

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

May 27, 2014

WELL WORK PERMIT Horizontal 6A Well

This permit, API Well Number: 47-6101673, issued to NORTHEAST NATURAL 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: YOST 3H Farm Name: YOST HERITAGE INC. API Well Number: 47-6101673 Permit Type: Horizontal 6A Well Date Issued: 05/27/2014

Promoting a healthy environment.



west virginia department of environmental protection

Oil and Gas Conservation Commission 601 57th Street, SE Charleston, WV 25304 (304)926-0499, Ext 1656 Earl Ray Tomblin, Governor Randy C. Huffman, Cabinet Secretary dep.wv.org

May 13, 2014

Department of Environmental Protection Office of Oil and Gas Charleston, WV 25304

RE: Application for Deep Well Permit - API #47-061-01673

COMPANY: Northeast Natural Energy LLC

FARM: Yost Heritage - Yost 3H

COUNTY: Monongalia DISTRICT: Clay QUAD: Blacksville

The deep well review of the application for the above company is <u>APPROVED</u> – <u>HELDERBERG</u> <u>FOR MARCELLUS COMPLETION</u>. If operator wishes to drill deeper than the HELDERBERG, additional approval must be obtained from the OGCC.

The applicant has complied with the provision of Chapter 22C-9, of the Code of West Virginia, nineteen hundred and thirty-one (1931), as amended, Oil and Gas Conservation Commission as follows:

- Provided a certified copy of duly acknowledged and recorded consent and easement form from all surface owners; yes
- 2. Provided a tabulation of all deep wells within one mile of the proposed location, including the API number of all deep wells, well name, and the name and address of the operator; none
- 3. Provided a plat showing that the proposed location is a distance of <u>400</u> feet from the nearest lease line or unit boundary and showing the following wells drilled to or capable of producing from the objective formation within 3,000 feet of the proposed location.

Sincerely,

Cindy Raines

Cindy Raines Executive Assistant

To avoid enforcement action and per 39CSR1.4.6 and 4.10 filing of wells logs and directional surveys are due within 90 days of completion of a deep well.

PERMIT CONDITIONS

West Virginia Code § 22-6A-8(d) 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. This proposed activity may require permit coverage from the United States Army Corps of Engineers (USACE). Through this permit, you are hereby being advised to consult with USACE regarding this proposed activity.
- 2. 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 § 22-6A-5a (12), 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.
- 3. When compacting fills, each lift before compaction shall not be more than 12 inches in height, and the moisture content of the fill material shall be within limits as determined by the Standard Proctor Density test of the actual soils used in specific engineered fill, ASTM D698, Standard Test Method for Laboratory Compaction Characteristics of Soil Using Standard Effort, to achieve 95 % compaction of the optimum density. Each lift shall be tested for compaction, with a minimum of two tests per lift per acre of fill. All test results shall be maintained on site and available for review.
- 4. Operator shall install signage per § 22-6A-8g (6) (B) at all source water locations included in their approved water management plan within 24 hours of water management plan activation.
- 5. Oil and gas water supply wells will be registered with the Office of Oil and Gas and all such wells will be constructed and plugged in accordance with the standards of the Bureau for Public Health set forth in its Legislative rule entitled *Water Well Regulations*, 64 C.S.R. 19. Operator is to contact the Bureau of Public Health regarding permit requirements. In lieu of plugging, the operator may transfer the well to the surface owner upon agreement of the parties. All drinking water wells within fifteen hundred feet of the water supply well shall be flow tested by the operator upon request of the drinking well owner prior to operating the water supply well.
- 6. Pursuant to the requirements pertaining to the sampling of domestic water supply wells/springs the operator shall, no later than thirty (30) days after receipt of analytical data provide a written copy to the Chief and any of the users who may have requested such analyses.
- 7. If any explosion or other accident causing loss of life or serious personal injury occurs in or about a well or well work on a well, the well operator or its contractor shall give notice, stating the particulars of the explosion or accident, to the oil and gas inspector and the Chief, within 24 hours of said accident.
- 8. During the casing and cementing process, in the event cement does not return to the surface, the oil and gas inspector shall be notified within 24 hours.
- 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.
 05/30/2014

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<u>DEFINITIONENT OF</u>		X PERMIT APPLIC	ATION		فار
		New York	61	3	27
1) Well Operator: Northeas	t Natural Energy		Monongalia		Blacksville, WV
		Operator ID	County	District	Quadrangle
2) Operator's Well Number:	Yost 3H	Well P	ad Name: Yost		
3) Farm Name/Surface Owne	er: Yost Heritage	e Inc. Public Ro	oad Access: Day	brook Roa	d 218
4) Elevation, current ground:	1,510'	Elevation, propose	d post-construction	on: 1485.	2'
5) Well Type (a) Gas	 Oil 	a service and the service of the ser	derground Storag		
Other					
(b)If Gas	Shallow	Deep			and a second
	Horizontal		-	/	A11,
6) Existing Pad: Yes or No	No			4	4/22/14
7) Proposed Target Formatio	n(s), Depth(s), A	nticipated Thickness	and Associated	Pressure(s):
Marcellus Shale, 8,050 TVD,	, 80', 3,500 PSI For	mation Pressure		_	
8) Proposed Total Vertical D	epth: Pilot: 8,500	0' , Horizontal: 8,050'			
9) Formation at Total Vertica	al Depth: Pilot: H	Heldersburg, Horizonta	: Marcellus		
10) Proposed Total Measured	d Depth: 15,422	2'			
11) Proposed Horizontal Leg	Length: 6,865'	RI			
12) Approximate Fresh Wate	er Strata Depths:	300'-1,350'		_	
13) Method to Determine Fre	esh Water Depths	s: Driller's Log From (Offset Wells	_	
14) Approximate Saltwater D	Depths: 2,000' -	2,600'			
15) Approximate Coal Seam	Depths: 450' - 1	,000'			
16) Approximate Depth to Po	ossible Void (coa	ll mine, karst, other):	NA		
17) Does Proposed well loca directly overlying or adjacen			No		
(a) If Yes, provide Mine In				10.0	
(a) if i es, provide while in	Depth:			-	J-Store C
	Seam:			ditext	3 385
	Owner:			1.10	9. 5. LUYA
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WW-6B (9/13)

18)

CASING AND TUBING PROGRAM

TYPE	<u>Size</u>	<u>New</u> or Used	<u>Grade</u>	<u>Weight per ft.</u> (Ib/ft)	FOOTAGE: For Drilling	INTERVALS: Left in Well	<u>CEMENT:</u> Fill-up (Cu. Ft.)
Conductor	20"	New	NA	52.78	60'	60'	GTS
Fresh Water	13-3/8"	New	J-55	54.5	1,530'	1,500'	CTS
Coal							
Intermediate	9-5/8"	New	J-55	36	2,830'	2,800'	CTS
Production	5-1/2"	New	P-110	20	15,422'	15,400'	3,449
Tubing	2-7/8"	New	J-55	6.5	NA	8,000'	NA
Liners							· · · <u> </u>

PH/22/14

ТҮРЕ	Size	<u>Wellbore</u> Diameter	<u>Wall</u> <u>Thickness</u>	Burst Pressure	Cement Type	<u>Cement Yield</u> (cu. ft./k)
Conductor	20"	24"	0.25"	2,200	Grout	NA
Fresh Water	13-3/8"	17-1/2"	0.38"	2,730	Туре І	1.23
Coal						
Intermediate	9-5/8"	12-1/4"	0.395"	3,950	Туре і	1.3
Production	5-1/2"	8-3/4"	0.361"	12,530	50:50 Poz	1.21
Tubing	2-7/8"	NA	0.217"	7,260	NA	NA
Liners						

PACKERS

Kind:			
Sizes:	 		
Depths Set:	 	Citi	RECENCED RECENCIÓN Gas

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Page 3 0£3 30/2014

En/monumental

19) Describe proposed well work, including the drilling and plugging back of any pilot hole:

Drilling and completion of a horizontal Marcellus well. The well will be drilled on air to an approximate depth of 6,400' TVD/MD. After 6,400' a pilot hole will continue to be drilled vertically on fluid to an approximate depth of 8,500' TVD/MD. After geologic evaluation, wellbore will be plugged back with cement to approximately 6,400' TVD/MD. Well will be horizontally drilled from top of cement to approximately 8,050' TVD //15,422' MD along a 345.6 degree azimuth.

FRONTO

20) Describe fracturing/stimulating methods in detail, including anticipated max pressure and max rate:

Multi-stage / high-rate slickwater fracture treatment using various size sands as proppant. First stage will be initiated via pressurization against a burst disc ran in the production casing string or perforated with coiled tubing. Subsequent stages will be perforated with pumped down guns ran on wireline. Individual stages will be isolated with composite frac plugs. Maximum pump rate during any stage will be 110 BPM with a maximum allowable surface pressure of 9,500 PSI. Composite bridge plugs will be set at the end of the last stage to isolate the treated formation. After fracture treatment, composite frac plugs will be drilled out using a service rig and/or snubbing unit.

21) Total Area to be disturbed,	including roads,	stockpile area,	pits, etc.,	(acres):	14.5
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22) Area to be disturbed for well pad only, less access road (acres): 10.4

23) Describe centralizer placement for each casing string:

Surface and intermediate casing strings will have bow spring centralizers placed every third joint (~120') from shoe joint to surface. Production casing will have rigid body centralizers placed every fourth joint (~160') from TD to surface.

24) Describe all cement additives associated with each cement type:

Surface string cement will be a Type 1 + 3% bwoc Calcium Chloride + 0.75 gals/100 sack FP-12L + 51.2% Fresh Water blend. Intermediate string cement will be a Type I Cement + 0.5% bwoc EC-1 + 0.75 gals/100 sack FP-12L + 0.25 lbs/sack Cello Flake + 0.5% bwoc Sodium Metasilicate + 0.5% bwoc BA-10A + 50.9% Fresh Water. Production string cement will be (50:50) Poz (Fly Ash):Type I Cement with a gas migration additive.

25) Proposed borehole conditioning procedures:

Surface string will use a 35.0 bbls Gel Pill + LCM + 25 lbs Cello Flake + 20 lbs/bbl Bentonite + 80 lbs Fed Seal @ 8.4 ppg & 10 bbls fresh water spacer prior to cement. Intermediate string will use a 35.0 bbls Gel Pill + LCM + 25 lbs Cello Flake + 20 lbs/bbl Bentonite + 80 lbs Fed Seal @ 8.4 ppg & 10 bbls fresh water spacer prior to cement. Production string will use a 50.0 bbls SealBond 25 + 1 gal/bbl US-40 + 275 lbs/bbl Barite, Bulk + 1 gal/bbl SS-2 @ 13.5 ppg spacer prior to cement.

*Note: Attach additional sheets as needed.

Northeast Natural Energy LLC Mine Contingency Plan



05/30/2014

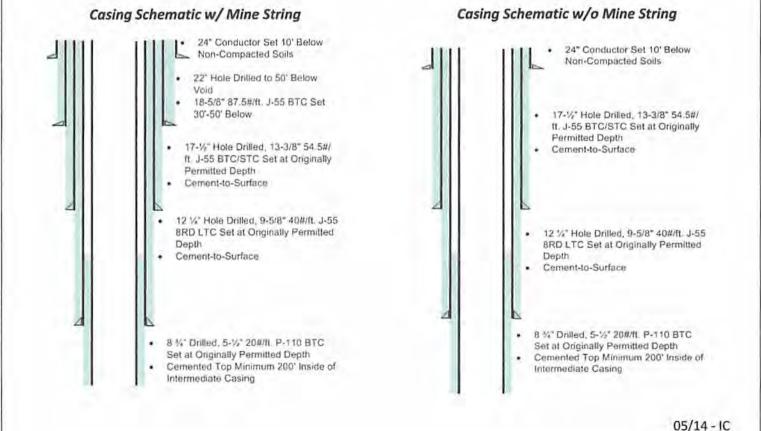
On all wells drilled, Northeast Natural Energy LLC ("NNE") has contingency strategies in place should an unanticipated void or mine be encountered while drilling the surface section of the well. If encountered, any accumulated gases will be diverted a safe distance away from the drilling operations through the blooey line and/or flare.

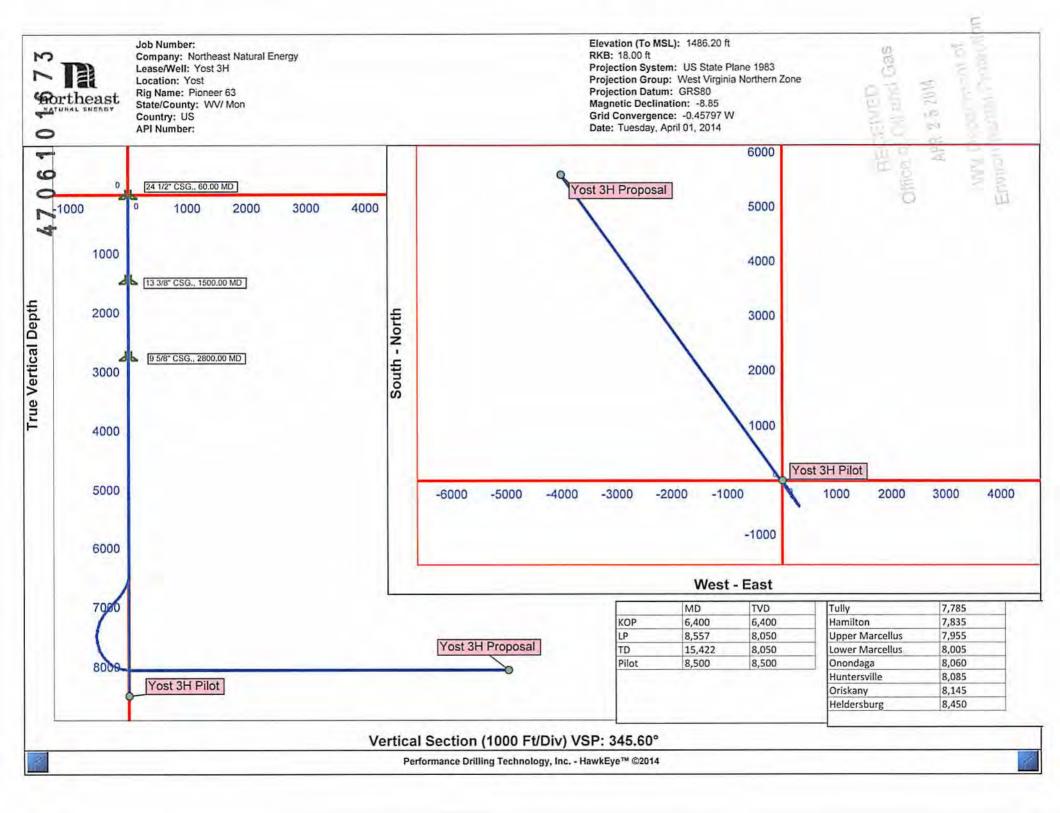
All casings programs submitted to the state incorporate the use of a 24" conductor over the previously used 20" that has long been the industry standard for a typical Marcellus design. The use of 24" conductor casing allows the use of a 22" bit to ream the surface hole, and drill 50' below the void to run a string of 18-5/8" 87.50#/ft J-55 through the section when needed.

The 18-5/8" would be set 30-50' below the void with cement baskets placed directly above and below. The section of pipe below the void would be cemented using the displacement method and 100% excess. The section above the void would be cemented simultaneously using a two-stage DV tool or separately by using remedial top fill techniques and 30% excess.

With the use of these string sizes and techniques, the surface and intermediate strings do not need to be altered. After a proper WOC time, the surface section of the well would continue to be drilled with a 17-1/2" bit and the 13-3/8" 54.50#/ft freshwater casing would be set at the originally permitted depth.

*The diagram below visually shows the alternative casing plan should an unanticipated void be encountered.





API Number 47 -

Operator's Well No. Yost 3H

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

FLUIDS/ CUTTINGS DISPOSAL & RECLAMATION PLAN

Operator Name Northeast Natural	Energy LLC	OP Code	494498281	
Watershed (HUC 10) Dunkard	Creek	Quadrangle Blacksville,	wv	_
Elevation 1,510	County Monongalia	Distric	t Clay	
	an 5,000 bbls of water to complete t			
If so, please describe an	nticipated pit waste: N/A			_
Will a synthetic liner be	e used in the pit? Yes No	If so, what m	1.7(
Proposed Disposal Met	hod For Treated Pit Wastes:		4/22/19	t
Unde Reuse Off S	Application rground Injection (UIC Permit Nur e (at API Number_unknown at this time, ite Disposal (Supply form WW-9 fo · (Explain	TBD	11° pe	₹ _) _)
Will closed loop system be used	? If so, describe: Yes - See Attachme	ent A		1
Drilling medium anticipated for	this well (vertical and horizontal)?	Air, freshwater, oil based	d, etc. Air - Vertical/Oil Based-Curve & Horiz	contal
-If oil based, what type	? Synthetic, petroleum, etc. Synthetic	Oil Based Mud		
	medium? Organophilic Clay Viscosifiers, Lime,		ite, Emulsifiers, Mica LCM, Water Loss Ag	jents
	Leave in pit, landfill, removed offsi			
	o solidify what medium will be used			
and the state of the state of the state of		, (cement, mile, surrous	()	
-Landfill or offsite ham	e/permit number?See Attachment A			
on August 1, 2005, by the Office provisions of the permit are enf law or regulation can lead to enf I certify under penalty application form and all attack obtaining the information, I be	nd and agree to the terms and condi e of Oil and Gas of the West Virgini forceable by law. Violations of any forcement action. If of law that 1 have personally exa ments thereto and that, based on lieve that the information is true, formation, including the possibility of	a Department of Enviror term or condition of the mined and am familiar my inquiry of those in accurate, and complete.	mental Protection. I understa e general permit and/or other with the information submit ndividuals immediately respo I am aware that there are	and that the applicable ted on this onsible for significant
Company Official Signature	tellinedly		APR 2 6 201	4
Company Official (Typed Nam			and the Property Pdf	10.11
Company Official Title Regula	tory Coordinator		11.	n le d
	11		BWITT	-
Subscribed and sworn before ind	this 15th day of A	<u>fpnl</u>	, 20 <u>14</u> Dary Public	
My commission expires	April 11,	2017	OFFICI Andrew Noted State of Wi My Commiss	1, 2017

Form WW-9

Operator's Well No. ____

Northeast Natural En	ergy LLC			
Proposed Revegetation Treatm	ent: Acres Disturbed	.5 _I	Prevegetation pH	unknown
Lime <u>3</u>	Tons/acre or to correct	7		
Fertilizer type	-20			
Fertilizer amount 50	0	lbs/acre		
Mulch3	1	Fons/acre		
		<u>Seed Mixtures</u>	D	
	porary	_	Perman	
Seed Type Orchard Grass	lbs/acre 46	se Orchard (ed Type Grass	lbs/acre 46
Red Clover	8	Red Clove	۲	8
Tetraploid Perrenr	nial Rye 16	Tetraploid	Perrennial	Rye 16
Timothy - 15 and An	nual Rye- 15	Timothy -	15 and Anr	nual Rye - 15

Attach:

Drawing(s) of road, location, pit and proposed area for land application (unless engineered plans including this info have been provided)

Photocopied section of involved 7.5' topographic sheet.

an Approved by:	Mar	Mach	→			•
omments: The	mp S	cecl # (mulcit	A5 500	N AS POSSA	ble
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					Ouer	Gas
					APR 2 5 7014	
the pilt	es Tal	Sandas	Date:	4/20/14	WAY CHERCHAR Environmental C	ut of Mariti
eld Reviewed?)Yes () No		Environmental	^{بي} ريار:

Attachment A to WW-9

Northeast Natural Energy LLC ("NNE") plans to utilize a closed loop process for its drilling of the Yost 3H well. Return flow from the well will be separated into its liquid and solid form. Liquids will be held in steel tanks and reused in the drilling and completion process or disposed of at an approved facility listed below. Solids removed from the stream will be diverted to steel halfround tanks where they will be solidified on site and taken to disposal as they are accumulated.

Yost 3H Drill Cuttings will be taken to disposal at one or more of the following disposal/approved waste facilities, unless listed facilities are no longer approved to accept waste at time of disposal:

- Westmoreland Landfill (Tervita) Belle Vernon, PA (Permit # 100277)
- Meadowfill Landfill (Waste Management) Bridgeport, WV (Permit # SWF 103298)
- Max Environmental Yukon, PA (PAD004835146 and 301071)
- Max Environmental Bulger, PA (PAD059087072 and 301359)
- Chestnut Valley Landfill (Advanced Disposal) Export, PA (Permit # 101421)

NNE plans to reuse and recycle all flowback fluid and/or reach out to other operators in the area who may be able to reuse and recycle such fluid. However, in the event that reuse is not obtainable the fluid will be disposed of at one, or multiple, of the following disposal/approved waste facilities unless listed facilities are no longer approved to accept waste at time of disposal:

- Green Hunter M. E. Elder 1 Disposal Well (Permit # 47-085-05151)
- Green Hunter Mason 1 Disposal Well (Permit #47-085-09721)
- Green Hunter Warren Disposal Well (Permit #34-121-2-3995)
- Green Hunter Travis Unit Disposal Well (Permit #34-121-2-4086)
- Viking Energy Corporation 20320 Disposal Well (Permit#47-039-02210)

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WV Consideration of Environmental Protoction

Attachment A to WW-9

Northeast Natural Energy LLC ("NNE") plans to utilize a closed loop process for its drilling of the Yost 3H well. Return flow from the well will be separated into its liquid and solid form. Liquids will be held in steel tanks and reused in the drilling and completion process or disposed of at an approved facility listed below. Solids removed from the stream will be diverted to steel halfround tanks where they will be solidified on site and taken to disposal as they are accumulated.

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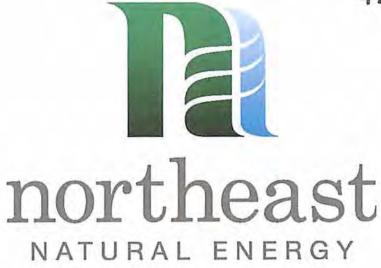
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- Green Hunter Warren Disposal Well (Permit #34-121-2-3995)
- Green Hunter Travis Unit Disposal Well (Permit #34-121-2-4086)
- Viking Energy Corporation 20320 Disposal Well (Permit#47-039-02210)
- Ohio Oil Gathering Killbuck Disposal Well (Permit #34-075-24527)
- Ohio Oil Gathering Moran Disposal Well (Permit #34-089-24792)
- Ohio Oil Gathering Bells Run Disposal Well (Permit #34-167-29395)
- Ohio Oil Gathering Long Run Disposal Well (Permit #34-167-29658)
- Ohio Oil Gathering Newell Run Disposal Well (Permit #34-167-29685)
- Appalachian Oil Purchaser Greens Run Disposal Well (Permit #2D0732540)
- Appalachian Oil Purchaser BW#4 Disposal Well (Permit # 200732523)

APR 2.5 2014

Month provident of Endrometerial Protection



Yost 3H SITE SAFETY PLAN

April 2, 2014

4/22/14 Cindy Raines 5/5/2014

Pilot

RECEIVED Office of Chi and Gas APR 2 5 2014 WV Department of Environmental Protection

