

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 30, 2015

WELL WORK PERMIT

Secondary Recovery Well

This permit, API Well Number: 47-4303485, 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.

Operator's Well No: EDNA MAY 152

Farm Name: COY, RANDALL & PATRICIA

API Well Number: 47-4303485

Permit Type: Secondary Recovery Well

Date Issued: 06/30/2015

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 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.

Waste Disposal

CKH 2991

Liquid Injection /

FORM WW-3 (B) 1/12

5) WELL TYPE:



| 1) Date: | | | | | | |
|-------------------|-------|------|--------------|---|---|--------|
| 2) Operator's Wel | No. | Edi | na J May 152 | | | |
| 3) API Well No.: | 47 | - | Lincoln | - | s | |
| | State | | County | - | | Permit |
| 4) UIC Permit No. | UIC2 | R043 | 01AP | | | |

STATE OF WEST VIRGINIA NOTICE OF LIQUID INJECTION OR WASTE DISPOSAL WELL WORK PERMIT APPLICATION FOR THE DEPARTMENT OF ENVIRONMENTAL PROTECTION, OFFICE OF OIL AND GAS

Gas Injection (not storage) /

| | : Eleva | | | | ,,,, | ntershed: B | ear Fork | | |
|--|--|---|--|-------------------------------------|---|--|--|--------------------------|---|
| | Distr | ct: Duval | | | Co | unty Lincoln | | Quadrai | ngle Griffithsville 7.5' |
| 7) WELL OPE | RATOR: | HG Energy | LLC | | | - | ATED AGE | | |
| | ddress | 5260 Dupo | | | | 0) 2201011 | Address | | upont Road |
| | | Parkersburg | THE PARTY OF THE P | 01 | | | riddies. | | burg, WV 26101 |
| 9) OIL & GAS | INSPECT | | | | - | 10) DRILLE | NG CONTR. | | bdig, vvv 20101 |
| | my James | OR TO D | BHOTH | ILD | | | | | roval of Permit |
| - | . Box 147 | | | _ | | Address | De Determine | ed Opon App | Toval of Permit |
| | W 25545 | | | | | Address _ | | | |
| 11) PROPOSEI |) WELL | WORK | Drill Plug off | old form | / Drill d | | / Red | | / Stimulate / |
| | | | | | | vell (specify) | orate new roi | - | Convert |
| 12) GEOLOGIC | TARGE | T FORMA | | | enmige in t | | 2908 | Feet (top |) to 2925 Feet (bottom) |
| 13) Estimated I | | | | | enth of exist | ing well): 31 | 46 TMD | Feet | |
| 14) Approximat | e water st | rata denths | Fr | esh 340 |) | | Salt 1 | | Feet |
| 15) Approximat | | | 390 | CSII OTO | | rect | Sait 1 | 130 | reel |
| 16) Is coal being | | | | | No | V | | | |
| 17) Virgin rasar | inined if | the area? | res _ | 1050 | | X | | | |
| 17) Virgin reser | voir press | ure in targ | et format | ion 1250 | psig | Source | Estimated | | |
| 18) Estimated re | eservoir fr | acture pres | ssure 26 | 50 | | | | | psig (BHFP) |
| 19) MAXIMUN | 1 PROPO | SED INJE | CTION C | PERAT | TONS: V | olume per hor | ır 25 BBL | Bottom I | nole pressure 2400 psi |
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FORM WW-3 (A) 1 7 1/12 CT 10 50.00



| 1) Date: April 9, 2 | 015 | | | |
|---------------------|-------|---------|---------|--------|
| 2) Operator's Well | No. | Edna J | May 152 | |
| 3) API Well No.: | 47 | - | | |
| | State | | County | Permit |
| 4) UIC Permit No. | UIC2 | R04301/ | AP | |

STATE OF WEST VIRGINIA

| | | oal Operator | | |
|--|--|--|--|---|
| (a) Name | HG Energy, LLC Nam | _ | | |
| Address | 5260 Dupont Road Add | ess | | |
| | Parkersburg, WV 26101 | | | |
| (b) Name | | THE PARTY OF THE P | Declaration Of Record | i |
| Address | 5 Bethel Drive Nam | | | |
| | Yawkey, WV 25573 Add | ess | | |
| (c) Name | Randall & Patricia Coy Nam | | | |
| Address | 1 First American Way Add | | | - |
| 71001033 | Westlake, TX 76262 | | | + |
| 6) Inspector | | oal Lessee with Dec | laration Of Record | - |
| Address | P. O. Box 147 Nam | | manon or record | |
| | Ona, WV 25545 Addi | | | |
| Telephone | 304-951-2596 | | | |
| 3) The Cons plan for e The date | (surveyor's map) showing the well location on Form struction and Reclamation Plan on Form WW-9 (unlarosion and sediment control and for reclamation for proposed for the first injection or waste disposed by WOLLHAME, DECEMBER THESE POSCHOCES | ess the well work is the site and access ro | oad. | 20 15 |
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| WW-2B1 |
|--------|
| (5-12) |

| Well No. | Edna J Ma | ay 152 |
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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 Lab

Sampling Contractor

Sturm Environmental Lab

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 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 Page 2

Received Office of Oil & Gas

APR 29 2015

WW-2B1 Well No. Edna J May 152

Page 2 - Continued

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.

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 indicate such.

Surface Owners Identified With Water Sources to be Sampled and Tested:

- Jonathan Johnson
 Bethel Drive
 Yawkey, WV 25573
- Dwight Lovejoy
 5 Bethel Drive
 Yawkey, WV 25573
- Randall Coy
 I First American Way
 Westlake, TX 76262
- Michael Saul
 PO Box 272
 Griffithsville, WV 25521
- Lester Smith
 82 Bear Fork Road
 Yawkey, WV 25573
- Herbert Morgan
 72 Bear Fork Road
 Yawkey, WV 25573
- Monnie Woodrum
 64 Bear Fork Road
 Yawkey, WV 25573

- John Chandler
 62 Bear Fork Road
 Yawkey, WV 25573
- Gregory Brisendine
 50 Bear Fork Road
 Yawkey, WV 25573
- * David Lawson
 1 First American Way
 Westlake, TX 76262
- Linda Owsley
 P. O. Box 246
 Griffithsville, WV 25521
- Venita Gail Hager 38 Bear Fork Road Yawkey, WV 25573

Received
Office of Oil & Gas
APR 29 2015

WW-9 Rev. 5/10

| Pag | eof |
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| API Number 47 - | and The State of t |
| Operator's Well No. Ed | dna J May 152 |

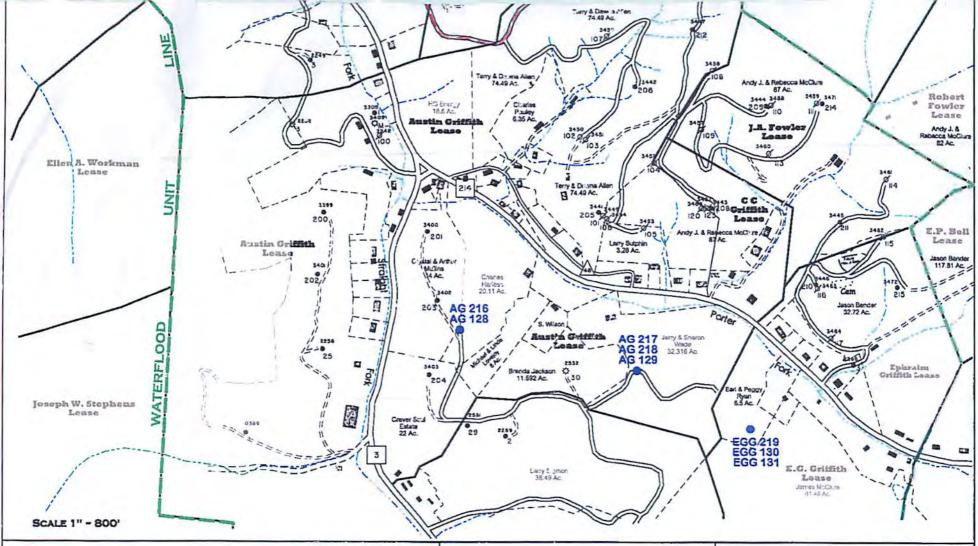
STATE OF WEST VIRGINIA DEPARTMENT OF ENVIRONMENTAL PROTECTION OFFICE OF OIL AND GAS

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

| Operator Name HG Energy, LLC | | OP Code 49449794 | 48 |
|---|--|--|--|
| Watershed Bear Fork | | uadrangle Griffithsville 7.5 | |
| Elevation 960' | County Lincoln | District Duval | |
| Description of anticipated Pit Wa | ste: Fluids encountered while drilli | ng shallow well | |
| Do you anticipate using more than | n 5,000 bbls of water to complete t | he proposed well work? Yes | No X |
| Will a synthetic liner be used in the | he pit? Yes If so, | what mil.? 20 mil | |
| Underg Reuse Off Sit | Application | nber or disposal location) | |
| Orilling medium anticipated for the | nis well? Air, freshwater, oil based Synthetic, petroleum, etc. NA p, KCI | , etc. Air, Fresh Water | |
| -If left in pit and plan to: | eave in pit, landfill, removed offsit solidify what medium will be used permit number? | te, etc. Leave in pit? ? Cement, lime, sawdust Native soil. | cement, lime |
| isting of ortalic flame | 5-4-4-4-4-4-4-4-4-4-4-4-4-4-4-4-4-4-4-4 | | |
| I certify that I understand on August 1, 2005, by the Office of provisions of the permit are enfor aw or regulation can lead to enfor I certify under penalty of application form and all attachn obtaining the information, I believe | d and agree to the terms and condi- of Oil and Gas of the West Virginia reeable by law. Violations of any reement action. of law that I have personally examinents thereto and that, based on | tions of the GENERAL WATER PO a Department of Environmental Prot term or condition of the general per mined and am familiar with the in my inquiry of those individuals in accurate, and complete. I am awa of fine or imprisonment. | ection. I understand that it and/or other application submitted on mmediately responsible to that there are significant that there are significant. |
| I certify that I understand on August 1, 2005, by the Office of provisions of the permit are enfort aw or regulation can lead to enfort I certify under penalty of application form and all attachn obtaining the information, I believenalties for submitting false informany Official Signature | d and agree to the terms and condi- of Oil and Gas of the West Virginia receable by law. Violations of any recement action. of law that I have personally examinents thereto and that, based on ever that the information is true, a rmation, including the possibility of | tions of the GENERAL WATER PO a Department of Environmental Prot term or condition of the general per mined and am familiar with the in my inquiry of those individuals in accurate, and complete. I am awa of fine or imprisonment. | rection. I understand that armit and/or other application submitted on mmediately responsible re that there are signification of Oil & Office of Oil & Oil & Office of Oil & Office of Oil & Oil & Office of Oil & Office of Oil & Oil & Office of Oil & |
| I certify that I understand on August 1, 2005, by the Office of provisions of the permit are enfortant awar regulation can lead to enfort I certify under penalty capplication form and all attachmobility of the information, I believenalties for submitting false information. | d and agree to the terms and condi- of Oil and Gas of the West Virginia receable by law. Violations of any recement action. of law that I have personally examinents thereto and that, based on ever that the information is true, a rmation, including the possibility of | tions of the GENERAL WATER PO a Department of Environmental Prot term or condition of the general per mined and am familiar with the in my inquiry of those individuals in accurate, and complete. I am awa of fine or imprisonment. | ection. I understand that ermit and/or other application formation submitted on mmediately responsible re that there are signification. |

Operator's Well No. Edna J May 152

| | | LEGEND | |
|--|---|-----------------------------|------------------------------|
| Property Boundary 🛕 | | Diversion Levelle | |
| Road = = = = | | Spring — | |
| Existing Fence — X | _ × _ × _ | Wet Spot | |
| Planned Fence/ | -/-/- | Drain Pipe with size in inc | ches (3 |
| Stream | | ™ Waterway ← ← | → ← ← |
| Open Ditch | | Cross Drain | |
| Rock 635 655 | - | Artificial Filter Strip | |
| North N | • | Pit: cut walls | 3 |
| Buildings | | Pit: compacted fill walls | William Control |
| Water wells (W |) | Area for Land Application | of Pit Waste |
| Drill site | | (| |
| Lime | tment: Acres Disturbed 1.0 Tons/acre or to correct to or equivalent) 500 | | on pH |
| Mulch_Straw | 2 _{To} | ons/acre | |
| | _ | Seed Mixtures | |
| | ea I | | Area II |
| Seed Type | lbs/acre | Seed Type | lbs/acre |
| Tall Fescue | 40 | Tall Fescue | 40 |
| Ladino Clover | 5 | Ladino Clover | 5 |
| **Sediment Contro | l to be Maintained a | t all Times** | |
| Attach: Drawing(s) of road, location, | pit and proposed area for land | application. | |
| Photocopied section of involv | ed 7.5' topographic sheet. | | Received Office of Oil & Gas |
| Plan Approved by: Ragol | D. Tripedl | | APR 29 2015 |
| Comments: | | | |
| Title: Distrect In | Apactel | Date: <u>April 23, a</u> | 2015 |
| Field Reviewed? | Yes (|) No | |





GRIIFTHSVILLE WATERFLOOD

Lincoln County, W.Va.

RECLAMATION PLAN SHOWING ROAD SYSTEMS TO BE USED FOR 2015 DRILLING PROGRAM (NORTH)

PAGE 2

NOTES

- 1. REFER TO THE WYDEP EROSION AND SEDIMENTATION CONTROL MANUAL (VER. MAY 20, 2013) FOR BMP's CONTROLLING EROSION AND SEDIMENTATION FROM ALL SOIL-DISTURBING OPERATIONS.
- 2. SEE PAGE ONE OF RECLAMATION PLAN FOR DETAILS OF NEW ROAD CONSTRUCTION AND ROAD UPGRADES FROM POINT A TO DRILL SITE LOCATION.
- 3. EXISTING WATERFLOOD ACCESS ROADS WILL BE MAINTAINED IN PRESENT CONDITION. THESE ROADS WERE CONSTRUCTED UNDER CONDITIONS SET FORTH IN VARIOUS DRILLING PERMITS ISSUED BY WVDEP-OOG PRIOR TO 2015 (AS SHOWN). SEE PERMITS ON FILE FOR MORE DETAIL.



LEGEND

EXISTING WATERFLOOD ROADS TO BE USED.

OTHER EXISTING MAIN WATERFLOOD ROADS (POSSIBLE ACCESS).

EXISTING LEASE OR FARM ROADS TO BE UPGRADED.

NEW ROADS TO BE CONSTRUCTED.

LOCATION FOR PROPOSED WELLS

POTENTIAL WATER SUPPLY SOURCE TO BE SAMPLED (LOC. APPROX.)

MARCH 3, 2015

