

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

September 14, 2015

WELL WORK PERMIT

Secondary Recovery Well

This permit, API Well Number: 47-4303525, 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: J. M GRAS\$163

Farm Name: H. G. ENERGY, LLC

API Well Number: 47-4303525

Permit Type: Secondary Recovery Well

Date Issued: 09/14/2015

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.

FORM WW-3 (B) 1/12



1) Date:	08/04/20	115					
2) Operator's Well No.		ML	Grass 163				
3) API We		47	-	Lincoln	-	S	
		State		County			Permit
	0.2.						

4) UIC Permit No. UIC2R04301AP

ATE OF WEST VIRGINIA

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

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Name Ralph Tri 5539 Mcc Branchlar 11) PROPOSED W	PECTOR iplett Clellan Hig nd, WV 255 ELL WO	TO BE I hway 506 RK	NOTIFIE	D		Name To B	G CONTRA	ACTOR ed Upon Appro	val of Permit
Name Ralph Tri 5539 Mcc Branchlar 1) PROPOSED W	plett Clellan Hig nd, WV 255 ELL WO	hway 506 RK			_	Name To B	e Determine	ed Upon Appro	val of Permit
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1) PROPOSED W	ELL WO	506 RK							
1) PROPOSED W	ELL WO	RK	n I						
14) Approximate w. 15) Approximate co. 16) Is coal being mi. 17) Virgin reservoir 18) Estimated reser 19) MAXIMUM PI. 20) DETAILED ID water, bactericides	h of Compater strata oal seam of ined in the r pressure voir fracti ROPOSEI DENTIFIC s and other	FORMAT pleted Was depths: depths: e area? e in target ure press D INJEC CATION chemicals	rion Ber Free 281' Yes t formation sure TION OI OF MAT s as neede	nysical clarea ctual dep sh 231 n 1250 2650 PERATIC FERIALS ad to main	No psig ONS: V TO BE Intain water quitters	/ Performell (specify) Depth ing well): 3009 Feet Source Solume per hour NJECTED, INC uality and improve	Salt 10 Salt 10 Estimated r 25 BBL CLUDING re oil recover	Feet (top) Feet Bottom ho ADDITIVES	/ Stimulate Convert
22) SPECIFICATION CASING AND T				OTECT	ION AND	OTHER COR	SOSION C	ONTROL	
THE PARTY OF THE P	UDING 1		ECIFICATI	ONS		FOOTAGE IN	TERVALS	CEMENT	PACKERS
CASING OR TUBING TYPE	Size	Grade	Weight per ft.	New	Used	For Drilling	Left In Well	FILL-UP OR SACKS (CU. FT.)	RDT 08/11/15
Conductor									Kinds
CONCUCIOI	7"	LS	17#	X		381	381	Cemeral la Surface	
									Sizes
Fresh Water									2.375" x 4.5"
Fresh Water Coal									
Fresh Water Coal Intermediate	4 1/2"	J-55	10.5#	x		2959	2959	150 sks	Depths set
Fresh Water Coal Intermediate Production		J-55 J-55	10.5# 4.6#	×		2959 2568	2959 2568	F	2450'
Conductor Fresh Water Coal Intermediate Production Tubing Liners	4 1/2"		1 1 1 1 1 1 1 1 1 1	1			0,11,000	F	

FORM WW-3 (A) 1/12



 Date: August 5 	2015				
2) Operator's Well	No.	JM Gr	ass 163		
3) API Well No.:	47	-		-	
	State	:	County		Permit
4) UIC Permit No.	UIC2	R04301	AP		

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

5) Surface Ou	vner(S) To Be Served 7	(a) Coal Ope	rator			
(a) Name	HG Energy, LLC	Name	NA			
Address	5260 Dupont Road	Address				
	Parkersburg, WV 26101					
(b) Name		(b) Coal Own	ner(S) With D	eclaration Of Recor	d	
Address		Name NA				
		Address				
(c) Name		Name	-			
Address		Address				
6) Inspector	Ralph Triplett 7	(c) Coal Less	see with Decla	aration Of Record		
Address	5539 McClellan Highway	Name	NA			
	Branchland, WV 25506	Address	-			
Telephone	304-389-0350					
The date THE REASO APPLICATIO	struction and Reclamation Plan on Form WW- erosion and sediment control and for reclamation e proposed for the first injection or waste do N YOU HAVE RECEIVED THESE DOCUMENTALISM THE "I ATION [(FORM WW-3(B))] DESIGNATED ALL	isposal is UMENTS IS NSTRUCTIO	THAT YOU	HAVE RIGHTS I	20 <u>15</u> . REGARDING THE OF THE COPY OF	
Take notice th Notice and Ap West Virginia Application ar and Reclamati	at under Chapter 22-6 of the West Virginia Co- oplication and accompanying documents for a a Department of Environmental Protection, wand depicted on the attached Form WW-6. Cop- on Plan have been mailed by registered or cer- in certain circumstances) on or before the day	Well Work I with respect to bies of this No tified mail or	Permit with the a well at the otice, the App delivered by	ne Chief of the Office the location describe lication, the plat, and the hand to the person(s	ce of Oil and Gas, ed on the attached d the Construction	
	The person signing this documen	t shall make	the followin	g certification:		
"I certify unde	er penalty of law that I have personally examine	cd and	ell Operator	HG Energy, LLC	CCIVE	
	ith the information submitted in this document		dress	5260 Dupont Road	OFIVED	
attachments ar	nd that, based on my inquiry of those individua	ls		Parkersburg, WV 26	101711 and Gas	
	esponsible for obtaining the information, I belie		ģ.	Diane White	U a ca	
	n is true, accurate and complete. I am aware the penalties for submitting false information, incl			Agent AUG	2 0 2015	
	of fine and imprisonment.		Control Property	- WV Dar	rarte	
- Lawrench	discourse to the confined and continue	Sig	gnature:	- NVIIODING	arunent of	
				e intref	Ital Protection	

WW-2E	31
(5-12)	

Well No.	J.	М.	Grass	163
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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 Sturm Environmental

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 -

RECEIVED
Office of Oil and Gas

AUG 2 0 2015

WV Department of Environmental Protection 9/18/2015

Well No.

J. M. Grass 163

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:

- * Timothy Thaxton 4866 Straight Fork Road Yawkey, WV 25573
- Kenneth Egnor
 533 Laurel Fork
 Sumerco, WV 25567
- Merri & Bernie Mallory
 Independent Drive
 Yawkey, WV 25573
- Mark & Jeanie Salmons
 20 Breezy Lane
 Yawkey, WV 25573
- Lyle & Shirley Atkins 1035 Garden Heights Drive Charleston, WV 25309

- Daniel Cooper
 4851 Straight Fork Road
 Yawkey, WV 25573
- John & Debra Hubbard
 21 Independent Drive
 Yawkey, WV 25573
- HG Energy, LLC
 4908 Straight Fork
 Yawkey, WV 25573
- Harold Farley
 21 Breezy Lane
 Yawkey, WV 25573

RECEIVED
Office of Oil and Gas

AUG 20 2015

WV Department of Environmental By 15/21/01/15

430	235.55
Page	of
API Number 47	
Operator's Well No. JM Grass 163	

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

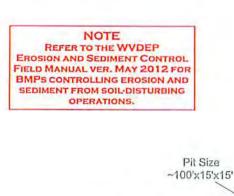
GENE	RAL PERMIT FOR OIL AND	GAS PIT WASTE DISCHARGE	
Operator Name HG Energy, LLC		OP Code 4944979	48
Watershed Straight Fork		uadrangle Griffithsville 7.5'	
Elevation 851'	County_Lincoln	District Duval	
Description of anticipated Pit Waste:	Fluids encountered while drilling	ng the subject well	
Do you anticipate using more than 5,	000 bbls of water to complete the	he proposed well work? Yes	No <u>×</u>
Will a synthetic liner be used in the p	oit? Yes If so,	what mil.? 30 mil	
Proposed Disposal Method For Treat Land App Undergrou Reuse (at	ed Pit Wastes: lication und Injection (UIC Permit Num API Number	nber	theat must be storal in t
Drilling medium anticipated for this	well? Air, freshwater, oil based on the tic, petroleum, etc. NA		
Will closed loop system be used? N	o		
Drill cuttings disposal method? Lear -If left in pit and plan to sol	ve in pit, landfill, removed offsi idify what medium will be used	te, etc. Leave in pit ? Cement, lime, sawdust Native so	oil, cement, lime
on August 1, 2005, by the Office of provisions of the permit are enforce	Oil and Gas of the West Virginicable by law. Violations of any ement action. law that I have personally exants thereto and that, based on that the information is true,	amined and am familiar with the my inquiry of those individuals accurate, and complete. I am a	permit and/or other applicable information submitted on this immediately responsible for
Company Official Signature	Diane White		
Company Official (Typed Name)	iane White		
Company Official Title Accountant		Offic	RECEIVED Se of Oil and Gas
Subscribed and sworn before me this My commission expires Ocf.	s 5th day of Augus	0 15	AU OFFIGIAL SEAL NOTARY PUBLIC STATE OF WEST VIRGINIA [S. DIANNE DULANEY DIANNE DULANEY INC. TO THE PUBLIC SERVICE SECTION COMMISSION EXPITS SECTION
Mry commission expires			 9/18/2015

L	EGEND
Property Boundary	Diversion william I I I I I I I I I I I I I I I I I I I
Road = = = = = = = = = = = = = = = = = = =	Spring O
Existing Fence — X — X — X —	Wet Spot
Planned Fence///	Drain Pipe with size in inches
Stream Change Towns	Waterway C+ C+ C+
Open Ditch	Cross Drain
Rock 655	Artificial Filter Strip
North N	Pit: cut walls
Buildings ()	Pit: compacted fill walls
Water wells	Area for Land Application of Pit Waste
Drill site 💮	
Proposed Revegetation Treatment: Acres Disturbed	Cres Prevegetation pH
3	6.5
ENN	
Fertilizer (10-20-20 or equivalent)	acre (500 lbs minimum)
Mulch Straw 2 Tons/ac	те
Seed	Mixtures
_	Area II
Area I Seed Type lbs/acre	Seed Type lbs/acre
Tall Fescue 40	Tall Fescue 40
	Ladino Clover 5
Ladino Clover 5	Edding Glove.
Must	44
** Sediment Control Should Be In Place	At All Times **
Attach: Drawing(s) of road, location, pit and proposed area for land app	lication.
Photocopied section of involved 7.5' topographic sheet.	
Photocopica Section of involved 7.5 topograpme sheet.	
Plan Approved by: Agol D. Trupidl	
Comments:	RECEIVED
Commond.	் பிர்கள் செர்கள் செர
	Office of Oil and Gas
Title: District Inspector	Date: Clugust //, a CANG 2 0 2015
Field Reviewed? () Yes (Environmental Broke 2001 5
	- · · · · · · · · · · · · · · · · · · ·

Existing Road

Reclamation Plan For:

J.M. Grass No. 163 Austin Griffith No. 164 Austin Griffith No. 165 J.M. Grass No. 236



Alternate Pit

NO LAND

0.4 Mi. to WV SR 3. See Page 2 for Waterflood Road Detail

Location Size ~80'x175' (0.3 Ac.)

⊕⊕163 165 164 236.

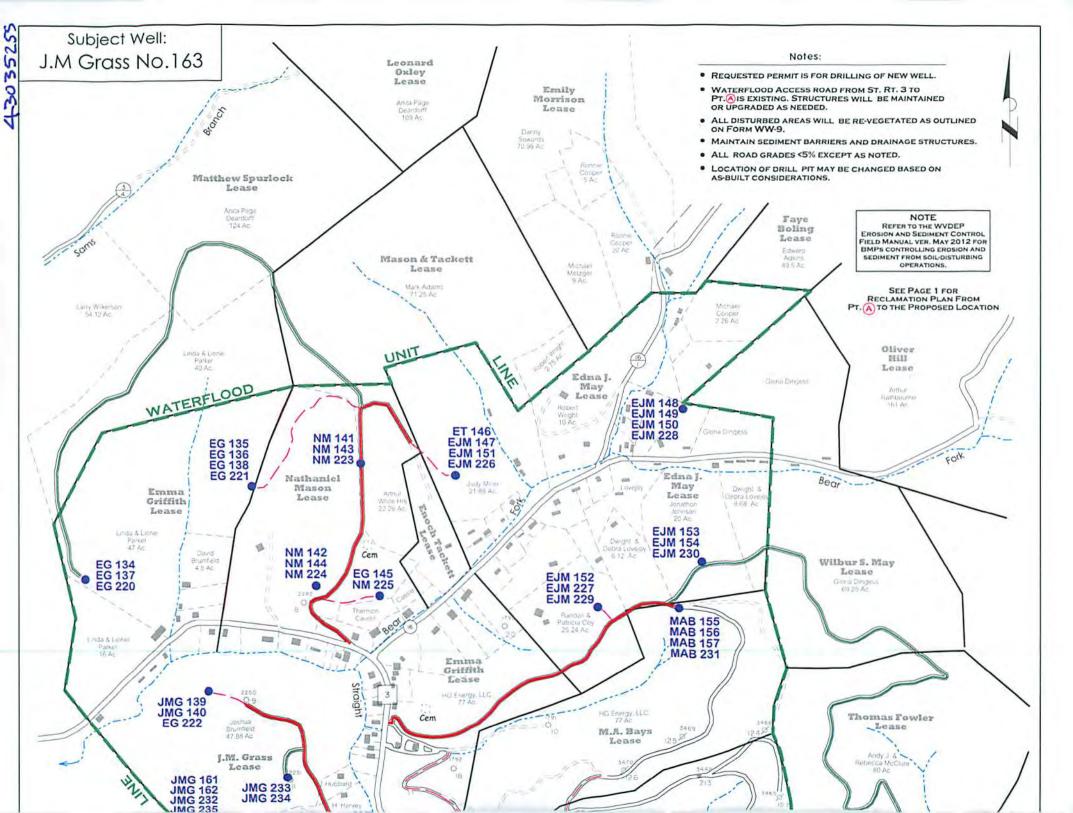
Austin Griffith Lease

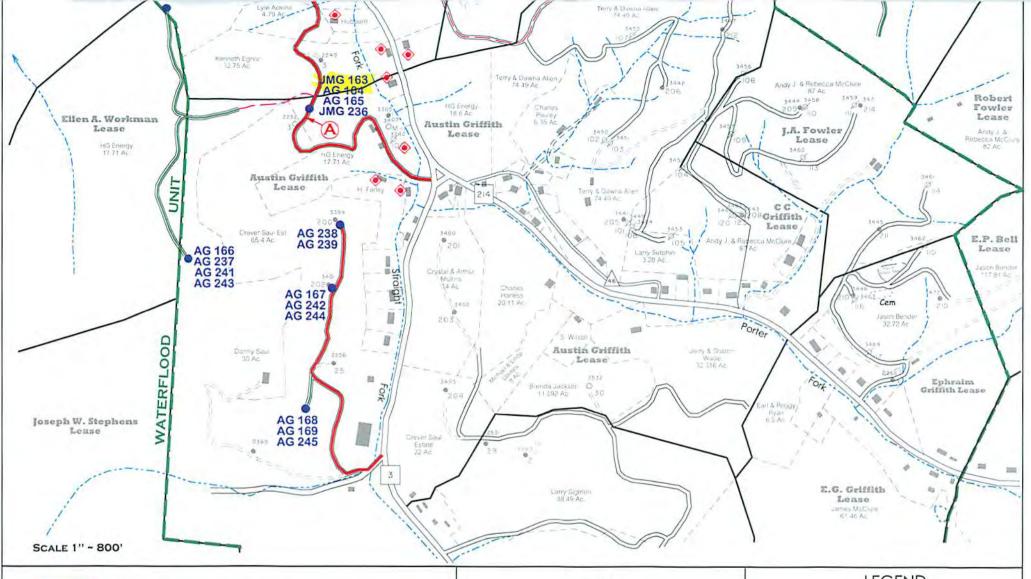
H.G. Energy, LLC - Surface

Notes:

- REQUESTED PERMIT IS FOR DRILLING OF NEW WELL.
- ACCESS ROADS ARE EXISTING AND WILL BE MAINTAINED TO WVDEP STANDARDS.
- STOCKPILE TOPSOIL FOR RE-DRESSING LOCATION DURING RECLAMATION
- ALL DISTURBED AREAS WILL BE RE-VEGETATED AS OUTLINED ON FORM WW-9.
- MAINTAIN SEDIMENT BARRIERS AND DRAINAGE STRUCTURES.
- ALL ROAD GRADES <5% EXCEPT AS NOTED.
- LOCATION OF DRILL PIT MAY BE CHANGED BASED ON AS-BUILT CONSIDERATIONS.
- DRAWING NOT TO SCALE.

9/18/2015







GRIIFTHSVILLE WATERFLOOD

Lincoln County, W.Va.

RECLAMATION PLAN SHOWING ROAD SYSTEMS TO BE USED FOR 2015-16 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.

LEGEND

AG 216

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.)

PAGE 2

JULY 30, 2015

