl				
Drill cuttings	disposal method? Leave	in pit, landfill, removed offsite, etc.	Leave i	n Pit		
	- If left in pit and plan to	solidify, what medium will be used?	Cement, lime, sawdus	st Na	tive soil, cement, lime	
	- Landfill or offsite name	permit number?				
that the prove applicable land this application for obtaining	isions of the permit are e aw or regulation can le I certify under penalty of on form and all attachme the information, I believe	e of Oil and Gas of the West Virginia and of any to add to enforcement action. Iaw that I have personally examined ants thereto and that, based on my incompared that the information is true, accurate tion, including the possibility of fine of	erm or condition of the and am familiar with quiry of those individu te and complete. I am	e general permi the informationals immediatel	t and/or other n submitted on y responsible	
Company O	fficial Signature	Dià	ne CWh	ite		
Company O	fficial (Typed Name)	Diane	C. White			
Company O	fficial Title	Accour	ıtant			
Subscribe	STATE OF WES TINA L. PETHINA L. P	THTEL	May of	2013 	otary Public	
My commiss	Parkersburg, West Viton eMyicemmission Expire	(insisis 2010)	2015		07//0	10016
Form WW-9		S NOV. 12. 2018	- 3		07/19/	201 3

Le	geno	i

		Logona	•
Property Boundary	AAAA	Diversion	1111111111
Road		Spring	``
Existing Fence	xxx	Wet Spot	\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\
Planned Fence	//_	Drain Pipe	
Stream		Waterway	$\longleftrightarrow \longleftrightarrow \longleftrightarrow$
Open Ditch	>	Cross Drain	
Rock	\$\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\	· Filter Strip	XXXXXXXXX
		Pit: Cut Walls	
North	N		, viii .
Buildings	差 图	Pit: Compacted Fill Walls	
Water Wells	(W)	Area of Land	
Drill Site	\oplus	Application of Pit Waste	
	_	OITH WEST	
Proposed Revegetation Seed Type Tall Fescue Ladino Clover	Apple	Area I prox. 1.0 Ac. Area II prox. 0.1 Ac. cor Correct to pH 500 Lbs./Acre D MIXTURES Seed Ty Tall Fest Ladino C	Clover Office Of Oil 8. (49s
. .			2 to 2013
F :		·	
Photocopied section of	eation, pit and proposed area for land appli involved 7.5' topographic sheet.		Upgrado Ets as necessary per
Plan approved by:	Del Ole Pornotet	OD DED EAS W	anual.
Title	Dild Gas Inspector		Date: 5/23/2013
Field Reviewed?	Sold Gas Inspector Yes		No No

77/19/2013

Reclamation Plan For: T.J. Chaplain No. 235 NOTE REFER TO THE WVDEP EROSION AND SEDIMENT CONTROL FIELD MANUAL VER. MAY 2012 FOR BMPS CONTROLLING EROSION AND SEDIMENT FROM SOIL-DISTURBING OPERATIONS. W.F.Williams Lease To Brian Huffman Residence Brian V. Huffman - Surface Owner Haul Pit Fluids . ⊕ 234 ⊕ 131 175' of 15-18% Grade Relocate Gas Line (If Active) 250' of 0-5% Grade T.A. Rumble Lease 300' of 18-20% Grade ⊕ 241 200' of 10% Grade Upgrade Private Driveway and Maintain Traffic 500' of 18/ Grade 150' of 0-5% Grade 150' of 10-15/ Grade T.J. Chaplain Lease 300' of 0-5% Grade Relocate Electric Line Guy Wire if Necessary Orville Myers et al. - Surface Owners 200' of 5-10% Grade **Existing Highway Approach** COUNTY GARAGE ROAD 07/19/2013 Notes: SDW 5/23/2013 REQUESTED PERMIT IS FOR DRILLING OF NEW WELLS. ACCESS ROAD FROM CO. RD. 31/1 TO PT. AIS EXISTING. ROAD WILL BE UPGRADED TO WVDEP STANDARDS AND STRUCTURES INSTALLED AS SHOWN. ALL DISTURBED AREAS WILL BE RE-VEGETATED AS OUTLINED **LEGEND** ON FORM WW-9. EXISTING WATERFLOOD ROADS • MAINTAIN SEDIMENT BARRIERS AND DRAINAGE STRUCTURES. EXISTING LEASE OR FARM ROADS TO BE UPGRADED. • ALL ROAD GRADES <5% EXCEPT AS NOTED. 6 LOCATION OF DRILL PIT MAY BE CHANGED BASED ON

AS-BUILT CONSIDERATIONS.

• DRAWING NOT TO SCALE.

NEW ROADS TO BE CONSTRUCTED





