

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: 47-4303500, 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: THOMAS FOWLER 250

Farm Name: MCCLURE, ANDY & REBECCA

API Well Number: 47-4303500 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.
- 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.

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: HGE	nergy, Li	LC	494497948	Lincoln	Duval	Griffithsvil	lie 7.5'
				Operator ID	County	District	Quadra	ingle
2) Operator's W	/ell Numb	er: Tho	mas Fowler 250		3) Elevation:	1003'		
4) Well Type: (a) Oil <u>X</u>	or Ga	IS					
(b) If Gas:	Produ	ction/ Und	derground Sto	rage			
		Deep	/ S	Shallow X	<u> </u>			
	tal Depth fresh wa	: <u>2648' TV</u> ter strata			Proposed Targ	get Depth: 2 Il Depth: Ber	648' TVI ea	<u> </u>
9) Approximate	coal sea	m depths	s: <u>433'</u>					
10) Approximate	e void de	pths,(coa	al, Karst, other):	NA				
11) Does land c	ontain co	al seam	s tributary to act	tive mine? N	A			
12) Describe pro Drill and stimulat	-		•	•			•	
13) TYPE S	PECIFIC		ASING AND TUI	FOOTAGE	<u>am</u> Intervals	CEME	NT	
	<u>Size</u>	Grade		For Drilling	Left in Well	Fill -up (Cu	. Ft.)	
Conductor					1		-	
Fresh Water	7"	LS	17#	533'	533'	CTS	3 R	101115
Coal								
Intermediate								
Production	4 1/2"	J-55	10.5#	2598'	2598'	RECEIV	ED.	
Tubing					0	fice of Oil	and Ga	s
Liners						MAY 1.9	2015]
Packers: Kind						WV Depart	ment o	f
Size Den	s: ths Set				Env	/ironmenta	Protec	tion
БСР							07/03/	2015

WW-2A (Rev. 6-14)		1). Date	i	May 3,	2015	
(1.01.0 1.1)		2.) Oper	rator's We	II Number	-	Fowler 250
		3.) API\	Well No.:	State 47- <u>I</u>	County Lincoln -	Permit
	STATE O	F WEST VIRO	SINIA			
DEP	ARTMENT OF ENVIRONMENTA NOTICE AND APPLICAT					S
4) Surface Ow	vner(s) to be served:	5) (a) Coal Ope	erator			
(a) Name	Andy & Rebecca McClure	Name	NA			
Address	109 Coon Whistle Hollow	Address				
	Yawkey, WV 25573					
(b) Name		(b) Coal O	Committee of the commit	th Declara	tion	
Address		Name	NA			
		Address				
(c) Name		Name				
Address		Address				
6) Inspector	Ralph Triplett	(c) Coal Le	ssee with	Declaratio	n	
Address	5539 McClellan Hwy	Name	NA			
	Branchland, WV 25506	Address				
Telephone	304-389-0350			12.517		
	TO THE PERSONS NAM					
	he lease or leases or other continuing of	contract or contra	acts by which	h I hold the	e right to extract	oil and gas
OR Included is th	he information required by Chapter 22,	Article 6 Section	a 9(d) of the	Codo of M	Voct Virginia (co	0 0000 2)
	that as required under Chapter 22-6 o					
	ation plat, and accompanying documer					
	Personal Service (Affidavit attach	ned)	3 (
<u>=</u>	Certified Mail (Postmarked posta		d)			
	Publication (Notice of Publication					
	ead and understand Chapter 22-6 and	35 CSR 4, and I	agree to	the terms a	and conditions o	of any permit
issued under this		nally evamined	and am far	niliar with th	ha information s	ubmitted on
	under penalty of law that I have perso form and all attachments, and that bas					
	ormation, I believe that the information i				miniculationy res	Politible 101
	are that there are significant penalties f				ng the possibility	of fine and

My Commission Expires Old ATTO WV Department of

day of

Il Operator HG Energy, LLC

Its: Agent

elephone: 304-420-1119

By: Diane White

Address: 5260 Dupont Road

May

Parkersburg, WV 26101

Email: dwhite@hgenergyllc.com

Diane

of Oil and Gas

imprisonment.

CIAL SEAL

ARY PUBLIC

Stag West Virginia 26101

as of Expires Oct. 4, 2016

STATE OF WEST VIRGINIA S DIANNE DULANEY

52el Supont Road

Subscribed and sworn before me this

WW.	-2A1	
(Rev.	1/11)	

Operator's Well Number Thomas Fowler 250

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

** 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

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 af feetest agtivity is initiated. COfficer of Oil and Gas

		ne CTishile
Well Operator:	HG Energy, LLC	MAY 1 9 2015
By:Its:	Agent	MAY 1 3 COLD

WV Department of **Environmental Protection** 07/03/2015

Form	WW-2A(1)
(10/10	0)

Operator's Well No.	Thomas Fowler 250
Operator a frest two.	I HOHIAN I OWICE 250

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Grantor, Lessor, etc.	Grantee, Lessee, etc.	Royalty	Book/Page	
Thomas Fowler, et ux	South Penn Oil Company	1/8	36/07	

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.

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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 and Gas

MAY 1 9 2015

Well Operator:	HG Energy, LLC	WV Department of
Ву:	Diane C. White	Protestis Protestis 2015
Its:	Agent	- CIMILOI III

WW-2B1 (5-12)

Well No. Thoma	as Fowler 250
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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 Labs
Sturm Environmental Labs

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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Office of Oil and Gas

MAY 1 9 2015

WV Department of Environmental Profestion 15

WW-2B1 W
Page 2 - Continued

Well No.

Thomas Fowler 251

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:

Andy & Rebecca McClure
 109 Coon Whistle Hollow
 Yawkey, WV 25573

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Office of Oil and Gas

MAY 1 9 2015

WV Department of Environmental Protection 07/03/2015

07/03/2015

WW-9 (5/13)

	Pageof
API Number 47 -	
Operator's Well N	O Thomas Fowler 250

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

FLUIDS/ CUTTINGS DISPOSAL & RECLAMATION PLAN

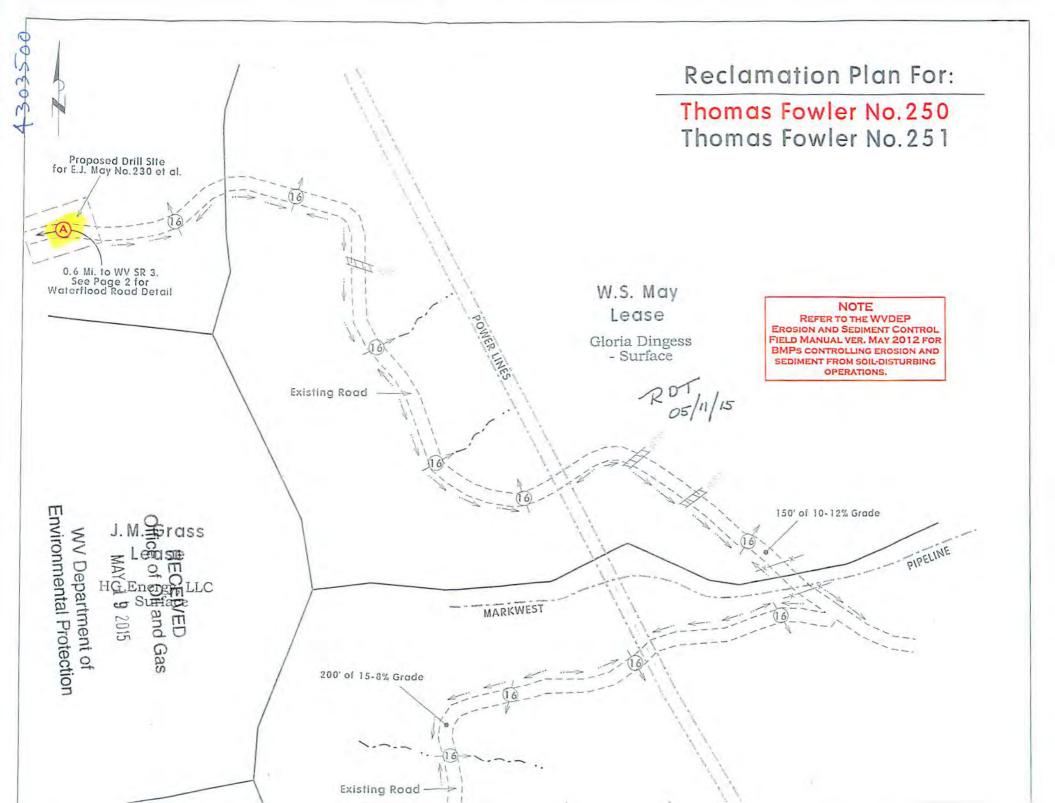
Operator Name HG Energy, LLC	OP Code 494497948
Watershed (HUC 10) Porter Fork Quadrang	le Griffithsville 7.5'
Elevation 1003' County Lincoln	District Duval
Do you anticipate using more than 5,000 bbls of water to complete the propose	d well work? Yes No X
Will a pit be used for drill cuttings? Yes X No	
If so, please describe anticipated pit waste: Fluids encountered wh	le drilling subject well
Will a synthetic liner be used in the pit? Yes X No	
Proposed Disposal Method For Treated Pit Wastes	07 83 8 5 D 8 5 D 8
Land Application	
Underground Injection (UIC Permit Number	
Reuse (at API Number Off Site Disposal (Supply form WW-9 for disposal	Locations
Other (Explain_	
Will closed loop system be used? No	
Drilling medium anticipated for this well? Air, freshwater, oil based, etc. Air, I	Fresh Water
-If oil based, what type? Synthetic, petroleum, etc. NA	
Additives to be used in drilling medium? Water, Soap, KCI	
Drill cuttings disposal method? Leave in pit, landfill, removed offsite, etc. Lea	ave in pit
-If left in pit and plan to solidify what medium will be used? (cement	, lime, sawdust) Native soil, cement, lime
-Landfill or offsite name/permit number?	
I certify that I understand and agree to the terms and conditions of the on August 1, 2005, by the Office of Oil and Gas of the West Virginia Department provisions of the permit are enforceable by law. Violations of any term or collaw or regulation can lead to enforcement action. I certify under penalty of law that I have personally examined and application form and all attachments thereto and that, based on my inqui obtaining the information, I believe that the information is true, accurate, a penalties for submitting false information, including the possibility of fine or in	ent of Environmental Protection. I understand that the condition of the general permit and/or other applicable am familiar with the information submitted on this ry of those individuals immediately responsible for and complete. I am aware that there are significant
Company Official Signature Diane White	
Company Official (Typed Name) Diane White	
Company Official Title_Agent	RECEIVED
	Office of Oil and Gas
Subscribed and sworn before me this 3 day of May	NOTARY PUBLIC SOLUTION AND A STATE OF WEST VIRGINIA S. DIANNE DULANEY

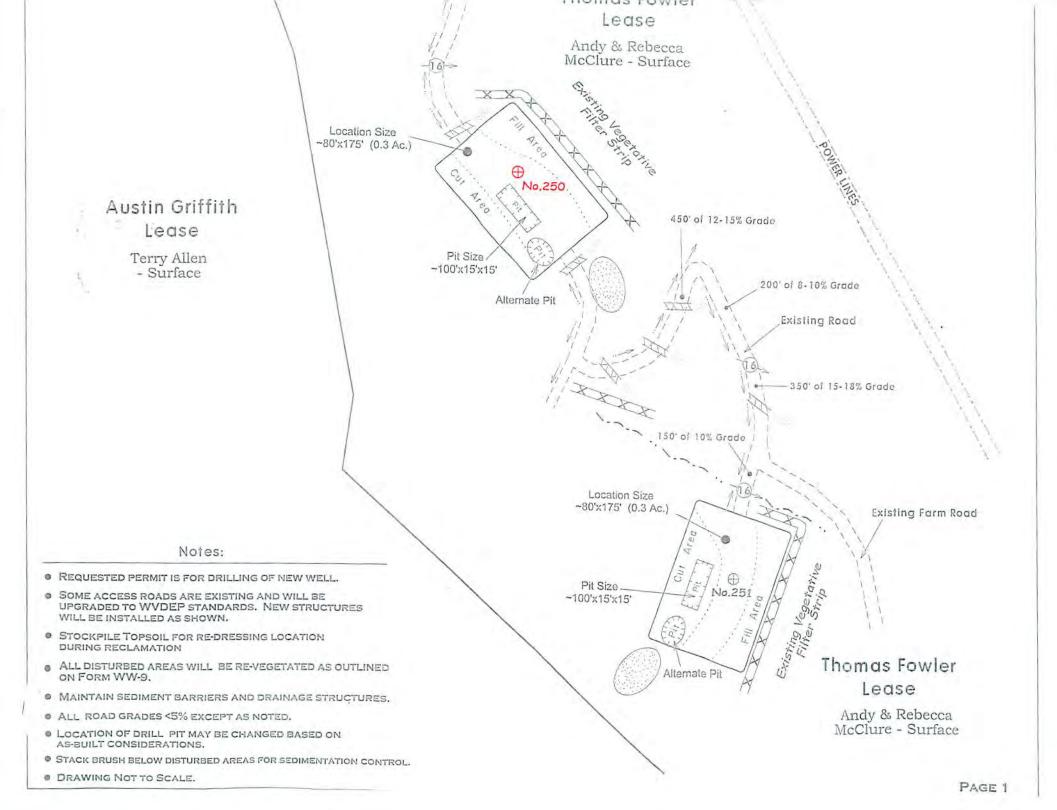
Form WW-9			Operator	's Well NoThomas Fowler
Proposed Revegetation Trea			Prevegetation	n pH
Line	or equivalent)5	:nn	cre (500 lbs minimum)	
		Seed i	Mixtures	
Seed Type Tall Fescue	rea I Ibs/acre 40		Secd Type Tall Fescue	Area II lbs/acre 40
Ladino Clover	5		Ladino Clover	5
Photocopied section of invo Plan Approved by: Rolp Comments:	l.D. Tripical	}		
		_		
Title: Sistaict San Field Reviewed? (Speciel Yes		_) No	6/5 SEIVED

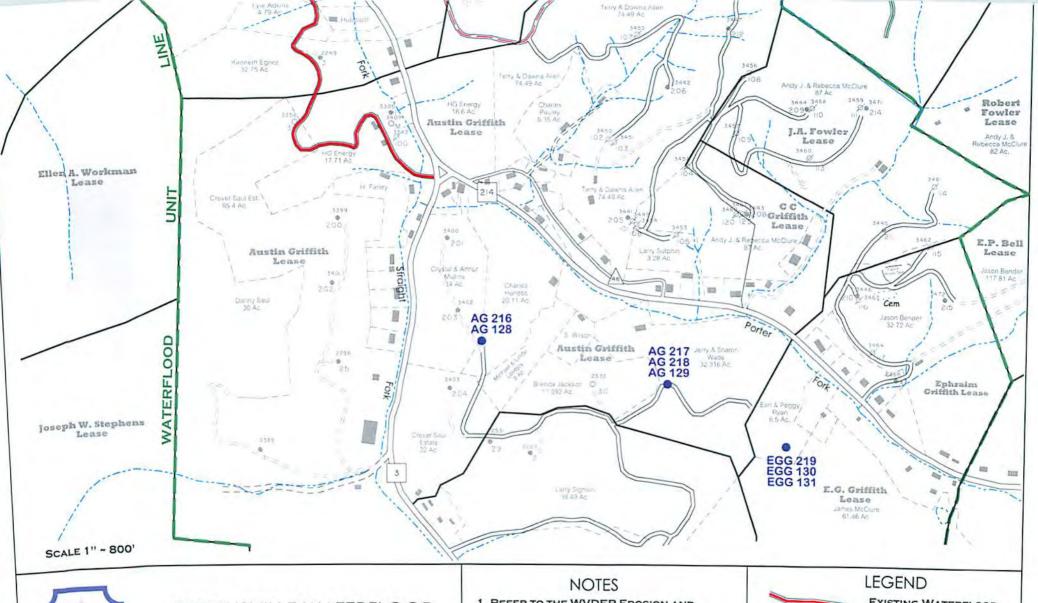
RECEIVED
Office of Oil and Gas

MAY 1 9 2015

WV Department of Environmental Protection 07/03/2015









GRIIFTHSVILLE WATERFLOOD

Lincoln County, W.Va.

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

- 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

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

AG 216

POTENTIAL WATER SUPPLY SOURCE TO BE

