

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

March 29, 2016

WELL WORK PERMIT

Vertical Well

This permit, API Well Number: 47-4303566, 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. GRASS 235

Farm Name: EGNOR, KENNETH SR.

API Well Number: 47-4303566 Permit Type: Vertical Well

Date Issued: 03/29/2016

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, drilling ceased, completion of any other permitted well work and completion of the well. Such notice shall be provided by sending an email to DEPOOGNotify@wv.gov within 30 days of commencement of drilling.

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

						02	385
1) Well Operate	or: HG E	Energy,	LLC	494497948	Lincoln	Duval	Griffithsville 7
	_			Operator ID	County	District	Quadrangle
2) Operator's V	Vell Numb	er:JN	// Grass 235		3) Elevation:	984'	_
4) Well Type: (a) Oil X	or Ga	as				
			uction/ Un	derground Sto	orage		
,			p/ S				
6) Proposed To	otal Depth	:3153	Berea B'MD Feet Feet Feet	Formation at	Proposed Tar Proposed Tota	get Depth: al Depth:	2913' Shale
			3: <u>1214'</u>				
9) Approximate	e coal sea	m depth	s: 414'			-14	_
10) Approxima	te void de	pths,(co	al, Karst, other):	NA			
11) Does land	contain co	al seam	s tributary to ac	tive mine? N	IA.		
			nd fracturing methwell in the Ber				
13)		C	ASING AND TU	BING PROGE	PAM		
	SPECIFIC			FOOTAGE		CEMI	ENT
	Size	Grade	Weight per ft	For Drilling	Left in Well	Fill -up (C	u. Ft.)
Conductor							
Fresh Water	7"-	LS	17#	514'	514'	Cement t	o Surfac
Coal							
Intermediate							
Production	4 1/2"	J-55	10.5#	3123'	3123'	150	sks
Tubing					Office of O	VED/	
Liners	- 1				Office of Oi	and Gas	7
Packers: Kind	d:		*		MAR 0 5		
Size	es:			E	WV Depart	ment of	04/01/2016

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 appropriate aut hority before the appropriate activity is initiated.

Well Operator: By:Its:

HG Energy, LLC

MAR 0 9 2016

Diane White, Agent

Environmental Protection

Operator's Well No.	I	Λ	1	Grass	23
Operators well inc.		ΤA	1	O1ass	40

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- (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
J M Grass, et al	South Penn Oil Company	1/8	36/164

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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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 and Gas
MAR 0 9 2016

Well Operator:	HG Energy, LLC	WV Donou
Ву:	Diane C. White Er	WV Department of 04/01/2016
Its:	Accountant	Protection

WW-2B1 (5-12)

Well No.	JM Grass 235
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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

MAR C 9 1015

WV Department of **Environmental Protection** WW-2B1 Well No. J M Grass 235

Page 2 - Continued

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.

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

- * John & Debra Hubbard 21 Ind Drive Yawkey, WV 25573
- Merri & Bernie Mallory
 Ind Drive
 Yawkey, WV 25573
- Kenneth Egnor, Sr.
 533 Laurel Fork
 Sumerco, WV 25567

Office of Oil and Gas

MAR 0 9 2016

WV Department of 04/01/2016 Environmental Protection

WW-2A (Rev. 6-14)

1). Date: February 17, 2016

2.) Operator's Well Number

JM Grass 235

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

 Surface Ov 	wner(s) to be served		5) (a) Coal Op	erator	
(a) Name	Kenneth Egnor S	Sr.	Name	NA	
Address	533 Laurel Fork		Address		
	Sumerco, WV 25	5567			
(b) Name	Lyle & Shirley Ad	dkins ✓	(b) Coal C	wner(s) with D	Declaration
Address	1035 Garden He	eights Drive	Name	NA	
	South Charlesto	n, WV 25309	Address		
(c) Name	HG Energy, LLC)	✓ Name		
Address	5260 Dupont Ro	ad	Address		
	Parkersburg, W	√ 26101			
6) Inspector	Jeremy James		(c) Coal L	essee with De	claration
Address	PO Box 36		Name	NA	
	Clendenin, WV 2	25045	Address		
Telephone	304-951-2596				
	TO THE I	PERSONS NA	MED ABOVE T	AKE NOTICE	THAT:
Included is	the lease or leases or	other continuing	contract or contr	acts by which I	hold the right to extract oil and gas
<u>OR</u>					
	· · · · · · · · · · · · · · · · · · ·				ode of West Virginia (see page 2)
					ve served copies of this notice and
application, a lo				ugh on the	above named parties by:
-		ce (Affidavit atta		ad\	
-		tice of Publicati	tal receipt attache	eu)	
I have r				I agree to the	terms and conditions of any permit
issued under thi		naptor 22 o an	a oo ooren, ana	i agree to the	terme and conditions of any permit
		that I have pers	sonally examined	and am familia	ir with the information submitted on
this application	form and all attachme	ents, and that be	ased on my inqui	ry of those indi-	viduals immediately responsible for
	ormation, I believe tha				
	are that there are sigr	nificant penalties	s for submitting fa	ilse information,	including the possibility of fine and
imprisonment.		Mall Operator	UC Engrave	1.0	
шинишини	OFFICIAL SEAL		HG Energy, l Diane White	Diane L	7t.
Notary Pu	blic, State Of West Virginia		Agent	Durie a	2 mare
	TYLER RITCHIE 499 Dale Drive		5260 Dupont	Road	
Mine	eral Wells, WV 26150	/ tudi 000.	Parkersburg,		
My Commis	ssion Expires June 23, 2020	Telephone:	304-420-111		
			dwhite@hge		RECEIVED
Subscribed and	sworn before me this			,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	. (2016) of Oil and Gas
Sulu R	telis		1	Notary	Public MAR 0 9 2016
My Commission	Expires June	23. 20%	20		WAR U J ZUID
Oil and Gas Privacy		-0/			WV Department of
The Office of Oil on	d Gae proceede your pa	reanal information	cuch as name add	roce and phone al	milibility ament 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 secue 400 16 information. If you have any questions about our use of your personal information, please contact DEP's Chief Privacy Officer at depprivacyofficer@wv.gov

	Page	of	4303566
API Number 47			
Operator's Well	No. JM Grass	235	

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) Straight Fork		Quadrangle Griffithsville 7.5'
Elevation 984'	County_Lincoln	District Duval
Will a pit be used for drill cuttings?	Yes X No	ete the proposed well work? Yes No _X
Will a synthetic liner be used i	n the pit? Yes X	No If so, what ml.? 30 mil
Proposed Disposal Method For	r Treated Pit Wastes:	
Reuse (at Al Off Site Disp	Injection (UIC Permit) PI Number_ posal (Supply form WW-	Number) -9 for disposal location)
Will closed loop system be used? No		
Drilling medium anticipated for this we	ll? Air, freshwater, oil ba	ased, etc. Air, Fresh Water
-If oil based, what type? Syntl	netic, petroleum, etc. NA	
Additives to be used in drilling medium		
Drill cuttings disposal method? Leave	in pit, landfill, removed o	offsite, etc. Leave in pit
-If left in pit and plan to soliding	fy what medium will be u	ised? (cement, lime, sawdust) Native soil, cement, lime
-Landfill or offsite name/perm	it number?	
on August 1, 2005, by the Office of Oil provisions of the permit are enforceabl law or regulation can lead to enforceme I certify under penalty of law application form and all attachments	and Gas of the West Virge by law. Violations of nt action. That I have personally thereto and that, based not the information is true.	
Company Official Signature Dia	ane White	OFFICIAL SEAL Notary Public, State Of West Virginia
Company Official (Typed Name) Dia	ne White	TYLER RITCHIE 499 Dale Drive
Company Official Title Agent		Mineral Wells, WV 26150 My Commission Expires June 23, 2020
Subscribed and sworn before me this	17th day of Fe	MAR C M TOTS

Form WW-9			Operato	or's Well No. JM Grass 235
Proposed Revegetation Tre			rievegelali	on pH
Lime	3 Tons/acre or to	correct to pH	6.5	
Fertilizer (10-20-2	20 or equivalent)	500 _{lbs/a}	cre (500 lbs minimum)	
_{Mulch} Straw		2 Tons/ac	re	
		Seed	Mixtures	
	Area I		~	Area II
Seed Type	lbs/acre		Seed Type	lbs/acre
Tall Fescue	40		Tall Fescue	40
Ladino Clover	5		Ladino Clover	5
** Sediment Conf	rol Will Be In P	lace At Al	Times **	
Attach: Drawing(s) of road, location	on,pit and proposed area	a for land appli	cation.	
Photocopied section of inv	olved 7.5' tonographic	sheet.		
1 notocopied section of my	orved the rebelling			
Plan Approved by:				
Comments:				
			10	
Title: in spectar	00 G		Date: 2-24-/6	
Field Reviewed?	(Yes		_) No	RECEIVED

MAR 0 9 1018











