

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 29, 2015

WELL WORK PERMIT

Vertical Well

This permit, API Well Number: 47-4303489, 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: EDNA MAY 230

Farm Name: JOHNSON, J., LOVEJOY

API Well Number: 47-4303489

Permit Type: Vertical Well

Date Issued: 06/29/2015

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. 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 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.

470 4303489

WW - 2B (Rev. 8/10)

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

1) Well Operato	r: HG E	Energy, L	LC	494497948	Lincoln	Duval	Griffithsville 7.5
				Operator ID	County	District	Quadrangle
) Operator's W	ell Num	ber:Edna	a J May 230		3) Elevation:	970'	_
Well Type: (a) Oil_X	or Ga	as				
(b)) If Gas:	Produ	uction/ Un	derground Sto	orage		
		Dee	p/ :	Shallow X			
Proposed Tar Proposed Tot Approximate Approximate	fresh wa	ter strata	a depths: 355'		Proposed Tal Proposed Tot	al Depth: Ber	rea
Approximate of	coal sea	m depth	s: 405'				_
)) Approximate	void de	pths,(co	al, Karst, other):	NA NA			
) Does land co	ontain co	nal seam	s tributary to ac	tive mine?	JA		
							-
Describe prop	osed we	II work ar	nd fracturing meth	nods in detail (a	attach additiona	al sheets if ne	eeded)
ill and stimulate	e produc	tion well	in the Big Injun	. Stimulation	will be small h	ydraulic frac	cture.
a\			Selve Significant		150		
3)		1 TO 1 TO 1 TO 1 TO 1 TO 1	ASING AND TU	The state of the s			
TYPE SF	E SPECIFICATIONS FOOTAGE INTERVALS CEMENT					NT	
	<u>Size</u>	<u>Grade</u>	Weight per ft	For Drilling	Left in Well	Fill -up (Cu	ı. Ft.)
Conductor							
resh Water	7"	LS	17#	505'	505'	CTS	
Coal							RV NHP
ntermediate							04/2
Production	4 1/2"	J-55	10.5	2570'	2570'	150 s	sks
Γubing						Dec.	
iners					0	Receive fice of Oil	
Packers: Kind:	_					APR 29 2	
Sizes	_						1
Deptr	ns Set						07/0 3/20

WW-2A (Rev. 6-14) CX 1050.00

1). Date:	April 13, 2015	5	
2.) Operato	r's Well Number	Edna J N	May 230
	State	County	Permit

3.) API Well No.:

47- Lincoln

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

	wner(s) to be served:	5) (a) Coal Operator	
(a) Name	Dwight & Debra Lovejov	Name NA	
Address	5 Bethel Drive	Address	
(h) Nama	Yawkey, WV 25573	(h) Cool Owner(a) with Doo	Janatian
(b) Name	HG Energy, LLC	(b) Coal Owner(s) with Dec	ciaration
Address	5260 Dupont Road	Name NA	
	Parkersburg, WV 26101	Address	
(c) Name	Jonathan Johnson	Name	
Address	5 Bethel Drive	Address	
	Yawkey, WV 25573		
6) Inspector		(c) Coal Lessee with Decla	ration
Address		Name NA	
		Address	
Telephone			
		MED ABOVE TAKE NOTICE TH	
	the lease or leases or other continuing	contract or contracts by which I hol	d the right to extract oil and gas
<u>OR</u>			
	the information required by Chapter 22		
	that as required under Chapter 22-6 cation plat, and accompanying docume		
application, a lo	Personal Service (Affidavit attac		ove flamed parties by.
	Certified Mail (Postmarked post		
_	Publication (Notice of Publication		
I have re	ead and understand Chapter 22-6 and		ms and conditions of any permit
issued under thi			
	under penalty of law that I have pers		
this application	form and all attachments, and that be	ised on my inquiry of those individu	uals immediately responsible for
	ormation, I believe that the information rare that there are significant penalties		cluding the possibility of fine and
imprisonment.	are that there are significant penalties	To submitting talse information, inc	cluding the possibility of line and
	OFFICIAL SEAL Well Operator	HG Energy, LLC	
STREET	NOTARY PUBLIC BY:	Diane White Diane W	hite
Sub-A	STATE OF WEST VIRGINIA Its:	Agent	
	S. DIANNE DULANEY 5260 Dupont Road Address:	5260 Dupont Road	Received
	Parkershirm West Virginia 26101	Parkersburg, WV 26101	Office of Oil & Gas
	My Commission Expires Oct. 4, 29 Blaphone:	304-420-1119	
Cubacibad and	Email:	dwhite@hgenergyllc.com	APR 2 9 2015
Subscribed and	sworn before me this 13th day of	April ,	2015
220	enere Dilaney	/ . / . Notary P	ublic
My Commission	Expires	0/4/16	
Oil and Gas Privacy	Notice	,	
		The Alberta Control of March 1985 and Alberta Control of Control o	A CONTROL OF THE PARTY OF THE P

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 #07/03/2015 depprivacyofficer@wv.gov

WW-2A1 (Rev. 1/11)

Operator's Well Number Edna J May 230

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:

Crantar	l cocor oto
Giamor.	Lessor, etc.

Grantee, Lessee, etc.

Royalty

Book/Page

See Attached Sheet

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 Office of Oil & Gas APR 29 2015

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:

HG Energy, LLC 5260 Dupont Road

Parkersburg, WV 26101

Operator's Well No. Edna	l J	May	23
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- (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
Edna J May	Pennzoil Company	1/8	35/154

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 drillingerations 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:

Its:

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
APR 29 2015

Well Operator: HG Energy, LLC

By: Diane C. White Diane White

Agent

07/03/2015

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Well No. Edna J. May 230

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 Sheet-

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WW-2B1
Page 2 - Continued

Well No.

Edna J May 230

West Virginia Department of Environmental Protection Office of Oil and Gas

NOTICE TO SURFACE OWNERS

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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.

<u>Surface Owners Identified With Water Sources to be Sampled and Tested:</u>

- Jonathan Johnson
 Bethel Drive
 Yawkey, WV 25573
- Dwight Lovejoy
 5 Bethel Drive
 Yawkey, WV 25573
- Randall Coy
 First American Way
 Westlake, TX 76262

- Gloria Dingess
 5109 Straight Fork Road
 Griffithsville, WV 25521
- * Tommy Adkins 5174 Midway Road Yawkey, WV 25573
- * Angela & Ricky Stump 5172 Midway Road Yawkey, WV 25573

Received
Office of Oil & Gas
APR 2 9 2015

07/03/2015

WW-9	
(5/13)	

My commission expires_

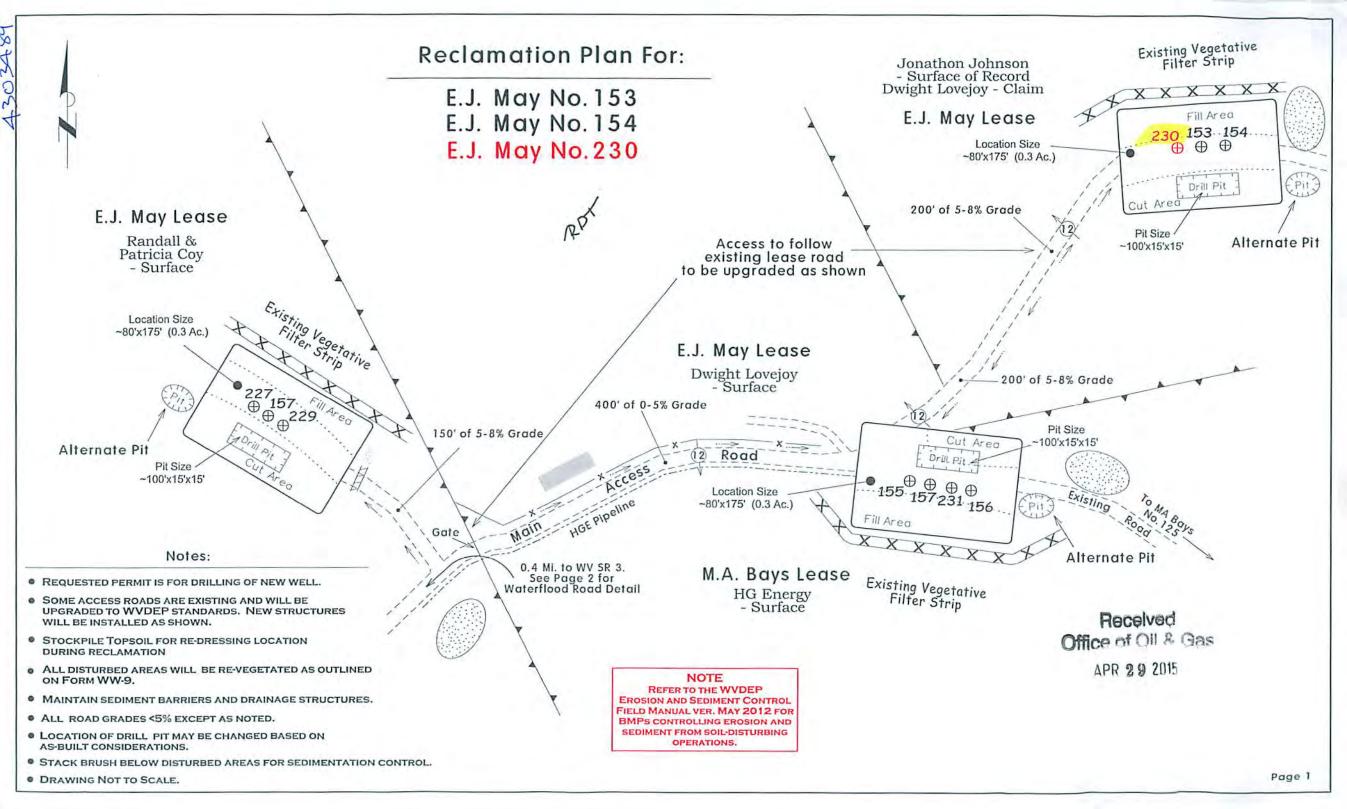
	Pageof
API Number 47 -	
Operator's Well No	Edna J May 230

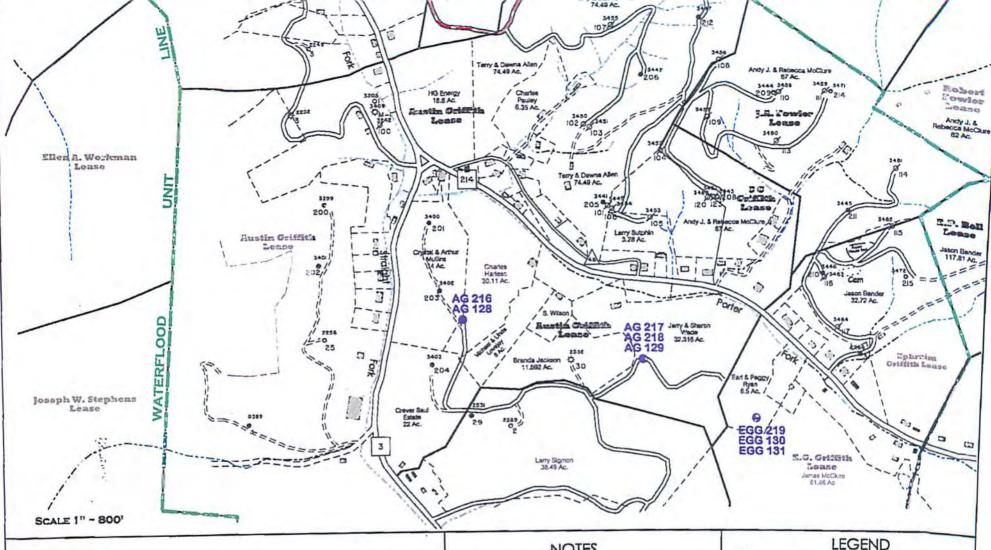
STATE OF WEST VIRGINIA DEPARTMENT OF ENVIRONMENTAL PROTECTION OFFICE OF OIL AND GAS

FLUIDS/ CUTTINGS DISPOSAL & RECLAMATION PLAN

Operator Name HG	Energy, LLC	OP Code 494497	7948
Watershed (HUC 10)	Bear Fork	Quadrangle Griffithsville 7.5'	
Elevation 970	County Lincoln	District_Duval	
Will a pit be used for If so, please Will a synth Proposed Di	isposal Method For Treated Pit Wastes: Land Application	encountered while drilling subject well No If so, what ml.? 20 mil	
Will closed loop syste		l based, etc. Air, Fresh Water	
-If oil based,	, what type? Synthetic, petroleum, etc. N	IA	
Additives to be used	in drilling medium? Water, Soap, KCI		
The second secon	l method? Leave in pit, landfill, remove		
-If left in pit	and plan to solidify what medium will b	e used? (cement, lime, sawdust) Native s	soil, cement, lime
-Landfill or	offsite name/permit number?		
on August 1, 2005, by provisions of the per- law or regulation can I certify und application form and obtaining the inform	I understand and agree to the terms and y the Office of Oil and Gas of the West V mit are enforceable by law. Violations lead to enforcement action, der penalty of law that I have personal d all attachments thereto and that, bas lation, I believe that the information is ing false information, including the possi	Virginia Department of Environmental Proof any term or condition of the general ly examined and am familiar with the sed on my inquiry of those individuals true, accurate, and complete. I am a	rotection. I understand that the permit and are other permit cable information on this immediately responsible for
Company Official Sig	gnature Diane White		
Company Official (T	Typed Name) Diane White		
Company Official Tit	tle_Agent		
0 1-	n before me this 13th day of	April No. Put	OFFICIAL SEAL NOTARY PUBLIC STATE OF WEST VIRGINIA S. DIANNE DULANEY 5260 Dupont Road Parkersburg, West Virginia 26101 My Commission Expires Oct. 4, 2016
My commission expir	res 10/4/16		07/03/201

Form WW-9			Operator	s Well No. Edna J May
Proposed Revegetation Treat			Prevegetation	1 pH
Lime3	Tons/acre or to	correct to pH 6.5		
Fertilizer (10-20-20	or equivalent)	500 Ibs/acre (500 Ib	s minimum)	
Mulch_Straw	- 	2Tons/acre		
		Seed Mixtures		
Are				Area II
Seed Type Tall Fescue	lbs/acre 40	Toll C	Seed Type	lbs/acre
			escue	40
Ladino Clover	5	Ladin	o Clover	5
				
Sediment Contro	Should be in	Place at all Time	es	
Plan Approved by: Rolp Comments:	RD. Tripl	AD		
Fitle: Distruct In	spectoh)	Date:	april 23.	2015
ield Reviewed? (_	Yes Yes	() No		Received Office of Oil & Gas
				APR 29 2015







GRIIFTHSVILLE WATERFLOOD

Lincoln County, W.Va.

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

NOTES

- 1. REFER TO THE WVDEP 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.

AG 216

EXISTING WATERFLOOD ROADS TO BE USED

OTHER EXISTING MAIN WATERFLOOD ROADS (POSSIBLE ACCESS)

EXISTING LEASE OF 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

PAGE 2

